



Q1 2026 RESULTS

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Delphine Deshayes

Thank you, and good morning, everyone. It's my pleasure to welcome you to Engie's Q1 conference call. Shortly, Catherine and Pierre-François will present our first quarter performance, following which we will open the lines to Q&A. And with my polite request of limiting your questions to one or two only, please.

And with that, over to Catherine.

Catherine MacGregor

Thank you, Delphine, and good morning, everyone. Engie has started 2026 as it ended 2025 in fast forward mode. Especially as we have just closed an hour ago the acquisition of UK Power Networks, which is allowing us to transform at scale in the critical and growing power grid sector. We have also entered into negotiations towards a full transfer of our nuclear assets and liabilities to the Belgian government. If this process is successful, the Belgian government will be taking responsibility for its country's long-term nuclear future, and Engie will have no remaining nuclear operations there.

In terms of results, I can report a solid Q1 EBIT, indeed slightly below the 2025 level that was benefiting from various tailwinds. The group continues to perform well with strong momentum in renewables and BESS and relentless rollout of our performance plan. Of course, the conflict in the Middle East has taken up much of our focus. Above all, I am pleased and relieved that our staff in the region are safe and of course very grateful for the professionalism of our teams who have done a fantastic job in managing to keep critical energy and water assets operational under difficult circumstances with limited business impact. We are, of course, very closely monitoring what is a highly fluid situation. As things stand, when it comes to the energy markets, we are observing disruption mainly to oil, oil products, and LNG supply. LNG represents about a sixth of gas transport volumes, around a fifth of whose volumes are transported through the Strait of Hormuz. This has so far allowed the gas market beyond Asia to demonstrate some degree of resiliency, helped somewhat by new LNG capacity. In terms of power prices, we can see that those countries that have most heavily invested in renewables and nuclear are experiencing the least sensitivity to the current disruption, such as France and Spain. This in our mind, fully justifies the case for electrification through the combination of renewables, flexibility via storage and molecules, and grid strengthening. This is not the same type of energy crisis as 2022, and Engie is a completely different company with a different and more robust business model. We have built a diverse gas sourcing

portfolio, and we've sharply cut our exposure to open market power prices. Indeed, our only significant European exposure is in France, where gas prices have less influence on the power price. So, although we're certainly not going to benefit from the high volatility levels of 2022, our earnings are far more resilient based on more solid foundations and as a result far less sensitive to geopolitics.

I mentioned in our February presentation that energy is at the top of countries' agendas. By now, it should if anything be even more paramount. Security of energy for national governments and affordability for end users of energy, our customers. We have recently seen more demand for fixed offers in B2C, whilst in B2B small and medium sized customers, a trend towards longer term contracts has been established for some time. Ample land resources and connections have become indispensable for supplying the required additional power to meet new demand. It's hardly a coincidence that Texas is such a centre of data center development. I strongly believe that having quality physical assets attractively located matters more than ever in today's energy world. And with our renewable and flexible generation portfolio of around 100 GW of capacity, our €47bn of RAB equivalent in networks, 28% of which is power related, we have a fantastic presence in the physical asset world. This is crucially complemented by our 500 TWh of energy sales and our unrivalled energy market expertise to partner with our customers in meeting the challenges ahead.

Moving on to this next slide, an excellent illustration of energy security being top of the government agenda comes with the opening of discussions to transfer our Belgian nuclear assets to the Belgian government. We have signed a letter of intent covering the full scope of our nuclear activities in Belgium, i.e the seven reactors as well as all associated assets and liabilities, including decommissioning and dismantling obligations. The letter stipulates that the transaction should not unduly affect our overall financial position. Neither adversely nor positively. Dismantling works are being suspended, apart obviously from those critical elements that require constant attention. The aim is to conclude heads of terms by the start of October this year. This is the start of what will be a complex project and negotiation. In the meantime, our teams remain focused on continuing safe and efficient operations and on advancing the planned LTO work programs.

Turning to this next slide, some headline numbers. EBIT excluding Nuclear was down 7% organically at €3.4bn compared to the high Q1 2025. Performance improvements amounted to €120m, up strongly from last year and well on track with our '26 to '28 target of €0.8bn to €1bn. Economic net debt fell mainly to the capital increase of late February, which will fund a part of the UK Power Networks acquisitions, ending the quarter at €41bn, equivalent to 2.9x EBITDA, well below our ceiling of 4x. With this strong start, and despite the turbulent geopolitical context, I can confidently confirm our guidance for the full year with Net Recurring Income group share between €4.6bn and €5.2bn.

Very pleased to report indeed the completion of our acquisition of UK Power Networks just an hour ago. Having raised €3bn through an advanced bookbuilding at the end of February and a further €2.1bn through hybrids in mid-April, we have now completed the acquisition two months ahead of schedule and less than 10 weeks since we first announced it. UK Power Networks will be fully consolidated as of May, and we expect it to contribute a range of €600m to €800m to 2026 EBIT. I am delighted that Basil Scarsella and his 6,500 colleagues are now part of our group, and we are all thoroughly looking forward to a long and fruitful collaboration in the years to come.

We've also achieved further expansion in our Latin America power network business organically via the award of a 143km transmission line project in Brazil and by the acquisition of 132km of lines in Peru. Truly, we can say that we have achieved our aim of being a key player in the critical infrastructure activity of power networks, which now accounts for over a quarter of our Network's regulated asset base and a third of our Network EBIT over a full year.

With all the focus on networks and nuclear, I want to emphasize that momentum remains strong in Renewables and BESS, backed by a robust and balanced pipeline of projects, unchanged targets to 2030, and laser-like focus on execution. Over the first quarter, we added Renewables and BESS capacity in India, in Chile, in Italy,

and in France, taking our total to 57.7 GW. We signed a PPA for a 900 MW onshore wind farm in Egypt, our largest yet, and in Brazil, our largest solar farm, Assu Sol reached full commercial operation. At the end of Q1, we had 6.6 GW under construction with 93 ongoing projects and continuing our track record of very efficient execution.

Turning now on BESS, the US and Chile have tended to dominate attention with over 90% of our 4.7 GW capacity at the end of last year. But in early 2026, we are making strides in Europe. In particular, we started construction of our first BESS unit in France at 110 MW, and we are acquiring two standalone projects in Southern Spain totalling 278 MW of capacity. With this new project and 700 MW already in operation or under construction, we have achieved a milestone of 1 GW of BESS capacity in Europe. So Engie, on fast forward in a rapidly changing energy world. And now I will pass it over to Pierre-François.

Pierre-François Riolacci

Thank you very much, Catherine, and good morning, everyone. Thank you for joining us today. I'm very pleased to present our financial results for the first quarter. EBIT excluding Nuclear reached €3.4bn, down 7% year on year organically. Cash generation remains solid with CFFO at €3bn, and economic net debt decreased by €4bn, including, of course, the impact of the €3bn capital increase that was completed early March. Our leverage is bottoming with economic net debt to EBITDA down to 2.9x compared to 3.1x in December '25. With that, the balance sheet is fully prepared to cope with the acquisition of UK Power Networks. Overall, this good start of the year allows us to confirm confidently our 2026 guidance despite all the uncertainties in the current market. Let me now walk you through the evolution of EBIT first, and EBIT excluding Nuclear amounts to €3.4bn down versus a high comparison base that benefited from high clean spark spreads in France, and also a positive timing effect on B2B activities in Q1 '25 for about €200m.

The key takeaway is the strength of our business execution, which cushions the impact of external headwinds. In more detail, forex on scope had a minus €75m effect with negative impact from the US dollar and the disposals of several gas generation assets in EMEA. Further, external headwinds affected our organic performance. Price and volatility first accounted for minus €393m with expected market normalization. Two activities are mostly impacted Flex Power and Energy Management. I will provide more colors on that in the next slide. Volumes had a negative impact of about €200m driven mainly by milder climate conditions weighing on our midstream and downstream activities. These effects were partly offset by the effective execution of our operational levers. First commissioning contributing €102m. This reflects disciplined investment execution with new renewable capacity coming on stream, additional regulated assets entering the network, regulated asset base and power projects in Brazil. Second, our performance plan delivered €120m with solid execution across all businesses. Lastly, other items contributed €135m with a positive one-off on a settlement related to gas contracts in Q1 '26 for a net impact a bit more of €100m. Nuclear is down €295m as expected, with a further phase out of units in Belgium and lower power prices in France. All in all, quite a resilient Q1.

Let's move on to EBIT evolution by reporting segments and starting with Renewable and Flex Power. EBIT declined year-on-year, reflecting disposals of gas generation assets in EMEA and the negative forex impact on the US dollar. Gas Generation EBIT was impacted in Europe by the expected pricing normalization with lower capture spreads, notably in France and in Peru, with the unplanned outage of a third-party gas pipeline beginning of March. Renewables and BESS delivered resilient performance, posting a slightly positive organic growth despite the lower capture prices in Europe. These ones have been more than offset, first by the decrease of the hydro tax in France, but more importantly by the contribution of newly commissioned assets by a solid operational execution and by favorable pricing effects in Latin America.

Turning to infrastructures, EBIT increased slightly year on year. Networks benefited from tariff increases in Europe implemented after Q1 '25 and from our performance plan, largely offset by warmer temperatures in France. Local Energy Infrastructures delivered strong growth driven by the continued development of district heating and cooling networks, and also operational performance despite unfavorable weather effect.

Finally, in Supply and Energy Management, EBIT declined as expected compared to last year's high base. B2C activities have performed well, supported by effective portfolio management and strong operational execution, partly offset by milder weather and slightly lower commercial margins. This performance should be read in the context of the strong seasonality of our B2C activities, with close to 70% of full-year EBIT typically generated in Q1, a limited contribution in Q2 and Q3, and the remaining balance being delivered in Q4. B2B activities were impacted by a less pronounced timing effect than in Q1 '25 and the gradual normalization of margins on contracts which were locked during the Ukrainian crisis. Commercial momentum remained solid. Finally, as per Energy Management, electricity market conditions have remained challenging both in Europe and in the US with limited opportunities to capture value from volatility. But the business was supported by a strong performance in gas activities on top of the settlement I previously mentioned on gas contracts. Overall, this segmental evolution illustrates solid operational execution across the group alongside the market normalization in Q1. We are now in a good shape to deliver growth over the coming quarters.

Turning to cash generation, CFFO reached €3bn, a €1bn decrease versus Q1 '25, reflecting lower EBITDA. Within working cap, inventories weighed on cash flow due to lower withdrawals on gas storage as a result of milder weather offset by lower operating working cap requirements linked to lower power prices and also the warm weather. One point which is worth to mention, margin calls had only a limited impact on CFFO this quarter despite significant market movements in March. Indeed, since 2022, we have significantly strengthened our framework with tighter controls, an anticipation mechanism, and active management, allowing us to contain volatility-driven effects on our cash flow. Overall, changes in working cap were broadly stable, and cash flow generation is in line with expectations.

Economic net debt decreased from €45.2bn at the end of December '25 to €41.2bn at the end of March '26. Looking at the bridge, you can easily see the €3bn impact from CFFO and the same from the capital increase, well above the €1.3bn capex. Other movements include Forex effects on net debt, notably the impact of the Brazilian real. As a result, leverage ratios improved with net financial debt to EBITDA at 2.5x and economic net debt to EBITDA at 2.9x. This reflects a temporary reduction as these ratios will, of course, increase upon the completion of the UK Power Networks acquisition. So as of today. Overall, Engie continues to benefit from a solid and well-managed balance sheet preserving a strong investment-grade credit profile, which remains a key pillar of our financial strategy.

A few words now on UK Power Networks, we just closed the acquisition this morning, and the financing has also progressed well over the last couple of months, with the derisking of a significant part of the funding plan. The €3bn capital increase was successfully completed on February 27th, with 107m new shares issued at €28 per share. We also completed the hybrid issuance on April 9th for €2.1bn equivalent across three tranches, further reinforcing our credit metrics and financial flexibility. You have the details of each tranche indicated on the slide. It is fair to say that the bulk of the execution risk on the capital markets part of the deal is now behind us. As a reminder, the rest of the equity cheque is covered by committed bridge loans. These loans will be repaid in the next couple of years through debt refinancing and disposal of assets. With regard to the latter, we are initiating all key processes on top of ongoing projects related to normal portfolio management. We prioritize valuation as we have no pressure on timing, not to mention the material flexibility provided by the uncommitted part of our global capex plan.

We expect UK Power Networks to start to contribute from May with €0.9bn to €1.1bn of EBITDA and €0.6bn to €0.8bn of EBIT, which are, of course, included in our full year '26 guidance. These ranges reflect remaining uncertainties, notably around elements such as purchase price allocation and the fact that we are just closing today, which means that some detailed information was not fully available so far.

Finally, looking at the broader funding equation for '26, disposals are expected to remain modest in the range of our usual disposal contribution and should be assessed alongside a lower capex profile this year than the €12bn annual average guided for '26-'28, excluding, of course, the acquisition itself. This mainly reflects the fact that

UK Power Networks will contribute for only eight months, as well as a slow start in investments in Renewables and BESS. In a context that remains marked by geopolitical, regulatory, and market uncertainties, we are confidently confirming our full year '26 guidance with EBITDA excluding Nuke in the range of €13.8bn to €14.8bn, EBIT excluding Nuke between €8.7bn, €9.7bn, and Net Recurring Income between €4.6bn and €5.2bn.

Engie's exposure to the current Middle East situation remains limited, reflecting the group's de-risking strategy with market sensitivity now materially lower. Albeit we have been able to capture incremental upside with our power outright hedging policies, and no material upside nor any downside should be expected from the current situation. Despite the uncertainties of the impact of the crisis on the economy and on our customers, and on the fiscal environment. It's a good start of the year across our operation, and the early closing of UK Power Network's acquisition gives us a clear line of sight to another year of strong delivery. We continue to be fully committed to maintaining a strong investment grade credit rating. We reaffirm our long-term objective of keeping our economic net debt to EBITDA at or below 4x. The ratio will temporarily go above 4x in '26 because of UK Power Networks that will only contribute to eight months of EBITDA. It will immediately reduce below 4x in '27. Our dividend policy remains unchanged.

With that, I will now hand over to Catherine for the conclusion.

Catherine MacGregor

Thank you, Pierre-François. So indeed we delivered a robust first quarter both financially and operationally. We announced and now completed the transformative acquisition of UK Power Networks, boosting our Infrastructures GBU into a second pillar of growth to accompany the established momentum in Renewables and BESS. We've entered into negotiation with the Belgian government towards a complete exit from nuclear in the country and we are moving forward rapidly towards the ideal business mix and operational dynamism to adapt to this highly unpredictable environment and provide our customers and shareholders with reliable, robust and efficient energy and returns over the remainder of '26 and beyond.

Now back to Delphine for the Q&A.

Delphine Deshayes

Thank you, Catherine. Operator, can you please open the Q&A session and remind our participants the process for asking questions, please?

Q&A

Operator

The first question comes from Patel Ajay, Goldman Sachs. Please go ahead.

Ajay Patel

Good morning, and thank you very much for the presentation. My question is around the nuclear discussions. Is there any more granularity you can give in terms of just what's under discussion? You have the back-end dismantling and nuclear facilities. I kind of understand that, but just I'm thinking on the asset side, are there any particular assets that are in scope over and beyond the nuclear assets that you have? Just to kind of get a sense of what the earnings implication of such a transfer could be. I know it's very early stages, but even just getting a sense of what's in the discussion would help just with some calculations.

Catherine MacGregor

Okay, maybe Ajay, I think it's maybe worth also giving a little bit of the context to this negotiations because really the whole world is putting energy security in the forefront of the agenda. And we've always thought at Engie that nuclear is much more of a sovereign matter than a private company one. And I think with these circumstances, the government of Belgium and Engie are pretty much aligned on this, let's say assessments. And while, we've been at Engie very constructively focused on the implementation of the agreement that was signed last year, the so called Phoenix Agreement. As you know, we've been focused on the works, the LTO, the restart last year. Now we're back to work. By the way, our two plants have been delivering 100% in availability, which is quite amazing. Now they are undergoing further LTO work. So we've been very focused on that. The new government has been actually very constructive as well, allowing the closing of the agreement that they have not been negotiating because there was a change in government in the middle, but very focused, supportive. Asking us though, is there a chance that we could extend the two plans further beyond 10 years. Also asking us questions about could there be further expansion beyond the two plans that you guys are working on. So these discussions were in the background where frankly the current government was establishing itself as wanting to put the nuclear future of Belgium into the future. And I would say for us looking at existing plans, extension was often not meeting economic rationality, which is why we were a little bit in a difficult spot when it came to extending the older nuclear plants, which is giving you a little bit of the context of the transfer.

And that request came from the Belgium government. And I have to say it was a little bit of a surprise because we didn't think that the government would engage in such a complex project. But the discussions frankly have been moving at pace. We have been able to sign this LOI. The scope clearly is the seven nuclear reactors. So as you know, five of them have started dismantling, some of them are just being stopped and then of course, two are being worked on in the context of the LTO. This is the scope, by the way, very important to note as well that the CPN has obviously acknowledged that the industrial situation or the industrial scenarios are different from what they were before, since they were looking at the dismantling provision with this Phoenix agreement in mind. And so they are now suspending their work and looking at the new industrial scenarios. So the revision of the provision that we were waiting is going to be delayed until the scenarios are restabilized. So that's the context I wanted to share with you on the situation in nuclear. The scope is indeed, the seven reactors, and as you say, it's early on. The LOI has established a few key principles that I've reminded in my script, which obviously will be more detailed in the coming weeks, coming months. We've established a project team, and the aim is to sign a heads of agreement by October 1st. So moving on swiftly on what is going to be a rich negotiations with the Belgian government.

Pierre-François Riolacci

Maybe a couple of words on Engie's earnings impact. Since you asked the question, I think that you got the message that, the idea of both parties that it should have a neutral financial impact. What does that mean in our view is that the transfer should be done close to the net book value of the assets as of the end of '25. That's what we would see as neutral, which would entail on earnings for the one-off earnings would be insignificant. So you should not expect a significant capital gain or a significant capital loss.

Going forward, we would be losing the contribution of the LTO and everything which is related to that. But that contribution was actually minimum in the guidance that we shared because you may remember that it is flexible LTO, which means that the work is done over three or four years with significant downtime, six months downtime per year, which means that the contribution in the first three years was actually very low. So it's immaterial in the guidance and will not change anything in our numbers going forward.

Catherine MacGregor

And maybe worth also to complement that Belgium would remain a very important country for Engie. We have around 6GW of generation in the country ex-nuke, we have pump storage assets with Coe, we have some renewables, we obviously have Flemalle, we just put in line at the end of last year. We have thermal assets. So obviously these are not in the scope of the discussion. We are really, really talking about nuclear activities.

Operator

The next question is from Arthur Sitbon of Morgan Stanley.

Arthur Sitbon

Hello. Thank you for taking my question. The first one is actually a follow-up on the Belgian nuclear letter of intent. I imagine if you reach a final agreement, I imagine this will lead to the removal of restrictions on the non-nuclear European assets of Electrabel. Well, I was wondering first if you could confirm that, and if that's correct, if that could ultimately lead to a lower tax rate for Engie Group, the same way that it did when the restrictions were removed on the non-European assets of Electrabel, or well, maybe all the work on tax efficiency has already been done. So any color on that would be helpful.

And the second question is about your guidance assumption. It seems a few assumptions of guidance at the EBIT level have changed a little bit and have a little bit improved since the full year result. But you haven't changed your guidance at the EBIT level. So I was wondering if you didn't change it, but are you maybe a little bit more comfortable than before with it? And I see it didn't change at the net income level because of the net financial result being slightly worse than expected. I was wondering if you could explain the moving part here.

Thank you very much.

Catherine MacGregor

Yes, Arthur. So it is clear that when we said all assets and liabilities it does mean that it will be the end of the security package, so no more guarantees from Engie. And that's both the conditions for us to enter in such a deal and a condition that is understood by the other party. Maybe you want to comment on tax rates.

Pierre-François Riolacci

Yes, we don't expect a further change in assumption on tax rate that would not trigger any further efficiency. And on the guidance. Yes, we are confident with our guidance. We mentioned that. I think that still you have uncertainties around, and our guidance is coping for these uncertainties, especially any change in regulation, tax or fiscal environment in various countries that we are working on. We need to be careful, and that's why we stick to our guidance.

Operator

The next question is from Harry Wyburd of BNP Paribas.

Harry Wyburd

Hi morning everyone. Hi, Catherine, hi Pierre-François. Thanks for taking my question. So first, I'm sorry to come back again to Belgian Nuclear. So could you just clarify what the value of the provisions and backing assets that would be in scope? Because I know there's very good disclosure in your annual report but I just wanted to be fully clear in billions how much liabilities and assets would be transferred as part of this deal, and then

presumably it would be the same as the last one in those liabilities would just turn into sort of a debt liability. So if you could just help us a bit with the numbers on that.

And then more widely on nuclear, you still got the French drawing rights. So you sort of be pretty much out of European nuclear. Apart from the French drawing rights. Do the drawing rights have any role in your portfolio? I guess contribute a bit of or terawatt hours of power price exposure. So is it rational to hold on to those, would you completely exit European nuclear?

And more widely, I guess, Catherine, you cited nuclear and renewables as a kind of a sort of magic mix, I guess, that produced flat power prices in Spain and France. Would you rule out ever looking at new nuclear again? I mean, I guess get what you say on the sovereign point, but if you look at Centrica, they've done nuclear under a RAB model, which, at least from my perspective, is a pretty attractive way of doing it. So would you ever look at nuclear at all? Or is this sort of Engie saying that we're going to focus on Renewables and BESS.

Catherine MacGregor

Starting with your last question, we do think that the risk associated with nuclear, and of course we have a firsthand experience of that, is indeed more suited to a national actor than a private company. That holds true for us as far as we are concerned, for a while. Maybe in the future when nuclear technology will allow to have much more manageable waste or project, that people have a better control on execution, it could change. But in the short to midterm, I don't see us doing nuclear again, certainly not in an investment point of view, and that we really have a fantastic opportunity set with renewables, with BESS and also now with our second leg of power networks. So we think we have enough great opportunities to go after and that nuclear is not for Engie, at least in the short to mid-term. And I don't see that changing anytime soon. I think you also have to think about economic rationality again, what we're trying to do as an energy utility, to develop projects that make sense from an economic standpoint. And we do think that renewables, especially with the development in batteries, the cost of batteries and that technology curve is still moving. And so we think we can do a lot with the right mix of assets, both renewables, batteries and some of our obviously gas thermal plants, that we have a good enough portfolio to provide both baseload or as consumed profile, which is what our customers need while remaining low carbon.

Pierre-François Riolacci

Yes. And Harry, maybe to give you some data points. So if you take the numbers at the end of '25, when it comes to Belgium, only the provisions are about €8.6bn. That's the liability side. And in the face of that, we have assets in Synatom, which is a subsidiary in charge of managing the asset of €5.6bn. And then there is a few hundred million of cash also which is available. That gives you an idea of say about €3bn of funding of provision.

Now, of course, in the rationale of the transaction, Engie is liable to fund the provision. That goes without saying. And we would transfer the assets with the liabilities that are recorded. And of course we are not getting away from that. Now today in the law you have a provision that allows to fund that up to 2030. We'll have to discuss, that will be part of the discussion. When is it that we fund this? But we will be of course accountable to fund it.

On the drawing rights, you need also to give a bit of time to the discussion. As Catherine mentioned, the government is willing to take over the nuclear activities and their ask is to come with a standalone business that can work. So there are some scope discussions that we need to finalize with them. And I think that it is true for several assets that we need to look at. I will not comment further on that. But anything which is transferred will come of course with a value.

Harry Wyburd

Got it. Okay. Okay, that's clear. What I understand from that is that the drawing rights could possibly be part of the package, in which case your residual European power exposure would just basically be French Hydro. Right?

Pierre-François Riolacci

That's your judgment.

Operator

The next question is from Wanda Serwinowska of UBS.

Wanda Serwinowska

Hi. Two questions for me. The first one is on the UK Power Networks deal, which was closed today. And congratulations on closing two months ahead of the target. Can you disclose the net debt that you're acquiring? Because I think the deal was under the lockbox transaction. So, can you just disclose the total debt or net debt figure that is going into your balance sheet?

And the second question is about the trading environment. In the press release, you talk about more challenging conditions in the electricity market. You also said that the impact from the Middle East is limited on your activities. Can you just explain what makes this volatility different from '22, '23? Why Engie is not printing hundreds of millions of euros on trading? That would be appreciated.

Thanks.

Pierre-François Riolacci

On the UK Power Networks' net debt, you should account for about €19bn. That is the equity cheque plus the debt in the target. I think that's a fair item.

On trading, the situation, as you know, is very different from the one in '22. In '22, we had a gas crisis in Europe, with about 40% of gas coming to Europe at risk. And at the same time, we had a major downtime in EDF nuclear production. So we had both a gas situation and a power shortage. That explains why we've seen a massive volatility and also spikes in prices, which were very high for the gas only level, well above 100. And even they came, you remember maybe in '22, '23 above 300 in peaks. We have today a crisis which is an oil crisis worldwide and the gas impact is much lower. I mean, we have shared already that at the end of the day it's only 3% of the gas in the world which is at stake due to the limited share of LNG today. So you don't have at all the same market conditions. That's very important to understand. That's the first point.

The second point is that our profile today is very different. I mean, we have been derisking, we have been decreasing our merchant exposure. Definitely part of our story. And of course it means also that we lose some upside because our merchant position on outright power, for example, is much lower than it was a few years ago if you take on the power side with the nuclear phase out. But if you look at trading only, the crisis is different, not the same volatility at all. Pretty stable in power, it's only gas, and on gas for a much lower amount. Now it's also fair to say, and we mentioned that in the past, that in 2022 we have massive optionalities embedded in our long term contract. We have less of that. In particular, we do not have the Gazprom contract active anymore. So we have also less upside to get from these optionalities. And you have also noted finally that the market is not fragmented and the geographical spread are not at all the same that what we had seen in '22. So that's why we say no material upside expected, certainly not downside given the current profile of the company and also the current profile of the crisis.

Wanda Serwinowska

Thank you. Would you be also able to disclose the RAB of UK Power Networks as of the closing date?

Pierre-François Riolacci

As of the closing date, I don't know. I mean we have only estimates, I would say anywhere between GBP9m and GBP10m.

Operator

The next question is from James Brand of Deutsche Bank.

James Brand

Hi, thank you for the presentation. A couple of questions for me. The first one is also on the Belgium nuclear and you've obviously covered a lot of ground and been asked a lot of questions on that already. But I was just interested. There was obviously this report earlier this year that your provisions could be increased by, I think it was €3bn. And I was just wondering kind of what the status was on that. I know that was only a kind of initial estimate or preliminary consultation of some kind, but is that review due to conclude soon or has that also been put on hold as part of this new negotiation process? That's the first question.

And then secondly, I don't know whether I missed you commenting on it, but I thought it was interesting. You haven't commented at all in data centers in the presentation, which is obviously hyper focus for the markets at the moment. What are you seeing there? Are you still seeing that there's very high levels of interest or are things kind of slowing down a bit? Thank you.

Catherine MacGregor

All right, so in terms of the provisions, and indeed there's been a report at the end of last year stating that overnight cost for dismantling should increase by €3bn. From the ONDRAF point of view, this is not provision, this is overnight cost. So if that had been translated into provisions it would be less, but still it was a significant increase. And indeed what is happening now with this new deal on the table under negotiation is that the CPN has suspended its work, reflecting the fact that there was a new industrial scenario on the table and they would resume their estimation or their report or their study once the new industrial scenario is stabilized. So that's obviously part of the conditions for us to be able to enter in this negotiation, is to recognize the fact that there is going to be potentially a new industrial reality. Especially as we are suspending the dismantling operations in an orderly manner. We don't just drop everything and run, but we are managing the fact that the government is asking us to pause the dismantling operation to give the time for the process of transfer to progress and potentially to be completed in the weeks, months to come. So that's the situation James, on the provision.

On data centers, we continue to see frankly a very buoyant environment. I mean, you've heard the hyperscalers last week publishing their numbers of capex. It's just actually record high again announcements, that is translating into significant power demand and powered land specifically. We see that in our projects. As you know, we've established a very structured approach to that with an objective of 3 GW to 4 GW of co-siting, specifically where we would be providing powered land, supply agreement, energy management services and PPA and combination of all these. So we see that moving ahead. Obviously there are a little bit of noises around acceptability of data center. Also connection is a big topic and load permits etcetera. So that's obviously some of the constraint that these guys are facing. But we are moving ahead with the pipeline. As I had discussed with you back in February, we have a number of opportunities. Some of them, they take time because of what I've just mentioned, there is some hurdles around connections, acceptability permitting, etcetera. But the appetite is very, very strong and we see both appetites in the US but also in Europe, and we're using our physical assets that I mentioned and highlighted in both places indeed to try and accelerate some of these developments. So the US and Europe are being concerned.

We also have some opportunities potentially in Latin America, different scales. We have small to medium-scale, 300 MW, up to 1 GW type of campus size opportunities, and obviously in the US, it's much more focused for us on renewables assets, while in Europe, we are benefiting also from a legacy asset base using the thermal specifically our thermal footprint.

James Brand

Thank you. Sorry, can I just ask a quick follow-up on the provision point then? That's a super interesting answer. If the plan of the government, Belgian government is to try and bring some of the units back, is that an opportunity then potentially to get the level of provisions reduced, and is that potentially the big prize from this deal? Or maybe it's a bit too early to comment on that.

Pierre-François Riolacci

No, but I think that of course there will be the assumption of the Belgian government that they will change the profile and if they do that, probably because they believe they can do something different, for sure we are not going to benefit or we should not be penalized from that. Today we have a plan and the idea is that we would transfer the provision, I think in line with the existing plan. And that's the same idea. So, I think we should not speculate on the potential changes of the plan and then therefore potential changes of provision, because that would be anyway a different ownership.

Catherine MacGregor

I think maybe just on this Belgium topic, I think what is very important is what's in it for Engie. And if we manage to get this process through the finish line, what that would mean is that we would be fully de-risked from the Belgium nuclear operation. And that's important. Why is it important? Because you see that governments can change their minds on a matter that has a lot of impact on a private operator, whether it comes to dismantling scenario, whether it comes to what reactor you want to extend, you can extend etcetera.

So obviously, even though we personally were very, very pleased with Phoenix and really having de-risked our nuclear operation significantly with the JVs, with the CFD, with the waste management liability that has been transferred last year, we still have some remaining exposure to political change of mind in terms of energy policy. And so from that standpoint, we see this deal, if we manage to get it to the finish line, we see this deal as frankly very positive for Engie.

Pierre-François Riolacci

And the point here is that we are not trying to be smart or get a good bargain. We are keeping a big business in Belgium that we want to protect. Super important, that we keep a good relationship. We just want to be fair and I think the transfer will be fair. And we like the approach that said, no advantage, no disadvantage. I think this is the right thing to do. Clearly not again a bargain for Engie or being smart, but just being fair in the transfer.

Catherine MacGregor

With a very constructive counterpart and a counterparty that has acknowledge the fact that for us changes of trajectory is indeed a big disruption and therefore, constructive and alignment, I think on the respective interest to bring this project to finish line.

Operator

The next question is from Alexandre Braunshausen of Bank of America.

Alexandre Braunshausen

Good morning. Thanks for the question. The first one please, would be on Gas Network. I think on your capex plan, across the strategic plan, you had a budget of around €3bn for capex in the gas network in 2028, compared to around €2bn in 2025. So I was wondering a couple of things. One, if that step-up was from 2026 onwards or if there was a gradual phasing, Two, why or where are you spending more in Gas Network? And three, what kind of remuneration or returns should we expect on that extra €1bn of capex in gas networks?

The second question, please, on just, I'm coming back and a little bit of a follow up on Energy Management and trading and the former ex-GEMS, I think you have a soft guidance for '26 of around €1.5bn with €900m in B2B so wanted first to confirm those numbers that imply €600m from Energy Management which means the business should be broadly flat year over year. And I'm mindful obviously, of your comments about the conditions today being very different than in 2022. But if I come back to 2025, I think you highlighted poor conditions for the business given geopolitical volatility, and I would argue that this has been actually higher this year than it has been in early 2025. So with this in mind, is that €600m actually not being slightly at risk, perhaps from higher provision?

And last, just a very quick one and a clarification on numbers. Could you perhaps quantify the impact from the one offs in Peru? And it would seem EBIT ex Nuclear would have been flat or even growing on an organic basis if we exclude that one off and perhaps the timing in B2B as well.

Thank you.

Pierre-François Riolacci

Sorry, that's a lot of questions, and you're doing extremely well sneaking in a lot of questions. Congrats. So I will try to be short on the various topics. So first on Gas Networks, well spotted indeed. And we have a bit more capex expected on the trajectory '26-'28, and this is linked to our gas transportation operation, mainly in France. So that means that would go into indeed the regulatory asset base, and bringing the remuneration that you are used to see in that kind of business. It's not 100% sure yet, but it is indeed a direction of travel and part of it will come through; that's for sure. So we are working on it. So you may expect indeed a bit more than expected earlier.

The €1.5bn on ex-GEMS, I think at some point we have to stop talking about ex-GEMS. But I don't want to move away from that. Yes, I guess it's fair to say that Energy Management plus B2B in 2026 should be a bit higher than that. Indeed, given the strong performance of B2B, which is up for a good year. I mean, we are probably talking of a year which is probably above last year on B2B excluding one-off, and the same should happen with Energy Management. Be mindful that there are some pros, like indeed a bit more volatility on gas that we can capture. But there are also some negatives. I mentioned that the electricity market was not buoyant in the first quarter. Let's see how it unfolds in the following quarter. But yeah, we are indeed. I think the €0.6bn would be low, that's for sure for EM.

And then Flex Power. Now the Peru one-off is a negative about €30m that we had incurred in Q1, so it's not changing the overall direction.

Operator

The next question is from Louis Boujard of ODDO BHF. Please go ahead, sir.

Louis Boujard

Yes, hi, good morning and thank you for the presentation. Just maybe two questions on my side regarding firstly the deal that you reached regarding Ocean Winds and with the US Department of Interior. Can we consider that indeed at this point in time there is no more risk embedded into these assets and into the offshore wind in the US and on top of it, I would appreciate if you can comment eventually on the risk that you witness on the onshore in the US on the onshore wind, if you think that it is rising at the moment and how it could be tackled eventually in the future in your portfolio.

And maybe a second question regarding the Networks division, you've won some interesting concession. Do you think that you are still in front of you some opportunities to keep growing into the region and regarding the potential into the network in Latin America, notably eventually in other geographies. Thank you very much.

Catherine MacGregor

Yes. So in terms of maybe renewable development in the US. We have obviously re-adjusted our view of the pace at which we would be putting some of these projects in service or developing them and putting them in service, particularly between technologies. And we know wind is, and we knew that wind was going to be more complicated. Including obviously offshore wind, it was very clear, onshore wind we were a bit more hopeful and there has been a little bit of discussions and publicities around the risk in wind permitting. But so far, we have seen some projects encountering difficulties and others have actually received some positive notes. So it's not all stopped. We're continuing our developments. We had integrated and included quite a bit of the preference of the administration or just a more easy path for the solar and battery project. And our pipeline and our plans have been pretty much adjusted to reflect that.

So that's on the onshore, so no further change of view basically based on those statements that were made, I think last year. In terms of offshore, remember, we had three projects and the deal that we struck with the DOI concerns two of these three projects we have not yet with South Coast Wind, which is the one in Massachusetts where we don't have a partner. That project is not in scope of this agreement. So this is a project that we have actually out of the three that was the most advanced, where we have both lease and some development expenses that have been spent against that project, and no partners. So that's the situation on Ocean Winds.

In terms of Engie, will give the remaining exposure, Pierre-François on Ocean Wind in the U.S., and in terms of networks, continuous optimistic on the views of our ability to develop organically in Latin America. On networks principally in Latin America, Brazil, Chile, Peru are the main focus when it comes to network opportunities, transmission, and mainly organic.

Pierre-François Riolacci

Thank you. And indeed, Catherine. So the residual exposure, which is linked to the South Coast wind, once the deal will be completed should be for Engie's share around €150m. So it would be indeed quite limited, but again to be followed up.

And I just want to come back on my previous question on GEMS and S&EM, and just in the sake of clarity, because if you add up Energy Management and one B2B, which is today, the way we look at GEMS, we would expect the full year to be more or less in line with last year. Remember that there was a big one-off in B2B last year in Q1. And of course, if you take that one-off out, then we are in a better place than we were last year.

So I think that I just wanted to mention that.

Delphine Deshayes

Operator, we have time for very one last and only short question, please.

Operator

Thank you. The final question is from Arnaud Palliez of CIC CIB.

Arnaud Palliez

Yes, good morning. Thank you for taking my question. It's about the disposal program, the €4bn disposal program. I would like to have an update on the progress that are being made on these disposals. And are there also taken into account in your guidance for 2026? Thank you.

Pierre-François Riolacci

Thank you very much. So on the disposal program, we are in 2026, we should be delivering. But we should be delivering a year which is more in line with the usual run rate that we have. Because the more significant part of disposals has been only triggered at the time we had security on the execution of the acquisition. So for 2026, you should be in the usual range. And your usual range can be 500 to 1,500. Last year was 1,400. There are years which have been lower. Depends also on the cutoff date on some closings. So we want to be a bit careful.

You remember we said on the disposal plan that there were three buckets. The first bucket is the continued pruning of our portfolio and the geographic refocus. Strategic alignment and that's the one that you are going to see at work in 2026. Again in the usual range. And then there are two other buckets, assets where we have minority stakes into businesses with limited influence and no path to control. We probably are going to tap in there. And the third bucket is assets which are highly capital intense, but for which we would welcome some risk sharing with a cheap cost of funding and trying to capture some minority partners.

And these two last buckets, whether it is our own minority stakes or us farming in minority partners, it is likely that they will peak in H2 '27 and H1 '28 as expected. Super important. We are value driven in our decision and execution. We don't need that over months. We have time and we want to maximize the value. So we'd be a bit picky and choosing. We have different ideas and we will choose the ideas which are coming with a nice value. It's good to say that for the vast majority of the value of the assets, we have no impact of the crisis on the valuation. So it's very important that you realize that we are not at risk with the crisis.

And the second point which is important to keep in mind is that these assets for sale, they will be there to support our financial trajectory. It is depending also on our ability to deploy capital and we have flexibility of course again in our capex. So really a value driven approach both in timing and selection of assets to execute limited impact in '26 and the impact of the disposals are fully baked in the guidance either for '26 or even for '27-'28.

Delphine Deshayes

So this is the end of the Q&A session. Thank you for joining the call today and of course if you have any follow up question, do not hesitate to call the IR team. Thank you.