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Engie chief Isabelle Kocher declares business 'repositioning' complete

French energy company cuts costs and refocuses on renewables and digital

Isabelle Kocher has overseen significant changes at Engie since she took over the energy group, becoming the first French woman to lead a CAC 40 company © FT montage / Reuters

David Keohane in Paris

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JANUARY 22, 2018

Isabelle Kocher, chief executive of Engie, says a “fundamental repositioning” is complete at the start of a critical year for the French energy company.

“It’s [now] more about the pace of growth,” said Ms Kocher, who [took over the group in 2016](#). “Fundamentally we have done the most important part in terms of repositioning. And we have been extremely clear on the businesses we intend to make a difference on.”

[Engie](#) has gone through significant changes since [Ms Kocher](#) took charge, becoming as she did the first French female chief executive in Paris’s CAC 40 stock market index.

As part of her three-year plan that will run to the end of 2018, the company has cut costs, reduced its exposure to carbon-intensive industries and from markets most exposed to fluctuating prices.

At the same time, it has increased its exposure to renewable energy, regulated markets and digital technologies.

Since the start of 2016, Engie has sold or closed more than 10GW out of 16GW of coal production, brought 6GW of renewable energy online and secured a further 6GW.

Low-carbon activities now represent more than 90 per cent of earnings before interest, taxation and amortisation, ahead of target, says the company.

As part of its plan, Engie aimed to sell off €15bn of fossil fuel-focused assets between

2016 and 2018 and reinvest the proceeds in renewables and energy services.

Following the sales of liquefied natural gas assets to Total for [\\$1.5bn in November](#) and of a coal plant in Australia in December for \$800m, 90 per cent of those disposals are now complete.

CV Isabelle Kocher

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BORN
1966,
Neuilly-
sur-
Seine

EDUCATION

Ecole
Normale
Supérieure
(postgraduate
in
Physics),
Corps
des
Mines
Engineering
School

CAREER

HIGHLIGHTS

1997-
2002:
Government
positions
including
industrial
affairs
adviser

2002-
14:
Joins

The cash from the disposals has already mostly been spent or committed with the majority going towards internal growth, rather than large acquisitions.

“I have been pushed, to be honest, to make big acquisitions because it was the traditional way,” said Ms Kocher. “It’s not a question of size, it’s more a question of really being able to bring something. The best way to create value is to really bring organic growth.”

The market has also given Ms Kocher and Engie a vote of confidence on the new strategy: since the start of 2017, the share price has risen 19 per cent.

“Engie’s transformation is nearly complete, and see little execution risk,” said Julie Arav, an analyst at Kepler Cheuvreux.

However, other analysts suggest 2018 will be critical. Last week Ms Kocher told journalists growth in core businesses should accelerate in 2018 from close to 5 per cent over the year before.

Vincent Gilles, analyst at Credit Suisse, said: “If

Suez
and
rises
to
chief
financial
officer
(2011);
also
served
as
chief
operating
officer
and
managing
director
of
subsidiary
Lyonnaise
des
Eaux

2014:
Chief
operating
officer
at
Engie

2016:
Chief
executive
at
Engie

NOTABLE
Ranked
as
third
most
powerful
woman
in

this is a bad year, then you can put the blame on her. So far you could put the blame on exogenous factors and former management. This is the first year where you have the majority of assets which have either been brought in or shaped by Ms Kocher.

“The very important thing is that she has a lot of credit with the market . . . a lot of kudos in what she says. That is good and it gives her time, but not infinite time . . . When markets fall in love with management they always fall out of love at some stage,” he added.

The French state remains a significant shareholder in Engie despite having sold a [4 per cent stake in September](#). Ms Kocher will not be drawn on whether the state will sell any more of its 25 per cent holding as it looks to [fund spending plans](#), saying only that she “is ready to manage every situation”.

Ms Kocher, who is one of [seven women co-chairing Davos](#) this week, is expected to face a leadership test this year when Gérard Mestrallet, former chief executive of Engie and current chairman, is due to step down.

“The question,” said one market watcher, “is whether we revert to one job for the CEO and chairman or whether they actually appoint someone else to replace Mr Mestrallet and keep the two jobs separate”.

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Although Ms Kocher has said she would welcome a new chairman who backed her strategy, there is an assumption she would prefer to take the role on herself.

However, the state, which will play a key role in the decision, has indicated the two jobs will remain separate.

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Isabelle Kocher

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