

ENGIE QUARTERLY INVESTOR SEMINAR LUNCHEON

# ACCELERATING OUR CLIENT SOLUTIONS DEVELOPMENT

November 14<sup>th</sup>, 2019





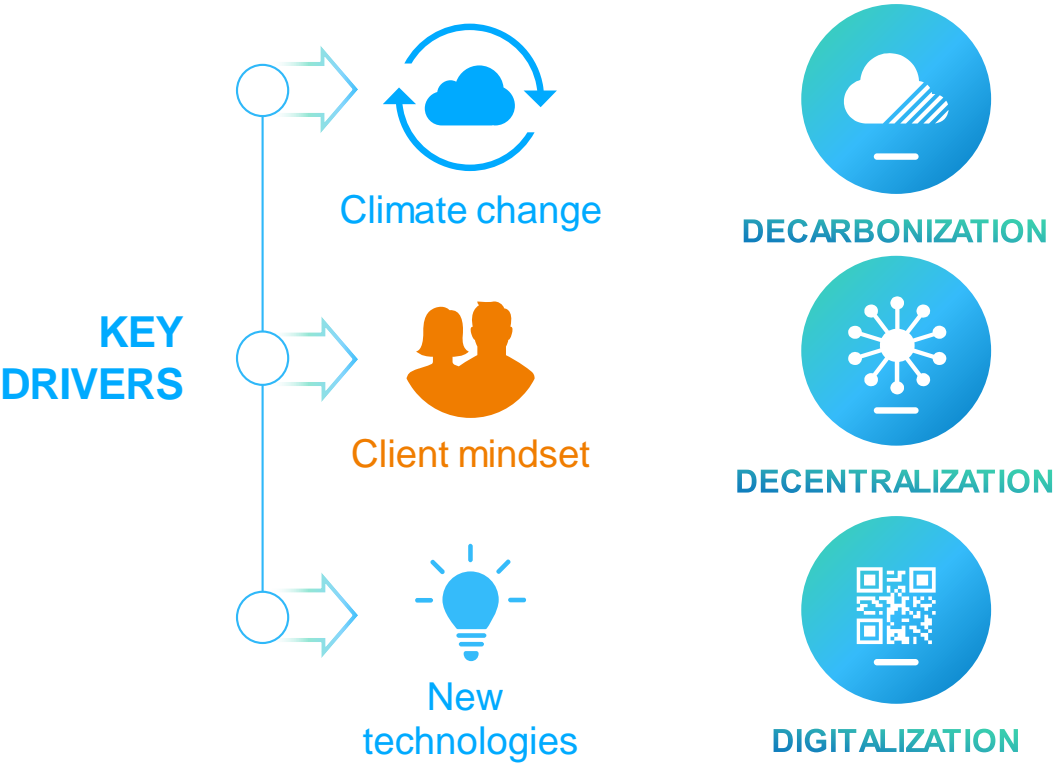
# GARY LEIBOWITZ

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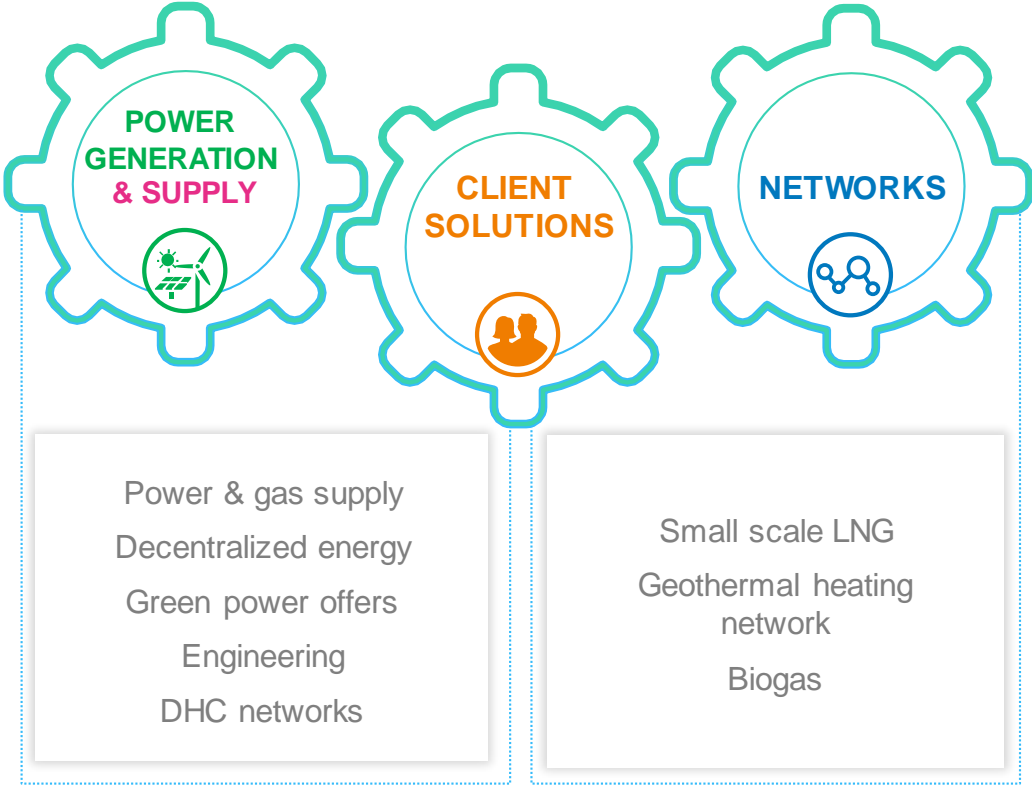
Finance Director, Global Business Lines  
and Investor Relations

# CLIENT SOLUTIONS WITHIN ENGIE

## Clients at the heart of energy revolution



## Integral part of our portfolio





# OLIVIER BIANCARELLI

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Executive Vice President in charge of the Client  
Solutions Global Business Line

# OUR CAPABILITIES



# OUR STEPS TOWARD A ZERO-CARBON AMBITION

**TURNING  
AWAY FROM  
COAL**

**2015**

**MAJOR GREEN  
ENERGY  
PROVIDER**

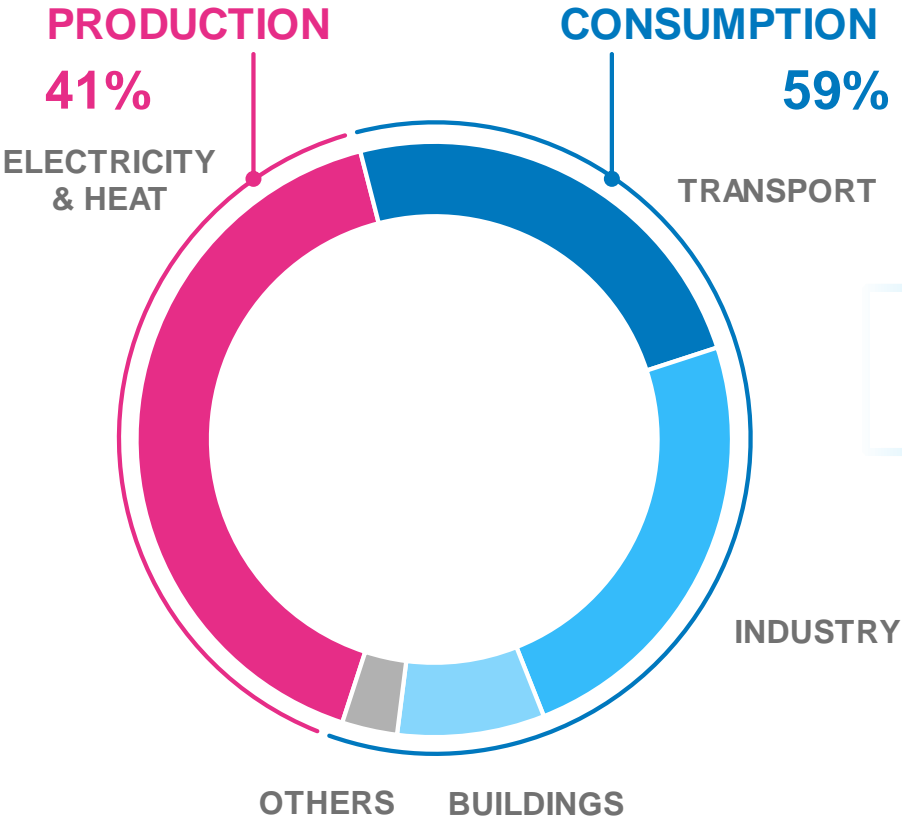
**2018**

**ZERO-CARBON  
SOLUTIONS  
LEADER**

**2021**

# GREEN THE SUPPLY, GREEN THE DEMAND

Global CO<sub>2</sub> emissions by sector<sup>(1)</sup>



Renewables

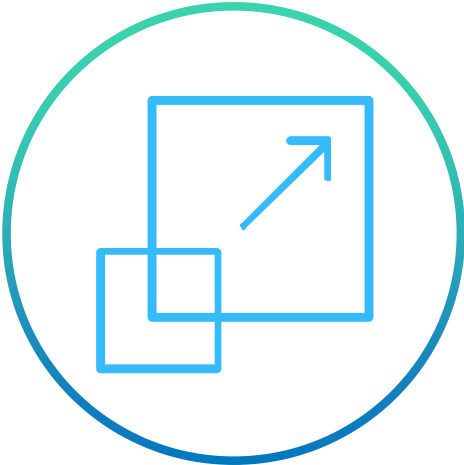


Client Solutions

Market driven by corporates, cities & communities

(1) IEA, 2017

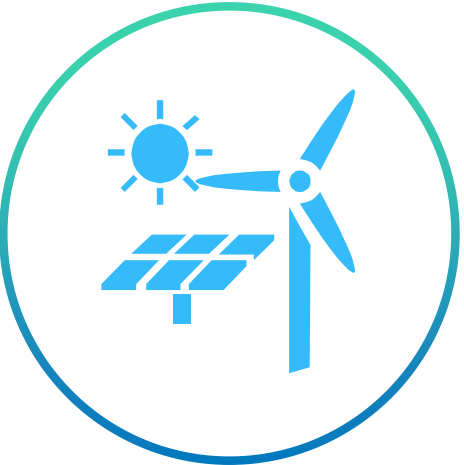
# DISTINCTIVE STRATEGIC ADVANTAGES



Scale  
in services



Leader  
in Energy



Shift into  
Renewables



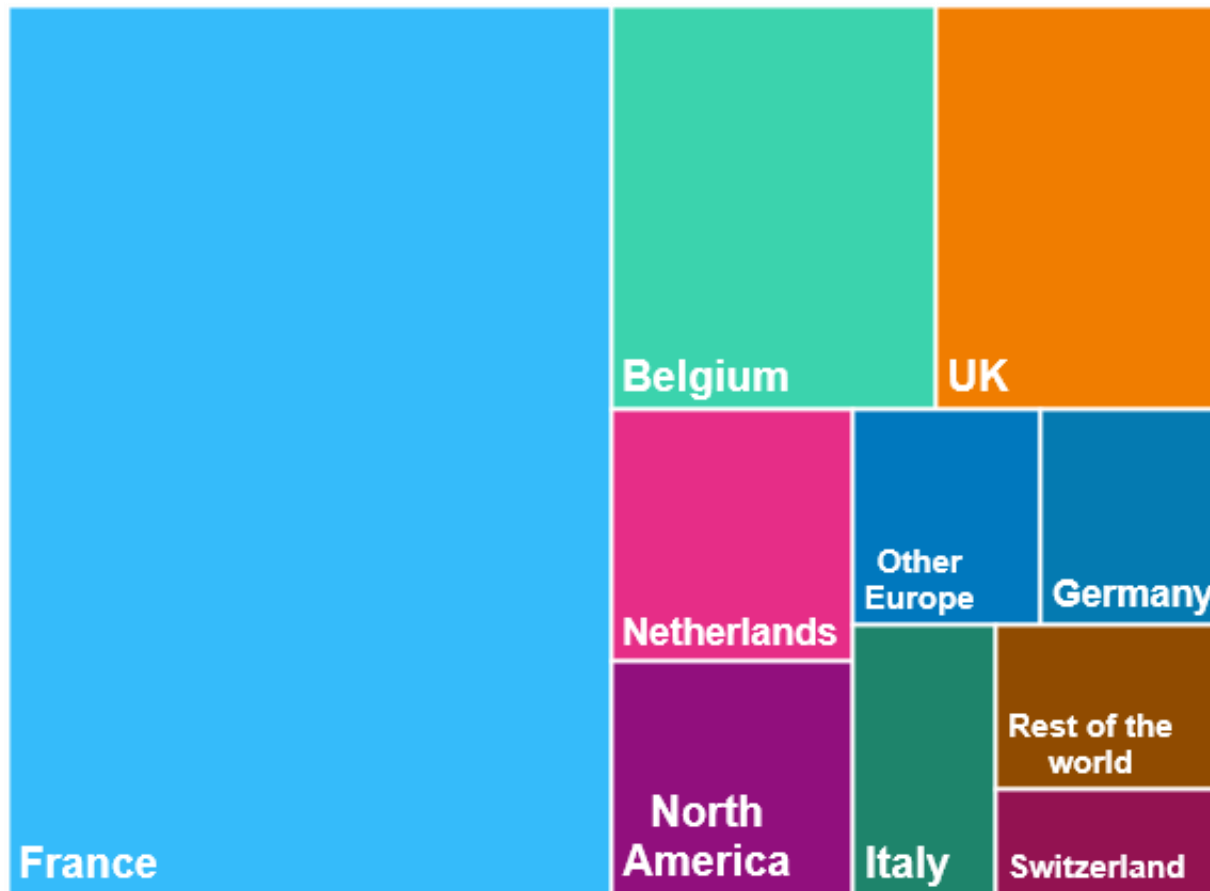
Strong  
balance sheet



# CLIENT SOLUTIONS TODAY

2018 FIGURES

## Revenue by country in €bn



France	9.2
Belgium	2.3
UK	2.0
Netherlands	1.1
North America	1.0
Other Europe	0.7
Germany	0.7
Italy	0.7
Rest of the world	0.6
Switzerland	0.4

€18.6bn  
Total

ROCE<sup>(1)</sup>

~8%

COI<sup>(2)</sup>  
margin<sup>(3)</sup>

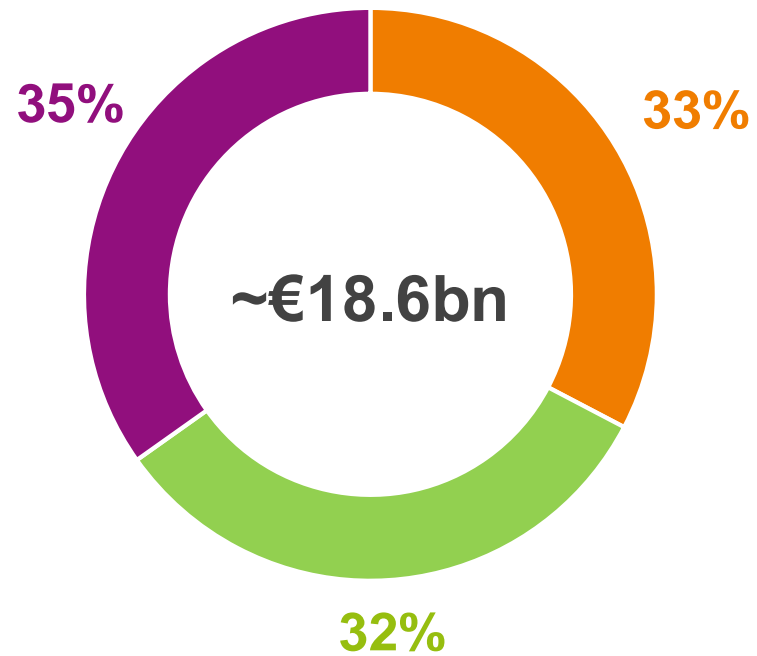
~5%

(1) Return On Capital Employed  
 (2) Current Operating Income  
 (3) Excluding main associates (SUEZ and Tabreed)

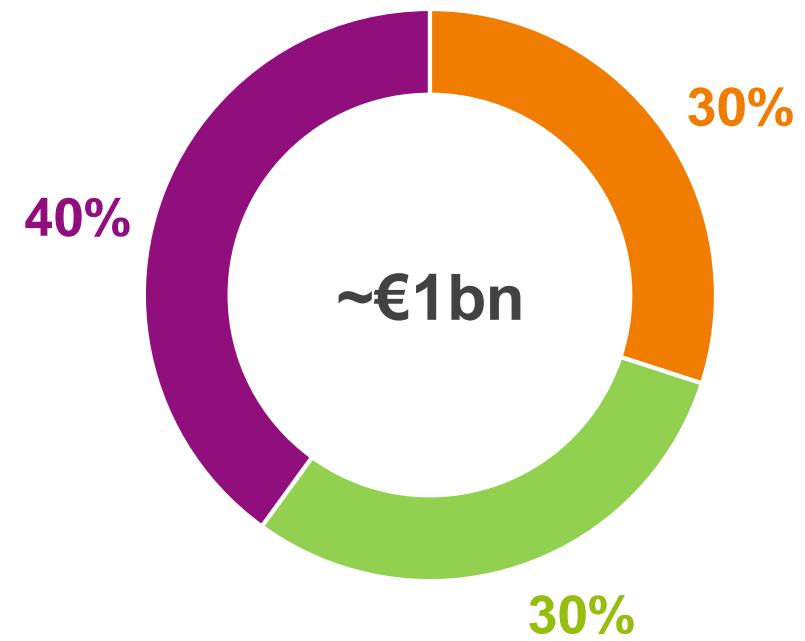
# CLIENT SOLUTIONS TODAY

2018 FIGURES

Revenue by client segment<sup>(1)</sup>



COI by client segment<sup>(1)</sup>



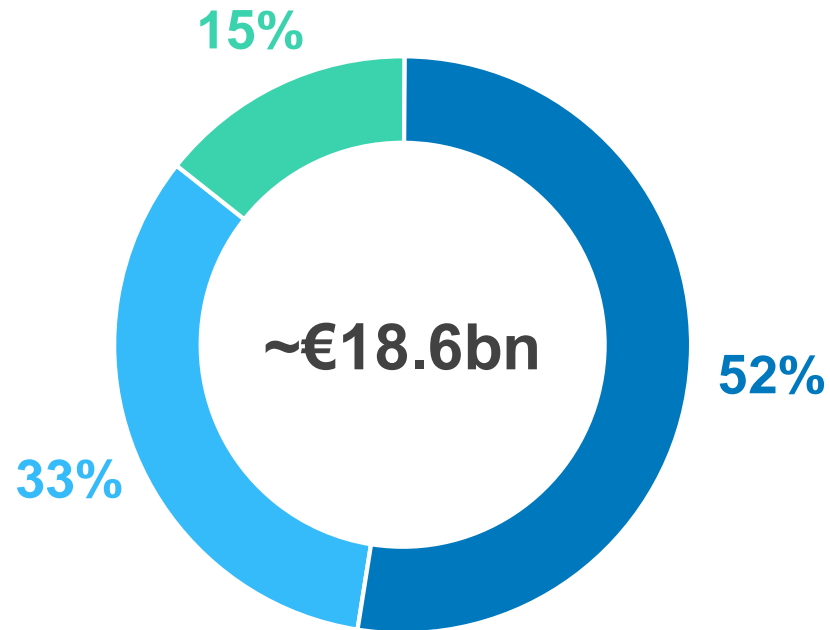
● Cities & Communities    ● Industries    ● Properties

(1) Unaudited figures

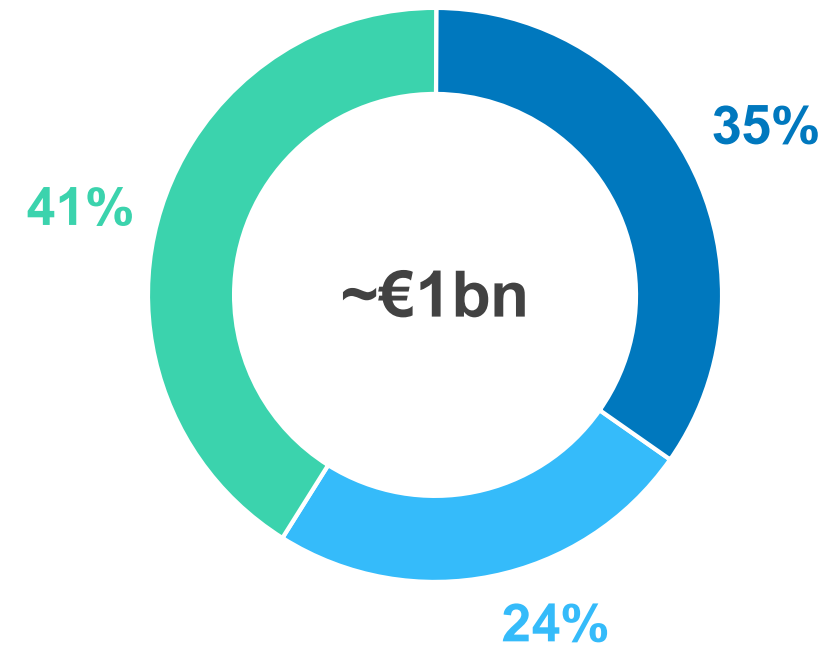
# CLIENT SOLUTIONS TODAY

2018 FIGURES

Revenue by business model



COI by business model



● Projects    ● Recurring services    ● Asset-Based Solutions (Infra-like)

# 4 KEY PRIORITIES



## **Focus**

our development and organization around three client segments



## **Shape**

our geographic footprint based on clear criteria



## **Drive**

rapid growth of Asset-Based Solutions



## **Boost**

operational and financial performance



# WILFRID PETRIE

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Executive Vice President in charge of France B2B  
Business Unit

# 4 KEY PRIORITIES



## **Focus**

our development and organization around three client segments



## **Shape**

our geographic footprint based on clear criteria



## **Drive**

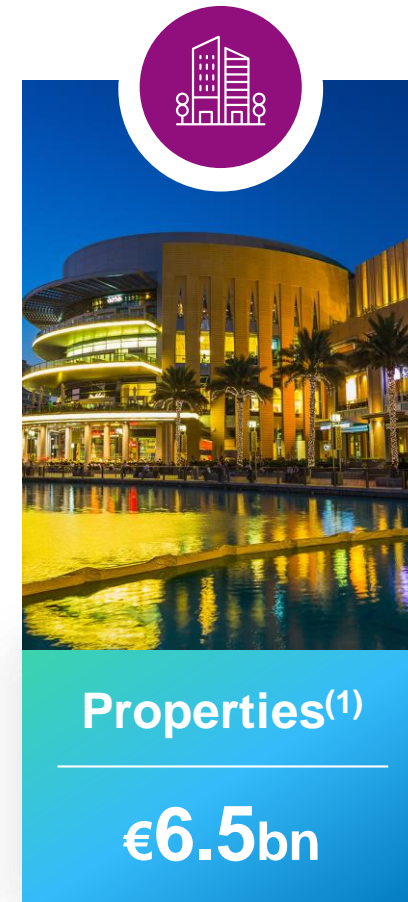
rapid growth of Asset-Based Solutions



## **Boost**

operational and financial performance

# CLIENT SEGMENTS



**2018 REVENUE**

(1) Including collective housing

# WE PRIORITIZE OUR CLIENT SEGMENTS

## Cities & Communities



Cities

Universities

Hospitals

Ports/Airports

## Industries



Agro-food &  
Beverage

Pharma &  
Cosmetics

Defense

Chemicals

## Properties



Office &  
Hotel Buildings

Retail &  
Warehouses

Banking,  
Insurance & ICT<sup>(1)</sup>

(1) Information & Communication Technologies



# WE PRIORITIZE OUR OFFERS

## Better Efficiency



DHC<sup>(1)</sup> & Eco District

Public Transportation

Efficient Buildings

Data Centers

Public Lighting & CCTV<sup>(2)</sup>

## Greener Energy



Combined Heat & Power

On-site Power Generation

On-site Green Gas<sup>(3)</sup> Generation

Electric & Hydrogen Mobility

Green Corporate PPA

(1) District Heating and Cooling  
(2) Closed Circuit Television  
(3) Biomethane and hydrogen

# VOICE OF CLIENTS





# CITIES AND COMMUNITIES: URBANIZATION CHALLENGES

CO<sub>2</sub>

>50%

of carbon emissions are produced within cities<sup>(1)</sup>

ENERGY

2/3

of consumption<sup>(2)</sup>

AIR POLLUTION

7M

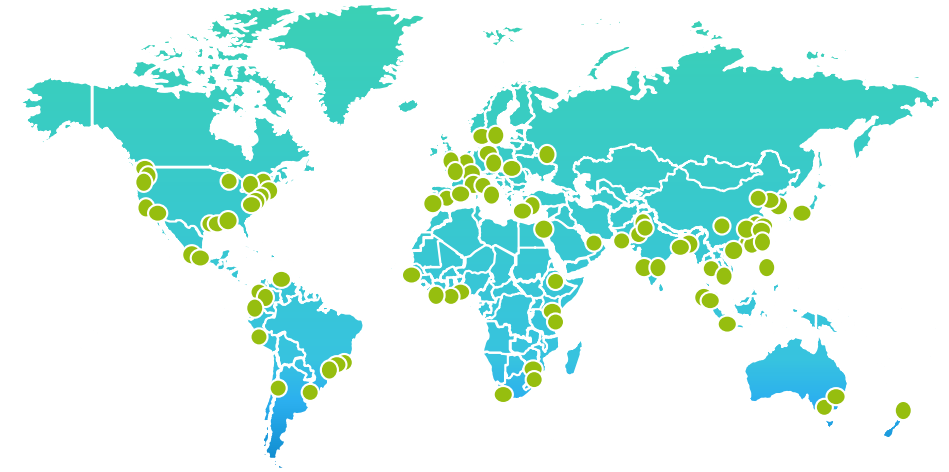
Annual deaths from air pollution<sup>(3)</sup>

MOBILITY

530M

EV in 2040 in Europe and North America<sup>(4)</sup>

94 cities already committed through the C40<sup>(5)</sup>



Countries committed to carbon neutrality



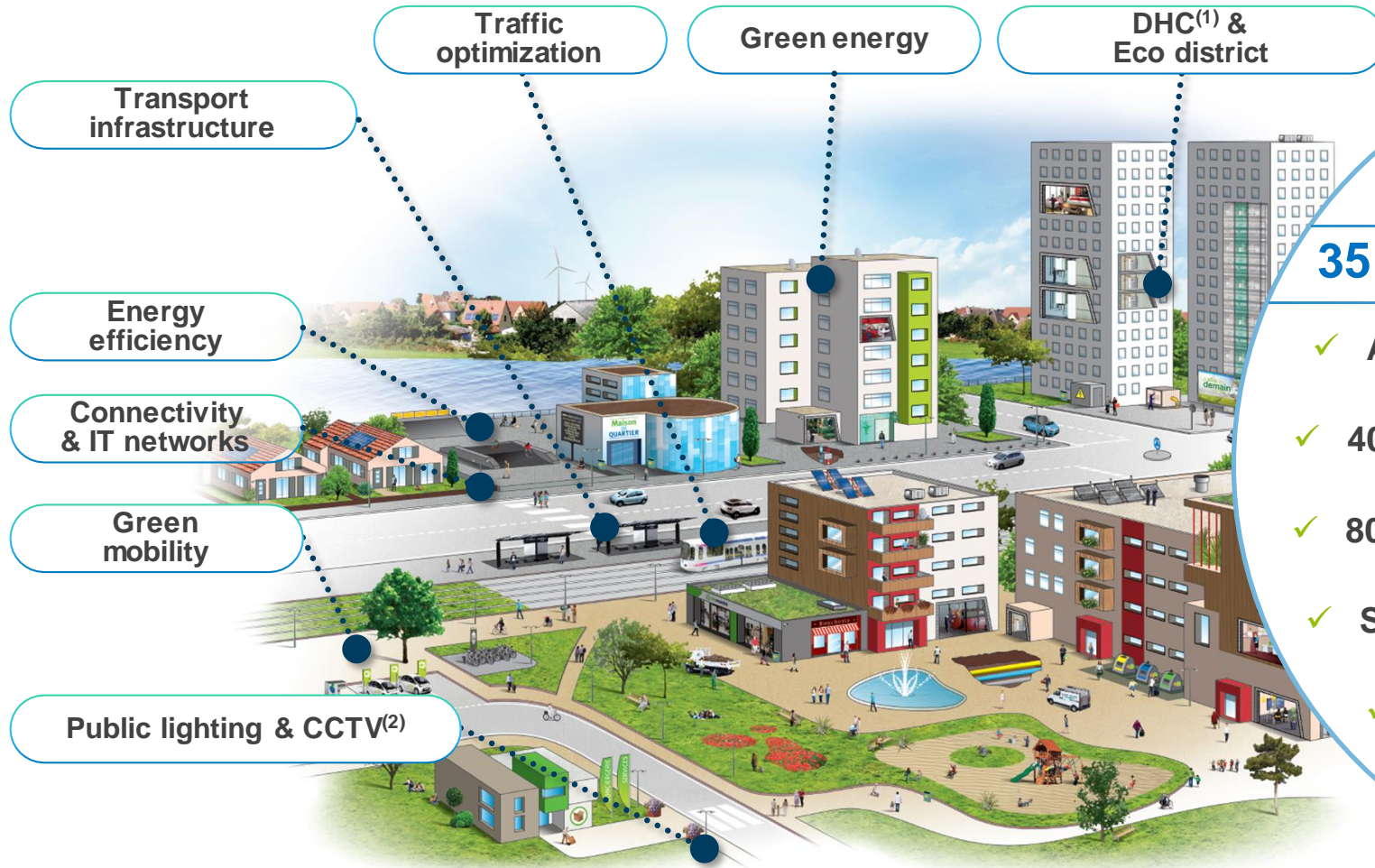
(1) UNHabitat, Global report on human settlement 2011, figures based on production of CO<sub>2</sub>  
 (2) C40.org  
 (3) World Health Organization  
 (4) International Energy Agency

(5) C40 is a group of cities committed to tackling climate change and encouraging urban action that reduces greenhouse gas emissions and climate risks

Source: Energy and Climate Intelligence Unit (ECIU)



# CITIES AND COMMUNITIES: ENHANCING ATTRACTIVENESS



Zoom on



Government of Canada

## 35 years energy efficiency PPP

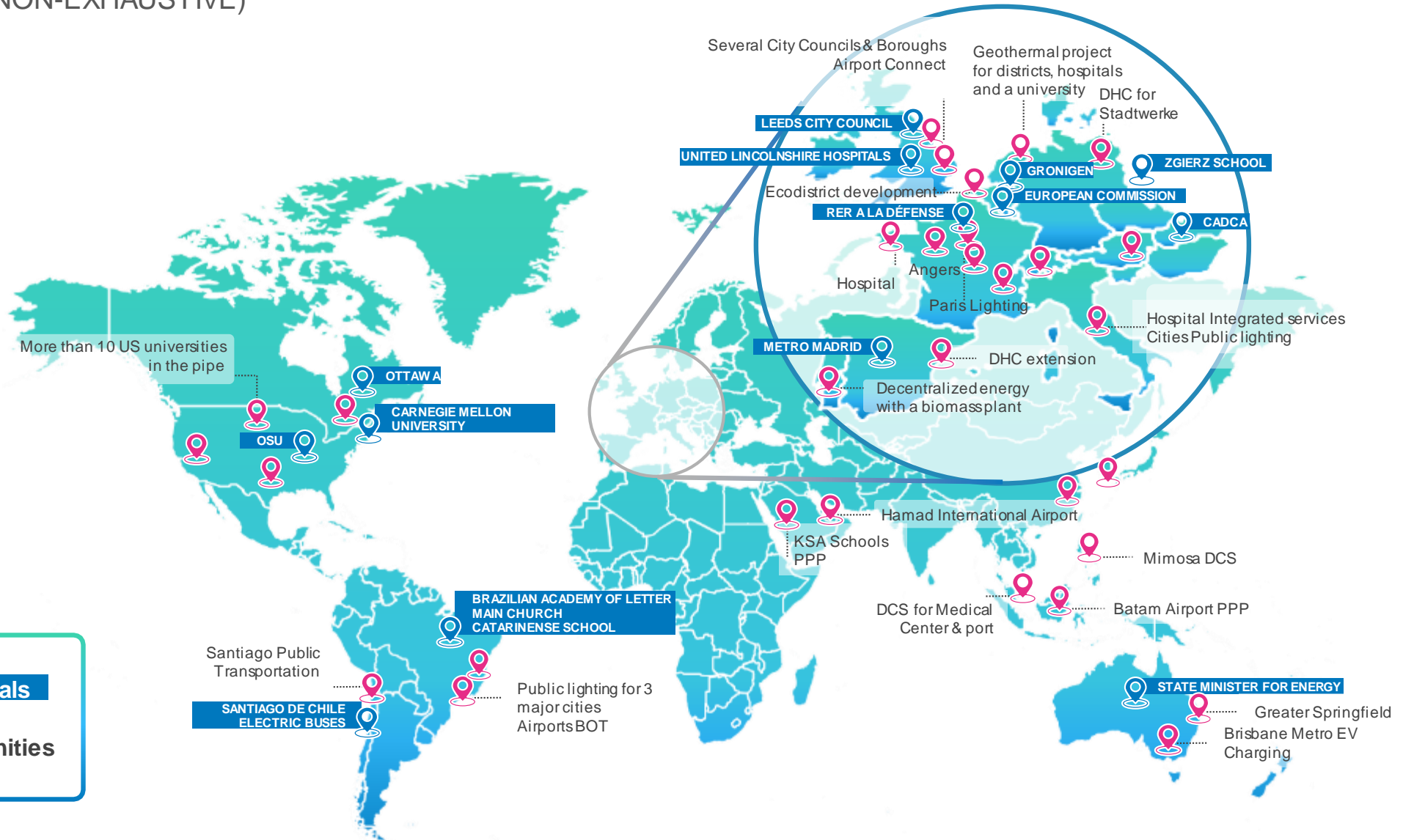
- ✓ Awarded in June 2019 by the Ottawa government
- ✓ 40% reduction in CO<sub>2</sub> emissions by 2030
- ✓ 80 governmental buildings heated and 67 cooled
- ✓ Switch from steam to hot water
- ✓ Modernize facilities

(1) District Heating and Cooling  
(2) Closed Circuit Television



# A STRONG PORTFOLIO OF OPPORTUNITIES

(NON-EXHAUSTIVE)



**Credentials**

**Opportunities**



# INDUSTRIES: FOCUS ON CORE BUSINESS

CO<sub>2</sub>

43%

of emissions, including energy production<sup>(1)</sup>

## CIRCULAR ECONOMY

\$4.5T

opportunity in the next 15 years<sup>(2)</sup>

## REPUTATION

66%

US consumers that drop brands due to corporate reputation<sup>(3)</sup>

## MOBILITY

530M

EV in 2040 in Europe and North America, driven by corporate fleets<sup>(4)</sup>

(1) IEA Figures, 2017, energy production reallocated  
(2) Accenture, 2018  
(3) Fleishman-Hillard  
(4) IEA

## Commitment to zero-carbon



GE Renewable Energy

2020



2025



2030



DANONE  
ONE PLANET. ONE HEALTH

2050



Nestlé

2050

K E R I N G



2025

## Commitment to 100% renewable electricity

ABInBev

AkzoNobel

Johnson & Johnson  
FAMILY OF COMPANIES

## Commitment to green mobility

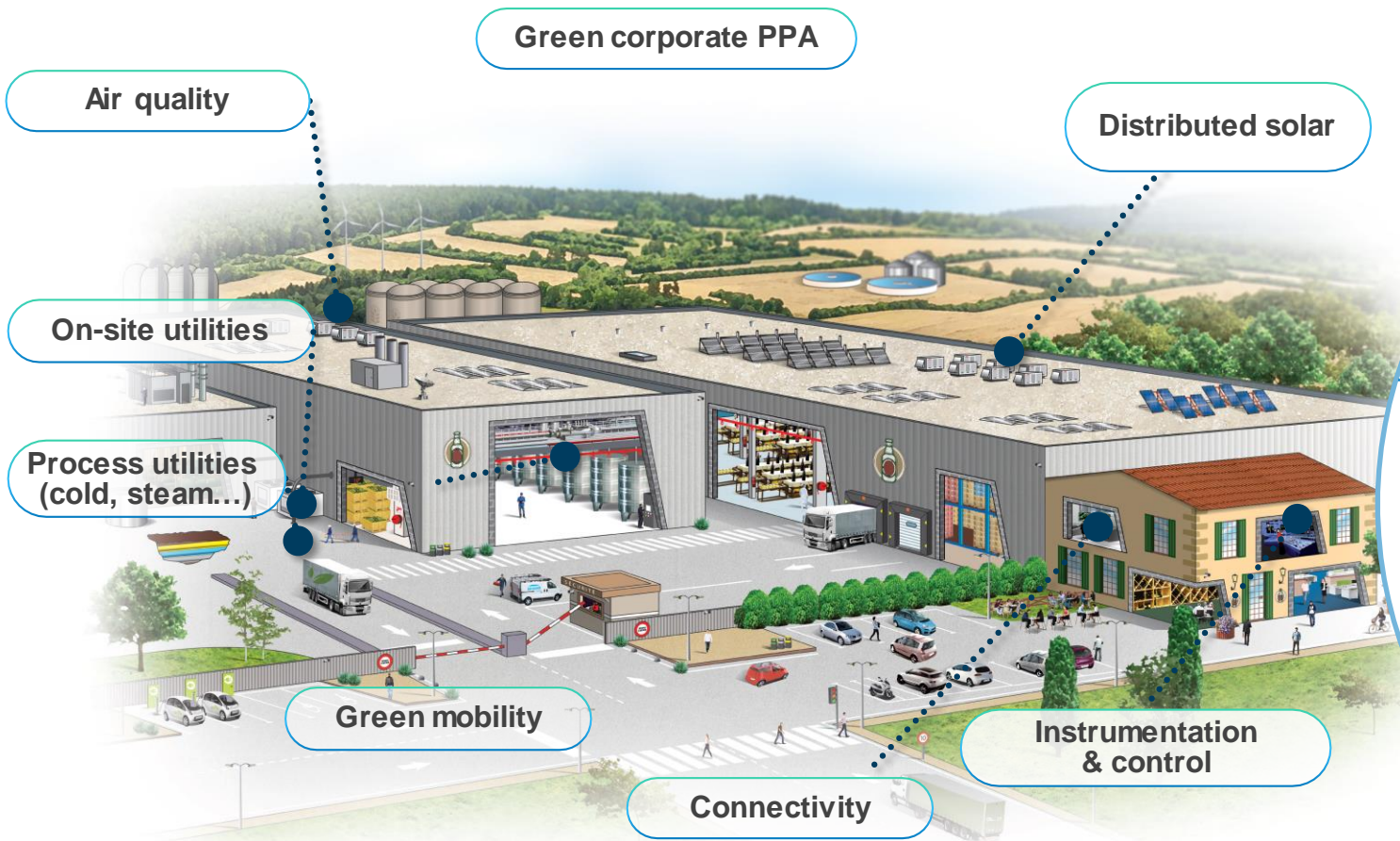
Genentech  
A Member of the Roche Group



2050: Target year to achieve commitment



# FOOD & BEVERAGES: ADAPTING TO SPECIFIC NEEDS



Zoom on



15 years DBFOM<sup>(1)</sup> steam supply contract

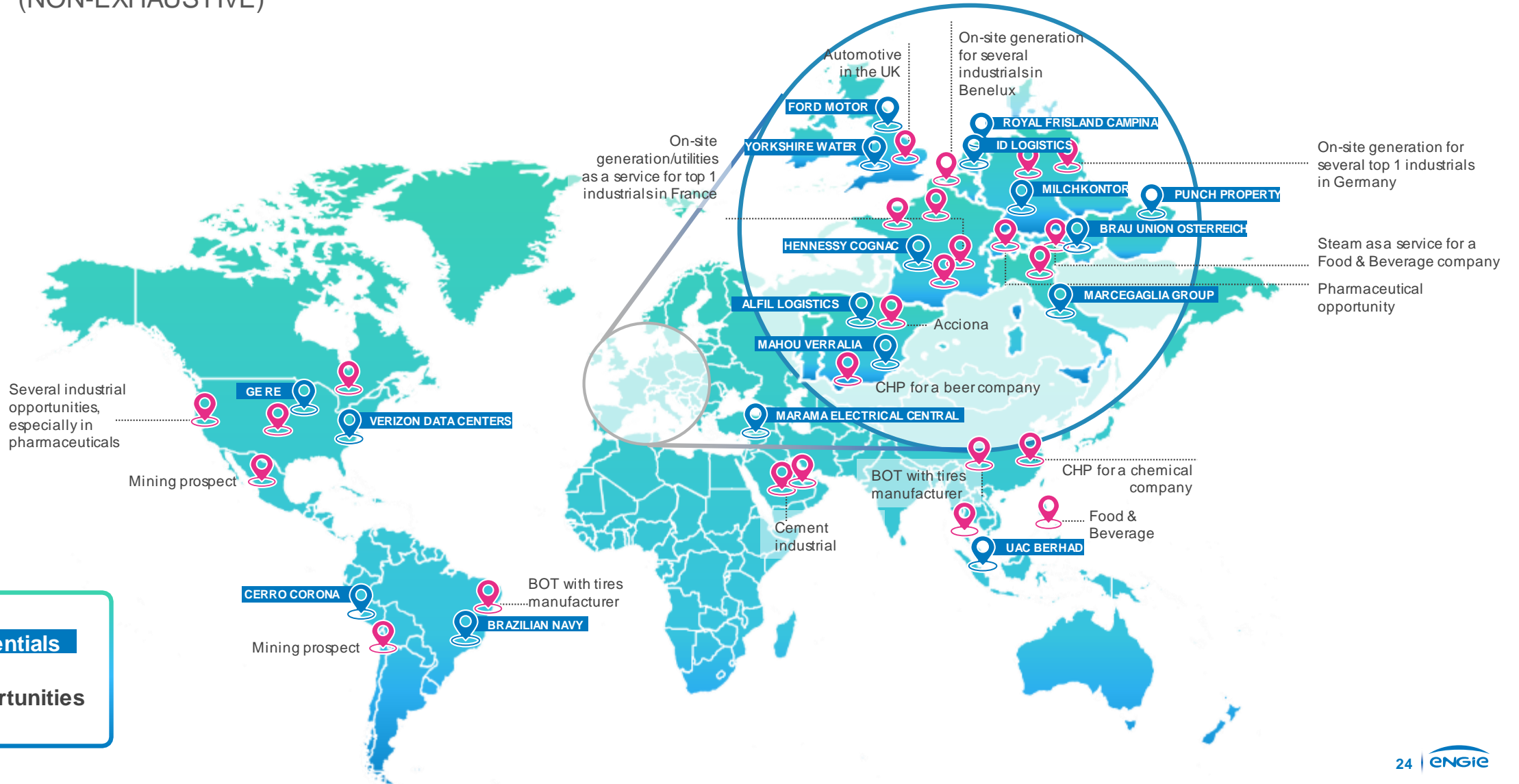
- ✓ Awarded in 2014
- ✓ Greenhouse gas emissions reduced by 60%
- ✓ Competitively-priced, long-term renewable energy
- ✓ Partnership with Suez

(1) DBFOM: Design Build Finance Operate Maintain



# A STRONG PORTFOLIO OF OPPORTUNITIES

(NON-EXHAUSTIVE)

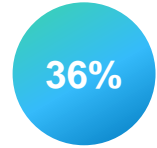






# PROPERTIES: EFFICIENCY AND SUSTAINABILITY

## ENERGY



Buildings represent 36% of energy use<sup>(1)</sup>

## CO<sub>2</sub>



Properties represent 1/3 of buildings CO<sub>2</sub> emissions<sup>(2)</sup>

## INVESTMENT



Energy efficiency investment in non-residential buildings<sup>(3)</sup>

## EFFICIENCY



Potential average reduction in buildings' energy usage

(1) UN environment, Towards a zero-emission, efficient, and resilient buildings and construction sector, Global status report 2017  
(2) Commercial buildings and collective housing share of CO<sub>2</sub> emissions from fuel combustion. ENGIE analysis based on IEA (2016 figures from 2018 report), ILO, Gov.uk sources

(3) IEA (2017)

## Commitment to 100% renewable electricity



## 40% energy productivity improvement



## Double its energy productivity

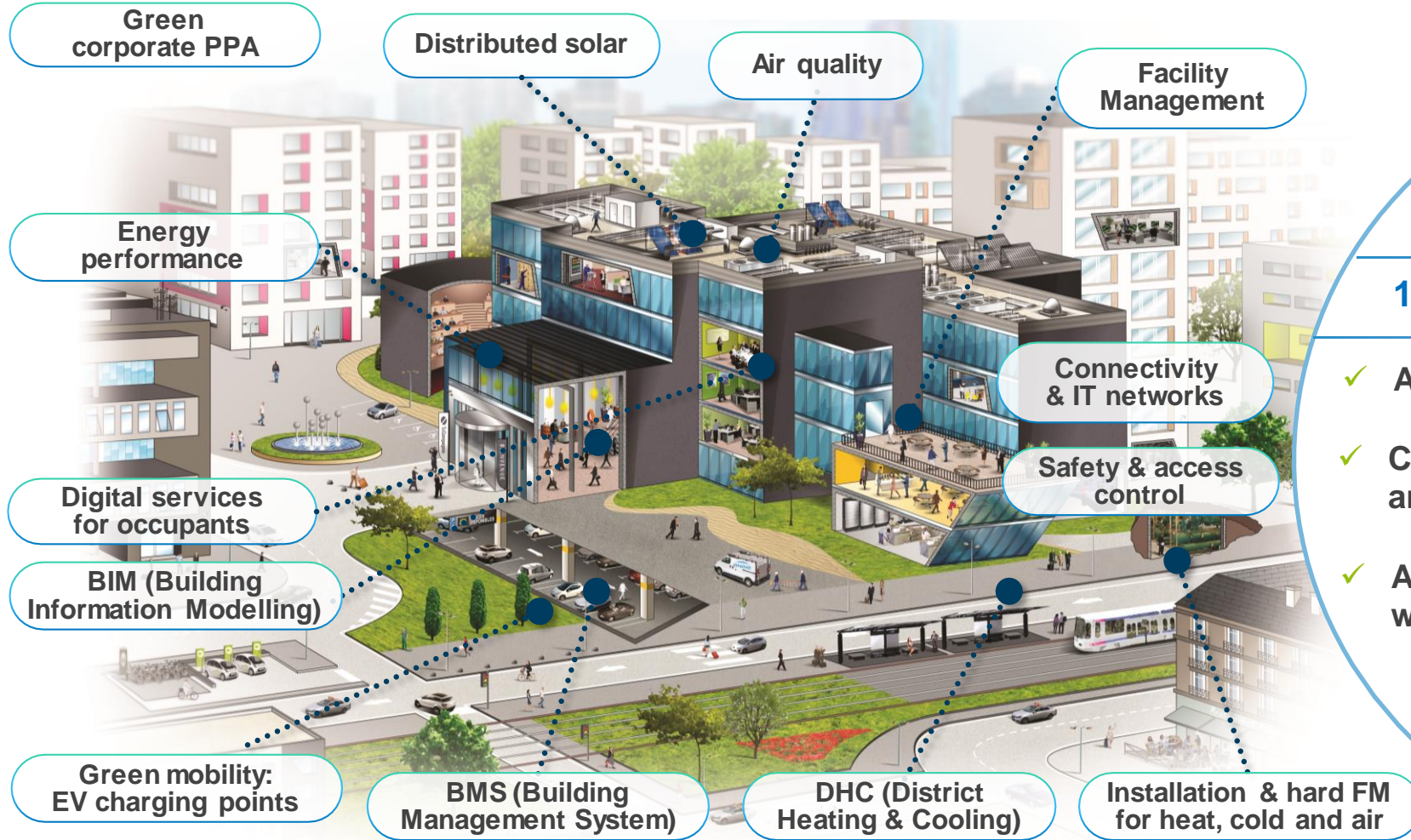
## Commitment to net zero-carbon buildings



Source: The climate group, <https://www.theclimategroup.org/news/more-energy-smart-companies-join-ep100-and-commit-zero-carbon-buildings>



# OFFICE BUILDINGS: OPTIMIZING COSTS



## Zoom on



### 10 year DBFOM<sup>(1)</sup> energy contract

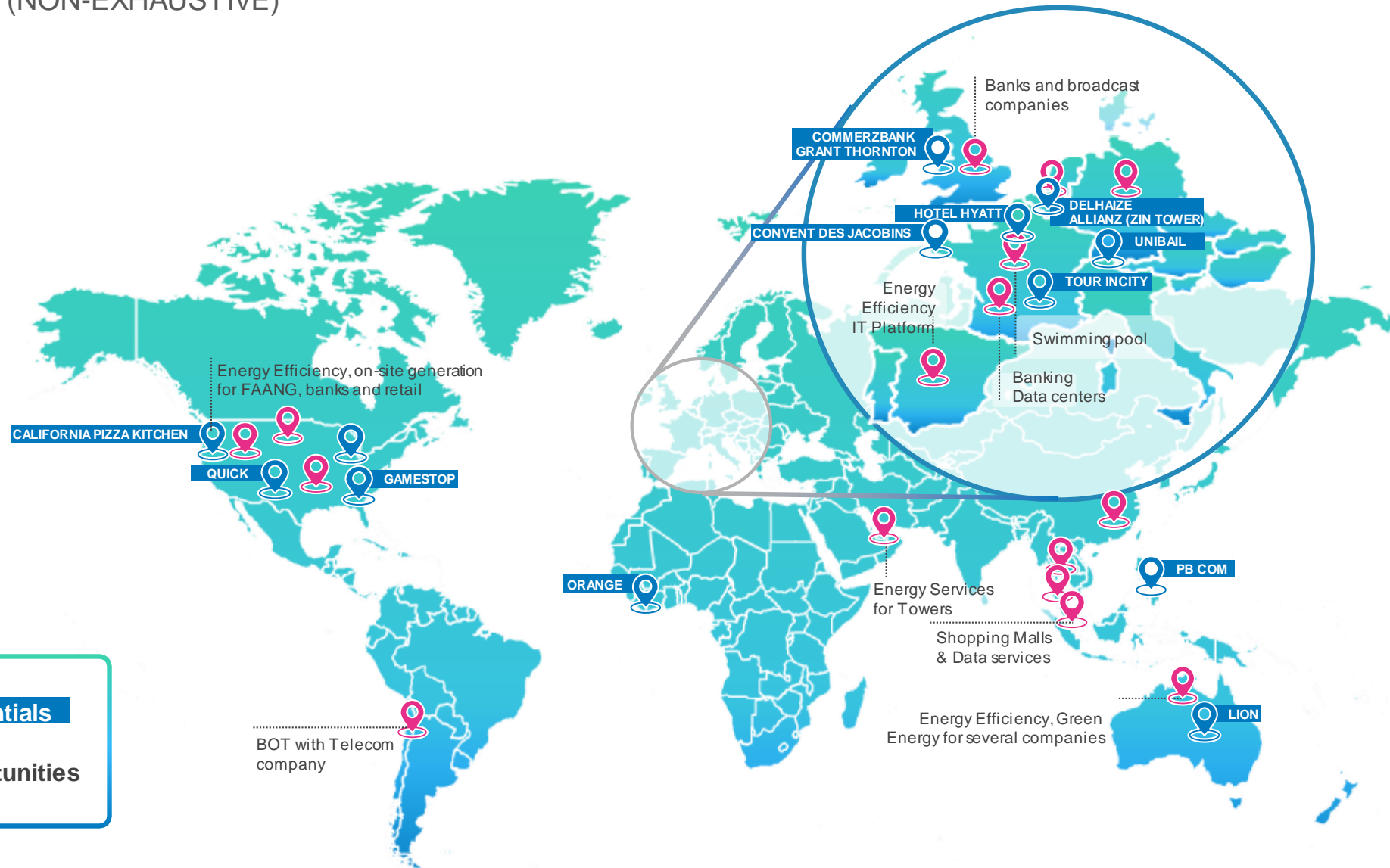
- ✓ Awarded in September 2019
- ✓ CO<sub>2</sub> emissions est. down by 2.4k tons annually
- ✓ Asset-based new and efficient chilled water plant for the 52-floor PB Com building

(1) DBFOM – Design, Build, Finance, Operate, Maintain



# A STRONG PORTFOLIO OF OPPORTUNITIES

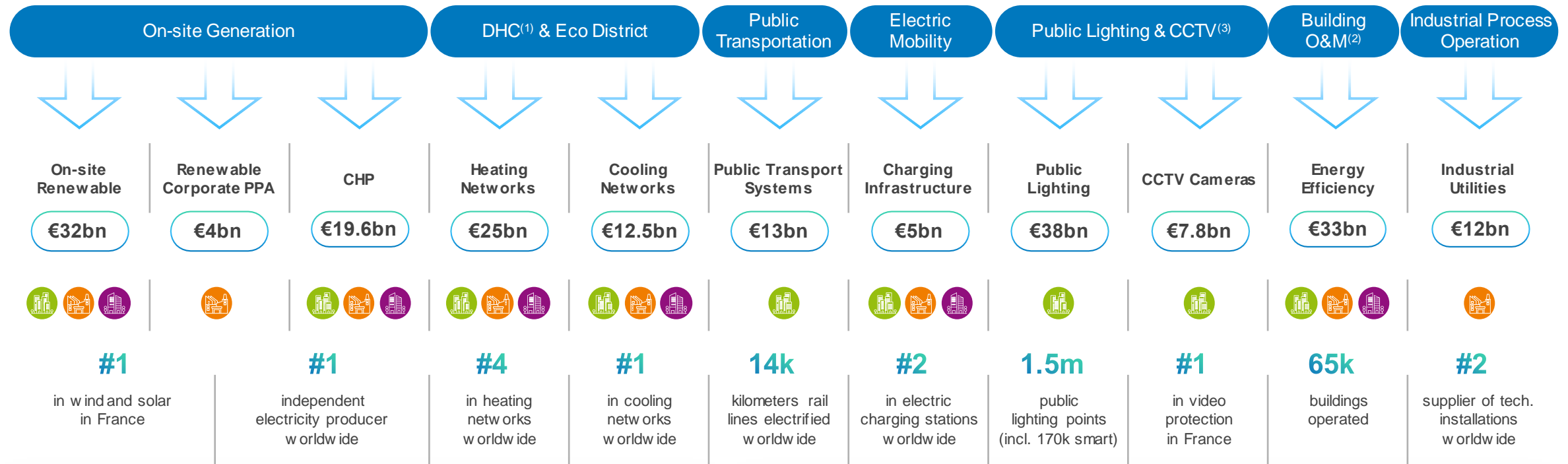
(NON-EXHAUSTIVE)



 Credentials

 Opportunities

# OUR PRIORITY OFFERS COVER GROWING MARKETS MATCHING OUR CLIENTS' NEEDS



Cyclical dynamics – linked to GDP

Secular dynamics – commitment to zero-carbon transition

X bn Global Market Size 2018



Cities / Industries / Properties

**#1** ENGIE market position

Global markets, parts of which are not addressable by ENGIE currently  
Source: Accenture analysis for ENGIE

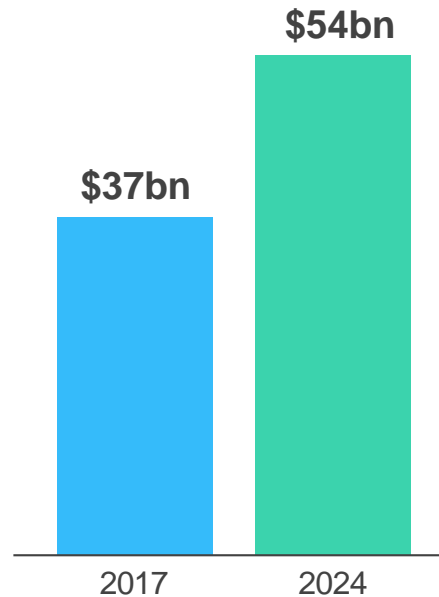
(1) District Heating and Cooling  
(2) Operation & Maintenance  
(3) Closed Circuit Television

# 3 EXAMPLES OF DYNAMIC MARKETS WE ADDRESS

## District Heating and Cooling networks

Size of ENGIE targeted markets<sup>(1)</sup>

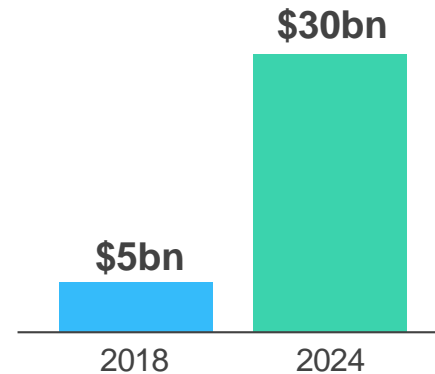
**5.8%**  
CAGR



## Electric Vehicles Charging Infrastructure

Global market size<sup>(2)</sup>

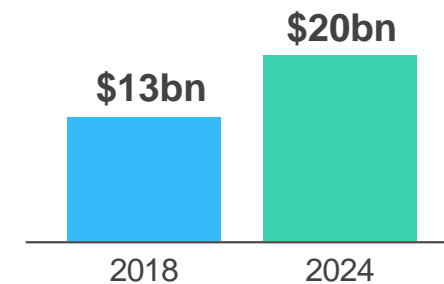
**40%**  
CAGR



## Public Transport Electrical and Signalling Systems

Global market size<sup>(3)</sup>

**7%**  
CAGR



(1) Transparency Market Research, 2017. France, Benelux, UK, NECST, NORAM, MESCOT, APAC  
(2) Markets and Markets, 2019  
(3) IUTP - Global Mass Transit Report 2017

# 4 KEY PRIORITIES

1

## Focus

our development and organization around three client segments

2

## Shape

our geographic footprint based on clear criteria

3

## Drive

rapid growth of Asset-Based Solutions

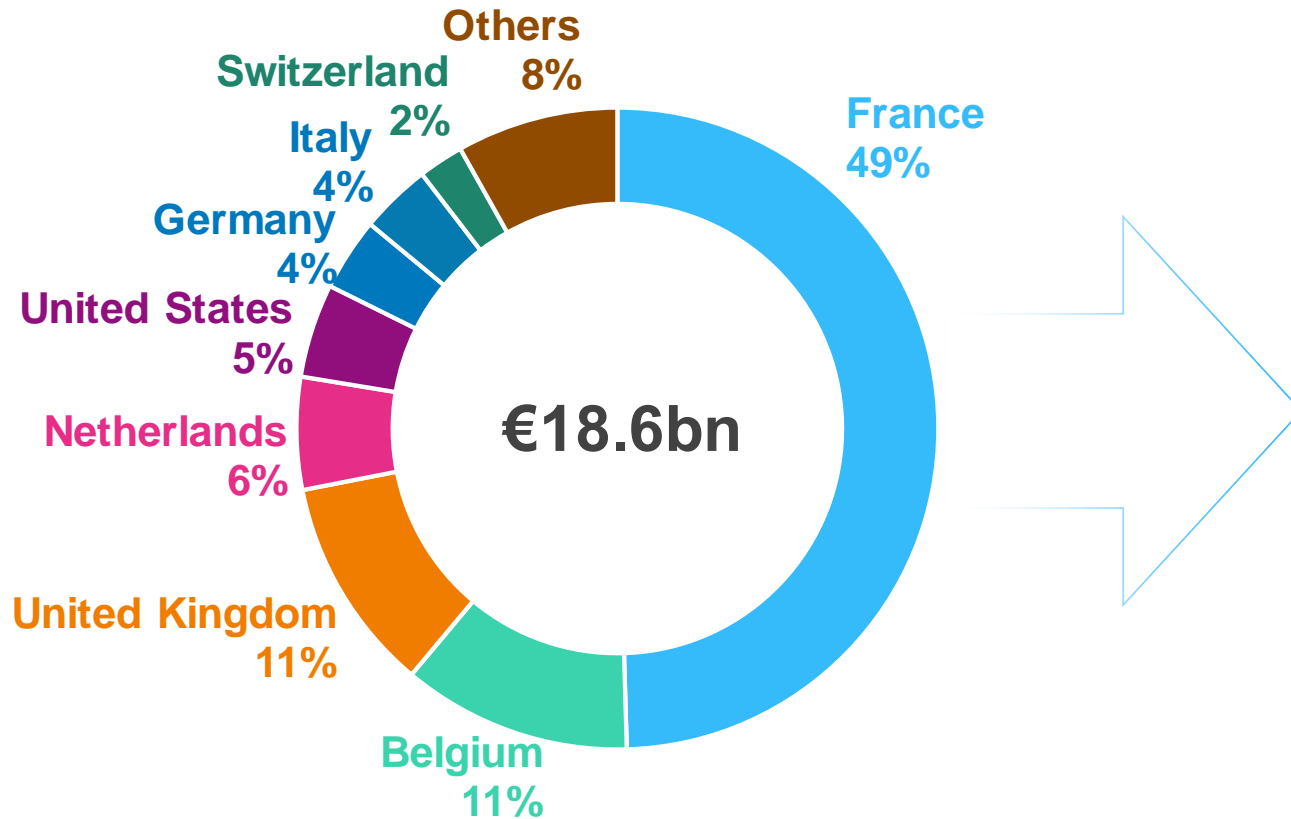
4

## Boost

operational and financial performance

# WE FOCUS ON WHERE WE CAN MAKE A DIFFERENCE

Distribution of 2018 Revenue



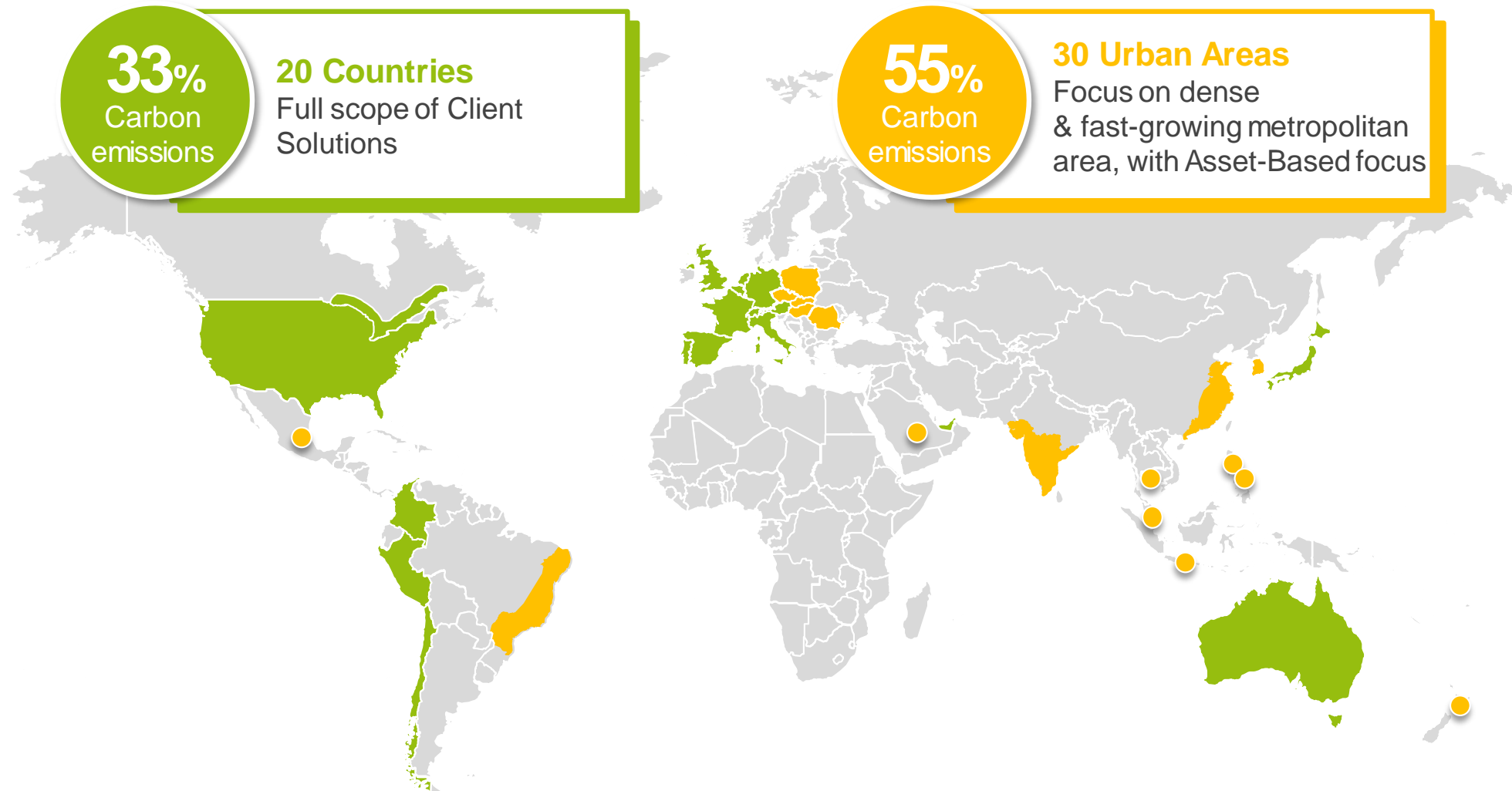
## OUR PRIORITY COUNTRIES CRITERIA

Rank #1 or #2

Zero-carbon transition appetite

Compliant business and political framework

# WE FOCUS ON 20 COUNTRIES AND 30 URBAN AREAS<sup>(1)</sup>



(1) Activities related to energy access (mini-grids, rooftop solar, etc.) are not concerned by this geographical policy





# FRANCK BRUEL

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Executive Vice President in charge of North America,  
Latin America and United Kingdom Business Units

# 4 KEY PRIORITIES

1

## Focus

our development and organization around three client segments

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## Shape

our geographic footprint based on clear criteria

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## Drive

rapid growth of Asset-Based Solutions

4

## Boost

operational and financial performance

# WE OPERATE THROUGH THREE BUSINESS MODELS



## Projects

Design & build or revamp

**6 - 18 months**

Average contract duration

### Example

- Design and install ventilation systems for Biogen, a biotech company in Switzerland



## Recurring Services

Maintain and operate  
Provide support services

**3 - 8 years**

Average contract duration

### Example

- Data Center operations for a leading bank in France



## Asset-Based Solutions (Infra-like)

Integrated offers often  
with performance obligations

**10 - 50 years**

Average contract duration

### Example

- Modernization, operation and maintenance of 80 buildings' distributed energy system in Ottawa, Canada

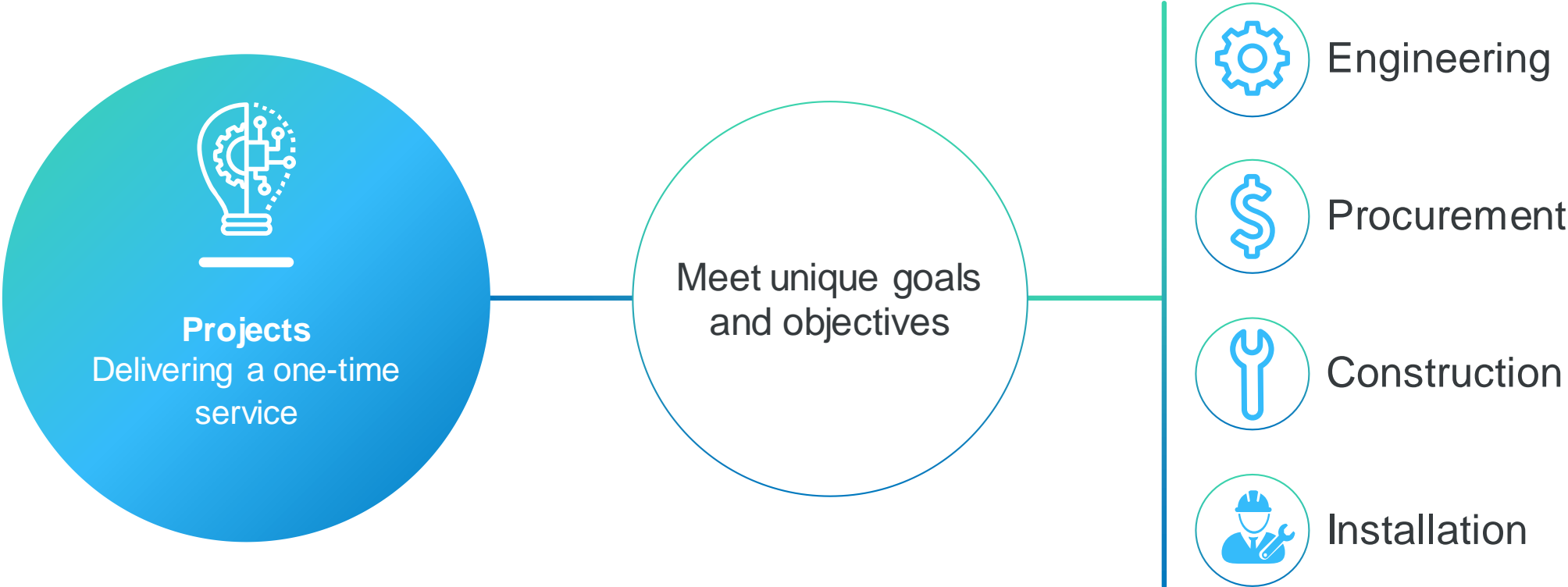
**CROSS-SELLING & COMPLEMENTARITY**



# PROJECTS



# PROJECTS BUSINESS MODEL





# PROJECTS: OVERVIEW

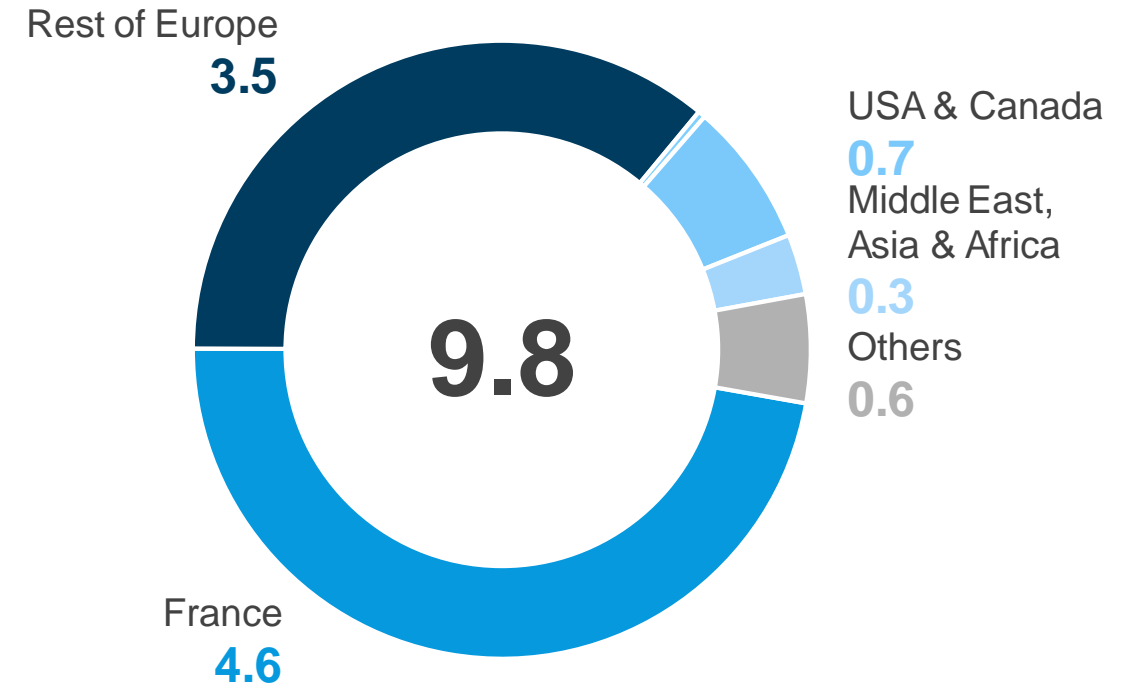
## Key Financial Indicators

	2015	2018	2021
<b>Revenue in €bn</b>	<b>7.2</b>	<b>9.8</b>	<b>CAGR 3-6%</b>
COI margin	~5%	~3.5%	4-5%
<b>ROCE</b>	<b>&gt;10%</b>	<b>&gt;10%</b>	<b>&gt;10%</b>
Growth CAPEX in €bn 2016-2018 and 2019-2021		~1.1	0.7-1.0

Impact on Revenue from IFRS 15 from 2018

## Geographic Footprint

Revenue in €bn  
FY 2018





# PROJECTS: P&L DRIVERS

## Typology of Pricing

**Cost + margin**

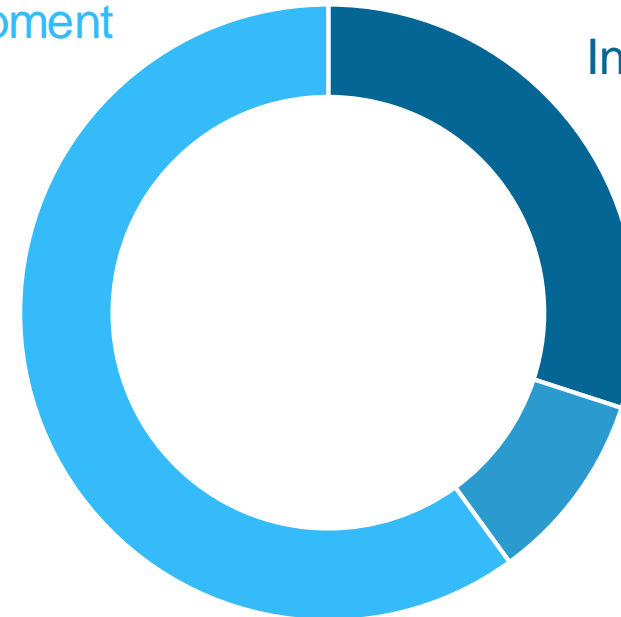
**Move towards price based  
on added value (initiated)**

## Cost Structure

Equipment

Internal staff

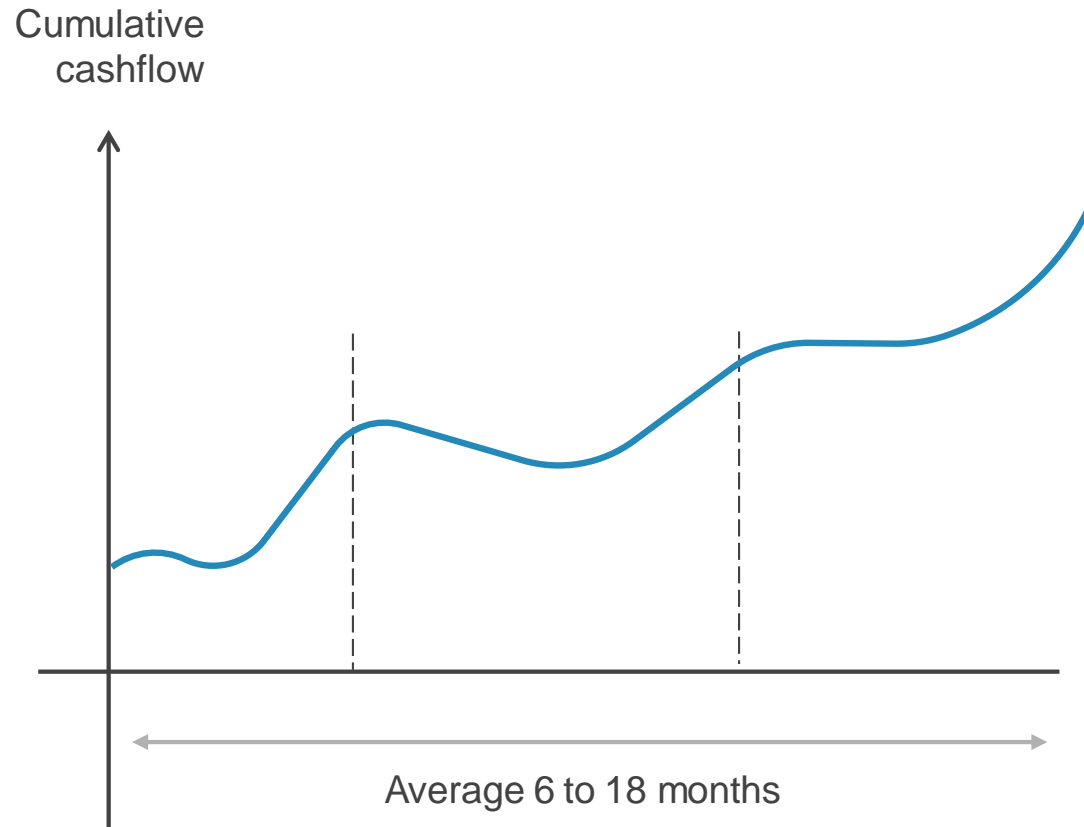
Subcontractors



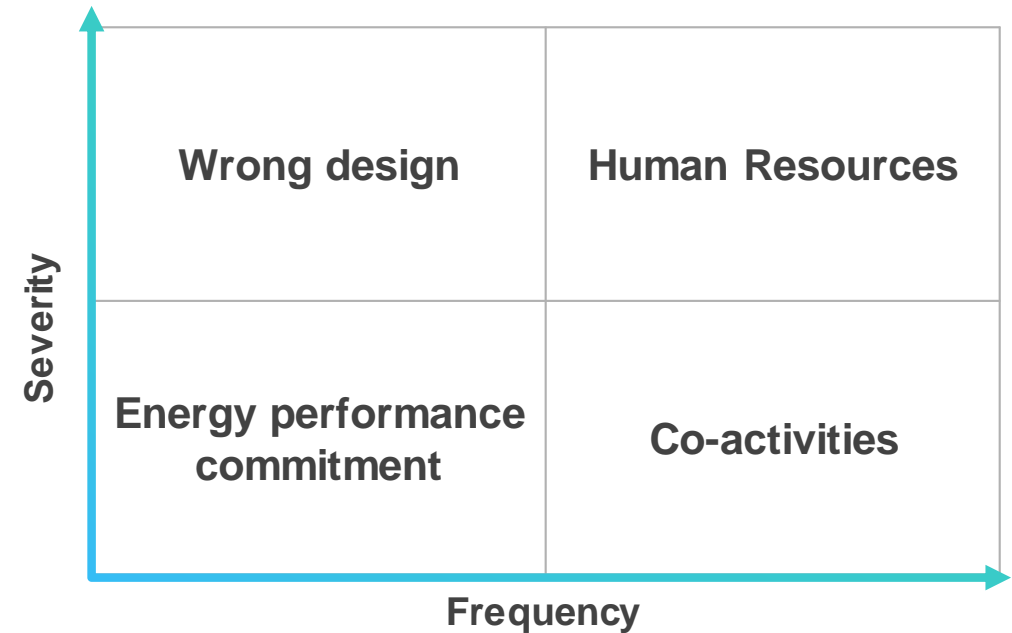


# PROJECTS: BUSINESS MODEL PROFILE

## Cash Flow Profile



## Risk / Opportunity



## Key Financial Indicators

- Revenue growth
- COI/Revenue %
- SG&A as % of revenue
- Backlog (Revenue, deal margin and duration)
- WCR (Working Capital Requirement)



# PROJECTS: CASE STUDY

## MONTREAL PUBLIC TRANSPORT



### Project aim

Implement a new integrated transport network linking downtown Montreal, South Shore, West Island, North Shore and the airport

### Client aspirations

Decrease urban congestion, GHG emissions and pollution. Find local players to deliver on time

### ENGIE value proposal

Deliver integrated solution from design to installation to a tight schedule, demonstrating expertise in the Canadian market

**Planet:** Achieve a 15% increase of users and 10% decrease in GHG emissions

**People:** facilitate and increase the use of Client aspirations  
Decrease urban congestion, GHG emissions and pollution.  
Find local players to deliver on time



**67** km  
of rail electrification

**€50**M  
Revenue for ENGIE

**€4**bn  
Invested by  
CDPQ Infra



# RECURRING SERVICES



# RECURRING SERVICES BUSINESS MODEL



- Networks
- Energy System
- Data Centers
- Transport Infrastructure
- HVAC & Air Quality
- Fire equipment
- Plumbing
- Relamping
- (Hard) Facility Management



# RECURRING SERVICES: OVERVIEW

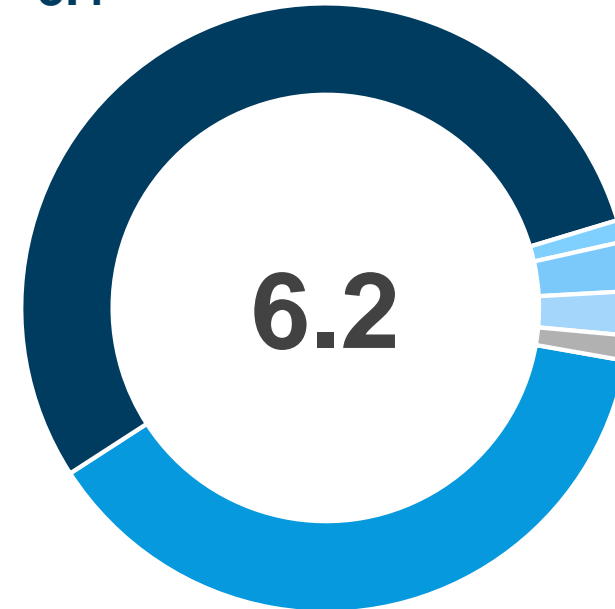
## Key Financial Indicators

	2015	2018	2021
<b>Revenue in €bn</b>	<b>6.3</b>	<b>6.2</b>	<b>CAGR 5-8%</b>
COI margin	~3%	~4%	4-5%
<b>ROCE</b>	<b>&gt;10%</b>	<b>&gt;10%</b>	<b>&gt;10%</b>
Growth CAPEX in €bn		~0.8	1.2-1.5
2016-2018 and 2019-2021			

## Geographical Footprint

Revenue in €bn  
FY 2018

Rest of Europe  
**3.4**



Latin America  
**0.07**  
USA & Canada  
**0.16**  
Middle East,  
Asia & Africa  
**0.14**  
Others  
**0.08**

France  
**2.4**



# RECURRING SERVICES: P&L DRIVERS

## Typology of Pricing

Cost + Fee

Performance fees

Fixed unit price on catalogue

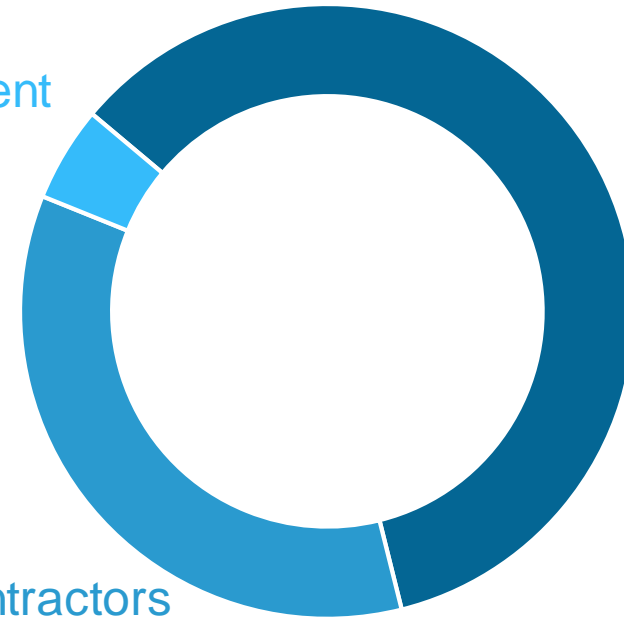
Quotation on request

## Cost Structure

Equipment

Internal staff

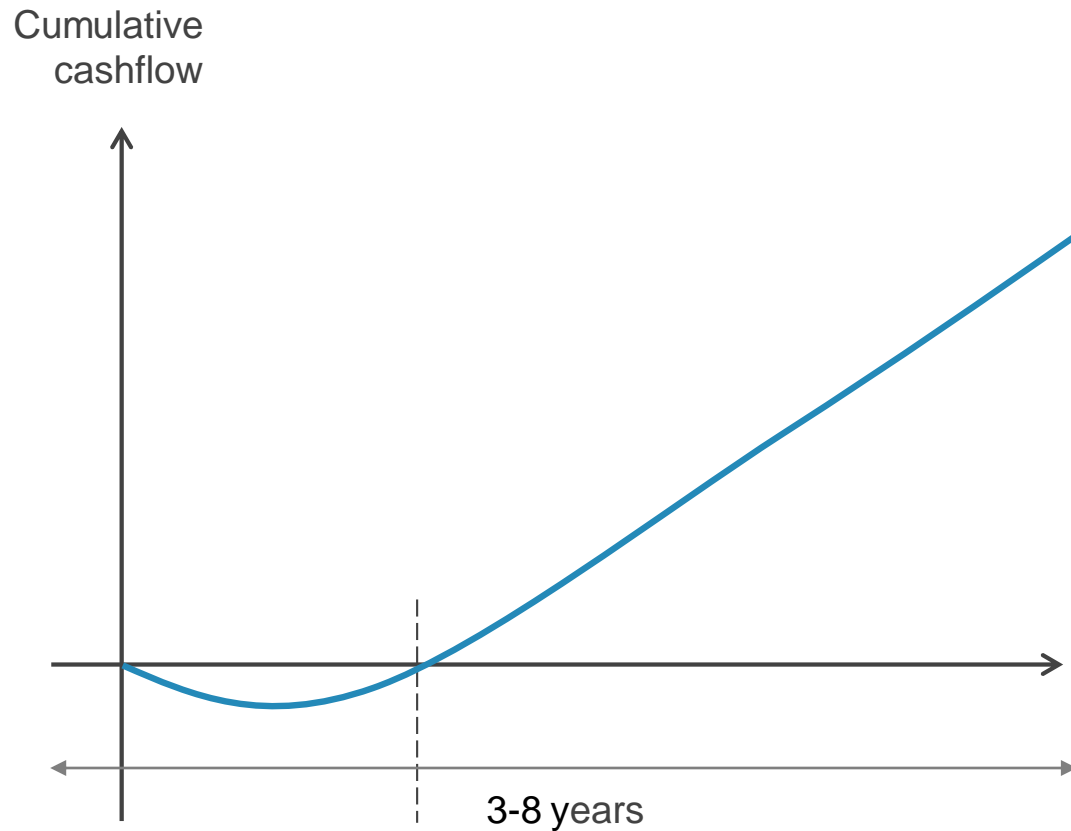
Subcontractors



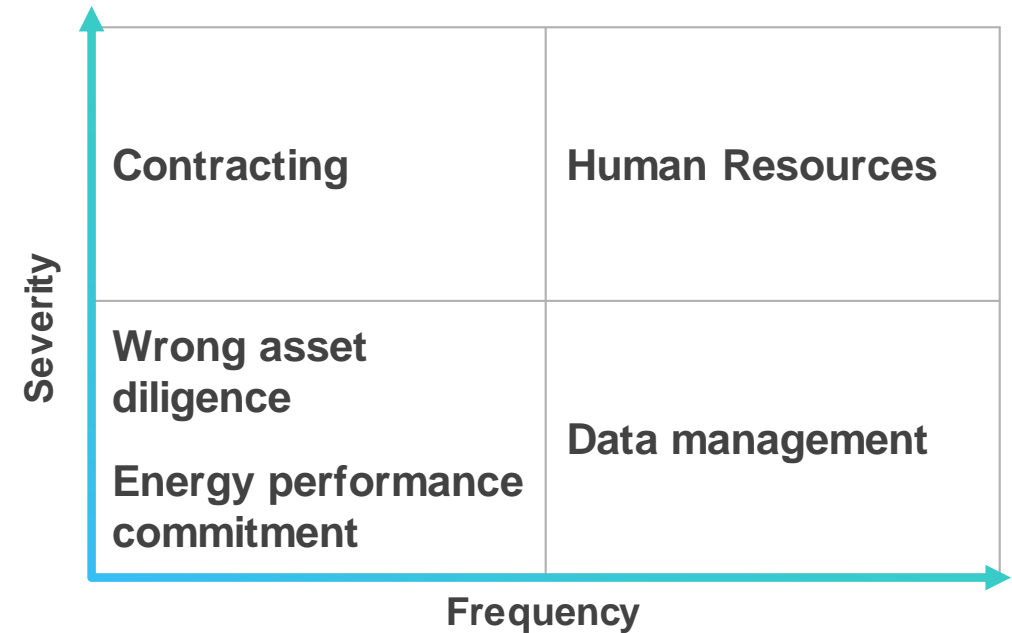


# RECURRING SERVICES: BUSINESS MODEL PROFILE

## Cash Flow Profile



## Risk / Opportunity



## Key Financial Indicators

- Revenue growth %
- COI/Revenue %
- Fixed/Additional revenues
- Invoicing
- Net development costs

# RECURRING SERVICES: CASE STUDY

BUCKINGHAM PROJECT – DATA CENTER O&M



## Project pitch

- Operation of a new hyperscale data center for a leading US digital company

## ENGIE value proposal

- Extensive data center knowledge
- Capability of ENGIE to propose a self-delivery model thanks to its own teams in the area

## Solution description

- Operations and design

## Contract form

- Data service operation contract model with 24/7 availability guaranteed
- ENGIE performance commitment on availability and PUE (Power Usage Effectiveness)
- Start in Feb 2020, mobilization ongoing

**60MW**

Data center load

**3 years**

Initial contract term  
+2+5+5 years extension

**€6.5M**

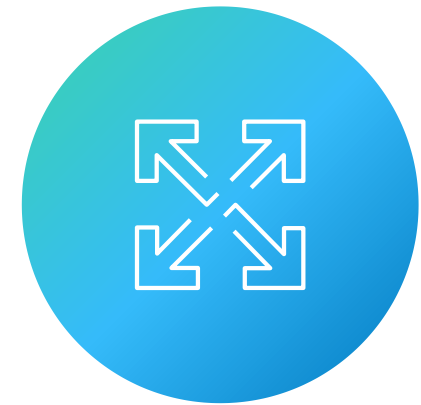
Revenue per year

**38**

ENGIE FTE's involved in  
the contract

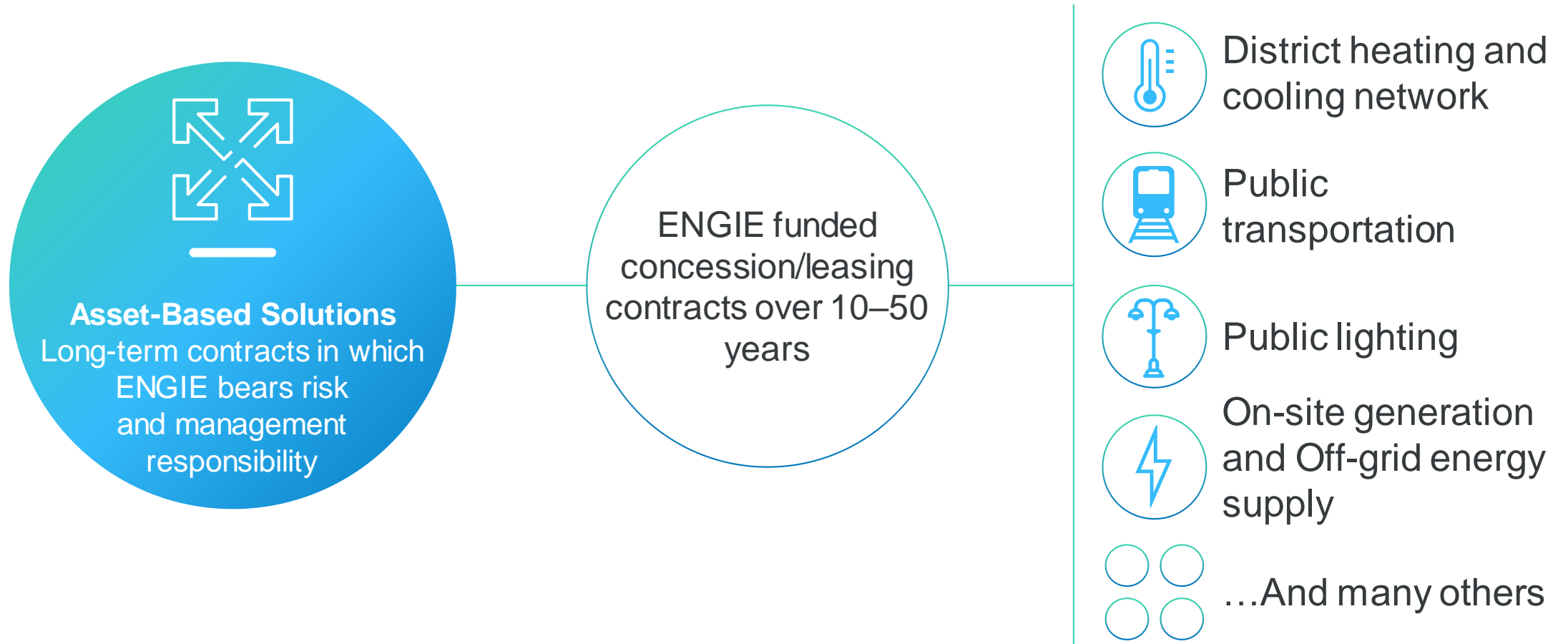


# ASSET-BASED SOLUTIONS *INFRA-LIKE*





# ASSET-BASED SOLUTIONS BUSINESS MODEL





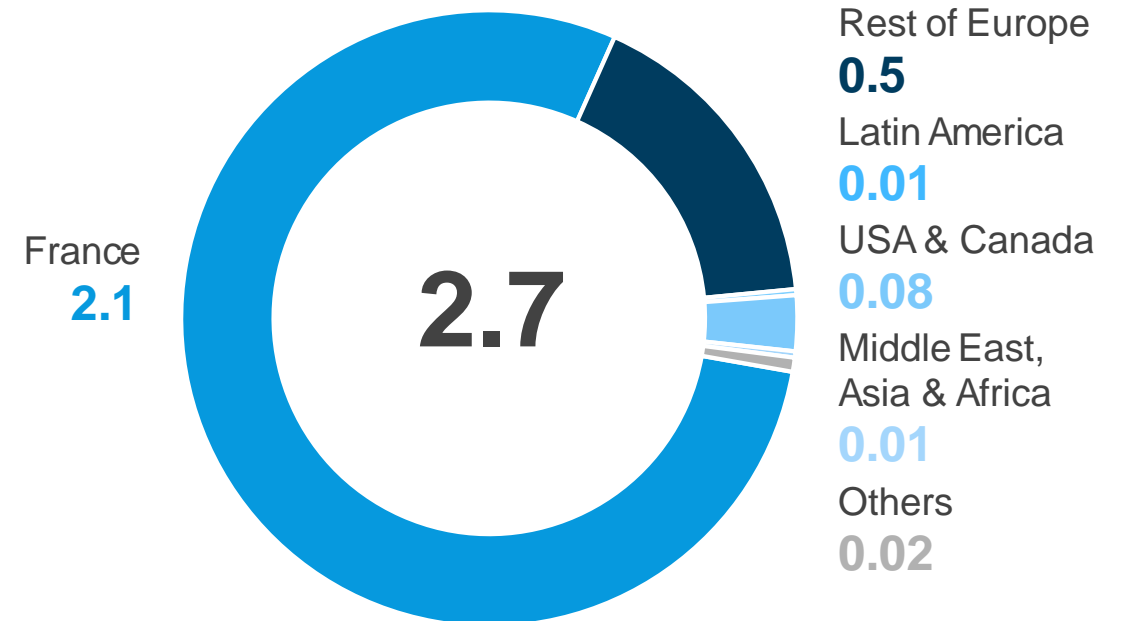
# ASSET-BASED SOLUTIONS: OVERVIEW

## Key Financial Indicators

	2015	2018	2021
<b>Revenue in €bn</b>	<b>2.4</b>	<b>2.7</b>	<b>CAGR 5-8%</b>
COI in €bn	0.3	0.4	
<i>o/w income from main associates</i>	<i>0.1</i>	<i>0.1</i>	
COI margin <sup>(1)</sup>	~9%	~11%	10-12%
<b>ROCE</b>	<b>~6%</b>	<b>~5%</b>	<b>5-6%</b>
Growth CAPEX in €bn		~2.1	2.0-2.5
2016-2018 and 2019-2021			

## Geographical Footprint

Revenue in €bn  
FY 2018



Impact on Revenue from IFRS 15 from 2018  
(1) excluding main associates (Tabreed, Suez)



# ASSET-BASED SOLUTIONS: P&L DRIVERS

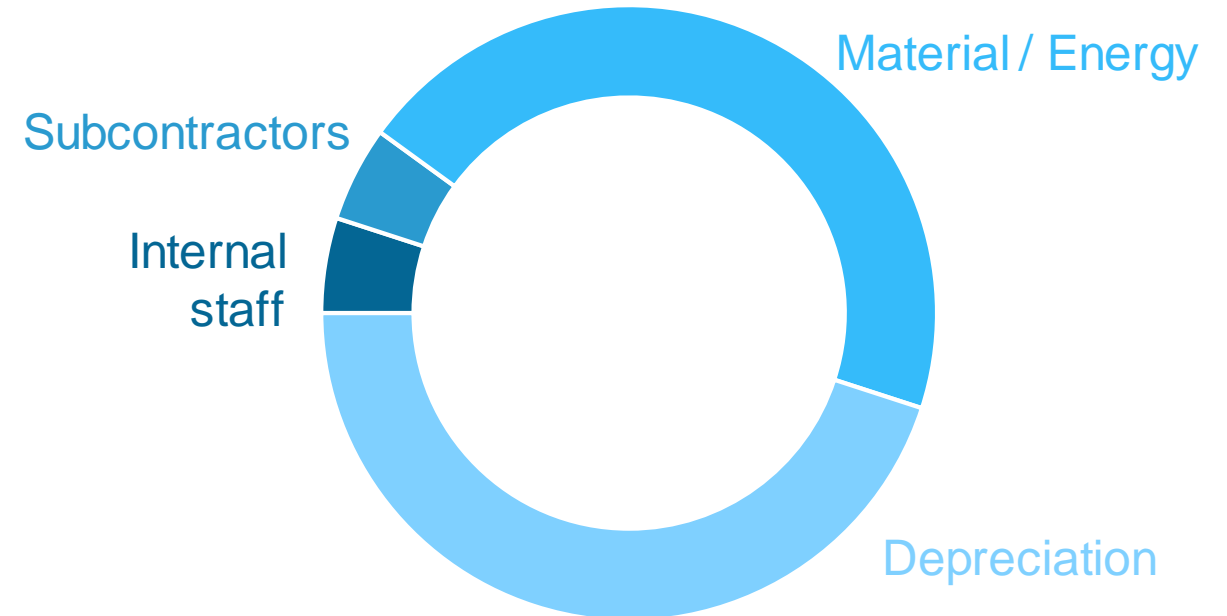
## Typology of Pricing

Charge as a service

Performance fees

Indexed price

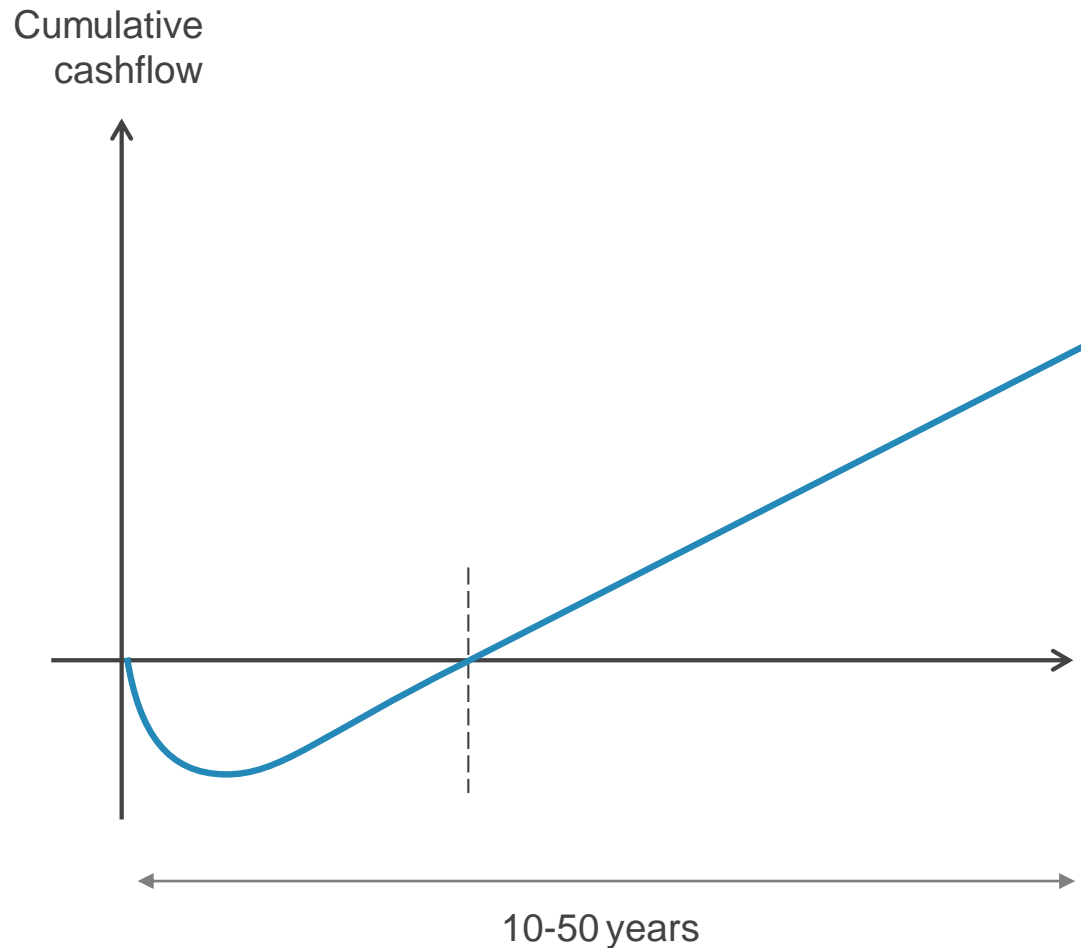
## Cost Structure



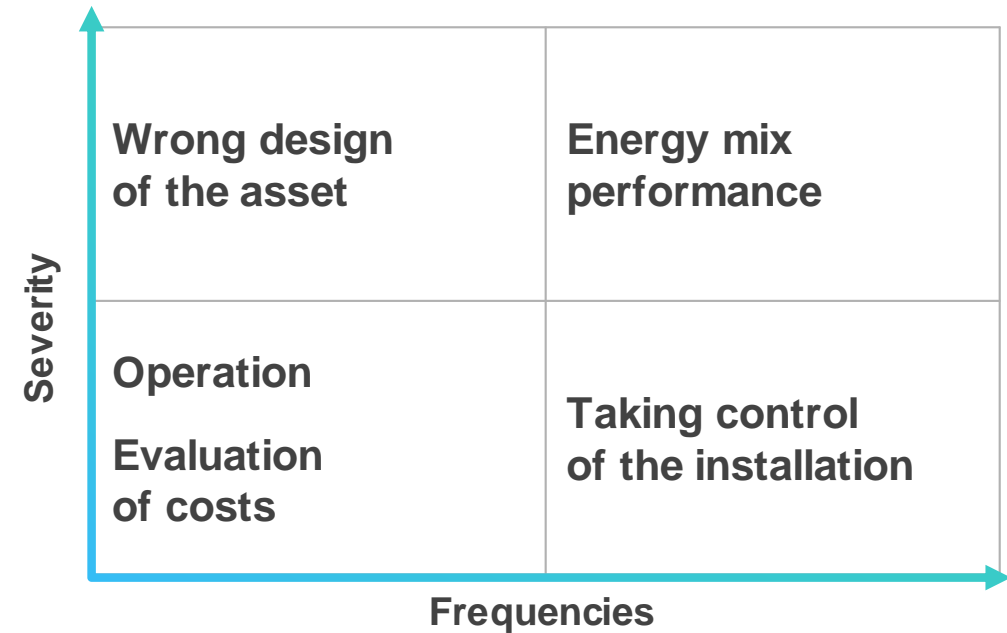


# ASSET-BASED SOLUTIONS: BUSINESS MODEL PROFILE

## Cash Flow Profile



## Risk / Opportunity

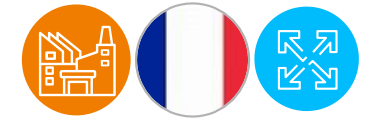


## Key Financial Indicators

- Energy margin and capital employed
- ROI and ROCE
- # MW under operation
- Duration of contract / Average useful life of assets
- Maintenance CAPEX as % of Revenue

# CASE STUDY

CÔTE SAINTE CATHERINE HEATING NETWORK WITH BAR-LE-DUC LOCAL AUTHORITY



## Project pitch

20-year concession for renovation and development of heating network and biomass boilers

## Client stake aspirations

Make its local heating network greener

## Engie value proposal

- Planet: 95,000 t reduction of CO<sub>2</sub> emissions over the 20 years
- People: jobs in local forestry industry

## Solution description

- Biomass thermal generation unit
- Heating network concession
- Digital solution Predity®

€7M

ENGIE Capex

30

Local jobs created

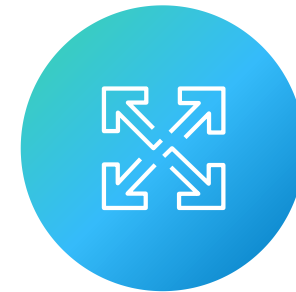
-45%

Price reduction for the end customer

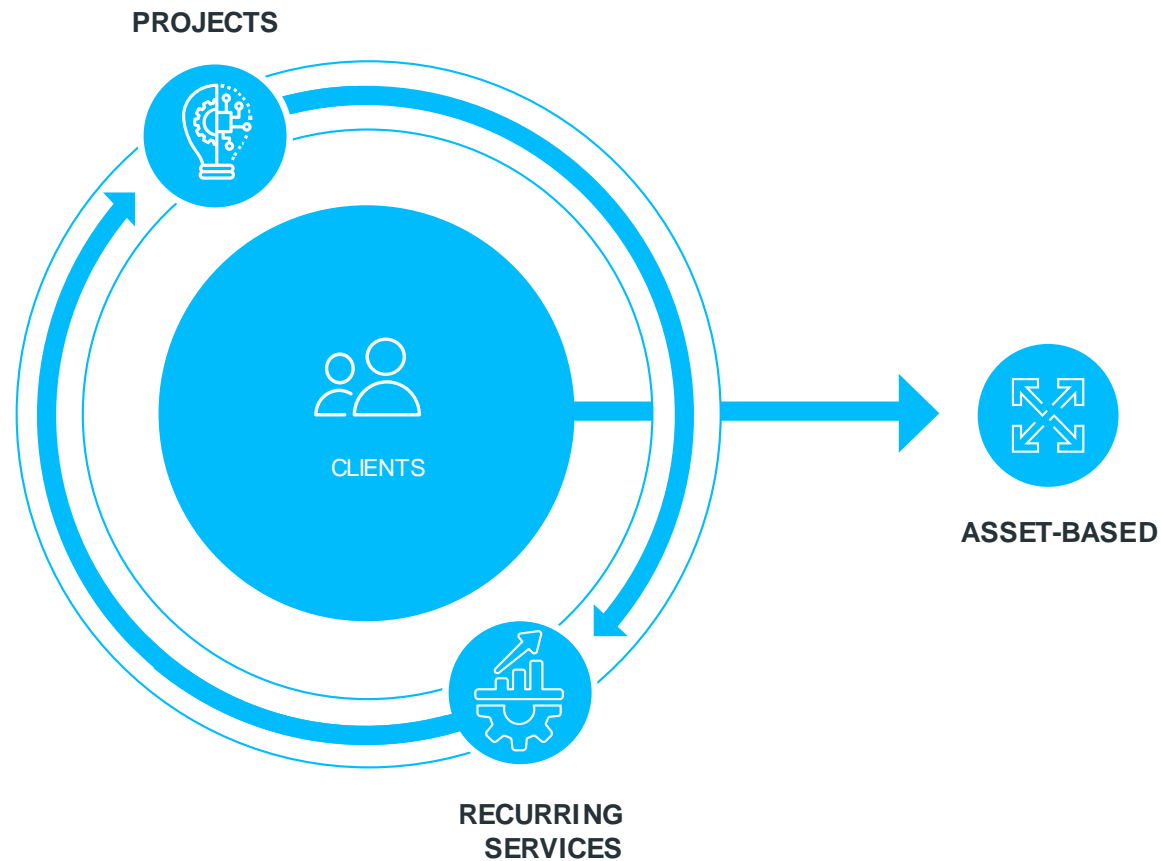
20years

Project duration

# SUMMARY OF BUSINESS MODELS



# SYNERGIES BETWEEN OUR BUSINESS MODELS



On some client segments, Asset-Based Solutions will typically be a follow-up on initial Asset-Light projects

On other client segments, we are able to sell directly Asset-Based Solutions (e.g. Universities)

The two Asset-Light business models combined offer better TCO<sup>(1)</sup> for the client


(1) TCO = total cost of ownership


# AIRBUS BUSINESS MODEL SYNERGIES: AIRBUS CASE STUDY


## Asset-Light and Asset-Based activities speed up our development

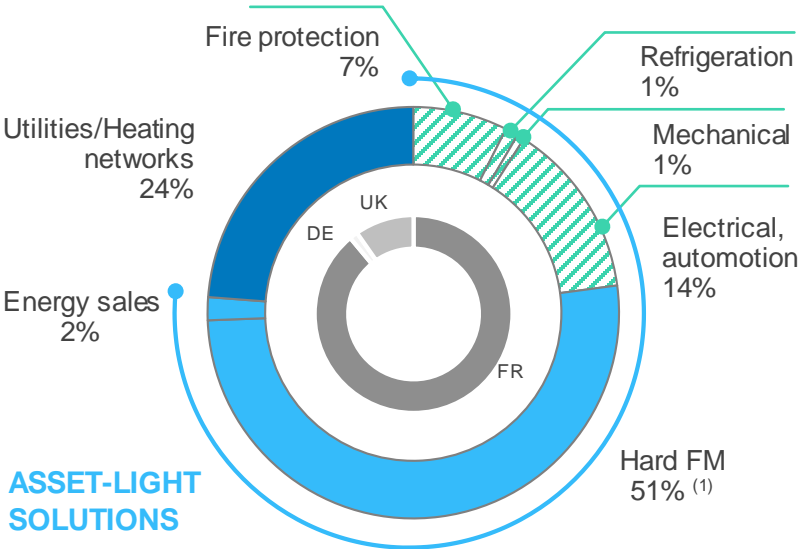
- Innovation and added value for the client:**
- Works and commitments of the assembly lines
  - Energy savings
  - Lighting optimization (BIM management)
  - Lean management

Business model of contract figures 2018

Projects 

Recurring Services 

Asset-Based Solutions 



~€90M/year

Joint project value

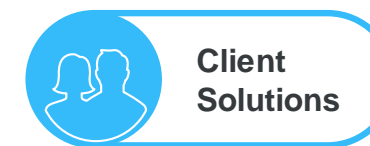
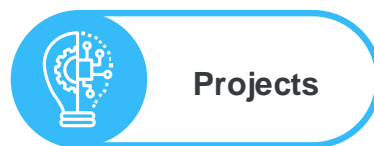
From few months to **10** years duration

From an initial Projects contract to a multi-business model contract and a pan-European agreement

(1) Including Energy Performance Contract and Operation & Maintenance

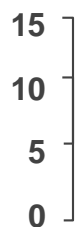


# KEY FINANCIALS



Revenue 2018 (in €bn)	9.8	6.2	2.7	18.6
EBITDA <sup>(2)</sup> 2018 (in €bn)	~0.4	~0.3	~0.7	~1.5
COI 2018 (in €bn)	~0.3	~0.2	~0.4	~1.0
COI margin <sup>(1)</sup> 2018 (in %)	~3.5%	~4%	~11%	~5%
ROCE 2018 (in %)	>10%	>10%	~5%	~8%
Revenue Growth CAGR 2018/21	3-6%	5-8%	5-8%	4-7%
Average capital employed in €bn	2.0	1.4	6.4	9.8

EBITDA multiples from recent market transactions



6-10




8-12

11-17

(1) Excluding main associates (Tabreed, Suez)

(2) EBITDA include operational provisions & only recurring part of result from associates

# RESILIENT PORTFOLIO

	 Projects	 Recurring Services	 Asset-Based Solutions
Exposure to downturns on margin	Short-term	Delayed	Immune
Delay before impact	<b>1-2 years</b>	<b>~3 years</b>	<b>N.A.</b>

**Diversified Client Base**

# COMPETITIVE FRAMEWORK

Our advantages

Historical competitors

New competitors



## Projects

- BIM engineering
- Specialty in marine, nuclear, refrigeration, mobility
- Techno agnostic
- Geographical footprint

Technical installers

System suppliers



## Recurring Services

- Hard FM expertise
- Management of full FM build
- Projects
- Size
- Long-term commitment
- Geographical footprint

Construction companies on PPP contracts

Soft FM companies



## Asset-Based Solutions

- Design, installation, investment, operation and maintenance
- Balance sheet size

In-sourcing

Infra funds



# OLIVIER BIANCARELLI

---

Executive Vice President in charge of the Client  
Solutions Global Business Line

# 4 KEY PRIORITIES

1

## Focus

our development and organization around three client segments

2

## Shape

our geographic footprint based on clear criteria

3

## Drive

rapid growth of Asset-Based Solutions

4

## Boost

operational and financial performance

# GUIDANCE

Client Solutions	2018	2021 GUIDANCE	
Revenue in €bn	18.6	21-23	CAGR 18-21: 4-7%
<b>COI</b> in €bn	<b>~1</b>	<b>1.3-1.4</b>	<b>CAGR 18-21: 11-14%</b>
Growth CAPEX in €bn	1.3	$\Sigma$ 19-21: 4-5	
<b>ROCE</b> in %	<b>8</b>	<b>Stable</b>	

# PERSPECTIVES ON 2019

## Performance drivers



### Organic growth

- Robust growth in revenues, +4% YoY
- Strong backlog of ~1 year of revenues
- Competitive intensity in selected segments



### New M&A

- €0.7bn CAPEX year to date
- Acquisitions closed so far to fully contribute by the end of H1 2020



### Operational efficiency

- ENGIE Impact set-up costs
- Start-up companies looking for market share (EV Box, EPS)
- Difficulties in Projects entities

## Convictions towards acceleration to double-digit medium-term profit growth

**Investment and scale-up in organic BD and delivery capability**

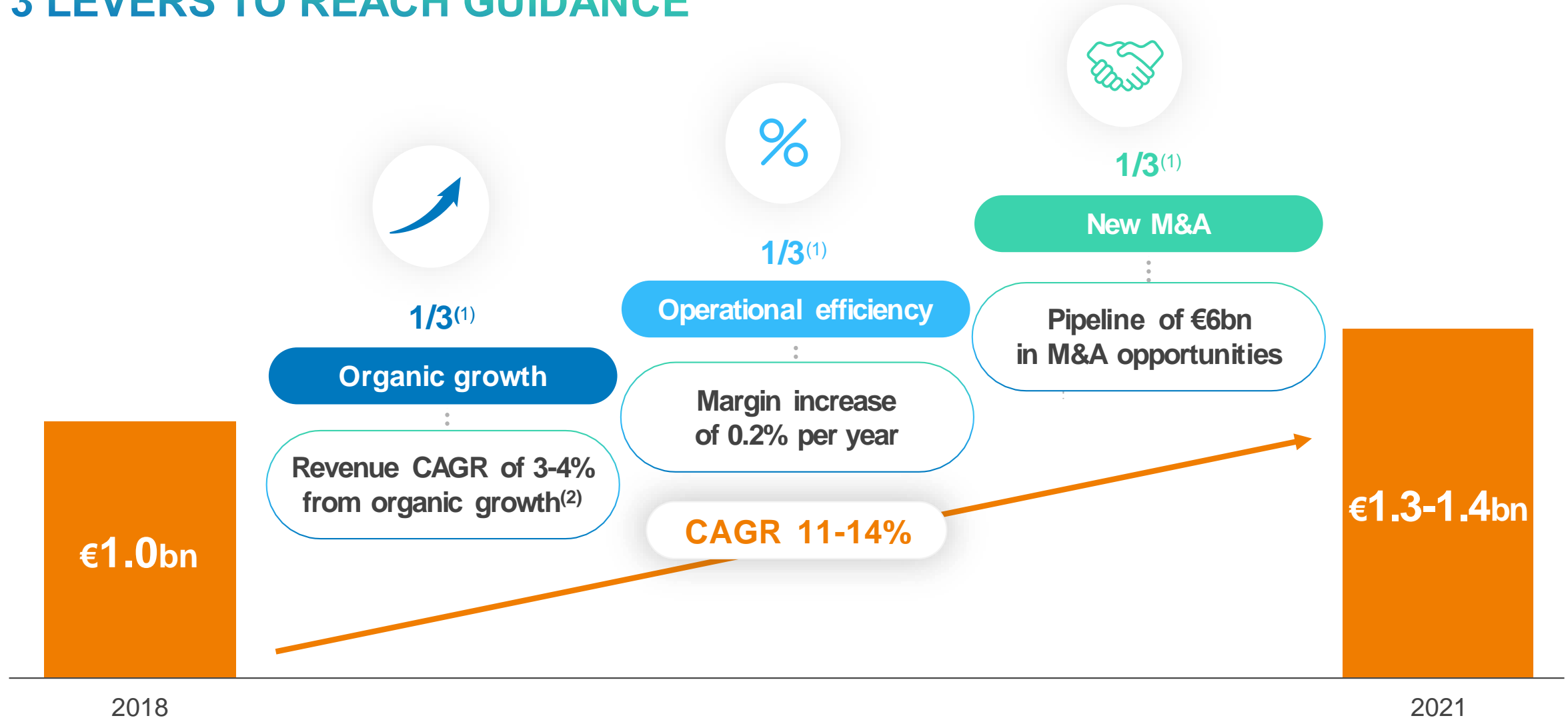
**Ramp-up of innovative start-ups**

**More selectivity in our development**

**Restructuring of loss-making entities**

**~€2bn M&A CAPEX still to be invested**

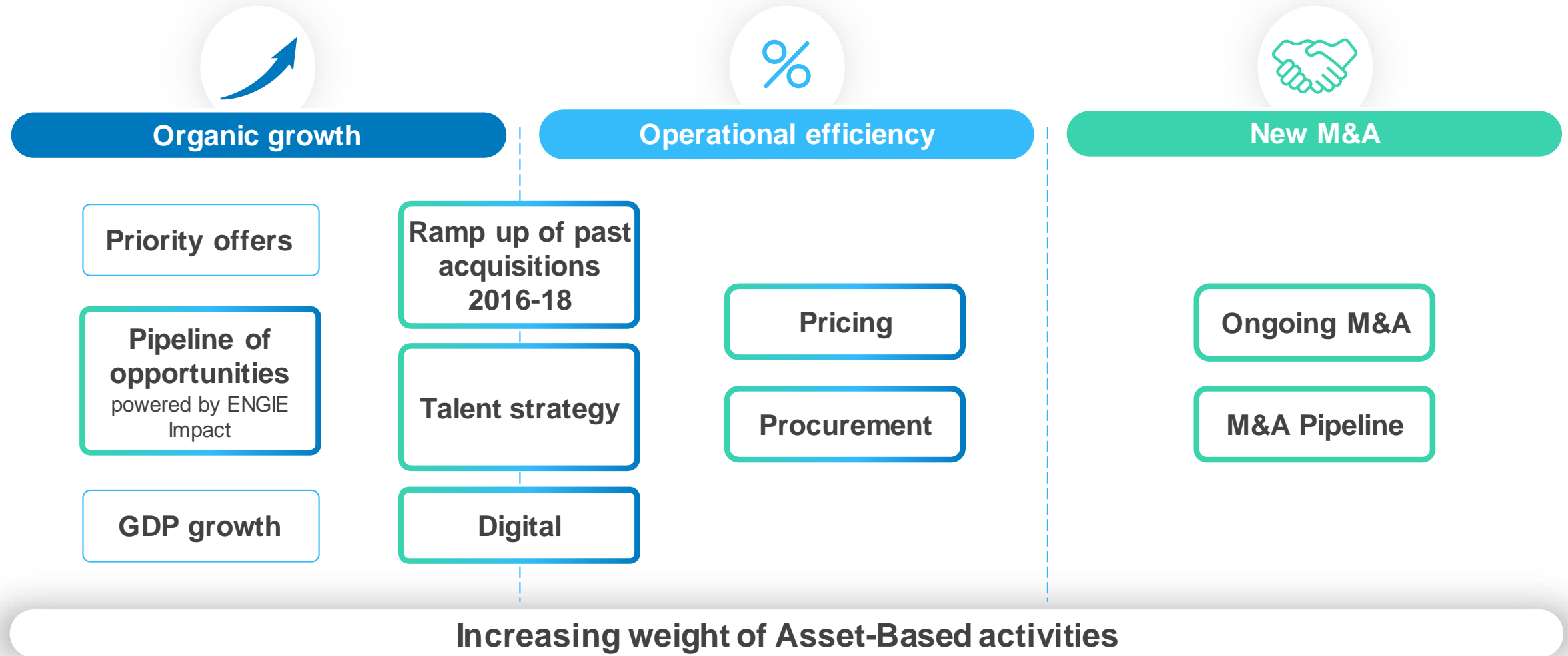
# 3 LEVERS TO REACH GUIDANCE



(1) Percentage in additional COI  
 (2) GDP + 1-2% and new activities, especially Asset-Based.



# 3 LEVERS



 Deep dive in the next slides

# TARGETS AND DRIVERS

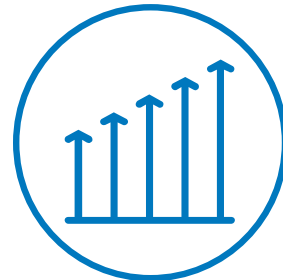


## 2018-2021 targets

**~ 3 to 4%**  
Revenue CAGR

**€0.10 - 0.15bn**  
Additional COI expected

## Key Drivers



Market growth



Development  
of new activities



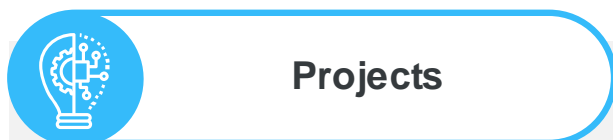
Contribution from  
equity stakes

# TRENDS

Q3 FIGURES



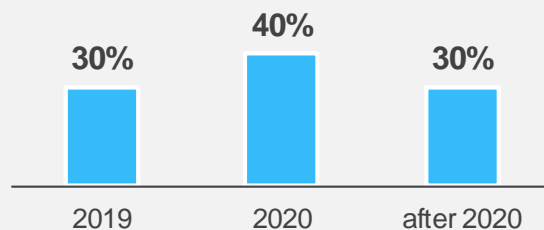
Organic growth



## Projects

Revenue backlog

€9.8bn **+7%<sup>(1)</sup>**



## Recurring Services

Net commercial development<sup>(2)</sup>

In France **+4%<sup>(3)</sup>**

(1) YoY Growth

(2) New contracts (€k) + Net renegotiated Contracts (€k) – Lost contracts (€k)

(3) Average annual additional revenue expected from 2020

(4) District Heating and Cooling

(5) Vs Q3 2018

(6) Excluding France

(7) Vs Q3 2018

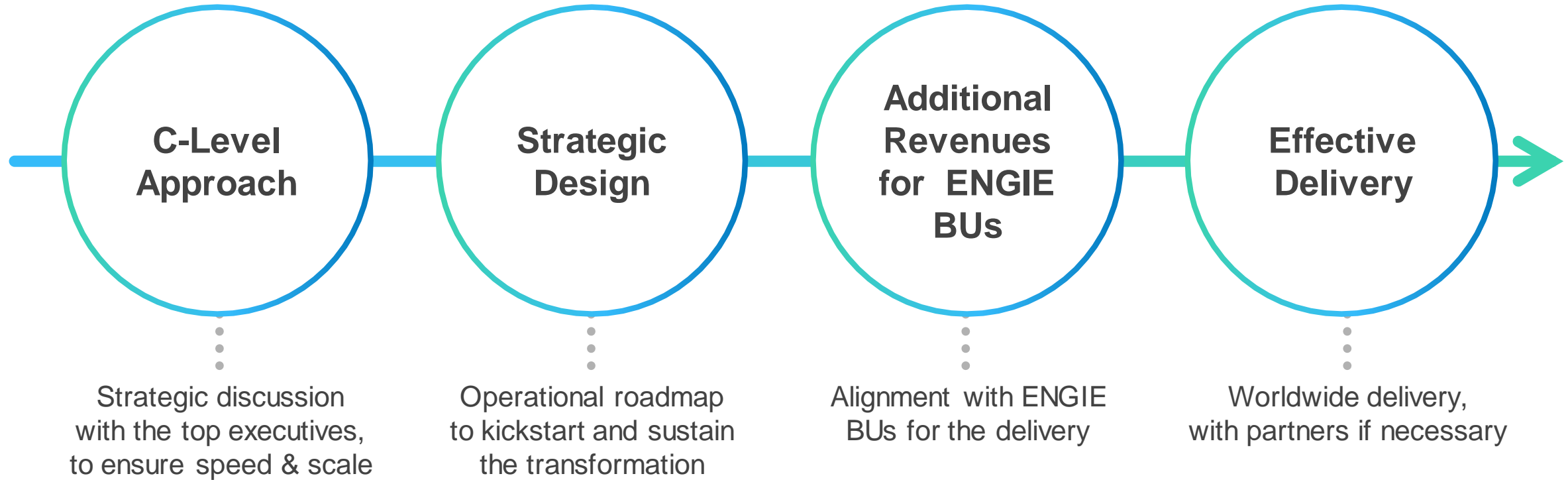


## Asset-Based Solutions

Installed capacity @100%

**5.6GW**  
DHC<sup>(4)</sup> **+2%<sup>(5)</sup>**

**1.4GW**  
On-site  
Generation<sup>(6)</sup> **+9%<sup>(7)</sup>**



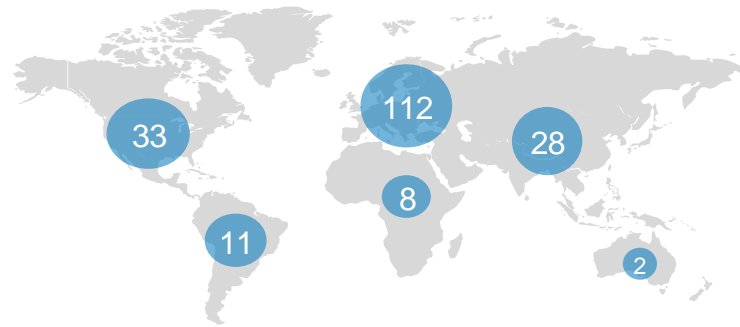


**\$550k**  
ENGIE Impact revenues

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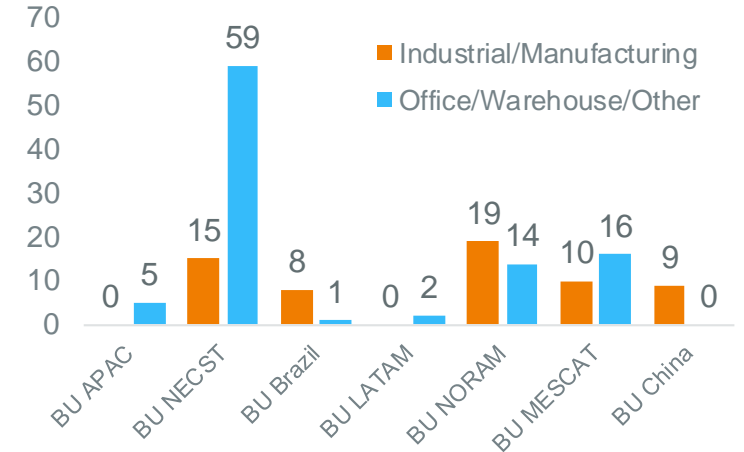
**Up to \$250M**  
Additional potential ENGIE revenues

### GE Renewable's portfolio by region



# of sites by region

### GE renewable energy sites by BU



### The project

**15**  
industrial sites  
in Phase 1

**85**  
sites  
in Phase 2

**~2-5M**  
potential revenue  
per site

**ENGIE Impact Today**

**1,000**

Corporate, city and government clients

**1,000,000**

Sites under management

**2,000+**

Number of employees (mainly US based)

**20**

Number of offices worldwide



**First 50 targeted accounts at C-level**

**30** Corporates working in various industries

(Agro & Food, Chemicals, Automotive, Pharmaceuticals, Transportation, etc.), mainly headquartered in Europe and North America.

**20** Cities & Communities targets

(airports, cities, university campuses, ports, etc.), mainly located in Europe, USA and Asia.



**First 8 large key accounts on behalf of the whole group in Europe and US**

Cumulative ENGIE revenues 2018  
**+€600M**



# PEOPLE ARE THE KEY DRIVER OF OUR DEVELOPMENT

Our development requires different HR profiles and skills...



## Managers

Strategic sales/BD

Marketing and competitive intelligence

Project Finance

Key Account development

Pricing and Revenue/margin management



## Developers

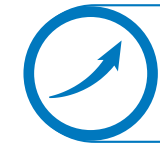
Cross-selling

Sophisticated/technologies operation



## Technicians

Talent acquisition, programs and incentive structuring



Organic growth

... and new features

## Scale

Our development brings us a lot of different opportunities, interacting with many stakeholders. Hiring and retaining is key in our development.

## Digital

Data and analytics are at the heart of our businesses.

**Compared to 2017 and thanks to our new strategy, external job applications have increased by 60%**

# CONSERVATIVE MARGIN INCREASE

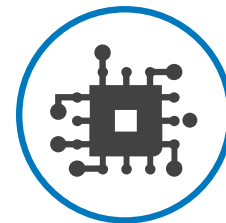
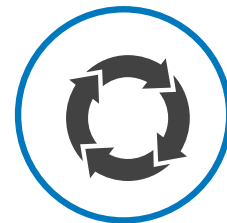


## 2018-2021 targets

**0.6%**  
Margin increase over 3 years

**€0.10 - 0.15bn**  
Additional COI expected

## Key Drivers



HR  
Management

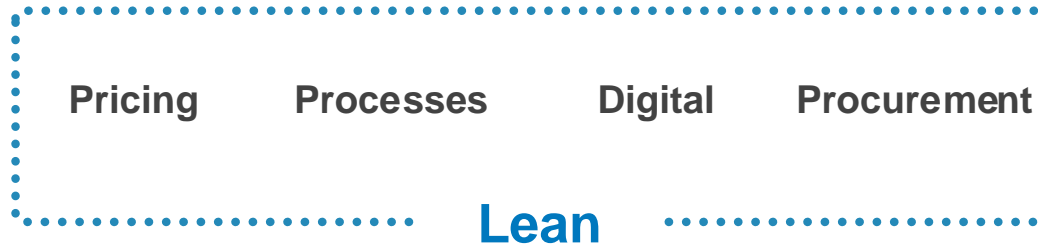
Pricing

Processes

Digital

Procurement

Ramp up of  
start-ups





# LEAN: 4 AXIS IMPROVING OUR INTERNAL PERFORMANCE



## Focus: Lean program

+€100M  
COI gain

### DIGITAL

- Operational efficiency
- Dedicated client tools
- Business development support
- Functional excellence: e.g. e-procurement, HR digital, finance

### PRICING

- Invoice costs that were not previously billed
- Secure all direct costs in a mark-up pricing model
- Fixed margin depending on client context
- Develop value-based pricing

### PROCESSES

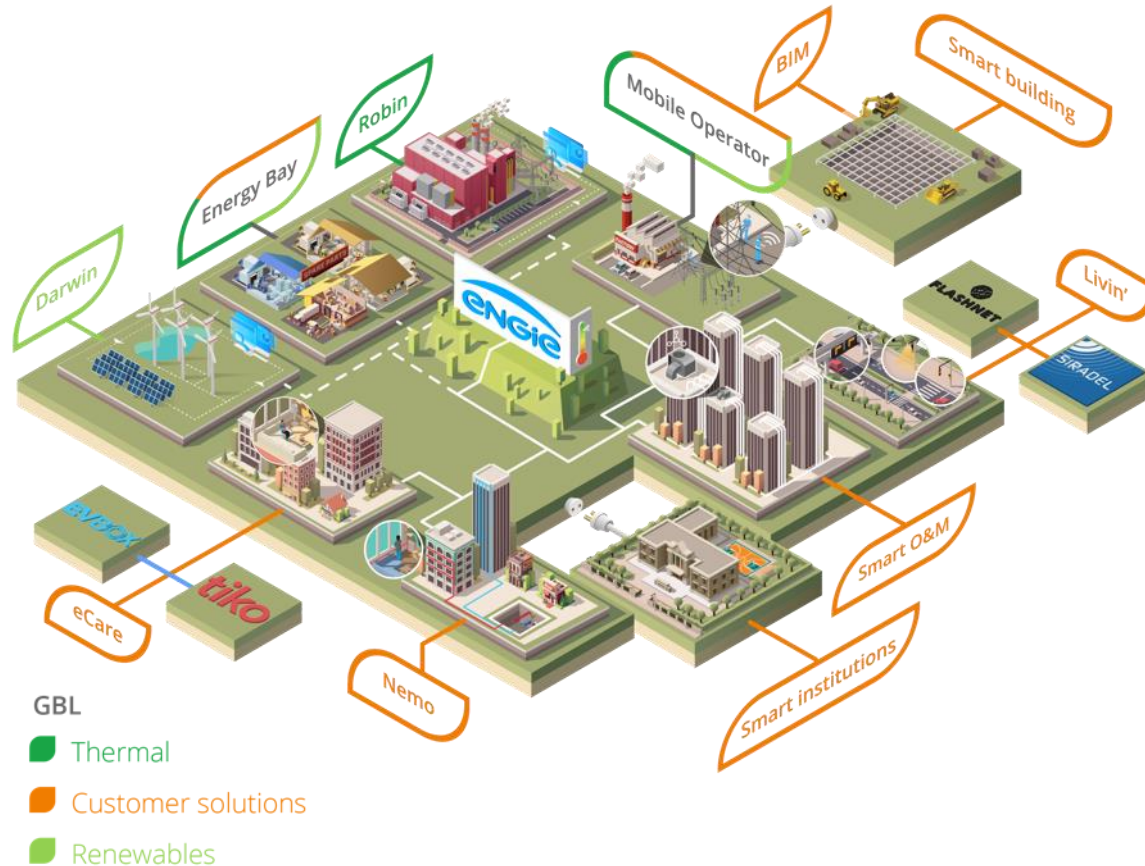
#### End-to-End processes:

- Procure to Pay
- Hire to Retire
- Order to Cash
- Record to Report

### PROCUREMENT

- Category management
- Retention rate
- Pooling of procurement
- Integration synergies
- Insourcing
- P2P process efficiency
- Data analytics

# DIGITAL SOLUTIONS



## Commercial Performance

### Siradel

- 3,000 cities 3D-modelled
- Allows simulations of offers' performance and impact

### ENGIE Impact tools

- Profiling of customers
- Comparison with peers
- Global tracking & monitoring
- Guaranteed sustainability outcomes

## Efficiency and Operational Performance

### Nemo

- CPCU network OPEX improvement of ~ 5% (~ €10M/y)
- 4% OPEX savings potential on Tabreed's cooling networks

### Smart O&M<sup>(1)</sup>

- Up to 10% French on-site visit avoidance, potential savings of €30M+

### Darwin

- Optimizes renewables production

(1) Operations & Maintenance

# M&A TARGETS AND DRIVERS



## 2018-2021 Targets

**~€2.5bn**

2019-2021 M&A CAPEX  
Additional COI contributions after 2021

**€0.7bn**

signed so far in 2019<sup>(1)</sup>

**€0.10-0.15bn**

Additional COI expected by  
2021

(1) In Q3 2019

## Key Drivers

- Targeted EV/EBITDA multiples:

**x 6-10**

Asset-Light activities

**x 10-15**

Asset-Based activities

- Reaching critical mass
- Expanding and enhancing our key capabilities

# DISCIPLINED M&A



## Generic Criteria

### Selective Investment Criteria

- Priority offers
- Priority geographies
- Priority client segments
- Local density
- Group criteria (geography, financial, counterparty risk)
- Staff commitment

### Cross-selling synergies

- Asset-Based potential, even for Asset-Light companies (e.g. Powerlines)
- Cross-selling synergies between our activities (Asset-Light, Asset-Based and energy)

## Specific Criteria

### Specific criteria for Projects

- Backlog assessment
- Claim & Guarantees
- Technological agnostic
- Expected synergies with current activities in the related geography

### Specific criteria for Recurring Services

- Duration of contracts
- Insource/outsource
- Commitment in Balance Sheet

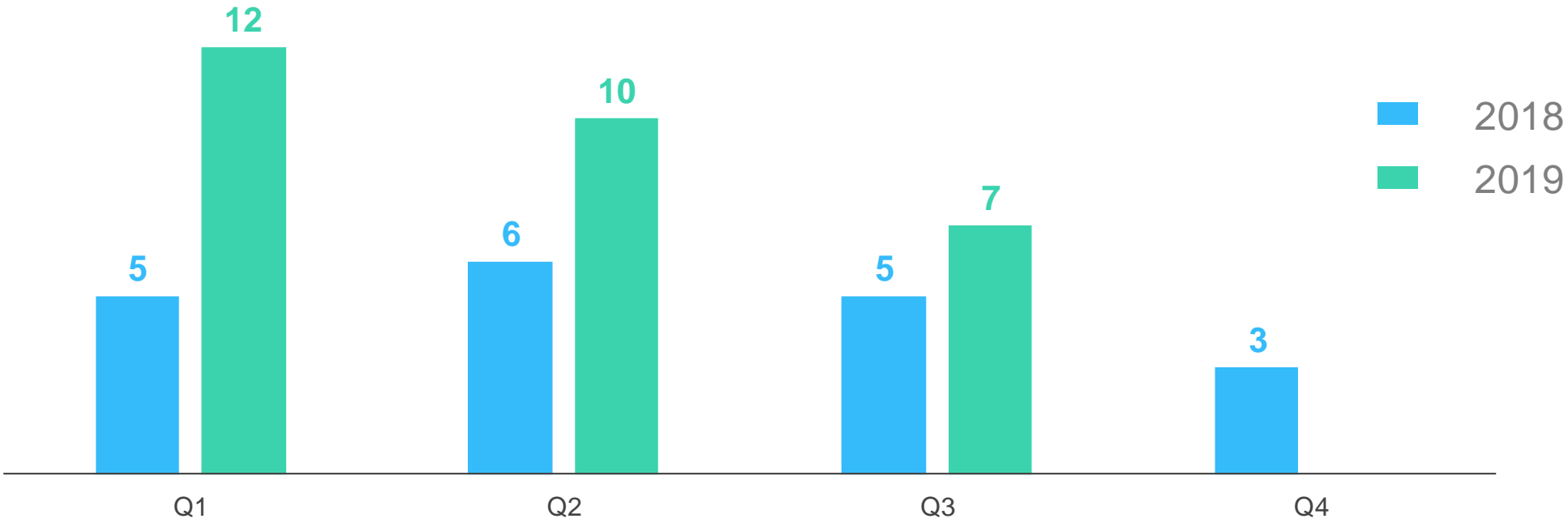
### Specific criteria for Asset-Based Solutions (Infra-like)

- Assessment of CAPEX to be spent on the contract duration
- Assessment of merchant risk
- Synergies expected with (project & recurring services) activities
- Portfolio structure and financing model

# M&A PIPELINE



Number of Client Solutions M&A projects reviewed by Group Executive Committee in 2018 and 2019



# RECENT ACQUISITIONS



## Conti Corporation

- Long-established, broad US geographic and industry footprint
- Particular strength in automotive industry
- Over 2,700 employees



2019E

~€0.5bn  
Revenue

## Powerlines

- Scale to participate in asset-based public infrastructure projects
- Over 1,000 employees



2019E

~€0.3bn  
Revenue

## Otto Industries

- Excellence in German HVAC and building automation for industry and property segments
- 600 employees



2019E

~€0.1bn  
Revenue

# SIGNIFICANT CAPITAL ALLOCATED TO CLIENT SOLUTIONS GROWTH

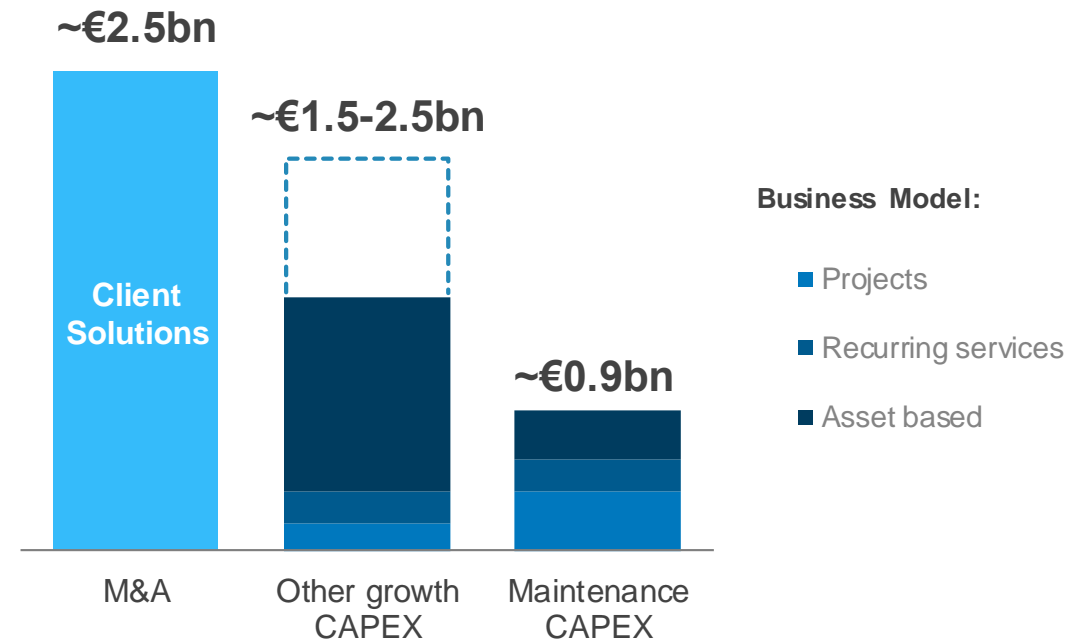
~25% of Group CAPEX goes to Client Solutions

Growth CAPEX mainly driven by M&A

Total Group Gross CAPEX 2019-2021  
net DBSO



2019-2021 Client Solutions Growth CAPEX



(1) Including €1bn financial CAPEX for Synatom; and net of DBSO proceeds

# CONCLUSION



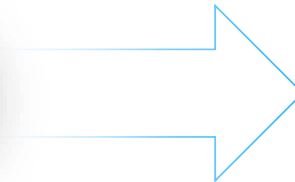


# CONCLUSION

**Massive shift to  
Zero-Carbon**

**Organized to deliver on profitability**

**Acceleration  
in the Asset-Based business**



**Confirm 2019 – 2021 guidance**

**Confirm our ambition to become the  
leader of the Zero-Carbon Transition**

# APPENDIX



# CLIENT SOLUTIONS REVENUE

IN €BN

	2016	2017	2018
France	8.3	8.6	9.1
Rest of Europe	6.2	6.9	7.3
Latin America	0.1	0.1	0.1
USA & Canada	0.5	0.7	1.0
Middle East, Asia & Africa	0.3	0.3	0.5
Others	0.6	0.6	0.7
<b>Total</b>	<b>15.9</b>	<b>17.2</b>	<b>18.6</b>

Pro forma figures, unaudited

# 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 *Document de Référence* filed by ENGIE (ex GDF SUEZ) with the AMF on March 20, 2019 (under no: D.19-0177). 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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<http://www.engie.com/en/investors-area/>

FOR MORE INFORMATION ABOUT 9M 2019 RESULTS:  
<https://www.engie.com/en/investors/results/2019-results/>