

ENGIE EPS 2018 RESULTS

Continuous double-digit growth to initiate an industrial play within ENGIE's new Roadmap

Carlalberto Guglielminotti, Chief Executive Officer at ENGIE EPS, commented *"In 2018 ENGIE EPS posted an impressive growth with revenues increased by 57%, and thanks to ENGIE's support a more than doubled backlog with a pipeline of over €300 million, maintaining a 30% gross margin. These results witness the intensity and commitment of the extraordinary people we have at ENGIE EPS. There are now hundreds of megawatts of microgrids and solar-plus-storage tenders around the world and together with ENGIE Solar we are positioned as top-tier player with a unique vertically integrated and turn-key value proposition. We will now focus on continuous sustainable growth as well as on our path to profitability. These results were achieved during a year where ENGIE EPS experienced a transformational change in its ownership structure, including a capital raise subscribed by old and new investors"*.

2018 KEY FIGURES¹

Revenues amount to €15.5 million as of 31 December 2018, up 57% compared to the previous year. This growth is mainly due to positive developments in our core addressable markets: microgrids in islands and emerging countries, and grid support in developed economies – in both cases partnering with ENGIE. In particular, successful deployment of microgrids such as the Comoros, Somaliland, New Caledonia and Singapore. More importantly, growth is also due to grid-connected solutions in Europe with 24MW storage systems that went online in Spain, Italy and Belgium.

Pipeline as of the date of this Press Release increased by 101% compared to 28 March 2018, reaching €302 million. Order intake in 2018 has reached 41.3MW, representing approximately €10.9 million. This achievement confirms the effectiveness of ENGIE EPS' business model in Southern Europe, Africa and Asia Pacific regions, which has enabled ENGIE EPS to accelerate its growth reaching a total of 46 customers in 23 countries across the globe.

Project Backlog as of the date of this Press Release corresponds to €52.4 million, an increase of 109% compared to 28 March 2018. ENGIE's projects played a pivotal role, including a solar-plus-storage project awarded in partnership with ENGIE Solar representing 61% of the Project Backlog. This includes the total EPC value of such solar-plus-storage project whereas the related revenue recognition for the PV portion (approx. 55% of the Project Backlog) will depend on the final allocation of the EPC responsibilities between ENGIE EPS and ENGIE Solar.

In other terms, notwithstanding the retendering of the Armonia project in Palau announced on 15 February 2019², Project Backlog more than doubled compared to last year, and is currently comprised of €42.7

¹ The 2018 consolidated IFRS financial statements have been approved by the board of Directors on 14 March 2019, the audit procedures have been completed and the statutory auditors' report is in the process of being issued.

² The Armonia project represented a 100MW microgrid, which had been awarded to ENGIE EPS (see 12 October 2018 press release) and was included in the backlog after that date. Following the Palau government's decision, for internal reason, to reopen the tender (see 15 February 2019 press release), it is no longer included in the backlog.



million projects on an EPC basis, and €9.7 million projects secured on a Power Purchase Agreement (PPA) basis, for which financing is currently under structuring.

Gross margin stands above 30%, despite an increase in project size and complexity.

Personnel costs increased by 24% reaching €4.4 million compared to the €3.5 million of 2017. This is due to the continuous intensity in R&D and a major commitment in undertaking business execution.

R&D investments amounted to €3.2 million, including expenses and capitalized amounts. These investments represent 20% of consolidated revenues and 40% of all fixed costs, confirming once more the strong commitment of ENGIE EPS in R&D and innovation.

Other Operating Expenses decreased by 24% amounting to €1.6 million compared to €2.1 million in 2017. This is due to cost rationalization and a more efficient internal organizational structure.

EBITDA loss amounts to €4.6 million in 2018 compared to the €1.7 million loss of 2017. This is mainly the consequence of the negative impact of scaling EPC and outsourced construction activities in view of the utility-scale focus. However, in 2019, ENGIE's support and the partnership with ENGIE Solar could dramatically change the current outlook, given their experience gained through the 1.2GW of new solar PV awards on a worldwide basis. Overall, this should contribute to a more structured and sophisticated approach to EPC activities, enabling a sustainable path to profitability.

Net Result as of 31 December 2018 improved by 3% compared to 2017, from € -9.0 million to € -8.7 million. Non-recurrent items accounting for €2.6 million, which significantly affected the operating result and are mainly represented by non-recurring legal and accounting expenses linked to extraordinary transactions, namely the corporate change of control, the Mandatory Tender Offer and the Rights Issue carried out in 2018.

Net Financial Position at the end of 2018 increased to €6.8 million from € -12.3 million on 31 December 2017, mainly due to the €30 million capital increase and the growth in revenues, despite working capital and continuous investments in R&D. In this respect, ENGIE EPS has constantly been supported by Intesa Sanpaolo, which in February 2019 approved, subject to customary condition precedents for ENGIE group companies, an additional €7.5 million facility.

OUTLOOK

ENGIE EPS' integration process within the ENGIE Group started in 2018 and resulted in a positive outcome. ENGIE's contribution to business development represents 67% from a Project Backlog perspective and 79% at the Pipeline level. More importantly, hundreds of megawatts of microgrids and specifically solar plus storage projects will be tendered in the coming months around the globe, and ENGIE EPS with the support of ENGIE Solar is well positioned with a unique vertically integrated turn-key proposition. Microgrids and utility scale storage have been prioritized for development by ENGIE and will play a significant role in ENGIE's renewable strategy plan.



In addition, during ENGIE's Capital Markets Day held on 28 February 2019 in London, further emphasis has been given to ENGIE EPS's positioning as a microgrid world market leader as well as future opportunities for microgrids and energy storage.

In this context, ENGIE and ENGIE EPS management teams will continue to work together to maximize synergies and determine the appropriate level of integration between their respective businesses.

Once the effects of such integration can be better assessed, ENGIE EPS will provide an update of its strategic plan for the 2020 and beyond over the course of 2019.

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The investor conference call is scheduled on 15 March 2019 at 8:30am, dial-in and the presentation will be available in the new corporate website: engie-eps.com/financial-calendar

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About ENGIE EPS

ENGIE EPS is part of the ENGIE group and specializes in microgrids and storage solutions that enable intermittent renewable sources to be transformed into a stable power source. Listed on Euronext Paris (EPS:FP), ENGIE EPS is listed in the CAC® Mid & Small and the CAC® All-Tradable indices. Its registered office is in Paris and conducts its research, development and manufacturing in Italy. Thanks to technology covered by 130 patents and applications, ENGIE EPS develops utility scale energy storage systems to stabilize electrical grids that are heavily penetrated by renewable sources in developed countries, and microgrids in islands and emerging economies to power off-grid areas at a lower cost than fossil fuels. More information on www.engie-eps.com

About ENGIE

We are a global energy and services group, focused on three core activities: low-carbon power generation, mainly based on natural gas and renewable energy, global networks and customer solutions. Driven by our ambition to contribute to a harmonious progress, we take up major global challenges such as the fight against global warming, access to energy to all, or mobility, and offer our residential customers, businesses and communities energy production solutions and services that reconcile individual and collective interests. Our integrated - low-carbon, high-performing and sustainable - offers are based on digital technologies. Beyond energy, they facilitate the development of new uses and promote new ways of living and working. Our ambition is conveyed by each of our 150,000 employees in 70 countries. Together with our customers and partners, they form a community of imaginative builders who invent and build today solutions for tomorrow.

2017 turnover: 65 billion Euros. Listed in Paris and Brussels (ENGI), the Group is represented in the main financial (CAC 40, BEL 20, Euro STOXX 50, STOXX Europe 600, MSCI Europe, Euronext 100, FTSE Eurotop 100, Euro STOXX Utilities, STOXX Europe 600 Utilities) and extra-financial indices (DJSI World, DJSI Europe and Euronext Vigeo Eiris - World 120, Eurozone 120, Europe 120, France 20, CAC 40 Governance). To learn more: www.engie.com.

Forward looking statement

This release may contain forward-looking statements. These statements are not undertakings as to the future performance of ENGIE EPS. Although ENGIE EPS considers that such statements are based on reasonable expectations and assumptions at the date of publication of this release, they are by their nature subject to risks and uncertainties which could cause actual performance to differ from those indicated or implied in such statements. These risks and uncertainties include without limitation those explained or identified in the public documents filed by ENGIE EPS with the French Financial Markets Authority (AMF), including those listed in the "Risk Factors" section of the ENGIE EPS (ex EPS) Registration Document filed with the AMF on 13 July 2018 (under number R.18-057). Investors and ENGIE EPS shareholders should note that if some or all of these risks are realized they may have a significant unfavorable impact on ENGIE EPS.



These forward looking statements can be identified by the use of forward looking terminology, including the verbs or terms “anticipates”, “believes”, “estimates”, “expects”, “intends”, “may”, “plans”, “build- up”, “under discussion” or “potential customer”, “should” or “will”, “projects”, “backlog” or “pipeline” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear throughout this announcement and include, but are not limited to, statements regarding the ENGIE EPS’ intentions, beliefs or current expectations concerning, among other things, the ENGIE EPS’ results of business development, operations, financial position, prospects, financing strategies, expectations for product design and development, regulatory applications and approvals, reimbursement arrangements, costs of sales and market penetration. In addition, even if the ENGIE EPS’ results of operations, financial position and growth, and the development of the markets and the industry in which ENGIE EPS operates, are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. The forward-looking statements herein speak only at the date of this announcement. ENGIE EPS does not have the obligation and undertakes no obligation to update or revise any of the forward-looking statements.

Financial Calendar

ENGIE EPS will no longer publish quarterly information. The company will continue to provide regular updates on its business and financial developments on a ad hoc basis, at the time of the next annual general shareholders’ meeting and for the half-year and annual results.

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ENGIEgroup

1.1. Consolidated Income Statement

CONSOLIDATED INCOME STATEMENT (amounts in Euro)	31/12/2018	31/12/2017
Revenues	15,540,960	9,898,994
Other Income	119,721	107,371
TOTAL REVENUES AND OTHER INCOME	15,660,681	10,006,365
Cost of goods sold	(10,983,399)	(6,030,347)
GROSS MARGIN FROM SALES	4,677,282	3,976,018
% on Revenues	30%	40%
Personnel costs	(4,352,366)	(3,503,332)
Other operating expenses	(1,647,802)	(2,102,364)
Other costs for R&D and industrial operations	(3,279,710)	(115,026)
EBITDA excluding Stock Option and Incentive Plans expenses ⁽¹⁾	(4,602,596)	(1,744,704)
Amortization and depreciation	(1,655,407)	(1,276,156)
Impairment and write down	(289,038)	(65,174)
Non recurring income and expenses and Integration costs	(2,627,433)	(2,576,662)
Stock options and Incentive plans	(2,723,817)	(331,539)
EBIT	(11,898,290)	(5,994,235)
Net financial income and expenses	(692,014)	(747,538)
Revaluation of European Investment Bank warrants liabilities (IFRS 2) and other impacts of EIB loan prepayment	3,777,134	(3,086,219)
Income Taxes	78,532	818,482
NET INCOME (LOSS)	(8,734,638)	(9,009,510)
Attributable to:		
Equity holders of the parent company	(8,734,638)	(9,009,510)
Non-controlling interests	0	0
Basic earnings per share	(0.83)	(1.10)
Weighted average number of ordinary shares outstanding	10,525,521	8,155,295
Diluted earnings per share ⁽²⁾	(0.83)	(1.10)

⁽¹⁾ EBITDA excluding Stock Option and Incentive Plans expenses is not defined by IFRS.

⁽²⁾ Considering the negative net result, Diluted earnings per share has been aligned to Basic earnings per share

1.2. Consolidated Income Statement comparison on a Like-for-Like basis

CONSOLIDATED INCOME STATEMENT IAS 11 and IAS 18 comparable (amounts in Euro)	31/12/2018 ⁽¹⁾	31/12/2017
Revenues	12,203,997	9,898,994
Other Income	119,721	107,371
TOTAL REVENUES AND OTHER INCOME	12,323,718	10,006,365
Cost of goods sold	(8,667,255)	(6,030,347)
GROSS MARGIN FROM SALES	3,656,463	3,976,018
% on Revenues	30%	40%
Personnel costs	(4,352,366)	(3,503,332)
Other operating expenses	(1,647,802)	(2,102,364)
Other costs for R&D and industrial operations	(2,515,276)	(115,026)
EBITDA excluding Stock Option and Incentive Plans expenses ⁽²⁾	(4,858,981)	(1,744,704)
Amortization and depreciation	(1,655,407)	(1,276,156)
Impairment and write down	(289,038)	(65,174)
Non recurring income and expenses	(2,627,433)	(2,576,662)
Stock options and Incentive plans	(2,723,817)	(331,539)
EBIT	(12,154,675)	(5,994,235)
Net financial income and expenses	(692,014)	(747,538)
Revaluation of European Investment Bank warrants liabilities (IFRS 2) and other impacts of EIB loan prepayment	3,777,134	(3,086,219)
Income Taxes	78,532	818,482
NET INCOME (LOSS)	(8,991,024)	(9,009,510)

⁽¹⁾ Like-for-like, based on a comparable scope of accounting standards under IAS 11 and IAS 18

⁽²⁾ EBITDA excluding Stock Option and Incentive Plans expenses is not defined by IFRS.

1.3. Consolidated Statement of Other Comprehensive Income

OTHER COMPREHENSIVE INCOME (amounts in Euro)	31/12/2018	31/12/2017
NET INCOME (LOSS)	(8,734,638)	(9,009,510)
Exchange differences on translation of foreign operations and other differences	(156)	(23,095)
Actuarial gain and (losses) on employee benefits	(43,733)	44,263
Other comprehensive income (loss) for the year, net of tax	(43,889)	21,168
Total comprehensive income for the year, net of tax	(8,778,527)	(8,988,342)
Attributable to Equity holders of the parent company	(8,778,527)	(8,988,342)

1.4. Consolidated Balance Sheet

ASSETS (amounts in Euro)	31/12/2018	31/12/2017
Property, plant and equipment	1,294,653	753,412
Intangible assets	7,986,470	6,264,545
Investments in entities accounted using the equity method	996	0
Other non current financial assets	143,227	73,757
TOTAL NON CURRENT ASSETS	9,425,346	7,091,714
Trade and other receivables	8,164,968	7,930,919
Inventories	3,052,853	997,352
Other current assets	1,981,965	3,184,393
Current financial assets	350,000	0
Cash and cash equivalent	10,860,527	4,237,540
TOTAL CURRENT ASSETS	24,410,314	16,350,204
TOTAL ASSETS	33,835,660	23,441,918
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EQUITY AND LIABILITIES (amounts in Euro)	31/12/2018	31/12/2017
Issued capital	2,553,372	1,687,926
Share premium	48,843,750	19,451,395
Other Reserves	4,932,184	6,431,264
Retained Earnings	(30,296,289)	(20,198,389)
Profit (Loss) for the period before Revaluation of European Investment Bank warrants liabilities (IFRS 2)	(12,511,771)	(5,923,291)
Total Equity before European Investment Bank variation (IFRS 2)	13,521,244	1,448,905
Revaluation of European Investment Bank warrants liabilities (IFRS 2) - Impact on Net Profit	3,777,134	(3,086,219)
TOTAL EQUITY	17,298,378	(1,637,314)
Severance indemnity reserve and Employees' benefits	4,226,240	688,821
Non current financial liabilities	1,810,167	13,403,102
Other financial liabilities - Revaluation of European Investment Bank warrants liabilities (IFRS 2)	0	3,086,219
Non current deferred tax liabilities	16,494	107,285
TOTAL NON CURRENT LIABILITIES	6,052,901	17,285,427
Trade payables	5,513,949	3,073,080
Other current liabilities	2,709,845	1,546,769
Current financial liabilities	2,240,696	3,154,739
Income tax payable	19,892	19,218
TOTAL CURRENT LIABILITIES	10,484,381	7,793,806
TOTAL EQUITY AND LIABILITIES	33,835,660	23,441,918

1.5. Consolidated Balance Sheet comparison on a Like-for-Like basis

ASSETS IAS 11 and IAS 18 comparable (amounts in Euro)	31/12/2018 ⁽¹⁾	31/12/2017
Property, plant and equipment	1,294,653	753,412
Intangible assets	7,986,470	6,264,545
Investments in entities accounted using the equity method	996	0
Other non current financial assets	143,227	73,757
TOTAL NON CURRENT ASSETS	9,425,346	7,091,714
Trade and other receivables	9,738,686	7,930,919
Inventories	2,297,314	997,352
Other current assets	1,981,965	3,184,393
Current financial assets	350,000	
Cash and cash equivalent	10,860,527	4,237,540
TOTAL CURRENT ASSETS	25,228,492	16,350,204
TOTAL ASSETS	34,653,838	23,441,918
EQUITY AND LIABILITIES IAS 11 and IAS 18 comparable (amounts in Euro)	31/12/2018 ⁽¹⁾	31/12/2017
Issued capital	2,553,372	1,687,926
Share premium	48,843,750	19,451,395
Other Reserves	4,932,184	6,431,264
Retained Earnings	(29,221,726)	(20,198,389)
Profit (Loss) for the period before Revaluation of European Investment Bank warrants liabilities (IFRS 2)	(12,768,156)	(5,923,291)
Total Equity before European Investment Bank variation (IFRS 2)	14,339,423	1,448,905
Revaluation of European Investment Bank warrants liabilities (IFRS 2) - Impact on Net Profit	3,777,134	(3,086,219)
TOTAL EQUITY	18,116,557	(1,637,314)
Severance indemnity reserve and Employees' benefits	4,226,240	688,821
Non current financial liabilities	1,810,167	13,403,102
Other financial liabilities - Revaluation of European Investment Bank warrants liabilities (IFRS 2)	0	3,086,219
Non current deferred tax liabilities	16,494	107,285
TOTAL NON CURRENT LIABILITIES	6,052,901	17,285,427
Trade payables	5,513,949	3,073,080
Other current liabilities	2,709,845	1,546,769
Current financial liabilities	2,240,696	3,154,739
Income tax payable	19,892	19,218
TOTAL CURRENT LIABILITIES	10,484,382	7,793,806
TOTAL EQUITY AND LIABILITIES	34,653,838	23,441,918

⁽¹⁾ Like-for-like, based on a comparable scope of accounting standards under IAS 11 and IAS 18

1.6. Consolidated Statement of Changes in Equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (amounts in Euro)	Share Capital	Premium Reserve	Stock Option and Warrants plan reserve	Other Reserves	Retained Earnings (Losses)	Profit (Loss) for the period	Total Equity before European Investment Bank variation (IFRS 2)	Revaluation of European Investment Bank warrants liabilities (IFRS 2) and other impacts of EJB loan prepayment	TOTAL EQUITY
Net Equity as of 31 December 2016	1,576,361	18,082,718	6,266,665	(257,082)	(11,640,814)	(8,557,601)	5,470,247	0	5,470,247
Previous year result allocation	0	0	0	0	(8,557,601)	8,557,601	0	0	0
Treasury shares	0	0	0	62,294	0	0	62,294	0	62,294
Stock option and warrants	0	0	338,244	0	0	0	338,244	0	338,244
Shareholder's capital contribution (IPO)	0	0	0	0	0	0	0	0	0
Shareholder's capital increase	111,565	1,368,677	0	0	0	0	1,480,243	0	1,480,243
Loss for the period	0	0	0	0	0	(5,923,291)	(5,923,291)	(3,086,219)	(9,009,510)
Other Comprehensive Income	0	0	0	44,445	(19,124)	0	25,321	0	25,321
Net Equity as of 31 December 2017	1,687,925	19,451,395	6,604,909	(173,645)	(20,198,389)	(5,923,291)	1,448,905	(3,086,219)	(1,637,314)
IFRS 15 first time adoption as at 1 January 2018					(1,074,563)		(1,074,563)		(1,074,563)
Previous year result allocation	0	0	0	0	(9,009,510)	5,923,291	(3,086,219)	3,086,219	0
Stock option and warrants	0	0	(1,453,787)	0	0	0	(1,453,787)	0	(1,453,787)
Shareholder's capital increase	865,446	29,392,355	0	0	0	0	30,257,801	0	30,257,801
Other movements				(1,560)	(13,671)		(15,231)		(15,231)
Loss for the period	0	0	0	0	0	(12,511,771)	(12,511,771)	3,777,134	(8,734,638)
Total comprehensive income	0	0	0	(43,733)	(156)	0	(43,889)	0	(43,889)
Net Equity as of 31 December 2018	2,553,372	48,843,750	5,151,122	(218,938)	(30,296,289)	(12,511,771)	13,521,245	3,777,134	17,298,378

1.7. Consolidated Statement of Cash Flows

CASH FLOW STATEMENT (amounts in Euro)	31/12/2018	31/12/2017
Net Income or Loss	(8,734,638)	(9,009,510)
Non-cash adjustment to reconcile profit before tax to net cash flows	(357,655)	0
Revaluation of European Investment Bank warrants liabilities (IFRS 2) and other impacts of EIB loan prepayment	(3,777,134)	3,086,219
Amortisation and depreciation	1,655,407	1,276,156
Impairment and write down	289,038	65,173
Stock option and incentive plans impact	(1,466,296)	331,539
Defined Benefit Plan	443,411	0
Non-cash variation in bank debts	488,339	486,276
Income related to composition with creditors		
Working capital adjustments		
Decrease (increase) in tax assets	719,544	(719,765)
Decrease (increase) in trade and other receivables and prepayments	(4,362,766)	(4,684,855)
Decrease (increase) in inventories	1,780,617	146,800
Increase (decrease) in trade and other payables	3,224,791	(1,259,936)
Increase (decrease) in non current assets and liabilities	2,686,501	697,176
Net cash flows from operating activities	(7,410,842)	(9,584,726)
Investments		
Net Decrease (Increase) in intangible assets	(3,137,602)	(2,581,110)
Net Cash flow deriving from business combination	0	0
Net Decrease (Increase) in tangible assets	(780,971)	(147,741)
Net cash flows from investments activities	(3,918,573)	(2,728,851)
Financing		
Increase (decrease) in bank debts	(12,304,402)	9,524,186
Shareholders cash injection	30,257,801	1,480,243
Purchase of treasury shares	0	62,294
Warrants	0	6,605
Investments in company accounted for using the equity method	(996)	
Net Proceeds from increases of Capital	0	0
Receipt of government grants	0	0
Net cash flows from financing activities	17,952,403	11,073,328
EPS S.A. net cash and cash equivalent at Period Beginning		
Net cash and cash equivalent at the beginning of the period	4,237,540	5,477,790
NET CASH FLOW FOR THE PERIOD	6,622,988	(1,240,249)
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10,860,527	4,237,540