

1 SUMMARY OF THE GROUP'S RESULTS

After implementing its new organizational structure on January 1, 2016, ENGIE is rolling out its strategy to become the world energy transition leader.

Although the Group continues to face a complex macro-economic and market environment, notably characterized by significant commodity price volatility, its results for 2016 are strong and are already benefiting from the positive impact of the Lean 2018 performance program.

Revenues fell by 4.6% on a reported basis to €66.6 billion compared with 2015 (down by 4.0% on an organic basis), impacted by highly unfavorable exchange rate effects (€725 million negative impact) chiefly related to the pound sterling and Brazilian real, partially offset by the positive impact of changes in the scope of consolidation (€210 million positive impact). Besides these impacts, this decrease is mainly attributable to lower commodity prices which impacted the LNG and gas midstream activities, gas and electricity retail businesses, exploration-production, and power generation businesses, but only partially affected margins. The decrease was partially offset by the effect of slightly colder than average temperatures in France in 2016 compared with a warm 2015.

EBITDA⁽¹⁾ amounted to €10.7 billion, down 5.2% on a reported basis and 2.7% on an organic basis. The decrease on a reported basis is due to the impact of changes in the scope of consolidation (€151 million negative impact) mainly relating to the disposal of the merchant hydropower generation assets in the United States and to an unfavorable exchange rate effect chiefly related to the Norwegian krone, Brazilian real and pound sterling. In 2016, on an organic basis, EBITDA benefited from the restart of the Doel 3, Tihange 2 and Doel 1 nuclear power plants in Belgium in December 2015, the first effects of the Lean 2018 performance program, the favorable temperature effect in France, and the impact of commissioning of assets. These items only partially offset the continued decline in commodity prices.

Current operating income after share in net income of entities accounted for using the equity method decreased by 2.4% on a reported basis and increased by 1.6% on an organic basis to €6.2 billion. The organic decrease in EBITDA was offset by the positive effect of lower depreciation and amortization charges as a result of impairment losses recorded at end-2015 and the impact of reclassifying the portfolio of merchant power generation assets in the United States as assets held for sale in 2015.

Net income/(loss) Group share represented a net loss of €0.4 billion in 2016, up €4.2 billion on the previous year. It includes (i) lower net of tax impairment losses than in 2015, (ii) a positive change in the fair value of hedging contracts related to electricity and gas purchases and sales, (iii) gains on the partial disposal of Transmisora Eléctrica del Norte (TEN) in Chile, the disposal of the Paiton power plants in Indonesia and Meenakshi power plants in India, the disposal of available-for-sale securities (Transportadora de Gas del Perú (TgP) in Peru and Ores Assets in Belgium) and (iv) the impact of the reduction in the corporate income tax rate in France in 2020 introduced by the 2017 French Finance Law. These items were partially offset by the negative impact of a decrease in the discount rate applied to provisions for the back-end of the nuclear fuel cycle, and an increase in restructuring costs related mainly to the closure of plants in Australia, France, Belgium and the United Kingdom.

Net recurring income Group share amounted to €2.5 billion, a decrease of €0.1 billion compared with 2015, in line with the decline in current operating income after share in net income of entities accounted for using the equity method.

Cash flow from operations (CFFO) amounted to €9.7 billion, broadly stable compared to 2015 despite the decrease in cash generated from operations before income tax and working capital requirements.

Net debt stood at €24.8 billion, down €2.9 billion compared with net debt at December 31, 2015, mainly due to cash flow from operations (€9.7 billion) and the initial effects of the portfolio rotation program (€4.0 billion), and particularly (i) the disposal of the merchant hydropower generation assets portfolio in the United States, (ii) the disposal of thermal power generation assets in Indonesia and India, (iii) the disposal of wind farms operated by Maïa Eolis to Futures Energies

(1) Data at December 31, 2016 are presented according to the Group's new EBITDA definition. This now excludes the non-recurring portion of the net income of entities accounted for using the equity method, which amounted to €12 million in 2015.

Investissements Holding (FEIH), a 50/50 joint venture with Crédit Agricole Assurances, (iv) the disposal of available-for-sale securities (Ores Assets in Belgium and TgP in Peru) and (v) the partnership established as part of the TEN project, which led to the disposal of 50% of the holding in TEN in Chile. These items were partially offset by (i) gross investments in the period (€7.3 billion), (ii) and dividends paid to ENGIE SA shareholders (€2.4 billion) and to non-controlling interests (€0.5 billion).

2 OUTLOOK

Since 2016, the Group is committed to a 3 year transformation plan aiming at creating value and at improving the Group's risk profile. This plan which is very well advanced today, is based on **3 main programs**:

- the **portfolio rotation program** (€15 billion net debt impact targeted over 2016-2018). The Group has announced to date **€8.0 billion of disposals** (i.e. more than 50% of total program), of which **€7.2 billion already finalized today**;
- the **investment program** (€16 billion⁽¹⁾ growth capex over 2016-2018), of which €4.7 billion⁽²⁾ are already invested at end December 2016;
- the **performance plan Lean 2018**. Thanks to significant progress made, the Group decides to raise **its objective 2018 by 20%**, i.e. **€1.2 billion of net gains** recorded at EBITDA level by 2018. At end December 2016, €530 million of net gains at EBITDA were achieved, which is higher than the annual 2016 target of €500 million.

For 2017⁽³⁾, the Group anticipates **a net recurring income Group share between €2.4 and €2.6 billion, in strong organic growth compared to 2016**. This guidance is based on an estimated range for EBITDA of €10.7 to 11.3 billion, **also growing strongly organically**.

For the 2017-2018 period, the Group anticipates:

- a **net debt/EBITDA ratio** below or equal to 2.5x; and
- an «A» category credit rating.

For fiscal year **2016**, the Group confirms the payment of a €1 per share dividend, payable in cash.

For fiscal years **2017 and 2018**, the Group commits to pay a €0.70 per share dividend per year, payable in cash.

(1) To date, including the disposal of US thermal merchant assets in February 2017.

(2) Including capex on innovation and digital.

(3) These targets and indication assume average weather conditions in France, full pass through of supply costs in French regulated gas tariffs, and unchanged Group accounting principles for supply and logistic gas contracts, no significant regulatory and macro-economic changes, commodity price assumptions based on market conditions as of December 31, 2016 for the non-hedged part of the production, and average foreign exchange rates as follows for 2017: €/€: 1.07; €/BRL: 3.54. These financial objectives include the impact of the Belgian nuclear contribution on EBITDA but do not consider significant impacts on disposals not already announced.

3 CONSOLIDATED REVENUES AND EARNINGS

<i>In millions of euros</i>	Dec. 31, 2016	Dec. 31, 2015	% change (reported basis)	% change (organic basis)
Revenues	66,639	69,883	-4.6%	-4.0%
EBITDA	10,689	11,274	-5.2%	-2.7%
Net depreciation and amortization/Other	(4,517)	(4,947)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	6,172	6,326	-2.4%	+1.6%

Consolidated **revenues** for the year ended December 31, 2016 amounted to €66.6 billion, down 4.6% compared with the previous year. On an organic basis (excluding the impact of changes in the scope of consolidation and exchange rates), revenues fell by 4.0%.

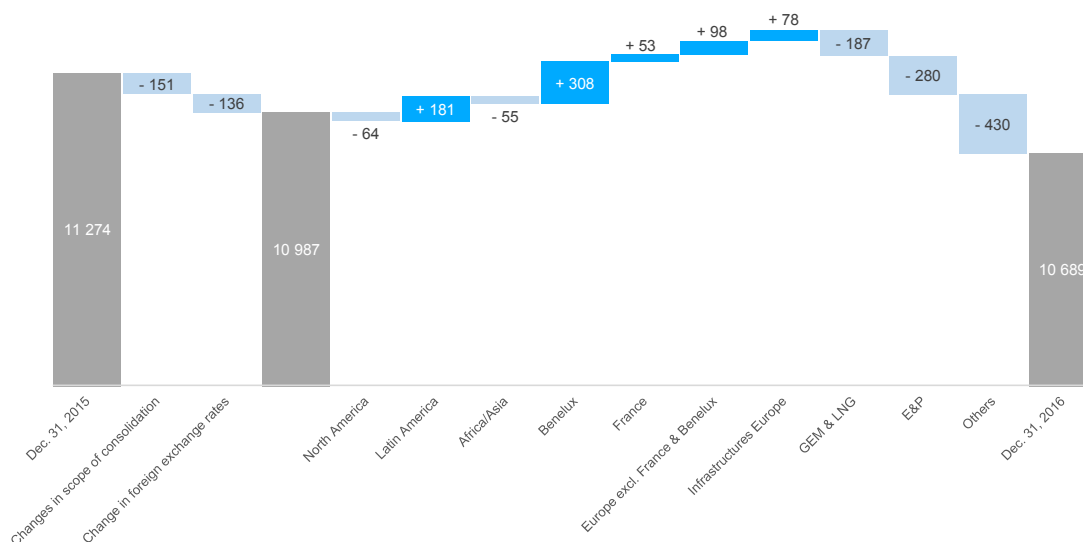
Changes in the scope of consolidation had a net positive €210 million impact resulting from (i) acquisitions made in 2015 and 2016 for €612 million, mainly OpTerra Energy Services in the United States (€241 million) and services companies operating in Australia and New Zealand (€137 million), (ii) disposals or deconsolidation of business activities in 2015 or 2016 for €402 million, including the disposal of the retail businesses in Hungary (€209 million negative impact) and merchant hydropower generation assets in the United States (€88 million negative impact). Exchange rates had a negative impact of €725 million on Group revenues, mainly reflecting the appreciation of the euro against the pound sterling, Brazilian real, Mexican peso and Norwegian krone.

Organic revenue performance was severely affected by lower commodity prices in the gas and LNG midstream, retail, exploration-production and power generation activities. Although these price effects had a significant impact on revenues, their impact on margins was more limited, particularly in the retail businesses. As a result, organic revenue for the Group's segments was up in Infrastructures Europe, Benelux, and Europe excluding France & Benelux, stable in France, Latin America and North America, down slightly in the Other segment, and down significantly in Africa/Asia, E&P and GEM & LNG.

EBITDA declined by 5.2% to €10.7 billion over the year. Excluding the impact of changes in the scope of consolidation and exchange rates, EBITDA decreased by 2.7%.

EBITDA TRENDS

In millions of euros



Changes in the scope of consolidation had a negative €151 million impact on EBITDA and chiefly resulted from the disposal of merchant hydropower generation assets in the United States, coupled with the impact of the disposal or recognition as assets held for sale of some entities accounted for using the equity method. Changes in exchange rates had a negative €136 million impact, mainly due to the appreciation of the euro against the Norwegian krone, Brazilian real and pound sterling.

On an organic basis, EBITDA was down 2.7%, or €298 million. It benefited from the positive impact of (i) the effects of the Lean 2018 performance program, (ii) the restart of the Doel 3, Tihange 2 and Doel 1 nuclear power plants in Belgium in December 2015, (iii) a positive temperature effect in France, (iv) the favorable impact of a provision reversal (in the Latin America segment), and (v) the commissioning of assets in the Latin America, Africa/Asia and E&P segments. However, these positive impacts only partially offset (i) negative price effects, mainly in the exploration-production, midstream gas and LNG, and power generation businesses, (ii) the impact of positive one-off items recognized in 2015, and (iii) unfavorable volume effects, particularly in the exploration-production and storage businesses in France.

Organic EBITDA performance varied significantly between segments:

- EBITDA for North America and Africa/Asia was down due to unfavorable price effects affecting margins of power generation assets (notably in North America, Thailand, Singapore and India), and the lower availability of coal assets in Australia. These impacts were partially offset by good cost control and the favorable impact of commissioning assets in South Africa;
- EBITDA for Latin America was up sharply on an organic basis, driven by the commissioning of the Mayakan gas pipeline extension in Mexico, the Quitaracsa and Nodo Energetico power generation assets in Peru and the full commissioning of the Jirau hydroelectric power plant in Brazil. Brazil also benefited from the favorable impact of a provision reversal;

- EBITDA for Benelux was up sharply, driven by the positive impact of the restart of the Doel 3, Tihange 2 and Doel 1 nuclear power plants at end-2015, which was partially offset by the deterioration in EBITDA from the services business, particularly in Oil & Gas;
- EBITDA for France improved due to a positive temperature effect on gas sales, a rise in electricity volumes sold, and a good performance in the network business. These increases were partially offset by the fall in electricity prices captured by the hydro generation business and difficulties in gas sales to business customers;
- growth in EBITDA in Europe excluding France and Benelux was driven by an improved performance from services (particularly in the United Kingdom) and from energy sales in Italy, partially offset by the adverse impact of new gas distribution tariffs in Romania;
- EBITDA for Infrastructures Europe increased due to the positive temperature effect and tariff increases in distribution and transportation;
- EBITDA for the GEM & LNG segment declined due to greater revisions to gas supply conditions in 2015 than in 2016 and the discontinuance of shipments from Yemen since April 2015;
- EBITDA for exploration-production activities was down due to the fall in the market prices of oil and gas, coupled with a decrease in hydrocarbon production due notably to the outages at Njord and Hyme since June 2016;
- EBITDA for the Other segment was down on an organic basis mainly due to the positive impact of one-off items recorded in 2015 and a contraction in engineering activities, which were only partially offset by a good operating performance from thermal power generation activities in Europe.

Current operating income after share in net income of entities accounted for using the equity method amounted to €6.2 billion, up 1.6% on an organic basis compared with 2015. Changes in this indicator for each segment reflect EBITDA trends, plus the positive impact of reduced depreciation and amortization charges as a result of the impairment losses recorded at end-2015 and the impact of reclassifying the portfolio of merchant power generation assets in the United States as assets held for sale.

4 REPORTABLE SEGMENT BUSINESS TRENDS

4.1 North America

<i>In millions of euros</i>	Dec. 31, 2016	Dec. 31, 2015	% change (reported basis)	% change (organic basis)
Revenues	3,814	3,673	+3.9%	-0.5%
EBITDA	475	633	-25.0%	-11.8%
Net depreciation and amortization/Other	(45)	(300)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	430	332	+29.4%	+61.3%

Revenues for the North America segment totaled €3,814 million, up 3.9% on a reported basis. Revenues were down 0.5% on an organic basis due to lower generation volumes and prices, partly mitigated by higher retail volumes. The change on a reported basis also factored in the scope impact of the acquisition of OpTerra Energy Services in February 2016 and the disposal of the merchant hydropower generation assets in June 2016.

Electricity sales decreased by 2.9 TWh to 65.8 TWh due to lower US generation volumes, primarily a consequence of weaker wholesale commodity prices, but were also impacted by the disposal mentioned above. US retail sales volumes increased, offsetting some of the reduction in generation volumes.

EBITDA totaled €475 million, down 25.0% on a reported basis but down only 11.8% organically. The organic decline resulted primarily from lower margins in the US generation business, partly mitigated by a stronger performance in the US retail business coupled with cost savings. The segment's reported results were negatively impacted by the disposal of the merchant hydropower generation assets and the reclassification of some entities accounted for using the equity method as assets held for sale.

Current operating income after share in net income of entities accounted for using the equity method amounted to €430 million, up 29.4% on a reported basis and up 61.3% on an organic basis, due to the positive impact on depreciation and amortization of both the accounting treatment of assets held for sale and the impairment losses recognized in 2015.

4.2 Latin America

<i>In millions of euros</i>	Dec. 31, 2016	Dec. 31, 2015	% change (reported basis)	% change (organic basis)
Revenues	4,075	4,197	-2.9%	+0.2%
EBITDA	1,696	1,563	+8.5%	+12.0%
Net depreciation and amortization/Other	(412)	(388)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	1,284	1,175	+9.3%	+13.2%

Revenues for the Latin America segment totaled €4,075 million, representing a 2.9% decrease on a reported basis, impacted by the depreciation of the Brazilian real and Mexican peso, and a 0.2% organic increase.

In Brazil, the impact of inflation on average prices under bilateral agreements failed to offset the impact of the very high spot prices which had boosted 2015 performance. Peru trended upwards thanks to the commissioning of the Quitaracsa hydroelectric power plant (October 2015) and the Nodo Energetico thermal power plant (October 2016). Mexico was positively impacted by the commissioning of the Mayakan gas pipeline extension (April 2015) and by distributed gas volumes and tariff increases. In Chile, the decrease in commodity prices affected selling prices.

Electricity sales decreased by 0.7 TWh to 59.3 TWh and gas sales increased by 3.9 TWh to 30.4 TWh.

EBITDA totaled €1,696 million, an increase of 8.5% on a reported basis and 12% on an organic basis, despite the negative impact of the depreciation of the Brazilian real and Mexican peso. The 12% organic growth was due to the positive impact of a provision reversal in Brazil, and by a stronger performance in Peru and Mexico, partially offset by weaker results in Chile.

Current operating income after share in net income of entities accounted for using the equity method amounted to €1,284 million, up 13.2% on an organic basis primarily due to the EBITDA improvement.

4.3 Africa/Asia

In millions of euros	Dec. 31, 2016	Dec. 31, 2015	% change (reported basis)	% change (organic basis)
Revenues	3,804	4,244	-10.4%	-12.1%
EBITDA	1,162	1,237	-6.0%	-4.5%
Net depreciation and amortization/Other	(239)	(265)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	923	972	-5.1%	-1.7%

Revenues for the Africa/Asia segment totaled €3,804 million, down 10.4% on a reported basis and 12.1% organically. In respect of changes in the scope of consolidation, the contribution of the Australian and New Zealand services activities acquired at end-2015 more than offset the negative foreign exchange impact, mainly due to the strengthening of the euro against the Thai baht and Turkish lira as well as the impact of the sale of the Meenakshi coal-fired power plant in India in September 2016. The organic decline resulted from a combination of lower generation volumes and reduced cost pass-through (gas and coal costs to electricity sale prices) in Thailand and Turkey.

Electricity sales decreased by 3.8 TWh to 51 TWh, with reduced volumes in Thailand and Australia.

EBITDA totaled €1,162 million, down 6.1% on a reported basis and 4.6% organically, mainly reflecting the reduced availability of the coal-fired assets in Australia and lower margins in Thailand, Singapore and India, partially offset by cost savings achieved under the Lean 2018 performance program and by the power generation assets commissioned in South Africa (Avon, West Coast and Dedisa).

Current operating income after share in net income of entities accounted for using the equity method amounted to €923 million, down 1.7% on an organic basis primarily for the same reasons as those given above for EBITDA. It was also favorably impacted by lower depreciation and amortization charges due to the impairment losses recognized at end-2015.

4.4 Benelux

In millions of euros	Dec. 31, 2016	Dec. 31, 2015	% change (reported basis)	% change (organic basis)
Revenues	9,044	8,732	+3.6%	+3.4%
EBITDA	755	445	+69.5%	+69.2%
Net depreciation and amortization/Other	(383)	(354)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	371	91	NA	NA

Revenues for the Benelux segment amounted to €9,044 million, up 3.6% on a reported basis and 3.4% on an organic basis compared to 2015. This rise reflects the restart of the Doel 1, Doel 3 and Tihange 2 nuclear power plants at the end of 2015. It was partly offset by a decrease in selling prices (no margin impact) on the gas retail business and by the fall in revenues from services businesses, notably in the Oil & Gas business.

Electricity sales in Belgium and Luxembourg were up 9.0 TWh, mainly due to increased availability of nuclear power plants. The retail market share in Belgium remained stable at 46%. Electricity sales in the Netherlands edged up 1.1 TWh.

Natural gas sales in Benelux totaled 49.2 TWh, an increase of 2.2 TWh compared to 2015. The retail market share in Belgium remained stable at 43%.

Despite the decline in the services businesses, **EBITDA** was up sharply by 69.5% to €755 million on a reported basis, driven by the restart of three nuclear power plants at the end of 2015 and by cost savings resulting from the Lean 2018 performance program.

Current operating income after share in net income of entities accounted for using the equity method increased in line with EBITDA.

4.5 France

<i>In millions of euros</i>	Dec. 31, 2016	Dec. 31, 2015	% change (reported basis)	% change (organic basis)
Revenues	20,332	20,248	+0.4%	+0.2%
EBITDA	1,315	1,274	+3.2%	+4.3%
Net depreciation and amortization/Other	(620)	(565)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	695	709	-1.9%	+2.8%

Volumes sold

<i>In TWh</i>	Dec. 31, 2016	Dec. 31, 2015	% change (reported basis)
Gas sales	154.1	150.1	+2.7%
Electricity sales	56.9	50.9	+11.8%

France climatic adjustment

<i>In TWh</i>	Dec. 31, 2016	Dec. 31, 2015	Total change in TWh
Climate adjustment volumes (negative figure = warm climate, positive figure = cold climate)	2.2	(6.6)	+8.8

Revenues for the France segment amounted to €20,332 million, up slightly by 0.4% on a reported basis and by 0.2% organically. The increase was driven by growth in electricity sales to both BtoB and BtoC customers coupled with a positive temperature effect on gas sales, partially offset by a decrease in the number of customers and in selling prices.

Natural gas sales were up 4.0 TWh, comprising a positive 8.8 TWh temperature effect and a negative 4.8 TWh impact from the loss of customers due to competitive pressure. ENGIE holds around 74% of the BtoC market and around 25% of the BtoB market. Electricity sales were up 6.0 TWh compared to 2015 and continued to advance in terms of sales to end customers (up 2.1 TWh), sales to business customers (up 2.5 TWh) and production of renewable energy (up 1.4 TWh).

EBITDA amounted to €1,315 million, up 4.3% on an organic basis, led by a good performance from the heating networks business and BtoB services, a rise in electricity volumes sold to BtoB and BtoC customers and in power renewable generation, as well as good cost control. These impacts were partly offset by the fall in prices and volumes of gas sold to business customers.

Current operating income after share in net income of entities accounted for using the equity method amounted to €695 million, up 2.8% on an organic basis in line with organic EBITDA growth.

4.6 Europe excluding France and Benelux

In millions of euros	Dec. 31, 2016	Dec. 31, 2015	% change (reported basis)	% change (organic basis)
Revenues	8,118	8,491	-4.4%	+1.9%
EBITDA	612	559	+9.5%	+19.2%
Net depreciation and amortization/Other	(202)	(218)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	410	341	+20.2%	+36.4%

Revenues for the Europe excluding France and Benelux segment totaled €8,118 million, down 4.4% on a reported basis reflecting the foreign exchange impact (mainly due to the depreciation of the pound sterling) combined with the disposal of retail activities in Hungary in September 2015. Revenues were up 1.9% organically, mainly due to favorable weather conditions in Romania which more than offset the lower gas distribution tariffs in Romania, coupled with growth in revenues from the services business.

Electricity sales were up 1.1 TWh to 29.1 TWh. Gas sales fell by 6.3 TWh to 68.2 TWh, mainly due to the disposal of the retail activities in Hungary.

EBITDA totaled €612 million, representing an organic increase of 19.2%. This growth was driven mainly by the positive impacts of the Lean 2018 performance program, an increase in margins on services business in the United Kingdom, and improved performance in the energy retail business in Italy, partially offset by the fall in gas distribution tariffs in Romania.

Current operating income after share in net income of entities accounted for using the equity method rose 36.4% to €410 million on an organic basis in line with organic EBITDA growth.

4.7 Infrastructures Europe

In millions of euros	Dec. 31, 2016	Dec. 31, 2015	% change (reported basis)	% change (organic basis)
Revenues	3,267	3,027	+8.0%	+8.1%
Total revenues (incl. intra-group transactions)	6,762	6,585	+2.7%	
EBITDA	3,459	3,381	+2.3%	+2.3%
Net depreciation and amortization/Other	(1,390)	(1,327)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	2,068	2,054	+0.7%	+0.6%

Total **revenues** for the Infrastructures Europe segment, including intra-Group transactions, amounted to €6,762 million, up 2.7% on 2015, reflecting:

- the annual review in France of distribution infrastructure access tariffs (3.9% increase on July 1, 2015 and 2.8% increase on July 1, 2016) and of transport infrastructure access tariffs (2.5% increase on April 1, 2015 and 4.6% increase on April 1, 2016);
- a favorable temperature effect⁽¹⁾.

Despite:

- lower storage capacity sales in France;

(1) A 12.2 TWh decrease due to the mild conditions in 2015 and a 4 TWh increase due to the colder conditions in 2016, representing a €114 million increase in revenues calculated at €7/MWh.

- the decrease in gas purchases and sales to maintain technical performance of the storage facilities (low summer/winter spreads).

The contribution to Group revenues was €3,267 million, up 8.0% on 2015. The improved contribution essentially reflects the growth in distribution and transportation activities for third parties and the positive impact of tariff increases.

EBITDA amounted to €3,459 million, up 2.3% on the previous year due to growth in revenues.

Current operating income after share in net income of entities accounted for using the equity method came in at €2,068 million for the period, up 0.7% on 2015, with a rise in net depreciation and amortization charges resulting from new assets commissioned by GRTgaz and GRDF in 2015.

4.8 GEM & LNG

<i>In millions of euros</i>	Dec. 31, 2016	Dec. 31, 2015	% change (reported basis)	% change (organic basis)
Revenues	8,981	11,320	-20.7%	-20.5%
EBITDA	3	196	-98.3%	-98.3%
Net depreciation and amortization/Other	(77)	(86)		
CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	(74)	110	NA	NA

Global Energy Management (GEM) and LNG's contribution to Group **revenues** in 2016 amounted to €8,981 million, down 20.7% compared to 2015. This decrease was mainly due the drop in commodity prices in Europe and Asia since 2015.

External LNG sales were stable at 81 TWh, representing 108 cargoes.

EBITDA was down on 2015 to €3 million, due mostly to the recognition of profits relating to the revised gas supply conditions introduced in 2015, which were higher than in 2016, and to the discontinuance of shipments from Yemen as from April 2015. The impacts were partially offset by LNG sale opportunities in Asia in the fourth quarter of 2016 and by the significant gains generated as a result of the Lean 2018 performance program.

The business incurred a **current operating loss after share in net income of entities accounted for using the equity method** of €74 million in 2016, representing a deterioration on both a reported and organic basis, in line with EBITDA.

4.9 E&P

<i>In millions of euros</i>	Dec. 31, 2016	Dec. 31, 2015	% change (reported basis)	% change (organic basis)
Revenues	1,799	2,242	-19.8%	-17.8%
EBITDA	1,198	1,514	-20.9%	-18.9%
Net depreciation and amortization/Other	(662)	(969)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	536	546	-1.8%	-0.2%

The contribution of E&P to Group **revenues** amounted to €1,799 million in 2016, down 19.8% on a reported basis and 17.8% on an organic basis, mainly due to the slump in oil and gas prices and a 2.8 Mbep decrease in total hydrocarbon production (56.3 Mbep in 2016 versus 59.1 Mbep in 2015), due to outages at Njord and Hyme in Norway in early June, partially offset by a good performance from other assets and the final impacts of the commissioning of Gudrun. Exchange rate differences account for the remainder of the reported decrease in revenues.

EBITDA amounted to €1,198 million, down 20.9% on a reported basis or 18.9% on an organic basis, in line with revenue trends. The decline in EBITDA was partially offset by a sharp decrease in extraction and exploration costs.

Current operating income after share in net income of entities accounted for using the equity method amounted to €536 million in 2016, down 1.8% on a reported basis and down 0.2% on an organic basis, as the decrease in EBITDA was largely offset by lower depreciation and amortization charges due to the impairment losses recorded at end-2015 and by lower charges in respect of pre-capitalized exploration costs.

4.10 Other

<i>In millions of euros</i>	Dec. 31, 2016	Dec. 31, 2015	% change (reported basis)	% change (organic basis)
Revenues	3,405	3,710	-8.2%	-6.7%
EBITDA	15	472	-96.9%	-92.4%
Net depreciation and amortization/Other	(487)	(476)		
CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	(472)	(4)	NA	NA

The Other segment comprises the activities of the Generation Europe, Tractebel and GTT business units, as well as the Group's holding and corporate activities, which notably include the entities centralizing the Group's financing requirements, Solairedirect's business and the equity-accounted contribution of SUEZ.

Revenues amounted to €3,405 million, down 8.2% on a reported basis and down 6.7% organically. The negative foreign exchange impact relating to the pound sterling was partially offset by the positive contributions from newly-consolidated acquisitions, including Solairedirect. The organic decrease was mainly due to the closure of the coal-fired power plants at Rugeley (1 GW) in early June 2016 and Gelderland (0.6 GW) at end-2015 and the Twinerg gas-fired power plant (0.4 GW) in June 2016.

Electricity sales amounted to 21.6 TWh, representing a decrease of 0.5 TWh compared to 2015. The closures of Rugeley, Gelderland and Twinerg were offset by an increase in production mainly at the gas-fired power plants in the Netherlands.

EBITDA amounted to €15 million, down on both a reported and organic basis compared to 2015, due to the positive one-off items recorded in 2015 (including damages and late payment interest received in relation to two coal-fired power plant projects in Germany and the Netherlands) and a contraction in Tractebel's engineering business, notwithstanding an improved performance from thermal power generation activities due notably to the commissioning of Wilhelmshaven in October 2015.

Current operating loss after share in net income of entities accounted for using the equity method was €472 million for the period, representing a deterioration on both reported and organic basis, in line with EBITDA trends.

5 OTHER INCOME STATEMENT ITEMS

<i>In millions of euros</i>	Dec. 31, 2016	Dec. 31, 2015	% change (reported basis)
Current operating income after share in net income of entities accounted for using the equity method	6,172	6,326	-2.4%
Mark to market on commodity contracts other than trading instruments	1,254	(261)	
Impairment losses	(4,192)	(8,748)	
Restructuring costs	(476)	(265)	
Changes in scope of consolidation	544	(46)	
Other non-recurring items	(850)	(248)	
Income/(loss) from operating activities	2,452	(3,242)	NA
Net financial income/(loss)	(1,380)	(1,547)	
Income tax expense	(909)	(324)	
NET INCOME/(LOSS)	163	(5,113)	NA
o/w net income/(loss) Group share	(415)	(4,617)	
o/w non-controlling interests	579	(496)	

Income from operating activities amounted to €2,452 million, up compared to 2015 due mainly to (i) lower impairment losses compared to the previous year, (ii) the positive impact of the change in fair value of commodity derivatives, and (iii) gains on disposals of assets and available-for-sale securities, partially offset by (iv) the fall in current operating income after share in net income of companies accounted for using the equity method, and (v) by the recognition of additional costs relating to the three-yearly revision of nuclear provisions in Belgium, to the dismantling and rehabilitation of the Hazelwood power plant and adjacent coal mine in Australia, and to restructuring plans initiated by the Group under its transformation program.

In 2016, the Group recognized impairment losses of €1,690 million against goodwill, €2,485 million against property, plant and equipment and intangible assets, and €147 million against financial assets and investments in entities accounted for using the equity method. These impairment losses related mainly to the Benelux, GEM & LNG, France and North America reportable segments. After taking into account the deferred tax effects and the share of impairment losses attributable to non-controlling interests, the impact of these impairment losses on net income Group share was a negative €3,866 million. These impairment losses are described in Note 8.2 "Impairment losses" to the consolidated financial statements.

In 2015, the Group recognized impairment losses of €2,628 million against goodwill, €5,731 million against property, plant and equipment and intangible assets, and €402 million against financial assets and investments in entities accounted for using the equity method. These impairment losses related mainly to the E&P, GEM & LNG, Africa/Asia, North America and France reportable segments.

Income from operating activities was also affected by:

- changes in the fair value of commodity derivatives relating to operating items, which had a positive impact of €1,254 million on income from operating activities (reflecting the impact of transactions not eligible for hedge accounting), compared with a negative impact of €261 million in 2015. The impact for the period results chiefly from positive overall price effects on these positions, combined with the net positive impact of unwinding positions with a negative market value at December 31, 2015;
- restructuring costs of €476 million (compared with €265 million the previous year) including notably (i) costs related to decisions to shut down production and close some entities, sites and power plants for €230 million and (ii) costs related to various staff reduction plans implemented as part of the Group's transformation program, as well as measures to adapt to economic conditions for €154 million;
- changes in the scope of consolidation (gains and losses on disposals of consolidated entities or remeasurements of previously-held interests in accordance with IFRS 3), which had a positive impact of €544 million, including gains on the disposal of the Group's entire 40.5% interest in the Paiton coal-fired power plants in Indonesia for €225 million, the disposal of a 50% interest in Transmisora Eléctrica del Norte (TEN) in Chile for €211 million, and the disposal of the 89.9% interest in the Meenakshi coal-fired power plants in India for €84 million (see Note 4.1);

- other non-recurring items representing a loss of €850 million, mainly including the €584 million net expense related to additions to provisions for the back-end of the nuclear fuel cycle under the three-yearly revision of nuclear provisions in Belgium (see *Note 18.2*), as well as a €124 million expense corresponding to the recognition of additional dismantling and rehabilitation costs for the Hazelwood power plant and adjacent coal mine in Australia following the shut-down and rehabilitation plan approved by the shareholders at the end of 2016.

The Group's net financial loss narrowed to €1,380 million in 2016 from €1,547 million in 2015, owing to the fall in the cost of gross debt and lower non-recurring expenses compared to 2015.

The income tax charge amounted to €909 million in 2016 (€324 million in 2015). It includes an income tax benefit of €824 million arising on non-recurring income statement items (versus €1,110 million in 2015), mainly related to the remeasurement of deferred taxes recognized by the French entities at the new rate of 28.92% provided for in the 2017 French Finance Law (€904 million), and to the impairment losses recognized against property, plant and equipment and intangible assets in 2016 (€326 million). Adjusted for these non-recurring items, the effective recurring tax rate was 41.9%, higher than the 2015 rate of 39.0% due mainly to the impacts of the reversal of tax litigation provisions in 2015.

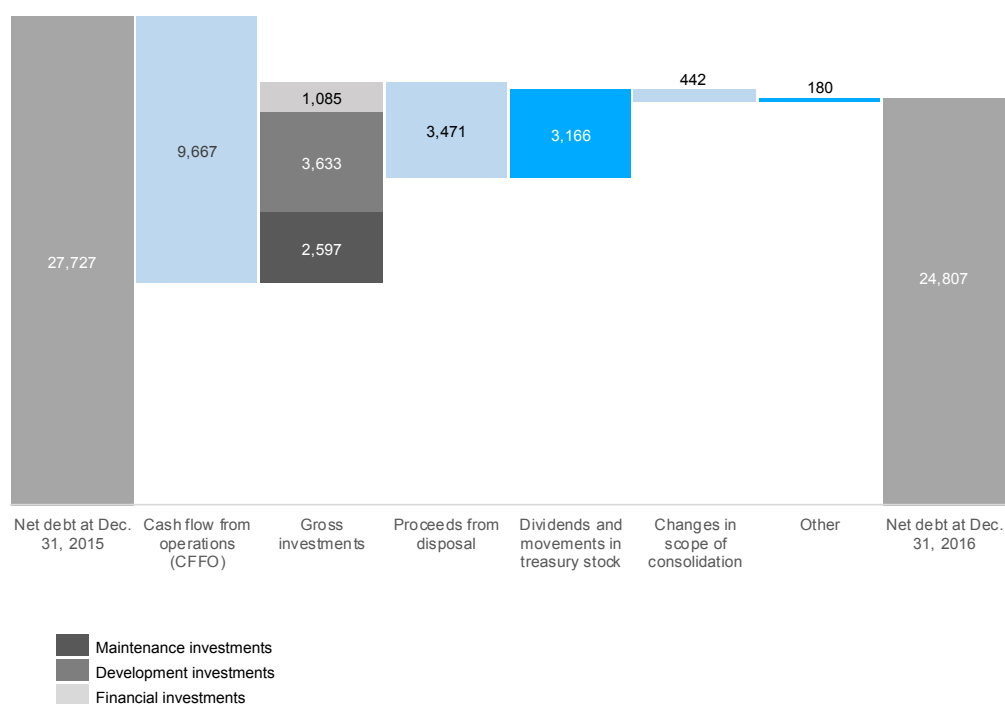
Net income attributable to non-controlling interests was up year-on-year at €579 million due mainly to the impact of the capital gain on the disposal of a 50% interest in Transmisora Eléctrica del Norte (TEN) which affected the net income of the Group's 53%-owned subsidiary ENGIE Energía Chile, as well as improved income from exploration-production activities and in Australia.

6 CHANGES IN NET DEBT

Net debt stood at €24.8 billion, down €2.9 billion compared with net debt at December 31, 2015, mainly due to cash flow from operations (€9.7 billion) and the initial effects of the portfolio rotation program (€4.0 billion), and particularly (i) the disposal of the merchant hydro generation assets portfolio in the United States, (ii) the disposal of thermal power generation assets in Indonesia and India, (iii) the disposal of wind farms operated by Maia Eolis to Futures Energies Investissements Holding (FEIH), a 50/50 joint venture with Crédit Agricole Assurances, (iv) the disposal of available-for-sale securities (Ores Assets in Belgium and TgP in Peru) and (v) the partnership established as part of the TEN project, which led to the disposal of 50% of the holding in TEN in Chile. These items were partially offset by (i) gross investments in the period (€7.3 billion), (ii) and dividends paid to ENGIE SA shareholders (€2.4 billion) and to non-controlling interests (€0.5 billion).

Changes in net debt break down as follows:

In millions of euros



The net debt to EBITDA ratio came out at 2.32 at December 31, 2016.

<i>In millions of euros</i>	Dec. 31, 2016	Dec. 31, 2015
Net debt	24,807	27,727
EBITDA	10,689	11,274
NET DEBT/EBITDA RATIO	2.32	2.46

6.1 Cash flow from operations (CFFO)

Cash generated from operations before income tax and working capital requirements amounted to €10,263 million in 2016, down €679 million compared with 2015.

The fall was in line with the EBITDA performance.

The change in working capital requirements represents a positive impact of €1.4 billion related to the impact of changes in commodity prices compared to 2015.

6.2 Net investments

Gross investments during the period amounted to €7,315 million and included:

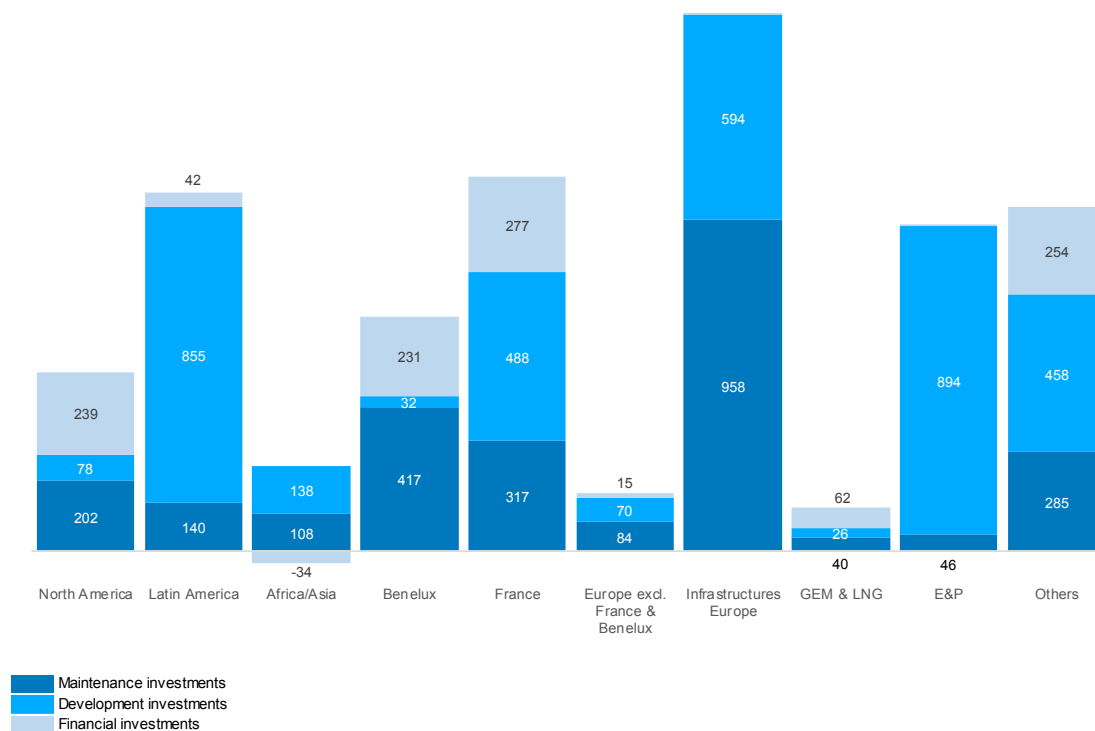
- financial investments for €1,085 million, relating primarily to the acquisition of OpTerra Energy Services and Green Charge Networks in the United States for €187 million and €51 million respectively, the acquisition of 51% of Maïa Eolis (wind farms in France) for €152 million, and a €248 million increase in Synatom investments;
- development investments totaling €3,633 million, including (i) €855 million invested in the Latin America segment to build power plants and develop wind farms in Peru, Chile and Brazil, (ii) €894 million invested in the E&P segment to develop gas fields primarily in Algeria, Indonesia, the United Kingdom and Norway, (iii) €594 million invested in the Infrastructures Europe segment and (iv) €429 million to develop Solairedirect's photovoltaic projects mainly in India and Chile;
- maintenance investments for an amount of €2,597 million.

Disposals represented a cash amount of €3,471 million, mainly including the Group's disposal of its merchant hydropower generation assets in the United States for €868 million, its entire 40.5% interest in Paiton for €1,268 million, its entire 89.9% interest in Meenakshi for a negative €278 million, a 50% interest in Transmisora Eléctrica del Norte (TEN) for €272 million, and Ores Assets shares for €410 million.

Taking into account changes in the scope of consolidation for the period relating to acquisitions and disposals of subsidiaries (€442 million negative impact), the impact on net debt of investments net of proceeds from disposals amounted to €3,402 million.

Capital expenditure breaks down as follows by segment:

In millions of euros



6.3 Dividends and movements in treasury stock

Dividends and movements in treasury stock during the period amounted to €3,166 million and included:

- €2,397 million in dividends paid by ENGIE SA to its shareholders, which corresponds to the balance of the 2015 dividend (€0.50 per share) paid in May 2016, and an interim dividend in respect of 2016 (€0.50 per share) paid in October 2016;
- dividends paid by various subsidiaries to their non-controlling shareholders in an amount of €541 million, the payment of interest on hybrid debt for €146 million, withholding tax and movements in treasury stock.

6.4 Net debt at December 31, 2016

Excluding amortized cost but including the impact of foreign currency derivatives, at December 31, 2016 a total of 77% of net debt was denominated in euros, 13% in US dollars and 3% in pounds sterling.

Including the impact of financial instruments, 83% of net debt is at fixed rates.

The average maturity of the Group's net debt is 9.4 years.

At December 31, 2016, the Group had total undrawn confirmed credit lines of €13.6 billion.

7 OTHER ITEMS IN THE STATEMENT OF FINANCIAL POSITION

<i>In millions of euros</i>	Dec. 31, 2016	Dec. 31, 2015	Net change
Non-current assets	98,905	101,204	(2,299)
of which goodwill	17,372	19,024	(1,652)
of which property, plant and equipment and intangible assets, net	64,378	64,001	378
of which investments in entities accounted for using the equity method	6,624	6,977	(353)
Current assets	59,595	59,454	141
Total equity	45,447	48,750	(3,303)
Provisions	22,208	18,835	3,372
Borrowings	36,950	39,155	(2,206)
Other liabilities	53,895	53,917	(22)

The carrying amount of **property, plant and equipment and intangible assets** was €64.4 billion, up €0.4 billion on December 31, 2015. The increase was primarily the result of capital expenditure during the year (€6.1 billion positive impact), other changes (€1.0 billion positive impact, relating mainly to an increase in dismantling assets recorded against the increase in provisions for dismantling nuclear facilities in Belgium), translation adjustments (€0.6 billion positive impact), partially offset by depreciation and amortization charges (€4.4 billion negative impact) and impairment losses (€2.5 billion negative impact).

Goodwill decreased by €1.7 billion to €17.4 billion, mainly due to the recognition of impairment losses.

Total equity amounted to €45.5 billion, a decrease of €3.3 billion compared to December 31, 2015. This decrease results essentially from the payment of cash dividends (€2.9 billion negative impact) and other comprehensive income (€0.5 billion negative impact, chiefly relating to actuarial differences and net investment and cash flow hedges net of tax, partially offset by translation adjustments).

Provisions amounted to €22.2 billion, an increase of €3.4 billion compared to December 31, 2015. This increase stems mainly from the impact of the revision to provisions for dismantling nuclear facilities (€1.1 billion positive impact), actuarial losses on provisions for post-employment benefits (€0.7 billion positive impact) owing to the fall in discount rates in the period, and the impact of unwinding the discount on the provisions (€0.6 billion positive impact).

8 PARENT COMPANY'S FINANCIAL STATEMENTS

The figures provided below relate to the financial statements of ENGIE SA, prepared in accordance with French GAAP and applicable regulations.

Revenues for ENGIE SA in 2016 totaled €17,939 million, down 10% on 2015 due mainly to the impact of lower gas sales, partly offset by an upturn in electricity activity.

The Company posted a net operating loss of €1,252 million versus a net operating loss of €744 million in 2015, chiefly reflecting the decrease in the energy margin and the increase in other external expenses excluding infrastructure costs.

The Company reported net financial income of €1,294 million compared with €1,089 million in 2015. This mainly includes dividends received from subsidiaries for €2,043 million versus €2,055 million in 2015, and the cost of debt which decreased slightly to €744 million, chiefly consisting of the interest expense on bond issues.

Net non-recurring expenses amounted to €266 million, chiefly due to the combined effect of litigation provisions (expense of €190 million), impairment losses on a contractual intangible asset as well as miscellaneous expenses relating to restructuring transactions. The additional non-recurring expense was mainly related to net impairment losses on securities (€54 million) and special depreciation allowances (€39 million).

The income tax benefit amounted to €672 million compared to a benefit of €540 million in 2015. These two amounts included a tax consolidation benefit of €405 million and €350 million in 2016 and 2015, respectively.

Net income for the year came out at €448 million.

Shareholders' equity amounted to €37,976 million at end-2016, versus €39,903 million at December 31, 2015, mainly reflecting the cash dividend payout. Distributable profit and capacity amounted to respectively €1,941 million and €34,741 million.

At December 31, 2016, net debt stood at €30,709 million, and cash and cash equivalents totaled €5,075 million (of which €3,077 million relating to affiliates current accounts).

Information relating to supplier payment deadlines

The law in favor of the modernization of the economy ("LME" law No. 2008-776 of August 4, 2008) and its implementing decree (No. 2008-1492 of December 30, 2008), provide that companies whose annual financial statements are certified by a Statutory Auditor must publish information regarding supplier payment deadlines. The purpose of publishing this information is to demonstrate that there are no significant delays in the payment of suppliers.

The breakdown by maturity of outstanding amounts payable by ENGIE SA to its suppliers over the last two reporting periods is as follow:

In millions of euros	Dec. 31, 2016			Dec. 31, 2015		
	External	Group	Total	External	Group	Total
Past due	93	149	242	20	112	132
30 days	260	347	607	254	30	284
45 days	65	4	69	141	253	394
More than 45 days	17	-	17	54	-	54
TOTAL	435	500	935	469	395	864