H1 FINANCIAL RESULTS FOR THE PERIOD ENDING 30 JUNE 2020

July 31st, 2020

Aarti Singhal

Good morning, everyone. I'm Aarti Singhal, the new Director for Investor Relations at Engie. My team and I are here to assist you, so do please reach out to us if we can be of any help. And, today, it's my pleasure to welcome you to this conference call.

Our agenda for the call: first, you will hear from our Chairman, Jean-Pierre Clamadieu, on the announcement of this morning regarding the Group's strategic orientation. After that, our management team will present H1 results, starting with an introduction from our interim CEO, Claire Waysand, followed by presentations from Judith Hartmann (CFO) and Paulo Almirante (COO) on our financial and operational performance. Following which, as usual, we will open the lines for Q&A.

So, without much further ado, I'd now like to hand you over to our Chairman.

Jean-Pierre Clamadieu

Thank you. Thank you very much, Aarti, and hello everyone, and thanks for participating in this call. Once again, it's a bit unusual to have a chairman of the board in a result call, but this is not just due to the fact that we are in an interim governance situation. I completely trust Claire, Judith and Paulo to deliver to you the best possible presentation of what we've done in the last six months and give you some clarity on how we expect the rest of the year to develop. But my presence is linked to the fact that the Board, yesterday, has made indeed some significant announcements regarding the strategic direction in which Engie is willing to move. The reason for it is very simple and we are about to appoint a new CEO, and it was very important for the Board to clarify the strategic direction, which will be the basis on which the new CEO will establish its roadmap.

These directions are based on a few very simple elements.

The first one is that we do believe that Engie has indeed the ability to play a key role in the energy and climate transition. This is something that we've built over the years and we are very convinced, at the Board, that this is a very strong basis for Engie's strategy.

The second is a recognition – I guest I've shared it with you when I participated in the last full-year results call – a strong recognition that the Group needs to simplify and to focus. And this is what led us to the three simple strategic directions that we have announced this morning.

The first one is a willingness to accelerate our investments in Renewable and Infrastructure assets. We do believe that these are the very strong points in our portfolio. We do believe that there are a large number of opportunities here and there regarding the development of both Renewables and Infrastructure. And we are clearly willing to increase our firepower to be able to seize these opportunities.

So, if I go a little bit more detailed in what we've announced, we've announced that we want to increase our ability to develop Renewables from 3 GW, which is what we have achieved last year and what we are aiming for 2020, to move up to 4 GW in the mid-term. And, second, we are willing to keep more assets on our balance sheet. We've had, in the past years, a pretty aggressive sell-down policy. We are willing to adjust this and make sure that we keep on our balance sheet a larger number of these Renewable assets.

Regarding Infra, our willingness is to rebalance exposure between French gas networks and international Infra. We've made a very successful investment in Brazil a year ago, in fact. And we see, also, a number of opportunities in what we call "decentralised infrastructure", which means district heating and cooling and a number of other networks that local governments are willing to develop.

Second direction: we have decided to put under strategic review a significant part of our Client Solutions business – two-thirds of it. We recognise that a third of our Client Solutions business are activities which indeed are very linked with our strategic intent, but two-thirds of it is probably a little bit further away from the core of our strategy. We think that these activities could probably develop better in a different environment, and this is the reason why we have decided to launch this strategic review. We'll be looking at a lot of different options. We are willing to… we consider that these activities, these two-thirds of Client Solutions that we'll put under strategic review, represent a very significant and coherent group of activities, and we are looking to find a future for them as a whole.

Then, third direction. We are willing to increase our divestment programme, for a very simple reason: we need resources to fund the accelerated growth in Renewables and Infra. And we will look at a number of opportunities to divest non-core businesses but also minority stakes that we have in listed companies. The objective is to double, over the medium term, the previously announced programme of €4 billion of divestment. So a significant increase to be able to fund the acceleration of investment.

So these are the key elements of the new strategic directions that the Board has approved yesterday. And I guess in the Q&A we might dig a little bit into this or that.

I hand over now to Claire for more focus on our H1 results.

Claire Waysand

Thank you very much, Jean-Pierre, and good morning to everyone. It's a pleasure for us to be here with you today.

You will remember that, last time we talked, we set out three priorities for the Group, three medium-term priorities. These priorities were:

- Geographic selectivity, for one;

- Delivering our extension of Renewable capacities, for two;

- And third priority was greater selectivity for Client Solutions.

So you will have seen, from Jean-Pierre's announcement and from the Board's decision, that we have made very significant progress in this third dimension, in defining new strategic orientations for the company, that will aim to refocus and to accelerate in Renewables and in Infrastructure.

So now, together with the teams, we are very much looking forward to implementing these strategic orientations over the next few months, and we very much believe that these orientations are in line with our purpose and will enable us to be even more effective, efficient and create value over the long run.

So, coming back now to our short-term priorities and Q2, here again you will remember that our challenges that we had defined were threefold:

- First priority, protect our people;

- Second priority, ensure the continuity of our operations;

- And third priority was to ensure the financial resilience of the company.

I will not go into details, as both Judith and Paulo will talk more about these points. Just a word to say that, as expected, H1 (and in particular Q2) performance, has of course been negatively affected by the Covid crisis, in spite of the mitigation measures that we have taken. But we expect Q2 to have been the low point for business this year and we now have clear momentum for recovery in the second half.

Also, our financial balances remain strong and, among other things, our liquidity is very strong, at €23.5 billion.

Let me share at this point two things.

First, the fact that we all very proud that the teams have been fully mobilised, and the company has been fully operational, in Q2, in spite of major lockdowns in our most significant geographies. We have been present in energy production, energy supply and in services to critical activities, be it district heating and cooling or be it services to hospitals for instance.

The second thing I want to share at his point is also the fact that we are very satisfied, and we think it's important – internally and also externally – that the company has been able to show who it was, to act according to its values and to its purpose during this time, this Q2.

We have been mindful of the communities where we operate, for instance speeding up the payments to our small suppliers, for instance reimbursing two months of electricity subscriptions for the most vulnerable households, in France. And also we've been mindful to our people, extending social protection to all our employees.

So, looking ahead, we are of course focused on driving a strong recovery from the Q2 levels and we very much believe that the current – and that's the second slide – we are very much convinced that the current effort, in particular by the European Union and a number of governments, to ensure that the recovery is a green recovery, will greatly benefit the company.

As you know, the European Commission has announced recently that it will have both its regular budget and a stimulus package, and that 30% of these amounts will be devoted to fighting climate change.

We believe that our Group is very strongly positioned to seize the opportunity this creates. Why? Because we are active on two fronts: first, renewable energy; and second, energy efficiency. And you all know that, for energy transition, you need both.

Renewable energy, as Jean-Pierre mentioned, not only are we delivering what we had planned, and we have added 1 GW of Renewables so far this year, but we also plan to increase the amount of investment that will be devoted to Renewables in the medium run. Renewable production now accounts for 28% of our installed capacity, and we have a goal to double this to 58% by 2030.

So, as you know, in Renewables, we are active in PV and wind, in which for instance we are the first developer in France. We are also very active, of course, in green gases, be it biogas or green hydrogen, and we very much welcome the increased focus that's going on, on hydrogen.

Second, energy efficiency. Here again, we are very active in delivering energy efficiency solutions to local authorities, to enterprises and for buildings. We have a long experience in energy efficiency and we have successful long-term contracts in a number of geographies, for instance the US, UK and France. We are also very active in district heating and cooling, well positioned and convinced that we can provide this kind of solutions to additional cities and industries.

So, as you see, we have a company that's at the heart of the Green Deal and we very much intend to seize the opportunities it will provide in the next few months. We are convinced that this is not only good for the company but it's also good for the planet to be able to use this recovery money to shift the economy from an unsustainable path to a path that will be more sustainable.

So, with this, I will hand over to Judith.

Judith Hartmann

[Inaudible] effect of Covid-19, mainly in Q2. Indeed, Q2 suffered from countrywide lockdowns in literally all our important geographies. Year on year, results also suffered from adverse temperature effects, again mainly in Q2. Nevertheless, underlying operational performance remained robust.

In the face of these exogenous factors, we mobilised quickly. Our prompt mitigation plans delivered good results, especially for cost variabilisation and cash management.

Let's now have a look at key numbers for H1. In the P&L, EBITDA and COI at €4.5 billion and €2.2 billion were down around 15 and 30 respectively on a gross and organic basis. Net Recurring Income Group Share, was down 50%, to 0.7 billion.

For our other H1 key financial indicators, starting with Capex, which stood at 3 billion and was lower than H1 2019, due to three factors:

- Firstly, last year's Capex included the 1.5 billion TAG acquisition;

- Secondly, greater Capex discipline in light of the crisis;

- And thirdly due to some Covid-related delays in the second quarter of 2020.

Despite the crisis, we successfully delivered 2.1 billion in growth Capex in the first half and remained committed to long-term investment plans.

Despite lower Operating Cash Flow, our CFFO improved by 300 million year on year, benefiting from dedicated cash action plans.

Lastly, Financial Net Debt at 25.1 billion showed a gross decrease of 800 million versus year-end, mainly due to good cash generation and to disposals.

Turning now to COI evolution by business line, starting with the impact of scope and foreign exchange, we had a negative foreign exchange impact in the first half of 94 million, almost exclusively due to the devaluation of the Brazilian real against the euro. The relatively small scope impact of 20 million is the result of capital reallocation to reduce exposure to coal and invest into our strategic businesses – to be more specific in this instance into international networks with TAG.

And now to the organic evolution. The main driver of the overall negative evolution was the Covid-19 crisis, with an estimated impact of around 850 million, as you can see on the slide. This is mainly reflected in Client Solutions, with an impact of around 490 million, and in Supply, with an impact of around 240 million. Both Paulo and I will give further detail on these during today's presentation.

Much warmer French temperature was the other key driver, with an overall impact of 195 million, of which 120 million was in Networks, namely gas distribution, and 75 million in Supply.

We delivered organic growth for Nuclear, Others and Renewables. Moreover, I'm pleased to say that Networks and Thermal activities also demonstrated their inherent resilience despite Covid-19.

Our Lean 2021 plan continued to deliver results and has been slightly ahead of plan. In addition, we took action to reduce costs primarily in Client Solutions and Supply, to tackle the unprecedented headwinds we faced in H1 2020, and I will touch on that further, shortly.

Turning now to a review of our financial performance by business line and starting with Client Solutions. In order to fully address the COI impacts in this business line, it's important to walk you through the Revenue and Cost evolutions first. Starting with Revenue. After a year-on-year increase of 5% in the first quarter of 2020, Client Solutions revenue decreased by 16% in the second quarter. This was particularly due to the effects of the Covid pandemic, and we had very low access to customer sites during lockdowns and were unable to perform various services. Revenues also declined because of warm temperature across Europe. However, this was a relatively moderate impact.

Order intake level remained comparable to last year, benefiting from acquisitions, despite the lockdown.

In terms of project backlog, work that was postponed has remained in the order book, adding to the backlog. And, in addition, backlog also benefited from the contribution of acquisitions, leading to a total increase of 15% since last June.

Now let's look at the cost evolution and our efforts to variabilise costs. After a cost increase in Q1, mainly due to scope in effects and organic growth, we managed to strongly reduce, by 9% in Q2 versus last year. Our primary area of focus was cost of sales, namely operational staff costs, for both the internal and external workforce. In our main countries, we utilised government schemes for temporary unemployment and reduced our subcontractor costs. Other cost areas such as Energy, Materials, Consulting and IT were also lowered. These cost reductions were partially offset by specific additional purchases, like masks, as well as by bad debt linked to the pandemic. SG&A costs remained flat year on year, whereas D&A slightly increased, mainly due to growth in district heating and cooling and on-site generation activities.

As you can see on the next page, overall Client Solutions COI thus decreased by €556 million. Most importantly, as I just covered, the significant cost cutting and variabilisation measures were not sufficient to offset the material decrease in revenues. This has of course led to a substantial COI decline that you can see on the chart.

Lower results from Suez also impacted our Client Solutions COI, by approximately €120 million. Let me remind you that, as Suez is accounted for as an associate, its contribution is not reflected in the Revenue or Cost figures.

In addition, but to a much lesser extent, a few other headwinds also impacted Client Solutions. These included warmer temperature in Europe, investments for the future and start-up costs, as well as headwinds on some contracts. Excluding temperature, our district heating and cooling and on-site generation activities were resilient.

Let's now move to Supply, where the impact of the crisis was compounded by a strong negative temperature effect. Overall, the business line saw a COI decrease of 337 million. This decline was mainly due to different Covid impacts amounting to a gross impact of 260 million, firstly in B2B activity, which saw a decline caused by lockdowns that translated into lower volumes sold than expected. Due to the sharp and unexpected reduction in demand, we recorded a negative volume effect as we did not book related margins, and a negative price effect as we had to unwind prior power and gas positions in a lower price environment. These two effects amounted to around 180 million.

Secondly, around 80 million impact due to B2C services, where we were unable to deliver services at clients' homes during lockdowns and due to the level of bad debt, which increased for both B2C and B2B activities.

Warm temperature also weighed on B2B and B2C energy consumption, mainly in France for B2C gas volumes. Again, this caused both a negative volume effect with margin losses and a negative price effect with the unwinding of over-hedged positions.

To mitigate these significant impacts, we put in place action plans, which Paulo will cover shortly.

For overall context, I would mention that our GEM business partly benefited from the headwinds in Supply. However, that 75 million outperformance is captured under the Other business line.

Turning now to our Networks activities, which demonstrated a resilient performance despite the pandemic, but were impacted by warm temperature. Negative temperature effect on French networks was 120 million, with lower gas volumes distributed in GrDF. I would like to remind you that, for these regulated activities, volume effects impact the P&L in the current year but are recoverable in the short to medium terms through the clawback mechanism and are thus value-neutral. Excluding this French temperature effect, these activities were resilient as you can see on the slide.

Indeed, lower Opex did compensate for limited Covid impacts due to the temporary suspension of maintenance works and gas smart meter installations during the lockdown, which meant we were unable to capitalise as many costs as in H1 2019.

In Latin America, negative foreign exchange and volume effects in Argentina and Mexico were more than offset by the positive 6-month scope in effect of TAG in Brazil.

Lastly, we had some headwinds related to price and temperature effects in Europe and Asia.

Moving now to Renewables, we were able to report organic growth of 10% in the first half. Starting with Latin America, the biggest contributor to Renewables COI faced two headwinds: first, a fx impact due to the devaluation of the Brazilian real against the euro and, second, less favourable hydro conditions in Brazil.

In France, we benefited from both higher volumes produced by our Hydro and Wind assets, and from better achieved prices for our outright hydro power production. These positive effects were partly offset by the disposal of a non-core historic activity and by the effects of DBSO operations in 2019.

In the US, we benefited mainly from commissioning of new capacity, which included the first effects from the tax equity deal signed in spring 2020. In addition, a few weeks ago we signed an agreement to sell 49% equity interest in a 2.3 GW wind and solar portfolio to Hannon Armstrong. These agreements represent a major step in our Renewables activities in the US, as well as a key milestone in achieving our goal of commissioning 9 GW additional renewable capacity between 2019 and 2021.

On the next slide, you can see our Thermal, Nuclear and Others activities.

Thermal activities showed a lower COI contribution, mainly attributable to the disposals of Glow in Thailand and of coal power plants in Germany and the Netherlands. The flat organic evolution was due to 70 million positive one-offs last year not repeating in 2020, and you will recall the LDs in Chile in 2019, offset by a positive 40 million timing effect on capacity remuneration mechanism in the UK and by about 50 million coming from the commissioning of Pampa Sul in Brazil, as well as from better performance of merchant European gas power plants.

The Covid impacts were limited, with lower demand mainly in Chile and Peru. This overall resilience benefits from the highly contracted profile of these activities.

Nuclear improved organically by 51%, mainly reflecting higher achieved prices and lower Opex. These positive effects were partly offset by lower volumes due to the end of the German drawing rights on Eon in April 2019, lower availability of our Belgian assets, as well as by higher depreciation.

Other activities were also up, benefiting both from the higher GTT contribution, thanks to a good order book, and from the outperformance of GEM activities due to market volatility, and which is partly related to the headwinds in Supply.

Now let's look at our Cash Flow from Operations. We saw a year-on-year increase of €300 million. Strong action plans that we put in place contributed to offsetting the impacts of the crisis on operating cash flow. Lower Working Capital Requirements contributed an increase of €1.3 billion. Firstly, this was mainly driven by variance in commodity-related margin calls and financial derivatives from our Energy Management activities. We reacted quickly and successfully by putting in place more dynamic CFFO monitoring to cope with unprecedented volatility in commodity prices. Secondly, other cash action plans at the Working Capital Requirement level also contributed to this increase. Interest and tax paid were flat.

And, at this point, I'd like to take just a moment to thank our teams across the Group, who took prompt actions to reduce costs and optimise cash expenditure, contributing to this improved overall cash flow.

To conclude this H1 financial results section, let me now focus on the evolution of net debt and our liquidity position.

Financial net debt decreased by 800 million to 25.1 billion from December 2019, primarily due to good cash generation and disposals. I just detailed the 3 billion CFFO. We invested 3 billion Capex net of DBSO, including 2 billion of growth Capex, which included 1 billion in Renewables with the construction of new wind and solar capacity, mainly in North America and in Latin America; 700 million in Networks, in particular with the development of power transmission lines in Brazil, and in asset-based client solutions with the continued development of university partnerships in the United States.

We continued to optimise and simplify our portfolio with further disposals – mainly merchant gas plants in the United States.

Dividends to minorities and hybrid interest amounted to 300 million. Other effects were mainly due to foreign exchange and IFRS 16.

Overall, the average cost of gross debt was 2.38%, down 32 basis points compared with December 2019. This evolution was mainly due to optimised liability management as well as lower interest rates in Brazil and, to a lesser extent, in Europe.

At the end of the first half, the Financial Net Debt to EBITDA ratio amounted to 2.6, a slight increase from December 2019 but a slight decrease compared with March 31st, 2020, where it stood at 2.7x. Economic Net Debt to EBITDA ratio stood at 4.3x, an increase of 0.3 compared with December 2019.

Engie continues to maintain one of the strongest balance sheets in our sector, with 23.5 billion of liquidity including 13.1 billion of cash as at the end of June. As times remain uncertain, it is important to have high levels of liquidity and cash.

Lastly, no change on the Rating side since mid-May.

With that, I now hand over to Paulo to present our robust operational performance.

Paulo Almirante

Thank you, Judith; good morning everyone.

As you know, over the last months, we have been facing a major global crisis. At Engie, we established a clear objective to manage this crisis: continue to serve our clients in total safety. In order to achieve this, we had to rapidly adapt our ways of working and organise, in crisis mode, 170,000 employees. Our teams were up to the task. All critical activities were operational and resilient.

This is not only about the operations of almost 300,000 km of gas networks, or 98 GW of nuclear, thermal and renewable power plants. It is also about delivering services to more than 1,200 hospitals across the world, most of them located in Europe. We provided heating, cooling and air filtration services to many clients in the food and pharma industries, and in more than 250 datacentres – sectors that have never stopped.

On the first graph, you see that, in a couple of weeks, from the beginning of lockdowns, we extended home working to 40% of our employees. Our IT system proved to be strong, with a peak of 62,000 employees connected simultaneously all over the world, benefiting from previous investments.

The Client Solutions workforce was significantly impacted, with the closing of many client sites. To reduce the impact, we have implemented partial unemployment schemes, we have anticipated holidays whenever possible, all of this in close dialogue with employee representatives and to minimise social impacts.

The power and water production was less affected by the crisis. Wind and solar generation increased by more than 40%, benefiting from the addition of 3 GW of capacity last year. And the variances for the other technologies are normal and related to weather or scope changes.

As lockdowns were lifted, our on-site workforce ramped up with the reactivation of an additional 30,000 people in just 4 weeks. Our Client Solutions activity level is now back to almost 100%.

I think that, considering the magnitude of the crisis and the size of our operations, we had a rapid recovery and feel prepared to face an uncertain second half of the year.

Moving now to the next slide, let's focus on the two areas that were deeply affected by the crisis: Client Solutions and Supply.

Let me start with our Client Solutions business. In H1, we faced massive lockdowns in countries where we have a large presence: France, Belgium, UK, Italy and the United States. Many of our clients suddenly stopped several non-critical activities. In the second quarter, we saw our revenues reduced by €800 million compared to the same quarter last year.

Several actions were implemented to mitigate this major drop. Outsourcing reduced or renegotiated, internal transfers of employees to critical activities, advancement of holidays and utilisation of external support schemes. The total cost adjustment in Quarter2 amounts to around €500 million, which compensates for two-thirds of the turnover loss.

Also during Quarter 2, in the middle of the crisis, we saw very positive dynamics, with several successes in our Client Solutions business. I'll give you some examples. In April, we have expanded in cooling networks with an investment of $675 million, by Tabreed, acquiring a major player in Dubai and increasing Tabreed's cooling capacity by 13%. At the end of June, we secured a 10-year contract for major infrastructure works in Belgium, with a total turnover of €430 million. In July, more recently, we won three contracts for the new Grand Paris metro. The contracts range from 4 years to 11 years in duration with a total turnover of €85 million.

The backlog shown in the slide for the Projects Business Model is up 15%, partially reflecting the lower execution during lockdowns but also supported by a good level of order intake, which provides visibility for the future. This backlog reflects 34% activity for 2021, compared to 27% secured for 2020 at this point last year.

Regarding recurring services, with new contractual arrangements, the net commercial development increased by 3% and our asset-based capacity is also up, by 2.5%. It's important to note that, on a normal year, the third quarter has the lowest level of earnings and the last quarter the highest level.

Beyond 2020, we believe our Client Solutions business is well placed to contribute substantially to the green recovery plans. For example, in France, €30 billion should be committed to the energy transition, with a significant part dedicated to energy efficiency, shaping the future of this market, where we are, already, a major player.

Let's move now to the next slide, to look at our Supply business, which was also heavily impacted. We started the year with a strong commercial dynamic, with sales increasing by 23 TWh in the B2B and Giants, our large customer segments. However, this positive dynamic was offset by three extreme events:

- First, a low energy price environment, caused by the well-known oversupply problem earlier this year in international oil and gas markets;

- Second, a very warm winter. For France, the first semester of this year has been the warmest on record;

- Third, the impact of the Covid crisis, with the lockdowns of economies, in a way from East to West.

As a result, the demand dropped significantly compared to our expectations, leading us to sell back significant volumes of power and gas in markets with prices moving down rapidly.

On the graph on the top left of this page, you can see that we had to sell back 19 TWh, or more than 7% of our volumes, for the first half year.

In the graph at the bottom, you see the €260 million of negative Covid impacts that Judith mentioned earlier.

Additionally, I'd like to mention that, on our own initiative, we provided grants of €10 million to support vulnerable households during the crisis.

Our response to these major impacts has been twofold.

First, commercial actions to improve margins in specific countries and some client segments, as well as performance actions on costs to serve. I'm talking of call centres, marketing and advertising, and other G&A costs, representing in total €80 million.

The volatility in these markets opened some opportunities in midstream trading related to the Supply activity in our Trading business, which represents €75 million.

Looking forward, we have already seen a recovery of gas and power consumption as economies exited lockdowns, from minus 20% to close to the same level of demand seen in 2019.

We stay prudent, having adjusted downward our demand projections, for the balance ofyear. We have already un-hedged, in Q2, additional volumes for H2, which will impact H2 COI, and we are adjusting our hedging strategies for winter 20/21.

Let's now move to the other businesses on the following slide. I will not go through all achievements per business line but let me select a few highlights.

Starting with Networks, which are mainly regulated activities and showing strong resilience to the crisis. For example, our gas storage has been intensively used. The warm temperature and low gas prices led shippers to overstock gas, resulting in capacity factors of 80% at the end of June in France, compared to around 70% last year.

On the development side, the expansion of infrastructure assets outside Europe is progressing well. Together with our partner CDPQ, we acquired the remaining 10% of TAG, which is performing well and has been a strong contributor to our results. Also in Brazil, we are accelerating the construction of 1,800 km of power transmission lines, with the objective to start operations in 2021 instead of 2022.

Regarding Renewables, we are proceeding with the construction of 5.5 GW of Wind and Solar. We worked very closely with our suppliers during the Covid crisis and were able to avoid major disruptions of the supply chain.

As Judith mentioned earlier, we signed the sale of 49% of a portfolio of 2.3 GW in the US and are working on the sale of 1 GW in India.

The JV with EDPR for offshore wind, announced last year, is now fully operational and is named Ocean Winds. This prepares us for the major growth expected in offshore wind. The JV has currently 1.5 GW under construction and 4 GW under development.

The Thermal business line is showing its usual resilience with an asset mix which is almost 80% contracted. The merchant part of this mix is the largest fleet of CCGTs in Europe, able to provide an interesting combination of flexibility and optionality. The low gas prices and the increasing CO_2 prices are supporting high levels of spark spreads, leading us to accelerate hedging for 2021 and 2022.

Additionally, the increased security-of-supply concerns have impacted capacity remuneration mechanisms in Europe. We have, for instance, recently secured capacity remuneration in France for 1 GW in 2022 at a price of €39 per kW per year, almost doubling the level of 2019.

In our Nuclear business, we have put in place a new, reinforced organisation since the beginning of this year. After several years of extensive and complex works, we have reached a major milestone with 100% completion of the LTO (or lifetime extension) of Doel 1 and Doel 2 despite the difficulties of Covid. Both units have restarted and are back on the grid after these multiyear refurbishments.

Technical performance of the nuclear fleet is broadly in line with expectations at the end of June.

To conclude, this group of business lines that we see on the slide represented about 75% of our 2019 COI. They show a strong level of resilience during the first half of 2020, with a COI similar to last year and a strong level of cash generation.

With that, I hand over back to Judith.

Judith Hartmann

Clearly significant progress on many fronts despite the pandemic. Thank you, Paulo.

Let's now go to the updated outlook for 2020. As you know, we withdrew 2020 guidance last April because of the major uncertainties created by the Covid crisis. Now we have better visibility for the short term, enabling us to give our current view.

For 2020, we expect EBITDA to be at €9 to €9.2 billion, COI to be in the €4.2 to €4.4 billion range, and Net Recurring Income, Group Share to be in the €1.7 to €1.9 billion range.

We expect a strong recovery from Q2 levels.

In Client Solutions, we are focused on variabilising costs and the order backlog remains healthy.

In Supply, we've seen a swift recovery in B2B power and gas demand, and B2C services activity has resumed.

In addition to the usual main assumptions, this guidance also assumes the continued, gradual return from lockdowns across the key geographies, with no new major lockdowns in our important regions.

This lower guidance is mainly driven by the impact of Covid and fx effects on the BRL, as well as warm temperatures.

Regarding our financial policy, we remain committed to a strong investment-grade credit rating and continue to target an Economic Net Debt to EBITDA ratio of below 4x over the long term. However, we expect to be above this level in 2020 due to the earnings impact we've just discussed.

On total Capex, we expect to invest between €7.5 billion and €8 billion in 2020, with €4 billion of growth Capex to be allocated mainly to our key strategic priorities: Networks, Asset-based Client Solutions and Renewables.

And, importantly, our dividend policy, as previously communicated at our General Meeting, on May 14th, we committed to resume dividend payment within the framework of the policy announced last year, that is 65% to 75% payout ratio on the basis of Net Recurring Income Group Share. Of course, as usual, the Board will decide on the 2020 dividend to be proposed at the time of the 2020 financial closing.

Looking ahead to the medium term, Engie is executing action plans to drive a strong recovery. With carbon neutrality at the heart of our strategy, we expect to benefit from new growth opportunities through government actions to drive a green recovery.

Following a significantly impacted 2020 performance, we are confident of a substantial improvement underpinned by the following drivers:

- In Asset-light Client Solutions, activity levels have improved compared to Q2 and we have a healthy order book although some uncertainty remains through the potential economic impacts of Covid.

- Similarly, for our B2B Supply activities, whilst there could be a potential impact on activity levels due to Covid, energy demand has improved significantly compared to the second quarter.

- In other business lines, we benefit from stability and good visibility. Networks have clarity through regulatory frameworks, there are PPAs and long-term contracts for renewables and thermal generation, and market prices and spreads are almost back at or even above pre-crisis levels for our merchant power production activities.

We expect a limited ongoing impact of Covid on these businesses, assuming easing of lockdown continues.

Before opening the lines to the Q&A, a word on the new strategic orientations that will allow us to strengthen our position in Renewables and Infrastructure activities, centralised as well as decentralised.

We have very strong competencies in these activities, which are key for the energy transition and are at the heart of a greener and more sustainable recovery.

This new chapter will enable us to simplify the Group, clarify our priorities and reinforce long-term value creation by the Group.

With that, let me now hand over to the operator to open the lines for the Q&A session.

Q&A

Bank of America Securities

Good morning. A few questions, if I may.

The first one just to clarify. You're considering up to 4 billion additional divestments. Can you confirm whether that includes any disposals as a result of your Client Solutions review? And, if it does, it doesn't feel like that much, given that two-thirds of revenues are up for review. So if you could just clarify that, please.

Secondly, how does your stake in Suez fit in with your strategy? Will it be part of your minority disposals or the Client Solutions review?

And then one of the problems arising from your previous disposal plans has been earnings dilution. So can you discuss how you plan to manage that in this next age to make sure that you can deliver progressive earnings growth?

And then, finally, you seem very confident in recovery. So, assuming no returns to major lockdowns, do you think it's reasonable to assume that EBITDA in 2021 could already be back to or even above 2019 levels?

Thanks very much.

Jean-Pierre Clamadieu

Maybe I can take the first two questions and I will leave Judith answering the one on dilution and recovery.

No, on the first two questions, you should probably not see an existing 4 billion divestment programme on which we add another 4 billion. I think we are now looking on the total of a programme which should exceed 8 billion and this includes a number of elements we've mentioned: potential proceeds from what will happen on the Client Solutions business, potential divestments of stakes we have in listed companies, minority stakes, the results also of what I've mentioned regarding the rebalancing of our exposure to French gas networks and other types of infrastructure.

Then, we don't want to commit to any specific situation or any specific assets. And, regarding the Suez question, I would say that anything is open, as it is for other similar positions we have in other listed entities. So we are setting an objective, we give us a bit of time to achieve that, and we have a pretty large basket of opportunities in front of us and we'll make sure that we choose or we pick the best ones.

Judith Hartmann

And, Peter, on your question regarding the dilution of the earnings and disposal programme, we will come back with more details at the beginning of 2021, with a more specific plan around this, but obviously we will be very careful around this and manage the timing of the disposal as such that we can limit or not have a dilution. The great news is we have a lot of opportunities to invest in Renewables, we've now built a platform of development that, quite frankly, is ready to scale up. And we have many opportunities also on Infrastructure, especially internationally. So we're very confident on being able to deliver on growth there.

And then your question on 2021 numbers: we're not, at this stage, commenting 2021. But I want to pick up on a comment that you made: indeed, we are expecting a significant recovery already in the second half of the year on Client Solutions and Supply. You heard from Paulo on activity levels being back, almost up to normal. We're much better prepared, even if there is, you know, other partial confinements, and so we are quite confident into this rebound here in the second half and beyond.

J.P. Morgan

Good morning, everyone.

Just bouncing back on the Suez comment that anything is on the table, I believe the market is likely to assume that Suez is likely to go, more likely than not, following two-thirds of exits in Services. So I want to have my first question on the strategic shift. So, it's simplified, and some of the market likes it simple, so I think it's positive there. [inaudible] the option of selling Services when basically the valuation for these assets has been very heavily impacted by the Covid. So do you have a timeline for your disposal regarding Client Solutions? A bit more precise? Or is it something which is likely to be back-ended? Just for us to understand a bit what could happen on this side of the equation.

The second is on the gas exposure. You're talking about more networks outside of France, so international, but we note that there are like Capex on electricity networks in Brazil. Are you looking at rebalancing as well the gas exposure towards a bit of electricity?

And, finally, it's a bit surprising to see a departure from the asset-light model so swiftly, you're [inaudible] going for it. I was interested in understanding a bit the rationale, the thinking, especially as we've been through some wobbles with the Covid-19, which has impacted, we've seen it, Solutions and Supply. So I would be very interested in having a bit of colour. So that's for the strategic shift.

The second point I'd like is post-Covid now. We have a new CEO coming, so I think there was a press article talking about September. Do we have a timeline for the nomination and when you would like to get the new CEO to take office, technically, and therefore when we can expect guidance for 22, 21 and maybe 23?

Thank you very much.

Jean-Pierre Clamadieu

Yes, lots of these questions are for me.

So, on the last one, which is the most simple, I've said since the full-year results that I expect the CEO to be in his new position by the end of the year. So it probably means a decision in September. So this is the timeframe you should have in mind.

Regarding the strategic directions which were approved at the Board yesterday, I think this is the result of a pretty detailed analysis of how we see our strengths and weaknesses. Yes, indeed, we do believe that simplification is important. It's important because it allows us to set clear priorities and to put resources where we think they will be able to create value for our various stakeholders, including obviously our shareholders, through a better financial performance.

Now, regarding our Services activities, we are not putting all of them under strategic review. I mean, we've already made a distinction between one-third of them, which we think are indeed aligned with our strategic priorities regarding energy transition. It includes some decentralised Infra but also a significant amount of services which are there to support this Infra or to support our local government and industry customers to move into energy efficiency and energy transition more broadly speaking. We recognise that there's a part of our asset-light activities – quite significant in terms of revenue, about two-thirds of the total Customer Solutions business – which indeed is pretty far away from our strategic objectives: Installation, Facility Management, plus a number of more specific activities. And, for these, we think that there could be a better future in a different setup. And this is what the strategic review is about.

Regarding the timing, we are under no pressure to move. I mean, to say that differently, we have flexibility. This being said, once you have announced something like that, you don't want it to last forever. So we will keep in mind the – it's more than keep in mind: one of the priorities will be how much value we can extract from these various potential divestments. And I think the challenge for us is to set the right strategies, which will allow us to maximise value, in the current context.

Regarding network rebalancing, I've mentioned a rebalancing between French and non-French assets. Probably another rebalancing is between gas, strictly speaking, and electricity maybe. We've done a few of these investments in Brazil, but also what we call local infrastructure, district heating and cooling, and various other types of energy-related networks, which are being put in place by local governments. And regarding… To be a bit more specific on what I mean in this rebalancing, regarding our French gas assets, the objective is to reduce a bit our exposure, but without going up to a point where we would not consolidate anymore our GRTgaz or GrDF. So clearly the objective is to keep the consolidation. But, thanks to the *Loi PACTE*, we think that we have some flexibility and we want to use it because we think that de-risking or reducing our exposure to the French gas assets and reinvesting in other activities makes sense.

So I hope I answered your questions.

J.P. Morgan

Thank you very much.

Goldman Sachs

Good morning. Firstly, thank you for the presentation this morning. I guess that my questions are centred around two issues.

Firstly on strategy. Is there any chance you could give us what the net capacity of the renewable buildup per annum would be? And, on the options, on Client Solutions, could you maybe go into a little more detail on what type of options are being considered? And then, in regards to reinvestments, is there any indication of the balance between what is organic and what is acquisition-based in regards to that reinvestment, just to frame the issue for us?

And then, on the operations side, maybe to frame profitability for the second half of the year, for Customer Solutions and Supply, could you give us maybe an indication of how COI in the second half of the year for these two business divisions will fare versus H2 2019 in your business plan, on your guidance?

And then lastly, on Working Capital, there was a €1.3 billion swing. Is there any of that which you can see today will reverse in the second half of the year, and what maybe could be a little bit more sustainable? I know it's very difficult to kind of point to, but it would just help us frame.

Thank you very much.

Jean-Pierre Clamadieu

On the strategy question, for the Customer Solutions, which options are considered, I would say probably all of them. First priority is indeed run through the strategic review, secure the perimeter, and then we would look at organising these activities as a separate entity, and the outcome could go from IPO, spinoff, to sale to a strategic or financial owner. So we don't have any… We are not excluding anything at this point of time.

Regarding the reinvestment, organic or external, I guess a large part of it will be organic. I mean, when we think renewables we would do two things. First, speed up our development and, as Judith has mentioned, I think we've built today a very strong platform to allow us to develop renewables, especially in some countries (France, US, some other countries in Europe and Latin America). So we will… I think we have the ability today, relatively easily, to speed up development. But we will also have a different type of capital allocation, we will reduce our sell-down activities and we are willing to keep more of these renewables on the balance sheet.

Judith Hartmann

Indeed, there were some more detailed questions that you asked regarding the profitability in the second half.

We are assuming… We're not giving details by business line but it's not far off to assume that Client Solutions and Supply will be close to last year's levels. Indeed, like we said, on both of those activities, they have resumed now and we're much better prepared, even if there were new local lockdowns. Now of course if we go into a generalised lockdown like we had in April, that would be a more difficult situation.

You had a question regarding the Working Capital. Again, what I would like to put forward is really the huge effort that we've put on this. You know, the teams, very early of course… We have started to concentrate on this as we saw the crisis hit. And so what I would say is, of course there's a potential risk of more bad debt that could head our way, but we have put a much bigger focus in all of the regions on both operational working capital, what I mean by that, including, you know, cash collections of advance payments, but also on financial derivatives, where we have backed some of the positions of our Trading unit with a letter of credit and were thus able to improve the cash situation of the Group. So we're going to continue on a very strong action plan around this, given what we're going through. Like I said, there could of course be a little bit of impact when it comes to headwinds Covid-related.

Société Générale

Good morning, everyone.

My first question would be to try and maybe delimit the contours of the disposals within Client Solutions. You mentioned two-thirds of revenues, you explained installations and other asset-light services. Would you mind giving us a proportion of 2019 EBITDA or COI that is coherent with the two-thirds of revenues? Maybe also looking at Capital Employed in Client Solutions at the end of June, how much is allocated to the assets that will be under review? That would be my question on Client Solutions, please.

Then, moving to Renewables, could you tell us how much DBSO gains contributed to 1H 2020? And I guess that you've mentioned you would move towards selling down less, while at the same time increasing your target of new build up from 3 to 4 GW. What are the implications in terms of net Capex you are now planning to spend on a yearly basis in Renewables?

And, lastly, for the second half of 2020, you mentioned that Client Solutions EBITDA or COI could be broadly flat on last-year levels, yet the guidance points to a 9% decline compared to 2H last year. So where do you see the points of pressure in the second half?

Thank you very much.

Jean-Pierre Clamadieu

So, maybe, on Client Solutions I think it's too early to give you a too detailed number. I mean, we are starting the strategic review, we have a clear view on the perimeter which will go into the review, but the review will lead to some conclusions and then it would be a good time to give you more visibility. The only thing I can mention is that, indeed these asset-light businesses which are far away from our core strategy are businesses which have a pretty low COI margin, so you should expect a COI impact which is much less than the two-thirds of sales that I've mentioned, to give you a view of the size of this perimeter.

Judith Hartmann

Hello. Maybe I'll start with your question on the second half, first on where some of the pressures are coming from versus last year: foreign exchange is going to continue to be a pressure; we have lower DBSOs, some of this is of course timing but last year was a big year on DBSO; we had some LDs at the end of last year; and then, last but not least, the French regulation will create some pressure versus last year.

You had also a question on DBSO more specifically, where we had mentioned on a previous call that we were counting on about 250. This will be lower. We have decided to keep a higher proportion consolidated, with the Hannon Armstrong deal that we have announced, and of that reduction… DBSO margin reduction of about 150. We will make up by about 100 more on additional consolidated COI in Renewables. So, overall, the drop for Renewables is very limited.

I think we've covered the list of questions.

Société Générale

Would you mind repeating? I'm not sure I followed you on DBSOs. So the initial plan was 250 for the full year, it's now going to be lower. Did you say something for H1? And maybe implications for H2 now. I didn't get your 150 and maybe the 100. What does…

Judith Hartmann

So the 250 total year goes to rather 100, roughly. So it's a reduction of 150. But, on the reduction of 150 that was going to translate into COI, about 100 of that we will find by additional COI margin, because of the additional consolidation.

Société Générale

Okay, thank you. And for net Capex going forward? Net industrial Capex in Renewables? I guess that's going up?

Judith Hartmann

So, we will come back with a more precise model in about 6 months' time. It's obviously all going to depend on which country, which mix between DBSO and DBOO, so it is premature to talk about precise numbers. But, again, the great news is we have a very strong development pipeline, we're confident that we can increase our development in Renewables.

Société Générale

On the last point, you just mentioned coming back in 6 months; should we understand that you should be ready to give us more at the full-year stage in February next year?

Judith Hartmann

It's probably a good assumption. We said first half of 2021 and, you know, if we can make it by the full-year presentation that would be a good target for us.

UBS

Good morning everybody, and thank you also for a very interesting presentation today.

I'd like to start with a follow-up question for the Chairman please, if I may. I found the comments just now on the French gas position very interesting. So just first a sort of minor clarification: in terms of the potential to sell down a further stake in GRTgaz… I mean, that could be quite a material action in itself and I just wanted to check if that, again, would be on top of the sort of 4 billion increase in disposals that you talked about earlier. I think there could be a large chunk of that number on its own, so I'm just wondering if that's additional.

And then, secondly, I wanted to clarify, you know, what's your thinking on the gas distribution and if there might be any change in the ownership stake there over time. Or, if not, why not? I suppose what I'm getting at is whether you can share any thoughts on the recent surge in interest in hydrogen and how this feeds into your longer-term thinking on the gas network value in the portfolio. That's for the Chairman.

And, if I may, just for the management team, apologies, there was a question earlier on the dilution impact of the planned disposals and I didn't catch if you gave numbers there so I wonder if you could just remind us what you see as the dilution impact of at least the increase in disposal value that you have on the slides today. Thank you.

Jean-Pierre Clamadieu

So I'll try to answer your questions.

So, yes, indeed, what we have in mind is selling a further stake on GRTgaz, knowing that… or taking into account the fact that we want to keep the consolidation of GRTgaz, which limits the flexibility we have there.

Regarding the 4 billion, really I think you shouldn't think 4+4. I think part of the initial 4 billion divestment programme won't happen so you should look at a total envelope of 8 and, yes, what we could… the flexibility we could get out of GRTgaz is part of this total envelope. By the way, 8 is more a threshold, or the floor let's say, than the limit of what we want to achieve in terms of divestments. We don't have any plan, to be clear, today, to reduce our stake in GrDF. Yes, indeed, we see a number of opportunities linked to the development of green gases. Biogas is already a reality, at a small scale, but I think we have all the elements needed to make biogas a more meaningful part of our activities here in France, and maybe in other parts of Europe. And, yes, we consider that hydrogen will offer significant opportunities going forward. We think that the announcements of the EU Commission a couple of weeks ago are significant. What they've implied regarding the development of contracts for differences could be a great catalyst for the development of green hydrogen at industrial scale, and it's really something that we are following very carefully and with a willingness to be part of these new energy systems that we hope to see developing in Europe.

Judith Hartmann

And on the dilution, you did not miss any numbers: we did not give them. But, of course, we will be very mindful about this. I mean, there are two reasons and we've just said it earlier. We are under no pressure to sell. We'll be very mindful on the timing. Because of course the dilution, but also of the valuation aspect that was mentioned earlier. And this will be one of the elements that of course we will have to come back to you at the beginning of next year.

UBS

Understood, thank you. Will you forgive me if I have a very brief follow-up on the hydrogen comment. I think that, clearly, hydrogen looks very interesting for lots of parts of your business. I was just wondering, a bit more specifically, whether you see any real value impact there on the gas networks? Obviously, you might invest directly in hydrogen, it can be very positive for the Renewables businesses, on your Downstream activity. In gas networks, do you see this as important to the change of your long-term thinking on how valuable the gas networks are?

Jean-Pierre Clamadieu

Now we are probably in early phases to put a number there but storage is an obvious element. I mean the ability to store hydrogen in some of our salt cavities is something which could indeed be a significant step forward in the creation of hydrogen networks in Europe. And, at the end of the day, hydrogen is a gas, pipes are a pretty effective way to transport it, so, yes, I think it's something we have in mind when it comes to the future of gas networks and how we value them.

Claire Waysand

Maybe just as a small complement, indeed, a big issue of attention for our networks, and also for our storage, as Jean-Pierre just mentioned. And for our networks I just want to share with you the fact that GRTgaz is active in partnerships with other gas transporters, in particular with a project in the Lorraine region, east of France, together with Germany and Luxembourg, on retrofitting the pipes. So we are starting to work on how to make the pipes hydrogen-compliant.

UBS

Thank you very much. Thank you for the follow-up too. We look forward to hearing about all of that.

Morgan Stanley

Thank you. May I ask three clarifications, please.

The first one is, why is the strategic review begun before the new CEO is involved? And does that imply the new appointment will not then have the input on strategy that they will be executing?

The second one, to try our luck, is could you clarify, for the avoidance of doubt, as to whether the Suez stake is included in your non-core definition.

And, thirdly, may we clarify what exactly you will give updates on in 2021, hopefully by full-year results as you alluded to, and will this include multiyear guidance at that time?

Jean-Pierre Clamadieu

Well, good try on your second question, but I probably don't have much more to say. I mean, all options are open and… but we have not made any decision yet.

On your first question, I think there is a clear sequence, from where we were when we started to look for a new CEO. We are not willing to go into a pretty lengthy scenario in which we would have, one, hired a CEO, second, asked him to develop his strategic thoughts, and then come back to the Board to have a discussion on this strategic orientation. It would have taken way too long. The Board has been working on strategy for the last year. I think we have pretty clear views on strategic direction. I don't think we have approved yesterday a strategic plan but we have approved strategic direction, bringing some answers to questions which have been floating around the Group for quite some time, including with this audience. And we thought that it was indeed much more effective to make this clarification and then to engage the dialogue with the very good candidates we have on our short list, and then make an appointment based on orientations that the CEO will have responsibility to turn into a strategic plan. As you've heard today, there are still a number of elements which need to be decided upon. The new CEO will be a member of the Board, so he will have his input on the strategy and I'm sure that we will have… there will be a lot of strategy discussions in the future. But, regarding our position in Services, regarding clearer choices on what are the key segments in which we want to invest, and regarding the fact that there are still some potential for accelerated asset rotations, we wanted to bring a clear answer yesterday – yesterday in terms of Board meeting and this morning in terms of communication.

Regarding the last part of the question, give us a bit of time. We will have a new CEO hopefully named by the end of September. We will then need to adjust a little bit on what will be the sequence and when we will be able to come with what. It's obvious that we will bring 2021 guidance with the full-year results. Regarding longer-term guidance, I will ask for a bit more patience on the question on whether it will be made available at this time or not. Probably an important element in this medium-term guidance are the results of the strategic review and how fast these various projects are moving forward. So I think it would be premature today to make a commitment on when, what type of guidance will be available. Thank you very much.

Morgan Stanley

Thank you for the detailed answer and I think the strategic clarity is very much appreciated by everyone, so congratulations. If I may just ask one follow-up, if that is okay, it's on the international infrastructure opportunities to reinvest this capital you plan to release. Where are the best opportunities that you consider? Is it primarily Brazil or are there other areas that we should be thinking about? Thank you.

Jean-Pierre Clamadieu

Well, again, probably a bit premature. We've made a very good deal in Brazil. We think TAG was a great project and we did it thanks to the strength of our local teams in Brazil. You've seen that. So, clearly, there will be other opportunities in Brazil. What we need to balance are the identification of relevant priorities and also our willingness – we have not discussed it very much today but to set clear priorities regarding geography. The Group is too widely spread in terms of geography, so we've made already a number of announcements regarding the fact that we want to concentrate our footprint, and this is clearly something which continues to be one of our priorities. Paulo, you want to add…

Paulo Almirante

Yes, I can add. So Brazil of course is a priority for us. We have a large presence in the country and we have been very successful in the development of infrastructure – recently on gas but also on power. We have more than 2,000 km of power transmission lines under construction. But not only Brazil. In Latin America, we also have infrastructure in Chile, and this continues to be also a country where we would look for opportunities, and in other regions of the world, if the opportunities arise. We have strong skills in this field and we want to develop these kinds of businesses.

Bernstein

Hello everyone and thank you very much for taking my questions.

If you don't mind, could we elaborate a little bit on the strategic perspective in Renewables? I would say in the past you have been very open about – when you gave the detailed presentation about Renewables – that you were bidding for renewable projects at WACC and then your value creation process in creating a spread was actually in leveraging up the project and in the farm-down. So my question is how are you creating a spread? How are you making this actually value-accretive now, when you are keeping it on the balance sheet. So is there like an update relative to what you said, I think, about a year ago? Have your spreads increased? And then, on the same topic, would you mind sort of like quantifying, in numbers, the medium-term? So, I don't know if medium term is more 5 years, then increasing annual capacity from 3 to 4 wouldn't necessarily actually mean a dramatic acceleration in Capex when we actually consider how the technology costs are developing. That would be one.

And the second is probably on something that hasn't been mentioned: in the strategic shift, I noticed the absence of any considerations for your generation fleet. These are mentioning Nuclear or actually something in Thermal. So is that sort of like to mean that we shouldn't expect anything or was it just rather like topic number 5 or 6 that didn't make it in the mentioning of sort of like 1, 2, 3, 4? Thank you.

Jean-Pierre Clamadieu

I'll take the first question and I will leave Judith answer the first one.

No, I mean Thermal is indeed part of our portfolio. No question. We'll continue to develop in an opportunistic basis regarding Thermal and we see opportunities here and there. We are not accelerating. This is the nuance that you could see in the strategic direction that we are communicating. There are businesses which are part of our portfolio, we'll continue to operate them, we'll continue to invest and seize growth opportunities, but there are two businesses where we really want to focus resources, to accelerate, which are Renewables and Infra.

Judith Hartmann

And on Renewables, very good question. Of course we're going to make sure we meet the right IRR requirements. We have, today already, a few countries where we are at the right level of competitiveness, where we are at DBOO. Some of Latin American for example, Brazil, Chile, Peru. Typically when we do projects today already or when we've done them in the past, they've been at DBOO, meeting our WACC plus 200 basis points requirement. And we have rapidly come up on the learning curve in a few other countries, where we are now ready to basically rebalance. You saw our deal in the United States, where we now keep 51% of the platform, and that is definitely at the right profitability. And we're looking at another few select countries. France is an obvious area where we are a big leader here, and where we are very competitive. You know, it's really looking at every single step of the value chain, to improve our… To have a positive impact on the IRR, starting with the development, early-stage procurement of course is an element, operation and maintenance is of course an element, and financing. So we're going after all of these and we're now comfortable with that in some of our key countries, that we can move to a more balanced DBOO split and have the right value creation.

Bernstein

Thank you, very helpful. Can I follow up on the Nuclear, I mean, sort of, to some extent it's good that the topic has gone quiet. But are there some developments, sort of, I don't know, in before we have been discussing maybe encapsulating this somehow and getting it off the balance sheet? Are there any discussions continuing or is that sort of like completely on the side lines now?

Jean-Pierre Clamadieu

I can answer. No, completely on the… We don't have any plan of the nature that you've described. I think our focus on Nuclear today is the extension, the life extension of a couple of our production units, for which we would need clear direction from the Belgian government and, at least until now, we didn't have in this country a government with the ability to make such decisions. So we are waiting for the political landscape to clarify in Belgium and then we will… Hopefully we'll be able to get some clarity on how the country wants to manage its energy needs post-2025.

Credit Suisse

Good morning. Two questions from me.

The first one, going back to the topic of Renewables, can you give us some colour on the geographical breakdown of the additional 1 GW that you believe you can add per year. Maybe, is that skewed towards Europe, maybe because of the EU Recovery Fund recently announced, or can you give us an idea of how the pipeline is, What's the pipeline mix?

And the second question is on Thermal generation: you said 78% contracted. Can you give us some more colour on that 78% contracted, in terms of client profile or average duration of the contracts?

Thank you.

Jean-Pierre Clamadieu

On the first one, I will disappoint you. We've talked about strategic directions and it's a bit premature to allocate the 1 GW new development by regions. I've mentioned that we see priorities… I mean, we have set clear priorities regarding where we want to develop renewables. France and Europe, more broadly speaking, is one of them, as is the US and a few Latin American countries. Now wait a bit before we can answer your more specific questions.

Paulo Almirante

On Thermal, the contracted portfolio is mainly in the Middle East, where we operate 28 GW of assets. They are long-term contracted. Of course, from between now and 2035, there will be different phase-outs of contracts. But the average life would be, now, between 15 and 20 years.

[No further questions]

Jean-Pierre Clamadieu

Maybe just a word of conclusion and to thank all of you for your interest and your pointed questions during this call. Maybe just a word to congratulate our teams and the top management team, and Judith, Paulo and Claire were here today. I think they've done a tremendous job in the past few months and we count on them until the new CEO is in place to continue to do this very good job.

You've seen that indeed our results are impacted by the Covid crisis, but we start to see some clarity, which allowed us to share a guidance for 2021, and that's obviously a good sign.

Regarding strategy, we are very excited about what we have announced yesterday. I think this refocusing of the Group on businesses which are… where we have indeed a strong position, is, I think, a great opportunity to open a new chapter where, indeed, the Group will be able to deliver vis-à-vis its various stakeholders.

So stay tuned and I hope that, in the next months you'll see some newsflow which will confirm that indeed we are entering into this new chapter – and, obviously, the next expected news is the appointment of the new CEO.

Thank you very much, for you, and have a very good day. Bye-bye.