Key questions & answers to provide a better understanding of the 2013 annual results

How can we analyze 2013?

The Group's 2013 operating results were good and met all of the announced financial goals despite the situation in the European energy markets. We even surpassed certain objectives involving reducing the net debt and the Perform 2015 performance plan.

The Group also accelerated its development policy with the target of being the standard-setting energy provider in emerging markets and the energy transition leader in Europe. A number of successes have been achieved in countries where the Group already has a stronghold as well as in attractive new markets in electricity production, along the gas value chain and energy services.

Solid cash generation has enabled the Board of Directors to propose a €1.50 per share dividend for 2013.

How can we explain such a level of impairments?

The Group considers that the change of environment in Europe is profound and long-lasting. Our industrial vision has therefore led to the recording of highly significant impairments of the book value of some of our European operations.

European energy markets are affected by a sustained decline in demand primarily due to the deteriorating economic climate over the past several years. They have also suffered from the continuing low electricity prices brought on by lower demand and overcapacity. This situation has led several companies in the industry, such as GDF SUEZ, to mothball or permanently shut down production capacity. At the same time, we observe higher CO2 emissions in Europe with the reopening of coal plants, a fuel that has indirectly benefited from the rapid expansion of shale gas in the United States.

Which assets were impaired in 2013?

Essentially thermal power plants and gas storage capacity in Europe –Germany, Belgium, France, Italy, the Netherlands, Luxembourg, the UK– and goodwill *(see glossary for definition)*

Should we expect further impairments in the future?

The adjustment we made during the course of the 2013 financial year was exceptional and bears witness to the change in the Group's vision regarding the European environment. The Group now considers the deterioration of the situation in thermal production and natural gas storage in Europe to be severe and sustained.

In future years, in accordance with IFRS, we will continue to assess the value of our assets, in the knowledge that their value in our accounts following these impairments now incorporates the sustained and severe deterioration of the European energy markets anticipated by the Group.

Why has the Group decided to revise its dividend policy while cash generation remains solid and it is revising its 2014 net recurring income, group share guidance upward?

The new dividend policy associated with the increase in investments, or growth capex, aims to boost the Group's growth potential and create more value for long-term shareholders.

By instituting a 10% dividend increase in compliance with the law, our goal is to reward the loyalty of existing and new shareholders who share the Group's long-term aims.

Which countries is GDF SUEZ targeting for its strategy in Europe and emerging markets?

The Group operates in over 70 countries throughout the world and on all continents. In high-growth markets, to become the standard-setting energy provider, the Group hopes to capitalize on these strong existing positions – primarily in Brazil, Peru, Chile, Thailand, Indonesia, the Middle East – and to grow in a number of markets – namely India, Vietnam, Malaysia, Mongolia, Uruguay, South Africa and Morocco.

In Europe, the Group is striving to be the energy transition leader in the countries where it already has a presence.

What about the proportion of income achieved by the Group in high-growth markets ?

In 2013, the Group derived 30% of its net recurring income from high-growth markets compared to 27% in 2012.

Over the medium term, high-growth markets are expected to account for some 40% of the Group's net recurring income.

Has the disposals program been stopped?

Of the €11 billion of disposals earmarked for 2013-14, the Group has already completed €5 billion. In light of the fact that it reduced its net debt to less than €30 billion a year ahead of target, the Group does not need to continue the program. The disposals will now be limited to the usual minimum rotations and will finance additional growth capex.

Is the Group planning any acquisitions given the stronger financial structure?

The Group's growth strategy primarily relies on organic development.

The Group also undertakes small or medium sized acquisitions like Balfour Beatty in the UK, and has not ruled out undertaking other medium sized acquisitions depending on the opportunity and while maintaining its solid financial structure with an A rating (*see glossary for definition*).

What about the Group's stake in Suez Environnement?

The Group would like to remain a strategic partner of Suez Environnement

Many types of industrial cooperation are needed to efficiently meet the needs of customers of these two Groups. This industrial cooperation has proved especially effective for example in the Middle East where seawater desalination requires very significant energy resources, or when dealing with important issues like the city of tomorrow or bioenergy, which represent the major challenges of land-use planning in the years to come.

In early 2013, the two Groups confirmed their commitment to continue this cooperation by ratifying the guiding principles of their industrial and commercial agreements.

What are the Group's short-term and long-term objectives?

GDF SUEZ would like to accelerate the pace of its strategy with the goal of becoming the standard-setting energy provider in emerging countries and the energy transition leader in Europe.

The Group is also striving to prepare for the future by stepping up innovation and research, and positioning itself in new activities like biogas and retail LNG.

Financially, GDF SUEZ is revising its targets upward with anticipated net recurring income for 2014 of between €3.3 billion and €3.7 billion, compared to a previous range of €3.1-3.5 billion, and gross investments of €9 billion to €10 billion in 2014-2016 compared to a previous range of €7-8 billion. The Group has also confirmed that it will achieve a net debt to EBITDA ratio of lower than or equal to 2.5x, and maintain a rating of A *(see glossary)*.

The Group also decided to increase its Perform 2015 targets by €800 million in light of the results in 2013 and the ongoing deterioration of the economic environment.

In addition, GDF SUEZ is on track to meet its social and environmental objectives for 2015 in terms of reducing CO_2 emissions and developing renewable energies, biodiversity, diversity, employee training, employee shareholding and health & safety.

In terms of jobs, GDF SUEZ plans to hire 15,000 staff members per year throughout the world, including 9,000/year in France in 2014-15.