ENGIE STRATEGY

Juin 2018

01
Profile

ENGIE PROFILE*

ENGIE ID card

155,100
employees worldwide

Operations in more than **70** countries

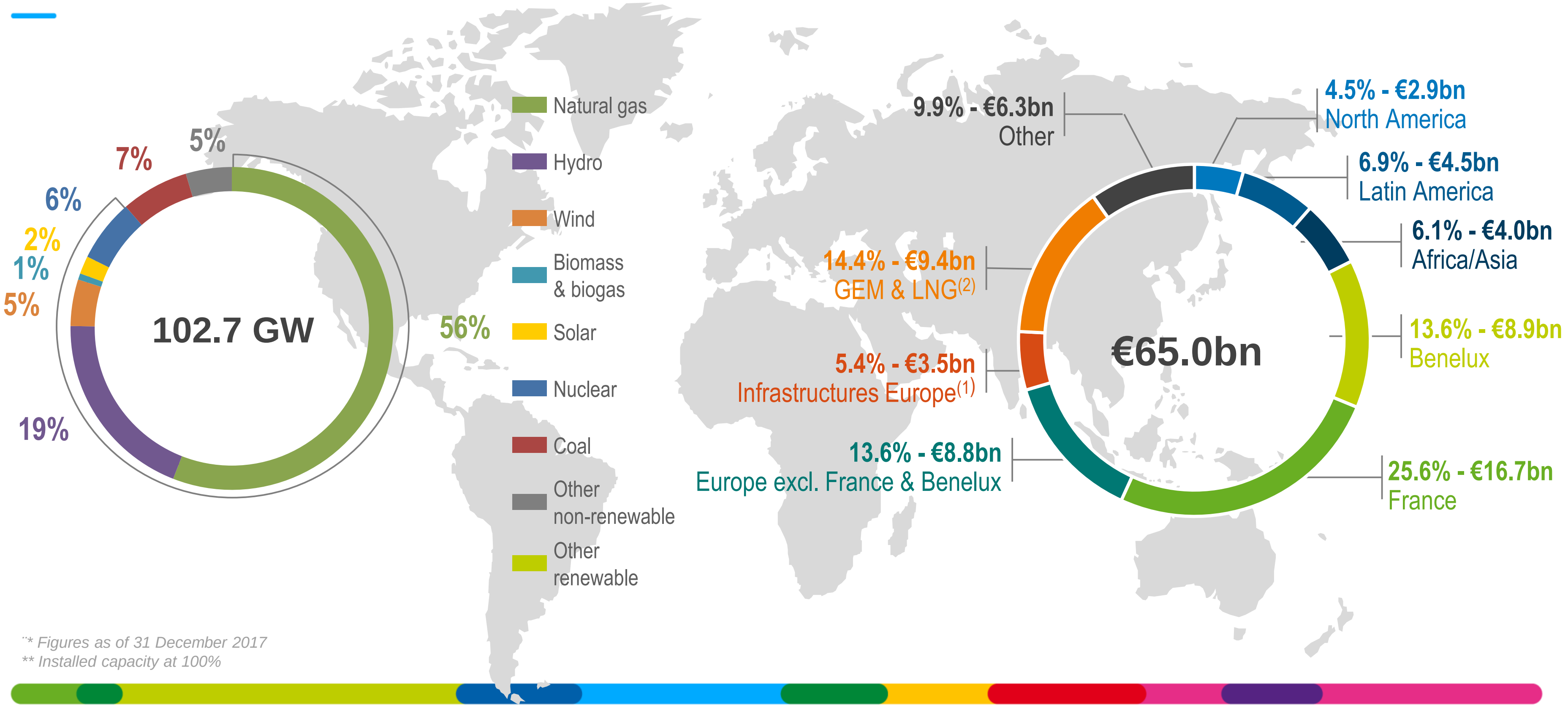
€65 billion
revenues

€9.3 billion
EBITDA

€16 billion growth investments over 2016-2018 including **€1 billion** in innovation and digital

Figures as of 31 December 2017

A GLOBAL AND DIVERSIFIED FOOTPRINT*



** Figures as of 31 December 2017*
*** Installed capacity at 100%*

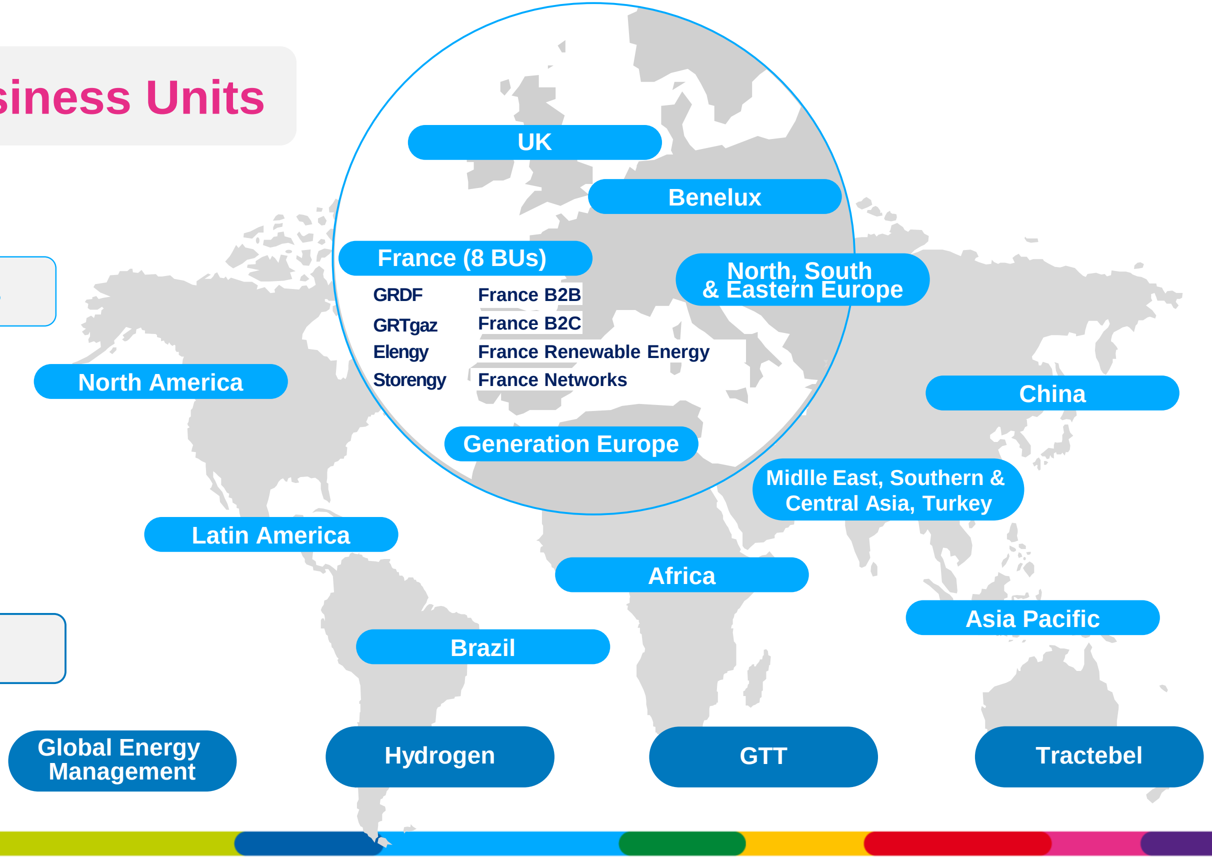
AN ORGANIZATION CLOSE TO CUSTOMERS AND TERRITORIES

23 Business Units

19 géographical BUs

They gather the Group's activities on a dedicated territory

4 global BUs



A COMMITTED GROUP: THE CSR* TARGETED RESULTS IN 2020

Supporting our customers in the energy transition
85% satisfaction rate among our B2C customers

Renewables
25% share of renewable energy in the generating capacity

Greenhouse gas emissions
-20% reduction in ratio of CO_2 emissions to energy production compared with 2012

Stakeholder dialogue
100% of industrial activities covered by a suitable dialogue and consultation mechanism

Gender diversity
25% of women in the Group's workforce

Health and safety
Internal frequency rate for occupational accidents
< 3

** Corporate Social Responsibility*

02

Strategy

AN ENERGY REVOLUTION IS ONGOING

The new energy world is characterized by **decarbonization**, **decentralization** and **digitalization** (the 3 “D”).

DECARBONIZATION

Worldwide renewable energies: annual additional capacity to grow by +70% in 2030 vs 2015

DECENTRALIZATION

Decentralized solutions to more than double by 2030

DIGITALIZATION

Digital disrupts energy systems and improves customer offers

A STRATEGY AND TRANSFORMATION PLAN IN LINE WITH OUR ENVIRONMENT'S EVOLUTION

1 ambition

TO BE THE WORLD **LEADER** IN ENERGY TRANSITION

3 objectives

HORIZON 2018

- REDUCE EXPOSURE TO COMMODITY PRICES — Contracted / Regulated business * EBITDA > 85%
- FOCUS ON LOW CO_2 ACTIVITIES ** — EBITDA > 90%
- DEVELOP CUSTOMER SOLUTIONS — EBITDA growth > 50%

4 pillars for 2016-2018 transformation plan

- REDESIGN AND SIMPLIFY THE PORTFOLIO
- PAVE THE WAY FOR THE FUTURE
- IMPROVE EFFICIENCY
- ADAPT THE GROUP

** Exclude merchant power generation / ** Low CO_2 power generation, gas infrastructures and LNG, downstream*

A PRIORITY GIVEN TO OUR THREE GROWTH ENGINES

Building on its wide expertise and strong international positions in the fields of **electricity**, **natural gas** and **energy services**, ENGIE focuses on three growth engines:

LOW CO_2 POWER GENERATION

Generation of electricity mainly from low CO_2 sources (renewables, thermal contracted)

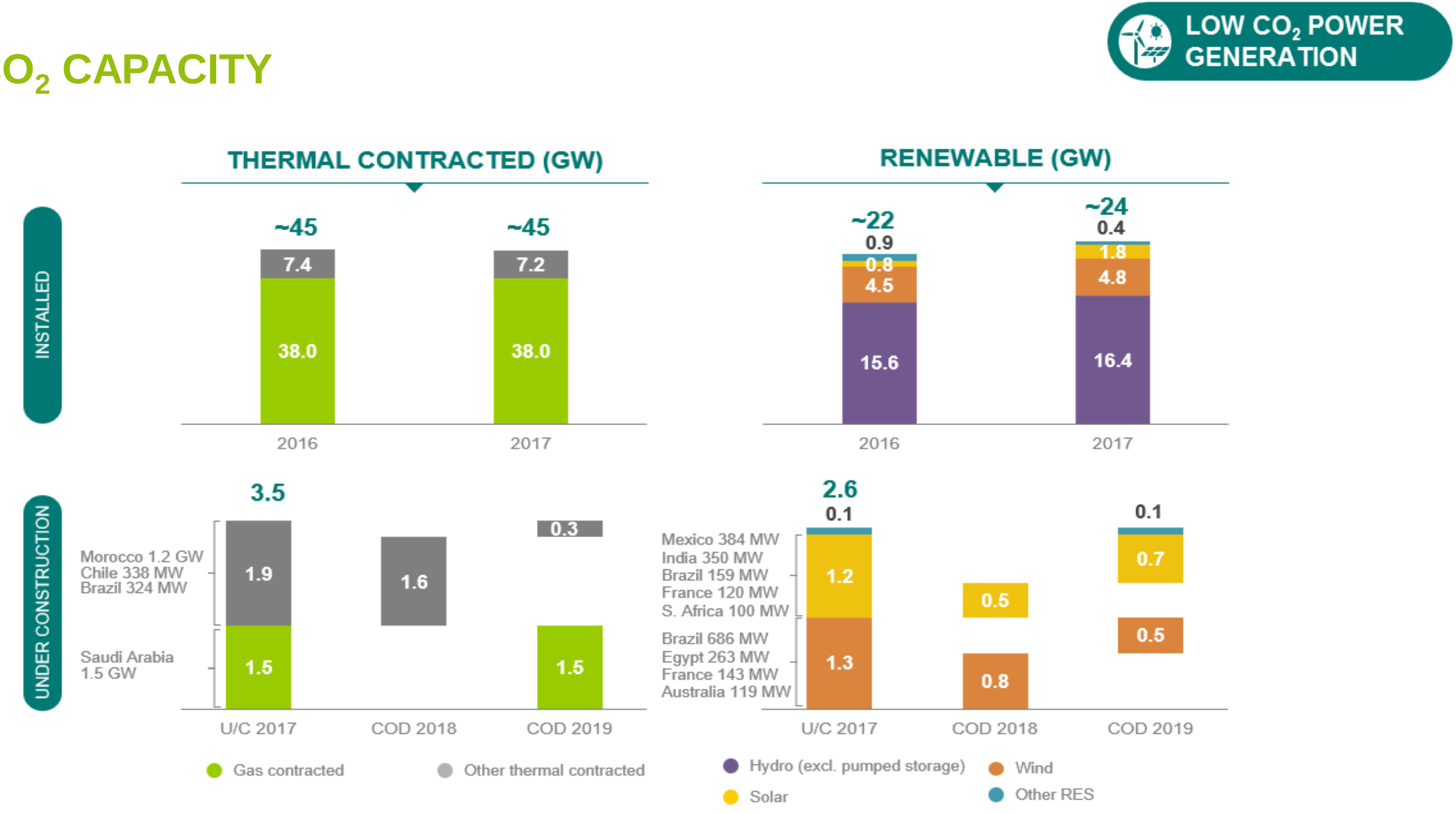
GLOBAL NETWORKS

Development and management of global infrastructure and networks (gas-electricity)

CUSTOMER SOLUTIONS

Customer solutions and services for residentials, professionals, businesses, cities and territories

LOW CO_2 CAPACITY

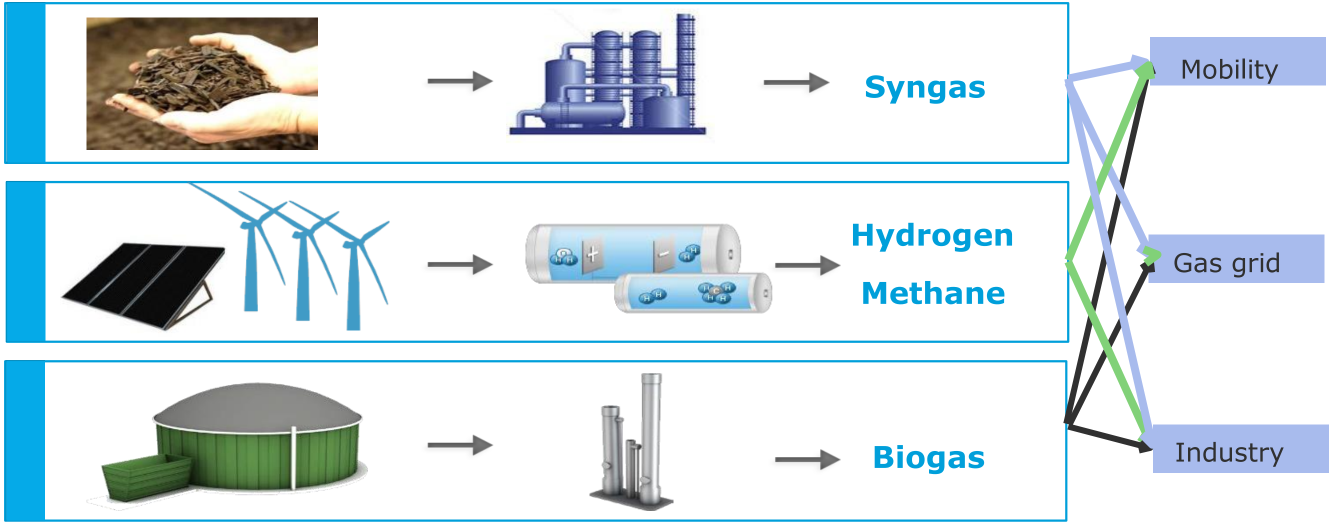


GAS INFRASTRUCTURES

GLOBAL NETWORKS

	Assets	Remuneration	CE / RAB 2017
Mexico	T: 1,271 km pipelines D: 0.5M customers & 11,184 km grid	T: Take or Pay contracts maturing >2025 D: Regulated (cost + based) adjusted by mix of inflation, FX, capex, opex and other income, reviewed each 5y	€0.38bn
Chile	T: 1,070 km pipelines D: 58 km grid	T: Bilateral contracts	€0.31bn
Argentina	D: 0.7M customers & 12,412 km grid	Regulated (cost+ based), adjusted for inflation	€0.03bn
Thaïland	D: 300 industrial customers & 273 km grid	Indexed on oil	€0.07bn
Germany	T: 1,241 km pipelines S: 2 Md m3 capacity	Regulatory WACC Market prices	€0.30bn (associates)
Romania	D: 1.6M customers & 19,359 km grid	Regulatory WACC + incentives; Price cap with yearly volume correction	€0.71bn
Turkey	D: 0.3M customers & 2,845 km grid	Price cap model (license until 2033)	€0.01bn
France	T: 32,456 km pipelines D: 198,886 km grid S : 10 Md m3 capacity LNG : 3 terminals	Regulated cost+	€27,20bn

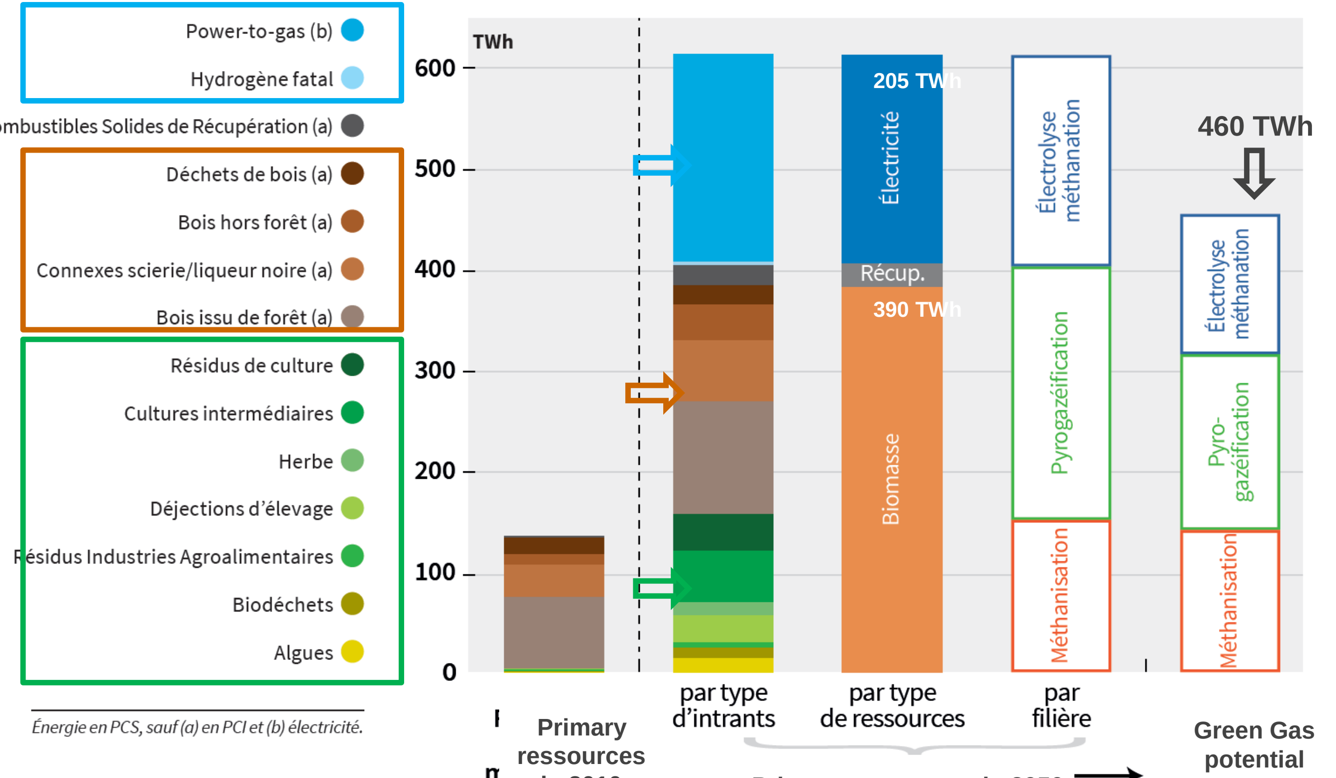
TECHNOLOGICAL INNOVATIONS BUILD NEW VALUE CHAINS



Source: DNV

Green Gas development : Biomethane

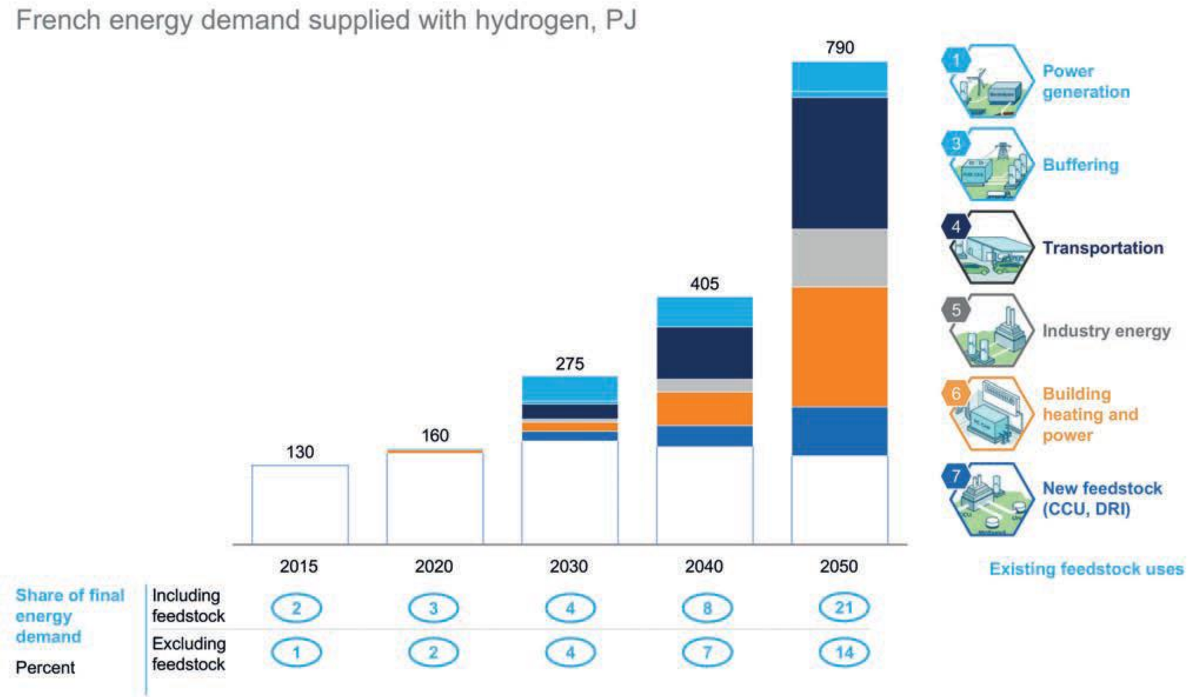
- **460 TWh of green gas potential**
- **620 TWh** of primary ressources
  - 390 TWh from biomasses
    - 230 TWh of Wood
    - 130 TWh of agriculture residues
    - 15 TWh from biowaste
  - 205 TWh from excess of green power coming from renewables
- **276 to 361 TWh** of gas demand between in 2050 (- 40 % vs 2018)



ADEME study 2018

Green Gas development : Hydrogen

GLOBAL NETWORKS



SOURCE: Hydrogen France Study team

B2C : SUSTAINED CUSTOMER BASE EXPANSION

New offers

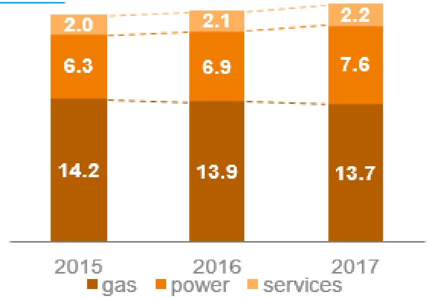
- Innovative green power offers **1.3M** customers in France (~35% of customer base)
- Retail offer in the UK (market entry in May 2017): **95k** contracts (gas & power)
- Strong development of digital platforms (50five, Ajusto): turnover **x5**

Commercial development

- Limited decrease in French gas market share
- Growth in services contracts driven by innovative offers notably in Belgium (**100K** contracts in 2017)
- Acquisition of Fenix International (Solar Home Systems in Africa)

Customer base

In M



Mid-term outlook

- Growth to **30M** contracts
- Focus on customer lifetime value and services

CUSTOMER SOLUTIONS

B2B : DYNAMIC DEVELOPMENT SECURING FUTURE GROWTH

New contracts

- 30-year DBO contract with energy commitment AgroParisTech school (France)
- 25-year contract for Brussels (Tunnel Leopold 2) renovation & maintenance (Belgium)
- 6-year energy performance contract University of Padua (Italy)

Business development

- Acquisition of Keepmoat (building regeneration in UK)
- Acquisition of Talen Energy Group (mechanical services in USA)
- Acquisition of Spie Morocco
- Acquisition of 2 key players in HVAC services in South Africa
- Biomass cogeneration for DSM nutritional in Switzerland

AgroParisTech – Photo credit: IDA et MIMRAM LACOUDRE

Mid-term outlook

- Leader in energy efficiency
- Develop integrated services
- PPA development to achieve the ambition of our customers in green energy (RES 100)
- Build the BIM factory B2B France
- Platform energy management

CUSTOMER SOLUTIONS

B2T : STRONG DEVELOPMENTS IN NETWORKS & SMART CITIES

New contracts

- Contract with Ohio State University (50y concession for $1.2bn)
- Integrated offer in security with IoT extension in Paris area
- Real-estate co-development for Pleyel, Arcueil, Saint-Ouen.
- Smart city contract with la Baule.
- Monaco 3D modelization by Siradel

Business development

- Acquisition of Tabreed: cooling networks in Middle East
- Acquisition of EVBox: electric vehicle charging services (>50k charging stations)
- Acquisition of Icomera: onboard communication solutions for public transports (new contract with Flixbus to install 1,500 vehicles)
- Positioning of Italy on B2T market through 2 acquisitions (DHC & Public Lighting)

Mid-term outlook

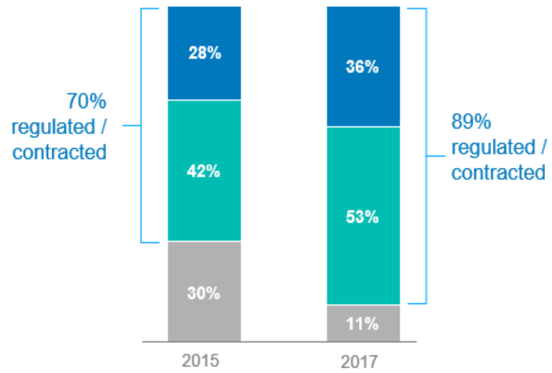
- Closing in Q1 for the control of EPS, a pioneer in hybrid storage solutions.
- Ongoing large tender in DHC, Public Lighting (Brazil), EV (Germany), 3D modelization.
- Deployment of digital transversal platforms for DHC, ITS and cities activities.

03

Transformation plan

Pillar 1 : Re-shaping the portfolio

EBITDA split[1]
in %



Growth Capex split
in %

	2015	2017
Regulated / contracted	61%	89%
Merchant	49%	11%

● Regulated ● Contracted ● Merchant

(1) Excluding unallocated corporate costs

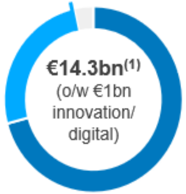
Disposals mostly in **merchant** activities

Growth Capex focused on **growth engines** (regulated/contracted)

Further progress in 2018 with new **storage regulation** in France

2016-18 target

GROWTH Capex
97%



€10.2bn invested
+€3.7bn committed
Focus on growth engines & value creation

PORTFOLIO ROTATION
~90%

€11.6bn closed
+€1.6bn signed
Reduce exposure to coal & merchant assets

Sale of EPI and LNG BU activities

Pillar 1 : Re-shaping the portfolio

June 2017

40% stake in Tabreed acquired
(leader in cooling networks in Gulf countries, with 3.6 GWc contracted) **positioning ENGIE as a new independent global leader in urban cooling networks**

March 2017

Hazelwood (Australia) coal-based power plant permanently shut down
(1 554 MW)

January 2017

Santa Monica, ENGIE's 2nd-largest terrestrial wind park in Brazil, operationally commissioned
(97 MW)

January 2017

Fadhili CCGT power plant construction contract signed in Saudi Arabia
(1,507 MW)

Pillar 2 : Preparing the future

AIMS

Creating the activities of the future

- Demand management
- Green gas
- Decentralised energies
- Hydrogen
- Green mobility
- Low-cost storage
- Smart Buildings
- Energy communities

Innovation and digitalisation

- Detect and explore emerging technologies
- Deploy new business models
- Build closer ties with start-ups
- Encourage the internal innovation culture
- Digitise to enrich the customer experience and optimise the business processes
- Create “digital-native” business models

INNOVATION AND DIGITALISATION

G€1

Investments over the plan’s duration

ADVANCEMENT: KEY POINTS TO REMEMBER

G€0.5
Invested in 2016 and H1 2017

Key Programs

New KPs created, including:

- *Green hydrogen*
- *Offshore wind*
- *Biogas, …*

ENGIE Digital

Ex. of projects in progress

> Virtual assistant (chatbot) BtoC

> Extension of Darwin renewable infrastructures management platform

> Delta predictive maintenance project

ENGIE New Ventures

Stakes owned in 14 start-ups and 9 funds as at end-June 2017

ENGIE Fab

Study of additional sources of growth over a 5-10 year period

Incubation

30 projects hosted to date

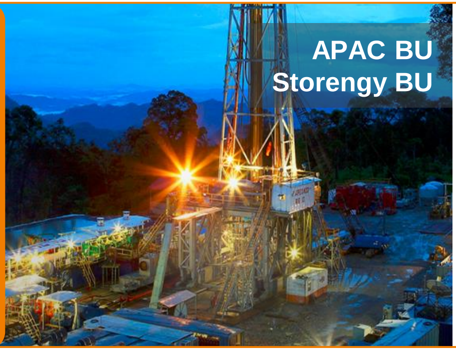
Pillar 2 : Preparing the future

August 2017

City of Pau announced launch of hydrogen bus line, produced by GNVert/Van Hool consortium (bus manufacturer based in Belgium). **It is the first reference of hydrogen buses in France**

June 2017

***"Clara Domus"* launched, a smart energy-efficient services solution for buildings designed with ENGIE Digital based on the C3 IoT platform** (~500 buildings connected via 16,000 sensors)



February 2017

Group's first high-temperature geothermal power production plant built in Muara Laboh in Indonesia (80 MW) **from an internal collaboration model between BUs**

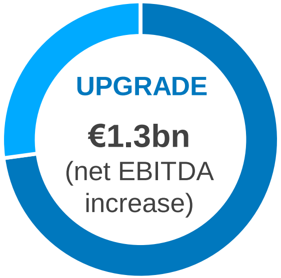
May 2017

EV-Box acquired (105 MEUR), **European leader in power recharge solutions** (> 40,000 stations in use), **a strategic step in ENGIE's development in electrical mobility**

Pillar 3 : Improving performance

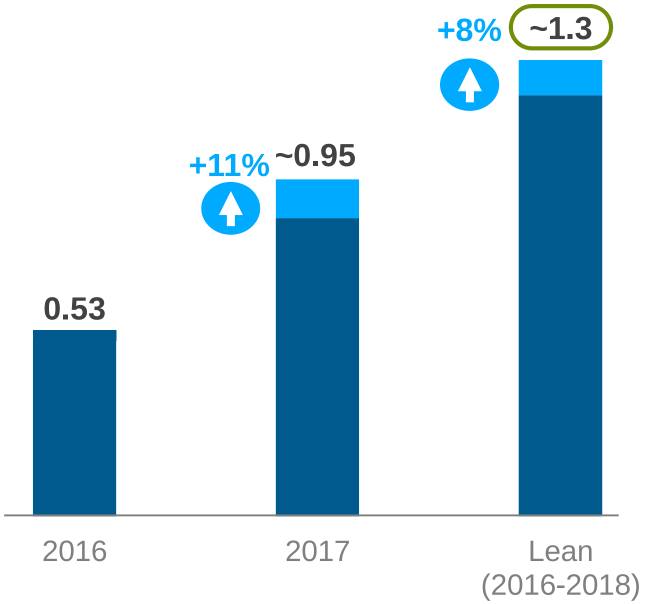
The *LEAN 2018* programme aligns the cost base with strategy and catalyses internal change

LEAN 2018
100%



€0.9bn achieved
+€0.4bn identified
Accelerate internal transformation

Net EBITDA increase, in €bn



Pillar 4 : Adapting the Group

CenGen Métier

Q3 2017

“Off-Shore Wind Energy” Key Program created by CenGen Métier, to speed up the Group’s growth on this high-potential activity
(support for competitiveness, commercial development and organisational structure)

ENGIE University

Q1 2017*

Programme to deploy the new *Leadership Model* guidelines, built on 3 dimensions
(preparing the future, working together and delivering global performance) **and enabling the 30,000 managers to drive the Group's transformation**

Benelux BU

February 2017

Hackathon
“IoT for Greener Cities Challenge” held, open to the external ecosystem
(students, entrepreneurs)
to jointly build low-carbon solutions addressing the energy needs of the cities of tomorrow

ENGIE University

June 2017

First “U.Camp” held, pop-up intensive campus attended by 900 employees in Paris, representing 29 nationalities and 23 BUs
(20 programmes, Marketplace, site visits, executive Q&A, TED talks…)

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