NEOEN

REGISTRATION DOCUMENT

Year : **2018**
Including : **Annual financial report**

CONTENTS

2018
REGISTRATION DOCUMENT

Including annual financial report

Free translation of the French *Document de Référence incluant le rapport financier* (Registration Document including the annual financial report) of Neoen

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Copies of the French Document de Référence may be obtained free of charge at Neoen, 6 rue Ménars, 75002 Paris, France, as well as on the websites of Neoen (www.neoen.com) and of the AMF (www.amf-France.org).

Founded in 2008, Neoen has become a world-class independent producer of renewable energy within ten years. The group has based its rapid, profitable growth on the geographical and technological diversification of its assets and project portfolio, allowing more robust performance and development dynamics.

At the end of 2018, Neoen had facilities in operation and under construction in 14 countries. The Group is the leading independent renewable energy producer in France, Australia, El Salvador, Jamaica and Zambia.

As regards technologies, Neoen develops and operates a mix of solar power plants and onshore wind farms. In addition, the Group has acquired a world-class expertise in energy storage, so as to provide a solution to energy intermittency and to support the development of these energy sources.

With a capacity of 2.3 GW in operation or under construction, and around 900 MW in additional projects secured as of December 31st, 2018, Neoen has doubled in size in only 18 months. Neoen has demonstrated its ability to manage projects from end to end to produce the most competitive energy, and can build on major successes. It operates Europe's largest solar farm in Cestas, France (300 MWp) and the world's largest lithium-ion battery energy storage system in Hornsdale, Australia (100 MW/129 MWh).
Capitalising on its strong financial performance and after its successful listing on Euronext Paris, the Group is aiming for a capacity in operation and under construction of more than 5 GW by 2021.

Neoen is vertically integrated across the four stages of the life cycle of an asset: design and development, financing, construction project management, and operation. Neoen's integrated model is that of an independent producer retaining ownership of the assets it develops and operating them itself, thus guaranteeing high quality assets over the long-term.

Neoen develops its activities around the world with audacity. It designs and builds innovative, economically competitive, high-performance energy solutions which have enabled it to become a global leader in renewable energy production.

Neoen operates with absolute integrity, everywhere and under all circumstances, and only works with partners who abide by this principle. This integrity enables the Company to undertake projects with complete transparency, everywhere in the world.

€228 million
2018 revenue

€174 million
2018 EBIDTA

2.3 GW
Capacity in operation and under construction as of December 31st, 2018

14 countries
Geographical presence as of December 31st, 2018

« Neoen is the leading French independent producer of renewable energy and one of the most dynamic worldwide. »

XAVIER BARBARO

Chairman and Chief executive officer

2018 has been an important year for the growth of Neoen, which has become one of the leading players of renewable energies. Neoen is now listed on Euronext Paris, and its excellent results confirmed its dynamic growth. Neoen has also proven its ability to renew its pipeline of projects in a portfolio spread over time, while ensuring the continued progress of projects already under way. With a capacity of around 3 GW in operation and under construction as of May 2019, Neoen is the leading French independent producer of renewable energy and one of the most dynamic worldwide.

Our positioning makes us stand out in several ways: first, because we are a pure player of renewable energy, with a complete technology mix (solar, wind, storage) and a world-class expertise enabling us to carry out large-scale projects from end to end in each of these segments. Our “develop to own” model is also distinctive: we develop our own projects and retain our assets over the very long-term to create value over time.

Day after day, our actions and our relationships with all our stakeholders are driven by our values: audacity, integrity, commitment and esprit de corps. These values are shared by our 197 employees of more than 20 nationalities. They are the foundation of our identity and provide the essential ethical guidelines for our day-to-day behaviour.

This results for instance in a high level of discipline in the operational and financial management of our business, which we intend to be exemplary; in our governance, which is compliant with AFEP-MEDEF recommendations; and in the choice of our projects. Neoen only takes on projects at “grid parity”, the competitiveness of which does not depend on subsidies which are always unpredictable over time. We are also very careful to maintain the geographical balance of our portfolio, the diversity of our technological mix, and the financial stability of the partners and customers with which we commit for the long-term.

This discipline is totally compatible with the entrepreneurial spirit which has been leading us for ten years. It’s our flexibility and our ability to adapt to new environments that have enabled us to become a leading global player in renewable energies. This growth continued in 2018 with the launch of projects in two new countries: Finland and Colombia.

It is thanks to the above elements that Neoen has successfully listed on the stock market in a particularly demanding market environment. We raised €697 million, which was the largest listing on Euronext Paris in 2018 by far.

Our long-standing shareholder, Impala, with which we share the same long-term vision, renewed its trust in Neoen by increasing its investment and confirming its role as our majority shareholder.

And we are very enthusiastic about continuing our development in 2019, with the same demanding approach, and fully faithful to our mission: to produce locally the most competitive renewable electricity, sustainably and on a large scale.

Neoen saw a strong increase in its annual results in 2018 and confirmed its prospects for growth through 2021. The significant increase in revenue in 2018 was primarily the result of the full-year contribution of assets commissioned in 2017 and of the start-up of new plants in 2018. This organic growth raised Neoen's capacity in operation to 1,492 MW, an increase of 391 MW compared to the end of 2017. Neoen's revenue base features a high proportion of recurring revenue streams: over 85% of its revenue comes from "contracted energy revenue", which is generated under long-term power purchase agreements (PPAs). As of December 31st, 2018, the residual term of these contracts averaged over 15 years, and the aggregate revenue guaranteed under these secure PPAs amounted to €5.7 billion.

Neoen's EBITDA totalled €174 million, up 71% compared to the previous financial year and at the top end of the guidance range previously announced. This strong increase was mostly driven by growth in the solar and wind segments. Neoen's EBITDA performance was also boosted by its biomass plant, now running at full speed, by its tight grip on operating expenses and by a positive impact from the adoption of IFRS 16. This results in a substantial improvement of the EBITDA margin to 77% of consolidated revenue, up from 73% in the previous financial year.

The Company's balance sheet as of December 31st, 2018 was up by 42%, to €2.6 billion. This reflects the strong expansion of the Company's business and the significant strengthening of its financial position following its IPO.

Lastly, 2018 saw significant growth in the asset base in operation and under construction (+730 MW compared with the end of 2017) in all three of our geographical clusters: Australia, Europe – Africa, and the Americas. In the same time, the Group continued to move forward with the development of already secured projects, while continuing to actively develop new projects.
With over 3.3 GW in projects at the "advanced development" stage as of December 31st, 2018, representing a net increase of over 1.8 GW, Neoen's portfolio, including both assets and projects, stood at 7.7 GW as of December 31st 2018, up 2 GW during the year.

+63%

2018 revenue compared to 2017

77%

2018 EBITDA margin compared to 73% in 2017

+92%

2018 operating income compared to 2017

+2 GW

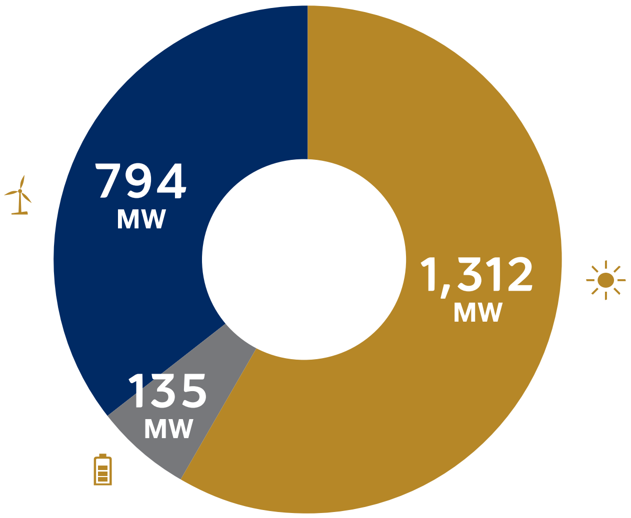
Portfolio growth in 2018

x6.0

Net debt/EBITDA as of December 31st, 2018

2.3 GW

**Capacity in operation
and under construction
as of December 31st, 2018**



An additional 15 MW in biomass (not shown in this chart)

€228 million

2018 revenue

€174 million

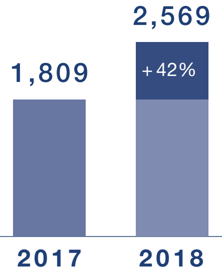
2018 EBITDA

€2,569 million

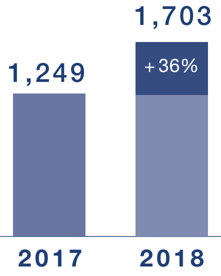
**balance sheet (+42%)
as of December 31st, 2018**

Source: audited consolidated financial statements for the year ending on December 31st, 2018.

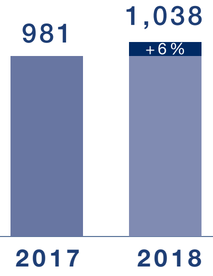
**Balance sheet total (€ million)
as of December 31st, 2018**



**Property, plant and equipment (€ million)
as of December 31st, 2018**



**Consolidated net debt (€ million)
as of December 31st, 2018**



SHARE PRICE

€18.94

share price as of December 31st, 2018

€16.50 introductory share price
on October 17th, 2018

**2018 IPO
EURONEXT award**

BULGANA

March 2018. Neoen launched the Bulgana Green Power Hub project in Australia, a site consisting of a 194 MW wind farm and a 20 MW/34 MWh storage battery. 100% owned by Neoen, this project allowed the signature with Nectar Farms of a ten-year Power Purchase Agreement (PPA) for the supply of competitive and reliable energy to its greenhouses, the first partnership of this type in the global agrifood industry.

HEDET

September 2018. Neoen signed a green electricity sales contract with Google covering the entire production of the 81 MW Hedet wind farm in Finland, 80% owned by the Group. Early 2019, Neoen announced the financial closing for Hedet, Neoen's first project in Finland, where the Company intends to accelerate its growth.

STOCK MARKET LISTING

October 2018. Neoen successfully listed on the Euronext Paris regulated stock market in October 2018, raising approximately €700 million. Profitable since 2011 and in strong growth, Neoen has secured additional means to fund its future developments. Impala underwrote the offer in order to remain the Group's majority shareholder.

COLEAMBALLY

November 2018. Neoen started to operate the largest solar plant in Australia. With a capacity of 189 MWp, 100% owned by Neoen, Coleambally confirms the Group's status as the leading independent producer of renewable energies in Australia.

CALL FOR TENDERS IN FRANCE

November 2018. Neoen came in top place for the government's bi-technological tender with 66 MW awarded, and confirmed its position as the independent leader in solar energy in France. 100% owned by Neoen, the five winning photovoltaic projects demonstrate the Group's capacity to develop economically competitive projects, fully integrated in local territories, innovative, and that have a high degree of French industrial content.

HORNSDALE POWER RESERVE

December 2018. The performance of the Hornsdale Power Reserve plant in Australia stands far above expectations. Connected in 2017, the largest lithium-ion battery in the world (100 MW/129 MWh) not only contributed to the generation of nearly 40 million Australian dollars in savings for network users; it also provided support for the South Australia government's pioneering policy for renewable energy development, opening the way for many new battery projects in the country.

The Group focuses on organic growth through a "multi-local leadership strategy", with local teams that actively support the development of new projects.

Development in a new country always follows a three-step process:

- Identification of a high potential market, through the assessment of its energy needs and of the possibility to meet them with renewables. During this first selection stage, the Group uses a list of predetermined and demanding criteria, particularly in terms of opportunities to build assets "at grid parity", i.e. which are intrinsically competitive.

- Next, entry into the market through participation in invitations to tender or, from time to time, through bilateral discussions with potential off-takers. This step can be conducted either by France headquarters teams or by local teams.

- Lastly, consolidation and expansion of our local presence by staffing up local teams and hiring the talent necessary to generate and manage development projects on an autonomous basis, enabling Neoen to become a leader in this market.

The Group's objective is to develop a major presence in each of its target markets, which currently consist of three regions (Europe-Africa, Australia and the Americas). Neoen is looking to keep the bulk of its operations in OECD member countries.

as of December 31st, 2018

14
Countries

4
Continents

48
Plants
in operation

17
Plants
under construction

As a leading player of renewable energies, Neoen focuses on producing green electricity via renewable energies such as solar and wind, which are mature, tried-and-tested technologies. In addition, Neoen has acquired a very high level of expertise in storage, so as to provide a solution to energy intermittency, thereby fostering the development of these energy sources. Our operations are vertically-integrated across the whole life cycle, developing our own plants and operating them with a long-term perspective.

SOLAR

Solar energy is the most abundant renewable energy on Earth and the quickest to deploy. It is also the technology which has benefited from the greatest focus and has witnessed the most spectacular gains in productivity in recent years, which make these facilities intrinsically competitive in many countries. Solar energy was the first technology deployed by Neoen. It is still the Group's main activity and the Company is convinced of its strong development potential, in an increasing number of territories.

WIND

Onshore wind energy is also a mature renewable energy, with proven competitiveness. It complements Neoen's photovoltaic solutions, where wind resources are especially abundant, for instance in the wide-open spaces of Australia or in certain regions of France. Neoen is currently focusing its wind assets in those two countries, where the Group also has an extensive portfolio of projects under development.

STORAGE

Energy storage provides the best solution for renewable energy intermittency. The price of storage has fallen by two-thirds over the past four years, enabling the deployment of storage on an industrial scale. This opens new horizons for solar and wind energies: balancing of the production injected in grids, grid services and eligibility for non-interconnected markets. Neoen has developed and operates the largest global lithium-ion battery storage system in Australia (Hornsdale Power Reserve), in partnership with Tesla.

Energy storage occupies an important place in the Group's business to support the growth of its solar and wind activities. In addition to providing important functions for the integration of solar and wind assets, it also constitutes an autonomous business, generating independent revenue streams.

The Group operates two independent energy storage facilities, directly connected to the network: Hornsdale Power Reserve in Australia, commissioned at the end of 2017, and Azur Stockage, mainland France's largest grid battery storage facility, commissioned in the first quarter of 2019. It also operates a storage facility connected to the DeGrussa solar plant in Australia.
Lastly, the Bulgana wind farm in Australia and the Capella solar park in El Salvador, which are under construction, will both integrate an energy storage facility.

Total for storage units in operation and under construction

172 MWh
Stored energy

135 MW
Power in operation and under construction

Hornsdale Power Reserve

129 MWh
Stored energy

100 MW
Power

In operation

South Australia

AZUR STOCKAGE

6 MWh
Stored energy

6 MW
Power

In operation

FRANCE
Région Nouvelle Aquitaine

BULGANA STORAGE

34 MWh
Stored energy

20 MW
Power

Under construction

AUSTRALIA
Victoria state

DEGRUSSA

1.4 MWh
Stored energy

6 MW
Power

In operation

WESTERN AUSTRALIA

CAPELLA STORAGE

1.5 MWh
Stored energy

3 MW
Power

Under construction

EL SALVADOR

ENVIRONMENTAL COMMITMENTS

Neoen is particularly aware of environmental protection challenges, and of the way its activities and those of its subcontractors can relate to these. The Group's demanding approach involves systematic environmental impact studies for all of its projects, and the implementation of specific measures which go beyond regulations, when the Group deems it necessary. The Group uses innovative technologies which are respectful of the environment, so as to minimise its potential impact on the latter. The Group's commitment to the environment is also reflected in its policy to protect biodiversity and the species present on its various sites.

SOCIAL COMMITMENTS

All Neoen employees and partners are committed to complying with the highest standards in terms of business ethics and social matters. Neoen pays particular attention to labour law, and hygiene and safety conditions. The identification of potential risks associated to its activities have led to the implementation of strict inspection and monitoring processes which are reviewed on a quarterly basis. In addition, the Company often makes special commitments to the communities neighbouring its plants.

SOCIETAL AND CULTURAL COMMITMENTS

Due to the nature of its activities, Neoen is essentially a local player in all the places where it is present. It is aware of its special role in terms of local development and promotes the use of local companies. The Group also supports social economy projects by promoting renewable energies and by facilitating access to electricity. For this purpose, Neoen promotes college education in the field of renewable energies by financing academic grants and supporting the creation of a specialised technology institute. In addition, Neoen provides support for local economic development projects such as roads and infrastructure for the supply of water and electricity. The Group is also involved with a number of non-profit organizations to support access to cleaner and more reliable electricity in countries in which the Group doesn't have facilities.

Lastly, Neoen contributes to the preservation of local cultures and communities in Australia thanks to its support of cultural funds and the creation of cultural places of remembrance.

VIGEO A1

Very early on in its development, and in line with its convictions, the Group has incorporated environmental components in methods used to finance its projects. Neoen first issued €40 million in green bonds in October 2015 and completed a second issue for €245 million in December 2017. The Group voluntarily implemented a corporate rating process with Vigeo Eiris in September 2018. The award of an A1 rating confirmed the Group's inclusion in the 1st quartile of companies rated by Vigeo Eiris and puts Neoen among the 4% companies with the organisation's best rating.

SHAREHOLDING STRUCTURE

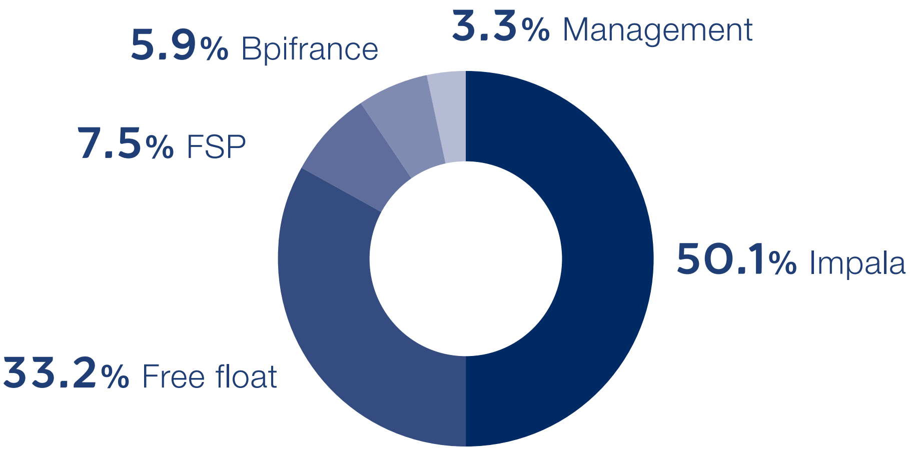


Chart as of December 31st, 2018

50.1%

IMPALA

Impala, a group held and managed by Jacques Veyrat and his family, supports high growth projects, essentially in five activities: Energy (with investments in Neoen, Albioma and Castleton Commodities International), Industry (with investments in Technoplus Industries, Electropoli, and Arjo Solutions), Cosmetic (with investments in P&B Group and Augustinus Bader), Brands (with investments in Pullin and Maison Lejaby), Alternative investment funds and asset management (with investments in Eiffel Investment Group, in high growth projects in China, in the development of real estate projects in Paris suburbs and a Hotel Group in Portugal). Impala is a long-term investor whose place is in supporting management and in the long-term development of the company.

7.5%

FSP

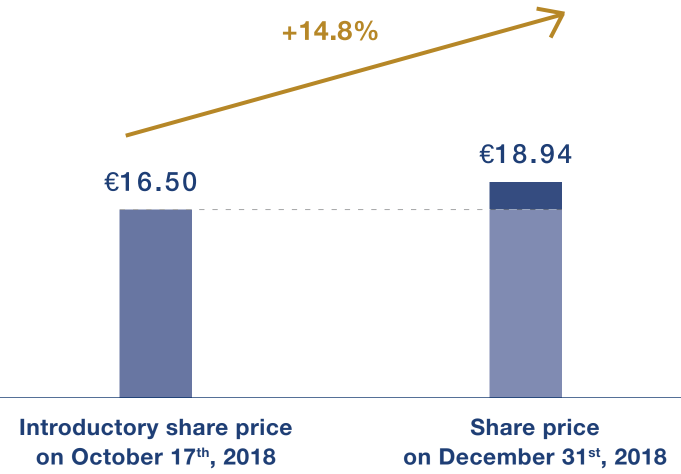
The *Fonds Stratégique de Participations* (FSP) is a SICAV, or collective investment fund, which is registered with the *Autorité des Marchés Financiers* with a long-term equity investment objective which invests in equity in French companies that are considered "strategic". Seven insurance companies (BNP Paribas Cardif, CNP Assurances, Crédit Agricole Assurances, SOGECAP (Société Générale Insurance), Groupama, Natixis Assurances and Suravenir) are now shareholders of the FSP and sit on its board of directors. To date, the FSP comprises seven sub-funds, invested in the capital of ARKEMA, SEB, SAFRAN, EUTELSAT COMMUNICATIONS, TIKEHAU CAPITAL, ELIOR GROUP and NEOEN. The FSP continues to study of investment opportunities in the share capital of French companies.

5.9%

bpifrance

Bpifrance finances French companies at each step of their development via loans, guarantees and equity. Bpifrance provides support for innovation and international projects via an extensive range of projects and services. Bpifrance is very involved in the renewable energy sector with nearly €2.2 billion to finance and invest in ecological and energy transition. It views the companies of this sector as real competitiveness catalysts for the French economy.

CHANGE IN THE SHARE PRICE



FINANCIAL AGENDA

05.14.2019	First-quarter 2019 revenue and operating data
06.28.2019	General Meeting
07.31.2019	First-half 2019 revenue and operating data
09.25.2019	First-half 2019 results
11.12.2019	Third-quarter 2019 revenue and operating data

MANAGEMENT

XAVIER BARBARO
Chief executive officer

LOUIS-MATHIEU PERRIN
Chief financial officer

ROMAIN DESROUSSEAUX
Deputy chief executive officer

OLGA KHARITONOVA
General counsel

PAUL-FRANÇOIS CROISILLE
Chief operating officer

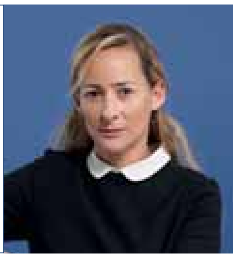
BOARD OF DIRECTORS

XAVIER BARBARO
Chairman
Impala

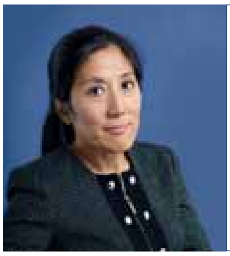
STÉPHANIE LEVAN
Impala

SIMON VEYRAT
Impala

CÉLINE ANDRÉ
Permanent representative of Bpifrance Investment



CHRISTOPHE GÉGOUT
Permanent representative of FSP
Independent director
Chairman of the Audit Committee



HELEN LEE BOUYGUES
Independent director
Lead Director

BERTRAND DUMAZY
Permanent representative of Sixto
Independent director
Chairman of the nominations and compensation committee

JACQUES VEYRAT
Censeur

KEY FIGURES

As of December 31st, 2018*

42%
Independent members

42%
Women

42
Average age

93%
Average attendance rate

*2018 statistics based on directors, not including the censeur

01

PRESENTATION

1.1 PRESENTATION OF THE GROUP

1.1.1 HISTORY

Founded in 2008 under the name Direct Énergie Renouvelable before being re-named Neoen in 2011, from the moment of its creation, the Company's ambition has been to become a key independent player in the renewable generation sector. It quickly built up a significant portfolio of projects in France and saw its commitments take the form of the installation of an initial photovoltaic solar power plant in 2009, followed by the construction of an initial wind farm in 2011. In 2012, the Group won its first solar sector tender in the context of procedures known as "CRE 1" launched by the French Energy Regulator (*Commission de Régulation de l'Énergie* or "CRE").

2014 was a landmark year for the Group. It saw the coming to fruition of key projects such as the financial and industrial montage for the Cestas solar power plant with operational capacity of 300 MW across 25 plants over approximately 260 hectares (making it the most powerful photovoltaic plant in Europe) and the operational launch of a large number of solar power projects such as Ygos, Luxey and Geloux in France and Seixal, Cabrela and Coruche in Portugal, as well as the operational launch of the La Montagne wind power project in France. In June that same year, the Group also won its first tender for a solar power project in Central America with the Providencia Solar power plant (75.4 MWp) in El Salvador. The Group continued its progress in 2015 and 2016, winning, in March 2017, the first tranche of the "CRE 4" solar public tenders organised by the Minister of Environment and Energy (86 MW of the 535 MW allocated).

The Group's internationalisation intensified as of 2013 with Mexico, then Australia and El Salvador in 2014. Jamaica and Argentina followed in 2016, then Zambia and Finland in 2017. Finally, in 2018, the Group implemented projects in the United States and Mozambique. As of the date of this document, the Group has 16 offices located in 12 countries.

A wholly-owned subsidiary of the Direct Énergie group (which was controlled by the Louis Dreyfus group in 2008), the Company then rapidly opened its shareholding structure to other investors. As a sign of the start of a new development phase for the Group, in August 2014, the Company and its long-standing shareholders (Impala and FPCI Capenergie and FPCI Capenergie II, represented by their management company Omnes Capital) signed an investment protocol with FPCI ETI 2020, represented by its management company Bpifrance Investissement, stipulating an investment to be made by FPCI ETI 2020 in the Company's share capital for a total of €25 million, of which one part *via* the acquisition of shares from FPCI Capenergie and the remainder *via* the contribution of funds intended for the investment by the Company in new generating capacity. This equity acquisition was completed in October 2014.

Moreover, in order to associate its staff with the results of its business, the Company has opened its share capital to Group employees with several programmes since 2009.

Finally, from 2015 onwards, the Group diversified its sources of financing by carrying out the issue of its first green bonds in October 2015 in the amount of €40 million, with a maturity of 18 years and non-recourse against the Company, and repayable exclusively through future cash flows generated by a portfolio of 13 solar and wind projects in France and Portugal with total operating capacity of 100 MW.

On October 17, 2018, Neoen completed its initial public offering on Compartment A of the Paris Euronext regulated market. After exercise of the greenshoe option, the size of the transaction was €697 million, making this transaction the largest capital-raising in 2018 on Euronext Paris.

1.1.2 PRESENTATION OF THE GROUP

Founded in 2008, Neoen is a leading and rapidly growing independent producer of renewable energy throughout the world, focusing on the production of solar and wind energy, as well as the development of cutting-edge energy storage solutions. Neoen has established recognised industrial expertise in developing and operating large-scale projects and has built a diversified portfolio of high-quality operating assets together with an extensive and balanced project pipeline. At December 31, 2018, the Group had operations in 12 countries and owned and operated solar, wind power and storage facilities, representing secured capacity ("secured portfolio") of 3,156 MW. This secured portfolio is broken down into projects in operation (1,492 MW), under construction (764 MW) and awarded (899 MW), along with 15 MW of capacity from the Group's biomass plant. Furthermore, the Group had an advanced pipeline portfolio corresponding to projects at the tender-ready and advanced development phases with capacity of 4,525 MW. To complement this accumulated capacity (secured portfolio and advanced pipeline) of 7.7 GW, the Group holds over 4 GW of early stage projects. At February 28, 2019, the Group had 2,646 MW of assets in operation and under construction after giving effect to the entry into construction of 390 MW of previously awarded projects on December 31, 2018.

The Group has created a sound financial foundation over ten years of operation based on a proven business model that provides the potential for significant growth and expansion into new territories in the future, as the renewable energy sector increasingly competes with traditional energy sources.

As of December 31, 2018, the Group generated consolidated revenue of €227.6 million, current EBITDA of €174.4 million and net consolidated income of €13.5 million. For further information on the revenue development, see Section 2.1.4.1 "Revenue" of this document.

As part of the assessment and development of solar and wind projects, the Group is focusing on mature, proven and financially viable technologies, which have reached or are close to reaching grid parity, while being technology agnostic (even if the Group is focused on solar and wind power) and by maintaining complete freedom vis-à-vis its industrial suppliers. The Group is mainly seeking opportunities through participating in tendering procedures (public or private), primarily in OECD member countries, and has achieved notable success under these procedures. Its industrial expertise and rigorous financial structuring enable it to target developments of large-scale projects, ranging from several tens to several thousands of MW. The Group invests in the long-term by developing projects (or, in some cases, by acquiring them during the development phase) by making their financing secure and by operating them itself. The electricity produced is mainly sold under long-term off-take contracts to state players, electricity suppliers and, in certain cases, robust corporate off-takers. Depending on opportunities and to a lesser degree, the Group also sells, the electricity it produces under short-term contracts on the electricity market (spot market).

This approach enables the Group to hold a portfolio of high-quality and diversified assets, most of which it is the sole owner. It benefits from significant visibility of its revenue, thanks to the average remaining term of the off-take contracts, which was over 15 years at December 31, 2018. At the same date, the off-take contracts signed by the Group for projects in operation, under construction and awarded represented total revenue of €5.7 billion. The Group finances its projects primarily through equity and by long-term non-recourse project financings, for a total amount substantially lower than the revenue generated by the off-take contracts.

The Group's portfolio of assets in operation, at December 31, 2018, included 30 solar assets, 16 wind assets, 2 energy storage facilities and a biomass asset (for a total operating capacity of 1,492 MW, of which 100 MW is the independent energy storage capacity (as opposed to behind the meter energy storage solutions connected to solar or wind energy power plants whose operating capacity on this same date amounted to 6 MW). In addition to these assets, the Group has projects which have not yet gone into operation, presented hereafter:

- projects under construction: 10 solar projects, four wind projects and three storage projects (29 MW/42 MWh) totalling 764 MW;
- projects awarded: 27 solar projects and five wind projects for a total of 899 MW;
- tender-ready projects: 23 solar projects, 25 wind projects, one biomass project and one energy storage asset totalling 1,204 MW;
- advanced development projects: 64 solar projects, 21 wind projects and four energy storage assets totalling 3,321 MW.

In addition to these various projects under development, the Group has generated over 4 GW of early stage projects.

The Group operates on three main business segments:

- ***Solar*** *(segment revenue of €80.3 million and current segment EBITDA of €77.5 million for the financial year ended December 31, 2018)*. In the exercise of its activities relating to solar generation, the Group develops and operates solar plants in a number of countries including the Cestas solar plant in France, which is the most powerful solar facility in Europe. At December 31, 2018, the Group's portfolio was made up of 40 solar assets in operation or under construction in Europe - Africa, Americas and Australia, with a cumulative capacity of 1,312 MW, as well as 27 awarded projects with a cumulative operating capacity of 819 MW. The Group is continuing to develop a pipeline of 87 solar projects, with an additional potential production of 3,116 MW, including 23 tender-ready projects (812 MW) and 64 advanced development projects (2,304 MW).
- ***Wind*** *(segment revenue of €108.5 million and current segment EBITDA of €91.8 million for the financial year ended December 31, 2018)*. In the exercise of its activities related to wind, the Group develops and operates wind farms to date located in France, Australia and Finland. At December 31, 2018, the Group's portfolio was made up of 20 wind farms in operation or under construction, with a cumulative capacity of 794 MW, as well as five awarded projects with a cumulative capacity of 81 MW. The Group is continuing to develop a pipeline of 46 solar projects, with an additional potential production of 1,040 MW, including 25 tender-ready projects (382 MW) and 21 advanced development projects (658 MW).
- ***Storage*** (segment revenue of €17.9 million and current segment EBITDA of €14.2 million for the financial year ended December 31, 2018). This business segment only includes independent storage plants directly connected to the grid (as opposed to behind the meter solutions whose action is connected, upstream of the grid, to the energy generation activity of the solar power plants or wind farms). At December 31, 2018, the Group's portfolio was made up of five storage plants in operation or under construction, with a cumulative capacity of 135 MW for 172.2 MWh of storage capacity.

The Group is continuing to develop a pipeline of 5 storage plants, with an additional potential production of 364 MW, including one tender-ready project (4 MW) and four advanced development projects (360 MW).

Finally, the Group is the majority shareholder of an operational wood biomass co-generation plant in France. This co-generation plant has an installed capacity of 15 MW of electrical and 48.5 MW of thermal power, the latter of which is sold to a private steam off-taker (1). It generated revenue of €20.6 million and a current EBITDA of €7.1 million for the financial year ended December 31, 2018. Neoen does not consider this activity, which was purchased from Poweo EnR in 2012, to be strategic and does not intend to further develop it.

The Group focuses on organic growth through a multi-local "leadership" by which it obtains projects mainly through its own local teams and aims at becoming the leader on its target markets. These local teams set up partnerships and analyse market requirements in selected and promising regions. The Group up to now has focused, and intends to continue to focus, on OECD countries (for at least 80% of its electricity capacity); operations in these countries account for 93% of its consolidated revenue in 2018 and 93% of its entire operational portfolio. The teams acquire good knowledge of the particular features of each market, take up the project structuring processes proven on these markets and find new optimisation methods to increase the Group's local competitiveness. This approach enables the Group to obtain better terms when developing projects, reduce the cost of capital and gain credibility as the Group becomes established on the local market, particularly by delivering projects on time and to budget. Furthermore, these economies of scale, the improvement in the procurement conditions from suppliers and the optimised execution of the Group's projects are expressed by more competitive off-take prices, which reduces the risk of payment default or an attempt to renegotiate prices by the counterparties to the electricity purchase contracts. The main regions ("clusters") in which the Group operates are the following:

- *Europe – Africa*: the Group has operations in France (where it is the leading independent producer of solar energy and the leading independent producer of exclusively renewable energy overall, taking into account its awarded projects), in Portugal, Finland and Zambia (where it is the leading independent producer of exclusively renewable energy and in Mozambique and Ireland (projects under development);

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(1) The Group also has a tendered biomass electricity project with a capacity of 5 MW.

- *Australia*: the Group is the leading independent producer of exclusively renewable energy in Australia;
- *Americas*: the Group is established in El Salvador (where it is the leading independent producer of exclusively renewable energy) and it was awarded projects, through tenders, in Mexico, Argentina and Jamaica. Furthermore, the Group has projects in development in the US.

The Group intends to focus and increase its presence in the three foregoing regions ("clusters"), while reinforcing its presence in a timely and gradual way, on other markets or by penetrating new ones, while retaining its multi-local leadership approach.

1.1.3 COMPETITIVE ENVIRONMENT

The renewable energy market is still very open and fragmented, composed in many countries of actors of all sizes.

There are historical national electricity utilities that have driven renewable solutions in their energy mix. Some of these traditional players, which were already regional or global leaders in electricity and have long since emerged from their domestic market, have developed a know-how in renewable energies and have dedicated subsidiaries abroad (EDP Renováveis, EDF Énergies Nouvelles, Enel, Engie). In addition, there are international players specialising in renewable energies, such as Neoen, Scatec, Voltalia and Boralex. And there are also small players operating locally, although they are decreasing. It should also be noted that these international or local renewable energy actors ("IPP", independent power producers) are sometimes bought out by large integrated energy groups (acquisition of Solairedirect by Engie in 2016, Equis Energy by GIP in 2017, Alterra Power by Innergex in 2018). Some of the global energy leaders, especially in the oil & gas sector (Total, Shell, Statoil, Repsol) are looking to anticipate the impact of the energy transition (for example, Total's acquisition of Saft and Direct Energie, which is competing with the Group in France through its subsidiary Quadran, in 2018).

The Group is an independent power producer of renewable energy (IPP) exclusively and it is the first among its peers in Australia, El Salvador, Jamaica, Zambia and in France, where it is the leading independent producer of solar energy and the second largest independent renewable energy producer as a whole, taking into account its "awarded" projects.

The award of projects remains competitive. However, while the authorities in charge of tenders are pushing actors to adopt more competitive prices, they are also increasingly taking into account the experience and the history of the operator, especially with regard to the record of having carried out important projects on time and without cost overrun. The ability to pre-qualify projects (obtaining land, environmental studies, technical studies, obtaining building permits), that is, to submit an offer with as little uncertainty as possible regarding its technical and legal fulfilment is also key, which is a plus for Neoen. Lastly, access to financing on acceptable terms and financial soundness (tested in the form of bid bonds where appropriate), testify to the ability to cope with the hazards of construction and operation, and represent, with the elements above, growing barriers to entry in the sector.

Combined with market fragmentation, these barriers should contribute to a consolidation environment. Added to this is the growing interest of investors in holding renewable asset portfolios and the desire of the historic players in electricity, but also more broadly in the energy sector, to rapidly make their energy mix evolve.

1.2 STRATEGY OF THE GROUP

The strategy of the Group is comprised of the following key elements:

Consolidating its position as an independent renewable energy leader with a "develop-to-own" strategy, through selective geographic diversification and economies of scale

The Group intends to extend its proven "develop-to-own" strategy in selected new regions and to continue to create value all through the development of its projects, their industrial and financial structuring, and up to their commissioning and beyond. The goal of the Group is to continue to aim at large-scale projects under public tenders by enlarging its plant portfolio, while achieving economies of scale and reproducing the effective structuring of its projects in its chosen markets. The Group expects that its increasing geographic diversification will improve its economies of scale, the robust nature of its cash flow *via* climate diversification, its capacity to develop in local markets and the resilience of its activities by limiting its exposure to local economic cycles and developments. To do this, it intends to continue to follow its policy of targeting development projects in markets with stable economic environments and contracts denominated in strong currencies.

Broadening its presence in these main historical markets, to become a local leader on the markets where it has set up a solid pipeline of projects and to develop selectively in its three key regions

After establishing itself as the leading independent electricity producer in France and Australia, the Group intends to increase its presence on these two key markets. At December 31, 2018, the Group had project pipelines ("advanced pipeline" excluding "early stage" projects) in France and Australia representing 1,070 MW and 1,668 MW respectively, enabling it to retain its position as leader in these two countries in the future. The Group expects that these countries will continue to be the base point for its centralised functions as its development teams relate to the new regions.

The Group also intends to deploy its strategy as a multi-local leader in the markets where it has set up a substantial project pipeline, particularly in Latin America. At December 31, 2018, the Group had a project pipeline representing 1,613 MW in Latin America (Mexico, Guatemala, Colombia and Argentina). The Group foresees strong growth and multi-local leadership on its selected markets in the region.

By pursuing this expansion, the Group intends to deploy its strategy by region (so-called "cluster" strategy), which consists in developing markets in both in neighbouring regions and in nearby countries. Markets on which it is already established and with considerable success to date. The "cluster" strategy of the Group enables it to benefit from the geographic proximity of its existing resources and to make use of its own local or regional knowledge or that of its local partners. As an example of the successful implementation of this strategy, the Group initially developed a presence in El Salvador and Mexico before continuing its expansion into other Latin American countries. The Group plans to develop on average in one new country per year while seeking to maintain at least 80% of its operating capacity in OECD member states.

It also plans to continue to reinforce its organic growth *via* the selective acquisition of projects in preliminary development phases, to which it will be able to add value in line with its "develop-to-own" strategy.

Maintaining a regular growth trajectory while retaining operational and financial discipline

The Group is well positioned to take advantage of the world's transition to renewable energies. According to the report "New Energy Outlook" 2018 by BNEF (Bloomberg New Energy Finance), solar and wind operating capacity should rise from 16% of the worldwide operating capacity in 2018 to 58% in 2050, with an annual average growth rate of respectively 8.4% and 5.2% during said period. Therefore, the growth in solar and wind capacity should exceed growth in fossil fuels and nuclear energy by a considerable margin. The strategic orientation of the Group as well as the balance between its development of solar and wind production are therefore strongly aligned with the dynamics of the world energy markets.

Furthermore, as the renewable energy market is attracting additional investment, the Group feels that its financial and operational discipline will allow it to stand out in an increasingly competitive and consolidating field. This discipline was central to the Group's success and it intends to maintain it as it grows.

The Group intends to maintain its current approach to financing projects through debt, in particular its policy of subscribing mainly to non-recourse debt, in the long term and in the same stable currencies used for the income from its projects, to protect the stability of its capital structure, and, in the future, to minimise the associated risks. Furthermore, in the longer term, and thanks to its "develop-to-own" strategy applied from the outset, the Group expects to be in a position to finance more and more projects with the revenue from its plants in operation (while covering the entire cost of the project's debt by means of this revenue), thereby reducing the need for equity contributions from its shareholders.

Reinforcing the renewable energy business models by integrating storage and possibly adopting financially viable new technologies

The Group has pioneered the integration of storage solutions, in particular thanks to its flagship Hornsdale Power Reserve project, built in partnership with Tesla, which adjoins the Hornsdale Wind Farm (but is nevertheless independent therefrom). In addition, the Group currently has supplemental storage facilities integrated into its DeGrussa solar power plant (in Australia), has begun work on the construction of the Bulgana Green Power Hub which will include a storage facility coupled with the Bulgana wind farm in Australia, and the construction of Capella Storage, a storage facility coupled with the Capella solar power plant in El Salvador. Finally, in February 2019, the Group completed the construction and commissioning of Azur Storage which is, to date, the largest fixed storage facility directly connected to the grid in mainland France. The Group has other storage plants under development in France, Australia and El Salvador and intends to continue to integrate "behind the meter" storage facilities in its projects to ensure the stability of its solar and wind projects and to enhance their competitiveness and profitability, or directly connected to the grid. On this basis, the Group has started to generate new sources of revenue, thanks in particular to the provision of stabilisation services for the electricity grids in Australia and, today, France. Feedback from the grid managers has been very positive: after the plant's first year of operations, the quality of the critical grid frequency stabilisation services provided by the Hornsdale Power Reserve has been unanimously applauded, notably by the Australian Energy Market Operator (AEMO).

The Group's approach to storage integration therefore lies in its broader strategy involving the integration into project design and structuring of elements that improve the projects' overall attractiveness, increase acceptance of renewable energy and reduce dependence on conventional energy sources for the supply and transmission of electricity. As has been proven by the example of the Hornsdale Power Reserve, the response time recorded by the Group's storage facilities during peak power grid frequency periods is much faster than that recorded by thermal power plants. Consequently, the energy storage solutions are today much more relevant than the use made of thermal power plants for frequency regulation and so-called ancillary services. For these reasons, and in the light of the results generated by the Hornsdale Power Reserve, the Group has decided to consider the standalone cells business, directly connected to the grid, as a business activity in its own right.

Lastly, in accordance with its technological agnosticism, the Group keeps a close watch on the arrival of new technologies to perform support functions for the production of renewable energy. For example, in 2018, the Group obtained a subsidy in Australia to start preliminary studies on the implementation and use of hydrogen production and storage solutions.

Developing new promising sources of revenues by diversifying the electricity off-takers

The Group continues to seek new sources of revenues through off-takers other than the historic base that are the public entities and electricity distributors. The Group has already signed private off-take agreements for certain of its plants in operation, such as its Hedet wind farm in Finland which signed an off-take agreement covering 100% of all electricity generated with Google, the Numurkah solar power plant project in Australia from which the Melbourne tram network is to purchase green certificates or again its DeGrussa off-grid plant which supplies electricity to a copper mine under an off-take contract. The Group expects that a substantial market for corporate off-take contracts for renewable energy will develop in the coming years, as the grid parity extends and that these parties become increasingly sophisticated energy consumers. Resorting to renewable energies enables these companies to reduce their costs and the risk related to the prices for their electricity requirements. This will also enable them to be recognised as "green" companies committed to clean energy policies. The Group considers that the credibility it acquired with existing corporate off-takers as well as the good performance of large competitive projects puts it in a position to take advantage of the growth in the market of corporate off-takers.

In addition, while continuing to concentrate on securing stable revenues through off-take contracts, the Group is strategically aiming at additional market revenues by taking advantage of favourable market prices. For example, the Group earned initial revenues from sales in the spot market of the electricity produced by those wind turbines or solar power plant sections already operational in farms and plants under construction. In countries where the spot markets are developed, the Group is planning to develop its projects and tender bids to take advantage of market prices when they are relatively predictable. This predictability is limited in time, that is, before the start of a plant's off-take contract, insofar as the market price is higher than the price of the off-take contract. The Group is aiming to increase the profitability of its projects while afterwards benefiting from the stability of electricity off-take contract prices at an optimal level.

Remaining committed to corporate environmental and social responsibility

The Group has emphasised maintaining the most demanding standards on the health and safety of its employees and trading partners, while preferring practices protecting the environment and plans to continue doing so. The Group has already proven its commitment towards Health, Safety and the Environment ("HSE") by establishing rigorous HSE polities, that it supervises in partnership with specialised consultants. The Group intends to continue to concentrate on rigorously managing these questions.

Furthermore, the Group is dedicated to promoting local commitment and socially and ecologically responsible practices, modelled on major international guidelines, such as those published by the International Finance Corporation. In addition to seeking the support of stakeholders from the commercial standpoint, the Group takes into account the social needs of the populations with whom it lives side-by-side, recognising that its prospects are linked to the health and prosperity of the regions in which it is investing. The Group's activity is guided by the conviction that corporate social responsibility ("CSR") is crucial to its success. The Group expresses its commitment to CSR by practical actions, including through:

- contributing to social investment funds for local development in countries such as El Salvador and the creation of the Hornsdale Wind Farm Community Fund in Australia;
- investing in educational centres such as the Renewable Energy Skills Centre of Excellence in the Canberra Institute of Technology in Australia;
- the contribution of 3% of the income generated by the Providencia and Capella solar power plants in El Salvador to social development projects;
- support to organisations such as the *Tendre La Main* association for the electrification of the schools being built by the association in Madagascar;
- putting in place sustainable financing frameworks, having already financed green obligation projects, certified by Vigeo Eiris ("Vigeo"), in October 2015 and December 2017. Furthermore, as part of the due diligence carried out by Vigeo on the Group when the Company' shares were listed on Euronext Paris, the Group was rated A1 by Vigeo in June 2018.

For more information on the Group's HSE and CSR policies, see Chapter 5 "Sustainable development and corporate responsibility" of this document.

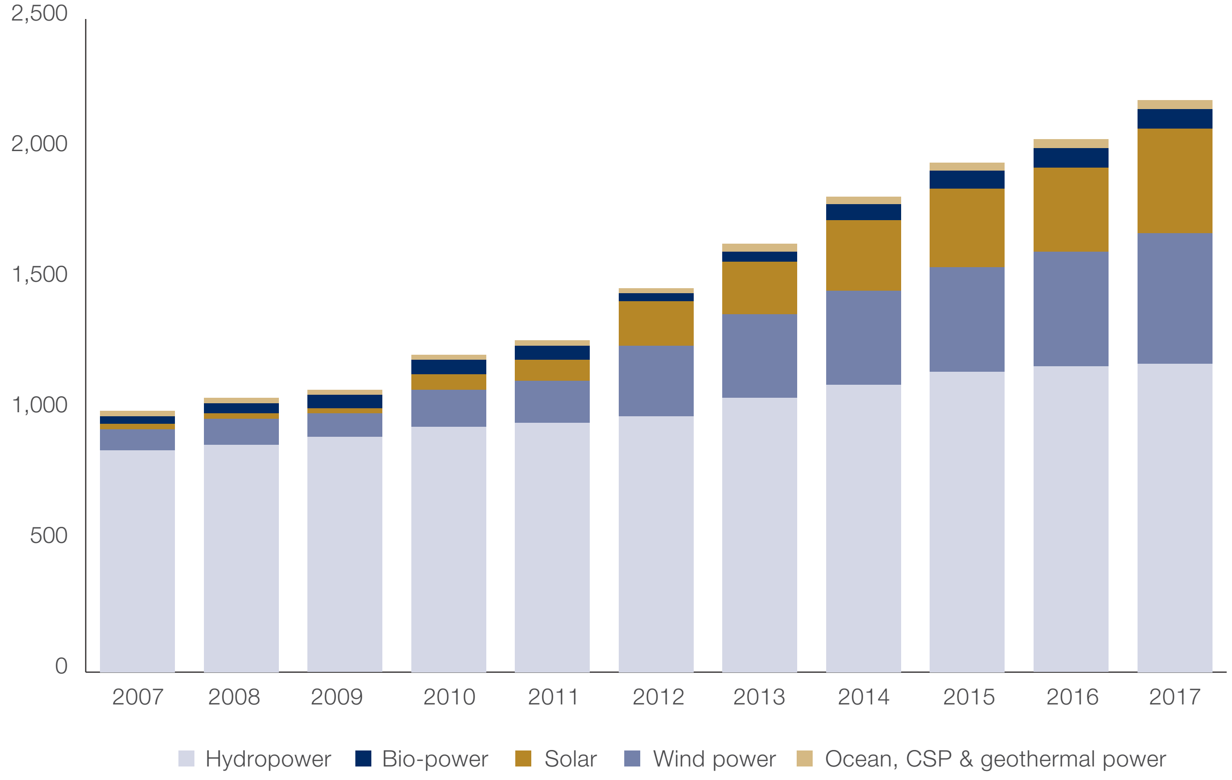
1.3 DESCRIPTION OF THE RENEWABLE ENERGY MARKET

1.3.1 A RAPIDLY EXPANDING GLOBAL RENEWABLE ENERGY MARKET SUPPORTED BY SUSTAINABLE MARKET DYNAMICS

1.3.1.1 OVERVIEW OF RENEWABLE ENERGIES IN THE WORLD

As shown in the graph below, global renewable energy production capacity is showing a very strong growth. Between 2007 and 2017, total capacity doubled. Over this period, 2017 recorded the largest increase in capacity, with an additional 178 GW installed, that is 9% more than 2016.

Change in renewable energy capacity worldwide 2007-2017 *(in GW)*



Source: Renewable Energy Policy Network for the 21st century (Ren21); June 4, 2018 report.

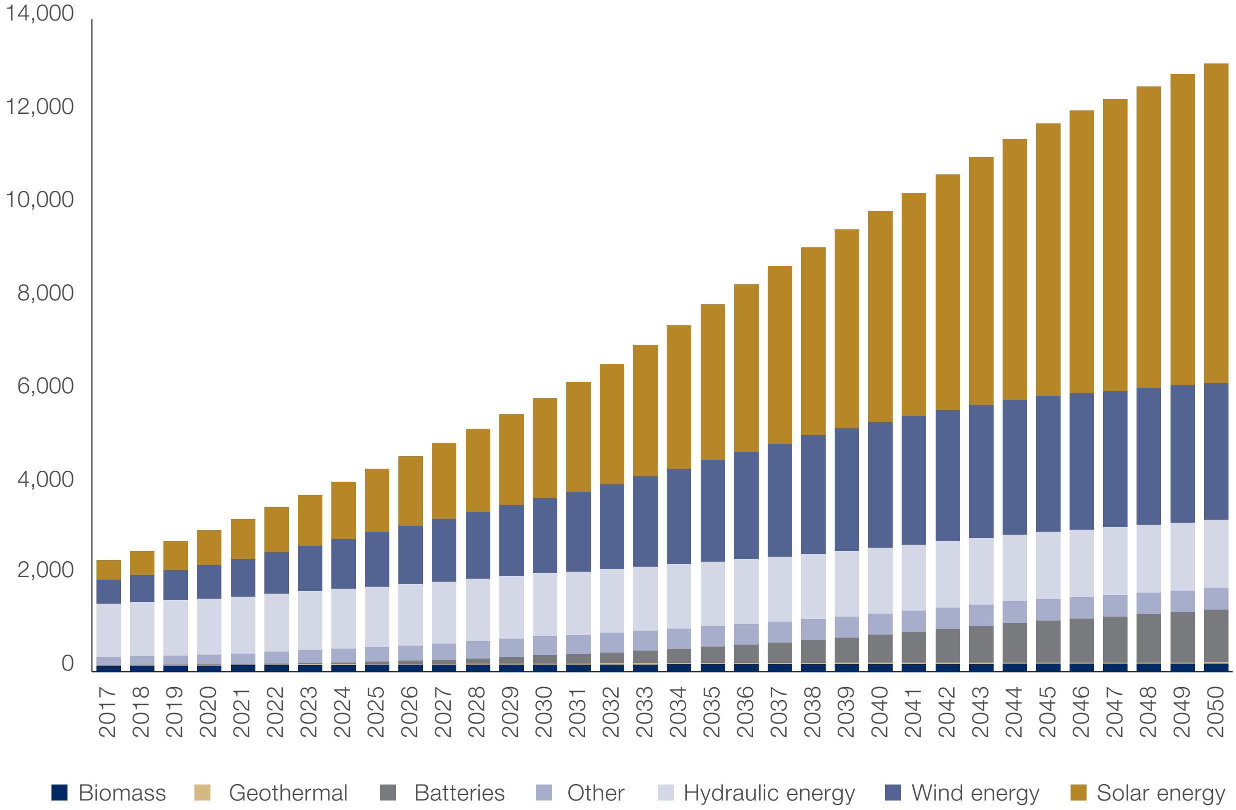
While at the beginning of this period, wind power represented the largest share of new renewable energy production capacity installed, solar has now caught up. In 2017, the solar industry accounted for nearly 55% of new renewable energy production capacity installed around the world. In the same year, more new solar capacities were installed than new combined fossil and nuclear power generation capacities.

Wind energy remains the second largest driver of renewable energy growth, with 27% of new renewable energy production capacity installed in 2017.

Together, solar and wind power represent nearly two-thirds of the new renewable energy production capacities installed over the 2007-2017 period.

According to a BNEF estimate ("New Energy Outlook" 2018), the energy sector could record an average annual growth rate (CAGR) of 2.9% over the 2018-2050 period. Over the same period, the CAGR for renewable energies could amount to 5.2%, with 8.4% for the solar sector, 5.2% for the wind energy sector and 17.4% for the storage of solar energy. As shown in the graph below, the additional capacity for renewable energies could increase by 10.5 TW between 2018 and 2050 and reach 13 TW by 2050.

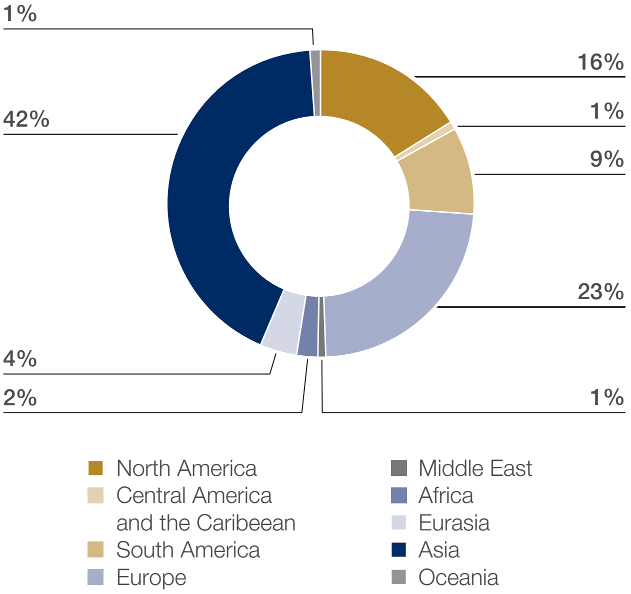
Installed cumulated capacity by technology *(in GW)*



Source: BNEF, "New Energy Outlook" 2018.

In terms of geographical distribution, Asia is the largest renewable energy market with 42% of global capacity installed in 2017. Europe is the second largest market with 23% installed capacity, followed by North America (16%).

Geographical distribution of installed capacities

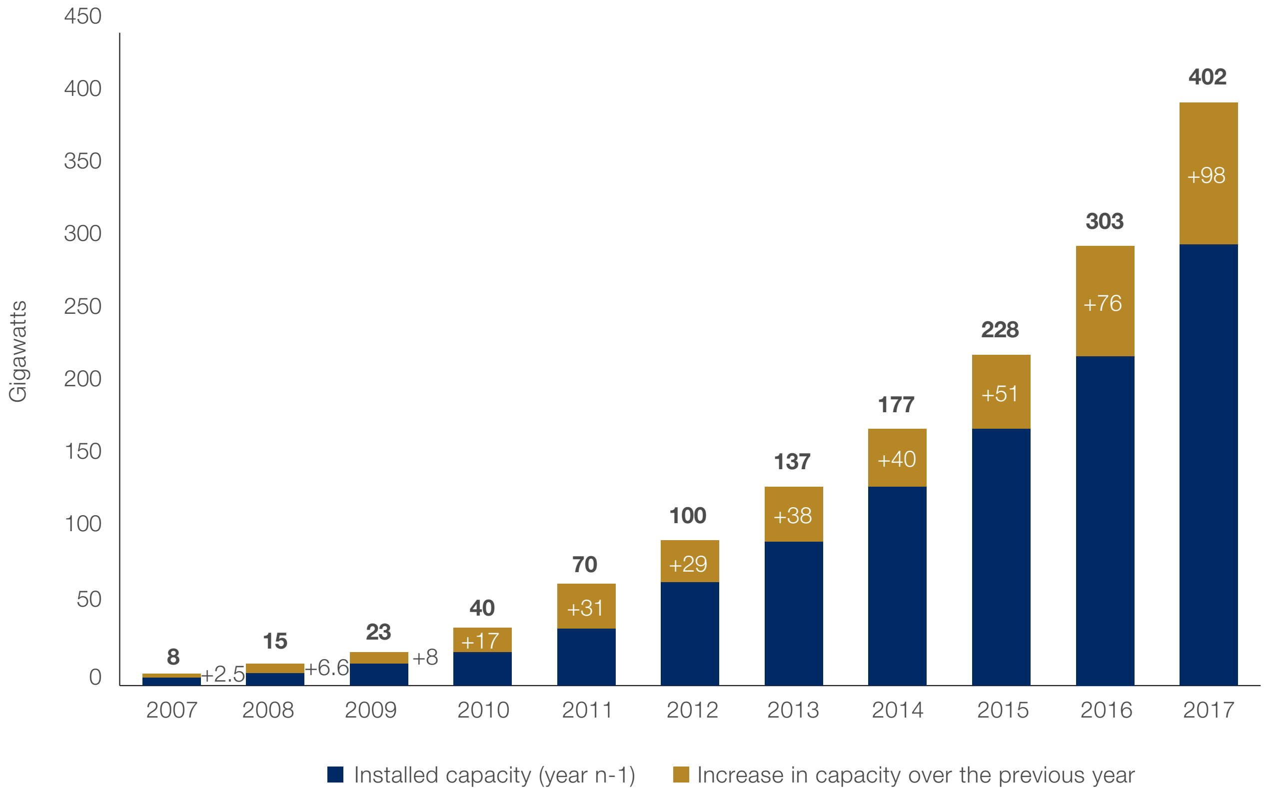


Source: International Renewable Energy Agency – Renewable capacity highlights 2018.

(i) World market for solar energy

Solar energy was the fastest growing source of energy over the 2007-2017 period. This trend is mainly due to the growing competitiveness of solar power plants, combined with the growing demand for electricity, especially in emerging markets.

Evolution of global solar capacity 2007-2017 *(in GW)*



Source: Renewable Energy Policy Network for the 21st century (Ren21); Renewables 2018 Global Status Report.

On average, installed solar capacity increased by 32% each year over the 2007-2017 period, but this growth accelerated progressively during that period: over the past five years, global solar capacity has quadrupled, from 100 GW at the end of 2012 to 402 GW at the end of 2017, and in 2017, nearly 98 GW of solar capacity have been installed, which represents an increase of almost one third of the existing capacity – the equivalent over 40,000 solar panels per hour in 2017.

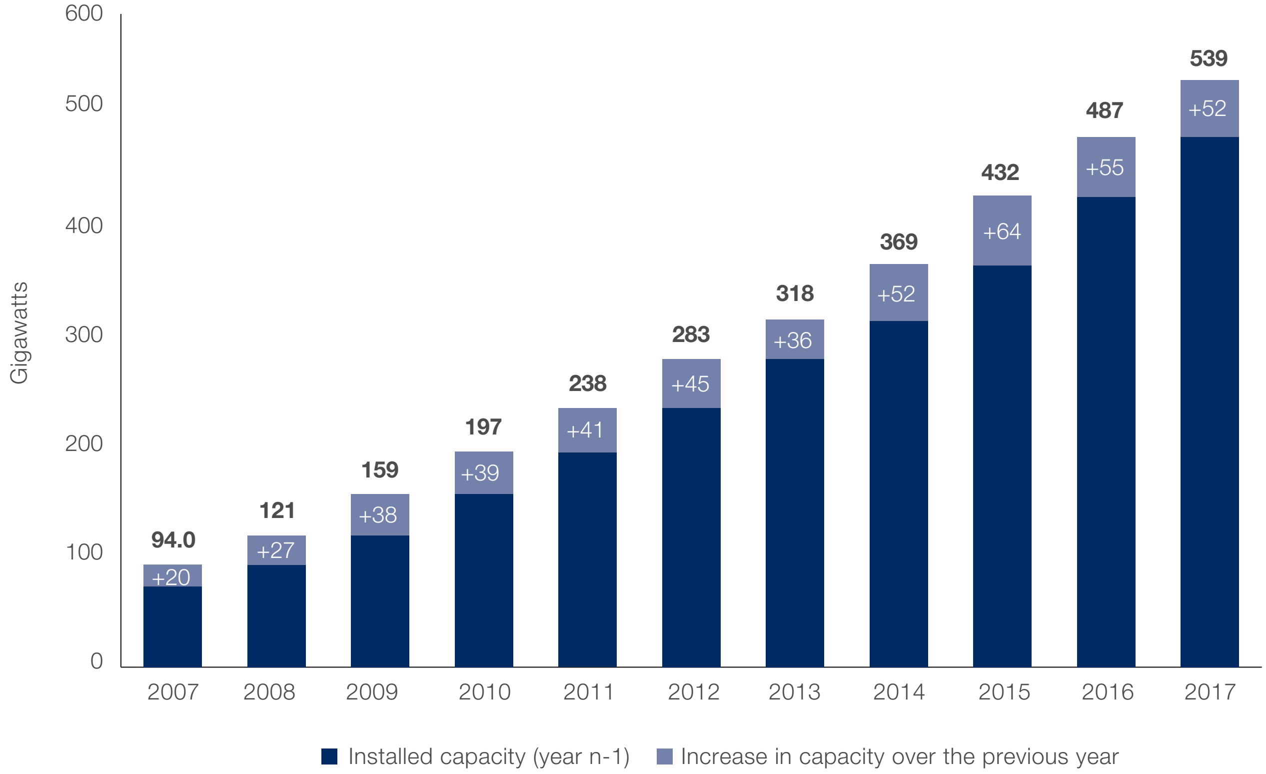
Over 48% of this increase is accounted for by the growth of the Chinese market (53.1 GW), which today represents the world's largest. The United States is the second largest market in the world.

In Europe, Germany, Italy, England, France and Spain rank among the top ten world markets. In Oceania, Australia is also in the top ten ranking, at the 9th position.

(ii) World market for onshore wind energy

The global wind energy market now totals 539 GW of capacity, up almost 11% in 2017 compared to 2016, an increase of more than 52 GW. On average, onshore wind capacities increased by 19% each year over the 2007-2017 period.

Evolution of global onshore wind energy capacity 2007-2017 *(in GW)*



Source: Renewable Energy Policy Network for the 21st century (Ren21); Renewables 2018 Global Status Report.

The Asian market was the world's largest onshore wind energy market for the ninth consecutive year, accounting for 48% of new installed capacity in 2017, followed by Europe (over 30%), North America (14%) and Latin America and the Caribbean (about 6%).

1.3.1.2 A RAPIDLY GROWING GLOBAL RENEWABLE ENERGY MARKET, DRIVEN BY SEVERAL STRONG DYNAMICS

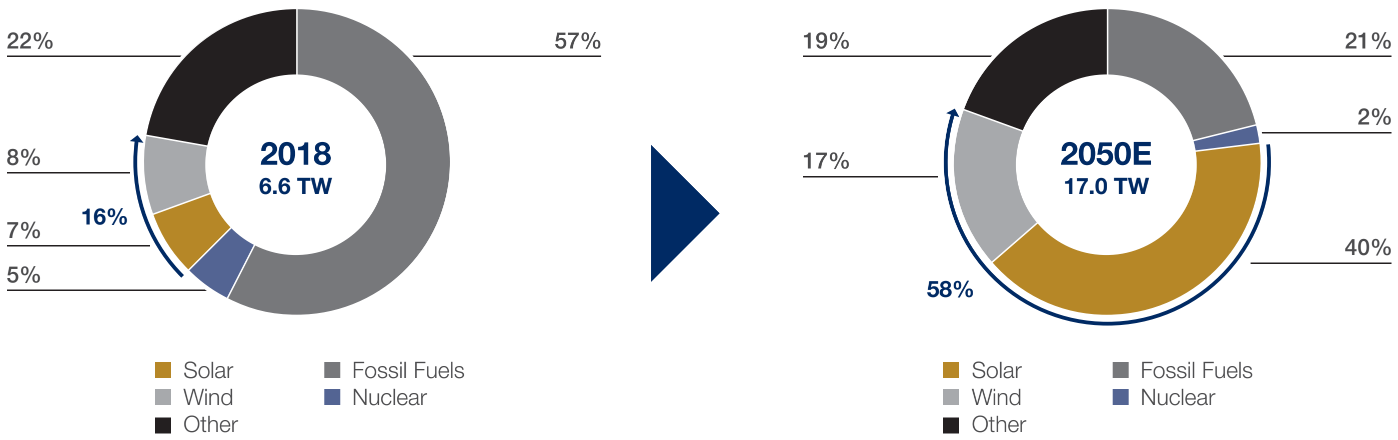
The main driver of renewable energy growth is the growth in energy needs from all sources, driven by global economic growth, economic development and population growth. BNEF (Bloomberg New Energy Finance) estimates that power generation capacity, whichever the source, should increase from 6.7 TW in 2016 to around 13.9 TW in 2040, little over twice as much. Within these sources of energy, solar energy should experience the strongest growth, with a compound annual growth rate of 11% over the 2016-2040 period, followed by wind energy with 6%, and compared to a stagnation for fossil fuels -1% growth for nuclear and 2% for other sources (BNEF, "Henbest: Energy to 2020 – Faster shift to Clean, Dynamic, Distributed" June 26, 2017).

Investments in the renewable energy sector accounted for two-thirds of the total power generation investments in 2017, although they declined by 7% in the course of this year to about US$300 billion (source: IEA, "World Energy Investment 2018", 2018).

Between 2018 and 2050, global investments in new generation capacity is expected to be US$11,500 billion, of which US$1,900 billion invested in the US and the same amount in Europe, while Australia alone is expected to benefit from investments worth US$100 billion. Of this US$11,500 billion, 80% or US$9,300 billion is expected to be allocated to renewable energy, of which US$4,600 billion in the wind sector and US$3,800 billion in the solar sector. These investments in new generation capacity is expected to be accompanied by a US$500 billion investment in new storage capacity over the same period, most of which (77%) would be allocated to industrial-type batteries (Source: BNEF, "New Energy Outlook", 2018).

In addition, within these production capacities, the share of solar and wind power is expected to increase, from around 16% in 2018 to 58% in 2050, as indicated in the graph below, according to BNEF.

Projected global operational capacity *(in TW)*



Source: BNEF, New Energy Outlook 2018.

This expected increase in solar and wind in the energy mix is the result of three positive dynamics:

- the commitments made by public players and the growing interest of the private sector in favour of renewable energies.

  In 2017, this market for power purchase agreements with private buyers ("corporate PPAs") represented a total volume of 5.4 GW in direct purchases of electricity from renewable sources, mainly in the United States and Europe 2.8 GW and 1 GW respectively. In Europe, activity was particularly strong in the Netherlands and Scandinavia. This market has also developed in Australia, amounting 400 MW. It has about 43 private buyers, such as Google, Apple, Amazon, Unilever and Microsoft, spread across a dozen different jurisdictions.

  The prospects of this market for corporate PPAs are good, with a growing number of private companies seeking supply from renewable producers: 5035 companies thus joined the RE100 group in 2017 and 2018, a global group of private companies committed to obtaining 100% of their electricity needs from renewable sources; taking their total to 166,116 companies;
- the increasing competitiveness of renewable energies due to technological and operational factors; and
- the accelerated deregulation of the renewable energy market.

In addition to these trends, which have been going on for several years, the impact of power storage solutions has recently been added (see Sections 1.3.1.3 "The growing impact of storage solutions" and 1.4.1.3. "Energy Storage" of this document).

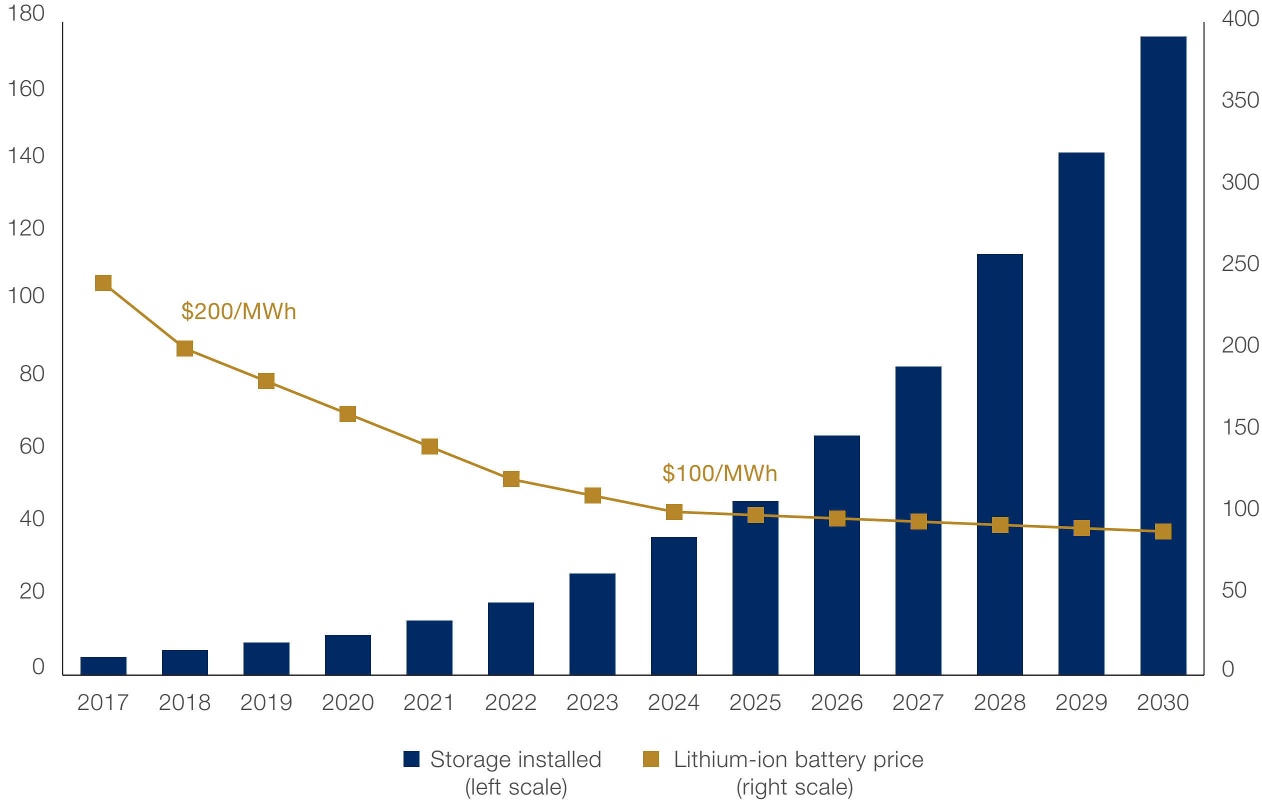
1.3.1.3 THE GROWING IMPACT OF STORAGE SOLUTIONS

Traditionally, the major disadvantage associated with renewable energy sources has been their intermittency. For example, a grid with a large share of solar or wind resources was exposed to potential problems of stability and maintaining the balance between supply and demand. To cope with this imperfect predictability of renewable energy production, grid operators had to resort to other means of production: hydroelectricity or "conventional" power plants. Battery/storage technology is designed to replace these thermal plants. They have the double advantage of being able to respond to imbalances between supply and demand more quickly than a combined cycle gas plant, and to use the energy produced by solar and wind plants after having stored the energy produced in excess of demand on the grid, which would have normally been "lost" (curtailment).

Storage capacity is therefore an important element for the development of renewable energies, which in turn, contribute to the very strong growth of storage capacity in the coming years.

Forecast global evolution of storage capacities *(in GWh)*

The global energy storage market is expected to multiply by twenty-six between 2017 and 2030 and reach a total capacity of approximately 180 GW.



Source: BNEF, New Energy Outlook 2018.

Due to their intrinsic characteristics, lithium-ion batteries are the most widely used electricity storage technology:

- quick energy intake and output, which allows for grids' frequency regulation;
- symmetrical service offered to managers;
- more efficient than competing technologies in general;
- relatively short construction time (sometimes less than six months);
- relatively long performance guarantees offered by suppliers (up to 10 years), and cell replenishment programme that can be anticipated and implemented during the life of the assets; and
- low maintenance costs.

Depending on whether they are directly connected to the grid or linked to a renewable energy project, the storage solutions will be configured according to different business models and generate different types of revenue. Neoen estimates that there are now four revenue models for storage solutions (spare capacity, frequency regulation services, load shifting and arbitration). Please see Section 1.4.1.3 “Energy storage”.

1.3.2 MARKET STRUCTURES

1.3.2.1 TERMS OF ELECTRICITY SALE

Renewable power plant operators may sell the electricity generated by their plants under different types of long-term contracts with one or more purchasers which may be public or private electricity (utilities), public authorities or private purchasers (please refer to Section 1.4.3 “Group's clients” of this document). These contracts are described in further detail in Section 1.5.6 “Group's electricity sales” of this document.

This categorisation can be summarised as follows:

- PPAs entered into through tenders, for a period of 15 to 25 years in general, and for a specific electricity capacity at a given price. Historically, these contracts were based on feed-in tariff framework. Now, the purchase price of electricity is fixed through a tendering process. Also becoming more common is that the purchaser no longer pays the operator the agreed price directly: in contracts for difference the operator sells the electricity on the market, at spot price, *via* an aggregator (on commission) and the buyer pays the difference with the reference rate provided in the contract (it is understood that the operator may have to pay this difference if it is in favour of the purchaser);

- operators also enter into over-the-counter contracts with sophisticated purchasers, such as energy companies or other private companies with specific energy needs. These contracts are usually for a specified amount of electricity, at contractually defined prices, which is delivered directly or indirectly to the private PPA counterparty. They have a shorter duration than contracts with public or parapublic purchasers or private electricity distribution companies, usually from 5 to 12 years.

Purchase contracts may be indexed in whole or in part to inflation. They may also contain protection against exchange rate fluctuations in emerging countries: for example, in the form of a direct payment in a stable currency, or in the form of a payment in local currency, but with an adjustment clause depending on the evolution of the exchange rate with a strong reference currency.

Operators can complement revenues from the above contracts by selling electricity in the spot-market (Section 1.5.6.3 “Wholesale and spot-market sales” of this document). These sales can be made through short-term contracts and can be used strategically to exploit the capacity that is not intended to be sold through long-term contracts such as PPAs. They allow to limit what would otherwise be an excessive transfer of value to a purchaser through the cost, for the producer, of a hedge against market price variations that the purchaser proposes through fixing a fixed price or a floor price. These sales may take place in the following ways:

- between the commissioning of the power plant and before the entry into force of the electricity sales contract (this is the case of the Group's projects in Australia and Mexico);
- at the term of PPA, whether corporate or public, for all or part of the production volumes (for example in France); or
- for the production volumes that exceed the maximum amount contracted or won through tenders (for example in Mexico or Australia).

These situations are becoming more and more common. They are facilitated by the arrival of aggregators or route-to-market off-takers which make it easier for independent renewable producers to access and sell on the open market. In addition, these sales are increasingly taken into account by lenders when making an analysis of the financial profile of a project.

In addition to revenues generated by electricity sales, operators of solar or wind power plants may receive additional revenues from:

- in the presence of capacity markets, capacity premiums (generally proportional to capacity available);
- where necessary according to the applicable regulation, the sale of green certificates in proportion to the production, for example large-scale generation certificate in Australia; or
- when the plant is coupled with storage capacity, the operator may also receive (refer to Section 1.3.1.3 “The growing impact of storage solutions” of this document):
  - capacity reserve remuneration: this is generally a contractual remuneration to a grid operator or a state, which takes the form of an availability payment,
  - frequency regulation remuneration: this involves paying stabilisation services sold to the system operators,
  - a remuneration related to the postponement of production: the electricity produced is stored during off-peak hours and resold during peak periods during periods of high prices,
  - or be exempted from the payment of a penalty: in certain markets, the network operator may charge penalties or network balancing costs. Insofar as a plant coupled to a storage facility will contribute to balancing the grid, it dispenses with this penalty.

It should be noted that the first three compensation categories mentioned above can also be carried out by independent storage facilities (directly connected to the network).

1.3.2.2 TENDENCIES HAVING AN IMPACT ON MARKET STRUCTURE

The following trends have affected the renewable energy market in recent years:

- ***Shift from regulatory tariffs toward tariffs obtained after competitive tenders***. This favours participants that have developed a strict approach in analysing a project's profitability, a strict discipline in terms of cost management and project management, a capacity to innovate in operating and in financial terms, and built trustworthy relationships with engineering, design, supply and installation, and operation and maintenance service providers, as well as with lenders.
- ***Shift towards “technology neutral” tenders***. In these tenders, the competent authority does not require a particular technology that the producer must use – solar, wind or other (combination with storage for example). Only the result – the proposed tariff – counts. In this context, a player like Neoen, which has several technologies, is naturally at an advantage in comparison to a producer that is specialised in only one energy source.
- ***Evolution towards a more a combination of remuneration methods***. Project business plans include more and more complex remuneration methods. There may be PPAs with different purchasers, on different terms and for different durations. In particular, part of the electricity can be sold to private actors. In addition, spot market sales, even if they are opportunistic, allow for the possibility of upsides in comparison to the contractual feed-in tariffs fixed in tenders. This is particularly the case in Mexico and Australia, which present an intrinsic situation of high spot prices compared to contractual prices fixed in tenders. They can also improve the financial profile of the project in the period between a plant's commissioning and the entry into force of an electricity sales contract. In addition, the integration with storage facilities provides revenue for capacity reserves and frequency regulation and enhances the opportunities to make sales on the spot markets through deferral of production.

- ***Government's willingness to de-risk the development of projects at the outset***. Rather than continuing to subsidise tariffs to encourage renewable energies, public authorities prefer to the tendering and licensing procedures more efficient and faster (limiting the length of recourse or administrative levels) as well as the connection time frames. Moreover, tenders are structured to favour the selection of candidates with the best offers and technical and financial profile, and in particular, with regard to the latter criterion, access to financing, including the ability to provide tender guarantees (bid bonds) or significant performance bank guarantees.
- ***Development of the storage business***, technological progress and a fall in production costs for electricity storage equipment facilitating the resolution of any negative impacts linked to the intermittency of renewable energies. In addition, batteries should increasingly be used in grid management to provide balancing and regulation services.

1.3.3 NATIONAL RENEWABLE ENERGY MARKETS

1.3.3.1 FRANCE

Macroeconomic context and data

General data:

- PIB: US$2,580 billion (2017), with a growth rate of 1.8%;
  - Services: 79.4%, Industry: 18.8%, Agriculture: 1.8%;
- Population: 67.1 million (2017), of which 100% has access to electricity;
- France is a member of the Organisation for Economic Co-operation and Development (OECD).

France has adopted a series of legal instruments to encourage the development of renewable energies in its energy mix. Support mechanisms were introduced as early as 2003, with the launch of the first feed-in tariffs.

The Energy Transition Law for Green Growth (2015) introduced a compensation mechanism in support of Tenders, called the “compensation supplement” mechanism, replacing the feed-in tariff system applicable until then. It has also updated the objectives of the National Action Plan in Favour of Renewable Energies: by 2030, 32% of consumption and 40% of electricity generation must be from renewable sources.

By 2035, the French government has also planned to reduce its nuclear capacity by 24 GW by shutting down 25 power stations. It has also pledged to dismantle all of its coal production capacities and most of its oil capacity by the end of 2021.

Finally, the draft of the Multi-annual Energy Plan (MEP), published on January 25, 2019 and which should be adopted by decree in mid-2019, defines the France's new ambitions for renewable electricity generation. The MEP reiterates the target of 32% renewable energy in the energy mix but advances the schedule to 2028. By December 31, 2028, the MEP aims to reach operating capacity of 34.1 GW in wind power and operating capacity of 35.6 GWc in solar power. To do this, the Energy Regulatory Commission intends to allocate 2 GW of wind and solar capacity each year to new tenders to be launched in 2021, according to the following schedule:

Solar

Timetable for tenders proposed by the PPE *(in MWp)*

	2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Ground-based solar	500	500	-	500	-	720	-	850	-	850	-	1,000	-	1,000	-	1,000
Roof-mounted solar	150	150	-	150	200	225	-	300	300	300	300	-	300	300	300	-

Source: Finergreen (2019).

	2021				2022				2023				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Ground-based solar	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000
Roof-mounted solar	300	300	300	-	300	300	300	-	300	300	300	-	300	300	300	-

Source: Finergreen (2019).

Wind

Timetable for tenders proposed by the PPE *(in MW)*

	2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Onshore wind	-	-	-	500	-	500	-	-	-	500	500	600	-	800	-	1,000

Source: Finergreen (2019).

	2021				2022				2023				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Onshore wind	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000

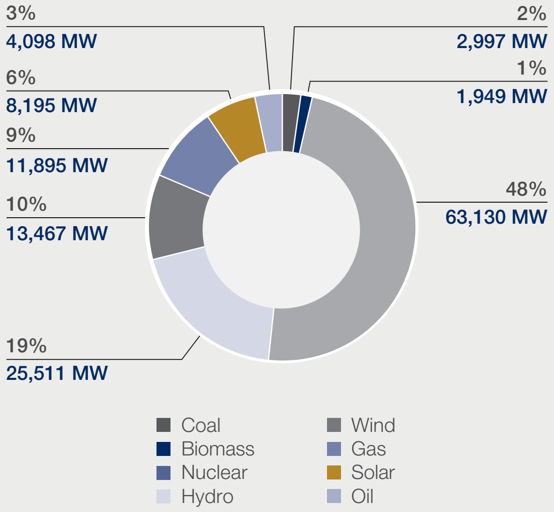
Source: Finergreen (2019).

Electricity generation capacity

At the end of 2017, France's operating capacity was 131.6 GW, particularly including nuclear (63.1 GW), hydraulic (25.5 GW), wind (13.8 GW), natural gas (11.9 GW), solar (8.2 GWp) and biomass (1.95 GW).

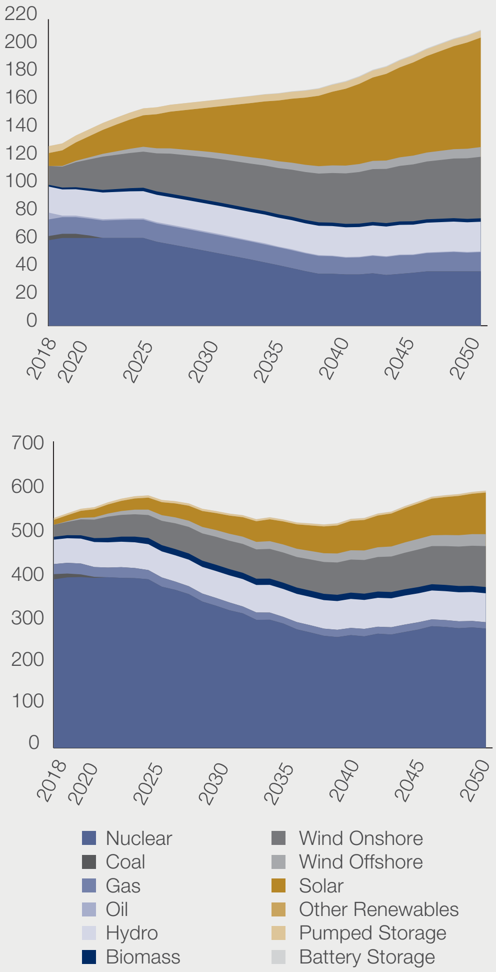
The demand for electricity in France in 2017 was 483 TWh. Industry-related demand declined significantly over the period, accounting for 13% of the total demand in 2007 compared with 8% in 2016. Demand for residential electricity, on the other hand, grew steadily from 56% to 63% of total electricity demand.

Change in capacity *(in MW)*



Source: Global Data (2017).

Change in production *(in TWh)*

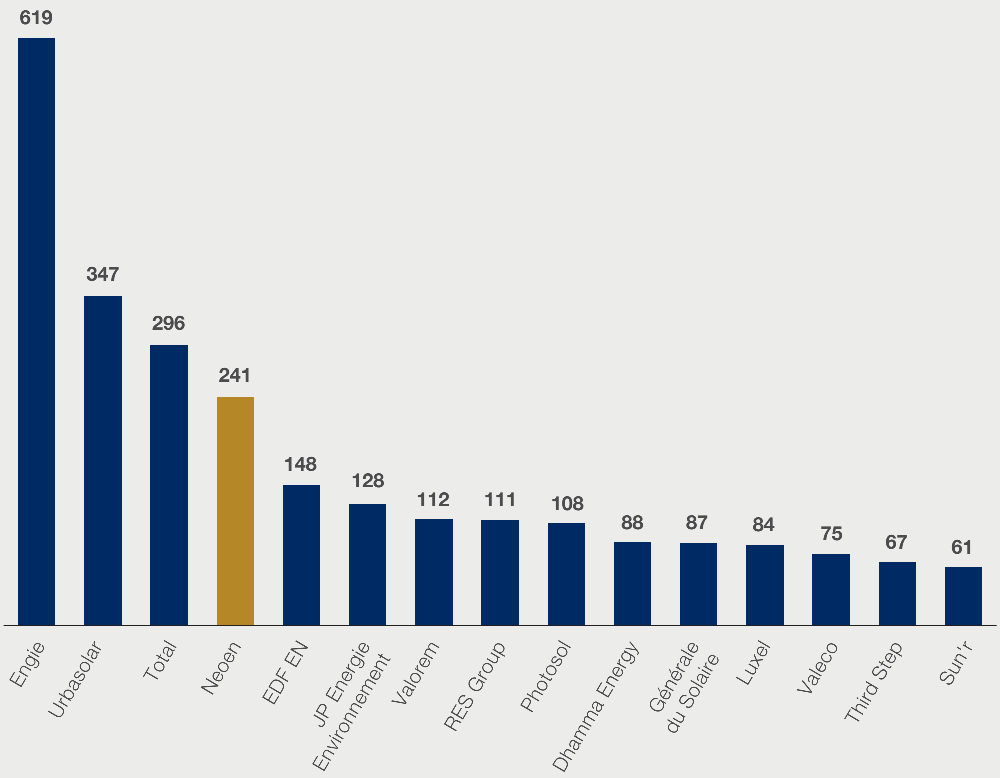


Source: Baringa (2017)

Renewable energy generation capacity

As part of the commitments made by France, the Energy Regulatory Commission put in place a series of tenders called CRE tenders, which Neoen repeatedly won for a total capacity of close to 400 MW.

The Group has an excellent history of solar tenders knows as "CRE 4" which were launched in France in 2017. In the classification of the combined power won over the five tranches of the CRE 4 tenders, the Group is in fourth position with a total allocation of 175 MWp. In November 2018, the Group also topped the bi-technological tender by winning five projects for a total of 66 MW of the 202.5 MW awarded. The graph below sums up the Group's position with respect to its competitors on the combined CRE 4 and bi-technological tenders.



Source: Finergreen (2019).

Change in average wholesale price of electricity

2014: US$43.85/MWh

2015: US$41.06/MWh

2016: US$40.94/MWh

2017: US$50.82/MWh

Source: Eurostat.

Competitive landscape

In recent times, the renewable energies market in France consolidated strongly once again, particularly through the Engie's buyback of Sameole and Langa, EDF's acquisition of Luxel or Total's acquisition of Direct Energie and Eren RE.

In 2018, the main renewable energy (excluding hydraulic energy) operators in France are:

Name	Operating capacity
Engie	2,521 MW
EDF Énergies Renouvelables	1,833 MW
Boralex	921 MW
Total	748 MW
Neoen	614 MW

1.3.3.2 PORTUGAL

Macroeconomic context and data

General data:

- PIB: US$217.57 billion (2017), with a growth rate of 2.7%;
  - Services: 75.7%, Industry: 22.1%, Agriculture: 2.2%;
- Population: 10.29 million (2017), of which 100% has access to electricity;
- Portugal is a member of the Organisation for Economic Co-operation and Development (OECD).

In January 2019, the Ministry of the Environment presented its goal of developing renewable capacity by 2030 (*Plano Nacional Integrado de Energia e Clima* – PNEC 2030). At the end of this programme, Portugal has the ambition to no longer emit carbon by 2050. To this end, the Portuguese government plans to submit biannual tenders for new renewable and storage capacities.

Three future tender phases are planned in this context:

- mid-2019: tenders for a capacity of 1.35 GWp of existing projects;
- first quarter of 2020: tenders for a capacity of 700 MWp to be allocated to promote the attractiveness of some of the neglected regions in Portugal (North);
- mid-2020: tenders for a capacity of 700 MWp and storage of 50 to 100 MW.

At the same time, in February 2019, the Portuguese government approved a new investment plan for Redes Energéticas Nacionais (2018-2027 plan) for a total amount of €535 million for the construction of high-voltage power lines to facilitate the connection to the network of new renewable facilities.

Coal production is expected to be completed by 2030, driven by Portugal's decarbonisation commitments under the Paris Agreement.

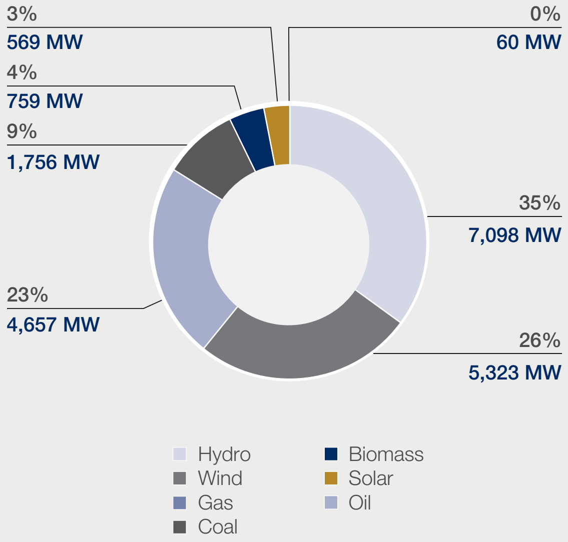
Regulated tariffs are being phased out and the electricity and natural gas sectors are being liberalised to promote retail competition and build a domestic energy market.

In 2012, the Portuguese government began to promote the development of renewable energy by setting up a feed-in tariff system that could be applied for any renewable energy production facility registered with the administration before November 30, 2012. This feed-in tariff consisted of two elements: a guaranteed rate of payment and a reference rate as established by a statutory formula defined in 2012.

Electricity generation capacity

The demand for electricity in Portugal increased from 36 TWh in 2006 to 51 TWh in 2018 (+3% per year). At December 31, 2017, the electricity generation capacity was 20 GW and was as follows:

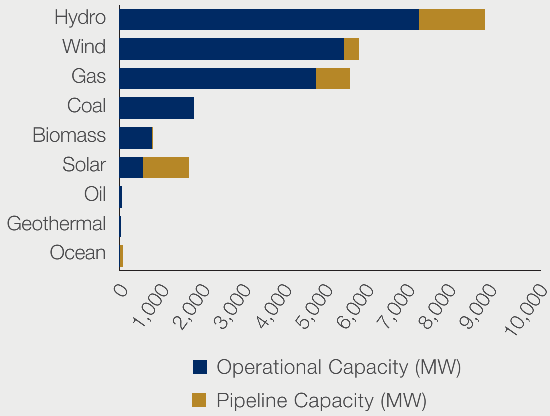
- renewable capacities (including hydraulic capacities): 13,749 MW;
- fossil capacities: 6,473 MW.



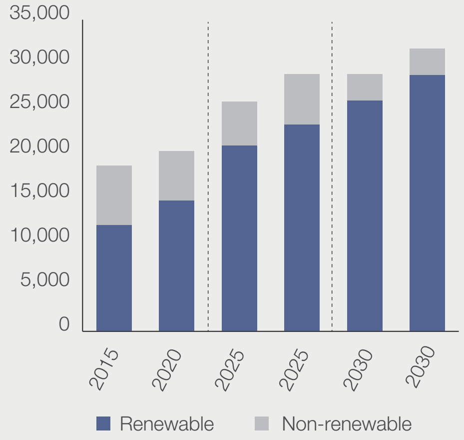
Source : INEGI/APREN I March 2019.

Renewable energy generation capacity

By 2030, the Portuguese government plans to commission an additional electricity generation capacity of around 4 GW. In this perspective, solar, hydraulic and wind technologies will have the greatest growth potential with the commencement of operations of 1,069 MWp, 1,563 MW and 346 MW respectively, as described in the graph below:



In 2015, the *Plano Nacional integrado Energia e Clima* 2030 (PNEC 2030) estimated that the share of solar capacity would increase from 3% (2015) to 30% by 2030 whereas that of wind energy would increase from 27% to 29% (and that the share of fossil energies would decline by 10%).



	2015	2030
Fossil	6.7 GW	2.9 GW
Hydro	6.0 GW	9.0 GW
Wind	5.0 GW	8.0 - 9.2 GW
Solar	0.5 GW	8.1 - 9.9 GW
Other	0.3 GW	0.6 - 0.7 GW
TOTAL	**18.5 GW**	**28.6 - 31.7 GW**
TOTAL RES	**11.8 GW**	**25.7 - 28.8 GW**

Source: Plano Nacional Energia e Clima, 2030

Change in average wholesale price of electricity

2014: US$55.39/MWh

2015: US$55.89/MWh

2016: US$43.58/MWh

2017: US$59.23/MWh

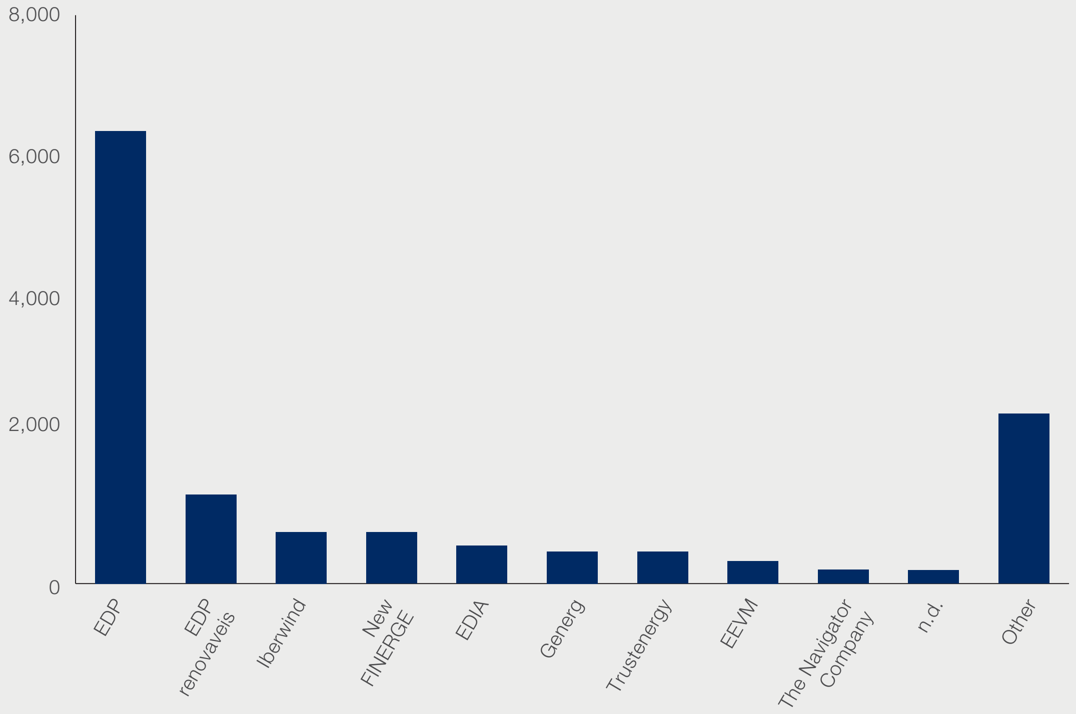
2018: US$67.86/MWh

Source: OMIE Price Reports (2019).

Competitive landscape

The main developers of renewable energy in Portugal are:

Name	**Operating capacity**
Energias de Portugal	6,371 MW
Energias de Portugal Renovaveis	1,250 MW
Iberwind	726 MW
New FINERGE	723 MW
EDIA	531 MW



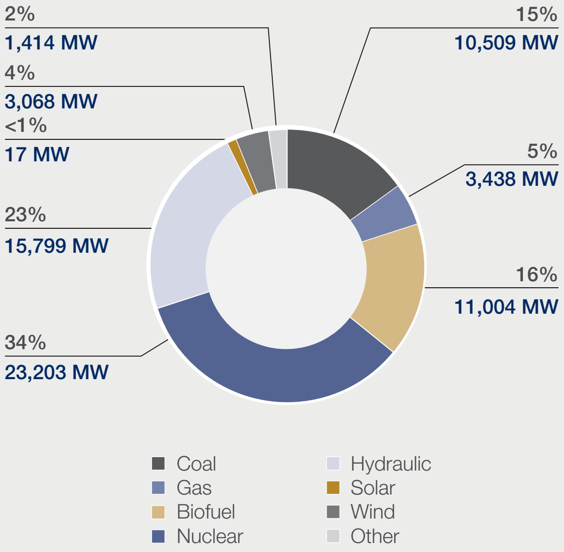
1.3.3.3 FINLAND

Macroeconomic context and data

General data:

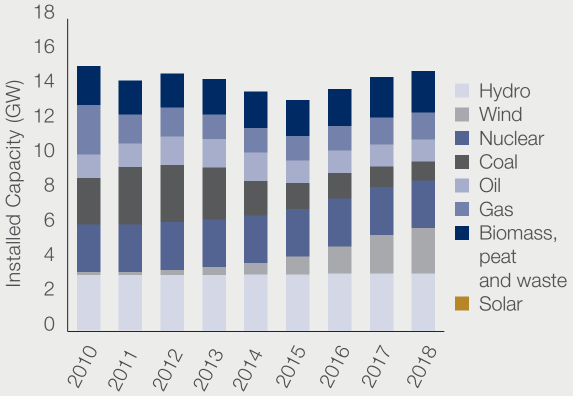
- PIB: US$244.9 billion (2017), with a growth rate of 2.8% (2017);
    - Services: 69.1%, Industry: 28.2%, Agriculture: 2.7%;
- Population: 5.51 million (2017), of which 100% has access to electricity

The Finnish electricity market is open to competition since the enforcement of the Finnish Electricity Market Act in 1995.



Source: Statistics Finland (2018).

Finland has set ambitious objectives for the penetration of renewable energies in its energy mix:



Source: Global Data (2017).

Peak consumption decreased from 14.3 GW to 14 GW over the same period.

Hydraulic generation amounted to 24% (2018) of the total Finnish electricity generation, while nuclear power accounted for 43%.

- 50% of the electricity generation capacity from renewable sources by 2020;
- 5 TWh of electricity generation from wind energy by 2020 and 8 TWh by 2030;
- 100% of the electricity generation capacity from renewable sources by 2050.

Since 2011, Finland has created a feed-in tariff plan to support the development of renewable energies:

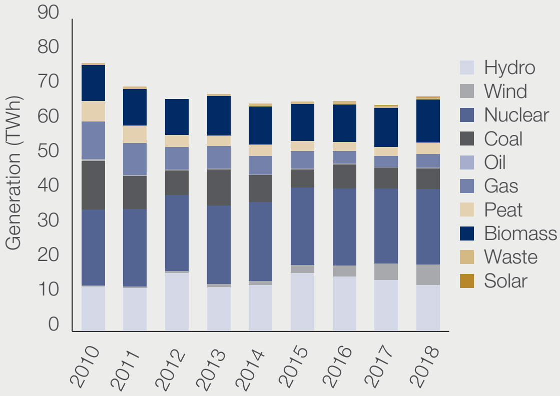
- grants: the State of Finland pays grants for investment and research in the field of renewable energies;
- premium tariff: The producers of renewable electricity and wind, biomass and biogas technologies receive a variable bonus equal to the difference between the spot price and a maximum tariff of €83.5/MWh. This bonus is paid to the project developers for a period of 12 years.

Since the maximum capacity of the feed-in tariff had been reached in 2016, a new support programme was drawn up. In May 2018, the Finnish parliament had approved the setting up of a tender system for a total capacity of 1.4 TWh for wind, solar, biomass and biogas technologies.

The Finnish government announced the ban on the production of fossil fuel energy in 2029. It is also preparing incentive measures to support companies dismantling their fossil fuel generation facilities by 2025.

Electricity generation capacity

Electricity consumption in 2018 was 85.5 TWh, down 5% from 2010, while production was 65 TWh. Finland is a net importer of electricity. Heavily dependent on imports from Russia until Autumn 2011, Finland turned to Sweden for its energy supply.



The total projected nuclear capacity by 2050 is 3.3 GW taking into account the commissioning of the Olkiluoto 3 power plant in 2020. It is expected that coal-based electricity generation capacity will be dismantled by 2030 to ensure compliance with the Finnish commitment to the Paris Agreement.

The share of fossil energy in Finnish energy mix fell over the recent years: by 29% over the 2014-2015 period, then again by 10% over the 2016-2017 period.

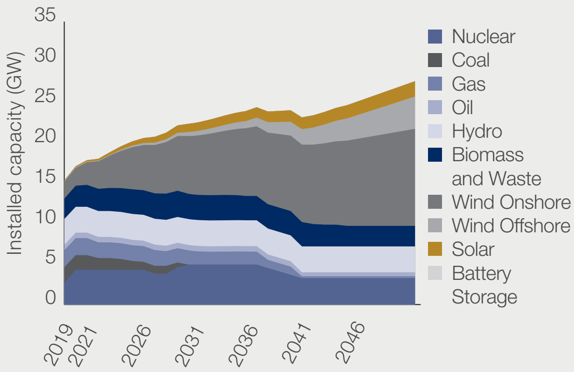
Source: IEA (2017).

Renewable energy generation capacity

The introduction of a feed-in tariff system in 2011 encouraged the take-off of wind technology. Installed wind capacity increased from 199 MW in 2011 to 1,533 MW in 2016 with production volumes increasing from 481 GWh to 3,068 GWh, respectively. Solar technology is minimal in the Finnish energy mix. Together, hydraulic, wind and biomass generation capacity accounts for around 45% of Finland's total electricity generation capacity.

In 2017, 516 MW of new wind capacity was installed in Finland.

1.8 GWc of new solar capacity and an additional 7.6 GW of wind capacity is scheduled to be commissioned by 2050.



Source: Global Data (2017).

Change in average wholesale price of electricity

2015: US$32.96/MWh

2016: US$35.96/MWh

2017: US$37.27/MWh

2018: US$55.29/MWh

Source: Statistics Finland.

Competitive landscape

The major players in the renewable energy sector in Finland are:

Name	Operating capacity
Kemijoki Oy	1,222 MW
Fortum Power	820 MW
Tuuliwatti Oy	465 MW
PVO Vesivoima Oy	413 MW

1.3.3.4 MOZAMBIQUE

Macroeconomic context and data

General data:

- PIB: US$12.6 billion (2017), with a growth rate of 3.7%;
  - Services: 56.8%, Industry: 23.9%, Agriculture: 19.3%;
- Population: 29.67 million (2017), of which 28.5% has access to electricity;
- Urbanisation is growing by 3.36% per year.

To expand people's access to electricity, the Mozambican President launched the programme Energia para Todos in 2018. This programme aims to extend access to the network to 58% of its population in 2023, 85% in 2028 and 100% by 2030. To this end, the government intends to install 5,780 MW of electricity generation capacity by 2033, with an investment of $34 billion, including $18 billion in energy project financing.

As regards on-grid renewable energies more specifically, two tender programmes are planned to contribute to comply with Mozambican schedule:

- On the one hand, the French Development Agency is financing the deployment of a structured tendering mechanism for the development of power plants to generate wind and solar energy. This programme, conducted by the EDM public utility (Electricidade de Moçambique) with the support of national and international consultants, aims to develop:
  - a facility to generate electricity from renewable sources with a total capacity of 30 to 40 MW for which the tender is expected to be published in the fourth quarter of 2019;
  - three facilities to generate electricity from renewable sources with a total capacity of 30 to 40 MW by 2021.
- On the other hand, preliminary works started in 2015 as preparation for the launch of the GET FiT Mozambique programme are planning the development of facilities to generate electricity from renewable sources with a total capacity ranging between 130 MW and 180 MW. Although there are no deadlines to date, this process will be broken down into three phases:
  - phase 1: development of solar capacity of 60 MWp and a storage facility;
  - phase 2: development of small hydraulic facilities of 40 MW to 60 MW;
  - phase 3: development of solar capacity of 30 MWp to 60 MWp and a storage facility.

At the same time as these tenders, Electricidade de Moçambique promotes the development of renewable sources of energy by awarding contracts signed by mutual agreement with project developers. To date, two OTC contracts have been signed for a total capacity of 82 MWp, of which 41 MWp has been allocated to Neoen.

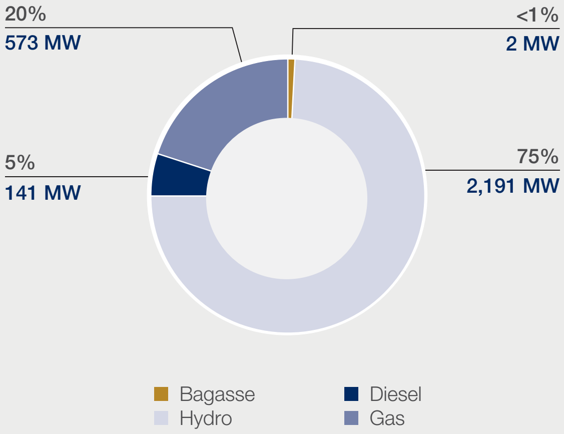
Many off-grid renewable energy development programmes (small solar power plants and mini-grids for example) are also supported in Mozambique by various development finance institutions (DFIs) to enable access to electricity from remote areas of the electricity grids.

In the long term, Mozambique aims to be a net exporter of electricity.

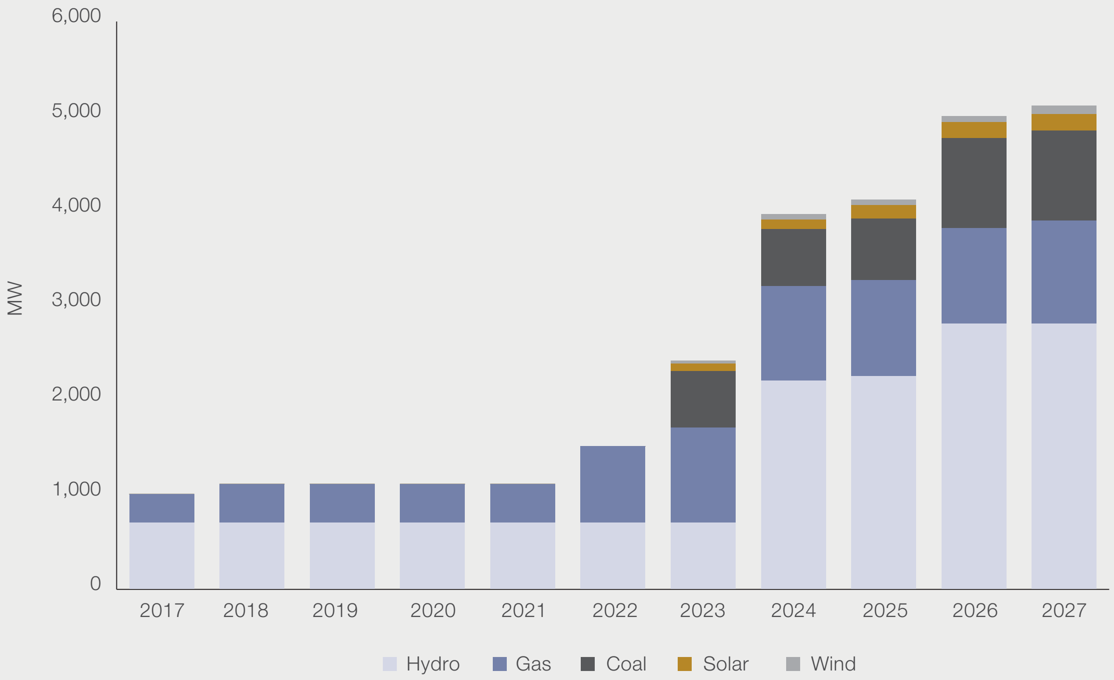
Electricity generation capacity

Most of the electricity generation capacity in Mozambique is hydraulic, with seven plants in operation for a total capacity of 2,191 MW. Installed fossil capacity represents only a quarter of the total electricity generation capacity.

The proposed increase in electricity generation capacity will concern all types of energies.



Source: EDM, “EDM Strategy 2018-2028”.

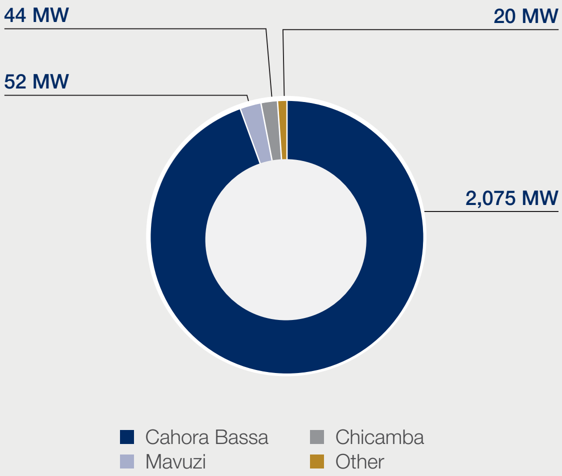


Source: EDM Annual Statistical Reports vs Master Plan.

Renewable energy generation capacity

Today, the total capacity of electricity generation from renewable sources is hydraulic. The Cahora Bassa power plant has a buyback tariff of US$95 per MWh with EDM (Electricidade de Moçambique) for 300 MW that is allocated to the operator. At the same time, the hydraulic power plants of Mavuzi (52 MW), Chicamba (44 MW) and Corumana (16.6 MW) concluded contracts for the purchase of 100% of the electricity generated with EDM.

Installed hydraulic capacity



Source: EDM Strategy 2018-2028

According to a report issued by EDM (EDM Strategy 2018 – 2028), new capacities to generate electricity from renewable sources are scheduled to be commissioned by 2027 as follows:

- five solar projects with a total capacity of 170 MW;
- two wind projects with a total capacity of 60 MW;
- four hydraulic projects with a total capacity of 2,200 MW.

Change in average wholesale price of electricity

2015: US$87.94/MWh

2016: US$76.83/MWh

2017: US$47.85/MWh

2018: US$49.81/MWh

Source: South African Power Pool

Competitive landscape

Name	Operating capacity
Electricidade de Mozaçambique	451 MW
CTRG	175 MW
Gigawatts	110 MW
Kuvaninga	40 MW

1.3.3.5 ZAMBIA

Macroeconomic context and data

General data:

- PIB: US$25.6 billion (2017), with a growth rate of 4%;
  - Services: 59%, Industry: 35.6%, Agriculture: 5.4%;
- Population: 16.4 million (2017), of which only 27.2% has access to electricity.

The Rural Electrification Authority (REA) was created in 2003 to provide infrastructure for access to electricity in the rural areas and increase the rate of access in these areas. The goal is an electrification rate of 51% by 2030 *versus* 3% in 2017.

In Zambia, at present, electricity is mainly produced from hydraulic capacities. Moreover, the Zambian government is also in favour of installing new capacities of renewable energy, as attested by the instructions given in 2016 by President Lungu to develop at least 600 MWp of solar capacity.

To date, the penetration of renewable energies, excluding hydraulic technology, is therefore supported by the GET FiT Zambia programme launched in 2015 as well as by World Bank's IFC Scaling Solar programme:

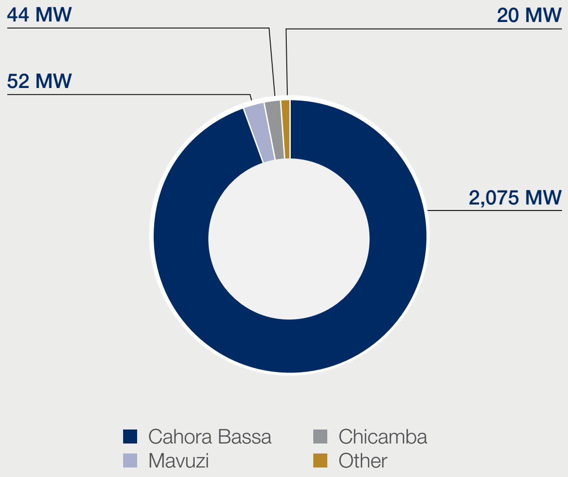
- IFC Scaling Solar is a competitive bidding process that includes pre-arranged financing as well as insurance and risk products. In this context, in 2016, the Group won a capacity of 54 MWp out of the 100 MW proposed during the first part of the programme. In May 2017, the Industrial Development Corporation, with the support of the IFC decided to launch a second tender for a capacity of 200 to 300 MWp in solar projects. Twelve participants, including the Group, were pre-qualified for the tenders in June 2017;
- the 2015 GET FiT Zambia programme aims to support the deployment of 200 MW of renewable energy by 2020, through a series of projects with a maximum unit size of 20 MW. The first stage of this programme was launched in early 2018: on April 5, 2019, 6 solar projects won this first tender for a total capacity of 120 MWp.

Electricity generation capacity

Final electricity consumption in 2017 was 10,858 GWh, split between industry (60%) and residential (30%).

Zambia had an operating capacity of 2,897 MW in 2017, the majority of which comes from hydraulic sources (2,398 MW) and a new coal-fired plant (300 MW).

Installed Capacity by Technology (2017)



Source: Global Data (2017).

Renewable energy generation capacity

Only 88 MWp of capacity was allocated during IFC Scaling Solar's first bidding process for the 100 MWp tender applications. This capacity was distributed as follows:

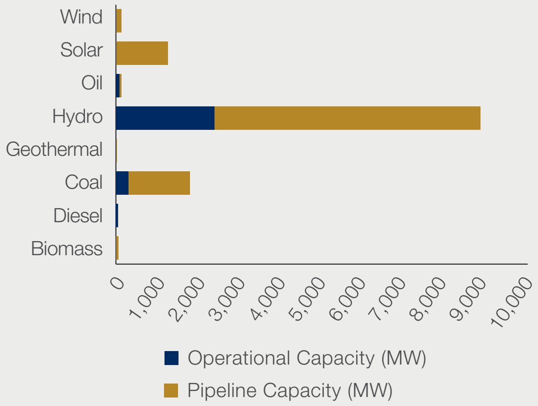
- 54 MWp of solar power secured by Neoen: the electricity will be sold to ZESCO for 25 years at a tariff of US$60.15/MWh;
- 34 MWp of solar power secured by Enel: the electricity will be sold to ZESCO for 25 years at a tariff of US$78.4/MWh.

Regarding the GET FiT Zambia programme, the results of which were announced on April 5, 2019, the lowest bid was US$39.99/MWh while the average price of the six winning projects was US$44.1/MWh.

Finally, six hydraulic projects with a capacity of 2,066 MW owned by ZESCO are currently under development.

By 2030, market forecasts established by Global Data foresee the continuation of a strong development of solar and hydraulic facilities to support the growth, demographic evolution and electrification of the country.

Existing Plant and Pipeline (2017-2030)



Source: Global Data (2017)

Evolution of the average consumer price of electricity

Historically, electricity tariffs in Zambia have been heavily subsidised and were among the lowest in Southern Africa. These direct and indirect subsidies were granted to all sectors, including mines, industries and households.

2015: US$61.52/MWh

2016: US$49.04/MWh

2017: US$93.39/MWh

2018: US$85.64/MWh

Source : South African Power Pool

Competitive landscape

Name	Operating capacity
ZESCO	2,222 MW
Maamba Collieries	300 MW
Itezhi-tezhi Power Corporation	120 MW
Lusmfwa Generation Plants	56 MW
Neoen	54 MW

1.3.3.6 AUSTRALIA

Macroeconomic context and data

General data:

- PIB: US$1,320 billion (2017), with a growth rate of 2%;
  - Services: 70.3%, Industry: 26.1%, Agriculture: 3.6%;
- Population: 24.6 million (2017), of which 100% has access to electricity;
- Australia is a member of the Organisation for Economic Co-operation and Development (OECD).

At the end of the Paris Agreement, Australia committed to reduce its CO_2 emissions by 26 to 28% by 2030 compared to their 2005 level.

The Australian Government also committed to ensure that by 2020, 23.5% of its electricity is generated from renewable sources. By 2030, renewable energy is expected to account for 49% of the energy mix and 78% by 2050 (including hydraulic).

To do so, the Renewable Energy Target (RET) programme, voted in the shareholders' meeting, foresees the generation of an additional 33 TWh of green electricity. RET implements a system of financial incentives, in particular for large renewable facilities for which it grants green certificates (large-scale generation certificates, “LGCs”) depending on the quantity of electricity generated, and this until 2030.

At the same time, the aging of the coal-fired power plants (some of which have been in operation for nearly 50 years) will lead to their gradual dismantled. Nearly all of the coal-fired power plants are expected be dismantled by 2050. By 2030, about 7 GW of coal-fired power plants are expected be dismantled and another 20 GW after 2033.

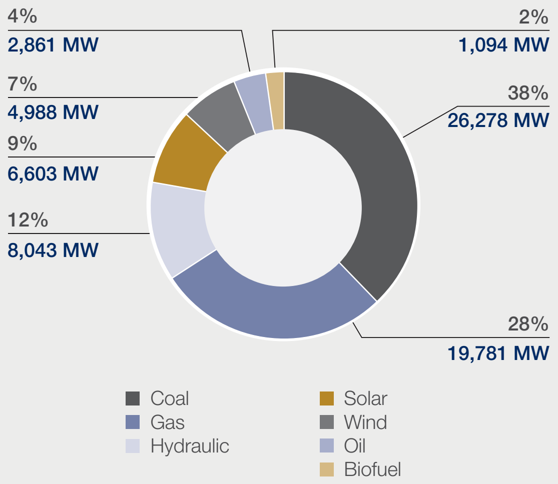
Finally, beyond the national objectives, the Australian states have the possibility to have their own targets and structure their own programme for the reduction of carbon emissions and/or the development of renewable energies on their territories. Thus, the State of Canberra has an energy mix target of 100% renewable energy by 2020, the State of Victoria aims at a proportion of 40% by 2025, Queensland aims at 50% in 2030 (*versus* 5% today), South Australia aims at 50% by 2025 and finally New South Wales has a target of 20% for 2020. The states of Queensland and Victoria launched their own tenders. Although there is no publicly available timeline for future tenders, it is likely that more tenders will be required to meet each state’s ambitious long-term targets.

Electricity generation capacity

In 2017, the consumption of electricity was 241 TWh and is expected to grow moderately by 2030 with an annual growth rate of 0.6%.

At December 31, 2017, the installed electric capacity was approx. 69.6 GW, including coal (26.5 GW), natural gas (19.8 GW), hydraulic (8 GW), solar (6.6 GW), wind (4.9 GW) and biomass (1.1 GW) capacities.

Installed Capacity by Technology (2017)

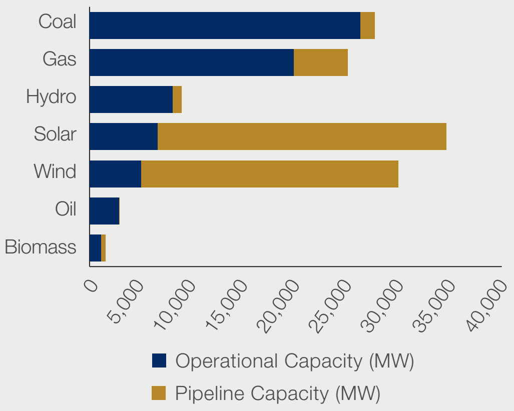


Source: Global Data (2017).

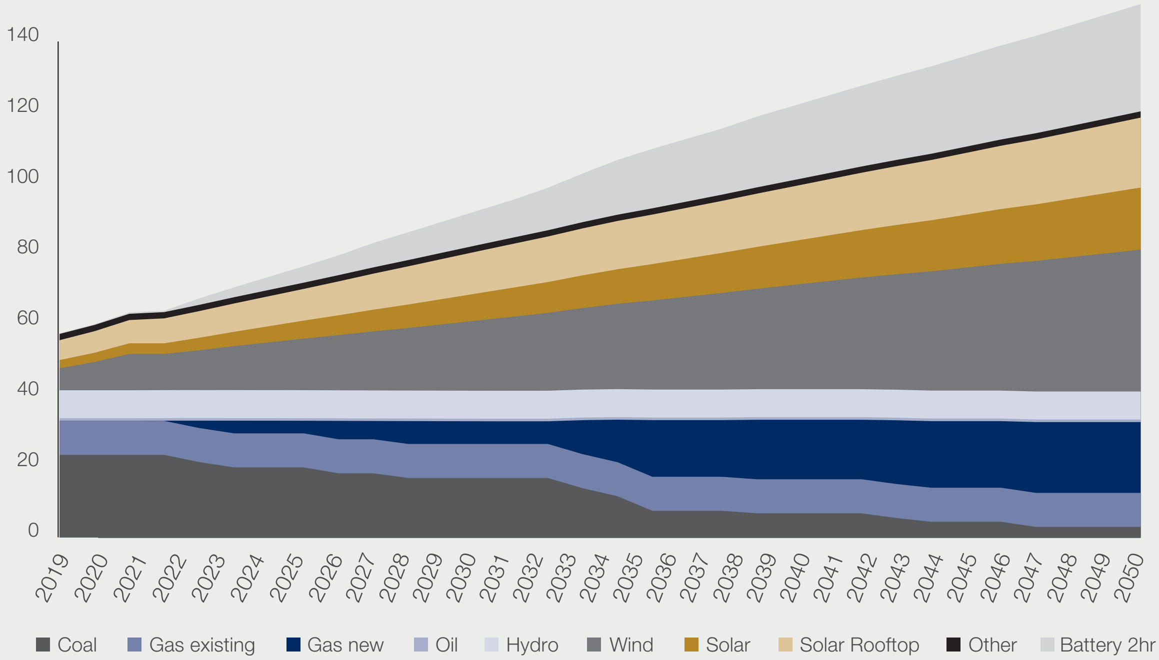
Renewable energy generation capacity

By 2030, the wind and solar power plants are expected to represent 20 GW and 5 GWp of installed capacity respectively, an increase of 10 GW and 3 GWp over the period, or an average annual growth rate of 5.5% and 7.5%.

Existing Plant and Pipeline (2017-2030)



Source: Global Data (2017).



Source: Baringa (2017).

Change in average wholesale price of electricity

The price of electricity historically ranges between 40 and 60 AUD/MWh on the spot market. This changed sharply in 2016 when the power system switched to a grid voltage situation in terms of capacity reserve margin. Prices then went up to an average 100 AUD/MWh.

This increase in market prices of electricity constitutes a positive measure with regard to developing renewable energy, which is the most competitive electrical installations.

2014: US$46.55/MWh

2015: US$29.18/MWh

2016: US$47.67/MWh

2017: US$65.44/MWh

2018: US$64.88/MWh

Source: Australia Energy Market Operator.

Competitive landscape

The Group's main competitors in Australia in the renewable energy sector are:

Name	Operating capacity
Neoen	753 MW
Infigen	558 MW
Tilt Renewable	440 MW
Edify	438 MW

1.3.3.7 EL SALVADOR

Macroeconomic context and data

General data:

- PIB: US$24.8 billion (2017), with a growth rate of 2.3%;
  - Services: 60.3%, Industry: 27.7%, Agriculture: 12%;
- Population: 6.38 million (2017), of which 98.6% has access to electricity.

The electricity market in the country is fully liberalised with 16 electricity generation companies operating on the market in June 2017. The only public producer is the Comisión Hidroeléctrica del Río Lempa (CEL) which operates the total hydraulic capacity connected to the grid in Salvador, which represents 30% of the country's operating capacity.

El Salvador has set itself the target of reaching 100% installed renewable generation capacity, but has not yet drawn up any plan to achieve this.

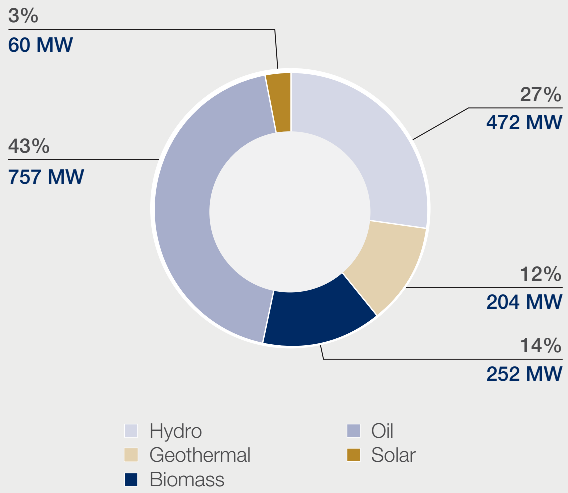
In his campaign programme, the recently elected president, Nyib Bukele (centre-right party GANA) highlighted the following intentions:

- reaffirmation of the national target of a 100% renewable energy mix (without a precise timeline);
- promotion of geothermal, photovoltaic (or solar) and hydraulic energy;
- increase in shade in rural and peri-urban areas.

Electricity generation capacity

The country is the leading producer of geothermal energy in Central America. In 2017, the total installed capacity in El Salvador was 1,853 MW, with 553 MW of hydraulic capacity, 204 MW of geothermal capacity, 757 MW of thermal capacity, 279 MW of biomass capacity and 60 MWp capacity of solar energy. In 2017, electricity consumption was 6,562 GWh.

Installed Capacity by Technology (2017)



Source: CNE (2017).

According to the *Consejo Nacional de Energía* (CNE), the demand for electricity is expected to increase at an average rate of 2.2% per year, to reach 7,964 GWh (+23%) in 2030.

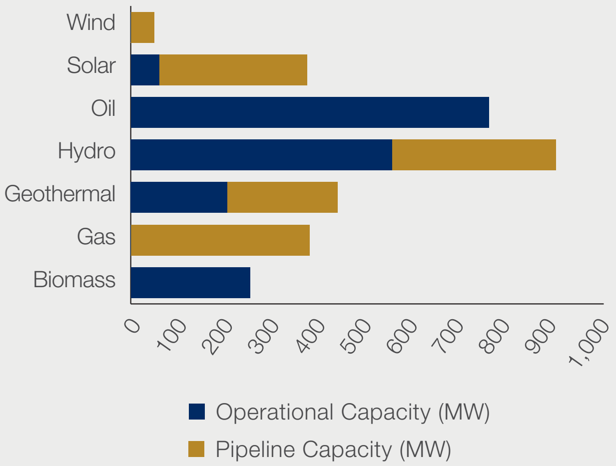
Renewable energy generation capacity

From 2007, the government launched an income tax exemption programme from 5 to 10 years to promote energy development. From 2013, multiple series of tenders were planned:

- in 2013 – the first tender for a capacity of 15 MW allocated to solar and hydraulic technologies at an average price of US$181.12/MWh;
- in 2014 – second tender for a capacity of 100 MVA in solar and wind energy allocated at an average price of US$109.01/MWh. Neoen won 60 MVA;
- in 2017 – third tender for a capacity of 170 MW:
  - wind energy: 50 MW allocated at US$98.78/MWh,
  - solar: 100 MVA allocated to Neoen at US$51.48/MWh;
- in March 2019 – fourth tender for an allocated capacity of 9 MW:
  - solar: 8 MWp allocated at US$76.79/MWh,
  - biogas: 0.85 MW (US$155/MWh).

By 2030, solar installations are expected to increase five-fold, while wind assets are expected to enter the Salvadoran market, as shown in the chart below:

Existing Plant and Pipeline (2017-2030)



Source: CNE and global Data (2017).

Change in average wholesale price of electricity

2014: US$165/MWh

2015: US$105.03/MWh

2016: US$81.79/MWh

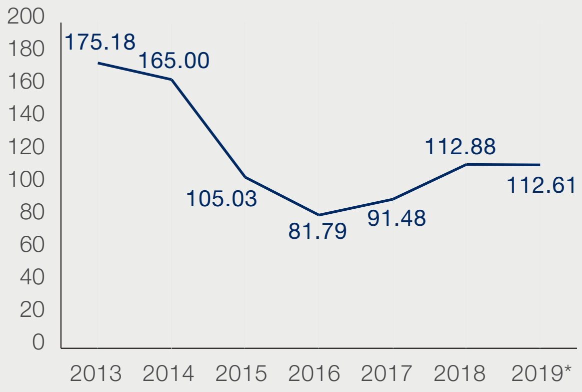
2017: US$91.48/MWh

2018: US$112.88/MWh

2019*: US$112.61/MWh

Electricity prices in El Salvador decreased in 2015 and 2016 due to an increase in hydraulic and solar power generation. This trend is expected to continue with the increased penetration of renewable energies and the commissioning of a 355 MW gas plant in 2021.

Average price of electricity *(in US$/MWh)*



*Source: Unidad de Transacciones (*January and February) (2019).*

Competitive landscape

Name	**Operating capacity**
AES	103 MW
Neoen	101 MW + 143 MW under construction (solar and storage)
Tracia Network Group	50 MW
Real Infrastructure	44 MW

1.3.3.8 JAMAICA

Macroeconomic context and data

General data:

- PIB: US$14.8 billion (2017), with a growth rate of 1%;
  - Services: 71.2%, Industry: 21.3%, Agriculture: 7.5%;
- Population: 2.9 million (2017), of which 98.2% has access to electricity.

The 2015 Electricity Act supported Jamaican energy policy by reforming the regulations to privatise and modernise the national electricity market. Pursuant to this law, the Generation Procurement Entity (GPE) was created to be responsible for the replacement of old existing capacities by setting-up new generation capacities. The GPE works in partnership with the Jamaican Public Service (JPS), public electricity generation, transport and distribution service.

In October 2018, Prime Minister Andrew Holness raised the historic target of 20% renewable capacity by 2020, and set a target for the Jamaican energy mix to include 30% renewable energy by 2030 and 50% renewable energy by 2030.

To meet these objectives, two successive tenders were held in 2012 and 2015 for a total capacity of 152 MW. The publication of the new Integrated Resource Plan is expected in the second half of 2019, following which new tenders are expected to be launched.

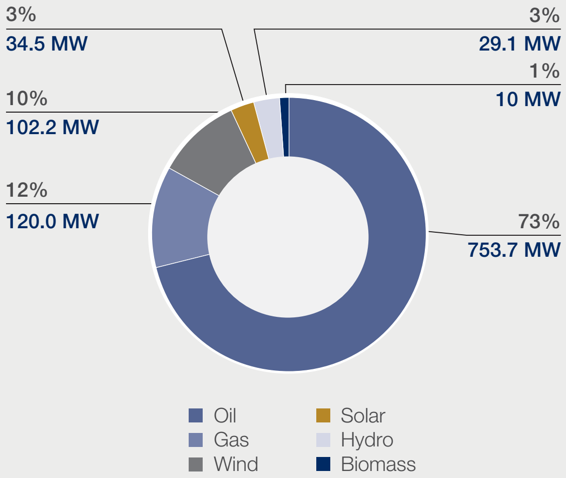
The government developed a corpus of incentive policies in favour of renewable energy. As such, developers of renewable energy projects can benefit from tax exemptions on certain imports of renewable energy generation equipment.

Some barriers to the increasing penetration of renewable energy in the energy mix are currently being addressed. The commissioning of a storage capacity of around 25 MW (lithium-ion battery and flywheel) in May 2019 will, for example, mitigate the problems of network instability noted by the Jamaican Public Service.

Electricity generation capacity

The Jamaican market is very sensitive to changes in oil prices and one of the main drivers of government policy is the diversification of energy supply and the development of renewable energy to ensure security and energy independence.

Installed Capacity by Technology (2017)

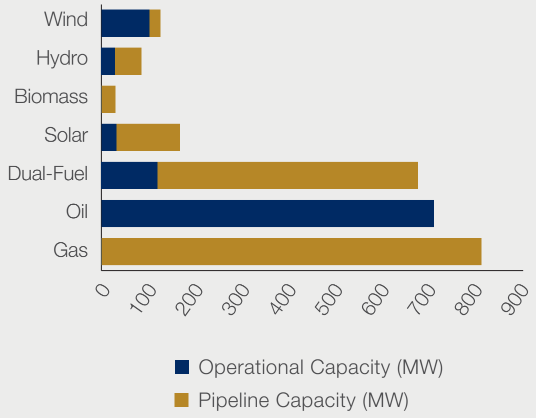


Source: Global Data.

In 2017, operating capacity in Jamaica totalled 1,049 MW, representing 71.8% of oil-fired power plants, 11.1% of gas-fired power plants, 9.7% of onshore wind turbines, 3.3% of solar photovoltaic energy, 2.8% hydraulic energy and 0.9% thermal generation from biomass.

The projected capacity growth by 2030 brings the total operating capacity to 1,261 MW, *i.e.* 44% of the oil-fired plants, 32% of the gas-fired plants, 8.8% of onshore wind capacity, 7% of hydraulic energy and 6.5% solar photovoltaic energy. In addition, 136 MW of solar photovoltaic capacity, 24 MW of wind power and 56 MW of hydraulic energy have been allocated and are expected be constructed.

Existing Plant and Pipeline (2017-2030)



Source: Global Data (2017).

Renewable energy generation capacity

The Office of Utilities Regulation ("OUR") and the Jamaica Public Service Company ("JPS") launched two tendering programmes:

- a first phase of tenders for 115 MW of renewable capacity in 2012: 60.3 MW of wind capacity and 20 MWp of solar capacity were awarded at a price of US$188/MWh;
- a second phase of tenders for 37 MW of renewable capacity in 2015: all of this capacity was awarded to Neoen for a tariff of US$85/MWh.

As of this day, the main project under construction is the Paradise Park (51 MWp) solar project, majority owned by Neoen.

Average price of electricity

For information, the consumer's average price of electricity recorded in 2017 was US$279/MWh *(Source : Baringa 2018).*

Competitive landscape

Name	Operating capacity
Jamaica Energy Partners	250 MW
Jamaican Public Service Company Limited	207 MW
Jamaica Private Power Company (InterEnergy Group)	121 MW
Petroleum Corporation of Jamaica	63 MW
New Fortress Energy/Jamalco	53 MW

1.3.3.9 ARGENTINA

Macroeconomic context and data

General data:

- PIB: US$637.6 billion (2017), with a growth rate of 2.9%;
    - Services: 61.1%, Industry: 28.1%, Agriculture: 10.8%;
- Population: 44.3 million (2017), of which 100% has access to electricity.

The Argentinian government plans to increase the installed electricity generation capacity from its 2017 level by 22 GW by 2025. The current installed capacity is 36.2 GW.

In order to achieve this target, the government has implemented a number of measures, including:

- the launch of tenders for electricity generation capacities using renewable energies;
- the launch of tenders for hydraulic and thermal power generation capacities;
- the launch of tenders for the construction of new transmission capacities (power lines);
- tax incentives;
- an exemption, unlimited in time, from customs duties on solar modules.

In May 2016, the government launched a "RenovAr" tendering programme dedicated to the development of renewable energy facilities. A total capacity of 2,424 MW and 2,043 MW was allocated for RenovAr rounds 1 and 2 respectively.

Round 3 of the MiniRen programme – named as such because of the reduced capacity it offers – was announced for fall 2018. It was postponed to summer 2019.

Sebastian Kind (Secretary of State for Renewable Energies and Energy Efficiency) announced that the government is working on the organisation of RenovAr round 4. According to his statement, this tender – expected by the end of 2019 – will help de-congest the network by building new high-voltage lines.

Finally, the Argentinian parliament voted resolution 281/2017 regulating the market of renewable energies (called "MATER" market) in 2017. This law compels large electricity consumers to purchase, *via* bilateral contracts with developers or with CAMMESA, a percentage of renewable electricity equivalent to national targets for renewable penetration. These national targets are:

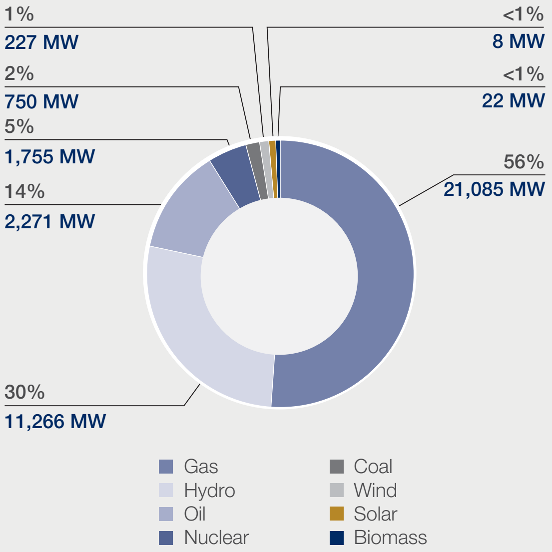
- 12% electricity generation from renewable electricity for 2019;
- 14% electricity generation from renewable electricity for 2020;
- 16% electricity generation from renewable electricity for 2021.

Electricity generation capacity

The total installed electric capacity (36.2 GW) is composed of thermal capacities powered by natural gas (55%), hydraulic (30%), oil (14%), nuclear (5%) and coal-fired (2%) plants.

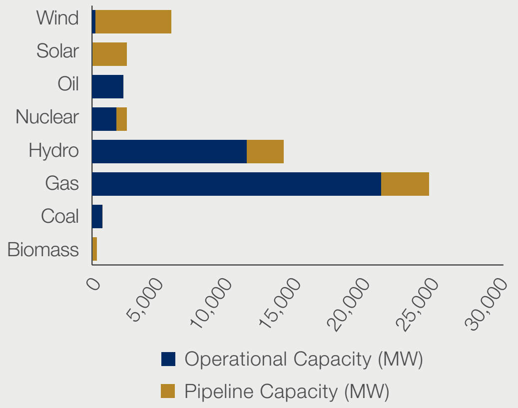
The government aims to take this installed capacity to 58 GW, growth that can be broken down as follows: +10 GW non-hydraulic renewable energy, +8 GW thermal capacity, +3 GW hydraulic capacity and +1.9 GW nuclear capacity.

Installed Capacity by Technology (2018)



Source: CAMMESA (2018).

Existing Plant and Pipeline (2017-2030)



Source: CAMMESA & Global Data (2017).

Renewable energy generation capacity

Renewable energy projects have multiplied as part of the RenovAr tenders over the last few years.

A capacity of 1,142 MW of renewable energy was allocated for round 1 of October 2016. It can be broken down as follows:

- 707.5 MW of wind capacity – 12 projects at the average price of US$58.22/MWh;
- 400 MWp of solar capacity – 4 projects at the average price of US$59.75/MWh;
- 34.5 MW of biomass capacity – 13 projects.

A capacity of 1,282 MW of renewable energy was allocated for round 1.5 of November 2016. It can be broken down as follows:

- 765.4 MW of wind capacity – 10 projects at the average price of US$53.68/MWh;
- 516.2 MWp of solar capacity – 20 projects at the average price of US$54.84/MWh, including a 106.7 MWp project awarded to Neoen.

A capacity of 2,043 MW of renewable energy was allocated for round 2 of August 2017. It can be broken down as follows:

- 993,4 MW of wind capacity – 12 projects at the average price of US$50.76/MWh;
- 816.3 MWp of solar capacity – 17 projects at the average price of US$50.92/MWh, including a 101.3 MWp project awarded to Neoen;
- 233.3 MW of renewable capacity (excluding solar and wind) – 59 projects.

Change in average price of electricity

Energy prices in Argentina were always highly subsidised. The table below puts into perspective the wholesale electricity sales tariffs with the estimate of its real cost of production (in US$/MWh):

	Regulated prices	Estimated actual cost
2015	13.04	71.155
2016	8.15	70.92
2017	13.4	70.88
2018	10.72	82.52

Source: Comisión Nacional de Energía Atómica.

Competitive landscape

Name	Operating capacity
Genneia SA	364 MW
Pampa Energy	206 MW
Central Puerto	147 MW
Energia y Minerai Sociedad del Estado	100 MW
360 Energy	90 MW

1.3.3.10 MEXICO

Macroeconomic context and data

General data:

- PIB: US$1,151 billion (2017), with a growth rate of 2.2% over the 2000-2017 period;
  - Services: 64%, Industry: 31.6%, Agriculture: 3.9%;
- Population: 129.2 million (2017), of which 99% has access to electricity;
- Mexico is a member of the Organisation for Economic Co-operation and Development (OECD).

Four factors influence the dynamics of the electricity market:

- the rapid increase (4% per year) in the demand linked to the country's economic growth;
- the recent market reform liberalising the hydrocarbon and electricity markets;
- the segmentation of the Comisión Federal de Electricidad (CFE), historic operator, as several independent entities;
- the opening up of electricity generation to competition and the creation of an independent management and grid control agency (*Centro Nacional de Control de Energía*).

The reform in the energy sector has also resulted in setting new targets for the development of renewable energies:

- 30% renewable energy in 2021 and 35% renewable energy in 2024 (in proportion in the Mexican energy mix);
- 50% electricity generation from renewable sources by 2050.

To support its ambitions to develop the proportion of renewable energy in the energy mix, the Mexican government has implemented:

- a regulation allowing producers to enter into long-term bilateral contracts with private buyers;
- the creation of clean energy certificates (*certificados de energía limpia*), the objective of which is to increase the demand for electricity generated using clean technologies;
- the organisation of a series of public tenders leading to fixed-price and long-term PPA.

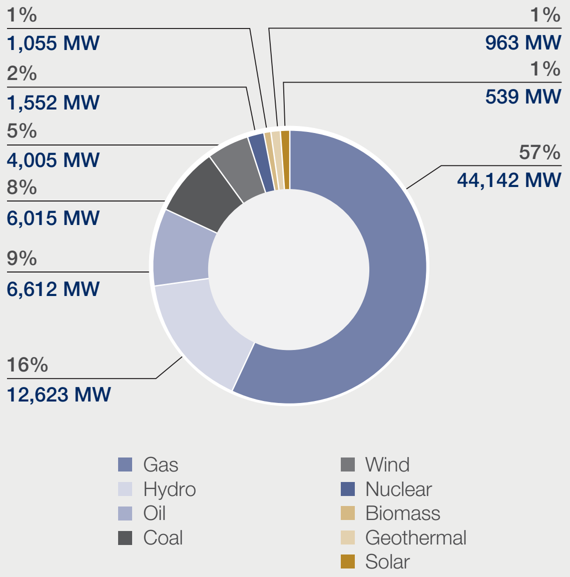
Although he reaffirmed these quantified objectives, Andrés Manuel Lopez Obrador, president elected in July 2018, has at the same time given priority to strengthening the CFE. After the success of the first three public tenders, the President cancelled the fourth tender, the results of which were due shortly after his election. As a result, and in view of the high market prices of electricity and the country's large pool of renewable energy resources, many developers are now moving towards 100% merchant projects or mixing merchantable shares and private purchase contracts for the electricity generated.

Electricity generation capacity

In Mexico, even today, electricity is mainly generated from fossil energy.

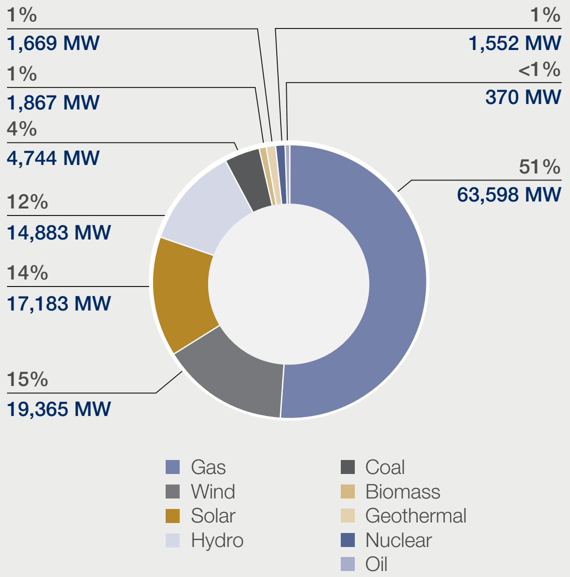
In 2017, Mexico's total generation capacity was 77.5 GW for a generation of 329 TWh. Mexico is interconnected with the United States (1,733 MW), Guatemala (120 MW) and Belize (50 MW).

Installed Capacity by Technology (2017)



Source: Gobal Data (2017).

Installed Capacity by Technology (2030)



Source: Global Data (2017).

Renewable energy generation capacity

The 66 winning projects from the first three public tenders were awarded contracts to purchase 15 years of electricity generated and 20 years for the CELs. Located in 18 different states, these 66 projects represent a total capacity of 7 GW.

In March 2016, the first public tender awarded a total capacity of 2,085 MW, as follows:

- 1,689 MWp of solar, with the lowest bid at US$35.4/MWh;
- 396 MWp of wind energy, with the lowest bid at US$42.8/MWh.

In September 2016, the second public tender awarded a total capacity of 3,463 MW as follows:

- 1,558 MWp of solar, with the lowest bid at US$27.1/MWh;
- 900 MWp of wind energy, with the lowest bid at US$32.1/MWh.

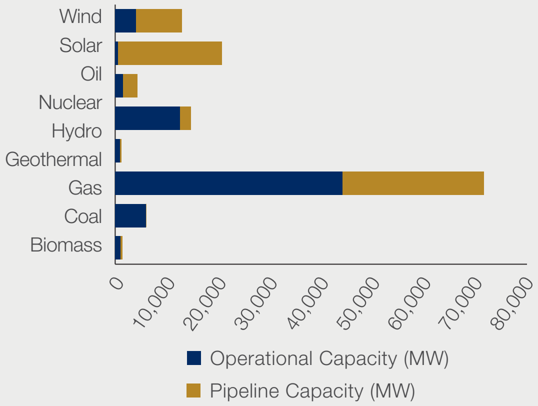
In November 2017, the third public tender awarded a total capacity of 2,181 MW as follows:

- 1,330 MWp of solar, with the lowest bid at US$18.9/MWh;
- 851 MW of wind energy, with the lowest bid at US$17.7/MWh and including a 375 MWp project awarded to Neoen.

At December 31, 2018, the renewable capacity in operation in Mexico was as follows:

- solar: 1,126 MWp;
- onshore wind energy: 4,367 MW;
- hydraulic: 12,598 MW;
- geothermal: 926 MW.

By 2030, the Mexican government plans to commission an additional electricity generation capacity of over 60 GW. In this perspective, solar and wind technologies will have the greatest growth potential with the commencement of operations of 20 GWp and close to 9 GW respectively, as described in the graph below.



Source: Global Data (2017).

Change in average wholesale price of electricity

2016: US$37/MWh

2017: US$47/MWh

2018: US$64/MWh

2019: US$81/MWh

*Average for the months of January and February 2019.

Source: Antuko.

Competitive landscape

At the same time, with the facilities developed by the CFE, the main operators and developers of renewable electricity generation projects are:

Name	Operating capacity
Enel	675 MW
Acciona Energia	556 MW
Sempra Energy	407 MW
EDF	391 MW

1.3.3.11 USA

Macroeconomic context and data

General data:

- PIB: US$19.490 billion (2017), with a growth rate of 2.2%;
  - Services: 80%, Industry: 19.1%, Agriculture: 0.9%;
- Population: 329.3 million (2017), of which 100% has access to electricity;
- USA is a member of the Organisation for Economic Co-operation and Development (OECD).

Two regulatory instruments are involved in the rise of renewable energy.

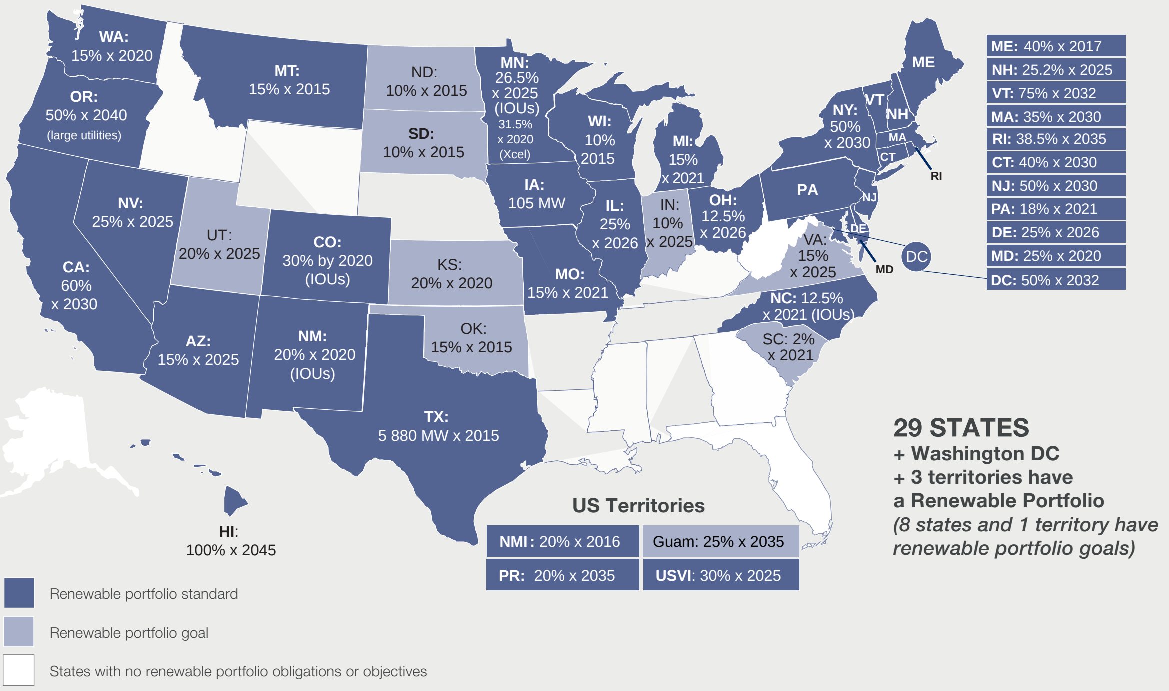
The Public Utility Regulatory Policy Act (PURPA) adopted in 1978 promotes the adoption of alternative sources of electricity by creating an energy market reserved to independent producers. The PURPA urges utilities to purchase electricity that they would not have been able to generate from these independent producers at a more competitive price.

In addition, a system of tax credits benefits developers of solar and wind projects. Production Tax Credit (PTC) is a tax credit awarded for the first ten years of production to wind power plants that have started construction before January 1, 2020. The Incentive Tax Credit (ITC) allows solar project developers to recover close to 30% of their investment in initial cost of construction *via* tax credits from the first year of production of the solar plant. The ITC rate is expected to decrease in the coming years, and will represent a rate of 26% in 2020, 22% in 2021 and 10% from 2022.

Finally, 29 states and Washington DC have adopted quantified targets for the penetration of renewable energies into the energy mix. Thus, the logic of economic competitiveness of energy prevails at the federal level and coal plants will be gradually dismantled to make room for more competitive renewable facilities.

The prospects for developing renewable energy at the national level are unclear. The anti-dumping measures implemented by Donald Trump for solar modules have led to the delay, or even the cancellation, of tenders and commissioning of facilities.

The Trump administration has also legislated for the extension of the life of coal plants throughout the country.



Neoen is currently developing projects in three States (Washington, Arizona, Georgia), the specifics of which are described below.

Washington state

General data:

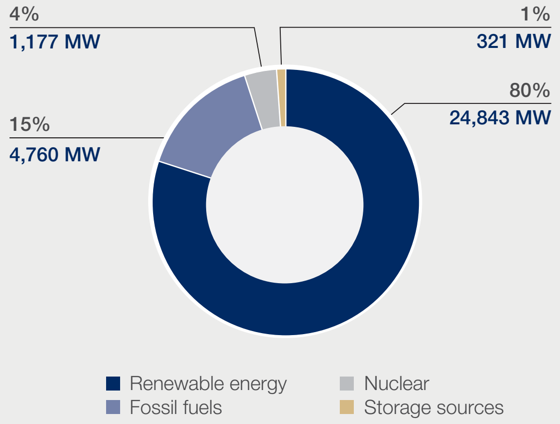
- PIB: US$506.4 billion (2017);
- Population: 7.4 million (2017).

Average wholesale price *(in US$/MWh)* **of electricity**

01.01.2019	01.01.2018
46.7	45.6

The State of Washington has an installed electricity generation capacity of more than 31 GW, the majority of which is based on the use of the water resources of Columbia river. As such, it is the US State with the largest capacity of electricity generation from renewable sources after California. In addition, in 2017, Washington State committed that 50% of its electricity consumption by 2032 will come from renewable sources (excluding hydraulic energy). 121 regulatory and fiscal policies and incentives have been put in place for this purpose.

Installed capacity by technology group (2018)



Source : U.S. Energy Information Administration (2018).

Confirming this position, Washington Governor Jay Inslee has made the following commitments in his biannual budget proposal (2019-2021):

- elimination of coal imports by 2025;
- elimination of carbon dioxide emissions by 2030;
- 100% renewable electricity generation facilities by 2045 (including hydraulic energy).

To this end, in his Clean-Energy Plan, he proposed a budget of $268 million in support of renewable energy, including:

- the 10-year extension of existing tax credit programmes for renewable electricity equipment and material;
- boosting its investment in funds dedicated to solar development;
- the payment of $59 million in the Clean Energy Fund in charge of research and financing of renewable electricity generation projects.

In the long term, the hydraulic capacity is also expected to be subtracted from the calculation of the total capacity of local renewable energies in order to encourage the penetration of solar, wind and biomass energies.

Arizona state

General data:

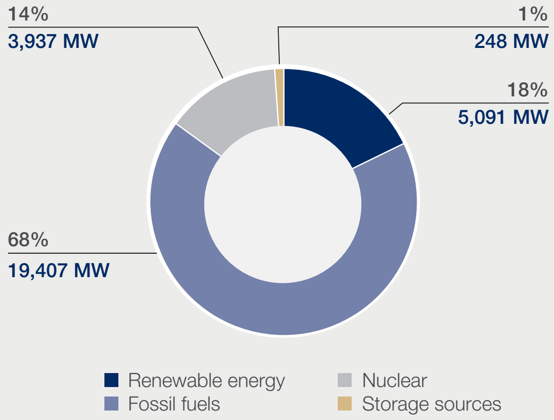
- PIB: US$319 billion (2017);
- Population: 7.02 million (2017).

Average wholesale price *(in US$/MWh)* **of electricity:**

01.01.2019	01.01.2018
59.6	59.6

Arizona State is a net exporter of electricity due to its low energy consumption. As of today, its energy mix is mostly coal-fired as it is mainly based on oil and gas. The Kayenta generating station, one of Arizona's main coal-fired facilities, will be dismantled in 2019. Furthermore, a single nuclear power plant is in operation, that of Palo Verde (3,937 MW), which will be decommissioned by 2047. Finally, at December 31, 2018, the renewable capacities (mainly hydraulic and solar) accounted for 18% of the State's energy mix.

Installed capacity by technology group (2018)



Source: U.S. Energy Information Administration (2018).

In 2006, the Arizona Corporation Commission (ACC) is committed to ensure that renewable energy accounts for 30% of its installed base by 2025.

To meet its schedule, Arizona has implemented a series of incentive policies in favour of renewable energy, both for private developers (particularly through tax credits for developers of wind and solar projects) as well as for some utility customers (fixed price reimbursement per MWh generated).

These policies are backed by tenders launched by the main local utility customer, the Arizona Public Service Company, based on a capacity of:

- 106 MW of lithium-ion batteries to be installed before June 2020;
- 400 to 800 MW of renewable capacity to be installed by January 2021.

Furthermore, the Salt River Project distributor announced the organization of successive tenders from 2020 based on a total renewable capacity of 1 GW with 200 MW allocated per year.

At the same time, the election of new commissioners in favour of the development of renewable energies at the end of 2018 to the ACC has revived the debate on a more important adoption of renewable energy: the Energy Modernisation Plan, aiming at 80% of the green electricity generation capacity by 2050 -and which was rejected at the end of last year – will be subject to a new vote.

Finally, a decision of the Supreme Court of Arizona (2004) prohibiting the deregulation of the energy market for private developers of renewable electricity is the subject of major lobbying. by a vote of 7 to 0, the ACC was in favour of reopening the discussions.

It is expected that Arizona will develop 2,689 MW of renewable energy capacity over the next five years with an even split between technologies.

State of Georgia

General data:

- PIB: US$ 554.3 billion (2017);
- Population: 10.4 million (2017).

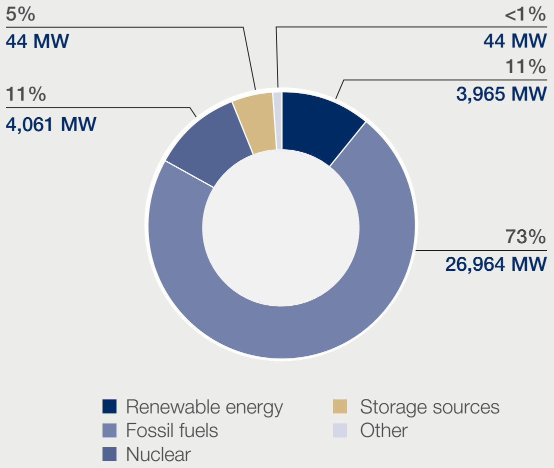
Average wholesale price *(in US$/MWh)* of electricity:

01.01.2019	01.01.2018
53.7	70.9

The State of Georgia has an installed electrical capacity of nearly 37 GW, with fossil fuels accounting for 73% of this capacity. The main source of energy comes from natural gas. Renewable energies are mainly derived from biomass and hydraulic technologies.

The operator Georgia Power Company, has already dismantled 3.1 GW of coal-fired power plants. Furthermore, in its Integrated Resource Plan 2019, it proposed dismantling approximately an additional 1 GW. At the same time, two nuclear reactors are under construction and will be commissioned in 2021 and 2022 respectively.

Installed capacity by technology group (2018)



Source: U.S. Energy Information Administration (2018).

The State of Georgia adopted the Renewable Energy Development Initiative 2020 (REDI 2020) as of 2016. This plan calls for the construction of 1,050 MW renewable energy over the 2017-2021 period. 510 MW has already been allocated to private generators through 30-year power purchase agreements at an average rate of US$36/MWh. An additional 540 MW will be awarded in November 2019.

In support of the REDI 2020 programme, 58 regulatory and fiscal policies and incentives have been put in place to promote the development of renewable facilities.

64 renewable power generation projects are in operation so far, for an average unit capacity of 117 MW. New solar projects totalling 2.5 GW (with a unit capacity that is systematically greater than 80 MW) were on the waiting list for electrical connections at the end of 2018.

In its Integrated Resource Plan 2019, programming the three-year evolution of its generation fleet and transmission infrastructure, Georgia Power Company announced the extension of the Renewable Energy Development Initiative programme for the equivalent of 950 MW in new capacities by 2024.

1.4 NEOEN'S BUSINESS

1.4.1 OPERATING SEGMENTS

The Group has three main sectors of activity within the field of renewable energies: solar, wind and storage (the latter being complementary to the first two), which represented 35%, 48% and 8%, respectively, of the Group's revenue in the year ended December 31, 2018. The Group also has a fourth business segment, biomass, which consisted of a single asset at the end of 2018, the cogeneration wood biomass plant Biomasse Energie de Commentry ("BEC"), which constituted 9% of the Group's consolidated revenue at the end of 2018.

The Group aims to keep its assets and development pipeline diversified principally between solar and wind energy, though it primarily focuses on developing solar projects outside of its primary wind energy markets in France and Australia due to, in particular, the shorter development periods for solar projects. The Group does not plan to further develop the biomass activity and may consider divesting its biomass asset in the future.

1.4.1.1 SOLAR

(i) Breakdown of key figures

The table below sets forth key financial and operating data for the Group's solar segment by geography as of December 31, 2018:

Consolidated solar operating and financial data breakdown by region

Region	Number of assets in operation as of 12.31.2018	Revenue from assets in operation in 2018 *(in millions of euros)*	Peak capacity of assets in operation *(in MW)*	Average availability of assets in operation in 2018	Number of assets under construction as of 12.31.2018	Peak capacity of assets under construction *(in MWp)*
Europe - Africa	23	39.9	451	99.0%	7	110
Australia	5	24.0M	336	98.7%	1	128
Americas	2	16.4	101	99.2%	2	192
TOTAL	**30**	**80.3**	**888**	**98.9%**	**10**	**430**

(ii) Approach to solar energy project development

As with its renewable energy assets more generally, Neoen develops its solar energy projects from the ground up according to its develop-to-own strategy.

Solar project development in France

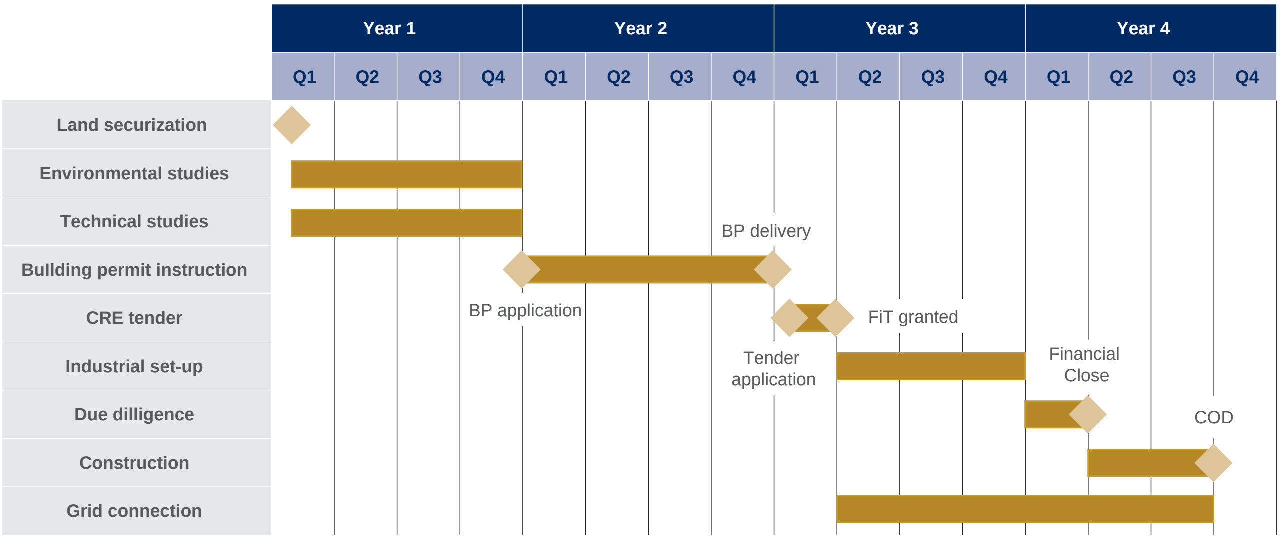
In France, the Group's solar development team consists of thirteen project managers in its Paris, Aix-en-Provence and Bordeaux offices, all of whom report to a France Solar Development Manager, who in turn reports directly to the Group's Chief Operating Officer.

The Group's overall solar strategy in France is to develop large and medium-scale, ground-mounted solar projects that are integrated with and respectful of their environments.

The Group develops its French projects with the prospect to taking part in tenders launched by the French Energy Regulatory Commission ("CRE"). The parameters of this tender system largely guide project scouting and development, which often starts as early as two years in advance of an invitation to tender. The entire process, from initial scouting to COD and grid connection, generally takes 3-4 years per project.

An illustrative chart setting forth the Group's overall approach to solar project development, as well as the timing of key steps, is provided below:

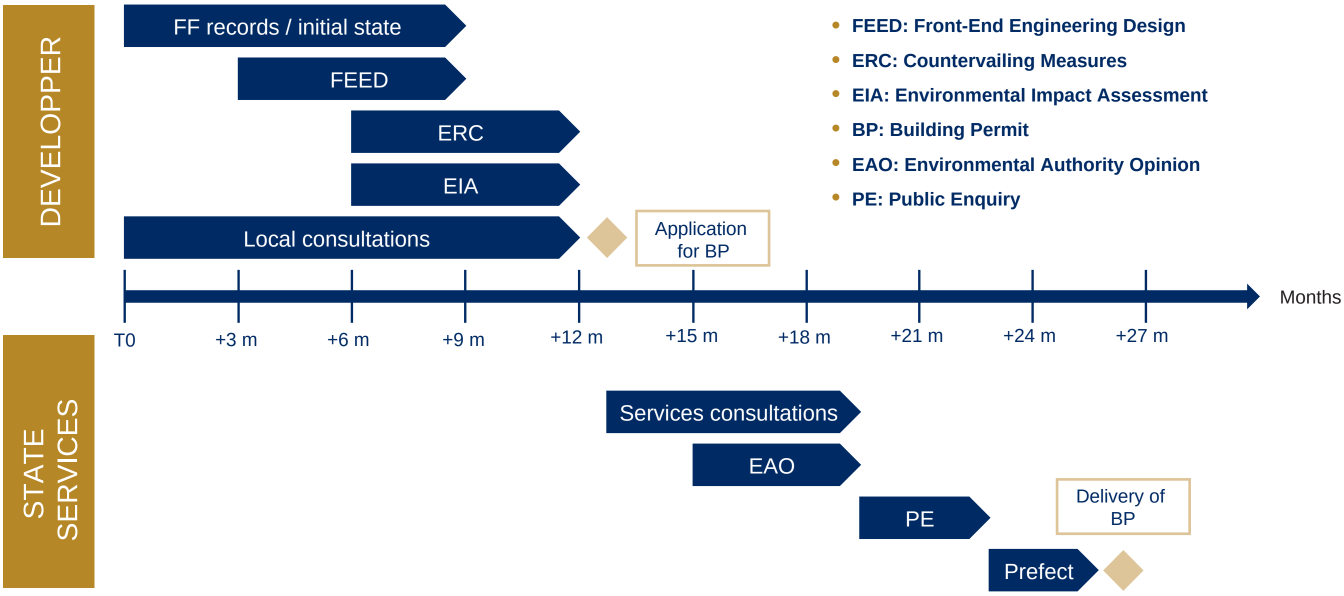
Example of solar development process



a) Site selection and building permit instruction process

The chart below provides an illustrative example of the building permit instruction process together with the site selection activities that precede the application for the building permit itself:

Example of solar permitting process



- **FEED: Front-End Engineering Design**
- **ERC: Countervailing Measures**
- **EIA: Environmental Impact Assessment**
- **BP: Building Permit**
- **EAO: Environmental Authority Opinion**
- **PE: Public Enquiry**

Neoen acquires site control and land rights based on a preliminary evaluation of suitability through initial technical studies, before selecting potential sites for solar projects in France according to the following criteria:

- general site characteristics such as location, size, amount/quality of solar resources, etc.;
- acceptance of wind projects by the local community and representatives;
- planning suitability, including compatibility of the site with requirements for obtaining a building permit and CRE tender-eligibility requirements;
- environmental constraints such as ecological protections or historical status designations that may limit development;
- agricultural constraints;

- technical constraints that impact development such as topography, shading and the nature of the ground on which the plant will be built;
- grid connection constraints such as distance from the nearest electric grid, grid capacity availability, etc.; and
- site performance as measured by CRE grading.

Site selection is determined through environmental studies provided by accredited third parties and technical studies performed by both Neoen and external service providers over the course of approximately one year.

Once Neoen has determined that a site meets the necessary criteria and has assembled the required supporting documentation and studies, it files the building permit application. Review of the application includes service consultations and an environmental authority opinion, followed by a public enquiry period and consideration by a local regulator. The permit itself is usually delivered within 12-15 months following the date on which the application is filed and is a precondition to being able to file a bid for the tender.

Depending on a particular project's characteristics, other permits or authorisations, such as those relating to protected species, forest clearing, urban planning or others, may be required. The Group applies for such other permits at the same time as the application for building permits.

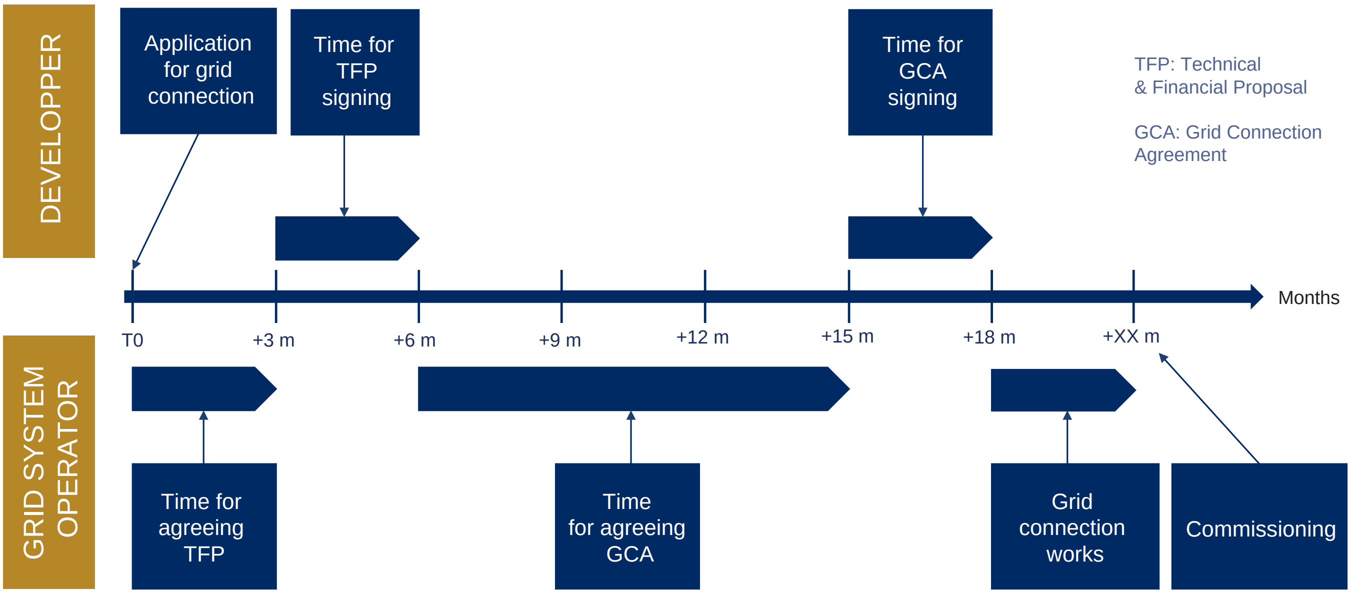
Solar power projects in France, like the Group's wind farm projects, may on occasion be the subject of administrative law appeals. The Group takes a proactive approach to answering objections and working with local stakeholders early in project development to mitigate the risk of a recours. In the event a recours is initiated, the Group strives to respond swiftly and constructively to minimise delays.

b) Grid connection procedure

If Neoen wins the relevant tender, it begins the grid connection process immediately, as it is critical to proactively engage with the relevant grid operator and manage this step in the development process to avoid delays and problems with the project.

The following graph lays out the different stages of the grid connection procedure concerning solar projects:

Example of grid connection process



Solar project development in Australia

Although the development of solar projects in Australia follows the Group's same global approach to project development, the Group has more flexibility in structuring and financing Australian projects than in other countries. This is partly explained by the federal organisation of the regulatory framework applicable in Australia: Australian states enjoy a certain degree of autonomy in the implementation and development of renewable energy policy.

In Australia, the Group will therefore, in limited cases, opportunistically develop and construct a project in advance of securing full PPA coverage, while respecting the Group's rigorous IRR criteria. The Australian market's maturity in renewable energy development and renewable energy incentive structures, such as Australia's green certificate market, allow the Group to invest profitably in project development and construction while it identifies suitable PPAs to stabilize revenues from the project going forward, Because it can sell electricity directly on the spot market or *via* short-term contracts at attractive margins, or produce electricity in exchange for green certificates in the interim. This is particularly true in certain areas of Australia in which electricity costs are high due to geographic and power delivery constraints.

Solar project development outside of France and Australia

The process of developing solar projects outside France and Australia follows the Group's global approach in terms of project development.

Differences between France and Australia and the Group’s other markets in terms of development relate to the following:

- pre-vetting. Neoen ordinarily pre-vets financing and construction partners in advance of submitting a bid to ensure competitive financing and construction agreements at acceptable costs;
- permitting. Each country has its own authorisation procedures Depending on the nature of such jurisdictions’ procedures, the Group may obtain a PPA first and permitting later rather than obtaining permits in advance, as it is for example required to do in France before taking part in any government-backed invitation to tender. Also, the authorisation process can be more or less lengthy;
- grid connections. In countries without mature renewable energy markets is not yet mature, grid connections can be more difficult than in France or in Australia as network operators will seek to ensure that the intermittent nature of renewable energy does not affect the overall stability of the electricity grid.

This document includes a detailed description of the Group's solar assets and projects, grouped by stage of development, which is set out in Section 9.5.

1.4.1.2 WIND

(i) Breakdown of key figures

The table below sets forth key financial and operating data for the Group’s wind segment by geographical region as of December 31, 2018:

Consolidated wind operating and financial data breakdown by region

Region	Number of assets in operation as of 12.31.2018	Revenue from assets in operation in 2018 *(in millions of euros)*	Capacity of assets in operation *(in MW)*	Average availability of assets in operation in 2018	Number of assets under construction as of 12.31.2018	Capacity of assets under construction *(in MW)*
Europe - Africa	16	29.3	172	98.7%	3	111
Australia	3	79.2	317	99.1%	1	214(1)
Americas	-	-	-	-	-	-
TOTAL	**19**	**108.5**	**489**	**99.0%**	**4**	**325**

(1) Of which, 20 MW for storage.

(ii) Approach to wind energy project development

The Group is currently developing wind projects in France, Australia and, since early 2019, in Finland, where it is starting its greenfield development activities. The development process for wind projects in the Group's two main markets, France and Australia, is described below.

Wind project development in France

The French wind development team consists of:

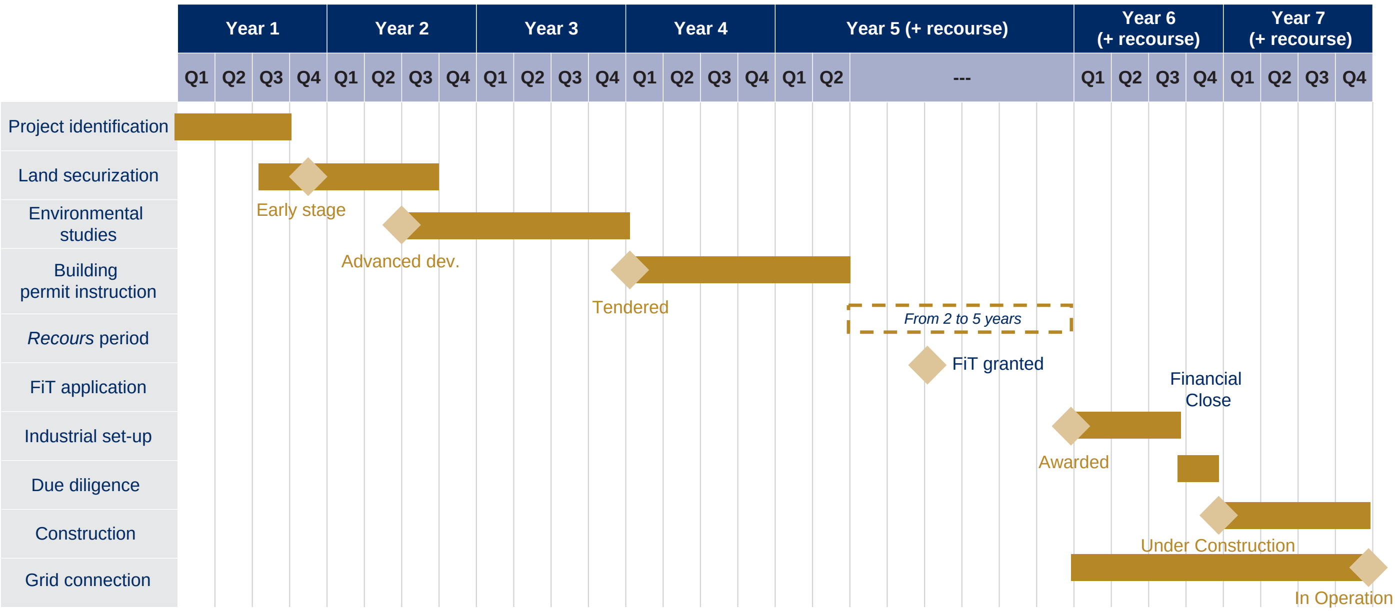
- one team manager;
- seven project managers responsible for wind projects at every stage of development, from site selection to the delivery of ready-to-build projects;
- two Group land managers tasked with negotiating with landowners and farmers to secure the land on which the construction of a project is being contemplated;
- one cartography expert, who supports the project managers in site selection, updating maps and analysing constraints liable to impact construction; and
- temporary employees, internal or external, who help select and secure sites.

The team mainly develops wind projects composed of four to six wind turbines, in order to benefit from feed-in premiums in open-window frameworks or to take part in tenders where it can benefit from feed-in premiums, equivalent to contracts for difference.

The timetable for completing development and construction of a wind farm, from initial scouting to COD and grid connection, is generally both longer and more variable than for solar projects. If there are no delays or particular difficulties in obtaining authorisations, the project can be completed in five to seven years.

An illustrative chart setting forth the Group's overall approach to wind project development, as well as the timing of key steps, is provided below:

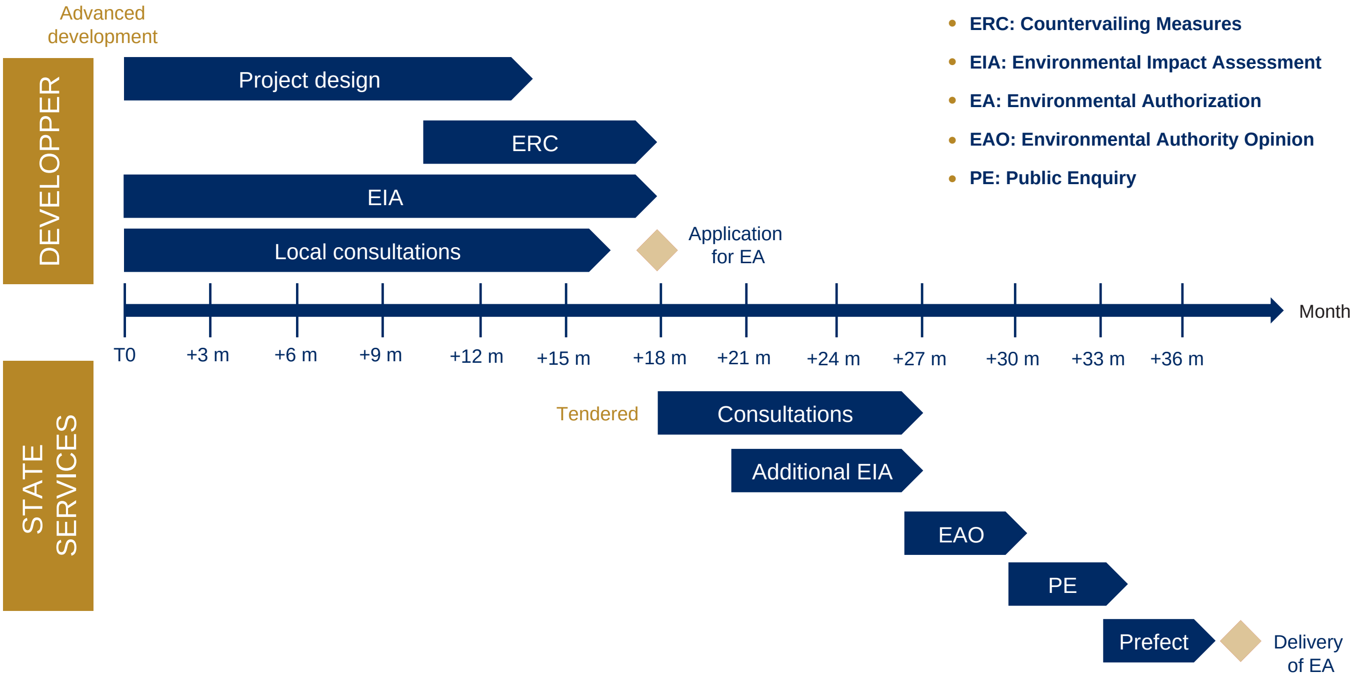
Example of wind development process



a) Site selection and authorisation process

The chart below provides an illustrative example of the authorisation process together with the site selection activities that precede the application for the authorisation itself:

Example of wind permitting process



The Group acquires site control and land rights based on an evaluation of the site’s main characteristics, This evaluation is led by the relevant project manager and requires the assistance of one of the Group's two land managers in charge of liaising with and securing the support of the relevant landowners and farmers, as well as local representatives. This early prospecting can take from 1-2 years.

Criteria similar to those involved in assessing potential solar project sites are used in evaluating potential wind project sites once land rights have been secured, based on the particularities of wind power:

- general site characteristics such as location, size, amount/quality of wind resources, potential acoustic impacts on the site from turbines;
- acceptance of wind projects by the local community and representatives;
- distance from housing;
- environmental constraints such as ecological protections or historical status designations that may limit development;
- compatibility with civil and air force activities (*i.e.*, radars, low-altitude training zones), meteorological radars and distance from infrastructure networks (*i.e.*, telecommunication networks, roads and gas lines);
- grid connection constraints such as distance from the nearest electric grid, grid capacity availability, etc.; and
- planning suitability, including compatibility of the site with requirements for obtaining authorisations and tender-eligibility requirements.

Site selection is finalized through environmental impact assessment provided by accredited third parties and technical studies performed by both Neoen and external service providers over the course of approximately 1-2 years. The Group maintains ongoing relations with local authorities and landowners to address concerns and ensure buy-in.

Once Neoen has determined that a site meets the necessary criteria and has assembled the required supporting documentation and studies, it applies for authorisation to construct the wind farm from the French authorities, who analyse the supporting environmental impact assessment and hold public consultations of the course of one month. Review of the application includes advice from administrative officials, a government representative that heads the review, local representatives and the opinion of the French *Commission Départementale de la Nature des Sites et des Paysages* (“CDNPS”), the state department that oversees and regulates natural sites and land, before being submitted to a prefect (*préfet*) for a decision. This process usually takes one to two years, but it can take three to five years, when an authorisation is refused or when it is appealed by local or other stakeholders.

In this regard, environmental authorisations for wind projects in France are often challenged by means of recours. The Group pays particular attention to wind projects in order to address both risks and recours.

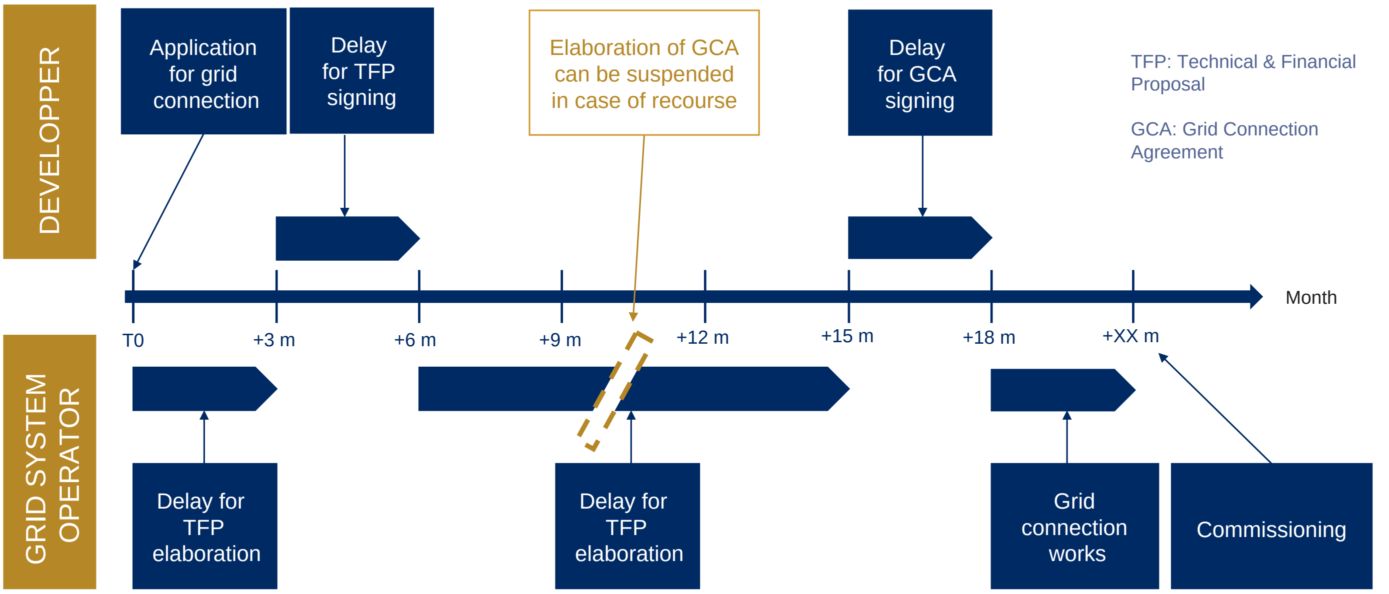
b) Construction and grid connection process

Once an environmental permit has been issued and is no longer subject to appeal and a PPA has been signed for a project, the Group starts to select the type of wind turbine most suitable for the project, using a competitive tendering process (the permit issued is generally compatible with several models of wind turbine). Once the turbine has been selected and the corresponding requirements relating to its construction have been defined, the Group organises a similar competitive tendering process to select the supplier of other system components (BOP components).

Construction begins with an NTP. On this basis, the detailed methods for the grid connection of a wind project are similar to those applicable to solar projects.

The following graph lays out the different stages of the grid connection procedure concerning wind projects:

Example of grid connection process



Wind project development in Australia

As with solar projects, the development of a wind project in Australia benefits from a more flexible framework. The permitting process is faster (although the grid connection process remains a separate challenge) and allows the Group to install larger turbines with higher yields. Due to the flexibility of this authorisation procedure, the Group benefits from greater flexibility in negotiating with its suppliers and until a further stage of the project development cycle.

This document includes a detailed description of the Group's wind assets and projects, grouped by stage of development, which is set out in Section 9.5.

1.4.1.3 STORAGE

Energy storage occupies an important place in the Group's business to support the growth of its solar and wind activities. In addition to providing other important functions, services and independent revenue streams.

Neoen believes that energy storage will increasingly develop into a significant and essential part of renewable energy infrastructure. In this sense, some tenders in Australia and Jamaica require candidates to commit to setting up an energy storage facility connected to the main plant. The Group believes that this requirement will become more common. As of the date of this document, the Group operates two independent energy storage facilities (directly connected to the grid): Hornsdale Power Reserve in Australia and Azur Stockage in France. It also operates a storage solution connected to the DeGrussa solar plant in Australia.

Finally, the Bulgana wind farm in Australia and the Capella solar park in El Salvador, which are under construction will integrate an energy storage facility.

(i) Addressing intermittency

Renewable energy development can sometimes be hampered by issues of intermittency due to the fact that the natural resources on which it depends are not necessarily constant (*e.g.*, due to cloud cover or reduced wind levels). Energy storage provides a solution to this issue by storing excess electricity in times of strong solar or wind resources and discharging that electricity at times when the resources are diminished. This calibrated storing and release of electricity to smooth out a solar or wind asset’s energy production improves the attractiveness and profitability of the adjoining asset.

(ii) Securing capacity reserve

The grid operators in markets where the Group operates seek to ensure a reliable and responsive supply of electricity that guarantees the grid's stability. This function was traditionally performed by thermal power plants which were commissioned, especially during peak hours. However, thanks to recent economies of scale, energy storage through lithium-ion batteries has become a more environmentally friendly and less expensive alternative to thermal power plants.

Grid operators may pay Neoen under a long-term contract for the availability of MW for a certain period of time and a certain number of days out of the year. This payment is independent of actual usage of electricity supply, since it is intended to secure capacity if and when needed. Tenders for capacity availability vary by region. For example, in France, tenders may be launched on an annual basis.

(iii) Frequency regulation

Electric power grids transmit power from a generator to eventual end users through alternating current that oscillates at a specified frequency (for example, 50Hz in Europe). Gaps between power generation and usage in times of heightened demand can decrease this frequency to the point of causing blackouts. On the other hand, an oversupply of generated power relative to demand can drive the frequency up, which could potentially damage the electric grid or equipment and facilities connected to it.

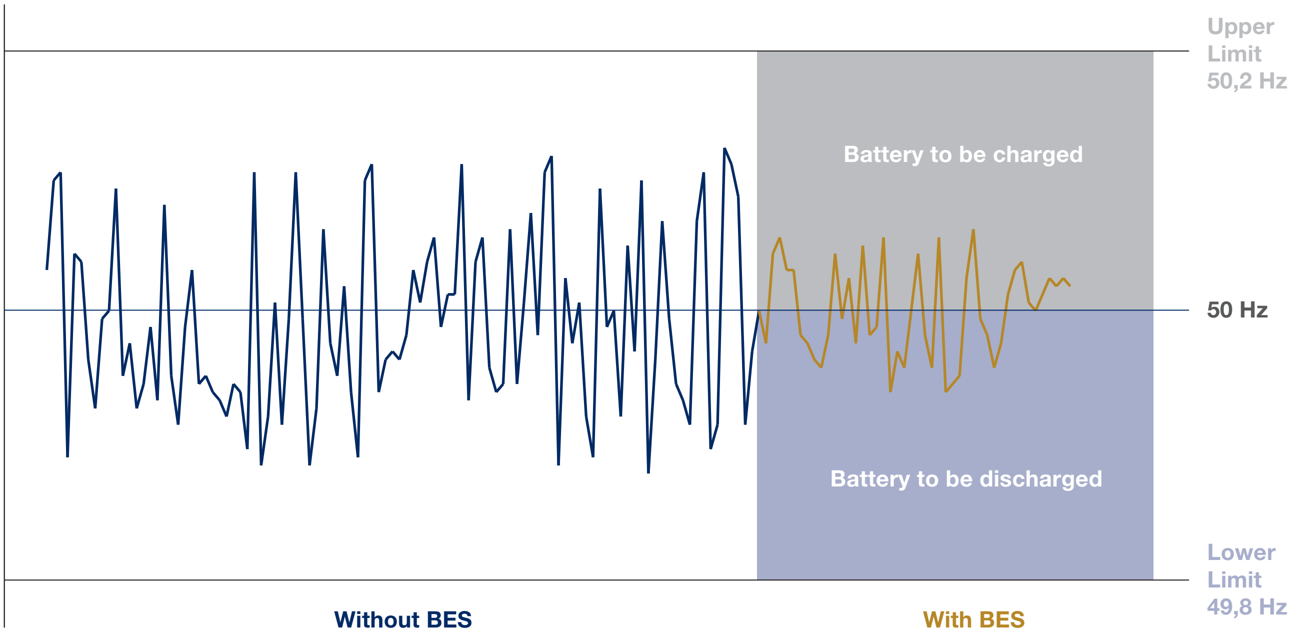
Electric battery storage connected to the power grid and equipped with appropriate software is capable of responding to fluctuations in frequency of the electrical network in either direction. by either (i) absorbing excess supply at high frequencies or (ii) discharging electricity at low frequencies. These services to ensure grid stability, known in Australia as frequency control ancillary services ("FCAS") and in other countries as frequency regulation, take two forms:

- FCAS regulation (referred to as *Reserve primaire* in France). Electricity grid operators continuously specify (for example, every four seconds) to FCAS providers the increases or decreases in their electricity generation that are required in order to achieve or maintain the appropriate frequency;
- FCAS contingency. In the event of a sudden major swing in frequency, the FCAS provider automatically responds to the change in frequency by discharging electricity into the grid or absorbing it to address the imbalance.

The speed at which the electric batteries are able to absorb or inject electricity as part of the provision of the frequency regulation service is significantly faster than the reaction time of thermal power plants. In the case of the Hornsdale Power Reserve, Neoen provides this service to the South Australia grid, in exchange for which it is paid a fee for each MW available and reserved for FCAS services, independent of the electricity actually discharged into, or consumed from, the grid.

The following graph describes how a battery can regulate the frequency of a power grid (BES means "Battery Energy System"):

Illustration of a frequency regulation system with and without BES



The Group believes that, in the future, frequency regulation can become a source of regular income flows, potentially replacing thermal power frequency regulators and contributing to increased bankability of storage technology as a result. At the end of 2018, a significant portion of the revenue from the storage business segment (generated entirely by Hornsdale Power Reserve) came from the frequency control activity.

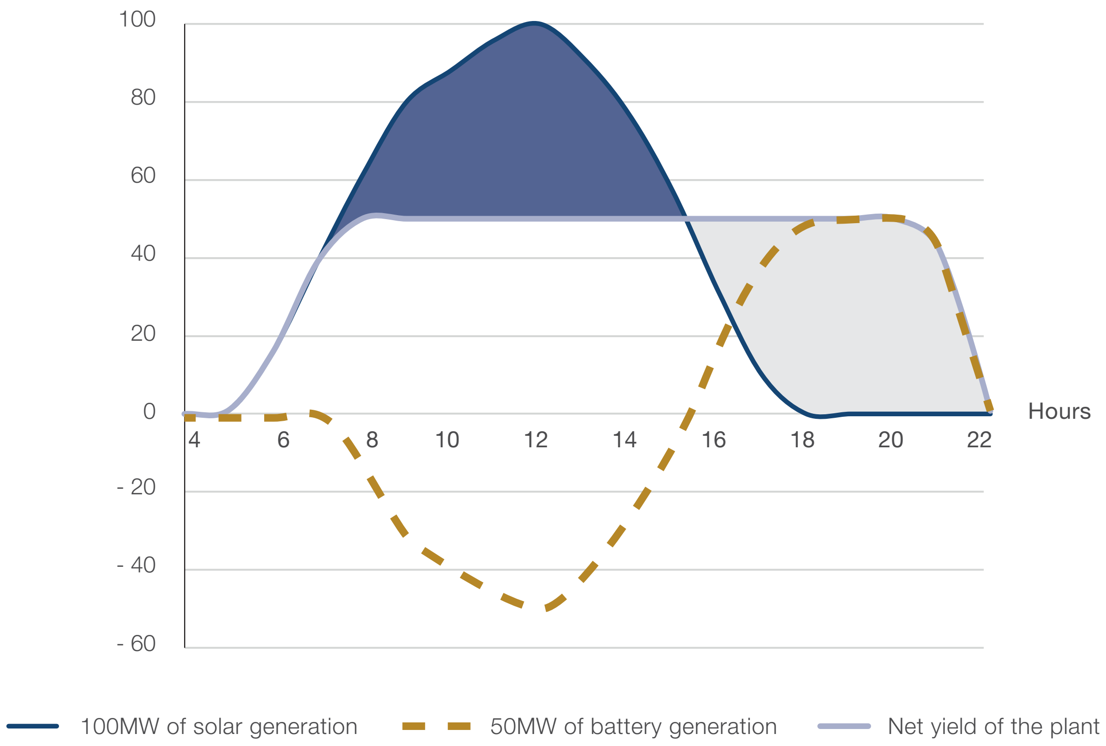
(iv) Load shifting

Electric batteries can aid in "load shifting" that enables solar plant power production to be more evenly distributed throughout the course of a day. For example, it ensures availability of power at peak evening times when the sun is no longer providing power to the plant. Batteries play a "load shifting" role by automatically storing excess electricity during the day when the plant's production level exceeds demand.

The battery then discharges this excess electricity at peak consumption hours (for example, in the evening as the sun's intensity reaches its lowest point). Because load-shifting is timed to meet energy needs at peak usage times, the discharged electricity is transferred by Neoen to the grid in exchange for a higher price per MWh corresponding to the increased demand. The Group believes that load-shifting possesses significant potential for growth in energy storage going forward due to the significant stability and continuity needs that it addresses.

The chart below illustrates the manner in which an electric battery can provide a load-shifting function:

Load shifting scheme



(v) Sale of stored energy on the markets (arbitrage)

When a battery's capacity is not being used to provide back-up services, frequency regulation or load-shifting, it can be sold on energy trading markets. The Hornsdale Power Reserve, for example, is able to respond to moments of volatility in energy prices, discharging a portion of its electricity reserves to be sold on the spot market at times of high prices.

(vi) Approach to energy storage project development

Though Neoen has developed its energy storage solutions more recently than its initial core competencies of solar and wind power, the Group is devoting significant resources to the further development of energy storage. Neoen has developed a core of expertise consisting of a central team of technical specialists and developers that support energy storage project managers. This team has forged relationships with suppliers (in particular, Tesla and Nidec) and experts without however entering into master agreements, thereby maintaining industrial and operational independence and the flexibility that the Group favours for its solar and wind project development. The Group and its development partners procure the batteries that power the facilities themselves from a select group of battery producers, such as Samsung SDI and LG Chem.

The Group continues to refine its business model with respect to energy storage solutions. Currently its primary objective is to deploy energy storage as a complementary component to facilitate the development and entry of its solar plants and wind farms into various markets.

Nevertheless, as the storage market evolves, Neoen expects that its successful business model for the development and operation of solar and wind assets can be deployed for energy storage tenders, In this way, the Group has already developed a portfolio of storage solutions.

This document includes a detailed description of the Group's independent storage assets and projects, grouped by stage of development, which is set out in Section 9.5 "Project details".

1.4.1.4 BIOMASS

The Group's biomass segment consists of a biomass plant located in France owned by Biomasse Energie de Commentry ("BEC").

The Group does not plan to expand its biomass investment beyond BEC and is considering strategies for eventually disposing of the asset to rationalize its segments and operations.

1.4.2 GEOGRAPHIC FOOTPRINT

As of the date of this document, the Group has a presence in twelve countries worldwide: France, Australia, El Salvador, Portugal, Zambia, Mozambique, Argentina, Mexico, the United States, Finland, Colombia and Jamaica, and is moreover developing projects in Ireland. It intends to expand into target regions, in line with its cluster strategy, within regions that meet the Group's criteria. The Group has also diversified its geographic presence over time, while maintaining a general balance of at least 80% of its operating capacity in OECD countries and no more than 20% in non-OECD countries. The Group's goal is to continue expanding selectively and respecting this balanced exposure.

The following table breaks down the Group's electricity production in GWh by geographic cluster as of December 31, 2018:

Production in GWh at December 31, 2018

Region	Solar	Wind	Biomass	Total
Europe - Africa	248	342	95	685
Australia	320	1,081	-	1,400
Americas	172	-	-	173
TOTAL	**740**	**1,423**	**95**	**2,258**

1.4.2.1 EUROPE - AFRICA

(i) France

France is one of the Group's two current primary country markets, where it is a leading IPP in solar and wind. At December 31, 2018, the Group's portfolio in France consisted of a secured portfolio of 49 solar projects, 20 wind projects and one biomass project, with a total capacity of 703 MWp, 283 MW and 15 MW, respectively. At December 31, 2018, the Group had four offices in France, located in Paris, Aix-en-Provence, Bordeaux and Nantes, and employed a total of 103 employees, of which 21 specialized in project development in France and five specialized in the development of projects outside France.

(ii) Portugal

In Portugal, the Group is primarily focused on solar projects. At December 31, 2018, the Group had a secured portfolio of three solar projects with a capacity of 24 MWp in Portugal. At December 31, 2018, the Group also had an office in Portugal and four employees, including one employee specialised in project development.

(iii) Ireland

Ireland is one of the expansion markets targeted by the Group, in line with its "cluster" strategy. where Neoen is focusing initially on solar project development. The Group has entered into a joint venture with BNRG Renewables Limited, an Irish solar company, to form BNRG Neoen Holding, to which BNRG transferred a portfolio located in the south and east of Ireland. and BNRG Neoen Limited, which will develop these projects to submit them to tenders. At December 31, 2018, the Group had one employee, based in France and working on the development of solar projects in Ireland.

(iv) Finland

The Group entered the Finnish wind energy market in May 2018, with the acquisition of the Hedet and Björkliden wind projects. Hedet, with a capacity of 81 MW, is currently under construction. At December 31, 2018, the Group had one office in Finland with three employees, of which one was specialized in project development.

(v) Mozambique

At December 31, 2018, the Group had one solar project, Metoro, in the pipeline in Mozambique, with a capacity of 41 MWp. The project's concession contract was signed in late 2018 with the Republic of Mozambique for a period of 30 years. At December 31, 2018, the Group had one office in Mozambique with two employees working on the development of solar projects.

(vi) Zambia

Neoen was among the earliest entrants into the Zambian market. The Group secured financing for its 54 MW Bangweulu project and finalised the construction of this project in March 2019 Neoen considers that Zambia has development potential and could constitute an area for growth in the future. As of December 31, 2018, the Group had an office in Zambia and four employees, one of whom is working on the development of solar projects.

(vii) Pipeline

Moreover, at December 31, 2018, the Group had an advanced pipeline representing 1,244 MW in Europe – Africa.

1.4.2.2 AUSTRALIA

At the date of this document, Australia is the Group's largest market and the Group is the largest independent renewable energy producer in the country. It has three activities: solar, wind and storage.

At December 31, 2018, the Group had a secured portfolio of six solar projects, four wind projects and three storage projects in Australia, with total capacity of 458 MWp, 511 MW and 126 MW/164 MWh, respectively. It also had six solar projects, three wind projects and four storage projects in the pipeline, with a capacity of 1,000 MWp, 308 MW and 360 MW respectively. The Hornsdale Power Reserve storage facility is run from an operational control centre located in Canberra which allows the Group to act as a market operator in the Australian electricity market *via* the sale of network services and arbitrage operations. At December 31, 2018, the Group had two operations offices in Australia (in Sydney and Canberra) and one representative office in Adelaide, with a total of 43 employees, including eleven working on project development.

1.4.2.3 AMERICAS

(i) El Salvador

The Group has two solar power facilities and a storage facility in El Salvador and plans to continue the development of facilities of this type in the country in coming years. At December 31, 2018, the Group had a secured portfolio of three solar projects in El Salvador with a capacity of 241 MWp, a storage solution – adjacent to its Capella solar farm – with a capacity of 3 MW/1.8 MWh. At December 31, 2018, the Group had one office in El Salvador with a total of seven employees, two of whom were working on project development.

(ii) Jamaica

The Group develops solar projects in Jamaica, where there is a backdrop of government support for renewable energy. At December 31, 2018, the Group's secured portfolio in Jamaica consisted of one solar project with a capacity of 52 MWp. At December 31, 2018, the Group had one office in Jamaica with two employees, one of which worked in project development.

(iii) Argentina

The Group has intensified its growth in Argentina, where it is focusing on the development of solar projects and initiated the development of a wind power project. At December 31, 2018, the Group had a secured portfolio of two solar projects with a capacity of 208 MWp in Argentina. At December 31, 2018, the Group had four employees in Argentina, three of whom were working on solar or wind project development.

(iv) Mexico

The Group is present in Mexico and considers the country as an attractive market in which to expand its activities and asset portfolio due to the high carbon content of its energy mix and the importance of its renewable energy resources, which has the potential to produce green electricity at very competitive prices. At December 31, 2018, the Group had a secured portfolio of one solar project with a total capacity of 375 MWp in Mexico. At December 31, 2018, the Group had ten employees in Mexico, six of whom were working on the development of solar projects.

(v) Colombia

In Colombia the Group is primarily focused on developing solar projects. At December 31, 2018, the Group was relocating some of its employees located elsewhere to Colombia, to work on the development of solar projects.

(vi) Guatemala

The Group is exploring options for developing solar projects in Guatemala. At December 31, 2018, the development of solar projects in Guatemala was managed by the Group's teams located in El Salvador.

(vii) United States

In the United States, Neoen is targeting the establishment of an initial presence in two to three states, where it is currently examining opportunities for solar project development. At December 31, 2018, the Group had one office in the United States with two employees, one of whom was working on project development.

(viii) Pipeline

Moreover, at December 31, 2018, the Group had advanced pipeline representing 1,613 MW in the Americas.

1.4.3 CUSTOMERS

While the end users of the electricity provided by Neoen include the public and various types of entities, the vast majority of Neoen’s direct customers are public actors (whether governments or government-controlled entities) and utilities (public or private). In addition to these customers, the Group sells a portion of its electricity to specialized energy companies, to corporate off-takers and on the spot market. As part of the development of its energy storage business, the Group also sells a number of ancillary services to grid operators and governments.

The following table shows a breakdown of the Group's contracted capacity in MW, based on its direct customers as of December 31, 2018:

Off-taker Type	**Capacity** *(in MW)*	**%**
Utilities	1,823	58%
Public administration	839	27%
Corporate off-takers	124	4%
Market	370	12%
TOTAL	**3,156**	**100%**

As of December 31, 2018, the Group's four main purchasers, which together represented over 75% of the total capacity in operation, had investment grade ratings at that date. Approximately 80% of the Group’s total secured capacity is attributed to “investment-grade” buyers.

The following table shows the Group's main clients, broken down by capacity in operation as of December 31, 2018:

Off-taker	Country	Capacity *(in MW)*	%
EDF OA	France	599	40.1%
Simply Energy (Engie Group)	Australia	212	14.2%
Australian Capital Territory (ACT)	Australia	204	13.7%
Energy Australia	Australia	132	8.8%
Other	-	199	13.3%
Market	-	146	9.8%
TOTAL		**1,492**	**100%**

1.4.3.1 GOVERNMENTS AND STATE ACTORS

At December 31, 2018, over 80% of the Group's secured capacity (in MW) in operation or under construction was being sold *via* power purchase agreements resulting from public tenders (and open window or regulated prices).

As numerous countries worldwide have increasingly sought to decarbonize their energy production and consumption, governments have been instrumental in taking the lead on stimulating investment in renewable energy. Governments and state actors tend to possess a more sophisticated understanding of the logistics and requirements of renewable energy sources and the authority to make decisions on the development of large-scale infrastructure. Historically and still today, public entities have resources and solvency guarantees that cannot be enjoyed by corporate off-takers, which the Group seeks for its counterparties.

In this way, although renewable energies are no longer subsidised in many markets because of price competitiveness, governments and State-owned entities remain key players and preferred customers in the field of renewable energies, notably because of their capacity to make long-term commitments. In less mature markets, in Africa for example, governments are almost the only counterparties able to make investments in renewable energies at the scales targeted by the Group. As a result, the Group expects governments to continue to represent a significant percentage of its short-term revenues, even if it diversifies its outlets by entering into contracts with corporate off-takers.

1.4.3.2 UTILITIES

Depending on the market, utility customers may be state-owned or private.

In France, electricity is sold either directly to EDF OA which manages the power purchase agreements in the regulatory context of its purchase obligations, or to aggregators. In this situation, the Group signs a power purchase agreement including a “contract for difference” mechanism *via* which the Group sells electricity in the market *via* the aggregator and receives (or pays, as applicable) a supplement from (or to) EDF OA covering the difference between the market price (spot market) and the benchmark price stipulated in the power purchase agreement.

In Australia, the Group sells its electricity directly in the market and signs a contract for difference with State-owned counterparties or with private electricity distribution companies in the sector, such as Engie Australia or Energy Australia.

1.4.3.3 CORPORATE OFF-TAKERS

As the cost of renewable energy falls and corporates become more cognizant of its benefits, Neoen believes that an increasingly large market for private renewable energy off-take will develop. The use of renewable energy enables these companies to reduce their costs and reduce price risk for their electricity needs, in addition to improving their brand image. Although the proportion of corporate off-takers is limited compared to state counterparties, the Group believes that this proportion is likely to increase as the market develops. As such, the Group considers itself to be well positioned to enter into relationships with these new customers due to its leadership as an independent renewable energy producer, its develop-to-own model, which ensures that potential corporate off-takers have the same contact throughout the life of their electricity purchase contract and their significant experience with major corporate off-takers such as Google in Finland.

1.4.3.4 SPOT MARKET SALES

Neoen also sells a certain amount of its electricity on the spot market, as explained in Section 1.5.6.3 “Wholesale and spot-market sales and short-term contracts.”

1.4.4 SIGNIFICANT CONTRACTS AND SUPPLIERS

The most important contracts signed by the Group consist of the contracts for difference and power purchase agreements described in Section 1.5.6.1 "Power purchase agreements" of this document, the design, procurement and installation agreements (EPC agreements) and the operations and maintenance agreements (O&M agreements) and project financing agreements signed with multiple lenders described in Section 1.5.5 "Project financing".

The Group has numerous such contracts and is not dependent on any particular one. As indicated in Section 1.5.5 "Project financing", the Group finances its facilities *via* non-recourse financing only. In addition, as discussed in Section 1.5.5.5 "Operating assets", while it is not uncommon for the Group to engage in repeat business with certain EPCs, it nevertheless remains flexible from an industrial point of view and is able to select its O&M contractors and service providers on a project-by-project basis rather than signing master agreements. It therefore has limited dependence on any particular partner for EPC or O&M services. The Group has however indirectly signed significant contracts *via* its co-contractors on a case-by-case basis depending on the project.

1.5 OPERATING MODEL

1.5.1 COMPETITIVE DEVELOPER AND IPP WITH A "DEVELOP-TO-OWN" BUSINESS MODEL

Neoen's business strategy targets primarily utility-scale solar and wind project development opportunities (generally between 5-30 MW in France and between 40-400 MW internationally) in competitive bids and open-window frameworks in its target markets. The Group is looking for opportunities to leverage its experience in project development, industrial expertise, technical know-how and operational flexibility to win competitive tenders for long-term electricity sales contracts by elaborating structured competitive offers to generate an attractive return on investment.

Neoen adheres to its "develop-to-own" strategy to ensure that every stage of a project's lifecycle, from design to operation, is implemented according to the Group's demanding standards and long-term objectives. The Group's approach to its business, combining the activities of developer and independent power producer, provides the Group with an incentive and the capacity to make smart investments in projects with high added value, in terms of development, that generate significant returns at completion, especially through adopting risk management strategies, building long-term trustworthy relationships with stakeholders, reducing project costs and optimising financing terms for these projects.

Neoen strategically investigates project development opportunities using teams on the ground in a given market to scout sites, secure land rights, obtain technical studies, detailed environmental studies and building permits in order to design high-quality projects and structure its bids. For additional details on initial project development, see Section 1.5.4.1 "Identifying opportunities." These initial investments enable Neoen to better determine and mitigate project risk from the very earliest stages and continue to reduce it as project planning advances, protecting its subsequent increased investment.

In more mature markets or markets where the Group is already established, when a tender is announced for which a given project or multiple projects would be suitable, Neoen is able to quickly respond with a bid by leveraging its early project development and obtaining management validation, budgeting and financial modeling. In less mature or new markets for the Group, Neoen may work with local developers to acquire a knowledge base that helps it identify promising local project sites and swiftly respond to later tenders. If Neoen wins a tender, it works efficiently to produce a high-quality asset through an integrated process of competitive procurement and financing, partnering with respected industrial contractors and suppliers for construction and seeking lending arrangements on favourable terms that facilitate rapid project execution.

The Group is able to secure favourable long-term non-recourse project financing for the construction of its assets thanks in particular to the relatively stable long-term revenue streams provided by its PPAs, and it actively monitors third-party on-site operation and management ("O&M") to ensure a high level of asset availability.

Neoen SAS functions as the Group's development entity, and charges (directly or indirectly) to the SPVs holding ready-to-build projects a development fee in one or more installments. These fees are booked as revenue at the Neoen SAS level and as capital expenditures by the SPVs; they are eliminated in consolidation. This development fee revenue contributes to funding further development.

Once the Group's production assets are operational, the Group sells the electricity generated primarily pursuant to long-term contracts or, sometimes in the spot electricity market in order to generate additional revenue. For a more detailed description of the Group's electricity sale contracts, please see Section 1.5.6 "Electricity sale contracts". The Group aims to reinvest all or a portion of the revenue from its electricity sales into additional "ready-to-build" projects, which along with shareholder equity contributions form the basis of continued equity investment in an expanding asset portfolio. These revenues are deployed for its ready-to-build projects to support the Group's portfolio expansion instead of being used to finance development activities and employee costs.

Neoen believes that its "develop-to-own" strategy results in profitable, high-quality and durable assets with optimised financing arrangements. The strategy also strengthens Neoen's reputation as a reliable IPP that is truly invested in the markets in which it operates, with a strong track record in terms of both delivering projects on-time and on-budget, as well as social and environmental responsibility.

Through its "develop-to-own" strategy, the Group has built a portfolio of assets that is relatively young, with a weighted average asset age (weighted by MW and calculated beginning on the assets' respective CODs) of two years and 3 months as of December 31, 2018, and, in parallel, an average residual term for the power purchase agreements (weighted by MW in operation) in excess of 15 years as from the same date.

Neoen reinforces its "develop-to-own" strategy by either owning the property on which its assets are located (for approximately a third of its assets in operation by capacity) or entering into long-term leases with durations of up to 99 years and typically 30-60 years (in each case, assuming the exercise of all contractual lease extension options); this enables it to upgrade its assets as they age in order to facilitate their continued productivity, sign new energy contracts for them and otherwise capture long-term value following the expiration of initial PPAs. For further detail on Neoen's approach to property ownership and leases, see Section 1.5.7.1 "Land ownership and leases."

1.5.2 A MULTI-LOCAL LEADERSHIP APPROACH

Neoen takes an approach to geographic expansion that complements its "develop-to-own" model.

The Group's objective is to develop a local presence in each of its target markets, which are currently spread over three zones, Europe-Africa, Australia and the Americas, while upholding its international policy of keeping 80% of its operating capacity in OECD member countries. The Group assesses the prospects of a new market according to whether it is characterized by significant, addressable energy needs and by reference to criteria that include the following:

- a geographical location with sufficient solar and wind resources to produce green electricity at grid parity or below;
- sufficiently stable political and economic environments and favourable legal frameworks, including the ability to own all or a majority of the assets it develops and operates;
- the possibility of long-term off-take contracts with reliable counterparties;
- the availability of long-term non-recourse debt financing with local or international lenders;
- the availability of grid connections at acceptable costs;
- the ability to eliminate or minimise exchange rate exposure by aligning project debt, capital expenditures and revenues in the same stable currencies (as of the date hereof, in US dollars, euros and Australian dollars);
- the opportunity to become a leader in the local market;
- and opportunities to make economies of scale in the target market.

Once the Group has identified a market that satisfies these criteria, it enters the market mainly through participation in invitations to tender (though from time to time it may also enter markets through bilateral discussions with potential off-takers) that are managed from France or by local teams. In the latter case, the local teams identify the market's specific needs and, in coordination with the Group's management in France, carry out the initial assessment and development work in order to create a portfolio of projects in the "advanced development" phase, ready for development in view of tender opportunities as they arise. In each case, following its entry into a new market, the Group then consolidates a local presence with teams on site led by experienced project managers, some of whom have already worked on other Group contracts. In certain cases, these teams also work with local professional counterparts to gain a better grasp of local norms and social structures, as well as legal and administrative frameworks, quickly accumulating market knowledge and enabling the teams to quickly respond to tender opportunities.

Local teams in the target market handle various aspects of project management themselves, such as acquiring land rights and engaging in local outreach, while benefiting from centralized technical support in Paris for technical, procurement, industrial and financial know-how and best practices that are shared across the Group. At the same time, the local teams rely on external service providers, including reliable local expertise, for aspects of project study and development such as soil studies, environmental data and assessments, permits and review of applicable tax consequences. By establishing these teams on the ground and building local networks, Neoen is able to learn about promising sites through early scouting; understand and navigate constraints such as connection obstacles and site access; appropriately assess relevant legal and logistical frameworks, including taxes and fees; and form productive local relationships with industrial partners and regulatory authorities. These advantages contribute, in turn, to the high-quality conception of projects that form an essential part of the Group's "develop-to-own" strategy.

Once Neoen establishes a presence in a given local market, it focuses on deepening and extending that presence through repeating successful structuring processes for new projects to become a local leader. The Group expands its team on the ground and gradually transfers further autonomy to it. From an operational standpoint, the Group's solidified presence and local expansion results in economies of scale, as a result of which it can negotiate better supplier terms.

More generally, by developing its own projects within the framework of a multi-local leadership strategy, the Group is able to significantly optimize project development and leverage the scale of its projects, which in turn enables it to improve the competitiveness of its bids while maintaining project profitability. At December 31, 2018, approximately 80% of the Group's secure capacity was subject to electricity sales contracts at prices below €90/MWh (at the exchange rate in effect on December 31, 2018) and approximately 50% of the Group's secure capacity were subject to contracts for the sale of electricity at prices below €50/MWh (excluding, in each case, the Dubbo Solar Hub project (which sells its electricity through spot sales and green certificates only) and the storage activity (Hornsdale Power Reserve).

Finally, by taking advantage of its scale and geographic diversification and by bundling certain projects, Neoen is able to mitigate business risks thanks to a robust portfolio, thereby reducing its cost of capital.

1.5.3 ASSET OWNERSHIP

Consistent with its "develop-to-own" strategy, Neoen generally seeks to be the sole owner of its assets, where practicable, with a view to exercising the greatest possible degree of control over such assets. At December 31, 2018, the Group held 86% of its assets in operation and under construction (by MW), after taking the Group's share in joint investments into consideration. In general, the Group targets sole ownership of its assets to ensure that it can effectively maintain its demanding quality standards and keep close control over asset management. This framework enables Neoen to optimize its assets operationally and industrially with shared systems and services and uniform procedures, in addition to streamlining decision-making. Moreover, sole ownership allows the Group to focus on a stable long-term strategy for profitability based on developing high-quality assets, instead of making decisions based on shorter-term considerations.

In some cases, Neoen has chosen to share (minority) ownership of projects with partners to facilitate its entry into a new market, or where a local tender imposes a requirement for minority state entity ownership. In instances where a business partner does not intend (or has limited ability) to make or maintain an investment in a given project, the Group agrees with the partner to structure ownership such that Neoen has the option to purchase all or a portion of its stake at financial closing for the project. In certain cases, Neoen cannot be the sole owner of a given asset as a result of regulatory limitations on asset ownership. For example, although Neoen supervises the O&M provider for the Cestas plant on behalf of the plant's investors and owns the land on which it is located, French regulations at the time of the project's submission to the open-window framework required structuring it such that the winner would not be the site's sole owner. This constraint is due to the fact that the regulations at the time limited the size of sites *via* a requirement stipulating that all inverters held by a single producer must be a certain regulatory distance from each other.

1.5.4 PROJECT PLANNING AND DEVELOPMENT

1.5.4.1 IDENTIFYING OPPORTUNITIES

Neoen begins the overall development process with an initial prospecting team that it assembles in a target market. Depending on the targeted market, this team may be composed solely of Neoen employees or it may include local third parties who can leverage their knowledge on the ground to uncover opportunities and navigate local complexities (such as permitting structures and stakeholder management). This team prospects for sites. Once it identifies a site with significant potential, the prospecting team obtains initial preliminary studies from reputable third parties and performs initial groundwork in view of obtaining permits and licenses.

As the team makes progress and receives feedback from its studies and initial inquiries, it reports back to management. Management can then evaluate whether a given opportunity possesses an appropriate risk and reward profile to warrant further investment in early development.

The ability to obtain detailed early information on project sites from its own teams or local partners from the earliest stages provides Neoen with the advantage of reducing ramp-up issues and helping to overcome execution and project quality challenges that might otherwise occur, particularly when the time between tender announcements and bid deadlines is limited. Moreover, the Group is able to conduct this preliminary work at a relatively low initial cost with lean and efficient teams, thereby minimising its financial exposure to the risk of the project being abandoned.

The initial cost is related to, among other elements, human resources, travel and expenses, early technical studies, environmental impact assessments and acquisition of permits and site control rights as the project progresses through early development. These development costs are borne by the Group and are capitalized in respect of completed projects They may be depreciated or written off if a project is postponed or abandoned.

Once the opportunity to secure a PPA arises, the Group shifts from laying the foundations for its projects into more resource-intensive project-execution mode, including through budgeting and finance modeling.

1.5.4.2 BIDDING FOR PROJECTS

The tender opportunities that Neoen targets are structured in frameworks that vary by both type of energy and country or state. The particular features of each solar and wind tender are described more fully in Sections 1.4.1.1 (ii) "Approach to solar energy project development" and 14.1.1.2 (ii) "Approach to wind energy project development" respectively. Neoen generally targets tenders that will result in PPAs with robust counterparties because such PPAs provide a long-term and relatively secure source of revenue, while transferring price risk in exchange for limited counterparty risk. In addition, these elements make it easier to obtain financing on favourable terms, which enables the Group to improve its offers' competitiveness.

Tenders may be launched by both public entities and private off-takers. Public entities include governments, who either organise or back a given tender, and government-controlled entities such as state or regional power companies. PPAs with such counterparties tend to be longer in term, ranging from 15 to 20 years (and in some cases up to 25 years). They are generally granted on the basis of price considerations with little or no leverage in negotiations. For private off-takers and distributors (utilities), these PPAs may be shorter in term, ranging from 10 to 15 years, while providing greater leverage when negotiating terms and conditions.

While the Group currently participates in bids for private PPAs more rarely than in tenders launched by public entities, it considers private PPAs to be a promising opportunity going forward. For further details with respect to the types of PPAs to which the Group is a party, see Section 1.5.6.1 "Power purchase agreements" of this document.

Neoen takes a disciplined approach to bidding for projects grounded in its commitment to financial discipline. In order to assess potential bids, Neoen conducts a modeling analysis based on generally conservative assumptions that are backed by independent studies when possible, validated by internal Neoen experts and presented to an internal pricing committee for approval prior to bid submission. These assumptions include the following, among others:

- the project's yield is calculated over a period of 25 years (which corresponds to the period over which the Group's solar and wind power assets are depreciated in accordance with its applicable accounting policies, although the recognised lifespan of the assets is in general longer) and includes the yields anticipated from the PPA, over its entire term, and, for any additional period, yields from sales on the electricity spot markets subject to market risk; this term is 10 years for energy storage and may also be shorter in certain cases (off grid solar power plants, dependant on the lifespan of the relevant mine);
- market price and inflation assumptions based on independent experts' forecasts;
- the production estimates are set at P50 (which means there is a 50% probability that the project will produce at least the predicted capacity in a given year) based on energy efficiency assessments made by independent experts, which are often the same used by potential lenders;
- the operating assumptions (including operating expenses), which are largely aligned with the lender's assumptions; and
- long-term financing with no refinancing risk and a cost of debt based on initial letters of intent proposed by prospective lenders (though final financing terms are set in negotiations following a successful tender and the Group generally seeks to obtain better terms than those that are initially proposed).

Beginning with these assumptions, the Group calculates a bid internal rate of return ("Bid IRR") for the proposed project to determine whether it will earn a sufficient margin beyond the cost of project debt to justify a bid given the relevant risks (in particular country risk). This calculation is based on a reference market Bid IRR determined by a specific Neoen pricing committee, composed of the Group's executive committee, a regional Finance Director, a regional development director and a project manager. The Bid IRR takes into account, among other things:

- local costs, including taxes, local fees, network constraints and related fees, in each case relying on available studies and due diligence;
- building costs using local experts and suppliers, taking into account Neoen's requirements for strong equipment quality and industrial standards;
- financing costs based on preliminary discussions with pre-vetted prospective lenders; and
- in most cases, a third-party financial advisor establishes an estimate based on an appropriate financial model in order to ensure that the project is profitable. which in certain cases is the same model used for purposes of later financing due diligence by lenders.

The Bid IRR the Group requires to invest in a project is set by adjusting its reference market Bid IRR, in the first instance, to account for inflation and to add a risk premium depending on the country in which the project is located, resulting in a country-adjusted Bid IRR. The country-adjusted Bid IRR is then further adjusted to account for the nature of the PPA counterparty according to whether it is sovereign or state, a private entity (with adjustments based on its credit rating) or a market counterparty (with an additional risk premium added). In the event that the off-take arrangement involves multiple counterparties, the Bid IRR's risk calibration and adjustments are weighted according to the revenues expected from the relevant counterparties. If the project reaches an acceptable Bid IRR threshold, the Group launches its bid for the tender following regular reporting and hypothesis validation and formalised price validation.

The Group does not model in its Bid IRR any potential variations in IRR that may occur between the time of its offer and the financial closing. Moreover, in line with its conservative approach, the Group does not model in its Bid IRR certain IRR improvements that may come about after the financial closing. Between the bid and financial closing, the Group's project IRR may vary due to:

- fluctuations in interest rates or exchange rates;
- changes in the terms of EPC contracts and O&M between the time of the initial proposals and the final contracts, and the possible differences between the financing terms agreed and lenders' initial letters of intent.

Following financial closing for its projects, the Group believes that the following potential IRR upsides are available:

- cost optimisation;
- project debt refinancing on more favourable market conditions;
- extended project lifetimes going beyond the Group's in-house estimates for a useful lifespan of 30 years for solar or wind assets (even if the Group depreciates and assesses the profitability of such assets over 25 years);
- the replacement of its projects;
- the integration of storage solutions to improve the operational performance of the Group's projects;
- and, finally, additional benefits resulting from the Group's strategy of maintaining long-term projects on land owned by it or for which it has obtained long-term leases for as long as possible.

1.5.4.3 DEVELOPING PROJECTS

The specific features of project development depend significantly on the type of energy to be produced by the project and the country/region in which the project is to be developed. Additional details relating to solar and wind power and energy storage projects are provided respectively in Sections 1.4.1.1. (ii) “Approach to solar energy project development”, 1.4.1.2 (ii) “Approach to wind energy project development” and 1.4.1.3 (vi) “Approach to energy storage project development”.

In general, Neoen fully structures its projects (building on and completing its early development work) as soon as it has been awarded a tender. This structuring involves several aspects, including but not limited to the following:

- obtaining permits and authorisations at the local and state level (though in certain jurisdictions, such as France under the currently applicable regime, the relevant building permit or construction authorisation must be obtained before a bid is made);
- sourcing engineering, procurement and construction (“EPC”) and O&M with high-quality EPC and O&M contractors and negotiating full-fledged contracts;
- sourcing non-recourse project finance debt and organising security packages; and
- hedging interest rate exposure and any foreign exchange rate exposure (*e.g.*, between the currencies in which the Group pays its construction expenses and the currency of the Group’s project finance debt) that may exist for the period beginning when the Group enters into its project financing and ending at financial closing.

The time required for such structuring (in particular between initial contact with the relevant lender and financial closing) depends on the market in which the project is being built. In a mature market such as Australia, less time is required than in less mature markets such as certain African and Latin American countries, notably when financing has been guaranteed or arranged by development banks. The Group is always seeking to reduce a project's (“time to market”) as much as possible and, in this respect, believes that its advance work on development aspects is helpful at a later date. Furthermore, by working with repeat partners and replicating structuring in the same countries, Neoen is able to facilitate accelerated project structuring. In addition, for countries with mature spot pricing markets or in the context of PPAs, where the Group may structure its bids in order to benefit from more attractive spot pricing before a given PPA’s term commences, reduces (“time to market”) for a project enables increased early generation revenues for this project. The Group is therefore able to create significant value from its accelerated structuring processes.

Outside of France, these efforts are undertaken by numerous elements of both Neoen’s team and carefully selected third parties; A project development manager within the Group oversees the structuring of the project and coordinates the various teams including the procurement team and the legal, technical and financing specialists. to structure development in collaboration with external lawyers, engineers, tax specialists, financial advisers and others. The specifics of project management are handled by the relevant Neoen development team under the project manager, who reports regularly to senior management. In France, because of the smaller size and larger number of projects, their structuring is handled by dedicated Neoen teams according to a set process and defined set of responsibilities.

From an operational standpoint, project development teams hand off projects to construction teams, who in turn hand off projects to operations teams. On the administrative side, the relevant financing team hands over debt management to a financial controlling team at the appropriate time.

1.5.4.4 PROJECT CLASSIFICATION

Neoen tracks project development according to a defined set of categories, as projects move through their lifecycle from initial planning to COD. The Group defines each of these categories across geographies and for both solar plants and wind farms as follows:

- “Early stage”. A project (i) located on land with respect to which the owner has confirmed his or her intention to agree a contract with the Group for the applicable land rights, (ii) in proximity to an electric grid to which the project may be connected and (iii) for which technical studies have been initiated but not yet finalized.
- “Advanced development”. At this stage the following elements are expected to be completed:
  - 1. Real-Estate: signature of a contract validating the use of the land;
  - 2. Access to the electricity grid: preliminary grid connection;
  - 3. Technical: completed pre-design engineering.
- “Tender-ready”. A project that has either:
  - 1. a building permit has been obtained and all the conditions precedent to the signing of an electricity sales contract have been fulfilled in a country which:
    - a) has a renewable energy development program through recurrent tenders, or
    - b) has a liquid market for electricity sales contracts with private companies.

- As of the date of this document, the countries meeting one of these two conditions are France, Australia, Mexico and Argentina; or
  - 2. feed-in tariffs are available and a building permit application has been submitted;
- Based on such criteria, once a project reaches the tender-ready stage, it will not be reclassified to a less advanced stage as long as:
  - 3. the market dynamics of renewable energies in the country in question remain unchanged; and
  - 4. the requirements for obtaining an electricity sales contract remain the same;

  Projects in "advanced development" phase and projects in "tender-ready" phase constitute the "advanced pipeline".

  Projects in "advanced development" that win a tender through a competitive auction process are classified as "awarded" projects without being first classified as tender-ready.
- "Awarded". The primary authorisation request for the project (the relevant building permit for a solar project and the relevant environmental permit for a wind project) has resulted in a positive outcome and is no longer subject to an appeal, and there is a guaranteed off-take once the project is built, or the project has won through a competitive auction process. At this stage, certain additional licenses may be required as long as the Group judges them to be secondary to the applicable primary authorisation. Depending on what could be achieved during the initial development phase, land procurement and additional studies may also be underway. Discussion and contracting with an EPC, as well as project financing negotiations, are usually completed during this stage.
- "Under construction". The notice to proceed ("NTP") has been given to the relevant EPC contractor. The asset will remain in this category until the provisional acceptance has been signed, even if the plant has begun producing and selling energy.
- "In operation". The provisional acceptance has been signed. Responsibility for the asset has been handed over by the construction team to the operations team.

  Projects in "awarded" phase, projects under construction and projects in operation form the "secured portfolio".

The Group has had considerable success in converting "tender-ready" projects into "awarded" projects either by winning tenders or successfully obtaining feed-in tariffs or feed-in premiums in open-window frameworks. During the 2015 to December 31, 2018 period, the Group's projects with a total capacity of 2.5 GW won tenders or obtained open-window feed-in tariffs or additional compensation.

Moreover, since the creation of the Group, only two projects in the "awarded" phase have ever failed to reach the "under construction" phase and had to be abandoned. The first one, in Egypt (50 MW), for reasons relating to unexpected changes to the terms of the project's PPA, and the second, in Jordan (34 MW), due to the impossibility of reaching a "bankable" agreement on the PPA with a private counterparty. Construction work on these projects had not started.

Finally, the possibility of moving directly from the "tender-ready" stage to the "under construction" stage for projects whose electricity is to be sold on the spot market must be emphasised.

1.5.5 PROJECT FINANCING

1.5.5.1 PROCESS

Once a project in development is sufficiently well-advanced, the Group begins a market-surveying process with lenders in view of obtaining competitive financing as well as configuring bids for anticipated tenders. After obtaining a PPA, the Group proceeds to put in place the project financing in a detailed and structured process involving extensive lenders' due diligence and contract negotiation. For these negotiations, the Group relies on its centralized financing and legal team in Paris for all contracting done outside of Australia, where the Group has a separate financing team.

1.5.5.2 STRUCTURE AND SCOPE

The Group structures its project financing by forming a special purpose vehicle for each of the projects it develops. In certain cases, the overall project will be owned by more than one SPV. The financing arrangements relate either to individual projects or to groups of projects. In particular, in France, where projects are small in size, the Group bundles multiple projects together in order to obtain financing on more favourable terms than would otherwise be available had the financing been negotiated on a project-by-project basis, thanks to the increase in power production volumes (and, therefore, in income) and to the reduction in risk achieved by cross-guarantees between project companies and the diversification of resources. For example, the Group syndicated 21 projects in France in October 2016 to obtain approximately €240 million of financing for a duration longer than that of the electricity sales contracts in those projects and at lower interest rates (1.70% and 1.80% per year for the wind and solar projects, respectively, benefiting from feed-in tariffs). In February 2019, the Group entered into a new senior debt financing programme for wind and solar projects in France, which reached close to one hundred million euros.

In all cases, the financing subscribed by the Group on behalf of each SPV and each intermediate holding (in the case of project syndication) is without recourse to the assets of the Company or the assets of the Group's other entities.

When financing conditions are favourable, the Group may opportunistically refinance assets to improve project IRR and financing terms. For example, the Group refinanced €249 million in project debt for its solar power plant in Cestas, which approximately doubled the facility's IRR on equity just two years after it was commissioned.

1.5.5.3 LEVERAGE/GEARING

Each project is financed at the SPV (or holding entity, in the case of bundled projects) level via senior debt (with exceptional cases of tranched mezzanine financing), together with a portion of equity financing provided by the Group's parent company (and minority investors in certain cases).

The type of counterparty lender in these arrangements depends on the relevant market:

- in developed markets, the Group has established strong relationships with a pool of "relationship" banks such as KfW Ipex, Société Générale, Groupe BPCE and BPI France, while maintaining the flexibility to choose between lenders based on the attractiveness of their financing proposals;
- in developing markets, the Group works with development banks in addition to partner banks. These lenders include, for example, Proparco, Inter-American Development Bank, the International Finance Corporation (part of the World Bank) and the Overseas Private Investment Corporation.

Loan conditions, and in particular the level of indebtedness of a particular project, depend on various factors, such as the expected cash flows, the project location or the financial counterparty and market risks.

Based on these and other factors, the lenders will determine the minimum debt service coverage ratio, *i.e.*, the maximum amount of the project's projected cash flows that they are prepared to finance. In certain cases, principally in less mature markets involving development bank lenders, the lenders will also require a maximum gearing ratio so as to ensure a minimum percentage of equity in the relevant project.

1.5.5.4 PROCUREMENT AND CONSTRUCTION

Outside of France, construction itself generally begins after financial closing has been completed. In France, construction may begin prior to financial closing (where a series of projects is anticipated to be bundled into packages for financing purposes) but only after the relevant permits are secured and a tender has been awarded. Project construction is handled by a dedicated construction manager who takes over from the project's development manager.

At December 31, 2018, the Group had 17 project managers, eight of whom were working on European projects and based in France, and the other nine on non-European projects located outside of France. The project manager's responsibilities include all construction and technical aspects of the project from the moment that the NTP ("notice to proceed") is delivered to the EPC contractor, until the hand-off of the asset to the asset manager, as well as the management of relationships with project stakeholders.

In the context of these assignments and as required, the construction manager is supported by the Group's legal, finance and development teams.

The construction of solar plants and wind farms is implemented under Neoen's supervision as follows:

- ***Solar Plants***. Construction of solar plants is carried out by the relevant EPC contractor, such as Eiffage or Bouygues, pursuant to contractual commitments. The EPC contractor is selected on a project-by-project basis, generally through a bidding process or a similar arrangement, with the Group targeting partnerships with specialised, financially sound contractors to ensure credible guarantees. Neoen negotiates with the contractor with respect to the purchase price and the contractor's mark-up for modules and inverters, which are integrated into a full-scope contract together with other commercial terms relating to the technology to be used in the project. In general, the Group verifies the choice of all other components and defines the specifications. Moreover, the Group focuses on the bankability of the relevant technology and working with EPC contractors who can provide bankable guarantees in line with project finance lenders' expectations.

  Depending on the nature of the project, a single supplier of solar panels or multiple suppliers may be used (as is the case with Cestas). The EPC contractor generally assumes delay and performance risks with corresponding liquidated damages clauses.

  In France, where a typical solar project will have an average capacity of approximately 10-12 MW, the construction period between the NTP and the COD is generally 6-8 months. In other countries, the construction period is generally between 8 and 12 months and may be even longer in some markets (for example, in Argentina, this period is estimated to be around 15 months);
- ***Wind Farms***. The Group selects a turbine supplier through a bidding process in line with its project-by-project procurement approach, with whom it signs a turbine supply agreement ("TSA") for the supply, transportation, installation and commissioning of wind turbines. Apart from turbines, the wind farm is built by a civil engineering and construction company according to the terms of a construction contract and a contract for the provisions of other system components or BOP contract, the scope of which includes, among other things, roadworks for the site, building and managing of construction sites, the construction of foundations and works for connection to the ground network (building delivery stations, digging trenches and handling cabling) to connect the turbine to the ground. The turbine manufacturer and BOP contractor each assume similar contractual risks to those allocated in solar contracts relating to delays and performance.

  In France, the construction period is generally 9-10 months, divided equally between (i) the civil works and (ii) the wiring, assembly and commissioning of the wind turbine. In other countries, where wind farms are significantly larger, with capacities of 100 MW or more, the construction period is generally between 12 and 18 months.

For each of the assets that the Group constructs, it sets aside a contingency budget to cover unexpected costs incurred in the course of construction. The amount of this contingency budget is typically between 2-5% of the project's total capital expenditures.

The grid connection process is initiated from the moment that Neoen is awarded a tender (and may begin earlier, in certain cases, where a project is sufficiently mature to justify it) and continues through the construction process until the asset's COD.

The relevant project manager is responsible for grid connections for solar and wind projects in France. Internationally, grid connection is usually the responsibility of the EPC contractor, with close supervision by the relevant construction manager. As part of the development process, the Group typically enters into a grid connection agreement with the local grid operator and makes arrangements for the construction of a transmission line. Depending on the jurisdiction and applicable regulations, the Group may also need to secure easements and land rights for the transmission line from the solar plant or wind farm to the grid connection point. The proactive management of the grid connection process is essential if projects are to be built on time at an acceptable cost.

In implementing construction, Neoen relies on third parties on a project-by-project basis relating to industrial choices for EPC matters, modules, inverters turbines and BOP and BOS management, among others. These partnerships are established through a competitive procurement process with a focus on top-tier counterparties.

The Group generally does not sign multi-project master agreements despite the fact that certain contractors' focus on quality leads to certain commercial partnerships being renewed, mainly with major construction groups such as Eiffage, Bouygues Energies & Services and TSK.

Neoen’s centralised contracting team in Paris (with additional personnel expected to join in Australia) negotiates the agreements with EPC and BOP contractors. The contract team develops contracts adapted to the project and geography that are designed to provide Neoen with a high level of protection while being as consistent as practicable across projects and markets.

1.5.5.5 OPERATING ASSETS

In line with this “develop-to-own” strategy, the Group pays strong attention to the long-term performance and state of its assets. Neoen outsources the maintenance of each asset under protective, long-term, full-scope O&M contracts, and negotiates contractual guarantees from the O&M provider with respect to availability and compensatory payments in the event availability falls below specified minimums, as well as other performance guarantees. As a general rule the Group's O&M contracts have a minimum duration of 10 years and include options for expansion under pre-approved conditions that can be activated by the Group. The O&M suppliers are generally the same as those involved in building (solar) assets and supplying (wind farm) equipment.

Asset management and operation following project completion are facilitated by:

- the Group's internal expertise, which includes an operations control centre in Paris and a local control room in Canberra, and Group asset managers who oversee a defined portfolio;
- continuous monitoring, supervision and analysis, which is provided in part by the Group’s own asset managers with internal IT tools, and in part by external service providers who oversee the assets twenty-four hours a day, seven days a week; and
- O&M services from external providers (who act as the day-to-day managers on-site) on the basis of full-scope agreements with performance guarantees, implementation of continuous improvement and best practices according to the ISO 55000 approach and rolling and periodic reviews with peer performance comparisons.

The asset manager is located close to, and has a deep understanding of, the asset and its site. He is tasked with supervising technical matters and drafting a detailed management plan concerning the asset.

The specific implementation of key management responsibilities is described in more detail below:

- ***Production management.*** Production management consists of a reporting section on the one hand, and a planning and control section, on the other. The reporting section includes daily, monthly, quarterly and yearly reports that track asset performance. The frequency of the reporting depends on the asset's performance measurement but includes such metrics such as load factor, consolidated revenue, production output, shortfalls (if any), losses in quantity or quality, key performance indicators (“KPIs”) such as availability and performance ratios and significant event analysis and feedback, among others;
- ***Planning and control.*** A management plan is put into place that maps every step (whether technical, administrative, commercial or otherwise) needed to effectively and efficiently operate the relevant asset. Control with respect to suppliers is structured around monthly O&M contractor reviews.

  In addition, Neoen conducts annual evaluations of its O&M contractors in which it provides feedback on asset and operational performance, together with an assessment of the relevant O&M contractor against other contractors according to a defined set of objective standards;
- ***Maintenance management.*** Neoen organises and deploys preventive and corrective maintenance for all of its assets.
  - Preventive maintenance is defined, in terms of substance and frequency, in the relevant O&M contract, and the Group’s asset managers closely supervise the implementation of maintenance measures by the O&M contractor to ensure their effectiveness and consistency. Maintenance actions are planned quarterly or, if there is more limited need for such maintenance, annually. All such actions are systematically recorded through closely tracked monthly maintenance reports tailored to the type of asset (solar, wind or energy storage).
  - Corrective maintenance obligations are also contractually defined, with the O&M contractor responsible for plant supervision (including rapid response to any alarms), corrective action online or on-site and reporting on incidents in a manner that permits their duration and any related losses to be tracked for the purposes of availability calculations. For wind turbines, the Group also implements tracking of mean time to repair (“MTTR”) and mean time between failures (“MTBF”) to monitor performance. In addition to its other responsibilities, the O&M contractor manages each asset’s dedicated spare parts stock, with used equipment replaced by the O&M contractor at its own expense;

- ***Performance management.*** Neoen tailors its performance management metrics and approach to the type of asset, depending on whether it is a wind or solar asset.
  - Solar asset performance is assessed according to three KPIs: solar resource (the availability and capacity of solar energy to which the plant has access), performance (the percentage of the targeted electricity output that is actually produced), and availability. Solar plant performance analysis involves a review of plant incidents and lessons learned; production comparisons between inverters (which convert variable direct current output of a solar panel into a utility-frequency alternating current that can be fed into the relevant electric grid) and alarms; and "soiling" analysis, which examines limitations on panel performance due to dirt.
  - The performance of wind farms is assessed primarily on the basis of availability, whether in terms of time or energy, in accordance with the applicable O&M contract. Wind farm analysis focuses on a breakdown of technical losses from certain defects, failures or other problems; a capacity curve analysis; a comparison of turbine effectiveness; and incident analysis and lessons;
- ***Cost management.*** Neoen has entered into primarily long-term contracts with respect to maintenance, rent and insurance for its assets, which account for approximately 85% of technical operational expenses for its solar assets and approximately 87% of technical operational expenses for its wind assets. The long-term nature of these contracts permits Neoen to negotiate competitive terms and limit costs. At the same time, Neoen targets additional cost savings through contract renegotiation where feasible, in particular for solar assets, for which O&M costs have declined significantly in recent years;
- ***HSE management.*** The HSE management system at Neoen is tracked *via* monthly reporting. For more details on HSE, please see Chapter 5. "Sustainable development and social responsibility".

1.5.6 ELECTRICITY SALE CONTRACTS

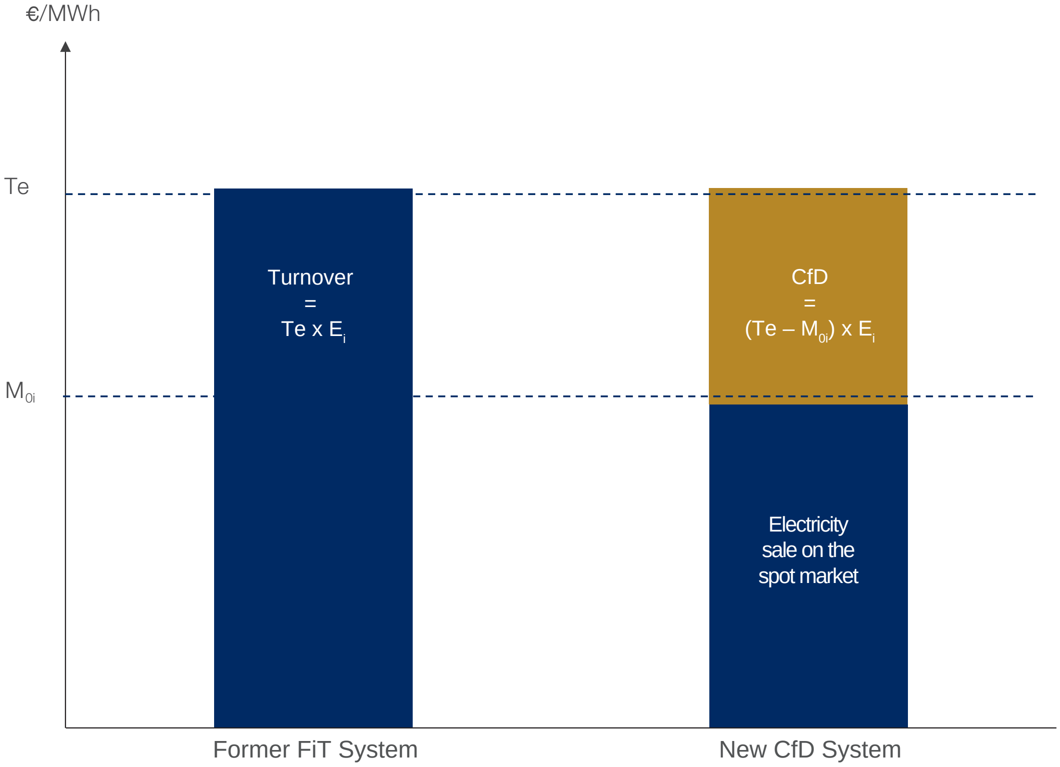
Neoen sells the electricity produced by its assets either (i) under PPAs with primarily public off-takers and utilities, with a limited number of private-party PPAs, (ii) on the spot market at market prices or under short-term contracts or (iii) bilateral spot sale agreements with respect to green certificates. The principal features of these arrangements are summarized below.

1.5.6.1 POWER PURCHASE AGREEMENTS

Power purchase agreements under the contract for difference scheme *via* public tender and open-window frameworks

The bulk of the Group's electricity sales are made pursuant to PPAs agreed after public tenders, offering a feed-in tariff for periods of between 15 years (French wind power) and 20 or even 25 years. However, as renewable energy has become increasingly competitive, an increasing number of the public tenders currently being targeted by the Group involve the signature of contracts for difference as described below. The Group's first project under a CFD-based PPA entered into operation at the end of the first half of 2018.

The graphic below illustrates a typical CFD structure for the Group's PPAs and compares the CFD structure to the historically prevalent FIT structure:



Tr: reference *tariff set in the bid for the tender (€/MWh)*

E_i*: net electricity generation during month i (MWh)*

M_{0i}*: reference spot market price during month i (€/MWh)*

In the CFD regime, Neoen enters into a long-term PPA (typically with a duration of 20 years) with a set price (the "reference tariff") with a large, stable counterparty, such as EDF in France. Unlike FIT-based contracts, Neoen sells the electricity it produces under CFD-based contracts on the market instead of selling it directly to the PPA counterparty. Neoen sells electricity on the market through an electricity aggregator, who undertakes to sell the electricity produced by Neoen's assets in exchange for a fee per MWh (currently approximately one euro per MWh) for its services and as compensation for any market risk. In return, the aggregator pays Neoen for the electricity that the aggregator has sold that was produced by its assets. The counterparty within the contract for difference pays the Group the difference between the reference tariff and a benchmark market price, stated in €/MWh over a given month, referred to as the "M_0" tariff.

In the event that the M0 exceeds the reference tariff, Neoen is obligated to pay the PPA counterparty the difference in price, though such "negative prices" are extremely rare.

This contractual structure thus creates two distinct components of remuneration for Neoen:

- revenue from electricity sales on the market (through an aggregator) at market prices; and
- revenue from the PPA counterparty under the CFD regime for the difference between the reference tariff and the market price for Neoen's electricity.

PPAs with CFD mechanisms provide Neoen with predictable, long-term revenues by effectively setting a back-stopped price for the electricity produced by its assets, while introducing exposure to short-term price signals from the market.

In addition to PPAs in connection with public tenders, the Group also enters into certain PPAs with CFD mechanisms through open-window frameworks for wind projects, in particular in France. The open-window system requires the government to pay additional compensation to producers whose projects meet predefined criteria in terms of costs, volumes and other technical specifications. However, the additional open-window compensation in France is currently available for low power projects only. As a result, the Group is now only developing wind projects through this system, where the maximum capacity to be eligible for the additional contract paid by the State is 18 MW (with a maximum of six turbines with a maximum capacity of 3 MW each).

Privately negotiated power purchase agreements

Neoen also enters into private PPAs with certain sophisticated off-takers, such as specialized energy companies or private off-takers with specific energy needs. These contracts are usually for a specified amount of electricity, at contractually defined prices, which is delivered directly or indirectly to the private PPA counterparty. The quantities of electricity to be delivered pursuant to such PPAs are generally less than for the large public tender projects that the Group usually targets. Such PPAs currently represent a relatively small percentage of the Group's portfolio in operation or construction. However, the Group aims to increase private electricity sales contracts in the coming years in order to up its revenues, reduce its dependence on electricity sales contracts signed with public counterparties and obtain greater flexibility in establishing price structures and conditions than in public tenders.

1.5.6.2 FEED-IN TARIFFS

Certain PPAs that the Group entered into in connection with past tenders or *via* the open-window framework submissions were based on the mandatory FIT mechanism (as of the date hereof, for the Group, exclusively in France). In FIT contracts, Neoen delivers electricity directly to an off-taker and is paid a reference price, set in advance under the tender or open-window framework, as applicable, for all of the electricity produced by Neoen's asset for the FIT contract, regardless of market price. FIT contracts were used as a means to encourage investment in renewable energy when it was relatively expensive to produce solar and wind power.

1.5.6.3 WHOLESALE AND SPOT-MARKET SALES AND SHORT-TERM CONTRACTS

Neoen supplements its PPA revenue, which forms the bulk of its overall revenue, with sales of energy into (i) spot markets, in particular in markets where electricity from its renewable assets is below grid parity and can be sold at a significant profit or (ii) under short-term electricity purchase contracts that may be entered into in advance of the start date of long-term PPAs, and which generally provide for fixed prices that exceed those for long-term PPAs. Neoen sells electricity *via* spot market sales and short-term contracts for the following reasons:

- ***Pre-COD revenues.*** Neoen generates revenues from certain of its assets' initial electricity production before the entirety of a given asset is fully operational. This is in particular the case for the Group's wind farms, where the wind turbines are progressively connected to the grid and where one or more wind turbines can start to generate electricity before the commercial operation date (COD) for the wind farm as a whole. During this period, the Group may sell on the spot market the electricity produced by the portion of the asset that is already in service pending the connection to the grid of the rest of the facility. though such revenues tend to be limited in amount given the relatively short construction timeframes for the Group's assets;
- ***Early generation revenues.*** For timing and strategic reasons, the Group may launch the construction phase of a project prior to signing one or several PPAs covering the entire production capacity of a project. Therefore, the Group sometimes begins the construction of the project and agrees sales on the spot market while identifying potential PPAs for use by the plant in the long term, which guarantees the profitability of the plant while ensuring that it remains ready to seize all opportunities to sign PPAs as they arise. In other instances, in particular in countries with developed spot-price markets, the Group aims to time its project development and bidding to take advantage of relatively predictable spot-market pricing for a set period before the asset's PPA term begins where the market price exceeds the PPA price. Alternatively, the Group may enter into pre-PPA short-term contracts to obtain revenues at favourable fixed prices. This enables the Group to boost the profitability of the project while targeting a locked-in PPA price at an optimal point later on;
- ***Supplementing PPA revenues.*** Because certain PPAs are entered into for a set amount of electricity, Neoen will typically build a solar plant or wind farm with an additional buffer capacity and use targeted market sales to supplement contracted revenues;
- ***Deploying excess battery capacity.*** To a limited extent, Neoen strategically sells electricity stored in its energy storage assets on the market when demand is higher at given times of the day (such as noon time or evenings, for example) after having purchased the stored electricity at times of lower demand (*e.g.*, at night). In addition, certain events may increase the price of energy and provide an arbitrage window for sales at elevated prices. While infrequent, these sales provide a way to productively deploy available battery capacity.

1.5.7 CAPTURING TERMINAL VALUE BEYOND POWER PURCHASE AGREEMENTS

1.5.7.1 LAND OWNERSHIP AND LEASES

Neoen is the owner of the land on which its assets are located or installed for a minority of projects (27% by MW for projects in operation as of December 31, 2018). Where it is not the owner of the land, Neoen generally has long-term leases that often include extension options (for total terms (including the applicable extension) as long as 99 years, though typically for 30-60 years), which exceed the duration of the initial PPA for the assets located on that land. Almost all of those extension options can be called at the Group's discretion. Assuming the exercise of all such options, the Group's average lease term (weighted by MW) amounts to approximately 55 years. As of the date hereof, ownership and long-term leases enable the Group to generate long-term value from its assets by giving it the flexibility to upgrade its assets over time, to sign new PPAs for such assets following the expiration of their initial PPAs. For more information on real estate and leases, please see Section 1.6.2 "Assets held or occupied by the Group".

1.5.7.2 REPOWERING PROJECTS

Over the life of a given asset, equipment productivity will eventually deteriorate. For example, solar panels degrade over time with use, and their efficiency in converting sunlight into electricity erodes as a result. Beyond its active maintenance management, Neoen plans to upgrade and replace such equipment as renewable energy technology continues to improve. It refers to this process as "repowering" its assets, enabling them to maintain or exceed previous productivity levels. Repowering assets allows them to be redeployed for profitable electricity sales at market rates or subsequent PPAs following the expiration of existing contracts, without the significant expense and time required to build a new project from the ground up.

1.6 PROPERTY, PLANT AND EQUIPMENT

At December 31, 2018, the net value of property, plant and equipment held by the Group amounted to €1,703 million compared with €1,249 million at December 31, 2017. For a description of property, plant and equipment, see Note 15 to the Consolidated Financial Statements in Section 4.1 "Financial statements for the financial year ended December 31, 2018" of this document.

The Group's property, plant and equipment consists mainly of production assets held by the Group and, to a lesser extent, other fixed assets such as land acquired by the Group for the construction of its facilities, structuring costs at the time of implementation, borrowings used to finance the assets until the projects are commissioned, or the right to use the land following the application of IFRS 16 (see Note 3.a to the Consolidated Financial Statements in Section 4.1 "Financial statements for the financial year ended December 31, 2018" of this document).

1.6.1 THE GROUP'S GENERATION ASSETS

As of December 31, 2017 and December 31, 2018, solar, wind, biomass projects and energy storage assets under construction or in operation represented 99% and 93% of the Group's property, plant and equipment, respectively. For information on the solar, wind, biomass farms and storage assets held by the Group, the reader may refer to Section 9.5 "Project details" of this document.

1.6.2 REAL ESTATE ASSETS OWNED OR OCCUPIED BY THE GROUP

The real estate assets owned by the Group essentially consist of land acquired by the Group for the construction of its projects. As of the date of this Registration Document, the Group owns the following sites:

- through the intermediary of Providencia Solar SA de CV, several properties, valued at approximately €3.6 million as of December 31, 2018, on which the Providencia Solar park is located:
  - four plots of land located in El Pedregal, in the El Rosario municipality of the department of La Paz, El Salvador, with a surface area of 87 ha, 1 ha, 79 ha and 20 ha, respectively,
  - a plot of land located in Santiago Nonualco, in the El Rosario municipality of the department of La Paz, El Salvador, with a surface area of 3 ha;
- through the intermediary of SCI Constantinus, a plot of land located in Cestas in France, with a surface area of 260 ha, valued at €2.3 million as of December 31, 2018, on which the solar plants of Cestas are located;

- through the intermediary of Numurkah Solar Farm Pty Ltd., a plot of land valued at €3 million as of December 31, 2018, on which the solar plant of Numurkah is located;
- through the intermediary of Capella Solar and Jiboa Solar, plots of land with a surface area of 331 hectares valued at a total of €5.8 million as of December 31, 2018, on which the solar park of Capella is located;
- through the intermediary of Hornsdale Asset Co, a plot of land located in Hornsdale in Australia, with a surface area of 11.5 ha, on which are located cables and buildings used for maintenance services (O&M services) for the Hornsdale wind farms;

Through the intermediary of SPV ENR AGS SA several properties located at El Llano in Mexico with a total surface area of approx. 59 hectares, valued at a total of approx. €1.2 million as of December 31, 2018.

When it does not own the land on which its projects are developed, built and then operated, the Group secures the availability of the sites by entering into leases and lifelong or equivalent leases with the landowners, thus conferring long-term real property rights to project SPVs.

In addition, in conducting its business activities, the Company leases administrative buildings and offices, including:

- the Company’s registered office, located at 6 rue Ménars, 75002 Paris, which is leased by the Company to Exane under a sublease agreement entered into on May 23, 2018, effective from June 15, 2018 for a term of three years, *i.e.*, until June 14, 2021; and
- a regional office located at 860 rue René Descartes, 13100 Aix-en-Provence, which is leased by the Company under a commercial lease entered into on January 22, 2016 effective from January 1, 2016 and for a term of nine years, *i.e.*, until December 31, 2025.

In 2018, the Company leased offices from its main shareholder, Impala SAS, as well as from Eiffel Investment Group SAS, an affiliate of Impala SAS. These contracts both ended on August 29, 2018.

The rent payments related to the above contracts amounted to €331,791 for the year ended December 31, 2017 and €873,312 for the year ended December 31, 2018.

Lastly, certain of the Group’s subsidiaries occupy premises located outside of France, namely in Australia (Sydney, Canberra and soon Melbourne), Portugal, Mozambique, Zambia, Jamaica, El Salvador, Mexico and the United States. The rent payments for these contracts amounted to approximately €332,000 for the year ended December 31, 2017 (based on applicable exchange rates as of May 31, 2018) and €533,000 for the year ended December 31, 2018.

1.7 MATERIAL CONTRACTS

As of the date of this Registration Document, no contract (aside from the contracts entered into in the ordinary course of business) containing provisions imposing a significant obligation on any of the Group's companies or commitments for the Group as a whole, has been entered into by the Company or any other Group entity, with the exception of the contracts described in Section 1.4 “Neoen's business”, in Section 2.2 “Liquidity and capital resources” and in Section 8.4 “Statutory auditors' special report on regulated agreements and commitments” of this Registration Document.

1.8 INTELLECTUAL PROPERTY

1.8.1 RESEARCH AND DEVELOPMENT

The Group’s business consists of developing and overseeing the operation of renewable energy plants that generate electricity, the construction of which is financed in part by debt that is non-recourse other than to the relevant project SPV’s assets, securities and shareholders’ current account, or project-specific assets of intermediate holding companies (in certain exceptional cases, the Group cross-collateralizes a bundle of projects to obtain better financing terms), and in part by equity contributions. This financing structure depends on the near-exclusive use of reputable suppliers and tested technologies. See Section 2.2 “Cash and Cash equivalents and Equity” of this document for an outline of the Group's financing policy.

The Group’s research and development (“R&D”) activities are based on partnerships with companies operating in the fields of innovative solar energy, energy storage and production forecasting. These partnerships involve:

- selecting products and counterparties that are well-positioned in their markets, based on innovative technologies that the Group believes can improve the competitiveness of its solar, wind, biomass and energy storage plants;
- working to develop the technology and the research units and/or the manufacturing processes of proposed suppliers.

For each partnership, the Group enters into an agreement relating to joint efforts on one or more projects, but does not impose commitments upon the Group beyond the agreement's defined scope. For example, the Group reached an agreement with Tesla with respect to the storage solutions the Group sought to implement at the Hornsdale Power Reserve.

As a result, the Group does not finance specific R&D research, except for development costs for its various solar, wind, biomass or energy storage projects.

Further, even though it is not specifically a R&D activity, the Group created its own competence centre, with 3 people whose work includes identifying and monitoring new technologies to reduce the cost of the energy produced for new projects, improve the yield of existing projects, or the competitiveness of energy storage.

Lastly, the Group takes technological innovation into account in its project development, particularly when it is a criterion in tenders. For example, in connection with the Hornsdale facility in Australia, the Group financed the construction of a hydrogen plant on behalf of the city of Canberra to develop hydrogen-powered vehicles.

1.8.2 INTELLECTUAL PROPERTY

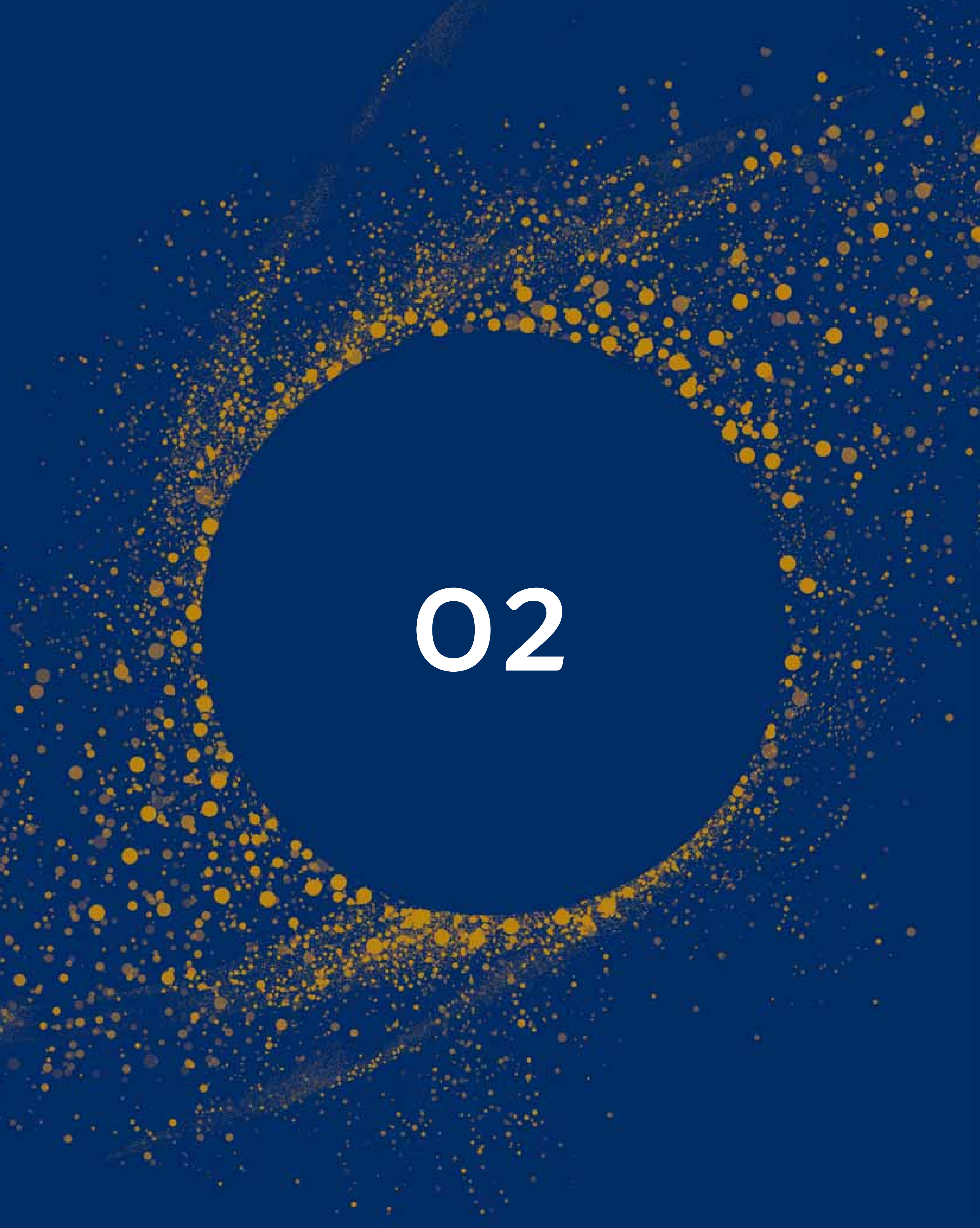
1.8.2.1 INTELLECTUAL PROPERTY RIGHTS

The Group's intellectual property rights primarily comprise rights to distinctive marks, such as trademarks, including the "Neoen" name and semi-figurative marks, and domain names, in particular those including the name "Neoen," such as **www.neoen.com**, **www.neoen.eu** and **www.neoen.fr**.

The Group's intellectual property rights are registered or in the process of being registered in the principal markets in which the Group does business in order to appropriately protect them. The "Neoen" trade name is registered in the European Union, Switzerland, the United States and Australia.

1.8.2.2 LICENSES

The Group's companies hold the licenses required for the use of information systems in the ordinary course of their business. Other than such licenses, no material intellectual property rights have been granted to the Group's companies.



02

BUSINESS ACTIVITES AND PROSPECTS

2.1 RESULTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

2.1.1 KEY EVENTS

2.1.1.1 INITIAL PUBLIC OFFERING

On October 16, 2018, Neoen successfully completed its initial public offering (IPO) on Compartment A of the Paris Euronext regulated market. The offering price was set at €16.50 per share, valuing the Group at just over €1.4 billion. In particular, this operation, enabled it to raise €450 million through the issue of new shares (from a total of €697 million raised, greenshoe option included). This entire amount will be allocated to the Group's ongoing development. As a reminder, the Group aims to have operation and under construction capacity of at least 5 GW by 2021.

It should be noted that Impala, the Group's long-standing majority shareholder, injected almost €170 million into this operation so as to maintain control of the Group.

On December 3, 2018, Neoen entered into a liquidity contract with Kepler Chevreux. This contract complies with the ethics charter recognised by the French Financial Markets Authority (*Autorité des Marchés Financiers* – AMF).

2.1.1.2 DEVELOPMENT

Neoen continued its international expansion, concentrating initially on the countries in which the Group already operates, and on countries within the same clusters in Europe - Africa, Australia and the Americas, identifying opportunities and establishing project feasibility.

The Group's portfolio has thus grown in volume, with 2,008 MW of new projects over the period (net of abandoned projects and excluding “early stage” projects), of which 19 MW are attributable to an adjustment of the capacity of projects in development.

In the Americas, the Group continued its development over the year: projects amounting to 556 MW, all technologies combined, were added to the portfolio. This enabled Neoen to consolidate the Americas as its third main growth hub, after Australia and Europe - Africa.

Australia is the largest region in terms of megawatts secured. This growth is indicative of the success of Neoen's international development. A number of projects totalling 1,100 MW, comprising 350 MW of storage and 750 MWp of solar power were added to the Group's portfolio this year.

In Europe - Africa, 384 MW of projects were added to the portfolio in France, 113 MW in Finland and 16 MW in Ireland. With five solar projects secured for a total capacity of 66 MW, Neoen also won France's first bi-technological tender, the results of which were announced in November: these projects thus progressed from “tendered” status, to “awarded” status.

In Mozambique, at the end of 2018, Neoen signed a 30-year concession agreement on its solar plant in Metoro. Metoro, at 41 MWp, is currently the largest solar plant under development in Mozambique.

These benefits were offset by abandoned projects representing 160 MW.

2.1.1.3 CONSTRUCTION

In Australia, the 194 MW Bulgana wind project entered its construction phase in March. In addition to this 194 MW of wind capacity is a 20 MW/34 MWh of lithium-ion battery storage facility using batteries provided by Tesla.

This will be used to stabilise the electricity supply of a greenhouse farm to be built by Australian company Nectar Farms. The remainder of the electricity and the green certificates will be sold to the State Government of Victoria under a 15-year power purchase agreement (PPA). Construction began on solar project Numurkah, with a 128 MWp capacity, in August.

Construction also began **in France** on solar projects won as part of the CRE 3 call for tenders (Lugos, Miremont, Bram, Saint-Avit), as well as some of the projects won as part of the CRE 4 call for tenders (Azur Est, Azur Sud, Cap Découverte 4 *bis*, Corbas, Saint-Eloy). These projects should generate a total of 78 MWp.

Wind power projects Auxois Sud II and Les Hauts Chemins, representing 16 MW and 14 MW respectively, entered their construction phases in February and August 2018.

Following the success of the Hornsdale Power Reserve storage project in Australia, Neoen has continued its pioneering work in this field, developing opportunities in regions in which the Group currently operates and notably in France, where Neoen began construction on the largest stationary power storage unit in November (Azur Stockage 6 MW/6 MWh).

In Finland, construction began on the Hedet wind project with a capacity of 81 MW at the end of 2018.

Over the next 10 years, Google will buy 100% of the green energy produced by this wind farm, which is 80% owned by Neoen and 19,9% by Prokon Finland.

In Jamaica, solar project Paradise Park entered into construction in June 2018, for 51 MWp capacity.

In El Salvador, construction began in December 2018 on the 140 MWp capacity Capella Solar project. This plant will be connected to a 3 MW/1.5 MWh battery system.

2.1.1.4 FINANCING

In May 2018, Neoen, majority shareholder in the project, completed the financial closing of its Jamaican solar farm with Proparco and FMO. This project represents a total investment of US$64 million.

In June 2018, Neoen launched a crowdfunding campaign to help finance the projects it won as part of the CRE 4 call for tenders. The *Commission de Régulation de l’Énergie* (“CRE”) allows producers using crowdfunding to finance renewable energy projects to benefit from a subsidised feed-in tariff. The Cap Découverte 4 *bis* solar plant was the first Neoen project to have used crowdfunding.

In October 2018, Neoen launched a crowdfunding campaign for the two phases of the Corbas plant (Corbas 1 and 3), a series of solar shade structures in the communes of Corbas and Saint-Priest, near Lyon, and the Azur Est ground solar plant, in Nouvelle-Aquitaine.

In November 2018, Neoen concluded the US$133 million financing for Capella Solar, the 140 MWp solar park in El Salvador, with FMO, BID Invest and Proparco. Wholly-owned by Neoen, Capella Solar is due to become operational in early 2020. This investment amount includes the cost of a 3 MW/1.5 MWh LG Chem lithium-ion battery installed by Nidec.

2.1.1.5 OPERATIONS

In Australia, the three New South Wales projects chosen as part of the ARENA call for tenders (Australian Renewable Energy Agency), Parkes, Griffith and Dubbo, entered into operation during the first and second quarters of 2018. These three projects represent a total of 131 MWp.

The Coleambally solar farm commenced operations in the fourth quarter of 2018. With installed capacity of 189 MWp, Coleambally is wholly owned by Neoen and is now the largest solar farm in operation on Australian soil.

In December 2018, Neoen celebrated the first operational anniversary of its Hornsdale Power Reserve storage unit, whose performance is exceeding expectations. Notably, the study carried out by independent expert Aurecon shows that Hornsdale Power Reserve (HPR) has contributed to the generation of almost AUD40 million in savings, substituting more costly and less responsive alternatives and providing frequency support to steady the grid.

In France, the Champs d´Amour (9 MW), Pays Chaumontais (14 MW) and Chassepain (20 MW) wind farms, and the Lugos solar plant (12 MWp) became operational in January, April and June.

Solar plants Lagarde d'Apt (7 MWp), Cap Découverte 4 *bis* (5 MWp) and Bram (5 MWp) entered into operation during the second half of the year.

As of December 31, 2018, Neoen had increased its operational asset base – controlled and non-controlled by 391 MW to 1,492 MW.

A non-controlled asset is a project in which the Group has a minority and non-controlling interest but for which it oversees operations: the only plants concerned are some of those in the Cestas solar park, for regulatory reasons, and one plant in Portugal (Seixal), of which it owns 50%.

2.1.1.6 ACQUISITIONS/M&A

During the first half of the year, the Group acquired the project company Hedet Vindpark. This transaction, recorded under intangible assets, has enabled Neoen to acquire projects in development. These are subject to straight-line depreciation at the same rate as the plants to which they are linked.

During the second half of 2018, the Group sold the Melissa and Manosque Ombrière solar plants.

In 2018, the Group increased its stakes in Field Fare Argentina and Altiplano Solar (Argentina), and Jiboa Solar and Capella Solar (El Salvador) to 100%.

2.1.2 KEY PERFORMANCE INDICATORS

The Group's consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union.

The Group has applied IFRS 9 retrospectively since January 1, 2018 with cumulative adjustments recognised in opening equity without restatement of comparative information. As regards the modifications of liabilities for which the standard does not provide for any specific transitional arrangement, the modification of the comparative information has been applied. The impact of the restatement of the debt renegotiation for the 2017 financial year is presented in Note 3.a of the notes to the consolidated financial statements.

The consolidated financial statements for the financial year ended December 31, 2018 have been audited by the Company's statutory auditors and are presented in their entirety in Section 4.1 of this document.

2.1.2.1 SELECTED FINANCIAL INFORMATION FROM THE GROUP CONSOLIDATED INCOME STATEMENT

(in millions of euros)	12.31.2018	12.31.2017	Var	Var en *(in %)*
Contract energy revenues	*194.6*	*119.4*	*75.1*	*+ 63%*
Merchant energy revenues	*27.8*	*16.2*	*11.6*	*+ 72%*
Other revenues	*5.3*	*3.7*	*1.6*	*+ 43%*
Revenues	**227.6**	**139.3**	**88.3**	**+ 63%**
Current EBITDA[1]	**174.4**	**102.2**	**72.2**	**+ 71%**
Current EBITDA margin	**76.6%**	**73.4%**		
Current operating income	**109.0**	**60.7**	**48.2**	**+ 79%**
Other Non-Current Operating Income and Expense	(7.3)	(4.0)	(3.3)	+ 84%
Non-current amortisation and provisions	1.5	(3.0)	4.6	NA
Operating Income	**103.2**	**53.7**	**49.5**	**+ 92%**
Net Financial Expense	**(73.9)**	**(36.4)**	**(37.5)**	**NA**
Profit (loss) before tax	**29.3**	**17.3**	**11.9**	**+ 69%**
Income tax	(15.7)	(6.9)	(8.9)	NA
Net income from continuing operations	**13.5**	**10.4**	**3.1**	**+ 30%**
CONSOLIDATED NET INCOME	**13.5**	**10.4**	**3.1**	**+ 30%**
Of which net income (Group share)	*12.4*	*12.5*	*(0.1)*	*(1%)*
Of which net income (non-controlling interests)	*1.2*	*(2.0)*	*3.2*	*NA*

(1) Current EBITDA corresponds to current operating income adjusted for depreciation, amortisation and provisions.

2.1.2.2 SELECTED FINANCIAL INFORMATION BROKEN DOWN BY OPERATING SEGMENT AND BY REGION

Revenues

(in millions of euros)	12.31.2018	12.31.2017	Change	Change *(in %)*
Total Europe – Africa	**89.9**	**67.9**	**21.9**	**+32%**
Wind	29.3	19.1	10.2	+53%
Solar	39.9	41.2	(1.3)	(3%)
Biomass	20.6	7.6	13.0	N/A
Total Americas	**16.4**	**12.3**	**4.1**	**+33%**
Solar	16.4	12.3	4.1	+33%
Total Australia	**121.1**	**56.6**	**64.6**	**N/A**
Wind	79.2	53.5	25.6	+48%
Solar	24.0	2.5	21.6	N/A
Storage	17.9	0.6	17.4	N/A
Development and investment[1]	63.1	48.6	14.5	+30%
Eliminations[2]	(62.9)	(46.1)	(16.8)	+36%
TOTAL	**227.6**	**139.3**	**88.3**	**+63%**

(1) Substantially all of the revenues from this segment are earned by sales to other entities within the Group and are eliminated upon consolidation, with the exception of amounts charged to entities that are not fully consolidated by the Group.

(2) Eliminations mainly relate to the cancellation of invoices for services rendered by Neoen S.A. to its project companies both with regard to the development and the administrative supervision and management of plants.

Current EBITDA[(1)]

(in millions of euros)	12.31.2018	12.31.2017	Change	Change *(in %)*
Total Europe – Africa	**63.9**	**48.3**	**15.6**	**+32%**
Wind	23.0	14.5	8.5	+59%
Solar	33.8	33.2	0.6	+2%
Biomass	7.1	0.7	6.4	N/A
As a % of revenue	*71%*	*71%*		
Total Americas	**11.7**	**8.4**	**3.3**	**+39%**
Solar	11.7	8.4	3.3	+39%
As a % of revenue	*71%*	*68%*		
Total Australia	**115.0**	**55.7**	**59.3**	**+107%**
Wind	68.8	45.1	23.7	+53%
Solar	32.0	10.2	21.8	N/A
Storage	14.2	0.4	13.8	N/A
As a % of revenue	*95%*	*98%*		
Development and investment[(2)]	10.9	7.9	3.0	+38%
As a % of revenue	*17%*	*16%*		
Eliminations[(3)]	(27.1)	(18.1)	(9.0)	+50%
TOTAL	**174.4**	**102.2**	**72.2**	**+71%**

(1) Current EBITDA corresponds to current operating income adjusted for depreciation, amortisation and provisions.

(2) Substantially all of the revenues from this segment are earned by sales to other entities within the Group and are eliminated upon consolidation, with the exception of amounts charged to entities that are not fully consolidated by the Group.

(3) Eliminations mainly relate to the cancellation of invoices for services rendered by Neoen S.A. to its project companies both with regard to the development and the administrative supervision and management of plants.

2.1.2.3 SELECTED FINANCIAL INFORMATION FROM THE GROUP CONSOLIDATED BALANCE SHEET

(in millions of euros)	12.31.2018	12.31.2017	Change	Change *(in %)*
Total non-current assets	**1,982.0**	**1,472.0**	**509.9**	**+ 35%**
Of which intangible assets	*121.7*	*105.0*	*16.6*	*+ 16%*
Of which property, plant and equipment	*1,702.7*	*1,249.2*	*453.5*	*+ 36%*
Total current assets	**586.9**	**337.0**	**249.9**	**+ 74%**
Of which cash and cash equivalents	*503.8*	*260.0*	*243.8*	*+ 94%*
TOTAL ASSETS	**2,568.9**	**1,809.0**	**759.9**	**+ 42%**
Total equity	**655.3**	**177.5**	**477.7**	**+ 269%**
Total non-current liabilities	**1,607.3**	**1,260.7**	**346.6**	**+ 27%**
Of which project financing – non-current	*1,511.8*	*1,200.9*	*310.9*	*+ 26%*
Of which corporate financing – non-current	*13.9*	*15.3*	*(1.4)*	*(9)%*
Of which non-current derivative financial instruments	*33.3*	*17.5*	*15.8*	*+ 90%*
Of which deferred tax liabilities	*37.8*	*21.2*	*16.6*	*+ 78%*
Total current liabilities	**306.3**	**370.8**	**(64.5)**	**(17)%**
Of which project financing – current	*122.5*	*95.0*	*27.6*	*+ 29%*
Of which corporate financing – current	*2.2*	*63.2*	*(60.9)*	*(96)%*
Of which current derivative financial instruments	*7.1*	*7.4*	*(0.3)*	*(4)%*
Of which trade payables	*136.5*	*157.4*	*(20.8)*	*(13)%*
Of which other current liabilities	*37.9*	*47.9*	*(10.0)*	*(21)%*
TOTAL LIABILITIES	**2,568.9**	**1,809.0**	**759.9**	**+ 42%**

2.1.2.4 SELECTED FINANCIAL INFORMATION FROM THE GROUP CONSOLIDATED CASH FLOW STATEMENT

(in millions of euros)	12.31.2018	12.31.2017	Change	Change *(in %)*
Net cash flow from operating activities	156.5	75.4	81.1	+ 108%
Net cash flow from investment activities	(532.1)	(483.2)	(48.9)	+ 10%
Net cash flow from financing activities	624.8	573.9	50.9	+ 9%
Effect of exchange rate fluctuations	(5.1)	(5.0)	(0.0)	+ 0%
NET CHANGE IN CASH AND CASH EQUIVALENTS	**244.1**	**161.0**	**83.1**	**+ 52%**

The Group presents, in addition to IFRS measures, several supplementary indicators including (i) current EBITDA, (ii) net debt and (iii) gearing ratio. These are not indicators provided for under IFRS and do not carry standard definitions. Consequently, the definitions used by the Group may not correspond to definitions of these same terms by other companies. These measures must not be used to the exclusion or substitution of IFRS measures. In particular, net debt must not be considered a substitute for the analysis of Neoen's gross financial debt or cash and cash equivalents as presented in accordance with IFRS.

The tables below present these indicators for the periods stated, together with their calculations.

EBITDA reconciliation

(in millions of euros)	12.31.2018	12.31.2017	Change	Change *(in %)*
Current operating income	**109.0**	**60.7**	**48.2**	**+ 79%**
Depreciation and amortisation	(65.4)	(41.5)	(23.9)	+ 57%
CURRENT EBITDA[1]	**174.4**	**102.2**	**72.2**	**+ 71%**

(1) See Section 2.1 “Results for the financial year ended December 31, 2018” of this document for a detailed definition of current EBITDA, as well as a presentation and calculation of current EBITDA by segment.

Net debt

(in millions of euros)	12.31.2018	12.31.2017
Total financial debt[1]	**1,690.8**	**1,399.2**
Minority investors and others[2]	(45.4)	(90.4)
Total adjusted financial debt	**1,645.4**	**1,308.8**
Total cash and cash equivalents	(503.8)	(260.0)
Security deposits[3]	(97.8)	(66.8)
Derivative instrument assets – hedging effect[4]	(5.8)	(6.1)
Other receivables[5]	0.0	(4.9)
TOTAL NET DEBT	**1,037.9**	**970.9**

(1) Rent liabilities are included in the calculation of net debt, as regards a current EBITDA which does not include the rent expenses (application of IFRS 16).
(2) Includes shareholder loans granted to project companies or project holding companies by minority shareholders. Refer to Section 2.2.1.8 “Minority investors and others” of this document.
(3) Mainly includes deposits associated with debt service reserve accounts for bank loans on production assets.
(4) Derivative instruments hedging interest rate risk with positive market values. Interest rate risk hedging instruments with a negative market value appear under Total financial debt.
(5) At December 31, 2017, other receivables comprised funds drawn under project financing and made available to project companies but which have not yet been used to make payments pending receipt of invoices from Biomasse Energie de Commentry.

Gearing ratio

The table below presents the gearing ratio at the dates indicated. This is the ratio between net debt and current EBITDA (calculated over the last 12 months).

	12.31.2018	12.31.2017
Gearing ratio	6.0x	9.5x

2.1.2.5 INFORMATION ON KEY OPERATING DATA

	12.31.2018
Total MW in operation[1]	**1,492**
Europe – Africa	639
Americas	101
Australia	753
Total MW under construction[1]	**764**
Europe – Africa	227
Americas	195
Australia	342
Total MW of "awarded" projects[1]	**899**
Europe – Africa	316
Americas	583
Australia	0
TOTAL MW OF "SECURED PORTFOLIO"	**3,156**
Total MW of "tendered" and "advanced development" projects[1]	
Europe – Africa	1,244
Americas	1,613
Australia	1,668
TOTAL MW OF "ADVANCED PIPELINE"	**4,525**

(1) For a definition of the various stages of development of the Group's projects, please refer to Section 1.5.4.4 "Project classification" in this document.

Total MW of projects in early stage phase ≥ 4 GW

Residual PPA – solar *(years) (weighted by MW)*	
Europe – Africa	16.0
Americas	15.9
Australia	13.9
Residual duration	**15.3**

Residual PPA – wind *(years) (weighted by MW)*	
Europe – Africa	14.1
Americas	NA
Australia	18.0
Residual duration	**16.4**

Average availability of assets in operation – solar *(in %)*	
Europe – Africa	99.0%
Americas	99.2%
Australia	98.7%

Average availability of assets in operation – wind *(in %)*	
Europe – Africa	98.7%
Americas	NA
Australia	99.1%

2.1.3 SEGMENT RESULTS

Revenue

(in millions of euros)	12.31.2018	12.31.2017	Change
Total Europe – Africa	**89.9**	**67.9**	**21.9**
Wind	29.3	19.1	+10.2
Solar	39.9	41.2	(1.3)
Biomass	20.6	7.6	+13.0
Total Americas	**16.4**	**12.3**	**+4.1**
Solar	16.4	12.3	+4.1
Total Australia	**121.1**	**56.6**	**+64.6**
Wind	79.2	53.5	+25.6
Solar	24.0	2.5	+21.6
Storage	17.9	0.6	+17.4
Development and investment	63.1	48.6	+14.5
Eliminations(1)	(62.9)	(46.1)	(16.8)
TOTAL	**227.6**	**139.3**	**+88.3**

(1) Eliminations mainly relate to the cancellation of invoices for services rendered by Neoen S.A. to its project companies both with regard to the development and the administrative supervision and management of plants.

Current EBITDA

(in millions of euros)	12.31.2018	12.31.2017	Change
Total Europe – Africa	**63.9**	**48.3**	**+15.6**
Wind	23.0	14.5	+8.5
Solar	33.8	33.2	+0.6
Biomass	7.1	0.7	+6.4
As a % of revenue	*71%*	*71%*	
Total Americas	**11.7**	**8.4**	**+3.3**
Solar	11.7	8.4	+3.3
As a % of revenue	*71%*	*68%*	
Total Australia	**115.0**	**55.7**	**+59.3**
Wind	68.8	45.1	+23.7
Solar	32.0	10.2	+21.8
Storage	14.2	0.4	+13.8
As a % of revenue	*95%*	*98%*	
Development and investment	10.9	7.9	+3.0
Eliminations(1)	(27.1)	(18.1)	(9.0)
TOTAL	**174.4**	**102.2**	**+72.2**

(1) Eliminations mainly relate to the cancellation of invoices for services rendered by Neoen S.A. to its project companies both with regard to the development and the administrative supervision and management of plants.

2.1.3.1 EUROPE – AFRICA

Revenues

Revenue for the Europe – Africa region totalled €89.9 million at December 31, 2018, compared with €67.9 million at December 31, 2017, an increase of €21.9 million or 32%, owing to:

- the €10.2 million increase in wind revenues, mainly attributable to the rise in production resulting from newly-operational assets in 2018 (Champs d'Amour, Pays Chaumontais and Chassepain), as well the effect of a full year of operations in 2018 at the Vallée aux Grillons and l'Osière plants, which became operational in 2017;
- the €13 million increase in biomass revenues, resulting from the operation of the Commentry plant throughout 2018;
- the €1.3 million decline in solar revenues, mainly due to lower irradiation in 2018. This effect was offset in part by the newly operational facilities (Lugos and Lagarde d'Apt) in 2018.

Current EBITDA

Current EBITDA for the Europe – Africa region stood at €63.9 million at December 31, 2018, against €48.3 million at December 31, 2017, an increase of €15.6 million owing to:

- the €8.5 million increase in wind current EBITDA attributable to the full-year operation of new farms;
- the €6.4 million increase in biomass current EBITDA, generating EBITDA of €7.1 million at December 31, 2018 and attributable to the Commentry plant which had completed its first full-year of operation.

At December 31, 2018, the current EBITDA margin generated by the Europe – Africa region remained stable at 71% of revenues for this region.

2.1.3.2 AMERICAS

Revenues

Revenues for the Americas totalled €16.4 million at December 31, 2018, compared with €12.3 million at December 31, 2017, an increase of €4.1 million, linked to the solar energy revenues from the full-year operation of the Providencia park in El Salvador.

Current EBITDA

Current EBITDA for the Americas stood at €11.7 million at December 31, 2018, against €8.4 million at December 31, 2017, an increase of €3.3 million, attributable to the full-year operation of the Providencia Solar park.

At December 31, 2018, the current EBITDA generated by the Americas rose to 71% of revenues for this region, compared with 68% at December 31, 2017.

2.1.3.3 AUSTRALIA

Revenues

In 2018, revenues in Australia increased by €64.6 million. This performance is due to the growth in energy revenues (+€47.2 million) resulting from:

- the full-year operation of certain plants, including the Hornsdale 3 and Hornsdale 2 wind farms;
- the commissioning of the Parkes, Griffith, Dubbo and Coleambally solar plants;
- the higher energy production of the DeGrussa solar park in 2018, which had been affected by a power down in 2017;
- the growth in the storage business (+€17.4 million) resulting from the commissioning of the Hornsdale Power Reserve battery in December 2017.

Current EBITDA

Australia's current EBITDA stood at €115 million at December 31, 2018, an increase of €59.3 million compared with December 31, 2017.

This was mainly due to:

- the increased production at the Hornsdale 2 and 3 wind farms due to their full-year operation;
- the commissioning of the Parkes, Griffith, Dubbo and Coleambally plants, as well as the €7.1 million of compensation received for the loss of revenue associated with their delayed commissioning;
- the entry into service of the Hornsdale Power Reserve storage unit (including the impact of the drop in charges for the Group's frequency control services due to lower market prices for frequency control services owing in particular to its becoming operational).

At December 31, 2018, current EBITDA generated by Australia stood at 95% of revenues generated by this region, compared with 98% at December 31, 2017. These 2017 and 2018 margins were notably affected (positively) by indemnities received and not recognised as revenue, and by the share of market sales or short-term PPAs at higher prices than long-term PPAs.

2.1.3.4 DEVELOPMENT AND INVESTMENT

Revenues

Revenue rose by €14.5 million between 2017 and 2018. This reflects the sustained growth in development activity and construction compared with the previous financial year.

Current EBITDA

Current EBITDA was up €3 million, which reflects a continuation of business growth. At December 31, 2018, current EBITDA for the Development and investment business represented 17% of revenue generated by this business, compared with 16% at December 31, 2017.

2.1.4 ANALYSIS OF THE INCOME STATEMENT

The presentation and notes on the consolidated income statement for 2018 and 2017 are broken down into two levels of analysis for revenue and current EBITDA: the first covers the Group as a whole and the second covers the different segments (Europe – Africa, Americas and Australia, by activity: wind, solar, storage and biomass; and Development and investment by central activities). Operating Income and net income are subject to a general analysis.

In 2018, taking account of its strategic opportunities, the Group made changes to its segment reporting and now presents certain storage activities separately. These were previously included as part of the "solar" and "wind" activities. The business segments used by the Group are detailed in Notes 3.w and 5 of the Notes to the consolidated financial statements for the 2018 financial year.

The Group's results are affected by variations in foreign exchange rates. For details of the Group's exposure to exchange rate risk, see Section 3.1.3.2 "Exchange rate risk" of this document.

2.1.4.1 REVENUES

(i) Structure of the Group's revenue

At December 31, 2018, contract energy revenue represented 85% of revenues, compared with 86% at December 31, 2017, stable over the period. This enabled the Group to benefit from significant visibility on its revenues, given the average remaining term of the off-take contracts of approximately 15.6 years.

The Group also carries out merchant energy sales, where opportunities arise. These represented 12% of revenues at December 31, 2018, unchanged from 2017.

Furthermore, over the period, the Group strengthened its efforts in the field of storage technology which, at December 31, 2018, had become a separate business in terms of independent batteries, *i.e.* those directly linked to networks, representing 8% of revenue.

Lastly, and to a lesser extent, the Group supplies project companies with project development and other services, such as administrative supervision and management.

The Group is present in three geographical regions ("clusters"): Europe – Africa, Americas and Australia.

Energy generation revenues

Energy generation revenues are a function of the volume of electricity generated and the average sale prices per MWh sold.

Key factors with an impact on power generation revenues

- ***Demand for renewable energy***. Worldwide demand for renewable energy has grown rapidly over the last decade, driven by government policies promoting clean energy and cost reductions that have made it more competitive.
- ***Off-take prices and contract structure***. The Group recognises revenue from the energy it generates on a per megawatt hour basis based on the energy produced and sold by the Group's generating facilities. The average price per MWh changes in accordance with contract and merchant sales completed, the technological mix and the geographical mix (presented above). The average price per MWh the Group realizes in a given period is affected by a number of factors including:
  - *electricity sold pursuant to Feed-in-Tariffs, long-term PPAs or CfDs (Contract for difference) awarded following a tender process, and short-term PPAs,*
  - *"Merchant revenues" for electricity sold at wholesale and spot-market rates.*

  At December 31, 2018, the Group's merchant revenues (*i.e.* revenue from the spot market) represented only a small percentage of total power generation revenues. The Group's objective is for merchant revenues not to exceed 20% of its total annual energy revenues. See Section 3.1.1 "Risks relating to the Group's business" of this document.

The following table summarises the Group’s merchant revenues and the percentage they represent of total revenues for the periods indicated.

	Financial year ended December 31	
Merchant revenues *(in millions of euros)*	**2018**	**2017**
TOTAL	**27.8**	**16.2**
% of the Group’s total revenues	12.2%	11.6%

The amount of revenue earned in wholesale spot market sales depends on the MWh sold and the average prices received. Wholesale market rates can vary widely depending on the time of day, the price and level of other generation sources available and other factors that affect supply and demand in the wholesale market.

Factors affecting the Volume of Electricity Sold by the Group

The following table summarises the volume of energy sold by the Group's generating assets.

	At December 31	
Electricity sold *(in GWh)*	**2018**	**2017**
Solar	740	390
Wind	1,423	930
Biomass[1]	95	39
TOTAL	**2,258**	**1,359**

(1) Electricity generation only. The increase is due to the full operation of the Commentry biomass plan throughout the 2018 financial year.

The main factors affecting the volume of electricity generated by the Group in a given period include additions to generation capacity, resource variability and factors affecting project operations such as generation asset availability and performance.

- ***Additions to generation capacity***. The total nominal capacity of the Group's assets in operation has increased from 1,101 MW at the end of 2017 to 1,492 MW at the end of 2018. As new generation assets come on line and start producing electricity, the Group’s power generation revenues increase.

The table below presents the energy generation capacity of the Group's assets in operation and under construction:

	At December 31	
Generation assets in operation or under construction *(in MWp)*[1]	**2018**	**2017**
Solar[2]	**1,312**	**916**
Of which in operation	*883*	*535*
Wind	**794**	**488**
Of which in operation	*489*	*445*
Biomass	**15**	**15**
Of which in operation	*15*	*15*
Storage	**135**	**106**
Of which in operation	*106*	*106*
TOTAL	**2,256**	**1,525**
Of which in operation	*1,492*	*1,101*

(1) These figures include Seixal (9 MWp) and certain Cestas project entities (228 MWp) consolidated under the equity method.
(2) Data is expressed in MWp.

- ***Wind and Solar Resource Variability***. While the nameplate capacity of the Group's projects in operation is an important indicator of the Group's potential electricity production, the actual electricity produced depends in large part on the availability of the solar or wind resources the Group's facilities are designed to harness. Although the Group plans its projects based on historical patterns of solar radiation and wind resources, the actual amount of wind or sunlight received at a particular site can vary (particularly in the case of wind) and resource predictions may fail to be met. Available sunlight and wind resources are also subject to seasonal variations. For example, the Group's solar plants tend to produce less electricity during the shorter daylight hours in the winter. Variations in the level of wind or irradiation from one period to the next can have a significant impact on the amount of electricity produced by a particular generation facility. However, the fact that the Group's generation assets are located in different geographical locations and the use of different technologies (wind and solar, and biomass to a small extent) generally reduces the impact on the overall portfolio of low resource events affecting particular projects.

  In expanding its platform of generating facilities, the Group benefits from improvements in technology that allow it to better harness available solar and wind resources. Advances in PV technology have led to increases in the performance of PV plants, allowing them to generate more electricity from the same irradiation. Similarly, new wind sizes and designs have increased the average amount of electricity wind plants can produce, making it possible to generate electricity at lower wind speeds.

- ***Project operations***. The volume of electricity the Group produces is also affected by the availability and performance of each generating facility.
  - *Availability*. The availability of a generation asset is defined as the ratio between the energy generated by a solar farm, wind farm or biomass plant during a given period and the maximum energy that it could have generated theoretically. The availability of a generating asset is principally affected by equipment downtime for scheduled or unscheduled maintenance. The volume of electricity generated is negatively impacted when facilities experience downtime due to scheduled and unscheduled maintenance, equipment failures, weather disruptions and similar events.

    Availability is also affected by the nature of the generating technology used. Solar parks generally require little equipment downtime for maintenance, and often can continue producing electricity while maintenance is performed. In contrast, maintenance performed on wind or biomass facilities generally requires the turbines to be stopped to carry out the maintenance. To minimise equipment downtime, the Group seeks to use reliable and proven equipment from reputable suppliers with responsive service teams. The Group also takes steps to plan maintenance during periods where they have a lower impact on production. For example, the Group's O&M contractors actively monitor wind forecast conditions in an effort to schedule maintenance for wind assets during low wind periods.

The following table summarises the availability of the Group's generating assets in operation during the periods indicated.

Availability *(in %)*	**2018**	**2017**
Solar	98.9%	98.9%(1)
Wind	99%	97.2%(2)
Storage	100%(3)	-
Biomass	92.2%(4)	66%

(1) Excluding, in the first half of 2017, the off-line post-maintenance restart period for the DeGrussa plant due to the need to secure the off-taker's approval.
(2) Excluding an unexpected outage due to the replacement of a blade struck by lightning at the Osière wind farm.
(3) New business independent from the Group with effect from 2018.
(4) Full operation of the Commentry biomass plant throughout 2018.

  - *Curtailment*. During curtailment periods, the Group may not be able to inject all of the energy it produces into the grid. Curtailment practices vary from system to system, and allow the grid operator to limit the amount of energy injected by a producer into the system in order to manage transmission congestion, ensure the security and reliability of the grid system and govern the order of dispatch in periods when available electricity generation exceeds expected demand. In Australia, for example, this impacts production by 1.3% on average for solar and 5% for wind. Note that curtailment periods are also times during which the HPR battery is more profitable, which partially offsets losses of income.

Other revenues

Most of the Group's generation projects are controlled and fully consolidated in its financial statements and hence the development and project administration revenues charged by Group companies to the project SPVs are eliminated in consolidation. However, some of the Group's projects, including Seixal and part of the Cestas solar plant, are accounted for under the equity method because the Group's shareholding (between 20% and 50%) and governance are not sufficient to constitute control. The Group earns ongoing supervision and management fees from these projects.

(ii) Change in consolidated revenue

(in millions of euros)	12.31.2018	Impact of exchange rate fluctuations	12.31.2018 (CER)	12.31.2017	Change (CER)			
					Change (CER)	Change *(in %)* (CER)	Change	Change *(in %)*
Contracted energy revenues	**194.6**	**(7.2)**	**201.8**	**119.4**	**+82.3**	**+68.9%**	**+75.1**	**+62.9%**
Share of consolidated revenue as a %	*85.5%*		*85.1%*	*85.7%*				
Merchant energy revenues	**27.8**	**(2.0)**	**29.8**	**16.2**	**+13.7**	**+84.4%**	**+11.6**	**+72.0%**
Share of consolidated revenue as a %	*12.2%*		*12.6%*	*11.6%*				
Other revenues	**5.3**	**(0.3)**	**5.5**	**3.7**	**+1.8**	**+49.6%**	**+1.6**	**+42.5%**
Share of consolidated revenue as a %	*2.3%*		*2.3%*	*2.6%*				
REVENUE	**227.6**	**(9.5)**	**237.1**	**139.3**	**+97.8**	**+70.2%**	**+88.3**	**+63.4%**

Energy production revenue

Reference to changes in revenue at constant exchange rates (CER) means that the impact of exchange rate fluctuations has been excluded. This is eliminated by recalculating the revenues for the financial year in question using the exchange rates used for the previous year.

Group revenue was €227.6 million (€237.1 million including all taxes) at December 31, 2018, compared to €139.3 million at December 31, 2017, an increase of €97.8 million (including all taxes) *i.e.* 70.2% purely organic growth and reflecting:

- the full-year generation during the period of assets commissioned during 2017 for +€58.9 million; particularly the Australian wind farms Hornsdale 3 (112 MW and +€23.8 million), Hornsdale 2 (102 MW and +€7.4 million), Hornsdale Power Reserve (100 MW and +€18.7 million) and to a lesser degree the solar power plant Providencia in El Salvador (101 MWp and +€4.8 million);
- the commissioning of new generation facilities in 2018 for +€28.4 million, notably including Coleambally (189 MWp/+€10.0 million), Parkes (66 MWp/+€5.6 million), Dubbo (29 MWp/+€3.2 million) and Griffith (36 MWp/+€3.1 million);
- the operation of the Commentry biomass plant, generating a 15 MW increase in biomass energy production and a positive impact of +€13.0 million on revenues for the period.

These positive changes were partially offset by:

- the price effect due to the drop in the average price of the energy produced by the Hornsdale 1 plant after the transfer to a long-term contract during 2017 for -€1.9 million. The average tariff for 2018 was €94 AUD/MW, compared to €101 AUD/MW in 2017;
- the depreciation in value of the Australian dollar.

In certain opportunistic cases, some plants operate on the market prior to the signature of a long-term energy sale contract. This applies to Coleambally and Dubbo, two new plants commissioned during the period, whose energy sales on the market have increased (readers should refer to the previous analysis).

This effect is partially offset by the sales linked to the production of the Hornsdale 3 (revenue of €10.9 million in 2017) and Hornsdale 1 (revenue of €4.6 million in 2017) plants, which were transferred to contracts in 2018.

Other revenues

In 2018, service sales mainly comprised invoicing to the Australian government for the provision of a portion of the storage capacity of Hornsdale Power Reserve for €2.7 million, as well as rent and services invoiced to non-Group entities.

2.1.4.2 FROM REVENUE TO CURRENT OPERATING INCOME

	12.31.2018		12.31.2017			
	€ millions	*% of Revenues*	*€ millions*	*% of Revenues*	Change	Change *(in %)*
Revenue	**227.6**		**139.3**			
Purchases of goods and change in inventories	(9.3)	4.1%	(4.3)	3.1%	(4.9)	+113.9%
External charges and payroll expenses	(49.8)	21.9%	(38.5)	27.6%	(11.4)	+29.6%
Duties, taxes and similar payments	(4.9)	2.1%	(3.5)	2.5%	(1.4)	+39.1%
Share in results of associates	0.8	0.3%	0.4	0.3%	+0.3	+80.5%
Other current operating income and expense	10.0	4.4%	8.7	6.2%	+1.3	+14.4%
Depreciation and amortisation	(65.4)	28.7%	(41.5)	29.8%	(24.0)	+57.8%
Current operating income	**109.0**	**47.9%**	**607**	**43.5%**	**48.2**	**+79.5%**
Impact of exchange rate fluctuations	(5.2)	2.3%				
CURRENT OPERATING INCOME AT CONSTANT EXCHANGE RATES	**114.1**	**50.1%**				

Current operating income amounted to €109 million at December 31, 2018 (€114.1 million at constant exchange rates), compared with €60.7 million at December 31, 2017, an increase of €48.2 million, *i.e.* +79.5% (+84.4% at constant exchange rates).

As a percentage of revenues, current operating income increased from 43.6% in 2017 to 47.9% in 2018, as operating expenses grew less than revenues.

Purchases of goods and change in inventories

Purchases of goods and change in inventories increased by €4.9 million to €9.3 million in 2018. The increase was driven primarily by higher purchases for the Commentry biomass plant, reflecting the operation of the facilities over the full year 2018.

External charges

External charges amounted to €39.9 million at December 31, 2018 (€32.2 million at December 31, 2017, an increase of +€7.8 million, *i.e.* +23.9% resulting mainly from the increase in maintenance and repair costs due in particular to the rise in the number of projects in operation and commissioning during the period for +€7.7 million and +€2.4 million respectively.

This was partially offset by the reclassification of rental expenses to interest expenses and to depreciation expenses of the right of use following the application of IFRS 16 in the amount of -€4.2 million (see Notes 3 and 7 of the notes to the consolidated financial statements at December 31, 2018).

Payroll costs

The Group's payroll costs are primarily a function of the average number of employees and average salary levels. Furthermore, the portion of payroll costs allocated to project development (but not prospection) and construction are capitalised (refer to Note 7 of the notes to the consolidated financial statements to December 31, 2018).

At December 31, 2018, payroll costs amounted to €9.8 million compared with €6.3 million at December 31, 2017, an increase of €3.6 million, stemming from:

- a rise of 28% in the full time equivalent employees; and
- a lower percentage of capitalisation of payroll costs in development expenses (50%) compared with the previous financial year (61%).

Duties, taxes and similar payments

Duties, taxes and similar payments amounted to €4.8 million at December 31, 2018, an increase of €1.4 million.

Other current operating income and expense

Other current operating income and expense amounted to income of €9.9 million at December 31, 2018, compared to income of €8.7 million at December 31, 2017, a rise of €1.3 million. In 2018, this reflected primarily compensation for lost revenues recorded following delays in the commissioning of the Parkes (66 MWp), Griffith (35 MWp) and Dubbo (29 MWp) solar park projects in Australia for €7.1 million as well as the amortisation of an investment grant awarded to the Group in connection with the DeGrussa solar project (17 MWp) for €2.6 million.

Depreciation and amortisation

Depreciation and amortisation and current operating provisions increased by €23.9 million to €65.4 million at December 31, 2018. This was mainly due to the increase in the number of assets in operation and commissioning of facilities during the period for +€16.4 million and +€6.6 million respectively.

2.1.4.3 FROM CURRENT OPERATING INCOME TO OPERATING INCOME

	12.31.2018		12.31.2017			
	millions of euros	***% of Revenues***	*millions of euros*	*% of Revenues*	**Change**	**Change** *(in %)*
Revenue	227.6		139.3			
Current operating income	**109.0**	**47.9%**	**60.7**	**43.6%**	**48.2**	**+79.5%**
Other Non-Current Operating Income and Expense	(7.3)	(3.2%)	(4.0)	(2.9%)	(3.3)	+83.5%
Non-current Depreciation and amortisation	1.5	0.7%	(3.0)	(2.2%)	4.6	NA
Operating Income	**103.2**	**45.3%**	**53.7**	**38.5%**	**49.5**	**+92.1%**
Impact of exchange rate fluctuations	(5.1)	(2.3%)				
CURRENT OPERATING INCOME AT CONSTANT EXCHANGE RATES	**108.3**	**47.6%**				

Other non-current operating income and expense

	Financial year ended December 31				
	2018		2017		
	millions of euros	*% of Revenues*	*millions of euros*	*% of Revenues*	**Change** *(in %)*
Write-offs of capitalised development costs	(4.1)	(1.8%)	(3.3)	(2.4%)	+22.6%
Gain/loss on asset disposals	0.5	0.2%	1.3	0.9%	(59.3%)
Other non-current operating income and expense	(3.7)	(1.6%)	(1.9)	(1.4%)	(96.1%)
TOTAL OTHER NON-CURRENT OPERATING INCOME AND EXPENSE	**(7.3)**	**(3.2%)**	**(4.0)**	**(2.9%)**	**+83.7%**

Other non-current operating income and expense amounted to a net expense of €7.3 million in 2018 compared to a net expense of €4.0 million in 2017. This change is due to the following:

- an increase in write-offs of capitalised development costs, which amounted to €4.1 million in 2018 compared with €3.3 million in 2017;
- a reduction in income from disposals, reflecting mainly the absence of significant disposals in the 2018 financial year and the counter-effect in 2017 of the disposal of the GenSun business for -€1.6 million;
- an increase in other non-current items, for which €3.7 million was recognised in 2018 corresponding mainly to expenses incurred as part of the initial public offering (€3 million). In 2017, the net expense of €1.9 million primarily included penalties billed to the Group (Commentry) by the steam customer.

Non-current amortisation and provisions

At December 31, 2018, non-current operating depreciation, amortisation and provisions amounted to a net reversal of €1.5 million for development projects whose likelihood of success had been reassessed.

Operating Income

Reflecting the above factors, the Group’s operating income increased by €49.5 million, or 92.1%, from €53.7 million in 2017 to €103.2 million in 2018 (€108.3 million including all taxes).

2.1.4.4 NET FINANCIAL EXPENSE

	Financial year ended December 31	
(in millions of euros)	**2018**	**2017**
Cost of financial debt	(65.6)	(37.7)
Other financial income and charges	(8.3)	1.3
NET FINANCIAL EXPENSE	**(73.9)**	**(36.4)**

Net financial expenses increased by €37.5 million, from -€36.4 million for the financial year ended December 31, 2017 to -€73.9 million at December 31, 2018 (-€76.2 million at constant exchange rates). This change mainly reflects:

- an increase in the cost of financial debt, which was -€65.6 million at December 31, 2018 compared to -€37.7 million at December 31, 2017. This is mainly due to the rise in average outstanding debt over the period, driven by an increase in the number of ongoing projects. Cost of financial debt also reflected, to a lesser extent, an increase in average borrowing costs due to the increase in the amount of mezzanine debt in the overall mix of the Group’s debt and the impact of the first-time application of IFRS 16. At December 31, 2018, cost of financial debt comprised interest charges on financing of production assets (-€53.9 million), corporate borrowing (-€1.8 million), financial instruments (-€7.4 million) and financial expenses related to the application of IFRS 16 (-€2.5 million);
- other financial income and expense corresponded to a net expense of -€8.3 million at December 31, 2018 compared to net income of €1.3 million at December 31, 2017.

  Other financial income and expenses mainly comprised security and guarantee costs and costs related to refinancing. This item also includes the impact of financial instruments (-€0.8 million in 2018 compared to +€4.0 million in 2017).

2.1.4.5 INCOME TAX EXPENSE

The Group's income tax expense includes income tax calculated on the basis of profits generated by the Group as well as the CVAE tax (*contribution sur la valeur ajoutée des entreprises*) and excludes other levies or taxes paid by the Group, such as property tax or regional business taxes which are shown under "taxes other than income taxes" included in current operating income.

A range of factors can affect the Group's effective tax rate from period to period, including in particular changes in tax rates in the various jurisdictions in which the Group operates, the extent of non-deductible expenses, the effect of thin-rule capitalisation, the difference in tax rates between countries and the amount of withholding tax mainly due to transfers from foreign subsidiaries.

Income tax expense increased from €6.8 million in 2017 to €15.7 million in 2018. The Group's effective tax rate, calculated as income tax expense as a percentage of the Group's pre-tax income, was 53.8% in 2018 and 39.7% in 2017. This rise primarily stems from:

- non-deductible financial expenses due to thin-rule capitalisations;
- the effect of unused tax credits generated by withholdings;
- the increase in the CVAE tax, related to the growth in the number of farms commissioned in France.

2.1.4.6 NET INCOME

Reflecting the factors above, the Group's net income from continuing operations increased by €3 million, or 29.6%, from €10.4 million in 2017 to €13.5 million in 2018.

The net profit (loss) attributable to non-controlling interests amounted to €1.2 million at December 31, 2018 compared to -€2.0 million at December 31, 2017.

Despite the positive change in net income, the Group share remains stable and amounted to €12.4 million as of December 31, 2018.

The increase in income explained by the commissioning of new production facilities and the full year operation of new plants (+€34.3 million) as well as the restart of the Commentry plant (+€5.0 million) was absorbed essentially by the increase in financial expenses (-€20.4 million) mainly related to the drawdown of the mezzanine debts and the positive impact in 2017 related to the renegotiation of the Cestas debt, as well as certain additional costs in 2018 (mainly salaries and external charges) for -€3.7 million all fully carried by Neoen and not by the minorities.

The negative impact of the tax for -€7.1 million following the increase in the effective rate, putting in place IFRS 16 for -€1.1 million and the foreign exchange impact for -€1.4 million contribute to the stabilization of the group share of income.

2.2 CASH AND CASH EQUIVALENTS AND EQUITY

The Group's primary financing needs are for the funding of investments in the development and construction of wind, solar, biomass and storage projects, the repayment of debt incurred by the project SPVs and holding companies that own those projects and, to a lesser extent, funding working capital requirements. Generally, the Group meets cash needs for construction funding through non-recourse, long-term project finance debt at the level of the project SPV or holding company. This debt is then repaid using the cash flow from the sale of energy generated by the project. Historically, Group equity contributions to project SPVs have been funded mainly through capital increases at the Company level, mezzanine financing and, to a lesser extent, surplus operating cash flow. To finance its working capital requirements and development activities, the Group primarily uses surplus operating cash flow and, to a lesser extent, corporate financing obtained at the level of the Company, which had been repaid in full at December 31, 2018.

Funding needs for project development and construction vary depending on the stage of the project. The Group structures its project debt in the currency in which the revenue flows from the project are expected.

The table below summarises the average initial term of project finance debt for all of the Group's consolidated projects in operation as of December 31, 2018.

Weighted average initial term of indebtedness *(in years)*	**Solar**	**Wind**	**Biomass**	**Total**
Europe – Africa	18.6	16.7	16.5	17.8
Australia	15.5[1]	20.6	N/A	18.6
Americas	18.5	N/A	N/A	18.5
TOTAL	**17.6**	**19.0**	**16.5**	**18.2**

(1) The shorter duration for the "solar" activity in Australia mainly reflects the shorter terms of power purchase agreements (PPA) and particularly that of the DeGrussa Project which, being linked to a copper mine, limited to the economic life of the latter.

The table below summarises, for all of the Group's consolidated projects in operation as of December 31, 2018, the average remaining term of the project finance debt as of that date:

Weighted average remaining term of indebtedness *(in years)*	**Solar**	**Wind**	**Biomass**	**Total**
Europe – Africa	16.0	14.1	11.3	15.0
Australia	13.9	18.0	N/A	16.3
Americas	15.9	N/A	N/A	15.9
TOTAL	**15.3**	**16.4**	**11.3**	**15.6**

The table below summarises the weighted average ratio of total project finance debt obtained to project development and construction costs, for all of the Group's consolidated projects in operation as of June 31, 2018, by region and by technology:

Ratio of debt to project cost	**Solar**	**Wind**	**Biomass**	**Total**
Europe – Africa	88.3%(1)	83.2%(2)	69.5%	84.6%
Australia	70.4%	73.7%	N/A	72.3%
Americas	77.7%	N/A	N/A	77.7%
TOTAL	**80.3%**	**77.3%**	**69.5%**	**78.5%**

(1) The generally higher leverage rates in the Europe-Africa region reflect in part the presence of EDF OA as the counterparty for PPA contracts in France, which enables the Group to obtain more favourable loan terms due to the counterparty risk being perceived as lower by lenders.

(2) The higher ratio for solar project financing in the Europe-Africa region compared to other technologies and regions reflects mainly (i) the longer PPA contracts for solar projects (20 years for solar, 15 years for wind projects), and (ii) the recent refinancing of the Cestas project debt in France and the Cabrela project debt in Portugal.

The table below summarises, as of December 30, 2018 and for all of the Group's consolidated projects in operation as of that date, the weighted average interest rate of project finance debt, on an all-in basis (*i.e.*, the sum of the margin applied by the financial institution and the interest rate swaps or other interest rate derivative products):

"All-in" weighted average interest rates	**Solar**	**Wind**	**Biomass**	**Total**
Europe – Africa	3.57%	2.53%	5.96%	3.41%
Australia	5.20%	4.65%	N/A	4.87%
Americas	7.25%(1)	N/A	N/A	7.25%
TOTAL	**4.60%**	**3.78%**	**5.96%**	**4.31%**

(1) The higher interest rate for the Providencia Solar project, which was the only project in operation in the Americas region as of June 31, 2018, reflects the fact that it is located in El Salvador, a non-OECD country with a risk profile perceived to be higher risk by the Group's financial partners.

2.2.1 GROUP INDEBTEDNESS

2.2.1.1 OVERVIEW

Investments in the construction of projects are generally incurred and financed at the level of the project SPV formed to hold and carry the project-related debt. Under this approach, the project SPV finances the majority of the project using non-recourse debt that is without recourse to the Company or other entities outside the scope of the specific financing. With a few exceptions (Seixal (investments in associates) and a portion of the Cestas project SPVs (recorded as available-for-sale assets)), the Group fully consolidates all project SPVs. The Company also refinances equity at project group level through junior mezzanine project debt ("Green Bonds"). These mezzanines are located at the level of intermediary holdings and meet the same criteria as the senior project finance, *i.e.* non-recourse *vis-a-vis* the Company, long term without refinancing risk and at fixed rates or hedged in the same currencies as the cash flows. For consolidated projects and holdings, the debt is reported as financial debt in the Group's consolidated financial statements.

The Group's indebtedness primarily consists of long-term project debt designed to be repaid using expected cash flows from the sale of energy and green certificates from the underlying projects. As a result, the Group's outstanding debt has increased progressively as the number of projects in operation and under construction has grown.

In analysing and managing its debt levels, the Group considers not only its total consolidated financial debt (detailed below in Section 2.2.1.3), but also its "net debt," a non-IFRS financial indicator.

2.2.1.2 CHANGE IN GROUP INDEBTEDNESS

Net debt was €1,037.9 million at December 31, 2018 compared with €970.9 million at December 31, 2017. The table below shows the calculation of the Group's net debt:

(in millions of euros)	12.31.2018	12.31.2017
Total financial debt[1]	**1,690.8**	**1,399.2**
Minority investors and others[2]	(45.4)	(90.4)
Total adjusted financial debt	**1,645.4**	**1,308.8**
Total cash and cash equivalents	(503.8)	(260.0)
Security deposits[3]	(97.8)	(66.8)
Derivative instrument assets – hedging effect[4]	(5.8)	(6.1)
Other receivables[5]	0.0	(4.9)
TOTAL NET DEBT	**1,037.9**	**970.9**

(1) Rent liabilities are included in the calculation of net debt, as regards a current EBITDA which does not include the rent expenses (application of IFRS 16).

(2) Includes shareholder loans to project companies or holding companies of project companies by minority shareholders; please refer to Section 2.2.1.8 "Minority investors and others" of this document.

(3) Mainly includes deposits associated with debt service reserve accounts for bank loans on production assets.

(4) Interest rate risk hedging derivative instruments with a negative market value appear under Total financial debt.

(5) At December 31, 2017, other receivables comprised funds drawn under project financing and made available to project companies but which have not yet been used to make payments pending receipt of invoices from Biomasse Energie de Commentry.

2.2.1.3 CHANGE IN THE GROUP'S FINANCIAL DEBT AT DECEMBER 31, 2018

The Group's consolidated financial debt at December 31, 2018 was €1,690.8 million compared to €1,399.2 million at December 31, 2017. It is presented in the table below:

(in millions of euros)	12.31.2018	12.31.2017
Bank loans – Project financing	1,229.3	974.3
Bond financing of projects	262.8	231.1
Lease liabilities[1]	96.9	-
Corporate financing	16.1	78.4
Minority investors and others	45.4	90.4
Derivative instrument liabilities – hedging effect	40.3	24.8
TOTAL FINANCIAL DEBT	**1,690.8**	**1,399.2**

(1) Lease liabilities recognised in respect of the prospective application of IFRS 16 from January 1, 2018 (early application by the Group in its financial statements at June 30, 2018).

2.2.1.4 LONG-TERM NON-RECOURSE LOANS AT THE LEVEL OF THE PROJECT SPVS AND SPV HOLDING COMPANIES

The Group finances a significant share of its investments from "non-recourse" debt to the parent company ("Project Finance").

Loans structured as project SPV (or holding company) "non-recourse project financing" involve debt repayment to lenders made solely from revenues generated by energy production. These loans are generally secured by the plant's physical assets, major contracts and agreements, insurance contracts, cash accounts, and the Group's equity investment and shareholder loans to the subsidiary that holds the facility. These types of financing are generally structured so that all of the facility's revenues are deposited into pledged bank accounts. These funds are then disbursed in a specified order of priority set forth in the financing documents to ensure that, to the extent available, they are used first to pay operating expenses (including management fees), taxes, and debt service on the senior debt, and then to fund reserve accounts to reach the amounts specified in the relating financing agreements. Because of this, and subject to meeting the conditions specified in the financing agreement, the available funds may be disbursed for the payment of subordinate debt servicing (notably the mezzanine debt) or dividends or the repayment of shareholder loans to shareholders.

The Group's non-recourse debt has two components:

- **Bank loan – financing of production assets**, in the form of loans taken out by project companies for the construction of the Group's projects. At December 31, 2018, these amounted to €1,229,3 million, compared to €974.3 million at December 31, 2017, a rise of €254.9 million mainly due to the following:
  - the subscription of new long-term "non-recourse" loans at December 31, 2018 for €342.8 million;
  - the repayment of debt in the amount of -€66.1 million;
  - exchange rate effects for -€21.5 million.

- **Bond financing for projects**

  They mainly consist of outstanding green bonds issued since 2015, from junior mezzanine financing enabling the Group to monetize the residual expected cash flows from a group of project SPVs after payments due under their senior debt. These mezzanine bond issued by the Group, which use expected cash flows from projects in a given scope of financing, finance a share of equity in new projects outside this scope to be financed.

  In 2017, the Group had completed a green bond issuance for a total amount of up to €245 million, denominated in three tranches (euros, AUD, and USD, to be repaid using cash flows from the underlying projects in the same currencies). The issuance bears an average interest rate for the three tranches of approximately 8% *per annum* before tax, has a maturity of 20 years, and is intended to help finance a portfolio of land-based wind and solar projects in Australia, Latin America, and France totalling 1.6 GW of combined capacity (including the Villacerf, Osière, Vallée aux Grillons, Raucourt, Bussy, Cap Découverte, Providencia Solar, Hornsdale 1, 2 and 3, Dubbo, Griffith and Parkes projects).

  In this respect, at December 31, 2017, the Group had drawn down €144.9 million to finance a portfolio of 42 multicountry 1.6 MW projects. At December 31, 2018, the Group made an additional drawdown of €50.2 million and repaid €8.7 million.

2.2.1.5 CORPORATE FINANCING DEBT

The Group's corporate financing corresponds to:

- amortisable term loans taken out with BPI in 2015 and 2017 and for which the outstanding amounted to €15.3 million at December 31, 2018;
- a line of short-term bank financing taken out by Biomass Energie de Commentry for €0.8 million to finance its working capital requirements;
- a set of short-term bank financing lines in order to ensure its working capital requirements and with an available amount at December 31, 2018 of €145 million (after repayment of €62 million during the period).

2.2.1.6 OVERALL WEIGHTED AVERAGE INTEREST RATES

As of December 31, 2018, the weighted average interest rate for the Group’s various debt financings (project debt, mezzanine debt and corporate debt, but excluding shareholder loans) was:

- 3.50% in euros (excluding all of the holdings of the Cestas and Seixal projects, which are not consolidated);
- 5.26% in Australian dollars;
- 7.09% in US dollars.

This average interest rate is (i) calculated on the basis of all financing to date (*i.e.*, debt that is signed, drawn down, being repaid, consolidated (ii) weighted on the basis of (x) the total initial project and mezzanine debt; (y) the debt drawn at December 31, 2018 from the 2017 green bond; and (z) the total amount of corporate lines (drawn and undrawn amounts), and (iii) calculated on an “all-in” basis, *i.e.*, the sum of the margin applied by the bank and the rate swaps or other rate derivatives.

2.2.1.7 FINANCIAL AGREEMENTS

Financial covenants

With the exception of the two plants below, there is no indication that the various companies financed by project debt are not in compliance with their minimum financial covenant DSCR or equity ratios:

- Auxois Sud: shutdowns were carried out at the end of 2018 to enable the construction of an extension (the Plateau d'Auxois Sud plant) leading to a loss of revenue equivalent to two months of production, which reduced the DSCR to below the default trigger. This event remains exceptional and does not in any way reflect lower performance from the plant;
- Champs d´Amour: In this first year of operation, the Champs d’Amour wind farm was penalised by lower resources at the same time as a slower than expected ramp-up. This combination pushed the DSCR below the default trigger.

At the time of writing this Document, the Group had begun discussions with lenders and creditors to obtain waivers from these cases of failure to meet minimum DSCRs. These discussions led the lenders to agree on the terms of *waivers* proposed by the Group, which are still waiting to be signed formally. Therefore the Group does not anticipate major difficulties in the conclusion of these waivers.

For further information on the description of the financing agreements and related risks, the reader is invited to see Section 3.1.1.1 “Risks relating to the Group's projects and plants”.

Reorganisation of Biomasse Energie de Commentry

In connection with the financing of its Commentry biomass power plant, the Group, acting through Biomasse Energie de Commentry (“BEC”), entered into a financing agreement dated September 27, 2013, providing for (i) a credit line with a maximum principal amount of €57,001,500, intended for the partial financing of the investment costs for the construction of the biomass power plant; and (ii) a credit line with a maximum principal amount of €5,000,000 to permit financing of the value-added tax (VAT) relating to the plant’s construction (this VAT line having since been repaid).

Construction was delayed by 28 months and was not fully completed until February 2018. The difficulties incurred in building the power plant led to delays in repaying the principal amount of the project debt. These delays have been the subject of waivers by the financing banks and the project debt has been rearranged, through addenda to the 2018 financing agreement, thus ensuring the economic sustainability of the project.

The BEC power station, which is operational again since November 2017 and delivered in February 2018, is currently performing well.

2.2.1.8 MINORITY INVESTORS AND OTHERS

The financial debt included in the line item “Minority investors and others” corresponds to shareholder loans granted to the Company by its shareholders, or granted to the project SPVs or project SPV holding companies by their minority shareholders.

At December 31, 2018, this financing represented debt of €45.3 million compared to €90.4 million at December 31, 2017, *i.e.*, a fall of €45.1 million resulting primarily from the repayment of shareholder loans (Impala) in the amount of €53,6 million, with a corresponding increase in the Company's equity as part of the Initial public offering and, to a lesser extent, additional contributions made by minority investors in Group companies.

2.2.1.9 DERIVATIVE FINANCIAL INSTRUMENTS – HEDGING EFFECT

The Group’s exposure to variable interest rates is systematically managed using swaps and caps, more fully described in Section 3.1.3.1 “Interest rate risk” in this document. The derivatives used by the Group are intended to hedge interest rate risks on variable-rate borrowings. When they have a negative market value, they are reported under the Group's liabilities as “Current derivative financial instruments” and “Non-current derivative financial instruments”. When they have positive market values, they are recorded as Group assets under “Current derivative financial instruments” and “Non-current derivative financial instruments”.

At December 31, 2018, derivative instruments used by the Group and having a negative value represented debt of €40.3 million compared to €24.8 million at December 31, 2017, while derivative instruments with a positive value represented assets of €5.8 million.

2.2.2 POSITION AND CASH FLOWS

(in millions of euros)	**12.31.2018**	**12.31.2017**
Net cash flow from operating activities	156.5	75.4
Net cash flow from investment activities	(532.1)	(483.2)
Net cash flow from financing activities	624.8	573.9
Effect of exchange rate fluctuations	(5.1)	(5.0)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**244.1**	**160.9**

2.2.2.1 NET CASH FLOW GENERATED BY OPERATING ACTIVITIES OF THE GROUP.

(in millions of euros)	**12.31.2018**	**12.31.2017**
Net income	13.5	10.4
Eliminations(1)	151.6	84.8
Effect of changes in working capital requirement	(6.0)	(16.2)
Tax paid (received)	(2.6)	(3.6)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES	**156.5**	**75.4**

(1) Includes non-cash changes, including depreciation, amortisation, and provisions, net finance cost, fair value changes of derivative financial instruments, capital gains and losses from sales and deferred tax expense (income). The increase over the period reflects the growth of operating companies.

Net cash flows generated by operating activities totalled €156.5 million at December 31, 2018, compared to €75.4 million At December 31, 2017, a rise at €81.1 million. This is mainly due to growth in activity, but also reflects the change in working capital requirement, which was -€6.0 million at December 31, 2018 compared to -€16.2 million at December 31, 2017, *i.e.*, an improvement of €10.2 million due to:

- a reduction in customer payment periods, despite the rise in activity (positive impact of €7.8 million);
- the drop in amounts due by suppliers (positive impact of €11.9 million).

These effects are partially offset by a faster growth in trade payables (€9.1 million) due to increased activity over the period, particularly as regards biomass technology.

Tax receivables and liabilities, including VAT, changed in the same proportions and had no significant impact on the working capital requirement.

2.2.2.2 NET CASH FLOWS FROM (USED IN) THE GROUP'S INVESTING ACTIVITIES

(in millions of euros)	**12.31.2018**	**12.31.2017**
Acquisition of subsidiaries, net of cash acquired	(18.9)	(7.7)
Disposals of subsidiaries, net of cash sold	0.8	2.3
Acquisition of tangible and intangible assets	(483.9)	(468.0)
Disposal of tangible and intangible assets	0.4	1.1
Acquisition of financial assets(1)	(31.3)	(11.4)
Dividends received	0.8	0.4
Disposal of financial assets	(0.0)	-
NET CASH FLOW FROM INVESTMENT ACTIVITIES	**(532.1)**	**(483.2)**

(1) Financial assets essentially comprise the escrow accounts arranged by the Company to finance its projects. The rise in investments made over the period primarily reflects the 2018 inclusion of the DSRA (debt service reserve account) on Australian projects.

Net use of cash from Group investments was €532.1 million in 2018 and €483.2 million in 2017. These cash flows primarily reflect the acquisition of tangible and intangible assets relating to ongoing projects, and, to a lesser extent, acquisitions of financial assets and subsidiaries. For a detailed description of the underlying investments, see Section 2.2.3 "Group investments".

2.2.2.3 NET CASH FLOWS FROM (USED IN) THE GROUP'S FINANCING ACTIVITIES

(in millions of euros)	**12.31.2018**	**12.31.2017**
Capital increase of the parent company	441.7	3.1
Contributions of minority investors to capital increases	0.6	8.2
Net disposals (acquisitions) of treasury shares	(2.7)	0.5
Debt issuances	412.7	716.2
Dividends paid	(3.8)	(2.1)
Debt repayment	(161.1)	(114.5)
Net financial interest paid	(62.6)	(37.6)
NET CASH FLOW FROM FINANCING ACTIVITIES	**624.8**	**573.9**

Between 2017 and 2018, the increase of €50.9 million in net cash flows from financing activities mainly reflects:

- the capital increase at the time of the Company's initial public offering on October 18, 2018 for €449.9 million (see Note 23 of the notes to the consolidated financial statements);
- the increase of €46.6 million in debt repayments (see Note 25 of the notes to the consolidated financial statements);
- the fall in debt issuances -€303.5 million (see Note 25 of the notes to the consolidated financial statements);
- the increase in net financial interest paid for -€25 million (see Note 25 of the notes to the consolidated financial statements)

2.2.3 GROUP INVESTMENTS

The Group’s investment expenditure essentially involves solar power plants and wind farms, biomass or storage plants, either in development or under construction, and is comprised of acquisitions of property, plant and equipment and of intangible assets. Cash flows linked to investments include financial investments made *via* the acquisition of financial assets and the acquisition of subsidiaries.

Property, plant and equipment acquired by the Group mainly comprises the production assets held by the Group, generally capitalised from the construction launch of a project or from the date of its acquisition by the Group. To a lesser extent, property, plant and equipment includes other types of assets such as the plots of land purchased by the Group for the construction of its facilities or structuring costs in connection with the arrangement of facilities used to finance the assets until the commissioning of the projects.

Intangible assets acquired by the Group mainly comprise the capitalised development costs related to the various projects, which are capitalised once the activation criteria have been met. The Group considers that these criteria have been met once a project is added to the development portfolio, *i.e.* once all contractual items and the technical studies indicate the probable feasibility of a project (most frequently, at the “early stage” phase). At December 31, 2017 and December 31, 2018, the total value of capitalised development costs on the consolidated balance sheet corresponding to stages prior to the “awarded” phase (*i.e.* the “early stage”, “advanced development” and “tender ready” phases) was €18.3 million and €21.8 million respectively. Conversely, development costs not capitalised over the course of the financial years ended December 31, 2017 and 2018 totalled €0.9 million and €1.3 million respectively and correspond essentially to cross-sector prospecting and the development of projects not yet added to the portfolio. Intangible assets also include development costs restated further to the acquisition of projects, together with the valuation of any rights acquired by the Group in the context of the signature of power purchase agreements in Australia.

Finally, financial investments mainly include acquisitions of financial assets comprised of reserve accounts (debt service reserve account or DSRA) held within the SPVs, of guarantee deposits set up in the context of responses to invitations to tender, as well as, to a lesser extent, shares and contributions made to current accounts with maturity dates in excess of one year, granted to SPVs that are not fully consolidated. Financial investments are also comprised of other investments shown in the cash flow table, such as the acquisition of subsidiaries.

Acquisitions of property, plant and equipment by the Group are mainly financed *via* external debt from the SPVs or intermediate holding companies specific to the projects. Such debt is non-recourse other than to the relevant special purpose vehicle's assets, securities and shareholders’ current account, or project-specific assets of intermediate holding companies (in certain exceptional cases, collateralisation is put in place across a group of projects for reasons relating to financing efficiency). To a lesser extent, these acquisitions are financed *via* shareholder loans or equity granted by the Group to the special purpose vehicle.

In the context of financing *via* external debt, all issue premiums and costs linked to borrowings used to finance the assets until their commissioning are incorporated into the entry costs of the fixed assets. If advances are granted from current accounts or equity is granted to associates or joint ventures, the advances from current accounts are recorded as non-current financial assets and the equity contributions are recorded on the balance sheet as investments in associates and joint ventures.

When advances from current accounts or in equity are granted to fully consolidated companies, the equity and advances from current accounts are eliminated upon consolidation.

Lastly, the vast majority of the intangible assets acquired by the Group are financed *via* equity at the level of development companies.

The Group's investment policy is determined by the Board of Directors which, each year, validates the budget allocated to capital expenditure and approves (i) any investment made by the Company or any one of its subsidiaries, either immediately or at a future date, in equity or expenditure relating to a project not included in the budget (including any partnership or joint-venture arrangement) of a unitary value in excess of €7,500,500, (ii) any investment or expenditure by the Company or any one of its subsidiaries in relation to a project included in the budget or authorised by the Board of Directors, as applicable, for an amount which increases by more than 15% the equity anticipated in the budget or authorised by the Board of Directors as applicable, for the said project. For a presentation of the areas within the authority of the Board of Directors, see Section 6.2.1.2 (ii) “Matters reserved for the Board of Directors” of this document.

2.2.3.1 KEY INVESTMENTS IN 2018 AND 2017

The table below shows, by purpose, the consolidated investments for the financial years ended December 31, 2018 and December 31, 2017:

(In millions of euros)	12.31.2018	12.31.2017
Acquisitions of property, plant and equipment and intangible assets[1]:	**464.2**	**539.4**
- *Of which acquisitions of intangible assets*	*22.0*	*32.2*
- *Of which acquisitions of property, plant and equipment*	*442.2*	*507.2*
Financial investments:	**50.2**	**19.1**
- *Of which acquisitions of financial assets*	*31.3*	*11.4*
- *Of which acquisitions of subsidiaries, net of cash acquired*	*18.9*	*7.7*

(1) The gross amounts of acquisitions of property, plant and equipment and intangible assets are set out above before the impact of the change in trade accounts payables (included in the item "cash change in trade accounts payable" of Note 15 to the Annual Financial Statements) which enables the value of fixed assets to be reconciled with the cash expenses incurred. The net figures for these changes are set out in the cash flow statement for the financial years ended December 31, 2017 and 2018 and total €468.0 million and €483.9 million respectively.

Main investments made during the period

At December 31, 2018, the Group had made the following investments:

- €22.0 million for the acquisition of intangible assets corresponding to the capitalisation of costs directly related to the development of projects for a total of €21.8 million (notably the Bangweulu, El Llano, Metoro, Kaban, Altiplano, Hedet, Albireo, Paradise Park, La Puna and Numurkah projects) as well as the acquisition of other intangible assets for a total of €0.3 million;
- €442.2 million for the acquisition of property, plant and equipment corresponding mainly to the construction of projects in Australia worth €261.9 million (Coleambally, Bulgana and Numurkah), in France for a total of €100.5 million (Plateau de l'Auxois Sud, Chassepain, Pays Chaumontais, Lagarde d'Apt, Lugos and Corbas), in Zambia for a total of €27.8 million (Bangweulu), in Finland for €24.6 million (Hedet) and in Jamaica for €15.7 million (Paradise Park);
- the gross amounts of acquisitions of property, plant and equipment and intangible asset set out above are presented before the €19.6 million impact of the cash change in trade accounts payable. The net cash flow used for these acquisitions, after consideration of the cash change in trade accounts, stood at €483.9 million;
- financial investments in the amount of €50.2 million, corresponding mainly to deposits held as part of the construction of the Numurkah project, as well as DSRAs in relation to projects commissioned during the period and earn-out payments relating to the Bulgana and La Puna projects acquired in 2017 and to the acquisition of an 80.1% stake in the share capital of Hedet Vindpark AB, which operates the "Hedet" wind farm projects in Finland.

Main investments made during the financial year ended December 31, 2017

During the course of the financial year ended December 31, 2017, the Group made the following investments:

- €32.2 million in acquisitions of intangible assets corresponding to the capitalisation of costs attached directly to project development for a total of €18.3 million (notably in Australia, France, Mexico and Argentina) together with the acquisition of other intangible assets for a total of €13.9 million, comprised mainly of rights acquired by the Group in the context of the signature of power purchase agreements in Australia;
- €507.2 million in acquisitions of property, plant and equipment corresponding mainly to the construction of projects in Australia for a total of €337 million (HWF 2 (€33 million), HWF 3 (€141 million), Parkes (€66 million), Griffith (€36 million), Dubbo (€31 million) and Coleambally (€30 million); the construction of projects in France for a total of €61 million: Osière (€18 million), Vallée aux Grillons (€12 million), Chassepain (€14 million), Pays Chaumontais (€7 million) and Champ d'Amour (€10 million), the construction of the Providencia Solar power project in El Salvador for a total of €33 million and the Bangweulu project in Zambia for a total of €10 million, as well as generating assets under construction or commissioned in 2017 (essentially, Hornsdale Power Reserve) for a total of €56 million;
- the gross amounts of property, plant and equipment and intangible asset acquisitions set out above are presented before the €71.4 million impact from the increase in trade accounts payable. The net cash flow used for these acquisitions, after consideration of the cash change in trade accounts, stood at €468.0 million;
- financial investments totalling €19.1 million, corresponding mainly to the amounts paid for the acquisition of financial assets including notably the DSRA for the HWF and Providencia Solar projects, after a reimbursement from the Cestas project current account not consolidated within Neoen Solaire and increased *via* the acquisition of a rates cap option for the first drawdown on the green bond issuance of December 2017 for the purpose of interest rate hedging.

2.2.3.2 KEY INVESTMENTS CURRENTLY UNDERWAY

As of the date of this document, the Group's key investments underway correspond to projects under construction or in development for which investments and expenses have been incurred.

2.2.3.3 KEY INVESTMENTS ENVISAGED

Neoen pursues a "develop-to-own" strategy under which it develops its projects with the intention to continue to own and operate the assets post-construction. In this context, the investments which the Group is considering making in the future will consist primarily of (i) the continuous flow of new projects into this portfolio and (ii) progressing the projects which form the Group's portfolio at more advanced stages up until the commissioning of the facilities.

2.3 INFORMATION ABOUT TRENDS AND OBJECTIVES

2.3.1 TRENDS AND OBJECTIVES

The objectives and trends presented below result from the Group's strategies and are based on data, assumptions and estimates which are considered reasonable by the Group as of the date of this document. Such data, assumptions and estimates are subject to change or modification based on uncertainties in the economic, financial, competitive and regulatory environment that impact the Group or in response to other factors the Company is unaware of at the time of writing. In particular, the occurrence of one or more of the risks described in Section 3 "Risk factors" in this document could have an impact on the Group's business, results, financial condition or prospects and adversely affect its ability to achieve the objectives presented below. Moreover, the Group does not guarantee and can give no assurance that the objectives described in this section will be achieved.

The aims of the Group over the short and medium term are the following:

- ***Capacity growth***. The Group's objective is to achieve total capacity in operation and under construction by the end of 2021 of at least 5 GW, the entirety of which would be in operation by the end of 2022, balanced between its three principal geographic regions (Europe - Africa, Australia, Americas), with no major shift in terms of the technology (*i.e.*, solar and wind) mix reflected in its secured portfolio of projects as of December 2018 (*i.e.* projects in operation, under construction or awarded). Attaining this objective requires transformation of its portfolio of secured projects and projects under development which amounted at the end of 2018 to 7.7 GW (including operational projects and those under construction). Further, the Group plans to continue developing the storage activity, to facilitate the integration of solar plants and wind farms ("behind the meter" batteries) and independent batteries directly connected to the grids to supply balancing and regulation services. The activity of independent batteries directly connected to the grid will now be reported as a completely separate business line. Lastly, the Group is not contemplating continuing with its investments in the biomass sector and may even be exiting it.
  - In structuring projects to achieve the above capacity increases, and assuming that interest rates remain at current levels, the Group expects to continue to be able to achieve Bid IRRs in the high single digits in OECD countries and in the low double digits in non-OECD countries.
  - The Group expects the increased capacity to drive revenue growth, partially offset by continued erosion in average prices per MWh, reflecting a continued decline in PPA prices per MWh, in line with industry trends, assuming interest rates remain at current levels. The Group expects the effect of declining PPA prices to be partially offset by an increasing portion of higher merchant revenues (with higher average per MWh prices) in the Group's revenue mix. Subject to temporary exceptions for periods prior to entry into a PPA the Group intends to maintain a strategy of limiting merchant revenues to 20% of total revenues.
- ***Current EBITDA growth***. The Group's objective is to generate current EBITDA of €220 to €235 million in 2019 at constant exchange rates compared to 2018, with an EBITDA margin equivalent to that of 2018, and close to €400 million in 2021, evenly balanced between the three regions of Europe - Africa, Australia and the Americas. The vast majority of current EBITDA should be contributed by the Group's solar and wind businesses.

  These objectives are based in part on the Group maintaining relative stability in its overall current EBITDA margin as compared to the Group's current EBITDA margin in 2018 for solar and wind. As decreases in average O&M costs for solar and wind, the impact of higher energy yield solar projects located in countries like Mexico and Argentina with greater solar resources and the increasing proportion of higher-margin merchant revenues in the Group's revenue mix combine to help offset the expected erosion in average prices per MWh, the Group anticipates that this will be maintained. Regarding the independent battery business, despite its growing market share, the Group anticipates that this activity will remain limited in volume and be more volatile in terms of earnings due to the very nature of this business.

- ***Net Debt to Current EBITDA***. The Group anticipates that its financing strategy will achieve a ratio of net debt to current EBITDA of approximately 8.0x by the end of 2021. This level of leverage reflects the financing the Group expects to be necessary to fund the capital expenditures described above, as well as its objectives for current EBITDA noted above. This objective also assumes that the Group will maintain an overall project financing approach similar to that used at the date of this Document, and assumes normal repayment of project debt in accordance with its terms (*i.e.* no refinancing or early repayments). It also reflects the expected impact of the increasing percentage of its projects incorporating merchant revenues, as lower percentages of debt financing tend to be available for such projects. This objective assumes an average leverage ratio of approximately 80-85% of invested capital, on an all-in basis including all project-backed Group debt, whether senior or junior as the case may be. The outlook of 8.0x is based on the Group's expectations for net debt and current EBITDA as of the financial year ending December 31, 2021 (*i.e.* including financed projects in operation for less than a full year or still under construction). On a run-rate basis reflecting a full year of current EBITDA from all financed projects, the net debt to current EBITDA ratio corresponding to the Group's objective of 8.0x would be lower.
- ***Self-Financing Capacity***. By 2021, the Group's objective is to achieve a level of cash flow generation that would be sufficient to allow it to fund from its own cash flow available for repayment of shareholder loans and distributions to equity holders (see Section 7.3.8.2 "Dividends paid over the past three financial years" of this document), the required equity contributions necessary to finance, together with project financing, projects representing an additional 400 - 500 MW of installed capacity per year. By the end of 2021, the Group expects that it will be able to generate more projects than the 400-500 MW of capacity per year. By the end of 2021, the Group expects that it will be able to generate more projects than the 400-500 MW it can finance from its such cash flow.

The Group may decide to raise additional equity to fund larger capacity increases or to sell certain projects to finance additional capacity or to distribute dividends to shareholders.

2.3.2 1ST QUARTER 2019 CONSOLIDATED REVENUE

	31 March 2019	31 March 2018	% chg.
Operating data			
Capacity in operation (MW) (1)	**1,509**	**1,110**	**+399**
Capacity in operation and under construction (MW) (1)	**2 646**	**1 778**	**+868**
Production for the quarter (GWh)	**698**	**489**	**+43%**
Financial data *(€ m)* (2)			
Solar	26,1	11,8	+122%
Wind	28,9	28,5	+1%
Biomass	5,8	5.5	+6%
Storage	4,2	3,5	+21%
Other	0,3	0,0	N/A
Consolidated revenue	**65,2**	**49,3**	**+32%**
o/w contracted energy revenue	56,1		
o/w merchant energy revenue	7,8	48,3(3)	
o/w other income	1,3	1,0	+38%

(1) Gross capacity including stakes in projects, where Neoen has a minority interest: Cestas (228 MWp) and Seixal (8.8 MWp).

(2) Unaudited financial data

(3) The group reviewed the presentation of its revenue when preparing the 2018 financial statements. The "Energy sales under contract/Energy sales on the market" segmentation is not available for the first quarter of 2018.

OPERATIONAL SUMMARY

The strong dynamic growth of Neoen's business is mainly linked to the contribution, over the quarter, of assets commissioned during the 2018 financial year and, to a lesser extent, to the start-up of new power plants in the first quarter of 2019.

The fleets in operation produced nearly 700 GWh of green electricity in the quarter (+43% compared to the 1st quarter of 2018) with an average availability rate of close to 99% (compared to 98% in the first quarter of 2018), illustrating the the Group's ability to optimise the use of its production assets.

FINANCIAL SUMMARY

The growth in the Group's revenues for the quarter is primarily due to the strong growth in solar energy sales (+ 122% compared to the first quarter of 2018), which now represents 40% of the consolidated revenue.

The wind segment made Neoen's first revenue contribution for the quarter. The relative stability of this contribution compared to the first quarter of 2018 is in line with the Group's expectations: the positive impact associated with the commissioning of new fleets, particularly in 2018, was indeed offset by an anticipated decrease in the average price captured. In addition, the Group's biomass plant confirmed its ability to operate at full capacity, with revenues of €5.8 million.

Lastly, the storage segment posted revenue of nearly €4.2 million, up by over 20%, mainly due to favorable market conditions for the sale of ancillary grid services (FCAS) and arbitrage.

CONFIRMATION OF GROWTH PROSPECTS

Considering the achievements of the first quarter of 2019, the Group confirmed its outlook for 2019. It expects therefore to generate EBITDA of between €220 million and €235 million in 2019 with an EBITDA margin on a par with its 2018 level, assuming constant exchange rates compared to 2018. Neoen is also reiterating its objective of capacity of more than 5 GW in operation and under construction by year-end 2021 (all of which is to be in operation by year-end 2022) and EBITDA of approximately €400 million in 2021.

2.4 OTHER INFORMATION

2.4.1 EVENTS AFTER THE REPORTING PERIOD

In January 2019, Neoen announced the commissioning of the first Corbas tranche. With total capacity of 16 MWp, Corbas is the largest shade house project in France. Solar panels will protect new vehicles on the site from bad weather. Local residents have been involved in the financing. In the space of four weeks, they have contributed €1.2 million to the project as crowdfunding, which makes it the largest and fastest collection to finance a solar project in France according to the terms proposed by the *Commission de Régulation de l'Énergie* (CRE).

In February 2019, Neoen entered into a new senior debt financing programme for a portfolio of solar and wind projects in France. This programme is scaled to reach a hundred million euros or so. La Caisse d'Épargne CEPAC, as loan arranger, coordinator and lending agent structured the finance, Bpifrance and the BEI are its financial partners.

Further, **in February 2019** and six months after the signature of an electricity purchase contract with Google was announced, Neoen secured financing for Hedet, a 81 MW wind project in Finland. KfW Ipex and SEB contributed the senior debt for the project (€66.5 million). Hedet will be Neoen's 1st project to be commissioned in Finland, where the company intends to step up its growth.

In March 2019, Neoen was awarded the latest government tender representing aggregate capacity of 45 MWp for ground-based solar plants (known as CRE 4.5 - *Commission de Régulation de l'Énergie*). These 45 MWp break down into 5 projects which are fully owned by Neoen. These 5 projects are located in the départements of Tarn-et-Garonne, Moselle, Meurthe-et-Moselle, l'Allier and Landes. Three of them will rely on local crowdfunding. Two of them will be involved in the rehabilitation of damaged sites. Finally, the construction of three projects is expected to begin this year.

Also **in March 2019**, Neoen signed the financing of its El Llano project in Mexico. Bancomex, Natixis and Société Générale will contribute the senior debt for the project for which the total investment excluding finance costs amounts to US$280 million. This 375 MWp solar power plant, fully developed by Neoen, is to date the most powerful plant in its asset portfolio. In November 2017, this project won the 3rd tender by the Mexican government for renewable energies. With a PPA at under 19 dollars per MWh, it is one of the world's most competitive solar projects.

At the end of March 2019, Neoen announced the launch of the construction of the solar plant in Miremont, Haute-Garonne. Located on a former gravel quarry, this 10 MWp project will play a role in the rehabilitation of the site. It is expected to be commissioned in July this year.

In late April 2019, Neoen finally announced that Mr. Louis-Mathieu Perrin was to become the Group's new Chief Financial Officer on May 2, 2019.

At the end of the Board meeting of 17 April 2019, Neoen announced the appointment of Mr Romain Desrousseaux as Deputy Chief Executive Officer.

Mr Romain Desrousseaux is an employee of the Company and his duties under his employment contract are different from those conferred upon him by his corporate appointment. Under his employment contract, Mr Romain Desrousseaux is Deputy Chief Executive Officer in charge of international project development, and as such, he is particularly in charge of the international development of renewable energy production facilities. His appointment as Deputy Chief Executive Officer will enable him to supplement his current operational responsibilities by giving him the power to represent the Company (and its subsidiaries) towards third parties, subject to the authorisation of the Chairman and Chief Executive Officer and or the Board of Directors for certain operations in accordance with internal rules.

In this context, it was decided not to compensate Mr Romain Desrousseaux for his appointment and maintain his employment contract, since he actively pursues the responsibilities of this position, which are different from those of his corporate appointment. The Board of Directors, at its meeting of 17 April 2019, approved the principle of making the variable compensation with respect to Romain Desrousseaux' employment contract, which was up until now purely discretionary, subject to the achievement of certain quantitative and qualitative criteria and authorised the Chief Executive Officer to negotiate the amendment to his employment contract with Romain Desrousseaux. This negotiation is currently ongoing. The signature of the aforesaid amendment, intended only to cover the variable portion of Romain Desrousseaux's compensation, will be subject to the prior authorisation of the Board of Directors as a regulated agreement. The fixed compensation with respect to the employment contract of Romain Desrousseaux remained unchanged at the time of his appointment as Deputy Chief Executive Officer.

Mr Romain Desrousseaux's employment contract includes a non-competition clause, in accordance with the practices of the company vis-à-vis a large majority of employees (including all executive directors). Its duration is twelve (12) months, it being specified that the Company has the option of waiving it during this period, and the compensation paid in consideration of this commitment would be equal to a maximum of a third of the annual, fixed gross remuneration received on the date of termination of the contractual relations.

Lastly, Mr Romain Desrousseaux is not entitled to receive severance benefits, whether under his employment contract or as part of his corporate appointment.

In late April 2019, Neoen announced that Mr Louis-Mathieu Perrin was to become the Group's new Chief Financial Officer on May 2, 2019. Mr Louis-Mathieu Perrin is member of the Company's Management Committee. After five years in audit and financial consulting, Louis-Mathieu joined Pictet Asset Management in 2006, where he carried out the responsibilities as Analyst and then as Investment manager. In 2009, he joined EY, where he became managing partner, and worked primarily with players in the energy and utilities sectors. In 2014, he was appointed Chief Financial Officer of the Direct Energie group, a position he held for almost four years, before moving to Voodoo where he occupied similar positions. He joined Neoen in 2019 as Chief Financial Officer. Mr Louis-Mathieu Perrin graduated from Sciences Po Paris.

On 17 may 2019, the Group sold the 100% interest it held in the share capital of Biomasse Energie de Montsinéry, a company specialised in the development, construction and operation of biomass plants.

2.4.2 OTHER INFORMATION ABOUT THE PARENT COMPANY NEOEN S.A.

2.4.2.1 BUSINESS ACTIVITIES

Neoen S.A., the parent company, specialises in the development, financing and operation of electricity production facilities using renewable energy.

It also holds intermediate holding companies for each of its operating sectors (wind, solar, storage and biomass) and/or for certain geographical areas Neoen Production 1 and Neoen Production 2 have been created to support projects under construction and in operation and those for which financing has been put in place with the objective of raising mezzanine debt.

Through these intermediate holding companies, Neoen S.A. generally holds 100% of various project companies, with the exceptions set forth below.

2.4.2.2 COMMENTS ON NEOEN S.A.'S BUSINESS

Revenues

Revenue stood at €50.7 million at December 31, 2018, an increase of €14.7 million compared with 2017. This is mainly due to the rise in development facilities for new projects, particularly in Australia (Bulgana, Coleambally and Numurkah), in France (Pays Chaumontais, Pays de l'Auxois, Le Camp, Chassepain, Champs d'amour), and El Salvador (Providencia).

Net income

Net income was €9.4 million, up €0.9 million *i.e.* an increase of 11% compared to 2017.

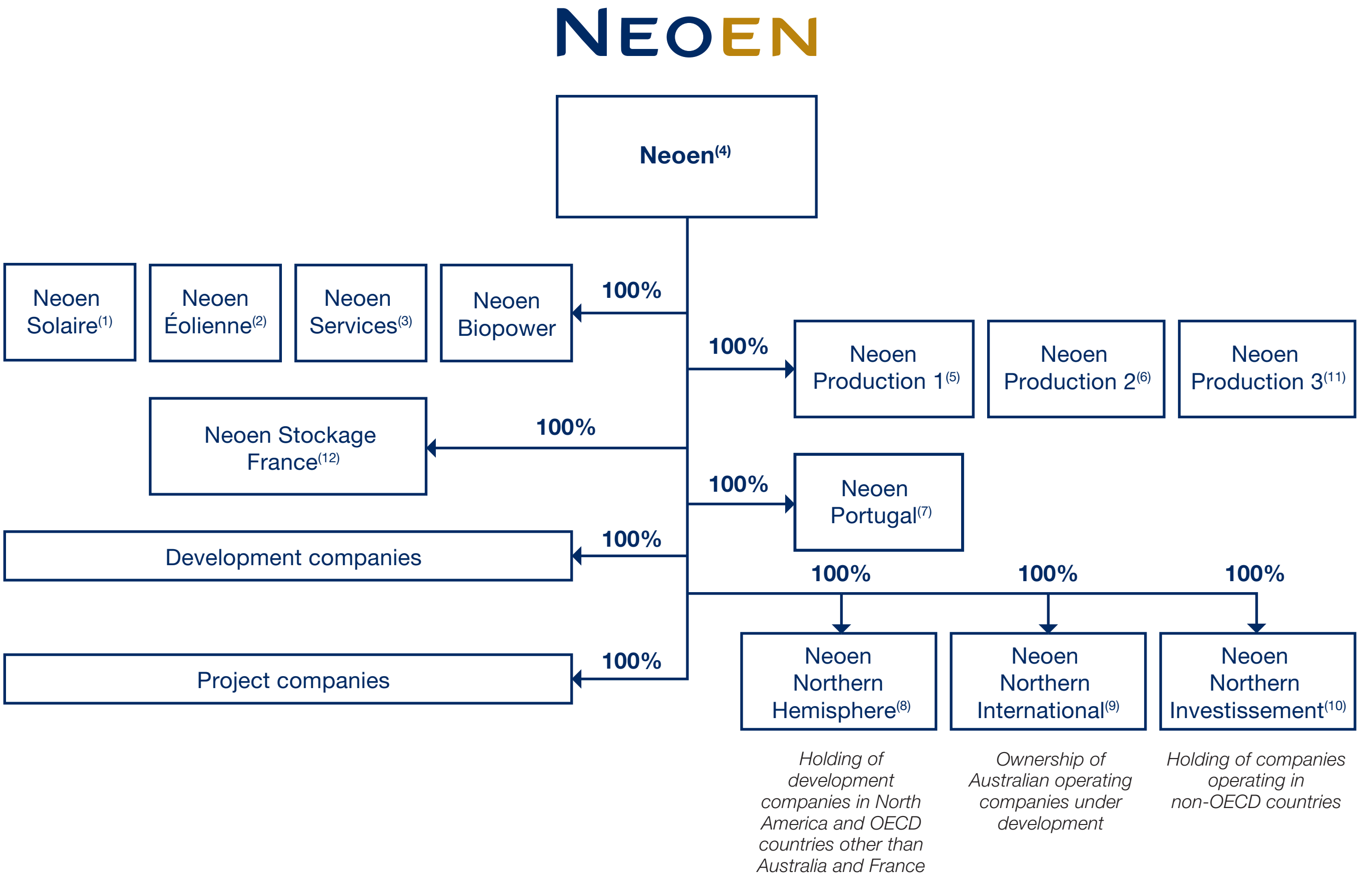
2.4.2.3 TABLE OF INCOME FROM THE LAST 5 FINANCIAL YEARS

Amounts *(in euros)*	**12.31.2018**	**12.31.2017**	**12.31.2016**	**12.31.2015**	**12.31.2014**
I. Financial position at the end of the financial year					
a) Share capital[1]	169,914,996	107,964,140	105,907,569	85,817,968	81,249,138
b) Number of shares making up the share capital[1]	84,957,498	107,964,140	105,907,569	85,817,968	81,249,138
Number of shares issued with a par value of €1	830,000	2,056,571	20,089,601	4,568,830	12,965,000
Number of shares issued with a par value of €2	30,560,428				
c) Number of bonds convertible into shares	-	-	-	-	-
II. Comprehensive income from operations carried out					
a) Revenue excl. tax	50,730,202	36,059,479	29,042,188	20,381,310	11,600,475
b) Earnings before tax, amortisation, depreciation and provisions	14,522,194	8,865,932	7,940,932	1,733,217	1,069,040
c) Income tax	(3,149,163)	56,956	(914,856)	13,630	67,479
d) Earnings after tax, amortisation, depreciation and provisions	9,376,196	8,468,865	7,469,673	1,121,127	1,074,944
e) Earnings distributed	-	-	-	-	-
III. Earnings per share					
a) Earnings after tax, but before amortisation, depreciation and provisions	0.13	0.08	0.07	0.02	0.01
b) Earnings after tax, amortisation, depreciation and provisions	0.11	0.08	0.07	0.01	0.01
c) Dividend paid per share		-	-	-	-
IV. Personnel					
a) Number of employees	90	79	71	50	47
b) Payroll	7,943,796	6,406,270	5,746,228	4,892,221	4,251,225
c) Total sums paid in employer benefits (social security, works, etc.)	4,207,081	4,056,982	3,197,396	2,679,759	2,251,384

(1) On October 1, 2018, the Company carried out a reverse stock split; one new share is now worth two old shares. The par value of its shares rose from €1 to €2.

2.4.2.4 GROUP STRUCTURE

The following simplified organisational chart shows the legal organisation of the Group as of the date of this Registration Document. The percentages indicated for each entity correspond to their share in the capital and voting rights.



As of the date of this Registration Document:

(1) In France, Neoen Solaire directly or indirectly holds 68 special purpose vehicles under development and four in operation.

(2) In France, Neoen Éolienne directly holds 25 special purpose vehicles under development and one under construction, and one minority interest in a company under development.

(3) In France, Neoen Services directly holds 11 special purpose vehicles under development and minority interests in 16 special purpose vehicles under development and two under construction internationally.

(4) In France, Neoen directly holds 15 special purpose vehicles under development and three in operation. Moreover, Neoen also directly holds 14 special purpose vehicles under development and minority interests in one special purpose vehicle under development (owned by the Group) internationally.

(5) Neoen Production 1 directly holds 12 special purpose vehicles in operation in France and one under development.

(6) Neoen Production 2 directly or indirectly holds two special purpose vehicles under construction (including one in Jamaica), five under development and 87 in operation. Among them, Neoen Production 2 holds minority interests in some project companies created as part of the Cestas solar park project

(7) In Portugal, Neoen Portugal directly holds two special purpose vehicles in operation.

(8) Neoen Northern Hemisphere directly or indirectly holds two special purpose vehicles under development and two under construction, as well as four companies under development internationally and a minority interest in a company under development.

(9) Neoen International mainly either directly or indirectly holds Australian and Irish operating and development companies as well as a few international special purpose vehicles including 15 under development, six in operation (the Group has a minority interest in one of the special purpose vehicles in operation) and six under construction.

(10) Internationally, Neoen Investissement directly or indirectly holds seven special purpose vehicles under development, two development companies and two companies under construction.

(11) Neoen Production 3 holds one development company directly and nine companies under construction indirectly.

(12) Neoen Stockage France directly holds two companies under development.

(i) Neoen S.A., parent company

Neoen S.A., a limited company (société anonyme), was initially incorporated and registered with the Paris Trade and Companies Register on September 29, 2008, as a simplified limited company (société anonyme) under number 508 320 017. Its shares were listed on the regulated Euronext Paris market on October 17, 2018. It is controlled by its main shareholder described in Section 7.3 "Shareholding structure" of this document.

It also holds intermediate holding companies for each of its operating sectors (wind, solar, storage and biomass) and/or for certain geographical areas

Neoen Production 1 and Neoen Production 2 have been created to support projects under construction and in operation and those for which financing has been put in place with the objective of raising mezzanine debt.

Through these intermediate holding companies, Neoen S.A. generally holds 100% of various project companies, with the exceptions set forth below.

(ii) Significant subsidiaries

Intermediate holding companies

Neoen Solaire is a French limited company (société anonyme) with a single shareholder, registered with the Paris Trade and Companies Register under number 509 319 257, with share capital of €37,000, headquartered at 4 rue Euler, 75008 Paris. Neoen Solaire mainly owns companies that hold the Group's solar projects under development in France.

Neoen Éolienne is a French limited company (société anonyme) with a single shareholder, registered with the Paris Trade and Companies Register under number 509 212 585, with share capital of €37,000, headquartered at 4 rue Euler, 75008 Paris. Neoen Éolienne owns companies that hold the Group's wind projects under development in France.

Neoen Stockage France is a simplified limited company (société anonyme) with a single shareholder, registered with the Paris Trade and Companies Register under number 845 212 406, with a share capital of €2,500, headquartered at 4 rue Euler, 75008 Paris. Neoen Stockage France was registered in January 2019 and holds storage projects in France.

Neoen Biopower is a French limited company (société anonyme) with a single shareholder, registered with the Paris Trade and Companies Register under number 511 780 215, with share capital of €37,000, headquartered at 4 rue Euler, 75008 Paris. Neoen Biopower holds 51% of Biomasse Energie de Commentry (BEC), the company operating the BEC plant, with the remaining 49% being held by Caisse des Dépôts et Consignations ("CDC").

Neoen International is a French limited company (société anonyme) with a single shareholder, registered with the Paris Trade and Companies Register under number 789 991 635, with share capital of €100,000, headquartered at 4 rue Euler, 75008 Paris. Neoen International mainly owns companies that own the Group's photovoltaic, wind and electricity storage projects located in Australia, Ireland and Jamaica.

Neoen Northern Hemisphere is a French limited company (société anonyme) with a single shareholder, registered with the Paris Trade and Companies Register under number 828 197 798, with share capital of €20,000, headquartered at 4 rue Euler, 75008 Paris. Neoen Northern Hemisphere currently owns two companies that hold projects under development in the United States and intermediate parent companies of the Group's solar, wind and storage project companies located in member countries of the Organisation for Economic Cooperation and Development (the "OECD") other than Australia and France (*e.g.*, in the United States, Mexico and Finland).

Neoen Investissement is a French limited company (société anonyme) with a single shareholder, registered with the Paris Trade and Companies Register under number 820 556 074, with share capital of €20,000, headquartered at 4 rue Euler, 75008 Paris. Neoen Investissement owns the companies that hold the Group's solar and wind projects located in countries that are not members of the OECD (*e.g.*, Zambia and Argentina).

Neoen Services (formerly Poweo ENR) is a French limited company (société anonyme) with a single shareholder, registered with the Paris Trade and Companies Register under number 492 690 821, with share capital of €51,210,000, headquartered at 4 rue Euler, 75008 Paris. Neoen Services was acquired by the Group in September 2011 and holds minority interests in certain project companies controlled by the Group, as well as project companies developed by Poweo ENR and acquired together with Poweo ENR in 2011.

Neoen Production 1 is a French limited company (société anonyme) with a single shareholder, registered with the Paris Trade and Companies Register under number 799 259 429, with share capital of €10,000, headquartered at 4 rue Euler, 75008 Paris. Neoen Production 1 completed the Group's green bond issuance in October 2015 and holds projects in operation that have been financed by the proceeds of the green bond issuance.

Neoen Production 2 is a French limited company (société anonyme) with a single shareholder, registered with the Paris Trade and Companies Register under number 824 735 559, with share capital of €2,500, headquartered at 4 rue Euler, 75008 Paris. Neoen Production 2 issued green bonds in December 2017 and mainly holds, directly or indirectly, companies that own projects that are beyond the development stage and that have been financed by such issuance.

Neoen Production 3 is a French limited company (société anonyme) with a single shareholder, registered with the Paris Trade and Companies Register under number 523 207 207 with share capital of €2,500, headquartered at 4 rue Euler, 75008 Paris. Neoen Production 3 holds projects in France that are beyond the development stage and have been financed by banks.

Project companies

These companies are special purpose vehicles ("SPVs") They were set up or, to a lesser extent, acquired by the Group for the purpose of holding the Group's solar, wind, biomass or storage assets and generally carry the non-recourse debt incurred to finance such projects.

The Group generally owns all of the share capital and voting rights of these project companies, subject to certain exceptions, such as the following:

- for a portion of the project companies in the Cestas solar park, composed of 25 plants with a capacity of 12 MW each (a total of 300 MW) held by 25 project companies, of which only six are wholly owned by the Group, two others being 32% owned and seventeen others being 20% owned, it being specified that the Group benefits from options to acquire the interests not held in 2045;

- Biomasse Energie de Commentry (BEC), whose purpose is to operate the BEC cogeneration plant located in France, and of which Caisse des Dépôts et Consignations ("CDC") holds 49% of the share capital and voting rights;
- for certain project companies located outside of France:
    - Bangweulu Power Company Limited, whose purpose is the operation of a solar power plant located in Zambia, and of which Industrial Development Corporation ("IDC") indirectly holds 19.65% of the share capital and voting rights through its subsidiary West Lunga Power Company. The remaining 80.35% of the company's share capital and voting rights are held by Zambian Sunlight One S.A.S., which is itself owned by Neoen Investissement and First Solar Investment Holdco One LLC, holding 68.70% and 31.30% of its share capital and voting rights, respectively,
    - each of Hornsdale Wind Farm 1, 2 and 3, whose purpose is the operation of the wind farm located in Hornsdale, Australia, and of which the company John Laing holds 30%, 20% and 20% of the share capital and voting rights, respectively,
    - CSNSP 441, whose purpose is the operation of a solar power plant located in Seixal, Portugal, and of which the company EOS holds 50% of the share capital and voting rights,
    - Eight Rivers Energy Company Limited ("EREC"), whose purpose is the operation of a solar power plant located in Jamaica, and of which MPC and Mrs. Angella Rainford indirectly hold, through various companies, including EREC Investment Limited, one share less than 50% of the share capital and voting rights,
    - Blue Mahoe Energy Company Limited, whose purpose is the developement, construction and operation of solar plants in Jamaica, in which Ms. Angella Rainford indirectly holds 25% of the share capital and voting rights,
    - Central Solar Metoro SA, whose purpose is to operate a solar power plant located in Mozambique, and of which Electricidade de Moçambique ("EDM") holds 25% of the share capital and voting rights,
    - Hedet Vindpark AB and Björkliden Vindpark AB, whose purposes are to operate wind farms in Finland, in which Prokon Finland indirectly holds 19.9% of the share capital and voting rights, and
    - BNRGN Kerdiffstown Limited, BNRGN Milvale Limited, BNRGN Hortland Limited, BNRGN Hilltown Limited, BNRGN Ballyduff Limited, BNRGN Johnston North Limited, BNRGN Dunmurry Limited, BNRGN Finnis Limited and BNRGN Mothel Limited, whose purpose is the development, construction and operation of solar power plants in Ireland, in which BNRG indirectly holds 50% of the share capital and voting rights.

(iii) Recent acquisitions and sales of subsidiaries

Acquisitions

As part of its project development activities, the Group occasionally acquires companies with solar or wind power projects, generally at an early stage of development rather than after a project has already been developed by third parties. In this respect, the following acquisitions have been carried out since 2017:

- in January 2017, the Group acquired Bulgana Holding Pty Ltd, which held the Bulgana wind farm project, with a capacity of 194 MW on the date of acquisition, in the Australian state of Victoria;
- in August 2017, the Group acquired 95% of the shares of La Puna Solar S.R.L (formerly Fieldfare Argentina II S.r.L), which held the "La Puna" solar farm project, with a capacity of 100 MW on the date of acquisition, in the Province of Salta, Argentina. In June 2018, the Group acquired the remaining 5% of shares and now holds 100% of the shares;
- in May 2018, the Group acquired 80.1% of the shares of Hedet Vindpark AB, which held both the Hedet wind farm project, with a capacity of approximately 75 MW on the date of acquisition, and the Björkliden wind farm project, with a capacity of approximately 29 MW on the date of acquisition, in Finland;
- while it held 80% of the shares of Altiplano Solar S.A, which owns the "Altiplano" solar farm project in the province of Salta, Argentina, which had a capacity of 100 MW at the date of acquisition, the Group acquired the remaining 20% of shares in July 2018 and now holds 100% of the shares.

In addition, although the Group's development was mainly achieved through organic growth, the Group has also grown (to a lesser extent) through acquisitions.

Sales and liquidations

In connection with its ongoing project management, the Group rationalizes its project portfolio from time to time, though it is generally committed to holding the projects it develops over the long term.

During the financial years 2017 and 2018, the Group sold certain investments due to financial or strategic considerations:

- on February 10, 2017, the Group sold the 60% interest it held in the share capital of GenSun, a company that specialized in the design, construction, operation and maintenance of solar power plants of all capacities in France and internationally (and which itself owned GenSun PVS and Genwind);
- on August 13, 2018, the Group sold the 100% interest it held directly in the share capital of CS Manosque Ombrière, a company specialized in the development and operation of solar shelters;
- on September 30, 2018, the Group sold the 100% interest it held directly in the share capital of SASU PV Melissa, which owns and operates a solar power plant in France;
- on December 26, 2018, the Group sold the 50% interest it held directly in the share capital of Peacock for Technical Consulting, a Jordanian company whose purpose was the development of three solar projects in Jordan (the Group decided to halt these projects).

Finally, Neoen Services Panama and Neoen Panama were voluntarily wound up in June and December 2017, respectively. Neoen Egypt Solar 1 was also wound up in December 2018.

Interests and Joint Ventures

For a presentation of the investments held by the Group, see Note 1 to the Annual Financial Statements.

For a presentation of joint-ventures set up by the Group, see Note 1 to the Annual Financial Statements.

In 2017 and 2018, no joint venture agreements were concluded by the Group.

2.4.2.5 CUSTOMER AND SUPPLIER PAYMENT TERMS

Article D. 441 I.-1°: Overdue invoices received and unpaid at year-end

	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
(A) Late payment brackets						
Number of invoices concerned	35	28	12	4	55	99
Total value of the invoices concerned inc. tax[1]	2,060,940	3,612,432	473,657	(108,601)	(211,234)	3,766,254
Percentage of the total value of purchases including taxes for the financial year	6.5%	11.4%	1.49%	(0.34%)	(0.67%)	11.88%
(B) Invoices not included in (A) relating to disputed debts or non-recorded debts						
Number of invoices excluded		0				
Total value of the invoices excluded		0				
(C) Reference payment terms used (contractual or legal – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)						
Payment periods used to calculate late payment delays		30 days from date of invoice				

(1) Negative amounts correspond to the following situations:
- *deductions for which the invoices will be received in the 2019 financial year;*
- *advance payments to suppliers/cash calls.*

Article D. 441 I.-2°: Overdue invoices issued and unpaid at year-end

	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
(A) Late payment brackets						
Number of invoices concerned	1	3	12	4	9	28
Total value of the invoices concerned inc. tax[1]	(368,118)	8,176,370	912,574	137,595	893,494	10,120,033
Percentage of revenue including all tax from the financial year	(0.53%)	11.73%	1.31%	0.2%	1.28%	14.51%
(B) Invoices not included in (A) relating to disputed payables or non-recorded payables						
Number of invoices excluded		0				
Total value of the invoices excluded		0				
(C) Reference payment terms used (contractual or legal – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)						
Payment periods used to calculate late payment delays		30 days from date of invoice				

(1) Negative amounts correspond to the following situations:
- *deductions for which the invoices will be received in the 2019 financial year;*
- *advance payments to suppliers/cash calls.*

2.4.2.6 FINES

None.

2.4.2.7 LUXURY EXPENSES

Vehicle rentals considered as non-deductible expenses amounted to €73,804 in 2018.

2.4.2.8 REINTEGRATION OF GENERAL COSTS FOLLOWING TAX ADJUSTMENT

None.

2.4.3 EMPLOYEES

2.4.3.1 CHANGE IN EMPLOYEE NUMBERS[1]

At December 31, 2018, the Group had 184 employees worldwide compared with 134 employees at December 31, 2017, *i.e.* an increase of 37.3%.

The change in Group employee numbers over the course of the last two financial years is as follows:

	December 31	
Total employees	**2018**	**2017**
Worldwide	184	134
of which France	103	80

The Group's employees are employed by the Company's various subsidiaries located mainly in France, Australia, Mexico, Argentina, El Salvador, Portugal, Mozambique, the United States, Zambia, Finland and Jamaica.

At December 31, 2018, the breakdown of the Group's 184 employees by country was as follows:

Employees per country	December 31, 2018
France	103
Australia	43
Mexico	10
Argentina	4
El Salvador	7
Portugal	4
Mozambique	2
United States	2
Zambia	4
Finland	3
Jamaica	2
TOTAL	**184**

New hires

The number of new hires during the financial years ended December 31, 2017 and 2018 is as follows:

	December 31	
Number of new hires	**2018**	**2017**
Worldwide	77	49
of which France	38	17

New hires as a percentage of total employees at December 31, 2017 and 2018 stands at 36.6% and 41.8% respectively.

Departures

The number of departures during the financial years ended December 31, 2017 and 2018 is as follows:

	December 31	
Number of departures	**2018**	**2017**
Worldwide	27	26
of which France	15	15

Departures as a percentage of total employees at December 31, 2017 and 2018 stands at 19.4% and 14.7% respectively.

2.4.3.2 BREAKDOWN OF EMPLOYEE NUMBERS

Breakdown of employee numbers by activity

At December 31, 2018, the employees were split between the various activities carried out by the Group on the following basis:

	December 31, 2018	
Breakdown of employee numbers by activity	**Worldwide**	**Of which France**
Management	5	5
Support	5	1
Legal-Human Resources	8	7
Development	68	33
Finance	34	20
Financing	19	17
Procurement	4	3
Construction	17	8
Technical expertise	4	3
Biomass	2	2
O&M	18	4
TOTAL	**184**	**103**

Breakdown of employee numbers by contract type

The breakdown of employee numbers by contract type at December 31, 2017 and 2018 is as follows:

	December 31	
Breakdown of employee numbers by contract type	**2018**	**2017**
Permanent contracts	177	130
Fixed-term contracts	7	4
TOTAL	**184**	**134**

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(1) The figures set out in this section correspond to actual employee numbers (including employees whose employment contract has been suspended) excluding consultants, interns, international volunteers, temporary staff. These figures have been restated to exclude employees of Gensun which was sold off in early 2017 by the Group.

Breakdown of employee numbers by professional category

The breakdown of employee numbers by category at December 31, 2017 and 2018 is as follows:

Breakdown of employee numbers by professional category	December 31 2018	2017
Executives	173	125
Technicians and supervisors	7	8
Employees	4	1
TOTAL	**184**	**134**

Breakdown of employee numbers by age bracket

The breakdown of employee numbers by age bracket at December 31, 2017 and 2018 is as follows:

Breakdown of employee numbers by age bracket	December 31 2018	2017
25 and under	13	10
26-35	99	69
36-45	53	39
46 and over	19	16
TOTAL	**184**	**134**

Breakdown of employee numbers by gender

The breakdown of employee numbers by gender at December 31, 2017 and 2018 is as follows:

Breakdown of employee numbers by gender	December 31 2018	2017
Women	55	38
of which non-managers	3	4
of which managers	52	34
Men	129	96
TOTAL	**184**	**134**

2.4.3.3 HUMAN RESOURCES POLICY

The Group values its human capital very highly as this constitutes one of its fundamental assets, and it seeks to promote emerging talents from amongst employees, notably *via* exposure to new experiences and roles within the various subsidiaries of the Group. In this context, the Group strongly encourages international mobility amongst its employees. As an example, as of the date of this Registration Document, over 17 employees initially hired by one Group company have subsequently joined another Group company on a temporary or permanent basis.

Equal treatment and promoting diversity

Measures adopted in favour of gender equality

At December 31, 2018, women and men made up 29.9% and 70.1% respectively of the Group's personnel. On the basis of comparable skills, the Group takes care to ensure that its recruitment enables equal distribution of roles by gender. Nevertheless, to the extent that most of the profiles hired are engineers and as this profession continues to be dominated by men, this is reflected in the gender balance of the Group's employees.

Measures adopted to promote diversity and combat discrimination

In the context of its recruitment processes, Neoen promotes diversity amongst its employees as evidenced by the composition of its personnel which includes employees from a very wide variety of backgrounds and a large number of different nationalities (around 23 as of the date of this reference document).

Measures adopted to promote the inclusion of disabled persons

None of the Group's employees has a disability.

For the provision of certain services, Neoen uses the services provided by *Établissements et Services d'Aide par le Travail* which employs individuals with disabilities.

Compensation Policy

The gross compensation paid by the Group (excluding employer social security contributions) for the financial years ended December 31, 2017 and 2018 is as follows:

	December 31	
(in millions of euros)	**2018**	**2017**
Compensation	13,250	9,996

Industrial relations

The Company and Group subsidiaries are subject to different legal and statutory requirements in terms of employee representatives, based on the countries in which they are located. The Group is compliant with all local obligations in terms of employee and trade union representation.

For example, within the Company, employees have since 2015 been represented by a combined employee representative body which, in the on-going context of the reforms introduced by the Rebsamen Act of August 17, 2015, carries out the duties usually performed by employee representatives, the Works Council and the Health and Safety Committee. Members of the combined employee representative body meet with the employer every two months, including once each quarter in order to discuss subjects relating to the Health and Safety Committee.

The Group considers that relations with its employees and their representatives are satisfactory.

Training

Training programmes were implemented by the Company for the financial years ended December 31, 2017 and 2018 as follows:

	December 31	
	2018	**2017**
Number of employees having completed training programmes	50	31[1]
Total number of hours of training	1,002	1,050
Amount spent on training (in euros, pre-tax)	56,080	44,700

(1) The figure for the number of employees having completed training in 2017 fell from 44 to 31 due to changes in the indicator used. The indicator used in the Company's Registration Document (document de base) corresponded to the number of training programmes completed whereas the one used in this document corresponds to the number of employees having completed a training programme.

The training provided by the Company relates mainly to the following sectors: safety (in particular, training aimed at obtaining authorisation to work at height and with electricity), workstation familiarisation training which enables employees to familiarise themselves with any new tools introduced (such as training in the use of new accounting tools or on the validation of invoices) and skills development training, such as language lessons.

03

RISKS FACTORS

3.1 RISKS AND UNCERTAINTIES

3.1.1 RISKS RELATING TO THE GROUP'S BUSINESS

3.1.1.1 RISKS RELATING TO THE GROUP'S PROJECTS AND PLANTS

3.1.1.1.1 Risks relating to the development, construction and maintenance of the Group's plants

The Group's project development activities are subject to uncertainties

At December 31, 2018, the Group's pipeline of projects under development was made up of 139 projects at various stages of development (tender ready and advanced development projects, excluding early stage projects). Projects under development are often complex and large-scale and are subject to significant uncertainties, which may prevent the Group from being able to complete them according to plan, or at all.

The Group devotes considerable time to developing the projects it has in its pipeline, especially in prospecting and identifying sites, obtaining land licenses, financing for third-party environmental studies, undertaking technical assessments and the involvement of local stakeholders. The Group allocates financial resources to these activities, which increase as projects progress through their development stages.

The obstacles faced by the Group during the development phases may create delays or additional costs which could make the projects less competitive than initially planned. As a result, the Group may be unable to secure the power purchase agreements it targets for such projects, obtain financing on terms that will allow sufficient profitability, or generate the projected returns on investments. In certain cases, this could result in the project being postponed or abandoned and could result in the loss or impairment of the development expenses incurred, which could have a negative impact on the Group's growth rate, outlook and results.

The Group may be unable to complete its projects under construction

Projects still incur risk after a PPA and financing have been obtained, during the construction phase, and especially with regard to engineering, equipment and the proper performance by the EPC Contractor of its obligations. At December 31, 2018, the Group's projects under construction accounted for 764 MW.

The Group's inability to complete the construction of a facility or to meet deadlines is likely to result in, for example, breaches of contract, early termination of electricity sales contracts, facility depreciation, a reduction of the period of eligibility for negotiated tariffs due to non-compliance with certain stages, or delays and/or costs overruns, which may not be fully covered or adequately provided for by guarantees, indemnification clauses or EPC insurance. A project's eligibility to certain regulated tariffs may be jeopardised or lost if the facilities are not commissioned within agreed deadlines, and lengthy and costly litigation may ensue between the Group and the parties involved in the development, construction and financing of the mproject.

When the Group commits to incur capital expenditure for the construction of a project, it expects to potentially recover such costs. However, the Group can give no assurance that a project will be finalised and enter into the commercial operation phase. In the event the Group's efforts do not enable the completion of the project, it may be obliged to discontinue the project under construction and book impairment for the costs in connection with said project. Inefficient construction or operation management is likely to give rise to unforeseen delays or cost overruns in the completion of these projects, which may have a significant adverse effect on the Group's activity, its financial position or its results.

Relying on third party contractors exposes the Group to risks

The Group engages various contractors for the construction of its projects, for operating and maintenance services (O&M) as well as for certain aspects in project development such as technical and environmental studies. If the Group's contractors (or their sub-contractors) do not fulfil their obligations, provide services that are not up to the standard of the Group's quality, encounter financial difficulties or do not comply with the laws and regulations in force, the Group's reputation may be undermined, in addition to running the risk of penalties or significant public liability. The ability of the Group to obtain compensation from its sub-contractors may be limited by their financial solvency or contractual limitations to their liability and the guarantees granted by these sub-contractors or their affiliates may not entirely cover the losses suffered by the Group.

More generally, serious repercussions may result from the failure of an EPC contractor to fulfil its obligations, and particularly construction deadlines, or financial problems of this contractor, can have major repercussions. In particular, commissioning delays can have a substantial impact on the Group's income for the current year and, beyond a certains date, PPAs may be cancelled owing to their strict deadlines for commissioning plants. Furthermore, insofar as most of the EPC contractors selected to provide O&M services, once construction of the plant has been completed, a failure of the EPC can have a long-term impact on the plant owing to the contractors' understanding of the technical aspects and the characteristics of the equipment and the plant. If an EPC contractor must withdraw from an EPC contract or a project, the necessity of finding another contractor to provide the O&M services could lead to delays, additional costs and logistical difficulties.

Moreover, EPC contractors may fail to fulfil their guarantee commitments, owing to financial or other difficulties, with regard to the performance levels of the equipment provided for in the EPC or O&M contracts. In this case, the Group might be unable to complete the construction of the project, as initially planned, if the operational performance of its facilities fall below the contractually guaranteed level, leading to contractual failures or compel the Group to set up a reserve account (maintenance reserve account), which consists in a cash reserve (of a potentially significant amount) put aside to cover project-related expenses.

Even if the Group is not dependent on a single supplier for key products and services, in certain cases, and depending on the region, there may only be a number of potential suppliers, so that the withdrawal of an important player could affect the availability, pricing or guarantees relating to the products and services concerned.

The growth of the renewable energy industry, the intense competition and the Group's strict contractual requirements limit the availability of a sufficient number of EPC contractors to ensure effective submissions to calls for tenders at prices and terms complying with the Group's expectations.

Any failure by the EPC key contractors in fulfilling their obligations, or the Group's inability to effectively manage the risks using co-contractors could have a negative effect on the Group' activity, its financial position and its income.

Should a significant case of liability not entirely covered by insurance policies occur, it could have a negative effect on the Group's financial position, cash flows and income

Electricity production entails hazardous activities, including the operation of large rotating equipment and systems delivering electricity to the transport and distribution grids. Apart from natural hazards, unforeseeables risks (including fires, explosions and defective equipment) are inherent to the activity of the Group, which could result from internal procedures being inadequate, technical defects, human errors or external events. These dangers may cause serious even fatal injuries, serious damage, destruction of property, plant and equipment, as well as interruption of the operation. The occurrence of one of these events may cause an investigation to be opened against the Group, as well as the necessity to adopt corrective measures, and could result in significant damages including for bodily injury and environmental damage, fines and/or penalties and a loss of income due to the suspension of activities.

Furthermore, even if the Group obtains guarantees from its suppliers and requires its counterparties to comply with certain performance levels, indemnities for failure to meet these performance guarantees are unlikely to be sufficient to compensate for the loss of revenue for the Group, the increase in expenses and financing costs or damages paid in the event that the Company suffers from a malfunction in its equipment or non-performance by its counterparties or suppliers.

Damage or losses not covered by the contractor's guarantees may be covered by taking out insurance, but this is not systematic as it may be outside the scope of the cover provided by applicable insurance policies or be considered as such by the insurers. For example, with regard to the Commentry biomass plant, the Group had disagreements with the project's insurers about the cover for damage caused to equipment as well as for the operating time lost during the plant construction and operation. Discussions are under way with a view to an amicable settlement under satisfactory conditions for the Group and the Areva-LLT consortium on the one hand, and the insurer (RSA) on the other, failing which the Group reserves the right to exercise all legal remedies, including litigation, available in due course.

There is no guarantee that the Group's insurance cover will be enough to cover the anticipated or potential losses arising from insurable events, or again that the insurance cover will be applicable to the damages that the Group could suffer within the scope of its activities.

In addition, in certain cases, the compensation received from the insurance company concerned could be reduced. The occurrence of event giving rise to claims being made to the insurers can in turn lead to additional preventive measures being adopted, such as increased security and/or insurance premiums, which would have a negative effect on the plants' profitability. Furthermore, the Group cannot guarantee that the insurance policies will be renewed on the same terms as existing policies or that it will be in a position to take out insurance on normal and acceptable terms to provide appropriate cover for its activity and plants.

Lastly, the Group could be indirectly affected by the risks arising from the occurrence of major losses in the renewable energy sector.

Hence, following a series of losses which occurred particularly in the field of dams as well as several losses arising from natural disasters in Latin America, some Lloyds syndicates and insurers announced at the last congress of the Association for Management of Corporate Risks and Insurance (Association pour le Management des Risques et des Assurances de l’Entreprise) their withdrawal from the renewable energy market as well as a possible increase in insurance premiums for construction in 2019 or 2020.

Each of the aforementioned risks could have a significant negative effect on the Group's activity, its financial position or its income.

Repairs and renovation of the electricity production plants carry significant risks which could lead to unexpected interruptions, reduced production and unanticipated capital expenditures

The operation of the Group's plants includes risks of breakdowns and failures if equipment and procedures or again risks of performance lower than the expected production or efficiency levels. A certain number of factors can be responsible for these performance failures and problems, such as human error, lack of maintenance and general wear over time. Unexpected interruptions of the production units, including extended programmed interruptions due to mechanical failures or other problems in connection with the Group's production plants, can also occur and constitute a risk inherent in its activity.

Unexpected interruptions of the Group's electricity production units generally involve an increase in operating and maintenance costs, which may not be recoverable under off-take contracts and thereby reduce the Group's revenue arising from a reduction in the quantity of electricity sold or compel the Group to incur substantial expenses as a result of the increased operating cost of the plant, or could even constitute a default under an off-take contract leading to its termination. Furthermore, essential equipment and components may not always be immediately available when needed, which could lead to non-negligible downtime and a delay in resuming the plant's operation, involving a loss of income which would probably not be entirely compensated by the penal clauses included in the O&M contracts. Certain bespoke equipment and parts require substantial lead time for procurement and manufacturing and delivery costs: if these items do not function as planned or are damaged, replacing them may require significant expenses for the Group and lead to a long interruption for the plant concerned.

Capital expenditures higher than those provided for may be necessary following changes in the laws and regulations on the environment, health and safety (including changes in their interpretation and application), necessary repairs to the plants or unexpected events (such as natural or human disasters or terrorist attacks).

Any unexpected failure, particularly breakdowns, forced interruptions or unexpected capital expenditures, could lead to reduced profitability for the projects and/or compromise the ability of the SPVs to repay their debts or to retain the benefit of an off-take contract, to fulfil other obligations and to pay dividends and could have a significant negative effect on the Group's cash flow and financial position.

3.1.1.1.2 Risks relating to financing the Group's plants

The Group depends on financing arrangements obtained from various sources for the development and construction of its renewable energy facilities, particularly from external debt financing

The development and construction by the Group of solar plants and wind farms and, in some cases, energy storage facilities, are expensive activities that require significant financing, mainly through the use of equity and external debt. This third-party debt financing generally covers 75% to 85% of the project costs for projects in OECD countries, between 65% and 75% of project costs for projects in non-OECD countries, and as low as 60% or even 40% of project costs for projects with strong merchant revenue components. At December 31, 2018, the Group's outstanding bank debts amounted to €1,229 million in project financing, along with €262 million in project bond financing (essentially mezzanines), for energy generation facilities.

Under certain conditions or in certain markets, particularly in the event of unfavourable general conditions in the credit market, the Group may encounter difficulties in obtaining financing in a timely manner and under conditions that allow a satisfactory profitability of the projects, sufficient loans, or even to obtain financing at all. This risk is increased in periods of rising market rates, unless the Group is able to pass on the increase in the financing cost on to its power purchase agreements rates. Nevertheless, the Group's leeway could be hampered by various factors, including, for example, competition from actors that benefit from less expensive sources of funding (for example, groups that sell an interest in their projects).

The interval between the response to a tender and the signing of the power purchase agreement, on the one hand, and the obtaining of financing (which may be over a year), on the other hand, may also put pressure on margins in a rising rate environment. Funding may also be subject to binding conditions that increase operating costs and reduce project value.

In addition, the Group's ability to obtain project financing may vary from country to country, and no assurance can be given as to whether banks that have provided financing for the Group's projects in the past will continue to do so for new projects or markets as the Group expands into new markets.

Moreover, the Group's ability to negotiate financing for renewable energy projects on competitive terms is further limited by regulatory constraints or market conditions in the less mature markets where the Group is developing its project pipeline. This may require the Group to establish partnerships with particular potential lenders or with a development bank. Reduced competition among lenders is likely to result in increased financing costs. These lenders may also be able to impose less favourable financing terms.

In some cases, particularly in non-OECD countries, the Group may be unable to close its financing after obtaining initial financing commitments, for example, if the required permits and administrative authorisations are not delivered or if extreme weather events occur or political problems arise. In some countries, the Group is often required to provide financial guarantees or deposits upfront to participate in the tendering process. Insofar as the banks providing such guarantees demand counter-guarantees, the Group may have to draw on its lines of credit to meet these demands without any assurance that the Group's bid will be successful.

If the Group is unable to negotiate financing or if the financing terms are unfavourable, the Group may be unable to build some of is forthcoming projects or will only be able to do so under less profitable terms. Difficulties in obtaining favourable financing or the inability to manage liquidity and other risks related to financial guarantees and deposits provided in tenders or more generally in the event of unforeseen investment expenses during the period prior to the recognition of revenue from a particular project may have a material adverse effect on the Group's business, financial position and results.

The Group has high leverage and significant project debt, which may affect its operational flexibility and, in a crisis scenario, have a significant adverse impact on its financial position

To finance its projects, the Group uses significant leverage to limit its equity exposure. In this sense, as of December 31, 2018, the Group's leverage ratio that is the ratio between its net debt and its current EBITDA (calculated over the last 12 months) was 6.0x. The Group's medium-term objectives, including its net debt/EBITDA target, assume a financial leverage ratio of approximately 80-85% of the invested capital, taking into account all funding, whether senior, subordinated or corporate. The Group's projects therefore imply a significant reliance on debt by the special purpose vehicles, which entails the risks detailed below. Moreover, the Group may be unable to maintain the necessary leverage to attain its growth targets for various reasons (including a possible rise in market rates or a higher equity contribution required by lenders, notably due to a larger proportion of sales at market prices of the electricity produced by a project), which would entail greater exposure by its shareholders to meet the Group's equity requirements.

At December 31, 2018, the Group's consolidated financial debt amounted to €1,690.7 million, of which €1,492 million in project financing debts contracted by special purpose vehicles or intermediate holding companies, and €16.1 million in corporate financing contracted by the Company that are not intended for financing projects. The remaining €182.5 million corresponds (following application of IFRS 16) to rental liabilities (€96.9 million), shareholder loans granted to project companies or project company holding companies by minority shareholders (€45.3 million) and hedging instruments (€40.3 million). For a description of the Group's indebtedness, please refer to Section 2.2.1. "Group's Indebtedness" of this document. The indebtedness of each of the Group's project companies raised in the amount of the project is without recourse to the Company and the other entities located outside the specific financing scope, although there are isolated exceptions such as a guarantee granted by the Company during the period prior to the commissioning of the Altiplano 200 project in Argentina, scheduled for the first quarter of 2020.

This means that the debt is repayable only from the income generated by the SPV concerned or its direct holding company (if several projects have been syndicated) and that the repayment of these loans (and interest thereon) is generally secured by the SPV's equity, physical assets, contracts, insurance policies and cash flows, or those of its holding if applicable.

If an SPV, or its holding company, were to default on its financing agreements (for example, because of an unforeseen event or a deterioration of its financial position) or fail to meet certain minimum debt service coverage ratios, such failure could make the project debt immediately payable. In the absence of a waiver or a restructuring agreement, the lenders may be entitled to seize the assets or securities pledged as collateral (in particular the Group's interest in the subsidiary that owns the project).

Moreover, the failure of an SPV or a holding company to repay its indebtedness could affect its ability to pay dividends to the Group, pay fees or interest, reimburse intragroup loans and carry out any other liquidity distribution, as the defaulting entity is generally prohibited from distributing cash. This would probably result in a loss of confidence by the Group's clients, lenders or counterparties, which would adversely affect the Group's access to other sources of financing for its projects.

Finally, in the event of insolvency, liquidation or reorganisation of one of the special purpose vehicles, the creditors (including suppliers, adjudicated creditors and tax authorities) would be entitled to the full payment of their claim from the project's revenues, before the Group is allowed to receive any distribution from that project. Where there is indebtedness for a given project, lenders may request the forfeiture of the term of the debt and seize any collateral; the Group could then lose its interest in the special purpose vehicles in question.

The Group's project financing documents includes a certain number of covenants the non-compliance of which could lead to default on the project debt

Due to its project financing strategy, the Group has to manage multiple financing contracts signed by many special purpose vehicles in different countries and jurisdictions. Although the Group endeavours to negotiate its financing on a uniform basis for all its projects, the terms of certain financing agreements may vary or provide for specific provisions or commitments that may prove difficult to meet or to manage.

Each financing agreement contains financial and non-financial covenants that are binding on the project SPV. In particular, financing agreements generally contain a minimum debt service coverage ratio or minimum DSCR defined in the financing contract (generally 1.05x to 1.10x depending on the contract). The typical financing agreement also imposes restrictions on distributions of monies to shareholders and repayments of shareholder loans, including compliance with a “lock-up” DSCR, which is generally set at a higher level than the minimum DSCR (usually from 1.10x to 1.15x depending on the agreement, or even higher for projects located in countries that are not OECD members or that have a high merchant component), and the maintenance of a "debt service reserve account". Certain financing agreements impose minimum ratios of equity to indebtedness. Lastly, some agreements also include cross-default clauses in regard to the SPV or its direct holding company and, in some cases, in relation with the financial position of the Company.

Failure to meet these covenants by the Group could lead to an event of default on a project's financing and have adverse consequences, such as the blocking of the project distributions, an increase in costs or even the acceleration of the project debt, and thus have a significant negative impact on the Group's ability to obtain financing in the future or have an effect on the cost of its future financing. In addition, if the Company experienced financial difficulties, this could trigger the cross-default clauses included in some financing contracts and thus lead to simultaneous defaults on several project SPVs.

At December 31, 2018, the minimum DSCRs and/or the minimum equity/debt ratios were adhered to by the Group's companies, with the exception of two cases of non-adherence to minimum DSCRs stated below:

- concerning the Auxois Sud wind farm, shutdowns were carried out at the end of 2018 to enable the construction of an extension (the Plateau d'Auxois Sud plant) leading to a loss of revenue equivalent to two months of production, which reduced the DSCR to below the default trigger. This event remains exceptional and does not in any way reflect lower performance of the plant;
- concerning the Champs d’Amour wind farm, in its first year of operation it suffered from less wind combined with a production ramp-up slower than expected over the first months of operation. This combination pushed the DSCR below the default trigger.

As of the date of this document, the Group has entered into discussions with the lending creditors in order to obtain waivers for these cases of non-compliance with minimum DSCRs. These discussions led to an agreement with the lenders on the terms of waivers proposed by the Group, which are still waiting to be signed formally. Therefore the Group does not anticipate major difficulties in obtaining these waivers.

3.1.1.1.3 Risks relating to the sale of electricity generated by the Group's plants

The profitability and, in many cases, the financing of the Group's renewable energy projects are dependent on securing power purchase agreements beforehand. The Group may be unable to obtain these power purchase agreements on terms that allow sufficient profitability from the projects

The value and viability of the Group's renewable energy projects depend on its ability to sell the electricity produced under contracts concluded with solvent counterparties and at appropriate prices, especially within the context of public tenders. As of December 31, 2018, over 80% of the Group's secured capacity (in MW) are allocated to power purchase agreements resulting from public tenders (or feed in tariff) or were won after a public procedure.

These public tenders are usually governed by a specific regulatory framework and/or government initiatives. Tenders are mainly won according to the price in the offer.

Consequently, if competitors are willing to accept lower margins than the Group or have less stringent project profitability analyses, margins may be on pressure, it may be harder for the Group to win tenders or win them at prices that ensure the project is sufficiently profitable.

In some cases, tenders may be announced before the Group or its local business partners have sufficient time to develop projects to present in its bid.

Also, some tenders include local commitments or criteria other than the price of the offer that the Group may not be able to meet.

If the Group is unable to secure power purchase agreements for a given project under a public tender or under sufficiently favourable terms, it will likely be unable to finance that project or will only be able to do so on unfavourable financing terms. In such circumstances, the Group may retain such a project in its pipeline and attempt to obtain power purchase agreements afterwards, through future tenders, but cannot guarantee that such a tender would take place or that it will be successful in winning it. Such a situation may lead the Group to incur additional interim costs to maintain projects that may never be built. If these projects are not carried out, all the associated prior development costs that are capitalised in the balance sheet will be written down and a corresponding expense will be recognised in the Group's income statement, which may adversely affect the Group's growth prospects, as well as its financial results.

Lastly, the Group cannot guarantee that it will be able to renew or negotiate new power purchase agreements after the termination of the initial agreements or that it will be able to negotiate sales prices under future contracts or on the wholesale markets on terms equivalent to those obtained initially. For more information, please refer to “The Group is exposed to wholesale market price risks” below. The Group’s inability to negotiate such long-term contracts may increase volatility in the Group's earnings and cash flow, or result in substantial future losses (or facility impairment), which could have a significant adverse effect on the Group's business, financial position and results.

The Group is exposed to wholesale electricity market price risk

The Group is exposed to price risks on the wholesale electricity market (spot market), including the prices of green certificates or any other instrument specific to a given market (for example, large-scale generation certificates or LGCs in Australia) on which it sells part of the electricity generated by its facilities.

The Group currently generates revenues from electricity sales on the market in the following situations:

- in some cases, where wholesale spot prices are expected to be higher than the long-term PPA price, the Group aims to structure the start date of the project’s long-term PPA to allow the Group to benefit from a period of spot market sales prior to the long-term PPA taking effect;
- in other cases, the PPA only covers part of the estimated electricity produced, which allows the Group to sell the excess electricity on the spot market;
- finally, for timing and strategic reasons, the Group may exceptionally decide to construct a project prior to securing an expected PPA and to sell at spot rates all energy generated before the PPA is secured or enters into force.

In each of these cases, as in all circumstances where the Group sells the electricity it produces on the wholesale electricity market, the Group is and/or will be exposed to the risk that prices decrease on the electricity market. In 2018, merchant revenues amounted to €27.8 million, that is 12.2% of the Group's total revenue. The Group's current policy (which may change in the future) is to maintain a market exposure below a 20% threshold of its annual revenue.

Wholesale electricity prices are generally highly volatile, market-specific and dependent on many factors. These include the level of demand, time, availability and the cost of producing the available capacity to meet demand, as well as the structure of wholesale markets (especially the rules that define the order in which generation capacity is allocated), and the factors affecting the amount of electricity that can be carried by the available infrastructure at any given times.

Electricity prices on the wholesale market partly depend on the relative cost, the efficiency and the investments required for the development and operation of conventional energy sources (such as oil, coal, natural gas or nuclear energy) as well as renewables, such as those operated by the Group. As a consequence, a decrease in the costs of other sources of electricity, such as fossil fuels or nuclear energy, may lead to a decrease in the wholesale market price. Similarly, new electricity generation capacity could also lead to a decrease in the wholesale market price, or even cause prices to be negative at given times.

More significant regulatory changes in the electricity market (such as changes in the integration of transport allocation or changes relating to electricity exchange and transport pricing) could also have an impact on electricity prices. Given the intermittency of solar and wind resources (and in the absence of energy storage facilities near the sites), it is difficult for the Group to capitalise on the periods of strongest demand in the wholesale markets when these periods happen when sunshine and wind are not sufficient to cope with demand. Incidentally, prices fall and may at times even become negative in markets with a high solar generation capacity during periods where electricity supply increases due to prolonged sunshine.

There have previously been periods of high volatility in the wholesale electricity market, and there could be more such periods in the future. Electricity prices have fallen significantly in some markets in recent years and periods of initially high prices can quickly be followed by periods of declining prices. More generally, in the absence of a contract for difference or equivalent arrangement, a project's revenue is less predictable when it sells all or part of its electricity on the wholesale market than if it sold it within the framework of a PPA covering the entire production of the installation. The greater volatility of income from a project exposed to market prices reduces the percentage of the financing of a project by debt.

The Group generates revenues from the sale of renewable energy certificates or green certificates (large-scale generation certificates or LGCs) it obtains through the generation of electricity by wind and solar projects in Australia. It then sells its LGCs either as part of a bundled package with the electricity sold under the PPA or in sales on the market *via* brokers or directly to distributors, or pursuant to LGC sales contracts. In these latter cases, the Group is exposed to the risk of decrease or volatility of LGC prices on the markets. In 2018, revenues from the sale of LGCs amounted to €48.2 million, *i.e.* 21.1% of the Group's total revenue.

A slump in the market price of electricity or LGCs could have a negative impact on the financial appeal of new projects and the profitability of the Group's facilities to the extent that part of their electricity production, and some of the underlying LGCs, are sold on the market. The impact on the Group's operating results and financial position may be significant, depending on the extent of the market exposure (*i.e.*, spot sales or LGC sales) of its portfolio.

Some of the Group's power purchase agreements expose it to inflation risk

Some of the Group's power purchase agreements do not provide for the possibility of increasing prices based on inflation or provide for a partial increase only. Even if the currencies in which the Group's power purchase agreements are denominated (euros, US dollars and Australian dollars) have experienced limited inflation in recent years, they may be exposed to increased inflation in the future.

The Group's operating costs may increase if a given country where it operates experiences a rise of inflation, and the Group may not be able to generate sufficient revenues from the relevant power purchase agreements without a price adjustment mechanism to offset inflation, which could hinder its financial performance and, in extreme cases, its ability to comply with financial covenants under project financing arrangements.

The early termination of a PPA or a counterparty's default could also adversely affect the Group's business

The Group sells most of the electricity generated by its assets under long-term power sale agreements (up to 25 years) with state counterparties (states or state-owned companies), utilities, and a limited number of corporate off-takers.

Power purchase agreements entered into by the Group may be terminated by the counterparties in limited circumstances, including events that render any payment made under such contracts illegal, cases of force majeure (including acts of state) and certain tax events. This termination option for counterparties is generally subject the payment of termination penalties. The loss of significant power purchase agreements that may result from an early termination, particularly if they concern a large plant, may have a significant adverse effect on the Group's business, financial position and results.

The Group aims to reduce counterparty risk on electricity sales contracts, in part by entering into contracts with states, public electricity utilities or other clients with high credit quality, and by obtaining performance guarantees by the purchasers. However, whenever a current or future counterparty does not have, or loses, an investment-grade credit rating and/or the Group cannot obtain guarantees from the state; the Group is or will be exposed to increased counterparty risk.

Even when the Group obtains such state guarantees, the guarantor may not have an investment-grade credit rating, or may lose it. As of December 31, 2018, the Group's main [four] clients, which accounted for around 75% of its capacity in operation (in MW), all have investment-grade credit ratings.

Similarly, the Group may be unable to fully limit its exposure to regional economic crises, as well as the ensuing credit risk, despite its diversity of locations. These risks may increase when there is volatility in the global or regional economy.

Also, as long as the Group's purchasers are state entities or state-owned entities, it is exposed to an increased risk of expropriation or regulatory or political risks, including the privatisation of counterparties, which may affect the proper performance of the relevant contracts.

For an analysis on the Group's exposure to counterparty risk, please refer to Section 3.1.3.3 of this document.

The financial performance of the Group's plants depends on its counterparties' credit quality and regular performance of their obligations under electricity sales contracts. A counterparty's default in this regard may have a significant adverse effect on the Group's business, financial position and results.

3.1.1.2 RISKS RELATING TO THE ORGANISATION AND STRATEGY OF THE GROUP

The internationalisation of the Group's activities and its expansion in developing markets expose it to legal, political, operational and other risks which could have a negative effect on its operations and profitability

The Group currently operates solar plants, wind farms, electricity storage facilities and a biomass plant, mainly in France and Australia, its main markets in which it generated over 90% of its revenue in 2018, and to a lesser degree, solar plants on selected markets in Europe, Latin America and Africa. It plans to extend its operations to a large degree outside France and Australia, particularly in Latin America (market in which the Group generated 7% of its revenue in 2018 but which constitutes 28% of the MWs in its portfolio of secured projects at December 31, 2018).

The existing international activities of the Group and its expansion strategy expose it to a certain number of risks connected to its penetration in new markets and the management of its international operations, particularly risks such as political (decline in public policies to promote the development of renewable energies), competitive (decrease in the costs of producing other sources of energy compared with solar and wind energy on local markets or giving preference to local competitors, through greater requirements of local content), legal (increased exposure to disagreements or disputes or increased legal and tax restrictions), relational (difficulties in maintaining relations with local technical, financial and legal partners) or operational (increased amount of work for the management of the Group or failure to adjust the Group's policies and commercial practices to local markets). The inability to effectively manage risks linked to international expansion could have a substantial negative effect on the Group's activity, financial position and income.

Furthermore, the current and expected operations of the Group in emerging markets, particularly in Latin American and Africa, expose it to specific risks inherent in investments and operations in developing markets, and particularly:

- emerging markets in which the Group operates or contemplates operating are at various stages of development and could suffer considerable changes in their economic performance, as well as political unrest, social movements, war, terrorist acts or any other violence. The level of security of certain markets may be reduced and, from time to time, the Group has experienced theft or security failures on these markets, which may also increase the risk of failure or shortcomings of the infrastructure;
- grid managers and other key counterparties in certain markets, particularly concerning developing markets, may have limited or no experience of the technical requirements for the development and construction of renewable energy plants and their connection to the electricity grid. This may lead to substantial delays in the development and the non compliance of some of the development, construction and commissioning stages;
- the activities of the Group on developing markets may present risks of losses in the event of expropriation, nationalisation, confiscation of assets and property, restrictions on foreign investment and recovery of invested capital;
- imposition of foreign exchange controls or no acceptable foreign currency in one or more emerging markets in which the Group operates or intends to operate may lead to restrictions on converting the local currency into a foreign currency and the transfer of funds abroad, which could limit upstream payments of the Company's dividends;
- certain emerging markets have implemented measures to encourage foreign investment, particularly tax benefits, the elimination of which could have a negative impact on the Group's income or on the availability or the cost of project financing in these countries;
- certain emerging markets could impose limits, new or additional, on direct foreign investment, in which case the Group would have to cope with additional costs or would have limited access to project financing on attractive terms;
- the inadequacy of the legal system and laws may create some uncertainty for investments and the Group's activity in some countries, due to the changes in requirements which could turn out to be costly or unexpected, judicial systems' limited budgets, unfavourable judicial interpretations and/or inappropriate or uncertain regulatory systems. This could expose the Group to even more risks with regard to the performance of contracts and could increase the financing cost or reduce the financing available for the Group's projects. These considerations led to, and could in the future lead to the Group entirely abandoning certain projects or markets without being able to recover all its investment; and
- the Group operates or plans to operate in certain countries in which corruption may be more widespread than in others. Even though the Group has adopted a Neoen charter designed to respond to these risks, the Group's controls and procedures could fail to prevent anti-corruption laws and regulations being violated. Any failure to comply with the applicable anti-corruption laws and regulations could result in substantial fines, civil or penal penalties, and an undermining of its reputation which could have a negative effect on the cost and availability of financing for projects.

The Group's inability to adequately cope with the risks in connection with operations and investment on developing markets could have a significant negative effect on its activity, reputation, financial position and income.

The Group may be unable to realise the envisaged benefits from its acquisitions

The Group has mainly seen organic growth in the past, but has also acquired interests in projects partially developed by third parties, notably the Cestas solar plant in France, the Hornsdale wind farm in Australia and more recently the Hedet wind farm in Finland. The Group selectively acquires interests and some projects when it believes that it can bring substantial added value in the development of a facility. However, there is no guarantee that the envisaged advantages will materialise.

The Group may discover, during development of a project and after having acquired it, difficulties or problems linked to the project, which have a negative impact on its profitability and make it difficult or impossible to develop it at cost and with the initially envisaged financial returns. These problems may force the Group to restructure its investment or abandon the entire acquired project, which could have a major negative impact on its financial situation and its results.

Further, the Group has already acquired and could in future acquire energy companies in markets where it already operates or in its target markets.

Interesting opportunities may present themselves due to an *ad hoc* situation in a region, conditions in the renewable energy sector or circumstances specific to a seller. In these situations, the Group may have to act quickly so as not to miss an opportunity. The activities linked to these acquisitions may take up some of the attention of the Group's management and could increase the Group's leverage. Future acquisitions could be significant and/or complex, and the Group may be unable to complete them as envisaged or be unable to complete them at all. There is no guarantee that the Group will be able to negotiate the required agreements, overcome local or international opposition and obtain the necessary licences, permits and finance. Such risks, as well as political developments, could hinder or prevent the completion of such acquisitions. Even if the Group is able to complete these acquisitions, their success and the performance under the related agreements will be subject to additional risks, including risks linked to operation in developing countries and risks linked to legal and regulatory changes. The expected synergies may not materialise, and the Group may have difficulty in consolidating the companies acquired. The Group may also be exposed to major unforeseen liabilities and problems affecting the target companies that it may have failed to identify during its due diligence. The costs associated with these liabilities or problems may not all be covered by compensation clauses that the Group negotiates as part of its purchase agreements. One of the abovementioned problems may have a major negative impact on the Group's financial situation and results.

The success of the Group depends on its ability to retain key executives and employees and to attract and retain new qualified employees

The success of the Group and its ability to pursue its growth objectives depend on qualified executives and employees, particularly certain of the Group's executives and employees with specific expertise in project development, financing, engineering, construction, operation and maintenance. In view of their expertise in industry in general, their knowledge of the Group's operating processes and their relations with the Group's local partners, the loss of the services of one or more of these persons could have a significant negative effect on the growth, project development, financial position and income of the Group.

As the Group extends its activities, its portfolio and establishment in various regions, its operational success and its ability to pursue its business plan largely depend on its ability to attract and retain additional qualified personnel with specific technical or market segment expertise, including in the many international sites where it is established.

For example, the Group's engineering and personnel are crucial to the development of new projects and the operation operation of existing assets. The success of these projects depends on the recruitment and retention of personnel, worldwide, with sufficient expertise to enable the Group to complete accurately and timely its analysis and report production requirements. There is substantial competition in the renewable energy industry to attract qualified personnel with the necessary expertise, and the Group cannot guarantee that it will be in a position to recruit a sufficient number to support its business plan and its growth. The inability to recruit and retain qualified personnel could have a negative effect on the Group's activities.

Furthermore, sometimes executives and other employees with technical or market segment expertise leave the Group. If the Group does not manage to rapidly appoint qualified and effective successors or is unable to effectively manage the temporary expertise discrepancies or other disruptions brought about by such departures, this could have a significant negative effect on its activities and growth strategy.

The Group's activities depend on its IT infrastructure, and delays or breakdowns, or any potential cyber-attack on its IT networks and system could have a negative effect on its income

The Group's activity is based on the effective and uninterrupted operation of its IT infrastructure, which includes complex and sophisticated IT systems, telecommunications system, audit, accounting and reporting, data processing, data acquisition and monitoring systems. The Group may suffer computer breakdowns and disruptions of these systems and networks, which are used in all its activities, including in its highly automated plants and for the distribution and supply of electricity. These may be caused by system updating problems, natural disasters, cyber-attacks, accidents, power cuts, telecommunications failures, terrorist attacks or war, computer viruses, physical or electronic intrusions or similar events or disruptions.

Disruptions to the Group's IT systems could seriously disrupt administrative and sales operations, including causing a loss of sensitive data and compromise operating capacity. This could also lead to a loss of service for customers and incur substantial expenditures to correct the security breaches and damage to the system. Furthermore, in addition to having a negative effect on the Group's activity, a failure of the operations' monitoring system (focused on availability, the activity and efficiency of the plant, accounting and reporting, operational monitoring, health and safety and compliance with the laws and regulations on the environment) could lead to a loss of revenue, non-compliance with contractual, regulatory or tax obligations, requirements regarding permits and give rise to fines and penalties.

3.1.1.3 ACCOUNTING AND FINANCIAL RISKS RELATING TO THE ACTIVITY OF THE GROUP

Impairment of the carrying value of the plant, property and equipment and intangible assets of the Group would have a negative effect on its income and consolidated balance sheet

The property, plant and equipment acquired by the Group is mainly comprised of the generating assets held by the Group, generally recorded as such as from the construction launch of a project or from the date of its acquisition by the Group.

To a lesser extent, property, plant and equipment includes other types of assets such as the plots of land purchased by the Group for the construction of its facilities or structuring costs in connection with the arrangement of facilities used to finance the assets up until the commissioning of relevant projects. Intangible assets acquired by the Group mainly comprise the capitalised development costs related to the various projects, which are capitalised once the activation criteria have been met. The property, plant and equipment and intangible assets stood at €1,703 million and €122 million, respectively, at December 31, 2018.

These assets are initially recorded at their cost and their fair value and the property, plant and equipment and intangible assets relating to projects in operation are amortised or depreciated over their useful life. When impairment indicators are available, an impairment test is carried out on the property, plant and equipment and intangible assets.

When the recoverability of the assets is assessed, the Group makes estimates and assumptions on the sales, climate resources, interest rates, raw materials prices and discount rates in accordance with the Group's budgets, business plans, economic forecasts, forecasted cash flows of the Group as well as market data. There are uncertainties inherent to these factors and the management's judgement when applying them. As a general rule, the fair value of the property, plant and equipment and intangible assets is determined by discounting the future cash flows generated by each group of assets.

The Group could be required to assess the recoverability of its property, plant and equipment and intangible assets in a certain number of situations, particularly when there is a diminished probability of the project's development succeeding, a disruption of the activities, an unexpected significant reduction in the operating income, the sale of a major component of its activities or when an unfavourable measure or decision is taken by regulatory authority. Impairment expenses relating to the property, plant and equipment and intangible assets significantly affect the Group's net expenses during the periods in which they are recorded. If the current economic conditions worldwide deteriorate, or if environmental policies with regard to renewable energy become unfavourable, this could increase the risk that the Group depreciates its property, plant and equipment and intangible assets.

The Group might not be in a position to fully or effectively hedge against exposure to exchange rate risk

The Group generally hedges against a potential exchange rate risk insofar as certain of its project development costs and, in certain cases, the project construction costs are paid in a currency other than the one used to finance the project or the one in which the Group receives its income from operations. For an analysis of the Group's exposure to exchange rate risk and hedging, refer to Section 3.1.3.2 of this document. Nevertheless, the risk management procedures set up by the Group with regard to such hedging might not always be effective or protect it as planned against exchange rate fluctuations. In particular, when foreign exchange exposure is not yet certain, the Group could decide not to hedge the risk. Consequently, the exchange rate fluctuation may have a negative effect on the financial results of the Group insofar as the Group did not hedge certain positions or did not hedge them sufficiently. Furthermore, certain types of economic hedge activities might not be eligible for hedging accounting in accordance with IFRS, which would increase volatility in the Group's net income.

The Group is not entirely hedged and might not be effectively covered against the interest rate fluctuations provided for in the project financing contracts to which it is party

In the majority of its project financing contracts, the Group has hedged most of its exposure to the risk of a variable interest rate. For an analysis of the Group's exposure to the interest rate risk, refer to Section 3.1.3.1 of this document.

Nevertheless, with the aim, among others, of ensuring the greatest flexibility in the case of early repayment or cancellation of the debt, part of its exposure to the rate risk cannot be hedged. In certain cases, the lender concerned is not in a position to provide an interest rate risk at financial close, thereby exposing the project to variable interest-rate fluctuations until the full draw-down on the debt concerned.

In such cases, the resulting increases in interest rates and financial expenses may affect the project company's ability to pay dividends, to repay loans to shareholders or even to service its debt, or again to increase the investment amounts required during construction, which could lead to insufficient funds to complete commissioning the plant.

3.1.2 RISKS RELATING TO THE RENEWABLE ENERGY SECTOR

3.1.2.1 RISKS RELATING TO REGULATION AND PUBLIC POLICY

Any reduction in or challenge to regulated prices and tariffs for the purchase of renewable electricity by national or local authorities or any other public entity could have a material adverse effect on the Group

The value and viability of the wind and solar power, storage and biomass facilities developed and operated by the Group depend on its capacity to sell the electricity thereby generated at suitable price levels, either pursuant to power purchase agreements or on the wholesale market.

In the past, those of the Group's projects located in France enjoyed an open-window purchase obligation which required EDF or local distribution companies to purchase the electricity generated by the Group at the feed-in tariffs set by ministerial order. Since the introduction of France's Energy Transition Law for environmentally-friendly growth dated August 17, 2015, a majority of the Group's facilities located in France now benefit from the "feed-in premium" mechanism based on the option to sell the electricity generated by certain facilities directly on the wholesale market (in particular to suppliers and traders) while also receiving a premium paid by EDF. The feed-in premium agreement works on the basis of a "contract for difference" by which EDF has an obligation to pay the producer the difference between the price that it would have paid under a feed-in tariff mechanism and the price at which the producer is selling the electricity on the market. These contracts for difference are either signed further to invitations to tender or, to a lesser extent, in the context of an open-window framework.

These feed-in tariffs or feed-in premium mechanisms, on an open-window basis or further to competitive tenders, are also found in other countries in which the Group has a presence. For example, in Zambia, the "Scaling Solar" programme in which the Group has taken part in the past is aimed at coordinating the development and installation of solar power plants with a target capacity of 600 MW. In Argentina, the Group is a participant in the "RenovAr" programme which includes provision for invitations to tender further to which the successful bidders are awarded power purchase agreements offering them a U.S. dollar-based indexed fixed price for a term of 20 years with *Compañía Administradora del Mercado Mayorista Eléctrico* ("CAMMESA").

For each of these countries, any adverse changes in the premiums or the prices offered on an open-window basis or further to invitations to tender could have a material impact on the profitability of the Group's projects and the revenue generated, particularly if the said feed-in premiums or feed-in prices are not sufficiently high to cover the project costs (notably the cost of repaying agreed debt) and guarantee appropriate returns. Moreover, if the Group is not able to reduce its costs, notably *via* other system components (BOS and/or BOP components), quickly enough to offset the reduction in the feed-in premiums or regulated prices in France or other countries, the projects based on such remuneration conditions may not be viable.

Any adverse change in the regulations or public policy in support for renewable energy could have a material effect on the Group's activities

The Group's activities are, to a certain extent, dependent on the incentive-based public policies adopted in those countries in which the Group operates aimed at promoting the production and sale of energy from renewable sources. Depending on the country, these measures may take the form of commitments and planning for the production of renewable energy (such as the multi-year energy programme in France or the "Renewable Energy Target" programme in Australia), direct or indirect subsidies paid to operators, obligations to purchase at feed-in tariffs or the payment of bonuses through the open-window market or in the context of invitations to tender, pricing rules for electricity generated using renewable sources, quotas for the supply of renewable energy imposed on private professional consumers, the issuance of green certificates which can be traded in the marketplace (notably, the large-scale generation certificates in Australia), preferential rights to access electricity transport and distribution networks and tax incentives. These policies and mechanisms generally reinforce the commercial and financial viability of renewable energy facilities and often make it easier for the Group to obtain financing.

The Group's ability to benefit from these policies and their favourable nature depend on the political and strategic options selected with regard to the environmental challenges in a given country or region, which may be impacted by a wide range of factors including macro-economic conditions in the country or region in question, changes within governments and lobbying efforts made by the various stakeholders, including the renewables sector, other electricity producers and consumers, environmental groups, farming businesses and others.

Moreover, the organisation of public invitations to tender which constitute the main opportunities for the Group to sell the electricity generated depends to a great extent on the willingness of States or regions to promote the production of renewable energy within their territory, or even on planning tools such as the multi-year energy programme in France. States or regions, due to political changes or new governments could reduce the number of tender procedures or throw into question ongoing or announced procedures. For example, in Mexico, after the federal elections of 2018, the *Centro Nacional de Control de Energía* or "CENACE" announced the postponement then abandonment of tender procedures initially planned for the end of 2018, for which the Group was a preselected candidate. These exceptional decisions delay the Group's ability to conclude PPAs and find openings for the projects it develops in the country.

As far as the specific case of Mexico is concerned, the costs incurred on the project Puebla represented €950 thousand at December 31 2018. Considering the opportunities offered by the Mexican energy market, the Group has decided to continue developing this project outside the framework of the initial call for tenders. To date, its prospects for completion remain real, and justify maintaining development costs in the Group's financial statements.

More generally, any challenge to, or adverse change in these incentive-based public policies and any uncertainties in relation to their interpretation or implementation or any reduction in the number of invitation to tender procedures carried out or in the volumes allocated thereby could have a material adverse effect on the Group's business, results or financial position.

More generally, the Group is doing business within a restrictive regulatory environment. These regulations relate to matters of urban planning, environmental protection (planning regulations, noise regulations, biodiversity), protection of local populations (such as Aboriginal populations in Australia), hygiene, safety and health at work, maintenance and control of operational facilities, dismantling of facilities at end of life and recycling of their components. If the Group does not make its facilities compliant, or ensure their compliance with the relevant provisions, it may have its authorisations withdrawn (licences, permits, etc.) or be fined by the regulatory authorities or grid managers which could have a major negative impact on its business, results and financial situation.

If the Group is unable to secure the permits, licences and authorisations necessary for the conduct of its business or the construction of its facilities, this could have a material adverse effect on business and on the value of its portfolio of assets

In the context of its activities, the Group is subject to significant constraints relating to the issuance of the permits, licences and authorisations required by the regulations in force and issued by local or national authorities. Depending on the country, these permits, licences and authorisations may take the form of planning permission (such as building permits), environmental surveys and mandatory impact surveys, generating and operating authorisations, network connection authorisations and any other specific authorisations related to the presence of protected areas close to the facilities (archaeological sites, historic buildings, military or nuclear facilities, forests, etc.).

Depending on the country, national governments and local authorities may have greater or lesser discretionary powers with regard to the granting of these permits, licences and authorisations and may exercise these discretionary powers in an arbitrary or unpredictable manner. Moreover, the number of competent authorities may make the process for obtaining these authorisations and permits lengthy, complex and costly.

Therefore, the Group cannot guarantee that it will be able to obtain the permits, licences and authorisations necessary for the construction of a given facility or for any activity that it intends to carry out in a specific country at a reasonable cost or in accordance with the anticipated timetable. Finally, for projects at the development stage, the Group may have committed resources without obtaining the permits and authorisations necessary and may therefore have to withdraw from or abandon a project, which could have a material adverse effect on its business, development or financial position.

More generally, if the Group is unable to secure these permits and authorisations, this could have a material adverse effect on its business and on its operating results.

Any opposition to the construction of facilities from local communities or any challenge to permits, licences and authorisations once granted to the Group may extend the development timeline or force the Group to abandon certain projects

The wind power projects and, to a lesser extent, solar projects developed and operated by the Group may be the target of strong opposition from local communities and associations, specialised in particular in the fight against wind farms, particularly in France.

In particular, the permits, authorisations and licences necessary for the construction of a facility may, once granted, become the subject to an appeal filed by neighbours and associations who generally cite damage to the landscape, noise pollution, damage to biodiversity or, more generally, harm to the local environment before the courts.

Appeals of this kind are very frequent for those of the Group's wind farm projects located in France and may arise for projects worldwide.

When the permits and authorisations obtained by the Group are challenged or cancelled, the periods needed to develop the projects are longer, and in some extreme cases, may force the Group to abandon these projects under development.

At December 31, 2018, less than 10% of the Group's 87 solar power projects and 27% of the Group's 45 wind power projects in the “awarded”, “tender-ready” and “advanced development” phases in France had become the subject of an appeal (projects in the “early stage” phase are not generally far enough advanced to be challenged by an appeal). Between January 1, 2018 and December 31, 2018, the Group was forced to abandon one solar power project and one wind farm project as a result of appeals.

More generally, no guarantees can be given by the Group that a wind farm or, to a lesser extent, a solar power plant currently under development will be given a positive reception or be accepted by its neighbouring communities. Even if there are various regulations aimed at restricting the exact locations of wind farms or solar power plants, opposition from the local community may make it more difficult to obtain a building permit and this could lead to more restrictive new regulations being adopted. A lesser degree of acceptance by local communities regarding the location of power plants, an increase in the number of appeals or an adverse change to their outcome could lead the Group to abandon certain projects and, therefore, have an adverse effect on the Group's prospects and financial performance.

The Group could have exposure to tax risk

As an international group doing business in a large number of countries, the Group has structured its commercial and financial activities in accordance with the various regulatory obligations to which it is subject and with its commercial and financial objectives. The structure of the Group will moreover have to change as and when the Group's activities develop, notably on an international level. To the extent that the tax laws and regulations of the various countries in which the Group entities are located or doing business do not make it possible to establish any clear or definitive guidelines, the tax regime applied to its activities, transactions or intra-group reorganisations (past or future) involving Group companies is or could on occasion be based on an interpretation of French or foreign tax laws and regulations.

The Group cannot guarantee that these interpretations will not be challenged by the relevant tax authorities. More generally, any violation of the tax laws and regulations in force in those countries in which the Group or Group entities are located or doing business may lead to tax audits or to the payment of interest for late performance, fines and penalties. In addition, tax laws and regulations may change or be amended with regard to the interpretation and application made by the relevant courts or authorities, potentially with retroactive effect, in particular in the context of joint initiatives adopted on an international or EU level (OECD, G20, European Union). Each of the foregoing points is liable to take the form of an increase in the Group's tax burden and have a material adverse effect on its financial position or results.

The Group was the subject of tax audits in 2018 which could reoccur in the future. The outcome of the tax audits could alter the Group's forecasts and the amount recorded as a provision, if required, in the consolidated financial statements, which could have a material adverse effect on the Group's deferred tax assets, cash flow, business, financial position or results of the Group.

The Group currently benefits (directly or *via* its special purpose vehicles) from beneficial tax regimes or tax incentives in certain of the countries in which it is active, designed to facilitate the development and promote the use of renewable energy sources or the investments related thereto. The benefit and scale of the tax incentive regimes are not guaranteed and changes to these policies could have a material adverse effect on the Group's business, results and financial and tax situation.

Conversely, the Group is subject to specific taxes applicable to companies in the energy sector in general and to local taxes applicable to the construction of energy production facilities or the use of electricity networks. The scale of these taxes could change in response to shifts in political and social sensitivity to environmental matters and in view of the maturity and growing profitability of the renewable energy industry as a whole. Any increase in the specific taxes and local levies could have a material adverse effect on the Group's activities, its results, financial and tax position, in particular if such an increase were to apply specifically to renewable energies without targeting other energy sources, which could lead to a potential reduction in the competitiveness of renewable energy.

The Group could see a reduction in its capacity to make interest tax deductible

Articles 212 *bis* and 223 B *bis* of the French General Tax Code, in the version in force prior to the 2019 budget act, limit the percentage of the net financial expenses which can be deducted from company tax, subject to certain terms and conditions and other than for exceptions at 75% for financial years beginning after January 1, 2014 and before January 1, 2019 (the “planing” rule).

In addition, according to the terms of the French rules on under-capitalisation applicable to financial years beginning before January 1, 2019, the deduction of any interest paid on loans granted by a related party and, subject to certain exceptions, on loans granted by third parties but guaranteed by a related-party, is subject to limitations, in accordance with the rules set out in Article 212 of the French General Tax Code in the version pre-dating the 2019 Finance Act.

The rules referred to above limiting the ability to deduct interest by virtue of French tax legislation have been abandoned with effect from financial years starting from January 1, 2019 in the context of the partial transposition of the European directive establishing the rules for the prevention of tax fraud, having a direct impact on the operation of the internal market, adopted on July 12, 2016 (“ATAD”).

For financial years starting after January 1, 2019, the 2019 Finance Act has introduced a new mechanism to limit the ability to deduct net financial expenses at 30% of EBITDA for tax purposes (or €3 million if greater), applied on the level of the tax group. This threshold is reduced to 10% of EBITDA for tax purposes (or to €1 million if greater) if the tax group is considered to be under-capitalised pursuant to the new provisions. More favourable measures such as protection clauses and the carry-forward of non-deductible financial expenses may apply under certain conditions depending on the situation of the Group.

The impact of these rules on the Group's capacity to carry out the effective deduction of interest charges for tax purposes could have a material adverse effect on its results and financial position.

The Group's future results, French and foreign tax rules and tax audits and disputes could limit the Group's capacity to record deferred tax assets and thereby have an effect on the Group's financial position

The Group may record deferred tax assets on its balance sheet as the difference between the recording of tax in accordance with IFRS and the actual tax paid by Group entities. This difference includes *inter alia* the deferred impact of any reduction in tax on losses carried forward. At December 31, 2018, deferred tax assets net of tax liabilities carried forward stood at €1.3 million, it being stipulated that this figure includes the deferred tax assets corresponding to Group tax deficits and tax credits for €45.3 million (please see Note 27 to the Annual Financial Statements).

The actual realisation of these assets in future years will depend on a set of factors including (i) the ability to generate a profit for tax purposes and the degree of adequacy between the level of realisation of these profits and the level of losses, (ii) the general limit applicable to French tax deficits, according to which the percentage of any deficit which can be carried forward for tax purposes which can be used to off-set the portion of the taxable earnings in excess of €1 million for each relevant subsequent financial year is capped at 50%, (iii) the limits imposed on the use of the tax deficits imposed by foreign laws and regulations, (iv) the consequences of any current or future tax audits or litigation and (v) any potential changes to the applicable laws and regulations.

The impact of these risks could increase the tax burden imposed on the Group and thereby have an adverse effect on the Group's effective tax rate, financial position and results.

The Group has exposure to risk linked to various legal or administrative proceedings or proceedings launched by tax or regulatory authorities

The Group is currently involved in legal proceedings and litigation and could, in the future, be involved in litigation of all kinds or in any other judicial, governmental, administrative or tax proceedings, in the normal course of its business. These proceedings may lead to an adverse decision, to the payment of considerable damages, to regulatory penalties or even criminal law penalties, and cause damage to the reputation of the Group and thereby have a material adverse effect on its business, financial position or results. Even if proceedings of this kind are finally resolved in favour of the Group, they may take up a significant volume of its resources and of its employees' time or lead to negative publicity, to the detriment of the Group's reputation and business.

For example, on 28 September 2016, a power failure occurred throughout the entire state of South Australia for a period of 26 hours. The Australian Energy Market Operator ("AEMO") issued a report on the causes that identified tornadoes that had damaged the area’s electricity transmission network infrastructure, resulting in accumulated malfunctions of electricity transmission systems that, in turn, triggered the system protection mechanisms of several wind farms connected to the network, including Hornsdale Wind Farm 1 Pty Ltd ("HWF 1"). These system protection measures led to a reduction or even stoppage of such wind farms’ output and hence an increase in imported power flowing into the network, specifically from the neighbouring state of Victoria, through an interconnector that overloaded and was tripped offline, leading to complete system shutdown.

The Australian Energy Regulator ("AER") requested information and documents regarding the black-out from HWF 1 (and, to the Company's knowledge, from other renewable energy producers connected to the network). HWF 1 responded to these questions and provided the requested documents.

On May 2, 2019, AER issued a letter to HWF 1 (and other renewable energy providers) containing an invitation to provide further information or submissions in relation to alleged breaches of the National Electricity Rules ("NER") connected with the black-out. HWF 1 provided a written submission to AER dated May 10, 2019, and thereafter AER and HWF 1 met on May 17, 2019, to further discuss the issue. It is possible that the AER will issue civil proceedings against HWF 1 for alleged breaches of the NER and seek (amongst other things) an order that HWF 1 pay a civil penalty (up to a maximum amount of AUD100,000 per breach). The Group believes that it has a strong basis to contest any civil proceedings that may be issued against HWF 1. However, no assurances can be given with respect to the outcome of any such proceedings (or any appeal from such proceedings), and the Group recognises that a declaration that HWF 1 was in breach of the NER would increase the risk of a class action lawsuit against HWF 1 by claimants seeking compensation for damages allegedly incurred caused by the black-out. Defending against any legal action would be costly and any related losses could be significant.

To the best of the Company's knowledge, there are no other legal or administrative proceedings or proceedings from tax and regulatory authorities that could have or may have recently had a significant impact on the financial position or profitability of the Company and/or the Group.

3.1.2.2 RISKS LINKED TO CLIMATE AND NATURAL DISASTERS

Generating electricity from renewable energy sources is highly dependent on meteorological conditions, notably sun and wind, and the intermittent nature of renewable energies may cause fluctuations and be a problem from a competitive perspective

The Group is investing in and plans to continue investing in electricity generating projects dependent on wind and sun. At December 31, 2018, those of the Group's solar facilities and wind farms in operation represented 883 MW and 489 MW respectively, *i.e.* approximately 59% and 33% of its total operating capacity.

Generating levels for the Group's solar and wind projects depend closely on the degree of irradiation for solar power facilities and the kinetic energy of the wind to which wind turbines are exposed, both of which are resources outside of the Group's control and which may vary significantly depending on the period. Predicting general meteorological conditions, such as seasonable variations in resources, is highly complex, particularly given that exceptional poor weather conditions may lead to one-off fluctuations in generating levels and in the levels of income generated by the projects. While, at the time of writing this Reference document, the Group's activities are primarily concentrated in France (41% of the MW in operation as of December 31, 2018) and in Australia (50% of the MW in operation as of December 31, 2018), the geographical and technological diversification strategy being applied to the portfolio of Group projects should in the future restrict the scale of this risk on a consolidated level. If adverse weather conditions were to continue over the long term, this could have a negative impact on the level of profitability of the projects in question.

Insufficient levels of irradiation or wind are liable to trigger a reduction in the amount of electricity generated. Inversely, excessive heat may lead to a reduction in the amount of electricity generated by solar power plants and wind in excess of a certain speed may cause damage to wind farms and force the Group to shut down turbines.

The Group makes forecasts relating to the amount of electricity generated using statistical surveys based on the past meteorological record for the sites. The Group's internal rate of return ("IRR") and the financial covenants negotiated in the context of project financing are generally based on the assumption that these forecasts will be accurate at least for a defined percentage of the time.

The estimates regarding the level of irradiation and wind resources per site created on the basis of the Group's own experience and studies carried out by independent engineers may however not reflect the actual level of solar and wind resources available on a given site for a given period. Although the Group draws up forecasts for variations compared with the meteorological track record as well as the potential impacts on its business, it cannot guarantee that these forecasts will be sufficient to anticipate the most significant adverse impacts on its business and predict future weather conditions. Any reduction in the amount of electricity generated for the reasons set out above would be liable to trigger a fall in revenue and in the profitability of the Group and could have a material adverse effect on its business, financial position or operating income and, in extreme cases, on its capacity to comply with the financial covenants pursuant to the project financing agreements.

Risks linked to climate change and to extreme weather events could have an adverse impact on Neoen's business

The risks linked to climate change or extreme weather events could have a material impact on the Group's facilities and activities. To the extent that climate change triggers fluctuations in temperature, wind resources and meteorological conditions, generates an increase in average cloud cover or again increases the intensity or frequency of extreme weather events, it is possible that it could have an adverse effect on the Group's facilities and business. Moreover, extreme weather events are liable to cause damage to the Group's facilities or increase the number of stoppage periods, an increase in operating and maintenance costs (O&M costs) or again interfere with the development and construction of large-scale projects. For example, in certain markets in which the Group has a presence, the Group has already had to deal with extreme weather events such as hurricanes in Jamaica and earthquakes in El Salvador.

3.1.2.3 RISKS LINKED TO COMPETITION IN THE RENEWABLE ENERGY SECTOR AND THE COMPETITIVENESS OF THE SECTOR COMPARED WITH OTHER SOURCES OF ENERGY PRODUCTION

Competition in the renewable energy market is increasing constantly and may have an adverse effect on the Group

There is a great deal of competition in the solar, wind and biomass energy sector which is undergoing constant change, and the Group is faced with significant competition in each of the markets in which it operates. This competition is the result of multiple factors including notably an increase in the number of stakeholders in the renewable energy sector in recent years, the fall in the cost of solar panels and wind turbines, of other system components (BOS or BOP components), and also in construction and maintenance costs, the cost of capital and other costs, a fall in electricity prices both in the spot market and *via* feed-in tariffs or through competitive tendering, and, again, further to rapid changes in technology having an impact on the sector.

All these factors may reduce the average sale price in power purchase agreements or accentuate the Group's difficulties in bidding successfully in invitations to tender at prices which guarantee the desired or necessary returns, notably in order to guarantee the financing of the projects in question. This intensive and increasing level of competition has, along with the reduction in supply costs, contributed to pushing down the prices on offer in the context of invitations to tender, thereby leading to ever lower prices being seen in the context of recent procedures.

Moreover, in each of the markets in which it operates, the Group is facing competition both from local entities and global stakeholders, many of which have a great deal of experience (both nationally and internationally) in the development and running of power plants and financial resources which are at least equivalent to or better than those of the Group.

In addition, in recent years, the renewable energy sector has been marked by a trend toward consolidation, notably *via* the arrival of international energy groups in this market. As an example, EDF, the main electricity supplier in France which is controlled by the French State, has recently announced an ambitious programme for the development of solar energy in France as well as a plan to develop electricity storage in France and internationally which will be implemented *via* dedicated subsidiaries. Other leading energy operators such as Engie and Total have also strengthened their positions in the renewable energy market *via* recent acquisitions of independent wind and solar developers and producers. Finally, other competitors have attempted to increase their market share *via* merger transactions and company consolidations which have led to the creation of larger stakeholders, having significant financial resources, in many cases exceeding those of the Group.

The renewable energy market is a young market compared with the conventional energy market and is changing rapidly, and it may not develop as rapidly or in the manner anticipated by the Group and could suffer from competition with other sources of electricity generation

The renewable energy market is a market which is relatively young compared with the market for electricity generated using fossil fuels or nuclear energy. This market may change more rapidly or in a different manner from that as currently anticipated by the Group or by sector analysts. Several factors may impact growth in terms of generating capacity and the attractiveness of renewable energies compared with other sources of energy, in particular:

- the competitiveness of the electricity generated by production facilities using renewable energy sources compared with conventional energy sources such as natural gas or nuclear fuel;
- the performance, reliability and availability of the energy generated by facilities producing electricity from renewable energy sources compared with other conventional energy sources;
- improvements in technology and changes in the cost of components (solar panels, wind turbines, other system components) as well as in development and construction costs (EPC costs) and operating and maintenance (O&M costs) of the facilities;
- fluctuations in economic and market conditions having an impact on prices and on demand for conventional energy, notably price rises or falls concerning primary energy sources such as natural gas, coal, oil and other fossil fuels, as well as developments relating to cost structure, efficiency and investment in the equipment necessary for other electricity generating technologies;
- fluctuations impacting global demand for renewable energy both from State entities (in the event of challenges to public incentive schemes) and private stakeholders (notably in the event of a reduction in the positive image enjoyed by private companies powered exclusively or mainly by renewable energy); and
- for those geographical markets in which network parity has not yet been achieved, fluctuations in the availability, content and scale of support programmes, including objectives set by public authorities, subsidies, incentives and standards favourable to renewable energy and including the possible adverse changes concerning the programmes applicable to the other forms of production, convention or other, of electricity.

Any one of the factors listed above could undergo changes not currently anticipated by the Group. New market conditions could emerge and be liable to impact the Group's strategy planning in an unexpected manner. If the renewable energy market were to develop more slowly or other than anticipated, investors' interest in investing in this sector could erode and the Group could experience difficulties in achieving its development objectives or commercial objectives.

The Group has exposure to risks linked to variations in the price of solar panels and wind turbines, in other system components, design, construction and manpower costs and the raw materials necessary for the production of renewable equipment

Although the Group entrusts the construction of its solar power plants and wind farms to third-parties *via* turnkey EPC contracts, the specific wind turbines and solar panels which it wants to see installed in its solar power plants and wind farms are almost always stipulated and the Group gives its opinion on the suppliers of other system components (BOS or BOP components) such as inverters, transformers, electric protection measures, cabling and monitoring equipment, as well as structural elements such as the mounting frames or wind turbine masts.

The price of these wind turbines, solar panels and other system components (BOS or BOP components) may increase or fluctuate depending on a range of factors outside of the Group's control such as adverse changes in the price of the raw materials required for the production of renewable generating equipment (steel, lithium, cobalt, etc.), the re-imposition of anti-dumping measures targeting Chinese solar panel manufacturers (as was the case in the United States in 2018) or the adoption of any other inter-governmental commercial measures targeting key materials used in the plants. These measures could therefore increase the Group's supply costs, which could damage the value of its projects or render certain projects non-viable, each of these circumstances potentially having a material adverse effect on the Group's business, results or financial position.

In order to remain competitive, the Group must respond to the rapidly changing solar and wind power and electricity storage markets, notably via the identification of new technologies and their integration into projects currently under development

The solar and wind power and electricity storage sectors are marked by rapid progress and an increase in the range of technologies, products and services available. Technological progress made in terms of solar, wind and electricity storage contributes to reducing costs as well as improving techniques in order to offer better network integration and improved returns, making older technologies less competitive. Moreover, companies may perfect new electricity generating or storage technologies which are more competitive from the point of view of costs or more profitable than the solar, wind and storage equipment used by the Group. If the Group does not manage to identify and develop these new technologies or to adapt its existing facilities to use these innovations, it could experience difficulties in the context of participation in invitations to tender or in signing attractive power purchase agreements for its new projects. There could therefore be a material impact on the Group's business, its financial position and the results of operations.

The Group may also experience difficulties with regard to negotiating financing for projects using new but relatively unusual and as yet untested technologies, which may place the Group at a disadvantage compared with those of its competitors who have sufficient resources in order to finance projects using these new technologies themselves, in particular when these require a significant initial investment and/or then give a material advantage in terms of costs.

If the Group's competitors manage to develop technologies enabling them to submit lower bids or bids with more attractive conditions in the context of invitations to tender, the Group may not be in a position to align itself with these bids without causing an impact on its profitability or could even be unable to submit a bid in the context of the procedure. This situation could have a material adverse effect on the Group's business, its future prospects, financial position and operating results.

3.1.2.4 RISKS RELATED TO ACCESS TO AND THE PERFORMANCE OF ELECTRICITY GRIDS

Difficulties relating to the connection to distribution and transmission networks, insufficient electricity transport capacity and the possible cost of renovating the transport network could have a material effect on the Group's capacity to build its plants and sell the electricity generated thereby

In order to sell the electricity generated by the plants it operates, the Group must have these plants connected to public distribution networks or, to a lesser extent, electricity transportation networks. So, the possibility of installing a production site at any given location depends closely on the possibility of connecting the plant to the distribution and/or transportation networks. As the sites available for the construction of plants are sometimes located at a distance from distribution and/or transportation networks, the Group cannot guarantee that it will be able to obtain sufficient network connections, within the contemplated cost and time parameters, for the construction of its future plants, notably in non-mature or emerging markets for which the network manager still lacks the experience required in terms of connecting renewable energy generating facilities.

Moreover, insufficient network capacity caused by network congestion, by over-production by connected facilities or by excessive fluctuations in electricity market prices could cause material damage to the Group's projects and lead to a reduction in project size, delays in the implementation of projects, the cancellation of projects, an increase in costs due to network improvements and the potential confiscation of the guarantees put in place for the Group with the network manager in the context of connection to a given project.

Insufficient capacity of this kind could also lead the grid operator to ask the Group to cap the supply to the network below its regular production capacity (grid curtailment). At the moment, this phenomenon is mainly an issue for the Group in Australia where the network is accessible to all electricity generators (an open access network), with no priority granted to renewables, and where the Group is obliged to keep losses in terms of energy transported to a minimum (marginal loss factors or “MLF”), notably in the event of positive or negative fluctuations in network supply. In South Australia, lack of network capacity has led the Australian Energy Market Operator to limit the amount of wind-generated electricity injected into the network based on the number of gas-powered power stations in operation at the same time. The occurrence of curtailment requests of this kind automatically leads to a loss of income generated by the facilities impacted and a reduction in their profitability. Moreover, for each of its projects in Australia, the Group has established financial models taking grid curtailment and MLF forecasts into account on the basis of the scenarios considered to be probable as of the date of the financial closing. If these assumptions were to prove insufficient, this would have a potentially material adverse effect on the internal rates of return for the projects in question and, in extreme cases, could impact the special purpose vehicles' ability to service their debt. The introduction of energy storage measures by the Group has provided a partial response to the risks generated by curtailment, as is shown in Section 2.1.4.1 of this document.

Finally, in certain markets (notably Australia), the Group (like other producers) has to make a contribution to the commissions paid to energy producers (notably fossil fuel generators but also renewables generators who have storage facilities in addition to their plants) for services rendered for the stabilisation of the electricity network, in particular in order to correct the phenomena of the intermittent supply of electricity to the network by generators using renewable energy sources or to correct fluctuations in frequency (so-called "FCAS" or"frequency control ancillary services").

Details of the value of these FCAS contributions as well as of the commissions received by the Group for its FCAS services for the financial years ended December 31, 2017 and 2018 are set out in the table below:

	Financial year ending on December 31	
(in Australian dollars)	**2018**	**2017**
FCAS revenue	18,582,532	409,630
FCAS contributions	(2,941,752)	(2,028,869)
BALANCE	**15,640,780**	**(1,619,239)**

For each of its projects in Australia, the Group establishes financial models taking FCAS forecasts into consideration, on the basis of the scenarios considered to be probable as of the date of the financial closing. The value of these FCAS contributions is unpredictable, may be material and could be greater than the hypotheses adopted in the financial models and not be off-set by the commissions received by the Group in its capacity as a supplier of these FCAS services *via* its storage facilities. If applicable, this would have a potentially material adverse effect on the internal rate of return of the projects in question.

3.1.3 MARKET RISK

3.1.3.1 INTEREST RATE RISK

The Group has exposure to market risk in the connection with its investment activities. This exposure is mainly linked to fluctuations in the interest rates applied to its borrowings in relation to the projects.

The following table summarises the Group's exposure by interest rate type at December 31, 2017 and 2018:

(in millions of euros)	**12.31.2018**	**12.31.2017**
Fixed-rate borrowing	657.2	619.7
Variable-rate borrowing	993.3	754.7
Hedging	40.3	24.8
TOTAL FINANCIAL DEBT AFTER HEDGING	**1,690.8**	**1,390.2**

As a matter of principle, project financing arranged at variable rates is covered by hedging which, in general, represents a rate weighted over the lifetime of the loan of 75% or more of the amount of the borrowing. Interest rate risk is hedged *via* privately-negotiated instruments (rate swaps) with international banking counterparties which are recorded at fair value and, for part of the hedging which is assessed as effective, recorded in the Group's equity, and variations in these fair values are recorded in the consolidated statement of comprehensive income included in the Annual Financial Statements.

The aim of the Group's risk management policy is to limit and control the impact of fluctuations in interest rates and their repercussions on income and cash flows.

The table below sets out the Group's use of derivatives at December 31, 2017 and 2018 in order to hedge its exposure to interest rate risk:

	Notional value per maturity					
(in millions of euros)	**Less than 5 years**	**More than 5 years**	**Total**	**Fair value**	**Recorded as equity**	**Recorded as income**
At December 31, 2017						
Rate swaps - Solar	74.1	196.4	270.5	(15.3)	(15.3)	0
Rate swaps - Wind	78.3	235.6	313.9	(9.5)	(9.5)	0
TOTAL	**152.4**	**432.0**	**587.3**	**(24.8)**	**(24.8)**	**0**
At December 31, 2018						
Interest rate swaps - Solar	79.6	220.6	300.3	18.1	18.1	0
Rate swaps - Wind	78.3	301.9	380.2	22.2	22.2	0
TOTAL	**157.9**	**522.5**	**680.5**	**40.3**	**40.3**	**0**

3.1.3.2 EXCHANGE RATE RISK

The exchange rate risk to which the Group has exposure includes first of all the "translation" risk, *i.e.* risks related to the conversion of the financial statements of Group subsidiaries, established in currencies other than the euro, into the consolidation currency, in this case, the euro. To date, this risk has related mainly to the Group's Australian subsidiaries whose financial statements are stated in Australian dollars and to the solar power plant in El Salvador whose financial statements are stated in US dollars.

With regard to the so-called "transaction" risk, *i.e.* the risk of non-alignment between the currencies in which the Group's revenue and costs are respectively generated and incurred, the Group minimises its exposure by aligning project borrowing, investment expenses incurred to finance these projects and the revenue generated by these projects with one single strong and stable currency (as of the date of this document, the US dollar, the Euro and the Australian dollar exclusively). The Group is nevertheless faced with this risk with regard to the development costs incurred in certain countries. Moreover, while the prices of certain power purchase agreements are stated in US dollars, the payment currency may be a local currency which the Group must then without delay convert into US dollars to guarantee the servicing of the debt and distribute any excess cash to shareholders.

The Group also incurs transaction risk on any equity and current account loans that it may grant to special purpose vehicles (which constitute an equity contribution in the context of project financing), which are financed in Euros while the investment expenses incurred by these special purpose vehicles (for projects located outside of the Eurozone) will be stated in local currency (mainly US and Australian dollars, but also to a limited extent the in the Mexican peso, Argentine peso, Mozambique's metical, Zambia's kwacha, etc.)

In order to hedge the risk of a fall in the value of the Euro against the US dollar and Australian dollar, and to the extent that the project's probability is sufficiently established, the Group signs currency forward contracts *via* which it purchases Australian or US dollars with payment generally stipulated shortly before the date of the necessary contribution of equity or quasi-equity into the projects. These hedging instruments are generally agreed when the Group has clear visibility surrounding investment expenses and the debt/equity ratio applicable to the project, *i.e.* just after the finalisation of an EPC contract.

Finally, under certain exceptional circumstances, a project may be exposed to payments in currencies other than its operating currency, notably when the EPC contract is stipulated in several different currencies. The Group must therefore ensure that the project company purchases forex hedging at the moment of the financial closing in order to ensure that the resources defined for the project will be sufficient to ensure its proper completion.

The following table provides details of Group financial debt by currency type at December 31, 2017 and 2018:

(in millions of euros)	**12.31.2018**	**12.31.2017**
Debt recorded in euros	766.7	727.7
Debt recorded in Australian dollars (converted into Euros)	745.2	558.7
Debt recorded in US dollars (converted into Euros)	178.4	112.7
Debt recorded in other currencies (converted into Euros)	0.5	-
TOTAL FINANCIAL DEBT	**1,690.7**	**1,399.2**

3.1.3.3 COUNTERPARTY RISK

Counterparty risk corresponds to the risk of default by co-contracting parties, in particular the counterparties in power purchase agreements, with regard to the performance of their contractual commitments, liable to generate financial losses for the Group.

The following table summarises the situation of the client accounts and related accounts at December 31, 2017 and 2018:

(in millions of euros)	**12.31.2018**	**12.31.2017**
Trade receivables	34.1	29.0
Impairment of trade receivables	(0.4)	-
TOTAL TRADE RECEIVABLES	**33.7**	**29.0**

The Group sells most of the electricity generated by its plants *via* power purchase agreements or contracts for difference signed with state-owned counterparties (States or State-run businesses), electricity distribution companies and also a limited number of private purchasers.

For a description of the power purchase agreements signed by the Group, please see Section 2.1.4.1 of this document. For a description of the various types of Group counterparties and their respective weighting in the Group's total sales, please see Section 1.4.3 of this document.

As indicated in this section, the Group's current counterparties are mainly State-owned or semi-State-owned. The share held by private entities as well as market counterparties (spot exposure) is nevertheless expected to increase in the future. When the counterparty in a power purchase agreement is a private company, its credit rating is taken into consideration for the calculation of the target internal rate of return ("IRR") of the underlying project. When the counterparty is a market counterparty, a premium for risk is also added to the project target IRR calculation.

The Group invests its available and semi-available cash resources and signs interest rate hedging agreements with leading financial establishments.

3.1.3.4 LIQUIDITY RISK

Liquidity risk corresponds to the risk of the Group not being in a position to meet its cash flow requirements using its available resources.

The Group's cash requirements and the resources used to meet these are detailed in Section 2.2 of this document.

The table below summarises the Group's available resources (liquidity position) as of December 31, 2017 and 2018:

(in millions of euros)	**12.31.2018**	**12.31.2017**
Cash and cash equivalents:	503.8	260.0
• including short-term investments	165.4	3.8
• including available cash resources	338.4	256.2
Overdrafts available	145.0	39.0
TOTAL	**648.8**	**299.0**

As of December 31, 2017, the €256 millions of available cash resources was mainly composed of draw-downs on the green bond issuance (green bonds) of December 2017 for a total of €95.9 million, for investment in new projects, and draw-downs on senior facilities for €76.3 million in order to pay investment invoices within projects and liquidity on a Company level. As of December 31, 2018, cash was mostly made up of cash from Neoen S.A. for €253.2 million, mainly from the €450 million capital increase as part of the Initial Public Offering, senior debt drawdowns to pay €92.7 million in project investment costs and green bond drawdowns of €26.2 million for new project investments. Moreover, the Company has repaid most of its corporate facilities using funds raised by the Initial Public Offering, which explains the considerable availability of possible borrowing facilities.

The short-term investments made by the Group are made fully available by the Company which holds such investments and do not generate any risk of change in value.

3.2 INSURANCE AND RISK MANAGEMENT

Risk management forms an integral part of the Group's operational activities. As a developer and operator of solar, wind and biomass plants and of the storage facilities related thereto, the Group adapts its range of risk control measures either internally or *via* the transfer of such risk using insurance policies.

3.2.1 INSURANCE

In the context of its business, the Group has recourse to insurance on two levels:

- on the Company level, essentially to hedge the risk of third-party liability which exists on a Group scale, as well as damages relating to business travel by the Group's employees, corporate officers and executives;
- on the level of the special purpose vehicles, to obtain protection against the risks relating specifically to the solar, wind and biomass plants and the storage facilities under development, under construction and in operation.

Insurance policies are defined and managed in-house by the legal department which works closely with operations staff worldwide and with the Group's insurance brokers.

3.2.1.1 THE GROUP'S THIRD-PARTY LIABILITY AND “BUSINESS TRAVEL” INSURANCE

The insurance policies taken out by the Company to cover all Group entities and its employees, corporate officers and executives are essentially third-party liability policies as well as “business travel” policies. As of the date of this document, the Group has taken out the following main insurance policies, with the levels of cover (and caps on compensation) that it considers appropriate and usual for businesses active in the same market:

- an international third-party liability insurance programme, provided by XL Insurance Company SE, the purpose of which is to insure the Group and those of its representatives and employees located in France and in certain countries (notably Australia, Portugal, Jamaica, El Salvador, Mexico, Mozambique, Argentina, Zambia, Finland and the United States) against the financial consequences of any liability potentially arising in relation to bodily, material and non-material damages resulting from faults, errors of fact or law, oversights, omissions, negligence or inaccuracies by them or their agents and caused to third parties, including clients of the Group, in the conduct of their professional activities. This insurance programme also includes a “criminal defence” package covering the payment of fees charged by any agents (solicitors, barristers, bailiffs, appraisers) and the expenses necessary for the defence of the Group in the event of lawsuits filed as a result of serious incidents. The total value of these guarantees is capped per claim and per year of insurance, with sub-limits imposed by type of damage. This insurance is comprised of a master policy, completed where applicable by local policies in Jamaica, Mozambique and in the United States where the Group has subsidiaries. This master policy is to apply in addition to or instead of the local policies for coverage not provided thereby or when an obligation exists to obtain local cover as a first resort;
- a third-party liability insurance programme for executives and corporate officers, provided by AIG (primary insurer) and Liberty, intended mainly to provide cover for the directors, executives and corporate officers of Group entities worldwide against the financial consequences of any claims filed against them and on the basis of any professional fault perpetrated in the performance of their duties. The programme also covers defence costs incurred by insured persons in proceedings in the civil, criminal and administrative courts;
- a “business travel” insurance programme (“employee assignments” policy), provided by Chartis, aimed at covering all employees, corporate officers, executives and directors or any person tasked with an assignment by the Group, including expatriates and those on secondment, against any damage caused in the context of their business travel (by air or land, etc.). The total value of these guarantees is capped per claim (each time with sub-limits imposed by type of damage). This policy is completed by insurance provided by Covéa Fleet which provides cover for the personal vehicles of employees on assignment in the event of material and non-material damage and without limitation in the event of bodily harm.

The insurance policies taken out by the Group contain caps, exclusions and deductibles which could, in the event of a major claim or a lawsuit being filed against the Group, have adverse consequences. Moreover, the fact that, in certain cases, the Group may be obliged to pay significant indemnities not covered by the insurance policies in place or could incur material expenses not covered or not sufficiently covered by its insurance policies cannot be excluded.

3.2.1.2 INSURANCE SPECIFIC TO THE SPECIAL PURPOSE VEHICLES

In the performance of its activities relating to the development and operation of wind, solar and biomass projects and of the storage facilities related thereto, the Group is protected *via* insurance policies against any damages and incidents that could occur and impact a facility.

The Group's general insurance policy is based on the following principles:

- each Group project must be covered by:
    - a “comprehensive construction risk” policy, providing both the Group and the project company with cover relating to the environmental and third-party liability risk that could apply during the facility's construction phase,
    - when the facility has been commissioned, operating insurance providing cover for third-party liability, damages and loss of income caused by or to the facility (for example, fire, theft and acts of vandalism, natural disasters, etc.);
- if each project has its own insurance cover, separate from that applicable to other projects, such cover must be in line with Group policy on insurance cover. In the specific case of French solar projects, standard terms and conditions have been set in the master policies negotiated upstream by the Group with leading insurance providers, notably *via* insurance brokers. Therefore, as of the date of this Registration Document, master policies have been taken out with Covéa and Royal and Sun Alliance (RSA) for the Group's solar power projects located in France under construction or in operation (respectively);
- concerning the Group's international activities, the policies which cover said projects are periodically taken out following invitations to tender (of the “request for quotation” type) before recourse to the services of a broker. In these situations, the Group relies in particular on its local financial partners;
- the insurance policies are generally audited by the lenders financing the project who ask to be designated as joint insured parties in order to be able, if applicable, to receive any potential pay-outs made on the insurance in the event of a claim *via* subrogation in the context of the loan agreements signed;
- the Group ensures that its insurance policies cover all stakeholders, including notably, in addition to the project company, the EPC co-contractor, suppliers of wind turbines and other system components (suppliers of BOS and BOP), sub-contractors and employees;
- taking out “Comprehensive Construction Insurance” or “All Risk Construction Insurance” policies enables compensation to be paid without any prior search to determine liability, so as to avoid lengthy site stoppages;
- finally, the insurance policies taken out by the special purpose vehicles generally contain ceilings, deductibles and exclusions calibrated on a project-by-project basis, the levels of which are set on an adequate basis further to due diligence carried out by the Group, in concert with the financing banks.

In addition to this general policy, certain mandatory local insurance policies are put in place based on the country in question, such as, for example, (i) local insurance taken out in the United States to cover rental risk incurred by the US subsidiary for its use of land and (ii) specific insurance which may be taken out in order to obtain cover for specific risks such as the earthquake risk in El Salvador.

In order to ensure that coherent insurance policies are put in place and to guarantee a satisfactory level of cover, the Group has in particular established guidelines to determine the method to be adopted with regard to insurance during the construction phase of the projects being developed.

As of the date of this Registration Document, the Group has put in place a policy for the coverage of the key insurable risks with guarantees that it considers compatible with the nature of its activities. In the future, the Group is not contemplating any specific difficulties in retaining adequate levels of insurance within the limit of market conditions and availability.

Over recent years, the Group has not experienced any material incidents having called into question its insurance policies.

3.2.2 RISK MANAGEMENT

Risk management is reflected in the measures implemented by the Group in order to survey, analyse and control the risks which it faces in the context of its activities, in France and abroad. The Group places special focus on risk management culture and has launched structured measures aimed at implementing an active policy in terms of risk management, providing assurance that its major and operating risks are identified and under control. The set of measures used is applicable to the Group wide, inclusive of all activities, duties and territories.

Risk management is considered a priority by the Group, which has put in place a coherent set of measures for risk management and internal control. The Group's risk management and internal audit measures are based on a set of resources, policies, procedures, behaviours and actions aimed at ensuring that all necessary measures are taken in order:

- to verify the effectiveness of operations and the efficient use of resources; and
- to identify, analyse and control all risks liable to have a material impact on the assets, income and operations of the Group and on the achievement of its objectives, whether operational, commercial, legal or financial, or related to compliance with laws and regulations.

An organisation and tools to provide structure have been put in place to support these measures on all levels of the Group's organisation.

3.2.2.1 RISK MAPPING

The Group has perfected a risk mapping procedure to identify the major risks relating to its business, as described in Section 3 “Risks and uncertainties” of this document, with support from an external consultant specialised in these subjects. The process used for this risk mapping, which was put in place in 2016, has allowed the key risks to which the Group is exposed to be identified and each risk to be assessed in accordance with the methodology defined.

Management of all of the Group's activities and sectors are closely involved in the risk mapping process, thereby enabling the objectives and challenges faced by all stakeholders to be taken into account. The exercise consists of identifying those risks which are the most significant for the Group, sorted into different families (development, operating, financial, etc.). A description of these risks and their causes is drawn up and, for each risk, the probability of occurrence, potential impact on the Group and degree of current control are all assessed.

Further to the assessment of the degree of control of such risks, action plans are defined for those risks considered to be insufficiently controlled. The Executive Committee is responsible for progress made in the creation of action plans.

Risk mapping will be updated every three years, under the supervision of the Chief Executive Officer; the next update is scheduled for the second half of 2019. A presentation to the Audit Committee will be made following each update.

Focus on Fraud Risk

Specific action has been taken to control the risk of fraud. In order to plan for this major risk, awareness-raising training has been specifically designed and rolled out to all employees within the Group's Finance department.

Moreover, training relating to cybersecurity led by a specialist from the French intelligence services has been organised for all employees of the Company.

Specific alerts have been issued regarding the types of fraud to which the Group has particular exposure, such as the “Chairman fraud” (external fraud which consists of stealing the identity of the Chairman and then requiring fund transfers).

Specific monitoring activities have also been defined in order to manage this risk on an operational level and these have been integrated into the various different processes concerned.

3.2.2.2 ORGANISATIONAL FRAMEWORK FOR RISK MANAGEMENT AND INTERNAL CONTROL

Roles and responsibilities in terms of risk management and the internal control have been clearly defined within the Group.

Management responsibilities in this area form part of the Group's particular culture and are anchored in the various management bodies, notably the project management and business bodies (local Development, Construction and Management Committees).

The Executive Committee is at the very heart of this process. It is responsible for the design of the measure and examines and oversees all subjects relating to risk management and the internal control. It ensures the implementation within the Group of the internal control process and action plans generated by the risk mapping exercise.

To provide support to management in the deployment of major risk management tools and internal control measures, a Group Internal Control Manager has been appointed. This person is in charge of coordinating the implementation, running and reporting functions of the internal control department. He also coordinates the risk mapping process.

In addition, business process owners have been designated within the Executive Committee to manage the audit tools (resources, policies, procedures, actions, etc.) necessary for the control of each process.

Finally, the Control Committee plays a role in terms of risk management and internal control, by requiring a report to be produced at least once per year and challenging the range of measures put in place by the Group. The report is compiled by the Internal Control Manager, under the responsibility of the Group Chief Financial Officer.

3.2.2.3 RANGE OF INTERNAL CONTROL MEASURES

The range of Group internal control measures is intended to ensure that all accounting and financial information produced is reliable and to guarantee compliance with all laws and regulations in force applicable to the Group and operational efficiency. They are mainly based on a control environment, on control activities and on the dynamic management of this topic.

Nevertheless, should any significant weaknesses in the Group's internal control arise in the future, these could lead to material inaccuracies in its consolidated financial statements, which could oblige the Group to re-issue its financial statements or lead to a loss of investor confidence in the reliability and exhaustiveness of its financial statements and thereby have a negative impact on the market price for the Company's shares.

The control environment is based in particular on the business culture promoted. The Group has defined and deployed a code of ethics and demonstrates a managerial culture which is sensitive to risk management. The organisation of the Group and the clear definition of roles and responsibilities, supported by the "Chart of Authorities" in place also contribute to create a solid control environment.

Control activities have been defined for the ten major processes identified by the Group, whether operational, support or cross-departmental. For each one, control activities have been listed and circulated *via* "control matrices". This work has been carried out under the responsibility of the business process owner. The control activities have been defined on the basis of the operating risks identified in each of the processes and with regard to the risks identified *via* the risk mapping process. These have been detailed and defined clearly in order to guarantee that they can be easily rolled out by all Group subsidiaries. In addition to this organisation, a concrete set of tools (checklist, model form documents, etc.) has been designed and circulated within the Group for improved appropriation and implementation of these control activities, in a harmonised manner across all territories.

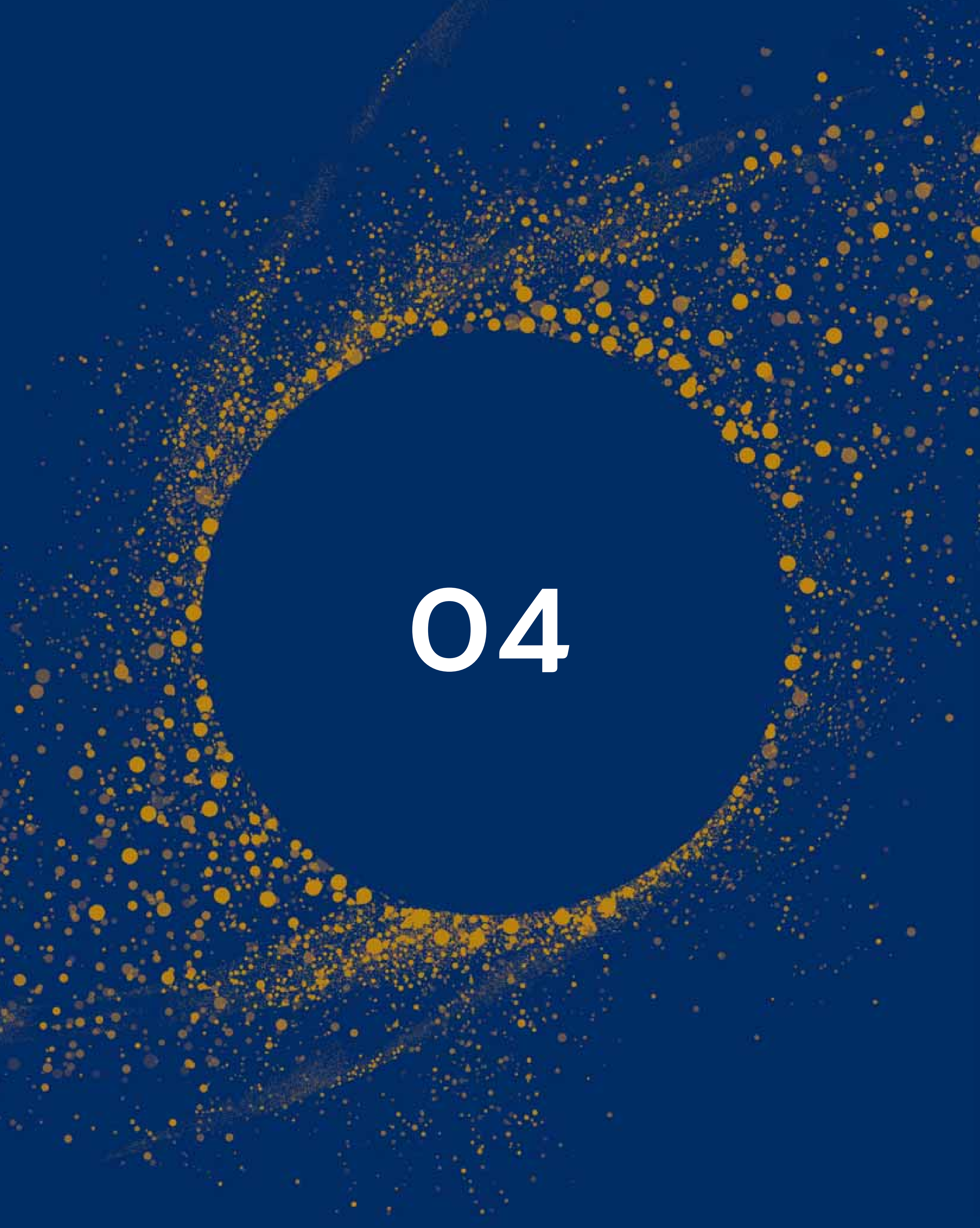
Finally, the implementation of the set of internal control measures is assessed in the context of the annual internal audit self-assessment campaigns, the first of which was launched in 2017 and a second cross-departmental audit was completed in late 2018. Each relevant manager draws up an assessment, for the area for which he is responsible or for that of a colleague, of the effectiveness of the control measures defined by the Group. This allows the level of deployment of the internal control measures within the Group to be assessed, and also enables action plans to be drawn up with the aim of strengthening any activities not sufficiently controlled at the current time. The results of these processes are then reported to the Executive Committee and the Audit Committee.

The Group is moreover considering deploying external audit campaigns in the second half of 2019 aimed firstly at verifying the correct performance, in the various countries in which the Group has a presence, of the control activities defined, and, secondly, at verifying the proper functioning of the range of measures defined for the management of all major risks, as well as of any other major risks that may have been identified between two risk mapping exercises.

Finally, in 2018, the Group was the subject of a compliance control carried out by an external consultant. This audit related mainly to the prevention of corruption. On the completion of this audit, (x) an action plan was drawn up and (y) training was provided to those Group employees considered as being at the greatest risk of exposure to corruption risks (this training being one of the measures set out in the action plan).

Although the Group has established internal control policies and procedures in order to identify any cases of fraud, these policies and procedures may not identify and protect the Group against fraud or other criminal acts perpetrated by its employees or agents or by those of its affiliated companies.

Should employees or agents of the Group or of its affiliated companies be involved in fraud or other criminal or unethical activities, financial penalties could be imposed on the Group, the Group could be the subject of investigations carried out by the criminal or regulatory authorities or become the subject of disputes or litigation, which could have a material adverse effect on its reputation, activities, financial position or results.



04

FINANCIAL STATEMENTS AND STATUTORY AUDITORS REPORTS

4.1 NEOEN GROUP CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2018

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)		**12.31.2018**	**12.31.2017**
Energy sales under contract		194,564	119,445
Energy sales in the market		27,810	16,174
Other income		5,252	3,685
Revenue	5	**227,626**	**139,304**
Purchases of goods and change in inventories	6	(9,293)	(4,345)
External charges and payroll costs	7	(49,848)	(38,452)
Duties, taxes and similar payments	8	(4,853)	(3,489)
Share of net income (loss) of associates		765	424
Other recurring operating income and expenses	9	9,997	8,741
Recurring operating depreciation, amortisation and provisions	10	(65,432)	(41,466)
Recurring operating income (loss)		**108,963**	**60,717**
Other non-recurring operating income and expenses	11	(7,316)	(3,987)
Non-recurring operating depreciation, amortisation and provisions	11	1,524	(3,032)
Operating income (loss)		**103,171**	**53,698**
Cost of debt		(65,606)	(37,734)
Other financial income and expenses		(8,305)	1,348
Net financial income (expense)	12	**(73,910)**	**(36,386)**
Net income before income tax		**29,261**	**17,312**
Income tax	13	(15,738)	(6,879)
Net income from continuing operations		**13,523**	**10,433**
Net income (loss) from discontinued operations		**-**	**-**
NET INCOME OF THE CONSOLIDATED GROUP		**13,523**	**10,433**
Of which attributable to owners of the Company		*12,365*	*12,454*
Of which attributable to non-controlling interests		*1,158*	*(2,021)*
Basic earnings per share attributable to owners of the Company (in euros)		*0.195*	*0.195*
Diluted earnings per share attributable to owners of the Company (in euros)		*0.192*	*0.191*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income presents net income for the period as well as income and expenses for the period recognised directly in equity under IFRS.

(in thousands of euros)	**12.31.2018**	**12.31.2017**
Net income of the consolidated group	**13,523**	**10,433**
Exchange differences on translation of foreign operations	(15,746)	(13,908)
Cash flow hedges (interest rate swaps)	(17,170)	(4,499)
Deferred taxes relating to cash flow hedges	4,558	773
Items that may subsequently be reclassified to income	**(28,358)**	**(17,634)**
Other	-	-
Items that will not subsequently be reclassified to income	**-**	**-**
COMPREHENSIVE INCOME (LOSS) OF THE CONSOLIDATED GROUP	**(14,835)**	**(7,201)**
Of which comprehensive income attributable to owners of the Company	*(14,662)*	*(2,898)*
Of which comprehensive income attributable to non-controlling interests	*(173)*	*(4,303)*

CONSOLIDATED BALANCE SHEET

(in thousands of euros)	Notes	12.31.2018	12.31.2017
Goodwill		-	-
Intangible assets	14	121,672	105,042
Property, plant and equipment	15	1,702,717	1,249,197
Investments in associates and joint ventures	16	6,713	7,039
Derivative financial instruments – non-current	26	5,834	6,119
Non-current financial assets	17	105,968	78,377
Deferred tax assets	27	39,075	26,264
Total non-current assets		**1,981,979**	**1,472,038**
Inventories	19	349	453
Trade accounts receivable	20	33,755	29,024
Other current assets	21	48,946	47,483
Derivative financial instruments – current	26	-	-
Cash and cash equivalents	22	503,832	260,000
Total current assets		**586,882**	**336,960**
Non-current assets and disposal groups held for sale		-	-
TOTAL ASSETS		**2,568,861**	**1,808,998**

(in thousands of euros)	Notes	12.31.2018	12.31.2017
Share capital		169,915	107,964
Share premiums		500,784	64,027
Reserves		(35,190)	(20,340)
Treasury shares		(2,741)	(20)
Net income attributable to owners of the Company		12,365	12,454
Equity attributable to owners of the Company		**645,133**	**164,086**
Non-controlling interests		10,140	13,462
Equity	23	**655,273**	**177,548**
Non-current provisions	24	10,573	5,795
Project financing – non-current	25	1,511,821	1,200,933
Corporate financing – non-current	25	13,850	15,250
Derivative financial instruments – non-current	26	33,270	17,475
Deferred tax liabilities	27	37,782	21,221
Total non-current liabilities		**1,607,297**	**1,260,674**
Current provisions	24	-	-
Project financing – current	25	122,524	94,974
Corporate financing – current	25	2,241	63,179
Derivative financial instruments – current	26	7,056	7,369
Trade accounts payable	28	136,527	157,355
Other current liabilities	29	37,943	47,899
Total current liabilities		**306,292**	**370,776**
Liabilities associated with assets and disposal groups held for sale		-	-
TOTAL EQUITY AND LIABILITIES		**2,568,861**	**1,808,998**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Share capital	Share premiums	Reserves and net income	Treasury shares	Other comprehensive income	Equity – attributable to owners of the Company	Amounts payable to related parties	Total equity
Equity at December 31, 2016	**105,908**	**62,928**	**5,561**	**(510)**	**(10,135)**	**163,752**	**11,248**	**175,001**
Distribution of dividends	-	-	(0)	-	-	(0)	(2,079)	(2,079)
Capital increase	2,057	1,099	(217)	-	-	2,938	8,385	11,323
Share-based payments	-	-	784	-	-	784	-	784
Other transactions with non-controlling interests	-	-	(985)	-	22	(963)	216	(746)
Change in treasury shares	-	-	-	490	-	490	-	490
Change in scope and other changes	-	-	(18)	-	0	(18)	(6)	(23)
Total transactions with owners	**107,964**	**64,027**	**5,126**	**(20)**	**(10,113)**	**166,984**	**17,765**	**184,749**
Comprehensive income	**(0)**	**-**	**12,454**	**-**	**(15,352)**	**(2,898)**	**(4,303)**	**(7,201)**
Equity at December 31, 2017	**107,964**	**64,027**	**17,580**	**(20)**	**(25,465)**	**164,086**	**13,462**	**177,548**
Distribution of dividends	-	-	-	-	-	-	(3,758)	(3,758)
Capital increase	55,450	386,287	(0)	-	-	441,738	551	442,288
Share-based payments	-	-	2,473	-	-	2,473	-	2,473
Other transactions with non-controlling interests	-	-	(2,528)	-	(223)	(2,751)	58	(2,694)
Change in treasury shares	-	-	-	(2,721)	-	(2,721)	-	(2,721)
Change in scope and other changes	6,500	50,470	205	-	(205)	56,970	(0)	56,970
Total transactions with owners	**169,915**	**500,784**	**17,730**	**(2,741)**	**(25,893)**	**659,795**	**10,313**	**670,108**
Comprehensive income	**0**	**(0)**	**12,365**	**-**	**(27,027)**	**(14,662)**	**(173)**	**(14,835)**
EQUITY AT DECEMBER 31, 2018	**169,915**	**500,784**	**30,095**	**(2,741)**	**(52,920)**	**645,133**	**10,140**	**655,273**

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euros)	Notes	12.31.2018	12.31.2017
Net income for the year		**13,523**	**10,433**
Eliminations:			
• Share of net income of associates		(765)	(424)
• Deferred tax expense		8,028	4,140
• Depreciation, amortisation and provisions	10 & 11	63,527	42,945
• Change in fair value of derivative financial instruments through income		1,743	(1,344)
• Disposal gains and losses		3,580	2,255
• Income and expenses arising on share-based payments		2,473	784
• Other non-cash income and expenses		(329)	(32)
• Current tax expense	8	7,710	2,738
• Cost of net debt	12	65,606	33,728
Impact of change in working capital	18	(5,960)	(16,217)
Tax paid/(received)		(2,653)	(3,643)
Cash flow from operating activities – discontinued operations		-	-
Net cash flow from operating activities		**156,483**	**75,364**
Acquisitions of subsidiaries, net of cash and cash equivalents acquired	4	(18,854)	(7,676)
Disposals of subsidiaries, net of cash and cash equivalents transferred	4	818	2,339
Impact of change in control		-	-
Acquisitions of property, plant and equipment and intangible assets	14 & 15	(483,862)	(468,007)
Investment grants received		-	-
Disposals of property, plant and equipment and intangible assets	14 & 15	350	1,093
Acquisitions of financial assets		(31,337)	(11,396)
Dividends received		822	426
Disposals of financial assets		(23)	-
Cash flow from (used in) financing activities – discontinued operations		-	-
Net cash flows used in investing activities		**(532,087)**	**(483,220)**
Capital increase (parent company)	23	441,738	3,155
Contribution of non-controlling interests to capital increases	23	553	8,165
Net disposals/(acquisitions) of treasury shares	23	(2,721)	490
Proceeds from borrowings	25	412,674	716,248
Dividends paid		(3,758)	(2,079)
Repayments of borrowings	25	(161,121)	(114,488)
Net interest paid		(62,599)	(37,632)
Cash flow from (used in) financing activities – discontinued operations		-	-
Net cash flows from financing activities		**624,767**	**573,860**
Effect of exchange rate fluctuations		(5,051)	(5,032)
Effect of changes in accounting principles		-	-
Effect of the reclassification of cash and cash equivalents relating to non-current assets and disposal groups held for sale		-	-
CHANGE IN CASH AND CASH EQUIVALENTS		**244,111**	**160,972**
Opening cash and cash equivalents balance		259,721	98,749
Closing cash and cash equivalents balance	22	503,832	259,721
NET CASH FLOW AS SHOWN IN THE BALANCE SHEET		**244,111**	**160,972**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE SUMMARY

NOTE 1. GENERAL INFORMATION

The Neoen Group develops and operates power plants to generate electricity and heat from renewable energies (wind, solar, biomass), as well as energy storage facilities.

With nearly 2.3 GW of projects in operation and under construction (including 237 MW under management) and 0.9 GW of projects awarded at December 31, 2018 (secured portfolio of 3.2 GW), Neoen is the leading independent producer of renewable energies in France. The Group continues to grow, with an advanced pipeline of 4.5 GW and more than 4 GW of early stage projects.

The Group operates in Europe-Africa, Australia and the Americas.

Previously a simplified limited company (société anonyme) (), the Company was transformed into a public limited company at the general meeting of September 12, 2018.

Following the move early in the second half of 2018, its head office is located at 6 rue Menars – 75002 Paris.

The basis of preparation of these consolidated financial statements is described in Note 3 “Accounting policies”.

The financial statements are presented in thousands of euros. They were approved by the Board of Directors on April 17, 2019 and will be submitted to the general meeting of June 28, 2019.

NOTE 2. KEY EVENTS

Initial public offering

On October 16, 2018, Neoen successfully completed its initial public offering in compartment A of the regulated market of Euronext in Paris. The offering price was set at €16.50 per share, valuing the Group at just over €1.4 billion. This transaction, predominantly in the primary market, allowed it to raise €450 million through the issue of new shares (out of a total of €697 million, including a Greenshoe option). The entire amount will be used to continue the Group’s strong growth. As a reminder, the Group is aiming for capacity of at least 5 GW in operation and under construction by 2021.

Impala, the Group’s majority and long-standing shareholder, injected nearly €170 million into the transaction in order to maintain its control of the Group.

On December 3, 2018, Neoen entrusted Kepler Cheuvreux with the implementation of a liquidity contract that complies with the code of ethics recognised by the Autorité des marchés financiers (AMF).

Development

Neoen continues to pursue international expansion, primarily by concentrating on countries where it already operates and countries belonging to the same clusters in Europe-Africa, Australia and the Americas, by identifying opportunities and determining the feasibility of projects.

The Group’s portfolio has changed in volume, with 2,008 MW of new projects over the period (net of abandoned projects and excluding early stage projects). Of this, 19 MW are attributable to a re-evaluation of the generating capacity of projects under development.

In the Americas, development remained on a positive trend this year: 556 MW of projects entered the portfolio across all technologies, enabling Neoen to reinforce the Americas as the third pillar of its development, after Australia and Europe - Africa.

Australia is the Group’s biggest region in terms of secured MW, underlining Neoen’s successful international expansion. Projects totalling 1,100 MW were added to the Group’s portfolio during the period, of which 350 MW in storage and 750 MWp in solar.

In Europe - Africa, projects totalling 384 MW entered the portfolio in France, 113 MW in Finland and 66 MWp in Ireland. With the gain of five solar projects representing total capacity of 66 MW, Neoen was also the biggest winner of the French government bi-technological tender, the results of which were announced in November. The status of these projects has accordingly be changed from tender-ready to awarded.

In Mozambique, Neoen signed a 30-year concession agreement for its Metoro solar farm at the end of 2018. The signature of this contract confirms the finalisation of the project’s development. Metoro (41 MWp) is currently the largest solar farm under development in Mozambique.

These wins were diminished slightly by the discontinuation of 160 MW in other projects.

Development costs are capitalized in intangible assets (Note 14).

Construction

Construction projects have a material impact on growth in the Group’s property, plant and equipment, as disclosed in Note 15.

In Australia, work began on the Bulgana wind farm in March. In addition to this 194 MW of wind capacity is a 20 MW/34 MWh capacity of lithium-ion battery storage facility using batteries provided by Tesla.

The facility will supply electricity to greenhouses to be built by the Australian company Nectar Farms. The rest of the output and the green certificates will be sold to the government of the state of Victoria as part of a 15-year power purchase agreement (“PPA”).

Work began on the Numurkah solar farm, with capacity of 128 MWp, in August.

In France, solar projects won at CRE tender 3 (Lugos, Miremont, Bram, Saint-Avit) as well as some of the projects won at CRE tender 4 (Azur Est, Azur Sud, Cap Découverte 4bis, Corbas, Saint-Eloy) are under construction. They represent total capacity of 78 MWp.

Work on the Auxois Sud II and Les Hauts Chemins wind projects (16 MW and 14 MW respectively) began in February and August.

Following the success of the Hornsdale Power Reserve storage project in Australia, Neoen continues to lead the way in this area by developing opportunities in its various geographies, particularly in France, where it has launched the construction of the largest stationary power station, Azur Storage, with capacity of 6 MW representing a storage capacity of 6 MWh.

In Finland, work started on the Hedet wind project (power capacity of 81 MW) in late 2018.

Google has signed a 10-year agreement to buy 100% of the green electricity generated by the farm, 80.1% owned by Neoen and 19.9% by Prokon Finland.

In Jamaica, work began on the 51 MWp Paradise Park solar project in June 2018.

In El Salvador, work began on the 140 MWp Capella solar project in December 2018. This solar power will be compounded by a 3 MW/1.5 MWh battery.

Financing

In May 2018, Neoen closed financing for its majority owned Jamaican solar farm, with Proparco and FMO. The project represents a total investment of US$64 million.

In June 2018, Neoen signed a framework agreement to crowdfund projects awarded at CRE tender 4. Under the incentive arrangements put in place by the French Energy Regulatory Commission (CRE), energy producers that crowdfund from the local area to cover the costs of their renewable energy projects are entitled to higher tariffs. The Cap Découverte 4 bis solar farm was Neoen's first crowdfunded project to open.

In October 2018, Neoen launched a crowdfunding campaign for the two phases of the Corbas power plant (Corbas 1 and 3), a photovoltaic shelter in the municipalities of Corbas and Saint-Priest, near Lyon, and the Azur Est ground solar project in Nouvelle Aquitaine.

In November 2018, Neoen closed US$133 million in funding for Capella Solar, a 140 MWp solar farm in El Salvador, with FMO, BID Invest and Proparco.

Wholly owned by Neoen, Capella Solar is expected to be commissioned in early 2020. This investment amount includes the cost of a 3 MW/1.5 MWh LG Chem lithium-ion battery to be installed by Nidec.

Note 25 contains details of funding arranged during the period.

Operations

In Australia, in the state of New South Wales, Parkes, Griffith and Dubbo, the three projects selected for the Australian Renewable Energy Agency (ARENA), went into operation in the first and second quarters of 2018. The three projects represent a total of 131 MWp.

The Coleambally solar plant was commissioned in the fourth quarter of 2018. With installed capacity of 189 MWp, Coleambally is wholly owned by Neoen. It is also the largest solar power plant ever to operate in Australia.

In December 2018, Neoen celebrated the first anniversary of the operation of its Hornsdale Power Reserve storage facility, revealing a performance well above expectations by its asset. In particular, the study by independent expert Aurecon showed that the Hornsdale Power Reserve (HPR) has helped to generate nearly AU$40 million in savings by replacing more expensive and less reactive alternatives to regulate network frequency.

In France, the Champs d'Amour (9 MW), Pays Chaumontais (14 MW) and Chassepain (20 MW) wind farms and the Lugos solar farm (12 MWp) were commissioned in January, April and June (for the last two) respectively.

The Lagarde d'Apt (7 MWp), Cap Découverte 4 *bis* (5 MWp) and Bram (5 MWp) solar farms were commissioned during the second half of the year.

Neoen increased its base of assets in operation by 391 MW, to 1,492 MW (controlled or non-controlled) at December 31, 2018.

A non-controlled asset is a project in which the Group holds a non-controlling interest but whose operations it oversees. The only plants in operation that are classified as non-controlled assets are certain plants at the Cestas solar farm (for regulatory reasons) and a plant in Portugal (Seixal) in which the Group holds a 50% stake.

Changes in energy revenue derived from facilities commissioned during the period are described in Note 5.

M&A

In the first half of 2018, the Group acquired the Hedet Vindpark project company. The transaction is recognized under intangible assets and enables Neoen to purchase projects under development. The intangible assets will be amortized on a straight-line basis over the same period as the plants to which they relate (Note 14).

In the second half of 2018, the Group sold Melissa and Manosque Ombrière.

In 2018, the Group increased its stakes in FieldFare Argentina and Altiplano Solar (Argentina), and Jiboa Solar and Capella Solar (El Salvador) to 100%.

NOTE 3. ACCOUNTING POLICIES

The Neoen Group's financial statements for the year ended December 31, 2018 include:

- the financial statements of Neoen;
- the financial statements of its subsidiaries;
- the share of net assets and net income of equity-accounted companies (joint ventures and associates).

A) STANDARDS

The Group's consolidated financial statements for the year ended December 31, 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as of December 31, 2018.

The accounting policies applied for the preparation of the 2018 consolidated financial statements are identical to those used by the Group to prepare the consolidated financial statements for the year ended December 31, 2017, with the exception of the new standards and amendments listed below:

Standards, interpretations and standard amendments of mandatory application as from January 1, 2018:

The Group applied IFRS 9 "Financial instruments and IFRS 15 Revenue from contracts with customers for the first time during the period".

IFRS 9 Financial instruments

IFRS 9 "Financial instruments" entered into force on January 1, 2018.

As part of the transition to IFRS 9, the Group examined the following points:

- classification and measurement: equity securities classified under IAS 39 as available-for-sale assets have been classified as financial assets at fair value through other comprehensive income that will not be subsequently reclassified through other comprehensive income;
- impairment: the Group reviewed its trade receivables impairment methodology.

  Given its business and the very low rate of losses incurred, IFRS 9 had no impact in this respect;
- hedge accounting: the Group uses derivative instruments to hedge interest rate risk on its floating rate loans. All derivative instruments held by the Group are currently classified as cash flow hedges. The Group has chosen to apply the IFRS 9 hedge accounting requirements and recognizes the time value of option-type instruments (such as caps) as the cost of hedging;
- debt renegotiation: in December 2017, the Group renegotiated a portion of its debt. The transaction was classified as a debt modification within the meaning of IAS 39 (non-substantial modification). Following the publication of IFRS 9's Basis for Conclusions, which states that non-substantial modifications give rise to a gain or loss on the amortized cost at the modification date, which must be recognized in full in the income statement, the Group retrospectively restated the recognition of the debt modification. Accordingly, it recognized a gain of €4 million in 2017, at the date of the renegotiation.

The Group has applied IFRS 9 retrospectively since January 1, 2018, with cumulative adjustments recognized in opening equity without restatement of comparative information. For modifications to debt for which the standard does not provide for any specific transition provisions, the comparative information has been changed.

The impact of restating the 2017 debt renegotiation is presented in the table below:

(in thousands of euros)		**12.31.2017 before IFRS 9 impact**	**IFRS 9 Impact**	**12.31.2017 after IFRS 9 impact**
Balance sheet – Liabilities	Net income for the year	9,450	3,004	12,454
	Project financing – non-current	1,204,562	(3,629)	1,200,933
	Project financing – current	95,352	(377)	94,974
	Deferred tax liabilities	20,220	1,001	21,221
Income statement	Other financial income and expenses	(2,658)	4,006	1,348
	Income tax	(5,877)	(1,001)	(6,879)

IFRS 15 Revenue from contracts with customers and related amendments, and clarifications to IFRS 15

IFRS 15 *Revenue from contracts with customers* is applicable for reporting periods beginning on or after January 1, 2018. It constitutes the new single standard for revenue recognition.

In particular, it replaces IAS 18 *Revenue which the Group had previously applied*.

The Group has applied IFRS 15 since January 1, 2018, using the cumulative effect method. Application of the standard had no impact on opening equity.

As part of the application of IFRS 15, the Group began by performing a qualitative and quantitative analysis of the main factors that could impact its financial statements.

In particular, the following factors were thoroughly examined:

- payment facilities: under some agreements, the Group may grant payment facilities, which never exceed one year. In accordance with IFRS 15.63, no financial income or charge is recognized in respect of such facilities;
- revenue derived from sales of green certificates: the Group considers that the sale of green certificates constitutes a separate performance obligation from the provision of energy.

This analysis concluded that IFRS 15 has no impact on the rate of recognition of the Group's revenue.

However, and in accordance with the application of the standard, the Group has reviewed its presentation of revenue on the income statement for the year ended December 31, 2018 (including comparative information for the year ended December 31, 2017) distinguishing between energy sales under contracts from sales on the market.

Detailed analysis by product type and by technology (corresponding to the sectors monitored by the Group) is presented in Note 5 on revenue.

The following standards and amendments did not have a material impact on the Group's consolidated financial statements

- Amendments to IFRS 2 "Classification and measurement of share-based payment transactions";
- Amendments to IFRS 4 "Interactions between IFRS 9 and IFRS 4";
- IFRS annual improvements: 2014-2016 cycle;
- Amendments to IAS 40 "Transfer of investment property";
- IFRIC 22 "Foreign currency transactions and advance consideration".

Standards, interpretations and amendments early adopted as from January 1, 2018

IFRS 16 Leases: Standards and interpretations early adopted by the Group at December 31, 2018

The Group has applied IFRS 16 "Leases" since January 1, 2018 (initial application date) using the cumulative effect approach, whereby the comparative period is not restated and continues to be presented in accordance with the previous standard, IAS 17.

The changes in accounting policies introduced as a result of IFRS 16 are presented below.

The Group has chosen to apply the practical option of applying IFRS 16 only to contracts that were previously identified as leases. Any contracts that were not identified as leases under IAS 17 and IFRIC 4 have not be reassessed to determine whether they contain a lease.

At the transition date, lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessees' incremental borrowing rate at January 1, 2018. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group has used the following practical expedients for the purposes of applying IFRS 16 to leases that were previously classified as operating leases under IAS 17:

- application of the recognition exemption for right-of-use assets and lease liabilities for leases with a lease term of less than 12 months;
- exclusion of initial direct costs from the measurement of the right-of-use assets at the initial application date.

The leases signed by the Group during the comparative period were all classified as operating leases.

Impact on the financial statements

On the first-time application of IFRS 16, the Group recognized an additional €74.6 million of right-of-use assets and €74 million of lease liabilities.

(in thousands of euros)		December, 31 2017	IFRS 16 Impact	January 1, 2018
Balance sheet – Assets	Property, plant and equipment	1,249,197	74,598	1,323,795
	Other current assets	47,483	(596)	46,887
Balance sheet – Liabilities	Project financing – non-current	1,204,562	71,420	1,275,982
	Project financing – current	95,352	2,581	97,933

The Group discounted its lease payments using the incremental borrowing rates applicable at January 1, 2018 and calculated based on the rates applied to the financing of its production assets. Accordingly, the weighted average incremental borrowing rate applied by the Group was 3.52%. Operating lease commitments at December 31, 2017 under IAS 17 and lease liabilities recognised at January 1, 2018 can be reconciled as follows:

(in thousands of euros)	**12.31.2018**
Operating lease commitments at December 31, 2017 presented in the consolidated financial statements	**87,649**
Extension and termination options that the Group is reasonably certain to exercise	73,142
Discounting using the incremental borrowing rate at January 1, 2018	(86,790)
Finance lease liability recognized at December 31, 2017	-
Recognition exemption for:	
- short-term leases	-
- leases of low-value assets	-
Variable lease payments that depend on an index or rate	-
Residual value guarantees	-
LEASE LIABILITIES RECOGNIZED AT JANUARY 1, 2018	**74,001**

The following amounts are recognised in the income statement and the cash flow statement:

(in thousands of euros)	**12.31.2018**
Amounts recognized in the income statement – IFRS 16 impact	**(5,777)**
Depreciation and impairment charges right-of-use fees	(3,269)
Interest charges on lease liabilities	(2,508)
Amounts recognized in the income statement – Short-term lease expenses	**(314)**
Variable lease payments not included in the measurement of lease liabilities	(50)
Income from subleasing right-of-use assets	-
Expense relating to short-term leases	(257)
Expense relating to leases of low-value assets	(7)
TOTAL AMOUNT RECOGNIZED IN THE INCOME STATEMENT	**(6,091)**

(in thousands of euros)	**12.31.2018**
TOTAL CASH OUTFLOW FOR LEASES	**(4 431)**

Accounting policy for leases

The Group leases land for its electricity production facilities and office space for its administrative activities.

The land leases generally have a term of between 18 to 99 years, including in some cases an extension option which the Group can elect to exercise. The terms used by the Group include enforceable extension periods if the Group is reasonably certain to exercise the extension options in view of the land's strategic location.

Office leases have terms of between 1 and 10 years.

IAS 17

During the comparative period and in accordance with IAS 17 *Leases*, assets held under finance leases are recognized as assets when the lease agreements transfer substantially all of the risks and rewards of ownership of these assets to the lessee. Assets held under these contracts are depreciated over their useful life or, if shorter, over the term of the relevant lease.

Lease agreements not considered as finance leases are recognised as operating leases and only lease payments are expensed in income.

IFRS 16

At inception of a contract, the Group assesses whether the contract is, or contains, a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control an asset throughout the period of use, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use;
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset, or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

These criteria apply to contracts signed or amended on or after January 1st, 2018.

At inception or on reassessment of a contract containing a lease component, the Group has elected not to separate the non-lease components and to account for the lease as a single lease component.

The Group recognises a right-of-use asset and a lease liability at contract inception:

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the carrying amount of the right-of-use asset is adjusted for certain remeasurements of the lease liability and – where appropriate – reduced to reflect impairment losses, in accordance with IAS 36.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the lessee’s incremental borrowing rate, that is the rate the lessee would have to pay to borrow funds over a similar term.

The following lease payments are included in the measurement of the lease liability:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- lease payments during an optional extension period if the Group is reasonably certain to exercise the extension option.

The lease liability is remeasured when there is a change in future lease payments resulting from a change in an index or a rate or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, an adjustment is made to the carrying amount of the right-of-use asset or is recorded in income if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets or lease liabilities for short-term leases with a term of 12 months or less, or leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense.

Standards and interpretations not yet adopted by the European Union and not early adopted by the Group at December 31, 2018:

- Amendment to IFRS 9 "Prepayment features with negative compensation";
- Amendments to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture";
- Amendments to IAS 28 "Long-term interests in associates and joint ventures";
- Amendments to IAS 19 "Plan amendment, curtailment or settlement";
- Amendment to IFRS 3 "Definition of a business";
- Amendments to IAS 1 and IAS 8 "Definition of significant";
- Amendments to references to the conceptual framework in IFRS;
- IFRS annual improvements: 2015-2017 cycle;
- IFRIC 23 "Uncertainty over income tax treatments".

As these standards have not yet been adopted by the European Union, the Group has not started analyzing the potential impacts of their application for the Group.

B) COMPARISON BETWEEN REPORTING PERIODS

As stated in the previous note, the Group has applied IFRS 16 using the cumulative effect approach, whereby the comparative period is not restated and continues to be presented in accordance with the previous standard, IAS 17.

The impact on the income statement indicators is as follows:

(in thousands of euros)		12.31.2018 before IFRS 16 impact	IFRS 16 Impact	12.31.2018 after IFRS 16 impact
Income statement	External charges and payroll costs	(53,965)	4,118	(49,848)
	Share of net income (loss) of associates	774	(8)	765
	Recurring operating depreciation, amortisation and provisions	(62,163)	(3,269)	(65,432)
	Cost of debt	(63,098)	(2,508)	(65,606)
	Income tax	(16,193)	455	(15,738)

The impacts of the application of IFRS 9 are described in Note 3.a.

Neoen Group did not proceed other than the changes in estimates described above, the Group's accounting methods and financial statement presentation over the period from January 1, 2018 to December 31, 2018 compared with that from January 1, 2017 to December 31, 2017.

C) ESTIMATES AND ASSUMPTIONS

To prepare the Neoen Group's financial statements, management makes estimates whenever items included in the financial statements cannot be accurately measured. Management reviews its estimates and assessments regularly to take into account past experience and other factors deemed relevant in light of economic conditions. Accordingly, the amounts in future financial statements may differ from current estimates.

The main items impacted by estimates and assumptions at December 31, 2018 are the following:

- estimates of the recoverable amount of goodwill, property, plant and equipment and intangible assets (Notes 14 and 15);
- capitalisation of development costs (Note 14);
- estimate of lease renewals following the application of IFRS 16;
- the useful lives of production assets (Notes 10 and 15);
- recognition of a deferred tax asset when it is probable that sufficient future taxable income will exist against which tax losses can be utilised (Note 27);
- provision amounts (Note 24).

D) CONSOLIDATION METHODS

Subsidiaries that are controlled within the meaning of IFRS 10 *Consolidated financial statements*, are fully consolidated regardless of the Group's equity interest. Control results from power over an entity, exposure to variable returns from its involvement in the entity, and the ability to use its power to influence the amount of those returns.

In accordance with IFRS 11 *Joint arrangements*, the Group accounts for joint arrangements (agreements in which Neoen has joint control with one or more other parties) using the equity method. Neoen has joint control over a partnership when decisions about the relevant activities require the unanimous consent of Neoen and the other parties sharing control.

The equity method of accounting is applied to associates over which the Group has significant influence but not control. The equity method consists in recording the net assets and net income of a company based on the interest held by the parent company in the capital and, where applicable, any related goodwill.

All inter-company balances and transactions are eliminated on consolidation. The list of subsidiaries, joint ventures and associates is provided in Note 37.

E) REVENUE

Revenue represents the fair value of the consideration received or receivable in exchange for goods or services sold in the course of the Group's ordinary activities. Revenue is calculated net of any discounts and rebates and less any inter-company sales. No revenue is recognised when there is material uncertainty as to the recoverable nature of the consideration due.

The Group mainly distinguishes between contract revenue, which is predominantly long-term, from that from sales on the market (classified as non-contract revenue). Revenue consists mainly of sales of energy and green certificates.

Sales of energy are sales of electricity and steam produced at the production unit level as well as associated green certificates, or trading revenue for storage activities.

Energy is sold either in accordance with various contracts in which selling prices are set by decree or following calls for tenders, or on the market.

Revenue is recognised in accordance with the quantities produced and/or injected during the period or during the production of the energy giving right to the certificates.

F) OTHER NON-RECURRING OPERATING INCOME AND EXPENSES

This heading includes material amounts of non-recurring operating income and expenses that, by definition or owing to their extraordinary nature, may distort the interpretation of the Group's recurring operating performance. Such items may include:

- disposal gains and losses or material and non-recurring impairment of property, plant and equipment and intangible assets;
- certain material expenses relating to restructuring operations or unusual transactions;
- other operating income and expenses such as a material provision or penalty relating to a dispute.

G) BUSINESS COMBINATIONS

In accordance with IFRS 3 as amended, business combinations are accounted for using the acquisition method. Under this method, assets acquired as well as liabilities and contingent liabilities assumed are measured at fair value. Goodwill represents the difference between the purchase price paid for the business combination and the amount of identifiable assets and liabilities acquired net of liabilities and contingent liabilities assumed. It is provisionally determined on acquisition and reviewed within a period of 12 months from the acquisition date. Goodwill is not amortised and is subject to impairment tests.

In accordance with IFRS 3 as amended:

- acquisition costs are recognised in income in the period they are incurred;
- contingent earn-outs are estimated at fair value and included in the share acquisition price.

For each business combination, the Group can measure non-controlling interests either at fair value or at its share in the acquiree's net identifiable assets as measured at fair value at the acquisition date. The Group decides on the method it will use to account for non-controlling interests on a case-by-case basis.

H) INTANGIBLE ASSETS

The main intangible assets recognised by the Group relate to costs incurred to develop renewable energy plants.

Direct and indirect, external or internal development costs are capitalised as soon as the success of the corresponding projects becomes probable.

Development costs are capitalised in accordance with IAS 38 "Intangible assets".

The main criteria for capitalisation are:

- the technical feasibility of the project;
- the intention to complete the intangible asset and to either use or sell it;
- the ability to commission the intangible asset;
- the probability that the asset will generate future economic benefits;
- the availability of technical and financial resources to complete the development of the project;
- the ability to reliably estimate the expenditures attributable to the asset during its development.

The Group considers that these criteria are met when a project enters its portfolio, *i.e.* when contractual factors and technical studies indicate that the feasibility of the project is probable.

When the conditions for the recognition of an asset generated internally are not met, development costs are expensed in the period in which they occurred.

Capitalisation of the costs associated with these projects ceases when the plant is commissioned.

If a project is discontinued, the associated development costs are expensed and presented in “Other non-recurring operating income and expenses”.

If the Group considers that the probability of success has decreased, the development costs are impaired and included in “Non-recurring operating depreciation, amortisation and provisions”.

The Group identifies development costs relating to “Studies” and those relating to “Operations”, based on the percentage of completion of the project at the year-end. The “Operations” phase includes the construction and operation of the plants.

After the project is commissioned, amortisation is calculated on a straight-line basis over the useful life of the underlying asset.

Intangible assets are amortised on a straight-line basis over their estimated useful lives.

The Group's main intangible asset categories and their useful lives are listed below:

- software: 1 to 3 years;
- development costs: 25 years, in line with the estimated useful lives of the power plants.

I) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at acquisition cost in accordance with IAS 16 "Property, plant and equipment". Property, plant and equipment acquired in business combinations is recognised at fair value.

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset up to commissioning.

Depreciation is calculated from the date the assets are commissioned and is recognised over the assets' estimated useful lives using the straight-line method, as follows:

- Power plants: 25 years(1);
- Fixtures and fittings: 3-10 years;
- Office equipment and furniture, IT equipment: 3-4 years.

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(1) *The Group considers that power plants have a useful life of 25 years but may adopt different useful lives in light of technical, regulatory or contractual constraints.*

Depreciation, useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate.

Production assets in progress relate to plants under construction. An asset is identified from the date construction costs are incurred until the date the plants are commissioned.

J) LEASES

IFRS 16 replaces IAS 17 and its related interpretations. This new standard removes the distinction between operating leases and finance leases for lessees. It provides for the principle of recognising lease contracts on lessees' balance sheets, with recognition of:

- an asset representing the right to use the leased asset; and
- a liability representing its obligation to make lease payments.

Exemptions are allowed for short-term contracts and contracts covering low-value assets.

Operating lease expenses are replaced by amortisation and interest expense.

K) IMPAIRMENT OF ASSETS

In accordance with IAS 36 *Impairment of assets*, the Group also regularly reviews whether there is any evidence that intangible assets and property, plant and equipment with finite useful lives are impaired. If such evidence exists, the Group performs an impairment test to assess whether the carrying amount of the asset exceeds its recoverable amount, defined as the higher of fair value less costs to sell and value in use.

Most fixed assets relate to production assets (plants under development or construction or in operation). These assets have a finite useful life and are subject to impairment tests whenever there is evidence that they may be impaired.

In the course of the Group's activities, only projects with adequate initial profitability are built and operated. In so far as, in the absence of any production incidents, the resources generated by the project can be reliably estimated, the risk of failing to achieve the expected cash flows is low.

The value in use of an asset is generally assessed by discounting the future cash flows produced by the asset. Assets that do not generate largely independent cash flows are grouped into cash-generating units (CGUs). The Group considers each project to be a CGU.

Data used to perform impairment tests based on discounted cash flows is taken from the business plans drawn up for the relevant projects and covering the term of the power sales agreements. The underlying assumptions are revised at the test date.

L) INVENTORIES

Inventories mainly comprise work-in-progress related to development activities as well as wood for the biomass plant.

Inventories are stated at the lower of cost price and net realisable value.

M) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and short-term investments that are considered highly liquid, convertible to known amounts of cash and subject to an insignificant risk of change in value in regard to the criteria set out in IAS 7 "Statement of cash flows".

Overdrafts are excluded from cash and cash equivalents and are shown within current borrowings.

N) FINANCIAL ASSETS

Financial assets consist of operating receivables, security deposits related to financing agreements, term deposits, loans, non-consolidated investments, short-term investments and cash equivalents and derivative instruments with a positive market value.

Financial assets are classified and measured as follows:

- operating receivables, deposits and term deposits are recorded at amortised cost;
- non-consolidated securities are recorded at fair value.

O) FINANCIAL LIABILITIES

Financial liabilities include borrowings, operating liabilities and derivative instruments with a negative market value.

Borrowings are initially recognised at their original fair value less directly attributable transaction costs.

At each reporting date, borrowings are measured at amortised cost using the effective interest rate method and are broken down into:

- non-current borrowings, for the portion falling due in more than one year;
- current borrowings, for the portion due within one year.

In accordance with IAS 23 "Borrowing costs", borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset should be included in the cost of that asset.

P) DERIVATIVE FINANCIAL INSTRUMENTS

As part of its financing operations, the Group takes out floating rate loans. In accordance with its financial risk hedging policy, the Group systematically uses derivative financial instruments (mainly swaps).

Derivative financial instruments with a positive market value are recognised as assets, and those with a negative market value are recognised as liabilities.

When not treated for accounting purposes as cash flow hedging instruments, changes in the fair value of these instruments are recognised in income. The effective portion of changes in the fair value of instruments classified as cash flow hedges for accounting purposes is recognised in other comprehensive income to be subsequently reclassified to income, while the ineffective portion is taken to income. The new principles set out in IFRS 9 have not had a material impact on the Group's financial statements as such, since all transactions that qualified as hedges under IAS 39 continue to qualify as hedges under IFRS 9.

Q) EMPLOYEE BENEFITS

Employee benefits include defined contribution plans and defined benefit plans.

Defined contribution plans are post-employment schemes under which the Group pays fixed contributions to various social security organisations.

Contributions are paid in exchange for services rendered by the employees during the financial year and are expensed as incurred.

Defined benefit plans guarantee employees additional benefits such as retirement indemnities. These guaranteed additional benefits represent future obligations for the Group which is quantified. The provision is calculated by estimating the amount of benefits that employees have accumulated in exchange for services rendered during the current and prior years.

Given the average age of Group employees, no liability has been recognised for employee benefits since these are not material.

R) PROVISIONS

Provisions are recognised when:

- the Group has a present obligation resulting from a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- the amount of the obligation can be reliably estimated.

Provisions are measured in accordance with IAS 37 "Provisions, contingent liabilities and contingent assets" on the basis of the most probable estimate of the expense required to settle the obligation. When the effect of the time value of money is significant, the amount of the provision is discounted.

Where no reliable estimate can be made, the liability cannot be recognised (contingent liability).

Provision for dismantling obligations

When the Group has a legal or contractual obligation to dismantle a plant, it recognises a provision for its dismantling obligation against a “dismantling asset”. The cost of this obligation is regularly estimated based on independent valuations. In the event of a significant change in the estimate leading to an increase in the provision, the net value of the dismantling asset is also increased. If the change in estimate leads to a decrease in the provision, the Group recognises an impairment loss against the asset.

S) INCOME TAX AND OTHER TAX PAYABLES

Income tax

Income taxes include tax expense (income) payable and deferred tax assets (liabilities), calculated in accordance with the tax laws in force in the countries where profits are taxable. Current and deferred taxes are generally recognised in income or equity to match the underlying transaction.

The current tax expense (benefit) is the estimated amount of tax due on taxable income for the period, determined using the tax rates adopted at the reporting date. Deferred taxes result from temporary differences between the carrying amount of assets and liabilities and their tax basis. However, no deferred taxes are recognised for temporary differences generated by:

- goodwill not deductible for tax purposes;
- the initial recognition of an asset or liability in a transaction that is not a business combination and which affects neither book income nor taxable income (tax loss) at the transaction date;
- investments in subsidiaries, joint ventures and associates, when the Group controls the date on which the temporary differences will reverse and it is likely that these differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the expected tax rate for the year in which the asset will be realised or the liability settled and which were enacted at the reporting date. In the event of a change in tax rates, deferred taxes are adjusted to the new applicable rate and the adjustment is charged to the income statement unless it relates to an underlying item recognised in equity, in particular fair value gains and losses on hedging instruments.

Deferred taxes are reviewed at each reporting date, notably to reflect changes in tax law and the probability that deductible temporary differences will be recovered. A deferred tax asset is recognised only to the extent that it is probable that the Group will have sufficient future taxable income against which this asset can be utilised in the foreseeable future, or will have deferred tax liabilities with matching maturities.

Other tax payables

In France, the 2010 finance law introduced the *contribution économique territoriale* (CET) (Territorial Economic Contribution) in spite of the *taxe professionelle* (Business Tax). The CET comprises two new contributions: the *cotisation foncière des entreprises* (CFE), or Corporate Real Estate Tax, and the *cotisation sur la valeur ajoutée des entreprises* (CVAE), or Corporate Value Added Tax. For the years presented, the Group recognised the CFE tax in operating income under “Duties, taxes and similar payments” and considered that the CVAE tax fell within the scope of IAS 12 Income taxes.

T) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

IFRS 5 *Non-current assets held for sale and discontinued operations*, requires the separate recognition and presentation of assets and disposal groups held for sale, and discontinued operations sold or in the process of being sold.

Non-current assets or disposal groups and any directly associated liabilities are considered as held for sale if it is highly probable that the carrying amount will be recovered mainly through a sale rather than through continuing use. Assets held for sale are measured and recognised at the lower of carrying amount and fair value less costs to sell. Depreciation of these assets ceases once they are recognised as assets (or disposal groups) held for sale. They are shown on a separate line of the Group's balance sheet, and prior periods are not restated.

An operation is a component of the Group that has identifiable cash flows and that represents a separate major line of business or geographic area of operations.

In accordance with IFRS 5, the "Net income (loss) from discontinued operations" line in the income statement includes net-of-tax income and expenses arising on discontinued operations or assets held for sale.

U) SHARE-BASED PAYMENTS

In accordance with IFRS 2 *Share-based payment* the fair value of options and free share grants is assessed using methods that are appropriate in light of their characteristics, and is recognised in payroll costs over the rights vesting period.

Share subscription options with no share price performance condition are valued using the Black-Scholes model.

The fair value of share subscription options at the grant date is recognised as an expense over the vesting period, depending on the probability that these options will be exercised before they lapse, with a corresponding increase in consolidated reserves.

The fair value of free share grant plans is assessed based on the last share capital increase, taking into consideration the absence of dividend payments during the vesting period and the lock-up period. The expense is recognised over the vesting period with a corresponding increase in consolidated reserves.

At each reporting date, the Group assesses the probability that rights to options or free share grants will be lost before the end of the vesting period. Where applicable, the impact of revised estimates is recognised in income with a corresponding adjustment to consolidated reserves.

V) TRANSLATION METHODS

Presentation currency of the consolidated financial statements

The Group's consolidated financial statements are presented in euros.

Functional currency

The functional currency of an entity is the currency of the economic environment in which it primarily operates. In some entities, a functional currency other than the local currency may be used provided it reflects the currency of the entity's main trading and economic environment.

Translation of foreign currency transactions

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing at the transaction date. At each reporting date:

- monetary assets and liabilities denominated in foreign currencies are recorded at the closing exchange rate. Any resulting exchange differences are recognised in the income statement for the period;
- non-monetary assets and liabilities denominated in foreign currencies are translated at the historical exchange rate applicable at the date of the transaction.

Translation of the financial statements of subsidiaries whose functional currency is not the euro

The balance sheet is translated into euros at the closing exchange rate. Income and expense items and cash flows are translated using average exchange rates. Any differences resulting from the translation of the financial statements of foreign subsidiaries are recorded under "Exchange differences on translation of foreign operations" in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign entity. They are therefore expressed in the functional currency of the entity and translated at the closing rate.

Hyperinflation

Through its international operations, the Group may be exposed to economies qualified as hyperinflationary within the meaning of IFRS when the functional currency of the entity is the local currency of the hyperinflationary economy.

In such cases, the Group applies IAS 29 and restates its non-monetary assets and liabilities and its income statement to reflect the effects of inflation by applying a general price index.

W) OPERATING SEGMENTS

In accordance with IFRS 8 "Operating segments", segment information is presented based on the internal organisation and reporting structure used by the Group's management. Neoen uses the following breakdown for its operating segments:

- **Wind:** wind turbine production;
- **Solar:** photovoltaic production;
- **Biomass:** biomass production;
- **Storage:** this segment includes the activity related to independent batteries, directly connected to the grid;
- **Development and investments:** mainly development and financing;
- **Eliminations:** intercompany flows between the segments eliminated in the consolidated financial statements and development costs capitalised.

Geographic areas are defined based on their specific economic environment and are subject to varying risks and returns. The Group's geographic areas are:

- **Europe - Africa:** this region includes production operations in Europe and Africa;
- **Americas:** this region includes production operations in North America, Central America, South America and the Caribbean;
- **Australia:** this region includes production operations in Australia.

Recurring EBITDA corresponds to current operating income adjusted for current depreciation, amortisation and provisions.

X) EARNINGS PER SHARE

The Group applies IAS 33 "Earnings per share".

Basic earnings per share: net income for the period attributable to the Group divided by the weighted average number of ordinary shares outstanding less any treasury shares held.

Diluted earnings per share: net income for the period attributable to the Group and the weighted average number of ordinary shares outstanding after deducting treasury shares used to calculate basic earnings per share are adjusted for the impact of any potentially dilutive instruments.

NOTE 4. CHANGES IN THE SCOPE OF CONSOLIDATION

A) CONSOLIDATED COMPANIES

At December 31, 2018, the Neoen Group comprised 280 consolidated companies, of which 276 were fully consolidated and 4 were equity-accounted.

B) NON-CONSOLIDATED COMPANIES

The Group has consolidated all its subsidiaries, including some that could be considered non-material.

C) CHANGES IN SCOPE

Finland

On May 4, 2018 Neoen Northern Hemisphere acquired from Prokon Wind Energy Finland 80.1% of the shares of Hedet Vindpark, the company that holds the Hedet and Bjorkliden projects in Finland.

The acquired entity has been accounted for as an asset purchase and included in intangible assets (Note 14) for €2.2 million.

France

The Group sold the Melissa and Manosque Ombrière solar farms, previously wholly owned.

Business development

As part of its development, Neoen frequently creates new companies.

NOTES TO THE INCOME STATEMENT

NOTE 5. REVENUE

Revenue breaks down as follows:

(in thousands of euros)	Solar	Wind	Biomass	Storage	Other	Total 2018
Electricity	62,262	68,054	16,515	-	-	146,831
Green certificates	4,380	39,230	-	-	-	43,610
Steam	-	-	4,124	-	-	4,124
Energy sales under contract	**66,642**	**107,284**	**20,639**	**-**	**-**	**194,564**
Electricity	7,904	-	-	15,251	-	23,154
Green certificates	4,656	-	-	-	-	4,656
Steam	-	-	-	-	-	-
Energy sales in the market	**12,559**	**-**	**-**	**15,251**	**-**	**27,810**
Other income	**1,174**	**286**	**-**	**2,687**	**1,104**	**5,252**
AS OF DECEMBER 31, 2018	**80,375**	**107,570**	**20,639**	**17,938**	**1,104**	**227,626**

(in thousands of euros)	Solar	Wind	Biomass	Storage	Other	Total 2017
Electricity	54,028	38,381	6,814	-	-	99,223
Green certificates	624	18,796	-	-	-	19,420
Steam	-	-	802	-	-	802
Energy sales under contract	**54,652**	**57,177**	**7,616**	**-**	**-**	**119,445**
Electricity	265	7,285	-	445	-	7,995
Green certificates	-	8,179	-	-	-	8,179
Steam	-	-	-	-	-	-
Energy sales in the market	**265**	**15,464**	**-**	**445**	**-**	**16,174**
Other income	**806**	**-**	**-**	**122**	**2,758**	**3,685**
AS OF DECEMBER 31, 2017	**55,723**	**72,641**	**7,616**	**566**	**2,758**	**139,304**

Energy sales under contract

The increase in photovoltaic power generation revenue compared with the year ended December 31, 2017 is attributable chiefly to the commissioning of the Parkes and Griffith power stations in Australia in the first half of 2018 (+€8.1 million) and the impact of year-round production at the Providencia power plant, commissioned in mid-2017 (+€3.8 million).

The significant increase in revenue from the wind power segment stems chiefly from the full-year impact of the commissioning of the Hornsdale 2 and Hornsdale 3 projects in Australia in 2017 (+€5.3 million and +€32.3 million respectively), 2017 revenues having been derived from sales on the market, the commissioning of the Vallée aux Grillons and Osière projects in France in 2017 (+€4.3 million) and the commissioning of the Champs d'Amour, Chassepain and Pays Chaumontais projects in France in 2018 (+€4.8 million).

The €13 million increase in revenues from the production of biomass energy (+€13.0 million) was attributable to the resumption of production at the Commentry plant at the end of 2017, following a shutdown due to a technical incident at the end of 2016.

The increase in revenue from the storage business is related to the commissioning of Hornsdale Power Reserve at the end of 2017.

It should be noted that the change in the US and Australian dollars had a negative impact of €7.2 million over the period.

Energy sales on the market

Energy sales on the market consist primarily of revenues from the HPR storage facility (€15.2 million) as well as the Coleambally (€9.4 million) and Dubbo (€3.0 million) solar farms commissioned in Australia this year.

2017 only included a portion of the revenues of the Hornsdale 1 and Hornsdale 3 projects (€4.6 million and €10.9 million respectively), whose revenues are now governed entirely by purchase contracts.

Other income

In 2018, sales of services mainly included billing to the Australian government for the provision of a portion of the storage capacity of the Hornsdale Power Reserve in the amount of €2.7 million, as well as services and rents billed to entities outside the Group.

NOTE 6. PURCHASES OF GOODS

Purchases of goods correspond to purchases of wood to operate the Commentry biomass plant.

The change in the “Purchases of goods and change in inventories” line was attributable to wood purchases carried out by the biomass business.

NOTE 7. EXTERNAL CHARGES AND PAYROLL COSTS

These expenses are mainly comprised of production asset operating expenses (insurance, maintenance, etc.) and other costs not directly allocated to projects.

(in thousands of euros)	12.31.2018	12.31.2017
Maintenance and repairs	(14,273)	(9,047)
Other external charges	(25,716)	(23,129)
External charges	**(39,989)**	**(32,175)**
Payroll costs	(9,859)	(6,276)
EXTERNAL CHARGES AND PAYROLL COSTS	**(49,848)**	**(38,452)**

The increase in external charges comes mainly from the Providencia Solar farm (+€1.2 million), the Hornsdale 3 wind farm (+€1.8 million) and the Hornsdale Power Reserve storage battery (+€2.6 million), commissioned in 2017.

The increase is also attributable to the commissioning in 2018 of new production units, in particular the Griffith, Parkes and Dubbo solar farms in Australia (+€1.1 million).

In addition, a total of €1.3 million in development costs were expensed during the period.

The application of IFRS 16 generated a €4.2 million reduction in external charges in 2018.

The increase in personnel expenses reflects the growth of the business and an increase in the workforce (from 134 employees at the end of 2017 to 184 at the end of 2018) and a reduction in the capitalisation of personnel expenses during the period (50% in 2018, compared with 61% in 2017).

NOTE 8. DUTIES, TAXES AND SIMILAR PAYMENTS

The Group recognises these items in accordance with IFRIC 21. The increase stems in part from the commissioning of the Vallée aux Grillons and Osière plants in 2017, which were subject to several taxes for the first time (e.g. property tax, IFER flat-rate tax on utility companies).

NOTE 9. OTHER RECURRING OPERATING INCOME AND EXPENSES

Other recurring operating income and expenses break down as follows:

(in thousands of euros)	12.31.2018	12.31.2017
Other recurring operating income	10,744	9,169
Other recurring operating expenses	(747)	(428)
OTHER RECURRING OPERATING INCOME AND EXPENSES	**9,997**	**8,741**

Other recurring operating income mainly consisted of (i) €8.4 million in compensation for revenue losses following the delayed commissioning of the Parkes, Griffith and Dubbo projects in Australia and (ii) amortisation of the non-refundable portion of the subsidy received in connection with the DeGrussa (€2.6 million) and Arena (€0.3 million) projects.

NOTE 10. RECURRING OPERATING DEPRECIATION, AMORTISATION AND PROVISIONS

(in thousands of euros)	12.31.2018	12.31.2017
Net depreciation and amortisation of fixed assets	(65,754)	(41,466)
Provisions	(356)	-
Reversal of provisions	678	-
DEPRECIATION, AMORTISATION AND PROVISIONS	**(65,432)**	**(41,466)**

The increase in the depreciation and amortisation of production assets is primarily due to the depreciation and amortisation charged against plants commissioned since 2017 in an amount of €21,4 million and the depreciation and amortisation charged in connection with the application of IFRS 16 in an amount of €3.3 million.

NOTE 11. OTHER NON-RECURRING INCOME AND EXPENSES

(in thousands of euros)	12.31.2018	12.31.2017
Prior period development costs	(4,102)	(3,346)
Gains (losses) on asset disposals	520	1,264
Other income and expenses	(3,734)	(1,904)
OTHER NON-RECURRING OPERATING INCOME AND EXPENSES	**(7,316)**	**(3,987)**
NON-RECURRING OPERATING DEPRECIATION, AMORTISATION AND PROVISIONS	**1,524**	**(3,032)**

Other non-recurring operating income and expenses

Capitalised development costs that the Group no longer considers meet the capitalisation criteria set out in IAS 38 owing to external circumstances, were reclassified in other non-recurring operating expenses during the period (€4.1 million).

Other non-recurring items mainly include costs incurred in connection with the IPO in the amount of €3 million.

Non-recurring operating depreciation, amortisation and provisions

During the period, this item reflected a net reversal of impairment charged against capitalised development costs in an amount of €1.5 million.

In 2017, non-recurring operating depreciation, amortisation and provisions can be explained by depreciation net of reversalsof development costs for €1.5 million, along with the impairment of studies relating to offshore wind development activities for €1.5 million.

NOTE 12. NET FINANCIAL INCOME (EXPENSE)

The net financial expense mainly corresponds to interest charges on loans granted to finance production assets and on corporate loans.

(in thousands of euros)	12.31.2018	12.31.2017
Interest charges on loans	(55,653)	(33,587)
Financial charges on derivative instruments	(7,445)	(4,147)
Interest charges on right-of-use assets	(2,508)	-
Cost of debt	**(65,606)**	**(37,734)**
Interest income and expenses on shareholder loans	(2,378)	(178)
Foreign exchange gains (losses)	(2,464)	(1,094)
Other financial income and expenses	(3,463)	2,619
Total other financial income and expenses	**(8,305)**	**1,348**
NET FINANCIAL INCOME (EXPENSE)	**(73,910)**	**(36,386)**

The net cost of financial debt comprises interest expense on: (i) loans taken out to finance production assets (€53.9 million); (ii) corporate loans (€1.8 million); (iii) financial instruments (€7.4 million) and (iv) financial expense relating to the application of IFRS 16 (€2.5 million).

The increase in the cost of financial debt primarily reflects the increase in the number of plants financed.

Other financial income and charges mostly comprise fees on deposits and guarantees as well as fees relating to refinancing (notably GS Cestas 1 in 2017).

They also reflect the impact of derivative financial instruments (negative €0.9 million impact in 2018, *versus* positive €4.0 million impact in 2017).

NOTE 13. INCOME TAX

Income tax expense breaks down as follows:

(in thousands of euros)	12.31.2018	12.31.2017
Current tax	(7,710)	(2,738)
Deferred tax	(8,028)	(4,140)
TOTAL INCOME TAX	**(15,738)**	**(6,879)**

The actual income tax expense can be reconciled to the theoretical tax expense as follows:

(in thousands of euros)	12.31.2018	12.31.2017
Net income before income tax	**29,261**	**17,312**
Tax rate applicable to the parent company	33.33%	33.33%
Theoretical tax expense	**(9,753)**	**(5,770)**
Tax rate differences	(414)	891
Permanent differences	(4,446)	1,055
Tax without base	(711)	68
Change in tax assets on tax loss carryforwards	412	(363)
Tax losses generated during the period for which deferred tax assets have not been recognized	(897)	(1,954)
Utilisation of prior period tax losses for which deferred tax assets were not recognised	71	88
Impact of change in tax rate		(1,140)
Other		246
ACTUAL TAX EXPENSE	**(15,738)**	**(6,879)**
Effective tax rate	53.78%	39.74%

The change in the impact of permanent differences is attributable chiefly to tax adjustments related to the non-deductibility of excess interest and the thin-capitalisation rules, as well as the non-use of tax credits related to withholding taxes.

NOTES ON THE BALANCE SHEET

NOTE 14. INTANGIBLE ASSETS

(in thousands of euros)	Capitalized development costs – Operation	Capitalized development costs – Studies	Other intangible assets	Total
Gross values				
At December 31, 2016	**26,687**	**31,984**	**3,699**	**62,369**
Acquisitions	4,529	13,774	13,908	32,211
Decreases	-	(3,272)	-	(3,272)
Effect of changes in scope	-	-	17,661	17,661
Other changes and reclassifications	5,154	(8,147)	8,607	5,615
As of December 31, 2017	**36,370**	**34,339**	**43,875**	**114,585**
Acquisitions	4,925	16,825	299	22,048
Decreases	-	(4,102)	-	(4,102)
Effect of changes in scope	-	-	6,261	6,261
Other changes and reclassifications	7,378	(9,311)	(5,120)	(7,054)
AS OF DECEMBER 31, 2018	**48,672**	**37,751**	**45,315**	**131,738**
Amortisation and impairment				
At December 31, 2016	**(2,809)**	**(3,197)**	**(239)**	**(6,244)**
Amortisation	(1,502)	-	(337)	(1,839)
Impairment losses	-	(3,743)	-	(3,743)
Reversal of impairment	-	2,252	-	2,252
Decreases	-	-	-	-
Effect of changes in scope	-	-	-	-
Other changes and reclassifications	-	5	27	32
As of December 31, 2017	**(4,311)**	**(4,683)**	**(549)**	**(9,543)**
Amortisation	(1,690)	-	(405)	(2,095)
Impairment losses	-	(2,050)	-	(2,050)
Reversal of impairment	-	3,574	-	3,574
Decreases	-	-	25	25
Effect of changes in scope	-	-	-	-
Other changes and reclassifications	17	0	5	22
AS OF DECEMBER 31, 2018	**(5,984)**	**(3,158)**	**(924)**	**(10,066)**
Net values				
At January 1, 2017	**23,878**	**28,787**	**3,460**	**56,125**
As of December 31, 2017	**32,059**	**29,656**	**43,327**	**105,042**
AS OF DECEMBER 31, 2018	**42,688**	**34,593**	**44,392**	**121,672**

Development costs

In 2018, the Group capitalised expenses directly attributable to the development of projects in a total amount of €21.8 million.

Previously capitalised development costs were taken to income after the corresponding projects were discontinued or sold. The related expenses represent €4.1 million. An impairment loss was recognised against these projects in previous periods for €3.3 million.

Lastly, capitalised development costs were impaired due to factors external to the Company reducing the likelihood of success of these projects, while others were revalued over the period, in a net amount of negative €1.8 million.

The “Capitalised development costs – Studies” line amounting to €34.6 million includes €10.2 million in capitalised costs relating to projects for which pricing has been secured.

Other intangible assets

Other intangible assets include:

- commitments undertaken by the Group within the scope of power purchase agreements signed in Australia for €24.9 million;
- intangible assets recorded on the acquisition of projects under development, including Bulgana in Australia for €12.8 million (wind), La Puna in Argentina for €3.3 million (solar), and Hedet in Finland for €2.2 million (wind).

NOTE 15. PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	**Production assets**	**Production assets in-progress**	**Right-of-use assets**	**Other property, plant and equipment**	**Total**
Gross values					
At December 31, 2016	**666,279**	**221,373**	**-**	**7,713**	**895,365**
Acquisitions	57,111	449,517	-	574	507,201
Disposals	-	(1,448)	-	(7)	(1,456)
Effect of changes in scope	-	1,556	-	101	1,657
Effect of changes in foreign exchange rates	(29,330)	(13,810)	-	(558)	(43,699)
Other changes and reclassifications	441,630	(444,389)	-	164	(2,595)
As of December 31, 2017	**1,135,690**	**212,797**	**-**	**7,986**	**1,356,474**
Acquisitions	3,156	428,498	-	10,534	442,188
Disposals	-	(132)	(16)	(142)	(289)
Effect of changes in scope	(1,028)	2,093	-	(14)	1,051
Effect of changes in foreign exchange rates	(30,464)	(3,136)	(651)	199	(34,052)
Other changes and reclassifications	378,689	(372,305)	99,802	11	106,196
AS OF DECEMBER 31, 2018	**1,486,043**	**267,816**	**99,135**	**18,574**	**1,871,568**
Amortisation and impairment					
At December 31, 2016	**(66,908)**	**(1,063)**	**-**	**(611)**	**(68,582)**
Amortisation	(39,404)	-	-	(223)	(39,627)
Impairment losses	-	-	-	-	-
Disposals	-	-	-	2	2
Effect of changes in scope	-	-	-	(24)	(24)
Effect of changes in foreign exchange rates	944	12	-	15	972
Other changes and reclassifications	(146)	-	-	128	(17)
As of December 31, 2017	**(105,513)**	**(1,051)**	**-**	**(711)**	**(107,276)**
Amortisation	(59,981)	-	(3,269)	(327)	(63,578)
Impairment losses	-	-	-	-	-
Disposals	2	(2)	16	60	76
Effect of changes in scope	363	-	-	2	365
Effect of changes in foreign exchange rates	1,484	(7)	27	8	1,512
Other changes and reclassifications	49	2	-	(0)	51
AS OF DECEMBER 31, 2018	**(163,597)**	**(1,059)**	**(3,226)**	**(968)**	**(168,850)**
Net values					
At January 1, 2017	**599,371**	**220,309**	**-**	**7,103**	**826,783**
As of December 31, 2017	**1,030,177**	**211,746**	**-**	**7,275**	**1,249,197**
AS OF DECEMBER 31, 2018	**1,322,446**	**266,757**	**95,908**	**17,606**	**1,702,717**

Production assets in progress

Acquisitions in the period mainly concern plants under construction in 2018 and in particular:

- **in Australia:** Coleambally (€121.1 million), Numurkah (€49.1 million), Bulgana (€77.7 million);
- **in France:** Chassepain (€14 million), Pays Chaumontais (€10.4 million), Lagarde d'Apt (€11.2 million), Lugos (€8.3 million), Plateau de l'Auxois Sud (€15.2 million);
- as well as EREC (€15.7 million) in **Jamaica**, Hedet in **Finland** (€24.6 million), and Bangweulu (€27.8 million) in **Zambia**.

The effect of changes in scope mainly corresponds to the fixed assets of the Hedet project acquired over the period.

Property, plant and equipment relating to plants that came into operation in 2018 were reclassified in production assets.

Production assets

No impairment test has resulted in the impairment of any of the property, plant and equipment in the Group's balance sheet.

Right-of-use assets

Other changes include €74.6 million in assets recognised on the first-time application of IFRS 16 as of January 1, 2018, as well as the effect of new leases or amendments that came into force during the year in the amount of €24.6 million.

Other property, plant and equipment

These correspond primarily to land owned.

Interest capitalised in 2018 totalled €7.7 million, *versus* €9.5 million in 2017.

The table below presents cash flows relating to the acquisition of intangible assets and property, plant and equipment, net of change in payables to suppliers of fixed assets:

(in thousands of euros)	12.31.2018	12.31.2017
Acquisitions of intangible assets	22,048	32,211
Acquisitions of property, plant and equipment	442,188	507,201
Cash change relating to fixed asset supplier debts	19,626	(71,405)
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	**483,862**	**468,007**

NOTE 16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Changes in investments in associates and joint ventures are as follows:

(in thousands of euros)	12.31.2018	12.31.2017
Opening balance	**7,039**	**6,443**
Dividends paid	(312)	(426)
Capital increase	-	-
Change in consolidation method	-	-
Share of net income of associates	765	422
Change in fair value	(779)	599
Other movements	(0)	0
CLOSING BALANCE	**6,713**	**7,039**

This item corresponds primarily to the valuation of the Seixal plant (CSNSP 441 in Portugal) for €6.8 million, and BNRG Neoen Holding in Ireland and Tureau to La Dame in France for negative €0.1 million.

NOTE 17. NON-CURRENT FINANCIAL ASSETS

(in thousands of euros)	IAS 39 Category	IFRS 9 Category	Carrying amount under IFRS 9 at 12.31.2018	Carrying amount under IFRS 9 at 12.31.2017	Carrying amount under IAS 39 at 12.31.2017
Security deposits	Loans and receivables	Amortized cost	97,835	66,841	66,841
Non-consolidated investments	Available for sale	Fair value through OCI – Equity instruments	2,460	2,460	2,460
Loans due in more than one year	Loans and receivables	Amortized cost	5,672	9,076	9,076
TOTAL NON-CURRENT FINANCIAL ASSETS			**105,968**	**78,377**	**78,377**

Security deposits

Security deposits are linked to:

- reserve accounts associated with bank funding for production assets;
- deposits made in the context of tenders.

The increase in security deposits in 2018 relates mainly to debt service reserve accounts (DSRA) set up for projects in Australia.

Non-consolidated investments

Non-consolidated investments comprise residual minority interests in the Cestas project’s holding companies. The Group has opted to measure these items at fair value through items that will not subsequently be reclassified to other comprehensive income.

Loans due in more than one year

The development and construction of plants at companies not fully consolidated by the Group are financed through shareholder loans.

NOTE 18. WORKING CAPITAL

The changes in working capital requirement as shown in the cash flow statement break down as follows:

(in thousands of euros)	Balance sheet at 12.31.2018	Balance sheet at 12.31.2017	Change	Change in scope	Change in accounting policy (IFRS 16)	Exchange differences on translation of foreign operations	Working capital (cash flow statement)
Inventories and work-in-progress	349	453	104	-	-	-	104
Trade accounts receivable	33,755	29,024	(4,731)	49	-	585	(5,366)
Trade accounts payable	(25,775)	(23,009)	2,767	(14)	-	(252)	3,033
Other receivables	48,009	44,966	(3,043)	(360)	660	286	(3,628)
Other payables	(35,573)	(45,498)	(9,925)	(10,082)	-	259	(102)
TOTAL	**20,764**	**5,936**	**(14,828)**	**(10,407)**	**660**	**879**	**(5,960)**

The change in net working capital of €6.0 million is attributable chiefly to:

- the negative change in trade receivable (€5.4 million), particularly as a result of plants commissioned in 2018;
- a positive effect from accounts payable (€3.0 million);
- change in other receivables of negative €3.6 million, including VAT to be recovered following construction invoices received at the end of the period.

The total amount shown with respect to changes in scope chiefly comprises liabilities relating to earn-out payments on Bulgana, La Puna and Hedet projects. The cash effects of those earn-out payments are recorded within net cash flows used in investing activities under “Acquisitions of subsidiaries, net of cash and cash equivalents acquired”.

NOTE 19. INVENTORIES

(in thousands of euros)	**12.31.2018**	**12.31.2017**
Studies – Gross value	1,541	1,541
Studies – Impairment	(1,541)	(1,541)
Total studies	**-**	**-**
Goods – Gross value	349	453
Goods – Impairment	-	-
Total goods	**349**	**453**
TOTAL INVENTORIES AND WORK-IN-PROGRESS	**349**	**453**

Studies

Studies relating to the development of offshore wind operations for €1.5 million were depreciated in full in 2017.

Goods

Inventories of goods correspond to purchases of wood for the Commentry biomass plant.

NOTE 20.TRADE ACCOUNTS RECEIVABLE

(in thousands of euros)	**12.31.2018**	**12.31.2017**
Accounts receivable	34,101	29,024
Impairment	(347)	-
TOTAL TRADE ACCOUNTS RECEIVABLE	**33,755**	**29,024**

The Group sells most of the electricity produced under framework agreements with a purchase obligation (the conditions of which are specified in decrees or tender regulations).

Receivables recognised at the reporting date primarily correspond to invoices of electricity sales not yet due and to green certificates.

The increase in this caption chiefly reflects the growth in the number of plants in operation.

Given the quality of the signing parties to PPAs, the Group considers that the counterparty risk related to its trade receivables is negligible. The balance sheet showed no significant overdue trade receivables as of December 31, 2018 and December 31, 2017.

NOTE 21. OTHER CURRENT ASSETS

Other current assets break down as follows:

(in thousands of euros)	**12.31.2018**	**12.31.2017**
Tax and employee-related receivables	31,501	26,908
Trade accounts payable in debit	7,974	10,079
Prepaid expenses	8,101	8,339
Other debtors	1,370	2,159
TOTAL OTHER CURRENT ASSETS	**48,946**	**47,483**

At December 31, 2018, tax and employee-related receivables essentially comprise recoverable VAT on fixed asset invoices relating notably to the construction of the Chassepain, Corbas and Azur Est power stations in France, Bulgana and Numurkah in Australia, and Hedet in Finland.

The amounts shown for trade accounts payable in debit correspond to advance payments or late delivery penalties with fixed asset suppliers.

In some specific cases, the Group is required to pay in advance for services providing access rights to land or electricity and steam networks in the operational phase, which leads to the recognition of prepaid expenses.

NOTE 22. CASH AND CASH EQUIVALENTS

(in thousands of euros)	**12.31.2018**	**12.31.2017**
Short-term investments	165,392	3,832
Cash	338,440	256,168
TOTAL CASH AND CASH EQUIVALENTS	**503,832**	**260,000**

Following its IPO, Neoen deposited €160 million in term accounts. These investments are fully available on demand and do not present risks.

Cash is mainly composed of liquidity at Neoen S.A. in the amount of €253.2 million, senior debt drawn to settle investment invoices as part of projects for €92.7 million, and green bonds in the amount of €26.2 million for investments in new projects (see Note 36, Subsequent events).

NOTE 23. EQUITY

Movements affecting the Neoen Group's equity in 2017 and 2018 are detailed in the consolidated statement of changes in shareholder's equity.

During the period, non-controlling interests carried out capital increases in fully consolidated companies for €0.6 million.

Share capital, reserves and share premiums

On July 2, 2018, 755,000 stock options with an exercise price of €2.00 and 75,000 equity warrants with an exercise price of €1.39 (volumes and prices before the share consolidation) were exercised in a total amount of €1,614,250, of which €784,250 in share premium.

On October 1, 2018, the Company consolidated its shares on the basis of 1 new share for 2 existing shares. The nominal value of the share was increased from €1 to €2.

Changes in the Group's equity during the period are set out bellow:

On October 18, 2018, the Company increased its capital through the incorporation of Impala's partner current account in a total amount of €53,628,317, of which €47,127,915 in share premium.

On October 18, 2018, the Company completed its IPO, involving a capital increase of €449,999,996, including €395,454,542 in share premium, *i.e.* €16.5 per share broken down as €2 in par value and €14.5 in share premium.

On November 21, 2018, 37,500 €4 stock options (after the share consolidation) were exercised in a total amount of €150,000, of which €75,000 in share premium.

At December 31, 2018, fully paid-up share capital comprised 84,957,498 shares with a par value of €2 each (number and par value after the share consolidation). The Group holds 150,658 own shares.

Date	**Transactions**	**Share capital** *(in thousands of euros)*	**Share premium** *(in thousands of euros)*	**Number of shares**	**Par value** *(in euros)*
12.31.2017		**107,964**	**64,027**	**107,964,140**	**1.00**
02.07.2018	Exercise of 755,000 stock options (OSA) with a unit price of €2.00	755	755	755,000	1.00
02.07.2018	Exercise of 75,000 equity warrants (BSA) with a unit price of €1.39	75	29	75,000	1.00
01.10.2018	Consolidation of shares			(54,397,070)	-
18.10.2018	Incorporation of Impala's partner current account	6,500	47,128	3,250,201	2.00
18.10.2018	Initial public offering	54,545	395,455	27,272,727	2.00
21.11.2018	Exercise of 37,500 stock options (OSA) at €4.00	75	75	37,500	2.00
12.31.2018		**169,915**	**507,469**	**84,957,498**	**2.00**

Share subscription option plan

On May 30, 2018, the Chairman of the Company under its former simplified limited company (société anonyme) form granted 45,000 stock options with an exercise price of €10. The vesting period is three years and the plans will expire five years from the grant date.

On July 5, 2018, the Chairman of the Company under its former simplified limited company (société anonyme) form granted 65,000 stock options with an exercise price of €10. The vesting period is three years and the plans will expire five years from the grant date.

The fair value of the 2018 stock option plan is €197 thousand. This amount is recognised as an expense over the vesting period through a corresponding increase in equity. An expense of €102 thousand was recognised in the 2018 income statement in this respect.

The Group based the value of these plans on the following assumptions:

- volatility of 23% (based on the volatility of comparable companies);
- risk-free interest rate equal to the five-year French government bond (OAT) rate as of the grant date;
- average maturity of plans: 1 year.

	Number of stock options granted		Start of exercise period		Strike price		Outstanding shares	
Grant date	**before consolidation**	**after consolidation**		**Expiry date**	**before consolidation**	**after consolidation**	**before consolidation**	**after consolidation**
01.01.15	1,142,500	571,250	01.01.17	01.01.20	€2.00	€4.00	157,500	78,750
10.01.16	255,000	127,500	10.01.19	10.01.21	€2.00	€4.00	180,000	90,000
16.05.16	50,000	25,000	16.05.19	16.05.21	€2.00	€4.00	50,000	25,000
23.12.16	470,000	235,000	23.12.19	23.12.21	€3.00	€6.00	450,000	225,000
30.05.18	90,000	45,000	30.05.21	30.05.23	€5.00	€10.00	90,000	45,000
05.07.18	130,000	65,000	05.07.21	05.07.23	€5.00	€10.00	130,000	65,000
TOTAL	**2,137,500**	**1,068,750**					**1,057,500**	**528,750**

Free share plan

On February 23, 2018, the Chairman of the Company under its former simplified limited company (société anonyme) form decided to grant 106,054 free shares (number after the consolidation of shares). The free shares will vest at the end of a one-year vesting period, provided that the conditions set by the Chairman in the plan are met.

On April 9, 2018, the Chairman of the Company under its former simplified limited company (société anonyme) form decided to grant 2,500 free shares (number after the consolidation of shares). The free shares will vest at the end of a two-year vesting period, provided that the conditions set by the Chairman in the plan are met.

On May 30, 2018, the Chairman of the Company under its former simplified limited company (société anonyme) form decided to grant 107,500 free shares (number after the consolidation of shares). The free shares will vest at the end of a three-year vesting period, provided that the conditions set by the Chairman in the plan are met.

On July 5, 2018, the Chairman of the Company under its former simplified limited company (société anonyme) form decided to grant 570,644 free shares (number after the consolidation of shares). The free shares will vest at the end of a two-year vesting period, provided that the conditions set by the Chairman in the plan are met.

Breakdown of dilutive instruments

(in number of shares)		**12.31.18**	**12.31.2017 pro forma***	**12.31.2017**	**12.31.2017 pro forma**	**12.31.2016 pro forma**	**12.31.2017**	**12.31.2016**
Before dilutive instruments								
Number of shares		84,957,498	53,982,070	107,964,140	53,982,070	52,953,785	107,964,140	105,907,569
Number of treasury shares		150,658	5,000	10,000	5,000	108,750	10,000	217,500
Number of shares excluding treasury shares		84,806,840	53,977,070	107,954,140	53,977,070	52,845,035	107,954,140	105,690,069
AVERAGE NUMBER OF SHARES DURING THE PERIOD BEFORE DILUTION		**69,391,955**			**53,411,052**			
Dilutive instruments	Free shares	786,698	0	0	0	108,588	0	217,175
	Share subscription options	528,750	833,750	1,667,500	833,750	1,054,275	1,667,500	2,108,550
	Share subscription warrants	0	37,500	75,000	37,500	676,673	75,000	1,353,346
	TOTAL	**1,315,448**	**871,250**	**1,742,500**	**871,250**	**1,839,536**	**1,742,500**	**3,679,071**
After dilutive instruments								
Number of shares		86,272,946	54,853,320	109,706,640	54,853,320	54,793,320	109,706,640	109,586,640
Number of treasury shares		150,658	5,000	10,000	5,000	108,750	10,000	217,500
Number of shares excluding treasury shares		86,122,288	54,848,320	109,696,640	54,848,320	54,684,570	109,696,640	109,369,140
AVERAGE NUMBER OF SHARES DURING THE PERIOD AFTER DILUTION		**70,485,304**			**54,766,445**			

Non-controlling interests

(in thousands of euros)	Country	Percentage interest	Net income (loss)	Cumulative amount
HWF HoldCo 1	Australia	30.00%	461	9,310
HWF HoldCo 3	Australia	20.00%	422	6,550
HWF HoldCo 2	Australia	20.00%	(80)	3,744
HWF 1	Australia	30.00%	(263)	1,054
HWF 2	Australia	20.00%	1,510	429
Bangweulu Power Company	Zambia	41.20%	(397)	331
HWF 3	Australia	20.00%	1,877	186
Hedet	Finland	19.90%	(63)	21
Central Metoro S.A.	Mozambique	25.00%	(136)	(137)
EREC	Jamaica	50.00%	(493)	(271)
Biomasse Energie de Commentry	France	49.00%	(1,483)	(10,337)
Not material taken individually			(197)	(741)
AMOUNTS PAYABLE TO RELATED PARTIES			**1,158**	**10,140**

NOTE 24. PROVISIONS

Provision movements break down as follows:

(in thousands of euros)	Non-current provisions	Current provisions
Amount at December 31, 2016	**5,115**	**-**
Increase	-	-
Reversals (utilised provisions)	-	-
Discounting	105	-
Effect of changes in scope	-	-
Other movements	575	-
Amount at December 31, 2017	**5,795**	**-**
Increase	-	-
Reversals (utilised provisions)	(597)	-
Discounting	181	-
Effect of changes in scope	(28)	-
Other movements	5,223	-
AMOUNT AT DECEMBER 31, 2018	**10,573**	**-**

Other movements mostly relate to the provision for dismantling obligations recognised against production assets commissioned in 2018.

This provision totalled €10.2 million at December 31, 2018, *versus* €4.8 million at December 31, 2017.

NOTE 25. BORROWINGS

At December 31, 2018, total Group debt was €1,691 million, *versus* €1,399 million at end-2017.

With the exception of the two power plants below, there is no evidence to suggest that the various companies financed by project-related debt do not comply with either their minimum DSCR covenant or their minimum equity covenant.

- Auxois Sud: production was stopped at the end of 2018 to allow the construction of an extension ("Plateau Aux Auxois Sud" plant) resulting in a loss of income equivalent to two months of production, which takes the DSCR below the default trigger. This event is exceptional in nature and does not reflect a deterioration in the plant's performance;
- Champs d'Amour: in its first year of operation, the Champs d'Amour wind farm was penalised by a weaker resource and a slower-than-expected ramp-up. This conjunction took the DSCR below the default trigger.

As of the date of this document, the Group has entered into discussions with the lending creditors in order to obtain waivers for these cases of non-compliance with minimum DSCRs. The Group does not anticipate any major difficulties in obtaining these waivers.

Project finance bank debt resulting from assets that were in operation during the period totalled €829.9 million.

A) NET DEBT

(in thousands of euros)	12.31.2018	12.31.2017
Bank loan – project financing	1,229,321	974,345
Bond financing of projects	262,752	231,139
Lease liabilities	96,912	-
Corporate financing	16,091	78,429
Minority investors and other	45,361	90,423
Derivative instruments liabilities – hedging effect	40,326	24,843
Total borrowings	**1,690,763**	**1,399,180**
Minority investors and other	(45,361)	(90,423)
Adjusted total financial debt	**1,645,401**	**1,308,756**
Short-term investments	(165,392)	(3,832)
Cash	(338,440)	(256,168)
Total cash and cash equivalents	**(503,832)**	**(260,000)**
Security deposits	(97,835)	(66,841)
Derivative instruments assets – hedging effect	(5,834)	(6,119)
Other receivables	6	(4,868)
Total other assets	**(103,664)**	**(77,829)**
TOTAL NET DEBT	**1,037,905**	**970,928**

Lease liabilities are included in the calculation of net debt, whereas recurring EBITDA does not include lease charges (application of IFRS 16).

B) ANALYSIS BY TYPE

(in thousands of euros)	Non-current	Current	12.31.2018	Non-current	Current	12.31.2017
Bank loan – project financing	1,142,661	86,660	1,229,321	910,425	63,921	974,345
Bond financing of projects	235,443	27,309	262,752	208,833	22,307	231,139
Lease liabilities	92,827	4,085	96,912	-	-	-
Corporate financing	13,850	2,241	16,091	15,250	63,179	78,429
Minority investors and other	40,892	4,470	45,361	81,676	8,747	90,423
Derivative instruments – impact of hedging	33,270	7,056	40,326	17,475	7,369	24,843
TOTAL BORROWINGS	**1,558,941**	**131,821**	**1,690,763**	**1,233,658**	**165,522**	**1,399,180**

Bank loans – financing of production assets

The Group finances a significant portion of its investments through long-term debt without recourse to the parent company ("Project Finance").

In 2018, new funding of this type amounted to €342.8 million, and primarily concerned the Coleambally (€108.3 million), Bulgana (€29.7 million) and Numurkah (€27.8 million) solar farms in Australia, and the Chassepain (€30.6 million), Pays Chaumontais (€29.3 million) and Plateau de l'Auxois Sud (€19.1 million) wind farms in France.

In 2017, it concerned the HWF 3, Osière, Vallée aux Grillons and Champs d'Amour wind farms, as well as the Parkes, Griffith and Dubbo solar projects.

Bond financing of projects – non-current

In 2018, Neoen drew an additional €50.2 million from the Green Bond with AMP Capital and repaid €8.7 million.

In December 2017, Neoen issued a €245 million green bond in three currencies (EUR, AUD and USD) to finance 42 projects in different countries generating 1.6 GW. The financing for the green bond was set up on December 14, 2017 with AMP Capital. Amounts drawn on this bond in 2017 totalled €144.9 million.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the lessee's incremental borrowing rate and then repaid and unwound as the lease payments are made.

Minority investors and other

Other financial debts consist mainly of minority current accounts in biomass companies Commentry, Hedet and EREC.

Corporate financing – current

The Group has access to several short-term bank credit lines.

C) BREAKDOWN OF BORROWINGS BY INTEREST RATE

Borrowings break down by interest rate as follows:

(in thousands of euros)	**12.31.2018**	**12.31.2017**
Fixed rate	657,157	619,668
Floating rate	993,280	754,668
Impact of hedging	40,326	24,843
TOTAL FINANCIAL DEBT AFTER HEDGING EFFECT	**1,690,763**	**1,399,180**

In principle, project financing at floating interest rates is generally hedged for at least 75% of the total amount. Hedging instruments are measured at fair value.

D) BREAKDOWN OF BORROWING REPAYMENTS BY MATURITY

The breakdown by maturity of total financial debt repayments (including principal repayments and the payment of accrued interest) is as follows:

(in thousands of euros)	**Less than 1 year**	**Between 1 and 5 years**	**More than 5 years**	**Total borrowings**
Bank loan – project financing	86,660	200,931	941,730	1,229,321
Bond financing of projects	27,309	77,170	158,273	262,752
Lease liabilities	4,085	6,196	86,630	96,912
Corporate financing	2,241	9,850	4,000	16,091
Minority investors and other	4,470	1,422	39,470	45,361
Derivative instruments – impact of hedging	7,056	4,890	28,380	40,326
TOTAL AT DECEMBER 31, 2018	**131,821**	**300,459**	**1,258,482**	**1,690,763**

E) BREAKDOWN OF MOVEMENTS IN BORROWINGS

(in thousands of euros)	12.31.2017	Cash flows	Changes with no cash impact Effect of changes in foreign exchange rates	Change in scope	Change in fair value and amortised cost	Accrued interest	Change in accounting policy (IFRS 16)	Other changes	12.31.2018
Bank loan – project financing	974,345	276,720	(21,470)	(436)	1,747	(1,554)	-	(32)	1,229,321
Bond financing of projects	231,139	33,217	(3,091)	-	873	614	-	(0)	262,752
Lease liabilities	-	(2,844)	(621)	-	-	1,235	74,001	25,141	96,912
Corporate financing	78,429	(62,150)	(0)	-	-		-	(188)	16,091
Minority investors and other	90,423	6,612	(270)	2,057	-	-	-	(53,461)	45,361
Derivative instruments – impact of hedging	24,843	(0)	(966)	-	16,449	-	-	-	40,326
TOTAL BORROWINGS	**1,399,180**	**251,554**	**(26,418)**	**1,621**	**19,070**	**295**	**74,001**	**(28,540)**	**1,690,763**

The first-time application of IFRS 16 led to the recognition of a lease liability of €74 million (change of method).

Other movements mainly reflect:

- the recognition of new leases or amendments came into force over the year in the amount of €24.6 million;
- the capitalisation of the Impala partner current account in the negative amount of €53.6 million.

NOTE 26. DERIVATIVE FINANCIAL INSTRUMENTS

Neoen uses interest rate swaps to hedge against changes in interest rates on loans contracted to finance its production plants (see Note 32.a). At December 31, 2018, cash flow hedge accounting was applied to these derivatives. Interest flows related to these interest rate swaps will be recognised in income over the term of the financing in line with interest expenses on the hedged loan.

In 2018, a loss of €17.2 million was recognised in other comprehensive income in respect of changes in fair value of cash flow hedging derivatives, and an amount of €1.7 million was reclassified, resulting in an additional charge of the same amount.

In 2017, a loss of €4.5 million was recognised in other comprehensive income in respect of the change in fair value of cash flow hedging derivatives, and an amount of €4.1 million was reclassified to income.

NOTE 27. DEFERRED TAX

The table below shows the origin of deferred tax assets and liabilities on the balance sheet:

(in thousands of euros)	12.31.2018	12.31.2017
Difference between carrying amount and tax value:		
• Fixed assets	5,815	5,061
• Provisions	(54,293)	(26,609)
• Valuation differences	(2,388)	(2,523)
• Financial items	7,902	3,184
• Other items	1,603	332
Recognition of deferred tax assets in respect of tax losses and tax credits	42,655	25,597
NET DEFERRED TAX	**1,293**	**5,042**
Deferred tax assets	39,075	26,264
Deferred tax liabilities	37,782	21,221
NET DEFERRED TAX	**1,293**	**5,043**

The change in deferred taxes breaks down as follows:

(in thousands of euros)	Deferred tax assets	Deferred tax liabilities	Total
Net deferred tax at December 31, 2016	**20,595**	**12,344**	**8,251**
Change recognised in income	25,954	28,962	(3,008)
Other comprehensive income	67	(679)	746
Discounting	2	1	1
Effect of changes in scope	137	-	137
Deferred tax offset	(22,241)	(22,241)	-
Other movements	1,749	1,833	(84)
Change in accounting policy (IFRS 9)		1,001	(1,001)
Net deferred tax at December 31, 2017	**26,263**	**21,221**	**5,042**
Change recognised in income	24,182	32,208	(8,026)
Other comprehensive income	6,638	1,559	5,080
Effect of changes in scope	(0)	0	(0)
Discounting	-	-	-
Deferred tax offset	(8,320)	(8,320)	-
Other movements	(9,688)	(8,885)	(804)
NET DEFERRED TAX AT DECEMBER 31, 2018	**39,075**	**37,782**	**1,293**

In 2018, the amount of deferred taxes not recognised in respect of tax losses generated during the period was €0.9 million.

Offsetting between asset and liability positions is made by country and by tax group.

NOTE 28. TRADE ACCOUNTS PAYABLE

Trade accounts payable break down as follows:

(in thousands of euros)	12.31.2018	12.31.2017
Accounts payable	25,775	23,009
Payable to fixed asset suppliers	110,752	134,347
TOTAL TRADE ACCOUNTS PAYABLE	**136,527**	**157,355**

The “Payable to fixed asset suppliers” line corresponds to invoices not yet due which were received at the end of the period for projects under construction.

NOTE 29. OTHER CURRENT LIABILITIES

A) TAX AND EMPLOYEE-RELATED LIABILITIES

(in thousands of euros	12.31.2018	12.31.2017
Tax liabilities	9,648	8,232
Employee-related liabilities	5,439	4,165
TAX AND EMPLOYEE-RELATED LIABILITIES	**15,087**	**12,397**

Tax liabilities consist mainly of VAT liabilities on invoices issued at the end of the year.

Employee-related liabilities correspond mostly to provisions for bonuses, annual leave and the corresponding social security charges.

B) OTHER CURRENT LIABILITIES

(in thousands of euros)	12.31.2018	12.31.2017
Deferred income	18,701	23,226
Other creditors	4,155	12,277
TOTAL OTHER CURRENT LIABILITIES	**22,856**	**35,502**

Deferred income consists mainly of investment grants received from ARENA for the DeGrussa, Parkes, Griffith and Dubbo Solar Hub projects in Australia. These grants are recognised over the term of the corresponding project.

Other liabilities mainly relate to earn-out payments on acquisitions of intangible assets (see Note 14).

NOTE 30.TOTAL FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined based on observable market data providing the most reliable evidence of a financial instrument’s fair value.

For swaps and loans, fair value is determined based on contractual cash flows discounted at market interest rates. The fair value of trade accounts payable and trade accounts receivable corresponds to the balance sheet carrying amount, as the impact of discounting future cash flows is not material.

The tables below present by category the Group’s assets and liabilities measured at fair value, pursuant to the amendment to IFRS 7 "Financial instruments: disclosures":

12.31.2018	Level	Carrying amount	Fair value	Assets available for sale	Fair value	Loans and receivables	Liabilities at amortised cost
Derivative financial instruments	2	5,834	5,834	-	5,834	-	-
Trade accounts receivable	-	33,755	33,755	-	-	33,755	-
Cash and cash equivalents	1	503,832	503,832	-	503,832	-	-
TOTAL FINANCIAL ASSETS		**543,421**	**543,421**	**-**	**509,666**	**33,755**	**-**
Non-current borrowings	3	1,525,671	1,525,671	-	-	-	1,525,671
Derivative financial instruments	2	40,326	40,326	-	40,326	-	-
Current borrowings	3	124,765	124,765	-	-	-	124,765
Trade accounts payable	-	136,527	136,527	-	-	-	136,527
TOTAL FINANCIAL LIABILITIES		**1,827,290**	**1,827,290**	**-**	**40,326**	**-**	**1,786,963**

12.31.2017	Level	Carrying amount	Fair value	Assets available for sale	Fair value	Loans and receivables	Liabilities at amortised cost
Derivative financial instruments	2	6,119	6,119	-	6,119	-	-
Trade accounts receivable	-	29,024	29,024	-	-	29,024	-
Cash and cash equivalents	1	260,000	260,000	-	260,000	-	-
TOTAL FINANCIAL ASSETS		**295,143**	**295,143**	**-**	**266,120**	**29,024**	**-**
Non-current borrowings	3	1,216,183	1,216,183	-	-	-	1,216,183
Derivative financial instruments	2	24,843	24,843	-	24,843	-	-
Current borrowings	3	158,153	158,153	-	-	-	158,153
Trade accounts payable	-	157,355	157,355	-	-	-	157,355
TOTAL FINANCIAL LIABILITIES		**1,556,535**	**1,556,535**	**-**	**24,843**	**-**	**1,531,692**

Classification levels under the fair value hierarchy are as follows:

- level 1: quoted price in an active market;
- level 2: quoted price in an active market for a similar instrument, or other valuation techniques based on observable inputs;
- level 3: valuation technique incorporating unobservable inputs.

ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS

NOTE 31. SEGMENT REPORTING

(in thousands of euros)	**12.31.2018**	**Wind**	**Solar**	**Storage**	**Biomass**	**Development & investment**	**Elimination**	**Total**
EMEA	**Income statement**							
	Revenue	29,399	39,937	0	20,639			89,974
	EBITDA	23,010	33,789	(3)	7,073			63,870
	Balance sheet							
	Total assets	384,857	466,851	2,917	79,370			933,995
	Cash flow statement							
	Acquisitions of property, plant and equipment and intangible assets	99,984	53,319	951	8,681			162,936
AMERICAS	**Income statement**							
	Revenue		16,408					16,408
	EBITDA		11,656					11,656
	Balance sheet							
	Total assets		216,200					216,200
	Cash flow statement							
	Acquisitions of property, plant and equipment and intangible assets		23,952					23,952
AUSTRALIA	**Income statement**							
	Revenue	79,156	24,030	17,938				121,125
	EBITDA	68,827	32,005	14,205				115,038
	Balance sheet							
	Total assets	611,850	428,531	52,772				1,093,153
	Cash flow statement							
	Acquisitions of property, plant and equipment and intangible assets	103,688	194,593	24,191				322,473
TOTAL	**INCOME STATEMENT**							
	Revenue	**108,556**	**80,375**	**17,938**	**20,639**	**63,084**	**(62,965)**	**227,626**
	EBITDA	**91,838**	**77,450**	**14,203**	**7,073**	**10,890**	**(27,059)**	**174,395**
	BALANCE SHEET							
	Total assets	**996,707**	**1,111,582**	**55,689**	**79,370**	**349,247**	**(23,735)**	**2,568,861**
	CASH FLOW STATEMENT							
	Acquisitions of property, plant and equipment and intangible assets	**203,672**	**271,865**	**25,143**	**8,681**	**4,785**	**(30,284)**	**483,862**

In the year ended December 31, 2018, the French entities posted total revenue of €83.9 million, versus €61.0 million in 2017. At December 31, 2018, non-current assets represented €681.7 million, versus €527.1 million at end-December 2017.

Recurring EBITDA corresponds to current operating income adjusted for current depreciation, amortization and provisions

(in thousands of euros)	**12.31.2017**	**Wind**	**Solar**	**Storage**	**Biomass**	**Development & investment**	**Elimination**	**Total**
EMEA	**Income statement**							
	Revenue	19,104	41,195	0	7,616			67,916
	EBITDA	14,466	33,169	(2)	659			48,292
	Balance sheet							
	Total assets	264,441	322,142	3	89,908			676,493
	Cash flow statement							
	Acquisitions of property, plant and equipment and intangible assets	66,098	16,527	0	2,694			85,319
AMERICAS	**Income statement**							
	Revenue		12,314					12,314
	EBITDA		8,374					8,374
	Balance sheet							
	Total assets		134,273					134,273
	Cash flow statement							
	Acquisitions of property, plant and equipment and intangible assets		42,556					42,556
AUSTRALIA	**Income statement**							
	Revenue	53,537	2,463	566				56,567
	EBITDA	45,130	10,200	374				55,705
	Balance sheet							
	Total assets	566,131	222,776	55,443				844,350
	Cash flow statement							
	Acquisitions of property, plant and equipment and intangible assets	192,554	166,185	367				359,107
TOTAL	**INCOME STATEMENT**							
	Revenue	**72,641**	**55,973**	**566**	**7,616**	**48,575**	**(46,068)**	**139,304**
	EBITDA	**59,596**	**51,743**	**373**	**659**	**7,910**	**(18,098)**	**102,183**
	Balance sheet							
	Total assets	**830,572**	**679,190**	**55,446**	**89,908**	**161,656**	**(7,774)**	**1,808,998**
	CASH FLOW STATEMENT							
	Acquisitions of property, plant and equipment and intangible assets	**258,652**	**225,268**	**367**	**2,694**	**3,557**	**(22,532)**	**468,007**

The Wind, Solar and Biomass segments generate most of their revenue with public sector actors (governments and government-owned entities) and electricity utilities.

The revenues recognized within the Development and Investment segment predominantly comprise invoices to Group companies, which are eliminated within the Eliminations segment.

NOTE 32. RISK MANAGEMENT

A) INTEREST RATE RISK

The Neoen Group is exposed to market risks through its investing activities. This exposure is mainly related to fluctuations in non-hedged floating interest rates on its project-related debt.

Interest rate risk is hedged using over-the counter instruments contracted with leading counterparties. The Group purchases financial instruments to hedge its floating rate debt, with the aim of hedging at least 75% of the nominal amount by aligning derivatives with the terms, reference interest rates, interest periods and scheduled repayments on the loans that are the subject of these hedges.

The Group's risk management policy aims to limit and manage fluctuations in interest rates and their impact on the income statement and future cash flows.

	Notional amount by maturity					
As of December 31, 2018 *(in thousands of euros)*	**Less than 5 years**	**More than 5 years**	**Total**	**Fair value**	**Recognised in equity**	**Recognised in income**
Interest rate swaps – solar	79,639	220,636	300,275	18,106	18,106	0
Interest rate swaps – wind	78,309	301,918	380,227	22,220	22,220	0
Interest rate caps	65,316	120,420	185,736	5,831	5,831	0
TOTAL	**223,264**	**642,974**	**866,238**	**46,157**	**46,157**	**0**

B) FOREIGN EXCHANGE RISK

Foreign exchange risk arises on operating transactions in foreign currencies which are increasing as the Group continues to expand internationally. To mitigate any foreign exchange risk on its operating assets, the Group always finances its assets in its functional currency.

C) COUNTERPARTY RISK

Given the large number of suppliers and subcontractors with which it does business, counterparty insolvency would not have any material impact on the Group's operations.

Given the quality of the signing parties to electricity sales agreements, the Group considers that the counterparty risk related to its trade accounts receivable is not material.

The Neoen Group invests its cash and cash equivalents and enters into interest rate agreements with leading financial institutions.

D) LIQUIDITY RISK

At December 31, 2018 and December 31, 2017, the Group's liquidity position is as follows:

In thousands of euros	**12.31.2018**	**12.31.2017**
Cash and cash equivalents	503,832	259,721
Available overdraft facilities	145,000	39,000
TOTAL	**648,832**	**298,721**

E) RISKS RELATED TO REGULATORY CHANGES

Neoen sells electricity under long-term agreements with firm commitments from its counterparties, including many States. In certain countries where Neoen does not operate (in particular, Spain), States have occasionally introduced retroactive cuts to favourable feed-in tariffs. Any changes in energy pricing could have a material impact on the Group's financial statements.

Neoen's multi-sector and multi-country strategy minimizes this risk by reducing the Group's exposure to a particular technology or country. The particularly competitive price of the electricity produced by Neoen under the majority of its agreements also constitutes a natural hedge against this risk.

NOTE 33. OFF-BALANCE SHEET COMMITMENTS

A) OFF-BALANCE SHEET COMMITMENTS GIVEN

(in thousands of euros)	12.31.2018	12.31.2017
Guarantees given to suppliers	104,269	20,277
Leases	-	87,649
Maintenance	476,767	349,604
Other commitments	227,075	97,506
Commitments given in connection with operating activities	**808,112**	**555,036**
Assets pledged as collateral	1,937,574	1,402,227
Other guarantees	-	-
Commitments given in connection with financing activities	**1,937,574**	**1,402,227**
TOTAL OFF-BALANCE SHEET COMMITMENTS GIVEN	**2,745,685**	**1,957,263**

Commitments given in connection with operating activities

Guarantees given to suppliers

The Group may temporarily give guarantees to its suppliers in connection with the construction of its production assets.

Leases

These consist mainly of leases signed in the context of projects. Following the early application of IFRS 16, they are no longer treated as off-balance sheet commitments.

Maintenance

In the context of operating its production assets, the Group enters into maintenance agreements that may span several years. The related services are expensed in the year in which they are provided.

Other commitments given

Other commitments are mainly guarantees given by the Group as part of the project development process, such as tendering guarantees, and performance and decommissioning guarantees.

Commitments given in connection with financing activities:

Assets pledged as collateral

In most cases, the Group pledges shares and advances on shareholder loans in connection with debt incurred to finance projects. Some assets are also pledged as collateral to guarantee the repayment of bank debt until its extinguishment.

B) OFF-BALANCE SHEET COMMITMENTS RECEIVED

(in thousands of euros)	12.31.2018	12.31.2017
Energy purchase commitments	5,657,593	3,668,718
Other commitments received	620,955	56,117
Commitments received in connection with operating activities	**6,278,548**	**3,724,836**
Amounts payable to related parties	321,354	215,797
Corporate credit lines granted	145,000	39,000
Other guarantees	0	
Commitments received in connection with financing activities	**466,354**	**254,797**
TOTAL OFF-BALANCE SHEET COMMITMENTS RECEIVED	**6,744,903**	**3,979,632**

Commitments received in connection with operating activities

Energy purchase commitments received

In most cases, the company carrying the project and which will operate the plant enters into a long-term energy supply contract. The Group receives purchase commitments for periods of 15 to 20 years. Overall commitments are measured based on production volumes estimated by the Group over the term of the purchase agreement and on sales prices excluding inflation.

Other commitments received

These consist mainly of guarantees received by construction companies for the successful construction of plants and by suppliers in connection with maintenance.

Commitments received in connection with financing activities

Amounts payable to related parties

At December 31, 2018, the Group had received commitments to finance its projects for an amount of €312 million, which remained undrawn.

Corporate credit lines granted

The Group holds short-term credit lines to cover the parent company's working capital requirements.

NOTE 34. RELATED PARTIES

Neoen carried out transactions with Impala, its subsidiary Eiffel Investissement group and Bpifrance, which have been identified as related parties for the Group.

Expenses relating to related parties primarily concern management fees and interest on guarantees granted. Amounts payable to related parties reflect financing.

Neoen's financial statements are fully consolidated in the financial statements of Impala, which owns 50.1% of its share capital. Transactions with Impala and its subsidiaries or Bpifrance were carried out at arm's length.

Related party transactions broke down as follows in 2018 and 2017:

(In thousands of euros)	**12.31.2018**	**12.31.2017**
Expenses	4,165	4,733
Debt	15,723	69,732
Guarantees	99,340	80,003

NOTE 35. EXECUTIVE REMUNERATION

(in thousands of euros)	**12.31.2018**	**12.31.2017**
Short-term employee benefits	2,473	1,821
Share-based payments	1,049	458
TOTAL EXECUTIVE REMUNERATION	**3,523**	**2,279**

Executives are the members of the Group's Management Committee.

NOTE 36. STATUTORY AUDITORS FEES

(in euros)	**Deloitte/Constantin**	**RSM**	**Other networks**	**Total 12.31.2018**
Neoen S.A.				
Statutory Audit	90,000	28,000	-	118,000
Services other than certification of financial statements	420,000	10,500	-	430,500
Subsidiaries				
Statutory Audit	341,110	-	134,927	476,037
TOTAL	**851,110**	**38,500**	**134,927**	**1,024,537**

*Services other than certification of financial statements mainly represent fees relating to the IPO.

NOTE 37. SUBSEQUENT EVENTS

In January 2019, Neoen announced the commissioning of the first tranche of Corbas. With total capacity of 16 MWp, Corbas is the largest photovoltaic shelter project in France. The solar panels will help protect the new vehicles present on the site from bad weather. Residents have contributed to the funding. In the space of four weeks, they contributed €1.2 million to the project through crowdfunding, making it the largest and fastest fundraising for a solar project in France within the meaning of the Commission de Régulation de l'Énergie (CRE).

In February 2019, Neoen concluded a new senior debt financing programme for a portfolio of French solar and wind projects. It is sized to reach a €100 million. Caisse d'Épargne CEPAC, as loan arranger, coordinator and lender agent, structured the funding; Bpifrance and the EIB are the financial partners.

Also **in February 2019** and six months after the announcement of the signing of a contract for the purchase of electricity by Google, Neoen completed the funding of Hedet, an 81 MW wind project located in Finland. KfW Ipex and SEB have contributed to the project's senior debt (€66.5 million). Hedet will be Neoen's first project commissioned in Finland, a country where the Company plans to step up its development.

In March 2019, Neoen was awarded 45 MWp aggregated power project in the last government tender for ground-based solar power plants (known as CRE 4.5 – Commission de Régulation de l'Énergie). The 45 MW break down into five projects, all wholly owned by Neoen. The five winning projects are in the departments of Tarn-et-Garonne, Moselle, Meurthe-et-Moselle, Allier and Landes. Their funding through non-recourse project finance is already secure. Three of them will also use local crowdfunding.

Two of them will contribute to the remediation of degraded sites. Lastly, work is scheduled to start on three projects this year.

Also **in March 2019**, Neoen signed the funding for its El Llano project in Mexico. Bancomex, Natixis and Société Générale will contribute to the senior debt of the project, for which the total investment excluding financing costs amounts to US$280 million. This 375 MWp solar farm, developed entirely by Neoen, is to date the most powerful power plant in its asset portfolio. The project was the winner of Mexico's third public tender for renewable energies in November 2017. With a contract to sell electricity generated at less than $19 per MWh, it is one of the most competitive solar projects worldwide.

Lastly, at the end of March 2019, Neoen announced start of work on the photovoltaic park of Miremont, in Haute-Garonne. Located on a former gravel pit, this 10 MWp project will contribute to the site's remediation. It is expected to be commissioned in July this year.

NOTE 38. CONSOLIDATION SCOPE

In 2018, Neoen Jules GmbH and Neoen Mistral Gmbh used the exemption clause set out in Article 264, paragraph 3, of the German Commercial Code (HGB) concerning the preparation of notes to financial statements and a management report and the publication of annual financial statements.

Consolidation method	Company name	Percentage interest at 12.31.2018	Percentage interest at 12.31.2017
Parent company	**Neoen/Neoen Développement**	**Parent**	**Parent**
Full consolidation	Neoen Argentina	100%	100%
	ENR TUC	80%	80%
	Altiplano Solar S.A.	100%	80%
	Field Fare Argentina 2	100%	98%
	Atria Solar	100%	0%
	Neoen Australia	100%	100%
	Neoen Development Australia	100%	100%
	HWF HoldCo 1	70%	70%
	HWF FinCo 1	70%	70%
	HWF 1	70%	70%
	HWF HoldCo 2	80%	80%
	HWF FinCo 2	80%	80%
	HWF 2	80%	80%
	HWF HoldCo 3	80%	80%
	HWF FinCo 3	80%	80%
	HWF 3	80%	80%
	Hornsdale Asset Co	76.7%	76.7%
	DeGrussa Solar HoldCo	100%	100%
	DeGrussa Solar Project	100%	100%
	Parkes Solar Farm HoldCo Pty Ltd	100%	100%

Consolidation method	Company name	Percentage interest at 12.31.2018	Percentage interest at 12.31.2017
Full consolidation	Parkes Solar Farm FinCo Pty Ltd	100%	100%
	Parkes Solar Farm Pty Ltd	100%	100%
	Griffith Solar Farm HoldCo Pty Ltd	100%	100%
	Griffith Solar Farm FinCo Pty Ltd	100%	100%
	Griffith Solar Farm Pty Ltd	100%	100%
	Dubbo Solar Hub HoldCo Pty Ltd	100%	100%
	Dubbo Solar Hub FinCo Pty Ltd	100%	100%
	Dubbo Solar Hub Pty Ltd	100%	100%
	Neoen Wind Holdco 1 Pty Ltd	100%	100%
	Bulgana Holdings Pty Ltd	100%	100%
	Bulgana Windfarm Pty Ltd	100%	100%
	Coleambally HoldCo Pty Ltd	100%	100%
	Coleambally FinCo Pty Ltd	100%	100%
	Coleambally Solar Pty Ltd	100%	100%
	Numurkah HoldCo Pty Ltd	100%	100%
	Numurkah FinCo Pty Ltd	100%	100%
	Numurkah Solar Farm Pty Ltd	100%	100%
	HPR Holdco Pty Ltd	100%	100%
	HPR Finco Pty Ltd	100%	100%
	Hornsdale Power Reserve Pty Ltd	100%	100%
	Gilgandra Solar Holdco Pty Ltd	100%	100%
	Gilgandra Solar Finco Pty Ltd	100%	100%
	Gilgandra Solar Pty Ltd	100%	100%
	ENR Colombia	100%	100%
	Neoen Phoenix	100%	100%
	Neoen Mistral GmbH	100%	100%
	Hedet	80.1%	0%
	Neoen Renewables Finland Oy	100%	0%
	Björkliden Vindpark Ab	80.1%	0%
	Neoen International	100%	100%
	Neoen Services International	100%	100%
	Neoen Services	100%	100%
	Neoen Éolienne	100%	100%
	Neoen Marine Développement	65%	65%
	Neoen Solaire	100%	100%
	Neoen Biopower	100%	100%
	Neoen Production 1	100%	100%
	Neoen Production 2	100%	100%
	Neoen Production 3	100%	100%
	Neoen Mistral SAS	100%	100%
	Aiolos	100%	100%
	Centrale Éolienne de l'Auxois Sud	100%	100%
	Centrale Éolienne de Reclainville	100%	100%
	Centrale Éolienne de Bais et Trans	100%	100%
	Centrale Éolienne de la Montagne	100%	100%
	Holding Bussy Lettrée	100%	100%
	Centrale Éolienne de Bussy 1A	100%	100%
	Centrale Éolienne de Bussy 1B	100%	100%
	Centrale Éolienne de Bussy 2	100%	100%

Consolidation method	Company name	Percentage interest at 12.31.2018	Percentage interest at 12.31.2017
Full consolidation	Holding Raucourt II	100%	100%
	Centrale Éolienne de Flaba	100%	100%
	Centrale Éolienne de La Tabatière	100%	100%
	Centrale Éolienne de l'Osière	100%	100%
	Centrale Éolienne de la Vallée aux Grillons	100%	100%
	Centrale Éolienne Chanteraine	100%	100%
	Centrale Éolienne Chemin des Vignes	100%	100%
	Centrale Éolienne Les Hauts Chemins	100%	100%
	Centrale Éolienne Des Beaux Monts	100%	100%
	Centrale Éolienne La Garenne	100%	100%
	Centrale Éolienne Fontennelles	100%	100%
	Centrale Éolienne Chassepain	100%	100%
	Centrale Éolienne de Villacerf	100%	100%
	Centrale Éolienne de Laurens	100%	100%
	Centrale Éolienne de Trédaniel	100%	100%
	Centrale Éolienne de Viersat	100%	100%
	Centrale Éolienne du Nord Val de l'Indre	100%	100%
	Centrale Éolienne du Pays entre Madon et Moselle	100%	100%
	Centrale Éolienne Vexin	100%	100%
	Centrale Éolienne Terrajeaux	100%	100%
	Centrale Éolienne De La Verte Epine	100%	100%
	Centrale Éolienne des Ailes de Foulzy	100%	100%
	Centrale Éolienne des Champs d'Amour	100%	100%
	Centrale Éolienne du Plateau de l'Auxois Sud	100%	100%
	Centrale Éolienne le Berger	100%	100%
	Centrale Éolienne du Pays Chaumontais	100%	100%
	SARL Vendaisne	100%	100%
	Centrale Éolienne du Moulin à vent	100%	100%
	Centrale Éolienne de l'Orvin	100%	100%
	Centrale Éolienne du Peyro Del Ase	100%	100%
	Centrale Éolienne de Mont de Malan	100%	100%
	Centrale Éolienne les Sablons	100%	100%
	Centrale Éolienne de Vesly	100%	100%
	Centrale Éolienne de Crosville 1	100%	100%
	Centrale Éolienne de Crosville 2	100%	100%
	Centrale Éolienne de Rubercy	100%	100%
	Centrale Éolienne du Chemin Vert	100%	100%
	Centrale Éolienne de Courcôme	100%	100%
	Centrale Éolienne de St Sauvant	100%	100%
	Centrale Éolienne de la Voie Verte	100%	100%
	Centrale Éolienne Mont de Transet	100%	100%
	Centrale Éolienne Largeasse	100%	100%
	Centrale Éolienne Dissangis	100%	100%
	Centrale Éolienne la Briqueterie	100%	100%
	CE Avaloirs	100%	100%
	Centrale Solaire 3	100%	100%
	Centrale Solaire du Zénith	100%	100%
	Centrale Solaire Kertanguy	100%	100%
	Centrale Solaire de Torreilles	100%	100%

Consolidation method	Company name	Percentage interest at 12.31.2018	Percentage interest at 12.31.2017
Full consolidation	PV La Granes	100%	100%
	Geloux Solarphoton	100%	100%
	Claouziquet Centrale Solaire	100%	100%
	Luxey Solarphoton	100%	100%
	Garein Solarphoton	100%	100%
	SCI Constantinus	100%	100%
	SNC Solaire Cestas	100%	100%
	Poste de Livraison Constantin	100%	100%
	Groupement Solaire Cestas 1	100%	100%
	Centrale Solaire Constantin 1	100%	100%
	Centrale Solaire Constantin 2	100%	100%
	Centrale Solaire Constantin 3	100%	100%
	Centrale Solaire Constantin 4	100%	100%
	Centrale Solaire Constantin 5	100%	100%
	Centrale Solaire Constantin 6	100%	100%
	Holding Cap Découverte	100%	100%
	Centrale Solaire Cap Decouverte 1	100%	100%
	Centrale Solaire Cap Decouverte 2	100%	100%
	Centrale Solaire Cap Decouverte 3	100%	100%
	Centrale Solaire Cap Decouverte 4	100%	100%
	Ombrinéo	100%	100%
	Neoen AO 2012	100%	100%
	Centrales Solaires Alpha	100%	100%
	Centrale Solaire Omega	100%	100%
	Centrale Solaire 7	100%	100%
	Centrale Solaire Marville 3	100%	100%
	Centrale Solaire Marville 5	100%	100%
	Centrale Solaire Arue 1	100%	100%
	Centrale Solaire Arue 2	100%	100%
	Centrale Solaire Arue 3	100%	100%
	Centrale Solaire Arue 4	100%	100%
	Centrale Solaire Orion 1	100%	100%
	Centrale Solaire Orion 2	100%	100%
	Centrale Solaire Orion 3	100%	100%
	Centrale Solaire Orion 4	100%	100%
	Centrale Solaire Orion 5	100%	100%
	Centrale Solaire Orion 6	100%	100%
	Centrale Solaire Orion 7	100%	100%
	Centrale Solaire Orion 8	100%	100%
	Centrale Solaire Orion 9	100%	100%
	Centrale Solaire Orion 10	100%	100%
	Centrale Solaire Orion 11	100%	100%
	Centrale Solaire Orion 12	100%	100%
	Centrale Solaire Orion 13	100%	100%
	Centrale Solaire Orion 14	100%	100%
	Centrale Solaire Orion 15	100%	100%
	Centrale Solaire Orion 16	100%	100%
	Centrale Solaire Orion 17	100%	100%
	Centrale Solaire Orion 18	100%	100%

Consolidation method	Company name	Percentage interest at 12.31.2018	Percentage interest at 12.31.2017
Full consolidation	Centrale Solaire Orion 19	100%	100%
	Centrale Solaire Orion 20	100%	100%
	Centrale Solaire Orion 21	100%	100%
	Centrale Solaire Orion 22	100%	100%
	Centrale Solaire Orion 23	100%	100%
	Centrale Solaire Orion 24	100%	100%
	Centrale Solaire Orion 25	100%	100%
	Centrale Solaire Orion 26	100%	100%
	Centrale Solaire Orion 27	100%	100%
	Centrale Solaire Corbas 1	100%	100%
	Centrale Solaire Corbas 2	100%	100%
	Centrale Solaire Corbas 3	100%	100%
	Centrale Solaire Corbas 4	100%	100%
	Centrale Solaire Morcenx 1	100%	100%
	Centrale Solaire Morcenx 2	100%	100%
	Centrale Solaire Morcenx 3	100%	100%
	Centrale Solaire Morcenx 4	100%	100%
	Centrale Solaire Cap Decouverte 4 *bis*	100%	100%
	Centrale Solaire Capdéc Ombrière	100%	100%
	Centrales Solaires Delta	100%	100%
	Centrale Solaire Garrigues Ouest	100%	100%
	Centrale Solaire Le Plo	100%	100%
	Centrale Solaire Milhas	100%	100%
	Centrale Solaire Le Champ de Manœuvre	100%	100%
	Centrale Solaire Les Poulettes	100%	100%
	Centrale Solaire Le Moulin de Beuvry	100%	100%
	Centrale Solaire Le Camp	100%	100%
	Centrale Solaire Château Locoyame	100%	100%
	Centrale Solaire Orion 40	100%	100%
	Centrale Solaire Larroque	100%	100%
	Centrale Solaire Bagnoles	100%	100%
	Centrale Solaire Saint Avit	100%	100%
	Centrale Solaire Amazonia	100%	100%
	AzurSol Est	100%	100%
	AzurSol Sud	100%	100%
	Centrale photovoltaique de Mer	100%	100%
	Biomasse Energie de Commentry	51%	51%
	Neoen Biosource	100%	100%
	Biomasse Energie de Laneuveville	100%	100%
	Biomasse Energie de Montsinery	100%	100%
	Neoen Investissement	100%	100%
	Neoen Northern Hemisphere	100%	100%
	Neoen Holding Egypte	100%	100%
	Zambian Sunlight One	68.7%	68.7%
	Centrale Solaire Orion 28	100%	100%
	Centrale Solaire Orion 29	100%	100%
	Centrale Solaire Orion 30	100%	100%
	Centrale Solaire Orion 31	100%	100%
	Centrale Solaire Orion 32	100%	100%

Consolidation method	Company name	Percentage interest at 12.31.2018	Percentage interest at 12.31.2017
Full consolidation	Centrale Solaire Orion 33	100%	100%
	Neoen Stockage	100%	100%
	Centrale Solaire Orion 34	100%	100%
	Centrale Solaire Orion 35	100%	100%
	Centrale Solaire Orion 36	100%	100%
	Centrale Solaire Orion 37	100%	100%
	Centrale Solaire Orion 38	100%	100%
	Centrale Solaire Orion 39	100%	100%
	Centrale Solaire Orion 41	100%	0%
	Centrale Solaire Orion 42	100%	0%
	Centrale Solaire Orion 43	100%	0%
	Centrale Solaire Orion 44	100%	0%
	Centrale Solaire Orion 45	100%	0%
	Centrale Solaire Orion 46	100%	0%
	Neoen Holding Jamaica	100%	0%
	Neoen Holding Mexico	100%	0%
	Neoen Holding El Salvador	100%	0%
	Centrale Éolienne de Marsac	100%	0%
	Centrale Éolienne la Goheliere	100%	0%
	Neoen Holding Finland I	100%	0%
	Neoen Holding Finland II	100%	0%
	Neoen Zephyr	100%	0%
	Centrale Solaire Orion 47	100%	0%
	Centrale Solaire Orion 48	100%	0%
	Centrale Solaire Orion 49	100%	0%
	Centrale Solaire Orion 50	100%	0%
	Centrale Solaire Orion 51	100%	0%
	Centrale Solaire Orion 52	100%	0%
	Centrale Solaire Orion 53	100%	0%
	Centrale Solaire Orion 54	100%	0%
	Centrale Solaire Orion 55	100%	0%
	EREC	50%	50%
	Neoen Renewables Jamaica	100%	0%
	Peacock for Technical Consultancy	51%	51%
	Neoen Mexico	100%	100%
	EnR NL	100%	100%
	EnR CHI	100%	100%
	SPV AGS	100%	100%
	EnR CHI II	100%	100%
	Neoen Servicios Mexico	100%	100%
	Neoen Mozambique	100%	100%
	Central Metoro S.A.	75%	0%
	NDevelopment PTG	100%	100%
	NP Investment	100%	100%
	NP Investment II	100%	100%
	CSNSP 431	100%	100%
	CSNSP 452	100%	100%
	El Salvador	100%	100%
	Providencia Solar	100%	100%

Consolidation method	Company name	Percentage interest at 12.31.2018	Percentage interest at 12.31.2017
Full consolidation	Pedregal Solar	70%	70%
	Nahualapa Solar	70%	70%
	Jiboa Solar	100%	70%
	Spica Solar	70%	70%
	Capella Solar	100%	70%
	Neoen US, Inc.	100%	100%
	Neoen Solar Washington LLC	100%	100%
	Neoen Holding US Inc	100%	100%
	Zambia DevCo	100%	100%
	Bangweulu Power Company Functional Currency	58.8%	58.8%
Equity method	Centrale Éolienne Tureau à la Dame	40%	40%
	Neoen Ireland Dev Co	50%	50%
	BNRG Neoen Holdings	50%	50%
	CSNSP 441 Equity associates	50%	50%
Deconsolidated	Neoen Egypt Solar 1	0%	100%
	Centrale Solaire Melissa	0%	100%
	Centrale Solaire Manosque Ombrière	0%	100%

4.2 STATUTORY AUDITORS' CERTIFICATION REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NEOEN GROUP AS OF DECEMBER 31, 2018

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

Year ended December 31, 2018

To the Neoen shareholders' meeting,

OPINION

In compliance with the engagement entrusted to us by your shareholders' meeting, we have audited the accompanying consolidated financial statements of Neoen for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations of the Group for the year then ended and of its financial position and of its assets and liabilities as of December 31, 2018 in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory auditors' responsibilities for the audit of the consolidated financial statements" section of our report.

INDEPENDENCE

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2018 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) no. 537/2014 or in the French code of ethics for statutory auditors (*Code de déontologie*).

OBSERVATION

Without qualifying the above opinion, we draw your attention to Note 3.a to the consolidated financial statements, which presents the impacts of the first-time adoption of IFRS 15, IFRS 9 and IFRS 16 on the consolidated financial statements.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period, as well as our responses to those risks.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed above. We do not express an opinion on any components of the consolidated financial statements taken individually.

A. INTERNALLY GENERATED INTANGIBLE ASSETS

(Notes 3.h and 14 to the consolidated financial statements)

As stated in Note "H) Intangible assets", the development expenses for various renewable energy production facility projects, comprising external and internal direct and indirect costs relating to the development, are capitalized as from when the success of the corresponding projects is probable with regard to the six IAS 38 criteria.

Identified risk and main judgments

The Group considers that these criteria are satisfied once a project enters the portfolio, *i.e.* when the contractual factors and technical studies indicate that the project's feasibility is probable. Once a project is commissioned, amortization is calculated on a straight-line basis over the estimated useful life of the underlying asset, *i.e.* 25 years. Furthermore, when the Group estimates that the probability of success is reduced, development expenses are impaired. When a project is discontinued, the related development expenses are capitalized under "Other non-current operating income and expenses."

As of December 31, 2018, the net value of development projects totaled €77.3 million, the Group having capitalized expenses directly attributable to project development for €21.8 million in 2018.

We considered the recognition and measurement of internally generated development projects to be a key audit matter considering the level of judgment required by Management to assess compliance with capitalization criteria for the corresponding costs and the sensitivity to the estimates and assumptions used by Management in determining the recoverable amount.

Responses as part of our audit

Our procedures primarily consisted in:

- assessing, with regard to prevailing accounting standards and the capitalization rules defined by the Group, the methods of reviewing capitalization criteria, particularly by interviewing Management;
- testing, on a sampling basis, the consistency of the amounts recorded in assets with the project monitoring file prepared by the Group with a return to the underlying documented evidence;
- analyzing the compliance of the methodology applied by the Company to determine the recoverable amount of development expenses with prevailing standards;
- analyzing, with regard to the useful life adopted for these projects under development, the development expense amortization process.

Finally, we verified the appropriateness of the disclosures in notes H and 14 to the consolidated financial statements.

B. HEDGING FINANCIAL INSTRUMENTS

(Notes P and 26 to the consolidated financial statements)

Neoen finances the construction and operation of some of its facilities using floating-rate loans that expose the Company to interest rate risk. To hedge this risk, Neoen sets up interest rate swap or cap hedges to peg the interest rate at the start of the project (or to peg the maximum interest rate).

As shown in Note "P) Derivative financial instruments," derivative financial instruments with a positive market value are recorded in assets, while those with a negative market value are recorded in liabilities. These instruments are initially measured at fair value on the derivative contract signature date and then remeasured at their fair value at each closing date.

Identified risk and main judgments

Neoen classifies these hedges in its accounts as cash flow hedges so as to recognize the changes in fair value of the hedging instruments in OCI for their effective portion. The new IFRS 9 principles had no material impact on the Group's financial statements insofar as all the transactions that were classified as hedges under IAS 39 continue to be classified as such under IFRS 9.

We consider the recognition of financial instruments to be a key audit matter due to the materiality of the potential changes in fair value of these instruments, the level of judgment in documenting and analyzing the hedges and the accounting impacts arising from their classification as cash flow hedges.

Responses as part of our audit

Our procedures primarily consisted in:

- analyzing the compliance of the methodologies applied by the Group with prevailing accounting standards;
- assessing the competency of the specialists hired by the Company (Finance Active) to measure the fair value of the financial instruments and interviewing Management to obtain an understanding of its scope of involvement;
- validating the breakdown of the Group financial instrument portfolio that we compared with the fair value determined by the Group's external specialists. We compared these bank confirmation statements and conducted valuation tests;
- reviewing the cash flow hedging documentation, and the accounting treatment applied to financial instruments and their impacts on the income statement and other comprehensive income according to the classification of these instruments.

Finally, we verified that notes P and 26 to the consolidated financial statements provide appropriate disclosure.

SPECIFIC VERIFICATIONS

As required by French law, we have also verified in accordance with professional standards applicable in France the information concerning the Group presented in the Board of Directors' management report.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

APPOINTMENT OF THE STATUTORY AUDITORS

Constantin Associés were appointed as statutory auditors of Neoen by the shareholders' meeting of September 13, 2008 and replaced by Deloitte at the shareholders' meeting of April 22, 2014. RSM Paris were also appointed as statutory auditors by the shareholders' meeting of September 12, 2018.

As of December 31, 2018, Deloitte & Associés and RSM Paris were in the 11th year and first year of total uninterrupted engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements have been approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OBJECTIVE AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified by Article L. 823-10-1 of the French Commercial Code, the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

As part of an audit in accordance with professional standards applicable in France, the statutory auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of their audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;

  If the statutory auditors conclude that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluate the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities included in the consolidation scope to express an opinion on the consolidated financial statements. They are responsible for the direction, supervision and performance of the audit of the consolidated financial statements as well as for the audit opinion.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also bring to its attention any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

At Paris-la Défense and Paris, April 17, 2019

The statutory auditors

DELOITTE & ASSOCIÉS	**RSM Paris**
François Xavier AMEYE	Etienne de BRYAS

4.3 ANNUAL FINANCIAL STATEMENTS OF NEOEN S.A. FOR THE YEAR ENDED DECEMBER 31, 2018

FINANCIAL STATEMENTS

BALANCE – ASSETS *(Amounts in euros)*	**Gross 12.31.2018**	**Amortization/ impairment**	**Net 12.31.2018**	**Net 12.31.2018**	**Change** *(in euros)*
Research and development costs	-	-	-	-	-
Concessions, patents and similar rights	-	-	-	-	-
Goodwill	-	-	-	-	-
Other property, plant and equipment	1,722,023	(287,118)	1,434,905	36,110	1,398,794
Intangible assets in progress	-	-	-	1,165,668	(1,165,668)
Intangible assets	**1,722,023**	**(287,118)**	**1,434,905**	**1,201,778**	**233,127**
Land	18,735	-	18,735	8,385	10,350
Construction on owned land	-	-	-	-	-
Construction on land belonging to others	-	-	-	-	-
Technical plants, industrial mat and tools	-	-	-	(4,405)	4,405
General plants, fittings and miscellaneous	-	-	-	-	-
Office equipment, IT and furniture	844,350	(573,074)	271,276	156,962	114,313
Other property, plant and equipment	316,706	-	316,706	145,609	171,098
Property, plant and equipment in progress	16,751	-	16,751	-	16,751
Property, plant and equipment	**1,196,541**	**(573,074)**	**623,467**	**306,550**	**316,917**
Other equity investments	3,730,013	-	3,730,013	1,946,508	1,783,506
Receivables from equity investments	468,542,222	(548,542)	467,993,680	283,869,491	184,124,189
Loans	-	-	-	-	-
Deposits and security	1,809,970	-	1,809,970	1,601,800	208,170
Other long term investments	-	-	-	-	-
Other financial assets	5,740,566	-	5,740,566	20,000	5,720,566
Financial assets	**479,822,772**	**(548,542)**	**479,274,230**	**287,437,799**	**191,836,431**
FIXED ASSETS	**482,741,337**	**(1,408,735)**	**481,332,602**	**288,946,127**	**192,386,475**
Raw materials, procurement	-	-	-	-	-
Goods	-	-	-	-	-
Work in progress	-	-	-	-	-
Stocks and work In progress	**-**	**-**	**-**	**-**	**-**
Downpayments and advances	22,286	-	22,286	28,152	(5,866)
Trade receivables	13,639,054	-	13,639,054	19,161,333	(5,522,279)
Other receivables	3,005,305	-	3,005,305	2,760,361	244,944
Receivables	**16,666,645**	**-**	**16,666,645**	**21,949,846**	**(5,283,201)**
Marketable securities	-	-	-	-	-
Liquid assets and miscellaneous	250,208,881	-	250,208,881	21,242,777	228,966,104
Liquid assets and miscellaneous	**250,208,881**	**-**	**250,208,881**	**21,242,777**	**228,966,104**
Prepaid expenses	298,484	-	298,484	157,328	141,156
Deferred expenses	-	-	-	-	-
Exchange difference on translation of foreign operations (gains)	1,141,677	-	1,141,677	402,358	739,320
CURRENT ASSETS	**268,315,687**	**-**	**268,315,687**	**43,752,308**	**224,563,379**
TOTAL ASSETS	**751,057,024**	**(1,408,735)**	**749,648,289**	**332,698,435**	**416,949,854**

BALANCE – LIABILITIES *(Amounts in euros)*	**12.31.2018**	**12.31.2017**	**Change** *(in euros)*
Share Capital	169,914,996	107,964,140	61,950,856
Issue, merger, contribution etc. premiums	500,783,906	64,027,003	436,756,903
Legal reserve	1,850,249	1,426,806	423,443
Other reserves	-	-	-
Carry forwards	8,045,422	-	8,045,422
Profit (loss) for the period	9,376,196	8,468,865	907,331
Net position	**689,970,769**	**181,886,814**	**508,083,955**
Investment subsidies	-	-	-
Amortization and impairment	-	9,523	(9,523)
EQUITY	**689,970,769**	**181,896,337**	**508,074,432**
Provisions for risks	-	-	-
Provisions for expenses	1,258,421	-	1,258,421
Provisions for disputes	350,092	922,339	(572,247)
Provisions for exchange rate losses	1,141,677	402,358	739,320
PROVISIONS FOR RISKS AND EXPENSES	**2,750,191**	**1,324,697**	**1,425,494**
Borrowings and liabilities with lending institutions	15,340,957	77,218,010	(61,877,053)
Miscellaneous borrowings and financial liabilities	18,164,300	55,568,069	(37,403,769)
Financial debt	**33,505,257**	**132,786,079**	**(99,280,822)**
Trade accounts payable	16,575,064	10,448,989	6,126,076
Social security liabilities	3,692,117	3,121,713	570,404
Tax liabilities	2,494,927	3,090,474	(595,547)
Payables to suppliers of non-current assets	-	-	-
Other payables	108,828	-	108,828
Current liabilities	**22,870,937**	**16,661,176**	**6,209,761**
LIABILITIES	**56,376,194**	**149,447,255**	**(93,071,061)**
Deferred income	24,550	27,378	(2,827)
Translation difference – loss	526,585	2,768	523,816
TOTAL LIABILITY	**749,648,289**	**332,698,435**	**416,949,855**

INCOME STATEMENT *(Amounts in euros)*	**12.31.2018**	**12.31.2017**	**Change** *(in euros)*
Electricity production sold	-	-	-
Services production sold	50,730,202	36,059,479	14,670,723
Sale of goods	-	-	-
Revenue	**50,730,202**	**36,059,479**	**14,670,723**
Production inventory	-	(380,010)	380,010
Capitalised production	-	-	-
Operating subsidies	-	256,927	(256,927)
Reversals on depreciation, amortization and provisions, expense transfers	606,988	1,600	605,388
Other revenues	280,696	62,061	218,634
OPERATING INCOME	**51,617,886**	**36,000,058**	**15,617,828**
Inventoried purchases	-	-	-
Changes in inventory (work in progress)	-	-	-
Purchase of goods	-	-	-
Inventory changes	-	-	-
Purchases of raw materials and other procurement	-	-	-
Other purchases and external expenses	(27,998,790)	(17,166,822)	(10,831,968)
External charges	**(27,998,790)**	**(17,166,822)**	**(10,831,968)**
Duties, taxes and similar payments	**(1,055,249)**	**(1,475,412)**	**420,164**
Wages and salaries	(7,943,796)	(6,406,270)	(1,537,526)
Social security contributions	(4,207,081)	(4,056,982)	(150,099)
Payroll costs	**(12,150,877)**	**(10,463,252)**	**(1,687,625)**
Amortization and impairment on assets	(1,471,669)	(131,156)	(1,340,513)
Amortization of operating expenses	-	-	-
Provisions on assets	-	-	-
Current asset provisions	-	(53,478)	53,478
Provisions for risks and expenses	-	-	-
Operational allocations	**(1,471,669)**	**(184,634)**	**(1,287,035)**
Other expenses	(371,956)	(95,273)	(276,683)
OPERATING EXPENSES	**(43,048,540)**	**(29,385,393)**	**(13,663,148)**
OPERATING PROFIT (LOSS)	**8,569,346**	**6,614,666**	**1,954,680**
Financial income from equity investments	13,733,099	10,121,582	3,611,517
Income from other marketable securities and fixed-asset receivables	-	-	-
Net income from disposals of marketable securities	-	31	(31)
Positive exchange rate differences	1,786,085	1,614,170	171,916
Other financial income	503,987	517	503,470
Financial income	**16,023,171**	**11,736,300**	**4,286,871**
Financial allocations to depreciation, amortization and provisions	(1,141,677)	(270,989)	(870,688)
Interest and similar expenses	(8,330,355)	(7,165,505)	(1,164,850)
Negative exchange rate differences	(2,256,859)	(3,933,152)	1,676,293
Net expenses from disposals of marketable securities	-	-	-
Financial expenses	**(11,728,891)**	**(11,369,646)**	**(359,245)**
NET FINANCIAL EXPENSE	**4,294,280**	**366,654**	**3,927,626**

INCOME STATEMENT *(Amounts in euros)*	**12.31.2018**	**12.31.2017**	**Change** *(in euros)*
CURRENT PROFIT (LOSS) BEFORE TAX	**12,863,625**	**6,981,319**	**5,882,306**
Non-current income from management transactions	183,671	-	183,671
Non-current income from capital transactions	83,395	9,227,478	(9,144,083)
Reversals on provisions and expense transfers	9,523	-	9,523
Non-current income	**276,588**	**9,227,478**	**(8,950,890)**
Non-current expenses from management transactions	(390,310)	(1,437)	(388,873)
Non-current expenses from capital transactions	(224,545)	(7,795,452)	7,570,907
Exceptional allocations to depreciation, amortization and provisions	-	-	-
Non-current expenses	**(614,855)**	**(7,796,889)**	**7,182,034**
NON-CURRENT PROFIT (LOSS)	**(338,267)**	**1,430,589**	**(1,768,856)**
Employee profit-sharing	-	-	-
Income tax	(3,149,163)	56,956	(3,206,119)
PROFIT OR LOSS FOR THE PERIOD	**9,376,196**	**8,468,865**	**907,331**

ACCOUNTING POLICIES AND VALUATION METHODS

The annual financial statements are prepared in accordance with the provisions of French law and generally accepted accounting principles and methods in France, and in accordance with ANC Regulation No. 2014-03 revising the French general chart of accounts, as well as all regulations subsequently modifying it, in accordance with the principles of prudence and faithful representation, and in accordance with the following basic assumptions:

- going concern;
- permanence of accounting methods from one period to the next;
- independence of accounting periods.

REVENUE

Revenue consists primarily of services provided by the Company to its subsidiaries, particularly within the context of project development.

Revenue derived from the provision of services over several years is analysed based on the nature of the service provided. At each closing date, services are either recorded on the balance sheet as work in progress at cost, or the profit is determined based on the percentage-of-completion of the service.

If the result of the services related to the Company's activities is recognised on a percentage-of-completion basis, the services are recognised, depending on whether or not they have been invoiced, in the balance sheet under trade receivables or in related items, including the margin. If the estimated cost of a service is greater than the revenue expected to be derived from it, a provision for onerous contracts is set aside for the difference when the financial statements are closed. In the absence of a signed contract, but if the order was obtained before the closing date, the work is recorded as work in progress at cost.

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets mainly consist of software, concessions, patents and similar rights. They are recognised at acquisition cost.

Assets are depreciated or amortised over the expected useful life of the asset depending on the method of consumption of the related economic benefits. The main categories are:

- software and other intangible assets: straight-line 3 years;
- general fittings, miscellaneous fittings: straight-line 3 to 10 years;
- hardware: straight-line 3 years;
- office furniture: straight-line 4 years.

Depreciation and amortisation are calculated on the basis of the acquisition cost, less a residual value if appropriate. The residual value is the amount, net of anticipated costs to sell, that the Company could obtain from the sale of the asset on the market at the end of its use.

At the closing date, the Company assesses whether there are any indications of impairment of fixed assets. When there is an indication of impairment, an impairment test is performed: the net book value of the fixed asset is compared with its fair value. The carrying amount of an asset is impaired when the fair value is less than its net book value. The asset fair value is the greatest value between the market value and the business asset value.

FINANCIAL ASSETS

Financial assets consist primarily of:

- equity investments valued at acquisition cost;
- receivables from investments, corresponding mainly to financing by the Company of the cash requirements of the Group's subsidiaries to finance their development.

Equity securities and receivables from investments are impaired if necessary to reflect their value in use at the closing date. This value is determined on the basis of a multicriteria approach that takes into account their net position and their medium-term profitability outlook.

RECEIVABLES

Receivables are recorded at their nominal value when the service has been provided. They are impaired where necessary to reflect any collection difficulties. Receivables are impaired on a case-by-case basis, notably on the basis of customers' solvency.

INVESTMENT SECURITIES

Investment securities represent temporary cash positions invested in SICAVs and/or money market funds. They are recorded at their historical acquisition cost. When sold, gains or losses are calculated using the FIFO method.

A provision is set aside if the net asset value is less than the book value.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are made to cover probable outflows of resources embodying economic benefits for third parties, without a corresponding benefit for the Company. They are estimated on the basis of the most probable assumptions at the closing date.

LIABILITIES

Liabilities are recorded at their nominal value.

ACTIVITY AND KEY EVENTS

The financial statements and the notes to the annual financial statements of this document are presented in euros (€), unless otherwise indicated.

GENERAL INFORMATION

Neoen ("the Company") is a public limited company (*société anonyme* – SA) registered and domiciled in France. Following the move early in the second half of 2018, its head office is located at 6 rue Menars – 75002 Paris.

The company was registered on September 29, 2008.

ACTIVITY AND KEY EVENTS

The company's purpose is to perform all operations relating to energy in the broad sense, including, without limitation, the development, construction and operation of renewable energies.

2018 was a particularly eventful year for the Company, both in France and internationally, in all segments (onshore wind, solar, biomass, storage) and activities (development, construction, financing and operation).

Previously a simplified limited company (société anonyme) (*société par actions simplifiée*), the Company was transformed into a public limited company at the general meeting of September 12, 2018.

On October 16, 2018, Neoen successfully completed its initial public offering in compartment A of the regulated market of Euronext in Paris. The offering price was set at €16.50 per share, valuing the Group at just over €1.4 billion. The transaction, predominantly in the primary market, allowed it to raise €450 million through the issue of new shares (out of a total of €697 million, including a Greenshoe option). This amount will serve exclusively to continue the Company's strong growth.

Capital transactions

On July 2, 2018, 755,000 stock options and 75,000 equity warrants were exercised in a total amount of €1,614,250, including €784,250 in share premium.

On October 1, 2018, the Company consolidated its shares on the basis of 1 new share for 2 existing shares. The nominal value of the share was increased from €1 to €2.

On October 18, 2018, the Company increased its capital through the incorporation of Impala's partner current account in a total amount of €53,628,317, of which €47,127,915 in share premium.

On October 18, 2018, the Company completed its IPO, involving a capital increase of €449,999,996, including €395,454,542 in share premium, through the creation of 27,272,727 shares, *i.e.* €16.5 per share broken down as €2 in par value and €14.5 in share premium.

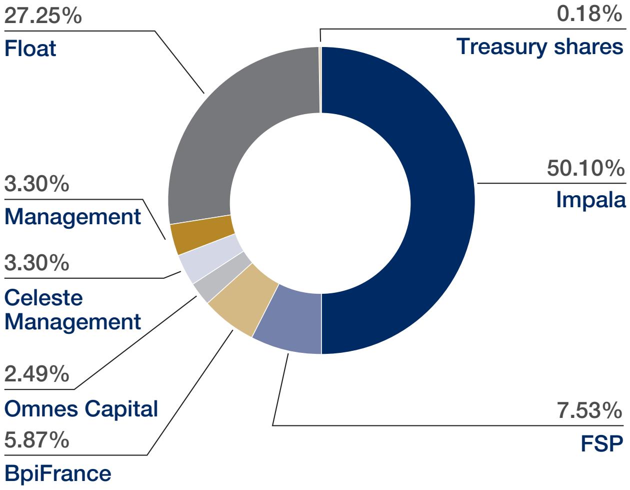
On November 21, 2018, 37,500 €4 stock options (after the share consolidation) were exercised in a total amount of €150,000, of which €75,000 in share premium.

At December 31, 2018, fully paid-up share capital comprised 84,957,498 shares with a par value of €2 (number and par value after the share consolidation).

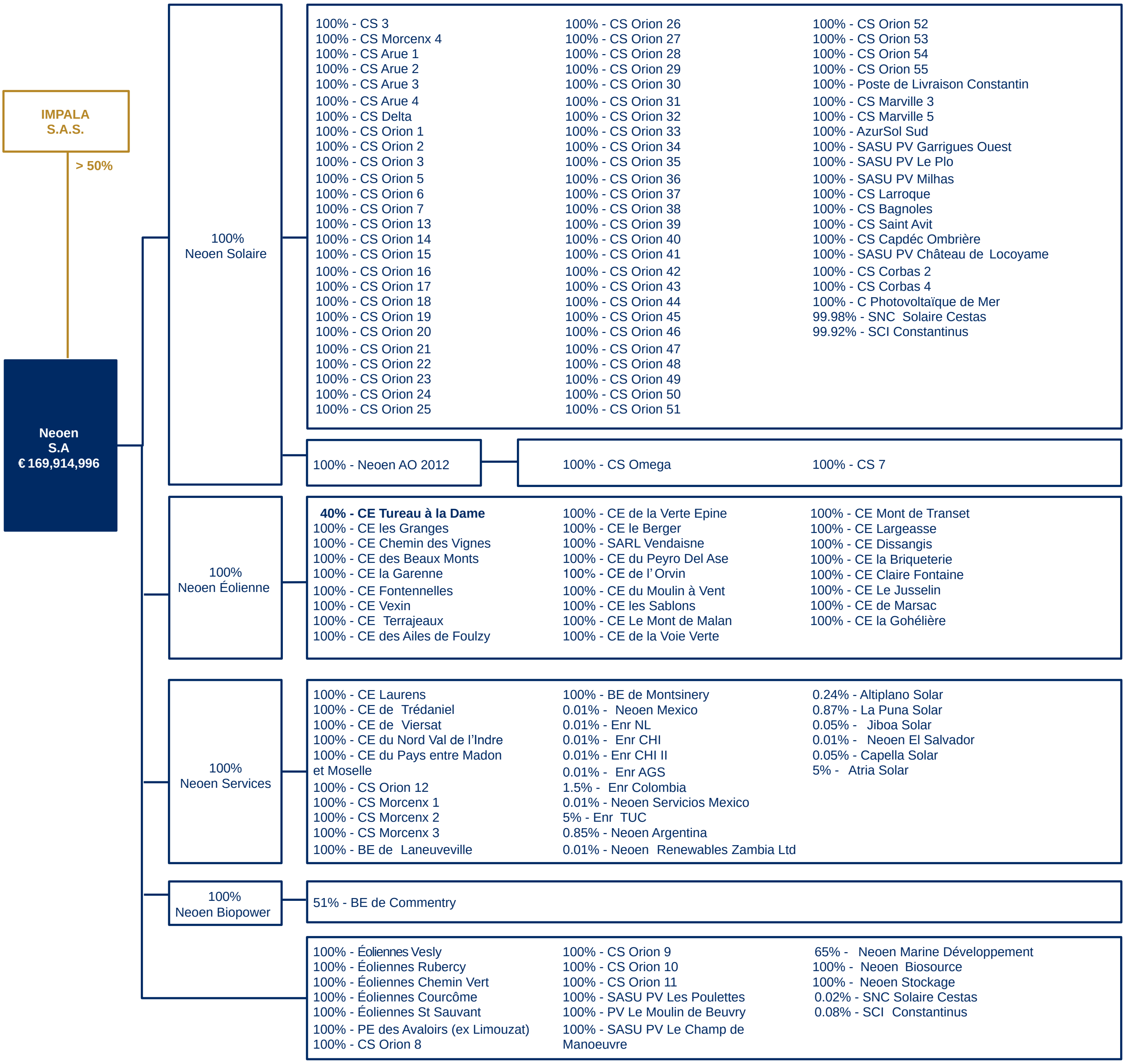
At December 31, 2018, the Company directly or indirectly held 150,658 own shares, representing a book value of €2.7 million.

Shareholding structure

	Position at 12.31.2018	
	Number of Shares	Percentage ownership
Impala	**42,560,000**	**50.10%**
FSP	**6,400,000**	**7.53%**
BpiFrance	**4,983,683**	**5.87%**
Omnes Capital	**2,113,195**	**2.49%**
Celeste Management	**2,800,000**	**3.30%**
Management	**2,802,351**	**3.30%**
Float	**23,147,611**	**27.25%**
Treasury shares	**150,658**	**0.18%**
TOTAL	**84,957,498**	**100.00%**



Organisation chart at 31 December 2018



IMPALA S.A.S.

> 50%

Neoen S.A
€ 169,914,996

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100% - CS Orion 36
100% - CS Orion 37
100% - CS Orion 38
100% - CS Orion 39
100% - CS Orion 40
100% - CS Orion 41
100% - CS Orion 42
100% - CS Orion 43
100% - CS Orion 44
100% - CS Orion 45
100% - CS Orion 46
100% - CS Orion 47
100% - CS Orion 48
100% - CS Orion 49
100% - CS Orion 50
100% - CS Orion 51
100% - CS Orion 52
100% - CS Orion 53
100% - CS Orion 54
100% - CS Orion 55
100% - Poste de Livraison Constantin
100% - CS Marville 3
100% - CS Marville 5
100% - AzurSol Sud
100% - SASU PV Garrigues Ouest
100% - SASU PV Le Plo
100% - SASU PV Milhas
100% - CS Larroque
100% - CS Bagnoles
100% - CS Saint Avit
100% - CS Capdéc Ombrière
100% - SASU PV Château de Locoyame
100% - CS Corbas 2
100% - CS Corbas 4
100% - C Photovoltaïque de Mer
99.98% - SNC Solaire Cestas
99.92% - SCI Constantinus

100% - Neoen AO 2012

100% - CS Omega
100% - CS 7

100%
Neoen Éolienne

40% - CE Tureau à la Dame
100% - CE les Granges
100% - CE Chemin des Vignes
100% - CE des Beaux Monts
100% - CE la Garenne
100% - CE Fontennelles
100% - CE Vexin
100% - CE Terrajeaux
100% - CE des Ailes de Foulzy
100% - CE de la Verte Epine
100% - CE le Berger
100% - SARL Vendaisne
100% - CE du Peyro Del Ase
100% - CE de l'Orvin
100% - CE du Moulin à Vent
100% - CE les Sablons
100% - CE Le Mont de Malan
100% - CE de la Voie Verte
100% - CE Mont de Transet
100% - CE Largeasse
100% - CE Dissangis
100% - CE la Briqueterie
100% - CE Claire Fontaine
100% - CE Le Jusselin
100% - CE de Marsac
100% - CE la Gohélière

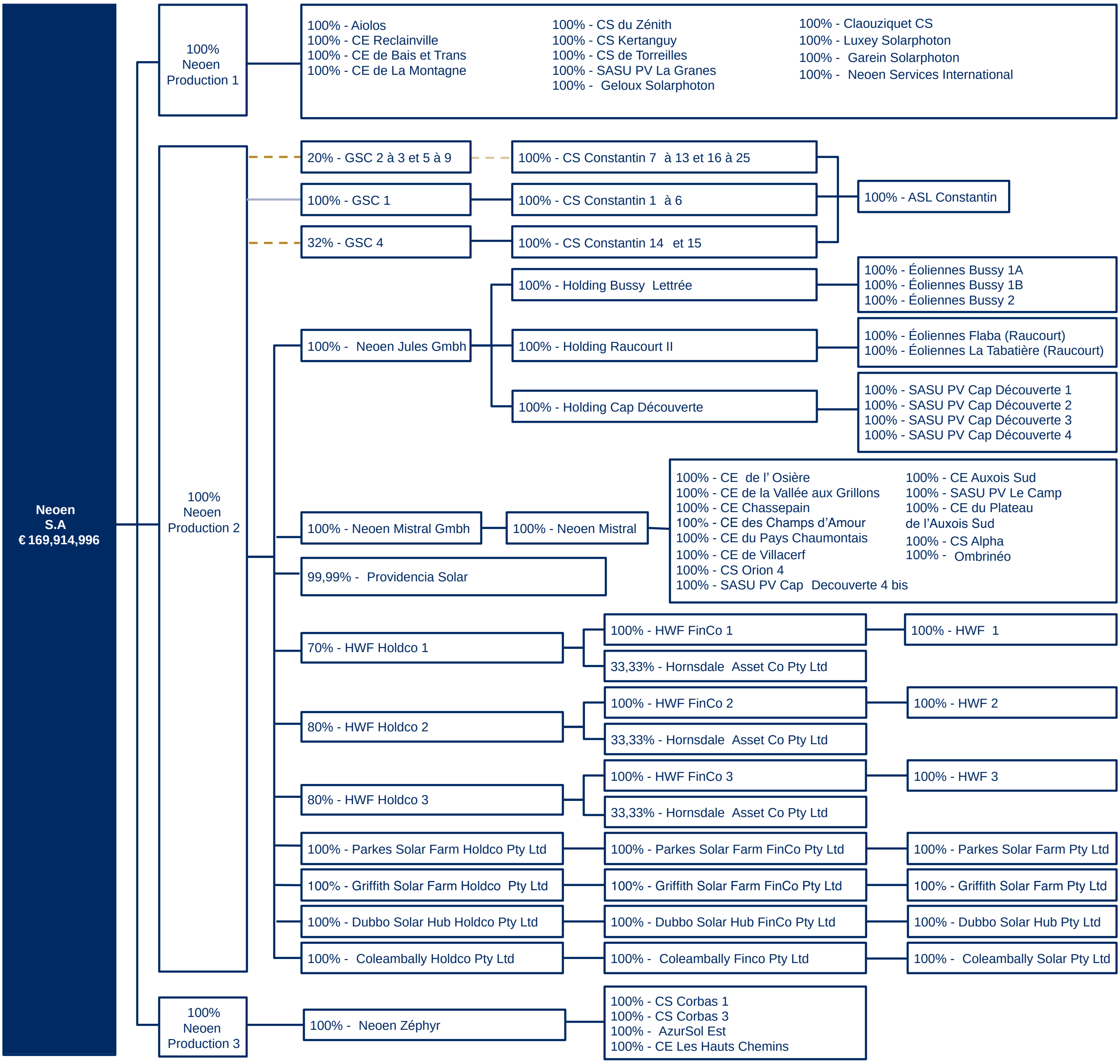
100%
Neoen Services

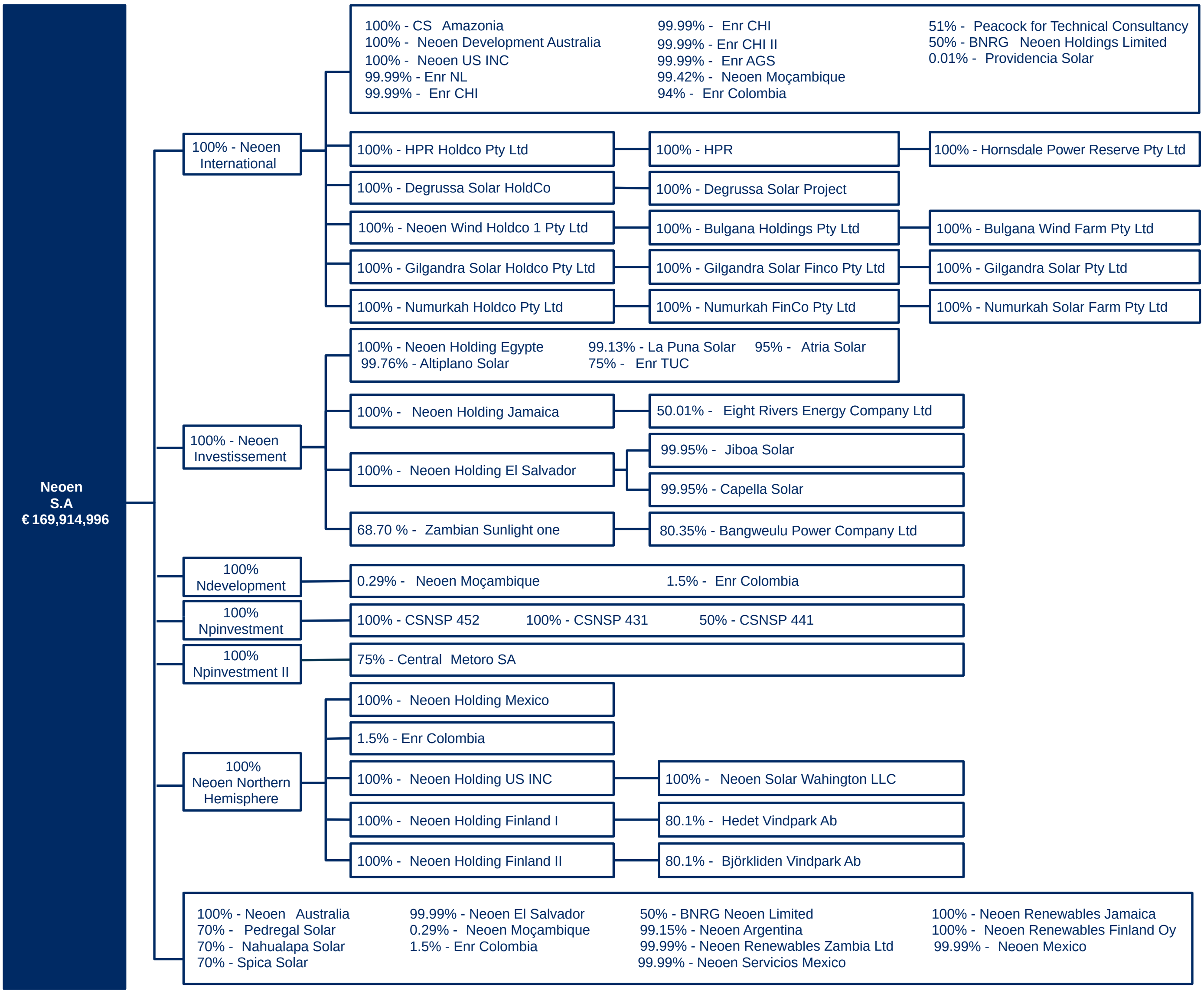
100% - CE Laurens
100% - CE de Trédaniel
100% - CE de Viersat
100% - CE du Nord Val de l'Indre
100% - CE du Pays entre Madon et Moselle
100% - CS Orion 12
100% - CS Morcenx 1
100% - CS Morcenx 2
100% - CS Morcenx 3
100% - BE de Laneuveville
100% - BE de Montsinery
0.01% - Neoen Mexico
0.01% - Enr NL
0.01% - Enr CHI
0.01% - Enr CHI II
0.01% - Enr AGS
1.5% - Enr Colombia
0.01% - Neoen Servicios Mexico
5% - Enr TUC
0.85% - Neoen Argentina
0.01% - Neoen Renewables Zambia Ltd
0.24% - Altiplano Solar
0.87% - La Puna Solar
0.05% - Jiboa Solar
0.01% - Neoen El Salvador
0.05% - Capella Solar
5% - Atria Solar

100%
Neoen Biopower

51% - BE de Commentry

100% - Éoliennes Vesly
100% - Éoliennes Rubercy
100% - Éoliennes Chemin Vert
100% - Éoliennes Courcôme
100% - Éoliennes St Sauvant
100% - PE des Avaloirs (ex Limouzat)
100% - CS Orion 8
100% - CS Orion 9
100% - CS Orion 10
100% - CS Orion 11
100% - SASU PV Les Poulettes
100% - PV Le Moulin de Beuvry
100% - SASU PV Le Champ de Manoeuvre
65% - Neoen Marine Développement
100% - Neoen Biosource
100% - Neoen Stockage
0.02% - SNC Solaire Cestas
0.08% - SCI Constantinus


Neoen
S.A
€ 169,914,996
100%
Neoen
Production 1
100% - Aiolos
100% - CE Reclainville
100% - CE de Bais et Trans
100% - CE de La Montagne
100% - CS du Zénith
100% - CS Kertanguy
100% - CS de Torreilles
100% - SASU PV La Granes
100% - Geloux Solarphoton
100% - Clauzuiquet CS
100% - Luxey Solarphoton
100% - Garein Solarphoton
100% - Neoen Services International
100%
Neoen
Production 2
20% - GSC 2 à 3 et 5 à 9
100% - CS Constantin 7 à 13 et 16 à 25
100% - GSC 1
100% - CS Constantin 1 à 6
100% - ASL Constantin
32% - GSC 4
100% - CS Constantin 14 et 15
100% - Holding Bussy Lettrée
100% - Éoliennes Bussy 1A
100% - Éoliennes Bussy 1B
100% - Éoliennes Bussy 2
100% - Neoen Jules Gmbh
100% - Holding Raucourt II
100% - Éoliennes Flaba (Raucourt)
100% - Éoliennes La Tabatière (Raucourt)
100% - Holding Cap Découverte
100% - SASU PV Cap Découverte 1
100% - SASU PV Cap Découverte 2
100% - SASU PV Cap Découverte 3
100% - SASU PV Cap Découverte 4
100% - Neoen Mistral Gmbh
100% - Neoen Mistral
100% - CE de l' Osière
100% - CE de la Vallée aux Grillons
100% - CE Chassepain
100% - CE des Champs d'Amour
100% - CE du Pays Chaumontais
100% - CE de Villacerf
100% - CS Orion 4
100% - SASU PV Cap Decouverte 4 bis
100% - CE Auxois Sud
100% - SASU PV Le Camp
100% - CE du Plateau
de l'Auxois Sud
100% - CS Alpha
100% - Ombrinéo
99,99% - Providencia Solar
70% - HWF Holdco 1
100% - HWF FinCo 1
100% - HWF 1
33,33% - Hornsdale Asset Co Pty Ltd
80% - HWF Holdco 2
100% - HWF FinCo 2
100% - HWF 2
33,33% - Hornsdale Asset Co Pty Ltd
80% - HWF Holdco 3
100% - HWF FinCo 3
100% - HWF 3
33,33% - Hornsdale Asset Co Pty Ltd
100% - Parkes Solar Farm Holdco Pty Ltd
100% - Parkes Solar Farm FinCo Pty Ltd
100% - Parkes Solar Farm Pty Ltd
100% - Griffith Solar Farm Holdco Pty Ltd
100% - Griffith Solar Farm FinCo Pty Ltd
100% - Griffith Solar Farm Pty Ltd
100% - Dubbo Solar Hub Holdco Pty Ltd
100% - Dubbo Solar Hub FinCo Pty Ltd
100% - Dubbo Solar Hub Pty Ltd
100% - Coleambally Holdco Pty Ltd
100% - Coleambally Finco Pty Ltd
100% - Coleambally Solar Pty Ltd
100%
Neoen
Production 3
100% - Neoen Zéphyr
100% - CS Corbas 1
100% - CS Corbas 3
100% - AzurSol Est
100% - CE Les Hauts Chemins



SUBSEQUENT EVENTS

None.

DETAILS OF ACCOUNTS

GROSS ASSETS	12.31.2017	Acquisitions	Disposals	12.31.2018
Software	-	-	-	-
Other property, plant and equipment	257,733	1,464,290	-	1,722,023
Intangible assets in progress	1,165,668	-	1,165,668	-
Intangible assets	**1,423,401**	**1,464,290**	**1,165,668**	**1,722,023**
Land	8,385	10,350	-	18,735
Construction on owned land	-	-	-	-
Construction on land belonging to others	-	-	-	-
Technical facilities, industrial mat and tools	-	-	-	-
General plants, fittings and miscellaneous	-	-	-	-
Office equipment, IT and furniture	607,076	237,274	-	844,350
Other property, plant and equipment	145,609	171,098	-	316,706
Property, plant and equipment in progress	-	16,751	-	16,751
Property, plant and equipment	**761,069**	**435,472**	**-**	**1,196,541**
Equity investments	1,946,508	1,783,506	-	3,730,013
Receivables from equity investments	283,869,491	184,124,189	-	467,993,680
Other equity investments	-	-	-	-
Other long term investments	-	-	-	-
Deposits and security	1,601,800	208,170	-	1,809,970
Loans	-	-	-	-
Other financial assets	20,000	5,720,566	-	5,740,566
Financial assets	**287,437,798**	**191,836,432**	**-**	**479,274,230**
TOTAL	**289,622,268**	**193,736,194**	**1,165,668**	**482,192,794**

AMORTIZATIONS/IMPAIRMENT	12.31.2017	Allocations	Reversals	12.31.2018
Software	-	-	-	-
Other property, plant and equipment	(221,623)	(65,496)	-	(287,118)
Current assets	-	-	-	-
Intangible assets	**(221,623)**	**(65,496)**	**-**	**(287,118)**
Land	-	-	-	-
Construction on owned land	-	-	-	-
Construction on land belonging to others	(381)	-	(381)	-
Technical facilities, industrial mat and tools	(4,024)	-	(4,024)	-
General plants, fittings and miscellaneous	-	-	-	-
Office equipment, IT and furniture	(450,113)	(122,961)	-	(573,074)
Other property, plant and equipment	-	-	-	-
Property, plant and equipment in progress	-	-	-	-
Property, plant and equipment	**(454,518)**	**(122,961)**	**(4,405)**	**(573,074)**
Equity investments	-	-	-	-
Receivables from equity investments	(548,542)	-	-	(548,542)
Other equity investments	-	-	-	-
Other long term investments	-	-	-	-
Deposits and security	-	-	-	-
Other financial assets	-	-	-	-
Financial assets	**(548,542)**	**-**	**-**	**(548,542)**
TOTAL	**(1,224,683)**	**(188,456)**	**(4,405)**	**(1,408,735)**

PROVISIONS/IMPAIRMENT	12.31.2017	Increase	Reversals	12.31.2018
Accelerated depreciation	9,523	-	9,523	-
Regulated provisions	**9,523**	**-**	**9,523**	**-**
Provisions for disputes	922,339	-	572,247	350,092
Provisions for exchange rate losses	402,358	1,141,677	402,358	1,141,677
Provisions for risks and charges	**1,324,697**	**1,141,677**	**974,605**	**1,491,770**
Receivables from equity investments	(548,542)	-	-	(548,542)
Provisions for impairment	**(548,542)**	**-**	**-**	**(548,542)**
TOTAL	**785,678**	**1,141,677**	**984,128**	**943,227**

MATURITY OF RECEIVABLES	12.31.2018	< 1 year	> 1 year	*Of which related companies*
Receivables from equity investments	468,542,222	-	468,542,222	468,542,222
Loans	-	-	-	-
Deposits and security	1,809,970	-	1,809,970	-
Other financial assets	5,740,566	5,740,566	-	-
Total assets	**476,092,759**	**5,740,566**	**470,352,193**	**468,542,222**
Work in progress	-	-	-	-
Inventories	-	-	-	-
Trade receivables	13,639,054	13,639,054	-	13,272,923
Personnel, soc. security and other corp. bodies	-	-	-	-
Statement – Value-added taxes	1,808,495	1,808,495	-	-
Statement – Other duties and taxes	664,503	664,503	-	-
Miscellaneous debtors	554,593	554,593	-	-
Total current assets	**16,666,645**	**16,666,645**	**-**	**13,272,923**
Prepaid expenses	298,484	298,484	-	-
Deferred expenses	-	-	-	-
TOTAL	**493,057,887**	**22,705,695**	**470,352,193**	**481,815,145**

The current account contributions made by the Company are for the most part remunerated at an annual rate of 5%.

FINANCIAL LIABILITIES	12.31.2018	12.31.2017	Change *(in euros)*	Chg *(%)*
Borrowings	15,250,000	77,137,500	(61,887,500)	-80%
Interest on borrowings	90,957	79,726	11,231	14%
Other financial liabilities	3,298,866	55,568,069	(52,269,204)	-94%
Bank lending facilities	-	784	(784)	-100%
TOTAL	**18,639,823**	**132,786,079**	**(114,146,256)**	**-86%**

CURRENT LIABILITIES	12.31.2018	12.31.2017	Change *(in euros)*	Chg *(%)*
Trade payables	16,575,064	10,448,989	6,126,076	59%
Social security liabilities	3,692,117	3,121,713	570,404	18%
Tax liabilities	2,494,927	3,090,474	(595,547)	-19%
Other payables	108,828	-	108,828	0%
Deferred income	24,550	27,378	(2,827)	-10%
TOTAL	**22,895,487**	**16,688,553**	**6,206,934**	**37%**

MATURITY OF LIABILITIES	12.31.2018	< 1 year	From 1 to 5 years	> 5 years	*Of which related companies*
Borrowings	15,250,000	1,050,000	11,850,000	2,350,000	15,250,000
Interest on borrowings	90,957	90,957	-	-	-
Bank lending facilities	-	-	-	-	-
Other financial liabilities	18,164,300		-	18,164,300	18,164,300
Trade payables	16,575,064	16,575,064	-	-	8,685,520
Payables to suppliers of non-current assets	-	-	-	-	-
Social security liabilities	3,692,117	3,692,117	-	-	-
Tax liabilities	2,494,927	2,494,927	-	-	-
Other payables	108,828	108,828	-	-	-
TOTAL	**56,376,194**	**24,011,894**	**11,850,000**	**20,514,300**	**42,099,820**

REVENUE	12.31.2018	12.31.2017	Change *(in euros)*	Chg *(%)*
Services provided	50,730,202	36,059,479	14,670,723	41%
Electricity revenues	-	-	-	0%
Revenue others	-	-	-	0%
Sale of goods	-	-	-	0%
TOTAL	**50,730,202**	**36,059,479**	**14,670,723**	**41%**

OTHER PURCHASES AND EXTERNAL EXPENSES	12.31.2018	12.31.2017	Change *(in euros)*	Chg *(%)*
Other expenses	10,843,220	3,278,688	7,564,532	231%
Studies & Subcontracting	4,078,762	2,773,040	1,305,722	47%
Fees	8,377,570	7,469,188	908,382	12%
Maintenance	892,004	405,645	486,359	120%
Travel	1,199,327	1,060,839	138,489	13%
Rental and expenses	892,005	650,946	241,059	37%
Insurance	355,542	285,993	69,550	24%
IT and telecoms	1,129,113	616,086	513,028	83%
Bank costs	134,521	214,398	(79,877)	-37%
Administrative assistance	100,000	412,000	(312,000)	-76%
Supervision service	(3,275)	-	(3,275)	0%
TOTAL	**27,998,790**	**17,166,822**	**10,831,968**	**63%**

Since the implementation of the transfer pricing policy, all development costs for the Group's international projects have been borne by Neoen S.A..

NOTES TO THE FINANCIAL STATEMENTS

EQUITY

Equity changed as follows during the year:

EQUITY	Opening	Increase	Decrease	Closing
Parent company or individual equity	107,964,140	61,950,856	-	169,914,996
Share, merger premiums, etc.	64,027,003	436,756,903	-	500,783,906
Legal reserve	1,426,806	423,443	-	1,850,249
Other reserves	-	-	-	-
Retained earnings	-	8,045,422	-	8,045,422
Net income for the year	8,468,865	9,376,196	8,468,865	9,376,196
Investment subsidies	-	-	-	-
Accelerated depreciation	9,523	-	9,523	-
TOTAL	**181,896,337**	**516,552,820**	**8,478,387**	**689,970,769**

Changes in capital are described under the heading “Activity and key events”.

Change in share capital and share premium is attributable to the Company’s IPO (see “Capital transactions”).

PERSONNEL EXPENSES AND AVERAGE WORKFORCE

PAYROLL COSTS & AVERAGE EMPLOYEE NUMBERS	12.31.2018	12.31.2017	Change *(en euros)*	Chg *(%)*
Payroll costs				
Wages and salaries	7,943,796	6,406,270	1,537,526	24%
Social security contributions	4,207,081	4,056,982	150,099	4%
PAYROLL COSTS	**12,150,877**	**10,463,252**	**1,687,625**	**14%**
Full-time equivalent (FTE) – Average				
Executives	83	71	12	17%
Employees and supervisors	7	8	(1)	-13%
EMPLOYEE NUMBERS	**90**	**79**	**11**	**12%**

USE OF THE COMPETITIVENESS AND EMPLOYMENT TAX CREDIT

In accordance with the ANC information note dated February 28, 2013, the Competitiveness and Employment Tax Credit (*crédit d’impôt pour la compétitivité et l’emploi* – CICE) is recorded as a reduction of personnel expenses.

For the year ended December 31, 2018, the Company recognised a CICE credit of €38,637 as a reduction of personnel expenses.

BORROWINGS

The company had €145 million in short-term credit facilities as of December 31, 2018, notably to finance the start of the construction of power plants before the signing of long-term project finance by the project company.

SUBSIDIARIES AND INVESTMENTS

See Annex 1.

OTHER INFORMATION

RETIREMENT COMMITMENTS

The company is relieved of its obligation to fund the pensions of its workforce by the payment of contributions calculated on the basis of wages to the organisations that manage pension benefits.

In addition, a retirement benefit, determined on the basis of seniority and level of remuneration, must be paid to employees present in the Company at retirement age.

As the Company’s commitment in this respect, calculated using the projected unit credit method, is not significant in view of the low level of seniority acquired by employees to date, it has not been recognised.

OFF-BALANCE SHEET COMMITMENTS

Commitments given

Neoen S.A. has stood guarantor for some of its subsidiaries for the implementation of project finance or tenders, under the following conditions:

Nature	Initial amount	Currency	Exchange	Start	End	Amounts *(in euros)*
Performance Bond - Corbas 1	664,600	EUR	1	12.10.2018	09.30.2022	664,600
Performance Bond - Corbas 3	568,700	EUR	1	12.10.2018	09.30.2022	568,700
First demand parent guaranty - BEC	3,000,000	EUR	1	12.21.2017	08.26.2032	3,000,000
Performance Bond - Azur Est	5,455,696	EUR	1	10.02.2018	03.31.2019	5,455,696
Performance Bond - Hauts Chemins	10,475,000	EUR	1	10.02.2018	07.31.2019	10,475,000
Performance Bond - Corbas 3	3,800,000	EUR	1	12.03.2018	07.31.2019	3,800,000
Performance Bond - Corbas 1	7,116,000	EUR	1	12.03.2018	07.31.2019	7,116,000
Performance Guaranty - BEC	750,000	EUR	1	04.16.2015	09.30.2018	750,000
Performance Guaranty 1 - Neoen Biosource	180,000	EUR	1	06.20.2014	06.19.2019	180,000
Performance Guaranty 2 - Neoen Biosource	150,000	EUR	1	06.06.2014	06.05.2019	150,000
Performance Bond - CEPAC - AO CRE 3	4,885,500	EUR	1	01.29.2016	12.10.2019	4,885,500
Performance Bond - CEPAC - AO CRE 4.1	4,028,900	EUR	1	05.02.2017	11.02.2020	4,028,900
Performance Bond - CEPAC - AO CRE 4.2	852,210	EUR	1	09.10.2017	03.10.2021	852,210
Performance Bond - CEPAC - AO CRE 4.4	751,000	EUR	1	09.19.2018	03.19.2022	751,000
Performance Guaranty - Torreilles	5,000,000	EUR	1	12.15.2011	06.01.2028	5,000,000
Performance Bond - Erec	515,000	USD	1	10.05.2018	06.30.2019	515,000
Interconnection Bond - El Llano	16,200,000	USD	1	09.28.2017	06.30.2020	16,200,000
Performance Bond - El Llano	10,000,000	USD	1	04.09.2018	04.12.2021	10,000,000
Performance Bond - Suppliers - El Llano	84,309,499	USD	1.14	12.30.2018		73,697,115
Environmental Performance Bond - El Llano	2,500,000	MXN	22.48	12.26.2018		111,205
Performance Bond - Suppliers - Capella	12,000,000	USD	1.14	03.10.2017	03.10.2019	10,489,510
Bid Bond - Puebla	11,500,000	USD	1.14	09.28.2018	05.31.2019	10,052,448
Interconnection Bond - Puebla	24,000,000	USD	1.14	09.28.2018	05.31.2019	20,979,021
Bid Bond - Sonora	4,900,000	USD	1.14	09.28.2018	05.31.2019	4,283,217
Mexico Office Rental Guarantee	4,096,743	MXN	22.48	06.15.2018	09.14.2021	182,231
Shareholder Letter of Credit - Bangweulu	2,900,000	USD	1.14	11.10.2017	05.09.2019	2,534,965
Contingent Equity LC - Bangweulu	3,019,000	USD	1.14	11.08.2017	12.31.2020	2,638,986
Performance Bond - Hedet	25,500,000	EUR	1.00	09.24.2018	02.15.2019	25,500,000
Performance Bond - Hedet	760,000	EUR	1.00	07.26.2018	12.31.2019	760,000
Performance Bond - Bangweulu	12,000,000	USD	1.14	11.08.2017	06.30.2019	10,489,510
Performance Bond - La Puna	25,000,000	USD	1.14	06.21.2017	02.01.2020	21,853,147
Performance Bond - Altiplano	25,000,000	USD	1.14	08.06.2018	05.01.2020	21,853,147
Performance Bond - Bulgana	34,767,223	AUD	1.62	12.31.2018		21,434,786
Performance Bond - Coleambally	2,500,000	AUD	1.62	05.10.2017	12.31.2030	1,541,307
Performance Bond - Numurkah	3,880,000	AUD	1.62	12.04.2017		2,392,109
						305,185,310

Commitments received

The main shareholder (Impala) has stood guarantor for Neoen, mainly in connection with the obtaining of corporate bank financing and under the following conditions:

Caution	Nature	Start	End	Amounts *(in euros)*
Impala	Neoen corporate line – CREDIT AGRICOLE NMP	07.26.2012	undefined	10,000,000
Impala	Neoen corporate line – CIC EST	11.23.2012	09.30.2019	7,500,000
Impala	Neoen corporate line – LCL	01.09.2013	01.31.2019	7,000,000
Impala	Neoen corporate line – CEPAC	10.03.2013	undefined	11,250,000
Impala	Neoen corporate line – NEUFLIZE	02.01.2015	undefined	6,000,000
Impala	Neoen corporate line – SG	11.01.2015	undefined	6,500,000
Impala	Neoen corporate line – BNP	11.21.2016	undefined	5,000,000
Impala	Neoen corporate line – NATIXIS	10.01.2016	undefined	10,000,000
Impala	Neoen corporate line – CREDIT DU NORD	10.01.2016	undefined	5,000,000
Impala	Neoen corporate line – HSBC	01.31.2018	undefined	5,000,000
Impala	Neoen corporate line – JP Morgan	05.25.2018	undefined	5,000,000
Impala	Neoen corporate line – BARCLAYS	05.25.2018	undefined	7,500,000
Impala	Neoen corporate line – CA CIB	05.18.2018	undefined	3,333,333
Impala	NEOEN / AO SOLAIRE 2012 PERFORMANCE GUARANTEES - CEPAC	01.29.2013	01.01.2032	780,488
Impala	NEOEN / AO CRE 3 PERFORMANCE GUARANTEES - CEPAC	01.28.2016	01.01.2020	2,754,700
Impala	NEOEN / AO CRE 4 PERFORMANCE GUARANTEES - CEPAC	05.02.2017	03.01.2019	1,295,850
Impala	NEOEN / AO CRE 4.2 PERFORMANCE GUARANTEES - CEPAC	09.02.2017	09.01.2020	426,105
Impala	CS TORREILLES / INNONDATION - SAARLB	12.15.2011	06.01.2028	5,000,000
				99,340,476

TAX CONSOLIDATION

Neoen and several of its subsidiaries have opted for the tax consolidation regime. The scope of the tax consolidation for fiscal 2018 includes the following companies:

- Neoen: parent;
- Neoen Services: subsidiary;
- Neoen Solaire: subsidiary;
- Neoen Éolienne: subsidiary;
- Neoen Biopower: subsidiary;
- Neoen Biosource: subsidiary;
- Neoen International: subsidiary.

The tables below show details of the determination of the result of the tax consolidation as well as the calculation of the individual tax results without taking into account the effect of the tax consolidation.

Calculation of the tax earnings from the Consolidated Tax Group (CTG)

	Accounting profit before tax	Reinstatements	Deductions	Change recognized in income	Consumption Pre-CTG deficit	Taxable earnings after inclusion of own deficit
Neoen	9,376,196	4,810,259	11,846,144	2,340,310	0	2,340,310
Neoen Solaire	157,591	0	0	157,591	0	157,591
Neoen Éolienne	(51,273)	0	0	(51,273)	0	(51,273)
Neoen Biopower	4,693	0	0	4,693	0	4,693
Neoen Services	449,209	68,708	0	517,917	0	517,917
Neoen International	(4,652,634)	2,447,552	962,634	(3,167,716)	0	(3,167,716)
Neoen Biosource	347,474	135,129	0	482,603	0	482,603
EARNINGS FROM CTG	**5,631,256**	**7,461,648**	**12,808,778**	**284,125**	**0**	**284,125**
Consumption of Tax Consolidation deficits						(284,125)
EARNINGS after utilisation						**0**
Company tax owed						**0**

Monitoring of Tax consolidated group deficits

Base before 2018 utilisation / allocation	4,537,565
2018 utilisation / allocation	(284,125)
Close 2018 Balance	**4,253,440**

Calculation of the individual fiscal earnings without tax consolidated group

	Calculated without the benefit of tax consolidated group				
	Taxable Profit before tax	Deficit carried forward 31.12.2017	Consumption Deficit	Taxable base	Theoretical company tax (28%)
Neoen	2,340,310	0	0	2,340,310	655,287
Neoen Solaire	157,591	(203,694)	157,591	0	0
Neoen Éolienne	(51,273)	(673,288)	0	0	0
Neoen Biopower	4,693	(353,587)	4,693	0	0
Neoen Services	517,917	(288,364)	288,364	229,553	64,275
Neoen International	(3,167,716)	(6,793,829)	0	0	0
Neoen Biosource	482,603	0	0	482,603	135,129

It should be noted that, in view of the tax consolidation of which the Company is part as parent company of the Group, the individual tax as described above is not recognised. The only tax recognised is that for the consolidated group, if applicable.

CONSOLIDATION

The company's financial statements are fully consolidated in the consolidated financial statements of Impala SAS – 4 rue Euler, 75008 Paris.

ANNEX 1: SUBSIDIARIES AND EQUITY INVESTMENTS

	Subsidiaries and equity investments	**Date of creation/ investment**	**Share Capital**	**Reserves and carry forwards prior to appropriation of results**	**Share of capital held** *(%)*	**Carrying value of securities held**	**2018 Revenue** *(local currency)*	**2018 Net income** *(local currency)*	**Dividends received in 2018**
Name	BNRG Neoen Limited								
Legal form	LTD	Acquisition							
Business activity	Electricity generation	May 2018	200	-	50%	100	-	-	N/A
SIREN	590 916								
Headquarters	Unit 1b, Customs House Plaza, Harbourmaster Place, Dublin 1								
Name	CENTRALE ÉOLIENNE CLAIRE FONTAINE								
Legal form	SASU	Acquisition							
Business activity	Electricity generation	January 2016	10,000	(57,850)	100%	10,000	-	(5,378)	N/A
SIREN	752 922 187								
Headquarters	4 rue Euler – 75008 Paris								
Name	CENTRALE ÉOLIENNE LE JUSSELIN								
Legal form	SASU	Acquisition							
Business activity	Electricity generation	January 2016	10,000	-	100%	10,000	-	-	N/A
SIREN	752 923 144								
Headquarters	4 rue Euler – 75008 Paris								
Name	Centrale Solaire Orion 10								
Legal form	SASU	Acquisition							
Business activity	Electricity generation	January 2016	5,000	(23,394)	100%	5,000	-	(6,398)	N/A
SIREN	524 444 783								
Headquarters	4 rue Euler – 75008 Paris								
Name	Centrale Solaire Orion 11								
Legal form	SASU	Acquisition							
Business activity	Electricity generation	January 2016	5,000	(23,170)	100%	5,000	-	(4,025)	N/A
SIREN	527 862 106								
Headquarters	4 rue Euler – 75008 Paris								
Name	Centrale Solaire Orion 8								
Legal form	SASU	Acquisition							
Business activity	Electricity generation	January 2016	5,000	(23,417)	100%	5,000	-	(3,850)	N/A
SIREN	524 444 619								
Headquarters	4 rue Euler – 75008 Paris								
Name	Centrale Solaire Orion 9								
Legal form	SASU	Acquisition							
Business activity	Electricity generation	January 2016	5,000	(23,301)	100%	5,000	-	(3,855)	N/A
SIREN	527 861 603								
Headquarters	4 rue Euler – 75008 Paris								
Name	Éoliennes Chemin Vert								
Legal form	SASU	Acquisition							
Business activity	Electricity generation	January 2016	5,000	(31,591)	100%	5,000	-	(7,256)	N/A
SIREN	524 444 833								
Headquarters	4 rue Euler – 75008 Paris								

	Subsidiaries and equity investments	**Date of creation/ investment**	**Share Capital**	**Reserves and carry forwards prior to appropriation of results**	**Share of capital held** *(%)*	**Carrying value of securities held**	**2018 Revenue** *(local currency)*	**2018 Net income** *(local currency)*	**Dividends received in 2018**
Name	Éoliennes Courcôme								
Legal form	SASU	Acquisition							
Business activity	Electricity generation	January 2016	5,000	(31,131)	100%	5,000	-	(17,173)	N/A
SIREN	527 861 454								
Headquarters	4 rue Euler – 75008 Paris								
Name	Éoliennes Rubercy								
Legal form	SASU	Creation							
Business activity	Electricity generation	January 2016	10,000	(52,318)	100%	10,000	-	(5,092)	N/A
SIREN	752 914 655								
Headquarters	4 rue Euler – 75008 Paris								
Name	Éoliennes Saint Sauvant								
Legal form	SASU	Acquisition							
Business activity	Electricity generation	January 2016	5,000	(24,935)	100%	5,000	-	(4,162)	N/A
SIREN	527 865 125								
Headquarters	4 rue Euler – 75008 Paris								
Name	Éoliennes Vesly								
Legal form	SASU	Acquisition							
Business activity	Electricity generation	January 2016	10,000	(56,643)	100%	10,000	-	(5,450)	N/A
SIREN	752 914 663								
Headquarters	4 rue Euler – 75008 Paris								
Name	N Development								
Legal form	SGPS	Creation							
Business activity	Electricity generation	December 2010	50,000	-	100%	50,000	-	-	N/A
SIREN	509,748,619								
Headquarters	Avenida da Liberdade, N.º. 92-B, 5.º Andar, 1250 – 145 Lisboa								
Name	Nahualapa Solar								
Legal form	SA de CV	Creation							
Business activity	Electricity generation	December 2016	2000 (USD)	-	70%	930	-	-	N/A
SIREN	239 701 – 8								
Headquarters	75 Av. Norte y 9a Calle Poniente #536, Colonia Escalon, San Salvador, El Salvador								
Name	Neoen Argentina								
Legal form	SA	Creation							
Business activity	Electricity generation	January 2015	9,133,604 (ARS)	-	95%	176,297	-	-	N/A
SIREN									
Headquarters	Av. de Mayo 651 – Piso 3°, Oficina 14 – Ciudad Autónoma de Buenos Aires								

	Subsidiaries and equity investments	Date of creation/ investment	Share Capital	Reserves and carry forwards prior to appropriation of results	Share of capital held (%)	Carrying value of securities held	2018 Revenue (local currency)	2018 Net income (local currency)	Dividends received in 2018
Name	Neoen Australia								
Legal form	LTD	Creation							
Business activity	Electricity generation	January 2015	1,000 (AUD)	-	100%	800	-	-	N/A
SIREN	ACN 160 905								
Headquarters	Suite 4 – Level 7/60 Park Street NSW 2000 Sydney – Australie								
Name	Neoen Biopower								
Legal form	SASU	Creation							
Business activity	Electricity generation	January 2015	37,000	97,853	100%	37,000	-	-	N/A
SIREN	511 780 215								
Headquarters	4 rue Euler – 75008 Paris								
Name	Neoen Biosource								
Legal form	SASU	Creation							
Business activity	Electricity generation	January 2015	10,000	47,422	100%	10,000	8,751,132	-	N/A
SIREN	792 139 586								
Headquarters	4 rue Euler – 75008 Paris								
Name	Neoen El Salvador								
Legal form	SA de CV	Creation							
Business activity	Electricity generation	April 2017	439,710 (USD)	-	100%	400,995	-	-	N/A
SIREN	236 487 – 7								
Headquarters	75 Av. Norte y 9a Calle Poniente #536, Colonia Escalon, San Salvador, El Salvador								
Name	Neoen Éolienne								
Legal form	SASU	Creation							
Business activity	Electricity generation	April 2017	37,000	(686,586)	100%	37,000	-	-	N/A
SIREN	509 212 585								
Headquarters	4 rue Euler – 75008 Paris								
Name	Neoen International								
Legal form	SASU	Creation							
Business activity	Electricity generation	May 2015	100,000	(8,269,325)	100%	100,000	-	(4,652,634)	N/A
SIREN	789 991 635								
Headquarters	4 rue Euler – 75008 Paris								
Name	Neoen Investissement								
Legal form	SASU	Creation							
Business activity	Electricity generation	October 2016	20,000	(95,314)	100%	20,000	-	267,567	N/A
SIREN	820 556 074								
Headquarters	4 rue Euler – 75008 Paris								
Name	Neoen Northern Hemisphere								
Legal form	SASU	Creation							
Business activity	Electricity generation	February 2013	20,000	(6,467)	100%	20,000	-	(97,359)	N/A
SIREN	828 197 798								
Headquarters	4 rue Euler – 75008 Paris								

	Subsidiaries and equity investments	**Date of creation/ investment**	**Share Capital**	**Reserves and carry forwards prior to appropriation of results**	**Share of capital held** *(%)*	**Carrying value of securities held**	**2018 Revenue** *(local currency)*	**2018 Net income** *(local currency)*	**Dividends received in 2018**
Name	Neoen Production 1								
Legal form	SAS	Creation							
Business activity	Electricity generation	October 2016	10,000	(2,980,638)	100%	10,000	-	(1,347,010)	N/A
SIREN	799 259 429								
Headquarters	4 rue Euler – 75008 Paris								
Name	Neoen Production 2								
Legal form	SAS	Creation							
Business activity	Electricity generation	September 2013	2,500	2,912,511	100%	2,500	-	5,218,272	N/A
SIREN	824 735 559								
Headquarters	4 rue Euler – 75008 Paris								
Name	Neoen Production 3								
Legal form	SASU	Creation							
Business activity	Electricity generation	May 2015	2,500	(30,382)	100%	2,500	-	(10,686)	N/A
SIREN	523,207,207								
Headquarters	4 rue Euler – 75008 Paris								
Name	Neoen Services								
Legal form	SASU	Creation							
Business activity	Electricity generation	May 2015	51,210,000	(78,258,216)	100%	51,210,000	19,609	449,209	N/A
SIREN	492 690 821								
Headquarters	4 rue Euler – 75008 Paris								
Name	Neoen Servicios Mexico								
Legal form	SA de CV	Creation							
Business activity	Electricity generation	July 2015	50,000 (USD)	-	99%	44,955	-	-	N/A
SIREN									
Headquarters	Temístocles 34, Polanco, DF 11560, Mexico								
Name	Neoen Solaire								
Legal form	SASU	Creation							
Business activity	Electricity generation	October 2014	37,000	5,149,005	100%	37,000	-	157,591	N/A
SIREN	509 319 257								
Headquarters	4 rue Euler – 75008 Paris								
Name	New Renewables Zambia Ltd								
Legal form	LTD	Creation							
Business activity	Electricity generation	February 2014	1,515 (USD)	-	100%	1,430	-	-	N/A
SIREN									
Headquarters	Building 3 Acacia Park, Stand N° 22768, Thabo Mbeki Road, Lusaka								
Name	NP Investment								
Legal form	SGPS	Creation							
Business activity	Electricity generation	February 2014	50,000	-	100%	50,000	-		N/A
SIREN	509 876 636								
Headquarters	Avenida da Liberdade, N.º. 92-B, 5.º Andar, 1250-145 Lisboa								

	Subsidiaries and equity investments	Date of creation/ investment	Share Capital	Reserves and carry forwards prior to appropriation of results	Share of capital held *(%)*	Carrying value of securities held	2018 Revenue *(local currency)*	2018 Net income *(local currency)*	Dividends received in 2018
Name	NPI II								
Legal form	SGPS	Creation							
Business activity	Electricity generation	February 2014	50,000	-	100%	50,000	-		N/A
SIREN	513 900 594								
Headquarters	Avenida da Liberdade, N.°. 92-B, 5.° Andar, 1250-145 Lisboa								
Name	PARC ÉOLIEN DES AVALOIRS								
Legal form	SASU	Creation							
Business activity	Electricity generation	March 2016	6,000	(27,576)	100%	6,000	-	(8,573)	N/A
SIREN	524 444 882								
Headquarters	4 rue Euler – 75008 Paris								
Name	Pedregral Solar								
Legal form	SA de CV	Creation							
Business activity	Electricity generation	March 2014	2000 (USD)	-	70%	1,328	-	-	N/A
SIREN	239 697 – 9								
Headquarters	75 Av. Norte y 9a Calle Poniente #536, Colonia Escalon, San Salvador, El Salvador								
Name	SASU PV Le Champ de Manœuvre								
Legal form	SASU	Creation							
Business activity	Electricity generation	February 2016	5,000	(73,082)	100%	5,000	-	(6,488)	N/A
SIREN	527 861 710								
Headquarters	4 rue Euler – 75008 Paris								
Name	SASU PV Le Moulin de Beuvry								
Legal form	SASU	Creation							
Business activity	Electricity generation	February 2016	5,000	(23,760)	100%	5,000	-	(2,144)	N/A
SIREN	527 865 190								
Headquarters	Les Pléiades Bât E, 860 Rue René Descartes – 13857 Aix-en-Provence Cedex 3								
Name	SASU PV Les Poulettes								
Legal form	SASU	Creation							
Business activity	Electricity generation	February 2016	5,000	(27,401)	100%	5,000	-	(14,462)	N/A
SIREN	527 861 694								
Headquarters	Les Pléiades Bât E, 860 Rue René Descartes – 13857 Aix-en-Provence Cedex 3								

	Subsidiaries and equity investments	Date of creation/ investment	Share Capital	Reserves and carry forwards prior to appropriation of results	Share of capital held *(%)*	Carrying value of securities held	2018 Revenue *(local currency)*	2018 Net income *(local currency)*	Dividends received in 2018
Name	Spica Solar								
Legal form	SA de CV	Creation							
Business activity	Electricity generation	February 2016	2,000 (USD)	-	70%	1,328	-	-	N/A
SIREN	243 460 – 0								
Headquarters	75 Av. Norte y 9a Calle Poniente #536, Colonia Escalon, San Salvador, El Salvador								

4.4 STATUTORY AUDITORS' CERTIFICATION REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF NEOEN S.A. AS OF DECEMBER 31, 2018

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

Year ended December 31, 2018

To the Neoen shareholders' meeting,

OPINION

In compliance with the engagement entrusted to us by your shareholders' meeting, we have audited the accompanying financial statements of Neoen for the year ended December 31, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "statutory auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

INDEPENDENCE

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2018 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) no. 537/2014 or in the French code of ethics for statutory auditors (*Code de déontologie*).

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we are required to bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, as well as our responses to those risks.

We have determined that there were no key audit matters to disclose in our report.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS ADDRESSED TO SHAREHOLDERS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS.

We have no comments to make on the fair presentation and consistency with the financial statements of the information given in the Board of Directors' management report and in the documents addressed to shareholders with respect to the financial position and the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, mentioned in Article D. 441-4 of the French Commercial Code.

REPORT ON CORPORATE GOVERNANCE

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information presented in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

OTHER DISCLOSURES

Pursuant to the law, we have verified that the management report contains the appropriate disclosures as to acquisitions of investments and controlling interests.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

APPOINTMENT OF THE STATUTORY AUDITORS

Constantin Associés were appointed as statutory auditors of Neoen by the shareholders' meeting of September 13, 2008 and replaced by Deloitte at the shareholders' meeting of April 22, 2014. RSM Paris were appointed as statutory auditors by the shareholders' meeting of September 12, 2018.

As of December 31, 2018, Deloitte & Associés and RSM Paris were in the 11th year and first year of total uninterrupted engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements have been approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

OBJECTIVE AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified by Article L. 823-10-1 of the French Commercial Code, the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

As part of an audit in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit. He also:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for his opinion; The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also bring to its attention any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

At Paris-la Défense and Paris, April 17, 2019

The statutory auditors

DELOITTE & ASSOCIÉS	**RSM Paris**
François Xavier AMEYE	Étienne de BRYAS

05

SUSTAINABLE DEVELOPMENT AND SOCIAL RESPONSIBILITY

Neoen is an independent renewable energy producer which decided to focus on mature and entirely carbon-free technologies in order to provide energy to as many people as possible, in all the geographies in which it operates and at the best price. Conscious of the special role it has to play in promoting sustainable development and its responsibility to “give an example”, Neoen develops, finances, builds and operates its facilities in accordance with the best performance standards as defined by major international institutions. Neoen voluntarily initiated a ratings-based approach to its environmental and societal responsibility by recognised bodies in order to be in the forefront of best practices. Regarding its positioning and the initiatives it has set up, Neoen makes a positive contribution to sustainable development issues. On top of its general policy, Neoen has a long-term vision and continuity approach for its plants. On this basis, the Group keeps a close watch on the challenges relating to local acceptance of its projects. Moreover, the Group pays particular attention to promoting social measures to the benefit of its own employees and to abiding by the principles of good governance. In this case, the Group adopted the recommendations of the AFEP-MEDEF Code. Please refer to Chapter 6 “Corporate governance report” of this document for more information.

On the date of this Registration Document, the Company is not required to prepare a Corporate Social Responsibility (CSR) report, as provided for by Article L. 225-102-1 of the French Commercial Code, insofar as it does not meet applicable regulatory criteria.

5.1 POSITIVE CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

DIRECT IMPACTS

Regarding its positioning and the initiatives it has set up, Neoen makes a positive contribution to the sustainable development goals (SDG), that 193 members of the United Nations adopted in September 2015, with the aim of ending poverty, protecting the planet and guaranteeing prosperity for all. Neoen’s contribution is more directly related to Goal 7 (clean energy and at an affordable cost), in particular its targets 7.1 (“by 2030, ensure universal access to affordable, reliable and modern energy services, at an affordable cost”), 7.2 (by 2030, increase substantially the share of renewable energy in the global energy mix), and also Goals 12 (responsible consumption and production) and 13 (actions to combat climate change) which are the priority goals immediately relating to its activity.

INDIRECT IMPACTS

Neoen also considers that due to its positioning, which is focused on marketing, at or less than grid parity, the most competitive electricity wherever the Group is established, it contributes to facilitating access to electricity, which is an essential service, and hence participates in ending poverty (Goal 1 – No poverty) and in reducing inequalities within a said country (Goal 10 – Reduced inequalities) by fostering its economic activity. Furthermore, Neoen only markets green energy. In this way, the Group contributes to reducing the exposure of people in vulnerable situations to climate-related extreme events (Goal 1.5) and takes action against air pollution and contamination so as to enable all to live in good health and promote well-being at any age (Goal 3).

Neoen is an extremely local player. With more than 23 nationalities, the Group is concerned with giving priority to local employment, whether directly, in its own subsidiaries, or indirectly, by encouraging its co-contracting parties to use, as far as possible, local labour and local sub-contractors to enable the local economy to become more dynamic. In this way, in Zambia, the construction of its Bangweulu solar plant, at the peak of the works, needed to employ more than 800 workers on the site, the large majority of whom were local people.

In Mexico, the construction of the El Llano plant should employ up to 820 people on site during its construction. This requirement meets Goal 8 (Decent work and economic growth) of the SDGs.

Neoen is a responsible player. In line with its internal code, signed by all employees and according to which it undertakes to carry out its business in such a manner to avoid or limit, as far as possible, damage to the environment other than the visual damage inherent in the activity in question, Neoen has a specific vision regarding environmental protection and the respect for biodiversity (Goal 15 – Life on land).

CONTRIBUTION THROUGH THE GROUP’S VALUES AND SETTING UP OPERATIONAL PROCESSES ON AN AD HOC BASIS

The Group’s internal Code also formalises the Group’s social commitments. This Code is based on the following principles:

- health and safety: the Group ensures the safety of its employees and seeks to prevent any health risk they might incur, especially when travelling in countries with specific risks;
- compliance with local laws and regulations: the Group respects, and ensures that its employees comply with, the laws and regulations of each country in which it operates. More specifically, rules of conduct are established to fight passive and active corruption risks; and
- reporting *obligation*: to better enable the Group to monitor the ethical behaviour of its employees, the charter provides for upward reporting obligations to management, particularly with respect to conflicts of interest or, more generally, in the event of a risk of non-compliance with local regulations. In addition, employees have the opportunity to retain the services of a third-party lawyer regarding any difficulty they may encounter, both in terms of interpretation of the principles of the charter and in the context of its application.

The principles of this Code, and particularly the special emphasis the Group places on combating corruption, fall under Goal 16 (Peace, justice and strong institutions) of the SDG. It should be noted that at the date of this registration document, the Group is not aware of past occurrences, nor the existence of any current conduct, that violates the provisions of Neoen's charter.

Neoen builds sustainable infrastructures. Scaled to produce electricity at or under grid parity and non-polluting, in general they have the advantage of excellent local acceptance. Neoen has a long-term vision: in general, it is the majority shareholder of its infrastructure and, therefore, its goal is to optimise the yield of its plants over their entire life cycle. Consequently, this enables it to take appropriate decisions regarding plant maintenance. In some cases, such as in Mozambique, the facilities are operated in the form of concessions of limited duration (30 years in Mozambique). Neoen's responsible attitude with regard to the construction of resilient infrastructures, which, in addition, uses local labour trained for their construction and operation, falls within Goal 9 of the SDG (Industries, innovation and infrastructure).

SOCIETAL AND CULTURAL COMMITMENT (PHILANTHROPY)

Lastly, and as a complement to its activities, Neoen regularly contributed to philanthropic initiatives and in support of local education and culture. For instance, in El Salvador, in 2017, Neoen financed a giant fresco by the artist Fernando Llort on the walls of its Providencia Solar plant. In Australia, the Group chose to display aboriginal paintings on the wind turbine masts at its Hornsdale plant. From a philanthropic standpoint, in France, the Group decided for the first time in 2018 to support the Helen Keller International foundation for its unique PlanVue project – the aim of which is to create awareness of, detect and treat vision problems in schools.

Similarly, in 2019, the Group tasked in Madagascar *Électriciens Sans Frontières* to install electricity in two schools built by the non-profit organization Se Tendre la Main. Provided that this initiative, which should be completed during 2019, is a success, the Group could perpetuate its programme to install electricity in schools in partnership with the two organisations. These two initiatives fall within Goal 4 (Give access to education) which is dear to Neoen.

5.2 CONSIDERATION OF CSR/HSE MATTERS IN THE GROUP'S PROJECT MANAGEMENT

The perpetuation of its plants is part of Neoen's philosophy. On this basis, the Group keeps a close watch on the challenges relating to local acceptance of its projects.

5.2.1 INTEGRATE AND INVOLVE ALL STAKEHOLDERS IN MANAGING THE PROJECT

Throughout its entire value chain, the Group ensures that both it, and the persons for whom it is responsible, comply with the environmental, social and loyalty principles it has set for itself or to which it is bound.

IN THE DEVELOPMENT PHASE

Hence, each plant's establishment is decided in collaboration with the local authorities and residents close to the plants. Public meetings are organized on a regular basis, make it possible to bring local residents and communities into the projects. These meetings are an opportunity for the Neoen teams to present the project's integration into the landscape, the conclusion of the social (in developing countries) and environmental study of the project and the support measures that will be undertaken accordingly, and more generally, together with the local people so as to be in a position to propose solutions that most people will find satisfactory. In this context, specific support measures may be proposed (for example, in France, financing a skating rink, setting up an educational pathway, etc.). In Australia, a specific website for each project goes online from the beginnings of the project's development so that everyone can obtain all the information available on the project and, if need be, contact the team in charge of developing the project. An online book of grievances is also available.

The Group may also take specific steps in favour of local populations, particularly in Western Australia where the Group, prior to each project, carries out a study to preserve the aboriginal population (Aboriginal Heritage Survey Report) submitted to the Western Australia Department of Planning, Lands and Heritage. In El Salvador, the development of both the Goup's projects was conducted right from the start in close conjunction with the funds dedicated to the development of social projects for the benefit of the local population.

IN THE CONSTRUCTION PHASE

The Group endeavours to retain suppliers that are responsible and comply with the most stringent standards and afterwards check that these rules were complied with through their integration in the EPC (Engineering Procurement Construction) contracts or the contracts for the supply of wind turbines signed by the Group. Accordingly, the Group, through its procurement policy and in accordance with its processes, selects suppliers of solar panels, wind turbines and other system components (BOS and BOP components) whose products come from ISO 9001 and ISO 14001 certified factories. The Group systematically visits its main potential suppliers' factories before initiating a business relationship. Afterwards, it endeavours to repeat these visits as often as possible, at least once a year.

Regardless of the country in which its projects are located, the Group only works with first-class EPC contractors which can only be chosen after a rigorous pre-selection process.

In particular, and in developing countries, special attention is paid to combating corruption: any co-contractor whose revenue exceeds the threshold of US$75,000 must produce a Compliant Policy before undertaking any work for the Group. In emerging markets, the Group carries out social and environmental studies that are shared with EPC contractors during their selection procedure. In emerging markets, the EPC must then implement social action and environmental plans and undertake, as far as possible, to call on local sub-contracts and local labour. In some cases, as in Zambia or Jamaica, these actions plans may be broken down into specific action plans for the benefit of the communities (Community Engagement and Development Plan) and on-site work covered by a specific contract (Site Labour Agreement). At the contract stage, the Group sends the EPC contractor the guidelines on health, safety and the environment ("HSE") incorporated into the plan, produced by its construction department (Health, Safety and Environnement Management Plan or HSEMP). These HSE guidelines are drawn up in line with the regulations in France and Australia, where the Group considers that local regulations are sufficiently stringent and, stricter than local regulations in the other countries, particularly in the emerging countries. In this case, the Group will particularly refer to the International Finance Corporation (IFC) guidelines. The HSE guidelines are systematically appended to EPC and O&M contracts and apply to all the Group's contractors, as well as their sub-contractors.

In addition to being responsible for monitoring the construction, dedicated third parties are in charge of confirming that these social and environmental measures are properly applied and, more generally, that the fundamental rules recommended by the International Labour Organisation (ILO) and the European Convention on Human Rights (for developing countries) are complied with on the site. In France, for example, this management is entrusted to entities (Apave, Socotec, Bureau Veritas, etc.) that assume the role of coordinator for safety and health protection (*coordinateur en matière de sécurité et de protection de la santé*, "CSPS") and establish a general coordination plan (*plan général de coordination*, or "PCG") that sets forth safety and health guidelines to be followed at the Group's sites. Outside of France, such management is carried out by dedicated third-party organisations with established track records, which prepare monthly monitoring reports. At any time, the HSE third-party organisation can alert the project manager or the parent company if it notices that a commitment is not respected. In certain cases, like in Zambia, a dedicated Community Liaison Officer may also be appointed when the project construction starts and for the entire duration of the operation.

IN THE OPERATION PHASE

Once the facility begins operating, the monitoring of HSE compliance is delegated to the service provider that ensures the maintenance of the facility (the O&M provider), which is usually the EPC contractor or the wind turbine supplier, in coordination with the relevant asset manager. HSE reporting to the Group is carried out on a monthly basis and focuses on workplace accidents and environmental impact, the application of the measures recommended by the environmental impact study as well as the implementation of the rules applicable to the facility. All of the Group's HSE management systems are implemented using OHSAS 18001 and ISO 14001 guidelines.

At the same time, the Group closely supervises the performance of its facilities as well as the satisfaction of the population living near the site and the communities enjoying the economic benefits of the projects through taxes and land leases. Lastly, in many cases, aware of the role it can play in local development, the Group continues to actively back social economic projects, particularly:

- in Australia where the majority of projects support community funds created for each project, on an *ad hoc* basis. For instance, in South Australia, the Group founded the Hornsdale Wind Farm Community Fund, which aims to fund local initiatives in the Jamestown area. Administered jointly with a local elected offcial and community representatives, the fund will be financed up to AUD 120,000 per year for 20 years.
- 39 projects were supported in 2017 and 2018, including the construction of a children's garden and the installation of solar panels at the Gladstone memorial site.
- Furthermore, an Aboriginal community fund with A$50,000 provided by Hornsdale Asset Co for 25 years, intended for the Ngadjuri and Nukunu Aboriginal Corporations was set up to preserve aboriginal culture;
- in El Salvador where 3% of the revenue generated by the Providencia and Capella solar plants are given to social development projects in co-ordination with the Social Investment Funds for Local Development for Providencia (the Social Investment Fund for local Development develops local projects such as roads, water and electricity supplies or school renovation), in co-ordination with the FUSAL El Salvador foundation for Capella;
- in Zambia where 0.5% of income generated by the plant will be given back into the Community Development Plan to benefit people living near the project;
- in Mozambique where it is planned to continue participating in projects financing the local economy after the facility has been commissioned;
- in Portugal, where the Group supports the University of Coruche of the municipality where its solar plant is located, by financing three-year scholarships intended to promote renewable energy academic curricula and to train the industry's future actors. The Group has also implemented a five-year financing program with the Seixal municipal energy agency, the objective of which is to promote more thoughtful energy consumption, increase the use of renewable energies and sustainably develop the municipality.

Since the summer of 2018, the Group has set up a HSE Committee which is composed of members of Group's management and personnel, and which meets quarterly. The HSE rules recommended by the Group aim to prevent accidents, injuries and pollution in the workplace, especially on the Group's sites, and also during the construction and operation phases of the facilities. These objectives are set forth in the HSE specifications developed by the Group, as follows:

- avoid serious employee injuries;
- improve working conditions and reduce risks for each workstation;
- promote proactive information reporting related to near-accidents and dangerous situations;
- promote the Group's HSE culture (site visits, 15-minute safety meetings, audit, training, etc.); and
- minimize as much as possible the use and prevent the risk of spills of hazardous substances.

The task of the HSE Committee is to control the Group's performance of the HSE policy through monitoring, on a consolidated basis, of all the indicators relating to these objectives. These indicators also directly concern the Group's teams and also all the employees of the co-contractors working on the Group's sites, especially during the construction phase.

5.2.2 A PROACTIVE POLICY ON THE ENVIRONMENT AND PROTECTION OF BIODIVERSITY

The Group pays particular attention to respecting the habitats of the species on its project sites as well as to land protection. For each project and regardless of the country, an assessment of the environmental impacts, the impact study (botanical, avifauna, landscape, acoustic and other studies) is carried out to establish the support measures which will have to be put in place during construction and also during operation of the facility.

The Group has also formally made several commitments in favor of the environment and biodiversity among which are:

- limited construction phases to limit disturbances during the breeding season of surrounding species;
- construction of drainage networks simultaneously with the construction of the facility;
- construction of corridors to facilitate mobility of native animal species;
- monitoring the evolution of animal species on the site;
- land-clearing to prevent the spread of fires and facilitate the circulation of fire-fighting vehicles;
- preservation of historical heritage that may be present on the facility site;
- limitation of noise pollution, especially for wind turbines.

For example, in France, the Cestas power plant incorporates environmental protection measures such as the preservation of wetlands, the protection of plants and animals species on-site (in particular butterflies), and full landscape integration achieved by planting hedgerows at the edge of the power plant. Furthermore, the equivalent of the entire surface area occupied by the Cestas plant has been reforested in the same locality through financing from the project's revenues. In Portugal, during the construction of the Seixal power plant, more than a thousand native trees and shrubs were planted around the facility to promote landscape integration. In Australia, the Hornsdale plant was designed to ensure the preservation of the site's gray lizard population. In Jamaica, the Paradise Park project's Biodiversity Management Plan requires all activity to cease when the Jamaican crocodile (protected species) is present, until NEPA (National Environment and Planning Agency) can send a team to the site to capture the animal and release it in another area.

All the Group's development, construction and operating teams are trained to protect the environment and respect biodiversity. Correct application of the support measures recommended by the impact study will be closely monitored by a third party, during the construction and for a large part of the facility's life.

Lastly, in line with its Code of conduct, according to which it undertakes to carry out its activity avoiding or limiting, as far as possible, damage to the environment other than visual damage inherent in the activity concerned, the Group complies with all the obligations applicable thereto, particularly with regard to standards and constitution of provisions and guarantees for dismantling its facilities at the end of its operation. For the dismantling and recycling of solar park components, the Group is a member of PV Cycle, a waste-collection and recycling provider for solar panels at the end of their useful lives that is active throughout Europe. More generally, the Group seeks to keep its facilities' sites clean and reusable for future renewable energy production facilities.

5.3 MEASUREMENT OF THE IMPACTS

The Group's main consolidated indicator for the measurement of its action is the quantification of the tonnes of CO_2 carbon avoided thanks to its business. Furthermore, the scope of the actions initiated by the Group is widely recognised by third-party organisations.

5.3.1 CARBON EMISSIONS AVOIDED

As a responsible participant in the renewable energy sector, the Group is actively involved, due to the nature of its business, in the global challenges, such as the fight against greenhouse gas emissions and climate change. During the course of the year ended December 31, 2017 and December 31, 2018, the Group reduced its carbon footprint by 810,239 and 1,494,678 metric tons of CO_2, respectively, according to its own calculations deriving from the strict application of the dedicated methods proposed by the European Investment Bank.

The Group appointed Deloitte to review compliance of its understanding of the EIB methods and the formulas it applied.

5.3.2 RECOGNITION BY THIRD-PARTY ORGANISATIONS

5.3.2.1 VIGEO CERTIFICATION

In line with its positioning and its convictions, early on, the Group has been concerned to incorporate the environmental components into the methods for financing its projects. As a result, it completed its first issuance of green bonds in an amount of €40 million in October 2015, intended to finance 13 solar and wind projects located in France and Portugal with aggregate operating capacity of 100 MW. This financing method was repeated in December 2017, when the Group completed the issuance of another round of green bonds in a maximum amount of €245 million to finance a portfolio of solar and onshore wind projects in Australia, Latin America and France totalling 1.6 GW of aggregate operating capacity. These green bond financings have been validated in accordance with the applicable green bonds principles published by the International Capital Market Association ("ICMA") in 2015 and in 2017, and certified by Vigeo Eiris ("Vigeo"), a recognized expert in sustainable development, which completed such certification following its environmental, social and governance ("ESG") due diligence with respect to the Group.

In September 2018, the Group initiated a corporate rating process with Vigeo Eiris on a voluntary basis. The result of this was an A1 rating representing the Group's inclusion in the 1st quartile of companies rated by Vigeo Eiris and ranked Neoen among the first 4 percent of companies with the organisation's best rating.

5.3.2.2 AWARD BY THE CLIMATE BONDS STANDARD BOARD

In March 2019, Climate Bonds Standard Board spontaneously awarded the Group the Green Loan certification for its project's financing put in place in Mexico for its El Llano solar project.

5.4 REPORT BY THE THIRD-PARTY ORGANISATION

NEOEN

Moderate assurance declaration on the “Sustainable development and corporate responsibility” section of the Neoen Registration Document.

(Financial year ended December 31, 2018)

At the Neoen general shareholders’ meeting,

In our capacity as the statutory auditors of your company, we are hereby presenting you with our declaration on the “Sustainable development and corporate responsibility” section in relation to the financial year ended December 31, 2018, as presented in the Neoen Registration Document.

RESPONSIBILITY OF THE ENTITY

Neoen is responsible for the drafting of the “Sustainable development and corporate responsibility” section of its Registration Document.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the industry’s code of ethics. In addition, we have put in place a quality control system which includes documented procedures and policies aimed at ensuring compliance with the rules of ethics, professional best practice and all applicable legal and statutory regulations.

RESPONSIBILITY OF THE STATUTORY AUDITOR

We are responsible, on the basis of our work, for producing the moderate assurance declaration on the accuracy of the “Sustainable development and corporate responsibility” section in relation to the financial year ended December 31, 2018, presented in Neoen’s Registration Document.

However, we have no obligation to give our opinion on:

- compliance by the entity with all other applicable legal and statutory provisions, notably with regard to the plan for vigilance and the prevention of corruption and tax evasion;
- compliance by products and services with all applicable regulations.

NATURE AND SCOPE OF THE WORK

We have completed the following tasks:

- we have examined the “Sustainable development and corporate responsibility” section of Neoen’s Registration Document;
- we have selected certain qualitative data from this chapter;
- we have checked *via* sampling the accuracy of the data, *via* interviews and/or *via* the provision of supporting evidence.

We consider that the work carried out by us, in exercising our professional judgment, allows us to reach a conclusion of moderate assurance; a more certain degree of assurance would have required more extensive verification work.

MEANS AND RESOURCES

Our investigations involved the skills of two individuals and was carried out between 9 and 23 April 2019, covering a total working time of three days.

To assist us with the performance of our work, we called on individuals specialised in sustainable development and corporate responsibility. We have held interviews with the person responsible for the preparation of the “Sustainable development and corporate responsibility” section of Neoen’s Registration Document.

CONCLUSION

On the basis of our work, we have not noted any significant anomalies liable to challenge the fact that the following topics are presented in an accurate manner:

- indirect impacts: number of indirect jobs in Mexico and Zambia, internal code of conduct;
- positive contribution to the United Nations' sustainable development goals *via* the Group's values and the introduction of *ad hoc* operational processes: internal code of conduct;
- commitments to cultural and social activities: Mural by Fernando Llort in El Salvador, aboriginal painting in Australia, "Plan Vue" project with Helen Keller International;
- integration of stakeholders:
  - during the development phase: measures in favour of the local communities in Western Australia and in El Salvador,
  - during the construction phase: procurement policy involving the purchase of products from plants holding IS0 9001 and 14001 certification, Compliant Policy for co-contractors with turnover in excess of $100 thousand, HSE guidelines attached as schedules to EPC and O&M contracts, verification of health and safety instructions by third party organisations,
  - during the operation phase: monthly HSE reporting, association with *ad hoc* Australian community funds;
- policy on environmental matters and the preservation of biodiversity: environmental impact studies, creation of provisions and guarantees for the decommissioning of facilities;
- measurement of impacts: carbon emissions avoided and assessment by the firm Vigeo Eiris.

Paris, April 25, 2019

RSM Paris

Martine Leconte

CSR Partner

5.5 VIGILANCE PLAN

At the date of this Registration Document, in view of the number of employees, the Company is not required to prepare a duty of care plan as provided for under Article L. 225-102-4 of the French Commercial Code.

06

REPORT ON CORPORATE GOVERNANCE

This Section, with the exclusion of sub-sections 6.2.1.2 (iii), 6.1.3.2 and 6.4.3, is the Corporate Governance Report and was drawn up pursuant to Article 225-37 of the French Commercial Code.

The Board of Directors approved the report on corporate governance at its meeting on April 17, 2019. It will be presented to the shareholders at the next general shareholders' meeting on June 28, 2019.

6.1 STATE OF GOVERNANCE

The Company is a limited company (*société anonyme*) with a Board of Directors as of September 12, 2018.

6.1.1 COMPOSITION OF THE BOARD OF DIRECTORS

At April 17, 2019, date on which the corporate governance report was issued by the Board of Directors, the Board was comprised of seven members. The composition of the Board of Directors is described in the tables below.

The number of the Company's shares held by each director takes into account the reverse stock split, resulting in two old shares for one new share, decided at the general shareholders' meeting of the Company on September 12, 2018 and implemented on October 1, 2018.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

XAVIER BARBARO

Chairman and Chief Executive Officer

Business address:
6 rue Ménars – 75002 Paris

Age:
43

Nationality:
French

Expiration date of term of office:
Annual shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2021

Number of Company shares held:
1,425,731

Xavier Barbaro is the Company's Chairman and Chief Executive Officer. He started his career at Louis Dreyfus Communications (Neuf Cegetel) in Geneva in 2001, before joining Louis Dreyfus Commodities in Geneva as assistant to the Managing Director, where he was in charge of the business plan and carried out several projects in Asia. He then joined Direct Energie in 2007 as Director of development before founding Neoen in 2008. Xavier Barbaro graduated from École Polytechnique and École Nationale des Ponts et Chaussées and holds an MBA from Harvard Business School.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
None	None

DIRECTOR

SIMON VEYRAT

Director

Business address:
4 rue Euler – 75008 Paris

Age:
28

Nationality:
French

Expiration date of term of office:
Annual shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2019

Number of Company shares held:
0(1)

Simon Veyrat has been business manager at the Impala Group since October 1, 2018, after having held a variety of roles at commercial law firms in the context of his studies. Simon Veyrat graduated from École des Hautes Études Commerciales de Paris (HEC Paris), where he studied management and business law. He also studied and business and tax law at université Sorbonne Paris 1, and is a qualified attorney (holding a Certificat d'Aptitude à la Profession d'Avocat (CAPA).

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
None	None

(1) Mr. Simon Veyrat is an indirect shareholder of the Company through Impala SAS, of which he is a minority shareholder.

STÉPHANIE LEVAN

Director

Business address:
4 rue Euler – 75008 Paris

Age:
47

Nationality:
French

Expiration date of term of office:
General shareholders' meeting called to approve the financial statements for the financial year ended December 31, 2018

Number of Company shares held:
25,000

Stéphanie Levan began her career at Ernst & Young, where she carried out audit and consulting assignments during five years at various listed French and international companies. She then joined the Plastic Omnium group, an automobile equipment manufacturer and specialist in the collection and management of urban waste, as group consolidation director and then internal audit director. In September 2004, she joined the Louis Dreyfus group as group consolidation director and, at the time of a spin-off, became the Chief Financial Officer of the Impala SAS group (formerly Louis Dreyfus SAS). Her role in the consolidation department of the Louis Dreyfus group and then of the Impala SAS group has given her a thorough understanding of the Group since the creation of the Company in 2008. Stéphanie Levan graduated from EDHEC and is a certified public accountant.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
• Chief Financial Officer of Impala SAS	• Permanent representative of Impala SAS on the Board of Directors and the Audit Committee of Direct Energie*

* *Listed French companies*

CÉLINE ANDRÉ

Director as permanent representative of Bpifrance Investissement

Business address:
6/8 boulevard Haussmann – 75009 Paris

Age:
40

Nationality:
French

Expiration date of term of office:
Annual shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2020

Number of Company shares held:
0(1)

Céline André began her career as a lawyer in 2004 in the mergers and acquisitions practices of French law firms such as Gide Loyrette Nouel and Veil Jourde. In 2012, she joined the legal department of the Fonds Stratégique d'Investissement (FSI) before serving as an in-house lawyer in the legal department of Bpifrance in 2013. She became Director of Investments for the mid- and large-cap team at Bpifrance Investissement in 2016, and then Director of Investments for the same team as of October 1, 2017 (which has since become the Large Cap team of the Capital Development department). Céline André holds a master's in private law from the university of Lille 2 and a CAPA (Certificate of Aptitude à la Profession d'Avocat – qualified attorney). She is also a graduate of EDHEC – Grande École (2002) and holds a corporate director certificate from the Institut français des administrateurs (IFA).

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT

- Permanent representative of Bpifrance Investissement on the Board of Directors of La Maison Bleue
- Permanent representative of Bpifrance Investissement on the Board of Directors of Kelenn Participations
- Director of Cosmeur
- Censeur of the Board of Directors of Dupont Restauration SAS

POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD

- Permanent representative of Bpifrance Investissement on the Supervisory Board of Vergnet*
- Permanent representative of Bpifrance Participation on the Board of Directors and the Audit Committee of Viadeo*
- Permanent representative of Bpifrance Investissement on the Board of Directors of Gascogne SA*
- Supervisory Board member of STH

(1) Bpifrance Investissement, of which Céline André is the permanent representative, is a shareholder of the Company through its fund FPCI ETI 2020 (see Section 7.3 "Shareholding" of this document).

* *Listed French companies*

INDEPENDENT DIRECTORS

HELEN LEE BOUYGUES

Independent director

Lead Director

Business address:
184 avenue Victor Hugo – 75116 Paris

Age:
46

Nationality:
American

Expiration date of term of office:
Annual shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2020

Number of Company shares held:
1,632

Helen Lee Bouygues began her career in 1995 with JP Morgan and an M&A associate in New York and Hong Kong. In 1997, she was appointed Development Director of Pathnet, a telecommunications services provider based in Washington, DC, and then in 2000 joined Cogent Communications where she worked as Treasurer, Chief Operating Officer and Chief Financial Officer until 2004. Helen Lee Bouygues was subsequently appointed partner at Alvarez & Marsal in Paris, which she left in 2010 to create her own consulting firm. In 2014, she joined McKinsey & Company, where she became a partner in charge of the Recovery and Transformation Services department. Since February 2018, she has been President of LB Associés, a consulting firm. Helen Lee Bouygues holds a Bachelor of Arts in political science, magna cum laude, from Princeton University and an MBA from Harvard Business School.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT

- President of HLB Partners
- Member of the Board of Directors and Audit Committee of Vivarte
- Member of the Board of Directors and Audit and Remuneration Committee of Burelle SA*
- Governor and member of the Finance Committee of the American Hospital (Association)
- Member of the Board of Directors of CGG*

POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD

- Founder and Managing Director of Lee Bouygues Partners
- Partner of McKinsey RTS France

* *Listed French companies*

BERTRAND DUMAZY

Independent director as permanent representative of Sixto

Business address:
166-180 boulevard Gabriel Péri – 92240 Malakoff

Age:
47

Nationality:
French

Expiration date of term of office:
Annual shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2021

Number of Company shares held:
0(1)

Bertrand Dumazy began his career in 1994 as a consultant with Bain & Company, first in Paris and later in Los Angeles. He then worked as an Investment Director of BC Partners in 1999 before founding Constructeo. In 2002, he joined the Neopost group. Initially head of Marketing and Strategy, he was appointed Chairman and Chief Executive Officer (CEO) of Neopost France in 2005 and then Chief Financial Officer for the Neopost group in 2008. In 2011, he became President and CEO of Deutsch, a world leader in high performance connectors, a position he held until the Group was acquired by TE Connectivity. In 2012, he joined Materis Group as Executive Vice-President and then CEO and eventually President and CEO of Cromology. In October 2015, he was appointed Chairman and CEO of Edenred group. He also became Chairman of the Supervisory Board of UTA in November 2015. Bertrand Dumazy is a graduate of ESCP Europe with an MBA from Harvard Business School.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT

- Chairman and Chief Executive Officer of Edenred SA*
- Chairman of the Supervisory Board of Union Tank Eckstein GmbH & Co. KG (Germany – company of the Edenred group)
- President of PWCE Participations SAS (company of the Edenred group)
- Member of the Board of Directors of Terreal SAS

POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD

- President of Cromology (formerly Materis Paints)
- President of Cromology Services (formerly Materis Peintures)
- President of Materis SAS
- President of Materis Corporate Services
- Chairman of the Board of Directors of Cromology SL (formerly Materis Paint Espana SL) – Permanent representative of Cromology Services
- Chairman of the Board of Directors of International Coating Products (UK) Limited
- Member of the Board of Directors of Vernis Claessens
- Member of the Board of Directors of Cromology Italia SpA (formerly – Materis Paints Italia SpÀ) (Italy)
- Member of the Board of Directors of Innovcoat Nanoteknolojik Boya Ve Yüsey Urunleri Sanayi Ticaret Ve Arge A.S. (Turkey)
- Censeur on the Board of Directors of d'AB Science

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(1) As of the date of this Corporate Governance Report, the Sixto Company, of which Bertrand Dumazy is the permanent representative, has undertaken to acquire 500 shares in the Company. For the requirements of this Registration Document, it is specified that on 17 May 2019, Mr Bertrand Dumazy acquired 1,350 shares.

* *Listed French companies*

CHRISTOPHE GÉGOUT

Independent director in the capacity of permanent representative of FSP

Business address:
25 rue Leblanc –
75015 Paris

Age:
42

Nationality:
French

Expiration date of term of office:
Annual shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2019

Number of Company shares held:
0(1)

Christophe Gégout began his career in 2001 at the French Treasury and by 2003 worked at the Budget Department, where he was a consultant for the government. In 2007, he become an advisor to the Minister of Finance. He joined the French Alternative Energies and Atomic Energy Commission (CEA) in April 2009 as Chief Financial Officer, and became Deputy Managing Director in September 2015. He was also Chairman of CEA Investissement, a subsidiary of CEA, since January 2010. In 2018, he became the new President of the Alliance Nationale de Coordination de la Recherché pour l'Énergie (Ancre). He is now Senior Investment Director at Meridiam, one of the world's leaders in investment and asset management in public infrastructures at the service of the community Christophe Gégout graduated from École Polytechnique, Sciences-Po Paris and ENSAE (École Nationale de la Statistique et de l'Administration Économique).

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT

- Member of the Board of Directors and Chairman of the Audit Committee of Soitec*
- Member of the Board of Directors of Séché environnement
- Member of the Board of Directors of Allego BV

POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD

- Permanent representative of CEA, member of the Supervisory Board of Areva*
- Permanent representative of CEA Investissement, censeur of the Board of Directors of Areva*
- Director of Areva NC
- Director of Areva Mines
- Assistant Managing Director of the French Alternative Energies and Atomic Energy Commission (CEA)
- Chairman of the Board of Directors of CEA Investissement
- Member of the Supervisory Board of Supernova Invest
- Permanent representative of CEA, Director of FT1CI
- Permanent representative of CEA Investissement, censeur of the Supervisory Board of Kalray*

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(1) The Fonds Stratégique de Participations (Strategic Investment Fund) of which Mr. Christophe Gégout is the permanent representative is a shareholder of the Company (see Section 7.3 "Shareholding" of this document).

* *Listed French companies*

6.1.2 CENSEURS OF THE BOARD OF DIRECTORS

The Board of Directors may appoint censeurs.

Censeurs act as observers, and may be consulted, at meetings of the Board of Directors. The Board of Directors may grant specific duties to the censeurs; they can join, and chair, committees created by the Board of Directors.

JACQUES VEYRAT

Censeur

Business address:
4 rue Euler – 75008 Paris

Age:
56

Nationality:
French

Expiration date of term of office:
Annual shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2021

Number of Company shares held:
0(1)

Jacques Veyrat began his career in 1989 at the Industrial Restructuring Interdepartmental Committee (treasury department), where he was rapporteur until 1991. From 1991 to 1993, he was deputy secretary general of the Paris Club, and subsequently became a technical advisor to the Ministry of Transportation Equipment, Tourism and the Sea as of 1993. In 1995**,** he joined the Louis Dreyfus group as Managing Director of Louis Dreyfus Armateurs until 1998, before becoming Chairman and CEO of Louis Dreyfus Communications (Neuf Cegetel) from 1998 to 2008 and Chairman and CEO of the Louis Dreyfus group until 2011. Since 2011, he has been President of Impala SAS. Jacques Veyrat graduated from the École Polytechnique and Collège des Ingénieurs, and is an engineer of the Corps des Ponts et Chaussées.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT

- President of Impala SAS
- Chairman of the Board of Directors of Fnac-Darty*
- Director of HSBC France
- Director of Nexity*
- Censeur on the Supervisory Board of Louis Dreyfus Armateurs
- Censeur on the Supervisory Board of Sucres et Denrées
- Censeur on the Board of Directors of ID Logistics*

POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD

- Member of the Supervisory Board of Eurazeo*
- Director of Direct Énergie*
- Director of ID Logistics Group
- Director of Imerys

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(1) Jacques Veyrat controls Impala SAS that holds the majority of the Company's share capital.

* *Listed French companies*

6.1.3 PROPOSAL TO THE ANNUAL SHAREHOLDERS' MEETING CONCERNING THE EVOLUTION OF THE BOARD OF DIRECTORS

6.1.3.1 PROPOSED RENEWAL OF MS STÉPHANIE LEVAN'S APPOINTEMENT AS DIRECTOR

Ms Stéphanie Levan's tenure expires immediately after the general shareholder's meeting approving the financial statements for the financial year ended December 31, 2018, *i.e.* at the next annual general shareholders' meeting.

Ms Stéphanie Levan was appointed Director of the Company on September 12, 2018, date on which the Company became a limited company (*société anonyme*), at the initiative of Impala and for a term ending on said date in the event of completion of the Company's IPO, in order to ensure the gradual renewal of the Board of Directors in the future, in accordance with the recommendations in the AFEP-MEDEF Code which the Company has decided to apply.

It will be proposed to the annual shareholders' meeting of the Company to renew Ms Stéphanie Levan's appointment as a director, for a period of four (4) years which shall expire immediately after the annual general meeting approving the financial statements for the year ending December 31, 2022.

Ms Stéphanie Levan, who is the Chief Financial Officer of Impala, is not currently and, as of her renewal, would not be considered an independent director.

This renewal would allow for a balanced composition of the Board of Directors, as well as high level of competence and stability in the Company's corporate bodies, recently changed into a limited company.

As Stéphanie Levan is a member of the Company's Audit Committee, it is therefore appropriate to proceed with the renewal of her term of office as Director, upon the favourable opinion of the Nomination and Compensation Committee.

6.1.3.2 PROPOSAL FOR THE RATIFICATION OF THE COOPTATION OF FONDS STRATÉGIQUE DE PARTICIPATIONS

The cooptation of Fonds Stratégique de Participations, as a director for the remainder of the term of office of its predecessor, Christophe Gégout, who has decided to terminate his duties as a director in his own right, i.e. until the end of the General Shareholders' Meeting called to approved the financial statements for the year ending on 31 December 2019, was decided by the Board of Directors at its meeting of 21 November 2018.

This cooptation took place pursuant to an agreement concluded on 2 October 2018 between the Company and the Fonds Stratégique de Participations as part of the listing of the Company's shares on the Euronext Paris regulated market. Under the terms of this agreement, in exchange for the commitments given by Fonds Stratégique de Participations, the Company agreed to do its best efforts to ensure that Fonds Stratégique de Participations would be appointed as a Company director before 31 December 2018. This information is contained in the Company's IPO prospectus which was approved under visa no. 10-467 on 3 October 2018.

The Board of Directors also reviewed the position of Fonds Stratégique de Participations with regard to the recommendations of the AFEP-MEDEF Code and, on the advice of the Nomination and Compensation Committee, concluded that Fonds Stratégique de Participations would be considered an independent director.

It is specified that Fonds Stratégique de Participations appointed Christophe Gégout as its permanent representative on the Company's Board of Directors.

6.2 CORPORATE GOVERNANCE ORGANISATION

6.2.1 PRINCIPLES GOVERNING THE COMPOSITION OF THE BOARD OF DIRECTORS

6.2.1.1 RULES APPLICABLE TO THE COMPOSITION OF THE BOARD OF DIRECTORS

The Company is governed by a Board of Directors comprising at least three (3) members and eighteen (18) at the most, appointed by the ordinary general shareholders' meeting.

A legal entity may be appointed as director but it must, under the conditions laid down by law, appoint a natural person who will act as its permanent representative on the Board of Directors.

The Board of Directors has staggered terms for its members and terms will be renewed each year on a rolling basis.

The ordinary general shareholders' meeting set the duration of directors' terms at four (4) years, subject to legal provisions allowing an extension of the term's duration. The duties of each director will terminate following the ordinary general shareholders' meeting called to approve the financial statements of the prior financial year and which is held in the year during which such director's term expires.

On an exceptional basis, the general shareholders' meeting may, in the interest of establishing a staggered renewal of the Board of Directors, appoint one or more directors for durations other than four (4) years but not exceeding four (4) years, or may reduce the duration of the terms of one or more directors to a duration less than four (4) years. The duties of any director who is either appointed in such a manner, or for whom the duration of the term is modified to a duration not exceeding four (4) years, will end following the ordinary general shareholders' meeting called to approve the financial statements of the prior financial year and which is held in the year during which such director's term expires.

6.2.1.2 INTERNAL REGULATIONS FOR THE BOARD OF DIRECTORS

On September 12, 2018, the Company's Board of Directors adopted internal regulations describing the composition, duties and rules governing its functioning in addition to the applicable legislative, regulatory and statutory provisions.

(i) Participation in meetings of the Board of Directors by video-conference or any other means of communication

In accordance with the provisions of Article L. 225-37 of the French Commercial Code, and as stipulated in Article 14.3 of the bylaws, meetings of the Board of Directors may be held by any methods of video-conference or telecommunications enabling the directors to be identified and guaranteeing their effective participation, *i.e.* which transmits at least the voice of the participants and complies with technical characteristics enabling the uninterrupted and simultaneous transmission of the deliberations in order to enable them to participate in meetings of the Board of Directors.

Any members of the Board of Directors taking part in Board meetings *via* video-conference or other means of telecommunication under the conditions set out above are considered as being present for the calculation of the quorum and majority.

The methods of participation described above do not apply to the approval of those decisions defined by Articles L. 232-1 and L. 233-16 of the French Commercial Code relating respectively to the establishment of the annual financial statements and the management report and to the establishment of the Group's consolidated financial statements and management report.

The aforementioned exclusions relate solely to the inclusion of those directors taking part remotely in the calculation of the quorum and majority and not to the possibility of the relevant directors to take part in the meeting and give their opinions, on a non-voting basis, on the relevant decisions.

Participation *via* video-conference or telecommunications may also be refused by the Chairman for technical reasons, to the extent that such technical reasons would prevent the holding of the meeting of the Board of Directors *via* video-conference or other means of telecommunication in accordance with the applicable legal and statutory conditions.

(ii) Reserved matters of the Board of Directors

According to the terms of Article 15 of the bylaws, the Board of Directors sets the limits on the powers of the Chief Executive Officer, if applicable, according to its internal regulations, defining the decisions for which the prior approval of the Board of Directors is required.

According to the terms of Article 4.2 of the internal regulations of the Board of Directors, without prejudice as to those decisions expressly reserved by law for general shareholders' meetings and without prejudice to the general powers of the Board of Directors to examine any question concerning the conduct of Company business, the following decisions relating to the Company and/or any one of its subsidiaries, as applicable, and any measure leading in practice to the same consequences as those resulting from one of the following decisions which the Chief Executive Officer and/or the Deputy Chief Executive Officers or the corporate officers may wish to make shall be subject to prior approval of the Board of Directors, voting on the basis of a simple majority of this members present or represented:

(i) any issuance by the Company of shares or other securities giving the right, at any time whatsoever, by conversion, exchange, reimbursement, presentation or exercise of a warrant or in any other manner, to equity securities representing a share of the Company's share capital or voting rights;

(ii) any acquisition or disposal (in particular by means of sale, merger, spin-off, or partial asset contribution) by the Company or one of its subsidiaries of an asset or equity investment of more than €5,000,000 (with the exception of potential transactions to be carried out by the Company or one of its subsidiaries in the assets or equity securities of subsidiaries that are wholly owned, directly or indirectly, by the Company);

(iii) approval or modification of the Company's annual budget;

(iv) any investment by the Company or by one of its subsidiaries, immediately or in the future, in equity or expenses relating to a project not included in the budget (including any partnership or joint venture agreement) for a unit amount greater than €7,500,000;

(v) any investment or expense by the Company or one of its subsidiaries relating to a project included in the budget or authorized by the Board of Directors or the Supervisory Board, as the case may be, for an amount that results in an increase of more than 15% of the equity provided for in the budget or authorized by the Board of Directors or the Supervisory Board, as the case may be, for such project;

(vi) closure of the Company's annual financial statements and half-year financial statements, and the annual and half-year consolidated financial statements;

(vii) any dividend distribution by the Company;

(viii) the adoption of a new business plan or any modification to the current business plan;

(ix) any change in the compensation policy for the Company's senior executives and any hiring, removal, or compensation changes of any kind for the Company's five employees or officers receiving the highest compensation of all employees and corporate officers;

(x) any change in the Company's corporate form or corporate purpose, and any strategic change in the nature of its activities;

(xi) without prejudice to the provisions of the French Commercial Code applicable to related party agreements, the entry into, amendment, or termination of any agreement, other that those referred to in paragraph (xii) below, between, on the one hand, any entity controlled by the Company within the meaning of Article L. 233-3 of the French Commercial Code (a "**Group Company**") and, on the other hand, (i) one of the Company's shareholders and/or one of its executives, company officers, or directors; and/or (ii) any entity or company affiliated with one of the persons or entities referred to in (i) and the shareholders, executives, company officers or directors of those affiliates; and/or (iii) any person with an indirect interest in the entry into such agreement (the "**Related Parties**"), it being specified that for the purposes hereof, an affiliate of a company means any entity that controls, is controlled by, or is under common control with such company, in each case within the meaning of Article L. 233-3 of the French Commercial Code;

(xii) approval of a list including all of the following agreements, other than those referred to in paragraphs (xi) above and (xii)(a) below, entered into since the meeting of the Board of Directors approving the previous list, and their characterization as an agreement within the scope of that list (it being specified that the list must be prepared by the CEO, shall provide details on the main provisions of each agreement referred to in paragraphs (c) through (e) and included in the list, and shall be submitted at each meeting of the Board of Directors):

- **(a)** agreements that are entered into only between Group Companies and that benefit only such Group Companies,
- **(b)** loans granted by the Company in the form of an advance in current account by the Company's shareholders on arm's length terms equivalent to the terms that such loans would include if entered into with persons or entities that are not Related Parties,
- **(c)** to the extent that they represent a unit amount of €15,000,000 or less and a total annual amount for all Group Companies of €75,000,000 or less, the guarantees or endorsements granted by the majority shareholder to one of the Group Companies, on arm's length terms equivalent to the terms that would be included in such agreements if entered into with persons or entities that are not Related Parties, and in the ordinary course of business,
- **(d)** to the extent that they represent a unit amount of €1,000,000 or less and a total annual amount for all Group Companies of €1,500,000 or less, the legal, accounting, or financial services agreements or site lease agreements entered into between the majority shareholder (or any person or entity that controls or is controlled directly or indirectly by the majority shareholder) and one of the Group Companies, in the ordinary course of business and on arm's length terms equivalent to the terms that would be included in such agreements if entered into with persons or entities that are not Related Parties, and
- **(e)** to the extent that they represent a unit amount of €1,000,000 or less and a total annual amount for all Group Companies of €1,500,000 or less, any commercial partnership, production, or distribution agreements entered into between one of the Group Companies and one of the Company's shareholders, in the ordinary course of business and on arm's length terms equivalent to the terms that would be included in such agreements if entered into with persons or entities that are not Related Parties;

(xiii) any transfer or sale of all or nearly all of the Company's assets, or any merger, spin-off, winding up, or liquidation of the Company (except for any transactions with a Group Company that are merely internal reorganization transactions without any effect on the shareholders' rights and obligations);

(xiv) the entry into or amendment by the Company of any loan or corporate financing agreement with a person other than a Group Company or one of its shareholders, and any guarantee, endorsement, or other similar payment commitment by the Company having the effect of increasing the Company's total indebtedness by more than 10%, it being specified that all projects that are part of the same decision or the same call for tenders shall be combined for purposes of the thresholds provided for in this paragraph (xiv);

(xv) the decision to (x) change the stock exchange on which the Company is listed, (y) conduct an initial public offering of the Company on another regulated market in addition to Euronext Paris, or to (z) conduct an initial public offering of a subsidiary of the Company on a regulated market (*marché réglementé* or *marché régulé*;

(xvi) the decision to transfer the registered office outside of France (or to move the main decision-making centers outside of France); and

(xvii) the implementation of any incentive plan or plan to grant options, free shares, or securities giving access to the Company's share capital, either immediately or in the future, for the benefit of the executives and/or employees of the Company and Group Companies that result in the dilution of all of these share capital incentive and involvement mechanisms beyond a threshold of 13%.

(iii) Lead Director

The Board of Directors may decide to appoint a Lead Director, if it deems it useful or necessary, under the conditions set out by this Article.

Appointment of Lead Director

When the Company's senior management is assumed by the Chairman of the Board of Directors, the Board of Directors may appoint from among its qualified independent members, on the recommendation of the Nomination and Compensation Committee, a lead director ("**Lead Director**").

The Lead Director is appointed for a period which may not exceed that of his/her term of office. He/she can be re-elected and may be dismissed from his/her duties as Lead Director by the Board of Directors at any time, it being specified that his/her duties will end early if the duties of Chairman of the Board of Directors and Chief Executive Officer are separated before the end of his/her term of office.

Responsibilities and powers of the Lead Director

The responsibilities of the Lead Director are as follows:

Organisation of the Board of Directors' work

The Lead Director:

- may be consulted by the Chairman of the Board of Directors with respect to the draft of the meetings calendar submitted to the Board for approval and on the draft agenda for each of the Board's meetings.
- he/she may propose the inclusion of items on the agenda of the Board's meetings to the Chairman, at his own initiative or at the request of one or more members of the Board of Directors;
- he/she may ask the Chairman to call a Board meeting to discuss a particular agenda;
- he/she may gather the members of the Board of Directors outside the presence of executive officers together in so-called "executive sessions", at his/her own initiative or at the request of one or more members of the Board of Directors, on a specific agenda, in particular with a view to (i) assessing the performance of the senior management and (ii) assessing the functioning of the Board. In this case, he/she chairs the meetings;
- he/she chairs the meetings of the Board in the absence of the Chairman;
- he/she ensures compliance with the internal regulations; and
- he/she leads the process of assessing the functioning of the Board of Directors and reports on this assessment to the Board of Directors.

Relationships with the directors

The Lead Director shall maintain a regular and open dialogue with each member of the Board of Directors, particularly the independent directors, and may become their spokesperson to the Chairman, if necessary. The Lead Director ensures that the members of the Board of Directors are able to perform their duties under the best possible conditions and, in particular, receive a high level of information prior to Board meetings.

Functioning of the governing bodies

The Lead Director:

- may attend and participate in any Committee meeting, including the ones in which he/she is not a member. If he/she is not a member of the Nomination and Compensation Committee, he is automatically associated with the work of this Committee; and
- may be appointed as Chairman of one or more Board Committees.

Management of conflict of interests

Notwithstanding the obligation of declaration of conflicts of interest imposed on each member of the Board of Directors provided for in the internal regulations of the Board of Directors, the Lead Director draws the attention of the Board of Directors to any conflict of interest (even potential), that he/she has identified.

Relationships with the shareholders

The Lead Director takes note of shareholder inquiries in matters relating to governance and ensures that such inquiries are answered.

He/she assists the Chairman or Chief Executive Officer in answering shareholder inquiries, remains available to meet some of them, and shares the shareholders' concerns about governance with the Board.

Resources made available to the Lead Director and report on his/her work

In order to carry out the duties referred to above, the Lead Director has access to all documents and information that he/she deems necessary for the performance of his/her duties.

The Lead Director reports on his/her work to the Board of Directors annually during the assessment of the functioning of the Board of Directors provided for in the internal regulations of the Board of Directors. He/she attends general shareholders' meetings and may be invited by the Chairman to report on his actions during these meetings.

6.2.1.3 CORPORATE GOVERNANCE CODE

Since the listing of its shares on the Euronext Paris regulated market, the Company has been referring to the Code of Corporate Governance for Listed Companies issued by the Association Française des Entreprises Privées (AFEP) and the Mouvement des Entreprises de France (MEDEF) (the “**AFEP-MEDEF Code**”).

The Company complies with the recommendations of the AFEP-MEDEF Code.

The AFEP-MEDEF Code is available online at: www.medef.com. The Company ensures that copies of this Code are available to members of its corporate bodies at all times.

6.2.1.4 REVIEW OF THE INDEPENDENCE OF DIRECTORS

In accordance with Article 1 (ii) of the Internal Rules of the Nomination and Compensation Committee, the Committee shall assess “*each year, prior to the publication of the Company’s annual report, the position of each member of the Board of Directors with regard to the independence criteria adopted by the Company*”.

In accordance with the AFEP-MEDEF Code, to which the Company adheres, and the internal regulations of the Board of Directors, directors who do not have any relationship with the Company, its group or its management, of any kind whatsoever that may compromise their freedom of judgement are considered independent. In particular, the criteria to be considered by the Nomination and Compensation Committee and the Board of Directors in order to consider a director as independent are as follows:

(i) may not be an employee or executive officer of the Company, may not be an employee or Director of the parent company or of a company or entity in the Group, and may not have been so during the previous five years;

(ii) may not be an executive officer of a company in which the Company directly or indirectly serves as a director or in which an employee appointed as such or a company officer of the Company (currently or in the last five years) serves or has served as a director;

(iii) may not be a significant customer, supplier, investment banker, or corporate finance banker of the Company or the Group, or for which the Company or the Group represents a significant share of its business.

(iv) may not have any close family relationship with an officer of the Company;

(v) may not have been, during the previous five years, the statutory auditor of the Company, or of a company or entity holding at least 10% of the Company's share capital, or of a company of which the Company held at least 10% of the share capital at the time such director or nominee ceased to serve as statutory auditor;

(vi) may not have been a Director of the Company for longer than twelve (12) years.

According to the AFEP-MEDEF Code, with regard to the criterion mentioned in point (iii) above, the assessment of whether or not the relationship with the Company or its group is significant must be discussed by the Board of Directors and the quantitative and qualitative criteria that lead to this assessment contained in the corporate governance report.

For directors holding more than 10% of the share capital or voting rights of the Company, or representing a legal person holding such an interest, the AFEP-MEDEF Code further recommends that the qualification as an independent director take into account the composition of the Company's capital and the existence of a potential conflict of interest.

In conformity with these criteria, the following persons were previously considered independent, on the occasion of the Company's IPO in October 2018: Ms Helen Lee Bouygues, Mr. Bertrand Dumazy (as permanent representative of the Company Sixto, director) and Mr. Christophe Gégout (as permanent representative of the Strategic Investment Fund (Fonds Stratégique de Participations), director).

With regard to the composition of the capital of the Company,

- three directors (Ms Stéphanie Levan, Mr. Xavier Barbaro and Mr. Simon Veyrat) should not be considered independent given their nomination on the proposal of the reference shareholder Impala SAS;
- a director (Ms. Céline André as permanent representative of Bpifrance Investissement) should not be considered independent, Bpifrance Investissement's stake now represents 5.9% of the Company's share capital, a sharp reduction compared to the 13.85% interest it held before the IPO, and that this stake is now below 10% of its capital; however, given that Bpifrance Investissement is the manager of the FPCI ETI 2020 which in the previous five years held over 10% of the capital of the Company, Ms Céline André (as permanent representative of Bpifrance Investissement) is not considered an independent director, and
- three directors (Mrs. Helen Lee Bouygues, Mr. Bertrand Dumazy as permanent representative of Sixto, director) and Mr. Christophe Gégout (as permanent representative of the Strategic Investment Fund (FSP), director) may be considered as independent from the Company, according to these criteria:
  - they meet all the independence criteria contained in the Board of Directors' internal regulations and the AFEP-MEDEF Code; and
  - the independence assessment made by the Board when they were appointed is still valid and they must therefore be qualified as independent directors.

With regard to the FSP (director corporation) and its permanent representative, Mr. Christophe Gégout, it is recalled that the FSP is an investment vehicle to promote long-term investment in French companies, whose investors are Cardif Life Insurance (BNP Paribas Group), CNP Assurances, Predica (Crédit Agricole Group), Sogecap (Société Générale Group), Groupama, BPCE Vie (Natixis Assurances Group) and Suravenir (Crédit Mutuel Arkea Group), and neither the FSP nor any of its investors do not have significant commercial relationships with the Company.

The 7.5% interest that the FSP holds in the Company's capital does not affect its independence given the nature of this professional investor and the absence of any other or previous relationship with the Company.

In addition, Mr. Christophe Gégout, permanent representative of the FSP, meets all the aforementioned independence criteria.

According to this analysis, on April 17, 2019, the Board of Directors of the Company, having received the opinions of the Nomination and Compensation Committee, concluded that three directors (Mrs. Helen Lee Bouygues, Mr. Bertrand Dumazy and Mr. Christophe Gégout) can be considered as independent with regard to the above-mentioned criteria.

6.2.1.5 DIVERSITY POLICY APPLIED TO THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE

The Board of Directors, both within the Company under its former form of simplified limited company (société anonyme) as well as after its transformation into a limited company (*société anonyme*) in the financial year 2018, has implemented a diversity policy aimed at obtaining a composition that achieves a good balance and a fair distribution of experiences, qualifications, cultures, ages, nationalities and seniority, in line with the needs of the Company. The search for this diversity results in a balanced composition within the Board of Directors, taking into account in particular the following elements: (i) the desired balance in the Board of Directors in view of the Company's shareholders, (ii) the desired number of independent members, (iii) the proportion of men and women required by the regulations in force, and (iv) the integrity, competence, experience and independence of each candidate.

It is reminded that, to date, the proportion of independent directors is 42%, which is above the ratio recommended by the AFEP-MEDEF Code, and that the chairmen of the Audit Committee and the Nomination and Compensation Committee are independent directors.

This policy includes a requirement for diversity in the composition of the Board of Directors and its committees. In fact, three out of seven members currently sitting in the Board are women, a mix rate (42%) that is higher than the applicable legal requirements (40%). The majority of the members sitting in the Audit Committee are women and the majority of the members sitting in the Nomination and Compensation Committee are men. The Board of Directors of the Company, on April 17, 2019, deemed that these elements being very satisfactory, it would be advisable to maintain a balanced representation ratio of women and men at least equal to the legal requirements, as well as a mixed composition of the Committees.

The balanced representation of women and men will be discussed each year in the Board of Directors, and one session per year of the Nomination and Compensation Committee will include an item on diversity policy on its agenda.

On December 31, 2018, women represented 29.9% of the total workforce and 30.4% of executives (excluding the Executive Committee). Their representation on the Executive Committee to date is 20%.

At Group level, Neoen continues to endeavour to achieve a satisfactory gender distribution and a great diversity both in terms of backgrounds and nationalities (more than 23 nationalities).

The diversity policy also takes into account the director's varied and complementary skills. Indeed, some have strategic skills, while others have financial or more specific skills (legal, managerial experience, engineering). The majority of directors have extensive professional experience in various business segments and in senior positions, most of whom are already or have already held directorships or corporate offices in other French or foreign companies, some of which are public companies. These diversified profiles complement the Board members' expertise and experience, which allows them to quickly and thoroughly apprehend the Company's development challenges and to make informed and quality decisions. The diversity of experiences and points of view as well as the directors' independence allow for the necessary objectivity and independence in the Board of Directors with regard to the senior management and with regard to the shareholders or a group shareholders in particular. The terms of office and their extension also contribute to the proper functioning of the Company's corporate bodies. These elements allow the directors to have a quality of judgement and an ability to anticipate, which allows them to act in the Company's social interest and to face the challenges facing the Group.

With respect to the above, on April 17, 2019, the Board of Directors of the Company deemed that the diversity of skills within the Board of Directors is satisfactory.

The Board of Directors is also international in nature with the presence of Mrs. Helen Lee Bouygues, an American citizen with international experience, and Mr. Bertrand Dumazy, who heads a group that has a strong international presence.

To date, directors are between 28 and 47 years old, which averages 42 years of age.

6.2.2 PRINCIPLES GOVERNING THE FUNCTIONING OF THE GOVERNANCE

6.2.2.1 METHOD OF GOVERNANCE

(i) Combination of the functions of Chairman of the Board of Directors and Chief Executive Officer

Xavier Barbaro was appointed Chairman and Chief Executive Officer at the Board of Directors meeting of September 12, 2018, with immediate effect.

Following the opinion of the Nomination and Compensation Committee, the Board of Directors concluded that not separating the functions of Chairman and Chief Executive Officer would ensure continuity with the separation of the powers between the statutory corporate bodies of the Company in its form as a simplified joint stock company, so that the change in the corporate form would not have any effect on the way in which the Company's senior management is exercised.

Mr. Xavier Barbaro held the position of Chief Executive Officer (*Président*) of the Company and Chairman of the Supervisory Board of the Company in its previous corporate form as a simplified joint stock company until it was changed into a limited company (*société anonyme*) on the same date, September 12, 2018.

(ii) Executive Committee

As of the date of this Corporate Governance Report, approved by the Board of Directors at its meeting of 17 April 2019, the Executive Committee was comprised of five members including Xavier Barbaro.

Romain Desrousseaux	Deputy Chief Executive Officer
Paul-François Croisille	Deputy Chief Executive Officer
Serge Stepanov	Chief Financial Officer
Olga Kharitonova	Secretary General

Mr. Xavier Barbaro's resume is set out in paragraph 6.1.1 of this document.

Romain Desrousseaux began his career in 1999 at LDCom, in charge of the investment program in the high speed broadband internet network. In 2008, he joined the Louis Dreyfus Commodities group as deputy Chief Information Officer, then he took over operations management for the African and Middle East region. He joined Neoen in 2013 as Deputy Chief Executive Officer in charge of international project development. Romain Desrousseaux is a graduate of France's École Normale Supérieure.

The Board of Directors of the Company in its April 17, 2019 meeting, on the proposal of the Chairman and Chief Executive Officer and after receiving the opinion of the Nomination and Compensation Committee, has decided to appoint Romain Desrousseaux, a member of the Executive Committee as Deputy Chief Executive Officer (*Directeur général délégué*). This appointment is justified by the importance of the development of international projects as part of the implementation of the Company's strategy and the desirability that these development activities be directly supervised by a corporate officer of the Company. In accordance with the law, a Deputy Chief Executive Officer (*Directeur général délégué*) has the legal power to represent the Company and has the same powers with respect to third parties as the Chief Executive Officer.

Paul-François Croisille joined LDCom in 2000 where he developed transmission systems and then operator communication services, after ten years in innovation and marketing at France Télécom and with the Spanish operator Uni2. In 2003, he launched Swisscom Hospitality Services' business in France before taking over global operations management in 2006. Paul-François Croisille joined Neoen 2010. He graduated from École Polytechnique with a degree in telecommunications and holds an MBA from Harvard Business School.

Serge Stepanov has over eighteen years' experience in operations and finance. He began his career with Danone in Russia before moving to France and Asia. He joined Louis Dreyfus Commodities in 2007 where he was in charge of business development and cash flow management in North America. In 2010, he was appointed Chief Executive Officer of Biosev in Brazil and led its IPO in 2013 before joining Neoen in 2014. Serge Stepanov graduated from the École des Mines in Paris and holds an MBA from Harvard Business School.

Olga Kharitonova began her career in Moscow in 2000 with the European Business Club (an association representing the interests of European businesses in Russia) before joining Bureau Francis Lefebvre. Admitted to the Paris bar in 2006, she then joined the Paris office of Cleary Gottlieb Steel & Hamilton LLP where she advised clients on complex international transactions. Olga Kharitonova joined Neoen in 2018. She graduated from the State University of Moscow (Lomonossov), from the Paris IEP and holds a master's degree in business law from the Paris I-Sorbonne University.

(iii) Powers of the Chief Executive Officer (Article 16 of the bylaws and Article 4.2 of the internal regulations of the Board of Directors)

The Chief Executive Officer is vested with all powers to act in all circumstances in the name of and on behalf of the Company. He exercises these powers within the limit of the corporate purpose and subject to those powers that the law and the bylaws expressly reserve to the general shareholders' meetings and the Board of Directors.

The Chief Executive Officer represents the Company in its relations with third parties. The Company is committed even by the actions of the Chief Executive Officer which do not fall within the corporate purpose, unless it can prove that the third party knew that the action exceeded this purpose or that he could not ignore it in the relevant circumstances, it being clarified that the publication of the bylaws alone shall not in itself be sufficient proof thereof.

With the Chief Executive Officer's agreement, the Board of Directors determines the extent and duration of the powers granted to the executive Deputy Chief Executive Officers.

Towards third parties, the executive Deputy Chief Executive Officer(s) have the same powers as the Chief Executive Officer.

Nevertheless, they must obtain the prior approval of the Board of Directors for operations listed in Section 6.2.1.2 (ii) "Matters reserved to the Board of Directors" in this Registration Document.

(iv) Succession plan

Under Article 1 (i) of the Internal Rules of the Nomination and Compensation Committee, the Committee is required to prepare and maintain a succession plan for the members of the Board of Directors and the Executive Board, as well as for the Company's senior management, in order to be in a position to propose quickly to the Board of Directors succession solutions, especially in case of unforeseeable vacancy.

The Board of Directors, after receiving the opinion of the Nomination and Compensation Committee, has examined this point and considered the following:

- the Company may appoint a Deputy Chief Executive Officer sitting in the Board of Directors, if there is one, as part of the immediate succession of the Chief Executive Officer in the event of an unforeseeable vacancy. This internal solution has the advantage of ensuring a certain form of continuity as well as the thorough knowledge of the Company by the successor thus designated;
- the appointment of a lead director by the Board of Directors enables the Board to play the role of interim successor by immediately assuming the duties of Chairman of the Board of Directors in the event the position becomes vacant unexpectedly. Given the role of the lead director, this would enable the Company and its Board of Directors to benefit from a certain form of continuity throughout the corporate bodies and the ultimate successor would benefit from its knowledge of the Company; and
- regarding the members of the Board of Directors, this subject is currently being discussed, it being reminded, however, that three out of the nine directors are legal persons and thus the question of succession does not arise with regard to them, with the exception of Sixto, and that, with respect to Impala, Jacques Veyrat resigned from his position as a member of the Supervisory Board of the Company under its former form of simplified limited company (société anonyme) to give way to his son, Simon Veyrat, who also performs duties in Impala.

6.2.2.2 RULES APPLICABLE TO THE OPERATION OF THE BOARD OF DIRECTORS

(i) Duties (internal regulations - Article 4)

The Board of Directors shall perform the responsibilities and exercise the powers attributed to it by law, the Company's bylaws, and the internal regulations of the Board and its committees. It shall determine and evaluate the Company's strategic direction, objectives, and performance, and supervise their implementation. Subject to the powers attributed to the shareholders' meetings and within the limit of the corporate purpose, the Board may address any question concerning the Company's operations and shall settle the matters within its purview through its deliberations.

The Board shall carry out the audits and verifications that it believes appropriate and may request communication of documents that it deems useful in order to carry out its responsibilities.

The Board of Directors shall also work to promote value creation over the business's long term, taking into account the employment, societal, and environmental dimensions of its activities. Where necessary, it shall propose any amendments to the corporate purpose set forth in the bylaws that it shall deem appropriate. It shall also be informed of developments on the markets, of the competitive environment, and of the principal challenges facing the business, including with regard to social and environmental responsibility.

The Board of Directors shall regularly examine, in light of the strategy that it has defined, the Company's opportunities and risks, including financial, legal, operational, social, and environmental risks, as well as the measures taken as a result. To that end, the Board of Directors shall obtain all information from the Company's executive officers that it needs to perform its responsibilities.

The Board of Directors shall ensure that the executive officers implement a non-discrimination and diversity policy, in particular with respect to the balanced representation of women and men on management bodies.

(ii) Directors' competence and expertise (Article 3.4 of the internal regulations)

Members of the Board of Directors must have the following essential attributes:

- they must be attentive to the corporate interest;
- they must have good judgment, in particular with respect to situations, strategies, and people, relying in particular on their experience;
- they must have the ability to anticipate risks and strategic challenges;
- they must have integrity and be present, active, and involved.

(iii) Ethics (conflicts of interest, family links, service contracts)

Criminal record and bankruptcy

To Company's knowledge, over the course of the last five years:

- none of the aforementioned individuals has been found guilty of fraud;
- none of the aforementioned individuals has been associated with any bankruptcy, compulsory administration order or liquidation;
- no condemnation and/or official public sanction has been handed down against any one of the aforementioned individuals by any statutory or regulatory authorities (including any designated professional bodies);
- none of the aforementioned individuals has been prevented by any court from acting as member of a management or supervisory body of an issuer or from being involved in the management or conduct of an issuer's business.

Family links

As of the date of this document, to the Company's knowledge, other than the family relationship between Jacques Veyrat (censeur of the Board of Directors and majority shareholder of the Company through Impala SAS) and his son Simon Veyrat (member of the Board of Directors), there are no family relationships among the members of the Board of Directors mentioned or between members of the Board of Directors and members of the Company's Executive Committee.

Conflicts of Interest

According to the terms of Article 3 of the Board of Directors' internal regulations, each member of the Board of Directors must inform the Board about any conflict of interest (even potential) and must not vote in the corresponding deliberation.

As of the date of this document, to the Company's knowledge, there are no potential conflicts of interest between the duties of the directors or executive officers with regard to Neoen and their private interests or other duties.

To the Company's knowledge, no arrangement or agreement has been entered into with any of the main shareholders, a client, a supplier or any third party in performance of which any member whatsoever of the Board of Directors or an executive officer may have been appointed to the Board of Directors or Executive Committee respectively.

To the Company's knowledge and as of the date of this document, there are no potential conflicts of interest between the duties owed to the Company by the members of the Board of Directors, set forth in Section 6.1.1 "Composition of the Board of Directors" herein and of the Company's Executive Committee and their private interests.

As of the date of this document, to the Company's knowledge, the restrictions accepted by the members of the Board of Directors listed in Section 6.1.1 "Composition of the Board of Directors" herein or members of the Company's Executive Committee concerning the disposal of their interests in the Company's share capital are as follows:

- pursuant to the guarantee agreement signed on October 2, 2018 between Neoen, the banks and certain shareholders of the Company, the commitment to keep the securities for a period expiring 365 days after the settlement date of the offer (which took place on October 18, 2018) by certain directors;
- the rules relating to preventing insider trading;
- the rules defined by the Company in accordance with the AFEP-MEDEF Code imposing an obligation to hold shares, namely:
  - in accordance with the Board of Directors' internal regulations (Article 3.10), the obligation for each member of the Board of Directors to own (directly or indirectly) 500 (five hundred) shares throughout his term of office and in any event not later than six months after his appointment,
  - the obligation for executive officers to keep in registered form, until the end of their term, at least 5,000 (five thousand) shares, the minimum number set by the Board of Directors,
  - the minimum number of shares issued as free shares or stock subscription or purchase options to be retained by the executive officers until the end of their term, as set by the Board of Directors.

6.2.2.3 ASSESSMENT AND WORK OF THE BOARD AND THE COMMITTEES

In accordance with the provisions of recommendation 9 of the AFEP-MEDEF Code, the Board of Directors must assess its ability to meet the expectations of shareholders, who have given it the mandate to manage the Company, by periodically reviewing its composition, organisation and functioning. The assessment has three objectives:

- review the Board of Directors operating procedures;
- check that important issues are properly prepared and discussed; and
- assess the actual contribution of each director to the Board's work.

Article 7 of Board of Director's internal rules stipulates that the Board must devote an item of its agenda to the assessment of its operating procedures once a year, taking account of the report of the Nomination and Compensation Committee.

The assessment is carried out as follows:

- once a year, the Board discusses its operation;
- a formal assessment of the Board of Directors and the Committees is made at least every three years, possibly managed by an independent member of the Board of Directors and, if applicable, assisted by an external consultant; and
- the shareholders are informed each year in the corporate governance report about the assessments carried out and their follow-up, if any.

The Company's corporate from was changed into a limited company (*société anonyme*) on September 12, 2018 and its shares were listed on the Euronext Paris regulated market on October 17, 2018.

Consequently, the period covered by the assessment of the Board of Directors' functioning for the 2018 financial year, in application of the abovementioned AFEP-MEDEF Code recommendation applicable to the Company since its IPO, concerns a period of less than three months.

For this reason, no assessment questionnaires were formally sent to the directors and the assessment for the period in question was made on the basis of informal discussions and deliberations within the Nomination and Compensation Committee and the Board of Directors.

The current composition of the Board of Directors is the one set up for the Company's IPO, which includes the resignation of two directors, Mr. Serge Savasta and Mr. Christophe Gégout, and the appointment of the FSP, whose permanent representative is Mr. Christophe Gégout.

The year 2018 was marked by a very intense activity by the Company's governance bodies, before and after the conversion into a limited company (*société anonyme*), due to the Company's IPO in 2018. Since the Company's shares were listed on Euronext Paris on October 17, 2018, the Board of Directors began meeting more frequently. Thus, since that date, the following were held in 2018:

- 2 Board meetings;
- 1 Nomination and Compensation Committee meeting; and
- 1 meeting of the Audit Committee.

The average duration of the Board meetings were 2.5 hours and the directors' attendance rate was very high, a participation rate of approximately 93% on average. The attendance rate of each director is 100%, and with the exception of Mr. Simon Veyrat who was unable to attend a Board meeting. The Board's work focused on the approval of the 2019 budget, the Group's strategy and governance issues (director resignations, co-optation of a director, distribution of directors' fees for 2018, the share buyback program voted by the shareholders general meeting of October 2, 2018, etc.). The directors' involvement in the Company's IPO project was highlighted by the Board of Directors, as the directors were called upon to attend numerous workshops on the subject, in addition to the Board meetings.

The average duration of Nomination and Compensation Committee meetings was two hours. The participation rate of its members was 100%.

The average duration of Audit Committee meetings was 2 hours. The participation rate of its members was 100%. The Audit Committee's work focused on closing options, the 2019 budget and internal control.

The assessment of the Board's functioning is very positive overall, the Directors highlighting in particular:

- the involvement of the Board, illustrated by the high number of meetings and its involvement in the Company's IPO and, more generally, in the Company's strategic decisions since its conversion into a limited company (*société anonyme*) in 2018;
- the directors considered the Board's diversity to be fully satisfactory, with a very satisfactory proportion of women (3/7, *i.e.* 42% of Board members) and independent directors (3/7, *i.e.* 42% of Board members);
- the majority of the Directors consider that the time required to convene the Board, the conduct of Board meetings, the consideration of their requests, and the work allocation between the Council and the Committees are satisfactory;
- the directors appreciated the quality of the debates and the management's interventions. They further noted that the important issues are properly prepared and discussed, and that the actual contribution of each director to the Board's work is satisfactory in view of its competence and involvement in the various deliberations;
- the majority of directors believe they receive the information they need to fully exercise their mandate;
- the directors consider the Board's organisation and functioning to be satisfactory.

The same observations apply to the Nomination and Compensation Committee and the Audit Committee.

6.2.2.4 BOARD COMMITTEES

At its meeting held on September 12, 2018, the Board of Directors decided to set up two permanent committees: an Audit Committee and a Nomination and Compensation Committee . The composition of these two committees is compliant with the recommendations set out in the AFEP-MEDEF Code.

(i) Audit Committee

(A) Composition

	Year set up	Chairman	Members	Positions
Audit Committee	2018	Christophe Gégout	Stéphanie Levan	Director
			Christophe Gégout	Permanent representative of FSP, independent director
			Helen Lee Bouygues	Independent director

The Audit Committee is comprised of 3 members, at least two thirds of whom are independent directors as per Article 1.2 of the Board of Directors' internal regulations. Members of the Audit Committee may resign at any meeting of the Board of Directors without justifying their decision or giving any notice. Their appointments may be renewed. The Board of Directors may dismiss *ad nutum* any member of the Audit Committee, without any requirement to justify such dismissal.

In particular, in accordance with applicable law, members of Committee must have specific financial and/or accounting skills.

The term of appointment of members of the Audit Committee corresponds to the term of their appointments as members of the Board of Directors. The appointment may be renewed at the same time as the latter appointment.

The chairman of the Audit Committee is appointed, after specific examination, by the Board of Directors further to a proposal from the Nomination and Compensation Committee, among the independent directors as per Article 1.2 of the Board of Directors' internal regulations. No executive corporate officer may sit on the Audit Committee.

(B) Duties

The Audit Committee's duty is to ensure the monitoring of all matters relating to the setting up and control of all accounting and financial information and to ensure the effectiveness of the risk management and internal operating control, in order to facilitate the performance by the Board of Directors of its corresponding supervisory and audit duties.

In this context, the Audit Committee carries out the following key tasks in particular:

- monitoring the process used for the preparation of financial information;
- monitoring the effectiveness of the internal supervision, internal audit and risk management systems relating to financial and accounting information;
- monitoring the legal supervision of the corporate and consolidated financial statements by the Company's statutory auditors; and
- supervision of the statutory auditors.

(C) Work by the Audit Committee in 2018

See Section 6.2.2.3 of this document.

(ii) Nomination and Compensation Committee

(A) Composition

	Year set up	Chairman	Members	Positions
Nomination and Compensation Committee	2018	Bertrand Dumazy	Helen Lee Bouygues	Independent director
			Bertrand Dumazy	Permanent representative of Sixto, independent director
			Jacques Veyrat	Censeur

(B) Duties

The Nomination and Compensation Committee is a specialist Committee attached to the Board of Directors, whose main duty is to assist the Board with the composition of the executive bodies of the Company and with the determination and regular evaluation of all of the remuneration and benefits granted to the executive officers and/or senior managers of the Company, including any deferred benefits and/or remuneration paid upon voluntary or forced departure from the Company.

In this context, the Committee in particular carries out the following duties:

- proposals relating to the appointment of members of the Board of Directors and its committees and of the executive officers of the Company and other members of the Executive Committee;
- annual assessment of the independence of the members of the Board of Directors;
- review and proposals to the Board of Directors relating to all items and conditions of the remuneration paid to the Company's Executive Committee;
- review and proposal to the Board of Directors concerning the method used for the distribution of attendance fees; and
- exceptional assignments.

The Committee is consulted on recommendations to the Board of Directors regarding all exceptional remuneration relating to any exceptional assignments that could be entrusted, as applicable, by the Board of Directors to certain of its members.

(C) The Nominations and Compensation Committee's work in 2018

See Section 6.2.2.3 of this document.

6.2.2.5 SPECIAL ARRANGEMENTS FOR PARTICIPATION IN THE GENERAL SHAREHOLDERS' MEETING

Any shareholder, regardless of the number of shares he/she owns, has the right to participate in the general shareholders' meetings, in accordance with applicable law and these bylaws, upon presentation of proof of identity or the name of the proxy registered on his/her behalf under the provisions laid down by the law.

Shareholders that are not attending in person at the general shareholders' meeting, may choose one of the three following options:

- give a proxy to another shareholder or to spouse; or
- vote by correspondence; or
- send a proxy to the Company without voting indication;

under the provisions laid down by the law and the regulations.

6.3 REMUNERATION OF EXECUTIVE OFFICERS

The Company generally refers, and specifically with regard to remuneration, to the AFEP-MEDEF Corporate Governance Code for Listed Companies, as interpreted by the High Committee on Corporate Governance (AFEP-MEDEF Code application guide; activity report of the High Committee on Corporate Governance of October 2018) and the AMF recommendations presented in the AMF's guide to preparing registration documents, as well as the AMF's report on corporate governance and executive remuneration at listed companies, published on November 26, 2018.

Pursuant to Article L. 225-100-II of the French Commercial Code, the general shareholders' meeting of June 28, 2019 will be asked to approve the elements that make up the total remuneration and benefits of any kind paid or awarded to executive officers with respect to the 2018 financial year. Furthermore, in accordance with Article L. 225-37-2 of the French Commercial Code, the principles and criteria for the determination, distribution and allocation of fixed, variable and exceptional elements of the total remuneration and benefits of any kind attributable to the executive officers, as described below, are subject to the approval of the general shareholders' meeting.

This Corporate Governance Report was examined by the Nominations and Compensation Committee.

6.3.1 REMUNERATION OF EXECUTIVE OFFICERS

6.3.1.1 PRINCIPLES AND RULES FOR THE DETERMINATION OF REMUNERATION GRANTED TO THE EXECUTIVE OFFICER FOR THE 2018 FINANCIAL YEAR

Xavier Barbaro was appointed director by a decision of the general shareholders' meeting of September 12, 2018, the date on which the Company changed its corporate form into that of a limited company (*société anonyme*) with a Board of Directors, and was appointed Chairman and CEO of the Company for the duration of his directorship by a decision of the Board of Directors of the same date. Prior to the date of this change in corporate form, Xavier Barbaro was Chairman of the simplified joint stock company (*société par actions simplifiée*) since his appointment by the general shareholders' meeting on February 7, 2011, with effect from March 1, 2011.

With regard to his position as Chairman and CEO of the Company, the fixed and variable remuneration of Xavier Barbaro is determined in accordance with the principles set out hereunder. These principles have been reviewed by the Nomination and Compensation Committee and approved by the Board of Directors on 12 September 2018.

Remuneration

The remuneration of Xavier Barbaro comprises a fixed portion and a variable portion, with the latter being determined in accordance with performance criteria set by the Board of Directors, after consultation with the Nomination and Compensation Committee. These criteria are regularly reviewed by the Board.

The payment of the variable and exceptional elements of remuneration is conditional upon the approval by an ordinary general meeting of the elements of Xavier Barbaro's remuneration.

Fixed remuneration

The gross annual fixed remuneration of Xavier Barbaro is set at €200,000, with effect from September 1, 2018.

Annual variable remuneration

The gross variable remuneration of Xavier Barbaro represents an amount equal to 100% of the annual fixed remuneration, subject to the fulfilment of quantitative and qualitative criteria set by the Board of Directors.

75% of these are quantitative criteria based on the achievement of revenue targets (up to 15% and for a maximum gross remuneration of €45,000), EBITDA targets (up to 30% and for a maximum gross remuneration of €90,000) and the achievement of an annual new "awarded" MW target (up to 30% and for a maximum gross remuneration of €240,000). The remaining 25% relate to qualitative criteria. These are based on (i) the leadership of the Company's senior management, his capacity to lead the Company and unite its members with a focus on growth and international expansion, together with his ability to represent the Company externally and (ii) compliance with a CSR objective, namely the implementation of a CSR strategy resulting in an improvement in the key performance indicators taken into account by Vigeo-Eiris for its assessment. In the event of the over-achievement of one or more criteria, the weighting of the various criteria will be adjusted in accordance with the level of performance achieved and the criteria in question.

In the event of the over-achievement of these targets, the maximum share of variable remuneration is increased to 212.5% of the gross annual fixed remuneration, *i.e.* €425,000.

Benefits in kind

Xavier Barbaro benefits from a company vehicle worth a maximum of €6,000 per year.

6.3.1.2 SUMMARY OF THE REMUNERATION PAID TO EXECUTIVE OFFICER XAVIER BARBARO FOR 2018

The tables below follow the standard format recommended in the AFEP-MEDEF Code and by the AMF in its guide to preparing registration documents.

Table 1 – Summary of remuneration, options and shares awarded to each executive officer (AMF classification)

	Gross amounts paid during the financial year			
	2017(1)		2018(1)	
(in euros)	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Xavier Barbaro, Chairman and CEO				
Remuneration owed for the financial year *(detailed in Table 2)*	180,000.00	295,000.00	392,168.68	295,366.68(3)
Valuation of multi-year variable remuneration awarded during the financial year	-	-	-	-
Valuation of options granted during the financial year	-	-	-	-
Valuation of free shares	-	-	1,292,690.00(5)	242,690.00
TOTAL	**180,000.00**	**295,000.00(2)**	**1,684,858.68(5)**	**538,056.68(3)**

(1) On a gross basis (before social security contributions and taxes).

(2) There is an additional amount of €10,121.22 corresponding to the leave paid in May 2017 at the time the employment contract of Xavier Barbaro was suspended.

(3) Includes the fixed remuneration paid to the Chairman and CEO for the year 2018 in the amount of €186,666.68 and a part of the annual variable remuneration in the amount of €108,700 already paid in accordance with the decision by the Nomination and Compensation Committee of December 21, 2018. The balance of the annual variable remuneration of the Chairman and CEO will be paid in July 2019, subject to the shareholders' approval of all the components making up the remuneration of Mr Xavier Barbaro in respect of the 2018 financial year, at the General Shareholders' Meeting on 28 June 2019.

(4) For the purposes of this Registration Document, it is specified that this amount does not include the benefits in kind amounting to €4,612.32 (corresponding to the company car) and an amount of €7,083.34 (corresponding to unemployment insurance premiums) taken into account in Table 2 below.

(5) For the purposes of this Registration Document, it is specified that €242,690 correspond to the free shares allotted on 23 February 2018 and acquired on 23 February 2019, and €1,050,000 corresponding to the free shares allotted on 5 July 2018, the vesting date of which has been set for 6 October 2020 (see Table 10 below).

Table 2 – Summary of the remuneration of each executive officer (AMF classification)

	Gross amounts paid for the financial year			
	2017(1)		2018(1)	
(in euros)	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Xavier Barbaro, Chairman and CEO				
Fixed remuneration	180,000.00	180,000.00	186,666.68	186,666.68
Annual variable remuneration	-	-	205,502.00	108,700.00(2)
Multi-year variable remuneration	-	-	-	-
Exceptional remuneration(3)	-	115,000.00	-	-
Benefits in kind(4)	4,612.33 (company car) 4,766.40 (unemployment insurance)	9,378.73	4,612.32 (company car) 7,083.34 (unemployment insurance)	11,695.66
TOTAL	**189,378.73**	**304,378.73(5)**	**403,864.34**	**307,062.34**

(1) On a gross basis (before social security contributions and taxes).

(2) Corresponds to a portion of the annual variable remuneration in the amount of €108,700 already paid in accordance with the decision by the Nomination and Compensation Committee on December 21, 2018. The balance of the annual variable remuneration of the Chairman and CEO will be paid in July 2019, subject to the shareholders' approval of all the components making up the remuneration of Mr Xavier Barbaro in respect of the 2018 financial year, at the General Shareholders' Meeting on 28 June 2019

(3) The amount of exceptional remuneration of the Chairman and CEO was paid in January 2018.

(4) Xavier Barbaro has a company car and an unemployment insurance policy (see Section 6.3.3 "Other information about the corporate officer" of this document for more information on this unemployment insurance).

(5) There is an additional amount of €10,121.22 corresponding to the leave paid in May 2017 at the time the employment contract of Xavier Barbaro was suspended.

Payment of variable and exceptional items will be contingent on approval by an ordinary general shareholders' meeting of the remuneration by the Chairman and CEO under the conditions of Article L. 225-100 as presented to him by the following resolution:

"**8th resolution** (Approval of the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind paid or awarded to Xavier Barbaro, Chairman and CEO, for financial year 2018, for the period covering the time the Company's shares were listed for trading on the Euronext Paris regulated market).

The shareholders' meeting, ruling on the conditions of quorum and majority required for ordinary general shareholders' meetings, and after reviewing the report of the Board of Directors on corporate governance, approved, in accordance with Article L 225-100, II of the French Commercial Code, the fixed, variable and exceptional items comprising the total remuneration and other benefits paid or awarded to Xavier Barbaro, Chairman and CEO, for financial year 2018, for the period covering the time the Company's shares were listed for trading on the Euronext Paris regulated market, as presented in this report."

The following information is provided for that purpose:

Summary table of remuneration principles and criteria

<table>
<tr><th>Renumeration due or granted for the year ended December 31, 2018</th><th>Amount or accounting value submitted for a vote</th><th>Presentation</th></tr>
<tr><td>Fixed remuneration</td><td>€200,000</td><td>The amount of the annual fixed remuneration of the Chairman and CEO applicable from September 1, 2018 amounts to €200,000.</td></tr>
<tr><td>Variable remuneration</td><td>€205,502</td><td>The amount of the variable remuneration of the Chairman and CEO for his duties within the Company is set by the Board of Directors of the Company, after the opinion of the Nomination and Compensation Committee, and based on performance criteria.
The variable portion of the Chairman and CEO will amount to 100% of the gross amount of his fixed remuneration in the event the performance criteria are reached 100%, not to exceed 212.5% of the gross amount of his fixed remuneration in the event of overperformance.
During its meeting of April 17, 2019, the Board of Directors, after receiving the opinion of the Nomination and Compensation Committee, noted the performance criteria reached and the variable remuneration as follows:
<table>
<tr><th>Indicator</th><th>Weighting</th><th>Targeted objectives reached</th><th>Overperformance</th></tr>
<tr><td>Revenue criteria</td><td>15%</td><td>>100%</td><td>6.9%</td></tr>
<tr><td>EBITDA Criterion</td><td>30%</td><td>>100%</td><td>5.18%</td></tr>
<tr><td>Awarded "MW criterion"</td><td>30%</td><td>>100%</td><td>0.54%</td></tr>
<tr><td>Qualitative criterion</td><td>25%</td><td>100%</td><td>N/A</td></tr>
<tr><td></td><td>100%</td><td>100%</td><td>2.75%</td></tr>
</table>
<i>Thus, in all the amount of the variable remuneration of Xavier Barbaro for the year 2018 is equal to €205,502, corresponding to (x) 102.75% of his fixed remuneration for 2018 and (y) 48.35% of the maximum amount of variable remuneration liable to be allocated for 2018 (the maximum amount being €425,000).</i>
Payment of variable remuneration is contingent on approval by the shareholders in the next ordinary shareholders' meeting to rule on the accounts closed on December 31, 2018.</td></tr>
<tr><td>Exceptional remuneration</td><td>None</td><td>Lack of exceptional remuneration.</td></tr>
<tr><td>Attendance fees</td><td>None</td><td>As administrator of the Company, the Chairman and CEO may receive attendance fees. However, the Chairman and CEO has announced that he will not collect attendance fees for his participation in the work of the Company's Board of Directors, as long as he performs the above-mentioned duties.</td></tr>
<tr><td>Valuation of benefits of any kind</td><td>€6,000</td><td>The Chairman and CEO receives a company car, paid for by the Company for a maximum value of €6,000 a year.</td></tr>
<tr><td>Stock options, free shares or any other long-term form of remuneration</td><td>Options: None
Shares: 129,269 free shares</td><td>No stock options were awarded to Xavier Barbaro for the year 2018.
During the year 2018, 129,269 free shares were granted to Xavier Barbaro by decision of the Chairman on February 23, and July 5, 2018 (the Company was in the form of a simplified joint stock company at the time).</td></tr>
</table>

Renumeration due or granted for the year ended December 31, 2018	Amount or accounting value submitted for a vote	Presentation
Severance pay	None	For the cessation of his term as CEO within the Company, the Chairman and CEO is entitled to severance pay in the event his term of office is revoked or not renewed (excluding cases of gross negligence or serious misconduct). This severance pay will be an amount equivalent to 6 months of remuneration (one month being defined as the sum of (i) the average monthly fixed remuneration paid in the twelve months preceding the end of the term of office and (ii) the monthly average of the last two amounts of variable remuneration paid). Payment of the severance pay will be subject to the condition that the sum of the Group's net income for the past two years ended, preceding his revocation or, as the case may be, expiry of his term of office not renewed, be positive.
Non-competition payment	None	For the cessation of his term of office as Chief Executive within the Company, he is entitled to a non-competition payment for his obligation not to carry out in France under any circumstances any business activity competing with the business of the Company and not to become involved directly or indirectly with any business activities that could compete with the business activities of the Company for a period of 12 months from the cessation of the said duties. This will be paid monthly for the 12 months following the cessation of the said duties for an amount equal to 70% of his remuneration (one month of remuneration being defined as being the sum of (i) the average of the fixed monthly remuneration paid in the twelve months preceding the end of the term of office and (ii) the monthly average of the last two amounts of variable remuneration paid). This payment may not be made if (i) the Chief Executive Office claims his pension rights and/or (ii) he passes the age of 65.
Supplementary pension scheme	None	Under his term within the Company, Xavier Barbaro does not quality for the supplementary pension scheme.

6.3.1.3 ATTENDANCE FEES AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS (TABLE 3)

(i) Principles for the setting and distribution of attendance fees

The Company pays the directors, on an annual basis (gross, before social security contributions and taxes), the following amounts in respect of attendance fees:

- members of the Board of Directors: remuneration of €17,500 is paid to each director, to be adjusted in accordance with the effective attendance of each director at the meetings of the Board of Directors and the time dedicated to the work of the Board. Thus:
  - in the event of absence from 20% of meetings: the amount paid is reduced by 10%,
  - in the event of absence from between 20% and 50% of meetings: the amount paid is reduced prorata to attendance, and
  - in the event of absence from over 50% of meetings: the amount paid is reduced by 50%;
- members of the Committees: remuneration of €7,500 is paid to each member of the Audit Committee and remuneration of €5,000 is paid to each member of the Nomination and Compensation Committee, plus, where applicable, attendance fees that the Committee member may be entitled to receive as a member of the Board of Directors. Compensation of €12,500 will be paid to the Chairman of the Audit Committee and €10,000 is paid to the Chairman of the Nomination and Compensation Committee.

Pursuant to applicable law, the maximum sum of attendance fees that may be distributed annually to the directors is set by the general shareholders' meeting. The approved resolution remains valid until a new decision is made by a general shareholders' meeting. The general shareholders' meeting of October 2, 2018 set this amount at €170,000 per year. Furthermore, as the attendance fees are allocated on an annual basis, this amount is calculated *prorata temporis* in the event of a new appointment or the termination, for any reason whatsoever, of the term of office of a member of the Board of Directors during the financial year.

Within the limit set by the general shareholders' meeting, the Board of Directors decides at the beginning of each year the amount of attendance fees to be allocated to its members in respect of the financial year just ended, the distribution rules thereof and the methods of calculation if the attendance fees for the financial year in progress.

(ii) Total attendance fees allocated in 2018

Table 3 – Summary of the remuneration of each member of the Board of Directors (AMF classification)

Members of the Board of Directors *(in euros)*	**Gross amounts paid for the financial year**[1][2]	
	2017	**2018**
Xavier Barbaro		
Attendance fees[3]	-	-
Other remuneration	299,612.33	299,979.00[5]
Simon Veyrat		
Attendance fees	N/A	17,500.00
Other remuneration	N/A	N/A
Stéphanie Levan		
Attendance fees	N/A	25,000.00
Other remuneration	N/A	N/A
Céline André		
Attendance fees[4]	-	-
Other remuneration	N/A	N/A
Helen Lee Bouygues		
Attendance fees	N/A	30,000.00
Other remuneration	N/A	N/A
Christophe Gégout		
Attendance fees	15,800.00	30,000.00
Other remuneration	-	N/A
Bertrand Dumazy		
Attendance fees	N/A	9,166.00
Other remuneration	N/A	N/A

(1) The remuneration presented in the table above also includes attendance fees paid with respect to Audit Committee and Nomination and Compensation Committee meetings.

(2) On a gross basis (before social security contributions and taxes).

(3) Xavier Barbaro, Chairman and CEO of the Company, who receives remuneration for his position as corporate officer, does not receive additional attendance fees.

(4) Céline André, permanent representative of Bpifrance Investissement, has waived her attendance fees payable by the Company.

(5) For the purposes of this Registration Document, it is specified that this amount includes the benefits in kind amounting to €4,612.32 (corresponding to the company car) but does not include the benefits in kind amounting to €7,083.34 (corresponding to unemployment insurance premiums) taken into account in Table 2 below.

No attendance fees were paid to Serge Savasta, Director of the Company, prior to his resignation effective on the day of admission to trading of the Company's shares on the Euronext Paris regulated market, nor to Jacques Veyrat during the financial years ended December 31, 2017 and 2018.

6.3.2 REPORT ON OPTIONS AND FREE SHARES

6.3.2.1 PRINCIPLES AND RULES FOR THE ALLOCATION OF OPTIONS AND FREE SHARES

combined general shareholders' meeting of October 2, 2018:

- in its 12th resolution, granted authorization to the Board of Directors, for a thirty-eight-month term, to grant existing or new free shares to some or all employees and executive officers of the Group;
- in its 13th resolution, granted authorization to the Board of Directors, for a thirty-eight month term, to grant, once or more than once, stock options or share purchase options to some or all employees and executive officers of the Group.

To this end, the general shareholders' meeting granted authority to the Board of Directors to set the conditions under which these shall be allocated. A common overall cap is planned for these delegations, and is equal to the total at 2% of the share capital, with the understanding that for every financial year, the total number of outstanding shares or shares to be issued, or stock subscription or purchase options awarded under these corporate officers of the Company may not represent more than 1% of the Company's share capital on the day of the decision by the Board of Directors.

The 12th and 13th resolutions on the options and granting of free shares cover:

- the setting by the Board of Directors of the conditions, notably the maximum ceiling for the options and/or shares granted to the executive officers, as well as the performance criteria applicable thereto;
- the preparation by the Board of Directors of the list or categories of other beneficiaries of the options and/or shares and the setting of applicable performance criteria.

Moreover, the 13th resolution on the options states that the price to be paid upon exercise of the stock options or share purchase options shall be set on the day on which the options are granted and that (i) in the case of the granting of stock options, this price must not be less than 80% of the Company's average share price on the Euronext Paris regulated market during the twenty trading days preceding the day on which the stock options are granted, and (ii) in the case of the granting of share purchase options, this price must not be less than the value of (i) above, nor less than 80% of the average purchase price of shares held by the Company pursuant to Articles L. 225-208 and L. 225-209 of the French Commercial Code.

6.3.2.2 STOCK OPTIONS AND SHARE PURCHASE OPTIONS

(i) Company stock options and share purchase options allocated during the 2018 financial year to executive officers

None.

(ii) Company stock options and share purchase options exercised during the 2018 financial year by executive officers

None.

(iii) Stock options and share purchase options granted to the top ten employees

Table 9 – Stock options and share purchase options (after the reverse stock split) granted to the top ten non-corporate officer employees and options exercised thereby (AMF classification)

Stock options and share purchase options granted to the top ten non-corporate officer employees and options exercised thereby	Total number of options granted/shares subscribed or purchased	Weighted average price	2018 Plan (III)	2015 Plan
Options granted, during the 2018 financial year, by the issuer and any qualifying company, to the top ten employees of the issuer or any qualifying company, with the highest number of options granted (comprehensive information)	25,000(1)	€10(2)	25,000(1)	-
Options held by the issuer and the aforementioned companies, exercised during the 2018 financial year by the top ten employees of the issuer and said companies, with the highest number of options purchased or subscribed (comprehensive information)	350,000(1)	€4(2)	-	350,0

(1) This number has been adjusted following the reverse stock split on the effective date of the share consolidation decided by the general shareholders' meeting of September 12, 2018 and the Board of Directors' meeting of September 12, 2018, implemented on October 1, 2018.

(2) This exercise price was multiplied by two following the reverse stock split decided by the general shareholders' meeting of September 12, 2018 and the Board of Directors' meeting of September 12, 2018, implemented on October 1, 2018.

(iv) History of stock option and share purchase grants

Table 8 – History of stock option and share purchase grants (after the reverse stock split) (AMF classification)

	2018 Plan (III)	2018 Plan (II)	2018 Plan (I)	2016 Plan	2016 Plan	2015 Plan
Date of general shareholders' meeting	07.04.2018	05.29.2018	05.29.2018	03.17.2014(1)	03.17.2014	03.17.2014
Date of the Chairman's decision approving the list of beneficiaries	07.05.2018	05.30.2018	05.30.2018	12.23.2016	01.08.2016	01.21.2015
Total number of shares that can be subscribed or purchased, of which the number that can be subscribed by(2):	65,000	5,000	40,000	235,000	152,500	571,250
Xavier Barbaro, Chairman and CEO	-	-	-	-	-	-
Start of option exercise period	07.06.2021	05.31.2021	05.32.2021	12.24.2019	01.11.2019(3)	01.02.2017
End of option exercise period	07.05.2023	05.30.2023	05.30.2023	12.23.2021	01.10.2021(3)	01.01.2020
Subscription or purchase price(4)	€10	€10	€10	€6	€4	€4
Conditions of exercise (if the plan has more than one tranche)(5)	-	-	-	-	-	-
Number of shares subscribed at March 31, 2019	0	0	0	0	39,500	505,295
Aggregate number of stock options or share purchase options cancelled or lapsed	5,000	0	5,000	10,000	37,500	30,000
Stock options and share purchase options outstanding at March 31, 2019	60,000	5,000	35,000	225,000	75,500	35,955

(1) The authorisation granted by the general shareholders' meeting of March 17, 2014 was extended by a decision of the general shareholders' meeting of May 13, 2016 for a period of twelve (12) months.

(2) This number has been adjusted following the reverse stock split decided by the general shareholders' meeting of September 12, 2018 and the Board of Directors' meeting of September 12, 2018, effective October 1, 2018.

(3) At the time of the allocation on January 8, 2016, the Chairman set the date of allocation as January 10, 2016, with the exception of one beneficiary for whom the date was set at May 16, 2016. Consequently, the option exercise period for this beneficiary will begin on May 17, 2019 and will end on May 16, 2021.

(4) This exercise price was multiplied by two following the reverse stock split decided by the general shareholders' meeting of September 12, 2018 and the Board of Directors' meeting of September 12, 2018, implemented on October 1, 2018.

(5) The 2018, 2016 and 2014 plans presented carry a vesting period of thirty-six (36) months. The 2015 plan has a vesting period of twenty-four (24) months.

6.3.2.3 ALLOCATIONS OF FREE SHARES

(i) Free shares allocated to corporate officers during 2018

Table 6 – Shares allocated during the financial year to each corporate officer

	2018 Plan	2018 Plan	2018 Plan	2018 Plan
Date of general shareholders' meeting	07.04.2018	05.29.2018	02.23.2018	02.23.2018
Date of Chairman's decision to grant	07.05.2018	05.30.2018	04.09.2018	02.23.2018
Total number of free shares granted, of which the number granted to:(1)	570,644	107,500	2,500	106,054
Xavier Barbaro, Chairman and CEO(1)	*105,000*	-	-	*24,269*
Share vesting date	10.06.2020	05.30.2021	04.09.2020	02.23.2019
Date of availability	-	-	04.09.2021	02.23.2020
Performance conditions	-	-	-	-
Number of shares granted during the financial year	105,000	0	0	24,269
Valuation of shares under the method used for the consolidated financial statements	1,050,000	-	-	242,690

(1) This number has been adjusted following the reverse stock split on the effective date of the share consolidation decided by the general shareholders' meeting of September 12, 2018 and the Board of Directors' meeting of September 12, 2018, implemented on October 1, 2018.

(ii) Free shares becoming available during 2018

Table 7 – Shares becoming available during the financial year for each corporate officer

	2016 Plan	2015 Plan
Date of general shareholders' meeting	12.23.2016	10.05.2015
Date of Chairman's decision to grant	12.23.2016	10.06.2015
Total number of free shares granted, of which the number granted to:(1)	108,587(2)	108,750
Xavier Barbaro, Chairman and CEO(1)	*18,900*	-
Share vesting date	12.23.2017	12.28.2017
End of holding period	12.23.2018	12.28.2018
Number of shares vesting during the financial year	108,587(2)	103,750

(1) This number has been adjusted following the reverse stock split on the effective date of the share consolidation decided by the general shareholders' meeting of September 12, 2018 and the Board of Directors' meeting of September 12, 2018, implemented on October 1, 2018.

(2) The grant covered 217,175 shares prior to the reverse stock split decided by the general shareholders' meeting of September 12, 2018, and the Board of Directors' meeting of September 12, 2018, effective on October 1, 2018.

6.3.2.4 HISTORY OF FREE SHARE GRANTS

Table 10 – History of free share grants – Information on free share grants (after the reverse stock split) (AMF classification)

	2018 Plan	2018 Plan	2018 Plan	2018 Plan	2016 Plan	2015 Plan
Date of general shareholders' meeting	07.04.2018	05.29.2018	02.23.2018	02.23.2018	12.23.2016	10.05.2015
Date of Chairman's decision to grant	07.05.2018	05.30.2018	04.09.2018	02.23.2018	12.23.2016	10.06.2015
Total number of free shares granted, of which the number granted to:(1)	570,644	107,500	2,500	106,054	108,587(2)	108,750
Xavier Barbaro, Chairman and CEO(1)	*105,000*	-	-	*24,269*	*18,900*	-
Share vesting date	10.06.2020	05.30.2021	04.09.2020	02.23.2019	12.23.2017	12.28.2017
End of holding period	-	-	04.09.2021	02.23.2020	12.23.2018	12.28.2018
Number of shares vested at March 31, 2019	0	0	0	106,054	108,588	103,750
Total number of shares cancelled or lapsed	0	0	0	0	0	5,000
Free shares outstanding at March 31, 2019	570,644	107,500	2,500	0	0	0

(1) This number has been adjusted following the reverse stock split on the effective date of the share consolidation decided by the general shareholders' meeting of September 12 2018 and the Board of Directors' meeting of September 12, 2018, implemented on October 1, 2018.

(2) The grant covered 217,175 shares prior to the reverse stock split decided by the general shareholders' meeting of September 12, 2018 and the Board of Directors' meeting of September 12, 2018, effective on October 1, 2018.

6.3.3 OTHER INFORMATION ABOUT THE EXECUTIVE OFFICER

Table 11

	Employment contract		Supplementary pension scheme		Compensation or benefits payable or likely to become payable due to the termination of or change in duties		Compensation relating to a non-compete clause	
Executive officer	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Xavier Barbaro Chairman and Chief Executive Officer Start of term of office: September 12, 2018 End of term of office: general shareholders' meeting called to approve the financial statements for the financial year ended December 31, 2021	-	X	-	X	X	-	X	-

EMPLOYMENT CONTRACT

To comply with the provisions of the AFEP-MEDEF Code, Xavier Barbaro, who was party to an employment contract signed April 30, 2009 with the Company, resigned from his position on the date of admission to trading of the Company's shares on the Euronext Paris regulated market.

SUPPLEMENTARY PENSION SCHEME

Xavier Barbaro does not have a supplementary pension scheme.

COMPENSATION OR BENEFITS PAYABLE OR LIKELY TO BECOME PAYABLE DUE TO THE TERMINATION OF OR CHANGE IN DUTIES

Xavier Barbaro is entitled to severance pay in the event of dismissal (excluding due to gross or wilful misconduct) or the non-renewal of his corporate mandate, the amount of which will be calculated in accordance with the fulfilment of performance conditions and equivalent to six (6) months of remuneration, based on the fixed remuneration of the past twelve (12) months and the average of the past two monthly variable remuneration amounts, where one month's remuneration is defined as the sum of (i) the average of the fixed monthly remuneration paid for the twelve months preceding the termination of the corporate mandate and (ii) the monthly average of the past two amounts of variable remuneration paid.

COMPENSATION RELATING TO A NON-COMPETITION CLAUSE

In the event of the termination of his duties as a corporate officer, for any reason whatsoever, Xavier Barbaro commits not to undertake, on French soil, *via* any means whatsoever, any business competing with that of the Company and not to become involved, directly or indirectly, in any activities that could compete with those of the Company, for a period of twelve (12) months from the date of termination of said duties.

In consideration of this non-competition commitment, Xavier Barbaro shall receive, for twelve (12) months following the termination of his duties as a corporate officer, monthly financial remuneration of an amount equal to 70% of the gross remuneration received for the twelve (12) months preceding the date of termination of his duties within the Company. The Company reserves the right to withdraw the remuneration relating to this non-competition clause.

It is specified that the payment of the non-competition remuneration is excluded as soon as the corporate officer retires. In all cases, no remuneration shall be paid beyond the age of 65 years.

UNEMPLOYMENT INSURANCE

Xavier Barbaro has an unemployment insurance policy in place since May 1, 2017 with Axa France, providing him with remuneration, for a period of twelve months, equivalent to 70% of his gross annual remuneration.

COMMITMENTS OF ANY KIND MADE BY THE COMPANY IN FAVOUR OF ITS CORPORATE OFFICERS

None.

6.3.4 SUM OF PROVISIONS MADE BY THE COMPANY OR ITS SUBSIDIARIES FOR PENSIONS, RETIREMENT BENEFITS OR OTHER BENEFITS

The Company has not made any provisions for pensions, retirement benefits or any other similar benefits for its corporate officers.

6.3.5 PRINCIPLES AND CRITERIA FOR DETERMINING, ALLOCATING AND GRANTING COMPENSATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN 2019

The Board of Directors, on April 17, 2019, resolved to approve the proposal of the Remuneration and Nomination Committee to renew the general structure of Chairman and Chief Executive Officer remuneration applicable for the 2018 financial year, subject to a few minor amendments presented below.

FIXED REMUNERATION

The gross fixed remuneration of the Chairman and Chief Executive Officer will be maintained at €200,000 per year.

VARIABLE REMUNERATION

With regard to the gross variable remuneration, it is proposed that it be based 75% on quantitative criteria and 25% on qualitative criteria, subject to the achievement of target objectives set with regard to the Company's budget, as approved by the Board of Directors and, with respect to the "awarded" MW criterion, on the basis of the target set by the Board of Directors. The proposed quantitative criteria make it possible to correlate the amount of the Chairman and Chief Executive Officer's annual variable remuneration to the performance achieved by the Group. The qualitative criteria take into consideration (i) on the one hand, the improvement of the Company's compliance with the social and environmental standards, the importance of which continues to grow and constitutes a major point of concern for the Group, whose activity is focused on the development of renewable energies, and (ii) on the other hand, the leadership that the Chairman and Chief Executive Officer has demonstrated in order to contribute to the Group's development.

The amount of the annual variable remuneration would be equal to 100% of the annual fixed remuneration in case the quantitative and the qualitative criteria set by the Board of Directors were achieved, with the understanding that, if these criteria are outperformed, the maximum amount of the variable remuneration cannot exceed an amount corresponding to 200% of the gross annual fixed remuneration.

With regard to quantitative criteria:

The quantitative criteria would represent 75% of the gross annual variable remuneration in the event that the target objectives were achieved, and would be appreciated with regard to the revenue and EBITDA criteria in view of the realisation of the budget set by the Board of Directors.

For each criterion defined below (i) a triggering threshold in relation to the fixed objective is stipulated, (ii) in case of outperformance of the said criterion in relation to the objective set, the weighting of this criterion will be increased in order to account for this outperformance; and (iii) an outperformance cap with regard to the target set is stipulated.

These criteria are as follows:

- Revenue criteria:

  15% of the gross annual variable remuneration (this percentage is applicable in the event that the target objectives are achieved), taking into account the Company's revenue, with a threshold at 90% of the revenue forecasted in the budget adopted by the Board of Directors, as well as the following conditions for outperformance:

  - if revenue is between 90% and 100% (inclusive) of the forecasted revenue, the realised percentage will be taken into consideration in a linear manner. Thus, for example, if 95% of the target revenue is attained, this criterion will allow the Chairman and Chief Executive Officer to receive 50% of the target amount of annual gross variable remuneration for this criterion (that is, 7.5% of the amount of his annual fixed gross remuneration), *i.e.* €15,000,
  - if revenue exceeds 100% of the forecasted revenue, a multiplying factor of two will apply to the percentage of the outperformance (*i.e.*, the percentage between 100% and the revenue attained). For example, if 120% of the target revenue is attained, this criterion will allow the Chairman and Chief Executive Officer to be paid 15% of 140% (*i.e.*, 100% of the target amount plus the percentage of outperformance (20%) multiplied by two) of its annual fixed gross remuneration, *i.e.* €42,000. It is pointed out that the level of outperformance taken into account for the purposes of this calculation may not exceed 125% of the forecasted revenue, so that the maximum amount that may be due in the event of outperformance under this criterion cannot exceed 15% of 150% of his annual fixed gross remuneration, *i.e.* €45,000;
- EBITDA Criterion:

  30% of the gross annual variable remuneration (this percentage is applicable in the event that the target objectives are attained), taking into account the EBITDA attained, with a threshold at 90% of the EBITDA amount forecasted in the budget approved by the Board of Directors (with linear application to the target amount of the percentage attained between 90% and 100%) and identical conditions of outperformance *mutatis mutandis* to those provided for the revenue criterion, with the understanding that the maximum amount that may be due in the event of outperformance under this criterion may not exceed 30% of 150% of its annual fixed gross remuneration, *i.e.* €90,000;

- Awarded New MW criterion:

  30% of the annual gross variable remuneration (this percentage is applicable in the event that the target objectives are reached), taking into account the number of new MWs awarded (including all new MWs acquired within the framework of any external growth operations as well as the new MWs having gone directly to the "under construction" phase without going through the "awarded" phase, and the new MWs corresponding to the incremental capacity within the context of repowering projects) (the "**New MW**"), with a threshold at 50% of the number of MWs in the "awarded" target phase provided for by the Board of Directors (the "**Annual Target Number of New MW Awarded**", as described below) and the following outperformance conditions:

  - if the number of New MWs is between 50% and 100% (inclusive) of the Annual Target Number of New MW Awarded for a given year, the percentage attained will be taken into consideration in a linear manner. For example, if the number of new MWs reaches 70% of the Annual Target Number of New MWs Awarded, this criterion will allow the Chairman and Chief Executive Officer to receive 40% of the target amount of the gross variable remuneration for this criterion (*i.e.*, 30% of his annual fixed remuneration), *i.e.* €24,000,
  - if the number of New MWs exceeds 100% of the Annual Target Number of New MWs Awarded for a given year, a multiplying factor of two applies to the percentage of outperformance attained (*i.e.*, the percentage between 100% and the level attained). For example, if the number of New MWs reaches 200% of the Annual Target Number of New MWs Awarded, this criterion will allow the Chairman and Chief Executive Officer to be paid 30% of 300% (*i.e.*, 100% added to the percentage of outperformance (*i.e.*, 100%) multiplied by two) of its annual fixed gross remuneration, *i.e.* €180,000. It is pointed out that the level of outperformance taken into account for the purposes of this calculation may not exceed 250% of the Annual Target Number of New MWs Awarded for a given financial year, so that the maximum amount that may be due in the event of outperformance this criterion cannot exceed 30% of 400% (*i.e.*, 100% plus the percentage of maximum outperformance (150%) multiplied by two) of his annual fixed gross remuneration, *i.e.* €240,000.

    The Annual Target Number of New MWs Awarded is set by the Board of Directors. In that owing to the postponement and then the cancellation of the Mexican bid, the Group was unable to win 402 MW under the Peubla project, despite the fact that this project was taken into account in the 2018 budget, the Nomination and Compensation Committee recommends to the Board of Directors to set the Annual Target Number of New MW Awarded for the purpose of variable remuneration for financial years 2019 and 2020 to 901 MW per year. The Board of Directors will have the option of adjusting the New MW target Awarded to take into account the number of bids in which the Company will have been able to participate during the year compared with the number of bids taken into account in the 2019 budget.

With regard to qualitative criteria:

The qualitative performance criteria selected would represent 25% of the Chairman and Chief Executive Officer's annual gross variable remuneration (this percentage is applicable in the event that the target objectives are attained) and take into account:

- the leadership of the Company's Senior Management, its ability to lead the Company and unite it around a growth and internationalisation project and its ability to represent the Company vis-à-vis the outside world; and
- in order to comply with the requirements of the AFEP-MEDEF Code, compliance with a CSR objective, namely a CSR strategy to apply the highest standards in terms of governance and social and environmental practices.

BENEFITS IN KIND AND OTHER ELEMENTS OF REMUNERATION

It is reminded that the Chairman and Chief Executive Officer has a company car with a maximum value of €6,000 per year.

Mr. Xavier Barbaro will continue to benefit from the other conditions of his tenure as Chairman and Chief Executive Officer set upon the appointment of President and Chief Executive Officer, as decided by the Board of Directors at its meeting of September 12, 2018 (defined contribution supplementary pension as of its implementation for the Company's senior executives), severance package (average six months of fixed and variable remuneration) and 12-month non-competition indemnity (in exchange for a monthly financial remuneration equal to 70% of the average monthly remuneration).

Pursuant to Article L. 225-37-2 of the French Commercial Code, the following will be submitted for approval by the general shareholders' meeting ruling on the 2018 accounts: the principles and the criteria for determining and distributing the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind that can be granted to the Chairman and CEO for exercising his term for financial year 2019, comprising the remuneration policy concerning him:

"**9th resolution** (Approval of the principles and the criteria for determining and distributing the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind that can be granted to the Chairman and CEO for exercising his term for financial year 2019).

The general shareholders' meeting, ruling on the conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the report by the Board of Directors on corporate governance, in accordance with Article L. 225-37-2 of the French Commercial Code, approves the principles and the criteria for determining and distributing the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind that can be granted to the Chairman and CEO for exercising his term for the year 2019 as presented in this report."

6.4 OTHER INFORMATION

6.4.1 LIST OF DELEGATIONS IN PLACE GRANTED BY THE GENERAL SHAREHOLDERS' MEETING WITH REGARD TO CAPITAL INCREASES (INCLUDING USES)

Securities concerned Date of the general shareholders' meeting (authorisation duration/delegation and expiry)	Maximum amount of capital increase and methods used for determining the price	Use of the delegations during the financial year
Issues with preferential rights		
Delegation of authority to increase the share capital of the Company by issuing shares and/or marketable securities giving access to the capital immediately or in the future (A) GM of October 2, 2018 5th resolution 26 months	**€20 million** **(A)+(C)+(D)+(E)+(F)+(G)+ (H)+(J)+(K)** are limited to €125 million	
Delegation of authorityto increase the share capital through the incorporation of premiums, reserves, profits or other amounts (B) GM of October 2, 2018 9th resolution 26 months	**€20 million** **(A)+(C)+(D)+(E)+(F)+(G)+ (H)+(J)+(K)** are limited to €125 million	
Issues with or without preferential rights		
Delegation of authority to increase the share capital of the Company by issuing shares and/or marketable securities giving access to the capital immediately or in the future (C) GM of October 2, 2018 6th resolution 26 months	**€60 million** **(A)+(C)+(D)+(E)+(F)+(G)+ (H)+(J)+(K)** are limited to €125 million **Pricing** In the event of an issue at the same time as the listing of the securities on the regulated market: usual market practice in the context of global placement (comparison of the securities offer and subscription requests) In case of a future issue: Shares: at least equal to the minimum provided for by the regulations applicable on the day of the issue (to date, weighted average of the last three trading days on the Euronext Paris regulated market preceding the fixing of the subscription price of the capital increase less 5%) Securities giving access to the capital: at least equal to the minimum subscription price described above	Use during the financial year: €54,545,454

Securities concerned Date of the general shareholders' meeting (authorisation duration/delegation and expiry)	Maximum amount of capital increase and methods used for determining the price	Use of the delegations during the financial year
Delegation of authority to increase the share capital of the Company by issuing shares and/or marketable securities giving access to the capital immediately or in the future, by private investment referred to Article L. 311-2, II of the French Monetary and Financial Code (D) GM of October 2, 2018 7th resolution 26 months	**€10 million** **(A)+(C)+(D)+(E)+(F)+(G)+ (H)+(J)+(K)** are limited to €125 million **Pricing** Shares: at least equal to the minimum provided for by the regulations applicable on the day of the issue (to date, weighted average of the last three trading days on the Euronext Paris regulated market preceding the fixing of the subscription price of the capital increase less 5%). Securities giving access to the capital: at least equal to the minimum subscription price described above	
Delegation of authority to issue shares and/or marketable securities giving access immediately or in the future to shares to be issued by the Company as remuneration for contributions in kind constituted by equity securities or marketable securities giving access to the capital immediately or in the future (E) GM of October 2, 2018 8th resolution 26 months	**10% of the share capital** **(A)+(C)+(D)+(E)+(F)+(G)+ (H)+(J)+(K)** are limited to €125 million	Condition precedent for listing the Company's shares on the Euronext Paris regulated market
Delegation of authority to increase the share capital of the Company by issuing shares and/or marketable securities giving access to the capital immediately or in the future, reserved to members of savings plans (F) GM of October 2, 2018 11th resolution 26 months	**1% of the share capital** **(A)+(C)+(D)+(E)+(F)+(G)+ (H)+(J)+(K)** are limited to €125 million **Pricing** Conditions provided for in Articles L. 3332-18 et seq. of the Labour Code, i.e. a price at least equal to 80% of the average price quoted for the twenty trading days preceding the decision setting the opening date of the subscription. In the event of an unavailability of greater than or equal to 10 years provided for by the savings plan, price equal to at least 70% of this reference	
Delegation of authority to increase the share capital of the Company by issuing shares and/or marketable securities giving access to the capital immediately or in the future, reserved to Group employees outside France (G) GM of October 2, 2018 14th resolution 18 months	**1% of the share capital** **(A)+(C)+(D)+(E)+(F)+(G)+ (H)+(J)+(K)** are limited to €125 million **Pricing** Average price quoted for the twenty trading days preceding the date of the decision setting the opening date of the subscription	
Delegation of authority to be given to the Board of Directors to decide to increase the share capital of the Company by issuing shares and/or marketable securities giving access to the capital immediately or in the future, reserved to Impala SAS (H) GM of October 2, 2018 15th resolution 18 months	**€10 million** **(A)+(C)+(D)+(E)+(F)+(G)+ (H)+(J)+(K)** are limited to €125 million **Pricing** Usual market practice in the context of a global placement (comparison of the securities offering and subscription requests)	Use during the financial year: €6,500,402

Securities concerned **Date of the general shareholders' meeting (authorisation duration/delegation and expiry)**	**Maximum amount of capital increase and methods used for determining the price**	**Use of the delegations during the financial year**
Issues with or without preferential rights		
Delegation of authority to increase the number of securities to be issued in the case of a capital increase with or without preferential subscription rights (I) GM of October 2, 2018 10th resolution 26 months	**Cap equal to the limit set by applicable regulations (15% of the initial issue)** **(A)+(C)+(D)+(E)+(F)+(G)+ (H)+(J)+(K)** are limited to €125 million	
Allocation of free shares or stock options		
Authorisation to carry out allocations of free shares, either existing or to be issued, for some or all employees and corporate officers of the Group (J) GM of October 2, 2018 12th resolution 38 months	**2% of the share capital** **(A)+(C)+(D)+(E)+(F)+(G)+ (H)+(J)+(K)** are limited to €125 million	
Authorisation to grant stock options or share purchase options to some or all employees and corporate officers of the Group (K) GM of October 2, 2018 13th resolution 38 months	**2% of the share capital** **(A)+(C)+(D)+(E)+(F)+(G)+ (H)+(J)+(K)** are limited to €125 million **Pricing** Subscription option: price at least equal to 80% of the average price quoted for the twenty trading days preceding the decision to grant. Purchase options: price at least equal to 80% of the average price quoted for the twenty trading days preceding the decision to grant, at least equal to 80% of the average purchase price of the shares held pursuant to Articles L. 225-208 and L. 225-209 of the Commercial Code	

(1) Capital increases carried out under the Company's initial public offering, by decision of the Board of Directors on 16 October 2008.

6.4.2 AGREEMENTS ENTERED INTO BY OFFICERS OR SHAREHOLDERS WITH SUBSIDIARIES OR SUB-SUBSIDIARIES OF NEOEN

Pursuant to Article L. 225-37-4 of the French Commercial Code, the corporate governance report must mention, unless they are agreements concerning current transactions and entered into under normal conditions, agreements entered into, directly or through a third party between, on the one hand, the Chief Executive Officer, a director or a shareholder with more than 10% of the voting rights in Neoen and, on the other hand, another company in which Neoen holds, directly or indirectly, more than half the capital.

The Company is not aware of any such agreements.

6.4.3 MAIN RELATED-PARTY TRANSACTIONS

6.4.3.1 AGREEMENTS BETWEEN THE COMPANY AND ITS SHAREHOLDERS

Guarantee Commitments Granted to the Company by Impala

In order to enable the Company to develop its corporate financing capacity, Impala SAS, which is the Company's main shareholder, has entered into several guarantee commitments, in the form of joint guarantees, letters of intent or first demand guarantees, in favour of several financial institutions, guarantee of lines of credit or current account overdrafts granted to the Company (for more information, refer to Section 2.2.1 "Group indebtedness" and in Note 34 of the notes to the consolidated financial statements at 31 December 2018 of this document).

Technical and Administrative Assistance Agreement between the Company and Impala

On 10 May 2012, the Company and its main shareholder, Impala SAS, entered into a technical and administrative assistance agreement, pursuant to which Impala SAS undertook to provide the following services to the Company:

- advising on the Group's financing and guarantee strategy and assisting with the negotiation of any financing and guarantee line with financial partners;
- representing the Company's interests before central and/or local governments and regulatory authorities.

In consideration for these services, the agreement provides for the payment to Impala SAS of a fixed monthly fee of €25,000 before tax, which can be revised every year by agreement between the parties. In the financial year ended 31 December 2018, Impala SAS charged the Company €100,000 before tax in these royalties.

Strategic Management Agreement between the Company and Impala

On 2 January 2017, the Company and its main shareholder, Impala SAS, entered into a strategic management agreement by which Impala SAS undertook to provide the following services of the Group's holding company:

- definition of the Group's general policy and organisational principles;
- definition of the Group's economic, commercial and financial strategy;
- definition of the Group's development policy and the resources to be adopted (external growth, diversification, creation of new establishments, growth and equity opportunities, investments, etc.);
- definition of the Group's communication policy (marketing, advertising, etc).

Since the date of the agreement, these benefits have not been remunerated by the Company.

Real Estate Sublease Contracts

In the course of its business, the Company leased administrative buildings and offices from its main shareholder, Impala SAS, as well as from Eiffel Investment Group SAS, an affiliate of Impala SAS. These contracts both ended on 29 August 2018.

6.4.3.2 AGREEMENTS BETWEEN THE COMPANY AND ITS SUBSIDIARIES

Tax Consolidation Groups

The Company and some of its French direct subsidiaries, i.e. over 95% owned, constitute a tax consolidation group set up pursuant to the provisions of Articles 223 A et seq. of the French Tax Code. Given that the Company is the Group's parent company, it is solely liable for the tax payable by all the companies belonging to the integrated group. These subsidiaries pay the Company the tax for which they would be liable in the absence of tax consolidation, calculated according to the rules of law as they would apply in the absence of tax consolidation.

Nine other French tax consolidation groups have also been set up in France between each of the nine development companies related to the Cestas project as parent company of the group and special purpose vehicles owned by the development company in question by more than 95%. The creation of these groups resulted in the signing of tax consolidation agreements under which the integrated subsidiaries pay the parent company the tax they would be liable for in the absence of tax consolidation, calculated on the rules of law as they would apply in the absence of tax consolidation.

In addition, the Group has also set up certain tax consolidation groups abroad, particularly in Australia, where the parent company is solely liable for the tax payable by all the companies of the group. The creation of these groups led to the conclusion of tax consolidation agreements between the parent company and each of the group's companies in order to regulate the subsidiaries' contribution to the overall tax based on a distribution key set in accordance with local regulations and on the principle of "equitable distribution".

Agreements between the Company and the Special Purpose Vehicles

As part of its activities, the Company aims to conclude, directly or through its intermediary holding companies, all the contracts necessary for the development, financing and operation of photovoltaic, wind, biomass and storage facilities they operate. These contracts generally provide for the following services:

- project development and assistance during the construction phase, including assistance in obtaining planning and environmental permits, feasibility studies, diagnoses and impact studies; relations with project stakeholders (neighbourhood, local authorities, etc.), selection and relations with the EPC contractor or technical tests related to the provisional and/or final acceptance of the installation;
- administrative and financial management;
- facility operation and maintenance monitoring, including the management and monitoring of relations with the O&M service provider, the processing of information concerning the grid connection of the facility or the performance of works and studies to improve the performance of the facility.

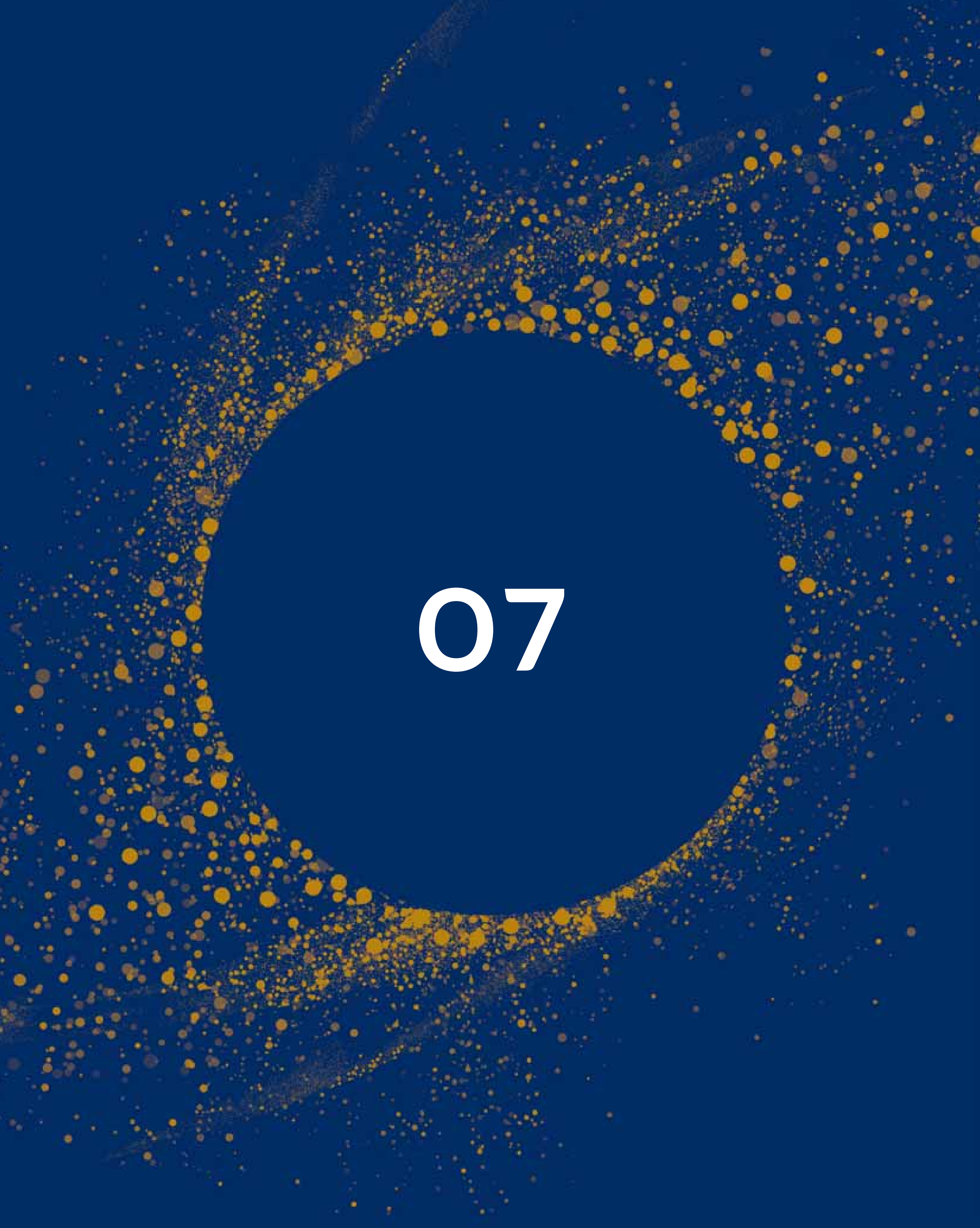
These agreements are considered by the Group as ordinary agreements entered into on normal terms.

Moreover, as part of project financing, the Company (or one of its intermediate holding or development companies) generally grants shareholder loans to special purpose vehicles. These agreements generally provide for an interest of between 5% and 10% (with the exception of certain Australian projects for which the rates are generally between 10% and 15%), in line with the interest rates for debt with equivalent levels of subordination. Shareholder loans are subordinated to senior financing and are repayable on demand at the Group's request, subject however to the financial covenants provided for in the financing agreements, for projects located in France or at maturity for projects located abroad. In the latter case, the related agreements contain the usual cases of early repayment. They are usually considered by the Group as ordinary agreements entered into under normal conditions, but each is analysed in accordance with the provisions of Article L. 225-38 of the French Commercial Code relating to related-party agreements.

6.4.4 FACTORS THAT MAY HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

In accordance with Article 225-37-5 of the French Commercial Code, the Company must set out and, if appropriate, explain the factors that may have an impact in the event of a public tender or exchange offer. These factors include the agreements entered into by the Company that are modified or terminated in the event of a change of control of the Company Hence, the financing contracts contain change of control clauses.

To the Company's knowledge, there are no other factors that may have an impact in the event of a public purchase or exchange offer.



07

CAPITAL AND SHAREHOLDING STRUCTURE

7.1 INFORMATION ON THE COMPANY

7.1.1 CORPORATE NAME

The Company's corporate name is "Neoen".

7.1.2 HEADQUARTERS

The company's registered office is located at 6 rue Ménars – 75002 Paris.

7.1.3 LEGAL FORM

Until September 12, 2018, the Company was a simplified joint stock company (*société par actions simplifiée*) with a statutory Supervisory Board. As of the date hereof, the Company is a French law limited company (*société anonyme*) governed by all of the laws and regulations in force in France (and, in particular, by the provisions of Book II of the French Commercial Code) as well as by its bylaws.

7.1.4 LEGISLATION

A limited company (*société anonyme*) incorporated under French law.

7.1.5 TERM

The Company was registered on September 29, 2008. The Company has been incorporated for a period of 99 years as from the date of its registration with the Trade and Companies Register, *i.e.* up until September 28, 2107, except in the event of extension or early dissolution.

7.1.6 CORPORATE PURPOSE

(See Article 2 of the bylaws)

The Company's corporate purpose includes the following activities, both in France and abroad:

- all activities relating to energy and the environment, and in particular to the electricity, natural gas, and water sectors, In particular, the production of electricity or other sources of energy, and the sale, distribution, marketing, and storage of all energy products and raw materials;
- all arbitrage, development and marketing services relating to derivative products and aggregate hedging products, and management of the balancing of such products; all management and advisory services relating to the energy or commodities sector;
- the acquisition, disposal, use, and licensing of any intellectual or industrial property rights related directly or indirectly to the corporate purpose;
- and, more generally, all industrial, commercial, financial, movable property or real estate transactions directly or indirectly related to the corporate purpose or intended to promote its expansion or development, including, but not limited to, the acquisition, holding, obtaining or use, in any form whatsoever, of licenses, patents, trademarks, and technical information.

The Company may act, both in France and abroad, on its own behalf or on behalf of third parties, and either alone or in partnerships, associations, economic interest groups or companies with any other companies or persons, and may carry out, directly or indirectly, in any form whatsoever, transactions that fall within its corporate purpose.

It may also acquire, in any form, any interests and investments in any companies or enterprises, whether French or foreign, whatever their purpose.

7.1.7 TRADE AND COMPANIES REGISTER

The Company is registered with the Paris Trade and Companies Register under number 508 320 017.

7.1.8 LOCATION WHERE DOCUMENTS AND INFORMATION ON THE COMPANY MAY BE CONSULTED

Information concerning the Company and particularly the bylaws, balance sheets, income statements, reports by the Board of Directors to the general shareholders' meetings and the report by the statutory auditors may be consulted on request at the Company's headquarters.

7.1.9 FINANCIAL YEAR

The financial year begins on January 1 and ends on December 31, of each year.

7.1.10 STATUTORY DISTRIBUTION OF THE PROFITS

(See Article 24 of the bylaws)

Distributable profits shall consist of the year's profit minus any prior losses and the amount set aside as provided for above, plus profits carried forward.

If the year's financial statements, as approved by the general shareholders meeting, show a distributable profit, the general shareholders' meeting shall decide whether to record it in one or more reserve accounts of which it shall determine the allocation or use, to carry it forward in retained earnings, or to distribute it in the form of a dividend.

7.1.11 GENERAL SHAREHOLDERS' MEETINGS

(See Article 21 of the bylaws)

General shareholders' meetings shall be called and held as provided for by law.

Meetings shall take place either at the registered office or at any other location specified in the final notice of meeting (*avis de convocation*).

All shareholders, whatever the number of shares they possess, have the right to participate in shareholder meetings as provided for by law and by these bylaws, upon proving their identity and registration of their shares in their name or in the name of the intermediary registered on their behalf as provided for by law.

Shareholders who do not personally attend the meeting may choose one of the three following possibilities:

- they may give a proxy to another shareholder or to their spouse; or
- they may vote by correspondence; or
- they may send a proxy to the Company without indicating a representative;

as provided for by laws and regulations.

In accordance with applicable laws and regulations, the Board of Directors may make arrangements for shareholders to participate in and vote at general meetings by video conference or by other means of telecommunication that make it possible to identify them. If the Board of Directors decides to use this option for a given meeting, the Board's decision shall be stated in the preliminary (*avis de réunion*) and.or final (*avis de convocation*) notice of meeting. shareholders who participate in meetings by video conference or any other means of telecommunication referred to above, as chosen by the Board of Directors, shall be deemed present for purposes of calculating the quorum and majority.

Meetings are chaired by the Chairman of the Board of Directors, or, in the Chairman's absence, by a director specifically delegated for the purpose by the Board. Otherwise, the meeting shall appoint its own chairman.

The role of scrutineer (*scrutateur*) shall be filled by the two shareholders with the greatest number of voting rights who are present and agree to perform the function. The bureau shall appoint a secretary, who need not be a shareholder.

An attendance sheet must be maintained as provided for by law.

On the first notice of meeting, the ordinary general shareholders' meeting may deliberate validly only if shareholders present, represented, or voting by correspondence or by electronic means hold at least one-fifth of shares with voting rights. On the second notice of meeting, no quorum is required.

Decisions of the ordinary shareholders' meeting are made by a majority vote of shareholders present or represented.

The extraordinary general shareholders' meeting may deliberate validly only if shareholders present, represented, or having voted by correspondence or by electronic means hold at least, on the first notice of meeting, one-fourth, and on the second notice of meeting, one-fifth of the shares with voting rights. In the absence of the latter quorum, the second meeting may be postponed by a maximum of two months following the date for which it was called, with the same requirement of a quorum of one-fifth.

Decisions of the extraordinary shareholders' meeting are made by a two-thirds majority of shareholders present or represented.

Copies or extracts of the meeting minutes may be validly certified by the Chairman of the Board of Directors, by a director serving as CEO, or by the meeting's secretary.

Ordinary and extraordinary general shareholders' meetings shall exercise their respective powers pursuant to the conditions provided for by law.

7.1.12 SHAREHOLDERS' VOTING RIGHTS

(See Article 11 of the bylaws)

Each ordinary share gives its holder the right to one vote at general shareholders' meetings.

Moreover, as an exception to Article L. 225-123 of the Commercial Code, Article 11 of the Company's Articles of association stipulates that the Company's shares do not grant double voting rights in favour of the Company's shareholders.

7.1.13 DECLARATION OF INTENT

None.

7.2 CAPITAL

7.2.1 SHARE CAPITAL

At December 31, 2018, the capital was set at €169,914,996 and represented by 84,957,498 shares with a par value of €2 each, of the same class and fully paid up.

As a reminder, a reverse stock split on the basis of two existing shares for one new share was decided at the Company's general shareholders' meeting of September 12, 2018 and was implemented on October 1, 2018, thereby increasing the par value of each share from €1 to €2.

7.2.2 POTENTIAL SHARE CAPITAL

At December 31, 2018, the potential share capital is broken down as follows:

- 786,698 shares under free share allocations plans;
- 528,750 shares under stock option plans.

I.e. a total of 1,315,448 potential shares.

The maximum potential dilution in the event that all the shares arising from the free shares and stock options are issued comes to 1.55% of the share capital at December 31, 2018.

7.2.3 SECURITIES NOT REPRESENTING SHARE CAPITAL

At December 31, 2018, the Company has not issued any securities not representing share capital.

7.2.4 CONDITIONS LAID DOWN BY THE BOARD OF DIRECTORS RELATING TO THE EXERCISE OF THE SUBSCRIPTION AND PURCHASE OPTIONS GRANTED TO THE OFFICERS

None.

7.2.5 CONDITIONS LAID DOWN BY THE BOARD OF DIRECTORS RELATING TO THE DISPOSAL OF THE FREE SHARES ALLOCATED TO THE OFFICERS

At December 31, 2018, the free shares held by Mr. Xavier Barbaro, were allocated to him prior to the Company's change in corporate form and the listing of the securities for trading on a regulated market.

7.2.6 SUMMARY STATEMENT OF THE TRANSACTIONS CARRIED OUT DURING THE FINANCIAL YEAR BY THE EXECUTIVES OR SIMILAR PERSONS ON THE COMPANY'S SECURITIES OR ON RELATED FINANCIAL INSTRUMENTS

Persons	Financial instruments	Transaction date	U.P. *(in euros)*	Transaction type	Transaction volume
Olga Kharitonova	Shares	10.18.2018	16.50000	Acquisition	1,500
Bpifrance Investissement	Shares	10.18.2018	16.50000	Disposal	(1,506,916)
Olga Kharitonova	Shares	10.22.2018	16.50000	Acquisition	1,500
Serge Stepanov	Shares	10.22.2018	16.50000	Disposal	(120,000)
Xavier Barbaro	Shares	10.22.2018	16.50000	Disposal	(278,150)
Xavier Barbaro	Shares	10.22.2018	16.50000	Disposal	(21,850)
Paul-François Croisille	Shares	10.22.2018	16.50000	Disposal	(37,500)
Impala SAS	Shares	10.22.2018	16.50000	Acquisition	13,484,145
Impala SAS	Shares	10.22.2018	16.50000	Acquisition	457,500
Stéphanie Levan	Shares	10.23.2018	18.00000	Acquisition	1,950
Stéphanie Levan	Shares	10.23.2018	17.50000	Acquisition	1,550
Impala SAS	Shares	10.23.2018	17.79456	Acquisition	100,000
Impala SAS	Shares	10.23.2018	16.50000	Loan	1,043,984
Hélène Lee Bouygues	Shares	10.26.2018	17.30000	Acquisition	632
Bpifrance Investissement	Shares	11.20.2018	16.50000	Disposal	(1,043,984)
Impala SAS	Shares	11.20.2018	16.50000	Disposal	(1,043,984)
Hélène Lee Bouygues	Shares	12.10.2018	17.80000	Acquisition	1,000

7.2.7 TREASURY SHARES AND PURCHASE BY THE COMPANY OF ITS OWN SHARES

At December 31, 2018, none of its subsidiaries or a third party acting on its own account held any of the Company shares. At December 31, 2018, the Company held 150,658 of is shares, representing 0.17% (on the basis of the share capital at December 31, 2018), of which 3,592 shares held under the liquidity contract. These shares have no voting rights.

7.2.8 OTHER SECURITIES GIVING ACCESS TO THE SHARE CAPITAL

7.2.8.1 STOCK OPTIONS

At December 31, 2018, the general shareholders' meeting of the Company of October 2, 2018, in its 13th resolution authorised the Board of Directors, with the right to sub-delegate, to grant stock options or share purchase options to some or all employees and executive officers of the Group.

7.2.8.2 ALLOCATIONS OF FREE SHARES

At December 31, 2018, [the general shareholders' meeting of the Company of October 2, 2018, in its 12th resolution authorised the Board of Directors to carry out allocations of free shares, either existing or to be issued, for some or all employees and corporate officers of the Group.

7.2.9 TERMS GOVERNING ANY ACQUISITION RIGHTS AND/OR OBLIGATIONS ATTACHED TO SUBSCRIBED BUT NOT PAID-UP CAPITAL

None.

7.2.10 SHARE CAPITAL OF ANY GROUP COMPANY SUBJECT TO AN OPTION OR OPTION AGREEMENT

None.

7.2.11 PROGRAMME FOR NEOEN TO BUY BACK ITS OWN SHARES

AUTHORISATION GIVEN BY THE GENERAL SHAREHOLDERS' MEETING OF OCTOBER 2, 2018

The general shareholders' meeting of October 2, 2018 authorized the Board of Directors to carry out stock market transactions on the Company's own shares. This authorization was given for 18 months, until April 1, 2020.

The maximum buy-back unit price was set by the fourth resolution, adopted by the combined general shareholders' meeting of the Company on October 2, 2018, at 200% of the price of the shares offered to the public when the Company's shares were listed for trading on the Euronext Paris regulated market, *i.e.* a unit price of €33 per share for a maximum amount of €50 million.

The objectives of this programme are the following:

- allocation of free shares under the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code and/or the reduction of capital by cancellation of all or part of the shares thus purchased;
- stabilising the secondary market or the liquidity of the shares of the Company by an investment service provider operating under a liquidity contract complying with the charter of ethics recognised by the Financial Market Authority (*Autorité des Marchés Financiers* – AMF).

ASSESSMENT OF THE SHARE BUY-BACK PROGRAMME

(in number of treasury shares)	Stock market stabilisation	Share buy-back programme	Total
Positions at December 31, 2017	**0**	**5,000(1)**	**5,000**
Procurement	25,509	142,066	167,575
Sales	(21,917)	-	(21,917)
POSITIONS AT DECEMBER 31, 2018	**3,592**	**147,066**	**150,658**

(1) Number of shares after the implementation of the regrouping of shares on October 1, 2018.

Over the whole year 2018, 167,575 shares were purchased at the average price of €18.67 per share and 21,917 shares were sold at the average price of €18.79 per share. At December 31, 2018, Neoen directly or indirectly held 150,658 treasury shares, representing a value of €207 million on the basis of the book value.

7.2.12 AGREEMENT PROVIDING FOR EMPLOYEES' SHAREHOLDING IN THE COMPANY'S CAPITAL

PROFIT-SHARING AGREEMENT

The introduction of a profit-sharing agreement is mandatory in companies with 50 or more employees recording profits for tax purposes in excess of the remuneration on 5% of the equity capital in application of Article L. 3322-2 of the French Labor Code.

In 2018, the Company signed a profit-sharing agreement with the combined employee representative body, which was filed with the DIRECCTE.

COMPANY SAVINGS SCHEMES AND ASSIMILATED SCHEMES

The creation of a savings scheme is mandatory in companies having put in place a profit-sharing arrangement in application of Articles L. 3323-2 and L. 3323-3 of the French Labour Code. A company or group savings scheme is a collective savings system offering employees of member companies the option to build up a portfolio of securities with the help of their employer.

In 2014, the Company put in place a company savings scheme (PEE) and a collective retirement savings scheme (PERCO).

Any amounts generated under the profit-sharing scheme as well as contributions made by employees on a voluntary basis, potentially topped by an additional payment made by the employer (top-up), may be paid to the PEE and the PERCO.

This arrangement for payment of a top-up by the employer in addition to voluntary payments made by employees up to the maximum limits defined by law has been in place in the Company to date and is revised on an annual basis.

All amounts invested in the PEE are then locked up for five years while amounts invested in the PERCO remain locked up until the retirement of the beneficiary other than in those cases of early release defined by law.

In accordance with Article L. 3332-25 of the French Labour Code, the saver has the option to liquidate all assets held in the scheme in order to exercise the share purchase options allocated under the conditions set out in Articles L. 225-177 or L. 225-179 of the French Commercial Code. Shares subscribed for or purchased in this manner by the saver are then paid into the savings scheme and are vested only after a period of five years starting from this payment.

At December 31, 2018, the employees did not have any share in the profits of the Company under the agreements described above.

7.2.13 SHARES NOT REPRESENTING CAPITAL

There are no shares not representing capital.

7.2.14 CHANGE IN THE SHARE CAPITAL

The following table presents the history of changes in the Company's share capital over the past three financial years, taking into account, as from October 1, 2018, the reverse stock split, on the basis of two existing shares for one new share, which was decided at the Company's general shareholders' meeting of September 12, 2018 and was implemented on October 1, 2018:

Date	**Type of transaction**	**Share capital prior to the transaction** *(in euros)*	**Issue premium per share** *(in euros)*	**Number of shares prior to the transaction**	**Number of shares after the transaction**	**Par value** *(in euros)*(1)	**Share capital after the transaction** *(in euros)*(1)
03.31.16	Capital increase (exercise of stock options)	85,817,968	N/A	85,817,968	85,921,638	1	85,921,638
05.31.16	Capital increase (exercise of share subscription warrants)	85,921,638	0.39	85,921,638	87,136,678	1	87,046,638
	Capital increase (exercise of stock options)	87,046,638	0.20	87,046,638	87,076,638	1	87,076,638
06.23.16	Capital increase	87,076,638	2	87,076,638	93,743,303	1	93,743,303
08.22.16	Capital increase (exercise of stock options)	93,743,303	N/A	93,743,303	93,773,303	1	93,773,303
	Capital increase (exercise of stock options)	93,773,303	0.20	93,773,303	93,822,253	1	93,822,253
12.16.2016	Capital increase	93,822,253	2	93,822,253	103,822,253	1	103,822,253
12.19.2016	Capital increase (exercise of share subscription warrants)	103,822,253	0.39	103,822,253	103,997,253	1	103,997,253
12.22.2016	Capital increase (exercise of share subscription warrants)	103,997,253	0.39	103,997,253	104,610,915	1	104,610,915
12.23.2016	Capital increase	104,610,915	2	104,610,915	104,810,915	1	104,810,915
12.30.2016	Capital increase (exercise of share subscription warrants)	104,810,915	0.39	104,810,875	105,907,569	1	105,907,569
01.31.2017	Capital increase	105,907,569	2	105,907,569	106,157,569	1	106,157,569
	Capital increase (exercise of stock options)	106,157,569	N/A	106,157,569	106,257,569	1	106,257,569
06.30.2017	Capital increase (exercise of stock options)	106,257,569	N/A	106,257,569	106,347,569	1	106,347,569
	Capital increase (exercise of stock options)	106,347,569	0.20	106,347,569	106,373,619	1	106,373,619
	Capital increase (exercise of share subscription warrants)	106,373,619	0.39	106,373,619	106,523,619	1	106,523,619
07.04.2017	Capital increase (exercise of stock options)	106,523,619	1	106,523,619	106,543,619	1	106,543,619
11.06.2017	Capital increase (exercise of stock options)	106,543,619	N/A	106,543,619	106,618,619	1	106,618,619
	Capital increase (exercise of share subscription warrants)	106,618,619	0.39	106,618,619	107,328,619	1	107,328,619
12.29.2017	Capital increase (exercise of share subscription warrants)	107,328,619	0.39	178,381,610	107,746,965	1	107,746,965
	Capital increase (allocation of free shares)	107,746,965	N/A	107,746,965	107,964,140	1	107,964,140
07.02.2018	Capital increase (exercise of stock options)	107,964,140	1	107,964,140	108,719,140	1	108,719,140
	Capital increase (exercise of share subscription warrants)	108,719,140	0.39	108,719,140	108,794,140	1	108,794,140
10.18.2018	Capital increase (reserved to Impala)	108,794,140	14.50	108,794,140	57,647,271(2)	2	115,294,542
10.18.2018	Capital increase (public offering)	115,294,542	14.50	57,647,271(2)	84,919,998(2)	2	169,839,996
11.21.2018	Capital increase (exercise of stock options)	169,839,996	N/A	84,919,998(2)	84,957,498(2)	2	169,914,996

(1) The number of shares shown in this table corresponds to the number of shares with a par value of €1 before taking into account the reverse stock split implemented on October 1, 2018, excluding capital increases subsequent to the reverse stock split.

(2) The number of shares after implementation of the reverse stock split of October 1, 2018.

7.2.15 DISPOSAL OF SHARES

None.

7.2.16 PLEDGES

Please refer to Section 2.2.1 "Indebtedness, cash flow" of this Registration Document.

7.3 SHAREHOLDING STRUCTURE

7.3.1 ALLOTMENT OF CAPITAL AND VOTING RIGHTS

The table below shows the breakdown of share capital and voting rights in the Company as of December 31, 2018. This description is made to the knowledge of the Company, based on the information available to it as of December 31, 2018:

Shareholders	Number of Shares	% of Capital	% of Voting Rights
Impala SAS	42,560,000	50.10%	50.19%
Fonds Stratégique de Participations (FSP)	6,400,000	7.53%	7.55%
Fonds FPCI ETI 2020 Fund *Represented by fund manager Bpifrance Investissement*	4,983,683	5.87%	5.88%
Céleste Management SA	2,800,000	3.30%	3.30%
Fonds FPCI Capenergie 3 Fund *Represented by fund manager Omnes Capital*	2,113,195	2.49%	2.49%
Neoen's Senior management	2,802,351	3.30%	3.30%
Treasury Shares	150,658	0.17%	-
Float	23,147,611	27.24%	27.29%
TOTAL	**84,957,498**	**100%**	**100%**

IMPALA SAS

Impala SAS is a simplified limited company (société anonyme) belonging to the Impala group, established in July 2011, owned and managed by Jacques Veyrat and his family. The Impala Group invests in projects with strong development potential, mainly in four sectors: energy (interests in Neoen, Castleton Commodities International and Albioma), industry (stakes in Technoplus Industries, Electropoli, P & B Group , ASC Regenity, Arjo Solutions), brands (holdings in Pull-in, Maison Lejaby and Exception) and asset management (stake in Eiffel Investment Group, important projects in China, real estate projects in the Paris region, Spain, Luxembourg and a hotel group in Portugal). Impala is an investor with a long-term view that supports management and developing the Company.

The Impala Group has over €1 billion in equity.

FONDS STRATÉGIQUE DE PARTICIPATIONS (FSP)

The Fonds Stratégique de Participations (FSP) is an open-end investment fund registered with the *Autorité des Marchés Financiers* with a long-term equity investment objective which invests in equity in French companies that are considered "strategic". Seven insurance companies (BNP Paribas Cardif, CNP Assurances, Crédit Agricole Assurances, SOGECAP (Société Générale Insurance), Groupama, Natixis Assurances and Suravenir) are now shareholders of the FSP and sit on its Board of Directors. To date, the FSP comprises seven sub-funds, invested in the capital of Arkema, Seb, Safran, Eutelsat Communications, Tikehau Capital, Elior Group and Neoen. The FSP continues to study of investment opportunities in the share capital of French companies.

FCPI ETI 2020

Subsidiary of the *Caisse des Dépôts et Consignations* and the State, Bpifrance assists entrepreneurs and businesses, in credit and equity, from seed to stock market listing. The ETI 2020 fund is a professional private equity fund (FPCI), managed by Bpifrance Investissement, whose objective is to support long term mid-cap companies with potential to accelerate their emergence and development, strengthen their capacity to innovate and promote their international development.

CÉLESTE MANAGEMENT SA

Celeste Management SA is a Swiss family office. Celeste Management SA provides long-term support to players in resilient sectors that require a long-term vision such as energy transition, health and education.

FPCI CAPENERGIE 3

Capenergie 3 is a professional private equity fund (FPCI) that specialises in the field of renewable energies. Its management company, Omnes Capital, is a major player in private equity and infrastructure investment, particularly in the field of renewable energies with €3.6 billion under management in this sector and 1.5 GW in operation. Formerly a subsidiary of Crédit Agricole SA until March 2012, Omnes Capital is now owned by its employees.

To the best of the Company's knowledge, no other shareholder owns, directly or indirectly, alone or in concert, more than 5% of the Company's share capital and/or voting rights.

None of the companies controlled by the Company hold treasury shares of the Company.

7.3.2 COMMITMENTS MADE BY THE SHAREHOLDERS TO RETAIN THE SECURITIES IN CONNECTION WITH THE INITIAL PUBLIC OFFERING

In application of the guarantee contract signed on October 2, 2018 between Neoen, the guarantor banks in the initial public offering, and some of its shareholders, a commitment was made to retain the securities:

- for a period expiring 180 days after the settlement date of the offer (which took place on October 18, 2018) by:
  - FPCI Capenergie II (represented by Omnes Capital),
  - FPCI Fonds ETI 2020 (represented by Bpifrance Investissement),
  - Impala,
  - FPCI Capenergie 3 (represented by Omnes Capital),
  - Le Fonds Stratégique de Participation (FSP),
  - Celeste Management S.A.;
- for a period expiring 365 days after the settlement date of the offer (which took place on October 18, 2018) by certain executives.

7.3.3 OBLIGATION TO RETAIN THE COMPANY'S SHARES

Pursuant to the internal regulations of the Board of Directors (Article 3.10), each member of the Board of Directors must own (directly or indirectly) at least 500 (five hundred) shares throughout his/her term of office and, in any case, at the latest within six months after his/her appointment.

Furthermore, in accordance with the AFEP-MEDEF Corporate Governance Code to which the Company refers, an obligation to retain shares, registered and up to the end of their terms of office, was laid down at 5,000 (five thousand) shares by the Board of Directors for the executive officers.

7.3.4 EXCEEDING LEGAL AND/OR STATUTORY THRESHOLDS

(See Article 10 of the bylaws)

In addition to the thresholds provided for by applicable laws and regulations, any natural person or legal entity, acting alone or in concert, who comes to hold or ceases to hold, directly or indirectly, a fraction equal to or greater than one percent (1%) of the Company's share capital or voting rights or any multiple of such percentage, including beyond the reporting thresholds provided for by laws and regulations and up to 50% of the share capital or voting rights, must inform the Company of the total number of shares and voting rights that it possesses as well as of securities giving access to the share capital and voting rights that are potentially attached thereto, by registered letter with return receipt requested sent to the Company's senior management at the registered office no later than the close of the fourth trading day following the day on which the threshold is crossed.

The thresholds referred to above shall be determined also taking into account indirectly held shares or voting rights and shares or voting rights having the same rights as the shares or voting rights held, as defined in Articles L. 233-7 *et seq*. of the French Commercial Code.

In the event of non-compliance with the above provisions, the sanctions provided for by law for the failure to comply with the obligation to report the crossing of legal thresholds shall apply to the thresholds set forth in the bylaws only upon the request (recorded in the minutes of the general shareholders' meeting) of one or more shareholders holding at least five percent (5%) of the Company's share capital or voting rights.

The Company reserves the right to inform the public and the shareholders either of the information that shall have been provided to it or of the non-compliance by any person with the obligation set forth above.

REPORTING THRESHOLDS EXCEEDED

At December 31, 2018, the following shareholders reported holding more than 1% of the voting rights in the Company (on the basis the declarations of exceeding the statutory thresholds):

Declaration date	Date of the market transaction	Registered intermediaries of fund managers	Type of threshold crossing	Number of shares	% Capital
10.18.2018	10.17.2018	Fonds Stratégique de Participations	Upwards	6,400,000	7.54%
12.19.2018	10.17.2018	La Financière de l'Échiquier	Upwards	1,786,026	2.10%
12.19.2018	10.18.2018	Caisse des Dépôts	Downwards	6,577,667	7.74%
12.19.2018	10.18.2018	Bpifrance indirectly	Upwards	6,027,667	7.10%
10.22.2018	10.18.2018	Omnes	Downwards	2,113,195	2.49%
10.23.2018	10.18.2018	Crédit Agricole SA	Upwards	2,300,651	2.71%
11.21.2018	11.15.2018	Caisse des Dépôts	Downwards	5,686,241	6.69%
11.21.2018	11.15.2018	Bpifrance indirectly	Downwards	4,983,683	5.86%
11.28.2018	11.28.2018	Amundi	Upwards	1,314,051	1.54%

7.3.5 CHANGES IN SHAREHOLDING OVER THREE YEARS

The table below shows the breakdown of capital and voting rights as of December 31, 2016, December 31, 2017 and December 31, 2018 on an undiluted basis:

	Capital as of December 31, 2016			Capital as of December 31, 2017			Capital as of December 31, 2018		
Shareholder	**Number of ordinary shares(1) and voting rights**	**Percentage of capital (and theoretical voting rights)**	**Percentage of potential voting rights**	**Number of ordinary shares(1) and voting rights**	**Percentage of capital (and theoretical voting rights)**	**Percentage of potential voting rights**	**Number of ordinary shares(3) and voting rights**	**Percentage of Capital (and theoretical voting rights)**	**Percentage of potential voting rights**
Impala SAS(2)	59,040,768	55.75%	55.86%	59,124,678	54.76%	54.76%	42,560,000	50.10%	50.19%
Fonds Stratégique de Participations (FSP)	-	-	-	-	-	-	6,400,000	7.53%	7.55%
FPCI ETI 2020	15,048,166	14.21%	14.24%	15,069,166	13.96%	13.96%	4,983,683	5.87%	5.88%
Céleste Management SA	-	-	-	-	-	-	2,800,000	3.30%	3.30%
Omnes Capital	-	-	-	-	-	-	-	-	-
FPCI Capenergie II	22,763,691	21.49%	21.54%	22,763,691	21.08%	21.08%	-	-	-
FPCI Capenergie 3	2,105,178	1.99%	1.99%	2,105,178	1.95%	1.95%	2,113,195	2.49%	2.49%
Neoen's Senior management(4)	6,732,266	6.36%	6.37%	8,891,427	8.24%	8.25%	2,802,351	3.30%	3.30%
Float	-	-	-	-	-	-	23,147,611	27.24%	27.29%
Treasury Shares	217,500	0.20%	-	10,000	0.01%	-	150,658	0.17%	-
TOTAL	**105,907,569**	**100%**	**100%**	**107,964,140**	**100%**	**100%**	**84,957,498**	**100%**	**100%**

(1) Ordinary shares, with a par value of one euro each fully paid before taking into account share consolidation, on the basis of two old shares for one new share, which was decided at the general shareholders' meeting of the Company of September 12, 2018.

(2) Impala SAS is wholly owned by the Impala Group, controlled and managed by Mr. Jacques Veyrat and his family.

(3) Ordinary shares, with a par value of two euros each, of the same class and fully paid.

(4) As the data is from December 31, 2016 and December 31, 2017, the number of shares indicated also includes those held by employees, and former employees. The number of shares held by senior management on December 31, 2017 was 5,816,503, i.e. 5.39% of the share capital and voting rights of the Company on an undiluted basis.

7.3.6 CONTROL STRUCTURE

At December 31, 2018, the Company is indirectly controlled by Mr. Jacques Veyrat and his family, who hold the majority of the capital and voting rights through Impala SAS.

As a result, Impala SAS is the reference shareholder of the Company.

In this context, the Company has taken all necessary measures to ensure that control is not improperly exercised:

- out of the seven members of the Board of Directors, three directors (more than one third) are independent members, in accordance with the recommendations of the AFEP-MEDEF Code applicable to controlled companies;
- three directors (less than half) are representatives of Impala; and
- one director is a representative of Bpifrance Investissement.

7.3.7 AGREEMENTS THAT MAY LEAD TO A CHANGE OF CONTROL

To the best of the Company's knowledge, at the date of this Registration Document, there are no agreements whose implementation could, at a later date, result in a change of control.

7.3.8 DIVIDENDS

7.3.8.1 DIVIDEND DISTRIBUTION POLICY

In accordance with the law and the bylaws of the Company, the general shareholders' meeting may decide, on the recommendation of the Board of Directors, the distribution of dividends.

The Company's dividend distribution policy takes into account, in particular, the Company's results, its financial position, the implementation of its objectives and its liquidity requirements.

Given its medium-term objectives mentioned in Section 2.3 "Information on trends and objectives" of this document, the Group expects to be able to pay a dividend for the first time in respect of the 2021 financial year, which would be payable in 2022. The size of any such dividend would depend on market opportunities and the Group's assessment of the best way to achieve total returns for shareholders based on then-prevailing market conditions. Future dividends depend, in particular, on the business' general terms and conditions and any factors deemed relevant by the Board of Directors.

7.3.8.2 DIVIDENDS DISTRIBUTED OVER THE PAST THREE YEARS

The Group did not distribute dividends for the years ended December 31, 2015, 2016 and 2017.

7.4 SECURITIES MARKET AND RELATIONS WITH SHAREHOLDERS

7.4.1 SECURITIES MARKET (STOCK MARKET INFORMATION)

INFORMATION SHEET

The Company's shares are listed in France, on Euronext Paris, Compartment A:

- sector: Energy and Basic Products;
- indexes: SSP;
- DSS: Eligible;
- SSP: Eligible;
- ISIN code: FR0011675362;
- date of initial listing: October 17, 2018.

STOCK MARKET DATA

Average price since initial listing	€18.56
Average volume	58,245 shares
Highest price over the last 12 months	€21.2 on 04.08.2019
Lowest price over the last 12 months	€17.1 on 10.17.2018
Progress of the share since listing	+24.85%
Change since 01.01.2019	+8.19%
Market capitalisation at 09.04.2019	€1.75 billion

CHANGE IN THE PRICE AND VOLUME OF TRANSACTIONS ON THE NEOEN SHARE

Dates	**Opening** *(in euros)*	**Highest price** *(in euros)*	**Lowest price** *(in euros)*	**Closing** *(in euros)*	**Volume of transaction at month end**
10.31.2018	17.1	18.8	17.1	18.3	3,429,506
11.30.2018	18.4	20.2	18.2	18.9	844,535
12.31.2018	19.0	19.4	17.7	18.9	681,115
01.31.2019	18.9	20.5	18.8	20.2	420,457
02.28.2019	20.4	20.4	19.2	19.9	467,330
03.29.2019	20.0	20.4	18.6	19.7	468,949
04.09.2019	20.5	20.65	20.5	20.6	26,537

CHANGE IN THE PRICE OF NEOEN SHARES

7.4.2 RELATIONSHIPS WITH SHAREHOLDERS

7.4.2.1 ACCESSIBILITY OF INFORMATION

All the financial information and financial communication media may be consulted, in digital format, on the Neoen website (www.neoen.com) under the heading Investors which particularly contains:

- the Registration Document (including the annual financial report and the half-year financial report) filed with the AMF;
- all the financial press releases and financial communication media (publication of results, webcasts, etc.);
- documents relating to the general shareholders' meeting: none as of the date of this report;

This information can also be sent by post by simply requesting it from the financial communications department.

The legal information (bylaws, meeting minutes of shareholders' meetings, auditors' reports), are available for review at the head office.

7.4.2.2 RELATIONSHIPS WITH INSTITUTIONAL INVESTORS AND FINANCIAL ANALYSTS

To ensure good relations with the financial community, the financial communications department regularly organises events enabling financial analysts and institutional investors to meet senior management.

With regard to financial year 2018, financial publications were presented by senior management at webcasts during which it also replied to questions asked by financial analysts.

Furthermore, since the share was listed, senior management and the financial communications and investor relations department joined in meetings with the financial community (financial analysts and institutional investors), in the form of road shows in France and abroad. These regular contacts contribute to building a relationship of trust.

The Neoen share is monitored by six financial analysis firms.

7.4.2.3 AGENDA

Publication of financial results: April 17, 2019 after market closing

Investor webcast: April 18, 2019

General shareholders' meeting: June 28, 2019

7.4.2.4 FINANCIAL COMMUNICATION CONTACTS

Neoen

6, rue Ménars

75002 Paris

Contact:

communication@neoen.com

08

GENERAL SHAREHOLDERS’ MEETING

8.1 DRAFT RESOLUTIONS

8.1.1 RESOLUTIONS WITHIN THE REMIT OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING

First resolution (Approval of the 2018 financial statements)

The general shareholders' meeting, after reviewing the Board of Directors' and Auditors' reports approves the 2018 financial statements, as presented, comprising the balance sheet, the income statement and the notes, which show a profit of €9,376,196, as well as the transactions reflected in these financial statements and summarised in these reports.

Second resolution (Approval of the 2018 consolidated financial statements)

The general shareholders' meeting, after reviewing the Board of Directors' and Auditors' reports approves the 2018 consolidated financial statements, as presented, comprising the balance sheet, the income statement and the notes, as well as the transactions reflected in these financial statements and summarised in these reports.

Third resolution (Allocation of net income)

The general shareholders' meeting, ruling under the quorum and majority conditions required for ordinary shareholders' meetings, and after having established that the corporate financial statements for the year ended December 31, 2018, and approved by this meeting, show a profit of €9,376,196:

- in accordance with applicable legal requirements, decides to allocate €468,810 of this profit to the legal reserve;
- notes that the balance of the remaining 2018 profit amounts to €8,907,386;

decides to allocate the distributable profit of €8,907,386 to "Other reserves", which will stand at €8,907,386, post allocation.

In accordance with legal requirements, the general shareholders' meeting notes that no dividends have been distributed for the three financial years prior to 2018.

Fourth resolution (Setting the overall remuneration package for Board members)

The general shareholders' meeting, ruling under the quorum and majority conditions required for ordinary general shareholders' meetings, after reviewing the Board of Directors' report, decides to set the overall remuneration package for members of the Board of Directors at €207,500 per year for current and subsequent periods, unless the annual amount is amended by a new general shareholders' meeting. The Board of Directors may allocate this amount freely between its members.

Fifth resolution (Ratification of the cooptation of Fonds Stratégique de Participations as a director)

The general shareholders' meeting, ruling under the quorum and majority conditions required for ordinary general shareholders' meetings, and after reviewing the Board of Directors' report, ratifies the cooptation, decides on by the Board of Directors' on November 21, 2018, of Fonds Stratégique de Participations as a director, to replace Christophe Gégout, who has resigned, for the remainder of the latter's term of office, *i.e.* until after the general shareholders' meeting to approve the financial statements for the financial year ending on December 31, 2019.

Sixth resolution (Renewal of Stéphanie Levan's directorship)

The general shareholders' meeting, ruling under the quorum and majority conditions required for ordinary general shareholders' meetings, and after reviewing the Board of Directors' report, renews Stéphanie Levan's directorship, which is due to end after this shareholders' meeting, for a four-year period ending after the general shareholders' meeting to approve the financial statements for the financial year ending on December 31, 2022.

Seventh resolution (Approval of agreements and commitments subject to the provisions of Articles L. 225-38 et seq. of the French Commercial Code)

The general shareholders' meeting, ruling under the quorum and majority conditions required for ordinary shareholders' meetings, and after reviewing the Auditor' report on agreements and commitments subject to the provisions of Articles L. 225-38 and L. 225-40 to L. 225-42 of the French Commercial Code, approves all the provisions of this report, as well as the new agreements it refers to, approved by the Board of Directors during the financial year ended 31 December 2018.

Eighth resolution (Approval of the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind paid or awarded to Xavier Barbaro, Chairman and CEO, for the financial year 2018, for the period starting from the listing of the Company's shares for trading on the Euronext Paris regulated market)

The general shareholders' meeting, ruling under the conditions of quorum and majority required for ordinary general shareholders' meetings, and after reviewing the report of the Board of Directors on corporate governance, approves, in accordance with Article L. 225-100, II of the French Commercial Code, the fixed, variable and exceptional items comprising the total remuneration and other benefits paid or awarded to Xavier Barbaro, Chairman and CEO, for financial year 2018, for the period starting from the listing of the Company's shares for trading on the Euronext Paris regulated market, as presented in this report.

Ninth resolution (Approval of the principles and the criteria for determining and distributing the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind that can be granted to the Chairman and CEO for exercising his term for the financial year 2019)

The general shareholders' meeting, ruling under the conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the report by the Board of Directors on corporate governance, in accordance with Article L. 225-37-2 of the French Commercial Code, approves the principles and the criteria for determining and distributing the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind that can be granted to the Chairman and CEO for exercising his term for the financial year 2019 as presented in this report.

Tenth resolution (Authorisation to be given to the Board of Directors to trade on the Company's shares)

The general shareholders' meeting, ruling under the quorum and majority conditions required for ordinary general shareholders' meetings, after reviewing the Board of Directors' report, authorises the Board of Directors, with the right to subdelegate in accordance with applicable law, pursuant to the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code, to purchase Company shares, or to have them purchased by third parties, with a view to:

- implementing any Company share purchase option plan under the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code or any similar plan; or
- allocating or selling shares to employees to enable them to share in the fruits of the Company's expansion or the introduction of any company or group savings scheme (or similar plan) under the conditions provided for by law, in particular, Articles L. 3332-1 *et seq.* of the French Labour Code; or
- allocating free shares under the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code; or
- generally speaking, honouring stock option plans or other share allocation to Company employees or corporate officers or those of an associated company; or
- delivering shares when rights attached to transferable securities giving access to the share capital by redemption, conversion, exchange or the presentation of warrants, or by any other means, are exercised; or
- cancelling all, or some, of the securities bought back in this way, subject to the adoption of the 15th resolution of this general shareholders' meeting or any other resolution of the same kind; or
- delivering shares (in exchange, as payment or otherwise) in connection with acquisitions, mergers, spin-offs or contributions; or
- stabilising the secondary market or the liquidity of Company shares by an investment service provider under a liquidity contract complying with market practices approved by the French Financial Markets Authority (*Autorité des Marchés Financiers* – AMF), amended where applicable.

This programme is also intended to enable any market practice that may be approved by the French Financial Markets Authority to be implemented and, more generally speaking, any other transaction that complies with current regulations. Under such circumstances, the Company will inform its shareholders by means of a press release.

The Company will be able to purchase a number of shares such that, on the date of each buyback, the total number of shares purchased by the Company since the start of the buyback programme (including those that are the subject of said buyback) is no more than 10% of the shares comprising the Company's share capital on that date (taking into consideration transactions affecting the share capital after the date of this general shareholders' meeting). It is specified that (i) the number of shares acquired with a view to retention and subsequent delivery as part of a merger, spin-off or contribution, may not be more than 5% of its share capital and (ii) where shares are bought back to boost liquidity under the conditions defined by the French Financial Markets Authority's general regulation, the number of shares taken into consideration when calculating the 10% cap provided for above, corresponds to the number of shares purchased, less the number of shares resold during the authorisation period.

Shares may be acquired, sold or transferred at any time, except during a public offer, within the limits set by current legislation and regulations, and by any means, particularly on regulated markets, multilateral trading facilities, *via* systematic internalisers or over-the-counter transactions, including *via* block trades, public purchase or exchange offers, or the use of options or other futures traded on regulated markets, multilateral trading systems, *via* systemic internalisers or over-the-counter or by the delivery of shares following the issue of transferable securities giving access to the Company's share capital by conversion, exchange, redemption or the exercise of warrants, either directly or indirectly *via* an investment services provider, or by any other means (with no limit on the percentage of the buyback programme that can be carried out using any one of these methods).

The maximum share purchase price under this resolution will be €35 per share (or the equivalent of this amount, on the same date, in any other currency). This maximum price only applies to acquisitions decides after the date of this shareholders' meeting and not to future transactions concluded under an authorisation granted by a previous general shareholders' meeting and providing for share acquisitions after the date of this shareholders' meeting.

The general shareholders' meeting authorises the Board of Directors, in the event of a change in the share's par value, an increase in the share capital through the incorporation of reserves, free share grants, stock splits or reverse stock splits, a distribution of reserves or any other assets, the redemption of capital, or any other transaction affecting the share capital or equity, to adjust the aforementioned maximum purchase price to take into account the impact of these operations on the share value.

The maximum funds designated for use by the buyback programme is set at €50 million.

The general shareholders' meeting gives the Board of Directors full authority, with the right to subdelegate in accordance with applicable law, to decide on and implement this authorisation and, if necessary, to specify the terms and conditions thereof, to carry out the buyback programme and, in particular, to place any trading orders, conclude any agreements, allocate or reallocate the shares acquired to the objectives set, in accordance with applicable legal and regulatory requirements, to set the terms under which the rights of holders of transferable securities giving access to the share capital or other rights giving access to the share capital, will be protected, if necessary, in accordance with legal and regulatory provisions and, where applicable, with contractual provisions providing for other adjustments, to make any declarations to the French Financial

Markets Authority and any other competent authority and to complete any other formalities and, generally speaking, to do all that is necessary.

This authorisation is given for a period of eighteen months from the date of this general shareholders' meeting.

8.1.2 RESOLUTION WITHIN THE REMIT OF THE EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING

Eleventh resolution (Increase in the nominal ceiling on capital increases that may be carried out and setting of a nominal ceiling on debt securities that may be issued, under the 6th and 7th resolutions of the combined general shareholders' meeting of October 2, 2018, authorising the Board of Directors to issue shares and/or transferable securities giving immediate or future access, respectively, to the share capital, without preferential subscription rights by public offering and without preferential subscription rights by the private placement referred to in Article L. 411-2 II of the French Monetary and Financial Code, valid until December 1, 2020)

The general shareholders' meeting, ruling under the quorum and majority conditions required for extraordinary general shareholders' meetings, after reviewing the Board of Directors' report and the Auditors' special report, and in accordance with the provisions of Articles L. 225-129 *et seq.* and L. 228-91 *et seq.* of the French Commercial Code:

1. after having reminded that the combined general shareholders' meeting of October 2, 2018:
    - under its 6th resolution, authorised the Board of Directors to increase the Company's capital by issuing shares and/or transferable securities giving immediate, or future, access to the share capital, without preferential subscription rights, by public offering, by up to a nominal amount of €60 million, valid until December 1, 2020, and
    - under its 7th resolution, authorised the Board of Directors to increase the Company's capital by issuing shares and/or transferable securities giving immediate, or future, access to the share capital, without preferential subscription rights, by the private placement referred to in Article L. 411-2 II of the French Monetary and Financial Code, by up to a nominal amount of €10 million. It is specified that this amount is included in the ceiling provided for in the 6th resolution, valid until December 1, 2020; and
2. after having reminded that the Board of Directors, meeting on October 16, 2018, in making use of the aforementioned 6th resolution, within the context of the Company's IPO, decides to increase the share capital by €449,999,995.50 without preferential subscription rights, by public offering, by issuing 27,272,727 new ordinary shares with a par value of two (2) euro each, at an issue price of €16.50 per share (including an issue premium of €14.50 per share), *i.e.* a nominal capital increase of €54,545,454.00, plus an overall premium of €395,454,541.50;
3. decides that the maximum nominal amount of the capital increases that may be completed under the 6th resolution of the combined general shareholders' meeting of October 2, 2018, may not exceed a new nominal ceiling set at €80 million. It is specified that, given the nominal amount of the capital increase without preferential subscription rights by public offering carried out on October 16, 2018 of €54,545,454.00, included in the ceiling provided for in said 6th resolution, the total nominal amount of the capital increases that may be completed following said modification may not exceed €25,454,546. It is specified, however, that (i) the aforementioned nominal amounts do not take into account adjustments that may be made in accordance with applicable legal and regulatory provisions, and where applicable, contractual provisions providing for other adjustments, to protect the rights of holders of transferable securities or other rights giving access to share capital and that (ii) the nominal amount of capital increases that may be implemented under said 6th resolution will be included in the €125 million overall ceiling, provided for by paragraph 2 of the 5th resolution of the combined general shareholders' meeting of October 2, 2018. It is also specified that, where necessary, capital increases completed under the 5th, 7th, 8th, 10th, 11th, 12th, 13th, 14th and 15th resolutions of the combined shareholders' meeting of October 2, 2018, as well as under the 11th, 13th and 14th resolutions of this general shareholders' meeting, will also be included in the aforementioned €125 million overall ceiling;
4. decides that the maximum nominal amount of capital increases that may be carried out under the 7th resolution of the combined shareholders' meeting of October 2, 2018, may not exceed a new nominal ceiling set at €25 million. It is specified that (i) this maximum nominal amount does not take into account any adjustments that may be made in accordance with applicable legal and regulatory provisions, and where applicable, contractual provisions providing for other adjustments, to protect the rights of holders of transferable securities or other rights giving access to share capital and that (ii) this maximum nominal amount will be included in the ceiling provided for in the 6th resolution of the combined shareholders' meeting of October 2, 2018, as increased by this resolution, and in the overall ceiling provided for by paragraph 2 of the 5th resolution of the combined shareholders' meeting of October 2, 2018, as reiterated under this resolution;

5. decides that the Board of Directors may not, without prior authorisation by the General Shareholders' Meeting, make use of the 6th and 7th resolutions of the Combined General Shareholders' Meeting of 2 October 2018, as amended by this delegation, from the date of filing of a public offering for the securities of the Company by a third party until the end of the offering period;

6. decides to set limits on the amounts of debt securities issued in the event of issues of transferable securities in the form of debt securities giving immediate, or future, access to the Company's share capital, under the 6th or 7th resolutions of the combined shareholders' meeting of October 2, 2018, as follows:

- the nominal amount of debt securities that may be issued immediately, or in the future, under each of the 6th and 7th resolutions of the combined general shareholders' meeting of October 2, 2018, is set at €200 million, or the equivalent value in any other currency or monetary unit established in reference to a basket of currencies on the issue date,
- where appropriate, this amount may be increased by any above-par redemption premium,
- this amount is not dependent on the amount of debt securities that may be issued as a result of the use of other resolutions brought before this meeting, as well as those of the combined general shareholders' meeting of October 2, 2018, and debt securities whose issue may be decided upon, or authorised, by the Board of Directors in accordance with Articles L. 228-36-A, L. 228-40, L. 228-92 paragraph 3, L. 228-93 paragraph 6 and L. 228-94 paragraph 3 of the French Commercial Code;

7. decides that the other provisions of the 6th and 7th resolutions remain unchanged and are still valid for the remaining term of said resolutions, *i.e.* until December 1, 2020.

Twelfth resolution (Nominal ceiling on debt securities that may be issued under the 5th and 8th resolutions of the combined general shareholders' meeting of October 2, 2018, authorising the Board of Directors to issue shares and/or transferable securities giving immediate or future access, respectively, to the share capital, with preferential subscription rights or in return for contributions in kind, constituted by equity securities or transferable securities giving access to the share capital, valid until December 1, 2020)

The general shareholders' meeting, ruling under the quorum and majority conditions required for Extraordinary general shareholders' meetings, after reviewing the Board of Directors' report [and the Auditors' special report], and in accordance with the provisions of Articles L. 225-129 *et seq.* and L. 228-91 *et seq.* of the French Commercial Code:

1. after having reminded that the combined general shareholders' meeting of October 2, 2018:

- under its 5th resolution, delegated to the Board of Directors the authority to decide on share capital increases of the Company by issuing shares and/or transferable securities giving immediate, or future, access to the share capital, with preferential subscription rights,
- under its 8th resolution, authorised the Board of Directors to issue shares and/or transferable securities giving immediate, or future, access to shares to be issued by the Company in return for contributions in kind constituted by equity securities or transferable securities giving access to share capital; and

2. after having also reminded that the combined general shareholders' meeting of October 2, 2018 had not, under the aforementioned resolutions, set the maximum nominal amount of debt securities that may be issued immediately, or in the future, under these resolutions;

3. decides to set limits on the amounts of debt securities issued in the event of issues of transferable securities in the form of debt securities giving immediate, or future, access to the Company's share capital, under the 5th or 8th resolutions of the combined shareholders' meeting of October 2, 2018, as follows:

- the nominal amount of debt securities that may be issued immediately, or in the future, under each of the 5th and 8th resolutions of the combined general shareholders' meeting of October 2, 2018, was set at €200 million, or the equivalent value in any other currency or monetary unit established in reference to a basket of currencies on the issue date,
- where appropriate, this amount will include any above-par redemption premium,
- this amount is not dependent on the amount of debt securities that may be issued as a result of the use of other resolutions brought before this meeting, as well as those of the combined general shareholders' meeting of October 2, 2018, and debt securities whose issue may be decided upon, or authorised, by the Board of Directors in accordance with Articles L. 228-36-A, L. 228-40, L. 228-92 paragraph 3, L. 228-93 paragraph 6 and L. 228-94 paragraph 3 of the French Commercial Code;

4. decides that the other provisions of the 5th and 8th resolutions of the combined general shareholders' meeting of October 2, 2018 remain unchanged and continue to be valid for the remaining term of said resolutions, *i.e.* until December 1, 2020.

Thirteenth resolution (Authorisation to be given to the Board of Directors to increase the Company's capital by issuing shares and/or transferable securities giving immediate, or future, access to the share capital, without preferential subscription rights, reserved for members of savings schemes)

The general shareholders' meeting, ruling under the quorum and majority conditions required for extraordinary general shareholders' meetings, after reviewing the Board of Directors' report and the Auditors' special report, and in accordance with, on the one hand, the provisions of Articles L. 225-129-2, L. 225-129-6, L. 225-138-1 and L. 228-91 *et seq.* of the French Commercial Code and, on the other, of Articles L. 3332-18 to L. 3332-24 of the French Labour Code:

1. authorises the Board of Directors, with the right to subdelegate in accordance with applicable law, to decide on the share capital increase without preferential subscription rights, on one or more occasions, in France or abroad, in the proportions and at the times that it sees fit, either in euro, or in any other currency or monetary unit established in reference to a basket of currencies, with or without a premium, for a fee or free of charge, by issuing (i) Company shares (other than preference shares) and/or (ii) transferable securities governed by Articles L. 228-92 paragraph 1 or L. 228-94 paragraph 2 of the French Commercial Code, giving immediate or future access, at any time or on a set date, by subscription, conversion, exchange, redemption, the presentation of warrants or by any other means, to the Company's share capital (including equity securities granting entitlement to debt securities), reserved for members of one or more employee savings schemes (or any other members' plan under which Articles L. 3332-1 *et seq.* of the French Labour Code, or any other similar law or regulation, that would allow for a reserved capital increase under the same conditions) set up in a French or foreign company, or group of companies, falling within the scope of the Company's consolidated or combined financial statements in accordance with Article L. 3344-1 of the French Labour Code, it being specified that this resolution may be used to implement leverage formulae;
2. decides to set the limits for the capital increases authorised, should this delegation of power be used by the Board of Directors:
   - the maximum nominal amount of immediate, or future, capital increases that may be carried out under this authorisation is set at 1% of the share capital on the date of the Board of Directors' decision. It is specified that this amount will be included in the overall ceiling provided for by paragraph 2 of the 5th resolution of the combined shareholders' meeting of October 2, 2018, as reiterated under the 11th resolution of this general shareholders' meeting, or, where applicable, in any overall ceiling provided for by resolutions of the same type that may supersede this resolution during the period of validity of this delegation of power,
   - where applicable, these ceilings will also include the nominal amount of shares to be issued to protect, in accordance with legal and regulatory provisions and, where applicable, contractual provisions providing for other adjustments, the rights of holders of transferable securities, or other rights, giving access to the share capital;
3. decides that the issue price of new shares or transferable securities giving access to the share capital will be determined under the conditions provided for in Articles L. 3332-18 *et seq.* of the French Labour Code and will be at least 80% of the Reference Price (as this expression is defined below) or 70% of the Reference Price where the lockup period under Articles L. 3332-25 and L. 3332-26 of the French Labour Code, is ten years or more, given that, in the event of legislative changes, the maximum discounts provided for by legal or regulatory provisions applicable on the issue date, will automatically replace the aforementioned 20% and 30% discounts, respectively, on the Reference Price. For the purposes of this paragraph, the Reference Price means the average of the opening prices of the Company's shares on the Paris Euronext regulation market in the twenty trading sessions prior to the date of the decision being taken by the Board of Directors or its delegate, setting the opening date of the subscription period for members of a company or group savings scheme (or similar scheme);

   The general shareholders' meeting expressly authorises the Board of Directors, should it see fit, to reduce or cancel the aforementioned discount on the Reference Price, within legal and regulatory limits, in particular, to take into account locally applicable legal, accounting, tax and social security systems;
4. authorises the Board of Directors to grant, free of charge, to the aforementioned beneficiaries, in addition to shares or transferable securities giving access to the share capital, shares or transferable securities giving access to future or existing share capital to replace all, or part, of the discount on the Reference Price and/or the employer's top-up contribution, given that the benefit arising from this grant may not exceed the legal or regulatory limits applicable under Articles L. 3332-10 *et seq.* of the French Labour Code;
5. for the benefit of the aforementioned beneficiaries, decides to remove shareholders' preferential right to subscribe for the securities referred to by this resolution, said shareholders also waiving any right, in the event of free shares or transferable securities giving access to the share capital being awarded to the beneficiaries shown above, to said shares or securities giving access to share capital, including the portion of the reserves, profits or premiums incorporated in the share capital, as a result of the allocation of said securities, free of charge, on the basis of this resolution;
6. authorises the Board of Directors, under the terms of this authorisation, to sell shares to members of a company or group savings scheme (or similar scheme) as provided for by Article L. 3332-24 of the French Labour Code, given that the nominal amount of shares sold at a discount to members of one, or more, of the employee savings schemes referred to in this resolution, will be included in the ceilings referred to in paragraph 2 above;
7. decides that the Board of Directors, with the right to subdelegate in accordance with applicable law, will have full authority to implement this delegation of power, in particular, for the purposes of:
   - issuing shares and/or transferable securities giving immediate, or future, access to the Company's share capital,
   - drawing up, in accordance with applicable law, a list of companies that have issued shares or transferable securities giving access to share capital that may be subscribed for by the above beneficiaries who, where applicable, may receive free shares or transferable securities giving access to share capital,

- deciding that beneficiaries, members of a company or group savings scheme (or similar scheme) may subscribe direct or *via* an employees' mutual fund or other structures or entities permitted by applicable legal or regulatory provisions,
- determining the requirements, particularly in terms of length of service, that must be met by beneficiaries of capital increases,
- where applicable, setting terms for the exercise of rights (where applicable, rights of conversion, exchange or redemption, including by the delivery of Company assets such as existing treasury shares or transferable securities) attached to shares or transferable securities giving access to share capital and, in particular, setting the date, which may be retrospective, from which the new shares will rank for dividend, as well as any other terms and conditions applicable to capital increases,
- setting the terms under which the Company will have, where applicable, the right to purchase or trade on the stock market, at any time or during set periods, transferable securities giving access to the share capital whether or not with a view to cancelling said securities, given the applicable legal provisions,
- providing for the option to suspend any exercise of rights attached to shares or securities giving access to the share capital in accordance with legal and regulatory provisions,
- setting the amounts of issues to be made under this authorisation and determining, in particular, issue prices, dates, time limits, terms and conditions of subscription, settlement, delivery and vesting (which may be retrospective), rules on reducing amounts in the event of oversubscription, as well as other terms and conditions of issue, in accordance with current legal or regulatory constraints,
- determining and making any adjustments intended to recognise the impact of transactions on the Company's share capital or equity, in particular, in the event of changes to the par value of shares, capital increases through the incorporation of reserves, profits or premiums, free share grants, stock splits or reverse stock splits, the distribution of dividends, reserves or premiums or any other assets, redemption of capital, or any other transactions affecting the capital or equity (including in the event of a public offer and/or change of control), and setting any other terms ensuring, where applicable, that the rights of holders of transferable securities or other rights giving access to share capital are protected (including *via* cash adjustments),
- in the event of the award of free shares or transferable securities giving access to the share capital, setting the type and number of shares or transferable securities giving access to the share capital to be issued, as well as related terms and characteristics, the number to be awarded to each beneficiary, and setting the dates, time limits and terms and conditions for the award of these shares or transferable securities giving access to the share capital, in accordance with current legal and regulatory constraints and, in particular, choosing whether to fully, or partially, replace the award of these shares or transferable securities with the discounts on the Reference Price provided for above, or to deduct the equivalent value of these shares or transferable securities from the total employer's top-up contribution, or to combine these two options,
- in the event of new shares being issued, deducting the sums needed to pay up these shares from the reserves, profits or issue premiums,
- recording capital increases and amending the Articles of association accordingly,
- at its sole discretion, charging the costs of capital increases to related premiums and deducting the sums needed for the legal reserve from this amount,
- generally speaking, entering into any agreement, in particular, to carry out the proposed issues successfully, to take any measures and carry out any formalities required for the issue, listing and financial administration of the securities issued under this delegation, as well as for the exercise of the rights attached thereto;

8. sets the period of validity of the delegation of power referred to in this resolution at twenty-six months from the date of this shareholders' meeting;
9. recognises the fact that, as of today, this delegation will cause the unused portion of any delegation of power relating to the Company's capital increase by means of the issue of shares and/or transferable securities giving immediate, or future, access to the share capital, without preferential subscription rights, reserved for savings scheme members, to lapse.

Fourteenth resolution (Authorisation of the Board of Directors to increase the Company's share capital by issuing shares and/or transferable securities giving immediate, or future, access to the capital, without preferential subscription rights, reserved for group employees outside France)

The general shareholders' meeting, ruling under the quorum and majority conditions required for extraordinary general shareholders' meetings, after reviewing the Board of Directors' report and the Auditors' special report, and in accordance with the provisions of Articles L. 225-129-2, L. 225-138 and L. 228-91 *et seq.* of the French Commercial Code:

1. recognises that in some countries, legal or tax issues may make it difficult to set up employee share ownership schemes directly, or *via* employee mutual funds (the employees, pre-retirees and corporate officers, referred to in Articles L. 3332-1 and L. 3332-2 of the French Labour Code, of Neoen Group companies with registered offices in one of these countries and employees, pre-retirees or retirees of Neoen Group companies residing in these same countries are hereinafter referred to as “Overseas Employees”, the “Neoen Group” comprising the Company and French and foreign companies falling within the scope of the Company's consolidated financial statements in accordance with Articles L. 3344-1 *et seq.* of the French Labour Code), and that the introduction of alternatives to the schemes offered to French residents who are members of one of the employee savings schemes set up by one of the Neoen Group companies, may prove to be desirable;

2. authorises the Board of Directors, with the option to subdelegate in accordance with applicable law, to increase the share capital, without preferential subscription rights, on one or more occasions, in France or abroad, in the proportions and at the times that it sees fit, (except during a period of public offering for the securities of the Company filed by a third party) either in euro, or in any other currency or monetary unit established in reference to a basket of currencies, with or without a premium, for a fee or free of charge, by issuing (i) Company shares (other than preference shares), and/or (ii) transferable securities governed by Articles L. 228-92 paragraph 1, L. 228-93 paragraphs 1 and 3 or L. 228-94 paragraph 2 of the French Commercial Code giving immediate, or future, access, at any time, or on a set date, by subscription, conversion, exchange, redemption, the presentation of warrants or any other means, to the Company's share capital (including capital securities giving entitlement to debt securities), reserved for the following category of beneficiaries: (i) Overseas Employees, (ii) employee investment funds or other entities, whether legal or natural persons, that invest in Company securities, whose unit-holders or shareholders comprise Overseas Employees, and/or (iii) any banks or entities controlled by any such establishment within the meaning of Article L. 233-3 of the French Commercial Code, to set up a structured offer for Overseas Employees at the Company's request;
3. decides to set the limits for the capital increases authorised, should this delegation of power be used by the Board of Directors:
   - the maximum nominal amount of immediate, or future, capital increases that may be carried out under this authorisation is set at 1% of the share capital on the date of the Board of Directors' decision. Please not that this amount will be included in the overall ceiling referred to in paragraph 2 of the 5th resolution of the combined shareholders' meeting of October 2, 2018, as reiterated under the 11th resolution of this general shareholders' meeting, or, where applicable, in any overall ceiling that may be provided for by resolutions of the same type that may supersede this resolution during the period of validity of this delegation of power,
   - where applicable, these ceilings will also include the nominal amount of shares to be issued to protect, in accordance with legal and regulatory provisions and, where applicable, contractual provisions providing for other adjustments, the rights of holders of transferable securities, or other rights, giving access to the share capital;
4. decides to cancel, for the benefit of the aforementioned beneficiaries, shareholders' preferential subscription rights to the securities referred to in this resolution;
5. decides that the issue price of new shares or transferable securities giving access to share capital to be issued under this authorisation will be set by the Board of Directors on the basis of the Company's share price on the Paris Euronext regulated market. This price will be the average of the opening prices of the Company's shares in the twenty trading sessions prior to (i) the date of the decision setting the opening date for subscriptions for the corresponding capital increase carried out under this resolution, or (ii) for operations carried out as part of an overall employee share ownership scheme set up in France or abroad, the date of the decision setting the opening date for subscriptions for the corresponding capital increase carried out under the 13th resolution, less a maximum discount of 30%;
6. decides that the Board of Directors, with the right to subdelegate within the law, will have full authority to implement this delegation of authority, in particular, for the purposes of:
   - issuing shares and/or transferable securities giving immediate, or future, access to the Company's share capital,
   - drawing up a list of one or more beneficiaries of the cancellation of preferential subscription rights from the category defined above, as well as the number of shares or transferable securities giving access to share capital to be subscribed for by each of said beneficiaries,
   - where applicable, setting terms for the exercise of rights (where applicable, rights of conversion, exchange or redemption, including by the delivery of Company assets such as existing treasury shares or transferable securities) attached to shares or transferable securities giving access to share capital and, in particular, setting the date, which may be retrospective, from which the new shares will rank for dividend, as well as any other terms and conditions applicable to capital increases,
   - setting the terms under which the Company will have, where applicable, the right to purchase or trade on the stock market, at any time or during set periods, transferable securities giving access to the share capital whether or not with a view to cancelling said securities, given the applicable legal provisions,
   - providing for the option to suspend any exercise of rights attached to shares or securities giving access to the share capital in accordance with legal and regulatory provisions,
   - setting the amounts of issues to be made under this authorisation and determining, in particular, issue prices, dates, time limits, terms and conditions of subscription, settlement, delivery and vesting (which may be retrospective), rules on reducing amounts in the event of oversubscription, as well as other terms and conditions of issue, in accordance with current legal or regulatory constraints,
   - determining and making any adjustments intended to recognise the impact of transactions on the Company's share capital or equity, in particular, in the event of changes to the par value of shares, capital increases through the incorporation of reserves, profits or premiums, free share grants, stock splits or reverse stock splits, the distribution of dividends, reserves or premiums or any other assets, redemption of capital, or any other transactions affecting the capital or equity (including in the event of a public offer and/or change of control), and setting any other terms ensuring, where applicable, that the rights of holders of transferable securities or other rights giving access to share capital are protected (including *via* cash adjustments),
   - recording capital increases and amending the Articles of association accordingly,

- where applicable, charging the costs of capital increases to related premiums and deducting the sums needed for the legal reserve from this amount,
- generally speaking, entering into any agreement, in particular, to carry out the proposed issues successfully, to take any measures and decisions and carry out any formalities required for the issue, listing and financial administration of the securities issued under this delegation, as well as for the exercise of the rights attached thereto or consecutive to the capital increases carried out;

7. sets the period of validity of the delegation of authority referred to in this resolution at eighteen months from the date of this shareholders' meeting.

Fifteenth resolution (Authorisation to be given to the Board of Directors to reduce the share capital by cancelling treasury shares)

The general shareholders' meeting, ruling under the quorum and majority conditions required for extraordinary general shareholders' meetings, after reviewing the Board of Directors' report and the Auditors' special report, authorises the Board of Directors to reduce the share capital, on one or more occasions, in the proportions and at the times that it sees fits, by cancelling any quantity of treasury shares, to the extent permitted by law, in accordance with the provisions of Articles L. 225-209 *et seq.* and L. 225-213 of the French Commercial Code.

On each cancellation date, the maximum number of shares cancelled by the Company during the twenty-four month period prior to said cancellation, including the shares cancelled on said date, may not exceed 10% of the shares comprising the Company's share capital on that date, or, by way of indication, based on the share capital of €169,914,996 euros at 30 April 2019, a maximum of 8,495,750 shares; given that this cap is applied to a capital amount that will, where applicable, be adjusted in recognition of transactions affecting the share capital after this general shareholders' meeting.

The general shareholders' meeting gives the Board of Directors full authorisation, with the right to subdelegate in accordance with applicable law, to implement the cancellation(s) and reduction(s) of share capital permitted under this authorisation, to deduct the difference between the buyback value and the par value of the cancelled shares from available premiums and reserves, at its discretion, to allocate the portion of the legal reserve freed up as a result of the capital reduction and to amend the Articles of association accordingly and to carry out any formalities.

This authorisation is granted for a period of twenty-six months from today and will cause the unused portion of any prior authorisation granted for the same purpose, *i.e.* any authorisation relating to capital reductions *via* the cancellation of treasury shares, to lapse from this general shareholders' meeting.

8.1.3 RESOLUTION WITHIN THE REMIT OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING

Sixteenth resolution (Powers to carry out formalities)

The general shareholders' meeting, ruling under the conditions of quorum and majority required for extraordinary shareholders' meetings, authorises bearers of originals, copies or extracts of the minutes of its deliberations to make any filings or carry out any formalities required by law.

8.2 BOARD OF DIRECTORS' REPORT ON THE DRAFT RESOLUTIONS

OVERVIEW OF THE COMPANY'S BUSINESS AFFAIRS

An overview of the financial position, business activity and results of the Company and its Group over the past year, as well as the various disclosures required by current legal and regulatory provisions, appear in the Board of Directors' 2018 management report which is in included in the annual financial report which can be accessed on the Company website (www.neoen.com), which you are invited to consult.

Since the beginning of 2019, the Company has continued to pursue its activities within the normal course of its business. Post-closing events are described in Note 37 Post-closing events) to the consolidated financial statements at December 31, 2018.

The documents required by law and by the bylaws were sent out and/or made available to you within the deadlines set.

It is specified that the Board of Directors approves all the resolutions brought before the general shareholders' meeting.

8.2.1 RESOLUTIONS WITHIN THE REMIT OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING

The 1st to 10th and the 16th resolutions fall within the remit of ordinary general shareholders' meetings.

Approval of the 2018 corporate and consolidated financial statements and appropriation of net income (1st, 2nd and 3rd resolutions)

The draft 1st and 2nd resolutions concern the approval of the 2018 corporate and consolidated financial statements, approved by the Board of Directors on April 17, 2019, in accordance with the provisions of Article L. 232-1 of the French Commercial Code.

You are asked, under the 3rd resolution, to allocate the 2018 net income, amounting to €9,376,196 as follows:

- in accordance with applicable legal requirements, to allocate €468.810 of this profit to the legal reserve;
- to note that the balance of the remaining 2018 profit is €8,907,386;

to allocate the distributable profit of €8,907,386 to "Other reserves", which will stand at €8,907,386 post allocation.

Setting the overall remuneration package for Board members (4th resolution)

You are asked, under the 4th resolution, to set the overall remuneration package for members of the Board of Directors at €207,500 per year for current and subsequent periods and until any new decision is taken. The Board of Directors will then share this amount freely between its members.

It is specified that the overall remuneration package for Board members set by the general shareholders' meeting of October 2, 2018, is €170,000. The Board of Directors is asking you to increase this amount so as to be able (i) to increase the maximum individual amount of remuneration payable, by the Board of Directors, to each Board member on the basis of their corporate office, given the importance of the Board's work and in line with market practice, and (ii) arrange for additional remuneration to be paid to the lead Board member.

Ratification of the cooptation of Fonds Stratégique de Participations as a director (5th resolution)

You are asked to ratify the cooptation of Fonds Stratégique de Participations, as a director for the remainder of the term of office of its predecessor, Christophe Gégout, who has decided to terminate his duties as a director in his own right, *i.e.* until the end of the general shareholders' meeting called to approves the financial statements for the year ending on December 31, 2019. The Board of Directors decides on this cooptation at its meeting on November 21, 2018.

This cooptation was the result of an agreement entered into on October 2, 2018, by the Company and Fonds Stratégique de Participations, within the context of the admission of the Company's shares to trading on the Paris Euronext regulated market. Under the terms of this agreement, in exchange for the commitments given by Fonds Stratégique de Participations, the Company agreed to do its best efforts to ensure that Fonds Stratégique de Participations would be appointed as a Company director before December 31, 2018. This information is contained in the Company's IPO prospectus which was approved under visa no. 10-467 on October 3, 2018.

The Board of Directors also reviewed the position of Fonds Stratégique de Participations with regard to the recommendations of the AFEP-MEDEF Governance Code and, on the advice of the Nomination and Compensation Committee, concluded that Fonds Stratégique de Participations would be considered an independent director.

Fonds Stratégique de Participations is an investment vehicle intended to boost long-term investment in French companies. CARDIF Assurance Vie (BNP Paribas Group), CNP Assurances, PREDICA (Crédit Agricole Group), SOGECAP (Société Générale Group), Groupama, BPCE Vie (Natixis Assurances Group) and SURAVENIR (Crédit Mutuel ARKEA Group) are investors.

It is specified that Fonds Stratégique de Participations appointed Christophe Gégout as its permanent representative on the Company's Board of Directors.

Renewal of Stéphanie Levan as a director (6th resolution)

You are asked, under the 6th resolution, to renew Stéphanie Levan's directorship for a 4-year period ending after the ordinary general shareholders' meeting to approve the financial statements for the year ending on December 31, 2022.

In particular, the Board of Directors noted that this renewal would help to balance the composition of the Board of Directors, and to ensure that the corporate bodies set up by the Company, which was recently converted into a public limited company (*société anonyme*), are highly skilled and very stable.

Approval of the agreements and commitments referred to in Article L. 225-38 et seq. of the French Commercial Code (7th resolution)

Under the 7th resolution, you are asked to approve the statutory auditors' special report on the agreements and commitments referred to in Articles L. 225-38 and L. 225-40 to L. 225-42 of the French Commercial Code in all its provisions.

Approval of the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind paid or awarded to Xavier Barbaro, Chairman and CEO, for financial year 2018, for the period covering the time the Company's shares were listed for trading on the Euronext Paris regulated market (8th resolution)

You are asked, under the 8th resolution, in accordance with Article L. 225-100, II of the French Commercial Code, based on the Board of Directors' report on corporate governance, to approve the fixed, variable and exceptional items comprising the total remuneration and other benefits paid or awarded to Xavier Barbaro, Chairman and CEO, for financial year 2018, for the period covering the time the Company's shares were listed for trading on the Euronext Paris regulated market, as presented in this report.

It is specified that the general shareholders' meeting of October 2, 2018, had approved, in its 3rd resolution, in accordance with the requirements of Article L. 225-37-2 of the French Commercial Code, principles and criteria for determining and distributing the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind that can be awarded to the Chairman and Chief Executive Officer on the basis of his corporate office for the period covering the time the Company's shares were listed for trading on the Euronext Paris regulated market and subject to the admission of the Company's shares to trading on the Paris Euronex regulated market.

Approval of the principles and the criteria for determining and distributing the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind that can be granted to the Chairman and CEO for exercising his term for 2019 (9th resolution)

You are asked, under the 9th resolution, in accordance with Article L. 225-37-2 of the French Commercial Code, based on the Board of Directors' report on corporate governance, to approve the principles and criteria for determining and distributing the fixed, variable and exceptional items comprising the total remuneration and other benefits that can be granted to the Chairman and CEO, on the basis of his corporate office, for 2019.

Authorisation to be given to the Board of Directors to trade in Company shares (10th resolution)

You are asked, under the 10th resolution, to authorise the Board of Directors to purchase Company shares, or to have them purchased by third parties, with a view to:

- implementing any Company share purchase option plan under the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code or any similar plan; or
- allocating or selling shares to employees to enable them to share in the fruits of the Company's expansion or the implementation of any company or group savings scheme (or similar plan) under the conditions provided for by law, in particular, Articles L. 3332-1 *et seq.* of the French Labour Code; or
- allocating free shares under the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code; or
- generally speaking, honouring stock option plans or other share grants to Company employees or corporate officers or those of an associate; or
- delivering shares when rights attached to transferable securities giving access to the share capital by redemption, conversion, exchange or the presentation of warrants, or by any other means, are exercised; or
- cancelling some, or all, of the securities bought back in this way, subject to the adoption of the [15]th resolution described below or any other resolution of the same kind; or
- delivering shares (in exchange, as payment or other) in connection with acquisitions, mergers, spin-offs or contributions; or
- stabilising the secondary market or the liquidity of Company shares by an investment service provider under a liquidity contract complying with market practices approved by the French Financial Markets Authority (*Autorité des Marchés Financiers* – AMF), amended where applicable.

This programme may also be intended to enable any market practice that may be approved by the French Financial Markets Authority to be implemented and, more generally speaking, any other transaction that complies with current regulations. Under such circumstances, the Company would inform its shareholders by means of a press release.

The Company would be able to purchase a number of shares such that, on the date of each buyback, the total number of shares purchased by the Company since the start of the buyback programme (including those that are the subject of said buyback) is no more than 10% of the shares comprising the Company's share capital on that date (taking into consideration transactions affecting the share capital after the date of the general shareholders' meeting), given that (i) the number of shares acquired with a view to retention and subsequent delivery as part of a merger, spin-off or contribution, could not be more than 5% of its share capital and (ii) where shares may be bought back to boost liquidity under the conditions defined by the French Financial Markets Authority's general regulation, the number of shares taken into consideration when calculating the 10% cap provided for above, would correspond to the number of shares purchased, less the number of shares resold during the authorisation period.

Shares could be acquired, sold or transferred at any time, except during a public offer, within the limits set by current legislation and regulations, and by any means, particularly on regulated markets, multilateral trading facilities, *via* systematic internalisers or over-the-counter transactions, including *via* block trades, public purchase or exchange offers, or the use of options or other futures traded on regulated markets, multilateral trading systems, *via* systemic internalisers or over-the-counter or by the delivery of shares following the issue of transferable securities giving access to the Company's share capital by conversion, exchange, redemption or the exercise of warrants, either directly or indirectly *via* an investment services provider, or by any other means (with no limit on the percentage of the buyback programme that can be carried out using any one of these methods).

The maximum purchase price would be €35 per share (or the equivalent value in any other currency). This maximum price would only apply to acquisitions decided as of the date of the shareholders' meeting and not to any forward transactions contracted under an authorisation granted by a previous general shareholders' meeting and providing for share acquisitions after the meeting date. The general shareholders' meeting would authorise the Board of Directors, in the event of a change in the share's par value, an increase in the share capital through the incorporation of reserves, free share grants, stock splits or reverse stock splits, a distribution of reserves or any other assets, the redemption of capital, or any other transaction affecting the share capital or equity, to adjust the aforementioned maximum purchase price to take into account the impact of these operations on the share value.

The maximum funds designated for use by the aforementioned buyback programme would be set at €50 million.

The Board of Directors would have full authority, with the right to subdelegate within the law, to implement this authorisation.

This authorisation would be granted for a period of eighteen months from the date of this general shareholders' meeting.

POWERS TO CARRY OUT FORMALITIES (16TH RESOLUTION)

You are asked, under the 16th resolution, to fully authorise bearers of originals, copies or extracts of the minutes of its deliberations to file any papers or carry out any formalities required by law.

8.2.2 RESOLUTIONS WITHIN THE REMIT OF EXTRAORDINARY GENERAL SHAREHOLDERS' MEETINGS

The 11th to 15th resolutions fall within the remit of Extraordinary general shareholders' meetings.

Increase in the nominal ceiling on capital increases that may be carried out and setting of a nominal ceiling on debt securities that may be issued, under the 6th and 7th resolutions of the combined general shareholders' meeting of October 2, 2018, authorising the Board of Directors to issue shares and/or transferable securities giving immediate or future access, respectively, to the share capital, without preferential subscription rights by public offering and without preferential rights by the private placement referred to in Article L. 411-2 II of the French Monetary and Financial Code, valid until December 1, 2020 (11th resolution)

You are asked, under the 11th resolution, to increase the nominal ceiling on capital increases that may be carried out under the 6th and 7th resolutions of the combined general shareholders' meeting of October 2, 2018.

In fact, you are reminded that the combined general shareholders' meeting of October 2, 2018,

- under its 6th resolution, authorised the Board of Directors to increase the Company's capital by issuing shares and/or transferable securities giving immediate, or future, access to the share capital, without preferential subscription rights, by public offering, by up to a nominal amount of €60 million, valid until December 1, 2020; and
- under its 7th resolution, authorised the Board of Directors to increase the Company's capital by issuing shares and/or transferable securities giving immediate, or future, access to the share capital, without preferential subscription rights by the private placement referred to in Article L. 411-2 II of the French Monetary and Financial Code, by up to a nominal amount of €10 million. It is specified that this amount is included in the ceiling provided for in the 6th resolution, valid until December 1, 2020.

You are reminded that the Board of Directors, meeting on October 16, 2018, in making use of the aforementioned 6th resolution, within the context of the Company's IPO, decides to increase the share capital by €449,999,995.50 without preferential subscription rights, by public offering, by issuing 27,272,727 new ordinary shares with a par value of two (2) euro each, for an issue price of €16.50 per share (including an issue premium of €14.50 per share), *i.e.* a nominal capital increase of €54,545,454.00, plus an overall premium of €395,454,541.50. The available balance, in relation to the ceiling referred to in the aforementioned 6th resolution is, therefore, €5,454,546.

Consequently, you are asked to increase the nominal amount of the capital increases that may be carried out under the 6th resolution of the combined general shareholders' meeting of October 2, 2018, and to specify that said amount may not exceed a new ceiling set at €80 million. It is specified that, given the nominal amount of the capital increase without preferential subscription rights by public offering carried out on October 16, 2018 for €54,545,454.00, which is included in the ceiling referred to in said 6th resolution, the total nominal amount of the capital increases that may be carried out from the date of this increase may not exceed €25,454,546. It is specified, however, that (i) the aforementioned nominal amounts may not take into consideration adjustments that may be made in accordance with applicable legal and regulatory provisions, and where applicable, contractual provisions providing for other adjustments, to protect the rights of holders of transferable securities or other rights giving access to the share capital and that (ii) the nominal amount of the capital increases carried out, where applicable, under said 6th resolution would be included in the overall ceiling of €125 million, provided for in paragraph 2 of the 5th resolution of the combined general shareholders' meeting of October 2, 2018. Please also note that, where appropriate, the aforementioned overall ceiling of €125 million would also include the capital increases carried out under the 5th, 7th, 8th, 10th, 11th, 12th, 13th, 14th and 15th resolutions of the combined general shareholders' meeting of October 2, 2018, as well as under the 11th, 13th and 14th resolutions of the general shareholders' meeting.

You are also asked to decide that the maximum nominal amount of capital increases that may be carried out under the 7th resolution of the combined shareholders' meeting of October 2, 2018, could not exceed a new nominal ceiling set at €25 million. It is specified that (i) this maximum nominal amount does not take into account any adjustments that may be made in accordance with applicable legal and regulatory provisions, and where applicable, contractual provisions providing for other adjustments, to protect the rights of holders of transferable securities or other rights giving access to share capital and that (ii) this maximum nominal amount would be included in the ceiling provided for in the 6th resolution of the combined shareholders' meeting of October 2, 2018, as increased by this resolution, and in the overall ceiling provided for by paragraph 2 of the 5th resolution of the combined shareholders' meeting of October 2, 2018, as reiterated under this resolution.

You are asked to resolve that the Board of Directors is not to make use of the 6th and 7th resolutions of the Combined General Shareholders' Meeting of 2 October 2018 without prior authorisation by the General Shareholders' Meeting, as amended by this delegation, from the date of filing of a public offering for the securities of the Company by a third party until the end of the offering period.

In addition, you are also advised that the combined general shareholders' meeting of October 2, 2018 did not set the maximum nominal amount of debt securities to be issued immediately, or in the future, under these resolutions.

Consequently, you are asked to set a ceiling on the nominal amount of debt securities that may be issued immediately, or in the future, under each of the 6th and 7th resolutions of the combined general shareholders' meeting of October 2, 2018, This ceiling would amount to €200 million or the equivalent value in any other currency or monetary unit established in reference to a basket of currencies on the issue date.

This amount would include any above-par redemption premium.

This amount would not be dependent on the amount of debt securities that may be issued as a result of the use of other resolutions brought before the general shareholders' meeting, as well as those of the combined general shareholders' meeting of October 2, 2018, and debt securities whose issue may be decided upon, or authorised, by the Board of Directors in accordance with Articles L. 228-36-A, L. 228-40, L. 228-92 paragraph 3, L. 228-93 paragraph 6 and L. 228-94 paragraph 3 of the French Commercial Code.

The other provisions of the 6th and 7th resolutions of the combined general shareholders' meeting of October 2, 2018 would remain unchanged for the remaining term of said resolutions, i.e. until December 1, 2020.

Nominal ceiling on debt securities that may be issued under the 5th and 8th resolutions of the combined general shareholders' meeting of October 2, 2018, authorising the Board of Directors to issue shares and/or transferable securities giving immediate or future access, respectively, to the share capital, with preferential subscription rights or in return for contributions in kind, constituted by equity securities or transferable securities giving access to the share capital, valid until December 1, 2020 (12th resolution)

You are asked, under the 12th resolution, to set the maximum nominal amount of debt securities that may be issued immediately, or in the future, under the 5th and 8th resolutions of the combined general shareholders' meeting of October 2, 2018.

In fact, you are reminded that the combined general shareholders' meeting of October 2, 2018:

- under its 5th resolution, authorised the Board of Directors to increase the Company's capital by issuing shares and/or transferable securities giving immediate, or future, access to the share capital, with preferential subscription rights; and
- under its 8th resolution, authorised the Board of Directors to issue shares and/or transferable securities giving immediate, or future, access to shares to be issued by the Company in return for contributions in kind constituted by equity securities or transferable securities giving access to share capital.

The combined general shareholders' meeting of October 2, 2018 did not set the maximum nominal amount of debt securities to be issued immediately, or in the future, under these resolutions.

Consequently, you are asked to set a ceiling on the nominal amount of debt securities that may be issued immediately, or in the future, under each of the 5th and 8th resolutions of the combined general shareholders' meeting of October 2, 2018, This ceiling would amount to €200 million or the equivalent value in any other currency or monetary unit established in reference to a basket of currencies on the issue date.

This amount would include any above-par redemption premium.

This amount would not be dependent on the amount of debt securities that may be issued as a result of the use of other resolutions brought before the general shareholders' meeting, as well as those of the combined general shareholders' meeting of October 2, 2018, and debt securities whose issue may be decided upon, or authorised, by the Board of Directors in accordance with Articles L. 228-36-A, L. 228-40, L. 228-92 paragraph 3, L. 228-93 paragraph 6 and L. 228-94 paragraph 3 of the French Commercial Code.

The other provisions of the 5th and 8th resolutions of the combined general shareholders' meeting of October 2, 2018 would remain unchanged and would be valid for the remaining term of said resolutions, *i.e.* until December 1, 2020.

Authorisation to be given to the Board of Directors to increase the Company's capital by issuing shares and/or transferable securities giving immediate, or future, access to the share capital, without preferential subscription rights, reserved for members of savings schemes (13th resolution)

You are asked, under the 13th resolution, to authorise the Board of Directors to increase the share capital, without preferential subscription rights, by issuing (i) Company shares (apart from preference shares) and/or (ii) transferable securities governed by Articles L. 228-92 paragraph 1 or L. 228-94 paragraph 2 of the French Commercial Code, giving immediate or future access to the Company's share capital, reserved for members of company, or group, savings schemes.

This resolution would enable the Company to include some employees and corporate officers in its success by developing an employee share ownership scheme.

The maximum nominal amount of the immediate, or future, capital increases that may be carried out under this authorisation would be set at 1% of the share capital on the date when the decision is taken by the Board of Directors. It is specified that this amount would be included in the overall ceiling provided for in paragraph 2 of the 5th resolution of the combined general shareholders' meeting of October 2, 2018, as reiterated under this resolution, or, where applicable, in any overall ceiling that may be provided for by a resolution of the same kind that may supersede said resolution during the period of validity of the 13th resolution.

Where applicable, these ceilings would also include the nominal amount of shares to be issued to protect, in accordance with legal and regulatory provisions and, where applicable, contractual provisions providing for other adjustments, the rights of holders of transferable securities, or other rights, giving access to the share capital.

The subscription price would be set under the conditions provided for by Articles L. 3332-18 *et seq.* of the French Labour Code and would be at least 80% of the Reference Price (as this expression is defined below) or 70% of the Reference Price where the lockup period provided for by the plan, under Articles L. 3332-25 and L. 3332-26 of the French Labour Code, is ten years or more, given that, in the event of legislative changes, the maximum discounts provided for by legal or regulatory provisions applicable on the issue date, would automatically replace the aforementioned 20% and 30% discounts, respectively, on the Reference Price. For the purposes of this paragraph, the Reference Price would mean the average of the opening prices of the Company's shares on the Paris Euronext regulated market in the twenty trading sessions prior to the date of the decision taken by the Board of Directors or its delegate, setting the opening date of the subscription period for members of a company or group savings scheme (or similar scheme).

The Board of Directors could, however, reduce or cancel the aforementioned discount in view of locally applicable legal, accounting, tax and social security systems.

The period of validity of this authorisation would be set at twenty-six months from the date of the general shareholders' meeting.

Authorisation of the Board of Directors to increase the Company's share capital by issuing shares and/or transferable securities giving immediate, or future, access to the share capital, without preferential subscription rights, reserved for group employees abroad (14th resolution)

You are asked, under the 14th resolution, to authorise the Board of Directors to increase the share capital, without preferential subscription rights, by issuing Company shares as well as other equity securities giving access to the Company's share capital (except during a period of public offering for the securities of the Company filed by a third party). The capital increase would be reserved (i) for the employees, pre-retirees or retirees and corporate officers referred to in Articles L. 3332-1 and L. 3332-2 of the French Labour Code, of Neoen Group companies with their registered office in one of these countries and employees, pre-retirees or retirees of Neoen Group companies residing in these same companies (the "Overseas Employees"), (ii) employee investment funds or other entities, whether legal or natural persons, that invest in Company securities, whose unit-holders or shareholders comprise Overseas Employees, and/or (iii) any banks or entities controlled by any such establishment within the meaning of Article L. 233-3 of the French Commercial Code, to set up a structured offer for Overseas Employees at the Company's request.

This resolution would enable the Company to include some overseas employees and corporate officers in its success by developing an employee share ownership scheme.

The maximum nominal amount of immediate, or future, capital increases that may be carried out under this authorisation would be set at 1% of the share capital on the date of the Board of Directors' decision. It is specified that this amount would be included in the overall ceiling referred to in paragraph 2 of the 5th resolution of the combined shareholders' meeting of October 2, 2018, as reiterated under the 11th resolution above, or, where applicable, in any overall ceiling that may be provided for by resolutions of the same type that may supersede this resolution during the period of validity of this authorisation.

Where applicable, these ceilings would also include the nominal amount of shares to be issued to protect, in accordance with legal and regulatory provisions and, where applicable, contractual provisions providing for other adjustments, the rights of holders of transferable securities, or other rights, giving access to the share capital.

The issue price of new shares or transferable securities giving access to share capital to be issued under this authorisation would be set by the Board of Directors on the basis of the Company's share price on the Paris Euronext regulated market. This price would be the average of the opening prices of the Company's shares in the twenty trading sessions prior to (i) the date of the decision setting the opening date for subscriptions for the corresponding capital increase carried out under this resolution, or (ii) for operations carried out as part of an overall employee share ownership scheme set up in France or abroad, the date of the decision setting the opening date for subscriptions for the corresponding capital increase carried out under the 13th resolution, less a maximum discount of 30%.

The period of validity of this authorisation would be set at eighteen months from the date of the general shareholders' meeting.

Authorisation to be given to the Board of Directors to reduce the share capital by cancelling treasury shares (15th resolution)

You are asked, with regard to the 10th resolution above, authorising the Board of Directors to buy Company shares, in particular, for the purposes of cancelling all, or some, of the shares purchases, to authorise the Board of Directors to reduce the share capital, on one or more occasions, by cancelling any quantity of treasury shares that it sees fit, within the legal limits.

The maximum number of shares cancelled by the Company during the twenty-four month period prior to said cancellation, including said cancelled shares, may not exceed 10% of the shares comprising the Company's share capital on that date.

This authorisation would be granted for a period of twenty-six months from the date of this general shareholders' meeting.

8.3 STATUTORY AUDITORS' REPORTS ON SECURITIES TRADING

8.3.1 STATUTORY AUDITORS' REPORT ON THE PLANNED AMENDMENTS TO DELEGATION LIMITS FOR ISSUES OF SHARES AND MARKETABLE SECURITIES WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS (11TH RESOLUTION)

Combined Shareholders' Meeting of June 28, 2019

This is a translation into English of the statutory auditors' report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the NEOEN Shareholders' Meeting,

As statutory auditors of your Company and pursuant to the engagement set forth in Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (Code de commerce), we hereby present our report on the planned amendments to Board of Directors' delegation limits for various issues of shares and/or marketable securities, transactions on which you are asked to vote.

On October 2, 2018, the Shareholders' Meeting authorized the following delegations:

- under its 6th resolution, the delegation of authority to the Board of Directors to decide an increase in the Company's share capital via the issue of shares and/or marketable securities granting access to capital immediately or in the future, with cancellation of preferential subscription rights, as part of a public offering, for up to a maximum par value amount of €60 million, valid until December 1, 2020; and
- under its 7th resolution, the delegation of authority to the Board of Directors to decide an increase in the Company's share capital via the issue of shares and/or marketable securities granting access to capital immediately or in the future, with cancellation of preferential subscription rights, as part of a private placement referred to in Article L. 411-2 II of the French Monetary and Financial Code (Code monétaire et financier), for up to a maximum par value amount of €10 million, it being specified that such amount shall be deducted from the limit set forth in the 6th resolution, valid until December 1, 2020.

We presented a report on the aforementioned transactions to this Shareholders' Meeting. It is now proposed that the Shareholders' Meeting amend the Board of Directors' delegations regarding the maximum par value amount of share capital increases that may be carried out:

- the maximum par value amount of share capital increases that may be carried out pursuant to the 6th resolution of the Combined Shareholders' Meeting of October 2, 2018, may not exceed a new par value limit of €80 million. It is specified that considering the par value amount of the share capital increase with cancellation of preferential subscription rights as part of a public offering carried out on October 16, 2018 of €54,545,454.00, deducted from the limit for the 6th resolution, the maximum par value amount of share capital increases that may be carried out as a result of this amendment may not exceed €25,454,546,
- the maximum par value amount of share capital increases that may be carried out, pursuant to the 7th resolution of the Combined Shareholders' Meeting of October 2, 2018, may not exceed a new par value limit of €25 million.
- limits on the amount of authorized debt securities in the event of issues of marketable securities consisting of debt securities granting access to capital, immediately or in the future, pursuant to the 6th and 7th resolutions of the Combined Shareholders' Meeting of October 2, 2018 are as follows:
  - the nominal amount of debt securities that may be issued, immediately or in the future, pursuant to the 6th and 7th resolutions of the Combined Shareholders' Meeting of October 2, 2018, is set at €200 million or its equivalent in any other currency or monetary unit established by reference to several currencies on the issue date;
  - any redemption premium above par shall be added to this amount, where applicable;
  - this amount is separate from the amount of debt securities whose issue may result from the use of other resolutions submitted to this Shareholders' Meeting, as well as those of the Combined Shareholders' Meeting of October 2, 2018, and debt securities whose issue would be decided or authorized by the Board of Directors in accordance with Articles L. 228-36-A, L. 228-40, L. 228-92 section 3, L.228-93 section 6 and L. 228-94 section 3 of the French Commercial Code.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 et seq. of the French Commercial Code. Our role is to express an opinion on the planned amendments to the Board of Directors' delegation limits for various issues of shares and/or marketable securities.

We performed the procedures that we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to this engagement. These procedures consisted in verifying the content of the Board of Directors' report on the planned amendments to the Board of Directors' delegation limits for various issues of shares and/or marketable securities.

We have no comments to make on the planned amendments to the Board of Directors' delegations for various issues of shares and/or marketable securities.

Paris-La Défense and Paris, May 15, 2019

The Statutory Auditors

DELOITTE & ASSOCIÉS	**RSM Paris**
François Xavier AMEYE	Étienne de BRYAS

8.3.2 STATUTORY AUDITORS' REPORT ON THE PLANNED AMENDMENTS TO DELEGATION LIMITS FOR ISSUES OF SHARES AND MARKETABLE SECURITIES WITH RETENTION OF PREFERENTIAL SUBSCRIPTION RIGHTS (12TH RESOLUTION

Combined Shareholders' Meeting of June 28, 2019

This is a translation into English of the statutory auditors' report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the NEOEN Shareholders' Meeting,

As statutory auditors of your Company and pursuant to the engagement set forth in Articles L. 228-92 et seq. of the French Commercial Code (Code de commerce), we hereby present our report on the planned amendments to Board of Directors' delegation limits for various issues of shares and/or marketable securities, transactions on which you are asked to vote.

On October 2, 2018, the Shareholders' Meeting authorized the following delegations:

- under its 5th resolution, the delegation of authority to the Board of Directors to decide an increase in the Company's share capital via the issue of shares and/or marketable securities granting access to capital immediately or in the future, with retention of preferential subscription rights,
- under its 8th resolution, the authorization of the Board of Directors to issue shares and/or marketable securities granting access immediately or in the future to shares to be issued by the Company in exchange for contributions in kind comprising shares or marketable securities granting access to share capital.

We presented a report on the aforementioned transactions to this Shareholders' Meeting. It is now proposed that the Shareholders' Meeting amend the Board of Directors' delegations regarding the maximum par value amount of share capital increases that may be carried out:

- the nominal amount of debt securities that may be issued, immediately or in the future, pursuant to the 5th and 8th resolutions of the Combined Shareholders' Meeting of October 2, 2018, is set at €200 million or its equivalent in any other currency or monetary unit established by reference to several currencies on the issue date;
- any redemption premium above par shall be added to this amount, where applicable;
- this amount is separate from the amount of debt securities whose issue may result from the use of other resolutions submitted to this Shareholders' Meeting, as well as those of the Combined Shareholders' Meeting of October 2, 2018, and debt securities whose issue would be decided or authorized by the Board of Directors in accordance with Articles L. 228-36-A, L. 228-40, L. 228-92 section 3, L.228-93 section 6 and L. 228-94 section 3 of the French Commercial Code.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 et seq. of the French Commercial Code. Our role is to express an opinion on the planned amendments to the Board of Directors' delegation limits for various issues of shares and/or marketable securities.

We performed the procedures that we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to this engagement. These procedures consisted in verifying the content of the Board of Directors' report on the planned amendments to the Board of Directors' delegation limits for various issues of shares and/or marketable securities.

We have no comments to make on the planned amendments to the Board of Directors' delegations for various issues of shares and/or marketable securities.

Paris-La Défense and Paris, May 15, 2019

The Statutory Auditors

DELOITTE & ASSOCIÉS	**RSM Paris**
François Xavier AMEYE	Étienne de BRYAS

8.3.3 STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND/OR MARKETABLE SECURITIES WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS, RESERVED FOR MEMBERS OF COMPANY SAVINGS PLANS (13TH RESOLUTION)

Combined Shareholders' Meeting of June 28, 2019

This is a translation into English of the statutory auditors' report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the NEOEN Shareholders' Meeting,

As statutory auditors of your Company and pursuant to the engagement set forth in Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (Code de commerce), we hereby present our report on the proposed delegation of authority to the Board of Directors to decide the issue of (i) Company shares (excluding preferred shares) and/or (ii) marketable securities governed by Article L. 228-92 section 1 or Article L. 228-94 section 2 of the French Commercial Code granting access, immediately or in the future, to the Company's share capital (including shares conferring entitlement to the allocation of debt securities), with cancellation of preferential subscription rights, reserved for members of one or more company saving plans (or any other plan for whose members a share capital increase may be reserved on equivalent terms pursuant to Articles L. 3332-1 et seq. of the French Labor Code (Code du travail) or any similar law or regulation) set up within a French or non-French company or group of companies included in the consolidation or combination scope of the Company's financial statements in accordance with Article L. 3344-1 of the French Labor Code, a transaction on which you are asked to vote.

The total par value amount of the issue likely to be carried out, immediately or in the future under this delegation, is set at 1% of the share capital as of the date of the Board of Directors' decision. It is specified that this amount shall be deducted from the overall limit set forth in paragraph 2 of the 5th resolution of the Combined Shareholders' Meeting of October 2, 2018, as reiterated in the 11th resolution of this Shareholders' Meeting, or where applicable, the overall limit that may be set forth in a resolution of the same type that may supersede this resolution during the validity of this delegation.

Shareholders are asked to approve this issue pursuant to Article L. 225-129-6 section 2 of the French Commercial Code and Articles L. 3332-18 et seq. of the French Labor Code.

Based on its report, the Board of Directors asks that you delegate to it, for a period of 26 months, the authority to decide an issue and cancel your preferential subscription rights to the ordinary shares or marketable securities to be issued. When appropriate, it will set the final terms and conditions of this transaction.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 et seq. of the French Commercial Code. Our role is to express an opinion on the fair presentation of the quantified information extracted from the accounts, on the proposed cancellation of preferential subscription rights and on certain other information concerning the issue, contained in this report.

We performed the procedures that we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to this engagement. These procedures consisted in verifying the content of the Board of Directors' report on this transaction and the process for determining the issue price of the future securities.

Subject to a subsequent review of the terms and conditions of the proposed issue, we have no comments to make on the process for determining the issue price of the future securities presented in the Board of Directors' report.

As the final terms and conditions of the issue have not been determined, we do not express an opinion thereon and, as such, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue a supplementary report, if necessary, should this delegation be used by your Board of Directors.

Paris-La Défense and Paris, May 15, 2019

The Statutory Auditors

DELOITTE & ASSOCIÉS	**RSM Paris**
François Xavier AMEYE	Étienne de BRYAS

8.3.4 STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND/OR MARKETABLE SECURITIES WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS (14TH RESOLUTION)

Combined Shareholders' Meeting of June 28, 2019

This is a translation into English of the statutory auditors' report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the NEOEN Shareholders' Meeting,

As statutory auditors of your Company and pursuant to the engagement set forth in Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (Code de commerce), we hereby present our report on the proposed delegation of authority to the Board of Directors to decide the issue of (i) Company shares (excluding preferred shares) and/or (ii) marketable securities governed by Article L. 228-92 section 1, Article L.228-93 sections 1 and 3 or Article L. 228-94 section 2 of the French Commercial Code granting access, immediately or in the future, to the Company's share capital (including shares conferring entitlement to the allocation of debt securities), with cancellation of preferential subscription rights, on one or more occasions, reserved for the following category of beneficiaries: (i) Non-French Employees, (ii) investment funds or other entities, either corporate bodies or natural persons, with employee shareholdings in the Company and whose shareholders will comprise Non-French Employees, and/or (iii) any banking institution or entity controlled by such an institution within the meaning of Article L. 233-3 of the French Commercial Code acting at the Company's request to set up a structured offering to Non-French Employees, a transaction on which you are asked to vote.

The total par value amount of share capital increases likely to be carried out, immediately or in the future, under this delegation, is set at 1% of the share capital as of the date of the Board of Directors' decision, it being specified that this amount shall be deducted from the overall limit set forth in paragraph 2 of the 5th resolution of the Combined Shareholders' Meeting of October 2, 2018, as reiterated in the 11th resolution of this Shareholders' Meeting, or where applicable, the overall limit that may be set forth in a resolution of the same type that may supersede this resolution during the validity of this delegation.

Based on its report, the Board of Directors asks that you delegate to it, for a period of 18 months, the authority to decide an issue and cancel your preferential subscription rights to the ordinary shares or marketable securities to be issued. When appropriate, it will set the final terms and conditions of this transaction.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 et seq. of the French Commercial Code. Our role is to express an opinion on the fair presentation of the quantified information extracted from the accounts, on the proposed cancellation of preferential subscription rights and on certain other information concerning the issue, contained in this report.

We performed the procedures that we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to this engagement. These procedures consisted in verifying the content of the Board of Directors' report on this transaction and the process for determining the issue price of the future securities.

Subject to a subsequent review of the terms and conditions of the proposed issue, we have no comments to make on the process for determining the issue price of the future securities presented in the Board of Directors' report.

As the final terms and conditions of the issue have not been determined, we do not express an opinion thereon and, as such, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue a supplementary report, if necessary, should this delegation be used by your Board of Directors.

Paris-La Défense and Paris, May 15, 2019

The Statutory Auditors

DELOITTE & ASSOCIÉS	**RSM Paris**
François Xavier AMEYE	Étienne de BRYAS

8.3.5 STATUTORY AUDITORS' REPORT ON THE SHARE CAPITAL DECREASE (15TH RESOLUTION)

Combined Shareholders' Meeting of June 28, 2019

This is a translation into English of the statutory auditors' report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the NEOEN Shareholders' Meeting,

As statutory auditors of your Company and pursuant to the engagement set forth in Article L. 225-209 of the French Commercial Code (Code de commerce) concerning share capital decreases by cancellation of shares purchased, we hereby present our report on our assessment of the reasons for and terms and conditions of the proposed share capital decrease.

Shareholders are requested to confer all necessary powers on the Board of Directors, during a period of 26 months commencing the date of this Shareholders' Meeting, to cancel, up to a maximum of 10% of its share capital during the 24-month period prior to the cancellation, shares purchased by the Company pursuant to the authorization to purchase its own shares, as part of the provisions of the aforementioned article.

We performed the procedures that we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to this engagement. These procedures consisted in verifying the fairness of the reasons for and the terms and conditions of the proposed share capital decrease, which does not undermine shareholder equality.

We have no comments on the reasons for and the terms and conditions of the proposed share capital decrease.

Paris-La Défense and Paris, May 15, 2019

The Statutory Auditors

DELOITTE & ASSOCIÉS
François Xavier AMEYE

RSM Paris
Étienne de BRYAS

8.4 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

We performed the work that we deemed necessary in accordance with professional guidance issued by the French institute of statutory auditors (*Compagnie Nationale des commissaires aux comptes*) for this type of engagement:

- payment of the severance pay will be subject to the condition that the sum of the Group's net income for the past two years ended, preceding his revocation or, as the case may be, expiry of his term of office not renewed, be positive;
- the Company reserves the right to withdraw the remuneration relating to this non-competition clause;
- it is specified that the payment of the non-competition remuneration is excluded as soon as the corporate officer retires. In all cases, no remuneration shall be paid beyond the age of 65 years.

This is a free translation into English of the statutory auditors' special report on regulated agreements and commitments issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements and commitments reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2018

To the NEOEN shareholders' meeting,

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such commitments and agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (Code de commerce), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the annual general meeting, if any.

We performed the procedures that we considered necessary with regard to the professional guidelines of the French National Institute of statutory auditors (*Compagnie Nationale des commissaires aux comptes*) applicable to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE SHAREHOLDERS' MEETING

AGREEMENTS AND COMMITMENTS AUTHORIZED AND CONCLUDED DURING THE YEAR

Pursuant to Article R. 225-40 of the French Commercial Code, we have been informed that the following agreements and commitments were previously authorized by your Board of Directors.

Underwriting Agreement.

Persons concerned

Impala SAS, FPCI Capenergie II, represented by its management company Omnes Capital, and FPCI Fonds ETI 2020, represented by its management company Bpifrance Investissement (the "transferring shareholders").

Nature and purpose

- Underwriting Agreement between Neoen S.A. (the "Company") and the transferring shareholders, on the one hand, and JP Morgan Securities plc and Natixis as Overall Coordinators, Barclays PLC and Société Générale as Related Bookrunners, and Carnegie AS as Related Lead Arranger (the "Underwriting Institutions"), on the other hand, signed on October 16, 2018.

Terms and conditions

- The signing of this underwriting agreement was previously authorized by the Board of Directors on October 16, 2018.
- Under this agreement, the Underwriting Institutions, not acting severally between them, each pledged, for a maximum number of shares offered as part of the Company's IPO, to have purchased and paid, subscribed and freed up, or where necessary, purchase and pay, subscribe and free up themselves, the shares offered at the offer price on the settlement-delivery date.
- The commitments undertaken by the Underwriting Institutions were subject to standard conditions precedent.

- The underwriting agreement provides that the contracting financial institutions be compensated with the fees stipulated therein.
- The total number of Neoen shares offered as part of its IPO following the exercise of the greenshoe option totaled 42,249,457, *i.e.* 27,272,727 new shares and 14,976,730 existing shares, bringing the size of the offering to around €697 million.

Reasons justifying that the agreement is in the Company's interest

- The underwriting agreement falls within the context of the Company's IPO and is an inseparable component in accordance with market practices. Considering the benefits for the Company expected from the IPO, the Board considers that the underwriting agreement complied with the Company's corporate interest.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

AGREEMENTS AND COMMITMENTS APPROVED DURING THE YEAR

We have been informed that the following agreements and commitments, previously approved by the shareholders' meeting of October 2, 2018 based on the statutory auditors' special report of September 17, 2018, had continuing effect during the year.

Commitments regarding a severance payment and non-compete remuneration for the Chairman and CEO, subject to the admission of the Company's shares for trading on the Euronext Paris regulated market.

Person concerned

Mr. Xavier Barbaro, Chairman and CEO.

Terms and conditions of the commitment

- In the event of the termination (except for gross or willful misconduct) or non-renewal of his term of office, the CEO will receive a severance pay (V "Severance") equivalent to six (6) months' salary (the "Salary"), one month's salary being defined as the sum of (i) the average fixed monthly salaries paid over the twelve months preceding the end of the term of office and (ii) the monthly average of the last two variable salary amounts paid.
- The payment of the severance will be subject to the condition precedent that the Group's total net income for the last two years, preceding his termination or, depending on the case, the expiry of his non-renewed term of office, is positive.
- In the event that he ceases his duties under his term of office, the CEO undertakes not to conduct, on French territory, under whatever capacity, an activity that competes with that of the Company, and not to take interest directly or indirectly in any activities that could compete with the Company's activities during a period of twelve (12) months as from the termination of said duties.
- In consideration for this non-compete undertaking, the CEO will receive during the twelve (12) months following the cessation of his term of office a monthly financial sum equal to 70% of the salary received during the twelve (12) months preceding the date of termination of his duties within the Company. The Company reserves the right to waive the benefits of this non-compete clause.
- It should be noted that the payment of this non-compete remuneration will be removed once the CEO retires. In any case, no remuneration can be paid over the age of 65.

Paris-la Défense and Paris, April 17, 2019

The statutory auditors

DELOITTE & ASSOCIÉS
François Xavier AMEYE

RSM Paris
Étienne de BRYAS

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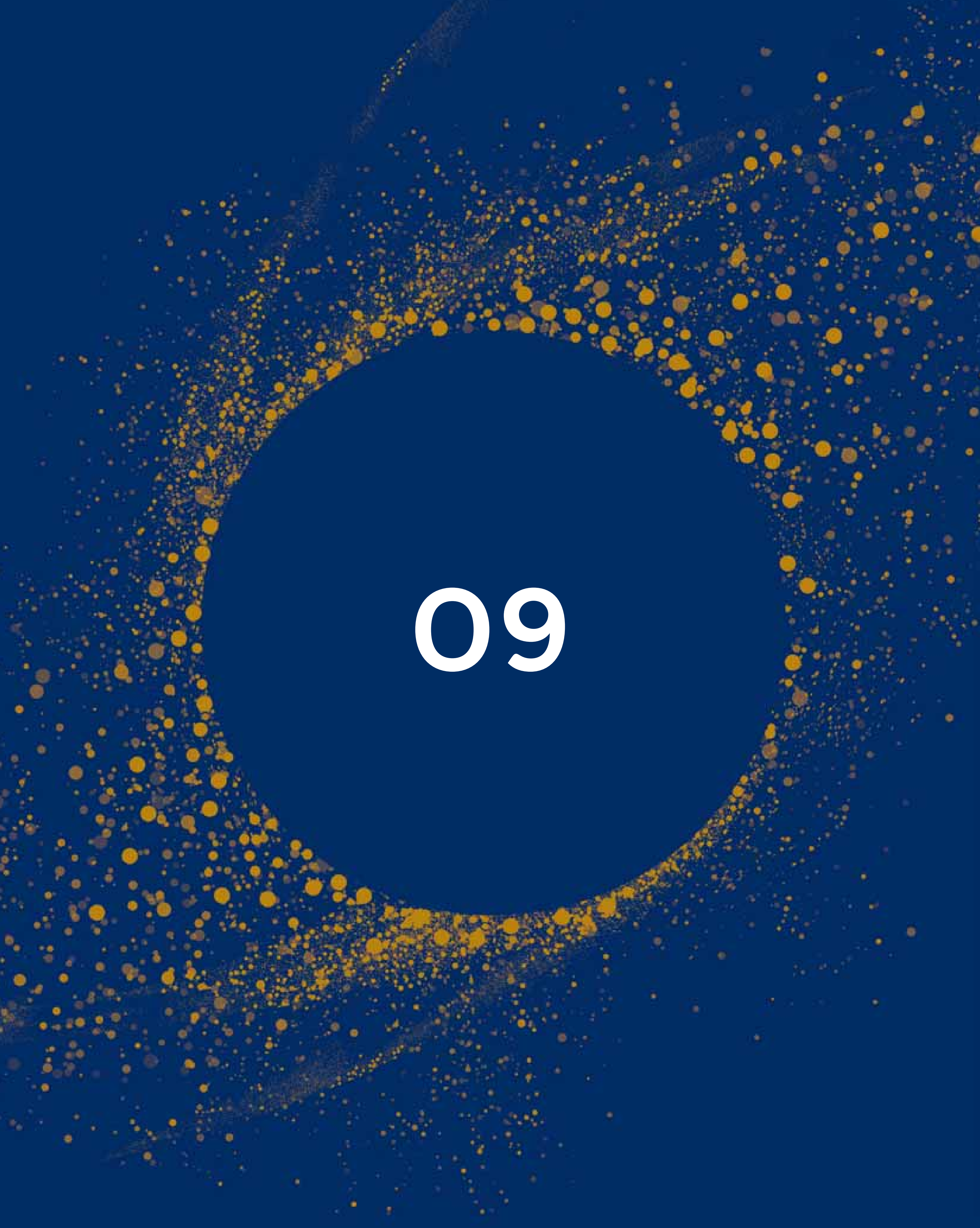

ADDITIONAL INFORMATION

9.1 PERSONS RESPONSIBLE

9.1.1 NAME AND JOB TITLE OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Xavier Barbaro, Chairman and Chief Executive Officer of Neoen.

9.1.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

“I hereby declare, having taken all reasonable measures for this purpose, that the information contained in this Registration Document is, to the best of my knowledge, true and accurate, and does not contain any omission likely to affect its scope or significance.

I have obtained a completion letter from the statutory auditors in which they state that they have audited the information relating to the financial position and the financial statements included in this Registration Document, and that they have read this Registration Document in its entirety”.

5 June 2019

Xavier Barbaro

Chairman and Chief Executive Officer of Neoen

9.1.3 NAME AND JOB TITLE OF THE PERSON RESPONSIBLE FOR THE FINANCIAL INFORMATION

Xavier Barbaro

Chairman and Chief Executive Officer of Neoen

6 rue Ménars – 75002 Paris

Tel. +33 1 70 91 61 50

9.2 STATUTORY AUDITORS

9.2.1 PRINCIPAL STATUTORY AUDITORS

DELOITTE & ASSOCIÉS

Represented by Mr. François-Xavier Ameye

Tour Majunga, 6 Place de la Pyramide,

92908 Paris-la-Défense Cedex

Deloitte & Associés was appointed by decision of the general shareholders’ meeting of April 15, 2014 for a term of six financial years, *i.e.* until the end of the general shareholders’ meeting called to approve financial statements for the financial year ending December 31, 2019.

Deloitte & Associés is a member of the Paris Regional Institute of statutory auditors (*Compagnie Régionale des Commissaires aux Comptes de Paris*).

In accordance with applicable law, the Company’s general shareholders’ meeting of September 12, 2018 resolved to appoint a second principal statutory auditor for a term of six financial years, *i.e.* until the end of the general shareholders’ meeting called to approve the financial statements for the financial year ending December 31, 2023:

RSM PARIS

Represented by Mr. Étienne de Bryas,

26 rue Cambacérès,

75008 Paris

RSM Paris is a member of the Paris Regional Institute of statutory auditors (*Compagnie Régionale des Commissaires aux Comptes de Paris*).

9.2.2 ALTERNATE STATUTORY AUDITOR

BEAS

Represented by Mr. Jean-Paul Seguret

Tour Majunga, 6 Place de la Pyramide

92908 Paris-la-Défense Cedex

BEAS was appointed as statutory auditor by decision of the general shareholders’ meeting of April 2014 for a term of six financial years, *i.e.* until the end of the general shareholders’ meeting called to approve the financial statements for the financial year ending December 31, 2019.

BEAS is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (Versailles Regional Association of statutory auditors).

9.3 HISTORICAL FINANCIAL INFORMATION INCLUDED BY REFERENCE

In accordance with Article 28 of EC Regulation no. 809/2004 of April 29, 2004, this 2018 Registration Document includes by reference the consolidated financial statements for the financial years ended December 31, 2016 and December 31, 2017 established in accordance with IFRS, and the statutory auditor's report presented in Appendix II and Appendix III respectively to the Registration Document, as filed by the *Autorité des Marchés Financiers* on September 18, 2018 under number I. 18-065.

9.4 DOCUMENTS AVAILABLE TO THE PUBLIC

Copies of this Registration Document are available free of charge at Company's registered office (6 rue Ménars – 75002 Paris). This Registration Document may also be consulted on the Company's website (www.neoen.com) and on the website of French Financial Markets Authority (*Autorité des Marchés Financiers* – AMF) (www.amf-france.org).

During the validity period of this Registration Document, the following documents (or a copy of these documents) may be consulted at the Company's registered office:

- the Company's bylaws;
- all the minutes of general shareholders' meetings, reports, letters and other documents, historical financial information, valuations and statements prepared by experts at the request of the Company, part of which is included or referred to in this Registration Document; and
- hictorical financial information contained in this Registration Document.

All of these legal and financial documents relating to the Company which must be made available to shareholders in accordance with the regulations in force may be consulted at the Company's registered office.

Since the Company's shares were listed on the regulated market of Euronext Paris, regulated information within the meaning of the provisions of the AMF General Regulation is also available on the Company's website.

9.5 DETAILS OF THE PROJECTS

9.5.1 SOLAR

9.5.1.1 SOLAR ASSETS IN OPERATION AND UNDER CONSTRUCTION

The following tables set forth key data with respect to Neoen's solar assets in operation and under construction:

Project Name	Commercial operation date *(COD)*	Peak capacity *(in MW)*	Availability in 2018 *(%)*	Yield *(in kWh/kWp)*	Power purchase agreement	Term of the power purchase agreement *(years)*
Europe – Africa						
Cabrela	06.30.2014	13	99.5%	1,662	Public Tender	20
Cap Découverte 1	02.16.2016	3	99.9%	1,303	FIT	18
Cap Découverte 2	01.06.2016	6	100%	1,291	FIT	18
Cap Découverte 3	04.14.2016	10	99.4%	1,277	FIT	17
Cap Découverte 4	04.26.2016	12	99.0%	1,302	FIT	17
Cestas	09.25.2015	300	98.9%	1,184	FIT	20
Coruche	01.24.2014	2	99.9%	1,534	Public Tender	20
Garein	10.28.2014	10	94.8%	1,357	Public Tender	20
Geloux	09.05.2014	7	100%	1,213	FIT	18
Grabels	08.03.2015	4	98.9%	1,614	Public Tender	20
Kertanguy	10.17.2011	3	99.6%	1,027	FIT	20
Luxey	10.20.2014	9	98.6%	1,366	Public Tender	20
Ombrineo	06.21.2016	1	99.2%	1,425	Public Tender	19
Rochefort du Gard	06.28.2013	11	99.6%	1,529	Public Tender	20
Seixal	07.14.2014	9	99.8%	1,680	Public Tender	20
Torreilles	05.19.2011	12	99.6%	1,412	FIT	20
Ygos	10.28.2014	7	98.9%	1,313	Public Tender	20
Zénith de Pau	10.06.2011	3	99.5%	947	FIT	20
CS3	09.20.2010	1	98.8%	1,197	FIT	20
Bram	09.13.2018	5	N/A[4]	1,293	Public Tender	20
Cap Decouverte 4 *bis*	10.17.2018	5	N/A[4]	1,336	Public Tender	20
Lagarde d'Apt	08.02.2018	7	99.5%	1,531	Public Tender	17
Lugos	06.12.2018	12	97.7%	1,297	Public Tender	20
Australia						
DeGrussa[2]	06.24.2016	17	95.3%	2,303	Private PPA	5
Parkes Solar Farm	03.30.2018	66	98.9%	2,089	Private PPA	12
Griffith Solar Farm	03.29.2018	36	99.0%	2,086	Private PPA	12
Dubbo Solar Hub	04.05.2018	29	98.2%	2,087	Public Tender	12

PPA off-take start date	**Residual PPA** *(years)*	**Off-take price**	**PPA indexation** *(indexation measure)*[1]	**Initial merchant portion of total off-take capacity** *(%)*	**Neoen stake**
06.30.2014	15	€253/MWh	100% (inflation – CPI Portugal)	0%	100%
02.16.2016	15	€83/MWh	20% (inflation – CPI France)	0%	100%
01.06.2016	15	€83/MWh	20% (inflation – CPI France)	0%	100%
04.14.2016	14	€83/MWh	20% (inflation – CPI France)	0%	100%
04.26.2016	14	€83/MWh	20% (inflation – CPI France)	0%	100%
09.25.2015	17	€105/MWh	20% (inflation – CPI France)	0%	40%
01.24.2014	15	€259/MWh	100% (inflation – CPI Portugal)	0%	100%
10.28.2014	16	€184/MWh	20% (inflation – CPI France)	0%	100%
09.05.2014	14	€108/MWh	20% (inflation – CPI France)	0%	100%
08.03.2015	17	€239/MWh	20% (inflation – CPI France)	0%	100%
10.17.2011	13	€371/MWh	20% (inflation – CPI France)	0%	100%
10.20.2014	16	€179/MWh	20% (inflation – CPI France)	0%	100%
06.21.2016	16	€162/MWh	20% (inflation – CPI France)	0%	100%
06.28.2013	14	€150/MWh	20% (inflation – CPI France)	0%	100%
07.14.2014	16	€251/MWh	100% (inflation – CPI Portugal)	0%	50%
05.19.2011	12	€328/MWh	60% (inflation – CPI France)	0%	100%
10.28.2014	16	€179/MWh	20% (inflation – CPI France)	0%	100%
10.06.2011	13	€420/MWh	20% (inflation – CPI France)	0%	100%
09.20.2010	12	€512/MWh	100% (inflation – CPI France): 40% (at 20% of inflation); 60% (at 60% of inflation)	0%	100%
09.13.2018	20	€87/MWh	20% (inflation – CPI France)	0%	100%
10.17.2018	20	€68/MWh	20% (inflation – CPI France)	0%	100%
08.02.2018	17	€215/MWh	20% (inflation – CPI France)	0%	100%
06.12.2018	19	€97/MWh	20% (inflation – CPI France)	0%	100%
08.01.2016	3	AUD 97/MWh[3]	Electricity PPA: 100% (inflation – CPI Australia) LGC PPA: None	0%	100%
01.01.2018	11	AUD 97/MWh[3]	Bundled PPA: 100% (inflation – CPI Australia)	0%	100%
01.01.2018	11	AUD 97/MWh[3]	Bundled PPA: 100% (inflation – CPI Australia)	0%	100%
07.01.2019	12	Electricity: N/A (spot) LGC: AUD 40/LGC[5]	Bundled PPA: 100% (inflation – CPI Australia)	100%	100%

Project Name	Commercial operation date *(COD)*	Peak capacity *(in MWp)*	Availability in 2018 *(%)*	Yield *(in kWh/kWp)*	Power purchase agreement	Term of the power purchase agreement *(years)*
Coleambally Solar Farm	11.22.2018	189	99.4%	2,058	Private PPA	12
Americas						
Antares	04.01.2017	75	99.0%	1,757	Public Tender	20
Spica	04.01.2017	25	99.0%	1,753	Private PPA	12
TOTAL		**888**				
Weighted average Europe – Africa			**98.9%**	**1,254**		**19.7**
Weighted average Australia			**98.7%**	**2,082**		**11.7**
Weighted average Americas			**99.3%**	**1,756**		**18.0**

(1) Inflation indexation is to the consumer price index ("CPI") indicated. Indexation to the French CPI for French projects includes a portion of the price being indexed to hourly mechanical and electrical labour costs and to French industrial production prices.

(2) Installed peak capacity for DeGrussa includes 6 MW for the collocated storage facility.

(3) Price/MWh for each Australian asset calculated based on weighted average by MW of installed peak capacity for all Australian assets other than the Dubbo Solar Hub.

Solar assets under construction

Project Name	Initial NTP Date	Expected COD	Capacity *(in MW)*	Yield *(in kWh/kWp)*
Europe – Africa				
Corbas	05.25.2018	Q1 2019	16	1,191
Miremont	12.20.2018	Q3 2019	10	1,317
Saint Avit	12.21.2018	Q1 2019	9	1,248
Azur Est	07.03.2018	Q1 2019	9	1,248
Azur Sud	11.16.2018	Q2 2019	5	1,289
Saint Eloy	12.17.2018	Q3 2019	5	1,225
Bangweulu	12.14.2017	Q3 2018	54	1,808
Australia				
Numurkah(3)	07.15.2018	Q2 2019	128	1,975

PPA off-take start date	Residual PPA *(years)*	Off-take price	PPA indexation *(indexation measure)*[1]	Initial merchant portion of total off-take capacity *(%)*	Neoen stake
11.22.2018	12	AUD 74/MWh	Bundled PPA agreement: 100% (inflation – CPI Australia)	30%[7]	100%
04.01.2017	18	$102/MWh	70% (inflation – CPI US)	2%[6]	100%
04.01.2017	10	$107/MWh	70% (inflation – CPI US)	0%	100%
	16	**€130/MWh**			
	11	**AUD 85/MWh**			
	16	**$103/MWh**			

(4) No information available for 2018 given that the assets came on line in late 2018.

(5) For each MWh produced by the plant, one Large-scale Generation Certificate ("LGC") is generated.

(6) Consists of reimbursement by the grid operator for the Providencia project (Unidad de Transacciones) for transmission losses, paid at spot prices.

(7) The Coleambally Solar Plant's capacity allocated to merchant sales will account for approximately 30% of its electricity production and 30% of its LGCs sold on the market.

Power purchase agreement	PPA power purchase agreement duration *(years)*	Power purchase agreement start date	Off-take price	PPA indexation *(indexation measure)*[1]	Neoen stake
Public Tender	20	Q1 2019	€102/MWh	20% (inflation – CPI France)	100%
Public Tender	20	Q3 2019	€90/MWh	20% (inflation – CPI France)	100%
Public Tender	20	Q1 2019	€90/MWh	20% (inflation – CPI France)	100%
Public Tender	20	Q1 2019	€59/MWh	20% (inflation – CPI France)	100%
Public Tender	20	Q2 2019	€64/MWh	20% (inflation – CPI France)	100%
Public Tender	20	Q3 2019	€71/MWh	20% (inflation – CPI France)	100%
Public Tender	25	Q3 2018	$60/MWh	None	80%
Public Tender/Private PPA	10	Q2 2019	Electricity: AUD 89/MWh LGC: AUD 13/LGC	Bundled PPA: 100% (inflation – CPI Australia)	100%

Solar assets under construction

Project Name	Initial NTP Date	Expected COD	Capacity *(in MW)*	Yield *(in kWh/kWp)*
Americas				
Sunny 3, Paradise Park	06.05.2018	Q2 2019	51	1,705
Capella (Albireo 1&2)	11.27.2018	Q1 2020	143	2,097
TOTAL			**433**	
Weighted average EMEA				**1,517**
Weighted average Australia				**1,975**
Weighted average Americas				**1,993**

(1) Inflation indexation is to the consumer price index ("CPI") indicated. Indexation to the French CPI for French projects includes a portion of the price being indexed to hourly mechanical and electrical labour costs and to French industrial production prices.

(2) For each MWh produced by the plant, one LGC is generated. The initial off-take price consists of the bundled price for an overall package of electricity sales and is a blended price based on a weighted average of prices for (i) a public PPA with the Victorian government and (ii) a private PPA for electricity and LGCs.

9.5.1.2 AWARDED SOLAR PROJECTS

The following tables set forth key data with respect to the Group projects in the "awarded" stage, based on their degree of completion:

Awarded solar projects

Project Name	Installed peak capacity *(in MW)*	Power purchase agreement	Term of the power purchase agreement *(years)*	Power purchase agreement start date
Europe – Africa				
Cuxac	12	Public Tender	20	Subject of an appeal
Vermenton les Poulettes	14	Public Tender	20	Q3 2020
Fossat	5	Public Tender	20	Q3 2019
Labourse et Beuvry Le Biez	5	Public Tender	20	Q2 2019
Miramas	9	Public Tender	20	Q4 2021
Creissan	4	Public Tender	20	Q2 2021
Pourrières	10	Public Tender	20	Pending instruction of the building permit application
Artigues	10	Public Tender	20	Q1 2022
Lédenon	11	Public Tender	20	Q2 2022
Sernhac	5	Public Tender	20	Q4 2020
Nefiach	5	Public Tender	20	Subject of an appeal
Châteaurenard	12	Public Tender	20	Q4 2021
Bagnoles	4	Public Tender	20	Subject of an appeal
Le Bernardan	12	Public Tender	20	Q3 2021
Soumont	3	Public Tender	20	Q4 2021
Aix en Provence Bregues d'Or		Public Tender	20	Q1 2020
Ecarpière	14	Public Tender	20	Q4 2021
Morcenx I	17	Public Tender	20	Q1 2021
Levroux	10	Public Tender	20	Q1 2021
Mer	15	Public Tender	20	Q3 2020
Arue 1	10	Public Tender	20	Q3 2021
Arue 3	16	Public Tender	20	Q3 2021
Reaup-Lisse	15	Public Tender	20	Q3 2020

Power purchase agreement	PPA power purchase agreement duration *(years)*	Power purchase agreement start date	Off-take price	PPA indexation *(indexation measure)*[1]	Neoen stake
Public Tender	20	Q1 2019	$85/MWh	50% (inflation – CPI US)	50% +1 share
Public Tender	20	Q4 2019	$50/MWh	70% (inflation – CPI US)	100%
	23		**€72/MWh**		
	10		**Electricity: AUD 89/MWhLGC: AUD 13/LGC**		
	20		**$59/MWh**		

(3) The Numurkah solar plant's capacity allocated to merchant sales will account for approximately 40% of its electricity production and 12% of its LGCs sold on the market.

(4) The Numurkah solar plant's LGC PPA (covering approximately 30% of its LGCs) is indexed at a fixed 2.5% rate for five years, followed by a 25% decrease in price after five years, with the price subsequently indexed to inflation at 100%.

% of total awarded capacity	Initial off-take price	PPA indexation *(indexation measure)*[1]	Yield *(in kWh/kWp)*	Neoen stake
1.5%	€89/MWh	20% (inflation – CPI France)	1,395	100%
1.7%	€70/MWh	20% (inflation – CPI France)	1,107	100%
0.6%	€72/MWh	20% (inflation – CPI France)	1,385	100%
0.6%	€71/MWh	20% (inflation – CPI France)	1,034	100%
1.1%	€75/MWh	20% (inflation – CPI France)	1,624	100%
0.5%	€92/MWh	20% (inflation – CPI France)	1,452	100%
1.2%	€159/MWh	20% (inflation – CPI France)	1,645	100%
1.2%	€78/MWh	20% (inflation – CPI France)	1,750	100%
1.4%	€87/MWh	20% (inflation – CPI France)	1,511	100%
0.6%	€76/MWh	20% (inflation – CPI France)	1,736	100%
0.6%	€77/MWh	20% (inflation – CPI France)	1,456	100%
1.5%	€70/MWh	20% (inflation – CPI France)	1,593	100%
0.5%	€84/MWh	20% (inflation – CPI France)	1,477	100%
1.5%	€67/MWh	20% (inflation – CPI France)	1,220	100%
0.4%	€70/MWh	20% (inflation – CPI France)	1,467	100%
0.2%	€71/MWh	20% (inflation – CPI France)	1,450	100%
1.7%	€62/MWh	20% (inflation – CPI France)	1,229	100%
2.1%	€56/MWh	20% (inflation – CPI France)	1,491	100%
1.2%	€60/MWh	20% (inflation – CPI France)	1,176	100%
1.9%	€54/MWh	20% (inflation – CPI France)	1,160	100%
1.2%	€58/MWh	20% (inflation – CPI France)	1,476	100%
2%	€54/MWh	20% (inflation – CPI France)	1,476	100%
1.9%	€54/MWh	20% (inflation – CPI France)	1,390	100%

Awarded solar projects

Project Name	Installed peak capacity *(in MW)*	Power purchase agreement	Term of the power purchase agreement *(years)*	Power purchase agreement start date
Americas				
La Puna	107	Public Tender	20	Q2 2020
Altiplano	101	Public Tender	20	Q2 2020
Aguascalientes(2)	375	Public Tender	Electricity: 15 years Certificates (CEL): 20 years	Q1 2020
TOTAL	**803**			
Weighted average Europe – Africa			**20**	
Weighted average Australia			**N/A**	
Weighted average Americas			**20**	

(1) Inflation indexation is to the consumer price index ("CPI") indicated. Indexation to the French CPI for French projects includes a portion of the price being indexed to hourly mechanical and electrical labour costs and to French industrial production prices.

(2) Construction on the facility began on December 30, 2018.

% of total awarded capacity	Initial off-take price	PPA indexation *(indexation measure)*(1)	Yield *(in kWh/kWp)*	Neoen stake
13.3%	$55/MWh	100% (factor based on inflation)(3)	3,055	100%
12.6%	$40/MWh	100% (factor based on inflation)(3)	3,098	100%
46.7%	$18.93/MWh: Electricity: $12.62/MWh for 15 years Certificates: $6.31/CEL for 20 years	30%: 20% (US PPI); 10% (Mexican PPI)(4)	2,425	100%
100.0%				
			1,402	
			N/A	
			2,784	

(3) Indexation is of off-take price multiplied by a fixed contractual factor based on projected US inflation of 1.7% per year, according to the following schedule:

Year of Production	***Price Adjustment***
1	*Price × 1.0171*
2	*Price × 1.0344*
3	*Price × 1.0521*
4	*Price × 1.0701*
5	*Price × 1.0883*
6	*Price × 1.1069*
7	*Price × 1.1258*
8	*Price × 1.1450*
9	*Price × 1.1646*
10	*Price × 1.1845*
11	*Price x 1.2047*
12	*Price × 1.2253*
13	*Price × 1.2462*
14	*Price × 1.2675*
15	*Price × 1.2891*
16	*Price × 1.3111*
17	*Price × 1.3335*
18	*Price × 1.3563*
19	*Price × 1.3794*
20	*Price × 1.4030*

(4) At a fixed US dollar to Mexican peso exchange rate.

9.5.2 WIND

9.5.2.1 WIND ASSETS IN OPERATION AND UNDER CONSTRUCTION

The following tables set forth key data with respect to wind assets in operation and under construction held by the Group:

Wind assets in operation

Project Name	Commercial operation date *(COD)*	Capacity *(in MW)*	Availability in 2018 *(%)*	Yield *(in kWh/kW)*	Power purchase agreement	PPA power purchase agreement duration *(years)*
Europe – Africa						
Auxois Sud	06.10.2010	12	98.4%	1,640	FIT	15
Bais et Trans	12.10.2012	6	97.9%	2,564	FIT	15
Bussy 1A	01.16.2017	9	99.5%	2,321	FIT	14
Bussy 1B	12.02.2016	9	99.8%	2,321	FIT	15
Bussy 2	12.01.2016	7	99.7%	2,321	FIT	15
Champs d´Amour	01.15.2018	9	94.6%	2,460	FIT	15
Chapelle Vallon	12.01.2011	12	99.1%	2,340	FIT	15
La Montagne	10.20.2014	12	98.9%	2,186	FIT	15
Osiére	07.21.2017	14	98.4%	2,866	FIT	15
Raucourt II Flaba	07.13.2016	10	98.2%	2,354	FIT	15
Raucourt II La Tabatière	06.28.2016	10	98.8%	2,354	FIT	15
Réclainville	12.17.2012	6	97.7%	2,961	FIT	15
Vallée aux Grillons	06.01.2017	11	98.6%	3,302	FIT	15
Villacerf	01.27.2016	10	97.4%	2,285	FIT	15
Pays Chaumontois	04.01.2018	14	99.4%	2,760	PPA (CFD)	15
Chassepain	06.21.2018	20	99.8%	2,656	PPA (CFD)	15
Australia						
HWF1	11.11.2016	102	99.3%	4,081	Public Tender	20
HWF2	06.08.2017	102	98.8%	3,751	Public Tender	20
HWF3	12.18.2017	112	99.1%	3,670	Public Tender	20
TOTAL		**569**				
Weighted average Europe – Africa			**98.7%**	**2,488**		**15**
Weighted average Australia			**99.1%**	**3,829**		**20**

(1) Inflation indexation is to the consumer price index ("CPI") indicated. Indexation to the French CPI for French projects includes a portion of the price being indexed to hourly mechanical and electrical labour costs and to French industrial production prices.

PPA off-take start date	Residual PPA *(years)*	Off-take price	PPA indexation *(indexation measure)*[1]	Initial merchant portion of total off-take capacity *(%)*	Neoen stake
06.10.2010	6	€86/MWh	60% (inflation – CPI France)	0%	100%
12.10.2012	9	€86/MWh	60% (inflation – CPI France)	0%	100%
01.16.2017	12	€84/MWh	60% (inflation – CPI France)	0%	100%
12.02.2016	13	€84/MWh	60% (inflation – CPI France)	0%	100%
12.01.2016	13	€84/MWh	60% (inflation – CPI France)	0%	100%
01.15.2018	14	€84/MWh	60% (inflation – CPI France)	0%	100%
12.01.2011	8	€86/MWh	60% (inflation – CPI France)	0%	100%
10.20.2014	11	€85/MWh	60% (inflation – CPI France)	0%	100%
07.21.2017	14	€84/MWh	60% (inflation – CPI France)	0%	100%
07.13.2017	13	€85/MWh	60% (inflation – CPI France)	0%	100%
06.28.2016	12	€85/MWh	60% (inflation – CPI France)	0%	100%
12.17.2012	9	€86/MWh	60% (inflation – CPI France)	0%	100%
06.01.2017	13	€84/MWh	60% (inflation – CPI France)	0%	100%
01.27.2016	12	€84/MWh	60% (inflation – CPI France)	0%	100%
04.01.2018	14	€81/MWh	60% (inflation – CPI France)	0%	100%
06.21.2018	14	€84/MWh	60% (inflation – CPI France)	0%	100%
02.16.2017	18	AUD 92/MWh	None	0%	70%
12.01.2018	20	AUD 77/MWh	None	0%	80%
10.01.2019	20	AUD 78/MWh	None	0%	80%
	12	**€85/MWh**			
	19	**AUD 82/MWh**			

Wind assets under construction

Project Name	Initial NTP Date	Expected COD	Capacity *(in MW)*	Yield *(in kWh/kW)*	Power purchase agreement
Europe – Africa					
Auxois Sud II	02.15.2018	Q2 2019	16	2,778	PPA (CFD)
Les Hauts Chemins	08.20.2018	Q2 2019	14	2,831	PPA (CFD)
Hedet	09.27.2018	Q1 2020	81	3,482	Private PPA
Australia					
Bulgana[3]	19.03.2018	Q3 2019	214	3,753	Public Tender/Private PPA
TOTAL			**326**		
Weighted average Europe – Africa				**3,297**	
Weighted average Australia				**3,753**	

(1) Inflation indexation is to the consumer price index ("CPI") indicated. Indexation to the French CPI for French projects includes a portion of the price being indexed to hourly mechanical and electrical labour costs and to French industrial production prices.

9.5.2.2 AWARDED WIND PROJECTS

The following tables set forth key data with respect to the Group projects in the "awarded" stage, based on their degree of completion:

Awarded wind projects

Project Name	Capacity *(in MW)*	Power purchase agreement	PPA power purchase agreement duration *(years)*	Power purchase agreement start date
Europe – Africa				
Courcome	11	PPA (CFD)	15	Q4 2020
La Garenne	10	PPA (CFD)	15	Q4 2019
Le Mont de Malan	30	PPA (CFD)	15	Q3 2020
Viersat – Quinssaines	16	PPA (CFD)	15	Q3 2020
Le Berger	14	PPA (CFD)	15	Q4 2021
TOTAL	**81**			
Weighted average Europe – Africa			**15**	

(1) Inflation indexation is to the consumer price index ("CPI") indicated. Indexation to the French CPI for French projects includes a portion of the price being indexed to hourly mechanical and electrical labour costs and to French industrial production prices.

9.5.3 STORAGE

Project Name	Status	Expected COD	Operating capacity *(in MW)*	Availability in 2018 *(%)*	Yield *(in kWh/kW)*
Europe – Africa					
Azur Stockage	Under construction	Q1 2019	6	N/A	N/A
Australia					
HPR(1)	Operational	12.16.2017	100	N/A	N/A
TOTAL				**N/A**	

(1) Hornsdale Power Reserve (HPR) is the energy storage facility collocated with the HWF1, HWF2 and HWF3 projects at the Hornsdale Wind Farm.

PPA power purchase agreement duration *(years)*	Power purchase agreement start date	Off-take price	PPA indexation *(indexation measure)*(1)	Neoen stake
15	Q2 2019	€80.97 + €2.8/MWh	60% (inflation – CPI France)	100%
15	Q2 2019	€80.97 + €2.8/MWh	60% (inflation – CPI France)	100%
10	Q1 2020	€34.13/MWh	N/A	80%
15	Between Q3 2019 and Q4 2021	AUD 60.1/MWh(2)	2.5% fixed rate	100%
11		**€47.7/MWh**		
15		**AUD 60.1/MWh(3)**		

(2) Price for PPA with State of Victoria only.
(3) Capacity for Bulgana includes 20 MW for the collocated storage facility.

% of total awarded capacity	Initial off-take price	PPA indexation *(indexation measure)*(1)	Yield *(in kWh/kW)*	Neoen stake
14%	€80.97 + €2.8/MWh	60% (inflation – CPI France)	2,722	100%
12%	€80.97 + €2.8/MWh	60% (inflation – CPI France)	2,247	100%
37%	€80.97 + €2.8/MWh	60% (inflation – CPI France)	2,232	100%
20%	€80.97 + €2.8/MWh	60% (inflation – CPI France)	2,400	100%
17%	€80.97 + €2.8/MWh	60% (inflation – CPI France)	2,662	100%
100%				
			2,409	

Power purchase agreement	Contract term *(years)*	Power purchase agreement start date	Off-take price	PPA indexation *(indexation measure)*(1)	Neoen stake
N/A	N/A	Q1 2019	N/A	N/A	100%
Public Tender	11	12.16.2017	N/A	N/A	100%

9.6 CROSS-REFERENCE TABLES

9.6.1 CROSS-REFERENCE TABLE WITH EC REGULATION NO. 809/2004

This cross-reference table includes the key headings required by EC regulation no. 809/2004 of the European Commission of April 29, 2004 and includes reference to those Chapters/Sections of this Registration Document which include the information relating to each of these headings.

No.	Headings featured under Appendix 1 to regulation no. 809/2004	Chapter/Section
1.	**Persons responsible**	
1.1.	Identification of the persons responsible	9.1.1. and 9.1.3.
1.2.	Declaration by the persons responsible	9.1.2.
2.	**Statutory auditors**	
2.1.	Name and address of the statutory auditors	9.2
2.2	Changes of statutory auditors during the period	9.2
3.	**Selected financial information**	
3.1.	Presentation of selected past financial information	2.1.2.
3.2	Selected financial information for interim periods	N/A
4.	**Risk factors**	**03.**
5.	**Information about the issuer**	
5.1.	History and development of the Company	1.1.
5.2.	Investments	2.2.3.
6.	**Snapshot of activities**	
6.1.	Key business activities	1.4.
6.2.	Key markets	1.3.
6.3.	Exceptional events	N/A 1.8.
6.4.	Extent to which the Company is dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	N/A
6.5.	The basis used for any statements made by the issuer regarding its competitive position	
7.	**Organisation chart**	
7.1.	Description of the Group and of the Company's place within the Group	2.4.2.
7.2.	List of significant subsidiaries of the Company	2.4.2.
8	**Property, plant and equipment**	
8.1.	Significant existing or planned fixed assets	1.6.
8.2.	Environmental issues liable to influence the Company's use of its fixed assets	05.
9.	**Review of the financial position and results of operations**	
9.1.	Financial position, changes in this position and profits or losses generated by the transactions completed during each financial year and interim period for which past financial information is required	2.1.
9.2.	Operating profit (loss)	2.1.
10.	**Cash and cash equivalents and equity**	**2.2.**
10.1.	Indications regarding the issuer's equity in the short and long term	2.2.
10.2.	Source and size of the Company's cash flows and description of these flows	2.2.
10.3.	Information on the borrowing terms and funding structure of the Company	2.2.
10.4.	Information regarding any restrictions on the use of capital resources that have materially impacted, or could materially impact, directly or indirectly, the Company's operations	2.2.
10.5.	Information on sources of financing	2.2.
11.	**Research and development, patents and licences**	**1.8.**

No.	Headings featured under Appendix 1 to regulation no. 809/2004	Chapter/Section
12.	**Information on trends**	
12.1.	Key trends having impacted production, sales and inventory, sale prices and costs between the end of the last financial year and the date of the Registration Document	2.3.
12.2.	Trends, uncertainties, demands or any commitment or event reasonably likely to have a material impact on the Company's prospects, for the current financial year at least	2.3.
13.	**Profit forecasts or estimates**	**N/A**
14.	**Administrative, management and supervisory bodies and senior management**	
14.1.	Composition of Management and Supervisory Bodies	6.1.1.
14.2.	Conflicts of interest within the administrative, management and supervisory bodies and Senior management, as well as any agreements reached	6.2.2.
15.	**Compensation and benefits**	**6.3.**
15.1.	Compensation and benefits in kind	6.3.
15.2.	Pensions and other benefits	6.3.4.
16.	**Functioning of the administrative and management bodies**	
16.1.	Appointments of the members of the Board of Directors	6.1.1.
16.2.	Service agreements applicable to members of the administration and management bodies	6.2.2.
16.3.	Information relating to the Audit Committee and the Compensation Committee	6.2.2.
16.4.	Declaration on corporate governance	6.2.1.
17.	**Employees**	
17.1.	Number of employees	2.4.3.
17.2.	Shareholdings in the issuer's share capital and stock options	N/A
17.3.	Agreement providing for the holding by employees of an interest in the issuer's share capital	7.2.12.
18.	**Main shareholders**	
18.1.	Identification of the main shareholders	7.3.1.
18.2.	Existence of different voting rights	7.3.1.
18.3.	Control over the issuer	7.3.1.
18.4.	Agreements potentially leading to a change of control	7.3.7.
19.	**Related-party transactions**	**6.4.3. and 4.1. Note 34**
20.	**Financial information concerning the assets, financial situation and profits and losses of the issuer**	
20.1.	Past financial information	4.1.
20.2.	Pro forma financial information	N/A
20.3.	Financial statements	4.1 and 4.3.
20.4.	Verification of past annual financial information	4.2. and 4.4.
20.5.	Date of the most recent financial information	4.1.
20.6.	Interim financial information and other	N/A
20.7.	Dividend Distribution Policy	7.3.8.
20.8.	Lawsuits and arbitration proceedings	3.1.2.
20.9.	Material changes in financial or commercial position	N/A
21.	**Additional information**	
21.1.	Share Capital	7.2.1.
21.2.	Articles of incorporation and bylaws	7.1.
22.	**Material contracts**	**1.7.**
23.	**Third-party information, statements by experts and declarations of interest**	
23.1.	Declaration by or report attributed to any party acting in the capacity of expert	N/A
23.2.	Information provided by a third party	1.3.
24.	**Documents available to the public**	**9.4.**
25.	**Information on equity investments**	**4.3. Annex 1**

9.6.2 CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

To facilitate the reading of the annual financial report, the reference table set out below enables the identification, within this Registration Document, of the key information to be published by public listed companies in accordance with Articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the AMF General Regulation.

Headings used in Article L. 451-1-2 of the French Monetary and Financial Code and in Article 222-3 of the AMF General Regulation	Chapter/Section
2018 annual financial statements	4.3.
2018 consolidated financial statements	4.1.
Management report by the Neoen Board of Directors	9.6.3.
Declaration by the person responsible for the 2018 annual financial report	9.1.2.
Report by the statutory auditors on the 2018 annual financial statements	4.4
Report by the statutory auditors on the 2018 consolidated financial statements	4.2
Statutory auditors fees	4.1. (Note 36)

9.6.3 CROSS-REFERENCE TABLE FOR THE MANAGEMENT REPORT

The following cross-reference table enables the identification of the main information defined by Articles L. 225-100 *et seq.*, L. 232-1 and R. 225-102 *et seq.* of the French Commercial Code, as well as by the specific section of the management report dedicated to corporate governance, in application of Articles L. 225-37, para. 6 *et seq.* of the French Commercial Code.

Headings used in the 2018 management report	Chapter/Section
Situation and activity of the Group in 2018/Comments on the financial year	
Analysis of the change in business, profits or losses and in the financial position of the Company and the Group (including in particular any dividends released for payment on the basis of the previous three financial years and the amount of income eligible for deduction)	2.1.
Material events having occurred since the start of the 2019 financial year and prospects	2.4.1. and 2.3.
Research and development	1.8.
Transactions	2.1.
Corporate financial statements	
Revenue	2.4.2.
Neoen S.A. balance sheet and income statement	4.3.
Expenses and costs covered by Article 223 *quarter* of the FTC	2.4.2.
Trade payables and trade receivables	2.4.2.
Net financial income (expenses) over 5 years	2.4.2.
Subsidiaries and equity investments	2.4.2.
Risk factors	
Risks related to the activity	3.1.1.
Legal risk (issues and constraints related to legislation, material disputes, etc.)	3.1.1.
Industrial and environmental risk	3.1.2.
Counterparty risk	3.1.3.
Customer-related risk	1.4.3.
Liquidity risk	3.1.3.
Financial and market risk	3.1.3.
Insurance	3.2.1.
Internal control and risk management procedures	**3.2.2.**
Main characteristics of the Internal Control and risk management procedures relating to the compilation and processing of accounting and financial information	3.2.2.
Vigilance Plan	**N/A**
Corporate governance	

Headings used in the 2018 management report	Chapter/Section
Choice of operating methods made by Senior Management	6.2.2.
Limits imposed on the powers of the CEO	6.2.2.
Composition of the Board, conditions governing the preparation and organisation of the work of the Board	6.1.1.
List of offices held and duties performed within any company by each executive officer during the financial year	6.1.1.
Compensation of corporate officers	6.3.
Options awarded and exercised by corporate officers	6.3.
Undertakings made with regard to corporate officers	6.3.
Statement of all trading in Neoen shares by executives and related persons during 2018	7.2.6.
Table summarising any currently valid delegations of authority granted by the general meeting in relation to share capital increases	6.4.1.
Description of the diversity policy, objectives and results applied to the members of the Board of Directors	6.2.1.
Provisions of the AFEP-MEDEF Code having been set aside and the reasons for this	6.2.1.
Special arrangements for participation by shareholders in the general shareholders' meeting	6.2.2.
Factors that may have an impact in the event of a public offer or exchange offer	6.4.3.
Declaration of extra-financial performance ("DPEF")	**N/A**
Information on the share capital	
Conditions set out in the Articles of association governing changes in the share capital and corporate rights	7.1.
Structure of and changes in the share capital	7.3.1.
Changes in the breakdown of the holding of the share capital and voting rights over the last three years	7.3.5.
Employee profit-sharing	N/A
Crossings of the legally-defined thresholds declared to the Company	7.3.4.
Shareholder agreements relating to the securities making up the Company's share capital	N/A
Buy-back by the Company of its own shares	7.2.11.
Presentation of stock options and share allocation plans	6.3.2. and 7.2.8.

9.7 GLOSSARY

Aggregator	Intermediary that purchases electricity from an electricity producer to sell it on the electricity market. The Group contracts with an aggregator when it wishes to sell the electricity produced by its assets on certain wholesale electricity market (spot market).
Average availability	Ratio between the energy actually produced by a photovoltaic, wind or biomass asset during a given period and the energy that could theoretically be produced by the asset during the same period.
Biomass	Process for producing electricity using the heat generated by the combustion of organic materials of plant or animal origin (biomass by combustion) or bio-gas from the fermentation of these materials (though the letter is not one of the Group's activities).
Commercial operation date (COD)	Date at which a solar, wind or biomass asset is connected to the grid and starts selling the electricity it produces.
Contract for difference or "CFD"	A contract structure pursuant to which a buyer of electricity (usually a state or state-backed entity) undertakes to pay the electricity producer the difference between a reference tariff and the actual price at which the producer sells the electricity on the market ("M0i" price) *via* an aggregator.
EPC ("Engineering, Procurement and Construction") Contract	Design, supply and installation contracts for photovoltaic, wind or biomass plants. These contracts generally include the supply of photovoltaic panels or wind turbines and other system components (BOS or BOP components).
Feed-in-tariff or "FIT"	A legal and regulatory structure under which the purchase price of electricity produced by a generating unit is mandated for a given buyer under long-term contracts.
Green bonds	Debt securities whose proceeds are used to finance projects eligible for sustainability ratings under given social or environmental criteria, in particular by reference to the relevant guidelines established by the International Capital Markets Association ("Green Bonds Principles").
Grid	The combined energy infrastructures used to transport electrical energy from electrical production units to consumers.
Grid curtailment Grid	Where an electricity producer is forced to reduce its energy production to a level below its regular production capacity, for reasons beyond its control, usually at the request of the grid operator.
Grid parity	Where the levelised cost of electricity ("LCOE") of a renewable energy source is less than or equal to the purchase price of electricity on the grid.
Installed power	Level of peak power watts or watts, as applicable, for a given solar, wind or biomass asset or storage.
Interconnection agreement	Agreement setting forth the mutual obligations and the technical, legal and financial conditions that the electricity producer and the grid operator must respectively fulfill for the connection of an electricity production installation to a given electrical grid.
Internal rate of return ("IRR") of a project	Ratio between a project's future cash flows and its foreseeable costs (including the related cost of debt).
Inverter	Device for converting a direct current ("DC") produced by a photovoltaic, wind or biomass asset into an alternating current ("AC") compatible with electricity transmission and distribution networks.
Irradiation	The level of exposure of a point on the Earth's surface to the sun's radiation, which determines the level of electricity that a solar power plant can produce.
Kilowatt ("kW")	Standard unit measuring electrical power, equivalent to 1,000 watts.
Kilowatt-hour ("kWh")	Standard unit measuring the electrical power generated or consumed (power expressed in kW multiplied by a period expressed in hours).

Levelised Cost of Energy or "LCOE"	An indicator for comparing the competitiveness of different energy sources, calculated by comparing the total cost of electricity production (including development, financing, construction, operation and maintenance costs) for a given plant with the actual electricity production of that installation (expressed in kWh) over its entire lifetime.
Megawatt ("MW")	Standard unit measuring electrical power, equivalent to 1,000 kW or one million watts.
Megawatt-hour ("MWh")	Standard unit measuring the electrical generated or consumed (power expressed in MW multiplied by a period expressed in hours).
Monocrystalline silicon	Basic material composing photovoltaic cells, produced by melting polycrystalline silicon refined at very high temperatures, then solidifying it into a single large cylindrical crystal.
O&M ("Operation and Maintenance") contract	Operation and Maintenance contract for a photovoltaic, wind or biomass asset. Generally, the O&M service provider is the EPC contractor for the construction of the asset.
Other components of the system ("balance of system" or "BOS" components for solar parks and "balance of plant" or "BOP" components for wind parks)	All equipment and components necessary for the construction of a solar power plant other than photovoltaic panels, or of a wind park other than wind turbines, including inverters, transformers, electrical protection devices, wiring and control equipment, and also structural elements such as mounting frames or wind turbine masts.
Peak power	Maximum power produced by a photovoltaic panel under standard test conditions.
Performance ratio ("PR")	Ratio expressed as a percentage between actual electricity production and theoretical production over a reference period.
Photovoltaic (or solar) panel	The main component of a solar park, consisting of a set of photovoltaic cells electrically connected to each other, encapsulated in a plastic or glass envelope and supported by supporting materials, usually an aluminium structure.
Polycrystalline silicon	Basic material composing photovoltaic cells, produced by re-melting refined silicon pieces and then solidifying them by in a cuboid crucible and cutting them into rectangular ingots consisting of multiple small crystals of different sizes and shapes. Each ingot is then cut into very thin wafers. This technology is more widespread but a slightly less efficient than monocrystalline silicon.
Power Purchase Agreement or "PPA"	Contract by which an electricity producer sells, for a fixed price, all or part of its electricity production to a purchaser of electricity.
Provisional acceptance date	The date on which the Group's EPC provider reaches a contractually defined level of completion of the construction of a solar, wind or biomass asset and obtains the necessary certifications and performance to meet the "provisional acceptance" criteria under EPC contracts and other agreements relating to that asset.
PV	Abbreviation of "photovoltaic".
Solar	Process for producing an electric current by exposing semiconductor materials to light.
Special purpose vehicle ("SPV")	Company specifically created or, to a lesser extent, acquired by the Group for the sole purpose of holding a solar, wind, biomass or storage asset of the Group while carrying the debt (without recourse to the Company or any other Group entities outside of the debt financing perimeter) relating to the energy-producing asset.
Standard test conditions	Standardised test conditions for measuring the nominal capacity produced by photovoltaic cells or panels corresponding to (i) an irradiation level of 1,000 W/m^2, (ii) an air mass level of 1.5 units, and (iii) a cell or panel temperature of 25°C.
Supervisory Control and Data Acquisition ("SCADA")	Information system used to evaluate, optimize and control energy production, performance, safety and, more generally, the proper operation of a solar, wind or biomass asset in real time.
Transformer	Conversion device for changing the voltage and intensity of an electric current into an electric current of different voltage and intensity.

Turbine	Generator producing electricity from kinetic wind energy. The main component of a wind asset.
Turbine Supply Agreement (or "TSA")	Contract pursuant to which a supplier provides, transports, installs and commissions turbines.
Watt ("W")	Standard unit measuring (for the Group) the electrical power of a solar asset, established under standard test conditions or of a wind, biomass or storage asset.
Wind	Process to transform the kinetic energy of the wind into mechanical energy and then into electrical energy through the use of wind turbines.
Wind kinetic energy	Energy generated by moving air, depending on its mass and speed.

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REGISTRATION
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NEOEN
6 rue Ménars
75002 Paris - France
www.neoen.com