

Consolidated income statement

<i>(in millions of euros)</i>	First-half 2017	First-half 2016
Net sales	3,206	2,951
Metal price effect ⁽¹⁾	(870)	(674)
Sales at constant metal prices⁽¹⁾	2,336	2,277
Cost of sales	(2,756)	(2,520)
Cost of sales at constant metal prices ⁽¹⁾	(1,886)	(1,846)
Gross profit	450	431
Administrative and selling expenses	(260)	(256)
R&D costs	(50)	(40)
Operating margin⁽¹⁾	140	135
Core exposure effect ⁽²⁾	40	(25)
Restructuring costs	(20)	(13)
Other operating income and expenses	0	(10)
Share in net income of associates	2	3
Operating income	162	90
Cost of debt (net)	(33)	(30)
Other financial income and expenses	(3)	(14)
Income before taxes	126	46
Income taxes	(34)	(17)
Net income from continuing operations	92	29
Net income (loss) from discontinued operations	-	-
Net income	92	29
- attributable to owners of the parent	91	30
- attributable to non-controlling interests	1	(1)
Attributable net income per share (in euros)		
- basic earnings per share	2.21	0.69
- diluted earnings per share	1.97	0.68

(1) Performance indicators used to measure the Group's operating performance.

(2) Effect relating to the revaluation of Core Exposure at its weighted average cost.

Consolidated statement of comprehensive income

<i>(in millions of euros)</i>	First-half 2017	First-half 2016
Net income for the period	92	29
Recyclable components of comprehensive income	(75)	74
- Available-for-sale financial assets	-	-
- Currency translation differences	(87)	16
- Cash flow hedges	12	58
Tax impacts on recyclable components of comprehensive income	(4)	(12)
Non-recyclable components of comprehensive income	15	(26)
- Actuarial gains and losses on pension and other long-term employee benefit obligations	15	(26)
- Share of other non-recyclable comprehensive income of associates	-	-
Tax impacts on non-recyclable components of comprehensive income	(2)	5
Total other comprehensive income (loss)	(66)	41
Total comprehensive income	26	70
• attributable to owners of the parent	27	70
• attributable to non-controlling interests	(1)	0

Consolidated statement of financial position

Assets

<i>(in millions of euros)</i>	June 30, 2017	December 31, 2016
Goodwill	242	254
Other intangible assets	139	146
Property, plant and equipment	1,121	1,170
Investments in associates	29	30
Deferred tax assets	174	180
Other non-current assets	71	60
NON-CURRENT ASSETS	1,776	1,840
Inventories and work in progress	1,090	926
Amounts due from customers on construction contracts	243	238
Trade receivables	1,089	996
Current derivative assets	44	70
Other current assets	202	201
Cash and cash equivalents	700	1,025
Assets and groups of assets held for sale	0	0
CURRENT ASSETS	3,368	3,456
TOTAL ASSETS	5,144	5,296

Equity and Liabilities

<i>(in millions of euros)</i>	June 30, 2017	December 31, 2016
Capital stock, additional paid-in capital, retained earnings and other reserves	1,330	1,253
Other components of equity	85	159
Equity attributable to owners of the parent	1,415	1,412
Non-controlling interests	46	57
TOTAL EQUITY	1,461	1,469
Pension and other non-current employee benefit obligations	410	430
Non-current provisions	92	100
Non-current convertible bonds	-	263
Other non-current debt	451	504
Non-current derivative liabilities	4	10
Deferred tax liabilities	98	90
NON-CURRENT LIABILITIES	1,055	1,397
Current provisions	87	110
Current debt	672	469
Liabilities related to construction contracts	162	209
Trade payables ⁽¹⁾	1,331	1,244
Current derivative liabilities	39	47
Other current liabilities	337	351
Liabilities related to groups of assets held for sale	-	0
CURRENT LIABILITIES	2,628	2,430
TOTAL EQUITY AND LIABILITIES	5,144	5,296

(1) At June 30, 2017, trade payables includes approximately 306 million euros (281 million euros at December 31, 2016) related to copper purchases whose payment periods can be longer than usual for such supplies.

Consolidated statement of cash flows

<i>(in millions of euros)</i>	First-half 2017	First-half 2016
Net income	92	29
Depreciation, amortization and impairment of assets (including goodwill) ⁽¹⁾	72	67
Cost of debt (gross)	35	33
Core exposure effect ⁽²⁾	(40)	25
Current and deferred income tax charge (benefit)	34	17
Net gains (losses) on assets disposals	-	3
Other restatements ⁽³⁾	(12)	(38)
Cash flows from operations before gross cost of debt and taxes ⁽⁴⁾	182	136
Decrease (increase) in working capital ⁽⁵⁾	(215)	(229)
Income tax paid	(28)	(19)
Impairment of current assets and accrued contract costs	(4)	15
Net change in current assets and liabilities	(247)	(233)
Net cash generated from (used in) operating activities	(65)	(97)
Proceeds from disposals of property, plant and equipment and intangible assets	4	5
Capital expenditure	(70)	(65)
Decrease (increase) in loans granted and short-term financial assets	(7)	(6)
Purchase of shares in consolidated companies, net of cash acquired	(6)	(2)
Proceeds from sale of shares in consolidated companies, net of cash transferred	-	7
Net cash generated from (used in) investing activities	(79)	(61)
Net change in cash and cash equivalents after investing activities	(144)	(158)
Proceeds from (repayments of) long-term and short-term borrowings	(86)	24
<ul style="list-style-type: none"> • Of which proceed from the 2016-2021 ordinary bonds • Of which proceed from the 2017-2024 ordinary bonds • Of which repayment of the OCEANE 2016 convertible/exchangeable bonds • Of which repayment of the 2007-2017 ordinary bonds 	<ul style="list-style-type: none"> - 199 - (350) 	<ul style="list-style-type: none"> 248 - (213) -
Cash capital increases (reductions) ⁽⁶⁾	(10)	3
Interest paid	(52)	(53)
Transactions with owners not resulting in a change of control	-	1
Dividends paid	(22)	(0)
Net cash generated from (used in) financing activities	(170)	(25)
Net effect of currency translation differences	(10)	12
Net increase (decrease) in cash and cash equivalents	(324)	(171)
Cash and cash equivalents at beginning of period	1,016	998
Cash and cash equivalents at period-end	692	827
<i>Of which cash and cash equivalents recorded under assets</i>	<i>700</i>	<i>846</i>
<i>Of which short-term bank loans and overdrafts recorded under liabilities</i>	<i>(8)</i>	<i>(19)</i>

(1) At December 31, 2016, the group changed its presentation of impairment losses related to restructuring operation to record them on the line "Other restatements". The reclassification was performed for the six months ended June 30, 2016.

(2) Effect relating to the revaluation of Core exposure at its weighted average cost, which has no cash impact.

(3) Other restatements for the six months ended June 30, 2017 primarily included (i) a negative 36 million euros to cancel the net change in operating provisions (including provisions for pensions, restructuring costs) and (ii) a positive 24 million euros to cancel the effect of changes in fair value of metal and foreign exchange derivatives.

Other restatements for the six months ended June 30, 2016 primarily included a negative 30 million euros to cancel the net change in operating provisions (including provisions for pensions, restructuring costs and antitrust proceedings).

(4) The Group also uses the "operating cash flow" concept which is mainly calculated after adding back cash outflows relating to restructurings (34 million euros and 40 million euros for the first half of 2017 and 2016, respectively), and deducting the gross cost of debt and the current income tax paid during the period.

(5) During the first half of 2016 the Group sold tax receivables for a net cash impact of 9 million euros. As the sales concerned transferred substantially all the risks and rewards of ownership, they meet the derecognition criteria in IAS 39 and have therefore been derecognized.

(6) During the first half of 2017, the Group bought 224,489 treasury shares generating a 11 million euro cash outflow.

Information by reportable segment

<i>First-half 2017 (in millions of euros)</i>	Transmission, Distribution & Operators	Industry	Distributors & Installers	Other Activities	Group total
Net sales at current metal prices	1,198	691	906	412	3,206
Net sales at constant metal prices	1,027	587	572	149	2,336
Operating margin	79	33	29	(1)	140
Depreciation and amortization	(37)	(17)	(13)	(4)	(71)
Net impairment of non-current assets (including goodwill)	(1)	-	-	-	(1)

<i>First-half 2016 (in millions of euros)</i>	Transmission, Distribution & Operators	Industry	Distributors & Installers	Other Activities	Group total
Net sales at current metal prices	1,086	687	820	358	2,951
Net sales at constant metal prices	945	602	580	150	2,277
Net sales at constant metal prices and 2017 exchange rates	969	610	589	153	2,321
Operating margin	63	34	52	(14)	135
Depreciation and amortization	(35)	(16)	(13)	(4)	(68)
Net impairment of non-current assets (including goodwill)	-	-	-	-	-

Information by major geographic area

<i>First-half 2017 (in millions of euros)</i>	France	Germany	Norway	Other Countries	Group Total
Net sales at current metal prices ¹	532	421	436	1,817	3,206
Net sales at constant metal prices ¹	352	377	408	1,199	2,336

¹ Based on the location of the Group's subsidiaries.

² Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

<i>First-half 2016 (in millions of euros)</i>	France	Germany	Norway	Other Countries	Group Total
Net sales at current metal prices ¹	448	411	328	1,764	2,951
Net sales at constant metal prices ¹	332	375	305	1,265	2,277
Net sales at constant metal prices and 2017 exchange rates*	332	375	311	1,303	2,321

¹ Based on the location of the Group's subsidiaries.

² Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

Information by major customer

The Group does not have any customers that individually accounted for over 10% of its sales in first-half 2017 or first-half 2016.