2019 FIRST-HALF FINANCIAL REPORT

About ENGIE

Our group is a global reference in low-carbon energy and services. In response to the urgency of climate change, our ambition is to become the world leader in the zero carbon transition "as a service" for our customers, in particular global companies and local authorities. We rely on our key activities (renewable energy, gas, services) to offer competitive turnkey solutions.

With our 160,000 employees, our customers, partners and stakeholders, we are a community of Imaginative Builders, committed every day to more harmonious progress.

Revenues in 2018: €60.6 billion. The Group is listed on the Paris and Brussels stock exchanges (ENGI) and is represented in the main financial indices (CAC 40, DJ Euro Stoxx 50, Euronext 100, FTSE Eurotop 100, MSCI Europe) and non-financial indices (DJSI World, DJSI Europe and Euronext Vigeo Eiris - World 120, Eurozone 120, Europe 120, France 20, CAC 40 Governance).

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1 ENGIE 2019 HALF-YEAR RESULTS

The previously published financial data presented hereafter have been restated to take into account impacts resulting from the application of IFRS 16 – Leases. A reconciliation of the reported data with the restated comparative data is presented in section 6 of the management report for key financial indicators and Note 1 "Accounting standards and methods".

ENGIE financial information at June 30, 2019
Solid financial results - 2019 full year guidance confirmed

- **Group results as of June 30, 2019 – phasing in line with expectations within the year: current operating income (1) of €3.2bn, up 3%, and 6% on an organic (2) basis, and EBITDA of €5.3bn, up 1%, and 2% on an organic basis.**
- **Softer first quarter followed by a significant improvement, resulting in a first half driven by strong Energy Management, Nuclear and an improvement in Client Solutions performance in the second quarter.**
- **Expected full year profit growth remains weighted towards the second half.**
- **ENGIE confirms its 2019 guidance** (3) for net recurring income Group share (in a range of €2.5 billion to €2.7 billion) and for the net financial debt / EBITDA ratio (equal to or below 2.5x excluding the TAG acquisition).

Key Financial data at June 30, 2019

In billions of euros	June 30, 2019	June 30, 2018 with IFRS 16	% change (reported basis)	% change (organic basis)
Revenues	33.0	30.2	+9.3%	+7.6%
EBITDA	5.3	5.3	+0.6%	+2.2%
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	3.2	3.1	+3.1%	+5.6%
Net recurring income relating to continued operations (1), Group share	1.5	1.5	0.0%	+1.7%
Net income, Group share	2.1	0.9		
Cash Flow From Operations (CFFO)	2.7	3.5	(0.8)	
Net financial debt	26.1	23.3	2.8 vs Dec. 31, 2018	

(1) i.e. excl. E&P and LNG.

- **Energy management** results were strong, driven by gas contract renegotiations and international activities;
- **Nuclear** was driven by achieved price improvements and higher availability following the restart of all seven Belgian production units;
- **Client Solutions** results improved significantly on an underlying basis performance on a sequential basis from the first to the second quarter but remained atypical due to dynamics in certain markets. SUEZ one-offs additionally contributed;
- **Renewables** were impacted by lower hydro power production in France partly offset by commissioning of wind capacities;
- **Thermal** was affected by the disposal of Glow, partly offset by positive Power Purchase Agreement (PPA) effects in Latin America and positive contribution from gas power plants in Australia and Europe;
- **Supply** activities continued to suffer mainly from margin contractions in French retail;

(1) Including share in net income of entities accounted for using the equity method.
(2) Organic variation = gross variation without scope and foreign exchange impacts.
(3) These targets and this indication assume average weather conditions in France, full pass through of supply costs in French regulated gas tariffs, no significant accounting changes except for IFRS 16, no major regulatory and macro-economic changes, commodity price assumptions based on market conditions as of December 31, 2018 for the non-hedged part of the production, average foreign exchange rates as follows for 2019: EUR/USD: 1.16; EUR/BRL: 4.42, and without significant impacts from disposals not announced as of February 28, 2019.

- **Networks** were impacted by several headwinds, particularly in gas transmission in France with the end of subscriptions on the North-South pipe and tariff linearization.

Cash flow from operations [(1)] decreased due to timing effects from commodity related margin calls, notwithstanding increasing operating cash flow and improving operating working capital requirements. Management team expects a substantial improvement for the full year 2019.

Net financial debt increased in comparison with end of 2018 [(2)], due to high CAPEX which were only partly offset by disposal proceeds. ENGIE also paid a higher than usual dividend during the first half of 2019 (€0.75 per share paid in May, no more interim dividend next October).

The **Group's robust financial structure has been reaffirmed** by S&P, which confirmed its A- rating in April, and by Fitch, which confirmed its A rating in June, both maintaining their stable outlook. In June, as announced, Moody's downgraded its rating from A2 to A3 following the adoption of the Loi PACTE in France which has prompted a reappraisal of its one notch uplift for government support.

ENGIE continued to pursue its strategy, focused on zero-carbon transition leadership in the first half of 2019, with strategic progress made particularly in Renewables, complemented by the TAG acquisition in Networks. Management team expects growth to further accelerate over the second half, driven by improving underlying business performance across the main activities of the Group.

In **Client Solutions**, ENGIE and its partners were awarded a 35-year energy efficiency contract in Ottawa (Canada) to deliver and modernize heating and cooling systems for Government buildings. In addition, ENGIE acquired Conti in North America, a company delivering services in the building, design, engineering and construction sectors. Over the second half, Client Solutions results are expected to benefit from contract phasing effects expected to subside, from increasing order backlog and contributions from tuck-in acquisitions as well as from the performance plan to continue to address markets with increasing competitive intensity affecting margins.

In **Networks**, ENGIE announced on June 13, 2019 that the consortium in which it holds a majority stake has completed the acquisition of a 90% shareholding in TAG, the largest gas transmission network owner in Brazil. TAG has a portfolio of long-term contracts providing an attractive earnings stream and rebalancing ENGIE's geographic exposure in Networks activities. Over the second half, Networks results will continue to be impacted by the constraints which were evident in the first half, partly offset by the organic French distribution and transmission tariff increases. The TAG acquisition will also positively contribute to earnings.

In **Renewables**, 1.4 GW of wind and solar capacity was commissioned in the first half, confirming a marked acceleration after the commissioning of 1.1 GW for the full year 2018, and 8.7 GW are now installed, under construction or secured to reach the 9 GW target of commissionings over 2019-21. The new joint-venture in Mexico with Tokyo Gas demonstrates our ability to deploy our DBSO [(3)] model and attract strong partners to accelerate the development of our portfolio, and the signing of a strategic Memorandum of Understanding with EDP aims at creating a leading global offshore wind player. Over the second half, Renewables results are expected to be enhanced by the ramp-up of wind contributions (especially in Brazil), improving hydrology in France and new DBSO margins to be recorded mainly in the second half.

In **Thermal**, ENGIE continued to execute its strategy of carbon footprint reduction. ENGIE closed the disposal of its 69.1% stake in Glow in Thailand and Laos (3.2 GW of generation capacity, of which 1.0 GW is coal), ending its participation in coal in Asia-Pacific. ENGIE also announced the disposal of its German and Dutch coal assets (capacity of 2.3 GW), reducing coal to below 4% of its global power generation capacity after closing of this transaction. Over the second half, Thermal results will be impacted by these disposals.

(1) Cash flow from operations = Free Cash Flow before maintenance CAPEX.
(2) 2018 figures adjusted for IFRS 16.
(3) DBSO = Develop, Build, Share & Operate.

1.1 Analysis of 2019 first half financial data

1.1.1. Revenues of €33.0 billion

Revenues were €33.0 billion, up 9.3% on a gross basis and 7.6% on an organic basis.

Reported revenue growth includes a positive foreign exchange effect, mainly due to the appreciation of the US dollar, partly offset by the depreciation of the Argentinian peso and the Brazilian real against the euro, and to an aggregate positive scope effect. Changes in the scope of consolidation included various acquisitions in Client Solutions (primarily in the United States with Unity, Donelly and Systecon, in Latin America with CAM and in Germany with OTTO) and in Supply (Plymouth Rock in the United States), partly offset by the disposals of the business Supply activities in Germany at the end of 2018 and of the stake of Glow in Thailand and Laos in March 2019.

Organic revenue growth was primarily driven by Supply activities (benefitting from a favorable market context for business customers in France, higher power sales in France both to business and retail customers and positive price effects in the United States, Belgium, Romania and the Netherlands), by effective energy management services and favorable market conditions for Global Energy Management (GEM) activities, by Thermal in Europe with higher volumes sold, by a wide ranging momentum in Latin America (tariff increases in Mexican and Argentinian gas distribution activities, PPA portfolio growth in Chile and dynamic energy allocation as well as commissioning of new wind farms in Brazil) and growth in Client Solutions in France and Belgium. This growth was partly offset by lower revenues from gas storage activities (less purchase/sale operations in France and in the United Kingdom) and by lower hydroelectric power generation in France (-26% versus an exceptional first half in 2018).
Clients Solutions revenues were up 10% on a gross basis and 3% on an organic basis.

1.1.2. EBITDA of €5.3 billion

EBITDA was €5.3 billion, up 0.6% on a gross basis and 2.2% on an organic basis.

Reported EBITDA increase includes a positive foreign exchange effect, mainly due to the appreciation of the US dollar, partly offset by the depreciation of the Brazilian real against the euro, and to an aggregate negative scope effect. This negative scope effect stems mainly from the sale of Glow, partly offset by various acquisitions predominantly in Client Solutions and Networks.

Organic EBITDA increase was mainly driven by GEM's good performance in market activities (notably with strong positive impact from contract renegotiations and significant positive timing effects), by strong results in Latin America (related to the wide ranging momentum for revenues and including positive one-offs in Chile in 2019) and Nuclear activities (benefitting from +3€/MWh better achieved prices and +590bps higher availability rates in Belgium). This increase was partly offset by headwinds in French gas Networks activities (lower volumes in transmission caused by the end of subscriptions on North-South transit after the merger of the market zones and lower contribution of storage activities due technical issues in France during the withdrawal period), lower hydroelectric power generation in France, lower margins in French Supply activities and by the suspension of capacity remuneration mechanism in the United Kingdom since October 1, 2018.

1.1.3. Current operating income after share in net income of entities accounted for using the equity method of €3.2 billion

Current operating income including share of net income of entities accounted for using the equity method (COI) amounted to €3.2 billion, up 3.1% on a reported basis and 5.6% on an organic basis.

These gross and organic variations are in line with EBITDA growth, benefitting in addition from the positive one-offs in SUEZ (mainly linked to the settlement of the Argentina court case in 2019).

Organic COI performance varied across segments:

In millions of euros	June 30, 2019	June 30, 2018 with IFRS 16	% change (reported basis)	% change (organic basis)
France	1,616	1,794	-9.9%	-10.3%
France excluding Infrastructures	*488*	*553*	*-11.8%*	*-13.0%*
France Infrastructures	*1,128*	*1,241*	*-9.1%*	*-9.1%*
Rest of Europe	279	257	+8.7%	+9.4%
Latin America	818	723	+13.2%	+11.9%
USA & Canada	30	72	-57.8%	-52.6%
Middle East, Asia & Africa	376	461	-18.5%	+3.3%
Others	47	(235)		
TOTAL	**3,166**	**3,072**	**+3.1%**	**+5.6%**

- **France** reported an organic COI decrease. For France excluding Infrastructures, the organic COI drop is mainly due to the impact of lower hydroelectric power generation, to margin pressure in our Supply activities (on market offers in gas and power), and to a slight margin decline in Client Solutions. For France Infrastructures activities, the decrease is mainly due to the transmission activity affected in France by the effects of the merger of the zones (end of subscriptions on North-South transit) which have so far only been partially offset by the tariff increase of April 1, 2019, mainly due to the tariff linearization mechanism and higher than expected congestion costs. To a lesser extent, the storage profits were impacted by customer penalties due to technical issues in France and by negative price effects in Germany.
- **Rest of Europe** showed an organic COI increase. This increase is mainly driven by Nuclear activities and a slight growth in Client Solutions partially offset by lower contributions in other activities. Nuclear activities benefitted from better achieved prices, higher availability rates in Belgium as well as from a lower depreciation charge following the 2018 asset impairment. The growth in Client Solutions mainly arises from the development of on-site generation and decentralized energy activities, partly offset by contract phasing and selected market dynamics affecting certain contract renewals in Western Europe. On the other side, in addition to suspension of capacity market revenues in the United Kingdom, Thermal activities contribution is negatively impacted by positive 2018 one-offs in the Netherlands. Supply activities are decreasing in Benelux and Romania and Renewable activities are decreasing in Benelux.
- **Latin America** delivered strong organic COI growth. This growth is mainly due to the favorable impact of liquidated damages received in Chile in 2019, tariff increases in Mexican and Argentinian gas distribution activities, PPA portfolio growth in Chile, commissioning of new wind farms in Brazil as well as the first contribution of TAG. These impacts are being partially offset by positive one-off recorded in 2018 for Mexican Networks activities.
- **USA & Canada** reported a significant organic COI decrease. Main drivers are Client Solutions due to one-offs booked in 2019, the lower contribution from Thermal activities due to higher costs for LNG sourcing in Puerto, to lower spreads in the US North East in the first half of 2019 and to the temporary margin pressure on business Supply activities. These effects are partly offset by higher margins on LNG activities.
- **Middle East, Asia & Africa** reported an organic COI increase. This increase notably reflects higher achieved margins and generated volumes in Thermal generation in Australia. This effect is partly offset by a negative temperature effect for Australian Supply.
- The **Others** segment reported a significant organic COI increase. This increase is mainly due to GEM's good performance in market activities, notably with strong positive impact from gas contract renegotiations and significant positive timing effects, to positive one-offs in SUEZ (mainly linked to the settlement of the Argentina court case in 2019), to higher power margins for business Supply and to lower Corporate costs.

Organic COI performance also varied across the Group's business lines:

In millions of euros	June 30, 2019	June 30, 2018 with IFRS 16	% change (reported basis)	% change (organic basis)	2019 Outlook
Client Solutions	438	374	+17.2%	+10.4%	up mid to high single digit (1)
Excluding SUEZ Argentina one-off (1)			*+3.8%*	*-2.9%*	
Networks	1,346	1,434	-6.1%	-7.2%	down low-single digit
Renewables	572	605	-5.5%	-2.2%	up low to mid-single digit
Thermal	694	744	-6.6%	+4.9%	reduction of c. 15%
Nuclear	(216)	(303)	+28.9%	+28.9%	2018 losses cut by c. 75%
Supply	350	432	-19.0%	-17.1%	down mid-single digit
Others	(18)	(214)	+91.4%	+91.7%	2018 losses cut by c. 15%
TOTAL	**3,166**	**3,072**	**+3.1%**	**+5.6%**	

(1) Year-on-year evolution excluding the 2019 positive one-off from SUEZ linked to the Argentina court case (c. €50 million). 2019 outlook excludes this positive impact.

- **Client Solutions** reported an organic COI increase, benefitting from 2019 one-offs from SUEZ (mainly linked to the settlement of the Argentina court case in 2019). On an underlying basis, Client Solutions results improved sequentially in the second quarter, driven by the development of on-site generation and decentralized energy activities in Europe, partly offset by difficulties in few build and install entities (notably with one-offs booked in 2019 in USA and Canada) and by contract phasing and selected market dynamics affecting certain contract renewals in Western Europe. Besides, development costs to lay foundations for growth in new businesses increased mainly across the US and Asia.
- **Networks** reported an organic COI decrease. The decrease is mainly due to the transmission activities in France with the effects of the merger of the zones (end of subscriptions on North-South transit) which have so far only been partially offset by the tariff increase of April 1, 2019, mainly due to the tariff linearization mechanism and higher than expected congestion costs. To a lesser extent, storage profits were impacted by customer penalties due to technical issues in France and negative price effects in Germany. Lastly, a positive one-off was recorded in 2018 in Latin America. Tariff increases in Mexican and Argentinian gas distribution activities as well as the first contribution of TAG only partly offset these negative effects.
- **Renewables** reported a slight organic COI decrease. This was primarily driven by the lower hydroelectric power generation in France. This negative effect was partly offset by the commissioning of new wind farms, notably in Brazil.
- **Thermal** showed an organic COI increase. This increase is mainly attributable to the favorable impact of liquidated damages received in Chile in 2019, the PPA portfolio growth in Chile and the higher margin achieved and volumes generated in Thermal activities in Australia. These positive effects were partly offset by the suspension of capacity market revenues in the United Kingdom, the positive 2018 one-offs in the Netherlands and the lower contribution in the United States due to higher costs for LNG sourcing in Puerto Rico so as lower spreads in the US North East in the first half of 2019.
- **Nuclear** delivered a significant organic COI growth, benefitting from better achieved prices (+3€/MWh), higher availability rates in Belgium (+590bps) as well as from a lower depreciation charge following the 2018 asset impairment.
- **Supply** organic COI reduced significantly, primarily driven by margin pressures on retail sales in France (on market offers in gas and power), by a negative temperature effect in Australia as well as lower results in business sales in Benelux and in the United States. These effects were partly offset by higher power margins for business sales in France.
- The **Others** activities delivered a significant organic COI growth, mainly reflecting GEM's good performance on market activities, notably with strong positive impact from gas contract renegotiations and significant positive timing effects, and lower Corporate costs.

1.1.4. Net recurring income relating to continued operations, Group share of €1.5 billion and Net income Group share of €2.1 billion

Net recurring income, Group share relating to continued operations amounted to €1.5 billion in first half of 2019, stable year-on-year, driven by the continued improvement in current operating income after share in net income of entities accounted for using the equity method partly offset by higher financial costs and recurring effective tax rate.

Net income Group share amounted to €2.1 billion compared with €0.9 billion in the first half of 2018. This sharp increase was mainly driven by income from disposals (€1.6 billion, mainly resulting from the Glow transaction) despite a negative mark-to-market variation before tax (€1.5 billion). Lower impairment losses (€0.5 billion positive impact) over the period also contributed to this sharp increase.

1.1.5. Net financial debt of €26.1 billion

Net financial debt stood at €26.1 billion, up €2.8 billion compared with December 31, 2018. This variation was mainly due (i) capital expenditures over the period (€5.5 billion [1] including notably the €1.5 billion expenditures for the TAG transaction in Brazil), (ii) dividends paid to ENGIE SA shareholders (€1.8 billion) and to non-controlling interests (€0.3 billion) and (iii) other elements (€0.4 billion) mainly related to foreign exchange rates, new right-of-use assets accounted for over the period and mark-to-market variation. These items were partly offset by (i) cash flow from operations (€2.7 billion) and (ii) the impacts of the portfolio rotation program (€2.7 billion, mainly related to the completion of the disposal of the stake in Glow).

Cash flow from operations amounted to €2.7 billion, down €0.8 billion. The decrease stemmed chiefly from temporary working capital requirement variations (€1.1 billion negative impact) caused by margin calls on derivatives and mark-to-market variation of financial derivatives, partly offset by the increase of operating cash flow (€0.2 billion) and lower tax paid (€0.1 billion).

At the end of June 2019, net financial debt to EBITDA ratio amounted to 2.7x. Excluding the TAG acquisition which does not yet materially contribute to the EBITDA, this ratio amounted to 2.5x, slightly increasing compared with the end of 2018 and on the target of less than or equal to 2.5x. The average cost of gross debt was 2.89%, up 21bps compared with the end of 2018, due to new borrowings in Brazil.

At the end of June 2019, net economic debt [2] to EBITDA ratio stood at 4.0x. Excluding the TAG acquisition, this ratio stood at 3.8x, slightly increasing compared with the end of 2018.

(1) Net of DBSO sell-downs.

(2) Net economic debt amounted to EUR 38.9 billion at the end of June 2019 (compared with €35.7 billion at the end of December 2018); it includes, in particular, nuclear provisions and post-employment benefits.

1.1.6. 2019 financial targets

ENGIE confirms its financial anticipations for 2019 [(1)]:

- **a net recurring income Group share (NRIgs) between €2.5 and €2.7 billion** [(2)]. This guidance is based on an indicative range for the EBITDA of €9.9 to 10.3 billion;
- a net financial debt / EBITDA ratio below or equal to 2.5x excluding the TAG acquisition;,
- an "A" category credit rating.

(1) These targets and this indication assume average weather conditions in France, full pass through of supply costs in French regulated gas tariffs, no significant accounting changes except for IFRS 16, no major regulatory and macro-economic changes, commodity price assumptions based on market conditions as of December 31, 2018 for the non-hedged part of the production, average foreign exchange rates as follows for 2019: EUR/USD: 1.16; EUR/BRL: 4.42, and without significant impacts from disposals not announced as of February 28, 2019.

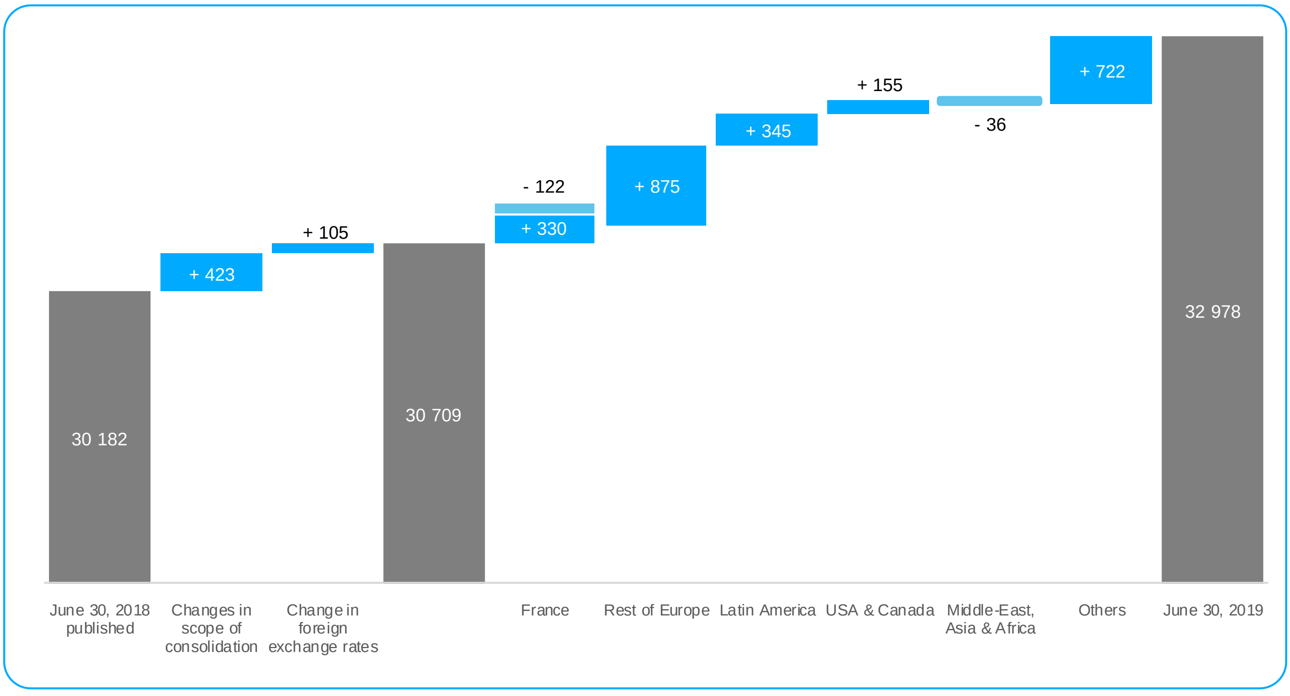
(2) As a reminder the ENGIE Group gave during its February 28, 2019 Capital Market day a financial guidance on Net Recurring Income (Group share) of a 7-9% CAGR (Compound Annual Growth Rate) over the 2018-2021 period.

2 BUSINESS TRENDS

In millions of euros	June 30, 2019	June 30, 2018 with IFRS 16	% change (reported basis)	% change (organic basis)
Revenues	32,978	30,182	+9.3%	+7.6%
EBITDA	5,321	5,288	+0.6%	+2.2%
Net depreciation and amortization/Other	(2,154)	(2,216)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	3,166	3,072	+3.1%	+5.6%

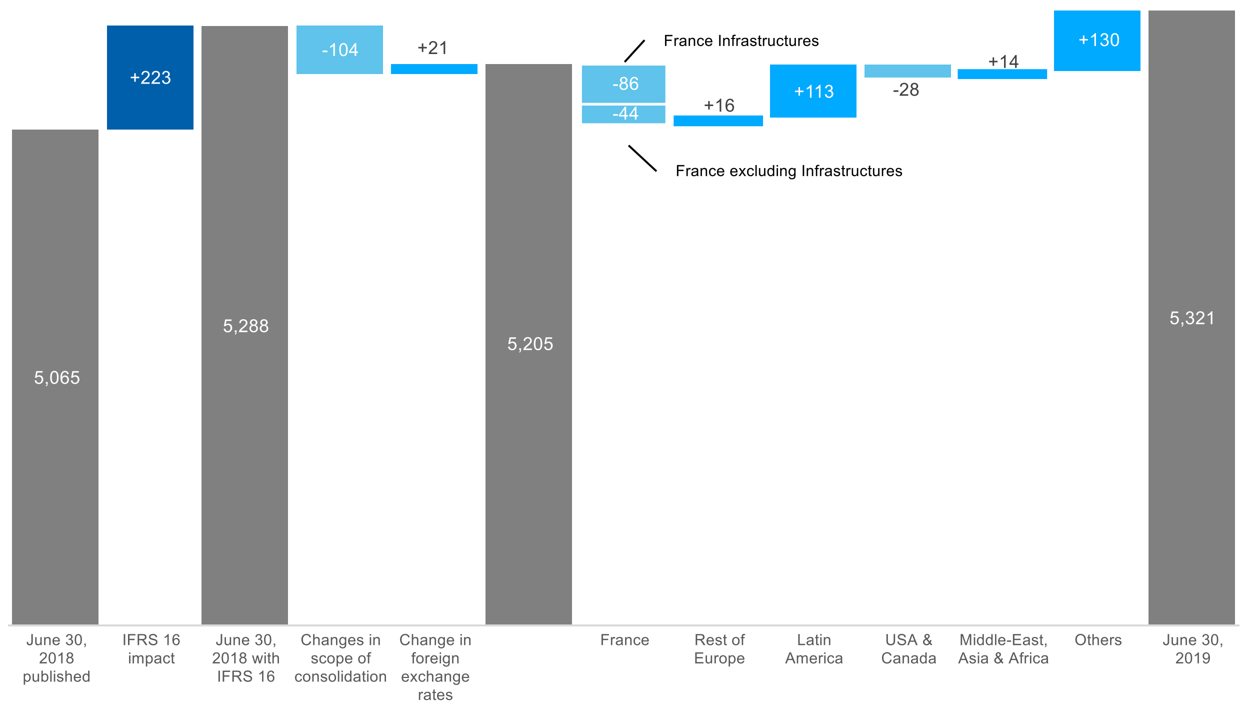
REVENUE TRENDS

In millions of euros



EBITDA TRENDS

In millions of euros



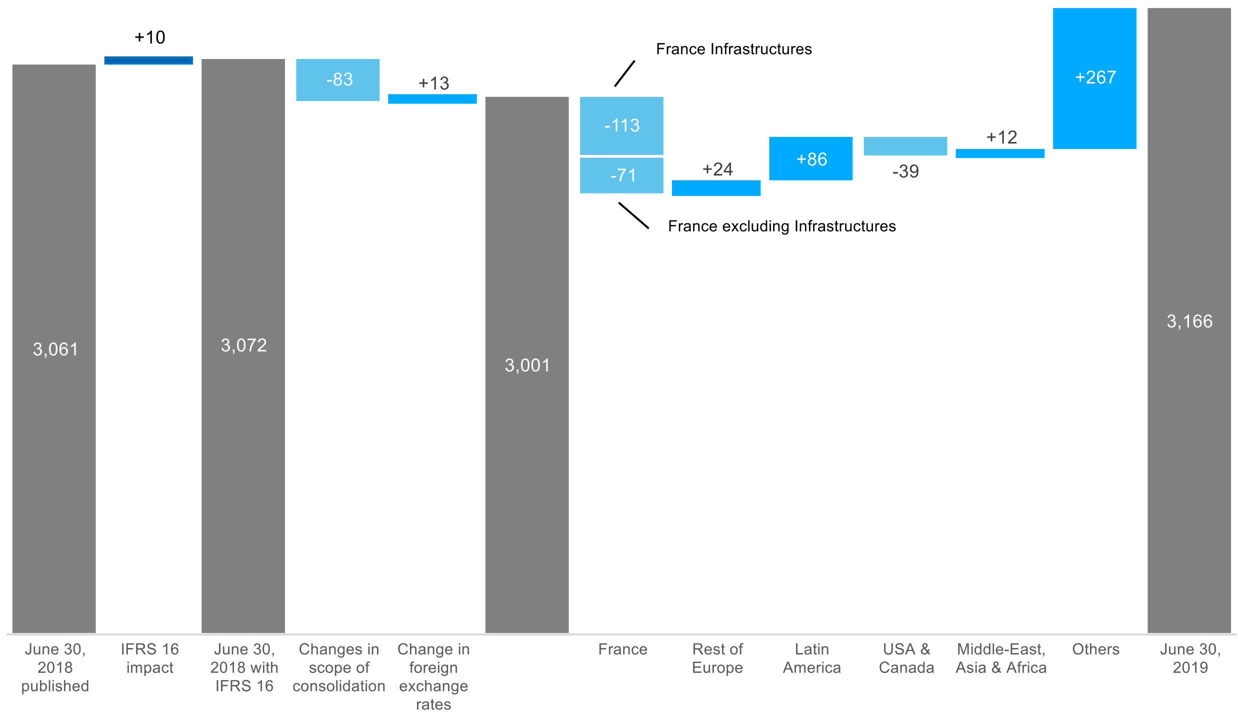
Geography/Business Line matrix

In millions of euros	Client Solutions	Networks	Renewables	Thermal	Nuclear	Supply	Others	TOTAL at June 30, 2019
France	442	1,908	195	-	-	224	-	2,769
Rest of Europe	245	103	57	200	17	165	-	787
Latin America	8	164	510	365	-	22	-	1,069
USA & Canada	(7)	1	27	20	-	10	41	91
Middle East, Asia & Africa	12	12	52	354	-	(4)	-	426
Others	49	(3)	(16)	(21)	-	73	97	179
TOTAL EBITDA	**750**	**2,183**	**825**	**918**	**17**	**490**	**137**	**5,321**

In millions of euros	Client Solutions	Networks	Renewables	Thermal	Nuclear	Supply	Others	TOTAL at June 30, 2018 with IFRS 16
France	415	1,993	222	-	-	272	-	2,902
Rest of Europe	236	93	79	237	(62)	186	-	769
Latin America	(2)	128	502	278	-	25	(1)	930
USA & Canada	16	1	12	39	-	22	25	115
Middle East, Asia & Africa	19	16	35	449	-	20	-	539
Others	66	(4)	(10)	(2)	-	27	(43)	33
TOTAL EBITDA	**748**	**2,227**	**841**	**1,001**	**(62)**	**552**	**(19)**	**5,288**

CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD (COI) TRENDS

In millions of euros



Geography/Business Line matrix

In millions of euros	Client Solutions	Networks	Renewables	Thermal	Nuclear	Supply	Others	TOTAL at June 30, 2019
France	252	1,129	80	-	-	155	-	1,616
Rest of Europe	135	76	29	122	(216)	133	-	279
Latin America	(3)	133	420	246	-	21	-	818
USA & Canada	(30)	1	17	17	-	(7)	33	30
Middle East, Asia & Africa	5	11	43	330	-	(13)	-	376
Others	79	(3)	(17)	(21)	-	61	(52)	47
TOTAL COI	**438**	**1,346**	**572**	**694**	**(216)**	**350**	**(18)**	**3,166**

In millions of euros	Client Solutions	Networks	Renewables	Thermal	Nuclear	Supply	Others	TOTAL at June 30, 2018 with IFRS 16
France	236	1,241	108	-	-	210	-	**1,794**
Rest of Europe	130	78	52	144	(303)	157	-	**257**
Latin America	(4)	104	426	173	-	24	-	**723**
USA & Canada	(1)	1	7	36	-	11	18	**72**
Middle East, Asia & Africa	17	15	24	393	-	12	-	**461**
Others	(4)	(4)	(11)	(2)	-	18	(232)	**(235)**
TOTAL COI	**374**	**1,434**	**605**	**744**	**(303)**	**432**	**(214)**	**3,072**

2.1 France

In millions of euros	June 30, 2019	June 30, 2018 with IFRS 16	% change (reported basis)	% change (organic basis)
Revenues	**11,244**	**10,867**	**+3.5%**	**+1.9%**
Total revenues (incl. intra-group transactions)	**11,899**	**11,596**	**2.6%**	
EBITDA	**2,769**	**2,902**	**-4.6%**	**-4.5%**
Net depreciation and amortization/Other	(1,153)	(1,108)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**1,616**	**1,794**	**-9.9%**	**-10.3%**

2.1.1. France excluding Infrastructures

In millions of euros	June 30, 2019	June 30, 2018 with IFRS 16	% change (reported basis)	% change (organic basis)
Revenues	**8,199**	**7,813**	**+4.9%**	**+4.3%**
EBITDA	**862**	**909**	**-5.1%**	**-4.9%**
Net depreciation and amortization/Other	(374)	(356)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**488**	**553**	**-11.8%**	**-13.0%**

Volumes sold

In TWh	June 30, 2019	June 30, 2018 with IFRS 16	% change (reported basis)
Gas sales	51.2	54.6	-6.2%
Electricity sales	20.4	22.2	-8.2%

France climatic adjustment

In TWh	June 30, 2019	June 30, 2018 with IFRS 16	Total change in TWh
Climate adjustment volumes (negative figure = warm climate, positive figure = cold climate)	0.3	1.0	(0.7)

Revenues for the France excluding Infrastructures segment amounted to €8,199 million, up 4.9% on a reported basis and 4.3% on an organic basis. Organic revenue growth can be explained by higher sales in the BtoC power segment and B2B services businesses (Cofely and Axima), partly offset by lower sales in France Renewables mainly due to hydroelectric power generation. The acquisitions in B2B services also contributed significantly to growth on a reported basis.

Gas sales volumes in the BtoC segment declined by 3.4 TWh year-on-year, of which 0.7 TWh related to a negative temperature effect, as a result of the end of gas regulated tariffs and market competition. The BtoC power portfolio recorded a significant increase of 1 TWh, whereas volumes produced by hydroelectric power generation dropped by 2.8 TWh.

Current operating income after share in net income of entities accounted for using the equity method was €488 million, down 11.8% on a reported basis and 13.0% on an organic basis. This drop is mainly due to the BtoC segment with a loss of customers in the regulated gas segment, the adverse effect of the regulated tariff freeze decided by the government for the first half of 2019 and an unfavorable temperature impact versus 2018, these effects being partly offset by growth in the power portfolio First-half 2019 results also suffered from the impact of lower hydroelectric power generation (exceptional positive hydrology conditions in the first half of 2018 versus low hydraulicity in 2019).

2.1.2. France Infrastructures

In millions of euros	June 30, 2019	June 30, 2018 with IFRS 16	% change (reported basis)	% change (organic basis)
Revenues	3,045	3,054	-0.3%	-3.9%
Total revenues (incl. intra-group transactions)	**3,544**	**3,695**	**-4.1%**	
EBITDA	1,907	1,993	-4.3%	-4.3%
Net depreciation and amortization/Other	(779)	(752)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	1,128	1,241	-9.1%	-9.1%

Revenues for the France Infrastructures segment amounted to €3,045 million, down 0.3% compared to first-half 2018. This decrease mainly stems from the storage business with a sharp reduction in buy/sale operations in France following the implementation of the new regulations in 2018, as in the United Kingdom. It was partially offset by the terminalling activity, the change in which reflects the outsourcing of LNG activities as well as by the distribution activity, which benefited from the tariff increase of July 1, 2018 (+2.01%).

Current operating income after share in net income of entities accounted for using the equity method for the period was €1,128 million, down 9.1% on a reported basis. This decrease is mainly due to the transmission activity, which was impacted in France by the effects of the merger of the zones (end of subscriptions on North/South transit) and by increased amortization due to CODs which have so far only been partially offset by the tariff increase of April 1, 2019 and in Germany by a negative price adjustment as part of the restoration of past performance. These negative impacts were partly offset by the tariff increase in France. To a lesser extent, the storage activity was penalized by customer penalties in France due to a temporarily deteriorated operating performance and negative price effects in Germany. COI was also penalized by the increase in depreciation and amortization resulting from the commissioning of new assets.

2.2 Rest of Europe

In millions of euros	June 30, 2019	June 30, 2018 with IFRS 16	% change (reported basis)	% change (organic basis)
Revenues	9,611	8,801	+9.2%	+10.2%
EBITDA	787	769	+2.2%	+2.1%
Net depreciation and amortization/Other	(507)	(512)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	279	257	+8.7%	+9.4%

Revenues for the Rest of Europe segment amounted to €9,611 million, up 9.2% on an organic basis. This increase was mainly driven by Thermal activities, Supply in Benelux and Client Solutions.

Thermal activities benefited from higher volumes sold, partly offset by the suspension of the capacity remuneration mechanism in the United Kingdom since October 1, 2018, which had a negative effect on 2019 revenues.

Supply activities were favorably impacted by positive price effects in Belgium, the Netherlands and Romania partly offset by divestments in the German Retail BtoB portfolio in 2018.

The increase in Client Solutions mainly arose from Belgium's installation and energy efficiency segment and from Germany as a result of the OTTO acquisition (January 2019) in installation activities.

Current operating income after share in net income of entities accounted for using the equity method came in at €279 million, up 9.4% on an organic basis. This increase was mainly driven by Nuclear activities and slight growth in Client Solutions, partially offset by lower contributions in the other activities (Thermal, Renewables, Supply, Networks) compared to 2018.

Nuclear activities benefited from better achieved prices, higher availability rates in Belgium as well as from a lower depreciation charge following partial asset impairment in 2018.

The growth in Client Solutions mainly arose from the good performances of the asset-based activities in BU Generation Europe (Italy and Germany); these results were driven by the development of public lighting and the District Heating & Cooling (DHC) sites as well as by a favorable market environment for Belgium.

However, in addition to the suspension of capacity market revenues in the United Kingdom, the change in COI in Thermal activities was negatively impacted by positive 2018 one-offs in the Netherlands. Supply activities decreased in Benelux and Romania and Renewable activities decreased in Benelux.

2.3 Latin America

In millions of euros	June 30, 2019	June 30, 2018 with IFRS 16	% change (reported basis)	% change (organic basis)
Revenues	2,601	2,173	+19.7%	+16.1%
EBITDA	1,069	930	+14.9%	+12.2%
Net depreciation and amortization/Other	(251)	(207)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	818	723	+13.2%	+11.9%

Revenues for the Latin America segment totaled €2,601 million, up 19.7% on a reported basis and 16.1% organically. Reported growth reflects the positive impact of a Client Solutions entity acquired at the end of 2018 in Chile (CAM) partially offset by a negative net foreign exchange effect, the strong depreciation of the Brazilian real (-5%) and Argentinian peso (-46%) in turn partially offset by the appreciation of the US dollar (+7%). In Mexico and Argentina, revenues benefited from tariff increases in gas distribution activities. In Chile, business was positively impacted by the ramp-up of new PPAs with distribution companies. In Brazil, organic growth was mainly driven by higher hydro sales in the spot market and the commissioning of new wind and solar farms.

Current operating income after share in net income of entities accounted for using the equity method totaled €818 million, up 11.9% on an organic basis, mainly due to the favorable impact of delay liquidated damages received in Chile in 2019, and the positive organic impacts mentioned above for revenues. These impacts were partially offset by a positive one-off recorded in 2018 in Mexico.

2.4 USA & Canada

In millions of euros	June 30, 2019	June 30, 2018 with IFRS 16	% change (reported basis)	% change (organic basis)
Revenues	2,147	1,539	+39.5%	+9.4%
EBITDA	91	115	-20.3%	-22.9%
Net depreciation and amortization/Other	(61)	(43)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	30	72	-57.8%	-52.6%

Revenues for the USA & Canada segment amounted to €2,147 million, up 39.5% on a reported basis. In addition to positive foreign exchange effects, revenues benefited from scope-in effects relating to recent acquisitions in Client Solutions and Retail BtoB (Plymouth Rock +€140 million) in the United States. The 9.4% organic increase mainly derived from the positive price effects on BtoB power sales in the United States with no effect at the level of COI.

Power sales increased by 0,8 TWh reaching 19 TWh year to date.

Current operating income after share in net income of entities accounted for using the equity method came in at €30 million, a 52.6% organic decrease compared to first-half 2018. The main drivers were the lower contribution from (i) Thermal activities due to higher costs for LNG sourcing in Puerto Rico and lower spreads in North East USA in first-half

2019, (ii) temporary lower profitability on Retail BtoB activities due to higher costs for energy sourcing and, finally (iii) Client Solutions due to one-offs and contract losses booked in 2019, which negatively impacted performance. These effects were partly offset by the ramp up of Renewables thanks to the onshore wind platform and higher margins on LNG activities following the disposal of the Everett terminal and contract renegotiations that occurred in the second half of 2018.

2.5 Middle East, Asia & Africa

In millions of euros	June 30, 2019	June 30, 2018 with IFRS 16	% change (reported basis)	% change (organic basis)
Revenues	1,532	1,892	-19.1%	-2.4%
EBITDA	426	539	-21.0%	+3.5%
Net depreciation and amortization/Other	(50)	(78)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	376	461	-18.5%	+3.3%

Revenues for the Middle East, Asia & Africa segment totaled €1,532 million, down 19.1% on a reported basis and 2.4% organically. The reported decrease was mainly due to the disposal of Glow (Thailand) in March 2019, this impact being partly offset by the positive contribution of several acquisitions in Client Solutions activities in Africa, Middle East and Asia and positive foreign exchange effects. Organic growth was slightly impacted by lower sales volumes in Supply activities in Australia as well as by lower revenues in the Client Solutions activities in Africa and Australia.

Electricity sales decreased by 2.5 TWh to 35.2 TWh, with reduced volumes mostly due to the sale of Glow and Loy Yang B.

Current operating income after share in net income of entities accounted for using the equity method totaled €376 million, down 18.5% on a reported basis but up 3.3% organically. The reported decrease is due to the negative impact of the disposal of Glow and Loy Yang B, partly offset by positive foreign exchange effects. The organic increase notably reflects the higher margin achieved in thermal generation in Australia and the benefits of the delay liquidated damages in Renewables activities in Australia.

2.6 Others

In millions of euros	June 30, 2019	June 30, 2018 with IFRS 16	% change (reported basis)	% change (organic basis)
Revenues	5,842	4,909	+19.0%	+14.3%
EBITDA	179	33		
Net depreciation and amortization/Other	(131)	(267)		
CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	47	(235)		

The Others reportable segment includes the (i) GEM BU, (ii) Tractebel BU, (iii) GTT BU, (iv) Entreprises & Collectivités (E&C), as well as the holdings and corporate activities which include the entities dedicated to the centralized financing of the Group or the contribution of SUEZ (associate).

Revenues for the Others reportable segment amounted to €5,842 million. The 19.0% reported increase compared to first-half 2018 was €933 million, mainly driven by GEM and E&C due to a favorable market context.

Current operating income after share in net income of entities accounted for using the equity method amounted to €47 million, representing a €282 million reported increase compared to first-half 2018. This increase was mainly due to GEM's outperformance on market activities notably with strong positive impacts on the renegotiation of gas contracts and significant positive timing effects at the end of June, as well as to positive one-offs at SUEZ. COI also benefited from the Certinergy acquisition in February 2019. These favorable impacts were partly offset by a decline in margins for Tractebel Engineering and a reduction in GTT contributions in connection with the historical backlog trends.

3 OTHER INCOME STATEMENT ITEMS

In millions of euros	June 30, 2019	June 30, 2018 with IFRS 16	% change (reported basis)
Current operating income after share in net income of entities accounted for using the equity method	**3,166**	**3,072**	**+3.1%**
Mark-to-Market on commodity contracts other than trading instruments	(989)	520	
Impairment losses	(242)	(752)	
Restructuring costs	(77)	(50)	
Changes in scope of consolidation	1,584	(102)	
Other non-recurring items	(44)	(13)	
Income/(loss) from operating activities	**3,397**	**2,675**	**+27.0%**
Net financial income/(loss)	(719)	(680)	
Income tax benefit/(expense)	(221)	(655)	
NET INCOME/(LOSS) RELATING TO CONTINUED OPERATIONS	**2,457**	**1,340**	
NET INCOME/(LOSS) RELATING TO DISCONTINUED OPERATIONS	**-**	**(124)**	
NET INCOME/(LOSS)	**2,457**	**1,215**	**+102.1%**
Net income/(loss) Group share	**2,084**	**929**	
Of which Net income/(loss) relating to continued operations, Group share	*2,084*	*1,077*	
Of which Net income/(loss) relating to discontinued operations, Group share	*-*	*(148)*	
Non-controlling interests	**373**	**286**	
Of which Non-controlling interests relating to continued operations	*373*	*262*	
Of which Non-controlling interests relating to discontinued operations	*-*	*24*	

Income from operating activities amounted to €3,397 million in first-half 2019, representing an increase compared with first-half 2018, mainly due to (i) gains on asset disposals (principally relating to the disposal of ENGIE's interest in Glow), (ii) lower impairment losses in first-half 2019, partly offset by (iii) the negative impact of fair value adjustments to commodity hedges.

Income from operating activities was also affected by:

- changes in the fair value of commodity contracts other than trading instruments, which had a negative impact of €989 million (reflecting transactions not eligible for hedge accounting), compared with a positive impact of €520 million in first-half 2018. The impact for the period results chiefly from negative overall price effects on these positions, combined with the net negative impact of unwinding positions with a positive market value at December 31, 2018;
- net impairment losses of €242 million (compared with €752 million in first-half 2018) mainly relating to several coal-fired power plants in the Netherlands and Germany in the process of being sold and thermal power generation assets in Latin America (*see Note 6.1.2*);
- restructuring costs of €77 million (compared with €50 million in first-half 2018) including notably costs related to decisions to shut down operations and close some entities and sites;
- positive scope effects of €1,584 million, mainly relating to the disposal of ENGIE's interest in Glow;
- other non-recurring items totaling a negative €44 million.

The **net financial loss** amounted to €719 million in first-half 2019, compared to a net loss of €680 million in first-half 2018 (*see Note 7*).

The **income tax expense** for first-half 2019, amounted to €221 million (€655 million expense for first-half 2018). It includes a non-recurring income tax benefit of €408 million arising from non-recurring operating and financial income/(loss) (versus an €82 million income tax expense in first-half 2018), mainly arising from the negative impact of changes in the fair value of commodity contracts other than trading instruments. Furthermore capital gains relating to the disposal of ENGIE's interest in Glow and impairment losses recognized in 2019 and 2018 were globally tax-exempt. Adjusted for these non-recurring items, the recurring effective tax rate was 27.6% for first-half 2019 compared with 25.3% for first-half 2018.

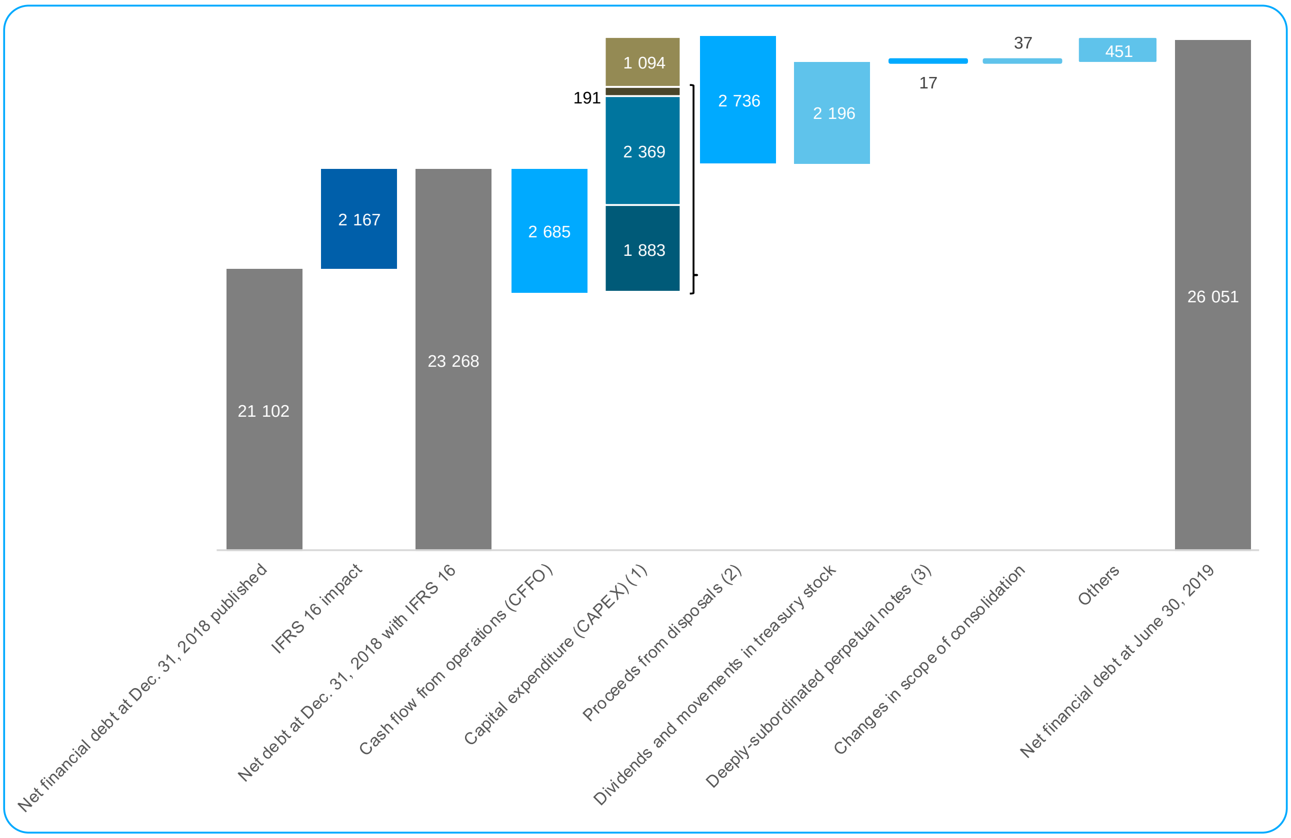
Net income relating to continued operations attributable to non-controlling interests amounted to €373 million, compared with €262 million in first-half 2018. This change results principally from a decrease in impairment losses recognized in first-half 2019 compared to first-half 2018.

4 CHANGES IN NET FINANCIAL DEBT

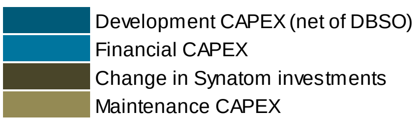
Net financial debt stood at €26.1 billion, up €2.8 billion compared with December 31, 2018. This increase was mainly due to (i) capital expenditure over the period (€5.5 billion [(1)], including notably €1.5 billion for the TAG transaction in Brazil), (ii) dividends paid to ENGIE SA shareholders (€1.8 billion) and to non-controlling interests (€0.3 billion) and (iii) other items (€0.4 billion), mainly related to foreign exchange rates, new right-of-use assets accounted for over the period and mark-to-market changes. These items were partly offset by (i) cash flow from operations (€2.7 billion) and (ii) the impacts of the portfolio rotation program (€2.7 billion, mainly related to the completion of the disposal of the stake in Glow).

Changes in net financial debt break down as follows:

In millions of euros



(1) Capital expenditure net of DBSO proceeds.
(2) Excluding DBSO proceeds.
(3) See Note 10.5 "Issuance of deeply-subordinated perpetual notes".



(1) Net of DBSO proceeds.

The net debt to EBITDA ratio came out at 2.68 at June 30, 2019.

In millions of euros	June 30, 2019	Jan. 1, 2019 with IFRS 16
Net financial debt	26,051	23,268
EBITDA (12-month rolling)	9,735	9,702
NET DEBT/EBITDA RATIO	**2.68**	**2.40**

The economic net debt to EBITDA ratio stood at 4.00 at June 30, 2019.

In millions of euros	June 30, 2019	Jan. 1, 2019 with IFRS 16
Economic net debt	38,896	35,127
EBITDA (12-month rolling)	9,735	9,702
ECONOMIC NET DEBT/EBITDA RATIO	**4.00**	**3.62**

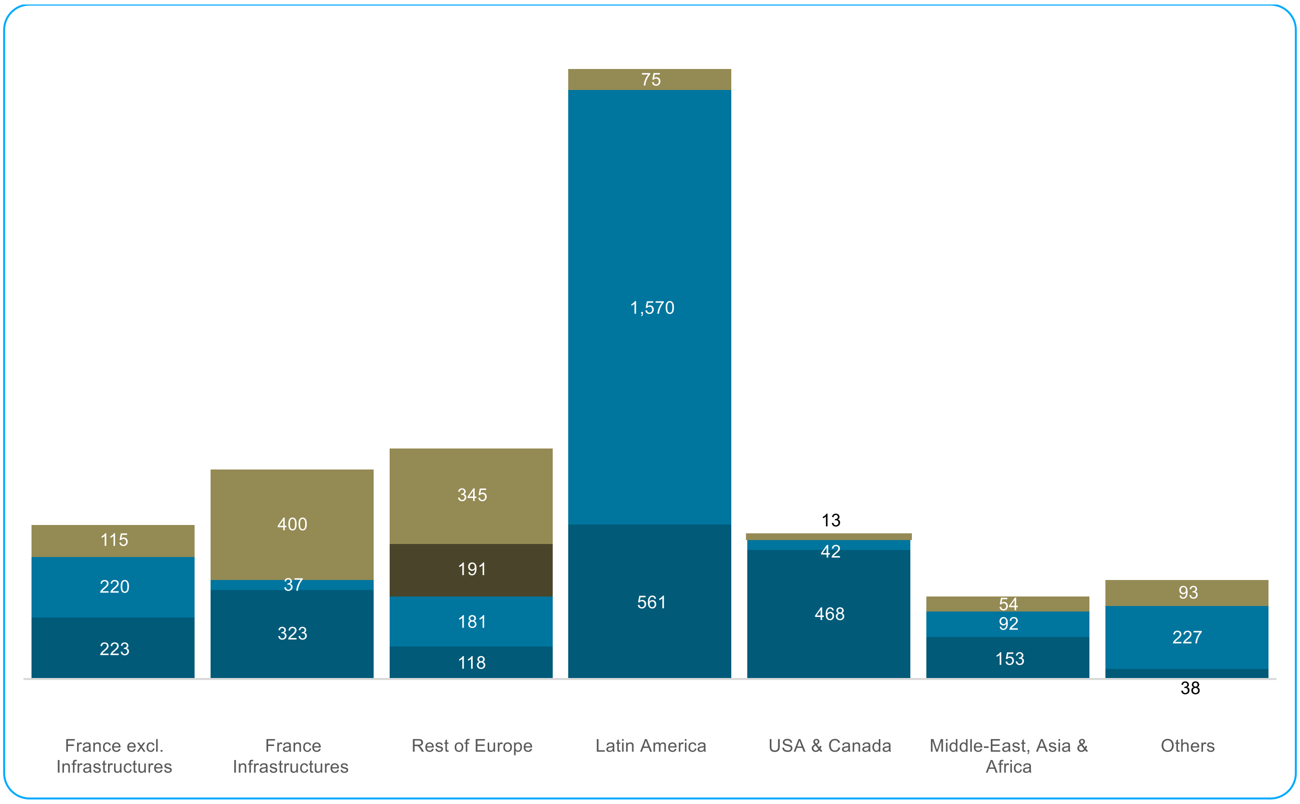
4.1 Cash flow from operations (CFFO)

Cash flow from operations (CFFO) amounted to €2.7 billion, down €0.8 billion. The decrease stemmed chiefly from temporary changes in working capital requirement (€1.1 billion negative impact) caused by margin calls on derivatives and mark-to-market of financial derivatives, partly offset by the increase in operating cash flow (€0.2 billion) and lower tax paid (€0.1 billion).

4.2 Net investments

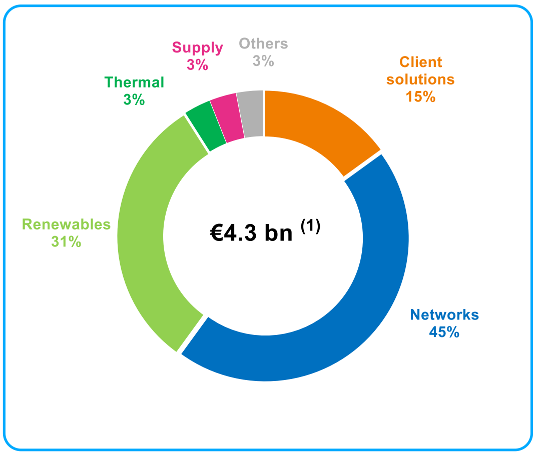
Capital expenditure (CAPEX) amounted to €5,536 million, breaking down as follows by segment:

In millions of euros



Development CAPEX (net of DBSO)
Financial CAPEX
Change in Synatom investments
Maintenance CAPEX

Growth capital expenditure amounted to €4,251 million, breaking down as follows by Business Line:



Main projects

Client Solutions	~	**0.6**
NECST – OTTO Luft-und Klimatechnik GmbH & Co acquis.	~	0.2
North America - Genbright & Systecon acquis.	~	0.1
GEM & E&C – Certinergy acquisition	~	0.1
Networks	~	**1.9**
TAG acquisition	~	1.5
GRDF	~	0.2
Renewables	~	**1.3**
North America - Infinity	~	0.4
Latin America - Mexican Solar	~	0.2
Brazil – Umburanas, Campo Largo & Jirau	~	0.2
France Renewables, incl. Vol-V acquisition	~	0.2
MESCAT – Kadapa	~	0.1

(1) *Net of disposals under DBSO operations, excluding Corporate, and Synatom reallocated to maintenance expenditure.*

The **geography/Business Line matrix** for capital expenditures is presented hereunder:

In millions of euros	Client Solutions	Networks	Renewables	Thermal	Nuclear	Supply	Others	TOTAL at June 30, 2019
France	234	725	284	-	-	74	-	1,317
Rest of Europe	249	36	36	79	397	38	-	835
Latin America	16	1,572	418	196	-	3	-	2,206
USA & Canada	96	-	393	2	-	32	-	522
Middle East, Asia & Africa	66	3	187	14	-	28	-	299
Others	113	-	47	-	-	22	177	358
TOTAL CAPEX	**775**	**2,336**	**1,364**	**292**	**397**	**196**	**177**	**5,537**

In millions of euros	Client Solutions	Networks	Renewables	Thermal	Nuclear	Supply	Others	TOTAL at June 30, 2018 with IFRS 16
France	171	732	182	-	-	69	-	1,154
Rest of Europe	172	31	24	57	385	38	-	708
Latin America	25	29	357	272	-	2	-	684
USA & Canada	256	-	201	1	-	18	1	478
Middle East, Asia & Africa	68	3	119	87	-	54	-	330
Others	76	-	7	-	-	5	143	231
TOTAL CAPEX	**769**	**795**	**890**	**417**	**385**	**185**	**145**	**3,585**

Net investments amounted to €3,072 million and include:

- growth capital expenditure for €4,251 million. This mainly stemmed from (i) the acquisition in Infrastructures, in consortium with the Caisse de Dépôt et Placement du Québec (CDPQ), of a 90% stake in Transportadora Associada de Gás S.A. (TAG) in Brazil (€1,544 million) and in Client Solutions of the OTTO Luft-und Klimatechnik GmbH & Co facilities and services company in Germany (€149 million), (ii) the development in Infrastructures of blending and development projects in the natural gas distribution and transportation network in France (€323 million), (iii) investments in Renewables relating to the development of wind and photovoltaic farms in the United States (€396 million), Brazil (€246 million), Mexico (€212 million) and India (€116 million);

- maintenance capital expenditure amounting to €1,094 million;
- the €191 million increase in Synatom investments;
- new right-of-use assets recognized over the period (€235 million);
- changes in the scope of consolidation for the period relating to acquisitions and disposals of subsidiaries for €37 million and
- proceeds from disposals [1] representing an inflow of €2,736 million, mainly relating to the disposal of ENGIE's interest in Glow in Thailand.

4.3 Dividends and movements in treasury stock

Dividends and movements in treasury stock during the period amounted to €2,196 million and included:

- €1,833 million in dividends paid by ENGIE SA to its shareholders, which corresponds to the balance of the 2018 dividend (€0.75 per share for shares with rights to an ordinary dividend and €0.86 per share for shares with rights to a dividend mark-up) paid in May 2019;
- dividends paid by various subsidiaries to their non-controlling shareholders in an amount of €281 million, the payment of interest on hybrid debt for €82 million and movements in treasury stock.

4.4 Net financial debt at June 30, 2019

Excluding amortized cost but including the impact of foreign currency derivatives, at June 30, 2019 a total of 74% of net financial debt was denominated in euros and 13% in US dollars.

Including the impact of financial instruments, 73% of net financial debt was at fixed rates.

The average maturity of the Group's net financial debt was 10.3 years.

At June 30, 2019, the Group had total undrawn confirmed credit lines of €13.2 billion.

(1) Excluding DBSO disposal effects.

5 OTHER ITEMS IN THE STATEMENT OF FINANCIAL POSITION

In millions of euros	June 30, 2019	Jan. 1, 2019 with IFRS 16	Net change
Non-current assets	**96,586**	**93,818**	**2,771**
Of which goodwill	*18,238*	*17,809*	*429*
Of which property, plant and equipment and intangible assets, net	*58,238*	*57,776*	*462*
Of which investments in entities accounted for using the equity method	*9,051*	*7,846*	*1,204*
Current assets	**51,835**	**61,994**	**(10,162)**
Of which assets classified as held for sale	*1,168*	*3,809*	*(2,640)*
Total equity	**39,421**	**40,930**	**(1,509)**
Provisions	22,691	21,512	1,179
Borrowings	36,988	34,345	2,643
Other liabilities	49,321	59,024	(9,704)
Of which liabilities directly associated with assets classified as held for sale	*737*	*2,141*	*(1,404)*

The net carrying amount of **property, plant and equipment and intangible assets** was €58.2 billion, up €0.5 billion compared with December 31, 2018. The increase was primarily the result of acquisitions and development capital expenditure during the period (€3.2 billion positive impact), translation adjustments (€0.1 billion positive impact), partly offset by depreciation and amortization charges (€2.2 billion negative impact), the classification of coal-fired power plants in Germany and the Netherlands under “Assets classified as held for sale” (€0.3 billion negative impact), disposals (€0.1 billion negative impact) and impairment losses (€0.1 billion negative impact).

Goodwill increased by €0.4 billion to €18.2 billion, mainly due to acquisitions made by the North America, France Renewables, GEM and Others business units, partially offset by impairment losses charged against the total goodwill allocated to “Assets held for sale” relating to the ongoing sale of several coal-fired power plants in Germany and the Netherlands (*see Note 2.2*).

Total equity amounted to €39.4 billion, a decrease of €1.5 billion compared with December 31, 2018. The decrease stemmed mainly from the payment of the cash dividend (€2.1 billion negative impact, including €1.8 billion of dividends paid by ENGIE SA to its shareholders and €0.3 billion paid to non-controlling interests), other items of comprehensive income (€1.4 billion negative impact) and the effect of the deconsolidation of Glow following its disposal (€0.5 billion negative impact), partly offset by net income for the period (€2.5 billion positive impact).

Provisions increased by €1.2 billion to €22.7 billion compared with December 31, 2018. This increase stemmed mainly from the actuarial losses on provisions for post-employment benefits (adding €1.1 billion to the provision amount) owing to the fall in discount rates over the period (*see Note 12*).

At June 30, 2019, assets and liabilities classified under “**Assets classified as held for sale**” and “**Liabilities directly associated with assets classified as held for sale**” corresponded to some of Langa's solar farms in France, renewable energy assets in Mexico and coal-fired power plants in Germany and the Netherlands and at December 31, 2018 to Glow activities in Thailand, some of Langa's solar farms in France and renewable energy assets in Mexico (*see Note 2.2*).

6 ADJUSTMENT OF COMPARATIVE INFORMATION

The items previously published in respect of 2018 and aforementioned have been adjusted to make them comparable to the 2019 figures, to which IFRS 16 - *Leases* (*see Note 1 "Accounting standards and methods"*) has been applied.

These adjustments, relating to the income statement and certain Group key indicators, are as follows:

In millions of euros	June 30, 2018 published	IFRS 16	June 30, 2018 with IFRS 16
Income statement			
Revenues from contracts with customers	27,998	-	27,998
Revenues from other contracts	2,184	-	2,184
REVENUES	**30,182**	**-**	**30,182**
Purchases	(15,632)	-	(15,632)
Personnel costs	(5,320)	-	(5,320)
Depreciation, amortization and provisions	(1,841)	(213)	(2,054)
Other operating expenses	(5,226)	223	(5,002)
Other operating income	690	-	690
CURRENT OPERATING INCOME	**2,852**	**10**	**2,862**
Share in net income of entities accounted for using the equity method	209	-	209
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**3,061**	**10**	**3,072**
Mark-to-market on commodity contracts other than trading instruments	520	-	520
Impairment losses	(752)	-	(752)
Restructuring costs	(50)	-	(50)
Changes in scope of consolidation	(102)	-	(102)
Other non-recurring items	(13)	-	(13)
INCOME/(LOSS) FROM OPERATING ACTIVITIES	**2,665**	**10**	**2,675**
NET FINANCIAL INCOME/(LOSS)	**(665)**	**(16)**	**(680)**
Income tax expense	(657)	2	(655)
NET INCOME/(LOSS) RELATING TO CONTINUED OPERATIONS	**1,344**	**(4)**	**1,340**
NET INCOME/(LOSS) RELATING TO DISCONTINUED OPERATIONS	**(119)**	**(6)**	**(124)**
NET INCOME/(LOSS)	**1,225**	**(9)**	**1,215**
Net income/(loss) Group share	**938**	**(9)**	**929**
of which Net income/(loss) relating to continued operations, Group share	*1,081*	*(3)*	*1,077*
of which Net income/(loss) relating to discontinued operations, Group share	*(142)*	*(6)*	*(148)*
Non-controlling interests	**287**	**-**	**286**
of which Non-controlling interests relating to continued operations	*263*	-	*262*
of which Non-controlling interests relating to discontinued operations	*24*	-	*24*
BASIC EARNINGS/(LOSS) PER SHARE (EUROS)	**0.36**	**(0.01)**	**0.35**
of which Basic earnings/(loss) relating to continued operations per share	*0.42*	*(0.01)*	*0.41*
of which Basic earnings/(loss) relating to discontinued operations per share	*(0.06)*	*(0.00)*	*(0.06)*
DILUTED EARNINGS/(LOSS) PER SHARE (EUROS)	**0.36**	**(0.01)**	**0.35**
of which Diluted earnings/(loss) relating to continued operations per share	*0.41*	*(0.00)*	*0.41*
of which Diluted earnings/(loss) relating to discontinued operations per share	*(0.06)*	*(0.00)*	*(0.06)*
EBITDA	**5,065**	**223**	**5,288**
NET RECURRING INCOME	**1,931**	**(9)**	**1,922**
NET RECURRING INCOME GROUP SHARE	**1,468**	**(9)**	**1,459**
NET RECURRING INCOME RELATING TO CONTINUED OPERATIONS, GROUP SHARE	**1,494**	**(3)**	**1,491**
Cash flows			
CASH FLOW FROM OPERATIONS (CFFO)	**3,263**	**219**	**3,482**

In millions of euros	Dec. 31, 2018 published	IFRS 16	Jan. 1, 2019 with IFRS 16 & IFRIC 23
Statement of financial position			
NET DEBT	**21,102**	**2,167**	**23,268**
ECONOMIC NET DEBT	**35,590**	**78**	**35,668**
INDUSTRIAL CAPITAL EMPLOYED	**51,412**	**2,156**	**53,568**

The application of IFRS 16 and its impact on the statement of financial position at January 1, 2019 is presented in Note 1 “Accounting standards and methods”.

7 RELATED PARTY TRANSACTIONS

Related party transactions are described in Note 25 to the 2018 consolidated financial statements and have not significantly changed in first-half 2019.

8 DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2019

The “Risk factors and control” section (Section 2) of the 2018 Registration Document provides a detailed description of the risk factors to which the Group is exposed.

Developments over the period in risks related to financial instruments and legal proceedings to which the Group is exposed are respectively set out in Notes 11 and 13 to the interim condensed consolidated financial statements for the six months ended June 30, 2019.

The risks and uncertainties relating to the carrying amounts of goodwill, property, plant and equipment and intangible assets are presented in Note 9 to the interim condensed consolidated financial statements for the six months ended June 30, 2019 and in Notes 14, 15 and 16 to the 2018 consolidated financial statements.

The risks and uncertainties related to obligations surrounding nuclear power generation activities are presented in Note 12.1 to the interim condensed consolidated financial statements for the six months ended June 30, 2019 and in Note 20.2 to the 2018 consolidated financial statements.

The Group has not identified any material risks or uncertainties other than those described above and in Section 1.1.6 “2019 financial targets”.

02 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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INCOME STATEMENT

In millions of euros	Notes	June 30, 2019	June 30, 2018 (1)
Revenues from contracts with customers	5	30,106	27,998
Revenues from other contracts	5	2,872	2,184
REVENUES	**4.2 & 5**	**32,978**	**30,182**
Purchases		(17,574)	(15,632)
Personnel costs		(5,751)	(5,320)
Depreciation, amortization and provisions		(2,126)	(1,841)
Other operating expenses		(5,479)	(5,226)
Other operating income		841	690
CURRENT OPERATING INCOME		**2,890**	**2,852**
Share in net income of entities accounted for using the equity method	4.2	276	209
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**4.2**	**3,166**	**3,061**
Mark-to-market on commodity contracts other than trading instruments	6.1	(989)	520
Impairment losses	6.2	(242)	(752)
Restructuring costs	6.3	(77)	(50)
Changes in scope of consolidation	6.4	1,584	(102)
Other non-recurring items		(44)	(13)
INCOME/(LOSS) FROM OPERATING ACTIVITIES	**6**	**3,397**	**2,665**
Financial expenses		(1,069)	(1,038)
Financial income		350	373
NET FINANCIAL INCOME/(LOSS)	**7**	**(719)**	**(665)**
Income tax benefit/(expense)	8	(221)	(657)
NET INCOME/(LOSS) RELATING TO CONTINUED OPERATIONS		**2,457**	**1,344**
NET INCOME/(LOSS) RELATING TO DISCONTINUED OPERATIONS		**-**	**(119)**
NET INCOME/(LOSS)		**2,457**	**1,225**
Net income/(loss) Group share		**2,084**	**938**
Of which Net income/(loss) relating to continued operations, Group share		*2,084*	*1,081*
Of which Net income/(loss) relating to discontinued operations, Group share		*-*	*(142)*
Non-controlling interests		**373**	**287**
Of which Non-controlling interests relating to continued operations		*373*	*263*
Of which Non-controlling interests relating to discontinued operations		*-*	*24*
BASIC EARNINGS/(LOSS) PER SHARE (EUROS)		**0.82**	**0.36**
Of which Basic earnings/(loss) relating to continued operations per share		*0.82*	*0.42*
Of which Basic earnings/(loss) relating to discontinued operations per share		*-*	*(0.06)*
DILUTED EARNINGS/(LOSS) PER SHARE (EUROS)		**0.82**	**0.36**
Of which Diluted earnings/(loss) relating to continued operations per share		*0.82*	*0.41*
Of which Diluted earnings/(loss) relating to discontinued operations per share		*-*	***(0.06)***

(1) Published data at June 30, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	Notes	June 30, 2019	June 30, 2019 Owners of the parent	June 30, 2019 Non-controlling interests	June 30, 2018 (1)	June 30, 2018 Owners of the parent (1)	June 30, 2018 Non-controlling interests (1)
NET INCOME/(LOSS)		**2,457**	**2,084**	**373**	**1,225**	**938**	**287**
Debt instruments	10.1	33	33	-	38	38	-
Net investment hedges		59	59	-	34	34	-
Cash flow hedges (excl. commodity instruments)		(435)	(431)	(5)	(114)	(125)	11
Commodity cash flow hedges		(81)	(116)	35	64	63	1
Deferred tax on items above		192	203	(11)	33	34	(2)
Share of entities accounted for using the equity method in recyclable items, net of tax		(154)	(153)	-	148	148	-
Translation adjustments		(153)	(64)	(88)	(196)	(196)	1
Recyclable items relating to discontinued operations, net of tax		-	-	-	279	282	(3)
TOTAL RECYCLABLE ITEMS		**(539)**	**(469)**	**(69)**	**286**	**277**	**8**
Equity instruments	10.1	52	52	-	(2)	(2)	-
Actuarial gains and losses		(1,149)	(1,083)	(66)	(395)	(375)	(20)
Deferred tax on items above		266	256	10	108	96	13
Share of entities accounted for using the equity method in actuarial gains and losses, net of tax		(29)	(29)	-	3	1	2
Non-recyclable items relating to discontinued operations, net of tax		-	-	-	(4)	(2)	(2)
TOTAL NON-RECYCLABLE ITEMS		**(860)**	**(804)**	**(56)**	**(290)**	**(282)**	**(8)**
TOTAL COMPREHENSIVE INCOME/(LOSS)		**1,058**	**811**	**248**	**1,221**	**934**	**287**

(1) Published data at June 30, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

STATEMENT OF FINANCIAL POSITION

ASSETS

In millions of euros	Notes	June 30, 2019	Dec. 31, 2018 (1)
Non-current assets			
Goodwill	9	18,238	17,809
Intangible assets, net	9	6,753	6,718
Property, plant and equipment, net	9	51,485	48,917
Other financial assets	10.1	7,270	6,193
Derivative instruments	10.1	2,449	2,693
Investments in entities accounted for using the equity method		9,051	7,846
Other non-current assets		450	474
Deferred tax assets		891	1,066
TOTAL NON-CURRENT ASSETS		**96,586**	**91,716**
Current assets			
Other financial assets	10.1	2,625	2,290
Derivative instruments	10.1	9,786	10,679
Trade and other receivables, net	5.2	12,151	15,613
Assets from contracts with customers	5.2	7,485	7,411
Inventories		3,227	4,158
Other current assets		7,399	9,337
Cash and cash equivalents	10.1	7,995	8,700
Assets classified as held for sale	2.2	1,168	3,798
TOTAL CURRENT ASSETS		**51,835**	**61,986**
TOTAL ASSETS		**148,421**	**153,702**

(1) Published data at December 31, 2018, not restated due to the application of IFRS 16 and IFRIC 23 (see Note 1 "Accounting standards and methods").

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

LIABILITIES

In millions of euros	Notes	June 30, 2019	Dec. 31, 2018 (1)
Shareholders' equity		34,502	35,551
Non-controlling interests		4,919	5,391
TOTAL EQUITY		**39,421**	**40,941**
Non-current liabilities			
Provisions	12	20,532	19,194
Long-term borrowings	10.2	28,083	26,434
Derivative instruments	10.2	3,431	2,785
Other financial liabilities	10.2	49	46
Liabilities from contracts with customers	5.2	33	36
Other non-current liabilities		1,114	960
Deferred tax liabilities		4,565	5,415
TOTAL NON-CURRENT LIABILITIES		**57,807**	**54,869**
Current liabilities			
Provisions	12	2,160	2,620
Short-term borrowings	10.2	8,905	5,745
Derivative instruments	10.2	10,829	11,510
Trade and other payables	10.2	13,712	19,759
Liabilities from contracts with customers	5.2	3,688	3,598
Other current liabilities		11,163	12,529
Liabilities directly associated with assets classified as held for sale	2.2	737	2,130
TOTAL CURRENT LIABILITIES		**51,193**	**57,891**
TOTAL EQUITY AND LIABILITIES		**148,421**	**153,702**

(1) Published data at December 31, 2018, not restated due to the application of IFRS 16 and IFRIC 23 (see Note 1 "Accounting standards and methods").

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

STATEMENT OF CHANGES IN EQUITY

In millions of euros	Number of shares	Share capital	Additional paid-in capital	Consolidated reserves	Deeply-subordinated perpetual notes	Changes in fair value and other	Translation adjustments	Treasury stock	Shareholders' equity	Non-controlling interests	Total
EQUITY AT DECEMBER 31, 2017	**2,435,285,011**	**2,435**	**32,506**	**1,455**	**3,129**	**(915)**	**(1,088)**	**(883)**	**36,639**	**5,938**	**42,577**
IFRS 9 & 15 impact (1)	-	-	-	(122)	-	(270)	36	-	(357)	(99)	(455)
Reclassification of premiums and coupons relating deeply-subordinated perpetual notes (2)				(570)	570	-	-	-	-	-	-
EQUITY AT JANUARY 1, 2018 (1) (2)	**2,435,285,011**	**2,435**	**32,506**	**763**	**3,699**	**(1,184)**	**(1,053)**	**(883)**	**36,282**	**5,840**	**42,122**
Net income/(loss)				938					938	287	1,225
Other comprehensive income/(loss)				(282)		382	(104)		(4)	-	(4)
TOTAL COMPREHENSIVE INCOME/(LOSS)				**656**	**-**	**382**	**(104)**	**-**	**934**	**287**	**1,221**
Employee share issues and share-based payment				45					45	-	45
Dividends paid in cash (3)				(847)					(847)	(587)	(1,434)
Purchase/disposal of treasury stock				(103)				102	(1)	-	(1)
Deeply-subordinated perpetual notes (2)				(11)	1,000				989	-	989
Reclassification under debt and redemption of deeply-subordinated perpetual notes (2)				(21)	(600)				(621)	-	(621)
Interests on deeply-subordinated perpetual notes				(88)					(88)	-	(88)
Transactions between owners				(25)					(25)	14	(10)
Transactions with impact on non-controlling interests (4)				-					-	(360)	(360)
Share capital increases and decreases subscribed by non-controlling interests									-	14	14
Other changes				6		(1)			5	(4)	1
EQUITY AT JUNE 30, 2018 (5)	**2,435,285,011**	**2,435**	**32,506**	**374**	**4,099**	**(803)**	**(1,157)**	**(780)**	**36,673**	**5,204**	**41,877**

(1) Comparative data at January 1, 2018, restated due to the application of IFRS 9 and IFRS 15 (see Note 2 "Restatement of comparative data" to the 2018 consolidated financial statements).

(2) For clarity's sake, it has been decided to present deeply-subordinated perpetual notes for their nominal value instead of their net value (premiums and coupons deducted). This reclassification has no impact on equity. Transactions for the period are presented in Note 8.5 "Deeply-subordinated perpetual notes" to the 2018 interim condensed consolidated financial statements.

(3) On May 18, 2018, the Shareholders' Meeting resolved that a €0.70 dividend per share would be paid for 2017. In accordance with Article 26.2 of the bylaws, a 10% bonus loyalty dividend of €0.07 per share, was awarded to shares registered (whether in a direct or an administered account) for at least two years at December 31, 2017 and that remained registered in the name of the same shareholder until the payment date of the dividend. The loyalty dividend will be capped at 0.5% of the share capital for each eligible shareholder.
An interim dividend of €0.35 per share was paid in cash on October 13, 2017 (total of €836 million) and on May 24, 2018, the Group settled in cash (total of €847 million) the balance of €0.35 per share for shares with rights to ordinary dividends, as well as the balance of €0.42 per share for shares eligible for the loyalty bonus.

(4) Mainly relating to the deconsolidation of the ENGIE E&P International following its disposal (see Note 5.1.2 to the 2018 consolidated financial statements).

(5) Published data at June 30, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

STATEMENT OF CHANGES IN EQUITY

In millions of euros	Number of shares	Share capital	Additional paid-in capital	Consolidated reserves	Deeply-subordinated perpetual notes	Changes in fair value and other	Translation adjustments	Treasury stock	Shareholders' equity	Non-controlling interests	Total
EQUITY AT DECEMBER 31, 2018 [(1)]	**2,435,285,011**	**2,435**	**32,565**	**(590)**	**3,750**	**(1,019)**	**(1,130)**	**(460)**	**35,551**	**5,391**	**40,941**
IFRS 16 impact (see Note	-	-	-	(7)	-	-	-	-	(7)	(4)	(11)
EQUITY AT JANUARY 1, 2019 with IFRS 16	**2,435,285,011**	**2,435**	**32,565**	**(597)**	**3,750**	**(1,019)**	**(1,130)**	**(460)**	**35,544**	**5,386**	**40,930**
Net income/(loss)				2,084					2,084	373	2,457
Other comprehensive income/(loss)				(804)		(405)	(64)		(1,273)	(126)	(1,399)
TOTAL COMPREHENSIVE INCOME/(LOSS)				**1,280**	**-**	**(405)**	**(64)**	**-**	**811**	**248**	**1,058**
Employee share issues and share-based payment		-	-	25					25	-	25
Dividends paid in cash [(2)]			(1,096)	(738)					(1,833)	(271)	(2,105)
Purchase/disposal of treasury stock				(34)				34	-	-	-
Deeply-subordinated perpetual notes [(3)]				(99)	-				(99)	-	(99)
Transactions between owners				56					56	6	62
Transactions with impact on non-controlling interests [(4)]				-					-	(446)	(446)
Share capital increases and decreases subscribed by non-controlling interests									-	(11)	(11)
Other changes				(1)	-	-			(1)	8	7
EQUITY AT JUNE. 30, 2019	**2,435,285,011**	**2,435**	**31,470**	**(108)**	**3,750**	**(1,424)**	**(1,194)**	**(426)**	**34,502**	**4,919**	**39,421**

(1) Published data at December 31, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").

(2) On May 17, 2019, the Shareholders' Meeting resolved that a €1.12 dividend per share would be paid for 2018. It is composed of a dividend of €0.75 per share as ordinary dividend and a dividend of €0.37 per share as extraordinary dividend. In accordance with Article 26.2 of the bylaws, a 10% bonus loyalty dividend of €0.11 per share, was awarded to shares registered (whether in a direct or an administered account) for at least two years at December 31, 2018 and that remained registered in the name of the same shareholder until the payment date of the dividend. The loyalty dividend will be capped at 0.5% of the share capital for each eligible shareholder.
An interim dividend of €0.37 per share was paid in cash on October 12, 2018 (total of €892 million) and on May 23, 2019, the Group settled in cash (total of €1 833 million) the balance of €0.75 per share for shares with rights to ordinary dividends, as well as the balance of €0.86 per share for shares eligible for the loyalty bonus.

(3) Transactions of the period are listed in Note 10.5 "Deeply-subordinated perpetual notes".

(4) Mainly relating to the deconsolidation of Glow following its disposal (see Note 2.1 "Disposals carried out in first-half 2019").

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

STATEMENT OF CASH FLOWS

In millions of euros	Notes	June 30, 2019	June 30, 2018 [1]
NET INCOME/(LOSS)		2,457	1,225
- Net income/(loss) relating to discontinued operations		-	(119)
NET INCOME/(LOSS) RELATING TO CONTINUED OPERATIONS		**2,457**	**1,344**
- Share in net income of entities accounted for using the equity method		(276)	(209)
+ Dividends received from entities accounted for using the equity method		399	304
- Net depreciation, amortization, impairment and provisions		2,258	2,360
- Impact of changes in scope of consolidation and other non-recurring items		(1,570)	110
- Mark-to-market on commodity contracts other than trading instruments		989	(520)
- Other items with no cash impact		5	54
- Income tax expense		221	657
- Net financial income/(loss)		719	661
Cash generated from operations before income tax and working capital requirements		**5,202**	**4,760**
+ Tax paid		(205)	(291)
Change in working capital requirements		**(2,038)**	**(968)**
CASH FLOW FROM OPERATING ACTIVITIES RELATING TO CONTINUED OPERATIONS		**2,959**	**3,501**
CASH FLOW FROM OPERATING ACTIVITIES RELATING TO DISCONTINUED OPERATIONS		**-**	**82**
CASH FLOW FROM OPERATING ACTIVITIES		2,959	3,583
Acquisitions of property, plant and equipment and intangible assets	3.5	(2,996)	(2,603)
Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired	3.5	(287)	(432)
Acquisitions of investments in entities accounted for using the equity method and joint operations	3.5	(1,360)	(133)
Acquisitions of equity and debt instruments	3.5	(646)	(279)
Disposals of property, plant and equipment, and intangible assets		62	80
Loss of controlling interests in entities, net of cash and cash equivalents sold		2,406	791
Disposals of investments in entities accounted for using the equity method and joint operations		2	2
Disposals of equity and debt instruments		110	44
Interest received on financial assets		44	15
Dividends received on equity instruments		31	40
Change in loans and receivables originated by the Group and other	3.5	(124)	(88)
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES RELATING TO CONTINUED OPERATIONS		**(2,759)**	**(2,562)**
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES RELATING TO DISCONTINUED OPERATIONS		**-**	**(155)**
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES		(2,759)	(2,717)
Dividends paid [2]		(2,196)	(1,428)
Repayment of borrowings and debt		(1,837)	(4,348)
Change in financial assets held for investment and financing purposes		(528)	(190)
Interest paid		(395)	(342)
Interest received on cash and cash equivalents		46	35
Cash flow on derivatives qualifying as net investment hedges and compensation payments on derivatives and on early buyback of borrowings		(64)	(111)
Increase in borrowings		4,100	4,225
Increase/decrease in capital		(20)	15
Issue of deeply-subordinated perpetual notes		-	989
Purchase and/or sale of treasury stock		-	(1)
Changes in ownership interests in controlled entities	3.5	-	(13)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES RELATING TO CONTINUED OPERATIONS		**(894)**	**(1,168)**
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES RELATING TO DISCONTINUED OPERATIONS		**-**	**1,020**
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES		(894)	(148)
Effects of changes in exchange rates and other relating to continued operations		(11)	(109)
Effects of changes in exchange rates and other relating to discontinued operations		-	(1)
TOTAL CASH FLOW FOR THE PERIOD		(705)	607
Reclassification of cash and cash equivalents relating to discontinued operations		-	(1)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		8,700	8,929
CASH AND CASH EQUIVALENTS AT END OF PERIOD		7,995	9,535

(1) Published data at June 30, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").

(2) The line "Dividends paid" includes the coupons paid to owners of the deeply subordinated perpetual notes for an amount of €82 million at June 30, 2019 (€88 million at June 30, 2018).

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

03 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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INFORMATION ON THE ENGIE GROUP

ENGIE SA, the parent company of the Group, is a French *société anonyme* with a Board of Directors and is subject to the provisions of Book II of the French Commercial Code (*Code de Commerce*), as well as to all other provisions of French law applicable to French commercial companies. It was incorporated on November 20, 2004 for a period of 99 years. It is governed by current and future laws and regulations applicable to *sociétés anonymes* and by its bylaws.

The Group is headquartered at 1, place Samuel de Champlain, 92400 Courbevoie (France).

ENGIE shares are listed on the Paris, Brussels and Luxembourg Stock Exchanges.

On July 29, 2019, the Group's Board of Directors approved and authorized for issue the interim condensed consolidated financial statements of the Group and its subsidiaries for the six months ended June 30, 2019.

NOTE 1 ACCOUNTING STANDARDS AND METHODS

1.1 Accounting standards

In accordance with the European Regulation on international accounting standards dated July 19, 2002, the Group's annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and endorsed by the European Union [1]. The Group's interim condensed consolidated financial statements for the six months ended June 30, 2019 were prepared in accordance with the provisions of IAS 34 – *Interim Financial Reporting*, which allows entities to present selected explanatory notes. These do not therefore incorporate all of the notes and disclosures required by IFRS for the annual consolidated financial statements, and accordingly must be read in conjunction with the consolidated financial statements for the year ended December 31, 2018, subject to specific provisions relating to the preparation of interim condensed consolidated financial statements as described hereafter *(see 1.3).*

The accounting principles used to prepare the Group's interim condensed consolidated financial statements are consistent with those used to prepare the consolidated financial statements for the year ended December 31, 2018, apart from the following developments in IFRS presented in 1.1.1.

1.1.1 IFRS standards, amendments or IFRIC interpretations applicable in 2019

1.1.1.1 IFRS 16 – *Leases* and IFRIC 23 – *Uncertainty over Income Tax Treatments*

- ***IFRS 16 – Leases***

In January 2016, the IASB issued a new standard on leases. IFRS 16 - Leases replaces IAS 17 - *Leases* along with its interpretations (IFRIC 4 - *Determining whether an Arrangement contains a Lease*, SIC 15 - *Operating Leases-Incentives* and SIC 27 - *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*).

Under the new standard, on the lessee side, all lease commitments, for which no exemption applies due to the contract's short term and/or the low value of the assets leased, will be recognized on the balance sheet, without distinguishing operating leases from finance leases. Previously, only the latter were recognized in the balance sheet of the lessee. As a result, an amount representing the right-of-use assets during the lease period is recognized as an asset and a debt corresponding to the present value of fixed lease payments as a liability, in the balance sheet. In the income statement, rental expenses previously recognized for operating leases are partially replaced by depreciation of the right-of-use asset and by financial expenses related to the interest on the lease liability. The presentation of the cash flow statement is also

(1) Available on the European Commission's website:
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32002R1606&from=EN

impacted with an improvement in cash flows from operating activities against an increase in cash flows from financing activities.

On the lessor's side, the accounting principles are substantially unchanged compared to IAS 17. Lessors will continue to classify leases either as operating or finance leases using similar principles as in IAS 17. IFRS 16 does not as such have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 - Leases from January 1, 2019, using the modified retrospective approach. Under this method, comparative information is not restated and the cumulative effect of initial application is recognized in equity as an adjustment to opening balance of retained earnings for the current period.

On applying IFRS 16 for the first time, on January 1, 2019, the Group chose to use the following practical expedients permitted by the standard:

- not to reassess whether a contract previously assessed under IAS 17 and IFRIC 4 contains a lease ("the grand-fathering clause");
- adjust the right-of-use assets by the amount of the provisions for onerous leases recognized in the statement of financial position as at December 31, 2018 (rather than performing an impairment test);
- exclude initial direct costs from the measurement of the right-of-use asset;
- use a single discount rate for a portfolio of leases with reasonably similar characteristics; and
- use hindsight, for example when determining the lease term, if the contract contains options to extend or terminate the lease.

On the other hand, the Group decided not to exclude leases for which the residual lease term ends within 12 months of the transition date.

Assessment of the lease term, including whether a renewal option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised, was made on a case-by-case basis. After transition, the assessment is reviewed if a significant event or a significant change in circumstances that is within the control of the lessee occurs and may affect the assessment made. In determining the enforceable period of a lease, the Group applies a broad interpretation of the term penalty and takes into consideration, not only the contractual penalties arising from termination, but also the ancillary costs that could arise in case of an early termination of the lease.

The Group uses the recognition exemptions allowed by the standard, and therefore does not recognize any right-of-use assets and liabilities for leases with a lease term of 12 months or less ("short-term leases"), and for leases for which the underlying asset is of a low value ("low-value asset"). Payments associated with these leases are recognized on a straight-line basis as expenses in profit and loss.

The Group does not apply the practical expedient allowed by the standard, which permits the application of a portfolio approach for leases with similar characteristics, nor the one which makes it possible not to separate lease and services components.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at January 1, 2019. This rate was calculated based on the Group's incremental borrowing rate adjusted in accordance with IFRS 16, taking into account (i) the economic environment of the subsidiaries, and in particular their credit risk, (ii) the currency in which the contract is concluded and (iii) the remaining duration of the contract at January 1, 2019. The methodology applied to determine the incremental borrowing rate reflects the profile of the lease payments (duration method). The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 1.43%.

The impacts on transition of newly recognized assets and liabilities on the consolidated statement of financial position, for leases where the Group acts as lessee, are summarized below:

In millions of euros	**Jan. 1, 2019**
Right-of-use assets presented in Property, plant and equipment	3,045
Finance leases reclassified under Right-of-use assets	(905)
Other current and non-current assets	(31)
TOTAL ASSETS	**2,110**
TOTAL EQUITY	**(11)**
Lease liabilities presented in Short and long term borrowings	2,167
Other current and non-current liabilities	(46)
TOTAL EQUITY AND LIABILITIES	**2,110**

Newly recognized right-of-use assets mainly concern the following types of assets:

In millions of euros	**Jan. 1, 2019**
Real estate	1,782
Vehicles	206
Others	153
TOTAL	**2,141**

In addition, for leases previously classified as finance leases, and as required by the standard, the Group did not change the carrying amounts of existing assets and liabilities at the date of initial application (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under IAS 17). These commitments were reclassified as right-of-use assets for a net amount of €905 million, mainly relating to power plants in Latin America. In the consolidated income statement, the reversal of the rental expenses of leases previously considered as operating leases resulted in an increase in EBITDA, in depreciation and in financial expenses.

The difference between (i) the commitments relating to operating leases under IAS 17 for which ENGIE acts as lessee, disclosed in the Group's consolidated financial statements at December 31, 2018 (information related to operating leases – ENGIE as lessee) which amounted to €2,087 million and (ii) the liability accounted for as a lease liability in accordance with IFRS 16 at January 1, 2019 which amounts to €2,546 million corresponds to (i) leases previously classified as finance leases for €380 million and (ii) the discounting effect for €79 million.

- ***IFRIC 23 – Uncertainty over Income Tax Treatments***

IFRIC 23 clarifies the requirements of IAS 12 – *Income Taxes*. What is clarified is how income taxes are recognized and measured where there is an uncertainty regarding the treatment of an item, regarding the determination of taxable profit or loss, the tax bases of assets and liabilities, unused tax losses, unused tax credits and tax rates.

The Group has applied IFRIC 23 since January 1, 2019, without restating comparative information. This interpretation has no material impact on the Group's consolidated financial statements.

- ***Impact of the application of IFRS 16 and IFRIC 23 on the statement of financial position at January 1, 2019***

Impacts relating to the first-time application of IFRS 16 and IFRIC 23 on the statement of financial position at January 1, 2019 are presented hereunder:

In millions of euros	Dec. 31, 2018 published	IFRS 16 & IFRIC 23	Jan. 1, 2019 with IFRS 16 & IFRIC 23
Non-current assets			
Goodwill	17,809	-	17,809
Intangible assets, net	6,718	(7)	6,711
Property, plant and equipment, net	48,917	2,148	51,065
Other financial assets	6,193	-	6,193
Derivative instruments	2,693	-	2,693
Investments in entities accounted for using the equity method	7,846	-	7,846
Other non-current assets	474	(39)	435
Deferred tax assets	1,066	-	1,066
TOTAL NON-CURRENT ASSETS	**91,716**	**2,102**	**93,818**
Current assets			
Other financial assets	2,290	-	2,290
Derivative instruments	10,679	-	10,679
Trade and other receivables, net	15,613	-	15,613
Assets from contracts with customers	7,411	-	7,411
Inventories	4,158	-	4,158
Other current assets	9,337	(3)	9,334
Cash and cash equivalents	8,700	-	8,700
Assets classified as held for sale	3,798	11	3,809
TOTAL CURRENT ASSETS	**61,986**	**8**	**61,994**
TOTAL ASSETS	**153,702**	**2,110**	**155,812**
Shareholders' equity	35,551	(7)	35,544
Non-controlling interests	5,391	(4)	5,386
TOTAL EQUITY	**40,941**	**(11)**	**40,930**
Non-current liabilities			
Provisions	19,194	-	19,194
Long-term borrowings	26,434	1,777	28,211
Derivative instruments	2,785	-	2,785
Other financial liabilities	46	-	46
Liabilities from contracts with customers	36	-	36
Other non-current liabilities	960	-	960
Deferred tax liabilities	5,415	(4)	5,410
TOTAL NON-CURRENT LIABILITIES	**54,869**	**1,773**	**56,642**
Current liabilities			
Provisions	2,620	(301)	2,318
Short-term borrowings	5,745	389	6,134
Derivative instruments	11,510	-	11,510
Trade and other payables	19,759	-	19,759
Liabilities from contracts with customers	3,598	-	3,598
Other current liabilities	12,529	249	12,778
Liabilities directly associated with assets classified as held for sale	2,130	11	2,141
TOTAL CURRENT LIABILITIES	**57,891**	**348**	**58,239**
TOTAL EQUITY AND LIABILITIES	**153,702**	**2,110**	**155,812**

1.1.1.2 Other standards, amendments or interpretations

The other amendments and interpretations applicable as from 2019 have no significant impact on the Group's consolidated financial statements.

- Amendments to IFRS 9 – *Financial Instruments*: Prepayment Features with Negative Compensation.
- Amendments to IAS 28 – *Investments in Associates and Joint Ventures*: Long-term Interests in Associates and Joint Ventures.

- Amendments to IAS 19 – *Employee Benefits*: Plan Amendment, Curtailment or Settlement.
- Annual improvements to IFRSs - 2015-2017 cycle.

1.1.1.3 Other pronouncements

In its agenda decision of March 2019, the IFRS Interpretations Committee (IFRIC) concluded that, due to the characteristics of particular contracts entered into to buy or sell non-financial items, accounted for as derivatives under IFRS 9, and settled by either delivering or taking delivery of the non-financial items, said contracts have to be accounted for on a single line of the consolidated income statement, including their changes in fair value as well as the effects of their physical settlement.

This agenda decision applies to the Group's derivative financial instruments relating to commodities, including gas and electricity, used in economic hedging relationships but which are not qualified as such under IFRS.

The Group's current practice is to present the changes in the fair value (mark-to-market or MtM) of commodity derivatives, not qualified as either trading or hedging instruments under IFRS, below Current operating income after share in net income of entities accounted for using the equity method (COI). At physical settlement, gains and losses are reclassified in operating income together with the economically hedged item, so that the operating performance of the transactions concerned is recognized at the hedged rate.

The Group will change its accounting policy for the year ended December 31, 2019. This will have no impact on net income or on equity and will lead to presenting the changes in MtM in COI, triggering a change in the performance indicators used by management for the follow up of the operating performance.

1.1.2 IFRS standards, amendments or IFRIC interpretations applicable after 2019 that the Group has elected not to early adopt

- IFRS 17 – *Insurance Contracts* [(1)].
- Amendments to IFRS 3 – *Business Combinations: Definition of a Business* [(1)].
- Amendments to IAS 1 – *Presentation of Financial Statements* and IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material* [(1)].

The impact of these standards and amendments is currently being assessed.

1.2 Use of estimates and judgment

Developments in the economic and financial environment have prompted the Group to step up its risk oversight procedures and to include an assessment of these risks in measuring financial instruments and performing impairment tests. The Group's estimates used in business plans and the determination of discount rates used in impairment tests and for calculating provisions take into account the environment and the important market volatility.

Accounting estimates are made in a context which remains sensitive to energy market developments, therefore making it difficult to grasp medium-term economic prospects

(1) These standards and amendments have not yet been adopted by the European Union.

1.2.1 Estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities and contingent assets and liabilities at the reporting date, as well as revenues and expenses reported during the period.

Due to uncertainties inherent to the estimation process, the Group regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The key estimates used in preparing the Group's consolidated financial statements relate mainly to:

- measurement at fair value of assets acquired and liabilities assumed in a business combination;
- measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets;
- measurement of provisions, particularly for back-end nuclear fuel cycle, dismantling obligations, disputes, pensions and other employee benefits;
- financial instruments;
- measurement of un-metered revenues;
- measurement of recognized tax loss carry-forwards.

Detailed information related to the use of estimates is provided in the relevant Notes to the consolidated financial statements for the year ended December 31, 2018.

1.2.2 Judgment

As well as relying on estimates, Group management also makes judgments to define the appropriate accounting treatment for certain activities and transactions, especially when the effective IFRS standards and interpretations do not specifically deal with the related accounting issues.

In particular, the Group exercised its judgment in assessing the type of control, as well as in determining whether arrangements contain leases, the recognition of the revenue related to the distribution or transmission services invoiced to clients, the identification of performance obligations of sales contracts, the regrouping of operating segments for the presentation of reportable segments as well as the determination of "own use contracts" as defined by IFRS 9 within non-financial purchase and sales contracts (electricity, gas, etc.).

In accordance with IAS 1, the Group's current and non-current assets and liabilities are presented separately in the consolidated statement of financial position. In view of most of the Group's activities, it has been considered that the criterion to be retained for the breakdown into current and non-current items is the term in which assets are expected to be realized, or liabilities extinguished: current if the term is shorter than 12 months and non-current if the term exceeds 12 months.

1.3 Specificities of interim financial reporting

1.3.1 Seasonality of operations

The Group's operations are intrinsically subject to seasonal fluctuations, but key performance indicators and operating income are influenced even more by changes in climatic conditions than by seasonality. Consequently, the interim results for the six months ended June 30, 2019 are not necessarily indicative of those that may be expected for full-year 2019.

1.3.2 Income tax expense

Current and deferred income tax expense for interim periods is calculated at the level of each tax entity by applying the average estimated annual effective tax rate for the current year to the taxable income for the interim period, with the exception of significant exceptional items. Significant exceptional items, if any, are recognized using their specific applicable taxation.

1.3.3 Pension benefit obligations

Pension costs for interim periods are calculated on the basis of the actuarial valuations performed at the end of the prior year. If necessary, these valuations are adjusted to take account of curtailments, settlements or other major non-recurring events that have occurred during the period. Furthermore, amounts recognized in the statement of financial position in respect of defined benefit plans are adjusted, if necessary, in order to reflect material changes impacting the yield on investment-grade corporate bonds in the geographic area concerned (benchmark used to determine the discount rate) and the actual return on plan assets.

NOTE 2 MAIN CHANGES IN GROUP STRUCTURE

2.1 Disposals carried out in first-half 2019

The Group unveiled its 2019-2021 strategy on February 28, 2019 and on the same occasion announced a €6 billion asset disposal program as part of its continued transformation.

The table below shows the impact of the main disposals and sale agreements in first-half 2019 on the Group's net debt, excluding partial disposals with respect to DBSO [(1)] activities:

In millions of euros	Disposal price	Reduction in net debt
Disposal of ENGIE's interest in Glow - Thailand	2,591	2,470
Other disposals that are not material taken individually	338	264
TOTAL	**2,929**	**2,734**

Additional disposals in the process of completion at June 30, 2019 are described in Note 2.2 "Assets held for sale".

2.1.1 Disposal of ENGIE's interest in Glow (Thailand)

On March 14, 2019, the Group completed the sale of its 69.1% interest in Glow to Global Power Synergy Public Company Ltd. (GPSC), having received official approval from Thailand's Energy Regulatory Commission on March 8, 2019. This transaction followed an initial agreement entered into by ENGIE and GSPC in June 2018.

The combined effects of the transaction and of the cash generated by these activities since January 1, 2019 have reduced the Group's net debt by €2,470 million. The disposal gain before tax amounted to €1,580 million at June 30, 2019.

2.2 Assets held for sale

Total "Assets classified as held for sale" and total "Liabilities directly associated with assets classified as held for sale" amounted to €1,168 million and €737 million, respectively, at June 30, 2019.

In millions of euros	June 30, 2019	Dec. 31, 2018 [(1)]
Property, plant and equipment, net	879	2,661
Other assets	289	1,137
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	**1,168**	**3,798**
Borrowings and debt	330	1,019
Other liabilities	406	1,111
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**737**	**2,130**

(1) Reported data at December 31, 2018, not restated for the first-time application of IFRS 16 and IFRIC 23 (see Note 1 "Accounting standards and methods").

The assets related to Glow (Thailand), recorded in "Assets classified as held for sale" at December 31, 2018, were sold in first-half 2019 *(see Note 2.1 "Disposals carried out in first-half 2019")*.

Other assets classified as held for sale at December 31, 2018 included the solar parks operated by Langa in France (*see Note 2.2.1*) and renewable energy assets in Mexico, which are still in the process of disposal. At June 30, 2019, assets classified as held for sale also included the coal-fired power plants in the Netherlands and Germany (*see Note 2.2.2*).

(1) Develop, Build, Share and Operate, a model used in renewable energies based on continuous rotation of capital employed, for which the impacts of disposals are recorded in current operating income.

2.2.1 Langa group asset disposal program

On December 21, 2018, the Group signed a sale agreement with Predica for solar parks operated or under construction by Langa (France excluding Infrastructures operating segment) to FEIH2, a joint venture 80%-owned by Predica and 20% owned by the ENGIE Group.

The transaction is expected to be completed in fourth-quarter 2019.

Given the expected capital gain from the sale, no value adjustment has been recorded.

2.2.2 Proposed disposal of German and Dutch coal-fired power plants

On April 26, 2019, the Group signed an agreement with Riverstone Holdings LLC, an international investment fund specializing in energy, for the sale of the coal-fired power plants of Farge, Zolling and Wilhelmshaven in Germany and Rotterdam in the Netherlands, with a total installed capacity of 2,345 MW.

The sale is subject to the customary approvals, and is expected to be completed in second-half 2019.

The proposed transaction will reduce ENGIE's net debt by around €0.2 billion. Given the sale price, a negative value adjustment of €140 million, mainly corresponding to the goodwill allocated to assets held for sale, was recorded in the financial statements at June 30, 2019 under the line item “Impairment losses” within “Income from operating activities”.

2.3 Acquisitions carried out in first-half 2019

2.3.1 Acquisition of a 90% interest in Transportadora Associada de Gás S.A. (TAG) in Brazil

In early April 2019, a consortium comprising ENGIE (32.5%), ENGIE Brasil Energia (32.5%) and Caisse de Dépôt et Placement du Québec (CDPQ) (35%), won the bid from Petrobras for the acquisition of a 90% interest in Transportadora Associada de Gás S.A. (TAG), with a final and binding offer of USD 8.6 billion.

ENGIE thus directly and indirectly holds a 58.5% interest in TAG, representing a net interest of 49.3% for the Group. The other TAG shareholders are CDPQ with 31.5% and Petrobras, which has retained a 10% stake.

The acquisition price was USD 8.6 billion, of which USD 5.3 billion was financed by debt external to the consortium and USD 2.4 billion by the shareholders.

The transaction was completed on June 13, 2019.

TAG owns the largest natural gas transportation network in Brazil, a key country in ENGIE's recently unveiled strategy, and will provide the Group with a steady contractual income stream. TAG's assets include 4,500 kilometers of gas pipelines, representing 47% of the country's gas infrastructure.

The Group has joint control over TAG since the decisions about its relevant activities, including for example preparation of the budget and medium-term plan, investments, operations and maintenance, are taken by majority vote requiring the consent of both ENGIE and CDPQ. Consequently, this interest is accounted for using the equity method. The impact on the Group's net debt was €1,544 million. The purchase price allocation for this acquisition will be finalized in the second half of the year.

2.3.2 Other transactions in first-half 2019

Various other acquisitions were made in first-half 2019, including OTTO Luft-und Klimatechnik GmbH & Co, a German ventilation installation and services company; SUEZ's nuclear maintenance business (formerly SRA SAVAC); Vol V

Biomasse, which operates across the entire biomethane value chain; TIKO, a developer of smart energy management systems for the residential market; and a controlling interest in Cofely Besix Facility Management (CBFM).

NOTE 3 FINANCIAL INDICATORS USED IN FINANCIAL COMMUNICATION

The purpose of this note is to present the main non-GAAP financial indicators used by the Group as well as their reconciliation with the aggregates of the IFRS consolidated financial statements. Published data at June 30 and December 31, 2018, presented below, was not restated due to the application of IFRS 16 (*see Note 1 "Accounting standards and methods"* [1]).

3.1 EBITDA

The reconciliation between EBITDA and current operating income after share in net income of entities accounted for using the equity method is as follows:

In millions of euros	June 30, 2019	June 30, 2018 (1)
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**3,166**	**3,061**
Net depreciation and amortization/Other	2,161	1,922
Share-based payments (IFRS 2)	25	55
Non-recurring share in net income of entities accounted for using the equity method	(31)	27
EBITDA	**5,321**	**5,065**

(1) Published data at June 30, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").

3.2 Net recurring income Group share

Net recurring income Group share is a financial indicator used by the Group in its financial reporting to present net income Group share adjusted for unusual or non-recurring items.

This financial indicator therefore excludes:

- all items presented between the lines "Current operating income after share in net income of entities accounted for using the equity method" and "Income/(loss) from operating activities", i.e. "Mark-to-market on commodity contracts other than trading instruments", "Impairment losses", "Restructuring costs", "Changes in scope of consolidation" and "Other non-recurring items". These items are defined in Note 10 "Income/(loss) from operating activities" to the 2018 consolidated financial statements;
- the following components of net financial income/(loss): the impact of debt restructuring, compensation payments on the early unwinding of derivative instruments net of the reversal of the fair value of these derivatives that were settled early, changes in the fair value of derivative instruments which do not qualify as hedges under IFRS 9 – *Financial Instruments,* as well as the ineffective portion of derivative instruments that qualify as hedges;
- the income tax impact of the items described above, determined using the statutory income tax rate applicable to the relevant tax entity;
- net non-recurring items included in "Share in net income of entities accounted for using the equity method". The excluded items correspond to the non-recurring items as defined above.

(1) Comparative data including the impact relating to the application of IFRS 16 is presented in section 1 of this 2019 First-Half Financial Report.

The reconciliation of net income/(loss) with net recurring income Group share is as follows:

In millions of euros	Notes	June 30, 2019	June 30, 2018 (1)
NET INCOME/(LOSS) GROUP SHARE		**2,084**	**938**
NET INCOME/(LOSS) RELATING TO DISCONTINUED OPERATIONS, GROUP SHARE		**-**	**(142)**
NET INCOME/(LOSS) RELATING TO CONTINUED OPERATIONS, GROUP SHARE		**2,084**	**1,081**
Non-controlling interests relating to continued operations		373	263
NET INCOME/(LOSS) RELATING TO CONTINUED OPERATIONS		**2,457**	**1,344**
Reconciliation items between CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD and INCOME/(LOSS) FROM OPERATING ACTIVITIES		**(231)**	**397**
Mark-to-market on commodity contracts other than trading instruments	*6.1*	*989*	*(520)*
Impairment losses	*6.2*	*242*	*752*
Restructuring costs	*6.3*	*77*	*50*
Changes in scope of consolidation	*6.4*	*(1,584)*	*102*
Other non-recurring items		*44*	*13*
Other adjusted items		**(328)**	**195**
Ineffective portion of derivatives qualified as fair value hedges	*7*	*2*	*(1)*
Gains/(losses) on debt restructuring and early unwinding of derivative financial instruments	*7*	*-*	*17*
Change in fair value of derivatives not qualified as hedges and ineffective portion of derivatives qualified as cash flow hedges	*7*	*146*	*71*
Non-recurring income/(loss) from debt instruments and equity instruments	*7*	*(36)*	*-*
Other adjusted tax impacts		*(408)*	*82*
Non-recurring income/(loss) included in share in net income of entities accounted for using the equity method		*(31)*	*27*
NET RECURRING INCOME RELATING TO CONTINUED OPERATIONS		**1,898**	**1,935**
Net recurring income relating to continued operations attributable to non-controlling interests		407	441
NET RECURRING INCOME RELATING TO CONTINUED OPERATIONS, GROUP SHARE		**1,491**	**1,494**
Net recurring income/(loss) relating to discontinued operations, Group share		-	(27)
NET RECURRING INCOME GROUP SHARE		**1,491**	**1,468**

(1) Published data at June 30, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").

3.3 Industrial capital employed

The reconciliation of industrial capital employed with items in the statement of financial position is as follows:

In millions of euros			June 30, 2019	Dec. 31, 2018 (1)
(+)		Property, plant and equipment and intangible assets, net	58,238	55,635
(+)		Goodwill	18,238	17,809
	(-)	*Goodwill Gaz de France - SUEZ and International Power (2)*	*(7,625)*	*(7,610)*
(+)		IFRIC 4 and IFRIC 12 receivables	1,656	1,550
(+)		Investments in entities accounted for using the equity method	9,051	7,846
	(-)	*Goodwill arising on the International Power combination (2)*	*(152)*	*(151)*
(+)		Trade and other receivables, net	12,151	15,613
	(-)	*Margin calls (2) (3)*	*(1,654)*	*(1,669)*
(+)		Inventories	3,227	4,158
(+)		Assets from contracts with customers	7,485	7,411
(+)		Other current and non-current assets	7,849	9,811
(+)		Deferred tax	(3,675)	(4,349)
	(+)	*Cancellation of deferred tax on other recyclable items (2)*	*(462)*	*(247)*
(-)		Provisions	(22,691)	(21,813)
	(+)	*Actuarial gains and losses in shareholders' equity (net of deferred tax) (2)*	*3,551*	*2,637*
(-)		Trade and other payables	(13,712)	(19,759)
	(+)	*Margin calls (2) (3)*	*1,279*	*1,681*
(-)		Liabilities from contracts with customers	(3,721)	(3,634)
(-)		Other current and non-current liabilities	(12,281)	(13,507)
INDUSTRIAL CAPITAL EMPLOYED			**56,751**	**51,412**

(1) Published data at December 31, 2018, not restated due to the application of IFRS 16 (see Note 1 “Accounting standards and methods”).

(2) For the purpose of calculating industrial capital employed, the amounts recorded in respect of these items have been adjusted from those appearing in the statement of financial position.

(3) Margin calls included in “Trade and other receivables, net” and “Trade and other payables” correspond to advances received or paid as part of collateralization agreements set up by the Group to reduce its exposure to counterparty risk on commodity transactions.

3.4 Cash flow from operations (CFFO)

The reconciliation of cash flow from operations (CFFO) with items in the statement of cash flows is as follows:

In millions of euros	June 30, 2019	June 30, 2018 (1)
Cash generated from operations before income tax and working capital requirements	5,202	4,760
Tax paid	(205)	(291)
Change in working capital requirements	(2,038)	(968)
Interest received on non-current financial assets	44	15
Dividends received on non-current financial assets	31	40
Interest paid	(395)	(342)
Interest received on cash and cash equivalents	46	35
Change in financial assets at fair value through income	(528)	(190)
(+) Change in financial assets at fair value through income recorded in the statement of financial position and other	*528*	*204*
CASH FLOW FROM OPERATIONS (CFFO)	**2,685**	**3,263**

(1) Published data at June 30, 2018, not restated due to the application of IFRS 16 (see Note 1 “Accounting standards and methods”).

3.5 Capital expenditures (CAPEX)

The reconciliation of capital expenditure (CAPEX) with items in the statement of cash flows is as follows:

In millions of euros	June 30, 2019	June 30, 2018 (1)
Acquisitions of property, plant and equipment and intangible assets	2,996	2,603
Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired	287	432
(+) Cash and cash equivalents acquired	*138*	*42*
Acquisitions of investments in entities accounted for using the equity method and joint operations	1,360	133
Acquisitions of equity and debt instruments	646	279
Change in loans and receivables originated by the Group and other	124	88
(+) Other	*4*	*(5)*
Change in ownership interests in controlled entities	-	13
(+) Payments received in respect of the disposal of non-controlling interests	-	-
(-) Disposal impacts relating to DBSO (2) activities	(19)	-
TOTAL CAPITAL EXPENDITURE (CAPEX)	**5,537**	**3,585**

(1) Published data at June 30, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").
(2) Develop, Build, Share & Operate.

3.6 Net financial debt

Net financial debt is presented in Note 10.3 "Net financial debt".

3.7 Economic net debt

Economic net debt is as follows:

In millions of euros	Notes	June 30, 2019	Dec. 31, 2018 (1)
NET FINANCIAL DEBT	10	**26,051**	**21,102**
Future minimum operating lease payments (2)			2,087
Provisions for back-end of the nuclear fuel cycle		6,336	6,170
Provisions for dismantling of plant and equipment		6,100	6,081
Provisions for site rehabilitation		235	222
Post-employment benefit - Pension		2,611	1,970
(-) Infrastructures regulated companies		*(98)*	*60*
Post-employment benefit - Reimbursement rights		(167)	(167)
Post-employment benefit - Others benefits		4,819	4,293
(-) Infrastructures regulated companies		(2,995)	(2,572)
Deferred tax assets for pension and related obligations		(1,675)	(1,374)
(-) Infrastructures regulated companies		751	601
Plan assets relating to nuclear provisions, inventories of uranium and a receivable of Electrabel towards EDF Belgium		(3,073)	(2,884)
ECONOMIC NET DEBT		**38,896**	**35,590**

(1) Published data at December 31, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").
(2) As from January 1, 2019, commitments related to lease liabilities are included in net debt due to the application of IFRS 16.

NOTE 4 SEGMENT INFORMATION

4.1 Strengthening of ENGIE's organizational structure

In the first half of 2019, ENGIE unveiled its ambition to become the world leader in the zero carbon transition for its customers and announced measures to strengthen its organizational structure in order to accelerate the implementation of its strategy.

The Group has kept its current decentralized organizational structure based on 24 geographic Business Units (BUs) in order to remain close to its customers and foster initiative, and has strengthened this structure by creating four new Global Business Lines (GBLs): Client Solutions, Networks, Renewables and Thermal.

The role of these GBLs is to support the local teams and encourage cross-cutting performance by proposing an inter-BU strategy for their business, contributing to decisions on the allocation of resources between BUs, identifying and managing the key cross-cutting digital and excellence programs, identifying and implementing worldwide partnerships, and supporting, measuring and presenting the global performance of their business activities. These GBLs plus the Supply and Nuclear business activities form the Group's six core Business Lines (BLs).

The Group now operates on a matrix structure with the BUs forming the primary axis and the BLs the secondary axis.

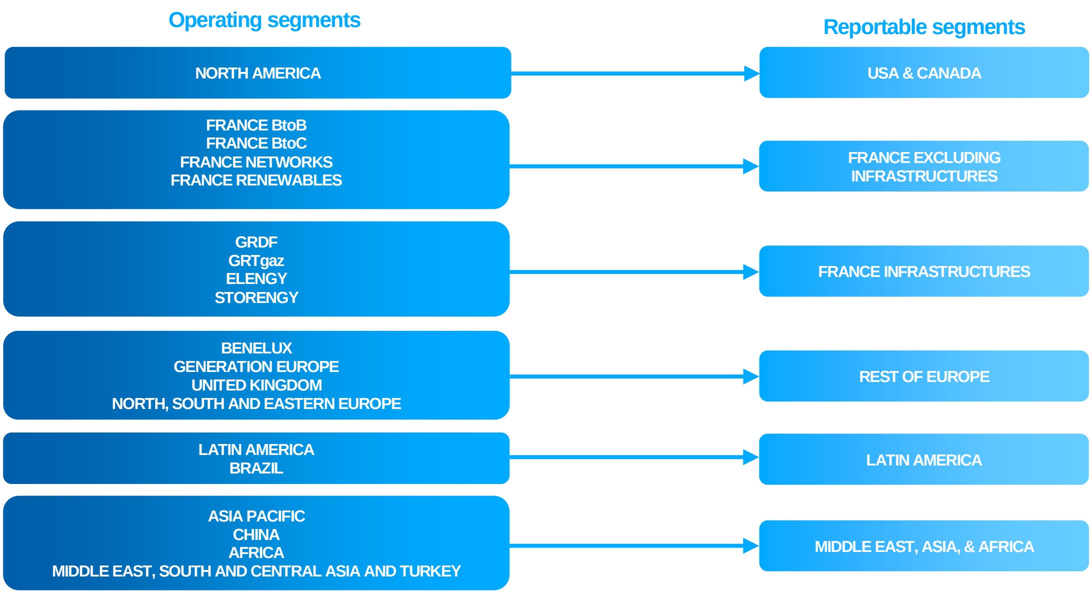
4.2 Operating segments and reportable segments

4.2.1 Definition of reportable segments

In accordance with IFRS 8, the Group has redefined its reportable and operating segments following these organizational developments and the deep changes to the BU business portfolios upon completion of the 2016-2018 transformation plan.

Each BU corresponds to an “operating segment” whose operational and financial performance is regularly reviewed by the Group's Executive Committee, which remains the Group's “chief operating decision maker” within the meaning of IFRS 8. The 24 BUs have now been regrouped into seven reportable segments reflecting the geographic areas where the Group operates:

- one reportable segment corresponding to the USA & Canada operating segment;
- five reportable segments corresponding to groups of operating segments;



- furthermore "Others" comprises operating segments that cannot be grouped together (Global Energy Management, Tractebel, GTT, Hydrogen, and E&C) due to the specificity of their businesses and markets or due to their particular risk profile, as well as the Group's holding and corporate activities.

In order to determine how to group together the operating segments, as set out above, the Group exercised its judgment to decide whether two or more operating segments could be grouped together in the same reportable segment. The following key factors were examined to assess the similarity of the operating segments' economic characteristics:

- nature of business and services;
- regulatory environment;
- economic environment in which the relevant activities operate (market maturity, growth prospects, political risks, etc.);
- risk profiles of the activities;
- how the activities fit into the Group's strategy and new business model.

The Group decided to organize the operating segments within the reportable segments for the following reasons:

- the France BtoB, France BtoC, France Networks and France Renewables operating segments have been grouped together within the **France excluding Infrastructures** reportable segment, which encompasses all the French downstream energy businesses (energy services and gas and electricity sales and distribution to BtoB, BtoT and BtoC customers), and the increasingly decentralized renewable energy generation activities. These are complementary unregulated businesses that are supported by a well-developed local network and primarily aim to develop a combined offering for local customers: energy services, decentralized production resources and combined gas and electricity supply contracts. These BUs also operate within an environment driven by the "energy transition for green growth" law (LTECV);
- the GRDF, GRTgaz, Storengy and Elengy operating segments, which comprise the gas infrastructure businesses in Europe (distribution, transport, storage and LNG terminals), have been grouped together within the **France Infrastructures** reportable segment, as they are all regulated businesses with similar risk profiles and margins;
- the Benelux, Generation Europe, United Kingdom and North, South and Eastern Europe operating segments have been grouped together within the **Rest of Europe** reportable segment as these BUs, which comprise all of the Group's European energy activities excluding France, have a similar business mix (energy production, supply, sale and services), operate in mature energy markets, and are undergoing transformation as part of the energy transition, with rapid development in renewable energy and client solutions;
- the Latin America and Brazil operating segments have been grouped together within the **Latin America** reportable segment, as these segments share similar growth prospects with a substantial proportion of their revenue generated by electricity sales under long-term agreements;
- the Asia-Pacific, China, Africa and Middle East, Southern and Central Asia and Turkey operating segments have been grouped together within the **Middle East, Asia & Africa** reportable segment, as all these regions have high power generation requirements and consequently represent significant growth prospects for the Group in the energy and energy services businesses. They operate in markets driven by the energy transition, with rapid development in renewable energy and client solutions.

4.2.2 Description of reportable segments

- **France excluding Infrastructures**: encompasses the activities of the following BUs: (i) France BtoB: energy sales and services for buildings and industry, cities and regions and major infrastructures, (ii) France BtoC: sales of energy and related services to individual and professional customers, (iii) France Renewables: development, construction, financing, operation and maintenance of all renewable power generation assets in France and (iv) France Networks, which designs, finances, builds and operates decentralized energy production and distribution facilities (heating and cooling networks).
- **France Infrastructures**: encompasses the GRDF, GRTgaz, Elengy and Storengy BUs, which operate natural gas transportation, storage and distribution networks and facilities, and LNG terminals, mainly in France. They also sell access rights to these terminals.
- **Rest of Europe**: encompasses the activities of the following BUs: (i) Benelux (Group's business in Belgium, Netherlands and Luxembourg: nuclear and renewable electricity generation, sales of natural gas and electricity

and energy services activities), (ii) Generation Europe, which comprises the Group's thermal electricity generation activities in Europe, (iii) United Kingdom (management of renewable energy generation assets and the portfolio of distribution assets, supply of energy services and solutions, etc.) and (iv) North, South and Eastern Europe (sales of natural gas and electricity and related energy services and solutions, operation of renewable energy generation assets, management of distribution networks).

- **Latin America**: encompasses the activities of (i) the Brazil BU and (ii) the Latin America BU (Argentina, Chile, Mexico and Peru). The subsidiaries concerned are involved in centralized power generation, including renewable energy, gas chain activities (including infrastructure), and energy services.
- **USA & Canada**: encompasses power generation, energy services and natural gas and electricity sales activities in the United States, Canada and Puerto Rico.
- **Middle East, Asia & Africa**: encompasses the activities of the following BUs: (i) Asia-Pacific (Australia, New Zealand, Thailand, Singapore and Indonesia), (ii) China, (iii) Africa (mainly Morocco and South Africa) and (iv) the Middle East, South and Central Asia and Turkey (including India and Pakistan). In all of these regions, the Group is active in electricity generation and sales, gas distribution and sales, energy services and seawater desalination in the Arabian Peninsula.
- **Others**: encompasses the activities of (i) GEM, whose role is to manage and optimize, on behalf of the BUs that hold power generation assets, the Group's physical and contractual asset portfolios (excluding gas infrastructure), particularly in the European market, to sell energy to major pan-European and national industrial companies, and to provide solutions related to its expertise in the financial energy markets to third parties, (ii) Tractebel (engineering companies specialized in energy, hydraulics and infrastructure), (iii) GTT (specialized in the design of cryogenic membrane confinement systems for sea transportation and storage of LNG, both onshore and offshore), (iv) Hydrogen (design of renewable hydrogen-based zero carbon energy solutions, as well as (v) the Group's holding and corporate activities which include the entities centralizing the Group's financing requirements, *Entreprises & Collectivités* (E&C) and the contribution of the associate SUEZ.

The main commercial relationships between the reportable segments are as follows:

- relationships between the “France Infrastructures” reportable segment and the users of those infrastructures, i.e. the “France excluding Infrastructures” and "Others" (GEM and E&C) reportable segments: services relating to the use of the Group's gas infrastructures in France are billed based on regulated rates (or revenues) applicable to all users. Revenue and margins related to GRDF business continue to fall within the scope of “France Infrastructures”;
- relationships between the “Others” (GEM) reportable segment and the “France excluding Infrastructures” and “Rest of Europe” reportable segments: GEM manages the Group’s natural gas supply contracts and sells gas at market prices to commercial companies within the “France excluding Infrastructures” and “Rest of Europe” reportable segments. As regards electricity, GEM manages and optimizes the power stations and sales portfolios on behalf of entities that hold power generation assets and deducts a percentage of the energy margin in return for providing these services. The revenue and margins related to power generation activities (minus the percentage deducted by GEM) are reported by the segments that hold power generation assets (“France excluding Infrastructures” and “Rest of Europe”);
- relationships between the “Generation Europe” operating segment, which is part of the “Rest of Europe” reportable segment, and the commercial entities in the “France excluding Infrastructures” reportable segment: a portion of the power generated by thermal assets within the “Generation Europe” BU is sold to commercial entities from these segments at market prices.

Due to the variety of its businesses and their geographical location, the Group serves a very diverse range of situations and customer types (industry, local authorities and individual customers). Accordingly, no external customer represents individually 10% or more of the Group’s consolidated revenues.

4.2.3 Key indicators by reportable segment (1)

In accordance with IFRS 8, comparative segment information at June 30, 2018 and December 31, 2018 has been restated in order to present this information in accordance with the new segment structure introduced by the Group on January 1, 2019.

However, it has not been restated for the first-time application of IFRS 16 as of January 1, 2019 *(see Note 1 "Accounting standards and methods"*), in accordance with the available transition options.

REVENUES

	June 30, 2019			June 30, 2018		
In millions of euros	External revenues	Intra-Group Revenues	Total	External revenues	Intra-Group Revenues	Total
France excluding Infrastructures	8,199	155	8,354	7,813	88	7,901
France Infrastructures	3,045	499	3,544	3,054	641	3,695
Total France	*11,244*	*654*	*11,899*	*10,867*	*729*	*11,596*
Rest of Europe	9,611	724	10,335	8,801	1,335	10,135
Latin America	2,601	-	2,601	2,173	-	2,173
USA & Canada	2,147	2	2,149	1,539	62	1,601
Middle East, Asia & Africa	1,532	1	1,533	1,892	-	1,892
Others	5,842	3,418	9,261	4,909	3,084	7,994
Elimination of internal transactions	-	(4,799)	(4,799)	-	(5,210)	(5,210)
TOTAL REVENUES	**32,978**	**-**	**32,978**	**30,182**	**-**	**30,182**

EBITDA

In millions of euros	June 30, 2019	June 30, 2018 (1)
France excluding Infrastructures	862	858
France Infrastructures	1,907	1,965
Total France	2,769	2,823
Rest of Europe	787	716
Latin America	1,069	924
USA & Canada	91	102
Middle East, Asia & Africa	426	534
Others	179	(34)
TOTAL EBITDA (2)	**5,321**	**5,065**

(1) Published data at June 30, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").

(2) EBITDA in first-half 2019 includes the impact of IFRS 16 (cancellation of leases) in an amount of around €0.2 billion.

DEPRECIATION AND AMORTIZATION

In millions of euros	June 30, 2019	June 30, 2018 (1)
France excluding Infrastructures	(370)	(302)
France Infrastructures	(779)	(725)
Total France	(1,149)	(1,027)
Rest of Europe	(497)	(463)
Latin America	(248)	(200)
USA & Canada	(59)	(32)
Middle East, Asia & Africa	(46)	(93)
Others	(162)	(107)
TOTAL DEPRECIATION AND AMORTIZATION	**(2,161)**	**(1,922)**

(1) Published data at June 30, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").

(1) Comparable data including the impact related to the first-time application of IFRS 16 are presented in Section 1 of this 2019 First-Half Financial Report.

SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

In millions of euros	June 30, 2019	June 30, 2018 (1)
France excluding Infrastructures	7	(3)
France Infrastructures	4	4
Total France	12	1
Rest of Europe	33	53
Latin America	(12)	(4)
USA & Canada	22	44
Middle East, Asia & Africa	149	135
Others	72	(19)
Of which share in net income of SUEZ	*73*	*(20)*
TOTAL SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**276**	**209**

(1) Published data at June 30, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").

Associates and joint ventures account for €186 million and €90 million respectively of share in net income of entities accounted for using the equity method in first-half 2019, compared to €64 million and €145 million in first-half 2018.

CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

In millions of euros	June 30, 2019	June 30, 2018 (1)
France excluding Infrastructures	488	553
France Infrastructures	1,128	1,239
Total France	1,616	1,792
Rest of Europe	279	254
Latin America	818	721
USA & Canada	30	71
Middle East, Asia & Africa	376	460
Others	47	(237)
TOTAL CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**3,166**	**3,061**

(1) Published data at June 30, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").

INDUSTRIAL CAPITAL EMPLOYED

In millions of euros	June 30, 2019	Dec. 31, 2018 (1)
France excluding Infrastructures	7,639	6,300
France Infrastructures	19,691	19,802
Total France	27,331	26,102
Rest of Europe	3,986	3,552
Latin America	11,833	9,897
USA & Canada	3,201	2,494
Middle East, Asia & Africa	3,698	3,553
Others	6,702	5,814
Of which SUEZ equity value	*2,041*	*2,018*
TOTAL INDUSTRIAL CAPITAL EMPLOYED	**56,751**	**51,412**

(1) Published data at December 31, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").

CAPITAL EXPENDITURE (CAPEX)

In millions of euros	June 30, 2019	June 30, 2018
France excluding Infrastructures	558	423
France Infrastructures	759	732
Total France	1,317	1,154
Rest of Europe	835	708
Latin America	2,206	684
USA & Canada	522	478
Middle East, Asia & Africa	299	330
Others	358	231
TOTAL CAPITAL EXPENDITURE (CAPEX)	**5,537**	**3,585**

4.3 Key indicators by Business Line

4.3.1 Definition of Business Lines

- **Client Solutions** (excluding BtoC clients): encompasses services and service packages such as design, engineering, works, operation, installation, maintenance and facility management, as well as asset management activities such as heating and cooling networks, dedicated energy generation assets (decentralized energy delivered directly to the client). It also includes the Group's interest in the SUEZ group.
- **Networks**: comprises the Group's electricity and gas infrastructure activities and projects. These activities include the management and development of (i) gas and electricity transportation networks in Europe and Latin America and natural gas distribution networks in Europe, Asia and the American continent, (ii) natural gas underground storage in Europe, and (iii) regasification infrastructure in France and Chile. Apart from the historical infrastructure management activities, its asset portfolio also contributes to the challenges of energy decarbonization and network greening (gradual integration of green gas, hydrogen based projects, geothermal projects, energy as a service, etc.).
- **Renewables**: comprises all centralized renewable energy generation activities, including financing, construction and operation of renewable energy facilities, using various energy sources such as hydroelectric, onshore wind, photovoltaic solar, biomass, offshore wind, geothermal and biogas. The energy produced is fed into the grid and sold either on the open or regulated market or through electricity sale agreements.
- **Thermal**: encompasses all the Group's centralized energy generation activities using thermal assets, whether contracted or not. It includes the operation of power plants fueled mainly by gas and coal, as well as pump-operated storage plants. The energy produced is fed into the grid and sold either on the open or regulated market or through electricity sale agreements. It includes the financing, construction and operation of desalination plants, whether or not connected to power plants.
- **Nuclear**: encompasses all of the Group's nuclear power generation activities, with seven reactors in Belgium (four in Doel and three in Tihange) and drawing rights in France.
- **Supply**: encompasses all the Group's activities relating to the sale of gas and electricity to end customers, whether professional or individual. It also includes all the Group's activities in services for residential clients.

Others encompasses (i) energy management and optimization activities, (ii) the GTT BU, and (iii) corporate and holding activities.

4.3.2 Key indicators by Business Line

EBITDA

In millions of euros	June 30, 2019	June 30, 2018 (1)
Client Solutions	750	639
Networks	2,183	2,197
Renewables	825	836
Thermal	918	994
Nuclear	17	(62)
Supply	490	544
Others	137	(84)
TOTAL EBITDA	**5,321**	**5,065**

(1) Published data at June 30, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").

CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

In millions of euros	June 30, 2019	June 30, 2018 (1)
Client Solutions	438	371
Networks	1,346	1,432
Renewables	572	604
Thermal	694	742
Nuclear	(216)	(303)
Supply	350	432
Others	(18)	(217)
TOTAL CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**3,166**	**3,061**

(1) Published data at June 30, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").

CAPITAL EXPENDITURE (CAPEX)

In millions of euros	June 30, 2019	June 30, 2018
Client Solutions	775	769
Networks	2,336	795
Renewables	1,364	890
Thermal	292	417
Nuclear	397	385
Supply	196	185
Others	177	145
TOTAL CAPITAL EXPENDITURE (CAPEX)	**5,537**	**3,585**

4.4 Key indicators by geographic area

The amounts set out below are analyzed by:

- destination of products and services sold for revenues;
- geographic location of consolidated companies for industrial capital employed.

	Revenues		Industrial capital employed	
In millions of euros	June 30, 2019	June 30, 2018 (1)	June 30, 2019	Dec. 31, 2018 (1)
France	13,903	12,912	32,075	30,543
Belgium	3,895	3,035	(3,212)	(3,254)
Other EU countries	7,884	7,657	7,889	7,188
Other European countries	423	366	497	386
North America	2,390	1,849	3,800	2,881
Asia, Middle East & Oceania	1,988	2,296	3,475	3,329
South America	2,330	1,919	11,361	9,523
Africa	164	147	865	816
TOTAL	**32,978**	**30,182**	**56,751**	**51,412**

(1) Published data at June 30 and December 31, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").

NOTE 5 REVENUES

5.1 Revenues

Revenues for commercial contracts relate to contracts within the scope of IFRS 15 (*see Note 8 "Revenues" to the 2018 consolidated financial statements*). Revenues from other contracts, corresponding to revenues from operations that do not fall within the scope of IFRS 15, include:

- commodity sales transactions within the scope of IFRS 9 - *Financial Instruments* and giving rise to a physical delivery;
- proprietary trading transactions and energy trading carried out on behalf of customers, shown on a net basis after netting sales and purchases;
- lease or concession income, as well as any financial component of operating services.

The table below shows a breakdown of revenues by type of accounting principles:

In millions of euros	Sales of gas	Sales of electricity and other energies	Sales of services linked to infrastructures	Constructions, installations, O&M, FM and other services	Revenues from contracts with customers	Revenues from other contracts	June 30, 2019
France excluding Infrastructures	1,974	2,254	78	3,854	8,160	39	**8,199**
France Infrastructures	26	-	2,825	110	2,961	84	**3,045**
Total France	*2,000*	*2,254*	*2,903*	*3,964*	*11,121*	*123*	***11,244***
Rest of Europe	1,891	3,134	174	3,465	8,665	947	**9,611**
Latin America	288	1,881	162	212	2,544	57	**2,601**
USA & Canada	343	1,232	1	561	2,137	10	**2,147**
Middle East, Asia & Africa	215	807	7	456	1,486	46	**1,532**
Others	2,245	1,382	79	448	4,154	1,689	**5,842**
TOTAL REVENUES	**6,983**	**10,689**	**3,328**	**9,106**	**30,106**	**2,872**	**32,978**

In millions of euros	Sales of gas	Sales of electricity and other energies	Sales of services linked to infrastructures	Constructions, installations, O&M, FM and other services	Revenues from contracts with customers	Revenues from other contracts	June 30, 2018
France excluding Infrastructures	1,889	2,205	39	3,613	7,746	67	**7,813**
France Infrastructures	132	-	2,683	87	2,903	151	**3,054**
Total France	*2,021*	*2,205*	*2,722*	*3,700*	*10,649*	*218*	***10,867***
Rest of Europe	1,789	3,062	166	3,271	8,288	512	**8,801**
Latin America	199	1,686	139	81	2,105	68	**2,173**
USA & Canada	317	882	-	320	1,520	20	**1,539**
Middle East, Asia & Africa	206	1,286	15	332	1,839	53	**1,892**
Others	2,018	1,054	82	443	3,597	1,312	**4,909**
TOTAL REVENUES	**6,550**	**10,175**	**3,125**	**8,148**	**27,998**	**2,184**	**30,182**

In 2019, commodity sales transactions falling within the scope of IFRS 9 and giving rise to a physical delivery amounted to €2,320 million (€1,803 million in 2018). Revenues generated from other transactions not falling within the scope of IFRS 15 were not material.

5.2 Trade and other receivables, assets and liabilities from contracts with customers

5.2.1 Trade and other receivables and assets from contracts with customers

In millions of euros	June 30, 2019	Dec. 31, 2018
Trade and other receivables, net	12,151	15,613
Of which IFRS 15	*7,128*	*7,552*
Of which non-IFRS15	*5,023*	*8,060*
Assets from contracts with customers	7,485	7,411

Contract assets include accrued income and unbilled revenues, and delivered, un-metered and unbilled gas and electricity ("energy in the meter").

5.2.2 Liabilities from contracts with customers

	June 30, 2019			Dec. 31, 2018		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Liabilities from contracts with customers	33	3,688	3,721	36	3,598	3,634

Current liabilities from contracts with customers include advances and downpayments, and deferred revenues.

NOTE 6 FROM CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD TO INCOME/(LOSS) FROM OPERATING ACTIVITIES

The transition from Current operating income after share in net income of entities accounted for using the equity method to Income/(loss) from operating activities is detailed hereunder:

In millions of euros	June 30, 2019	June 30, 2018 [(1)]
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**3,166**	**3,061**
Mark-to-market on commodity contracts other than trading instruments	(989)	520
Impairment losses	(242)	(752)
Restructuring costs	(77)	(50)
Changes in scope of consolidation	1,584	(102)
Other non-recurring items	(44)	(13)
INCOME/(LOSS) FROM OPERATING ACTIVITIES	**3,397**	**2,665**

(1) Published data at June 30, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").

6.1 Mark-to-market on commodity contracts other than trading instruments

In the first half of 2019, this item represented a net expense of €989 million, compared with net income of €520 million in the first half of 2018. It mainly reflects changes in the fair value of (i) electricity and natural gas sale and purchase contracts falling within the scope of IFRS 9, and (ii) financial instruments used as economic hedges but not eligible for hedge accounting.

This expense is due to (i) a negative price effect related to changes in the forward prices of the underlying commodities, notably in gas, partially offset by (ii) the positive impact of the settlement of positions over the period with a negative fair value at December 31, 2018.

6.2 Impairment losses

In millions of euros	Notes	June 30, 2019	June 30, 2018
Impairment losses:			
Goodwill	9	(116)	-
Property, plant and equipment and other intangible assets	9	(129)	(766)
Investments in entities accounted for using the equity method and related provisions		-	-
TOTAL IMPAIRMENT LOSSES		**(245)**	**(766)**
Reversals of impairment losses:			
Property, plant and equipment and other intangible assets		3	13
Financial assets		-	-
TOTAL REVERSALS OF IMPAIRMENT LOSSES		**3**	**13**
TOTAL		**(242)**	**(752)**

In addition to the annual impairment tests on goodwill and non-amortizable intangible assets carried out in the second half of the year, the Group also tests goodwill, property, plant and equipment, intangible assets, investments in entities accounted for using the equity method and financial assets for impairment whenever there is an indication that the asset may be impaired.

At June 30, 2019, impairment tests were performed on a limited number of assets for which indications of impairment were identified during the first half of 2019.

At June 30, 2019, the Group considered that, in view of the changes in market inputs and key assumptions since December 31, 2018, it was not necessary to carry out a full update of the impairment tests performed on the goodwill CGUs in 2018 and that the carrying amounts of these CGUs were not greater than their recoverable amount.

The annual impairment tests on the goodwill CGUs for 2019 will be carried out in the second half of the year.

6.2.1 Impairment losses recognized during the first half of 2019

Net impairment losses recognized in first-half 2019 amounted to €242 million, primarily relating to:

- the ongoing disposal of several coal plants in Germany and the Netherlands (*see Note 2.2 "Assets held for sale"*) for €140 million, mainly on the goodwill allocated to "Assets held for sale" (€108 million);
- thermal power generation assets in Latin America for €81 million, following the anticipated shut down of these plants.

Net impairment losses recognized in first-half 2018 amounted to €752 million, primarily relating to:

- thermal power generation assets in Europe (€661 million), owing to the downward revision of cash flow projections for certain portfolio assets in an unfavorable economic environment;
- thermal power generation assets in Latin America (€60 million), following the decision to shut down two plants in 2018.

6.3 Restructuring costs

Restructuring costs totaled €77 million in first-half 2019 (€50 million in first-half 2018) and mainly included employee-related costs, costs related to site closures, and other restructuring costs.

6.4 Changes in scope of consolidation

In first-half 2019, the impact of changes in the scope of consolidation amounted to a positive €1,584 million and mainly comprised the positive impact of the sale of Glow for €1,580 million, including a €208 million loss in respect of items of other comprehensive income recycled to the income statement.

In first-half 2018, this item amounted to a negative €102 million and mainly comprised an €87 million loss on the sale of the Loy Yang B thermal power plant in Australia, primarily in respect of items of other comprehensive income recycled to the income statement.

NOTE 7 NET FINANCIAL INCOME/(LOSS)

	June 30, 2019			June 30, 2018 (1)		
In millions of euros	Expense	Income	Total	Expense	Income	Total
Cost of net debt	**(404)**	**65**	**(339)**	**(323)**	**37**	**(285)**
Interest expense on gross debt and hedges	(474)	-	(474)	(387)	-	(387)
Foreign exchange gains/(losses) on borrowings and hedges	-	20	20	(2)	-	(2)
Ineffective portion of derivatives qualified as fair value hedges	(2)	-	(2)	-	1	1
Gains and losses on cash and cash equivalents and liquid debt instruments	-	46	46	-	36	36
Capitalized borrowing costs	72	-	72	66	-	66
Cost of lease liabilities (2)	**(22)**	**-**	**(22)**	**(6)**	**-**	**(6)**
Gains/(losses) on debt restructuring and early unwinding of derivative financial instruments	**-**	**-**	**-**	**(119)**	**102**	**(17)**
Cash payments made on the unwinding of swaps	-	-	-	(112)	-	(112)
Reversal of the negative fair value of these early unwound derivative financial instruments	-	-	-	-	102	102
Expenses on debt restructuring transactions	-	-	-	(6)	-	(6)
Other financial income and expenses	**(644)**	**285**	**(359)**	**(590)**	**234**	**(356)**
Net interest expense on post-employment benefits and other long-term benefits	(61)	-	(61)	(57)	-	(57)
Unwinding of discounting adjustments to other long-term provisions	(280)	-	(280)	(282)	-	(282)
Change in fair value of derivatives not qualified as hedges and ineffective portion of derivatives qualified as cash flow hedges	(146)	-	(146)	(72)	-	(72)
Income/(loss) from debt instruments and equity instruments	(5)	76	71	(9)	24	15
Other	(152)	209	57	(170)	209	40
NET FINANCIAL INCOME/(LOSS)	**(1,069)**	**350**	**(719)**	**(1,038)**	**373**	**(665)**

(1) Published data at June 30, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").

(2) At June 30, 2018, the cost of lease liabilities corresponds to interest on finance leases previously classified in "Cost of net debt".

The increase in the cost of net debt was mainly due to the increasing weight of the debt in Brazil since June 30, 2018, partly offset by the positive effects of debt financing transactions and active interest rate management performed by the Group.

NOTE 8 INCOME TAX EXPENSE

In millions of euros	June 30, 2019	June 30, 2018 [1]
Net income/(loss) (A)	2,457	1,225
Total income tax expense recognized in income of the period (B)	(221)	(657)
Share in net income of entities accounted for using the equity method (C)	276	209
Net income from discontinued operations (D)	-	(119)
INCOME BEFORE INCOME TAX EXPENSE, NET INCOME FROM DISCONTINUED OPERATIONS AND SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD (A)-(B)-(C)-(D)=(E)	**2,402**	**1,791**
EFFECTIVE TAX RATE (B)/(E)	**9.2%**	**36.7%**

(1) Published data at June 30, 2018, not restated due to the application of IFRS 16 (see Note 1 "Accounting standards and methods").

The decrease in the effective tax rate was mainly due to the tax-exempt capital gain on the disposal of Glow in 2019, the decrease in the untaxed losses recorded by Electrabel, and the disallowable impairment losses on thermal power generation assets in 2018. This effect was partially offset by the recognition of a deferred tax asset on previously unrecognized tax loss carry-forwards in Australia in 2018 and the increase in untaxed losses recorded in the Netherlands and in Germany.

NOTE 9 GOODWILL, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

9.1 Movements in the carrying amount

In millions of euros	Goodwill	Intangible assets	Property, plant and equipment
GROSS AMOUNT			
At December 31, 2018 (1)	**27,004**	**17,472**	**97,309**
IFRS 16 & IFRIC 23 (see Note 1)	-	(12)	2,233
At January 1, 2019 with IFRS 16 & IFRIC 23	**27,004**	**17,460**	**99,541**
Acquisitions and construction of property, plant and equipment and intangible assets	-	538	2,636
Disposals of property, plant and equipment and intangible assets	-	(59)	(394)
Changes in scope of consolidation	424	(2)	76
Transfer to "Assets classified as held for sale"	-	(111)	(3,863)
Other changes	(60)	29	106
Translation adjustments	20	9	132
AT JUNE 30, 2019	**27,389**	**17,864**	**98,234**
ACCUMULATED AMORTIZATION, DEPRECIATION AND IMPAIRMENT			
At December 31, 2018 (1)	**(9,195)**	**(10,754)**	**(48,392)**
IFRS 16 & IFRIC 23 (see Note 1)	-	5	(85)
At January 1, 2019 with IFRS 16 & IFRIC 23	**(9,195)**	**(10,749)**	**(48,476)**
Depreciation and amortization	-	(410)	(1,670)
Impairment losses	(116)	(3)	(123)
Disposals of property, plant and equipment and intangible assets	-	(14)	251
Changes in scope of consolidation	49	(12)	(23)
Transfer to "Assets classified as held for sale"	-	110	3,295
Other changes	108	(30)	26
Translation adjustments	2	(4)	(29)
AT JUNE 30, 2019	**(9,151)**	**(11,111)**	**(46,750)**
CARRYING AMOUNT			
At December 31, 2018 (1)	17,809	6,718	48,917
AT JUNE 30, 2019	**18,238**	**6,753**	**51,485**

(1) Published data at December 31, 2018, not restated due to the application of IFRS 16 and IFRIC 23 (see Note 1 "Accounting standards and methods").

In first-half 2019, the net increase in "Goodwill", "Intangible assets" and "Property, plant and equipment" resulted from:

- maintenance and development investments for a total amount of €2,977 million mainly relating to the construction and development of wind and solar farms in the United States, Latin America and India, as well as to the extension of transportation and distribution networks in the France Infrastructures segment;
- changes in the scope of consolidation for a positive €512 million, mainly resulting from acquisitions in renewables;
- partly offset by depreciation for a total of €2,161 million;
- the transfer of the carrying amount of property, plant and equipment to "Assets held for sale" mainly relating to several coal-fired power plants in Germany and the Netherlands for €267 million;
- impairment losses amounting to €242 million, mainly related to (i) the ongoing disposal of several coal-fired power plants in Germany and the Netherlands for €140 million (of which €108 million charged against the total goodwill allocated to "Assets held for sale" and €32 million against property, plant and equipment and intangible assets) and (ii) thermal power generation assets in Latin America for €81 million.

NOTE 10 FINANCIAL INSTRUMENTS

10.1 Financial assets

The following table presents the Group's different categories of financial assets, broken down into current and non-current items:

		June 30, 2019			Dec. 31, 2018		
In millions of euros	Notes	Non-current	Current	Total	Non-current	Current	Total
Other financial assets	10.1	7,270	2,625	9,895	6,193	2,290	8,483
Equity instruments at fair value through other comprehensive income		*736*	*-*	*736*	*742*	*-*	*742*
Equity instruments at fair value through income		*480*	*-*	*480*	*365*	*-*	*365*
Debt instruments at fair value through other comprehensive income		*1,980*	*196*	*2,177*	*1,108*	*840*	*1,947*
Debt instruments at fair value through income		*888*	*265*	*1,153*	*600*	*233*	*832*
Loans and receivables at amortized cost		*3,184*	*2,164*	*5,348*	*3,378*	*1,218*	*4,596*
Trade and other receivables	5.2	-	12,151	12,151	-	15,613	15,613
Assets from contracts with customers	5.2	-	7,485	7,485	-	7,411	7,411
Cash and cash equivalents (1)		-	7,995	7,995	-	8,700	8,700
Derivative instruments	10.4	2,449	9,786	12,234	2,693	10,679	13,372
TOTAL		**9,718**	**40,042**	**49,760**	**8,886**	**44,692**	**53,578**

(1) This item includes funds raised in 2018 and 2019 related to the green bond issues, which remain unallocated to the funding of eligible projects.

10.1.1 Other financial assets

10.1.1.1 Equity instruments at fair value

In millions of euros	Equity instruments at fair value through other comprehensive income	Equity instruments at fair value through income	Total
At December 31, 2018	**742**	**365**	**1,107**
Increase	44	220	264
Decrease	(80)	(5)	(85)
Changes in fair value	32	(7)	25
Changes in scope of consolidation, translation adjustments and other	(2)	(94)	(95)
AT JUNE 30, 2019	**736**	**480**	**1,217**

The Group's equity instruments amounted to €1,217 million at June 30, 2019 of which €61 million in listed securities relating to equity instruments at fair value through other comprehensive income.

10.1.1.2 Debt instruments at fair value

In millions of euros	Debt instruments at fair value through other comprehensive income	Debt instruments at fair value through income	Liquid debt instruments held for cash investment purposes at fair value through other comprehensive income	Liquid debt instruments held for cash investment purposes at fair value through income	Total
At December 31, 2018	**1,025**	**525**	**922**	**307**	**2,779**
Increase	360	286	100	67	813
Decrease	(217)	(62)	(49)	-	(329)
Changes in fair value	53	28	(1)	2	82
Changes in scope of consolidation, translation adjustments and other	(20)	-	4	-	(15)
AT JUNE 30, 2019	**1,201**	**777**	**976**	**376**	**3,330**

Debt instruments at fair value totaled €3,330 million at June 30, 2019, including €2,177 million of debt instruments at fair value through other comprehensive income and €1,153 million of debt instruments at fair value through income (respectively €1,947 million and €832 million at December 31, 2018).

At June 30, 2019, debt instruments at fair value included €1,352 million of liquid debt instruments (€1,230 million at December 31, 2018) deducted from gross debt.

10.2 Financial liabilities

Financial liabilities are recognized either:

- as "Liabilities at amortized cost" for borrowings and debt, trade payables and other creditors, liabilities from contracts with customers and other financial liabilities;
- as "Financial liabilities at fair value through income" for derivative financial instruments and for financial liabilities designated as such.

The following table presents the Group's different financial liabilities at June 30, 2019, broken down into current and non-current items:

		June 30, 2019			Dec. 31, 2018 (1)		
In millions of euros	Notes	Non-current	Current	Total	Non-current	Current	Total
Borrowings and debt		28,083	8,905	36,988	26,434	5,745	32,178
Borrowings and debt		*26 182*	*8 380*	*34 562*	*26 172*	*5 626*	*31 797*
Lease liabilities (2)		*1 901*	*525*	*2 426*	*262*	*119*	*381*
Trade and other payables	5.2	-	13,712	13,712	-	19,759	19,759
Liabilities from contracts with customers	5.2	33	3,688	3,721	36	3,598	3,634
Derivative instruments	10.4	3,431	10,829	14,260	2,785	11,510	14,295
Other financial liabilities		49	-	49	46	-	46
TOTAL		**31,596**	**37,134**	**68,730**	**29,301**	**40,612**	**69,913**

(1) Published data at December 31, 2018, not restated due to the application of IFRS 16 and IFRIC 23 (see Note 1 "Accounting standards and methods").

(2) At December 31, 2018, lease liabilities correspond to finance leases previously classified as borrowings and debt.

10.3 Net financial debt

10.3.1 Net financial debt by type

	June 30, 2019			Dec. 31, 2018 [1]		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Outstanding borrowings	25,768	7,904	33,673	25,822	4,993	30,814
Impact of measurement at amortized cost	14	76	90	13	228	240
Impact of fair value hedges [2]	400	29	428	337	2	339
Margin calls on derivatives hedging borrowings - carried in liabilities	-	370	370	-	404	404
BORROWINGS AND DEBT	**26,182**	**8,380**	**34,562**	**26,172**	**5,626**	**31,797**
Derivatives hedging borrowings - carried in liabilities [3]	289	36	325	259	66	325
GROSS DEBT	**26,470**	**8,416**	**34,886**	**26,430**	**5,692**	**32,122**
Assets related to financing	(2)	(65)	(66)	(53)	(1)	(53)
Margin calls on derivatives hedging borrowings - carried in assets	-	(1,096)	(1,096)	-	(699)	(699)
ASSETS RELATED TO FINANCING AND MARGIN CALLS	**(2)**	**(1,161)**	**(1,163)**	**(53)**	**(700)**	**(752)**
Cash and cash equivalents	-	(7,995)	(7,995)	-	(8,700)	(8,700)
Derivatives hedging borrowings - carried in assets [3]	(677)	(74)	(751)	(678)	(42)	(720)
NET CASH	**(677)**	**(8,069)**	**(8,746)**	**(678)**	**(8,742)**	**(9,420)**
Liquid debt instruments held for cash investment purposes	(957)	(396)	(1,352)	(235)	(995)	(1,230)
LIQUID DEBT INSTRUMENTS HELD FOR CASH INVESTMENT PURPOSES	**(957)**	**(396)**	**(1,352)**	**(235)**	**(995)**	**(1,230)**
NET FINANCIAL DEBT EXCLUDING LEASE LIABILITIES	24,835	(1,210)	23,625	25,465	(4,744)	20,721
Lease liabilities [4]	1,901	525	2,426	262	119	381
NET FINANCIAL DEBT	26,736	(685)	26,051	25,727	(4,625)	21,102
Outstanding borrowings	25,768	7,904	33,673	25,822	4,993	30,814
Assets related to financing	(2)	(65)	(66)	(53)	(1)	(53)
Liquid debt instruments held for cash investment purposes	(957)	(396)	(1,352)	(235)	(995)	(1,230)
Cash and cash equivalents	-	(7,995)	(7,995)	-	(8,700)	(8,700)
NET FINANCIAL DEBT EXCLUDING THE IMPACT OF LEASE LIABILITIES, AMORTIZED COST, DERIVATIVE INSTRUMENTS AND MARGIN CALLS	**24,810**	**(551)**	**24,259**	**25,534**	**(4,703)**	**20,832**
Outstanding lease liabilities	1,901	517	2,418	262	118	380
NET FINANCIAL DEBT EXCLUDING THE IMPACT OF AMORTIZED COST, DERIVATIVE INSTRUMENTS AND MARGIN CALLS	**26,711**	**(34)**	**26,677**	**25,796**	**(4,584)**	**21,212**

(1) Published data at December 31, 2018, not restated due to the application of IFRS 16 and IFRIC 23 (see Note 1 "Accounting standards and methods").

(2) This item corresponds to the revaluation of the interest rate component of debt in a qualified fair value hedging relationship.

(3) This item represents the interest rate component of the fair value of derivatives hedging borrowings in a designated fair value hedging relationship. It also represents the exchange rate and outstanding accrued interest rate components of the fair value of all debt-related derivatives irrespective of whether or not they qualify as hedges.

(4) At December 31, 2018, lease liabilities correspond to finance leases previously classified as borrowings and debt.

The fair value of borrowings and debt (excluding lease liabilities) amounted to €37,175 million at June 30, 2019, compared with a carrying amount of €34,562 million.

10.3.2 Main events of the period

10.3.2.1 Impact of changes in the scope of consolidation and in exchange rates on net debt

In first-half 2019, changes in foreign exchange rates resulted in a €85 million increase in net debt (including a €45 million increase in relation to the Brazilian real and a €26 million increase in relation to the US dollar).

Changes in the scope of consolidation (including the cash impact of acquisitions and disposals) led to a €238 million decrease in net financial debt, mainly reflecting:

- disposals of assets over the period, which reduced net financial debt by €2,734 million, notably including the disposal of the interest in Glow (*see Note 2.1 "Disposals carried out in first-half 2019"*);

- the classification of coal-fired power plants in in Germany and the Netherlands under “Assets held for sale” (*see Note 2.2.2 “Proposed disposal of German and Dutch coal-fired power plants”*) which reduced net financial debt by €50 million;
- acquisitions carried out during first-half 2019, which increased net financial debt by €2,546 million (chiefly in Brazil with the acquisition of a 90% interest in Transportadora Associada de Gás (TAG) in a consortium with Caisse de Dépôt et Placement du Québec (CDPQ) and in Germany with the purchase of OTTO Luft-und Klimatechnik GmbH & Co in the air conditioning and ventilation sector (*see Note 2.3 “Acquisitions carried out in first-half 2019”).*

10.3.2.2 Financing and refinancing transactions

The Group carried out the following transactions during first-half 2019:

- on June 21, 2019, ENGIE SA issued €1.5 billion worth of bonds:
  - a €750 million tranche maturing in June 2027 with a 0.375% coupon,
  - a €750 million tranche maturing in June 2039 with a 1.375% coupon;
- ENGIE SA redeemed the €775 million worth of bonds that matured on January 24, 2019 with a 6.875% coupon;
- on December 5, 2018, ENGIE SA gave notice that it had exercised the annual prepayment option for the GBP 300 million tranche of deeply-subordinated notes (representing a total amount of €352 million including the accrued coupon) that had previously been recognized in equity in a net amount of €340 million with a 4.625% coupon. ENGIE SA redeemed the bonds on January 10, 2019;
- on May 21, 2019, ENGIE Brasil Energia carried out a bond issue of BRL 2,500 million (€547 million) maturing in November 2020;
- on May 17, 2019, ENGIE Brasil Energia took out three bank loans totaling €252 million maturing in May 2022 including two bank loans totaling USD 150 million and a bank loan of BRL 534 million.

10.4 Derivative instruments

Derivative instruments recognized in assets and liabilities are measured at fair value and broken down as follows:

	June 30, 2019						Dec. 31, 2018					
	Assets			Liabilities			Assets			Liabilities		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Derivatives hedging borrowings	677	74	751	289	36	325	678	42	720	259	66	325
Derivatives hedging commodities	767	9,578	10,346	931	10,691	11,622	1,409	10,608	12,018	1,311	11,405	12,716
Derivatives hedging other items (1)	1,005	133	1,138	2,211	102	2,313	606	28	634	1,215	38	1,254
TOTAL	**2,449**	**9,786**	**12,234**	**3,431**	**10,829**	**14,260**	**2,693**	**10,679**	**13,372**	**2,785**	**11,510**	**14,295**

(1) Derivatives hedging other items mainly include the interest rate component of interest rate derivatives (not qualifying as hedges or qualifying as cash flow hedges) that are excluded from net debt, as well as net investment hedge derivatives.

10.4.1 Classification of financial instruments by level in the fair value hierarchy

During the first half of 2019, the Group did not make any material changes to the classification of financial instruments and did not recognize any material transfers between levels in the fair value hierarchy.

10.5 Deeply subordinated perpetual notes

On January 28, 2019, ENGIE SA carried out an early refinancing of deeply-subordinated perpetual notes, resulting in:

- an issue of green deeply-subordinated perpetual notes for an amount of €1 billion offering a coupon of 3.25% with an annual reimbursement option from February 2025, accounted for in equity for a net amount of €983 million;
- early redemption of the €1 billion tranche with an annual prepayment option from June 2019, previously recognized in equity for a net amount of €989 million.

Furthermore, the Group paid interest in an amount of € 82million.

In accordance with the provisions of IAS 32 – *Financial Instruments: Presentation*, and given their characteristics, these instruments were accounted for in equity in the Group's consolidated financial statements.

NOTE 11 RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Group mainly uses derivative instruments to manage its exposure to market risks. Financial risk management procedures are set out in Section 2 "Risk factors and control" of the 2018 Registration Document.

11.1 Market risks

11.1.1 Commodity risk

11.1.1.1 Portfolio management activities

Sensitivities of the commodity-related derivatives portfolio used as part of the portfolio management activities at June 30, 2019 are detailed in the table below. They are not representative of future changes in consolidated earnings and equity, insofar as they do not include the sensitivities relating to the purchase and sale contracts for the underlying commodities.

Sensitivity analysis [1]

		June 30, 2019	
In millions of euros	**Price changes**	Pre-tax impact on income	Pre-tax impact on equity
Oil-based products	+USD 10/bbl	55	-
Natural gas	+€3/MWh	562	202
Electricity	+€5/MWh	40	(41)
Coal	+USD 10/ton	(4)	2
Greenhouse gas emission rights	+€2/ton	(29)	-
EUR/USD	+10%	22	-
EUR/GBP	+10%	11	-

(1) The sensitivities shown above apply solely to financial commodity derivatives used for hedging purposes as part of the portfolio management activities.

The sensitivity of equity to gas price changes is due to the application, since 2019, of cash flow hedge accounting to certain supply hedges within energy sales activities. The expected extension of this practice to other hedging strategies should contribute to reducing the sensitivity of pre-tax impact on income in the future.

11.1.1.2 Trading activities

The use of Value at Risk (VaR) to quantify market risk arising from trading activities provides a transversal measure of risk taking all markets and products into account. VaR represents the maximum potential loss on a portfolio over a specified holding period based on a given confidence interval. It is not an indication of expected results but is back-tested on a regular basis.

The Group uses a one-day holding period and a 99% confidence interval to calculate VaR, as well as stress tests, in accordance with banking regulatory requirements.

The VaR shown below corresponds to the global VaR of the Group's trading entities.

Value at Risk

In millions of euros	June 30, 2019	2019 average [1]	2019 maximum [2]	2019 minimum [2]
Trading activities	13	14	24	7

(1) Average daily VaR.
(2) Maximum and minimum daily VaR observed in first-half 2019.

11.1.2 Currency risk

A sensitivity analysis to currency risk on financial income/(loss) – excluding the income statement translation impact of foreign subsidiaries – was performed based on all financial instruments managed by the treasury department and representing a currency risk (including derivative financial instruments).

A sensitivity analysis to currency risk on equity was performed based on all financial instruments qualified as net investment hedges at the reporting date.

For currency risk, sensitivity corresponds to a 10% rise or fall in exchange rates of foreign currencies against the euro compared to closing rates.

	June 30, 2019		
	Impact on income		Impact on equity
In millions of euros	+10% (1)	-10% (1)	+10% (1)
Exposures denominated in a currency other than the functional currency of companies carrying the liabilities on their statements of financial position (2)	(6)	6	NA
Financial instruments (debt and derivatives) qualified as net investment hedges (3)	NA	NA	120

(1) +(-)10%: depreciation (appreciation) of 10% of all foreign currencies against the euro.
(2) Excluding derivatives qualified as net investment hedges.
(3) This impact is countered by the offsetting change in the net investment hedged.

11.1.3 Interest rate risk

Sensitivity was analyzed based on the Group's net debt position (including the impact of interest rate and foreign currency derivatives relating to net debt) at the reporting date.

For interest rate risk, sensitivity corresponds to a 100-basis-point rise or fall in the yield curve compared to year-end interest rates.

	June 30, 2019			
	Impact on income		Impact on equity	
In millions of euros	+100 basis points	-100 basis points	+100 basis points	-100 basis points
Net interest expense on floating-rate net debt (nominal amount) and on floating-rate leg of derivatives	(66)	66	NA	NA
Change in fair value of derivatives not qualifying as hedges	96	(116)	NA	NA
Change in fair value of derivatives qualifying as cash flow hedges	NA	NA	433	(575)

11.2 Liquidity risk

In the context of its operating activities, the Group is exposed to a risk of having insufficient liquidity to meet its contractual obligations. As well as the risks inherent in managing working capital requirements (WCR), margin calls are required in certain market activities.

At June 30, 2019, bank loans accounted for 16% of gross debt (excluding overdrafts, amortized cost and impact of derivatives), while the remaining debt was raised on capital markets (including €23,652 million in bonds, or 71% of gross debt).

Outstanding negotiable commercial paper issues represented 13% of gross debt, or €4,344 million at June 30, 2019.

Available cash, comprising cash and cash equivalents and liquid debt instruments dedicated to cash investments, totaled €9,347 million at June 30, 2019.

Confirmed credit facilities had been granted for a total of €13,176 million at June 30, 2019, of which €13,158 million was available. 96% of available credit facilities are centralized.

11.2.1 Undiscounted contractual payments related to financial activities

Undiscounted contractual payments on net debt excluding the impact of derivatives, amortized cost and margin calls

At June 30, 2019, undiscounted contractual payments on net debt excluding the impact of derivatives, amortized cost and margin calls break down as follows by maturity:

In millions of euros	Total	2019	2020	2021	2022	2023	Beyond 5 years
Bond issues	23,652	-	3,064	1,770	2,617	2,680	13,521
Bank borrowings	5,035	160	1,073	446	693	265	2,397
Negotiable commercial paper	4,344	4,245	99	-	-	-	-
Drawdowns on credit facilities	18	-	-	-	-	-	18
Other borrowings	116	23	18	14	13	7	41
Bank overdrafts and current accounts	508	508	-	-	-	-	-
OUTSTANDING BORROWINGS	**33,673**	**4,936**	**4,254**	**2,230**	**3,324**	**2,952**	**15,977**
Assets related to financing	(66)	(1)	(3)	(2)	-	-	(60)
Liquid debt instruments dedicated to cash investments	(1,352)	(1,352)	-	-	-	-	-
Cash and cash equivalents	(7,995)	(7,995)	-	-	-	-	-
NET FINANCIAL DEBT EXCLUDING THE IMPACT OF LEASE LIABILITIES, AMORTIZED COST, DERIVATIVE INSTRUMENTS AND MARGIN CALLS	**24,259**	**(4,412)**	**4,251**	**2,228**	**3,323**	**2,952**	**15,917**
Lease liabilities	2,418	246	485	411	276	219	957
NET FINANCIAL DEBT EXCLUDING THE IMPACT OF AMORTIZED COST, DERIVATIVE INSTRUMENTS AND MARGIN CALLS	**26,677**	**(4,166)**	**4,736**	**2,639**	**3,599**	**3,171**	**16,874**

Undrawn credit facility programs

At June 30, 2019, Group's undrawn credit facility programs break down as follows by maturity:

In millions of euros	Total	2019	2020	2021	2022	2023	Beyond 5 years
Confirmed undrawn credit facility programs	13,158	506	1,230	428	5,513	5,206	275

At June 30, 2019, no single counterparty represented more than 5% of the Group's confirmed undrawn credit lines.

NOTE 12 PROVISIONS

In millions of euros	Post-employment and other long-term benefits	Back-end of the nuclear fuel cycle	Dismantling of plant and equipment [(2)] and Site rehabilitation	Other contingencies	Total
At Dec. 31, 2018 [(1)]	**6,371**	**6,170**	**6,303**	**2,969**	**21,813**
IFRS 16 & IFRIC 23 (*see Note 1*)	-	-	-	(301)	(301)
At Jan. 1, 2019 with IFRS 16 & IFRIC 23	**6,371**	**6,170**	**6,303**	**2,667**	**21,512**
Additions	174	67	15	143	399
Utilizations	(165)	(10)	(31)	(308)	(513)
Reversals	(1)	-	-	(30)	(31)
Changes in scope of consolidation	3	-	-	33	36
Impact of unwinding discount adjustments	62	108	107	10	287
Translation adjustments	2	-	-	1	3
Other	1,052	-	(59)	6	999
AT JUNE 30, 2019	**7,498**	**6,336**	**6,335**	**2,523**	**22,691**
Non-current	7,402	6,279	6,335	516	**20,532**
Current	96	57	-	2,007	**2,160**

(1) Published data at December 31, 2018, not restated due to the application of IFRS 16 and IFRIC 23 (see Note 1 "Accounting standards and methods").

(2) Of which €5,429 million in provisions for dismantling nuclear facilities, compared to €5,337 million at December 31, 2018.

The impact of unwinding discount adjustments in respect of post-employment and other long-term benefits relates to the interest expense on the benefit obligation, net of the interest income on plan assets.

The "Other" line item mainly comprises actuarial gains and losses arising on post-employment benefit obligations in 2019 that are recorded in "Other comprehensive income" as well as provisions recorded against a dismantling or site rehabilitation asset.

The different types of provisions and the calculation principles applied are described in the consolidated financial statements for the year ended December 31, 2018.

12.1 Nuclear power generation activities

Pursuant to the law of April 11, 2003, the Commission for Nuclear Provisions will perform the three-yearly review of nuclear provisions, based on the report sent to it by Group subsidiary Synatom in September 2019.

At June 30, 2019, the measurement of provisions for managing nuclear fuel processing and storage and for dismantling nuclear facilities was based on an industrial scenario and all the technical assumptions approved by the Commission for Nuclear Provisions (CPN) on December 12, 2016. The effects of new technical, financial and timing assumptions used in preparing the report are still being examined by the Group, and include in particular:

- new fees for the management and storage of high-level and/or long-lived waste, which were approved by ONDRAF, the Belgian agency for radioactive waste and enriched fissile material, on September 28, 2018, based on a strengthened technical scenario and deferred in time, as indicated in Note 20.2 to the financial statements for the year ended December 31, 2018;
- the volumes, unit prices and new planning for reprocessing operations to be applied to the mixed partial processing scenario, which should remain the base scenario, should be reviewed in light of a significantly deferred timeline for burying fuel in geological repositories and today's industrial environment;
- taking into account the lessons learned in Germany relating to dismantling costs and the latest regulatory requirements and wage indexation;
- the application, where applicable, of differentiated discount rates to take into account the special features of dismantling commitments and the back-end of the nuclear fuel cycle.

While waiting for Synatom to finalize the technical and financial report and send it to the Commission for Nuclear Provisions for approval, the Group considers that the available information is not likely to change the amount of provisions for the management of the back-end of the nuclear fuel cycle and for the decommissioning of nuclear production facilities, which continue to be measured in line with the assumptions set forth in Note 20.2 “Nuclear power generation activities” to the consolidated financial statements for the year ended December 31, 2018.

Nuclear provisions are sensitive to assumptions regarding costs, timing of operations and expenditure, as well as to discount rates. Accordingly, any change in these factors could lead to a significant change in the provisions recorded.

The sensitivity of provisions to the different assumptions is presented in Note 20.2 “Nuclear power generation activities” to the consolidated financial statements for the year ended December 31, 2018. Sensitivity is calculated on a purely financial basis, is not strictly linear and should therefore be interpreted with appropriate caution in view of the variety of other inputs – some of which may be interdependent – included in the evaluation.

12.2 Post-employment benefits and other long-term benefits

The discount rate applied to measure pension and other employee benefits is determined based on the yield, at the measurement date, on investment grade corporate bonds with maturities mirroring the term of the plan. The rates are determined for each monetary area (Eurozone and United Kingdom) based on data for AA corporate bond yields (Bloomberg and iBoxx), extrapolated on the basis of government bond yields for long maturities.

The benchmark rates at June 30, 2019, were down significantly by around 65 basis points compared with December 31, 2018. The reduction in these discount rates, combined with the other changes in market conditions, resulted in a €1.2 billion increase in provisions for post-employment and other long-term benefits at June 30, 2019.

NOTE 13 LEGAL AND ANTI-TRUST PROCEEDINGS

The Group is party to a number of legal and anti-trust proceedings with third parties or with legal and/or administrative authorities (including tax authorities) in the normal course of its business.

Legal and anti-trust proceedings are described in Note 28 to the 2018 consolidated financial statements. The developments in disputes and investigations during the first half of 2019 are presented below.

13.1 Latin America

13.1.1 Concessions in Buenos Aires and Santa Fe

In 2003, ENGIE and its joint shareholders, water distribution concession operators in Buenos Aires and Santa Fe, initiated two arbitration proceedings against the Argentinean State before the International Center for Settlement of Investment Disputes (ICSID). The purpose of these proceedings was to obtain compensation for the loss in value of investments made since the start of the concession, in accordance with bilateral investment protection treaties.

As a reminder, prior to the stock market listing of SUEZ Environnement Company, ENGIE and SUEZ (formerly SUEZ Environnement) entered into an agreement providing for the economic transfer to SUEZ of the rights and obligations relating to the ownership interests held by ENGIE in Aguas Argentinas and Aguas Provinciales de Santa Fe, including the rights and obligations resulting from the arbitration proceedings.

On April 9, 2015, the ICSID ordered the Argentinean State to pay USD 405 million in respect of the termination of the Buenos Aires water distribution and treatment concession contracts (including USD 367 million to ENGIE and its subsidiaries), and on December 4, 2015, to pay USD 225 million in respect of the termination of the Santa Fe concession contracts.

The Argentinean government and the various shareholders of Aguas Argentinas entered into and implemented a settlement agreement in accordance with the arbitral award of April 9, 2015, handed down in respect of the water distribution and treatment concession contracts in Buenos Aires. In accordance with the above-mentioned agreement concerning the economic transfer to SUEZ of ENGIE's rights and obligations, SUEZ and its subsidiaries recognized pre-tax income of €215 million (or approximately €50 million as ENGIE's share of net income from entities accounted for using the equity method). Furthermore, the December 14, 2018 ruling pertaining to the water distribution and wastewater treatment concessions granted to Aguas Provinciales de Santa Fe has yet to be applied.

13.2 France excluding Infrastructures

13.2.1 Withholding tax

In their tax deficiency notice dated December 22, 2008, the French tax authorities questioned the tax treatment of the non-recourse sale by SUEZ (now ENGIE) of a withholding tax (*précompte*) receivable in 2005 for an amount of €995 million (receivable relating to the *précompte* paid in respect of the 1999-2003 fiscal years). In May 2016, the French tax authorities issued an assessment notice for part of the resulting corporate income tax in an amount of €89.6 million. ENGIE paid this sum and filed an application to institute proceedings before the Montreuil Administrative Court in July 2017. The Court handed down a judgment in ENGIE's favor in April 2019, and the amounts previously paid were reimbursed. The time limit for appeal has not yet expired.

Regarding the dispute over the *précompte* itself, on February 1, 2016, the *Conseil d'État* dismissed the appeal before the Court of Cassation seeking the repayment of the *précompte* in respect of the 1999, 2000 and 2001 fiscal years, and the cases seeking the repayment of the *précompte* in respect of the 2002, 2003 and 2004 fiscal years are still pending before the courts of appeal.

Furthermore, after ENGIE and several French groups lodged a complaint, on April 28, 2016, the European Commission issued a reasoned opinion to the French State as part of infringement proceedings, setting out its view that the *Conseil d'État* did not comply with European Union law when handing down decisions in disputes regarding the *précompte*, such as those involving ENGIE. On July 10, 2017, the European Commission referred the matter to the Court of Justice of the European Union (CJEU) on the grounds of France's failure to comply. On October 4, 2018, the Court of Justice of the European Union ruled partially in favor of the European Commission. Following this decision, France must revisit its methodology in order to determine the *précompte* repayment amounts in closed and pending court cases.

13.3 France Infrastructures

13.3.1 Commissioning

In the dispute between GRDF and various gas suppliers, in a decision dated June 2, 2016, overturning a decision handed down in September 2014 by the Energy Regulatory Commission (*Commission de la Régulation de l'Énergie* – CRE)'s Standing Committee for Disputes and Sanctions (*Comité de règlement des différends et des sanctions* – CoRDiS), the Paris Court of Appeal ruled that the transmission services delivered to suppliers should be, and should have been since the market was opened up, delivered to end customers. Prior to these rulings, only distributors provided delivery services to end customers in exchange for payment from the suppliers for customer management services, as there was only one contract.

Because the supplier now also provides customer management services associated with natural gas transmission on the distributors' behalf, the supplier has become the intermediary between the distributor and the end customer for delivery and transmission services. The contractual relations have therefore been completely reorganized, and as a result (i) the risk of unpaid compensation for the “transmission” part of the agreement with the end customer would henceforth be borne by the grid manager and not the gas supplier; (ii) the compensation for customer management services related to transmission and distribution services provided by the supplier on behalf of the grid manager should be fair and commensurate with the grid manager's cost savings. The Paris Court of Appeal ordered GRDF to bring its transmission agreements into compliance with these principles and ordered the CoRDiS to evaluate the amount of the customer management services. GRDF appealed the decision handed down by the Court of Appeal before the Court of Cassation.

In March 2018, the Court of Cassation referred the case to the Court of Justice of the European Union (CJEU), asking it to rule as to whether the CoRDiS could apply these rulings retroactively under European law. The CJEU's attorney general submitted his conclusions in May 2019. GRDF awaits the CJEU ruling, which could be handed down in the third quarter of 2019. There could also be a ruling from the Court of Cassation before the end of 2019, following the CJEU ruling.

In June 2018 the CoRDiS, which has been tasked by the Court of Appeal to evaluate the amount of the customer management services, instructed GRDF to propose to Direct Energie and ENI a new addendum providing for compensation based on the pricing terms established by the CRE in its decisions of October 2017 and January 2018. Both GRDF on the one hand and Direct Energie and ENI on the other have appealed the ruling before the Paris Court of Appeal. GRDF disputes the compensation paid in the past, and in particular asserts that the supplier has already passed on the corresponding amounts to the end customers. A decision may be handed down during the second half of 2019.

Because in 2016 the Paris Court of Appeal considered that ENI had not requested retrospective compensation (its requests prior to 2016 referred only to the future), ENI lodged a claim with the CoRDiS in March 2017 seeking retroactive compensation (€87.8 million for the period from 2008 to 2016) for customer management services. The CoRDiS handed down its decision in July 2019 dismissing ENI's request. ENI has one month in which to appeal this decision before the Paris Court of Appeal.

In May 2017, **Direct Energie** also lodged a claim with the Paris Commercial Court for abuse of a dominant position and material inequality in the contractual obligations provided for in the transmission agreements, initially seeking €89.5 million euros in damages for the period from 2009 to 2016. This claim has since been raised to €140 million. This is a claim for indemnification, unlike the claims before the CoRDiS, which are seeking compensation for customer management services in respect of distribution services.

The Paris Commercial Court handed down a decision in January 2019, ordering GRDF to pay Direct Energie €17 million.

GRDF and Direct Energie have appealed this decision and filed their preliminary submissions in June 2019.

Regarding the customer management services carried out on behalf of the grid manager in the electricity sector (in this case ERDF, now ENEDIS), following proceedings brought by ENGIE, in a decision of July 13, 2016, the *Conseil d'État* also ruled that the same principle whereby the grid manager pays compensation to the supplier should apply. In the same decision, the *Conseil d'État* denied the CRE the right to set a customer threshold beyond which the compensation would not be payable, which hitherto prevented ENGIE from receiving any compensation. In light of this decision, ENGIE brought an action against ENEDIS with the purpose of obtaining payment for these customer management services. The legislature has adopted a decision that retroactively validates the agreements entered into with ENEDIS and precludes any request for compensation for unpaid customer management services. In a decision handed down on April 19, 2019, the Constitutional Court ruled that this provision was constitutional. The proceedings against ENEDIS are still underway. ENGIE had also brought action before the *Conseil d'État* against the CRE's decision of October 26, 2017 in respect of the compensation for customer management services in the electricity sector for the period prior to January 1, 2018, but has just withdrawn from the proceedings.

13.4 Rest of Europe

13.4.1 Resumption and extension of operations at the nuclear power plants

Various associations have brought actions before the Constitutional Court, the *Conseil d'État* and the ordinary courts against the laws and administrative decisions authorizing the extension of operations at the Doel 1 and 2 and Tihange 1 plants. The Brussels Court of Appeal dismissed Greenpeace's claims in a decision dated June 12, 2018. As for the action brought before the Constitutional Court, on June 22, 2017 the Court referred the case to the Court of Justice of the European Union (CJEU) for a preliminary ruling. The CJEU delivered its ruling on July 29, 2019 and it is now being examined. The other actions are still pending.

13.5 Others

13.5.1 United Kingdom – State aid investigation regarding Gibraltar

On October 7, 2016, the European Commission announced its decision to open a state aid investigation against the United Kingdom with regard to Gibraltar's tax system. The decision covered Gibraltar's tax ruling practices and cited 165 tax rulings, which could constitute State aid. One of the rulings was obtained by a subsidiary of International Power Ltd in 2011 in connection with the dismantling of a facility in Gibraltar. ENGIE appealed this decision on November 25, 2016. In its final decision issued on December 19, 2018, the European Commission concluded that only five rulings constituted illegal State aid, which essentially excludes the ruling obtained by International Power Ltd. Consequently, the risk previously mentioned no longer exists.

NOTE 14 RELATED PARTY TRANSACTIONS

The related party transactions described in Note 25 to the 2018 consolidated financial statements have not changed significantly at the end of June 2019.

The public service contract between the French State and ENGIE ended on December 31, 2018, and a report on its execution was sent to the Government.

NOTE 15 SUBSEQUENT EVENTS

No significant subsequent events have occurred since the closing of the accounts at June 30, 2019.

04 STATEMENT BY THE PERSON RESPONSIBLE FOR THE FIRST-HALF FINANCIAL REPORT

I hereby certify that, to the best of my knowledge, the condensed interim consolidated financial statements for six months ended June 30, 2019 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and net income or loss of the Company and all the entities included in the consolidation, and that the interim management report presents a fair view of the significant events of first-half 2019, their impact on the interim financial statements, the main related party transactions and describes the main risks and uncertainties to which the Group is exposed for the second half of 2019.

Courbevoie, July 29, 2019

The Chief Executive Officer

Isabelle Kocher

05 STATUTORY AUDITORS' REVIEW REPORT ON THE FIRST-HALF FINANCIAL INFORMATION

This is a free translation into English of the statutory auditors' review report on the half-year financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-year management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by your General Shareholder's Meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code ("Code monétaire et financier"), we hereby report to you on:

- The review of the accompanying condensed half-yearly consolidated financial statements of ENGIE, for the period from January 1st to June 30, 2019,
- The verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements were prepared under the responsibility of ENGIE's board of directors. Our role is to express a conclusion on these financial statements based on our review

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France. Consequently, the level of assurance we obtain about whether the condensed half-year consolidated financial statements taken as a whole, are free of material misstatements is moderate, and lower than that obtained in an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the matter set out in note 1 relating to the change in accounting standards and impacts related to the first application of IFRS 16 "*Leases*" effective since January 1, 2019.

2. Specific Verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris-La Défense, July 30, 2019

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES		**ERNST & YOUNG et Autres**	
Patrick E. Suissa	Olivier Broissand	Charles-Emmanuel Chosson	Stéphane Pédron

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