FY2020 Results and 2021 Highlights

TRANSCRIPT

Investor Call held in Milan, 31 March 2020, h8:00am CET

Introduction*:* Welcome everyone, and thank you for joining us today for the investor call on the Engie EPS 2020 results and 2021 highlight, it will be hosted by our Chief Executive Officer and General Manager Carlalbeto Guglielminotti and Giuseppe Artizzu, Executive Director in charge of global energy markets and business development. Also present today Ilaria Scarinci Chief Financial Officer and Giovanni Ravina Chief Innovation Officer in charge of strategy, innovation and global mobility. The Press Release on the Engie EPS 2020 results and 2021 highlights has been broadcasted earlier today and sent to all participants to this investor call via newsletter. The presentation for today's call has been posted on the Engie EPS website, and you can find it in the dedicated pop-up appearing on the home page of our corporate website www.engie-eps.com. After their presentation, both Carlalberto and Giuseppe together with Ilaria and Giovanni will be available to answer your questions. If you wish to ask a question, you may enter the queue by pressing *1 on your telephone keypad, before we begin, I just want to point out that any forward looking statements made during today's call are subject to the risks and uncertainties mentioned in the Safe Harbor statement, which is included on page 2 of today's presentation. This also includes the risk that the transactions discussed today during the call remain subject to standard conditions for this type of transaction, as well as any other risks and uncertainties associated with the execution of transactions of this type, and as customary, the code will be governed by that language. So with that, I'm going to turn the call over to Carlalberto Guglielminotti.

Carlalberto Guglielminotti*:* Thank you very much Chiara, and good morning ladies and gentlemen, really thank you for being with us today. Before presenting the 2020 financial results, let me review the EPS overall 2020 performance from the operational and also ESG perspective. I mean, I'm on page 5 of the presentation, for Engie EPS 2020 has been an extraordinary year, despite the global restriction for Covid-19 and related delays in project development and execution, which impacted 2020 revenues, which are down by 45%, however Giga Storage and Industrial Solutions set a clear trajectory towards a strong rebound in 2021 and the achievement of the 2022 target. You have seen backlog and contracts secured reached over 170 million with over 700 MWh of energy storage and microgrids projects, mainly in the U.S. and Europe, pipeline increased by 46% to over 1 billion, almost exclusively outside the ENGIE group. The Industrial Plant in Cosio Valtellino expanded to secure 2.5 GWh a year of capacity. And the JV with Stellantis is progressing very well. I mean, governance and corporate name will be announced shortly, it may be a matter of days, if not hours, all antitrust and government clearances have already been obtained, and the JV transaction closing will be carried out by the end of April 2021. Meanwhile, we doubled the production capacity for residential charging solution from 500 easyWalbox per week achieved in 2020 to 1000 a week starting from March 2021 and already planning to scale up to more than 1500 easyWalbox a week by May 2021. The product launch roadmap has been tremendously compressed, I mean, you've seeing during the Technology day, first deliveries for new public and business charging solution were expected by the end of this year, while we have to accelerate and easyPublic and eProWallbox will be launched in early Q3 this year. You clearly see in slide 5 all major events that drove such achievement, from the launch of the easyWallbox a few days before the spread of the Covid-19 pandemic to the construction of the 25 MW Vehicle-to-the-Grid project and largest project worldwide in the middle of the pandemic. Then the award of 240 MWh in terms of availability and more than 300 MWh as system in Hawaii. Meanwhile, the launch of the FamilyWorking program, again in the middle of the pandemic and then the award of the New England contract, while in September ENGIE announced the strategic review and the possible divestment of its stake in Engie EPS. Then we had the ability after this announcement to put even more intensity in what we were doing and eventually we signed the MoU with FCA, then we have been awarded with the Terna contract, ranking number 1 in terms of capacity awarded in Italy, and then we signed in early January the JV agreement with Stellantis and then the Anza contract. Moving to page 6, in the context of the results achieved in 2020 and obviously also the Joint Venture we had to reorganize also the Management Team, then I'm particularly proud to announce today that Andrea Rossi our current CFO, at closing, so in the next coming days, has been appointed Chief Financial Officer of the Joint Venture with Stellantis, while the current Deputy Chief Financial Officer Ilaria Scarinci will be appointed in the next few days Chief Financial Officer of the group. And then focusing also on eMobility we doubled the intensity from the project management perspective and then I announce today within the management team, the arrival of Daniele Festini that is with us since 2020, coming from Ferrari, leading the project management for the eMobility Joint Venture. Then you see at page 7-8 our industrial plant in Cosio Valtellino, page 7, clearly why we are here, because of the electromechanical heritage, because of the proximity with our partners, and because of the 15 years of industrial Know-How. But more importantly you see the scale up of the production that I just mentioned, and the products we are launching in order to simply follow what is already secured in our secured project portfolio, we have in both eMobility and nEergy Storage. Then let me now turn on page 9 and our ESG performance, I mean we usually do not communicate on ESG for at least a couple of reasons. First, our mission is to develop technologies to revolutionize the paradigm shift in the global energy system towards renewable energy sources and electric mobility, I mean ESG is at the heart of our culture and business model. Second, we prefer to work restlessly on a daily basis to make the world a more environmentally sustainable place, installing as many MW we can with our clean technologies and to valorize our talents irrespective of their gender, rather than communicating on how much we are ESG compliant, I mean. But in other terms ESG is a natural output of what we do, rather than an input on which we focus on. Having said that, given the rising interest in the market for ESG in general and our ESG KPI, here at page 9 and 10 you have some figures. And the most important one is certainly the diversity of our people. I mean, 136 people, very young, 35 years on average, 18 nationalities, 21 academy talent programs within which we grow our talents. And then also from the women perspective and diversity perspective, obviously excluding the technology and industrial operations for obvious reasons: because electrical engineering is not exactly the most appealing university for women, but excluding the purely technological departments of the company, we have 57% of the Headcount is composed by women and 40% of the management team. Now from the safety perspective, you see that again, we do not monitor the output, you see in the right, in the bottom right part of the chart, the frequency rate, the fatal accident rate, the severity rates and the lost time in accident, which is obviously 0. But we are not proud of that because really monitoring such kind of KPI is totally unrealistic for a company, for a technological company that is working in very complex electrical system, I mean, we do monitor the number of safety alerts we receive and that we stimulate also with variable compensation towards our teams, and we monitor the time we will need to close the non-conformity, to close the safety alerts, and how much time is between the event and the filing, and then how long does it take for our teams to issue a new procedure in order to cope with the safety alert that will be filed by our people. I mean, we do strictly monitor the time of reaction we have in order to manage safety. So, we do not have the regulated approach to safety and then counting the output, but we do have fully managed approach to safety, which is from my perspective a necessity in 2020 and 2021. Then on page 10 you see our revolutionary program FamilyWorking that has been, I mean, broadcasted on a worldwide basis. Again, the fundamental principles of this program is that going to the office to work is a right and no more a duty, with the natural workplace that is the home of our employees, because FamilyWorking is not remote working as generally conceived, but simply the official recognition of 5 rights aimed at positively combine work and family: right to technology, to flexibility, to family, to wellness and to parenthood. Also we have a dedicated platform for them, all such rights are secured within the EPS where those are not just slogans, but those are part of dedicated programs, including pedagogical supports for our employees, technologies at home and the ability to really plan your day. This was fundamental, all comforts have been awarded with during the pandemic, having all our employees working, or at least the non-industrial part of our employees, working from home. And we do monitor constantly also the level of engagement and trust of our people with dedicated AI technologies and with a level of adoption which is 85%, so essentially with daily questions to our employees, we strictly monitor the level of balance between the skills and the challenges they have, the level of trust, the level of approach to risk, the clarity of objectives, and so on. I mean, we never disclosed to the market such kind of details but this is just to say: that's standard way of working. If it's state of the art or not, I don't know. But certainly we typically are 1 to 2 years ahead of general and traditional companies on such aspects because it's a prerequisite to retain talent and to attract talent into our company. At page 11 you see the Technology Revolution Day we launched on February 18. Just few figures, 18 R&D projects well balanced between Storage and eMobility, 21 new products will be launched, 25 million invested and more importantly, 167,000 hours, equivalent to 95 years, of R&D will be spent in order to launch the new products and the new technologies. So page 12 and 13 you have some details we may deep dive during the Q&A session. Then let me now turn on financial performance, I'm on page 15, I mean, you see clearly revenues amounting to 11 million, down 45% compared to 2019, but mainly as a consequence of the global restrictions for Covid-19 and related strong delays in both project execution and project development. I mean, construction schedules were dramatically affected by Covid-19 and related logistic restrictions. But nonetheless, we have been able to complete the construction of the Sol des Insurgentes Solar-plus-Storage project in Mexico, which is currently in test run, and achieved the commercial operation of the Agkistro hydrogen system in Greece, the storage system in Leini, connected to the 400 MW thermal power plant in Northern Italy and the microgrids in California and Comoros. Having said that, despite the decreasing revenues, today Backlog and Contract Secured some up to more than 170 million dollars and 700 MWh in U.S. Europe and Africa. $39 million is backlog up 12% compared to 2019 with over 50 MWh between California, Massachusetts, Comoros and Italy, and $133 million Contracts Secured are approximately 650 MWh of project between Guam, New England and Hawaii, Pipeline increased by 46% in the same period reaching more than 1 billion. And this is thanks to the rapid market acceleration we are obviously experiencing across all key geographies, I mean, particularly North America, Europe and Australia. We have an increasing flow of requests for proposals receiving from both existing and potential clients. But more importantly it has to be noted that approximately 50% of the 686 million Pipeline announced with the Full Year 2019 Results was represented by project under development with ENGIE in US and Europe. And 1/3 – you see clearly in the right part of the chart – and 1/3 of such projects have eventually converted into the current backlog and contract secured. Then you immediately realize from this chart at the bottom of page 15, in short, we added over 600 million to the Pipeline developed almost entirely outside the ENGIE group. And if you want to compare to the H1 Results, when ENGIE announced its strategic review and potential divestment on September 23, the Pipeline stood at 806 million with a strong majority of our projects under development with ENGIE and just 2% of it represented by eMobility, while as of today, Pipeline stands at over 1 billion, with a strong majority of our projects outside the ENGIE group and eMobility representing 21% thanks to the JV with Stellantis. Then moving to page 16 very quickly, you see the geographical spread of our capacity online, about our Backlog and Contract Secured, you see clearly the weight of Americas, while in the Pipeline this is certainly important, but set off also with the fact of the rising market trend in Australia and Asia-Pacific generally. And then you see, obviously without the details for obvious confidentiality reasons, the weight, the rounded weight, of our capacity under development between Europe and US. Then moving to page 17, we have the figures we just discussed, maybe a few details might be interesting, Gross Margin +8%, I mean, this is an accounting effect, because of the mix between having lowered dramatically revenues, obviously the revenue mix is less telling and therefore this increase, but this certainly is not telling of a trend. While, the -47% in EBITDA is the natural consequence of the revenues drop. So we are certainly not worried because of the EBITDA. Then page 18 you see the P&L waterfall. Just a mention on the R&D and industrial operation. You will progressively not see more this accounting item because this was related to the project awarded before March 2020. Then I'm on page 19, you see the revenues and backlog breakdown. What is interesting is the difference in revenues and project backlog in terms of geographical spread, I mean, revenues today are essentially concentrated between Europe and the Americas, while the backlog is almost entirely concentrated in Americas. And then on the right part of this slide you see clearly the impact of eMobility, which might surprise because, you've seen in revenues, we have today 24% of our revenues coming from eMobility and then in backlog you just see 5%. This is a deliberate choice that we have made because we have conservatively inserted all the future results of the Joint Venture, even if we have a business plan agreed with Stellantis and attached to the documents we signed and which was provided by them, but we decided to not put anything in the backlog so just the monthly orders are put in the backlog and we conservatively put just a fraction of this plan into the pipeline. We will think about that after closing, this will occur in the next few days, but we opted for a very conservative approach, also suggested by the special situation in which we are today, which is in the middle of the strategic review of ENGIE, so you might easily imagine why. I'm on page 20 now, you see the cost personnel evolution, 21% in line with the plans to be honest, but then you see clearly why in the third column, the total FTE, because 15% of the newly hired people are in eMobility and therefore a 21% increase in cost of personnel was a natural effect, even before talking about the natural expansion in storage to manage and to cope with the natural growth we will have in the next 2 years, thanks to our secured project portfolio. Then operating expenses +13%, this is the natural growth, according to our Long Term Strategic Plan. On page 21, you see the breakdown of non-recurring expenses that are decreasing and decreasing on a yearly basis, and also some details on the impairment that maybe we can deep dive during the Q&A session with a line about that. Part of the non-recurring expenses will be the FamilyWorking program. A crucial part of this FamilyWorking program was the partnership with the Ospedale San Raffaele part of the San Donato group, which is the largest medical research center in Italy, with which we replaced and we refurbished entirely all the areas and place of work in our offices and in the factory. We continuously update the Covid protocols and we support the organization, and they supported the organization of Vaccination Campaign against Covid-19 in our premises. I mean, I give an example, we had several colleagues that tested positive, also 1 of them very close to part of my staff during the site visits. So essentially, we had a Covid colleague in the middle of the site visit, with tenth of people, but nobody as a consequence of this contact tested positive, meaning that the protocols that we follow are stringent but extremely effective, and therefore, I do not consider such cost as an extraordinary expense, but irrespective of accounting principle, I frankly consider any euro invested as one of the most important investment we have made for the health of our people. Then at page 22 you see some breakdown, you see clearly why in Equipment and Services the investments are concentrated in Move and Drosso, so essentially in eMobility, while from the personnel perspective the investments are more concentrated in Control, Store and Convert & Connect and therefore the Energy Storage wing, if I may. This is natural and, I mean in nEergy Storage we have invested approximately 15 million in the last 5 years, mainly and essentially in equipment and then in this phase of the R&D investment we will invest more in personnel, while in eMobility we are at the beginning of this curve and as a result the investment in equipment is higher than the investment in people. Then from the net book value evolution perspective, the right part of page 22, it's interesting to note the slightly over 9 million of intangibles we currently have, which is really modest to be honest, compared to the number of patents and trade secrets that we have, that we file on a yearly basis, the technological level we have and the current market capitalization of our company, it is certainly a really modest amount. Then last point on our net financial position, you see the evolution on page 23. It is worth mentioning also that we just agreed with Société Général an additional 10 million credit line, therefore certainly we are not running out of cash meanwhile we are moving out of the Covid-19 pandemic. Then last slide before moving to the Q&A session: Joint Venture with Stellantis, again, it might be a matter of hours the communication of the brand name and the governance of the Joint Venture, my apologies for that, but you might easily imagine the complexity of working with one of the largest carmakers in the world, not because they are complex, but simply because they are a giant, and like a giant certainly the level of flexibility we might expect is different from the one that we have, being a company of 150 people and not 400 000 people worldwide. But said that, we are making things happening certainly, you see, in July we started the process, in November we signed the MoU with FCA, than eventually FCA merged with Stellantis and we have been able to sign with Stellantis, then in March we got all government clearances and 100% of the antitrust authorities received, and therefore you clearly see how the Joint Venture will be certainly closed by April 2021, and by the way my team might confirm during the Q&A session that the Press Release has been issued, so I may tell you more during the Q&A session, then, thank you very much for your attention, and I would like to now turn back the line to the operator for the Q&A session.

Operator*:* We will now begin the question and answer session again, if you have a question, please *1. The first question comes from Belanger Jean-Michel of Société Générale, please go ahead.

Jean-Michel Belanger, Société Générale: Hi, good morning Carlalberto, and congratulations to the whole team for these very nice prospects. Yeah, I have a few questions, let's start with this one, in terms of guidances a few time ago, before the JV with Stellantis, you were mentioning that you were targeting revenues of about 100 million euros in 2022, have you upgraded or not the guidances given the JV with Stellantis?

Carlalberto Guglielminotti: Thank you very much, Jean-Michel for this very interesting question, so let me make a recital, you can easily imagine the complexity of financial communication in the middle of the strategic review of ENGIE, ok? And then we have to be obviously extremely careful in the middle of the process in discussing about our guidance, because of the responsibility we owe to our investors, simply because of that. So we feel this responsibility and as a result we will be extremely careful. Having said that, I confirmed that obviously our guidance that was 100 million before the JV with Stellantis, to be honest it was before the JV with FCA, and then we signed with Stellantis and everybody was wondering the level of commitment that the Stellantis group might have had in in the context of this Joint Venture. And I just received confirmation right now from my team that I can officially say that it should be published in a matter of minutes a Press Release, a joint Press Release between Stellantis and Engie EPS, announcing the new name of the JV, that will not be something linked to FCA or PSA, but is the Stellantis brand for services, which is Free2Move. So essentially the Free2Move eSolutions, obviously, will be the name of the Joint Venture with myself appointed as Chairman and Roberto Di Stefano, so the global head of eMobility, will be appointed Chief Executive Officer. So I cannot, as I said, for the reasons I mentioned, reply, if not confirming that certainly there is nothing in the guidance about the eMobility. But what I can tell you is that certainly what will be beyond the guidance in terms of eMobility is certainly beyond our expectations because it was already beyond our expectations and then, giving some color to the market, saying we expect this business to be at least equivalent to energy storage, so in the mind of everybody, everybody was doubling, potentially doubling this 100 million guidance. But today, I think more than ever, you might realize the level of engagement we have with the carmaker, which is 25% of the market share in Europe. So we're talking about another order of magnitude, at least in terms of potential, and therefore apologies Jean-Michel to not precisely answer to your question for the reason I mentioned. But I think that looking at the Press Release, we will release in a few minutes on our website confirming the name and the governance of the Joint Venture, you might immediately realize that the potential is well beyond our 2022 guidance expectations.

Jean-Michel Belanger Société Générale: OK, thanks Carlalberto that's very clear, so I understand that negotiations concerning the evolution of your shareholders, possible evolution of your shareholders. If I can ask you this question, you would be more in favor of a car manufacturer, of a utility company, of an electrical company?

Carlalberto Guglielminotti*:* Thank you, thank you very much Jean-Michel, I can reply very easily to the first part of your question, certainly not a car manufacturer, because we already have a car manufacturer in our shareholding, even if at a lower level, which is Stellantis. So certainly we don't need another one, first because they are representing 25% of the European market share, which sounds quite like enough, if I may, but more importantly because the Joint Venture is born in order to address worldwide, and again, I invite you to refresh our news release on our website, but you will obviously receive it by email in a few minutes, I invite you to refresh, just simply to understand also, let's say the title, what you will clearly see is that the ambition of the Joint Venture, of Free2Move eSolutions let me call it right now, in the right way, with the right name, has the ambition to become the worldwide leader in eMobility services, first point. And second one, to play in the markets certainly not in a captive way, and therefore the real ambition is to expand our services and our products well beyond the Stellantis Group, ok? That's the reality. So, again, certainly cannot be a car manufacturer because we have, first, as I said, one of the largest one into our shareholding, even if in a different structure. And secondly we do not have any need for an additional one because in our strategy, we already have a clear strategy to tap all other carmakers without having them in our shareholding. Then on the second part of your question, frankly speaking we do not have straight preferences between an oil and gas related company, or oil and gas technology related company, or an electrical one, or any other type of industrial player. Frankly speaking if our new partner, assuming we will have a new one obviously, will be a provider of oil services or a technology provider in the oil and gas industry or a manufacturer of any other thing, let's say from electrical equipment to cement, really is totally irrelevant. What is really relevant, at least from our perspective, the management team, is that we shall have a global ambition and a global play. Because the market is booming, and the problem we have today is the prioritization within our teams, and every time we prioritize, we select, we decide on what opportunity to tap, really, we realize how much we are missing and how much we are living on the table. And therefore, having a shareholder, a partner that believes in us, that believes into a global project which is not just American or Asian, but is European, Asian, American, really, that believes in both ideally in eMobility and Energy Storage, that believes really in what we are doing, that's "the" priority. You are following us since the very beginning Jean-Michel, you remember when in 2015 we were discussing about a market that was not existing at the time, right? So right now the market is there. It is clearly billion sized at the global scale. So, we are there. We have hundreds of MWs under development, hundreds of MWs of installed base, we are a number 4, number 5, number 6, lets discuss, in the world. But certainly we are a top tier player in the energy storage space and certainly we are a top tier player in the eMobility space. We want to surf and ride this wave. This is the only thing we want to do. We want to install MWh. We want to install projects and we wanna install eMobility products all over the world. This is what we want to do. Then if our shareholder will be an electrical equipment manufacturer or an EPC or a semiconductor productor in Asia, really, we don't care, what we care about is the level of ambition that the new partner will have because our ambition is very, very high, and having a partner that believes in us and that will give us the fuel to surf this wave and to really transform what was a dream – and now is a reality – into a global player. I mean, this is what we want.

Jean-Michel Belanger, Société Général: Ok, thanks a lot Carlalberto, that's very clear.

Operator: The next question comes from Fabrice Theveneau of Lyxor Asset Management, please go ahead Sir.

Fabrice Theveneau Lyxor Asset Management: Good morning, hello Carlalberto, thanks a lot for the presentation, I had many questions, I'm not sure I will be asking all of them, but the first question relates to the requirements for storage. We've seen very big jump in the need for storage of electricity with the ramp up of renewable energy. I'm thinking about Spain, where the tenders did not include the storage option roughly a couple of months ago, and now it seems that most of them will include some storage requirements. What's the impact for you and when can we expect you to obtain the contracts on basis of these tenders? Second question relates to the share of sales in the next 2 years that will be in the US. Does it mean that you will need to relocate partly to be closer to your end market? Can you remind us also the difference between Backlog and Contracts Secured and when we could expect the 112 million you have on Slide 17 to move into Backlog. And I had a few, 1 or 2 more on the financials, notably on the Break-Even, could we still anticipate to 2022 for you to Breakeven?. Thank you.

Carlalberto Guglielminotti: Thank you very much. I would leave to Giuseppe the replies on the first two. So the impact of the market boom and the potential relocation of part of our teams to the US. I just take the last two, so very easily and then again, Giuseppe might give you more color, but the revenue recognition of this Backlog and Secured Contract is obviously in the next 2 years, we may have a small portion in Q1 or let me say beginning of 2023, but really almost we expect a strong majority of backlog and secured contracts obviously converted in the next two years, in an almost 1 third and 2 third ratio between 2021 and 2022, then this is the conversion to which you have to sum up obviously the eMobility potential. Then by the way, sorry to interrupt, but I can confirm and again, apologies, I hate real time things, but you might easily imagine the period in which we are, it's on our website and in the

Stellantis website, so if you go on our Press Release section you will see the new Press Release we just broadcasted. So Free2Move eSolutions is the name of the Joint Venture between Stellantis and Engie EPS to create a new world leading provider of eMobility products and services, this is the title of the joint Press Release just launched by Stellantis, and you will see also the logo of the Free2Move eSolutions brand. Then having said that, I take the last one, just to clarify the difference between revenues, backlog and secure contracts, obviously in our space is quite usual, typically, when we are awarded with a tender, the contract is secured. But then typically being project financing, you have several complexities and several papers to be signed, from the EPC to the notice to proceed and so on, and planning permission etc. Therefore the contract is secured, but then before becoming backlog, typically becomes backlog at the notice-to-proceed and then from the notice-to-proceed you recognize revenues very quickly thereafter. So that is the traditional way used to clarify what is secured and therefore awarded, and what is backlog therefore is a secured contract that is already been executed in all steps in terms of documentation and planning permissions. But I leave to Giuseppe a detailed answer on the first and second questions. Giuseppe floor is yours.

***Giuseppe Artizzu**:* Thank you, Carlalberto, good morning everybody. As you rightly said, so the very ambitious plans and the actual physical increasing penetration of renewables across markets creates a fundamental need for storage. This is clearly reflected in the boom that the United States market had last year, that installed on its own more than 1 GWh of capacity only in the fourth quarter of the year. So overall the market exceeded the 10 GWh of capacity installed last year. The flow announcement coming from Australia, slower announcement coming from Europe and from some other regions, Latin America for example. The key difference between markets that are already booming and markets that will boom over the next months and years is the pace at which the market design is adapted to reflect, to reflect that. So the fact that the European market is a fully liberalized market where in principle, unless there is a specific element of capacity remuneration, independent power producers and utilities are fully exposed to the vagaries of the spot market is something that is slowing down the uptake in Europe. However, I mean, the fundamentals are so strong that clearly all the regulators are actively working around creating mechanisms to give visibility to revenue generation on storage systems and to protect, at least in part, from the fluctuations of the pure spot market remuneration. I mean, the Italian Fast Reserve tender, of which we captured 1/3 of the capacity awarded is a case in point. So we just needed a 7 year, 7 year visibility on a portion of the remuneration of the system that the tender was heavily oversubscribed and the prices came out extremely low. So from a system perspective it's a great bargain installing storage. So this is not about subsidy. It's reducing the spot market risk that investors in the system have to bear, the moment you mitigate that then the market blows. And this is, again, what we're seeing in the US and what we are seeing in Australia, even though in Australia in reality there is not that much of a mitigation instead the amount of solar capacity that is being installed in particular on rooftop, so retail storage capacity, has created such an oversupply of solar energy during the day-time of the day that even on a merchant basis, the energy retailers are contracting storage and this is what is driving the development of systems. So, again, in a nutshell it's a matter of market design, Spain that is installing again, so it has started again to install GW of solar every year keeps the pressure stronger than in some other markets, but we expect that to come in Italy, we expect that to come in Germany, we expect that to come in Portugal and Greece when we talk about only Europe. Moving to your second question however the reason why we have the bulk of our secured contracts portfolio is located in the U.S. is exactly this one, because market design in the U.S., as anticipated, I mean has followed the fundamental needs of the electrical system and therefore the market is picking up first, and together with ENGIE we managed to capture a material portion of that. We knew that it would take some time to finalize the project development, but this is coming. So the secured contracts would convert over the next 18, to 24 months. And in order to do that, yes, we are, in addition to registering directly for business in all the states where we are going to either execute projects or originate new projects, we are moving 2 people out of Europe to the U.S., we are hiring 2 or 3 people in the US, both for business development and origination and for service. Just to remind you, apart from the secured portfolio, last year we put into operation our microgrid in California, on which already we have a second stage that has now been contracted and it's in execution. We started the construction of our project in Massachusetts back in October and it will be online later this year. So already we have projects in execution that already require aftermarket service, so we need to cover both aspects and of course, given the ongoing strategic review with ENGIE, we are by default increasing our level of independence. While before we could assume that at least in certain areas we could somehow rely on ENGIE's presence, since September last year our working assumption is that we have to be independent across the spectrum. Then once we have a new shareholders identified, of course, in certain geographic areas, we expect to have to benefit from local support from whoever is going to be the new reference shareholder. I think I covered everything. Yes, I think... unless there's something else that you may want to touch upon.

***Fabrice Theveneau, Lyxor Asset Management**:* That's very helpful, thank you very much...

Operator: Again, if you have a question, please, press *1. The next question comes from Jean-Michel Belanger of Société Général, please go ahead sir.

***Jean-Michel Belanger, Société Général**:* Yeah Hi again, another one from my side, given the fact that at the end of 2020 your equity is negative. Could we reasonably think that when a new shareholder would come in there might be a capital increase at this occasion, as what happened when ENGIE came in a few years ago?

***Carlalberto Guglielminotti**:* Thank you very much Jean-Michel. Again, given the sensitivity of the matter, capital increase is a potential, let me say, liquidity event, right? And given the context, which is the current ongoing strategic review of ENGIE, I will answer that "I would not be surprised", if I may, but this is what I can say in this specific moment. By the way just to confirm, should you have (also for the operator), should you have any question on the Press Release put just now on our homepage, so you clearly see on our home page the Free2Move eSolutions logo, if you click on "read more" in the center of this logo, you will see the Press Release. So, should you have any question we are obviously here at your disposal. And again, apologies to not have had anticipated this additional press release, today's press release, that has been broadcast in real time.

***Operator**:* There is no question at the moment.

Carlalberto Guglielminotti: I would leave – and this is a message for the operator – I would leave maybe a few additional minutes for the people connected and online, just giving them time to read the Press Release that we published on our website. I can just comment on this Press Release in real time, just giving to you more color. So, first of all you clearly see in the title what's the ambition. So we were talking about a European play at the very first announcement with FCA and just about the FCA perimeter. Then we announced with Stellantis and everybody was trying to understand the level of engagement of the whole Stellantis group. Today is an important step because using the Free2Move brand, which is a PSA brand by the way, adopted at the Stellantis level, and naming the Joint Venture Free2Move eSolutions with a clear world leading play, outlined even in the title, with a joint Press Release with Stellantis, I think it clarifies pretty much clearly, sorry for lack of a better word, the level of ambition this Joint Venture has in the market. Then you see in the JV the clear reference also to all services and product lines we will launch. You see clearly that we will be active in charging infrastructure, so installation, servicing and operations, public and home charging subscriptions, so with monthly fee, which is something that we mentioned in other calls, we expect to be 70- 80% of our revenues in the coming years, which by the way will be recurrent. So essentially transforming our business model from one-shot large-scale projects to recurrent revenues, which is a major step in our equity story. And then advanced energy services such Vehicle-to-grid, it's something that we already proven to be technologically able to do, but obviously doing it with a play at the Stellantis level is another order of magnitude, if I may. Then there are details on Free2Move, Free2Move is part of the Stellantis group, is the mobility technology company created in 2016 in PSA. The objective, which was to simplify the mobility for both private and business customers. And by the way, Free2Move is working with all the other carmakers, and again, I was a bit embarrassed to answer one of the first questions about the other carmakers, I mean the fact that we will address other carmakers and other customers with other types of cars is written in the DNA of the brand we are using, which is Free2Move, and Free2Move is currently today working with any other car manufacturers and with all the customers irrespective of the fact they have a Stellantis car or a Stellantis brand. This is the most important evidence I think, and then at the end of the Press Release you see the board of directors, the board of directors comprised of 6 members, 3 appointed by EPS, 3 appointed by Stellantis. And then you see, as I mentioned, Roberto Di Stefano representing Stellantis, who was the head of eMobility becoming the CEO, and myself appointed Chairman. Most importantly you will see the other members of the board, like Brigitte Courtheoux who is currently the CEO of the Free2Move brand within the PSA now Stellantis Group, and member of the Stellantis GEC, so the Global Executive Council. Then Davide Mele, Deputy Chief Operating Officer of Enlarged Europe, which is the new EMEA, what was formerly EMEA before the Stellantis merger. And then representing EPS Luigi Michi, who is our independent board member at EPS, but is a non-executive member of the Board at the Free2Move level and was formerly the Head of Strategy and System Operation in Terna and former executive vice president at Enel, so one of the most reputable transmission system and energy market experts, at least at the European level, that we have in our board, and that we kindly asked to join – representing EPS – in the Free2Move Solutions Board. And then eventually Giovani Ravina, our historical Chief Innovation Officer representing Engie EPS, being also in charge not only of the Innovation, but also in charge of Strategy and Innovation, meaning also hydrogen but most importantly, in this context, global mobility at Engie EPS. By the way, Giovanni is connected to this call in speaking mode, so should you have any question he is available even right now. So, I asked the operator if there is any question raised by this new press release and apologies again for the real time.

Operator: There are two questions booked at the moment… please Theveneau Fabrice of Lyxor Asset Management, go ahead.

Fabrice Theveneau, Lyxor Asset Management: Yes Hello, so one question maybe on this JV, could you... I think that it would be, so Stellantis will have more than 50%, it should be also understand that, in fact, it will require new specific financial to on your cash flow. Could you confirm that? The JV of course, I guess will not be consolidated for you, but can you explain or, I mean, it should have within 2, 3 years, I guess, a very big impact on your total activity, I don't know if it is maybe a bit early to give numbers. Otherwise, I had 1 or 2 questions. Are you watching the developments on the reuse of old batteries, I guess could become a big market in the years to come. And also, could you talk a bit on the new technology, I know you've made it on the Technology Day, but notably the new products you have and notably on the fast charging side. Thank you.

Carlalberto Guglielminotti: Thank you very much for your question. I will hand over to Giovanni Ravina directly, I'll just take the first 2 questions. So I hand over to Giovanni for the batteries, new products, fast charging and strategies and product strategies. I take the first one, so on cash flow drawdown on our side, No. I mean as we announced I think in November that the project Joint Venture was born with the intention to couple our people, our technology with the FCA at that time, now Stellantis' industrial footprint, and more importantly, even more importantly, or I don't know if it's more important or not, but anyway, also financial resources. So in principle all the technological development are already funded. And therefore in order to reply to your question, no drawdown from our cash flow perspective is expected in the contest of the JV. Obviously this does not, let me say set the full picture, because particularly in light of our new potential shareholder, as far as there will be a joint interest in increasing the level of investments into the JV, by definition we can do it. But like latins used to say "Rebus sic stantibus" to reply straightforward to your question, no drawdown from our cash flow perspective in terms of investments within the context of the JV is expected or even planned. Then second question on consolidation. Please take into account that we will fully consolidate line by line this JV. Because this is the agreement and this is what we have announced. So any single euro that will be generated in terms of revenue will be consolidated line by line into our P&L. Then Giovanni floor is yours to give us a bit more color on batteries, fast charging and future strategy. Thank you Giovanni

Giovanni Ravina: Thank you Carlalberto. Good morning everyone. First of all, let me tell you how proud I am of this new chapter of the eMobility adventure at Engie EPS that we are partnering with Stellantis for. I also believe we are putting together all the right ingredients to make Free2Move eSolutions a real leader in eMobility in Europe to start with. And so specifically on the question, batteries, of course you have touched a right point of interest for Engie EPS and the JV. The way we are going to approach batteries from EV is what we call a battery lifecycle management. Basically we believe that a battery is gonna be maximized in terms of value generation only if we are gonna consider the EV battery both an energy asset and a mobility asset, meaning that during the traction life of the batteries we are pioneering and leading the space of Vehicle-to-X, one of the declination of is Vehicle-to-Grid, basically meaning that while cars are parked they can generate value in the energy market through ancillary services or behind the meter through energy management. Second phase of the battery lifecycle management is the reuse of batteries getting out from vehicles, so from the traction life into stationary applications. And here again has been more than 1 year that we are working closely with FCA and now with Stellantis to reuse these batteries in the energy market. It's not straightforward because there is a topic of integration of these batteries that were not born to be used in stationary. And second there is clearly a business model to be defined, but we are working on that. So the idea of the battery lifecycle management is really to pull together the different phases of the battery, starting from the design, to the traction life, to the second life, even looking potentially at the recycling phase, of the full cycle of circular economy, where maximizing the value in the energy markets, vehicle go to grid or single life application, will allow to reduce the total cost of ownership for the EV customers. So this is the real game we are gonna play on. Second question about roadmap in terms of product and specifical focus on fast charge, we have a dedicated product suite of D.C. (Direct Current) charging stations, but they are going to be quite innovative for the approach we bring as energy player and System Integrator, meaning that our key focus is going to be the bidirectionality of these charging points, as I mentioned before to allow Vehicle-to-Everything application revenue generation. And second is the opportunity to create fast charge where it was not possible before, how we are going to do that? Basically integrating storage capability as a buffer. We are going to use batteries as a buffer between the electrical grid and the fast charge in order to allow to charge these batteries from the grid but discharge them fast in the vehicles, that will open up the market for fast charge as of today too limited by the constraints of the grid. And as well, also looking at the existing infrastructure like tramways, railways and so on for possible derivation of fast charging - ultra-fast. So long story short, on fast charging, we are going to have products, let's call them mainstream, 50 kW plus, but also smaller, with the DC Wallbox 25 kW. But our distinctive play in this market is going to be the bidirectionality, allowing vehicles to be adecentralized energy resource, and the storage integration in order to allow fast charge everywhere. Available, of course, to further elaborate on specific points.

Fabrice Theveneau Lyxor Asset Management*:* Thanks for the answer.

Operator*:* The last question from Jean-Michel Belanger, of Société Général, please go ahead.

Jean-Michel Belanger Société Général*:* Thank you for that but my question has already been answered.

Carlalberto Guglielminotti*:* Thank you Jean-Michel.

Operator*:* There is no question booked at the moment.

Carlalberto Guglielminotti*:* Well, thank you very much for attending this investor call then, and thanks for all your good question. Again apologies for the last minute release of the Press Release, in parallel with our financial results. But this is our life in this hectic moment, and we all wish you a great day. Thank you very much. And do not hesitate to contact our investor relations team to deep dive on today's release. Thanks a lot. And have a nice day.