



2019 ANNUAL RESULTS AND 2020 OUTLOOK UPDATE

INVESTOR CALL TRANSCRIPT

Investor Call held in Milan, 20 March 2020, h8:00am CET

Carlaberto Guglielminotti: Good morning, ladies and gentlemen, and thank you for being with us today. I'm very pleased to welcome you in this morning call on our 2019 results and 2020 outlook update. I'm joined with Stefano Terranova, our General Manager, Andrea Rossi, our CFO, together with Giuseppe Artizzu, our Executive Director for strategy and market intelligence.

I will start with a few key observations on the current situation and our numbers. Stefano will then provide an analysis of our results and new organizational footprint. Finally, I will explain the 2020 outlook update. Following the presentation that as usual you can download from the popup appearing on the home page of our website, Stefano and I, as well as Andrea and Giuseppe, will be happy to take your questions.

Before presenting our 2019 results and outlook, I would like to spend a few seconds sharing with you our priorities at ENGIE EPS in light of the COVID-19 outbreak. In a dramatic moment, I personally took the decision to focus more than ever on our sense of responsibility. Responsibility, let me say, towards our people, our businesses and our civil society first. As entrepreneurs, I feel the imperative to act to protect our employees, addressing industrial challenges, to preserve the value we created so far, and supporting whatever way we can the efforts to limit the outbreak, being ready to restart faster than ever, let me say, once we get out of this situation. This is what I call all-in commitment.

Well, I do not know yet if this will be a major shock to the economy or a pandemic recession, but certainly the COVID-19 outbreak is first and foremost a public health emergency, which is turning into a human tragedy affecting hundreds of thousands of people.



ENGIE EPS as you know is based in Italy, the country at the epicenter of the European outbreak. The Italian government imposed the most dramatic steps yet by any state except China to contain the surging number of coronavirus cases placing almost immediately on March 8th, the region of Lombardy where ENGIE EPS has 2 industrial premises, as you know, and more than a dozen of other provinces in neighboring regions, in quarantine over last week-end. Restrictions were extended to the entire country on March 11th, and then turned into a full lockdown.

At ENGIE EPS our business model and the Agile Organization in essence allowed us to implement a massive mass working plan, industrial activities in our premises are limited to the essential to guarantee the business continuity, since February 24. So, it was the... to one month that we are in this situation, here at least in Lombardy.

Trying to minimize the impact on our operations and supply chain generated by the strong yet necessary restrictions imposed all over the world. In parallel, we are... we have a huge efforts, we are trying to minimize the related consequences for our sites and products worldwide (in Italy, Mexico, California, Singapore, Comoros and Greece), as well as for our big projects under development (like in Europe, South Africa, Middle East, and U.S. and Pacific Island). For this reason, we drafted a new COVID-19 policy, and even more importantly, an emergency management plan – that is our management model since February 24 – to guarantee such business continuity based on our firm hierarchy of values as follow, let me say.

- First, protection of the health of our employees. Our first priority is to keep our people and their families safe.
- Second, the civic responsibility that ENGIE EPS has to demonstrate first-hand, and the necessity to ensure that this is also reflected in each of our employees and stakeholders.

And then at the third place, at this specific historical moment,

- the preservation of the ENGIE EPS economic and industrial value.

I would give you more details during our presentation, but this is... this was an important recital to make to me and I'm sure you will understand.

Having said that, I will now go through the presentation.

I am on Page 3. I mean you will remember that with the refocusing and selectiveness approach outlined in the Long Term Strategic Plan, announced in June last year, we expected and outlined a slower growth during the transition. Well, this had the short-term consequence of a backlog reduction and the postponement of our 2020 guidance to '22, as you will remember, with the new €40 million guidance set for 2020.

In line with that, 2019 has confirmed our growth pattern with a 29% growth to €20 million, in line with the new strategic path. Indeed, those are early results under the Long Term Strategic Plan for our "Giga



Storage” product line, with utility-scale storage and solar plus storage products, and “Industrial Solution” product line, with microgrids and Industrial storage systems.

On the one hand, I would say that we successfully deployed, thanks to the partnership with ENGIE, the Sol De Insurgentes project in Mexico and the commission of an iconic, even if limited in size, microgrid in New Caledonia. In addition, we progressed to the construction of the project in Comoros and the storage solution for the Leini power plant of ENGIE, while we successfully commissioned third stage of our microgrid in Somaliland.

Our margins are slightly lower, yes, but mainly due to the increase in the size of the project, like the solar plus storage project in Mexico, as you can imagine. And we expect this trend in our Long Term Strategic Plan because, I mean, to continue towards a margin compression for the simple reason: the scale of our projects we focus on. So, it’s a natural evolution. EBITDA and Net Income do not outline a poor performance from my perspective but a physiological aspect. I mean, we are ready in terms of structure, people and industrial premises to address projects for hundreds of megawatts, but such projects are not yet now in our P&L. We just need one more step in terms of scale in order to invert the curve and start generating cash.

And this inversion of the curve is in front of our eyes, I mean, because

- it is true that our backlog has been reduced, I mean, this reflects the temporary reduction in order intake due to the fact that several significant projects have been either delayed or not awarded or did not materialize in the preceding months,
- but we all know that with the Guam tender officially awarded and not just declared successfully bid... “successful bidder”, I mean, our backlog would have been triple, okay?

So, this is the reason why I would not focus on backlog reduction, while analyzing our 2019 performance, simply because it is a matter of criteria that we use in terms of backlog recognition and therefore we want to be strict more than ever in this specific situation on recognition under our KPIs. But actually the most important evidence I would say of this inversion of the curve towards a profitable cash generation let me say... and let me say our future generally, is written in one single and clear KPI, which is the pipeline of products which clearly represent the solidity of our fundamentals, and more importantly the direction towards our Strategic Plan.

You will know that, I mean, in less than one year, the evidence of the solidity and more importantly, of the potential of our Long Term Strategic Plan and our partnership with ENGIE clearly materialize. I mean, we more than doubled our pipeline, and more importantly, with a solidity that we cannot even compare to 2018 as we are not talking anymore of a pipeline composed of several projects, complex, maybe in emerging countries, with the related risk and uncertainties. I mean, we are talking... we are really talking about large tenders in Tier 1 storage markets like U.S. and Middle East, with more than 1.6GWh and the



value of more than 300 million, for which we are in the final phase of the tender and ENGIE has already been shortlisted. So that's a total different picture, let me say, which is a test of the fire power we now have thanks to the ENGIE Group ,where our unique knowhow and technology can play another championship, let me say, and get scale very rapidly. This is, it... if I may, that the one number we need to focus on to have a clear visibility on our growth trajectory towards our Long Term Strategic Plan and our ambition to make €400 million revenues in 2025, which sounds to me more solid than ever.

Having said that, I am on Page 4. I will now give the floor to Stefano Terranova, our General Manager , to briefly go through the details of our figures, but more importantly, to give us some color about this pipeline and even more importantly the new organization which had to deliver in a sustainable way the Long Term Strategic Plan. So, Stefano, the floor is yours.

Stefano Terranova: Yes, hi, good morning, thank you, Carlalberto, and good morning, everyone. So, let's go straight into the meat of the slides, I am on Slide 4 where we present the breakdown of the revenues for 2019. As you can see, the revenues were just above €20 million, a 30% approximately increase from previous year. You see that this figure was prominently dominated by our first iconic solar plus storage project Sol De Insurgentes in Mexico, which represent a very important step towards the new strategic focus that we announced last year. And you can also see that we present...from now onwards, we will present the breakdown in terms of the 3 product lines that we have previously highlighted and recently renamed into Giga Storage, Industrial Solutions and eMobility segment. You can see once again both in terms of geography and in terms of sector of course, the Sol De Insurgentes is very prominent in the revenues of 2019.

In the next slide, if we move to Slide #5, we present as we typically do our personnel costs. This is the single largest P&L item and the single largest cost item in general for the company, therefore we always provide, or we will continue to provide, details as you can see in this slide, especially important if you look at the amount of personnel cost that we account for as CAPEX, and you will see that we keep a constant eye on the ratio of the total personnel cost in terms of what is capitalized vis-à-vis, for example, other criteria. And one important, one I'd like to show here is the fact that 30% of our employees, even as we grow continue to be highly skilled employees with PhDs or MBAs. The workforce has increased in line with our projection and with our plans. And we plan to hire more as we prepare, as Carlalberto said we have... we're setting up the platform to address larger and larger projects, so industrially speaking we are there, and that's reflected in the numbers.

Next slide, Slide #6, the operating expenses in line with what we had projected amounted €2.3 million of which prominently the figure... the circle in the middle, we have to spend a fair amount of money on



external advisors. And this is mainly in order to... not to have too high G&A and let's say directly in our books, and then the rest is fairly standard for facilities and corporate operations.

Slide #7, non-recurring expenses of course, always something to be avoided, as much as possible, but unfortunately we did have to account for €1.6 million of non-expected expenses during the year 2019. We have divided the €1.6 million into, let's say, "standard non-recurring expenses", roughly one-third of them, and two-thirds, the remaining two-thirds, is what we call transition costs. By transition costs we mean items which either we had to incur in the transitioning into the refocus strategy, or that we would have not incurred thanks to the new refocused strategy.

Next slide. Again, very important aspect to highlight for 2019 is that we proceeded with shutting down non-core activities. This had a relatively high price tag of €3.5 million in total. And we decided to provide a detailed breakdown of item-by-item, let's say, of how this €3.5 million impacted ENGIE Eps. You will see there are three... the most prominent, let's say, of all is the hydrogen... the shutdown of the hydrogen activities, which we had to take an impairment of on assets of €1.4 million. We had to incur some additional costs for shutting down some ongoing projects. And then finally, inventories write-off for €0.4 million. So, the €3.5 million, approximately €2 million is related to hydrogen.

Next slide, slide #9, the... in terms of CAPEX, as you can see, and as expected, the vast majority is related to R&D investments. Here again and novelty in terms of the breakdown, we show you the breakdown of the CAPEX of the R&D investments again for... they are linked to the new families of products. So the control, the store, the move, and then finally the covert & connect. The most prominent is the control, under the control family we have the Prophet EMS Energy Management System for which we invested a lot last year. And then the second item would be the K-wize which is a platform to remotely control and manage the plant.

Next slide, slide #10, we just represented the net financial position. As you can see, at the end of the year, we had minus €8 million negative, because we have drawn on the Soc. Gen. facility which was provided thanks to the support of ENGIE. And this facility was grown for... and as you can see at the end of the year, we had resulted in a negative net financial position.

Then in terms of... Finally, we get to the backlog, which is the figure which is mostly disappointing, as Carlalberto mentioned. Unfortunately, we could not account for some projects that we expected to be on... to move from the pipeline into the backlog, and that did not take place unfortunately. So, you can see that the... we again, provide the breakdown into Giga Storage and that's the solution in e-mobility. Excuse me, for a second, please.

Slide #11. As we said that this figure is disappointing in the sense that that's not...it's not what we would have expected and it's down from previous year, standing at approximately €30 million. We provided background both by the region where the assets will be installed, as well as, in terms of sector. The so-



called sector in reality is the... you should read as the new product lines that we just launched, the Giga Storage, Industrial Solutions and e-mobility.

As you can see, especially the pie chart on the right shows exactly what Carlalberto was mentioning. What did not work as fast as we would have wished and planned for is the conversion from the pipeline into backlog. And that's why for example, Giga Storage features very, very...in very, very small terms into the backlog. Whereas the very large tenders that we participated in are stable let's say outstanding, still a feature in the pipeline.

In fact, if we move to the next slide, Slide #12, this is where you can see the work in progress and how the refocused strategy is working exactly in the direction that we had expected. You see that the total pipeline is... has boomed to €686 million. And since, we decided to provide some details of the maturity of the pipeline, of this €686 million approximately €300 million is what we call shortlisted. So those are projects that we have bid, a large scale tenders, well organized tenders normally publicly run, and for which we have been already shortlisted. We, either directly or indirectly, mainly indirectly, for example, ENGIE would have been the bidding entity, and EPS is the exclusive partner for the storage component.

The next figure standing at €92 million is those bids where we have not been shortlisted yet, but we have submitted these binding offers, and we are expecting results within the next few weeks or months. And includes also projects where we have already entered into exclusive negotiations. And finally, the others is what you would say the unqualified pipeline standing at €289 million.

And there again in the pie chart, you see the fifth one... the fifth one divided by Giga Storage, Industrial Solutions, e-mobility. Two important comments here. The... obviously in terms of Giga Storage, we are there in pipeline, we are where we wanted to be, maybe even higher or normally, I mean, we will... could not always expect the same type of numbers in Giga Storage. But what is still missing is the Industrial Solution. Carlalberto will explain later on, this is the sector where, of course, we had to put a lot more effort, we wanted to do a full, let's say, review... strategic review of how to address this market and this segment and therefore we have projects which are still in the opportunity pool and have not matured enough to be in the pipeline. And I certainly would expect this segment to be much bigger in terms of pipeline next time we present to you the numbers.

And finally, in terms of region of installation, the pipeline has also changed a lot in the sense, right now we are focusing on those regions where ENGIE has the largest, the most opportunity to be successful. I am talking about the Giga Storage projects, here, of course, and you can see in fact that we... most of the pipeline is dominated by the Americas, which in this case is North America really and MESCAT, which is Middle East, South and Central Asia and Turkey. And within MESCAT you could basically read Middle East and India sorry.



So, the next slide, Slide #13, we had already presented with H1 results for 2019, a segmentation of our products and now we finally restructured a little bit the... mainly the naming there of the 3 product lines and from now onwards, we will... this is the terminology we will be using. We are talking about 3 product segments, 3 product lines. The first one, the Giga Storage, is the one where we propose utility-scaled containerized energy storage solution. And mainly the industrial play is the solar plus storage, which we expect to boom massively. And utility-scale storage like the recent tenders in France for new capacity, which we participated in but unfortunately, we were not successful. And the next one is Industrial Solution. Basically, storage based solutions normally tailor-made to meet the industrial and commercial client's needs. And here we're talking about industrial microgrids or storage systems, which either provide power quality or multi service type of solutions for industrial clients.

Then the next family of products is the eMobility, which is where we deploy our know-how in power conversion to the... to propose a charging station and specific special charging systems to our clients. In terms of business model you can see underneath that basically for the Giga Storage, which have very large projects, we would not normally be engaging as an EPC contractor because of the scale and complexity, but we would offer our services as system integrator and sometimes it's obviously as much as possible technology provider offering our own inverters. In terms of the Industrial Solutions, we would expect... always offer our technology and work as an EPC turnkey contractor. And for e-Mobility, we can offer the full gamut of business model from technology provider to system integrator to installation.

We proceeded also to a rationalization of our technology platform. The technology platform obviously always rests on the basis of the HyESS, which continues to be the center of our product offering. And we have rationalized the technology in four terms, the so-called store, the so-called convert & connect and then the move and control. Control as explained early on is where we have spent most of our R&D last year, working on the Prophet EMS and the K-Wize control platform.

And from here, I will pass on again to Carlalberto.

Carlalberto Guglielminotti: Thank you, Stefano for this comprehensive presentation. And let's move on to our 2020 outlook update. I'm on the Page 16. Then in this slide you see clearly the positioning we currently have in the market. Then we decided to make an analysis based on the 2016-2019 announced storage capacity worldwide, which has been 35 GWh, just to understand where we are and how we moved in the last 5 years, so since our IPO.

Current situation is clear, we have almost €30 million backlog and €686 million of project pipeline, but where we have positioned. So, we see clearly that we have projects online and under construction now in Mexico, Italy, Greece, Somaliland, and Comoros. And we see a clear positioning/shortlisted for 300 megawatts in the USA, U.S. Island, Guam, Palau, New Caledonia, and particularly in Middle East. Then,



there are projects in which we didn't position, as we mentioned in our press release, we obviously, we were disappointed because some projects did not materialize, others we didn't bid, in others we've been unfortunate then in the end we didn't get the project. And then, because of these positioning delays, which is one of the rationale behind our guidance withdrawal, one might be scared or may have some doubts on our position. But this slide clearly represents this is not the case because the areas and the countries in which we positioned, very clearly, accounts for more than 40% of the markets. Therefore, even if we would obviously preferred to win some bids to position more and more successfully in the market... in some projects we had in France or in North Africa or in India, reality is that the market there is absolutely limited compared to the potential we have between United States, South Africa, and Middle East. And that's one of the main reason behind the positive message we'd like to share with you today.

Then, moving to Slide 17, we have some highlights on our three main product lines. Giga Storage is by far our product line which is the most promising. And the... for sure it's the product line that will decide our future and on which we are absolutely confident we might deliver our Long Term Strategic Plan. We see clearly that in two large bids for more than 1.6 gigawatts and €300 million potential revenues we have been shortlisted. Those projects, however, are large scale projects, for that reason, COD, so the commissioning, is expected between 2022 and 2023. So, you also see the horizon in which we are now moving, and that's one of the reason why we are investing today, we're participating to bids today, in order to deploy by that date that amount of gigawatt.

You see clearly some iconic project in this slide: 300-megawatt Solar-After-Sunset's project in Guam, awarding is expected in May; 200 megawatts submitted by ENGIE in the Middle East; 1-gigawatt tender is a new tender that will be launched very soon in which we are positioning. In Palau we launched last year 3 offers in the context of the tender process, the Asian Development Bank has been appointed and the project is 50% in terms of size compared to the original Armonia project, and the outcome is expected in April. Then very soon will be launched in Italy a 100-megawatt option for Fast-Reserve, in which we are positioning now together with ENGIE Italy. And, let me say, more importantly, in the U.S. generally we have 3 gigawatts submitted by ENGIE, 1.2 already shortlisted; and in South Africa, 1.4GWh tender, let me say, project funded by the World Bank, in which we are positioning.

I am on page now 18, Industrial Solution. I mean one message behind this slide: obviously smaller sizes, which corresponds in principle to smaller revenues. However, we see the yearly results of our Long Term Strategic Plan, because we already have in our... not in the pipeline, but in the opportunity pool, more than €200 million projects, in terms of Microgrid, Hybrid storage, and power quality systems between Europe, Latin America, and UK. So the most, let me say, important aspect to be highlighted is that two-thirds of those projects are now in U.S. and Europe, so from... that's also part of the de-risking strategy that we announced last year in the context of our EPC activities, but this is again a testament on the fact



that in terms of pipeline, in terms of opportunity pool, not only the solidity of that pipeline is not even comparable to the one we announced last year. But more importantly also, we are developing projects in countries that have a profile that is totally different, and thus reduce dramatically the risk of execution and... or closing the bid, or having a clear process of tendering process behind and eventually winning the bid and eventually generating revenues.

I'm now on Page 19, some news from that perspective, you know, we worked a lot. We announced... we worked a lot, since 2016, 2017 in e-Mobility. We announced the first time last year together with ENGIE and FCA a broader partnership. And then here we see the results of this whole year efforts, which turned into two products that have been launched, jointly announced with Fiat-Chrysler, and that will be presenting any FCA and more precisely Jeep fleets and Fiat electric vehicles going forward. As a standard device, including the car or as an optional, this will be done from the strategy but, for the easyWallbox is pretty much clear that we already set our production planning up to 50,000 units in the next 12-18 months. The easyWallbox you would have seen the announcement, is really an innovative solution protected by patents. This is the only flexible charging device in the market because between 2.2 up to 7.4 kilowatts, no installation required, so you can just walk out of the car dealer and plug the wallbox and charge your car. And with no installation you have up to 180 kilometers autonomy at night... in one night running just at 2.2 kilowatts.

So, without entering to the details we'd just say you may recognize the importance of this deal and how much it represents in terms of positioning in the eMobility sector. So first of all, in terms of the iconic, let me say, and unique feature of the product that is well recognized in the market, also thanks to the joint communication campaign we made with Fiat-Chrysler, but more importantly in terms of volumes, that's just a start, as you can imagine. And 6,000 units in the EV market, to give you an idea, till the end of last year, we had less than 200,000 charging stations in Europe. So, 50,000 is a very relevant and material figure in terms of volumes. Then, last but not least, at all, the V2G products, the Vehicle-to-Grid project, which will be... that we will develop in the... close the Mirafiori Plant, which is one of the production facilities of FCA. This will be the largest vehicle to the Grid projects worldwide. The first phase we will have 64 cars and 64 EVs connected with approximately 2 megawatts output providing grid services and the full project developed. This phase will be online nearly in Q3, but the whole project accounts for more than 700 electric vehicles and up to 25 megawatts of power coming from the batteries of the car, passing through our technology, and then eventually providing grid services, at a lower cost. Just using the car fleet parked in this car park.

Then moving to Page 20, the second reason of our guidance withdrawal is obviously the COVID-19 outbreak. We have all seen...I mean, I don't want to enter into public data details. We saw the turmoil in



global markets. We saw the closure of external borders, supply chain, travel bans. We've the humanitarian tragedy of 200,000... more than 200,000 reported cases in 150 countries.

Then I'm on Page 21 the outcome of this positioning and COVID-19 consequences, is... has been cleared because we analyzed as a management team several scenarios. Several scenarios in terms of revenues, in terms of growth, in terms of pipeline conversion. As you would imagine in this dramatic moment, volatility of pipeline conversion to backlog is huge. I mean, essentially, all the auction processes are at stake. Site visits and hearings have been canceled or postponed to a date which is not yet defined. Travel ban for project development teams obviously is a big project... is a big problem in terms of conversion to backlog. And also for all our projects with B2B customer we experienced and we noticed essentially a total CAPEX and funding freeze, particularly in developing countries.

Then, second aspect in terms of outcome volatility on backlog conversion to revenues. And more importantly, in light of our 2020 guidance, backlog... volatility on backlog conversion to 2020 revenues. You may even imagine, supply chain risk... the supply chain disruption that we had, small medium enterprises in general, in Italy, but particularly in Europe in this specific moment, have reduced or even interrupted operations. We have as I was mentioning earlier, a rational access to production plan. And to ensure safe working conditions, our offices and our production plans are still open but limited to the essence to guarantee business continuity. And again the travel ban.

Then... I already mentioned that our business continuity emergency plan was based on our firm hierarchy of values, to the health of our employees, the civic responsibility and the preservation of the ENGIE EPS' economic and industrial value. And in light of all the above that we had yesterday a Board Meeting in which we analyzed those scenarios, and those scenarios, they do not give any visibility because the volatility in terms of again pipeline, conversion to backlog and eventually backlog conversion to 2020 revenues is unsustainable in terms of financial information to the market. And that's the reason why we decided to withdraw the guidance and we cannot commit to any alternative target for 2020, while, let me say on our '22 guidance, we... so the €100 million guidance, given the current pipeline, we frankly speaking, we... is not touched now by... particularly by the COVID-19 outbreak, but we have to update the markets as soon as the situation has overcome for obvious reasons.

We remain...and I am moving to Page 22 in any event positive and in this dramatic situation, but confidence... confident on our Strategic Plan, because as you will remember, we had... we have €100 million guidance in 2022 in terms of revenues, and then for indicative ambition of €400 million of 2025 revenues. I mean, first of all, if you look at the pipeline today, if you look at the solidity of the pipeline those figures are not just achievable, they are absolutely reasonable. So, if you want to use a bottom up approach, looking to our fundamentals that's a plan that still is valid, still is solid, and still is credible more importantly.



Then, let me say, leaving aside for a while the COVID outbreak, that I want to assume and I hope and, we all pray this COVID outbreak tragedy will be temporary and limited in time – tragedy – I mean, there is no reason to have any doubt on our ability to deliver this plan going forward. And even if we have... for our sense of responsibility we decided to withdraw the 2020 guidance, this does not affect the solidity of our fundamental, the solidity of the pipeline and then the solidity of our Long Term Strategic Plan. Well, you may look to some figure, which is pretty much clear. I mean, €400 million represents 4 gigawatt hours deployed.

So, to remind you a couple of figures, we already shortlisted for more than 1.6 today, project is expected COD between 2022 and 2023. So if we just continue this trend is absolutely reasonable and then if you want to compare to the market share, I mean the new builds in the markets is absolutely limited because it presents 4 gigawatt hours represents 2% of the market share excluding China, Korea and Japan. And even if we want to take the most conservative approach and say, okay, we were really unfortunate, we didn't position together with ENGIE in some tenders, in some opportunities, and therefore, I would assume that EPS and ENGIE would never position in those markets, okay. So, let's assume that we'll just position in the market in which we already are positioned, in essence, Middle East, U.S. and South Africa. Then in this case, 4 gigawatt hours represents 4% of the markets. And in the chart on the right... and the graph in the right part of this slide, you see the evolution of the market, I mean 2015, 2016, 2017, I mean, small project, okay. But then the market blew up in 2018 that was the year of the acquisition from the ENGIE Group. And then, in 2019, we already see the results in terms of positioning by ENGIE, which is present in 10% of the 16-gigawatt hours, which has been shortlisted let's say, 10% of the gigawatt hours announced in the market in 2019.

So, there's the reason why, generally speaking, even if we decided responsibly to analyze the volatility of this dramatic scenario, we have responsibly outlined to the market that the rationale behind the guidance withdraw is two-folds: is a one first of all delay in positioning. And second, the COVID-19 outbreak. But going forward and hoping that this crisis will be a temporary one, we would still believe in our Strategic Plan and in ENGIE. and we are clearly seeing as a team, the results of our Long-Term Strategic Plan and we have no doubt on this solidity of our future and on our delivery capacities.

Then with that, let's now take your questions. And together with my team, we are ready to answer to any question you may have. Thank you.



Q&A Session

Operator: We will now begin the question and answer session, to ask a question you may press "*" then "1" on your touchtone phone. The first question is from Jean Belanger with Société Générale. Please go ahead. Mr. Belanger, your line is open.

Jean-Michel Belanger: Yes. Hi. Good morning. Sorry. So, thanks for taking my questions. The first one would be about the FCA deal. Would you be able to maybe give some figures about what could be the impact of a deal in terms of additional revenues on your P&L?

Carlalberto Guglielminotti: Bonjour Jean-Michel. Many thanks to... for your question. Very good question, I mean, the pricing... Obviously, we've already given some color to the market in terms of expectation from the production perspective. What is missing to give the full color is the price. So, I can refer to a public data because it was announced by Roberto Di Stefano, the Head of e-Mobility of FCA during our press conference. The price of the easyWallbox will be launched in the market is not yet public. So, by definition, the strategy is outlined by FCA. But he said very, very clearly that the price would be well below €500, okay. So, you may exclude the VAT effects, and you may have some color on that. Frankly speaking, the easyWallbox. First of all, it is a good deal and it is a big deal, but from my perspective, looking just to the first year of the first 12 months what we planned is really limiting in terms of upside, because in this market positioning, in the e-Mobility market positioning, is of essence and having already planned 50,000 units, these are giving to ENGIE EPS, our role and a credibility in the market that is opening other kinds of opportunities in terms of volumes, in terms of products. So, let me say that easyWallbox for sure, we provide profitable volumes also in terms of revenue not also in terms of the unit, but this is just the beginning. And this is just the beginning. And we are very confident on the launch of other products with other brands maybe, within the same FCA group. You know they have also Maserati and other iconic brands within the group. And therefore, I will consider the easyWallbox contract just the beginning and same reasoning for the V2G project.

Jean-Michel Belanger: Okay. Thanks, but basically the revenues for you from this project or from other project with other brands will come from the design of the global architecture isn't it?

Carlalberto Guglielminotti: No, maybe... I got your point... maybe you are missing, because I have not been enough clear. The so-called FCA deal that was the electrification of dealers and so on, that was the deal signed by ENGIE together with FCA with this contract. We are talking about totally different story.



The easyWallbox has nothing to do with the so-called FCA deal - okay -, the FCA partnership that was announced between ENGIE and FCA. This is a state contract, okay, a contract we signed directly with FCA and we designed, manufactured and supply to FCA including intellectual property and so on, the wallbox.

The technology is 100% ENGIE EPS. The patents are 100% ENGIE EPS. By the way, one of the most important feature of the easyWallbox is that guarantee the stability of the grid in your house, so you would have no blackout. So, we have a piece of our microgrid technology also in the wallbox. And this product obviously together with our industrial partners will be entirely designed, patented, manufactured by ENGIE EPS. So, there is nothing to do with the FCA dealers electrification. That was a deal if you remember announced by ENGIE in which the wallbox and the charging devices were provided by EV Box which is another company of the ENGIE Group. So, no global architecture but technology, industrial operation, sales, revenues for ENGIE EPS. This is the framework of the deal.

Jean-Michel Belanger: Okay. Thanks a lot.

Carlalberto Guglielminotti: And 100% revenues for us, obviously, just to clarify.

Giancarlo Bollero: Yes, hi all. Thank you for the time and the call. I wanted to ask a question following up from the previous question, and then I will ask another one regarding backlog. So as for the FCA you said that this has nothing to do with the FCA partnership signed between FCA and ENGIE. I was wondering if you had an update on the agreement between ENGIE and ENGIE EPS regarding the specific work... line of work. And then the other one is, I can see from the press release that you came out with a backlog revision. I wanted to know if you can give details of where the backlogs were revised and then what are the projects that didn't materialize because I can see that you are very much tied to basically what you do with ENGIE and I understand that, but I just want to understand, what are the ones that did not take place and if you can give explanation as to why. Thank you.

Carlalberto Guglielminotti: Thank you for your question, Giancarlo. Then in the right order. FCA deal update, this is... I take with this one also the third one...the third question you made. One of the projects that did not materialize was our, let me say, expanded role as a turnkey provider in the context of this deal. So, this is what we said clearly without referring to the customer for obvious reasons in our press release. But again, even if this extended role as a turnkey provider for large industrial project like this one did not materialize, and did not materialize not because of ENGIE, but simply because in a decentralize organization, which is the ENGIE Group, this was extremely difficult and problematic to implement a role



of ENGIE EPS so important and within the context of our group that is so decentralized, which is not a problem, but from our perspective, obviously, was disappointing. But the evidence of the fact that the work we have done with FCA was so, let me say, intense and solid is the fact that irrespective of this disappointing aspects of the story which is the inability to position as a single provider and turnkey provider for the whole FCA group within the ENGIE Group, which obviously has reduced our backlog and our revenues for obvious reasons, however, we have been able to sign the easyWallbox contract and the vehicle to the grid. So that is the reason why this shows you the resilience that we have. So because sometimes you lose, sometimes you win - and then I will address your second question and more extensively the third one – but we showed clearly our resilience after this project did not materialize because we had the ability to... we had the ability to sign additional deals and to do additional business with the customer.

Then on your second question, backlog reduction I mean today, we didn't announce any backlog reduction. There is a backlog reduction in relative terms compared to last year. Obviously, the backlog we announced last year was converted into revenues and then the new order intake has not piled up as expected, and then in relative terms if you compare the backlog we had last year and the backlog we currently have is a reduction by 18%, okay. In such terms, we had a backlog reduction. So is that... and the only reason of this reduction in backlog is simply the fact that our order intake was lower, and therefore, we have not been able to pile up contracts and securing future revenues as expected. Directionally, are... obviously as mentioned, the project that was not been awarded with or did not materialize. I can give you some color, but it is already written in the press release. I mean, the project with ENGIE in France, the RTE tender, ENGIE was not awarded, I mean this happens, sometimes you win, sometimes you lose. Others are being delayed like in the U.S. and Pacific Islands. Those are public data. And the projects that did not materialize like tenders in India or in North Africa in the end ENGIE decided to not bid for strategical reasons and frankly speaking we cannot complain with that, because even if we would have been pleased to participate and glad to participate in this tender, in reality we cannot let me say oblige our industrial partner to bid worldwide. So, they decided strategically where to bid, one choice was United States and other one was Middle East. I mean, we have enough. Obviously, we would like to participate in tenders all over the world, but also in terms of engineering capacity and local presence we have to follow-up. So basically, you can even imagine that... the fact that some... there is a joint decision or an ENGIE decision to participate or not, in what architecture of the deal, is a decision that we cannot drive, and frankly speaking all the other opportunities we are not worried about.

On the fact that your point... your third point, we are tied with what we do with ENGIE, yes, but there is no secret behind, I mean is not... it's clearly written in our press release, now when we say successful implementation through a Long Term Strategic Plan is predicated upon ENGIE EPS prioritizing the



resource allocation, ENGIE supporting ENGIE EPS in projects that makes sense for both companies. I mean, it's clearly written and is an obvious analysis. We cannot participate I don't know with, or at least will be surprised to participate in a tender as a technology provider of one of our major competitors, okay. So that's not even necessary to write from my perspective, was obvious. We decided to do it just to, let me say, to complete the picture around our 2020-2025 Long Term Strategic Plan.

So, I don't see the issue frankly speaking, that's the reason why we decided to join the ENGIE Group. To set a partnership, as you will remember, was essentially driven by the fact that we select the partner we believed in, we continue to believe in – as I clarified in my presentation. And okay, sometimes you may have bad news, sometimes you win, sometimes you lose, but visibility and fundamentals on our growth, on our Industrial Plan and more importantly on the fact that ENGIE is positioning in the market successfully, frankly speaking, from the EPS management perspective it's there, okay. So we have been disappointed for some contrasts for some decision but we are not... this has not impacted in any manner our confidence to deliver within the ENGIE Group, with the ENGIE group, because we believe in and obviously, we have to work with them, and we will have to work with them in order to be competitive and to become a leader in storage. We have a joint strategy from that perspective. So, I am not worried about it.

Giancarlo Bollero: Thank you. Can I just follow-up on a first one, on the FCA one? I just heard that you are not playing a turnkey role, the turnkey solution for the FCA project. But, so has the economic sort of benefit of that partnership been allocated yet. And can you give more details on that?

Carlaalberto Guglielminotti: I mean that's, I see your point, obviously I can disclose all details that you want about ENGIE EPS and cannot do it for ENGIE, but in general terms responsible for the... for the order intake let me say, will be the BU's, will be the business units of ENGIE. So, different business units that are in Europe will collect the orders and then deploy the contract. But, anyway, the positive... Just to be clear, referring to the backlog question you made before, we never accounted in our backlog this opportunity to become a turnkey provider within the context of this deal. Otherwise, we would have booked, you would have seen a booming of our backlog. So, this is just a clarification.

Then from the dealer electrifications, the responsible will be the BU's. From the B2C perspective the very good news is that ENGIE EPS, this I can say clearly, will be responsible for 9 countries in terms of business deployment out of 14. Then, I cannot give you details about the electrification... of the delayed electrification or B2B, but on the B2C portion 60% of the countries would be managed by ENGIE EPS directly, that are countries in which the B2C presence of ENGIE is not, let me say, a must and therefore, we had the ability to step in, and to get responsibility for this contract. So, we will not be the turnkey



provider of the whole deal that you remember it was composed by dealers, B2B and B2C, but on the B2C portion we get 60% of this, which will be the B2C electrification of the customers that will buy a car. If I may, one final conclusion, considering that in the middle of this... of this deal, we launched the easyWallbox and now easyWallboxes are distributed in Europe with the car. Let me say that I would be surprised to see a lot of volumes for B2C, while the customer already has a wallbox in the car which is the easyWallbox. So, to be frank, I expect that the B2C potential size of the FCA deal would be cannibalized a bit by the easyWallbox. So, this is just a general let me say, a general reflection. I hope to have answered to your questions.

Giancarlo Bollero: So, as for the B2B and the electrification, there is no participation by ENGIE EPS, only ENGIE?

Carla Alberto Guglielminotti: Yes, on the electrification, correct. But, yes, but a couple of countries in the Nordics, but that's obviously limited.

Stefano Terranova: Well, the B2B portion has not been assigned yet.

Giancarlo Bollero: Okay. So, that has yet to be assigned. So, it might be that ENGIE EPS takes a role on that.

Carla Alberto Guglielminotti: Yes, on B2B electrification frankly speaking having developed the easyWallbox, it is not really in our scope, so frankly speaking, one thing is to manage a deal to have the responsibility for that, and another thing is to get the slices of a deal. So, on B2B we will see, and we will see first of all the approach of FCA, on which I, I do not have any visibility yet. So, first of all, FCA has to decide to allocate B2B in line with... in line with B2C and dealers electrification and depending on their choice, we will understand what to do internally together with ENGIE. So that, there is a two steps let me say process and, and there is volatility in different scenarios for each of them.

Giancarlo Bollero: Okay. Thank you.

Operator: So next question is a follow-up from Jean Michel Belanger with Société Générale. Please go ahead.



Jean Michel Belanger: Yes, hi, again. Carlalberto. Today I have got 3 questions for you. The first one is could we come back on the current status of the Guam project? The second one would be about your cash flow statement. I note that there was significant increase in the receivables from €4 million last year to €14 million in 2019. Could we come back on that? and a related one, would be about your total liquidity or total liquidities to that €2 million at the end of last year. So, it might seem that net equity could be negative at the end of the first half of this year. So, any plans to cope with that? Thanks.

Carlalberto Guglielminotti: Let me thank you for your question, Jean-Michel. I'll give you a boarder picture and then I'll hand over for details to Stefano on the Guam question and to Andrea for the working capital and equity perspective.

Then, let me take it generally. On Guam, I mean unfortunately, we have... the aspects are two-folds. The first of all, it has been filed a protest, so a legal claim by a losing bidder and, therefore, this delayed the process, okay. We are still confident on the award because of the solidity of our position, because of our solidity of the position of the customer, which is the Guam Power of Authorities, so frankly speaking we were not worried about that. However, the COVID-19 outbreak essentially, essentially changed a bit the picture because, as you can see also from their website, from the website of the... of the Guam Office of Public Accountability, there have been cases of... of COVID in Guam and therefore, they decided to implement a suspension of the activities of the government.

And therefore, we had a hearing cancelled or suspended; maybe Stefano can give you more details about that. But you can imagine the situation. Same thing happened for other tenders by the way, like in Middle East, just was made public yesterday.

On the equity, and I leave to Andrea the details on working capital. But, from the equity perspective, you will remember that the equity that we... equity we published which is very thin is the equities of the consolidated... of the IFRS consolidated financial statements, which are the one of the listed entities let me say. Totally different perspective from the equity of... at the statutory level, if you look. Therefore, typically, urgent needs are driven by thin equity at the statutory level, while the consolidated equity, which is €17 million, essentially, which is, sorry €2.3 million – was 17 in Full Year 18 – is at the consolidated level and therefore does not trigger immediately, as an urgent aspect, needs for our recapitalization recapitalization, okay. So that's my general view, then I can give you more details. I handover to Stefano for some more color, behind Guam and then to Andrea for details on working capital and equity if there is anything to add. Stefano...

Stefano Terranova: Yes, well, effectively on Guam, Carlalberto said it almost everything, but just to recap, it's an auction where ENGIE emerged a successful bidder, the read out was not public, it's



obviously said to the bidder, and so I cannot disclose the numbers, but there difference between even the second ranked bidder was very significant, showing obviously prominently our technological advantage. And in the mix there were very important global players like AES, KEPCO, and X-Elio and unfortunately also another bidder, let's say a bit minor, not, not of the same stature of the other ones and this particular bidder decided to file a protest), which is on the way to be unfounded, and unfortunately the proceedings are quite slow it's an administrative process and very well regulated obviously on the detail of the tendering rules. And the process was unfortunately put on hold because of the coronavirus crisis and the necessity to shutdown the non-essential offices of the administration in Guam. So, what is the... there was a delay before the COVID which was now compounded with our visibility on timetable for the time being.

Jean Michel Belanger: Okay. Thank you.

Andrea Rossi: Hi, Jean Michel, Andrea speaking. Thanks for your question. The answer is really simple, it's due to the fact that we booked revenues, the biggest portion of our revenues in Q4 2019, based on the Mexican project. And this is why we had an explosion in terms obviously of receivables, but also in terms of payables. So, this is due to the fact that our Q4, we had a great Q4, and the majority of the revenues have been booked in Q4, this is why.

Jean Michel Belanger: Okay. Thank you, Andrea.

Andrea Rossi: You are welcome.

Operator: Again, if you have a question please press "*" then "1." There is no question at the moment. This concludes our question and answer session. I would like to turn the conference back over to management for any closing remarks.

Carlaalberto Guglielminotti: Well, thank you very much for attending this Investor Call, and for all your good questions. We all wish to you a great day and you and your family to stay safe and let me conclude with the statement that we have on our website, "ENGIE EPS for Italy, Together we win" but now I would say "ENGIE EPS for Europe, Together we win". Thank you very much and have a nice day.