**Consequences of Ukranian Crisis on European Gas Market**

The ENGIE Group condemns the invasion of Ukraine and expresses its support for the affected people. ENGIE expresses heartfelt concern in relation to this situation, which is endangering peace in Europe, as well as the lives of civilians.

The European gas market is severely impacted by the crisis in Ukraine, with unprecedented volatility and very high prices. Further disruption could be expected should gas delivery from Russia stop due to the political situation, inter alia in case the EU decides to extend sanctions to commodities like gas. Russia supplies around 40% of Europe’s total gas needs.

ENGIE is working on diversifying its sources of supply by increasing volumes from other European countries and overseas.

**Price effects: Most gas is bought and sold at market price, unhedged volumes under fixed-price contracts are insignificant**

Volumes are largely exchanged based on market price and unhedged volumes under fixed-price contracts are today insignificant. Most of ENGIE’s gas purchases and sales are at the market price or hedged: to large industrial customers; consumption by its CCGT power plants; sold to B2B and B2C customers, under contracts where the gas price is secured at inception.

ENGIE’s economic exposure to price increase is, by design, limited to shorter-term deliveries which are fixed one month ahead. As such, the current exposure from Gazprom is around 15 TWh and is mainly driven by hedging at the one month ahead price mechanism. Although ENGIE procured 121 TWh from Gazprom under long-term contracts last year, as explained above ENGIE’s price exposure primarily relates to the short-term supply.

**Volume effects: in an extreme scenario of no Russian gas supply, authorities would step in to allocate scarcity and normal market mechanisms would not apply**

Based on European and national regulations, in such an extreme scenario authorities would step in to allocate scarcity between customers through curtailment based on a pre-determined merit order. Such measures and events would supersede contractual arrangements or constitute force majeure events. These actions could come along with initiatives to stabilize the market, such as a price ceiling.

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ENGIE has a strong balance sheet and high liquidity, a strength in the current environment as evidenced by the seamless management of the volatile price environment in 2021. The Group is progressing well on its commitments to plan, and the completion process for the EQUANS transaction also remains on track.

The Group benefits from its diverse and integrated portfolio that contributes to a balanced energy-mix, which is key to supporting security of supply, affordability and overall system resilience. ENGIE is focused on driving strong growth in renewable energy and the transition to renewable gases.

**ENGIE Investor Conference call today at 9:00 CET**

ENGIE’s CFO, Pierre-Francois Riolacci will host a 30 minute investor call today at 9:00 CET.
Please email your questions in advance or during the call to aarti.singhal@engie.com

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