



9M 2025 RESULTS

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Delphine Deshayes

Thank you, and good morning, everyone. It's my pleasure to welcome you to ENGIE's 9M 2025 conference call. Shortly, Catherine and Pierre-Francois will present our 9M 2025 performance, following which we will open the lines to Q&A, with my polite request of limiting your questions to one or two only, please. And with that, over to Catherine.

Catherine MacGregor

Thank you very much, Delphine. Good morning, everyone. Welcome to the presentation for our 9M 2025 results. When we can report a resilient set of numbers in what we could perhaps say is the new norm of a choppy economic, political, and geopolitical environment. We have continued to grow in Renewables and Flexible power, and we've done it, as always, by executing with efficiency. We are dynamizing our performance, and we are further simplifying our asset portfolio. With our ideal combination of green and flexible energy, plus expertise in energy management, we are putting ourselves in pole position to meet the challenges and opportunities of booming data center demand, and in general, electrification. In nuclear, we embark on a new chapter with the restart of both reactors in our new joint venture with the Belgian government, triggering the transfer of the remaining waste liability off our balance sheet. A big step for ENGIE delivered at last. Finally, on the basis of our 9M results and final quarter outlook, we are on track to achieve the upper end of our Net Recurring Income group share guidance range of €4.4bn to €5bn.

Before moving on, I want to take a moment to remind ourselves what we are at ENGIE, we are first and foremost, a utility, which means that we are here to bring people something useful, something that they really need. And as a utility, we are focused on the energy transition, which means affordable, greener energy in a new environment of rising demand, fueled by electrification and data centers. Green power is often quickest to market, the more so given procurement bottlenecks for new gas plants. Components' cost have fallen drastically. But that alone doesn't automatically imply that greener output is cheaper than what we have today, as they are negative prices, there is curtailments, which are undoubtedly a challenge, which shows that the system needs further optimization. And how are we doing this? We are moving faster to combining green output with batteries, pump storage, and flexible gas, and also being pragmatic about what can be electrified. Gas will remain an indispensable part of the energy system, and gas in turn, will need to be decarbonized. As a utility focused on the energy transition, we have an ideal combination of assets and market know-how that is making greener

energy more affordable and more attractive, which is why I am more excited than ever about the ambition we have at ENGIE to become the best energy transition utility.

Moving on to this next slide, some headline numbers. EBIT excluding Nuclear was down 7.3% on an organic basis at €6.3bn, with a rising contribution from Networks and recalling a high basis of comparison in terms of energy pricing in S&EM and hydro volumes in our Renewables and Flex Power GBU. Our performance actions achieved a tripling of boost to the EBIT over the first nine months of 2025 versus last year to an unprecedented amount of €477m. You'll remember that we are targeting €1bn minimum of performance improvement over the '25 to '27 period, which represents an increase versus the previous years. In particular, a culture and competitiveness plan, also known as a C square plan, is taking on a real momentum. The initial top-down approach is now complemented by a bottom-up approach, meaning that every manager is responsible for developing and implementing the most relevant action plan covering the key areas we have identified, bringing efficiencies in procurement, improving panel layer, reducing general administrative expenses, to name a few. I am really pleased to see the level of ownership from our management team on this topic and the promising results. Moving on, cash flow from operations stand at a strong level of €11.4bn. The structure of our balance sheet remains solid, with economic net debt equating to 3.2x of EBITDA at the end of September, well below the ceiling of 4x. In conclusion, we approached the final part of 2025 with confidence, and I can confirm our guidance for the full year with Net Recurring Income group share at the upper end of the range.

Turning to this next slide, we added over 2GW of renewables and BESS in Q3 alone, making 4GW for the first nine months. Two major projects to mention, the Dieppe Le Treport offshore wind farm, which in September installed its first turbine foundation, also the signing of the 1.5GW solar project in Abu Dhabi a few weeks ago, our largest renewables project that demonstrates our global reach and ability to compete successfully for the biggest ticket project within our investment criteria. In terms of green PPAs, we saw a big acceleration in Q3 with 3.1GW signed to date. In the US, we are moving forward with 1.7GW under construction, supported by demand for PPAs where buyers are anticipating scarcity and are looking to secure their supply. An example of that is our recently announced PPA with Meta covering the entire output of our 600MW Swenson project in Texas, which is due onstream in 2027. Some uncertainty in that market remains still with, for example, the risk of delays in permitting from the impact of the US government shutdown.

As with renewables, I want to stress a similar breadth of geographical presence and optionality in ENGIE's flexible power assets. This slide shows that we are expanding our portfolio in several European countries where we enjoy an integrated business presence. We've been actively contributing to Belgium security and flexibility of supply. Our 875MW Flemalle CCGT is now operational. It achieved full power at the end of October and is currently undergoing final tests to fine-tune processes. And at the start of October, we connected the first phase of our 200MW BESS at Vilvoorde ahead of schedule, and early next year, we'll be starting construction of an 80MW BESS at Drogenbos. In Italy, we acquired two BESS projects of 200MW combined in the Puglia region in July, enhancing a 4.2GW of generation portfolio and our supply business in that country. In Romania, where we have 240MW of wind and solar as well as a regulated gas distribution business, we are launching the Sibiu BESS project with 80MW capacity due onstream late 2026.

Moving on to this next slide, I want to share with you quickly how we are leveraging our key strengths in order to capture the opportunities presented by the data center boom. A boom that leads me to state with conviction that in the US particularly, even those who don't believe in the energy transition believe in energy additions. What are these key strengths, and how do they fit the needs of data center developers? First, we have a massive portfolio of over 1,000 generation and flexibility sites, while data centers need land as well as grid access, so we can help. We aim to co-locate a substantial data center capacity with our production plans. Second, we will leverage our pipeline of over 100GW of renewables and BESS as well as our recognized capability to provide anything from basic as produced PPA to sophisticated 24/7 as consumed products. How? By stepping up the pace of new tech and data center PPAs, and providing the quick-to-market additional energy that tech so badly needs. Worth mentioning here that ENGIE has so far signed a cumulative volume of over 5GW of renewable

PPAs with tech and hyperscalers. And third, we have best-in-class B2B supply and energy management, where data center developers want to maximize their energy competitiveness. So here, we can help as well.

Finally, it's a pivotal year for our business in Belgium, one of our two home markets. I already mentioned the opening of our flexible Flemish gas-fired power plant, plus two further BESS projects to add to the Kallo project, which is already underway, bringing us to 380MW of storage capacity. Since then, we won significant volumes in the recent Belgium CRM auctions, with around 2GW in each of these three auctions, thereby giving long-term visibility to the operations of our existing fleet while contributing to Belgium's security of supply. Last but not least, in nuclear, we are delighted at the success of the first stage extension work of the Tihange 3 and Doel 4 reactors and their timely reconnection to the grid, with full availability for the winter season. This is the final milestone for our Belgian agreement, which is now fully in force, meaning that the transfer of nuclear waste liabilities has now been completed. Our liabilities are now limited to dismantling and low-category nuclear waste, and for our nuclear operation in Belgium, our exposure to merchant will end from the start of December. It is really a new chapter that kicks off for ENGIE in Belgium nuclear, which encompassed relatively modest, but more importantly, de-risked earnings and a de-risked balance sheet.

With that, I will pass it over to Pierre-Francois.

Pierre-François Riolacci

Thank you, Catherine, and good morning, everyone. Thank you for being here with back-to-back calls. Apologies for this busy day. I'm pleased to present, of course, ENGIE's 9M financial results for 2025, a period which is marked by resilient earnings and also robust cash flow. EBITDA excluding Nuclear reached €9.8bn, and EBIT excluding Nuclear came in at €6.3bn. Both metrics reflect the normalization in our markets, lower hydro volumes, and also some FX headwinds. Organic variance stand at minus 4% and minus 7%, respectively, after several years of exceptional performance. Against these headwinds, growth and performance, our growing momentum, and our quality of earnings is evident in our cash flow from operations, which stand at €11.4bn. Net financial debt increased by €2.7bn, only due to the Belgian nuclear agreement, while economic net debt decreased by €1.4bn, highlighting our disciplined approach to managing our balance sheet with credit ratios that leave us with significant headroom. Importantly, our 2025 guidance is confirmed, and based on Q3 performance, we actually expect to reach the upper half of the range for EBIT excluding Nuclear and the upper end for net recurring income. ENGIE continues to demonstrate resilience and agility, positioning us well for the remainder of the year. Consequently, we foresee sustained growth in our fourth quarter, outperforming last year's Q4 and taking H2 '25 above H2 '24 as expected. This reflects our confidence in ENGIE's ability to deliver consistent and predictable growth over the coming years, with a low point expected in 2026 Net Recurring Income following the phase-down of our nuclear activity.

Let's now turn to the evolution of ENGIE's EBIT over the first nine months. As you can see, EBIT excluding Nuclear stands at €6.3bn. The headline story is very simple. It's one of investment and performance initiatives offsetting the impact of market normalization and lower volumes. On the negative side, indeed, we faced significant headwinds from FX and scope, as well as from price and volatility, particularly within our supply and energy management activities, where market normalization led to lower reserve reversals and also reduced results on gas and LNG. One of the items, such as the positive impact of renegotiated gas contracts in 2024 and increase in 2025 for gas transport tariffs, also weighed on the results. Those impacts were partly compensated by the tariff increase in our French gas networks. Volumes were another challenge, especially in renewables, where lower resources in Europe, most notably hydro in France, but not only, drove a substantial decline. Networks also saw reduced consumption, particularly in Germany and France, contributing to the overall volume effect. However, these pressures were partly offset by strong commissioning activities, plus €327m, with new assets in Renewables, Networks, and Local Energy Infrastructures coming online and contributing positively to EBIT. Performance improvements across all segments, a striking plus €477m, as Catherine was alluding to, added further support, demonstrating the effectiveness of our operational excellence and competitiveness programs, as well as the successful upturn of some loss-making activities. Other effects include notably the cost

of our employee shareholding plan for a bit more than €50m. Nuclear EBIT is down €577m, with negative volume effects linked to the permanent shutdown of Doel 1 in February '25, as well as conformity outages of Tihange 3 and Doel 4. This decrease is also explained by some lower prices captured in Europe. In summary, while market normalization and lower volumes presented clear challenges, ENGIE's disciplined investment and performance initiatives are enabling us to land a rebate trajectory at a much higher level than pre-crisis.

If we review now ENGIE's EBIT evolution by reporting segment for the first nine months. You should note that Renewable and Flex Power EBIT is negatively impacted by FX, minus €75m, and by scope, minus €97m, with exposure to Brazilian Real and US dollar for FX, and also with disposal of cash generation assets in Singapore and Pakistan, as well as a deconsolidation in Morocco. Renewables and BESS activities decreased organically by €136m. This was due to the normalization of volumes in Europe, as hydrology in France returned to more typical levels after exceptionally favorable conditions last year. Overall volume impact in Europe, net of the hydro tax, amounts to €419m. This was partially offset by the very strong contribution of new commissioned assets, plus €255m, and improved operational performance, plus €55m. Q4 should benefit from a softer base effect, also supporting a significantly more positive outlook. We are also pleased to report that we have resolved all pending disputes with Nordex USA and ENGIE Renewables, and the parties anticipate continuing their strong commercial relationship.

Turning to Gas Generation. EBIT declined by €126m organically. The main driver here was the continued drop in capture spread in Europe, minus €260m, mostly in H1, and the high comparison base, though this was partly balanced by favorable price effects internationally, especially in Chile and in Australia, and the end, of course, of the inframarginal tax in France.

In Infrastructures, the picture is positive. EBIT from Networks increased by an impressive €705m, driven by tariff increases implemented last year and related to the new regulatory period. Strong performance in French activities and the annual revision of distribution tariff in France further supported results in Q3. In Latin America, EBIT grew thanks to new power line construction in Brazil and tariff indexation in both Brazil and Mexico. While the bulk of the profit increase was secured in H1, with the full impact of tariff increase in Europe, Q3 was a good quarter.

Local Energy Infrastructure saw an organic EBIT decrease at €36m, which is actually an improvement versus the first half. The anticipated normalization of market prices impacted spread captured by cogeneration facilities, but this was mitigated by improved performance and selective development of new urban heating and cooling networks.

Moving to Supply and Energy Management now, EBIT in B2C activities declined by €131m organically, mainly due to a strong and atypical year in 2024. Still, good margins in Europe and a market environment that allows for full valuation of risk helped cushion the impact and are supporting a full-year ambition close to €0.5bn.

B2B EBIT decreased organically by €129m, reflecting a drop in timing effect that had positively impacted the nine months of '24. But again, commercial performance remained solid, with margins in line with expectations, and we are all set for a strong year.

Finally, Energy Management EBIT decreased by €775m organically, reflecting continued market normalization, softer activity due to geopolitical and economic uncertainties, and lower market reserve releases compared to last year. A negative one-off related to gas transport tariff updates in Austria and the Netherlands also weighed on results in H1, whereas last year's third quarter benefited from a positive one-off linked to gas contract renegotiations. Overall, S&EM performance is on track, and we expect B2B plus Energy Management to land the year slightly below €2bn, as we tailor our offerings to evolving client needs and adjust our contract timelines accordingly.

As we look across our segment, it is clear that '25 has kept us on our toes, whether it is the weather, the geopolitical uncertainty, or energy market evolution. But beyond the granular explanation of each business and taking some steps back, despite persistent soft trading in EM, you can see in Q3 the first tangible signs of some parts of the business going back to growth. For R&B, volumes and prices headwinds are stalling. For Generation in Europe and for LEI, the decrease of clean spark spread, including hedging, is now largely behind us. Throughout the organization, our performance efforts are gaining momentum. With our team's agility and the portfolio built for all seasons, we are ready to keep moving forward.

Let's now focus on ENGIE's cash flow from operations for the first nine months. Again, our ability to generate cash remained exceptionally strong, supported by disciplined working capital management and a solid operational performance. One thing to mention is the positive cash impact from the phase-down of our nuclear activities, which has contributed to a reduction in working cap for about €700m. This effect, combined with stable operating cash flow and the positive impact of lower gas prices and storage, has enabled us to sustain cash generation at a very high level. For the period, cash flow from operations stands at €11.4bn, confirming ENGIE's robust fundamentals and our capacity to navigate changing market conditions. The strong cash generation, and that we expect to continue, is a key enabler of our strategy. It does fund our performance efforts in digital and restructuring, our investment program in generation, flexibility, and infra, and last but not least, healthy dividends to our shareholders.

Let's now turn to ENGIE's credit ratios and debt profile. As of September '25, our leverage ratios remain stable and well within our targets, with net financial debt to EBITDA at 2.5x and economic net debt to EBITDA at 3.2x. Over the period, net financial debt increased to €36bn, driven by the cash-out impact of the nuclear deal in Belgium. Our cash flow from operations has more than financed maintenance and gross investments, in addition to supporting dividend payments. It is worth noting that other impacts amounting to a decrease of €0.3bn debt, includes the effect of disposals for €0.7bn. Economic net debt stands at €46.4bn, down from €47.9bn at the end of 2024. The group balance sheet continues to improve, driven by disciplined working cap management and the powerful cash machines that are our gas networks and downstream operations. In short, ENGIE's financial structure is rock solid, providing us with the flexibility to invest, reward our shareholders, and meet our long-term commitment, even as we navigate the complexities of the energy transition.

Now, let's wrap up with ENGIE's full-year 2025 guidance. Guidance remains unchanged. However, we expect now to reach the upper half of the range for EBIT excluding Nuclear and the upper end for Net Recurring Income group share. This reflects the group's strong operational performance and well-controlled financial expenses due to strong cash generation. Our dividend policy remains attractive, with a payout ratio of 65% to 75% based on net recurring income and a floor set at €1.10 per share. Our strong investment grade rating is maintained, and we continue to target an economic net debt to EBITDA ratio below 4x over the long term. Key assumptions for the year include updated market commodity prices and foreign exchange rates, average weather conditions, and recurring net financial costs between €1.9bn and €2.1bn. The recurring effective tax rate is expected to be in the 24% to 26% range, including the special tax in France.

Looking ahead, we expect Renewable and Flex Power to deliver healthy EBIT growth in Q4, and we anticipate a very solid Q4 in B2B, continuing the momentum established in Q3. For this quarter, they are not fully representative of the longer-term trend, as the tail of market normalization for B2B will still impact 2026. We expect Energy Management to deliver growth in the fourth quarter versus Q4 '24, with results stabilizing in the middle of our mid-term guidance in the years ahead, of course, subject to the usual ups and downs and market volatility. Q1 2025 benefited from unusually high market volatility, which set a strong benchmark, while Q1 '26 may not reach the same level, we expect solid fundamentals to continue supporting performance throughout the year.

In summary, ENGIE is well positioned to deliver on its commitments with robust earnings, disciplined financial management, strong balance sheet, and a clear strategy for shareholder returns. With that, I pass it back to Catherine.

Catherine MacGregor

All right. Thank you, Pierre-Francois. To conclude, the first nine months have seen excellent execution of our growth and performance strategies. Looking forward, we will continue to build on our track record of strong delivery, we will continue to push through our cultural transformation, make fullest use of our portfolio, which is built for all seasons, and we will continue to develop and engage our top-class teams for the benefit of all our stakeholders.

Now, back to Delphine for the Q&A.

Delphine Deshayes

Thank you, Catherine. Operator, can you please open the lines to Q&A?

Q&A

Operator

The first question comes from Alex Roncier of Bank of America.

Alex Roncier

Good morning, and thank you for taking my question. I have three, if I may. The first one is on operational performance, and I think we've seen good and/or improving results in flexible generation and commodity trading at some of your peers and within the wider energy sector, actually. So I am surprised a bit by the guidance upgrade today that is not necessarily supported by that. But equally, I wanted to check with you that perhaps, given the more volatile than expected power markets this year, you had to book more market provisions this year, perhaps, than expected. You did talk, I think, about lower release, which is somehow equivalent, which could explain some of the apparent conservatism in the guidance there for those specific drivers, but would support earnings into next year, I would assume.

Second question, if I'm not mistaken, your guidance to 2027 does include some not insignificant M&A, in particular in networks. And given that opportunities are not easily seen today, at least on my side, and given the increased focus on storage at the European level, the pipeline you had acquired in the US, and your overall strategy of 24/7 green energy, why would you not take the route of active power networks investment instead of passive ones and really boost your CAPEX allocation to batteries?

Last question. If I'm not mistaken, you said the 22% to 25% recurring effective tax rate for the '25 to '27 guidance was excluding potentially new French taxes. Wondering if you could give some more number around that. I think you guided previously to around €150m, perhaps, of extra taxes in France for 2025. Any view on the current budget and potential impact, being mindful, of course, that everything could collapse in the coming weeks?

Thank you very much.

Pierre-François Riolacci

Okay. I will start maybe with one and three, and Catherine, you will pick number two. Yes, there is indeed some volatility in power markets, but when you double down on the numbers, you see, for example, that the intraday volatility has been reducing. You see also that the bid-ask is not what it was, and that does explain why, indeed, we have a lower also reversal of reserves. It is also because we had a lot in '24. You always need to look, when

we explain year-on-year to what was the reference, and in 2024, we had to release significant reserves. I would not say that we have been booking more. Actually, again, on the volatility, some KPIs on the volatility are rather going down, and we had actually less to book, even if compared to '24, of course, we released less. We are not that pleased with the current market in EM, and Q3 is still soft as it was in Q2. That's not a surprise, and you may have seen that in the market everywhere, and that we have seen as well. Not that much on power, but more on gas.

On the tax rate. Yes, the rate, our guidance is 24% to 26%. It does include the French surtax or extra tax, whatever, for about 1.3%. I think it does account in these numbers. One thing which is important is that, you know that we have, indeed, with the Belgian transaction, we are in a situation where our holdings now are potentially more efficient in terms of tax, and that is supporting a lower tax rate in the long run. But we have not taken any consequence of that in 2025, and we do not plan to. That's the reason why you see that kind of guidance. It doesn't mean that we will not do it in the years to come. Our long-term view on tax is more lenient than what you see in 2025. That doesn't mean, of course, that there won't be an extra tax in '26 in France and maybe some other countries, because you may have noticed that many countries are running for money. So we are on our toes and defending, of course, our position. So far, we have not identified anything that would jeopardize our global view and also our ability to manage our tax rate in the long run.

Catherine MacGregor

And maybe just to add to the noise that we are hearing from parliament, as a lot of quite exotic measures are being voted by the current parliamentary sessions, the probability or the likelihood that all this noise gets materialized into the real budget at the end is actually quite low at this stage. Obviously, we're monitoring the situation, but as you guys know, there is a difference between all the noise and what will actually happen eventually.

Maybe a point on our investment strategy, just to remind that we have obviously two levers we want to action to deploy the growth and the strategy of ENGIE to further the utility and the energy transition. It's generation, green power, green electrons, and indeed, in the network arena, it's about power networks. And we believe that we have a very clear capital allocation policy along these two levers. What is for sure is that on the generation, we are probably more excited than before on the opportunity set on batteries and in general storage, but batteries, for sure. We were very US-focused, and when you look at our numbers, most of our operating batteries today are in the US. But lately, you will see, and I show that in my prepared remarks, that there is an acceleration finally in Europe. There are also opportunities, obviously, that we are seizing in the markets where we are present in Latin America. Chile is a good example of that. But Europe is really behind. Europe has been very ahead on renewables. Also, distributed solar is proving its limitations in some markets with a lot of negative hours. Here, batteries are very, very urgent. In our key market in Europe, we are accelerating on batteries, and that was obviously the purpose of the examples I gave you. Remember when we said to 2030, our 95GW, that used to be 80GW on renewables. Now, it allows for quite a big envelope on battery and energy storage, for sure. On power networks, as you guys know, we are very focused on what we can do organically in Latin America. Inorganic, we are looking at it. We said that we would take some time, we would be patient, because obviously, we want to do the right thing. But we do believe that is the right path to go on, and we will deliver on that strategy. Timing, obviously, will depend on a lot of things.

Operator

The next question is from Harry Wyburd of BNP Paribas Exane.

Harry Wyburd

Hi. Good morning, everyone. Thank you. Two for me. First, it is probably one for Catherine. On gas, just thinking about the overall group strategy here, I think that the strategy over the last few years has mainly been on, as

you said, the green electrons. For a while now, you've had a target, or long-term target, to reduce gas capacity. But I'm wondering, in Europe, given all of the newfound excitement, again, over data centers, I mean, I'd say my observation would be that in Europe, your biggest issue around that topic, or indeed any of the many other drivers of demand, is around the peaks and particularly around the sort of dunkelflaute, times when you don't have any wind. Given you have one of the biggest gas fleets in Europe, is there scope perhaps for a rethink on that? I mean, the way I see it, you're going to be building tons of batteries, and you alluded to that seeing an uptick in Europe. That is going to dilute the daily evening spark spreads. Really, the end game here, if you look at the sort of resource adequacy reports from ENTSO-E, is that probably you are going to have to move to a capacity market system everywhere in Europe, and capacity payments are going to go up to make sure these gas plants all stay open. Is there anything you can say to us to maybe make us a bit more interested or even excited about how much you could earn from your gas fleet in Europe, which I think we all value at a pretty low multiple? That is the first point.

The second one is that next time you speak to us early next year, you are probably going to come out with maybe some new longer-term targets and thoughts. Has there been any advance on your thinking about how you might grow the dividends from next year and indeed the earnings because, of course, as you mentioned, earnings are going to trough next year. Any views on what we could think about as a sustainable long-term EPS CAGR from ENGIE once earnings trough next year?

Thank you.

Catherine MacGregor

All right. Harry, I think you did the question, but also the answer, because I mean, you're totally right. We are obviously super excited about the value that is carried by our CCGT fleet in Europe. And you're very right that batteries are really, really important, but they tend to be a fantastic complement to solar. When you do not have wind in Europe, it generally typically lasts for a little bit more than just a few hours. And here, the gas plants play a critical role. Plus, the gas can be stored. You really have a very important power insurance in these gas fleets. And you can see that the CRMs, indeed, which we saw first deployed in Belgium, actually pioneering a little bit the scheme, but now is being deployed at a very varying degrees of speed in many, many other countries in Europe. That is obviously a positive for gas fleets.

We are excited. In fact, if you look at the load factor in Europe recently, we have seen that the load factors have increased. To remember, last year, we were at about 15%, and now we are above 20%. They are actually being called more, which is exactly reflecting the reality that you are describing. Yes, overall, we like our gas fleets. We have just put Flemalle online, under the CRM scheme in Belgium. And Flemalle is for sure going to contribute to the security of supply and play that role. That's for sure. Of course, eventually, we'll have to make sure that we can decarbonize the gas. Frankly, we see the CCGT play a role for years to come, and a nice complement to a battery. That's a great asset for us.

In terms of the dividend, we're very, very attached to the consistency of our dividend policy. And as you know, it has this 65% to 75% of net recurring income formula that has not changed, and we like that. Obviously, the way we have shaped ENGIE and our aim is really to make sure that we deliver this predictable, gentle earnings trajectory, which will turn and should turn into a gently growing dividend for our shareholders. That is our intention. Obviously, a bit early to talk about next year's dividends, and we will come back to you in February. We are hearing from the market this eagerness to see this trajectory materialized. But let us talk about it again in February.

Pierre-François Riolacci

Just an add-on on EPS CAGR, going forward, I think that, I mean, clearly, we are pleased with the development of operations in Q3. Of course, we see some headwinds. I mean, clearly, the regulations are unstable in some

countries. FX is not pointing into the right direction. I mentioned that the volatility for EM was lower in Q2, Q3, but this is a short-term point. On the other side, again, we see that renewables are still going at pace in some significant geographies for us, like India, like in the Middle East. Power demand, clearly, we see that it's going in the right direction. Expectations are rising, actually, in the US and in Europe. And also the interest rates, I mean, clearly, we had a peak, and now it looks like we are going back to a normal level, and we are very pleased with the way we have been handling that in the future. There are pros and cons. I think that today, what we see in the business is that at the end of the day, our growth is delivering EBIT. Our performance plan is getting momentum at pace. Yes, we see the good drivers or sound EPS CAGR from 2026, and this story that we shared in the market update is absolutely the good one, and we stick to it.

Operator

Next question is from Ajay Patel, Goldman Sachs.

Ajay Patel

Thank you for my question, and good morning. I guess mine's around Slide 7, where you highlight the booming data center demand slide and your capabilities to take advantage of it. I'm thinking, at the moment, your current CAPEX program did not really have that much demand growth put into it. It feels by this presentation that your confidence on leveraging ENGIE's portfolio to take advantage of this demand is effectively pointing to more CAPEX, more opportunity, more growth. So I'm trying to think, as your targets roll, are we going to see ENGIE demonstrate that leveraging in the form of CAPEX, i.e., you'll start to see the benefits of it in CAPEX programs? And then the other thing is just on also capital allocation. As you see it, as this has developed, has this maybe changed the emphasis in the geographies? Any insights, any sort of high-level things here would be really helpful.

More of a just specific numbers question. I just wanted to check if there are any one-offs that I need to take into account for Q4 when modeling the full-year results. Just make sure that I've got everything in the bridge.

Thank you.

Catherine MacGregor

Yeah. So Ajay, just to, the price and the opportunity that we see in data centers for ENGIE today is threefold. It's speed to power, and this is really about leveraging our existing footprint to co-site, co-locate data centers near existing energy assets and taking advantage of the fact that we have connection, we have land, we have acceptability levers, we are in an ecosystem that we know very much, and we can partner with specific data centers to allow them to develop their data centers faster, including helping them on the energy side. Then we have decarbonization on energy addition, depending on what your driver is. And this is about PPAs, this is about 24/7, and this is really about supporting our renewable developments. The reason why we do not see today any need to have dedicated additional CAPEX allocated to that is that this is in our underlying CAPEX plan to get to the 95GW. But think of it as very supportive of the quality of those GW, because obviously, when you provide energy to a data center, you are providing something. And as you guys know, the cost sharing of operating a data center, the energy part is actually quite significant. And so we are an important supplier to them, there is scarcity. This is supportive to, obviously, the quality of the GW that we have in our portfolio developing our renewables assets. One point here, which is really important, is, as I am sure you know, data centers, the acceptability topic is gaining importance. And why is that? Because if a data center is only a load and does not contribute to energy addition, then it will turn into increased cost inflation for the people, for the consumers, and the acceptability is going to be a problem. We see signs of that already in a few places, particularly in the United States. So this whole notion that data centers need to contribute to the energy transition, the energy addition, is obviously supportive for us in terms of our renewable projects and impact on PPA. But again, not necessarily additional CAPEX for us, at least not that we see today. And then the last point, which is, in general, it's more

plain vanilla B2B. Here, it's supportive to our B2B business. This is more traditional energy contracts. Again, here, there's not much CAPEX associated with that, which is why you don't see these numbers.

Then the question about the capital allocation. Obviously, US, as you guys know, we have a good plan on capital allocation in the US. Data center is a big driver for quick energy addition in the United States. Caveating this, the fact that there is this uncertainty on permitting, for example, tariffs and that we are working around, we're managing quite well, but we have decreased a little bit our capital allocation in the US, not because we don't like the data center, not because we don't have customers that want what we can provide, but really because there is a bit too much uncertainty to our liking to deploy as much as we thought we would. Maybe that will change. That's a nice thing about the US. Things change quickly. But right now, we are a little bit less shy in the US. We are excited about other places, Europe, obviously, even though the scale in Europe is not significant. But we are seeing data, digital sovereignty, big topics in Europe where people want to have data centers in their country. That is one opportunity. And then the other opportunity, somehow related to data centers, is in the Middle East and India. In these regions, it's very interesting what's happening because here, again, it's not so much about ideology, but obviously the need to have power, fast power, and a lot of power, competitive power. And here, obviously, depending on their resources, renewables are very attractive, which is why we are able to do big projects. The one that we've signed in Abu Dhabi is obviously fitting well on this criteria.

Ajay Patel

May I just add one question to that? Just on the securing land and the grid access, to what degree does that harm the business? As in, this proposition of basically maybe signing a contract with a data center, developing a site, can you give us any order of magnitude what kind of value it creates, because there's quite a number of sites?

Catherine MacGregor

Sorry, I'm just silent because I'm trying to understand the question. I mean, it creates the value that you can derive from having something someone wants. It creates the value that you can derive from having a partnership with a data center, and obviously, it's supportive. Now, to be honest, these projects, they take a long time to develop because obviously, they are quite complicated. So today, we have numbers. It's a single-digit number of projects of that kind that we are working through, and it takes some time to develop because they are quite complex. But eventually, obviously, these will be good deals because we have something quite unique that these guys need and want. And so these are good partnerships, but in terms of numbers and time, it takes a bit of time to develop.

Pierre-François Riolacci

Just to cover your third question, which is not allowed, but still, any one-off in Q4. By design, one-offs are not supposed to be known in advance. This being said, what we know is that Q4, there was, last year, quite a chunky number of negative one-offs. Part of it also being, we are very keen to make sure that when we close our books, we prepare the future, and we also discuss with our customers, so we can actually help them to manage the energy transition. You can expect that in Q4, to a certain extent, there will be also the same kind of deals that we can structure.

You remember in H1, we said that we are a bit under pressure, maybe you should indicate that you are going to land above midpoint and say, no, we want to make sure that we can deliver a good 2025, but also taking into account the request of our customers. We are in that situation. So I think that we will deliver a strong Q4 that we are pretty confident in, and that will still allow some room to accommodate the request of our customers and our views on the market.

Operator

The next question is from Louis Boujard of Oddo.

Louis Boujard

Yes. Hi. Good morning. Thank you for taking my question. I will stick to two questions then. Maybe the first one would be related to the performance of the plan. Your performance plan has contributed to more or less €500m in the first nine months, which is, I think, quite strong. Can you elaborate on the key levers that enable this performance in terms of cost-based procurement, generation efficiency, or other elements that could have sustained it, and to which extent it could be sustainable going forward, according to you, and if it could enlarge in the future?

And the second topic would be maybe more related to the current uncertain environment, I would say. I appreciate that you already provided some indication regarding the supply and trading future business performance. Considering the evolution of the lower volatility in the energy markets and potentially lower gas prices that could come in the future, do you continue to see that it's going to remain in the same level that you initially anticipated for '26 to '27, or do you foresee eventually some headwinds to adjust this target on the supply and trading business?

Thank you very much.

Catherine MacGregor

Maybe I'll start to talk a little bit about the performance plan because, yeah, indeed, we are really happy with the progress. We have three key big buckets. We have the operational excellence. We have what we call a C-Square, competitiveness and culture. And then there is the loss-making entities. The loss-making entities have been quite strongly contributing because, unfortunately, we did have a few loss-making entities. So the reversal and the correction of these entities is contributing to the plan. So this contribution of the loss-making entities is a bit front-loaded. That is expected to come down, while the other pieces of the plan, obviously, will take on momentum, which is why we are following very closely the C-Square and its impact on the performance result. That is why I pointed out to the fact that it is indeed gaining momentum, and we are expecting it to gain more momentum towards the end of the plan, towards the end of the period in relation. So we have said between €1bn and €1.3bn over the period of contribution to performance plan. And given these good results in 2025, obviously, we're comfortable that we will deliver on this with a bit of a different mix. In terms of example, I gave a few of the spans and layers, and these are really important because they contribute to the numbers, but they also help us be more efficient, change the culture, increase transparency. It has agility, the speed, the digital systems deployment are faster. It has a lot of other benefits than, obviously, just contributing to the EBIT. That's really very exciting. Of course, procurement continues to be a big lever as well. That was fairly untapped at the group scale a few years ago, and now we are really working through making sure that every business benefits from these procurement gains, also helped by the deployment of our ERP system, which is early phase, but also allows us to further our procurement gains.

Customer environment, for sure, the margins that we have embarked in our deals in general are a little bit correlated with the absolute value of the energy price. On the other hand, as we are driving our business to be more power and within power to be more green power, we see that we are able to support good margins by shifting our business in that sense. And the other thing that we are seeing with our customers today is that they tend to want to strike longer-term deals. So the longevity of our contract or the tenure of our contract is increasing, and this is really good because it gives us, obviously, more visibility on the earnings of the supply business specifically. Here, I'm not talking about Energy Management, but Supply, the B2B, where we are seeing more predictability. We have more visibility on this business than ever because of this trend to have longer tenure in terms of contracts.

Pierre-François Riolacci

I think that we did indeed shared some numbers on the contribution of the former GEMS, you remember, I'm sure, before, and saying that after normalization, the contribution should come north of €1.5bn. And to your question, we are still comfortable with this view, even if you're right. I mean, today, we are rather at the low end of the volatility in the market. Therefore, a lower EM contribution than we had in 2025. But again, the point that Catherine made about B2B and the commercial margins, the longer duration of contract is a clear support to that. And that gives us confidence that we can indeed confirm what we said about the contribution of these businesses. And with regard to B2C also, we are for up, again, a more normal year. I had the opportunity to mention in H1 that today our hedging, our sourcing process in B2C has been drastically improved during the crisis. It gives us more comfort and more visibility, and our capabilities to stick to this good contribution and grow it, actually, in the future throughout the years.

Operator

Next question is from James Brand, Deutsche Bank.

James Brand

Hi. Good morning. Thank you for the results. Just a couple of questions on data centers, surprise surprise. First question, could you give us any details around how we should be thinking about pricing when you're signing a PPA? You obviously highlighted you signed a lot of PPAs in the last quarter and in general. Are you broadly pricing in line with the forward curve, or is there a premium? And if there is a premium, is there anything you can say about how material it is? I obviously accept that this is quite commercially sensitive. Anything you could say on that area would be super interesting.

And you mentioned the scale in Europe is, I think you said not significant, I do not know if you meant not as significant as the US. But I guess my question is, obviously, European markets are not particularly tight at the moment, and you're seeing the margins coming down rather than up for the gas fleet. Obviously, in the last few years, we have seen overall demand come down quite materially in the major European countries. The question is, if we do start to see demand picking up meaningfully over the next few years, how long do you think it will take before we start to actually see some tightness, before the volatility picks up again for the gas fleet? Obviously, it depends a bit on the market. Are there any kind of general comments that you can make that help us conceptualize when demand growth will start to drive market tightness in Europe?

Thank you.

Catherine MacGregor

Okay. PPA dynamics, so we signed 3.1GW to date. We are pretty much in line with what we did last year with a bit of a contrasted market between the United States and Europe. Europe has a little bit softer PPA market, and that obviously translates into less premium over market price. In the US, there is indeed a premium for PPAs over market price, and it is sizable. Without going too specific, but it is indeed PPA prices are higher than what you can see in the forward. This dynamic explains why we are pleased with what we've done, but we are not seeing 2025 much higher. We do not expect 2025 to be higher than 2024 just on the basis of the first few months, on the basis of Europe being a little bit less busy, let's say, as the United States.

In terms of the demand dynamic in Europe. Again, you have to be careful when we talk about volatility because we do see intraday volatility in Europe today, even though the demand has not been super strong. And this is, frankly, the reflection of the asset mix, which is why we are so excited about batteries and the CCGTs, in terms of load factor and the start-stop, etc., which play fully their role today. The demand in 2025 on power in Europe

today is increasing a little bit year-on-year, I think it's about 1%. So we're starting to see a little bit of demand pick up, and the expectation is that it will continue, obviously, on the basis of the electrification. You've seen that European commitment to climate targets is still strong. Even though there are questions about, for example, electrification of vehicles, 2035 might allow for hybrid vehicles. Still, we do think, and there is still the heat pump demand that is being pushed by quite a few member states. We do think that demand for power will pick up. I don't know how long it will take to get to the same level as the US, but we do expect power demand to increase in the coming years. Remember also that there is the demand, but there is also supply. And on the supply side, there are quite a few assets that are being retired in Europe. So we don't need much demand increase to see tightness on the supply side if we don't continue to develop the right renewables, the right storage, and all that stuff that needs to continue in order to just replace what is being retired in various countries, not to mention, obviously, the one in Belgium, the five reactors that we are stopping. But Germany is also stopping quite a few assets.

Operator

The next question is from Arthur Sitbon of Morgan Stanley.

Arthur Sitbon

Thanks for taking my questions. I have two. The first one is a follow-up question on the performance plan. You did very well in the first nine months of the year and you seem quite ahead of your target for the plan. I was wondering if we should understand from that that this is one of the key pillars you will develop on at full-year results when I imagine you would provide 2028 targets. How important is it going to be as a vehicle driver for your earnings growth post trough in 2026? And I was wondering as well if you could just tell us in the €477m if all of that is a cash improvement on EBIT or if part of that is non-cash?

The second question is, as you were flagging, lots of different amendments and taxes were proposed in France as part of the budget discussion, I think several of them could apply to you. There is one on a power margin cap, one on a change on the corporate tax calculation methodology. I was wondering if you could just flag to us maybe the ones that, even if we're not sure that they will, at the end of the day, be adopted, the ones that could be the most material to you? And if you have a rough sense of how material they would be, if ever they were to get implemented?

Thank you very much.

Pierre-François Riolacci

Thank you. Thank you very much, Arthur. We are not going to comment on the full-year results ahead of the full-year results on the performance plan. Very pleased indeed with the strong start. Of course, performance plan will be a solid and sustainable pillar of our growth in earnings for many years. That goes beyond 2027. You're right, there will be some coming in '28, of course. Now, it's important to mention, and you know I'm the CFO, so I'm the guy who is always looking at the half-empty glass. It's important that we deliver on performance plan. This year, it was important for us because we had headwind in FX, and the performance plan start was coming nicely to match what we were missing in translating some of the earnings abroad. I think also, be careful that we do manage globally our results. Yes, performance plan, a strong pillar that will stay. And I'm pleased to report that most of it indeed is cash. That does not mean necessarily in EBIT because there might be some costs, which have been last year booked elsewhere. But really, it is cash, which is moving in big time.

And then on French taxes, I mean, again, we see a lot of fireworks going everywhere. So far, we have not seen, first, as Catherine said, I mean, we need to stay calm and look at what is going to come through at the very end of it, and we do not know yet. Sometimes even some provisions, which contradict each other. So when our experts try to figure out what does that mean, they just cannot make it. I think that so far, we have not identified

a catastrophe that I can tell you. But now, we need to go through the full process, and we will see what comes out of it. So far, we are reasonably confident that it should land in something, which is manageable for us.

Operator

The final question is from Bartłomiej Kubicki of Bernstein.

Bartłomiej Kubicki

Good morning, and thank you very much for taking my two questions. First of all, I would like to discuss your PPA book in the US. If you could maybe tell us a little bit what is the duration of this PPA book, and what's the size? And consequently, where I am going to is when those PPAs expire, do you see a potential for margins improvement in the US, or to the contrary? That is in the light of the increasing power demand. Consequently, can your existing renewables portfolio in the US increase in profitability in the future or rather decrease given the power demand?

Second of all, if we can go for your B2B book, I just wonder if we translate whatever you are saying into an absolute margin per MWh of power sold. Do you currently see those margins on new contracts increasing or decreasing versus the prior contracts? And this lower volatility or normalization of volatility, what specifically it impacts in your B2B portfolio? Because I guess, on one hand, you have increasing power demand, but on the other hand, you also have, for instance, decreasing gas prices and decreasing volatility. I just wonder how to understand it better, what exactly moves up and down in your B2B portfolio?

Thank you very much.

Catherine MacGregor

Maybe just in the US, PPAs, obviously, they tend to be quite long-term. Our renewable portfolio in the US is actually quite young. Right now, the PPAs are ongoing, and we do not have a lot of expiration, at least not in the short term. In theory, you are right to point out that existing assets, in the current environment, and hopefully that environment is here to stay, they have the value of the PPA today, but they will have the value of future green power, existing green power at the right place for future customers. We see that value, but today, the PPAs are still quite young in the US, so we will have to be a little bit patient to value that. You want to say a few comments.

Pierre-François Riolacci

Sure. It is a very good one, Bartek. If we take B2B, you remember, and we have been pretty open about that, we have about 75%, three-quarters of the business, which is -- So pure B2B market where we are selling, and you're right to point to the commercial margin. What we have seen in our portfolio is that the commercial margin over the last two, three years has been actually pretty stable, maybe slightly down. Of course, part of it is coming from the prices which are coming down. You cannot book the same absolute numbers margin depending on the absolute price of energy. But the mix has been actually going in the right direction because, again, more power rather than gas, more green power rather than grey power, also, lengthening the duration. Lengthening the duration helps to keep margins at a decent level because, of course, there is risk management.

All in all, I mean, we have been pretty good actually in defending the absolute margin level of the portfolio, again, with limited decrease. To be very candid, that's one of the reasons why we have been able to keep our former GEMS business at a very strong level for more than expected because clearly, the market is today pricing the quality in these margins. And then there is a second part of the business, which is more limited, where we do book quantities and volumes with some customers. But then we have risk management. The margins on this category of customers, which are significant customers, they are pretty small. But then we have risk

management, and we can make money out of the portfolio, out of managing the risk for these same customers. And that is more exposed to volatility. I would not say there is none in B2B, but much less. And because we have, again, this big bulk of contribution coming from now a duration of contract, which is above three years. So it is a big change also compared to where we were a few years ago. That is why we are very happy with this business, with much stronger visibility.

Delphine Deshayes

This is the end of the Q&A session. Thank you for joining the call today. Of course, if you have any follow-up questions, do not hesitate to reach out to the IR team. Wishing you a very good day. Thank you.