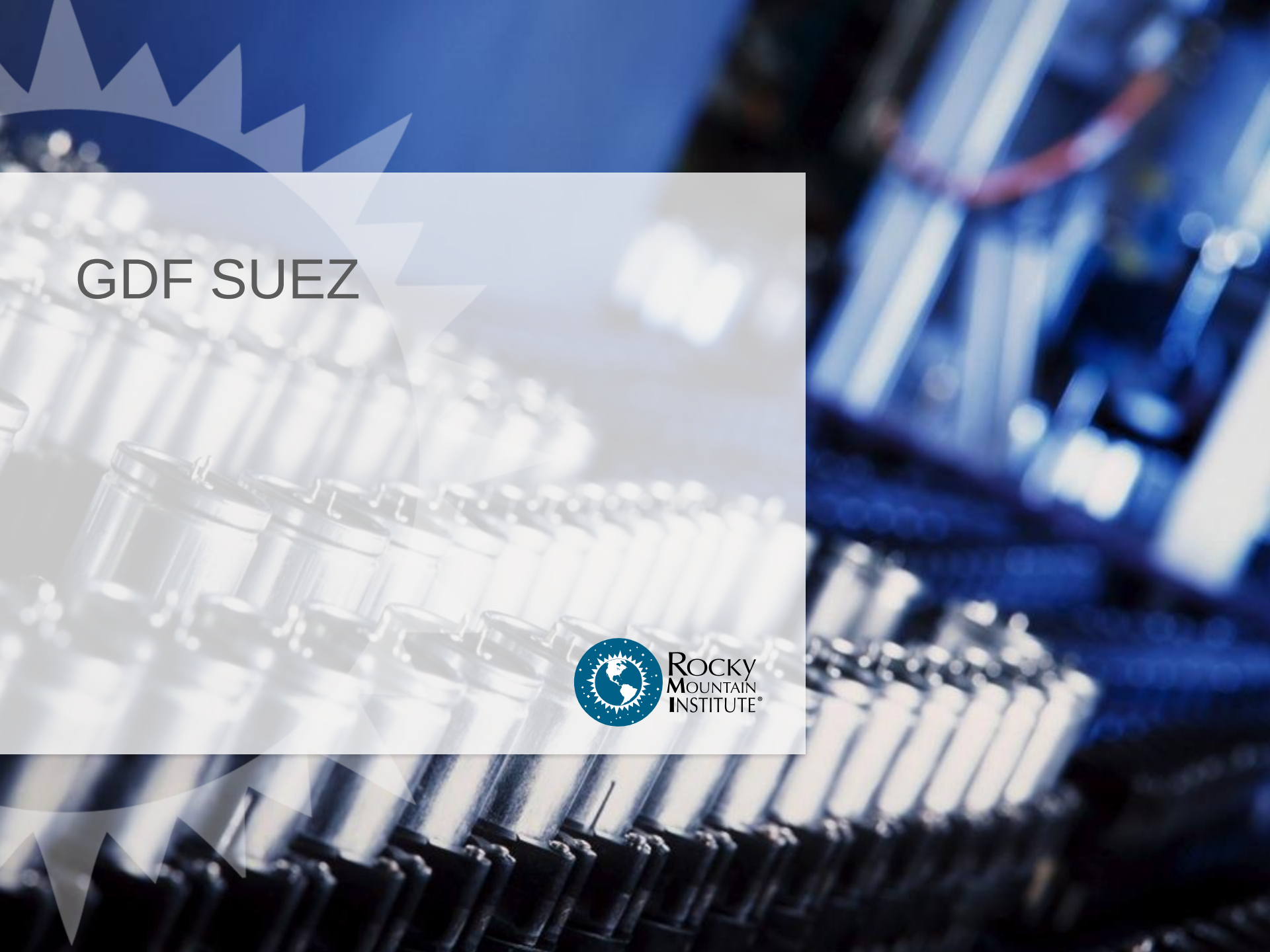
# GDF SUEZ



# KEY FIGURES*

- **€81.3 billion** in 2013 revenues
- **147,400** employees throughout the world
  - Inc. **58,600** in power and natural gas
  - And **88,800** in energy services
- **€27-30 billion** of gross investment over 2014-2016
- Operations in **70** countries
- **800** researchers and experts at **7** R&D centers

* At June 30, 2014.

# THREE EXPANDING BUSINESSES

## Power

- **No.1** independent power producer (IPP) in the world
- **No.1** producer of non-nuclear power in the world
- **114.4 GW*** of installed power-production capacity*
- **7.5 GW*** of capacity under construction*

## Natural gas

- **No.2** buyer of natural gas in Europe
- **No.3** LNG supply portfolio in the world
- **No.1** distribution network in Europe
- **No.2** transport network in Europe
- A supply portfolio of **1,334 TWh**

## Services

- **No.1** supplier of energy efficiency services in the world
- **1,300** sites throughout Europe
- **202** district cooling and heating networks throughout the world

* Including 100% of capacity of assets held by the Group at June 30, 2014, regardless of the actual holding rate.

# LONG-TERM INDUSTRIAL STRATEGY

**In 2013, GDF SUEZ announced two strategic ambitions based on the creation of long-term value growth:**

**1 To become the benchmark energy utility in emerging countries:**

- By leveraging on its strong positions in independent power production
- By developing its presence on the gas value chain
- By globalizing its leadership position in energy services

**2 To be the leader of energy transition in Europe :**

- By becoming the energy partner of its clients while promoting energy efficiency
- By being a vector of energy decarbonization through renewable sources
- By developing new businesses and digitalization

* At June 30, 2014.

# DISTRIBUTED ENERGY

# STRONG REGULATORY PUSH FOR ENERGY TRANSITION IN EUROPE

- **3x20 objectives by 2020**: 20% emissions reduction, 20% increase of renewable energy, 20% increase in energy efficiency
- Some examples of **supportive measures besides supports**
  - Strong support mechanisms to renewable energy
  - Priority access to grid for RES and in dispatching
  - Mandatory energy audits for large companies every 4 years
  - All new and renovated buildings must be “Nearly zero-energy” by 2021
  - Specific authorization procedures for small decentralized generation
  - Energy companies to reduce energy sales by 1.5% every year
  - …

# COMPELLING DER ECONOMICS BY 2020 SHOULD FUEL FURTHER ADOPTION

- @2020 several options become profitable even without subsidies due to **cost reduction, technological improvements** and increase of **retail power prices**
- In electricity generation where **rooftop PV** capacity could almost multiply by 6 compared to 2013 levels (beyond Germany)
- …and in heat generation, where **heat-pump** systems could take ~20% of the boiler replacement market (combined with PV)

# … LEADING TO STRONG PRESSURE ON THE TRADITIONAL UTILITY BUSINESS MODEL …

- Potential **negative** impact on residential **natural gas consumption** of 15-30% of 2013 residential demand by 2020-25 due to energy efficiency improvements and a switch towards electric heating options* impacting gas distribution and sales activities
- **Limited impact** on **electricity sales** business as increased auto-consumption is compensated by increased consumption of electric heat pumps
- Combined with larger RES production, **strong impact** on **centralized power generation**

* Stronger regulation or a more aggressive view on technological improvement could lead to even bigger impacts

# … AND OFFERING NEW OPPORTUNITIES IN ENERGY SERVICES

- **More distributed & small scale**: opportunities for selling products, installation & maintenance services
- **More complex and "smarter"**: increasing needs for energy management and optimization supported by massive digital technology deployment
- **More capital after the meter**: growing needs for new financing solutions to remove the "high upfront cost" barrier

# IS IT ALL GOOD NEWS FOR EUROPE?

**Current evolution raises questions …**

- What will be the impact of high energy costs on European economy **competitiveness**?
- Which evolution of **market design** to reconcile the integration of increasing share of renewables and distributed energy with the necessity to keep in the system the thermal plants?

**… but may lead to a new energy model**

- Towards a decentralized world offering sustainability, resilience and new market opportunities through:
  - Energy Efficiency
  - On-site generation
  - Renewable energy
  - Integrated heat/cooling and power