ENGIE EPS FY2019 RESULTS

- 2019 revenues up 29% versus last year; pipeline up 127%, but Project Backlog decreasing by 18% compared to the 2018 backlog update of June 2019.
- The Coronavirus (COVID-19) outbreak is impacting both the industrial operations of ENGIE EPS and its short-term business prospects and it is still too early to assess its full impact.
- As the situation continues to unfold, the primary concern of ENGIE EPS remains the health of our employees and their families.
- ENGIE EPS has decided not to confirm its 2020 revenue guidance announced in June 2019 and, given the current highly volatile circumstances, cannot commit to an alternative 2020 target. As for the 2022 revenue target also announced in June 2019, ENGIE EPS will update if necessary this guidance once the COVID-19 situation has been overcome.
- ENGIE EPS, together with ENGIE as its majority shareholder and industrial partner, remains committed to the implementation of the Long Term Strategic Plan.

2019 KEY FIGURES

Revenues and Other Income amount to €20.2 million as of 31 December 2019, up 29% compared to the previous year. This growth is mainly due to the early results under the Long Term Strategic Plan for “Giga Storage” with utility-scale storage and solar plus storage projects, and “Industrial Solutions” with microgrids and storage systems. Worth highlighting are, respectively, the successful deployment of the Sol De Insurgentes project in Mexico and the commissioning of the microgrid in Lifou, New Caledonia. In addition, during 2019, significant progress was made in the construction of the project in Comoros and for the storage solution for the Leini power plant, as well as for the commissioning of the third stage of our microgrid in Somaliland.

On the other hand, **Project Backlog** as of today amounts to €29.5 million, down 18% compared to the revised Project Backlog communicated on 21 June 2019 (44% if compared to the initial one communicated on 14 March 2019). The decrease in Project Backlog is driven by the reduction in order intake due to several significant projects that have been either delayed or not awarded.

Pipeline is up 127% over the same period, reaching €686 million. This Pipeline includes the project in Guam (US) where ENGIE has been selected as successful bidder for the construction of two Solar-plus-Storage projects under a 20-year power purchase agreement by the Power Authority of Guam (GPA) and where ENGIE EPS is the exclusive storage solution provider. Review of the appeal lodged by another bidder, final approval and formal contract award by the relevant authorities[1] are underway. The appeal review process has however been put on hold due to COVID-19 cases in Guam. We therefore expect further delays for this project to enter the Backlog and we do not have sufficient visibility at present. The Pipeline features prominently other Giga Storage projects where ENGIE is the bidding entity and ENGIE EPS is the exclusive storage solution provider.

[1] The Consolidated Commission on Utilities, the Guam Public Utilities Commission and the GPA.

Gross margin stands at 26.5%, compared to 30% in 2018, mainly due to the lower margins of the project in Mexico, which however represents an iconic project brought by ENGIE and accounts for more than 60% of the FY2019 revenues.

Personnel costs increased by 53% reaching €6.7 million compared to €4.4 million in 2018. This is in line with the Long Term Strategic Plan, which envisaged that ENGIE EPS would strengthen its workforce in order to obtain the necessary foundation to execute the new plan over the long-term horizon. In this respect, today ENGIE EPS has 115 employees, from 15 nationalities, 1/3 of which with a PhD or an MBA.

R&D investments amounted to €3.1 million, including expenses and capitalized amounts, stable compared to last year (€3.2 million). These investments represent 15% of consolidated revenues, confirming once more the strong commitment of ENGIE EPS to R&D and innovation.

Other Operating Expenses increased by 41% amounting to €2.3 million, compared to €1.6 million in 2018. This is mainly due to the growth of ENGIE EPS‘ structure, necessary to support business growth, in line with the Long Term Strategic Plan.

EBITDA represents a loss of €5.7 million in 2019 (€-5.3 million net of the impact of shutdown of non-core activities) compared to a €4.6 million loss in 2018, due to lower gross margins and the increase in operating expenses which more than offset the increase in revenues.

EBIT as at 31 December 2019 stands at -€15.1 million (-€11.6 million net of the shutdown of non-core activities) compared with -€11.9 million for the previous year. In line with the refocusing under the Long Term Strategic Plan, during 2019 a series of actions were carried out in order to discontinue all non-core activities – in particular the hydrogen business line and the related production capacity – which generated impairments for €2.4 million and provisions for €1.1 million. Those costs were one-offs related to the implementation of the Long Term Strategic Plan.

Net Result as of 31 December 2019 decreased by 68% compared to 2018, from €-8.7 million to €-14.6 million (€-11.1 million net of the shutdown of non-core activities).

Net Financial Position at the end of 2019 decreased to €-8.1 million compared to €6.8 million on 31 December 2018. The Group obtained a €22.5 million facility from Société Générale, with the support of ENGIE, in order to fund its working capital needs, R&D and capex investments, of which €12.5 million were drawn down in 2019.

BACKLOG AND PIPELINE HIGHLIGHTS

In the context of its Long Term Strategic Plan, ENGIE EPS implemented a refocused strategy restructuring the organization around three product lines: (i) Giga Storage, with utility-scale storage and large solar plus storage projects, (ii) Industrial Solutions, with microgrids and storage systems, and (iii) e-Mobility, with innovative charging stations, typically Vehicle to Grid (V2G), and special charging devices leveraging on the ENGIE EPS intellectual property portfolio.

As iconic references included into the Pipeline and the Project Backlog, as well as early results of the implementation of the Long Term Strategic Plan, it is worth highlighting:

- in the **Giga Storage** product line, ENGIE EPS is shortlisted in two bids worth in aggregate more than €300 million and 1.6 GWh, for projects expected to be online by 2023;
- in the **Industrial Solutions** product line, ENGIE EPS secured its first microgrid in the USA and is well positioned to secure a second project in New Caledonia; and

- in the **eMobility** product line, ENGIE EPS secured a framework for a broad European distribution of the Easy Wallbox, setting the production capacity up to 50,000 units in the next 18 months and the largest V2G pilot project in the world, both announced on 26 February 2019.

2020 REVENUE GUIDANCE

On 21 June 2019, ENGIE EPS announced a revised revenue guidance of €40m for 2020 and €100m for 2022. It also presented an indicative ambition for 2025 of €400m of revenues in its Long Term Strategic Plan.

While the Pipeline is expected to generate revenues in 2021 onwards, the 2020 guidance rested mainly on projects moving from the opportunity pool to the Pipeline, then to the Backlog no later than 2019, and eventually generating revenues in 2020. As described above, some projects were not awarded to ENGIE, like the tender for new capacity in France, certain others are being delayed (in the US and Pacific islands), others have not materialized for ENGIE EPS, like the tenders in India and North Africa or a role of turnkey provider for large industrial projects that ENGIE EPS had planned in the e-mobility sector.

In addition, the COVID-19 outbreak is heavily impacting both the industrial operations of ENGIE EPS and its short-term business prospects. ENGIE EPS' operations and the majority of the supply chain are based in Italy, the country currently at the epicenter of the European outbreak. The Italian government imposed the most drastic steps yet by any country except China to contain surging numbers of COVID-19 cases, placing almost immediately the region of Lombardy (where ENGIE EPS has two industrial premises) and more than a dozen other provinces in neighboring regions under quarantine on March 8. Restrictions were extended to the entire country on March 10, and then turned into a lockdown. In addition, travel restrictions all over the world are limiting the ability to ENGIE EPS to materialize its project development effort, particularly in large tender processes.

As the situation continues to unfold, ENGIE EPS is not currently in a position to quantify the adverse impact, the related consequences for our supply chain and construction sites worldwide (Italy, Mexico, California, Singapore, Comoros, and Greece), nor the scenarios for our projects under development (Europe, South Africa, Middle East, US and Pacific Islands). As a consequence, the different scenarios for 2020 revenue recognition, presented by the management and analyzed by the Board of Directors held on 19 March 2020, are subject to significant volatility.

All of the above certainly impacts ENGIE EPS' 2020 guidance and ripples through the timing of the implementation of the Long Term Strategic Plan beyond 2020.

In the longer run, ENGIE EPS, together with ENGIE as its majority shareholder and industrial partner, remains fully committed to the Long Term strategic Plan and its 2025 €400 million revenue indicative ambition, bearing in mind that delivering this plan will require an improvement of the current economic environment highly penalized by the global Coronavirus pandemic.

Further, the successful implementation of the Long Term Strategic Plan is significantly predicated upon (i) ENGIE EPS and ENGIE prioritizing efforts and resource allocation on the markets where storage is most promising, e.g. with favourable regulation and already announced tenders for which both groups have a competitive hedge, (ii) ENGIE supporting ENGIE EPS in projects that make sense for both companies, and (iii) both partners being successful in winning and executing projects.

In this context, and following a discussion at the Board of Directors on 19 March 2020, ENGIE EPS has decided not to confirm its 2020 revenue guidance and not to commit to an alternative target for 2020, as well as to update – if necessary – the 2022 guidance once the COVID-19 situation has been overcome

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The investor conference call is scheduled on 20 March 2020 at 8:00am, 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 an industrial player within the ENGIE group that develops technologies to revolutionize the paradigm shift in the global energy system towards renewable energy sources and electric mobility. Listed on Euronext Paris (EPS: FP), ENGIE EPS is listed in the CAC® Mid & Small and the CAC® All-Tradable financial indices. Its registered office is in Paris and conducts its research, development and manufacturing in Italy.
For more information:
www.engie-eps.com

About ENGIE

Our Group is a global reference in low-carbon energy and services. In response to the urgency of climate change, our ambition is to become the world leader in the zero-carbon transition "as a service" for our customers, in particular global companies and local authorities. We rely on our key activities (renewable energy, gas, services) to offer competitive turnkey solutions.
With our 160,000 employees, our customers, partners and stakeholders, we are a community of Imaginative Builders, committed every day to more harmonious progress.
Turnover in 2019: EUR 64.1 billion. The Group is listed on the Paris and Brussels stock exchanges (ENGI) and is represented in the main financial indices (CAC 40, DJ Euro Stoxx 50, Euronext 100, FTSE Eurotop 100, MSCI Europe) and non-financial indices (DJSI World, DJSI Europe and Euronext Vigeo Eiris - World 120, Eurozone 120, Europe 120, France 20, CAC 40 Governance).

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 30 April 2019 (under number R.19-020). 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.

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1.1 Consolidated Income Statement

CONSOLIDATED INCOME STATEMENT (amounts in Euro)	31/12/2019	31/12/2018
Revenues	19.684.041	15.540.960
Other Income	520.770	119.721
TOTAL REVENUES AND OTHER INCOME	20.204.810	15.660.681
Cost of goods sold	(14.857.163)	(10.983.399)
GROSS MARGIN FROM SALES	**5.347.646,92**	**4.677.282,29**
% on Revenues	26,5%	29,9%
Personnel costs	(6.667.126)	(4.352.366)
Other operating expenses	(2.316.539)	(1.647.802)
Other costs for R&D and industrial operations	(2.094.303)	(3.279.710)
EBITDA excluding Stock Option and Incentive Plans expenses [1]	**(5.730.321)**	**(4.602.596)**
Amortization and depreciation	(2.985.304)	(1.655.407)
Impairment and write down	(3.592.049)	(289.038)
Non recurring income and expenses and Integration costs	(1.573.472)	(2.627.433)
Stock options and Incentive plans	(1.206.490)	(2.723.817)
EBIT	(15.087.635)	(11.898.290)
Net financial income and expenses	(312.219)	(692.014)
Revaluation of European Investment Bank warrants liabilities (IFRS 2) and other impacts of EIB loan prepayment	0	3.777.134
Income Taxes	755.570	78.532
NET INCOME (LOSS)	**(14.644.285)**	**(8.734.637,72)**
Attributable to:		
Equity holders of the parent company	(14.644.285)	(8.734.638)
Non-controlling interests	0	0
Basic earnings per share	(1,15)	(0,83)
Weighted average number of ordinary shares outstanding	12.766.860	10.525.521
Diluted earnings per share	**(1,15)**	**(0,83)**

[1] EBITDA excluding Stock Option and Incentive Plans expenses is not defined by IFRS. It is defined in notes 3.8 and 4.6 of Consolidated Financial Statement.

1.2 Consolidated Statement of Other Comprehensive Income

OTHER COMPREHENSIVE INCOME (amounts in Euro)	31/12/2019	31/12/2018
NET INCOME (LOSS)	(14.644.285)	(8.734.638)
Exchange differences on translation of foreign operations and other differences	(4.517)	(156)
Actuarial gain and (losses) on employee benefits	(123.021)	(43.733)
Other comprehensive income (loss) for the year, net of tax	(127.538)	(43.889)
Total comprehensive income for the year, net of tax	(14.771.823)	(8.778.527)
Attributable to Equity holders of the parent company	**(14.771.823)**	**(8.778.527)**

1.3 Consolidated Balance Sheet

ASSETS (amounts in Euro)	31/12/2019	31/12/2018
Property, plant and equipment	3.097.589	1.294.653
Intangible assets	6.979.216	7.986.470
Investments in entities accounted using the equity method	996	996
Other non current financial assets	143.346	143.227
TOTAL NON CURRENT ASSETS	10.221.147	9.425.346
Trade and other receivables	19.077.189	8.164.968
Inventories	2.985.948	3.052.853
Other current assets	4.680.548	1.981.965
Current financial assets	428.201	350.000
Cash and cash equivalent	6.431.376	10.860.527
TOTAL CURRENT ASSETS	33.603.262	24.410.314
TOTAL ASSETS	**43.824.409**	**33.835.660**

EQUITY AND LIABILITIES (amounts in Euro)	31/12/2019	31/12/2018
Issued capital	2.553.372	2.553.372
Share premium	48.147.696	48.843.750
Other Reserves	4.586.787	4.932.184
Retained Earnings	(38.306.765)	(30.296.289)
Profit (Loss) for the period before Revaluation of European Investment Bank warrants liabilities (IFRS 2)	(14.644.285)	(12.511.771)
Total Equity before European Investment Bank variation (IFRS 2)	2.336.804	13.521.244
Revaluation of European Investment Bank warrants liabilities (IFRS 2) - Impact on Net Profit	0	3.777.134
TOTAL EQUITY	**2.336.804**	**17.298.378**
Severance indemnity reserve and Employees' benefits	4.825.619	4.226.240
Non current financial liabilities	13.254.905	1.810.167
Other non current liabilities	1.631.591	0
Non current deferred tax liabilities	16.494	16.494
TOTAL NON CURRENT LIABILITIES	19.728.609	6.052.901
Trade payables	15.962.964	5.513.949
Other current liabilities	4.518.758	2.709.845
Current financial liabilities	1.277.274	2.240.696
Income tax payable	0	19.892
TOTAL CURRENT LIABILITIES	21.758.996	10.484.381
TOTAL EQUITY AND LIABILITIES	**43.824.409**	**33.835.660**

1.4 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 EIB loan prepayment	TOTAL EQUITY
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	-	-		-	(9.009.510)	5.923.291	(3.086.219)	3.086.219	-
Stock option and warrants	-	-	(1.453.787)		-	-	(1.453.787)		(1.453.787)
Shareholder's capital increase	865.446	29.392.355		-	-	-	30.257.801		30.257.801
Other movements				(1.560)	(13.671)		(15.231)		(15.231)
Loss for the period	-	-		-	-	(12.511.771)	(12.511.771)	3.777.134	(8.734.638)
Total comprehensive income	-	-	-	(43.733)	(156)	-	(43.889)	-	(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**	**17.298.379**
Previous year result allocation				(27.704)	(8.706.934)	12.511.771	3.777.134	(3.777.134)	-
Stock option and warrants			(181.831)				(181.831)		(181.831)
Shareholder's capital increase							-		-
Other movements		(696.054)		(12.828)	700.882		(8.000)		(8.000)
Loss for the period						(14.644.285)	(14.644.285)		(14.644.285)
Total comprehensive income	-	-		(123.021)	(4.517)	-	(127.538)	-	(127.538)
Net Equity as of 31 December 2019	**2.553.372**	**48.147.696**	**4.969.291**	**(382.492)**	**(38.306.857)**	**(14.644.285)**	**2.336.725**	**-**	**2.336.725**

1.5 Consolidated Statement of Cash Flows

CASH FLOW STATEMENT (amounts in Euro)	31/12/2019	31/12/2018
Net Income or Loss	(14.644.285)	(8.734.638)
Non-cash adjustment to reconcile profit before tax to net cash flows		(357.655)
Revaluation of European Investment Bank warrants liabilities (IFRS 2) and other impacts of EIB loan prepayment	0	(3.777.134)
Amortisation and depreciation	2.985.304	1.655.407
Impairment and write down	3.592.049	289.038
Stock option and incentive plans impact	1.206.489	(1.466.296)
Defined Benefit Plan	599.379	443.411
Non-cash variation in bank debts	528.048	488.338
Working capital adjustments		
Decrease (increase) in tax assets	221	719.544
Decrease (increase) in trade and other receivables and prepayments	(13.689.123)	(4.362.766)
Decrease (increase) in inventories	66.905	1.780.617
Increase (decrease) in trade and other payables	6.925.288	3.224.791
Increase (decrease) in SARs Liability	0	0
Increase (decrease) in non current assets and liabilities	107.590	2.686.501
Net cash flows from operating activities	(12.322.135)	(7.410.842)
Investments		
Net Decrease (Increase) in intangible assets	433.625	(3.137.602)
Net Decrease (Increase) in tangible assets	(276.528)	(780.971)
Net Decrease (Increase) due to IFRS 16 FTA	(2.175.922)	0
Net cash flows from investments activities	(2.018.826)	(3.918.573)
Financing		
Increase (decrease) in bank debts	9.953.268	(12.304.402)
Shareholders cash injection	0	30.257.801
Investments in company accounted for using the equity method	0	(996)
IFRS 16 Impact	(41.460)	
Net cash flows from financing activities	9.911.808	17.952.403
EPS S.A. net cash and cash equivalent at Period Beginning		
Net cash and cash equivalent at the beginning of the period	10.860.527	4.237.540
NET CASH FLOW FOR THE PERIOD	(4.429.153)	6.622.988
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**6.431.375**	**10.860.527**