



Q1 2021 PERFORMANCE AND STRATEGIC UPDATE

May 18, 2021

Aarti Singhal

Good morning, everyone. It's my pleasure to welcome you to our Q1 Results and Strategic Update presentation. We have three speakers this morning: Catherine MacGregor, Judith Hartmann and Paulo Almirante.

A quick view of the agenda for this morning: we will start with our Q1 results, with a brief presentation on Q1. This will be followed by Catherine leading us through the strategic update, Putting Strategy Into Action, and she will be joined by Paulo Almirante on Renewables, following which Catherine will walk us through Energy Solutions, Networks and Thermal activities, and future energy systems. And then Judith will present on the capital allocation and financial outlook. And, finally, concluding remarks from Catherine. And, as usual, there will be a Q&A at the end of this presentation, where you will be able to ask your question directly to Management. And, without further ado, I'd now like to hand you over to our CEO, Catherine MacGregor. Thank you.

Catherine MacGregor

Thank you so much, Aarti, and very good morning, everyone.

I am so pleased to be here with you this morning to first present to you quickly our strong Q1 2021 performance and then, switching gear, to show you how we are putting our strategy into actions.

We had indeed a strong start to the year, in Q1, where we delivered 10% organic growth in EBIT, and that was underpinned by solid operational performance.

We have also made strong progress on our Group simplification. We have set up a new organisation, which I will go back to later, and our strategic reviews are on track. We actually continue the rationalisation of our portfolio, with the disposal of ENGIE EPS, which was announced, and the exit of activities in Turkey.

For the full year 2021, we are reaffirming our Net Recurring Income, Group share guidance in the range of €2.3 billion to €2.5 billion.

Our first quarter was indeed underpinned by solid operational performance. We commissioned half a gigawatt of Renewables, including our first fixed offshore wind project, the SeaMade in Belgium, and we are on track to deliver the 3 GW that we have targeted for 2021. Also in Renewables, we have successfully integrated the 1.7 GW of Portuguese Hydro assets that we acquired in December last year.

Our Networks maintain high levels of safety and reliability.

And, in Client Solutions, the activity level was fully in line with our expectations.

Finally, our Belgian nuclear assets reached record levels of availability, at 95%, which is to be compared to last year, Q1 2020 (69%).

With that, I will hand it over to Judith for her financial commentary of Q1 results. Thank you.

Judith Hartmann

Thank you, Catherine, and good morning, everybody. It's great to be here with you today.

So, indeed, a very good starting to the year. You can see that we had growth on both EBITDA and EBIT. And I'm pleased to, in particular, talk about the 10% EBIT organic growth.

We had a negative foreign exchange impact of 77 million. This was mostly due to the Brazilian real. And a positive impact on scope of 49 million, which was mostly driven by the Suez disposal, which in fact Suez had been negative last year in the first quarter. And also a positive contribution from our Hydro acquisition in Portugal helped us to drive this growth.

Strong cash flow generation helped us to keep the net debt stable.

And we are very pleased to reaffirm our guidance for 2021 today.

On the next page, you can see how this translates into the different activities. Operationally, I would mention the following items that had a very positive impact on our financials. The Renewables contribution from the additional commissionings were clearly a positive. Networks had a positive impact in Brazil from both power lines and our gas pipeline. And then of course the 95% nuclear availability contributed very positively to this result.

On the more exogenous factors, Texas' extreme weather event had a negative impact, in particular on Renewables, for about 80 million, the colder temperatures in France were clearly a tailwind for Networks mostly, and then we also had a normalisation of our GEM performance, that you can see in "Others", where of course last year in the first quarter, with a very high volatility of commodity prices, GEM had had a very outstanding quarter.

We've also worked on SG&A during this quarter. It's one of the important topics that you will hear again later in this presentation. And that helped us also to improve the growth that you're seeing in front of you.

A few words about the balance sheet. The CFFO of 1.7 billion is funding our Capex of the first quarter, and hence the debt is stable. On the CFFO maybe two comments. One is on GEM: lower margin calls helped us to drive this improvement, that's about two-thirds of the amount; and one-third very good performance from our Working Capital Requirement, and again very pleased about this since this is a big focus area for us.

With that, Catherine, over to you for the strategic update.

6.37

Catherine MacGregor

Thank you very much, Judith, and indeed I am very, very proud, to be here today with you to share with you our strategy roadmap for ENGIE: a roadmap that is completely fully aligned with the strategic orientations that were decided by the Board last year, as you will see, and I'm enjoying full support from the Board while presenting this to you today.

At ENGIE, we have tremendous strengths, started by highly professional and committed teams. These teams are very mobilised around our *raison d'être*, our purpose, which is to accelerate the energy transition. The world is at a pivotal moment for the energy industry, with tremendous opportunities, which ENGIE can and will seize. But there is tough global competition. A competition that does not stand still. So, to remain a leader, ENGIE is taking several steps. These include an in-depth review of our portfolio of activities, a simpler and more efficient organisation, and a stronger focus on execution.

It is my conviction, it is my commitment, that ENGIE has to be managed in a more integrated and in a more industrial approach. It is this project that I am carrying today, together with my Executive Committee, who is with

me this morning. It is this project that I want to embark all ENGIE employees on. And it is this project that I'm presenting to you today.

We have a buoyant and transforming energy sector. It is indeed an incredible moment for us and for the industry. We are entering a new growth cycle, which is driven by increasing climate commitments and robust energy demand. Renewables development is booming. And the world is expecting to more than triple – *triple* – its Renewable capacity over the next 20 years, which represents more than 7,000 GW.

In the same time, events such as the Uri storm in Texas, acutely highlight the need for the transition, this energy transition, to bring affordability, reliability and security of supply.

Many governments are prioritising climate action in their recovery plans. There is such a strong momentum. Policymakers, cities and corporates have now to decide what should be the energy systems of the future. The new energy world is really at the heart of all these major developments, and we have all intention, at ENGIE, to play a leading role.

Today, we are building a simpler, more industrial ENGIE, focused on Renewables and Infrastructure. We are setting four Global Business Units, who are all contributing to this reliable, affordable and sustainable energy transition: Renewables to generate clean power; Energy Solutions, developing low carbon distributed energy infrastructure; Networks, delivering affordable energy for customers; and Thermal & Supply, offering flexibility to balance this Renewables' intermittency.

These four Global Business Units have Infra-like business models, with largely contracted earnings, and in fact complementary profiles.

Renewables and Energy Solutions, on one hand, offer strong earnings growth opportunity. Networks, Thermal & Supply activities, on the other hand, provide stability and strong free cash flow generation.

In this buoyant market, one of our priorities is to simplify the Group at pace. We are concentrating on core activities. We are refocusing our geographic footprint and business development effort, from 70 countries in 2018 to less than 30 by 2023. And we are streamlining our organisation. We are simplifying drastically, from 25 multiactivity business units to four focused global business units. They all have clear P&L and Cash accountability, to drive delivery of growth and operational performance targets.

Renewables are led by Paulo Almirante, who will talk very shortly after. Networks by Edouard Sauvage, Energy Solutions by Cécile Préviu, and Thermal & Supply by Sébastien Arbola.

Now this organisation will continue to leverage our longstanding presence in our geographies, as it is critical to maintain strong relationships with all our stakeholders, including our customers.

On Client Solutions, we are progressing on the creation of two new leaders in their respective domains: Energy Solutions, which is a leader of low carbon distributed energy infrastructures and related services, and I will talk more about Energy Solutions later; and then "Bright", which is temporarily named, which is a new leader in multi-technical services, with differentiated skills around air conditioning, electrical systems, and building renovation. And this very important project is being led by Jérôme Stubler. Both entities are supported by very strong tailwinds to fuel their development.

The project Bright: it is progressing on track. The consultation with employee representatives that started mid-February is expected to be completed by the end of Q2. We are therefore on track for Bright to be managed as a full-fledged entity, within ENGIE, by 1 July. And this will be followed, immediately after, by a marketing phase. Bright is a very significant project for us. I'm very pleased with its progress. Jérôme Stubler and his team are doing a tremendous work to embark the 74,000 employees of future Bright and to position this new entity as a leader in its markets.

For the rest of this presentation, we will be focusing on ENGIE's future perimeter.

Turning now to performance improvement, we have defined a performance plan with clear accountability of each EVP, with dedicated actions. We will put focus on sharp execution to drive improved efficiency. We are leveraging our deep industrial expertise across all our businesses, and we will set clear operational performance KPIs and targets to link with financial results, with a renewed focus on cash management.

Alongside operational excellence, we are also looking to increase the efficiency of our Support Functions through deployed... increased use of shared services and standard processes and systems. Ultimately, we aim to deliver over €1 billion of gross improvement, driving a net EBIT contribution of €600 million during the period 21 to 2023.

Our strong capabilities in data and digital will be instrumental to achieve this performance. Globally, ENGIE has 2,000 data specialists, which include 350 data scientists and 1,000 developers (software developers) who are building together, our software platforms. They have indeed a deep understanding of our industrial activities. And, over the recent years, we have crystallised this knowledge, which has been gained over years of experience, hundreds of studies and hundreds of projects, into seven global proprietary platforms. These software platforms, they cover the whole value chain, from origination to operation and maintenance.

Nemo, for example, offers a full software suite to support the design as well as the development of complex district heating and cooling networks. It models their energy needs and it optimises the necessary Capex. The platform is now deployed on all our major DHC networks and has become a true competitive advantage. A great example is our carbon and energy performance contract that we have with the Canadian government in Ottawa. Through advanced modelling, Nemo made it possible to commit to achieving up to 30% of energy savings while limiting the risk for our company. And our goal, with all these tools, is really to accelerate the deployment of these platforms across each of the GBUs.

While our performance plan leverages our digital and data competences, of course none of this would be possible without the commitment of our people. ENGIE employees are truly making the difference, through their professionalism, their unique expertise across the whole energy value chain and their engagement, which is rooted in the energy transition, to contribute always further to the decarbonisation. In our yearly employee survey, 90% of them – 90% of them – are proud to work for ENGIE, and more than 80% are committed. Last year alone, we received 800,000 CVs. Our ability to attract the best talent is, in my view, an additional competitive advantage for ENGIE. Social improvements are an integral part of our key objectives. We are targeting, by 2030, full gender parity in our management, a 10% level in apprenticeships across Europe, and of course continuous improvement in our injury frequency rate for employees and our subcontractors.

We will leverage the strengths of our human capital to enhance our culture of performance, to focus on execution and increase accountability.

One of the reasons I was so proud to join ENGIE is that this company is recognised as an early mover in climate commitments, for years. And while we are of course pleased that our peers have joined this fight, we clearly intend to remain at the forefront of the race against climate change. This is at the heart of ENGIE's purpose. And it is our societal and business responsibility.

This is why I am very proud to announce today our commitment to Net Zero by 2045 across all scopes.

The combination of speed and breadth of this commitment, which includes the use of sole products, makes this more challenging than most of our peers' carbon ambitions.

And our strategic update today already shows how we are ready to translate this into action. We will achieve our ambition following a well-below-2°C trajectory with intermediate targets. We are currently working to obtain SBT certification accordingly.

Our teams have achieved tremendous work over the past year to take this challenging commitment and to translate it into a concrete roadmap.

Some of the actions we are taking is rolling out our coal-exit plan by 2027, reducing the carbon intensity of our power generation, as well as the emissions linked to the use of sole products – and this reduction will be drastic to 2045.

We are aligning our future Capex and we will only invest in projects, of course, that are compatible with our carbon ambition. And we will assign – we are assigning – carbon budgets to each of our GBUs. We are also incentivising our top management on carbon objectives.

I announced in February our exit from coal by 2025 in Europe and 2027 globally. At the end of 2020, it's important to note that our coal in our power generation portfolio had already decreased by more than 70% since 2015. For

the remaining capacity in our portfolio, which was 4.3 GW at the end of 2020, we have a clear exit plan, an exit plan that implies: first, closing of the coal plants; then converting to gas or biomass the plants when it makes economic sense; and ultimately, when the decision of closing or converting is not in our hands, we will consider disposal of our participation. We will always favour a just transition when considering this plan. All in all, disposals should concern only two plants out of ten.

I would like to take some time to share with you our recent joint announcement, that we did with the Chilean government, where we presented ENGIE's coal exit plan by 2025 in Chile. Our ambition there is threefold. First to develop 1.8 GW of renewables capacity. We will close our oldest coal plants and we will convert the most recent ones to gas or biomass. Ultimately, by 2025, we will have transformed our generation portfolio in Chile from 1.9 GW installed capacity, with 60% coal, to 3.4 GW installed capacity with 60% renewables.

I am very proud of our teams in Chile. They have worked really hard and now they are contributing so positively to the country. They are setting the energy transition in motion. And I would like to take this opportunity to thank them again.

Turning now to the highlights of our medium-term plan, and how we are indeed putting our strategy into action, the major focus areas I just covered, of simplification, strong commitment to tackling climate change, performance improvement, will together help drive value creation through disciplined capital allocation. During this plan, we anticipate €9 billion to €10 billion of disposals to significantly simplify the Group. We have moved at pace since the announcement last July.

ENGIE has repositioned its strategy towards Renewables and Infrastructure, as we see significant opportunities to allocate capital to projects with attractive returns and high predictability. Overall, during this plan, we are planning to invest €15 billion to €16 billion of Gross Capex, of which 40 to 45% will go to Renewables. And of course Paulo will elaborate more on this in detail.

The investment plan will enable us to increase earnings and deliver sustainable growth in shareholder returns. The Board has reaffirmed the Group payout policy of 65% to 75%.

Through the 3-year plan announced today, ENGIE expects the dividend per share to increase, driven by earnings growth.

Separately, ENGIE is also introducing a dividend floor of €0.65 per share for the period 21 to 2023.

And, importantly, we will maintain key credit metrics, with Economic Net Debt to EBITDA of less than or equal to 4x.

We have already adjusted our investment process, as rigour in execution is critical. We have clear financial and ESG criteria, of course, and Judith will cover them later, but we will also have greater selectivity. We are already today prioritising projects which are in line with our strategic and geographic priorities. We will also make sure that we always leverage our industrial and operational know-how to generate value.

Shortly you will hear from Paulo on how the Renewables GBU for example is working and improving its competitiveness.

So a disciplined approach to capital allocation, which is aligned with Top Management incentives. We are proposing for shareholder approval new short-term and long-term incentives. These incentives apply to the 500 top leaders at ENGIE. The short-term incentives focus on profitability, cash flow, balance sheet and ESG criteria. These ESG criteria include safety, CO₂ emissions, growth in Renewables and gender diversity. With respect to the long-term incentives, I would like to highlight that half of the total will be measured relative to performance of our peers, namely Net Income growth and Total Shareholder Returns. And we have updated our benchmark to reflect our new ambition.

Turning now to the financial outlook to 2023, where we expect Net Recurring Income, Group share, of between €2.7 billion and €2.9 billion in 2023, Net Income is expected to grow throughout the period, driven by investment, and performance improvements. It's important to note that 2023 figures reflect the future ENGIE perimeter, assuming no contribution from Bright. And, as I've said, the Board has reaffirmed the Group's payout policy of 65 to 75%, and we are maintaining our commitment to a strong investment-grade rating.

Turning now to a snapshot of how we expect our business mix to evolve, beyond 2023 now. By 2025 we expect our Capital Employed to fully reflect our strategic priorities, with more than 90% of capital invested in Renewables and Infrastructure. In particular, Capital Employed in Renewables is expected to double compared to the 2019 levels.

Overall, through this transformation plan, post-Bright, we have the ambition to deliver high-single-digit earnings growth.

And now we are going to review each of our GBUs to share the opportunities we see, our competitive advantage, clear priorities for delivery of this medium-term plan. And we will start with Renewables, which is a very strong key growth pillar for us at ENGIE, and Paulo is going to take over from me. Thank you. Paulo.

Paulo Almirante

Thank you, Catherine; good morning, everyone.

As mentioned earlier by Catherine, we want to make Renewables a strong growth platform for ENGIE. I will present today the roadmap to achieve that, focused on profitable growth and supported by a clear investment plan.

Let me start with a brief view of the market. Strong support from governments and from large consumers are driving a fast transition to clean energy. Let's remind that, in 2020, Wind and Solar generation accounted for only 10% of the global power generation mix. This is expected to increase to 30% by 2030, which creates a massive market opportunity for Renewables. At the same time, the increase in the market size is driving significant price reductions. You can see in the slide that LCOE is expected to reduce at least by 30%. This is driven by technology and more efficient manufacturing processes, making renewables a competitive option and the most cost-efficient solution for many regions in the world.

As you can see on the right side of the slide, Europe is leading the way on new capacity in Wind, onshore and offshore, and the US on Solar PV. 330 GW of new-build capacity is expected in our key regions by as soon as 2025, which provides us a great position to benefit from our existing asset base. So we are in front of a massive market that is growing fast, driven by a very competitive power price. And even better: in the regions where we have a strong presence.

Our existing assets had a total installed capacity of 31 GW at the end of 2020. These figures are at 100% and are consistent with the role of ENGIE. We develop, we build and we farm down at commercial operation. In many cases, we continue to do the O&M as well as the energy management on behalf of our partners. In the annex you have more detailed information per technology and consolidated share.

France accounts for 60% of our capacity in Europe, with 7.5 GW, half of which is Hydro. And we are the number-one in Wind and Solar capacity in the country.

In Latin America, Brazil accounts for 13 GW and we are the largest private generator.

In the US, we have a fast-growing position. Only in 2020, we built 1.8 GW of new Wind and Solar assets. Globally, our portfolio is highly contracted, including Hydro, Wind and Solar, at an average level of 70% for the period to 2030. This provides resilience to the portfolio and stability of earnings. Our Wind and Solar assets are really new, with an average life of around 6 years for Onshore Wind and 4 years for Solar. This opens significant opportunities to optimise operations. For example by internalising O&M or by reducing the filler rate, which is normally high at the beginning of an asset life.

We have a leading position on Hydro generation, which remains the foundation of our Renewables portfolio, with around 57% of the total capacity. In Europe, these are flexible assets providing services to the grid and benefit, nowadays, from a market where security of supply are driving prices up quite significantly. In Brazil, our portfolio of 11.8 GW is largely contracted. Overall, our Hydro assets are highly contributive and provide a strong level of cash flow. Our strategy here is to look at opportunistic acquisitions in markets where it can complement our position. We are not developing Hydro assets organically.

On this slide, you can see that we have stepped up growth since 2019. We are delivering on previous commitments with 3 GW organic growth. And this is three times the average capacity additions of the previous period. As you can see on the slide, in 2020, so during Covid, we did 3 GW of new-build assets and 2 GW of M&A. For 2021, as Catherine said before, we are on track to deliver 3 GW. So I think we can say that we are able to step up growth and we are delivering on previous commitments – even in the circumstances that we all faced last year.

We present on this slide, for the first time, a detailed view of our Renewables pipeline. The total pipeline is 56 GW, supported by 1,200 specifically identified projects at different levels of maturity. This is a solid pipeline. 26 GW are under construction, are secured, or are at an advanced stage of development. An advanced stage here means permitting is almost finalised.

In terms of technology, our pipeline is well balanced between Onshore Wind, Offshore Wind and Solar PV. In terms of geography, our development is also prioritised, with two-thirds of the pipeline located in Europe and North America. And, in Europe, our focus is in France; in North America in the US; and, for Latin America, we are focusing in Brazil and Chile.

Let me walk you through this slide to see how the pipeline will be converted into new installed capacity. We start with a 56 GW total pipeline. Then we have 32 GW on the second bar, which corresponds to the pipeline that will deliver projects between 2022 and 2025. This pipeline compares with the 16 GW of additional capacity to be commissioned on that same period of 4 years. And this results in a cover ratio of 2x. Around 70% of that 16 GW will be built in the 4 priority countries that I've mentioned before, which are countries where we are well established. So the size, the margin and the location of our pipeline confirms that we have a high level of confidence to target an average of 4 GW per year of additional capacity in the period 2022 to 2025.

So the market is massive and we are well positioned with a solid pipeline. The question now is how can we differentiate from competition. In Renewables today, there are two critical success factors. First, the permitting process during the development stage; second, the route to market. The permitting is more and more complex – we all know that – with bottlenecks related to administrative processes, sometimes at local level, sometimes at both the local and the national level. I think the ramp-up that I have shown in the previous slides demonstrates that we have built a strong and delivering development machine. We are deeply attached to our local stakeholders for many years, with a global team of 4,000 employees fully dedicated to Renewables. So this gives us a clear competitive advantage in our key markets.

Our Energy Management platform is also a competitive advantage, and allows us to link renewable assets upstream with different downstream options, being them the corporate PPAs, our B2B supply portfolio or our unique position in the most sophisticated merchant markets. As an example, in the last two years, we have been able to capture important market shares with clients such as Amazon, Air Liquide or L'Oréal, and this has positioned us number-two in the US, in Europe and in Latin America.

In addition, we are activating other industrial levers. You can see in this slide an illustration of our industrial roadmap to increase competitiveness. The circle on the left shows the components of LCOE in a French windfarm. As you can expect, Capex and O&M account for almost 80%. And these are the two areas where we want to focus.

Our industrial roadmap is also supported on a new global organisation dedicated to Renewables, as presented before by Catherine. This will improve the standardisation of engineering and construction practices as well as the bundling of procurement volumes, which we already do, for example for Solar PV panels, but that we want to extend to other equipment and services.

On the O&M side, our assets are at the phase of life where original service contracts are coming to an end, which opens opportunities to internalise operations and maintenance. Again, another example, in France: we have shifted 400 MW of windfarms to what we call the “self-perform” model, and we are switching another 300 MW from the original supplier to independent service providers with the obvious cost savings in O&M.

We also have now enough information to review maintenance schedules using data analytics, reducing downtime and increasing availability. So, overall, we are targeting a reduction of LCOE of 2 to 4%, mainly from

better availability and lower Capex. This is equivalent to a reduction in the average cost of capital of around 50 basis points, and can be translated into either additional value creation or improved competitiveness.

On this slide, we present a clear investment strategy to asseverate profitable growth. This strategy is built on four pillars:

- a strong focus on a limited number of development priorities: 80% of our Capex will be invested in 4 countries and Wind Offshore;
- a significant increase of the Capex allocated to Renewables, from an annual average of around €2 billion to at least €3 billion from 2024;
- a clear investment criteria, centred on WACC plus 2 but with the flexibility to vary plus or minus 50 basis points (and Judith will come back to that later on during the presentation);
- and, finally, a shift of the business model to increase the share of consolidated assets: by 2025, 70% of our new Wind Onshore and Solar capacities will be on a develop-to-own model, and this change will increase visibility of earnings.

So our objective is to reach a portfolio of 50 GW of Renewables capacity by 2025 and 80 GW by 2030. Considering the starting point of 31 GW, this represents an increase of 2.6 times our current capacity.

Those objectives are a step change in our average annual capacity. If we compare with our current 3 GW per year, we will increase by one-third on the first period (2022 to 25), going to 4 GW, and we will double, on the second period (2026 to 2030), going to 6 GW per year. So from 3 to 4 to 6. These are significant increases on the growth rate for Wind and Solar projects. At the same time, they are realistic objectives geared towards value creation.

So, in summary, we have a solid portfolio of renewable assets, supported by a long-term contracted position of around 70% to 2030, which provides a good level of earnings visibility.

Our core competences on operations and energy management are key competitive differentiators for ENGIE. And we are convinced that the new global organisation can increase value creation.

With a high-quality pipeline, a track record on delivering additional capacity, and a clear investment strategy, we have established ambitious and realistic objectives to achieve 50 GW of installed capacity by 2025 and 80 GW by 2030, with an increase of consolidated assets.

With that, I hand over back to Catherine.

Catherine MacGregor

And thank you very much, Paulo. So 3, 4, 6: unprecedented growth in Renewables indeed, for which ENGIE is so well positioned.

I am now going to cover the other three GBUs, and I will start by ENGIE Energy Solutions. In this new GBU, 75% of the operating profit comes from distributed energy infrastructure. The business model which is associated to this activity typically includes long-term infrastructure-like contracts with stable and recurring revenues as well as long-term contracted cash flows. So it has proved very resilient over the health crisis, providing double-digit returns. We are a front-runner in these markets and we already have a strong leadership position in each of our businesses, notably in District Cooling worldwide, where we are number-one. We are also very strongly positioned in District Heating, On-Site Utilities, Distributed Solar or Low Carbon Mobility.

The energy transition is at the heart of most governments' recovery plans, and more than 700 cities, 2,000 corporates, have joined the race to Net Zero initiatives. And this, in summary, translates to solid growth perspectives for this Global Business Unit.

In emerging activities, such as Distributed Solar or Low Carbon Mobility, you will see that we are anticipating double-digit CAGR, while, in the more established ones, such as District Heating and Cooling, and On-Site Utilities, we are envisaging about 4 to 5% CAGR over the next decade.

In these growing markets, we have clear competitive advantages. We are a pioneer in these integrated decarbonisation projects, we have unique expertise, unique depth, a highly experienced operations team, and we also have a proven development platform. We have strong relationships with the key energy transition promoters, whether they are cities or corporates, with recognised long-term commitments and investment capabilities.

We have in place a stringent performance plan, rationalising activities, improving our EBIT margin through commercial effectiveness, and also industrialisation of our processes, enforcing strict cash management as well.

Through leveraging on strong tailwinds, our competitive advantages and this performance improvement, we aim to add 8 GW of low carbon distributed energy infrastructure by 2025. These goals translate to around 3 billion investment, fuelled by a very strong organic pipeline of 11 billion of opportunities, which allows us to be very selective.

And, through these activities, we are supporting client decarbonisation. In fact, we have developed dedicated decarbonisation metrics in collaboration with peers and industry experts, and we have set a target of 45 million tonnes of CO₂ equivalent of avoided CO₂ emissions per year for our clients by 2030.

To illustrate our ambition in this business, I'm just going to cover one example where, very recently, we have signed an agreement with JTC Corporation to develop, to build, own and operate the district cooling system for Punggol Digital District of Singapore over a period of 30 years. This project is obviously part of the district decarbonisation roadmap. By 2024, we will develop a cooling production plant of more than 100 thermal MW, supplying the business park, its community, its retail, the university campus and the transport users within the district. This agreement is valued at over 600 million, with a recurring EBIT of double digits, and offers significant growth perspectives as the district develops, driving up the cooling demand.

This type of contract also gives us the perfect positioning in the local ecosystem to develop other activities such as On-Site PV or Green Mobility.

The district cooling market is obviously a massive growth opportunity for ENGIE, as it is expected to be doubling by 2030.

While we welcome electrification as an important enabler to reach Net Zero, a balanced energy mix is essential. It's essential for affordability, flexibility and overall system resilience. For example, in terms of affordability in Europe and in the UK, if decarbonisation was to be made only through electrification, our own internal estimate that it would generate additional costs of around 30% by 2050. And this would translate around €150 per year on the household energy bill for the next 30 years. Gas will continue to contribute to decarbonisation, as the world switches away from coal and oil. And, as you can see, on the chart on this slide, there is also huge potential for biomethane and green hydrogen, which I will cover a little bit after. For all of these reasons, gas is expected to remain at around 25% of the primary energy mix in 2050, as it is today.

In this overall context for gas, our Networks infrastructure is well positioned for the long-term evolution of this sector. We are a leading player in Gas in France, with around €28 billion in regulated asset base. Our networks benefit from stable regulatory frameworks, with visibility; our profitability is largely immune to inflation and volume risks, as there are clawback mechanisms; and our networks have consistently demonstrated strong operational performance and the highest safety standards. And we continue to invest, to maintain the safety and the reliability of our networks, to enhance energy efficiency through the rollout of smart meters, and to adapt for the integration of renewable gases.

Overall, our RAB is expected to increase by around 2% per year over to 2023.

We are building on our deep knowledge and experience in managing regulated assets in France, and our geographical presence in certain countries, to establish leadership positions in gas and power networks, mainly in Latin America. These international assets represent a Capital Employed, or quasi-RAB, of €3.7 billion. They benefit from stable regulatory or long-term contractual frameworks. They earn attractive double-digit equity returns and the EBIT of our international networks actually has more than doubled since 2016.

We have major projects in operation and under construction. In Brazil, for example, we operate the largest gas transmission network, through TAG, and we are constructing 2,800 km of power lines that will be commissioned at the end of the year.

Our strategy for international networks is focused. We're working mainly on gas and power transmission, primarily in Latin America, where we can leverage our strong existing position.

Similar to networks, our Thermal activities contribute to affordability and resilience by bringing valuable security and also flexibility to the system.

Europe is a very strong example of this, where 70 GW of dispatchable activity is expected to be retired or closed by 2030 – 70 GW – while power demand continues to grow. This is expected to lead to a greater need for dispatchable gas capacity. And, in this context, our gas fleet is very well positioned – well positioned to support this system, which will face a tighter demand-supply balance.

One of the key pillars of ENGIE's heritage in operational excellence actually comes from our Thermal GBU, where we manage around 64 GW, primarily of Gas assets, many located in Europe and in the Middle East. In terms of profitability, 69% of our EBIT comes from long-term contracts. And we have attractive double-digit equity returns and strong cash generation. If I look at the remainder of the EBIT, it comes from short-term contracted and merchant positions. And, in a market which faces the potential for rising spreads, we are indeed very well positioned for a greater role of capacity remuneration mechanism and ancillary services. In fact, our fleet is second to none to capture these opportunities.

In 2020, for example, our Thermal business in Europe delivered over 20% EBIT organic growth year on year. Our teams are very good working on maximising performance, efficiency, agile asset management, and also optimising our O&M operation. In fact, in this GBU, we have a very highly experienced workforce, a valuable talent pool for our Renewables ambition and the wider group, in an evolving energy sector.

Looking ahead, as we deliver on the coal phase-out, overall Thermal capacity will slightly decrease over time. We will invest selectively in new opportunities such as the Belgian CRM auctions or in large water desalination plants in the Middle East, where we have significant experience and industrial know-how.

So, alongside putting our strategy into action for the medium term, we are of course also positioning ENGIE for the long term, and I am convinced that ENGIE is a front-runner to do that.

I'm going to start with biomethane, which has a strong growth potential – in fact is already a reality here in France. Biomethane production last year reached 4 TWh and is to be multiplied by 10 in the next 10 years. So ENGIE is going to benefit from biomethane on two fronts: on the production side, as we intend to build an existing leading position in France, with the ambition to reach 4 TWh of our own production by 2030, and to develop some of these activities in key countries such as the US and in Brazil; of course, in Infrastructure, as the development of biomethane ensures long-term sustainability of gas grids, triggering 2 billion investment in networks by 2030.

Moving now to hydrogen, which is probably the most important, the most exciting technical evolution of the coming decades, in the energy field. This breakthrough will indeed enable the energy system to benefit from renewable power while taking full advantage of the existing gas infrastructure with flexibility, security of supply, short-term and long-term storability. Now, having said that, I am fully aware that the promise of H₂ has been on the radar for quite some time. But we do believe that, with today's very strong political support, increasing demand, decreasing costs of production, a hydrogen ecosystem is being kick-started. With both our Gas and our Power expertise, ENGIE is simply uniquely positioned to capture this opportunity. All activities will benefit: Renewables, which will provide green energy as a feedstock; Energy Solutions and Thermal will produce and supply our clients with new offers to enable their decarbonisation; and, of course, Networks, which will support the development of hydrogen at scale through transport and storage.

We have actually been a front-runner in hydrogen, with a dedicated business unit since 2018. We have credentials, with some projects already commissioned. In Australia, we are building, with Yara Pilbara, one of the world's first industrial-scale renewable hydrogen production facilities to decarbonise ammonia production.

Over the long term, one can imagine that the hydrogen market will progressively evolve: evolve from local hubs gathering production and demand to an integrated market. In Europe, this translates into this vision fully aligned with the EU ambition to build a Hydrogen Backbone connecting production, storage and demand sites across Europe by 2040.

ENGIE, through GRTgaz in France, has a pivotal position here, and the Group already has several projects to test and to adapt our networks, and also our storage, to the future hydrogen ecosystem.

So we have set some ambitious targets for our businesses. To pick only a few, we are targeting green hydrogen production, by 2025, to reach 600 MW, and 4 GW in 2030. And we have a strong pipeline, today, of 70 projects, to support this ambition.

We will also develop our pure-hydrogen network, consistent with the European Backbone initiative, targeting 700 km in the next 10 years, and then storage adaptation, where we'll commercialise hydrogen capacity of nearly 1 TWh in 2030. And we also aim to develop more than 100 refuelling stations by 2030.

And, with that review of the GBUs, I will now hand you over to Judith for the capital allocation plan and for the financial outlook. Judith.

Judith Hartmann

Thank you, Catherine. I will go through the financial levers and show you how this plan is creating value.

Driving simplification is one of our major levers here and, of course, the new organisation will help us to do so with clear accountability.

We're exiting non-strategic activities and geographies. We're also improving the business mix by investing more into Renewables and through a disciplined capital allocation, and we're enhancing our performance through operational excellence, but also support-function excellence.

This will help us to drive value creation and indeed increase our earnings and the dividend over the next few years.

To give some more colours on the financials behind this, so 9 billion to 10 billion of disposals to drive simplification, 15 billion to 16 billion of growth investments improving the business mix, and 600 million of net EBIT coming through performance.

Again, this will get us to an earnings growth that you've already heard about from Catherine and is enabling us to commit to a sustainable dividend policy.

Let's go through each of those levers now.

Let's start with the disposals and how we are driving the simplification. 9 billion to 10 billion of disposals: this already includes the 2 billion for 2021 that we talked about earlier this year. Of course it also includes the Bright disposals. All of this is driven by a strategic rationale. So exiting non-core activities like we have done, like we've exited Suez, to really then reallocate our funds to where we can make a real difference; exiting some of the geographies (in fact, as you know, we have already exited 20 countries in the last 2 years) and reducing our footprint to roughly 30 countries.

We are accelerating our carbon neutrality, meaning we are reviewing our Thermal footprint as we are exiting coal progressively. And we are also rebalancing from French Networks to Renewables and Infrastructure.

All of this will lead to a simpler investor proposition. ENGIE will be easier to understand and easier to value.

As we work through this plan, of course we are going to run rigorous competitive processes around each of these disposals, to make sure that we maximise value.

If you look now to our investments, a clear acceleration, of course, on Renewables. Renewables will now be close to 45% of our entire growth investments, with 6 billion to 7 billion. This is an increase of 20% versus the period of 2018 to 2020.

If you look at Thermal & Supply, you can really see the capital reallocation at work here. It's now less than 10%, which is a reduction of 40% versus 2018 and 2020 period.

100% of this growth Capex is aligned with our ambition on CO₂ reduction. Roughly 80% of this growth Capex is expected to be compatible with the EU Taxonomy and 55% of this investment is already committed in concrete projects, and, as you have heard from Paulo's and Catherine's presentation, a lot of opportunity and a very strong pipeline to be able to select from the best projects.

These are very significant amounts. So it's very important to have a very rigorous investment approach, with disciplined capital allocation. And we have been working to improving our investment processes. We now have not just a Capex budget by GBU but also a carbon budget. We have started to put in place a much earlier selectivity process, where we look at projects much earlier and have a Go/No-Go decision. We're monitoring our Capex delivery. And we've just heard plenty of examples on how we are moving and improving our industrial track record. Paulo has mentioned a few examples on reducing failure rate, improving availability, or the savings on O&M.

We have very clear financial criteria: 200 basis points value creation over WACC in each of the projects, NPV to Capex of 20 to 25. We have a strong focus also on short-term cash generation and P&L contribution. And with all of this the target is to have a 7.5% ROCE at the end of the period.

Financial criteria are of course very important but we are also very committed to our ESG ambition. So we are also looking at each of the projects through an ESG lens.

It is our conviction that our climate ambition is not just the right thing to do, but it's also creating value. It is this conviction on ESG that has made us a green-financing front-runner. We have so far issued 12 billion of green bonds and, in each of these emissions, in each of these issuances of green bonds, we've had a higher rate of oversubscription, and it helps us, of course, with the pricing of our bonds. There's an enormous amount of money, of funds, that are going into ESG investing, and we really believe that this is an opportunity, both on the equity but also on the credit side.

Of course, performance is going to also be very important to be able to drive this growth. And we are driving a very sharp execution focus here with a performance plan of 1 billion-plus gross improvement that will translate into 600 million additional net EBIT over 21 to 23. The difference between the two is quite frankly, we're targeting high to really make sure that we have the net contribution of 600. The difference also helps us to be competitive. And, again, we've heard many examples earlier. And then we're also offsetting inflation in this period.

The new organisation that Catherine has talked about and our reduction to 30 countries are really going to help us on two elements:

- It will give us a global view by activity, it's going to drive industrial depth, it's going to help us to do peer reviews and best-practice sharing, and that really will be a lever of improvement;
- And secondly our consolidation into 30 countries is really going to drive depth in each of the markets, very deep market knowledge, senior leaders in each of these countries, that, again, are going to help us to execute the best level that we can.

We've heard some great examples earlier from Paulo on procurement optimisation already, and we are also working on our cash management. In fact, we believe that this is so important that you have seen it in our KPIs that we are suggesting for the Management incentives. Because, of course, every euro saved can be then invested into the value creation.

Let's look at the next page, on how this will deliver into our EBIT growth. And we've split it into two steps, to give you of course the middle year with 2021, our confirmed guidance. So, already, from 2020 to 21, we will have 200 million of contribution from investments. Performance already will contribute with 100 million. And both of them of course largely offsetting the scope-out effect. In this basis year of 2020, which was of course very unusual, we have a big block on "Others", which is mostly Covid but also foreign exchange and the Texas severe weather event. And then you can see how it will continue, investments contributing by 800 million in the next two years, a performance of 500 and, again, offsetting the scope-out, meaning really we have a growth throughout

the period. And you can see on the right-hand side the billion contribution coming over the three years, not surprisingly with a large element of Renewables, given the very strong investments there.

So, on a simplified view, on the next page, EBIT growth by activity: the growth is of course mostly driven by Renewables, significant growth there from the contribution of 6 to 7 billion of Capex. Higher power prices in France will also be a positive. Networks will remain largely stable, with lower remuneration rates in France and then growth coming from international networks. We see growth in Energy Solutions – with, yes, a Covid recovery, but also contribution from the growth investments and partially offset by the disposals driving simplification (of course Bright is in this bucket).

Thermal will decrease in line of a lowering capacity through the coal exit, and we will see growth in Supply, mostly driven by the Covid recovery.

Nuclear: the growth will be driven from higher achieved power prices and, over time, we are going to start to see lower volumes due to the Belgian nuclear phase-out.

So, to give some more detail on the guidance (we've heard already the Net Income from Catherine), here you can see our EBITDA indication of €10.3 billion to €10.7 billion and an EBIT indication of €5.7 billion to €6.1 billion.

We remain strongly committed to our strong investment-grade rating. And, again, the starting point of 2021 still includes Bright and the new ENGIE in 2023, we have assumed 100% Bright gone, and of course all of the other disposals are also excluded from there.

To conclude, I am very pleased to reiterate our dividend policy. The Board has reaffirmed our commitment to a payout policy of 65 to 75%. You have heard how we are planning to increase our Net Income. And, with that, the dividend is expected to be driven by this earnings growth. We've also introduced a floor of €0.65 per share for the period of 21 to 23, to offer greater visibility through this period.

With that, Catherine, back over to you.

Catherine MacGregor

And thank you very much, Judith. So, ladies and gentlemen, concluding remarks.

ENGIE has a very, very strong position. The key message that I would like to leave you with is that we are very committed to embrace our role as a leader of the energy transition.

We are building a simpler, more industrial ENGIE, with complementary activities which are very well aligned with industry megatrends.

We have a strong commitment to Net Zero and ESG performance.

We have a new organisation, which is very motivated, which has higher accountability, strong performance focus.

And we are driving growth in Renewables and Infrastructure, through disciplined capital allocation.

ENGIE is also uniquely positioned for the energy system of the future.

We have shared with you a lot of targets today, and I wanted to share or pick up the ones that I felt were the most significant key operational targets:

- Net Zero 2045 (all three scopes);
- 3 to 4 to 6 Wind and Solar capacity growth through the period to 2030;
- Our distributed infrastructure: plus 8 GW by 2025;
- Simplification of the Group, from 25 business units to 4 GBUs;
- Performance plan: 600 million of EBIT impact over the 3-year period;
- And finally green hydrogen production: 4 GW in 2030.

I would like to conclude this presentation with a clear message on what is ENGIE and what we do: we are a large energy utility, we are focusing on Renewables and Infrastructure, and, while doing that, we are supporting our customers' decarbonisation.

We are building today the low carbon energy systems of the future.

Ladies and gentlemen, thank you so much for your attention. And we are now going to open the Q&A session. Thank you very much.

1.15.58

Q&A

Goldman Sachs

Good morning and thank you for taking my questions. And excellent presentation today so thanks for that. I had two questions please.

Firstly, just on the bridge that you offer on page 60, could you just give us an indication if all the dilution from the disposals, and I guess all the accretion from the investments, come through the numbers by 2023? Would there be any residual dilution that you would for example expect in 24? I just wanted to understand what was factored in there.

And then, just to give us a better sort of feel for how much of the business is transitioning, I think you said that Networks would be broadly flat. Could you give us an idea of what proportion – rough numbers for 2021 – of the COI is Renewables and Energy Solutions. And then what percentage would you expect that to be by 2023, so we can really appreciate how much change occurs.

Thanks.

Catherine MacGregor

Thank you for your question. I will let Judith comment a little bit but just in terms of dilution, I think one can assume that most of the impact of the dilution of the 9 to 10 billion disposal programme that we are announcing today will be captured through the period 21 to 23. So there might be some marginal effect left to 2024 and beyond but, I would say, typically it would be quite marginal.

And then your second question, on the business transition, I'm not sure I actually got all of that; you got that, Judith?

Judith Hartmann

Thank you Catherine, and indeed I think, on the... maybe just add on the first question, on the dilution, to add what Catherine just said, you also have to think of course that there will be additional contribution from the investments and the performance, and you can assume that those effects, again, will outweigh any, you know, leftover or marginal dilution that is still there.

In terms of your question on how are we shifting the portfolio, we are not giving precise numbers for 21, as you know, so it's a little hard to give you a precise percentage, but I think, if you look at page 69, you will get a good idea of just how important this additional Renewables EBIT will be, and so that should help you to really show how, indeed, we are really moving this company towards a much higher content of Renewables.

J.P. Morgan

Good morning, everyone. Indeed a very clear presentation.

I'd like to start with a first question on the numbers. I can see your guidance, midpoint is about 4% above the consensus, it already includes the dilution from the Bright disposal, which is clean and clear for everyone, yet it's based on a commodity price on 31 December. So, if I do a back-of-the-envelope and mark-to-market as of

yesterday, that would be an extra 200 million or so of Net Income, or 7% additional upside? Could you be kind to just confirm, on your mark-to-market as of today, would be very useful.

Then a question regarding the reinvestments. So, on the Renewables, again, the presentation is very clear, very useful to get a 2030 target, I'm sure there will be plenty of questions indeed from colleague investors on the margin pressure and all that, so my question will be more of a strategic one: as you move from the asset-light to the asset-heavy, have you reassessed a product proposal to your corporate clients? I'm thinking here of the energy-on-demand, which enables better margin, it's more structured, more complex, but we could see in the example of Texas, that it can leave Renewables players more exposed to extreme weather variations. So how do you look at this as of today? Could you elaborate a bit more on your strategy, product-wise, so we better understand how you protect the margin there and, basically, the risk associated. Thank you very much.

Catherine MacGregor

Okay, very good. So maybe I will start by taking your first questions. You're right to point out that obviously power prices have indeed increased. Remember that power price is one thing, we also have the effect of spark spreads, we also have less volume exposed to power, you know, because of nuclear phase-out. So you really have to look at all the factors when you think of our 2023 mix and the impact of, you know, the forwards on our guidance. So, ballpark figure, we feel, at this stage, that our guidance includes, you know, the power price fluctuation that you are talking about.

Maybe second point, second question, which is around, you know, the way we structured our commercial offers and how we protect ourselves in terms of risk, and, of course, I'll give a give a bit the floor for Paulo to comment on the specifics but, you know, I have been extremely impressed with the way we are able to, in a very sophisticated manner, package our PPA agreements and have very adapted, adequate terms and conditions to make sure that, you know, we are not just exposed to things like Texas. So Texas, we had the impact, but, in general, the T&Cs that we are trying to build in our PPA agreements are really looking at protecting, and particularly features such as as-produced are some of the things that we are really looking to include in our PPAs, to make sure that, you know, it's not just a contracted volume but also we have the right level of risk, and we feel we are extremely well set up to manage those. I don't know, Paulo, if you want to add...

Paulo Almirante

Yes, of course, and thank you for your question. I think your question is absolutely right. I mean, Renewables today are not anymore feed-in-tariff indexed to something for 25 years. We are going into the core of energy management, the core of managing risks. Even when we do a corporate PPA, which hedges price somehow, we have to deal with a balancing risk, we have to deal with a profile risk. And you mentioned the as-consumed profile. So that's where we have significant competitive advantages. We can combine the different corporate PPAs, which are with a certain client, maybe sometimes as-consumed, other times as-generated, and we manage that risk together with our B2B supply portfolio or a different mix of hedging products. For us, this is a very clear competitive advantage. There is no unique recipe. Depending on the client, depending on the location of the client, we apply a different combination of products. And, again, this is different from what was Renewables in the very recent past.

J.P. Morgan

Thank you very much. Catherine, I just would like to come back on your answer on the commodities, because your guidance says explicitly 31 December. So clean spark may even be a positive, we have a tightening, but the outright should clearly mean upside versus 31 December. Power price for 23 have increased by €10 end of year, around 40%. So could we have a bit more colour? And I'm not sure I understood your answer was "we already have that in the guidance" and I see 31 December, so I just want to be sure that my understanding that they could be applied to the guidance if power prices stay where they are, it is the right one. Thank you, sorry for coming back on this question.

Catherine MacGregor

No, that's fine. I think one of the points that I wanted to make is that you also have to remember that we have much less volume, and will have less volume, exposed to powers, as we are also phasing out nuclear assets,

starting at the end of 2022. So that was the point. We also have, remember, progressive hedging. So the effect, obviously, is not fully... You can't translate it completely in our 2023 numbers.

Judith Hartmann

Maybe just add, obviously the mark-to-market is moving. We cannot take it to the bank every time it's higher. It's clearly a positive topic, like we've just heard. But, indeed, if I look at just between last week and this week, there was quite a big variation. Definitely power prices going to the right direction, which is a good confirmation of the numbers that we've just given.

Bank of America Securities

Thank you for taking my question, for the presentation today. So three questions from me.

Firstly, on your 80 GW Renewables target, I'm presuming that is a gross target. So can you clarify what your net targets are, and what your general approach to asset rotation is going to be, and, linked to that, does your 10 billion disposal target include proceeds from asset rotation?

And then my second question, just for further clarification on the guidance. I was wondering if you could give us a sense of what the EBIT contribution from your Belgian nuclear plants is in 2023, please.

Catherine MacGregor

Okay, so Paulo, you want to comment a little bit on the conso share, just keeping in mind, of course that, you know, our ambition in Renewables, as I think Paulo has made a very strong point, is that, in general, and particularly on Onshore Wind and Solar assets, we will be looking at keeping more on our balance sheet. So, the split between, you know, our conso share and gross should reduce on those assets over time.

I think Paulo you want to give the specifics on conso share?

Paulo Almirante

Yes, so what we have presented, and our intention, is to increase the level of consolidated assets on our balance sheet. So today we are doing around 40% of the capacity. That will evolve to around 70% from 2025 onwards, to Wind Onshore and Solar PV. On Wind Offshore, you know that we have a partnership with EDPR, Ocean Winds, and that will continue deconsolidated. The other developments in our main geographies will be consolidated. Still, in some other countries, where we don't have an industrial platform, we will continue to apply our DBSO. We expect that the 80 GW in terms of consolidation, when we mix all the different technologies, will be between 50 and 60 GW in 2030.

Catherine MacGregor

Okay, and then there was a question on the contribution of Nuclear to 2023. So, really, two effects. Obviously power price, as we talked about, is a plus, and then in terms of lower volume, given, again, you know, that we are starting phasing out two reactors: the first one end of 2022 and the other one at the beginning of February. So you'll have these two effects. But I think you can expect a slight increase from 2020 from COI contribution from our Nuclear activities.

Morgan Stanley

Thank you. Congratulations on the comprehensive outlook. It's great to see some 2030 capacity targets there. Obviously a lot for us all to digest. So if I can ask for some more clarifications on the 2023 guidance:

First of all, can we just clarify for the avoidance of doubt the dilution from disposals you've included: is that 100% of Bright (as I think I heard you say) or is it a percentage less assuming you may keep some? And what about the dilution from the remaining disposal plan? Is that also included in guidance or is that yet to be seen?

Secondly, on asset rotation, may we ask how much asset rotation gains would be included in that 2023 guidance? And just to clarify on your previous answer, it sounds like the consolidating of 70% of capacity is therefore pre-minorities and not post. I just wanted to check that.

And lastly, before I ask too many questions, can I just ask on the 15 to 16 billion of Capex, is that all organic or does it include any assumed bolt-on acquisitions?

Thank you very much.

Catherine MacGregor

Okay, so I will start maybe by taking your last question and then I will have my colleagues chipping in.

So €15 billion to €16 billion of Capex: frankly, our main scenario is indeed mostly organic growth. We have, you know, discussed and presented to you a very rich set of opportunities, obviously on the Renewables side but also on the Energy Solutions side. You know, I've talked about our €11 billion pipeline of projects. So we feel that we are very opportunity-rich. Of course, you know, we could be opportunistic in small M&A type of activities, but you can think of this 15, 16 of mainly organic growth, continuing to deploy the M&A in a very selective manner, you know, priorities, disciplined capital allocation, very much targeted towards our growth priorities, which we presented to you today.

I'm going now to pass it on to Judith, I think, if you want to comment a little bit on the 2023 guidance question?

Judith Hartmann

Yes, thank you Catherine, indeed the 2023 guidance does assume 100% Bright out and all the other disposals that I've just talked about. So I think the best page to look at, again, is page 69, where you can see the bridge. And it's very consistent with, you know, the 10 billion or the 9 to 10 billion of disposals, the investments that are going in are translating into the bricks that you're seeing on page 69, meaning that all the disposals have been included in there, but also obviously the contribution. I want to point out again that this is a 3-year view. So, on investments, to use the example, it adds up to 1 billion over the 3 years. We will have, on a full-year pro-forma, a higher contribution from investments. We're targeting the 7.5% ROCE, so I think it's easy to do the math on where this might take us. And then, like I said earlier, there will be very little, very marginal leftover scope-out for the 2024 year from the plan that we've just presented. So I hope that clarifies. But, yes, the 23 guidance, like Catherine and I have said, does exclude the disposals and so the scope-out is already included in that guidance.

Catherine MacGregor

And I think there is a question on the DBSO margin, correct? Just to say that we anticipate a stable level of DBSO margin in absolute terms. But, of course, as our capacity is increasing a lot, in proportion, it's much smaller, resulting, being the outcome, of what Paulo has described, to take and to do much more DBOO than DBSO in the past.

Morgan Stanley

That's all very clear, thank you, and sorry, just the remaining aspect, the consolidated capacity you'll retain being 70%, I presume by the word "deconsolidated" that is before the minority share as pertains to Latin America.

Paulo Almirante

So maybe I can take that question. So 70% is 100% of our additional capacities when the new assets are consolidated. So plus the ENGIE share in SPVs when new assets are deconsolidated.

Société Générale

Thank you very much.

My first question will be on the bridge for COI between 2020 and 2023: taking a closer look at the two grey bars, the "Others", and first on the one on the right, bridging 21 to 23, I guess you show minus 200 million considering that there will be a rebound from Texas of 80 million. So, altogether, there is a negative of around 300 million. I was wondering if you could help us understand that number. Does it include the buffer you mentioned regarding

Belgian nuclear (that you mentioned in your press release)? Is this a little bit more, I would say, a cautious approach to your guidance, or can you actually pinpoint some of these non-recurring elements of 2021, that were positive in 2021 that would disappear between 2022 and 23, on, I would say... equally on the grey bar for 2021, I guess, again, that includes Texas. So the underlying is more positive. Is there anything beyond the Covid rebound in that grey bar?

Then I would like to rebound on the comment you just made on growth Capex, on the contribution at COI, it's very helpful that you clarified that indeed the full 12 months contribution of COI from the growth programme will be more than 1 billion, as you target 7.5% ROCE; assuming a 25% tax rate, in order to get to your return, I estimate that you need to derive a COI of around 1.5 billion. Do you agree with that calculation?

And, lastly, on dividends, you maintain your dividend policy and you put a floor at €0.65. That will be seen as reassuring. Could we be a little bit more, maybe, granular, and understand how you try to drive your dividend, should we expect that you will, you know, try to grow it year on year, avoiding the volatility of maybe disposal impacts? So do you have an overlay of growth in your policy? Thank you very much.

Catherine MacGregor

So maybe let me start by your last question, which is our dividend policy. So, obviously, the key here is that this dividend policy is being reaffirmed by the Board – 65% to 75% of our Recurring Net Income – and the key, central piece of our dividend policy is indeed the earnings trajectory that we are committing to. And this is throughout the period. This is, you know, across the disposal process that we are presenting to you. So the key message here is that, yes, we are driving dividend growth from consistency in our policy and earnings growth. That's really, really the key message, Emmanuel, on your questions. And indeed, you know, we've introduced a floor, understanding and hearing, listening to the investors' feedback. Also integrating market practices among the peers; you know, we have redefined our peer benchmark group, which is, I think, an important step with the way we define performance within ENGIE. And so, taking all this into account, we have introduced a floor at €0.65. A bit of an insurance policy, you know, we don't intend to touch this floor at €0.65 because, you know, we are on this growing earnings trajectory, which will drive dividend growth. But having this stability in our dividend policy, Emmanuel. So I hope that answers the dividend question. And I think I'm going to pass it now, maybe on the other bricks of the bridge... EBIT, the grey boxes... Judith? You want to comment?

Judith Hartmann

Yes, Emmanuel, *bonjour*. So, on your question on the bridge and what is in the Other topics, so again it's obviously a simplified bridge to show you the contributions of the plan. And so, yes, we did lump quite a lot of things into "Others" to, again, have a simplified version. On 20 to 21, you've mentioned it yourself, Covid is of course a tailwind. There is, you know, some remaining Covid this year but very limited in comparison to last year. Foreign exchange, and the Texas severe weather event. If you add those together, then you will get to the 400 to 800 number. And, on the 200 million on the 23 bridge, the topics that I would mention are really basically on the page afterwards also, which is infrastructure remuneration and the Thermal reduction. Nuclear volumes are of course coming down. You mix that with some of the positive effects that you have mentioned and you get to the 200 million. So, you know, that is really how you can look at it. And, again, the important message that we want to get across is the plan that we are presenting today is really moving this company, and you can see it on this bridge.

I think you had a question on the contribution of the 3-year. So 1 billion is what falls into this 3-year period. I think you mentioned 1.5, which seems very optimistic for, you know, the pro-forma view. But, again, you can assume that, obviously, the first two years of investment already contributing to the third, and then it's only in the third year that you have some overlap over the future periods.

Société Générale

Yes, I just want to maybe rebound on this: I'm not trying to be optimistic on the COI but, if you target 7.5 of ROCE over 15 to 16 billion of Capex, growth top at 25%, the maths are pretty straightforward, hence the calculation. But your message is that it's more than 1 billion, in any case. Of course, ROCE is not a static number and it may take a few years to get to full potential. Maybe that's the explanation as well.

Judith Hartmann

So it's not 100% easy to read across but yes, it's higher than 1 billion but lower than your 1.5.

Société Générale

If I could just rebound on Catherine's comment on the peer group, many years ago, I guess, Management shared with us what peer group they were benchmarking themselves against in terms of dividend policy. You said that you revisited that benchmark. Would you be able to share with us what companies you put in your benchmarking group?

Catherine MacGregor

So, Emmanuel, what we have done this year... two things: we've revisited our peer group, and we have also, as I mentioned in my presentation, improved the contribution of relative performance to our long-term incentive plan. So before we had TSR as compared to our peer group and how we have added the Net Recurring Income growth over the period. So we have actually, incrementally, augmented our focus on peer groups. And, indeed, you know, we have disclosed our peer groups, actually in our URD, so I can share it with you: so we have notably Enel and Iberdrola, EDP, we have Naturgy and Snam, as well as RWE, which are the key players in our peer group. So this obviously drives the way we look at our performance. So, you know, as exemplary, as demonstrated in our LT plans, but then when we think of, you know, obviously, dividend practices, etc., these are the type of companies that we will be looking at as our key benchmark. And, of course, it represents the future of ENGIE, before you could have some more asset-light service companies as part of our peer groups, and obviously we took that into account as well, as we are projecting ENGIE to its future perimeter.

Credit Suisse

Good morning and thank you for the presentation. Two questions from me.

The first one on your 9 to 10 billion disposal plan: can you give us a rough idea if that includes anything in Networks? In the past, you have mentioned the possibility of opening up the capital of gas networks: would that be something that is included in that 9 to 10 billion indication? So that's the first question.

The second question, probably for Paulo, on your expectation of a falling LCOE, or declining LCOE: can you give us some colour on how you think cost-of-material inflation will play out in that equation, and maybe if you can give us an idea of the planned ambitions that you have, how much of cost of equipment that is already locked in? Thank you.

Catherine MacGregor

Thank you, Stefano. So let me take the first question, then I'll pass the falling LCOE questions to Paulo. So, in terms of disposals, and just to remind what we are trying to do with the disposal plan, the whole key objective is around simplification, simplifying the Group. So obviously, you know, Bright is a significant contributor to the 9 to 10 billion. We are also including our decarbonisation actions. So obviously coal-exit plans are also part of that. And we are also looking at our selectivity on the geography front, where, you know, we said 70 to 30. So that is also contributing to the 9 to 10. And a fourth category, if you like, that we have introduced, is this whole rebalancing our networks, from very French, gas-heavy, to a bit more international and a bit more gas-to-power balance. Now, this is, you know, a rebalancing. So the choice of word here is important. And so, you know, decreasing a little bit our exposure to our gas infrastructure, in France, could be considered as part of this 9 to 10 billion. So obviously we have a range of scenarios. But, you know, this could be one of the topics under consideration indeed.

Paulo, you want to comment a little bit on the LCOE?

Paulo Almirante

Yes, of course, thank you for your question. So regarding what we see now in terms of the increase on the costs of some materials, we believe this is a short-term case. And, more importantly, the evolution of technology has demonstrated that it's able to compensate for that kind of increases. So we strongly believe that the LCOE will

continue to decrease. Maybe in the short term that it will be not the same level of decrease. But I think we are on that trend. Bifacial panels, for example, larger and more efficient panels, tracking systems on solar, cooling of inverters. So these are examples of additional performance coming through technology, which will offset, I would say, the short-term impact of materials increase.

In terms of what we have locked in, for now we have about 7 GW of assets that are under construction and secured. And that's locked in. So that's a good level, I would say, for this phase. And we continue to negotiate with the suppliers for the next years.

Catherine MacGregor

And maybe just to complement maybe what Paulo has just said, this whole setup of Renewable GBUs, led, driven, by Paulo, who has – sorry, I don't mean to flatter you but who has a very strong industrial experience – what we're trying to do here is to make sure that indeed we can leverage ENGIE's Renewables size. In the past it was a little bit difficult because of the organisation, which was quite fragmented. By having a GBU, dedicated to Renewables, the whole ambition, and we've started to do that, is to have very privileged suppliers relationships able to drive and use the advantage of this size. And, as we are growing our Renewables businesses, we feel that leverage, from an organisational standpoint, will be strong – and, also in terms of volume, will actually get stronger. So this is really a key aspect to counteract some of the inflation effects that you are rightly so mentioning.

Deutsche Bank

Good morning, thanks for taking my questions. Thanks for the presentation. It was very clear, concise, sharp. Thank you for that. So two questions from me.

The first is, I was wondering if you could just give a bit more detail on the growth Capex that you're spending in Energy Solutions. I appreciate it's 15 to 20% of the total. But is that... you're going to go on organic Capex, on acquisitions... I was particularly interested in whether you thought there were growth opportunities in district heating, because that's one area where, you know, assets are being valued very highly but where, traditionally, profitability has been quite stable. But, as we kind of move through the energy transition, it's seen as having a bigger role.

And then, secondly, on your Renewables investments, I was wondering whether you could say how much of that you're expecting to be covered by government PPA, corporate PPA, and whether you're expecting to take on any merchant exposure. Thank you.

Catherine MacGregor

Yes, so, let me start on the Energy Solutions Capex. And, frankly, this is a bit of a jewel that we want to make shine over the next few years, because we have, as I think I mentioned in my presentation, a bit of an incredible situation here, where you have huge growth, and this growth is driven by – you know, again, I'm repeating myself, but all these climate commitments, they have to be delivered through the development of this low carbon distributed infrastructure. So a company, for example – and, you know, every company CEO I meet today is, having done this commitment, having committed to Net Zero, is coming to ENGIE and says, "you have to help me, because, you know, it's not our core activity, and we're not quite sure how we're going to get to this Net Zero." And typically it's around facilities, it's about plants, it's about manufacturing facilities, that have a huge potential for decarbonisation, often need an infrastructure-type investment, and then the operation model that goes with it. And this is where ENGIE is so pertinent. So, in that arena, or in that context, you know, the example I gave in Singapore, is very, very telling: this is a district cooling, so this is a new district cooling, so it's new, we are building it, and then we will operate it, and then, once we're there, once you have invested in the infrastructure and the Capex, additional customers, obviously from a profitability standpoint, it's an amazing business model, as you can imagine. So very, very excited about the Energy Solutions. In fact, in my mind, you know, the whole challenge here is about selectivity and picking the right opportunities. Because there are so many. So we can be selective, and will be selective. And this is one thing that we will be driving the organisation for.

Now, so, organic versus M&A, obviously we'll privilege organic development but we will look at M&A – very carefully because you're right to say that, you know, we have seen in this business some premium that, frankly, we are not ready to pay. So we're going to be very disciplined, very careful, and always looking at, "okay, how are we going to bring value?", "what is our industrial role?", "how do we make this asset better than it was run before?". And there's going to be a very strong focus, within this GBU, to make sure that we bring value if we were to do M&A in that domain. But really, really exciting Energy Solutions with this Infrastructure business.

And then there was a question around Renewables, again, government, corporate PPAs versus merchant exposure: I think Paulo, since you've talked about energy management, and before you do that, I just want to make a comment that what Paulo has shown you on energy management is very important, it's super differentiated, and it is something that he is running as part of his Renewables businesses. So the whole idea here is to fully – *fully* – leverage the synergies between our Energy Management organisation and our Renewables organisation. We thought it's truly a differentiating... it's a competitive advantage. And this, in a way, integration, from a deployment standpoint, geographical footprint, is going to be really important to us. And Paulo I'll let you take over.

Paulo Almirante

Thank you, Catherine, and thank you for the question.

So maybe let me go through the different key countries where we're going to invest.

So let's start with France. France, as you know, we are talking of feed-in tariffs that are awarded through an auction. Using your words, the government kind of contract or PPA.

Then we have the United States. In the United States, you have a mix of corporate PPAs and merchant positions. What we see there is in fact a huge appetite for corporate PPAs, different companies that want to secure green power, not only because they want to show that they are now consuming clean energy, but because it's cheaper than the fossil power. So that's for the US. And there we make a combination of the corporate PPAs with a multitude of different instruments to cover our risk on the part that is open, that is not secured on the corporate PPAs.

Then we have Brazil. And in Brazil we have the two cases. We have auctions, which are awarded from time to time, and we bid into those auctions. But you also have a very significant B2B supply portfolio. And there we can do short-term contracts (3 years, 5 years, 7 years), which also complement, sometimes, the volumes that we take from the auction. Sometimes, they are sufficient to develop the project.

Then we have Chile, as Catherine mentioned before. And, in Chile, we are transforming existing PPAs attached to Thermal assets, which will be attached to our Renewables development.

All this combination... I can give you a figure: around 50% will be around corporate PPAs. But, more importantly, for us, we have a very disciplined investment process. We lock in a significant part of the NPV at the FID. So, at the financial investment decision, we make a clear call on what is the level of NPV for this project and then we decide to go or not, depending if that threshold is achieved.

Bernstein

Thank you very much for taking my questions, and good morning everyone. I think I have three left on my side.

One, just a brief clarification, if you don't mind, on the Renewables: your target of 200 basis points over the WACC, is that including or excluding the farm-down? So should I actually think you're targeting, organically, 200 basis points over WACC and then the farm-down proceeds on top of that, or is that included?

The second question is, on the Energy Solutions business, and the Distributed Solar; and we have discussed a lot the Networks business and the long-term footprint of that business. How should we think about the additional capacity in Distributed Solar? Is that... does that also have a long-term contract attached to it, or is it more sort of like the building part, or is it so integrated, as you just described, in these sort of flex overall service provided

to the customer, that it's actually difficult to pick apart, but just sort of like interesting, if you could, contrast it a little bit relative to the Networks business.

And the last question was on the performance part of the business plan: I guess one way to look at the EBIT waterfall between 21 and 23 is that the asset rotation, the investments in other kind of net-offs, and then there is the 500 million growth from performance. Do you mind sort of like just going a little bit deeper? Is that... I mean, how much of that is employer-related, are there capture costs, or is it really the performance improvement as you described in Renewables, the underlying sort of like improvement, the size, the growing? Thank you very much.

Catherine MacGregor

Okay, thank you for the questions.

So, on Distributed Solar, indeed, you know, we have an ambition to grow this business quite a bit, but very focused in Distributed Solar on a B2B type of activity and often trying to bring integrated solutions to our clients, where Distributed Solar contributes and is part of the solution. So it's really very much in line with our view that we are going to be partners with our customers and, over the long term, being able to have them decarbonise, distributing solar, bringing a very good solution, as... among others, if you like. But definitely Distributed Solar we have an ambition and we'll share that with you obviously when the time comes and when we're ready to disclose that. We obviously don't have those gigawatts of distributed solar, which are not included in our centralised renewable generation capability. This is accounted separately for sure.

So I think you asked about the debt growth, the performance plan. So let me talk a little bit about that. Several buckets on the performance plan. I think you mentioned 500 so, just to clarify, we're saying a 600 million EBIT over the 3-year period. Really, broadly, three main categories:

- Efficiency related to the full deployment of digital and data tools. I insist on this because I wanted to really contrast the richness of our offering in digital and IT as, you know, shown by the number of talents we have in that domain, with the deployment opportunities that we have. So we have deployed a lot of these tools. But, with the GBUs, we're really looking forward to an at-scale deployment. And this will contribute to the performance plan quite significantly.

- Second bucket, if you like, is indeed operational improvements. I think Paulo gave you a really good example and this is really about every GBU having very granular operational KPIs linked to financial results, driving their operational performance to show financial improvement. And, today, we feel that, by the sheer better visibility that each of our EVPs will have on their business, with very specific and adapted KPIs to their operation, we will drive improvement. Multiactivity BUs, it was very difficult to have this level of granularity to drive these operational improvements. So this is well identified and we have a roadmap. Each EVP is accountable for delivering on that. So that's the second category.

- And the third, which is around the support functions. And here again, we feel that, by having a bit more centralised approach to how we manage our support functions as well as our shared services, and increasing the deployment of our shared services, ensure that they are best-in-class, etc., this also contributes to a third bucket, to that performance plan.

And maybe I will add, you know, very modestly, that we also have a few activities that are in the underperforming bucket. And each of the EVPs has some of these underperforming units well identified, and has a plan to improve the performance of those units. We don't have that many, but we have, and so there is also very high attention to make sure that, you know, these underperformances get fixed.

So I think that's really the key points on performance, on performance plan that I would like to comment.

And then there is a question around the WACC over 200 bps and I think one can say that, indeed, it includes the DBSO sell-down margins.

Oddo

Good morning, thank you for taking my question and thank you for your good presentation today.

Regarding the question, it's going to focus mostly on Renewables, even if there is a lot of alternative aspects to look at as well. But maybe three questions on this topic.

The first one is regarding the cover ratio of 2 times from 2022 to 2025 considering your current pipeline and advanced development projects. In the end, it appears to be pretty cautious for you to remain at 4 GW. It seems that, with 32 GW blended in terms of advanced development, etc., to try to develop organically only 16 GW, could eventually have been a bit higher than that. So what has prevented you from eventually being more aggressive on this short-term target in terms of Renewables?

My second question is on the LCOE: you mentioned 2 to 4% of reduction on the LCOE going forward; I'm not sure to understand if we are talking about LCOE reduction including Capex and O&M and if we are talking only for the future project development, or if we are talking there only on the one that you expect to achieve on your current assets. And then mostly on the O&M for instance. So could you eventually clarify a little bit what do you mean with this 2 to 4% in terms of prospects and what we are talking about in terms of assets.

And then my last question is on the 150 to 250 basis points returns with the average of 200 basis points: I was a bit curious to understand what would make you rather prefer a 150-basis-points-above-WACC development project: is it considering the geography? Is it considering maybe the hub effect that you could have in the future project? What would make you accepting going below the 200 basis points and eventually take a 150-basis-points-over-WACC development project?

Catherine MacGregor

Okay, very good. Let me just start by saying that obviously discipline in returns, WACC plus 200, is really our compass and our north. I think, in Renewables, given the variety of projects and opportunities that come our way, indeed, you know, we will be looking at giving ourselves a bit of a range, from 150 bps to 200 bps, aiming to be, on average, at the 200. And I think you've actually quoted and listed some of the, indeed, key factors where we would give ourselves a little bit of flexibility to go towards the 150. And it's really, indeed, the geographies, it's in a place where we have already a platform and we're just building incrementally on this platform, do we know the location, are we super entrenched with the local ecosystem. The hub effect and potential synergies with the other GBUs and... You know, I think we've shown you in Chile how, very nicely, all the GBUs can provide values together to our customers, so that's really important, the system plays for sure. And, in general, you know, our comfort factors for the risk of the project would be all criteria that we could consider. But I think it's really important to reiterate that our commitment to the discipline, strict return expectations, and centred around 200, with a bit of flexibility in very, very specific cases. So I think that's the point on profitability.

I think you asked the question on cover ratio and I'm going to let Paulo comment a little bit, but I just think, one thing that we're really trying to vehicle today, as a key principle, is that we want to show you our ambition and also we want to vehicle the fact that we want to set them at a credible level. So we really want to build credibility. We've delivered a credible track record in Renewables over time. We're very focused on the 3, 4, 6. We've shown you our 56 GW pipeline. It's a very solid pipeline. And I make a bit of a side comment here because, you know, sometimes when you see how pipelines are accounted for, it differs from one peer to another. So I think you'll see that we've been very rigorous in the way we're counting that pipeline. And so now I've set the floor for Paulo to comment about how, you know, this 4 GW is cautious or not.

Paulo Almirante

Thank you, Catherine, and thank you for your questions.

Let me start with that. I think we are not in the race of announcing capacity. This is not what we are doing. We wanted to present realistic and credible targets. Maybe there is not a clear view on this. When we say that we're going to deliver 4 GW, it means that, in every single year, we have to have at least 6 GW under construction. So jumping from 3 directly to 5, 6 or more, it's not feasible. To do it correctly, to create the value, to be selective on the projects, it's not feasible. So we are jumping from 3 to 4 and then to 6. And this trajectory is also an average. For example, we expect that, in 2022, it will be the start of the ramp-up; 23 and 24 we will be on the

average; and 25 it will go above that average, with the contribution of Offshore. So that's, I think, a well-planned, well thought-of way of delivering on these targets. Because we also are delivering on previous years. And I think that sets up our track record and we want to continue on that same path.

Regarding LCOE, absolutely right: so part of it will be value creation (the part that is on O&M). The data that we have now, that we are starting to do data analytics, because you need some time for these assets to be in operation before you can look at the data. And, in many cases, they were contracted with the original supplier. So now we have the opportunity to start improving the performance of these assets, and that will generate additional value. On the other side, we want to reduce our Capex, to lower our Capex, and that will go through discussions, volumes, with suppliers, and that will impact on the new fleet. But this is more likely to improve our competitiveness than to generate additional value.

And I think, on the returns, Catherine already commented. I just add one element: we see clients now wanting to do corporate PPAs in multi-locations. So several of our corporate PPA clients – I mentioned some during the presentation – they are not going for a specific market: they want assets in different markets. And it's not necessarily the same risk profile. And also the volume that we can lock in allows us to, if a client is looking for an asset on a specific market, to maybe accept a lower return on that specific asset because, on the overall contract, we are at the average of WACC plus 2 or even above if that is possible.

Exane

Good morning, thanks for taking my questions. And, yes, a very good presentation and I like how the focus really is on the future and how ENGIE will look like going forward.

However, in recent months, we have all heard the questions about what is different this time than before. So Catherine I would love for you to tell us a little bit of some of the things you have changed since you came at ENGIE, especially on the capital allocation process, and if there are already examples you could give.

And then my second question, probably for Paulo, on the Renewables. I hear everything that you say, and it's clear you're emphasising specific geographies, and the areas that you're strong at, but is there an ambition in the future to expand that geographic list, and are there any particular markets that maybe you are monitoring for an opportunity to enter? Thank you.

Catherine MacGregor

Okay, so thank you for your questions.

So, you know, I have now been five months at ENGIE and actually it feels much more because I do believe that we have done a lot. And it all started with the establishment of the new organisation and the new team. And I have picked the team myself, handpicked the team, because I really believe in their ability to deliver what we want to do here with the roadmap. In fact, you know, today Paulo is presenting Renewables and next time you will see other of our EVPs and you will, I hope, notice that they are as aligned as we are, the three of us here, to really adjust that more industrial approach that we want to drive at ENGIE and sharpen our focus on performance.

On the capital allocation question that you're asking, very, very specifically, so I've mentioned the fact that, you know, we... ENGIE is a development machine. And ENGIE naturally... we bring to the Comex table a lot of opportunities. A *lot* of opportunities. And the shift that I am trying to drive is to say, we are going to continue to have this development machine working, but we are going to align it with where we want to go. And what that means is that we're going to stop trying and develop projects that are not in line with we're trying to do. So the growth in Renewables and Infrastructures, obviously, carbon trajectory (really important), returns (for sure). And then, what do we bring? What is ENGIE's differentiation? And it cannot just be, "ENGIE is able to financially engineer a superb SPV" – which, you know, ENGIE is really good at doing, and that's good, but we also want to bring value as an industrial. We have to have a tangible competitive advantage. And so, again, in practical terms, and, you know, the team, if you were with them, you could test that, but I have said no to many projects, and I have pushed back, and I have asked again, you know, "show me how we are bringing value." Another aspect of the capital allocation is around M&A. Obviously ENGIE is a very well run company, we have thresholds, M&A

thresholds. This is something that we have changed. We want to have a better oversight of the M&A activities. Because M&A can be quite cheap. But, you know, you're stuck with a new company for a long time. And, if you don't have industrial synergies, if you don't have a good integration plan, if you don't really understand how it's going to bring value and how you will bring value to this M&A, you're going to have an issue. So we are very disciplined, together with the team, to make sure that we are overseeing the M&A activities with a great, great level of detail. So that's some of the things, practically, that I think, I know, we are doing differently at ENGIE since I joined and since I formed this new team.

I think there was a question around geographies. Paulo, you want to comment, you want to take this question?

Paulo Almirante

Yes, I can take the question, and thank you for it.

So ENGIE is a very large group with a large footprint. We were in 43 countries doing renewables. And we felt these were too many countries. We have decided to exit 20 of these countries, and we are in the process of implementing that. Still, we will be present in 23 countries. But our focus will be in 5 priorities: 4 countries that I have mentioned (France, US, Brazil and Chile) and Offshore Wind. And I think for the next 5, 6, 7 years, I think we have enough to do in that priorities. And of course maintaining a presence and development opportunities in the other countries that are still part of the footprint of ENGIE.

Bank of America Securities

Just a follow-up from me: so National Grid is paying a big strategic M&A premium to pivot out of gas networks and into electricity distribution because they see more visible growth in the latter. You were talking earlier about a sort of slower rebalancing. So I've got two questions about that.

One, firstly, does National Grid's sort of strategic decision be a concern that you maybe are not moving fast enough to get out of gas, particularly that your incentive packages is benchmarking against electricity-focused peers like Enel and Iberdrola.

And then, secondly, just wondering actually why National Grid is not in your benchmark, given that Snam is. So are you actually giving yourself a sort of slightly easier target by including Snam?

Catherine MacGregor

Okay, thank you for the question.

So maybe just to reiterate that, obviously, we are very committed and we are very convinced that our gas assets in France have a lot of value and will serve the energy transition for decades to come. Gas is a key energy transition fuel. France has a very credible plan to develop the biomethane. So gas will be, to 2050, pretty much all green in France. And so our gas assets, with this scenario panning out, have a long future ahead of them. And that's without even starting on the hydrogen topic, which, you know, I mentioned. But, on top of biomethane, we do feel that having gas assets is a benefit to the hydrogen economy that we anticipate. Obviously not tomorrow but, as I think I've explained, you know, this whole story about Hydrogen Backbone and the fact that green hydrogen at some point, when huge volumes are reached, you will need to produce this cheap green hydrogen, where affordable renewable energy is available, and, in Western Europe, you're going to get some constraints in terms of how many new projects you can bring. So there will be places where green energy will be produced – green hydrogen will be produced, not necessarily where the consumption will take place. So this whole view that, you know, at some point we're going to have to transport hydrogen, a proxy for hydrogen, in a gas manner, we're very convinced of. So a long-term future for gas assets in France. You know, we feel strongly about. And obviously I'm not going to comment about National Grid's own strategy. We have all our different view. Now, having said that, you know, we... obviously we love electricity, we are strong in Renewables, and so what we've said is that, yes, we would be looking at rebalancing our network positioning, and this is why I showed you a little bit, with our Latin America specifically presence, where we do have an exposure to power transmission lines, where we have an industrial role there, and this is something, you know, that, in terms of rebalancing, we could consider exploring. But, you know, very selectively and always when we can have that

industrial role. So obviously every company is different and, you know, National Grid's... you know, I respect them, but I think, you know, we feel we have these very nice specificities. You know, we feel we're differentiated that way, to have this power *and* gas. And, when I think "hydrogen", I feel, you know, power meets gas. So I think we're actually in a good place with, you know, these two elements, which are going to be so important for the affordability and sustainability of the energy transition.

And, yes, we didn't have National Grid in our peer group. Obviously we had to make some choices. And we looked at obviously portfolio mix, geographical presence, in order to select this peer group, and National Grid didn't fit in our criteria. But we have some really well-performing peers in our peer group, so I don't think we are being shy.

Société Générale

Thank you. My first follow-up question is about Capex in Networks, please. For growth Capex, you mentioned 5 to 5.5 billion and, in some of the slides, you mentioned some Capex for the French business in Infrastructure. I wanted to know if you had qualified some of the French Infrastructure Capex as growth Capex, so essentially a split of your growth Capex by geography.

My second question is about the geographical footprint, and Paulo started to address this point on Renewables, but you have a target of being exposed to less than 30 countries by 2023. How many countries are you operating in, as of 1 January this year? I guess that your disposal plan may naturally help reducing the geographical exposure, but I'm not sure, and therefore, for what is not related to disposals, could you give us the Revenues and COI that you generated in 2020 in the geographies that you will seek to exit from. I expect it's a small number, but it would be good to know.

And my last question is on Management incentives: I may have missed your comment and I'm sorry about that, about how many top managers will be linked to this incentive plan. And, looking at the slide which describes the plan, I couldn't help notice that, amongst your financial KPIs, you have Net Earnings and not EPS. You also have Economic Net Debt. And it's super helpful that you made clear that big M&A is not part of your plan, because the easiest way to achieve those financial targets would be to issue capital and make acquisitions. I would like to know if your Remuneration Committee discussed, you know, whether, you know, why Net Earnings or not EPS and what is your view on that. Thank you.

Catherine MacGregor

Okay, so let me... Thank you Emmanuel for your questions.

So I think you... Maybe I'll start with the geographical questions. So you're right to point out that, you know, we're going from 70 to less than 30 countries by 2023. And you're right to say that, you know, the 9 to 10 billion includes some of this geographical exit plan that we have. Now, in terms of, you know, impact on our EBIT, think quite small because typically, you know, those countries where we decide to pull out or to stop developments typically don't contribute large amounts of earnings. So, you know, don't think that has a material impact. And then you asked, you know, how many countries were we in. I'd say, you know, without disclosing the exact numbers, but between 70 and 30, we are... that journey that we've started... and I think it was back in 2018, we are well advanced and we are more than halfway. That would be a number to give you, qualitatively, how many countries we are in today.

You asked me about the Management incentives. Yes, I did mention in my commentary, prepared remarks, that this, indeed, Management plan is related to Top 500, it's the 500 top leaders of the company that are going to be aligned with this incentive plan. And obviously that's really important because I do believe that alignment is... behind those targets is absolutely, absolutely key in terms of performance and getting to the results and the outcome that we're looking for. So absolutely. And then you had questions about our incentive plan. Obviously, you know, it's really around our Remuneration Committee discussion and we felt that these metrics were the best ones to drive the performance of ENGIE in the years to come – with the ability, of course, really important, to align the 500 leaders across these KPIs, and obviously it's part of the criteria when we decide on a

performance plan, we want to make sure that we can operationalise it, which is the case with the plan that we are proposing this year.

I think you asked a question around Networks growth Capex. So, yes, we do have growth Capex in France, on the smart meter rollout, has contributed and continues to contribute to growth Capex. And we also have biomethane development, because you have to make some adjustments to our network. That falls into the growth Capex category indeed, Emmanuel. And then there was a last question... Did I miss? No, I think I covered all the questions.

Société Générale

That was it, yes, thank you very much.

Catherine MacGregor

All right, so I think we are at the end of our Q&A session, so I wanted to once again thank you all for attending, participating and asking us these interesting questions.

So just a few points, really: for us it's a simpler, more industrial ENGIE, very focused on Renewables and Infrastructure, committed to Net Zero by 2045, and returning to growth in the years to come.

So thank you very, very much, everyone, and looking forward to interacting in the near future. Thank you.