9M Results 2020

November 13th 2020

Jean-Pierre CLAMADIEU
Chairman

Introduction

Appointment of new CEO to drive ENGIE's transformation

- Catherine MacGregor appointed as the new Chief Executive Officer for ENGIE
- Effective 1 January 2021, with appointment as Board member to be proposed at the AGM in 2021

Progress on new strategic orientation announced in July 2020

- ENGIE delivering at pace

Catherine MacGregor

Claire WAYSAND
Interim Chief Executive Officer

Groupwide progress in 9 months despite pandemic

Strong recovery following a significantly impacted Q2 2020 guidance confirmed

- Q3 COI **organically up 2%** on last-year: strong growth in **Renewables** and clear rebound in **Client Solutions**
- Continued **delivery** of major capital projects: €3.3bn growth Capex(1) in 9M
- Continued focus on **minimizing impact of new Covid-19 restrictions**

Pace of delivery on new strategic orientation

- Increased focus on **renewables and infrastructure assets**
- Completed sale of 29.9% shares in **Suez** in October
- Defined preliminary scope of **Client Solutions** activities
- Strategic review for 40.4% stake in **GTT** launched

(1) Net of DBSO and tax equity proceeds

First phase of Client Solutions strategic review complete: preliminary scope defined

Client Solutions within ENGIE to be refocused on decentralized energy infrastructures

- Providing **complex, integrated and large-scale solutions**
  - Servicing **Cities & Communities** and **Industries**
  - DHC, on-site generation, energy efficiency, smart city, green mobility, engineering
  - Focus on **long-term contracts**
- Building on positions in France(1) to develop in Europe and internationally; ~35k FTE
- Indicative financials(3): around €7-8bn revenue & **€0.55-0.65bn COI**

Creation of a new leader in asset-light services, where ownership could change

- 2 business models: **projects** (design & build) and **recurring services** (maintain & operate)
  - Servicing **wide range of customers**
  - Electrical installation, HVAC, information & communication
- Active mainly in Europe(2), incl. BeNeLux, with further prospects notably in North America; ~74k FTE
- Indicative financials(3): around €12-13bn revenue & **€0.35-0.45bn COI**

(1) Including the activities of Engie Energies Services (for all companies in the Cofely and *France Réseaux* perimeters representing a turnover of around €4.5bn)
(2) Including in France the activities of Ineo and Axima representing a turnover of around €4.8bn
(3) Based on 2019 results; ranges to be further narrowed for the preparation of related financial statements (accounting principles and intercompany transactions)

Client Solutions review: next steps

Following completion of this first phase announced today, the next steps include:

- **Organization design** and **appointment of future management teams** for the proposed new entity,
- **Preparation** for separation of activities,
- **Review** of options for future ownership.

Social dialogue already initiated and to be enhanced in the coming months.
Consultation process with the appointed employee representative expected to start in Q1 2021.

Next update to be provided at year-end results in February 2021.

Judith HARTMANN
EVP, CFO and Member
of the executive leadership team

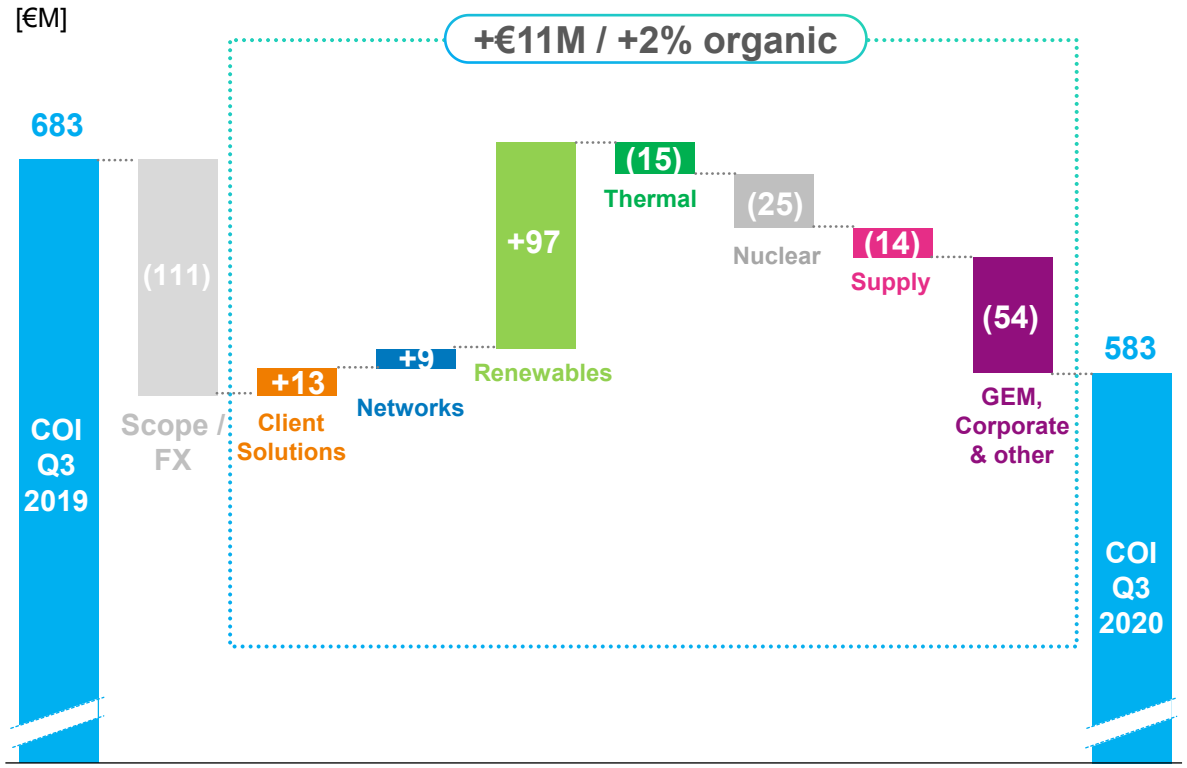
Q3 2020: strong financial recovery following a significantly impacted Q2

- **Covid-19 impact c. -€150M in Q3** vs. c. -€720M in Q2

Estimated impacts of Covid-19(1) and French Temperature(2) on Q3 2020 COI by Business Line

[€bn]	Covid-19(1)	French temperature(2)
Client Solutions	(0.05)	-
Networks	(0.01)	0.00
Renewables	0.00	-
Thermal	(0.02)	-
Nuclear	(0.02)	-
Supply	(0.05)	0.00
Others	(0.01)	-
ENGIE	**(0.15)**	**0.01**

- **Gross COI impacted by adverse FX**, mainly BRL
- **Organic YoY COI growth +2%**, mainly driven by Renewables



(1) These estimates have been prepared in accordance with a standard guidance applied across our businesses under a dedicated oversight process (losses of revenues being inherently subject to more judgement than the identification of specific costs incurred). These estimates relate to operating items only and are presented net of savings and mitigating management action plans. By construction, these estimates exclude foreign exchange and commodity price effects incurred in our various businesses, whether positive or negative.
(2) These temperature effects are only given for Supply and Networks (gas distribution) in France and follow the methodology validated by auditors.

9M Key financial figures reflecting significant H1 impacts

9M RESULTS– In €bn, unaudited figures[1]	Actual	Δ Gross[2]		Δ Organic[2]
EBITDA	6.2	-0.9	-13%	-10%
COI	2.8	-1.1	-28%	-24%
CFFO[3]	4.3	+0.4	-	-
Financial Net Debt	25.7	-0.2[4]	-	-

9 months COI impacted by Covid-19 (-€1.0bn), FX (-€0.2bn) and French temperature (-€0.2bn) effects, as seen in H1

COI YoY gross evolution - by reportable segment

- FRANCE INFRASTRUCTURES ↘
- FRANCE EXCL. INFRASTRUCTURES ↘
- REST OF EUROPE ↘
- LATIN AMERICA ↘
- USA & CANADA ↗
- MIDDLE EAST, ASIA & AFRICA ↘
- OTHERS ↘

(1) Unaudited figures throughout the presentation
(2) Unaudited 2019 figures adjusted for revised definition of COI
(3) Cash Flow From Operations = Free Cash Flow before Maintenance Capex
(4) Vs Dec. 2019

Client Solutions: H1 significant Covid-19 impacts weighed on overall 9M performance

- **Covid-19 impact** (c. -€530M, incl. SUEZ): loss of revenue, specific additional purchases, bad debts
- **Positive contribution from acquisitions**, mainly Conti in the US and Powerlines in Europe
- **Other smaller headwinds**, incl. warmer temperatures in Europe, headwinds on some contracts and start-up costs

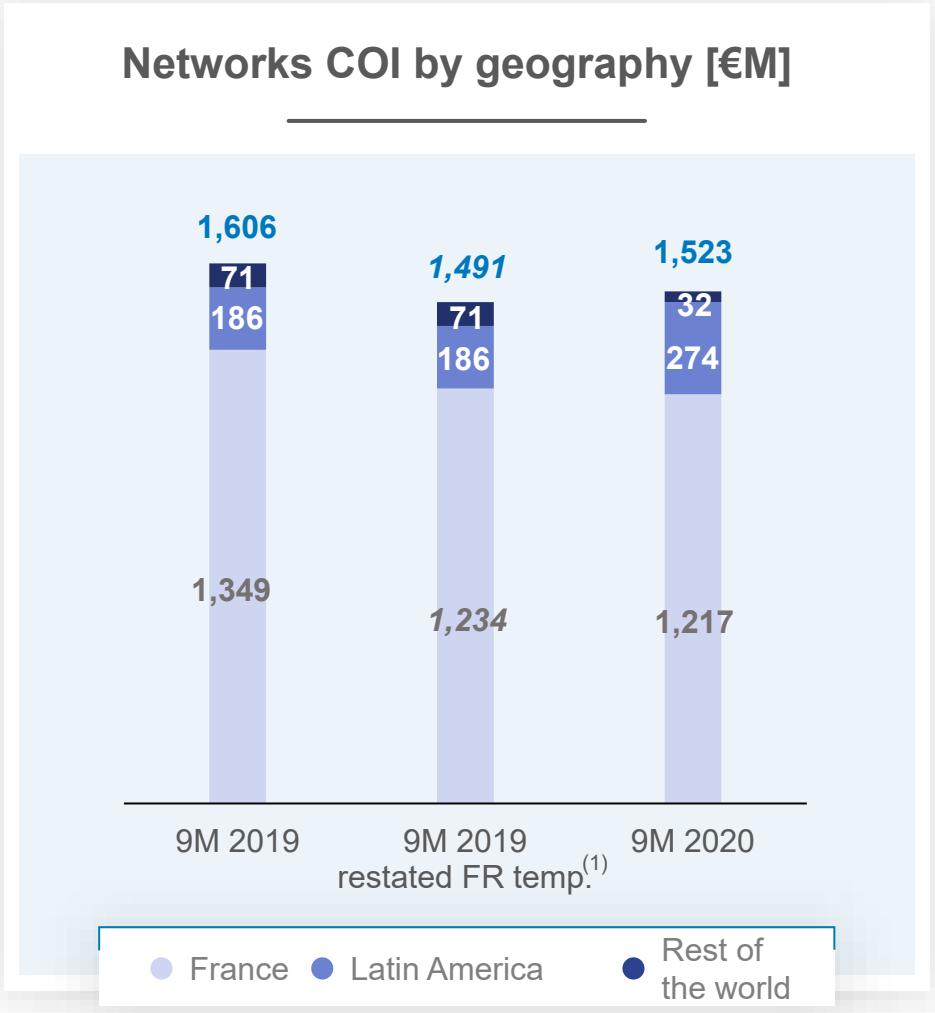
COI [€M]

	9M 19	9M 20	Delta
Client Solutions	562	32	-530

Networks: resilient performance excluding French temperature impact

- **France**: mainly lower volumes due to **temperature** (c. -€115M) and **Covid-19**; however, volume effects recoverable under regulatory arrangements
- **Latin America**: positive scope effect from **TAG** acquisition (c. +€80M); negative **FX** and **volume** effects in Argentina and Mexico
- **Rest of the world**: primarily negative **price** and **volume** effects

Limited global impact of Covid-19 (c. -€50M)

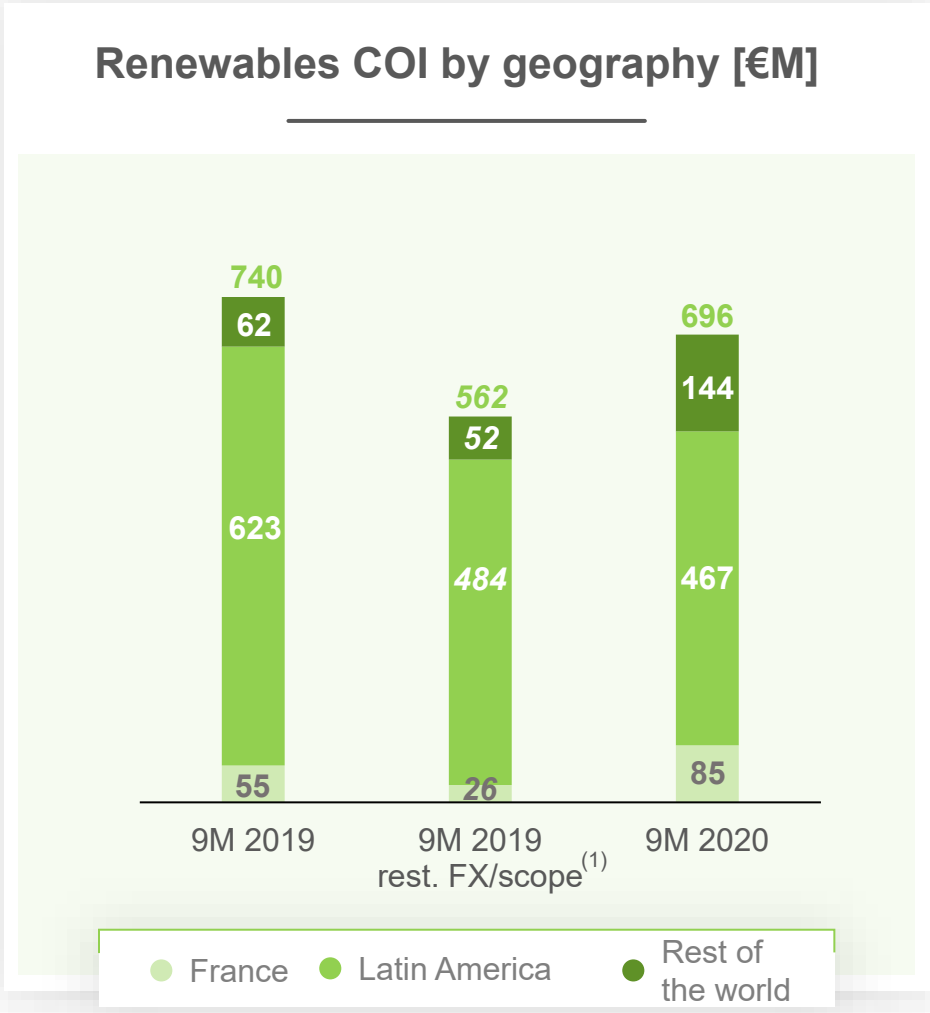


(1) For illustratory purpose only

Renewables: continued growth and operational progress; up +25% organically

- **Latin America**: decrease mainly due to **FX BRL** (c. -€140M)
- **France**: higher **volumes** for hydro and wind and improved prices for hydro, partly offset by scope out and DBSO
- **Others**: mainly **commissionings** in USA, incl. first effects from the tax equity financing, and **better wind conditions** in Europe

Minimal global impact of Covid-19 (c. -€15M)



(1) For illustratory purpose only

Thermal: negative scope effects, but flat organic evolution despite positive operational one-offs in 2019

- **Positive 2019 one-offs due** to LDs in Chile and Brazil
- **Disposals** of Glow (Thailand) and German / Dutch coal power plants (c. -€90M)
- Partly offset by a **better performance of European merchant gas fleet**, **COD and higher margins** in Brazil and positive **timing effect on CRM** in UK

Minimal global impact of Covid-19 (c. -€30M)

COI [€M]

	9M 19	9M 20	Delta
Thermal	1,017	878	-139

Supply: H1 significant Covid-19 and temperature impacts weighed on overall performance

- Strong negative impacts from **Covid-19** (net c. -€280M): lower consumption, lower services and bad debts
- Negative impact from **warm temperature** (c. -€150M), mainly in France (c. -€70M)
- Partially offset by **mitigation actions** and **other positive developments**

+ Additional mitigation through positive performance of GEM as recorded in the "Others" Business Line

COI [€M]

	9M 19	9M 20	Delta
Supply	198	-150	-348

Improvement in Nuclear, Others similar to last year

- **Nuclear**
  - better **prices** and lower **Opex**
  - offset by lower **volumes** and higher **depreciation**

Minimal global impact of Covid-19 (c. -€20M)

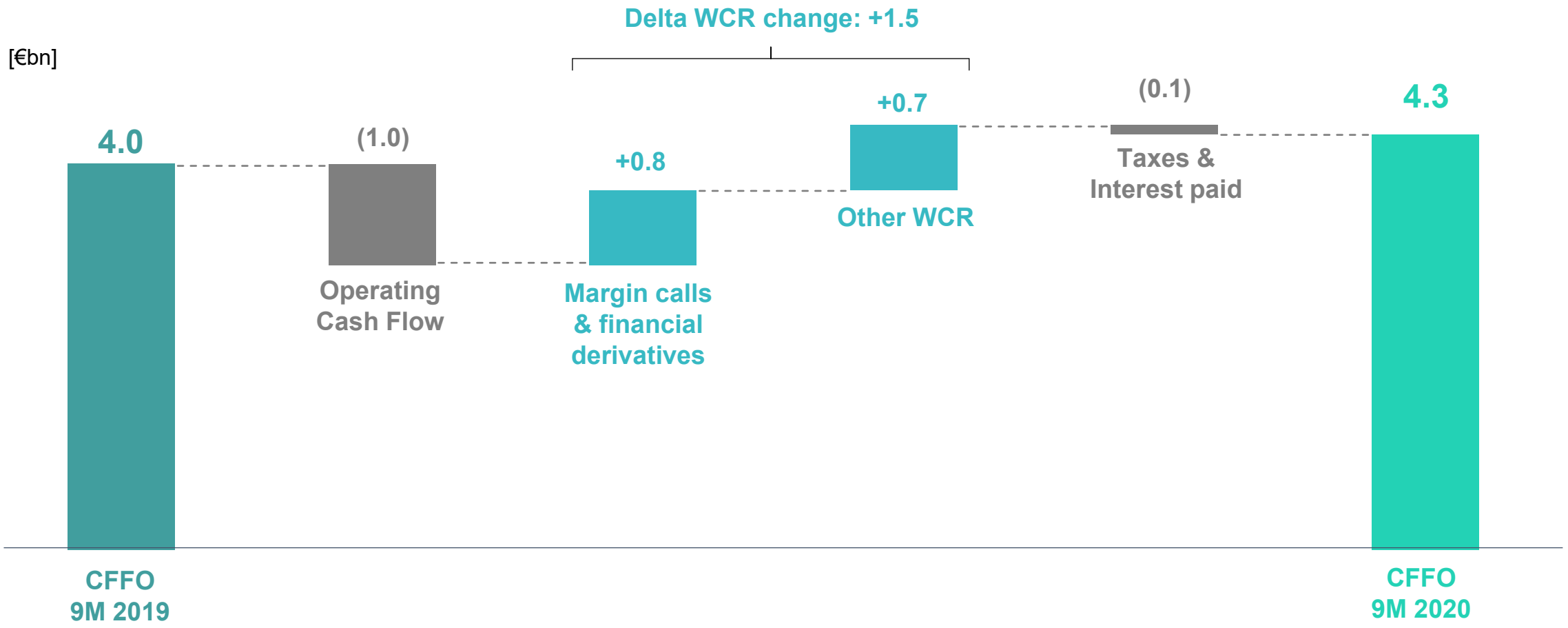
- **Others**
  - **positive 2019 one-off** (partial sale of a gas supply contract) and **Covid-19 impacts** (credit losses) for GEM
  - Almost entirely offset by **outperformance of GEM** activities (mainly due to market volatility) and **higher contribution from GTT** (strong past order intake)

Limited global impact of Covid-19 (c. -€65M)

COI [€M]

	9M 19	9M 20	Delta
Nuclear	(239)	(155)	+84
Others	(65)	(72)	-7

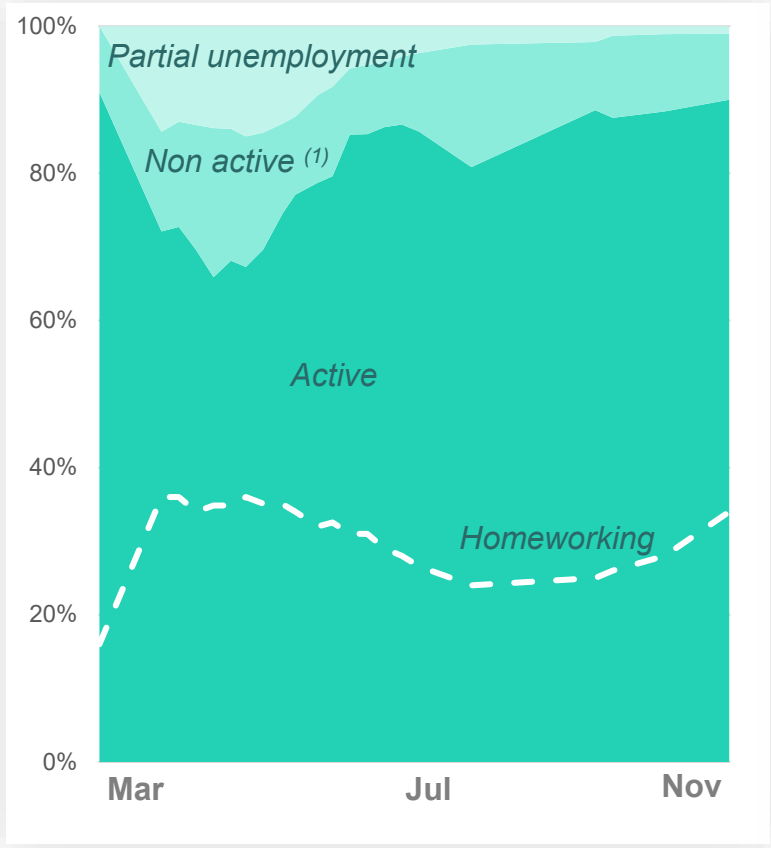
CFFO up in the context of Covid-19, also driven by action plans



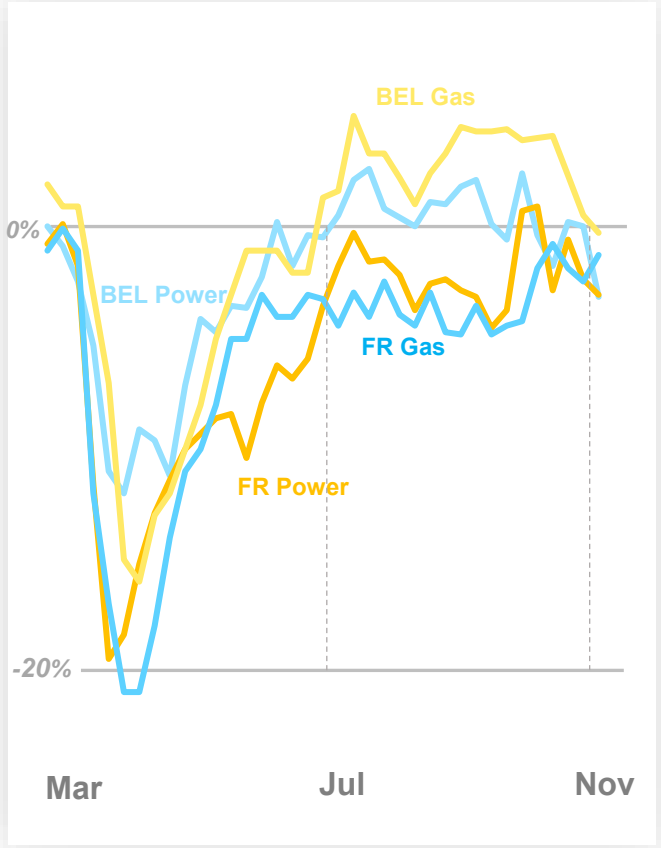
Paulo ALMIRANTE
EVP, COO and Member of the executive leadership team

Recovered operational activity over Q3 despite Covid-19

ENGIE employee activity



Gas and Power demand vs 2019



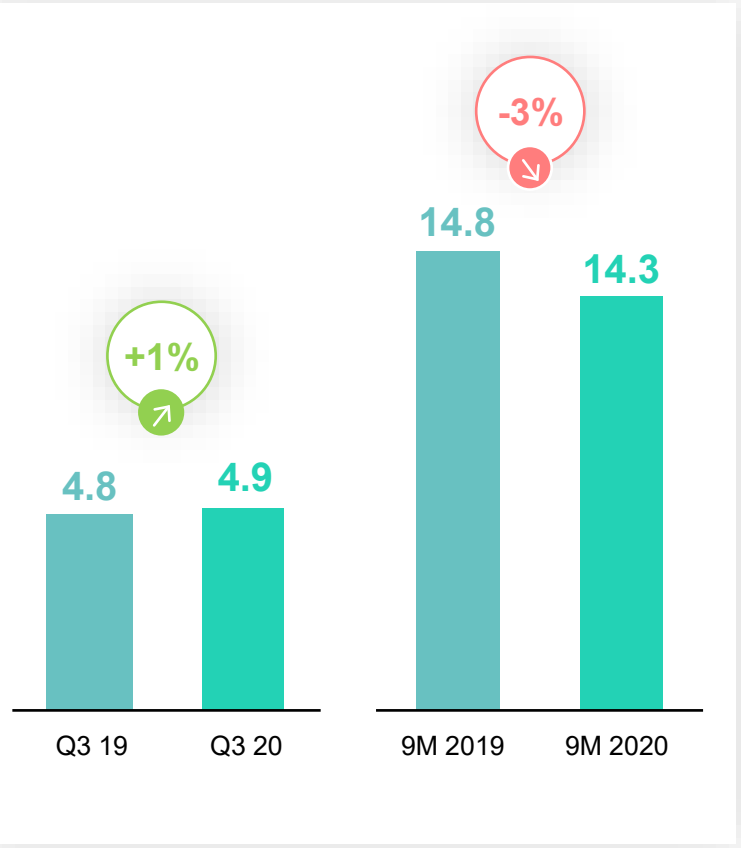
HIGHLIGHTS

- Activity levels back to normal over Q3
- Working processes fully implemented to new health & safety requirements
- Gas & Power demand almost back to historic levels in main geographies
- New restrictions in Q4, but intention to maintain economic activity, so significantly lower impacts expected than in Q2

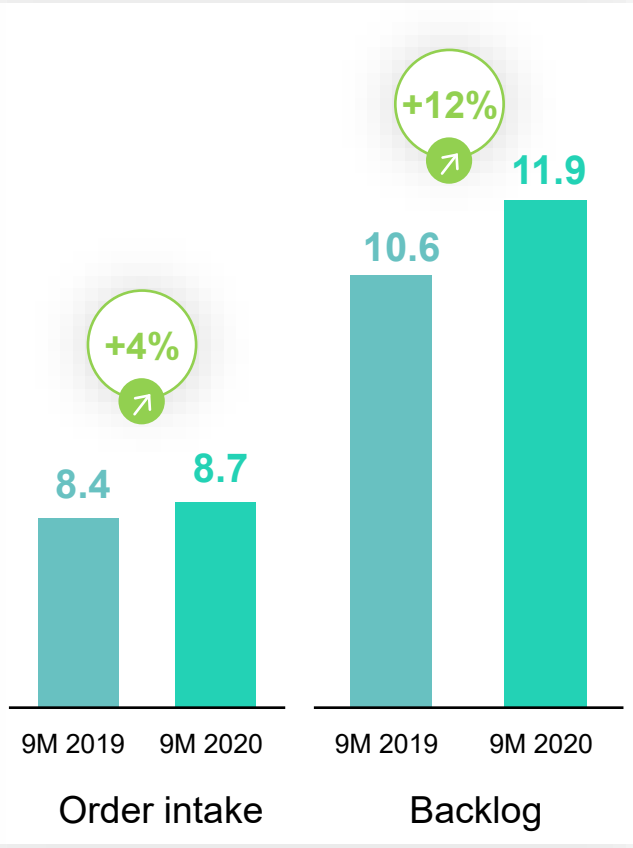
(1) Holidays and others

Client Solutions – Recovery in Q3, prepared for Q4

Revenue [€bn]



Order book(2) [€bn]



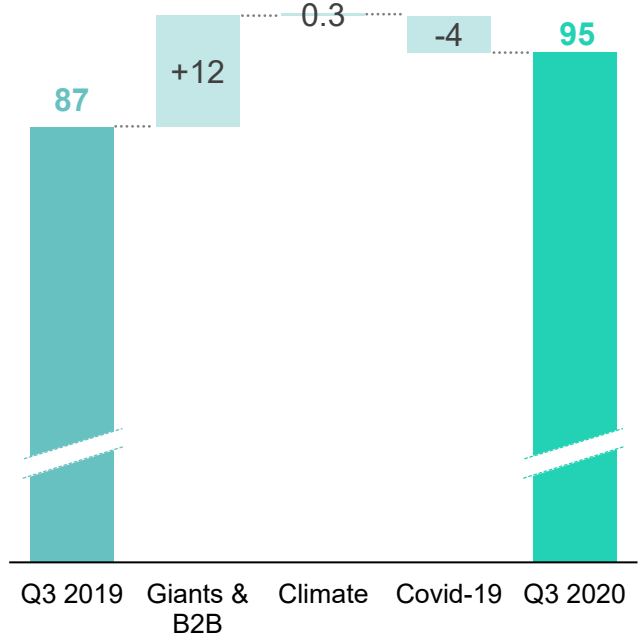
HIGHLIGHTS

- Rapid recovery in Q3 with revenue 1% above Q3 2019
- Implementation of performance actions with an organic cost reduction of €0.18bn in Q3
- COI in Q3 up 9% organically
- Sales activity for the 9 months above 2019 with Projects cumulative order intake 4% higher
- Backlog up reflecting high order intake and providing some visibility for 2021
- Impact of new Covid-19 restrictions expected to be significantly below Q2

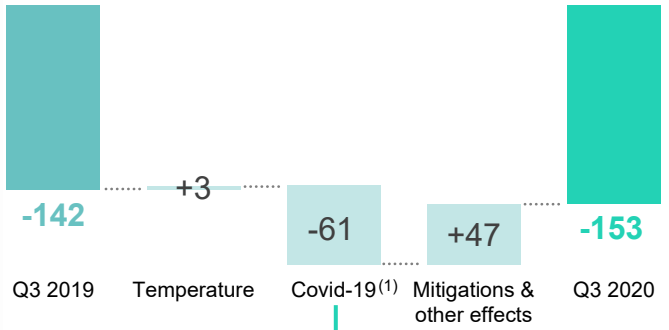
(1) Only for the Projects Business Model

Supply – Good commercial dynamics in Q3, closely monitoring Q4

Gas and Power sales Q3 [TWh]



COI Q3 [€M]



Covid-19 impact consisting of 3 effects:

- Loss of margin (-€35M)
- Unwinding of hedges (-€19M)
- B2C Services and bad debts (-€7M)

HIGHLIGHTS

- Sales volumes positively impacted by strong commercial activity (+12TWh)
- Q3 COI slightly below last year
- Mitigation actions and other effects on Q3:
  - Performance plans on margins and costs
  - Services in B2C up vs last year
- Hedging already adapted for winter 20-21
- Close monitoring continues in Q4

(1) Gross impact

Other Business Lines remain resilient

NETWORKS

- 1.3 million gas smart meters installed in France at end September
- Additional 10% acquisition of TAG in July

Gas transported outside Europe : +63% YoY

RENEWABLES

- 5.4 GW under construction
- On track to commission +9 GW in the period 2019-2021
- New Renewables platform in Australia
- Good progress in wind onshore and offshore (WindFloat Atlantic, Seamade)

Signed 1.3 GW of PPAs YTD

THERMAL

- 78% contracted / 22% merchant(1)
- Stable high availability rate above 90%
- Largest gas fleet in Europe, delivering flexibility and ancillaries

NUCLEAR

- Delivering lifetime extension program despite Covid-19
- Nuclear availability ramping up after intensive LTO period
- On track to return to normal operations

Accelerated hedging over Q2-Q3 at attractive levels for Q4 2020, 2021 and 2022

Networks, Renewables and Thermal / Nuclear confirming their resilience

(1) Production @100%

Judith HARTMANN
EVP, CFO and Member
of the executive leadership team

Updated 2020 Outlook(1) confirmed

EBITDA indicative range of €9.0 - 9.2bn

COI indicative range of €4.2 - 4.4bn

NRIgs range of €1.7 - 1.9bn

Economic Net Debt / EBITDA above 4.0x for 2020 but below or equal to 4.0x over the long term

Capex(2) indication of €7.5 - 8.0bn
o/w c. €4bn Growth, c. €2.5bn Maintenance and c. €1.3bn Nuclear funding

Dividend: policy reaffirmed, 65-75% payout ratio for fiscal year 2020

(1) Main assumptions for these targets and indications: average weather in France for H2 2020, full pass through of supply costs in French regulated gas tariffs, no major regulatory, accounting or macro-economic changes, market commodity prices as of 06/30/2020, average forex for 2020: €/$: 1.11; €/BRL: 5.79, no significant impacts from disposals not already announced, continued / gradual return from lockdowns across key geographies with no new major lockdowns in key regions
(2) Net of DBSO and tax equity proceeds

Summary

Significant early progress
on new strategic orientation

Strong improvement from Q2
with Q3 COI organically slightly up on last year

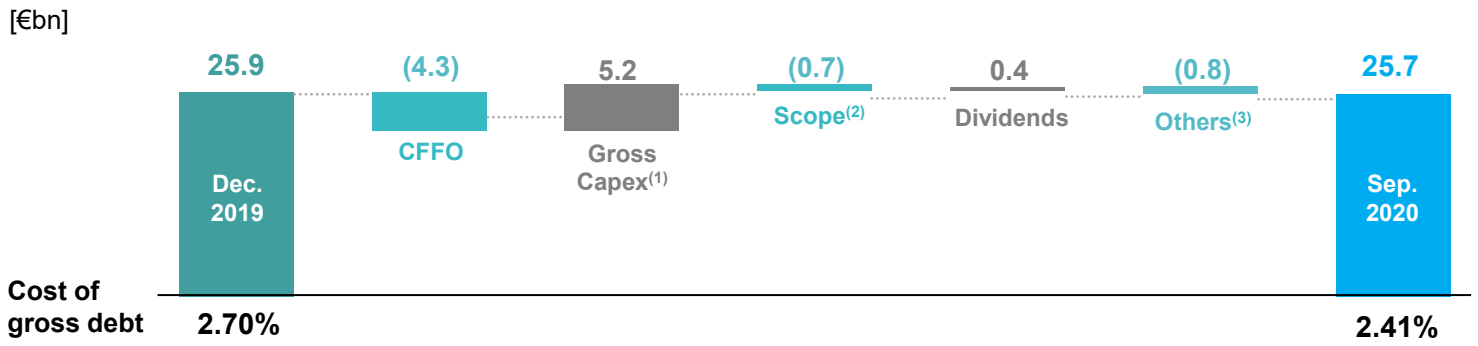
Well prepared
to minimize impacts of new Covid restrictions

2020 guidance confirmed

Additional material

Financial Net Debt reduced and strong liquidity maintained

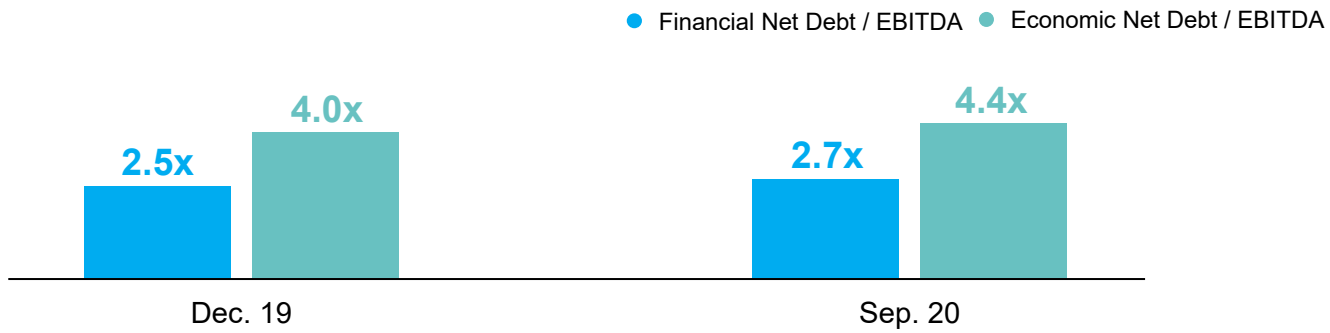
Financial Net Debt and cost of gross debt



Strong liquidity

- **€22.5bn of liquidity** as of September 30, 2020
- Incl. **€11.8bn of cash**

Leverage ratios



Rating reviews

- On April 24, 2020, **S&P** lowered its **long-term rating** to **BBB+** and its **short-term rating** to **A-2**
- On September 24, 2020 **Fitch** affirmed **its long-term rating** of **A** and changed the **outlook** from stable to **negative**
- On November 9, 2020 **Moody's** lowered **its long-term rating** to **Baa1** with a **stable outlook**

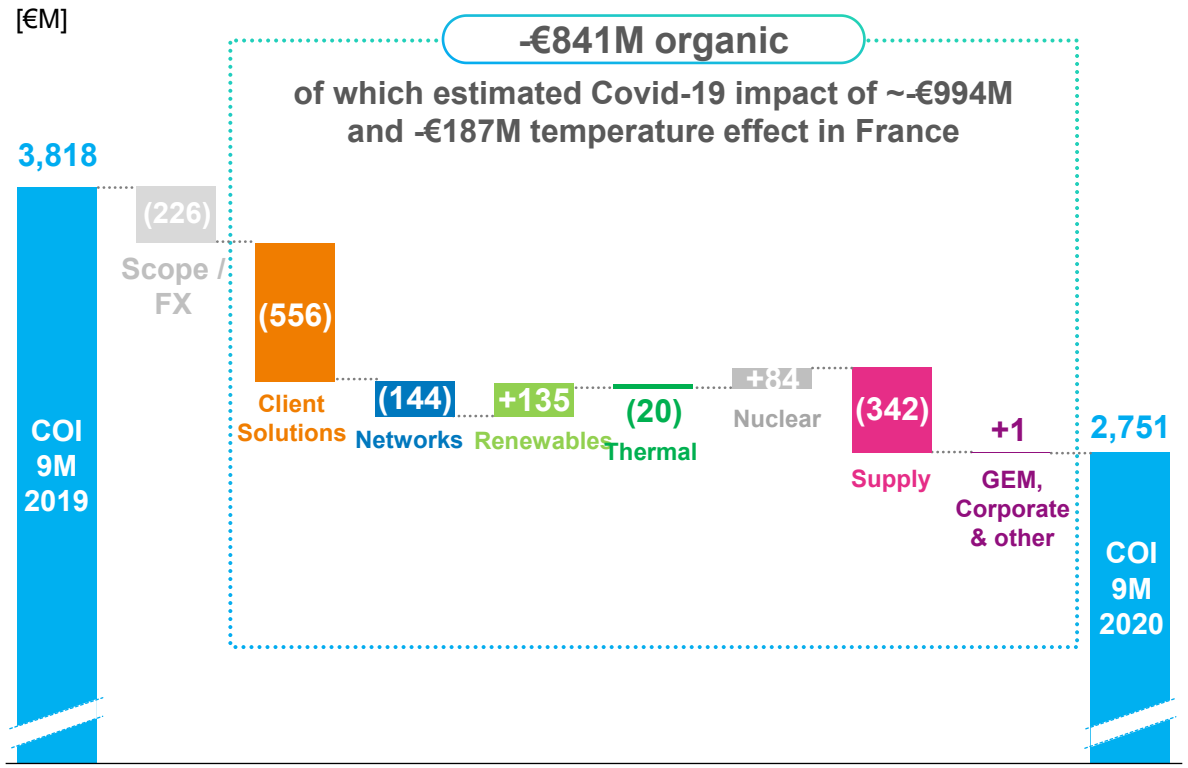
(1) Net of DBSO and US tax equity proceeds
(2) Including net scope impact from disposals & acquisitions
(3) Mainly due to FX

9M 2020 COI[1] breakdown matrix

[€M]	Client Solutions	Networks	Renewables	Thermal	Nuclear	Supply	Others[2]	Total
France	128	1,217	85	-	-	-21	-	**1,409**
Rest of Europe	-14	35	59	216	-155	28	-	**168**
Latin America	-3	274	467	283	-	37	-	**1,058**
USA & Canada	7	1	66	28	-	-36	1	**67**
Middle East, Asia & Africa	21	-	56	353	-	-34	-	**397**
Others	-108	-5	-37	-2	-	-124	-73	**-348**
Total	**32**	**1,523**	**696**	**878**	**-155**	**-150**	**-72**	**2,751**

(1) Unaudited figures
(2) Including corporate, GTT, LNG activities in Noram and GEM

Client Solutions and Supply most impacted by Covid-19, resilience of Networks and power generation businesses



Estimated impacts of Covid-19(1) and French Temperature(2) on COI by Business Line

[€bn]	Covid-19	French temperature(2)
Client Solutions	(0.53)	-
Networks	(0.05)	(0.12)
Renewables	(0.02)	-
Thermal	(0.03)	-
Nuclear	(0.02)	-
Supply	(0.28)	(0.07)
Others	(0.06)	-
ENGIE	**(0.99)**	**(0.19)**

(1) These estimates have been prepared in accordance with a standard guidance applied across our businesses under a dedicated oversight process (losses of revenues being inherently subject to more judgement than the identification of specific costs incurred). These estimates relate to operating items only and are presented net of savings and mitigating management action plans. By construction, these estimates exclude foreign exchange and commodity price effects incurred in our various businesses, whether positive or negative.
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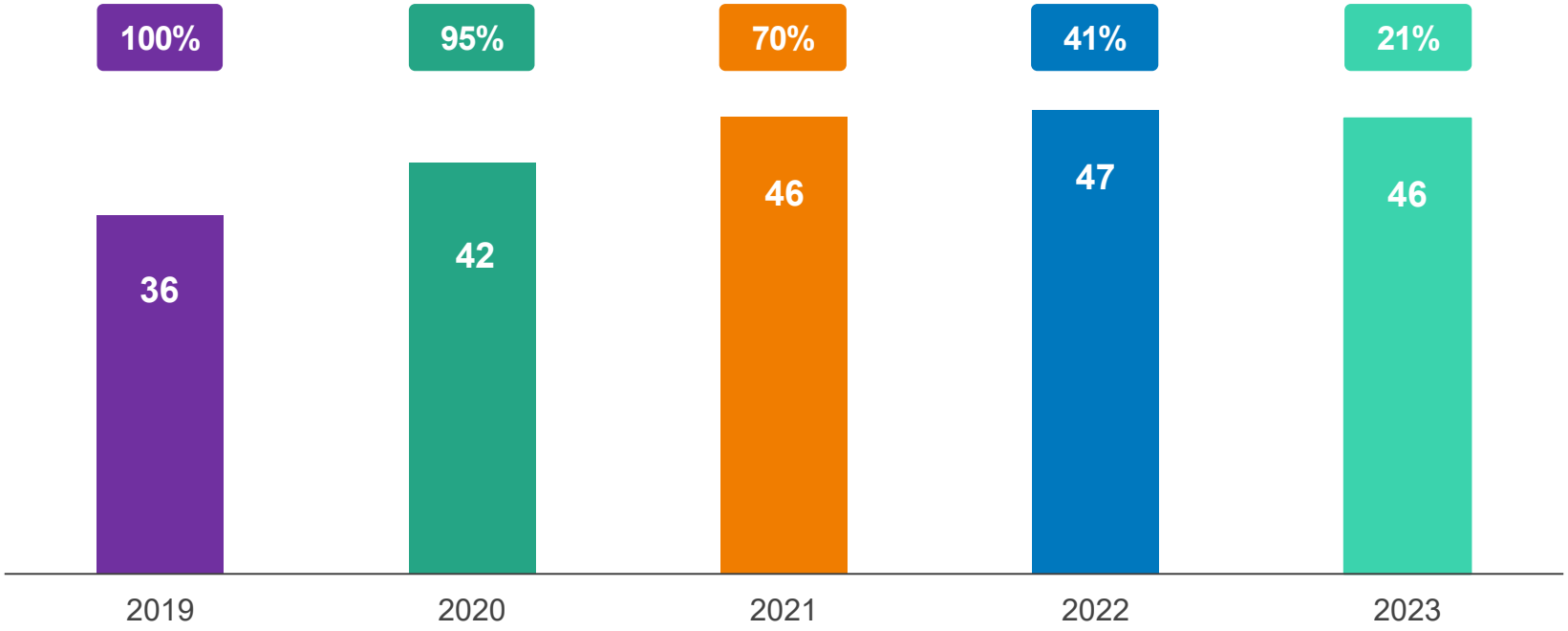
Outright power production in Europe

Nuclear and Hydro

Outright hedges: volumes & prices [% and €/MWh]



As of 09/30/20
Belgium and France (+ Germany until April 2019)

Disclaimer

Forward-Looking statements

This communication contains forward-looking information and statements. These statements include financial projections, synergies, cost-savings and estimates, statements regarding plans, objectives, savings, expectations and benefits from the transactions and expectations with respect to future operations, products and services, and statements regarding future performance. Although the management of ENGIE believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of ENGIE securities are cautioned that forward-looking information and statements are not guarantees of future performances and are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of ENGIE, that could cause actual results, developments, synergies, savings and benefits to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the public filings made by ENGIE with the *Autorité des Marchés Financiers* (AMF), including those listed under "*facteurs de risque*" (risk factors) section in the *Universal Registration Document* filed by ENGIE (ex GDF SUEZ) with the AMF on March 18, 2020 (under number D.20-141). Investors and holders of ENGIE securities should consider that the occurrence of some or all of these risks may have a material adverse effect on ENGIE.

For more information about ENGIE

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https://www.engie.com/en/finance-area

FOR MORE INFORMATION ABOUT 9M 2020 RESULTS:
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