



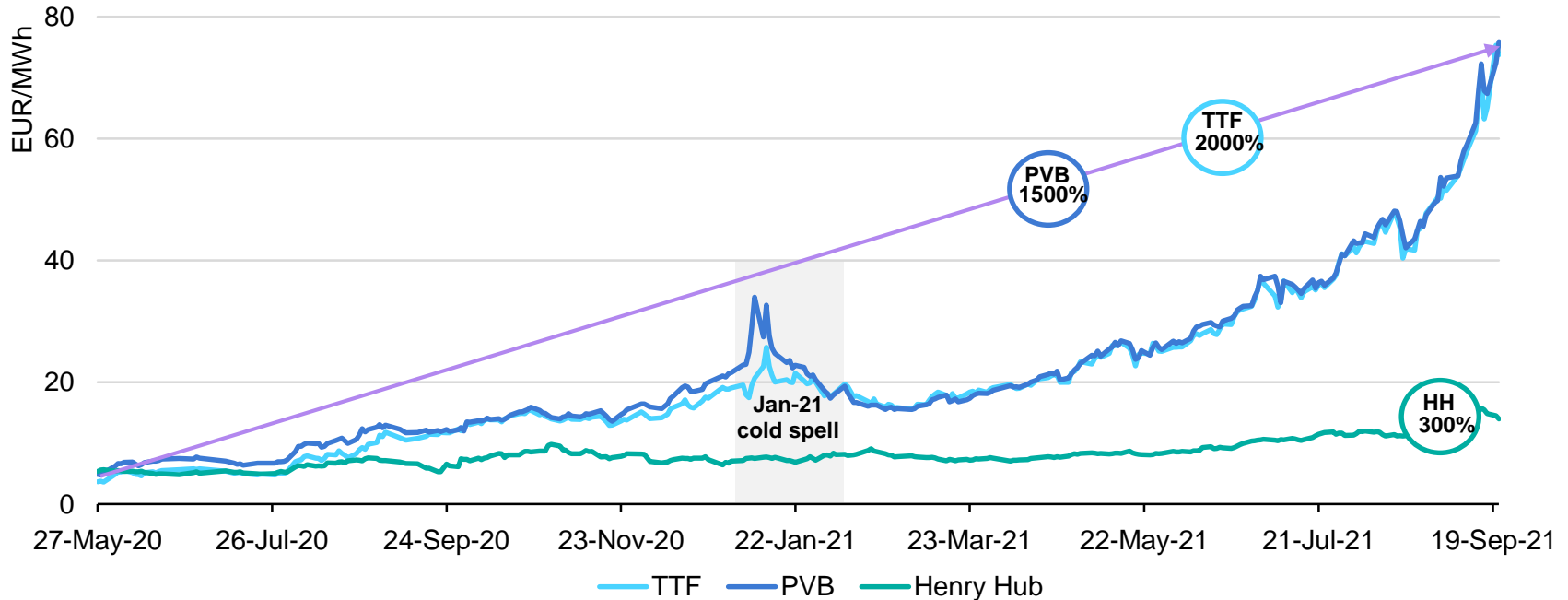
Gas and coal markets update

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2021: an unprecedented price rally for European gas markets

TTF, PVB and Henry Hub month-ahead prices (May 2020 - September 2021)

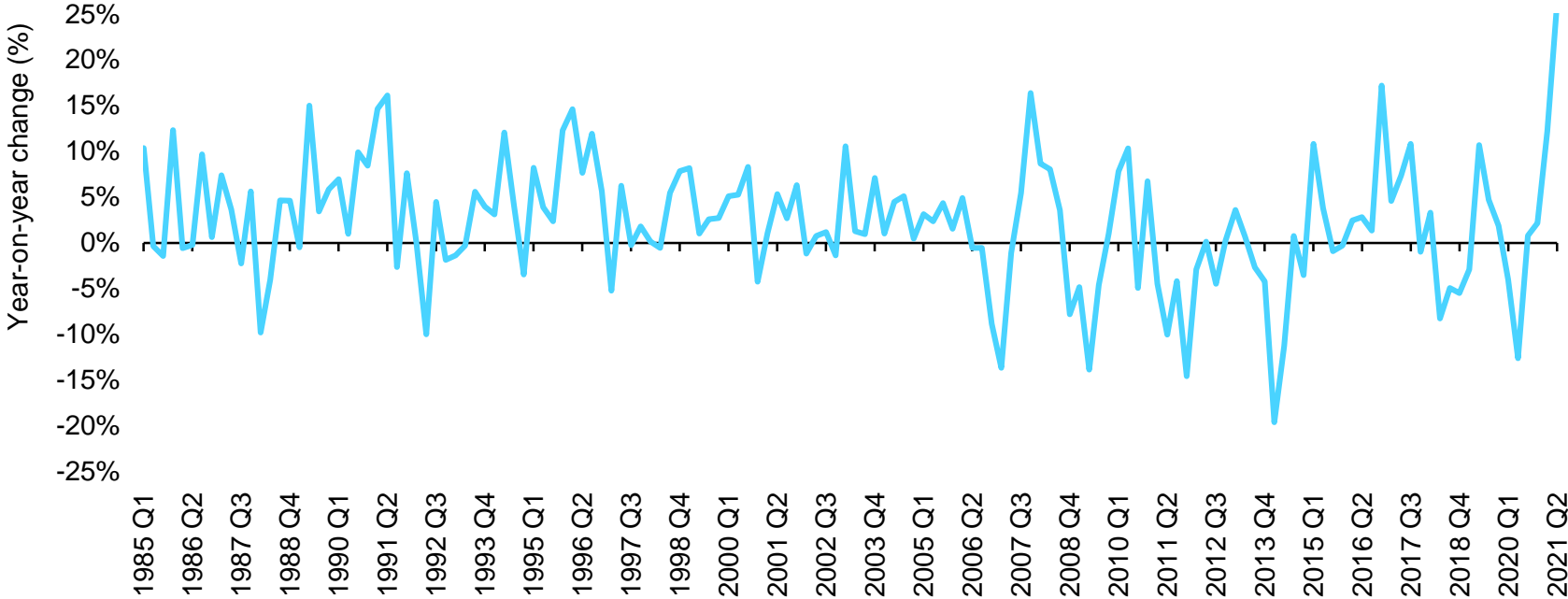


Strong demand growth combined with tighter supply and stiff competition with Asian markets, led to an unprecedented price rally in European gas markets.

European gas consumption: a strong recovery in H1 2021



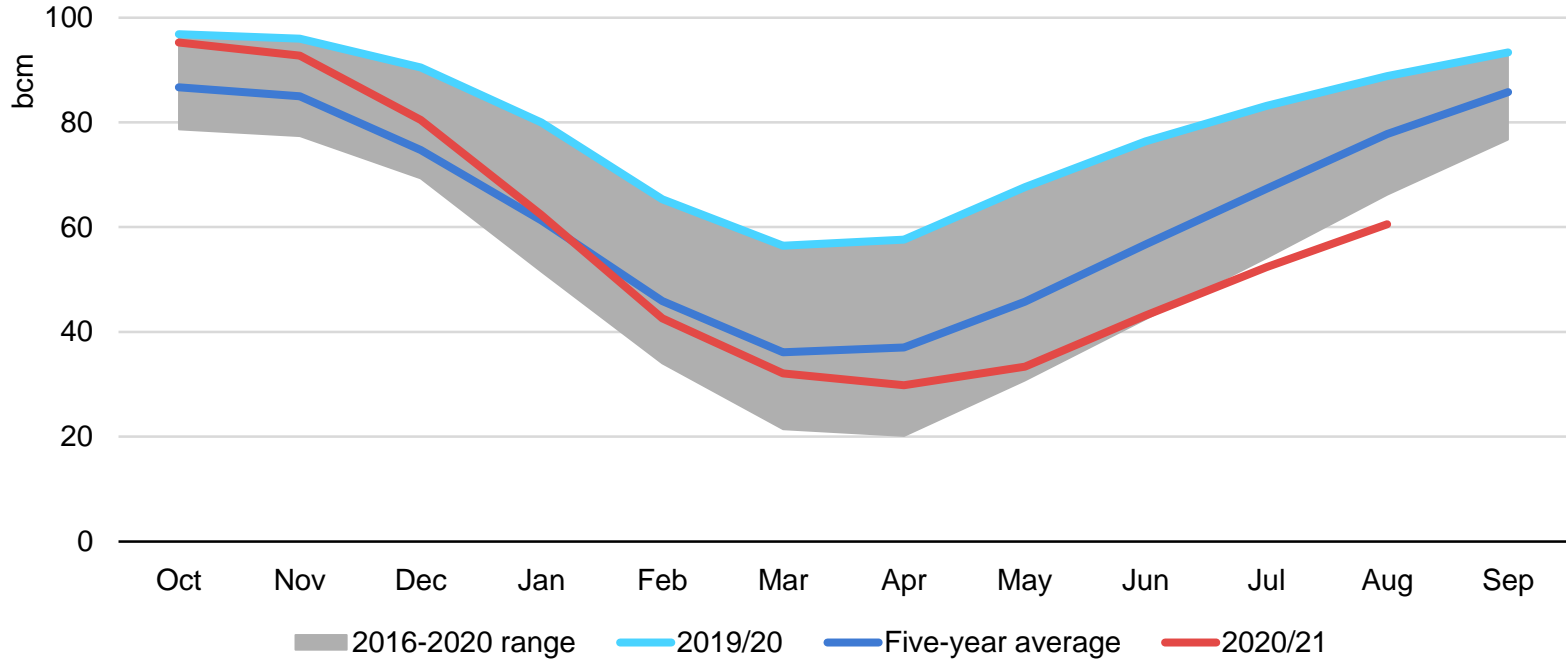
Estimated quarterly year-on-year change in European gas consumption (1985-2021)



European gas consumption rose by an estimated 25% in Q2 2021, its largest y-o-y quarterly increase since at least 1985.

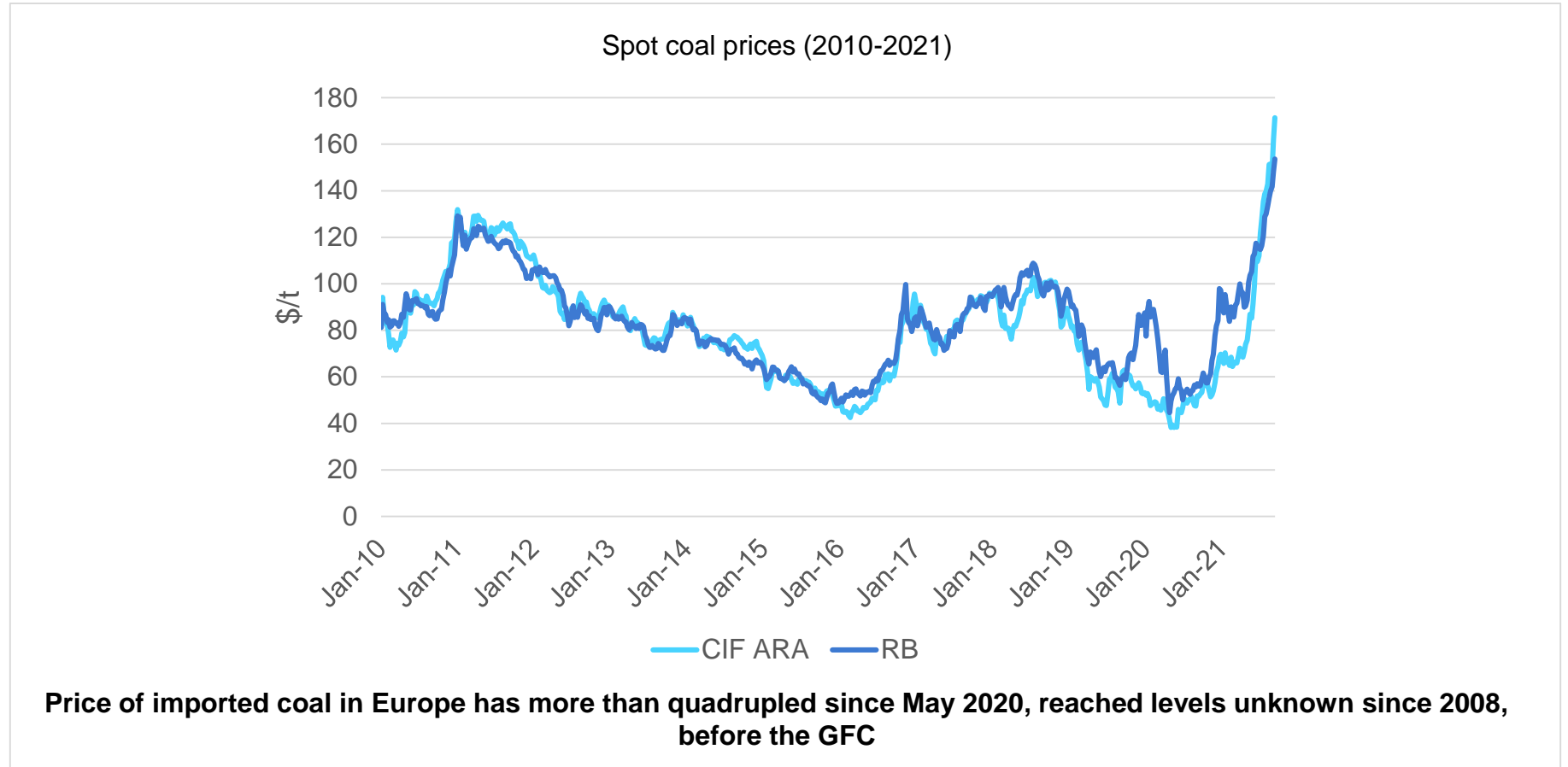
Winter is coming... and storage levels are well-below average

European underground gas storage levels (2016-2021)

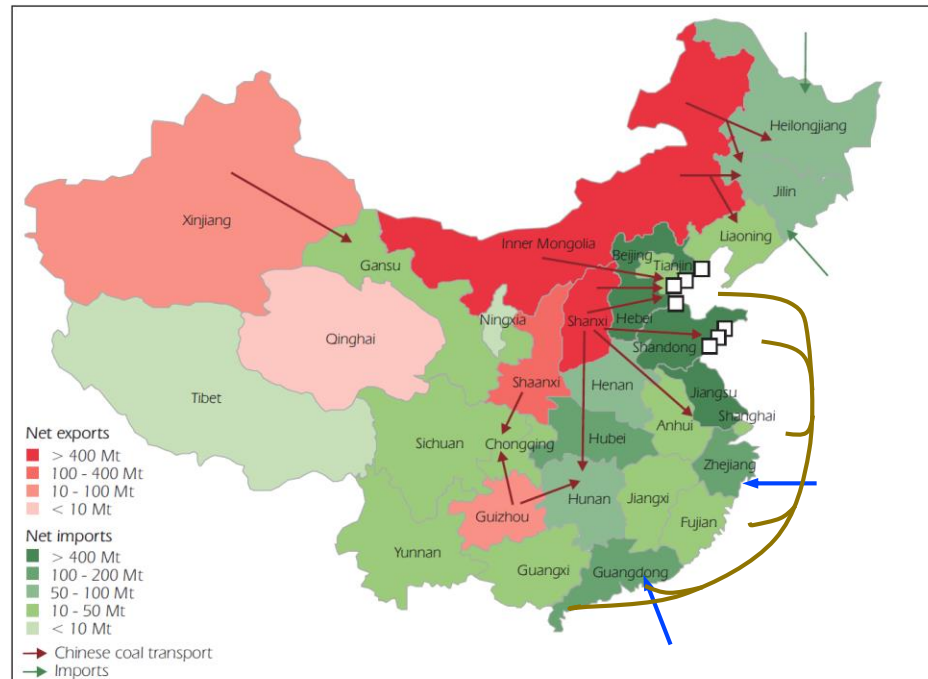


Low gas storage levels is set to increase Europe's reliance on imports through the heating season.

Coal prices: highest level in a decade



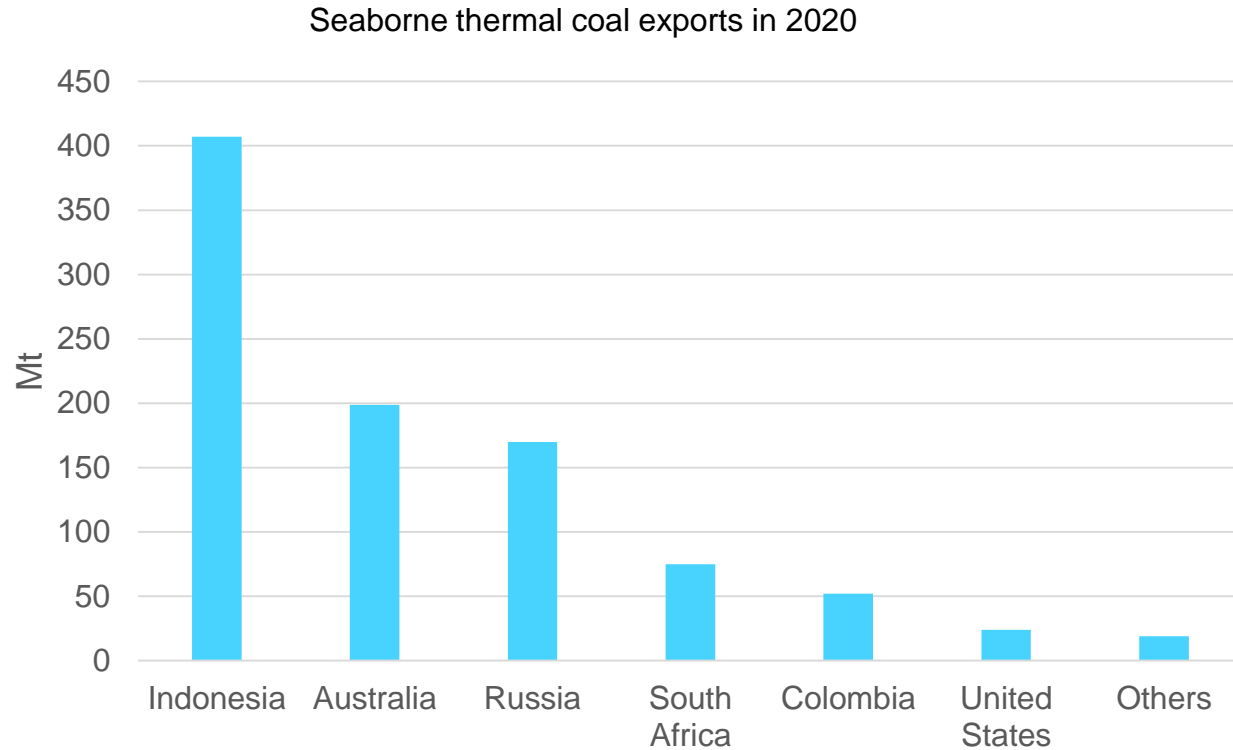
Coal transportation to consuming centres in China



This map is without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries, and to the name of any territory, city or area.

China, through the massive arbitrage in the coastal regions between international and domestic supplies, is coal price setter at global level

Seaborne thermal coal trade is concentrated in a few countries



Disruptions in some of the major exporters have a strong impact on prices

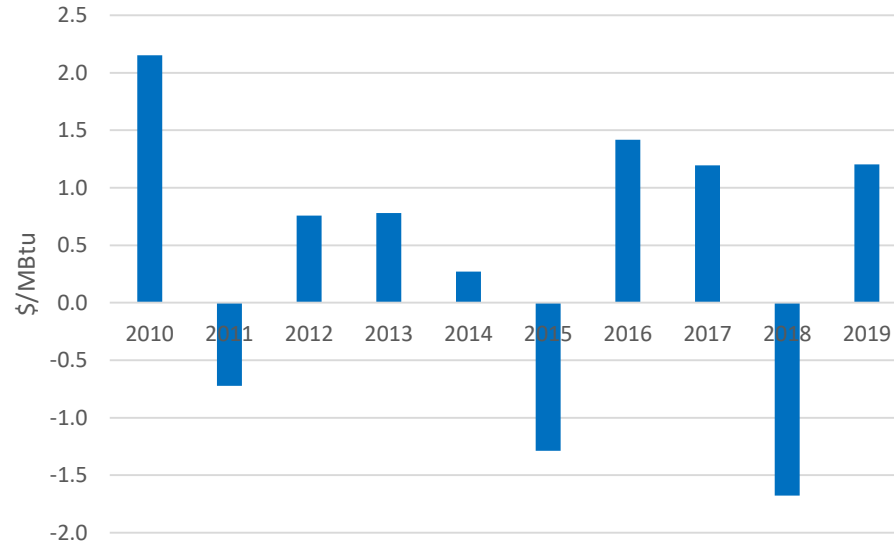
European carbon prices continued their rise to new highs

EUA month-ahead prices (April 2008 - September 2021)



Economic recovery, higher fossil fuel burn in the power sector and the European Union's "Fit for 55" package boosted European carbon prices to new highs.

Difference between gas prices in December and September (TTF)



Despite gas prices generally increase in the winter time, there are a variety of circumstances that can push prices down

- Volatility and variability of commodity prices is nothing new
- In the case of current increase of gas prices, it has been driven by a combination of factors, both in the demand and supply side
- Strong economic recovery, winter cold snaps and lower wind and hydro generation in some geographies led to an increase demand whereas supply was tighter than anticipated
- High coal prices are a reflect of market tightness in China and disruptions in some of the major exporters while demand recovered in 2021. High gas prices are also pushing coal prices up
- The link between gas and electricity markets is increasing, and this creates tightness in the market especially when cold weather pushed both gas and electricity demand
- Clean energy transitions require secure and affordable energy supplies, especially for the most vulnerable people in our societies

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