# Putting strategy into action

18 May 2021

# Agenda

## Putting strategy into action

- A simpler, industrial ENGIE
- Committing to Net Zero
- Key pillars of the medium-term plan
- Renewables, a strong growth platform
- Energy Solutions, Networks and Thermal
- Future energy systems
- Capital allocation and financial outlook

## Concluding remarks

# A simpler, industrial ENGIE

**Catherine MACGREGOR**
CEO

# A buoyant and transforming energy sector

## Increasing climate commitments and robust energy demand

Renewables facing unprecedented growth

Security, flexibility and reliability, key for an affordable transition


Momentum in energy systems of the future

# A simpler, industrial ENGIE ...

### Renewables

Generating clean power

### Energy Solutions

Developing low carbon distributed energy infrastructure

### Networks

Delivering affordable energy for customers

### Thermal & Supply

Providing balanced, flexible power generation

# … with complementary business models

| | | |
|---|---|---|
| Focus on **Growth** | **Renewables**<br>Growth with largely contracted earnings | **Energy Solutions**<br>Growth through long-term infrastructure-like contracts |
| Focus on **Yield** | **Networks**<br>Stability, visibility and strong free cash flow generation | **Thermal & Supply**<br>Thermal: Contracted / merchant optionality<br>Supply: Capex light and cash generative |

# Simplifying the Group at pace

concentrated on
## core activities

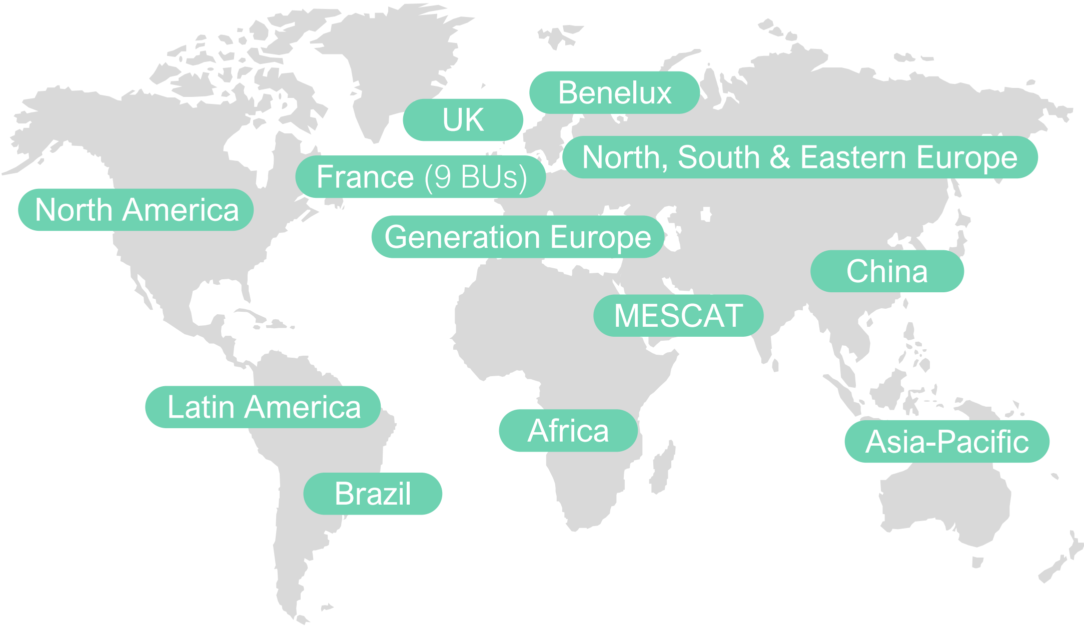
focused
## geographic footprint

**<30 countries by 2023**
down from 70 in 2018

streamlined organization with
## clear accountability

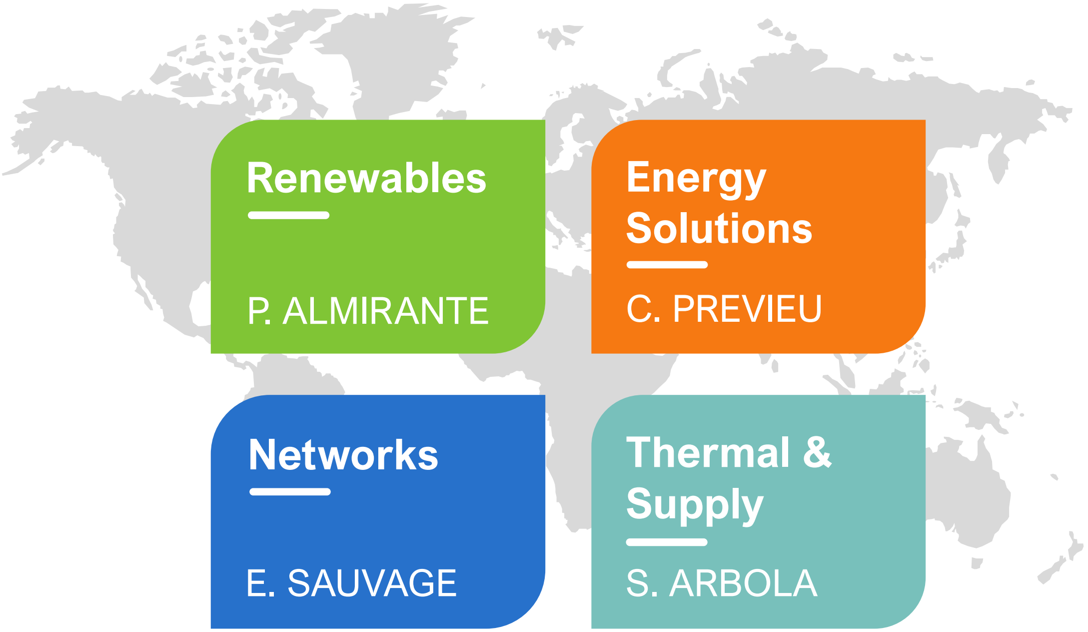
# A simpler organization structure with clear accountability

from **25 BUs** before…




GEM | Hydrogen | GTT | Tractebel Engineering | Nuclear

…to **4 GBUs** with P&L accountability…



# Client Solutions strategic review to create new leaders

**Client Solutions**

### Energy Solutions

Leader of low carbon distributed energy infrastructures and related services

C. PREVIEU

### 'BRIGHT'[1]

A new leader in multi-technical services

J. STUBLER

1. 'BRIGHT' is the temporary name for the new leader in multi-technical services

# ‘BRIGHT’: a new leader in multi-technical services

## Employee representative consultation progressing on track

### Current focus on:

- Ensuring ‘BRIGHT’ is managed as a full-fledged entity within ENGIE by July 1st
- Followed by marketing immediately after
- Performance focus under newly appointed management team

| Q3 **2020** | Q4 **2020** | Q1 **2021** | Q2 **2021** | Next steps[1] Q3 - Q4 **2021** |
|---|---|---|---|---|
| **Launch of Strategic Review** | Phase 1 of review complete with preliminary scope defined | ← Employee representatives consultation on organization design → | | Creation of an independently managed entity<br>Marketing |

1. Subject to stakeholder feedback

# A new organization stepping up performance and execution

## Performance plan
**to deliver**

**€1bn+**
Gross improvement

**€0.6bn**
Net EBIT

## Group simplification

### Operational excellence
- Sharp execution focus
- Deep industrial expertise
- Strong cash management

### Support functions
- Increased shared services
- Higher efficiency through standard processes and systems

## Data and Digital

# Digital and Data capabilities across the value chain

## Deep expertise in Digital and Data

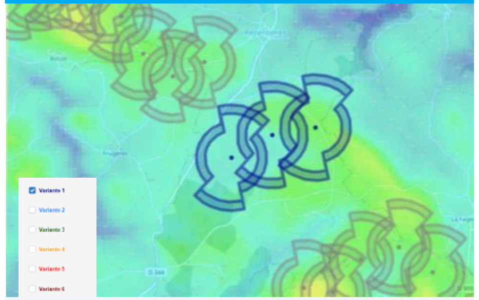
- 2,000 data specialists of which 350 data scientists
- 1,000 developers building our global digital platforms
- 7 proprietary platforms

## to unlock performance and increase competitiveness

- Site identification for Renewables projects
- Construction Capex optimization
- Enhanced asset management & production
- O&M cost decrease

### Origination / Business Development

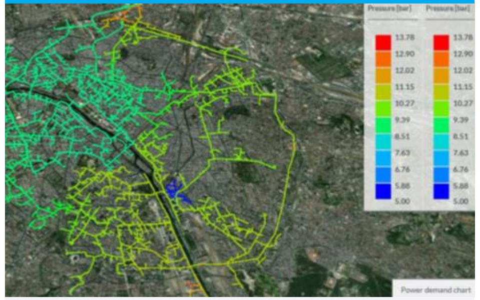
**DataWind**



Software suite for Wind Farm development: for prospection, design, yield assessment and noise curtailment

### Engineering & Construction

**NEMO**



Proprietary simulation, design and operations software for DHC networks

### Operations & Maintenance

**Darwin**

Asset Management: production & forecasting optimization, proactive maintenance

# Highly competent and engaged teams

**ENGIE's engaged and talented people are a key competitive differentiation**

- ENGIE prioritizes people
  - care, equality, development, engagement
- A workforce highly motivated to contribute to decarbonization

**Enhancing the performance culture**

- Sharp execution focus through industrial KPIs
- Increased accountability
- Incentives aligned to financial and ESG criteria



**83%**
**engaged**
(+3pts versus 2019)

**90%**
**proud to work for ENGIE**
(+10pts versus 2019)

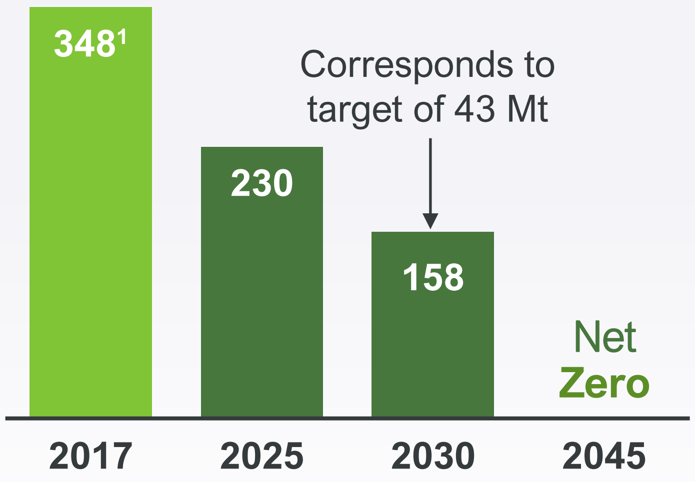
**800,000**
CVs received in 2020

**Sources:** Engie&Me survey 2020 – Panel: 70,000 answers

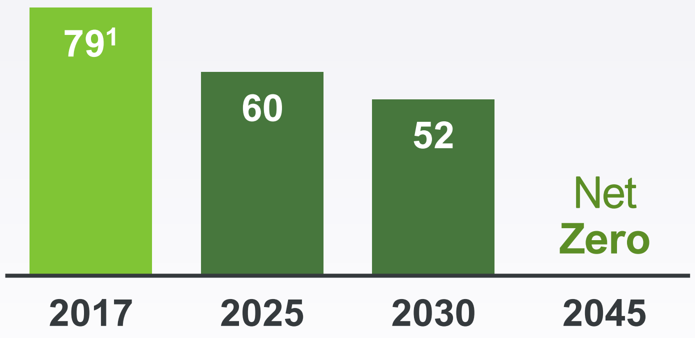
# ENGIE commits to Net Zero by 2045

# Net Zero by 2045, across all scopes, and following a “well below 2°C” trajectory

## Carbon intensity
of energy production ($gCO_2e$ / kWh)




## Greenhouse gas emissions
on use of sold products ($MtCO_2e$)




## Path to Net Zero

- Coal exit
- Capex alignment: investments in projects and regions compatible with our targets
- Carbon budgets assignment & carbon price integration
- Carbon objectives to top management incentives

RACE TO ZERO

1. 2017 being the reference for existing SBT 2°C trajectory certified 2030 targets

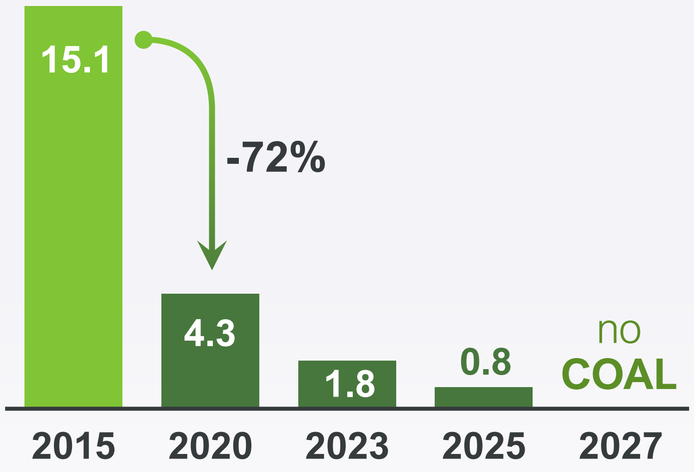
ENGIE

# Commitment to phase out coal by 2025 in Europe and 2027 globally

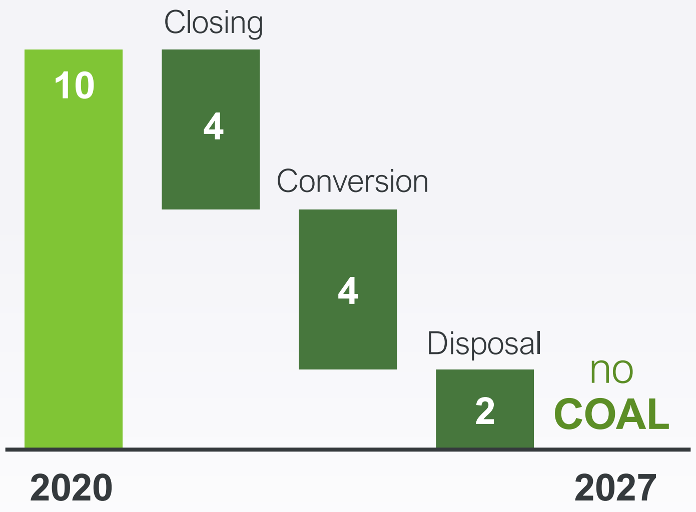
Merit order for a 'just transition' that benefits all stakeholders

1. Closing
2. Conversion
3. Disposal, only when necessary

## Coal power generation
(GW@100%[1])




## Coal power generation
(# plants[1,2])

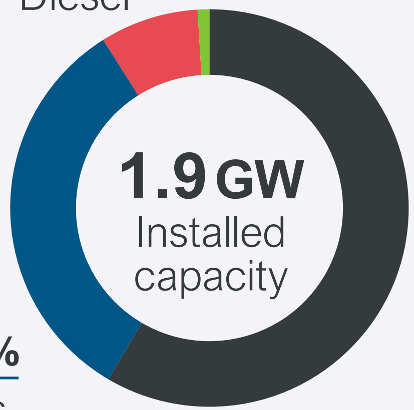



1. As of 31 December
2. Base case of the coal exit route

# Our coal phase-out plan in action - Chile

Transformation of the ENGIE's generation portfolio

## 2018

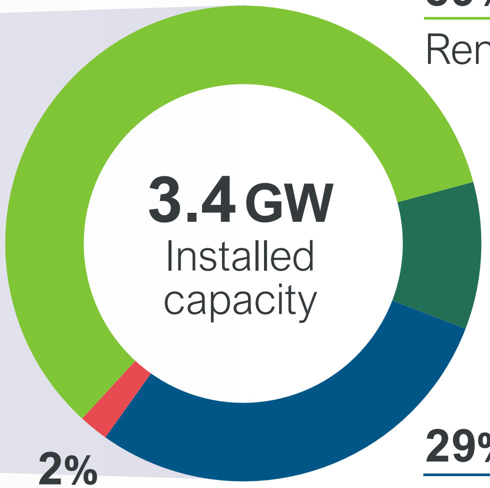



**2.0 GW** Renewables

**0.8 GW** Coal closure

**0.7 GW**[1] Conversion

## 2025





1. Conversion also includes the coal asset commissioned in 2019


# Key pillars of the medium-term plan

# Disciplined capital allocation…

## …to drive earnings growth and shareholder returns

**€9-10bn**
of disposals

**€15-16bn**
of growth Capex[1]

**65-75% dividend** payout ratio
on annually growing NRIgs

**≤ 4x**
Economic net debt to EBITDA

## …with rigour in execution through industrial expertise

- Improved investment process
- Clear financial and ESG criteria
- Delivery and execution through industrial expertise

1. Net of sell down and tax equity proceeds in Renewables

# …with aligned top management incentives[1]

## Short-term incentives

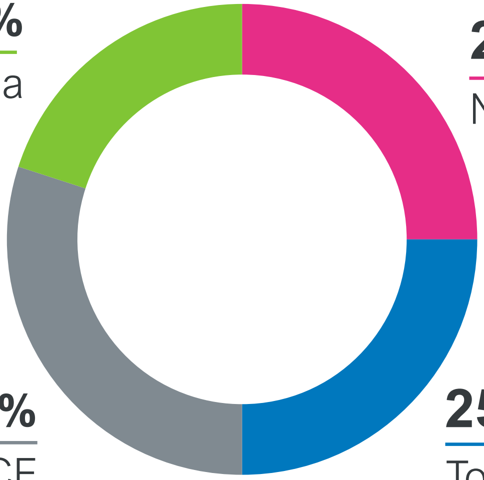
**35%**
ESG and non-financial criteria

**32.5%**
Profitability
- NRIgs
- EBIT

**32.5%**
Cash and balance sheet
- Free Cash Flow
- Economic net debt

**ESG criteria**
- $CO_2$ emissions
- Renewables growth
- Gender diversity
- Injury rate
- CSR rating

## Long-term incentives



**20%**
ESG Criteria

**25%**
NRIgs

**50%**
Based on relative growth to peers

**25%**
Total Shareholder Return

**30%**
ROCE

1. Submitted for approval to the AGM

# Medium-term outlook 2023

Net income growth expected throughout the period driven by investment and performance improvements

## Current ENGIE 2021

**NRIgs** guidance

**€2.3bn** to **€2.5bn**

2021 guidance reaffirmed
'BRIGHT' fully contributing

## New ENGIE 2023

**NRIgs** guidance[1]

**€2.7bn** to **€2.9bn**

Key guidance assumption:
No contribution from 'BRIGHT' in 2023

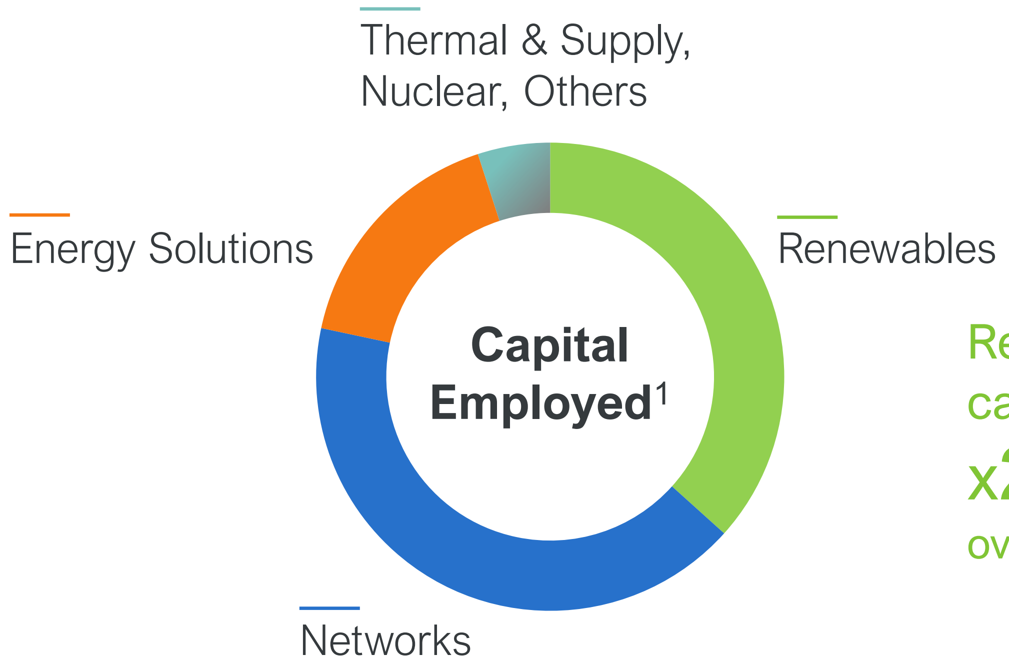
Dividend policy: 65-75% payout + €0.65 floor for 2021-23

Maintain commitment to "Strong investment grade" rating

1. Main assumptions for these targets and indications: average weather in France, full pass through of supply costs in French regulated gas tariffs, no major regulatory or macro-economic changes, no change in Group accounting policies, market commodity prices as of 12/31/2020, average forex rates as follows: €/$: 1.23 for 2021, 1.25 for 2022 and 1.26 for 2023; €/BRL: 6.27 for 2021-2023. No additional stringent lockdowns and a gradual easing of restrictions over 2021.

# Significant evolution of business mix

## New ENGIE 2025




Renewables capital employed **x2** over 2019-2025

Post 'BRIGHT' ambition to deliver high single digit earnings growth

1. Indicative split

# Renewables, a strong growth platform

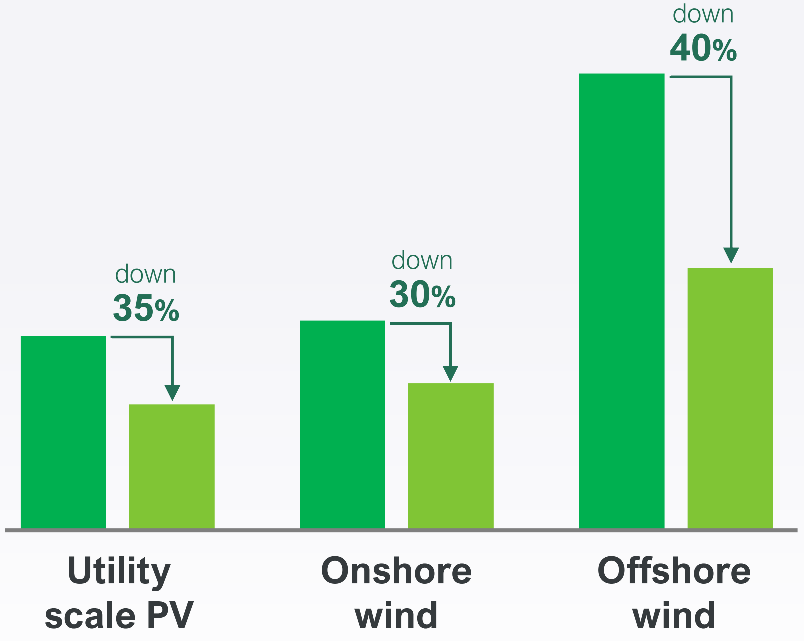
**Paulo ALMIRANTE**

Senior EVP in charge of renewable activities, energy management and nuclear production

# Transition to clean energy driving global long-term growth

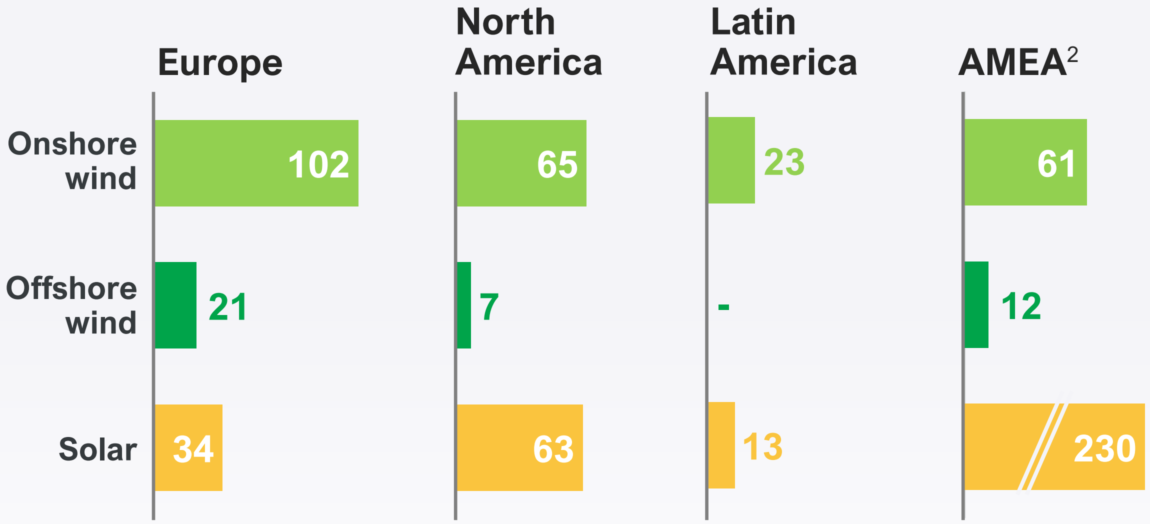
## LCOE[1] of Renewables technologies

World average LCOE evolution 2020-2030 ($/MWh)




## 2020-25 forecast capacity growth

(GW)




**330 GW new build expected**
in ENGIE's key geographies by 2025 (Europe, North America, Latin America)

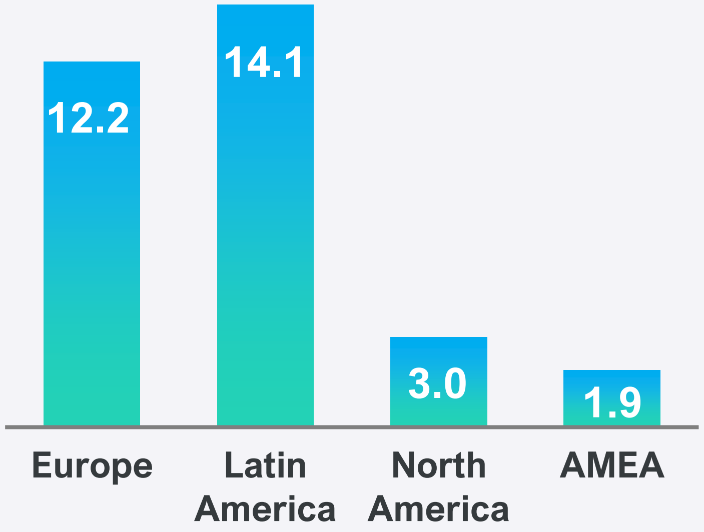
**Source:** BNEF

1. Levelized Cost Of Energy
2. Asia, Middle-East and Africa. The capacity forecast in AMEA does not include China.

# A strong renewables platform

## Strong platform of 31 GW[1]

(GW at 100%)




- 31 GW portfolio, 22 GW consolidated
- Highly contracted ~70%[2] to 2030
- Strong hydro position, 57% of portfolio
- Wind and solar 43% of portfolio
- Young wind and solar assets
  - onshore wind < 6 years
  - solar PV < 4 years

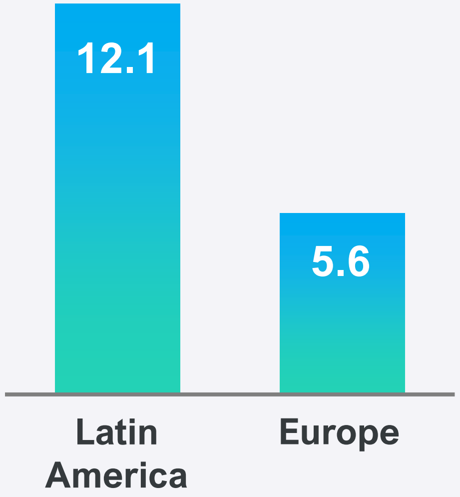

Kristal, Belgium

1. As of 31 December 2020
2. Weighted-average volume over 10 years, at conso share

# Leading position in hydro generation

## Large portfolio in key geographies[1]

(GW at 100%)




- Flexible portfolio with high level of cash generation
- Europe merchant position provides significant opportunities
- Latin America portfolio largely contracted
- Pump storage, a strong complement for Renewables

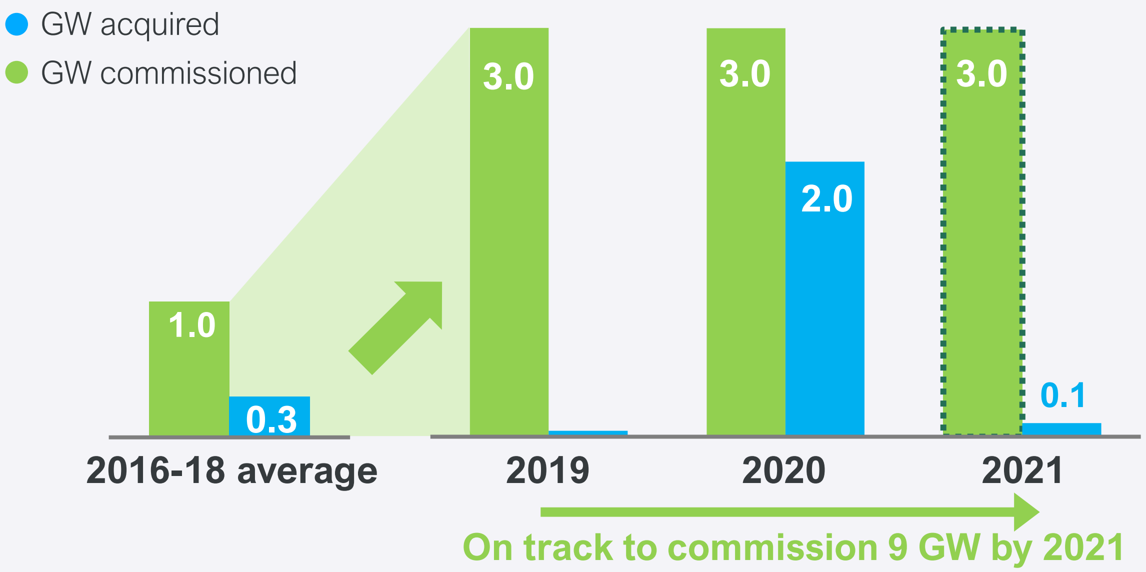
Baixo Sabor, Portugal

1. As of 31 December 2020

# Organic capacity additions stepped up 3 times

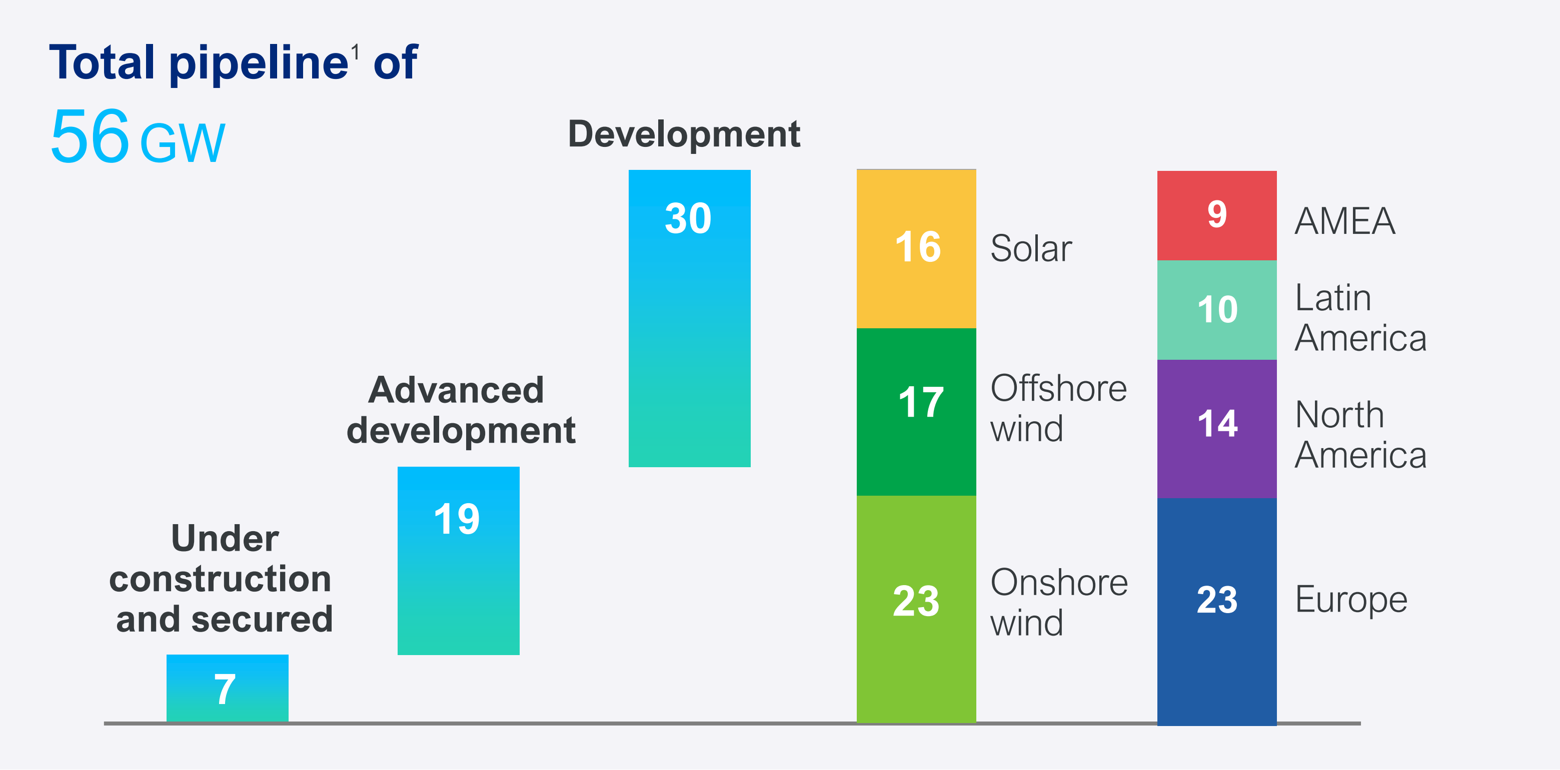
## Strong track record in renewables growth

Renewables capacity addition (GW at 100%)




Renewables

# A robust pipeline supporting our growth ambition

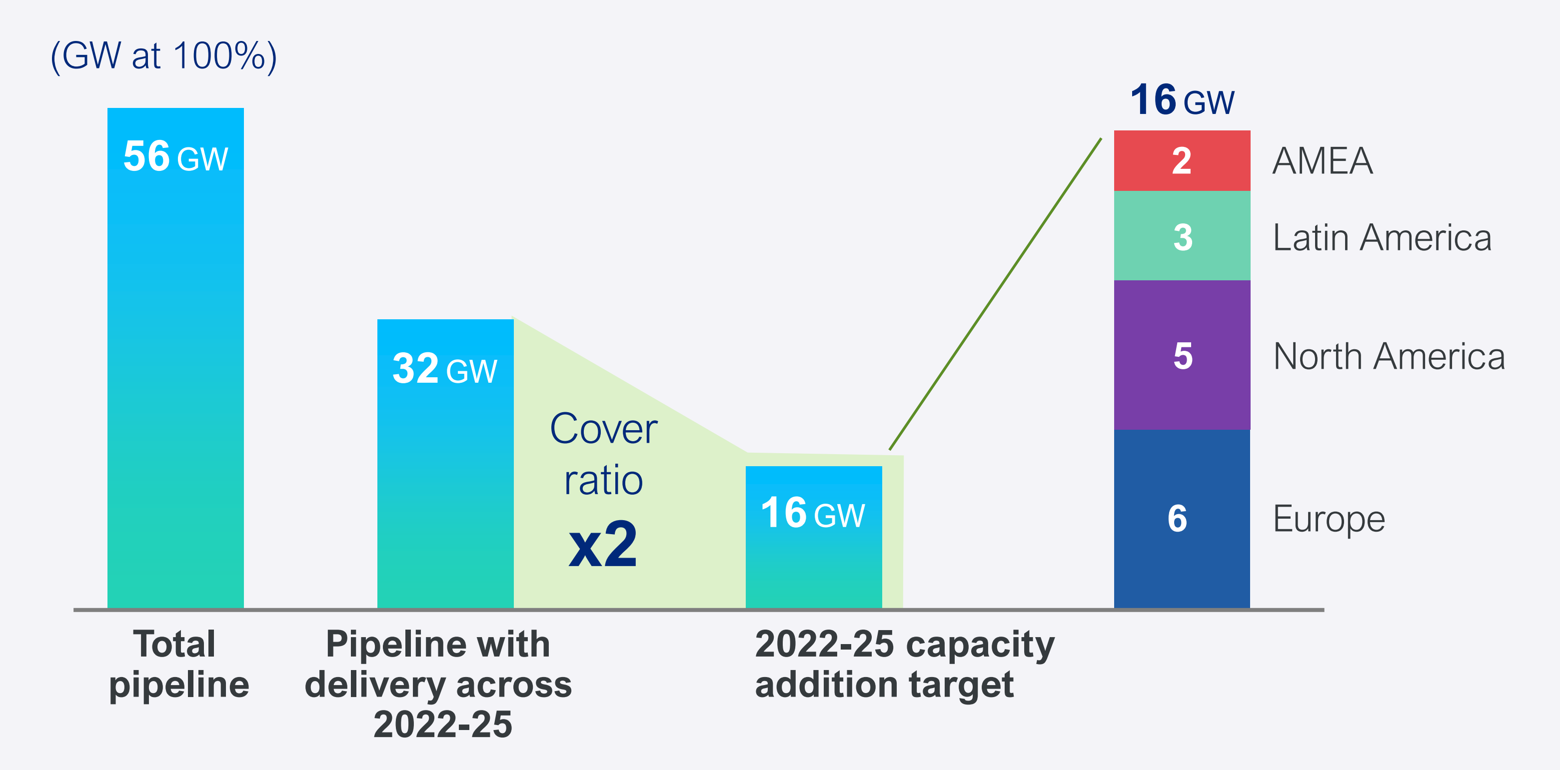




1. As of 1 March 2021

Renewables

# Expected capacity additions to 2025 covered 2x by pipeline




# Differentiation through operations and energy management expertise

## Strong business development capabilities

- #1 in Wind and Solar in France and leader in Brazil
- Fast ramp up in North America and Chile
- ~4,000 employees dedicated to Renewables
- Recognized expertise across the full value chain

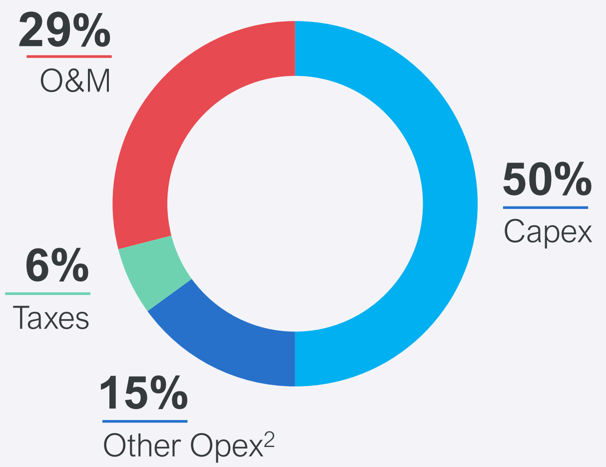

## Deep experience in energy management

- Corporate PPAs and B2B supply (supporting the development of upstream assets)
- Strong customer approach
  - 3.3 GW corporate PPAs (2019-20)
  - #2 in the US, Europe and Latin America (2019-20)[1]
- Optimize contracted and merchant positions

1. Source: BNEF and company data

# Enhance competitiveness through focus on industrial levers

## Example of LCOE split of onshore wind farm[1]




## Industrial roadmap…

- New organization to capture scale benefits in procurement, construction and O&M
- Scale-up construction best practices
- Optimize O&M and outsourcing model
- Leverage data analytics

## …to reduce production costs (LCOE)

- Short-term LCOE reduction of 2-4% through:
  - Increased production from better availability and O&M savings
  - Capex reduction
- Equivalent to 50 bps reduction in average cost of capital
- Translated into either higher IRR or better bid competitiveness

1. Based on the LCOE of a French onshore wind farm
2. Mainly including land leases and local taxes

# Clear roadmap to accelerate investment

## Key market priorities

**North America** (US)
**Europe** (France)
**Latin America** (Brazil, Chile)

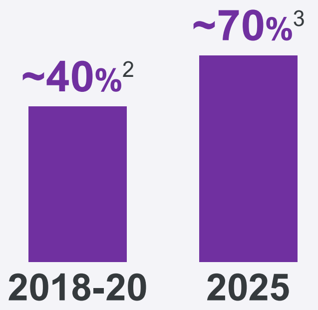
**Offshore wind**
with a wider geographic footprint

### Increased investment

- > €2bn annual average Capex[1] to 2023
- > €3bn annual average Capex starting 2024
- 80% focused on the key market priorities
- WACC +150/250 bps investment criteria

### Business model

'Develop-to-own' model in mature geographies





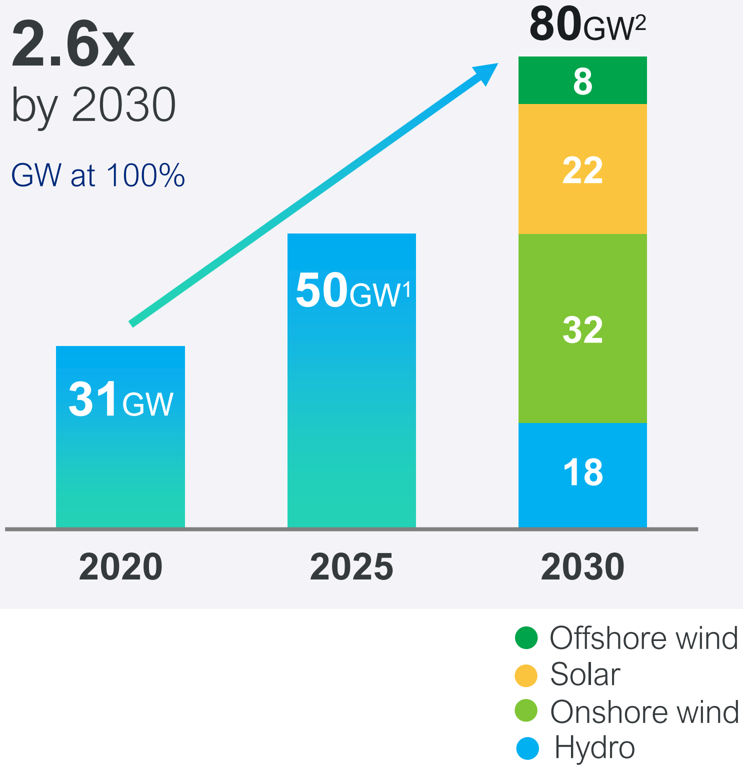
Porette de Nérone, France

1. Net of sell down and tax equity proceeds
2. Onshore wind and solar capacity, including capacity for which sell-down was completed after the related period
3. Onshore wind and solar capacity

# ENGIE's Renewables portfolio to grow to 50 GW by 2025

**ENGIE installed capacity**
to be multiplied by
**2.6x**
by 2030

GW at 100%




Average annual wind and solar commissioning



Ras Ghareb, Egypt

1. Breakdown per technology provided in the additional materials
2. Split provided for indicative purpose. It might evolve depending on market evolution and in line with our ambition to get the higher returns

# A strong growth ambition underpinned by robust pipeline

## Solid portfolio

**~70% contracted portfolio to 2030**
hydro, wind and solar

Young fleet of wind and solar assets

## Differentiation

- Through operations and energy management
- Industrial plan to reduce LCOE by 2-4%

## Growth ambition

| | |
|---|---|
| **4 GW** / year<br>2022-2025 | **6 GW** / year<br>2026-2030 |
| **50 GW**<br>2025 | **80 GW**<br>2030 |

(GW@100%)

# Energy Solutions

## Growing demand for low carbon distributed infrastructure

**Catherine MACGREGOR**

CEO

# A robust infrastructure-like business model

## EBIT

**75%**

### Distributed energy infrastructures

- District Heating & Cooling
- Distributed generation: solar and on-site utilities
- Low carbon mobility: EV[1], biogas, hydrogen
- Low carbon cities & public lighting

**25%**

### Related energy efficiency services

- Decarbonization advisory
- Energy efficiency

These activities help decarbonize our clients by reducing their energy consumption and greening their energy mix

## Business model

Long-term infrastructure-like contracts with stable and recurring revenues

Resilient and predictable business model, providing strong returns

Limited Capex with high cash conversion

Strong backlog and recurring customers

## Strong leadership positions

**#1** in district cooling worldwide

**#3** private player in district heating worldwide

**#2** distributed solar asset owner worldwide

**#1** asset-based on-site utilities in Europe

**#2** low carbon mobility (EV, NGV[2], hydrogen) - *excl. China*

1. Electric Vehicle
2. Natural Gas Vehicle

# A booming decarbonization market

## Policy makers, cities and corporates adopting ambitious carbon neutrality goals…

- Corporates & Cities commitment to carbon neutrality
- Growing customers demand for third party investments for carbon neutrality transition
- Booming policy support with green recovery and infrastructures plans

**US:** ‘Biden’ Green deal
**$2,000bn**
over 4 years

**EUROPE:** Green deal
**€1,000bn**
by 2030

**FRANCE:** *Plan de relance*
**€100bn**
by 2030

## …which translate into solid growth prospects

Market CAGR 2020-30

| District Heating & Cooling | On-site utilities | Distributed solar | Low carbon mobility |
|---|---|---|---|
| +4% | +5% | +15% | +22% |

**Sources:** IEA , Navigant, BNEF, Transparency Market Research, Oxford Economics

# A clear roadmap for profitable growth

## Competitive advantages

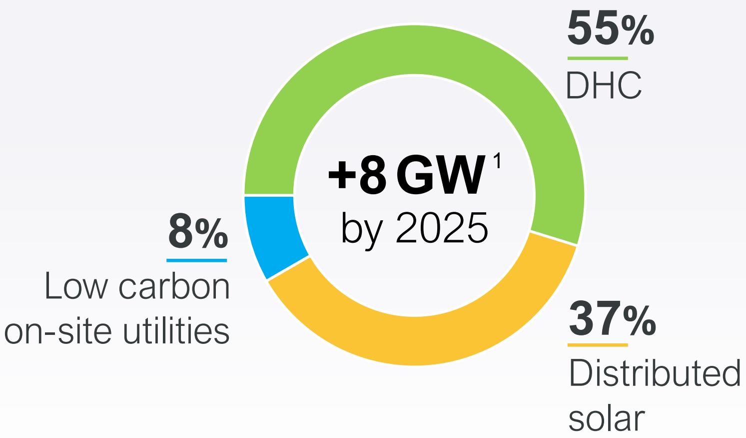
- Highly experienced operations teams
- Unique expertise in integrated decarbonization projects
- Territorial anchorage fostering strong relationship with Corporates & Cities
- Investment capabilities allowing long-term commitment
- Proven development platform

## Performance improvement

- Strong, secured organic pipeline and targeted M&A, allowing to be selective
- Activities & geographies rationalization
- Prioritizing EBIT margin improvement
- Strict cash management

## Ambition 2025

**32 GW**[1]
distributed energy infrastructures




**€11bn**
pipeline of projects / opportunities

Helping clients reduce their carbon emissions:
**~45 Mt $CO_2e$** / year avoided for clients **by 2030**

1. At 100%

# Example of a greenfield district cooling network

## Singapore's Punggol digital district


## Energy Solutions synergies

### KEY METRICS

**30 years**
contract tenure

**105 MWth**
target capacity

**€600m**
contract value

**110,000 tons**
$CO_2$ avoided

**30%**
reduction of energy consumption

# Networks and Thermal enabling affordability, flexibility and resilience

# Critical role of gas as a key enabler of energy transition

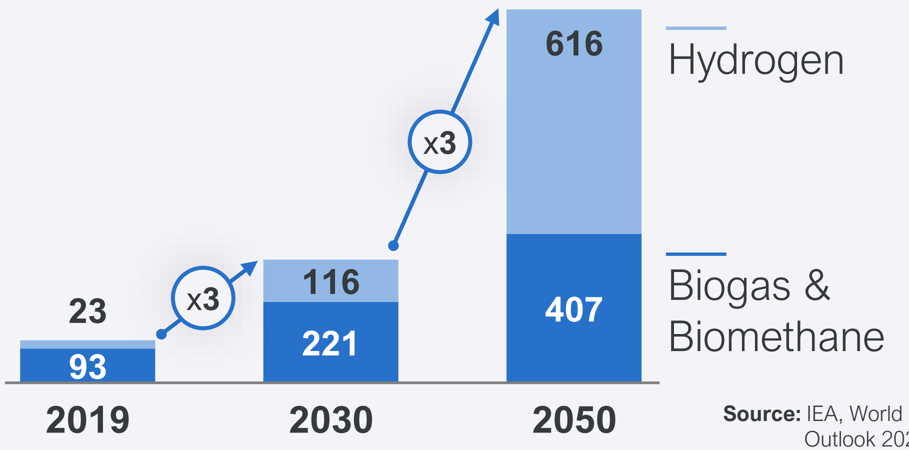
## Gas

- supports energy transition's affordability
- is critical for energy system flexibility and security
- contributes to energy decarbonization

## Networks

Key role of gas globally, stable at c. 25% in the primary energy mix over 2020-50

**Renewable gases demand**
EU Sustainable Development Scenario (TWh)




**Source:** IEA, World Energy Outlook 2020

# Networks in France providing stability and visibility

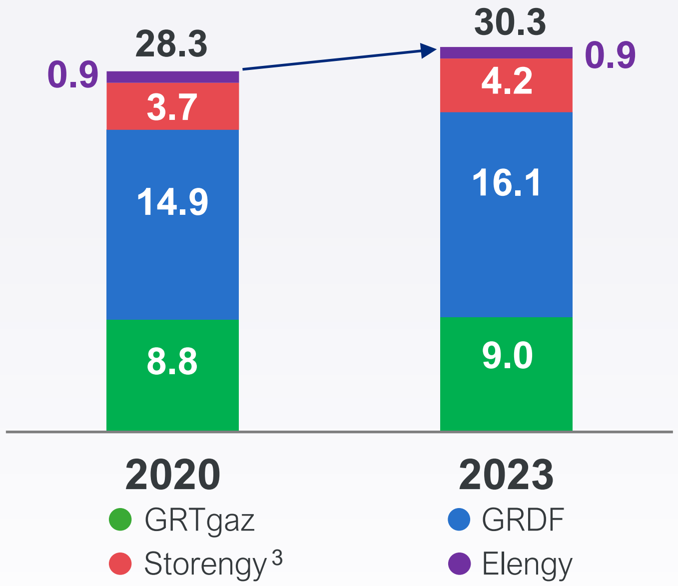
- ENGIE, the leading player in gas networks in France
- Stable regulatory frameworks, largely neutral to volume and inflation risks
- Returns range: 4.10% to 6.25% until 2023
- Strong operational performance and high HSE standards

| | 2021 | 2022 | 2023 |
|---|---|---|---|
| Additional gas smart meters | 2.5m | 1.7m | 0.3m |
| Smart meters investment | €0.24bn | €0.16bn | €0.04bn |
| Renewable gases investment[1] | €0.16bn | €0.19bn | €0.19bn |

**RAB evolution as of 1 January**[2]

c. +2% p.a. to 2023

(€bn)




1. Networks adaptation Capex, excl. renewable gases production Capex
2. As per regulator (CRE) disclosure
3. Including 50% of Geomethane

# Strong performance from international networks

## Strong performance

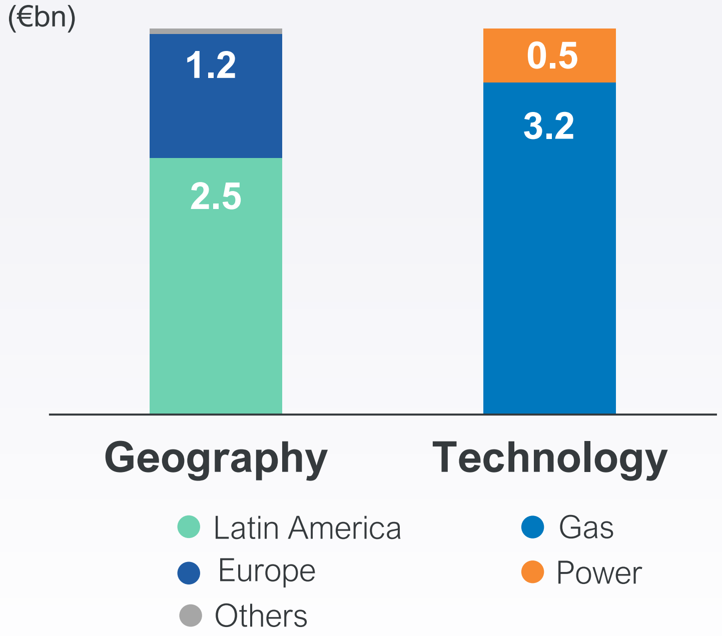
- Stable regulatory / long-term contractual frameworks
- Attractive double-digit equity returns
- EBIT doubled since 2016 to €0.5bn in 2020
- Commissioning of 2,800 km regulated power lines in Brazil by end of 2021

## Clear strategy

- Mainly gas and power transmission
- Primarily Latin America
- Focus on organic growth and selective acquisitions

### 2020 average Capital Employed 'Quasi-RAB'

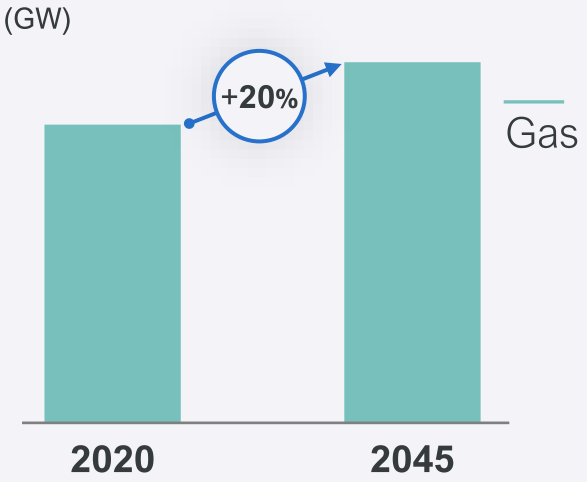
**€3.7bn**



# Thermal key for providing flexibility to balance intermittency of renewables

## Thermal

### Dispatchable resources needed in Europe



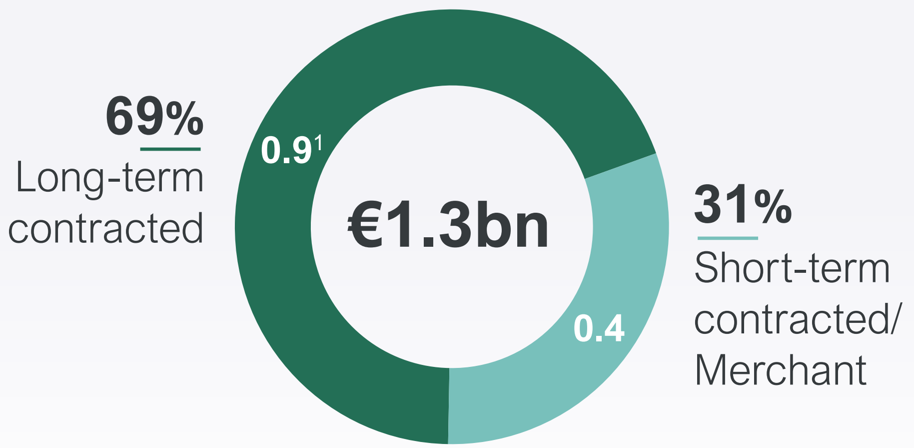

**Source:** Eurelectric, 90% decarbonization of EU economy scenario (with power sector being fully carbon neutral by 2045)

### In Europe

- Significant phase-out of dispatchable capacity by 2030
  - ~36 GW and ~70 GW to be retired/closed by 2025 and 2030 respectively
- Power demand growth of >15% to 2040
- ENGIE's gas fleet positioned to benefit from tighter demand / supply equation

# Maximizing efficiency of largely long-term contracted portfolio

**EBIT 2020**
(€bn)




## Contract visibility

- Asset-Based PPA / Tolling
  >10 years average remaining PPA duration
- Double-digit equity returns with strong cash generation

## Merchant optionality

- CRM, ancillaries and higher market spreads

## Operational excellence

- Driving continuous performance excellence and maximizing efficiency
- Highly experienced workforce, a talent pool for the Group in an evolving energy sector

1. Incl. c. €0.4bn from associates in the Middle-East with an EBIT contribution equal to the share of their net recurring income

# ENGIE a front runner for energy systems of the future

# Biomethane already a reality in France with attractive growth potential

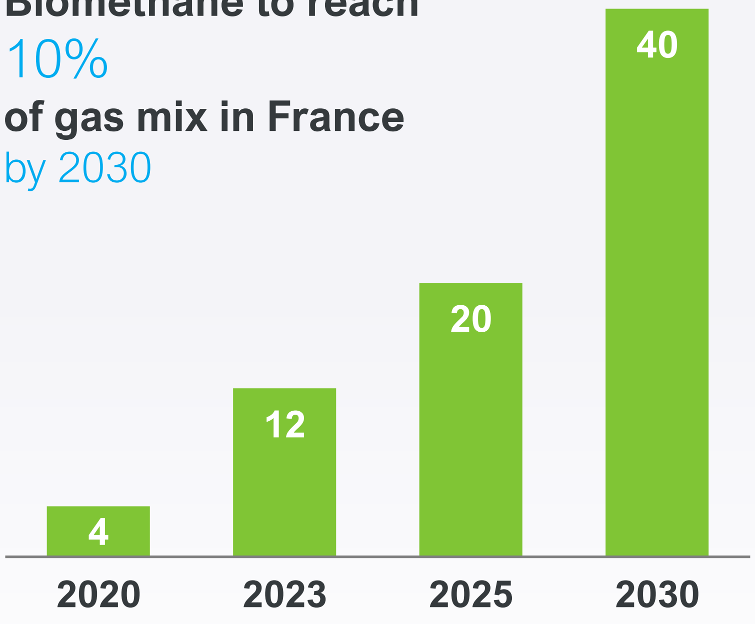
- 214[1] biomethane production sites in 2020 injecting 4 TWh
- 28 TWh registered capacity with potential of up to 150 TWh
- >€2bn investment in Networks triggered by biomethane to 2030

**ENGIE Targets and growth potential**

**4 TWh** production = 10% of market in 2030 in France

(TWh)

**Biomethane to reach**
10%
**of gas mix in France**
by 2030




Capacities connected to ENGIE Networks in France

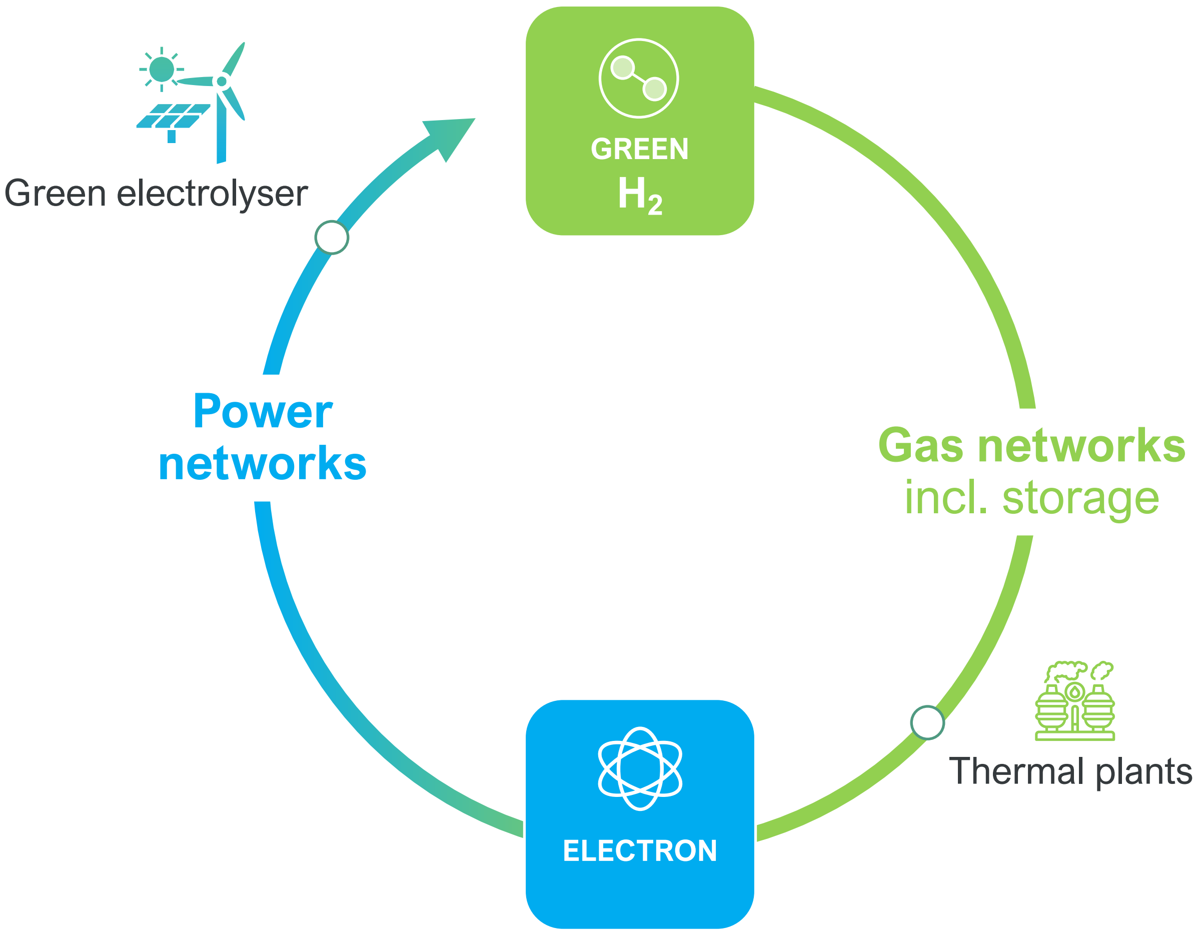
1. Of which 204 are connected to ENGIE networks (GRDF or GRTgaz)

# Hydrogen, where power meets gas to enable decarbonization

## Growing momentum for Hydrogen

- Strong policy support
- Push to decarbonize hard-to-abate sectors
- Improving economics over next decade
  - Significant decrease in renewable production costs
  - Capex for large-scale electrolyser projects expected decrease tenfold

## ENGIE uniquely positioned



# ENGIE at the forefront, building key positions in production, networks and mobility

**First milestones** | **Project purpose**

## Large scale production

**Yuri**

**2021:** final investment decision

**2023:** electrolysis of 10 MW powered with 18 MW on-site PV and batteries

Provide $H_2$ as a feedstock to green ammonia production and create a local $H_2$ hub

Electrolysis up to 1.6 GW by 2030

## Networks

**Jupiter 1000**[1]

**2020:** electrolysis 1 MW, injection in GRTgaz pipes

**2021:** synthetic methanation production start

Test design, performance and reliability of transport networks components with pure or blended $H_2$

Synthetic methane production

## Mobility

**ZEV**


**2020:** electrolysis start and first station opening

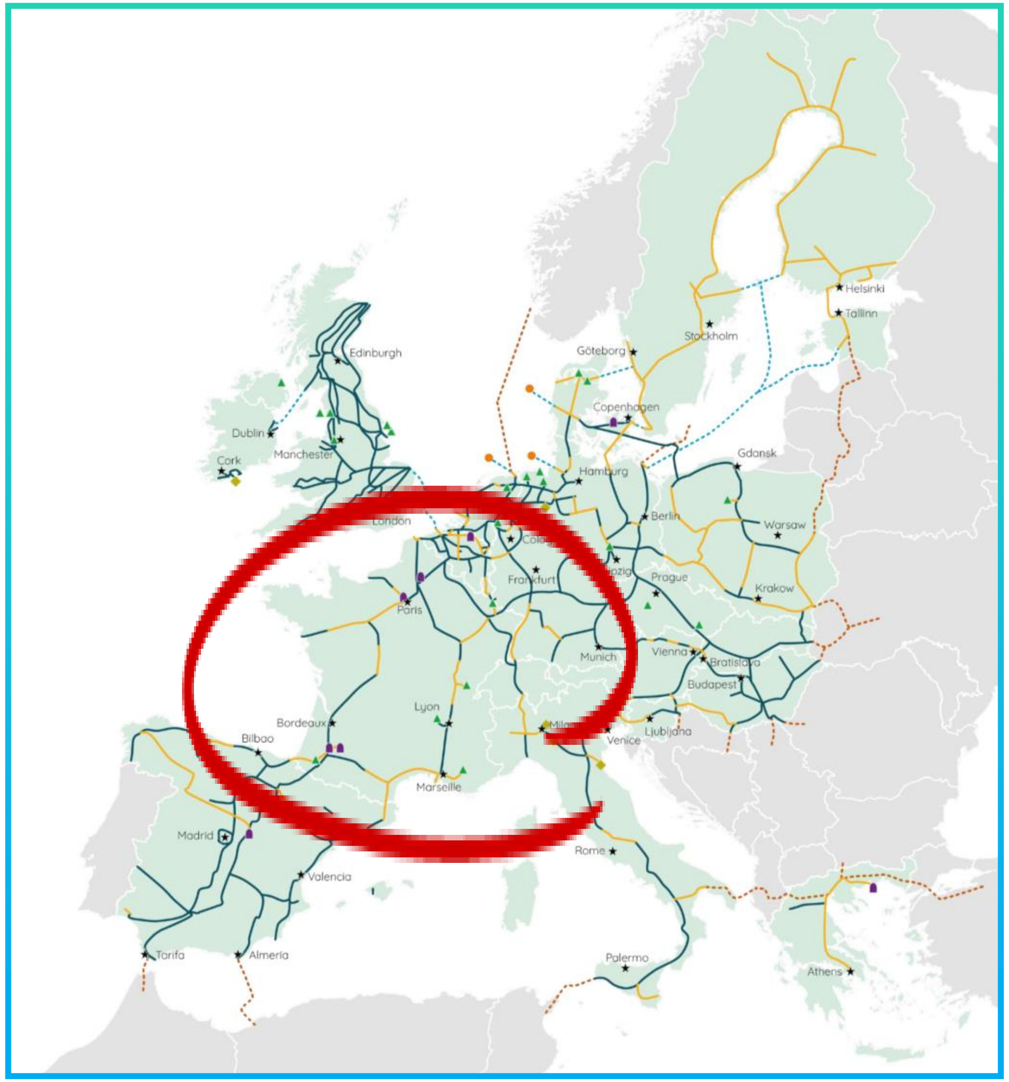
$H_2$ production via 2 to 3 electrolysers

20 stations in operation by 2023 to supply c. 1k heavy-duty and light-duty vehicles

1. Other partners: Khimod, Leroux & Lotz, CEA, CNR and Terega

# Long-term: ENGIE at the heart of the European Hydrogen Backbone

- European Hydrogen Backbone
  - Infrastructure needed to achieve climate and energy objectives
  - Connecting large-scale production, storage and demand sites as part of a Hydrogen market at an affordable cost
- ~40,000km of pure Hydrogen network by 2040, with ~70% retrofitted from existing gas infrastructures
- Pivotal position of France / GRTgaz



# ENGIE targets for long-term development of Hydrogen

## Strong pipeline of projects

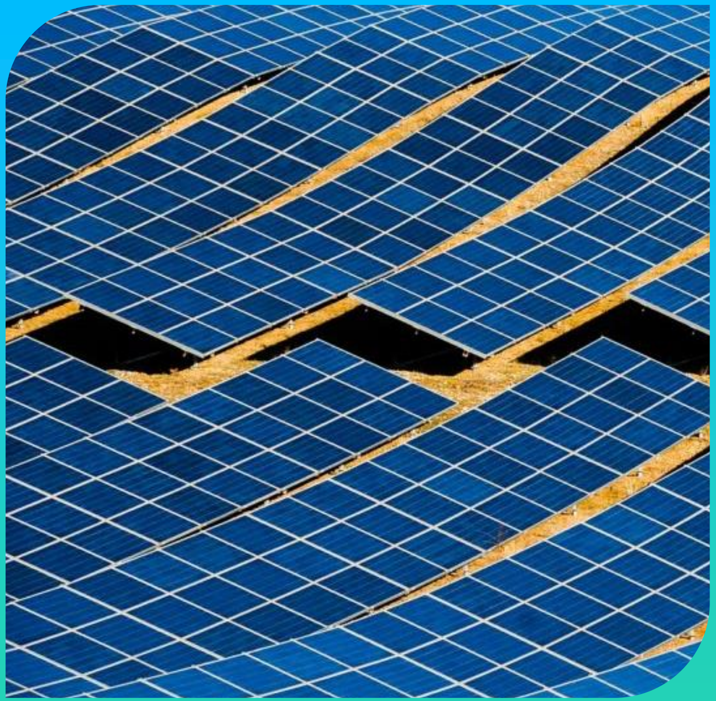
8 GW of green hydrogen capacity over 70 projects

~20 projects > 50 MW

+50 projects < 50 MW

| | 2025 | | 2030 |
|---|---|---|---|
| **Production** | **0.6 GW**[1] | → | **4 GW**[1] |
| | Green hydrogen capacity | | |
| **Midstream** | **170 km** | → | **700 km** |
| | Transmission Pipeline | | |
| | **270 GWh** | → | **1 TWh** |
| | Storage | | |
| **Mobility** | **50** | → | **>100** |
| | Refueling stations | | |

1. At 100%



# Capital allocation and financial outlook

**Judith HARTMANN**
CFO

# Medium-term plan focused on value creation

**Driving Simplification**
- New organization with clear accountability
- Exit non-strategic activities and geographies

**Improving Business mix**
- More Renewables
- Disciplined capital allocation

**Enhancing Performance**
- Operational excellence
- Support functions
- Data & Digital

**Value Creation**

**Earnings growth**

**Sustainable dividend**

**Alignment with climate commitment**

**'Strong investment grade' balance sheet**

# Medium-term plan focused on value creation

| | |
|---|---|
| **Driving Simplification** | **€9-10bn** disposals |
| **Improving Business mix** | **€15-16bn** growth Capex |
| **Enhancing Performance** | **€600m** EBIT net performance |

**Value Creation**

**Earnings growth**

NRIgs guidance[1] 2023:
**€2.7bn to €2.9bn**

**Sustainable dividend**

Payout: **65% to 75%**
Floor: **€0.65**

**Alignment with climate commitment**
Net Zero on all scopes by 2045
Coal exit in Europe by 2025, globally by 2027

**'Strong investment grade' balance sheet**
Economic net debt to EBITDA ratio ≤ 4x

1. Main assumptions for these targets and indications: average weather in France, full pass through of supply costs in French regulated gas tariffs, no major regulatory or macro-economic changes, no change in Group accounting policies, market commodity prices as of 12/31/2020, average forex rates as follows: €/$: 1.23 for 2021, 1.25 for 2022 and 1.26 for 2023; €/BRL: 6.27 for 2021-2023. No additional stringent lockdowns and a gradual easing of restrictions over 2021.

# Disposals at pace to simplify Group

2021 to 2023

**€9-10bn**[1] disposals

Exiting non-core activities

Geographical refocus reducing footprint to <30 countries by 2023

Accelerating carbon neutrality: progressive coal exit

Re-balancing from French Networks to Renewables and Infrastructures

**Simpler investor proposition**

**Maximizing value through competitive processes**

1. Excl. partial disposals in Renewables, incl. €2bn for 2021 already announced and including the assumption of a 100% disposal of 'BRIGHT'

# Improving business mix, accelerating investment in Renewables

## Growth Capex[1] over 2021-23

Indicative split by GBU

**€15-16bn**[1]

- **Renewables** 40-45% (c. €6-7bn) — +20% vs. 2018-2020
- **Networks** 30-35%
- **Energy Solutions** 15-20%
- **Thermal & Supply, Others** <10% — -40% vs. 2018-2020

- 100% growth Capex aligned with ENGIE's $CO_2$ reduction targets
- ~80% growth Capex expected to be compatible with draft EU Taxonomy
- 55% already committed

1. Net of sell down and tax equity proceeds in Renewables

# More rigorous investment approach for a disciplined capital allocation

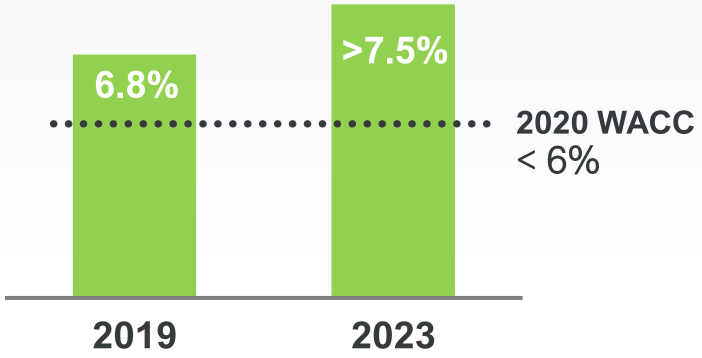
## Improved investment process


## Clear financial criteria

- IRR–WACC: ~200 bps
- NPV/Capex: 20-25%

Stronger focus on short-term cash generation and P&L contribution

## Growth Capex increasing Return On Capital Employed (ROCE)



# Disciplined capital allocation in line with ESG ambition

### Climate commitment core to investment strategy

- Projects in line with ambitious climate targets

### Green financing front-runner

- €12bn green bonds issued to date

**ESG investing sharply increasing**

ESG investments increased to >$1,000bn assets under management globally

Policy and regulatory support, e.g. EU Taxonomy

ENGIE commits to the "Race to zero" campaign

RACE TO ZERO

**GHG emissions trajectory**
in line with
"Well below 2°C"
in process for SBT[1] certification

1. Science Based Targets

# Sharp execution focus to improve performance

**Performance plan** to deliver **€1bn+** gross improvement and **€0.6bn** additional net EBIT over 2021-23

## OPERATIONAL EXCELLENCE

### Rigourous application of industrial KPIs

**Renewables**

- Captured prices
- Availability
- Commissioning p.a.
- Pipeline
- LCOE

**Networks**

- RAB or CE
- Opex/km
- # gas smart meters
- Biomethane capacity connected

**Energy Solutions**

- Revenue growth
- Capacity
- EBIT margin
- $CO_2$ emissions

**Thermal & Supply**

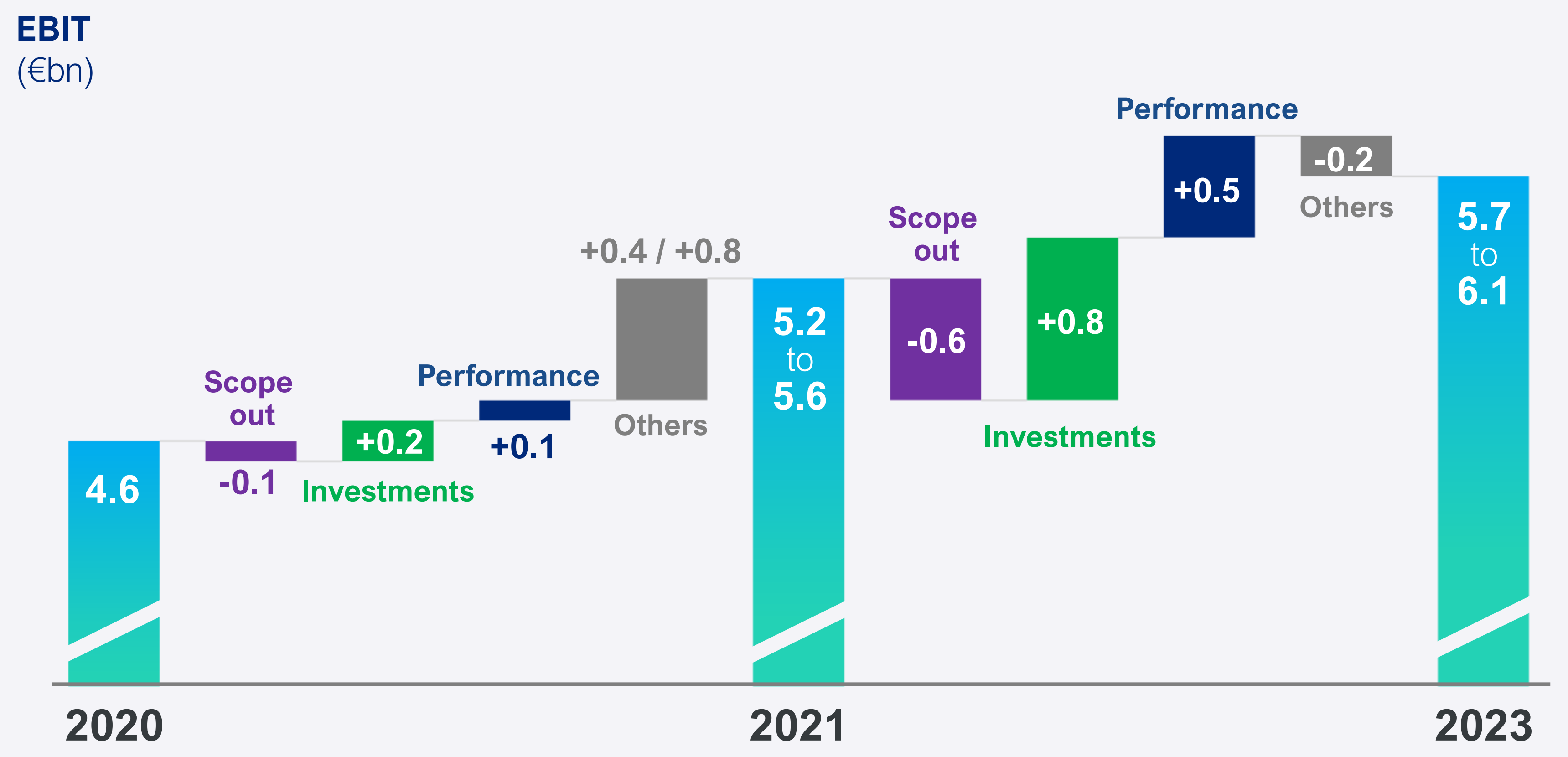
- Capacity, availability
- Opex/MW
- % contracted EBIT
- $CO_2$ emissions
- # contracts
- EBIT/contract

**Optimize Procurement**

**Improve cash management**

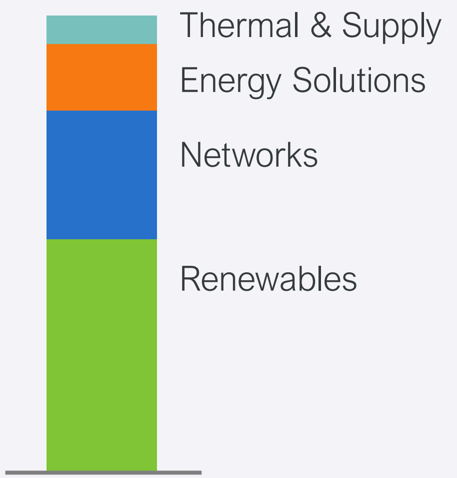
## SUPPORT FUNCTIONS EXCELLENCE

# Delivering growth through significant investment and performance improvements




## Over 3 years

**€1.0bn**
additional EBIT
from **2021-23 investments**



# EBIT growth driven by Renewables

## Performance plan contributes positively across each activity

| | | |
|---|---|---|
| **Renewables** | • Contribution from growth investment<br>• Higher power prices in France | Significant growth |
| **Networks** | • Lower remuneration rates in France<br>• Growth in international networks | Largely stable |
| **Energy Solutions** | • Covid-19 recovery<br>• Contribution of growth investment<br>• Disposals driving simplification, mainly 'BRIGHT'[1] | Growth |
| **Thermal & Supply** | • Lower capacity through coal exit | Decrease |
| | • Covid-19 recovery | Growth |
| **Nuclear** | • Higher achieved power prices<br>• Lower volumes due to Belgian phase-out | Growth |

1. As per guidance assumptions, no contribution from 'BRIGHT' in 2023

# ENGIE medium-term financial outlook 2023[1]

Net income growth expected throughout the period driven by investment and performance improvements

## Current ENGIE 2021

**EBITDA** indication
**€9.9bn** to **€10.3bn**

**EBIT** indication
**€5.2bn** to **€5.6bn**

**NRIgs** guidance
**€2.3bn** to **€2.5bn**

2021 guidance reaffirmed
'BRIGHT' fully contributing

## New ENGIE 2023

**EBITDA** indication
**€10.3bn** to **€10.7bn**

**EBIT** indication
**€5.7bn** to **€6.1bn**

**NRIgs** guidance
**€2.7bn** to **€2.9bn**

Key guidance assumption:
No contribution from 'BRIGHT' in 2023

Maintain commitment to "Strong investment grade" rating

1. Main assumptions for these targets and indications: average weather in France, full pass through of supply costs in French regulated gas tariffs, no major regulatory or macro-economic changes, no change in Group accounting policies, market commodity prices as of 12/31/2020, average forex rates as follows: €/$: 1.23 for 2021, 1.25 for 2022 and 1.26 for 2023; €/BRL: 6.27 for 2021-2023. No additional stringent lockdowns and a gradual easing of restrictions over 2021.

# Increased visibility with strong commitment to shareholder returns

Increasing earnings to drive dividend growth

**Payout**

**65% - 75%**
based on NRIgs

Introduction of **€0.65 dividend floor** for 2021-23


# Concluding remarks

**Catherine MACGREGOR**
CEO

# A clear roadmap for long-term value creation

- A simpler, industrial ENGIE with complementary activities aligned to industry mega trends
- Strong commitment to Net Zero and ESG performance
- A new organization with higher accountability and a stronger performance focus
- Driving growth in renewables and distributed infrastructure through disciplined capital allocation

**ENGIE uniquely positioned to enable energy systems of the future**

# Putting our strategy into action - key operational targets

**Net Zero**

**2045**

All 3 scopes

**Stepping-up renewables growth**

**3** to **4** to **6 GW**

Average annual growth[1]

**Distributed infrastructure**

**+8 GW**

By 2025

**Simplification**

**4 GBUs**

From 25

**Performance plan**

**€0.6bn**

Over 2021 to 2023

**Green hydrogen production**

**4 GW**

In 2030

1. 3GW: 2019-2021, 4GW: 2022-2025, 6W: 2026-2030

# ENGIE

**We are an energy utility focusing on renewables and infrastructure supporting our customers' decarbonization.**

**We are building today, the low carbon energy systems of tomorrow.**

# Additional Material

# Strategic Update

## Finance

- 2023 EBIT indication per activity
- Balance sheet
- Maintenance Capex and Belgian nuclear provisions funding
- 2021-2023 key assumptions

## ESG

- Decarbonization of clients
- Coal phase out
- Commitment to social improvements

## Renewables

- Installed capacity
- Pipeline
- Ocean Winds

## Nuclear

# EBIT growth driven by Renewables

Overall drivers include **FX evolution** across each activity, as well as **Covid recovery** (mainly Supply and Energy Solutions)

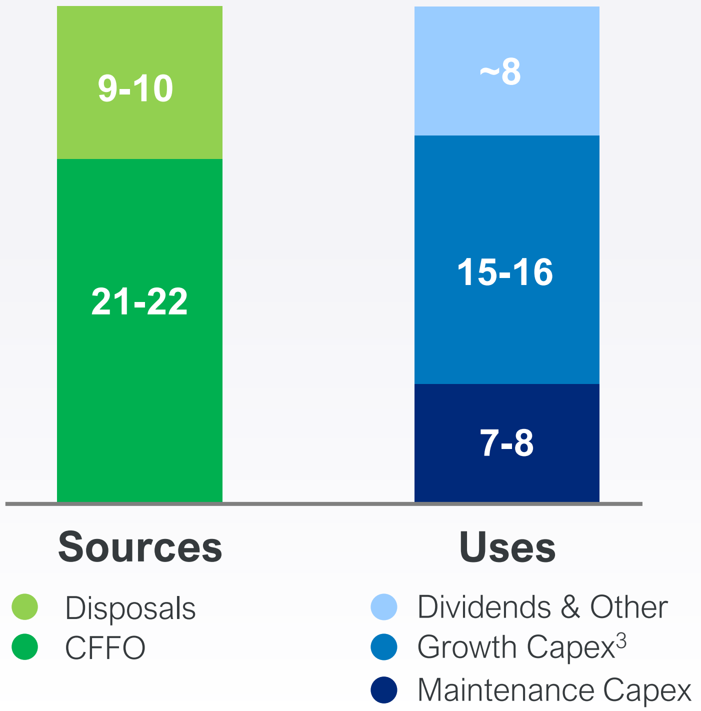
| | 2020-23 Drivers | | 2020-23 EBIT evolution[2] |
|---|---|---|---|
| **Renewables** | ↗ Contribution of growth investments<br>↗ Higher achieved power prices in France<br>↘ 2020 One-off (Brazilian hydro ruling) | **Performance improvement plan** benefit expected across activities | ++ |
| **Networks** | ↘ Progressive impact of lower French remuneration rates<br>↗ Contribution of growth investments<br>↗ Assumed average temperature in 2023 | | Flat |
| **Energy Solutions** | ↗ Contribution of growth investments<br>↘ Disposals driving simplification, mainly 'BRIGHT'[1] | | + |
| **Thermal & Supply** | ↘ Decarbonization through coal exit / PPAs termination | | - |
| | ↗ Increasing volumes | | + |
| **Nuclear** | ↗ Higher achieved power prices<br>↘ Lower volumes due to Belgian phase-out | | + |

1. As per guidance assumptions, no contribution from 'BRIGHT' in 2023
2. Convention: each + amounts to c. €+200 to €+300m, flat -> from €-200m to €+200m, each – amounts to c. €-200 to €-300m

# CFFO and disposals to fund growth and dividends while maintaining "Strong investment grade" balance sheet

## Cash sources offsetting uses[1] over 2021-23

(€bn)




## "Strong investment grade" balance sheet[2] over 2021-23

- FFO / net debt higher or equal to 18%
- Stable economic net debt
- Financial net debt increasing from nuclear provision funding
- Economic net debt / EBITDA ≤ 4.0x

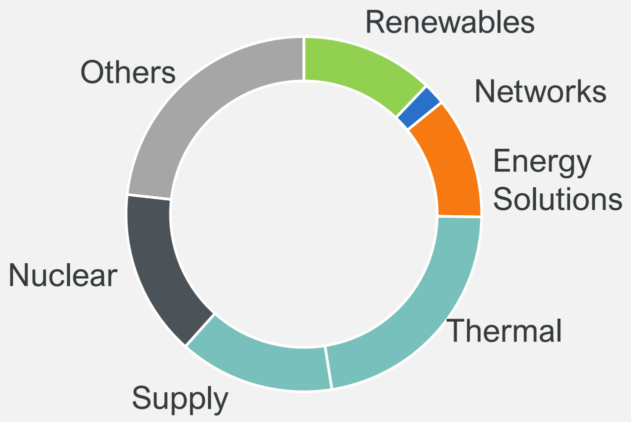
1. Uses do not include nuclear provision funding
2. Assuming no change from expected 2022 Belgian nuclear provision review
3. Net of sell downs and tax equity proceeds in Renewables

# Optimized maintenance Capex, with c. 50% contributing to earnings

## Maintenance Capex over 2021-23

**€7-8bn**

**c. 50%**
non regulated




**c. 50%**
regulated Networks

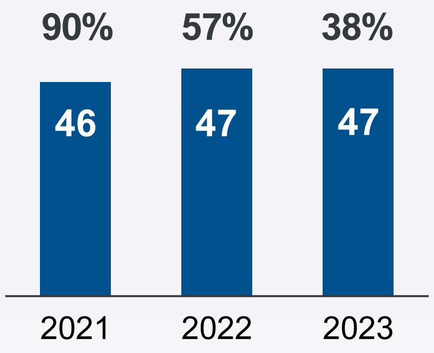
Maintenance Capex for regulated Networks activities are part of RAB (4.10% to 6.25% RAB remuneration rates in France)

Nuclear provisions funding **c. €4bn** expected over 2021-23

# 2021-23 key assumptions

## Outright Power Production

(% and €/MWh)




Outright hedges: volumes & prices, as of 31 March 2021

## Nuclear

- Belgium nuclear availability: 93%/93%/88%[1] for 2021/22/23
- Contingencies on Belgian operations:
  - €0.15bn for 2021
  - €0.15bn for 2022
  - €0.12bn for 2023
- Nuclear phase-out: Doel 3 in Oct. 2022, Tihange 2 in Feb. 2023, both 0.9 GW @ share

## Market assumptions

- 6.27 €/BRL over 2021-23
- 1.23 - 1.25 - 1.26 €/USD for 2021-22-23
- Market commodity prices as of 31 Dec. 2020

## Weather conditions

- Normalized temperature in France (gas distribution and energy supply)
- Normalized hydro, wind and solar productions

## Below EBIT indications

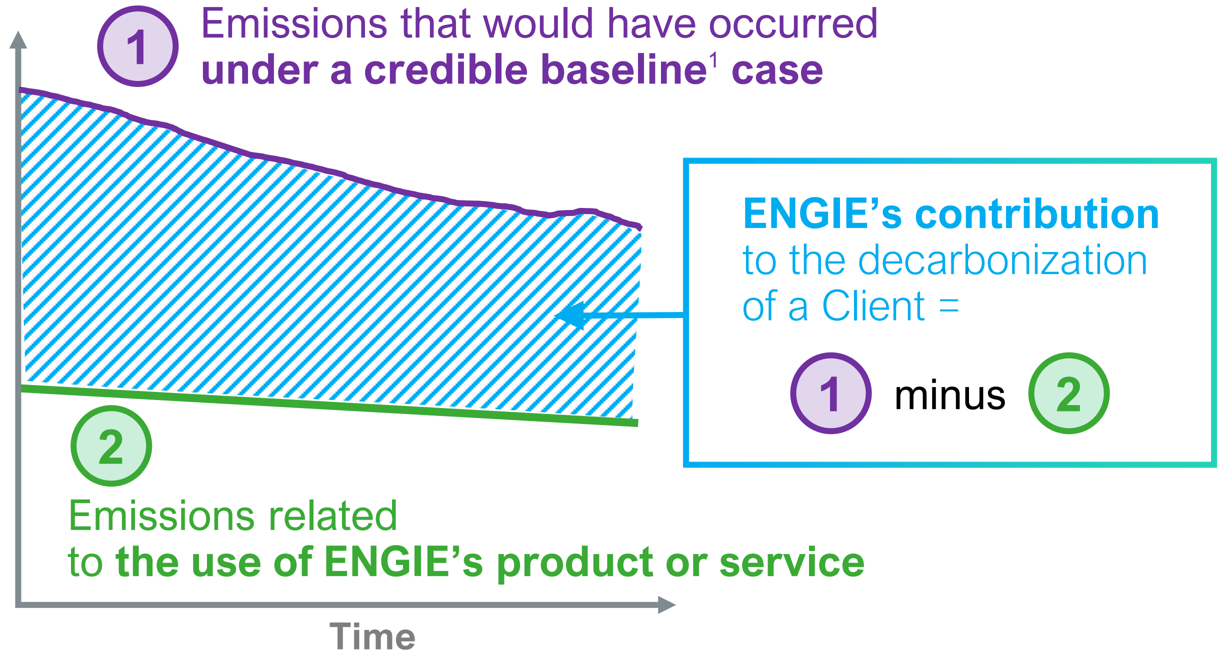
- Recurring net financial costs: -€1.5-1.6bn over 2021-2023
- Recurring effective tax rate:
  - c. 25% for 2021 and 2022
  - c. 26% for 2023

1. Based on reactors availabilities as published on REMIT as of 01/01/2021

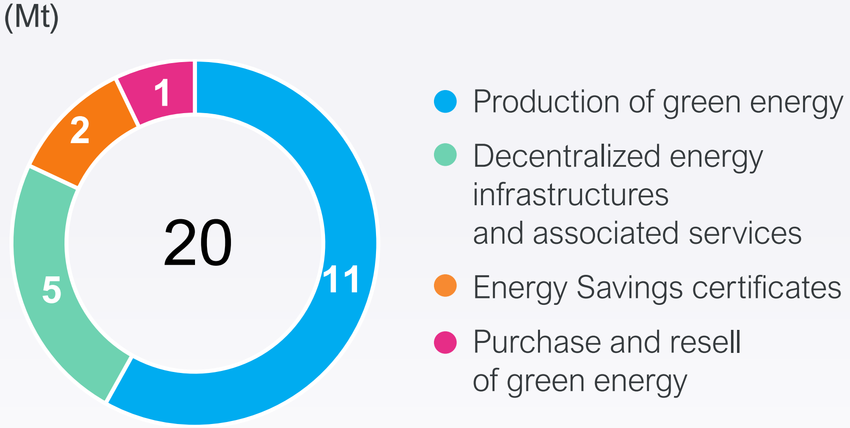
# Decarbonization of Clients emissions through ENGIE products and services

Helping clients incrementally reduce their carbon emissions with a robust methodology

**GHG emissions**
(ton $CO_{2e}$)



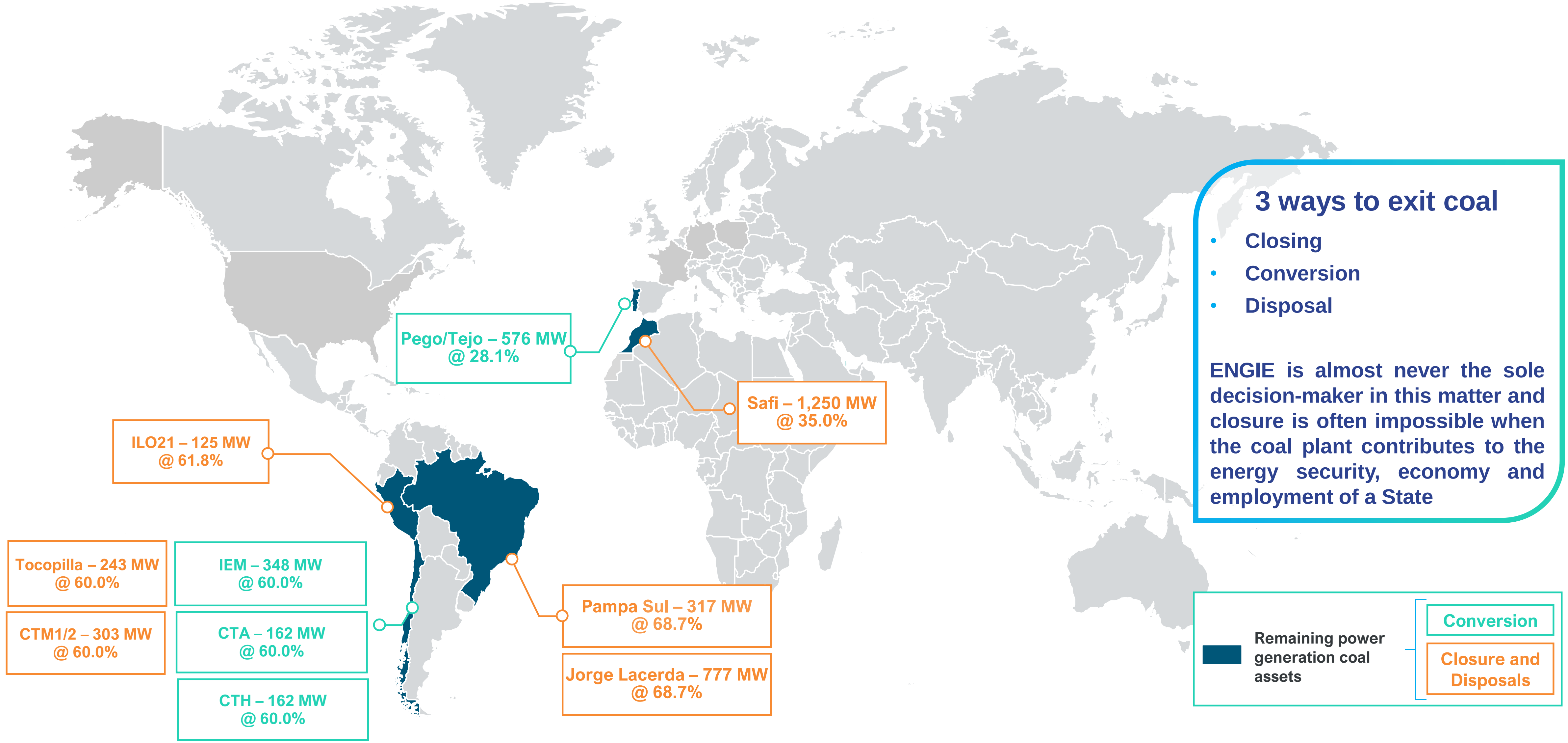

~20 Mt $CO_{2e}$
**avoided for clients in 2020**




~45 Mt $CO_{2e}$
**avoided / year by 2030**

1. The baseline is the most likely alternative in the absence of the product or service provided by ENGIE

# Coal phase out: detailed exit route for power generation




## 3 ways to exit coal

- Closing
- Conversion
- Disposal

ENGIE is almost never the sole decision-maker in this matter and closure is often impossible when the coal plant contributes to the energy security, economy and employment of a State

# ENGIE committed to social improvements

## Diversity

### Gender Equality Index

- France: 87[1] ; International: 80[1]
- Target: 100 globally by 2030

Afnor diversity label extended to October 2022 in France

## Hiring, Training, Engagement

### Apprenticeship[3]

- ~ 6,000 FTE[1]
- Target 2030: ≥ 10% of workforce

### Training

- ~70%[1] of employees trained
- Target 2030: 100%

### Employee commitment[2]

- 90% proud to work for ENGIE
- > 84% fully committed

## Health & Safety

### Safety

- "No life at risk" program
- Injury frequency rate = 3.2[1,4]
- Target: ≤ 2.9 by 2030

### Mental health

- "No mind at risk" program
- 9 commitments for workplace wellbeing

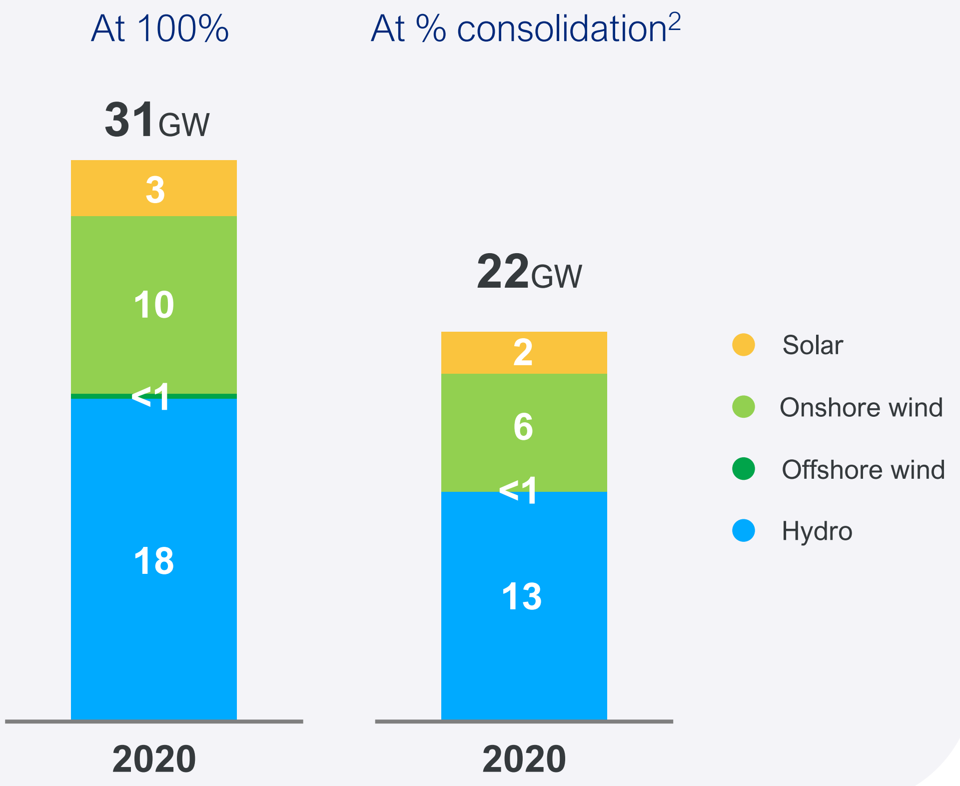
### ENGIE Care

- Social protection for all Group employees worldwide

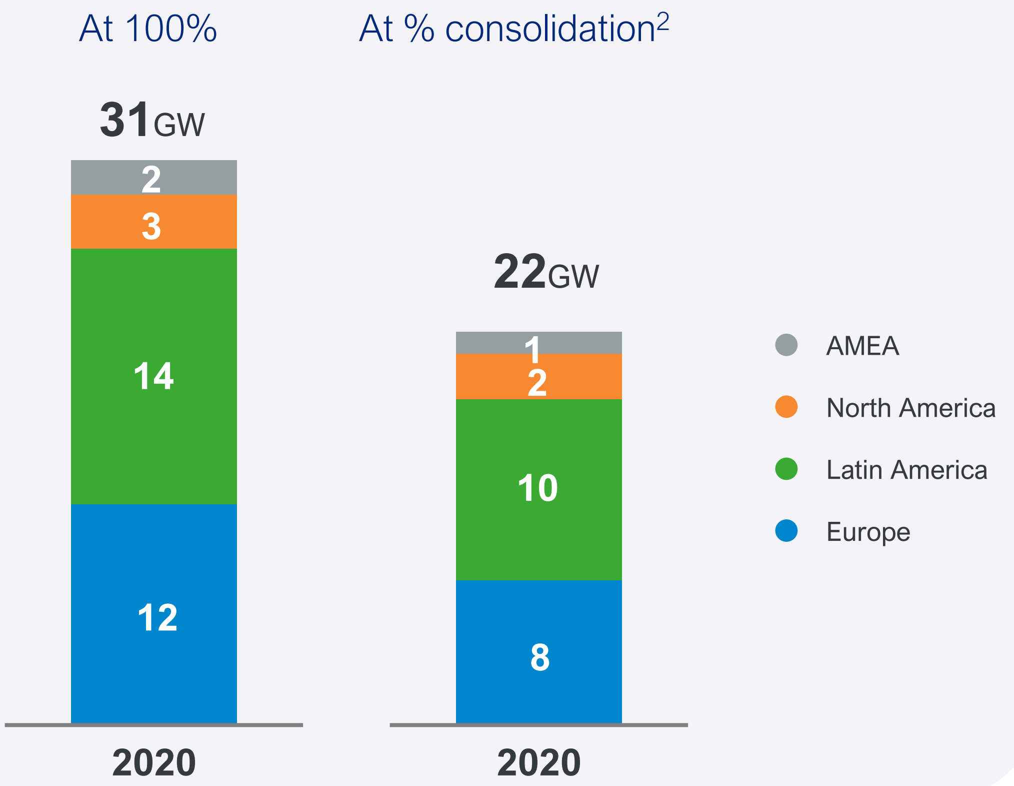
1. 2020 figures
2. ENGIE internal survey
3. In Europe
4. Excl. Covid-19 effects

# ENGIE's installed capacity by technology and by geography[1]

## By technology
(GW)




## By geography
(GW)




1. As of 31 December 2020
2. % of consolidation for full and joint operations affiliates and % holding for equity consolidated companies

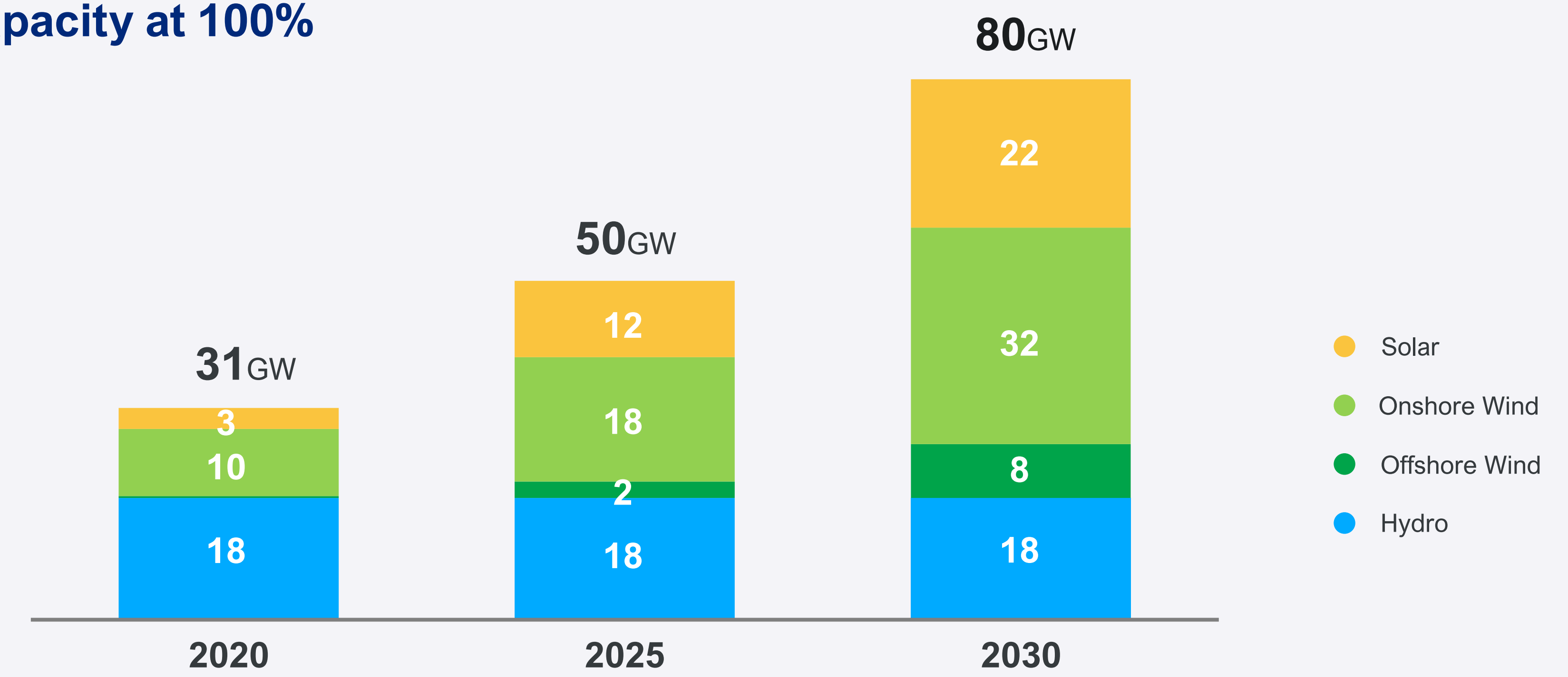
# ENGIE's increasing installed capacity by technology

These splits are provided for indicative purpose. They might evolve depending on market evolution and in line with our ambition to get the higher returns.

## ENGIE installed capacity at 100%

2020 - 2030

(GW at 100%)




1. % of consolidation for full and joint operations affiliates and % holding for equity consolidated companies

# Ocean Winds, a clear investment framework with ambitious targets for offshore wind

Ocean Winds is the result of a 2019 joint venture by EDPR and ENGIE.
This JV comes in the wake of EDPR and ENGIE successful 5-year cooperation as consortium partners in projects in France and the UK

## Project visibility for 6.6 GW of capacity

| Status | Name | Country | MW gross | % OW | COD | PPA/Tariff secured |
|---|---|---|---|---|---|---|
| Installed | Windplus | Portugal | 25 | 85% | 2020 | ✓ |
| Installed | SeaMade[1] | Belgium | 487 | 18% | 2021 | ✓ |
| Under construction | Moray East | UK | 950 | 57% | 2022 | ✓ |
| Under development | EFGL | France | 30 | 80% | 2023 | ✓ |
| Under development | Noirmoutier | France | 496 | 61% | 2025-26 | ✓ |
| Under development | Moray West | UK | 871 | 62% | 2025-26 | |
| Under development | Mayflower | USA | 1,336 | 50% | 2025-26 | ✓ |
| Under development | Le Tréport | France | 496 | 61% | >2025 | ✓ |
| Under development | B-Wind | Poland | 200 | 100% | >2025 | |
| Under development | C-Wind | Poland | 200 | 100% | >2025 | |
| Under development | KF Wind | Korea | 1,500 | 61% | >2025 | |

Installed · Under construction · Under development · ✓ PPA/Tariff secured

1. COD in Q1 2021

## Key success factors

- Large potential market expected for the next decade(s)
- Scale
- A unique set of competitive advantages

## Key differentiators

- Early mover in Floating with greenfield projects in multiple geographies
- Large GW project in early stage in Korea, pipeline in Spanish and Greek islands and preparing tenders in California, France and Scotland

## Ambition 2025

- 5 to 7 GW operational and under construction
- 5 to 10 GW under advanced development

# Nuclear: roadmap to progressive phase-out

## Belgian phase-out[1]

**2021**

**2022**

**2023**

**October**
Doel 3
**0.9** GW

**2024**

**February**
Tihange 2
**0.9** GW

**2025**

**February**: D1 (**0.45** GW)
**July**: D4 (**0.9** GW)
**September**: T3 (**0.9** GW)
**October**: T1 (**0.5** GW)
**December**: D2 (**0.45** GW)

### Total indicative volumes[2]

c. **44** TWh

c. **31** TWh

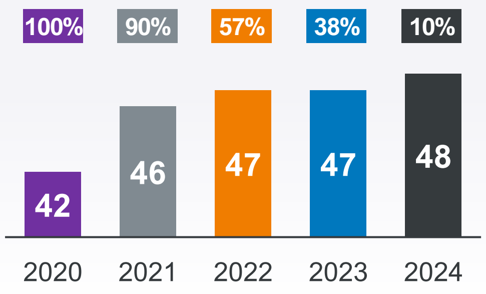
c. **20** TWh

## Expected availability Belgium

**>80%**
(no more LTO works)

## Hedging

**Outright hedges[3]: volumes & prices (% and €/MWh)**




## Belgian provisions

**Review expected end 2022**

1. Legal schedule, capacity @ ENGIE share
2. Belgium + France. Indicative volumes @ ENGIE share assuming a theorical 85% availability
3. Volumes nuclear BE/FR + Hydro CNR as of 31 March 2021

# Disclaimer

## Important notice

The figures presented here are those customarily used and communicated to the markets by ENGIE. This message includes forward-looking information and statements. Such statements include financial projections and estimates, the assumptions on which they are based, as well as statements about projects, objectives and expectations regarding future operations, profits, or services, or future performance. Although ENGIE management believes that these forward-looking statements are reasonable, investors and ENGIE shareholders should be aware that such forward-looking information and statements are subject to many risks and uncertainties that are generally difficult to predict and beyond the control of ENGIE and may cause results and developments to differ significantly from those expressed, implied or predicted in the forward-looking statements or information. Such risks include those explained or identified in the public documents filed by ENGIE with the French Financial Markets Authority (AMF), including those listed in the "Risk Factors" section of the ENGIE (ex GDF SUEZ) Universal Registration Document filed with the AMF on March 17, 2021 (under number D.21-142). Investors and ENGIE shareholders should note that if some or all of these risks are realized they may have a significant unfavourable impact on ENGIE.

# For more information about ENGIE

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