

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): April 7, 2020

**FUELCELL ENERGY, INC.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation)

**1-14204**  
(Commission  
File Number)

**06-0853042**  
(IRS Employer  
Identification No.)

**3 Great Pasture Road,  
Danbury, Connecticut**  
(Address of Principal Executive Offices)

**06810**  
(Zip Code)

Registrant's telephone number, including area code: (203) 825-6000

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share	FCEL	The Nasdaq Stock Market LLC (Nasdaq Global Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

## **Item 7.01. Regulation FD Disclosure.**

On April 7, 2020, FuelCell Energy, Inc. (the “Company”) posted an investor presentation to its website located at <https://investor.fce.com/events/default.aspx>. A copy of the investor presentation is furnished with this report as Exhibit 99.1.

The information furnished in this Item 7.01, including Exhibit 99.1, is not deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section. This information will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

By furnishing the information contained in this Item 7.01, including Exhibit 99.1, the Company makes no admission as to the materiality of any information in this report that is required to be disclosed solely by reason of Regulation FD. The information contained in the investor presentation furnished as Exhibit 99.1 is summary information that is intended to be considered in the context of the Company’s Securities and Exchange Commission (“SEC”) filings and other public announcements that the Company may make, by press release or otherwise, from time to time. The Company undertakes no duty or obligation to publicly update or revise the information contained in this presentation, although it may do so from time to time. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases or through other public disclosure.

## **Item 8.01. Other Events.**

### *Updated Risk Factors*

The Company is updating certain of the risk factors previously provided by the Company in its Annual Report on Form 10-K for the fiscal year ended October 31, 2019 and its Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2020 as follows.

For purposes of these updated risk factors, the following terms have the following meanings:

- “we,” “our,” “us,” and “our company” refer to FuelCell Energy, Inc., together with its consolidated subsidiaries;
- “FuelCell Energy” refers to FuelCell Energy, Inc. and not to any of its subsidiaries;
- “common stock” refers to the common stock of FuelCell Energy, Inc., \$0.0001 par value per share; and
- “senior secured credit facility” refers to the Credit Agreement, dated October 31, 2019, by and among FuelCell Energy, certain of its subsidiaries as guarantors, Orion Energy Partners Investment Agent, LLC, as Administrative Agent and Collateral Agent (the “Agent”), and certain of its affiliates as lenders, as amended, supplemented or otherwise modified from time to time.

### ***Our business and operations may be adversely affected by the recent 2019 Novel Coronavirus (COVID-19) outbreak or other similar outbreaks.***

Any outbreaks of contagious diseases, including the recent outbreak of the coronavirus that was first detected in Wuhan, China in December 2019 and has since developed into a global pandemic, and other adverse public health developments in countries where we operate could have a material and adverse effect on our business, financial condition and results of operations. These effects could include disruptions or restrictions on our employees’ ability to travel, as well as temporary closures of our facilities or the facilities of our customers, suppliers, or other vendors in our supply chain. In addition, the coronavirus has resulted in a widespread health crisis that has adversely affected, and may continue to adversely affect, the economies and financial markets of many countries, resulting in an economic downturn that could affect demand for our products or our ability to obtain financing for our business or projects. Any of these events, which may result in disruptions to our supply chain or customer demand, could materially and adversely affect our business and our financial results. The extent to which the coronavirus will impact our business and our financial results will depend on future developments, which are highly uncertain and cannot be predicted. Such developments may include the geographic spread of the virus, the severity of the disease, the duration of the outbreak, the actions that may be taken by various governmental authorities in response to the outbreak, such as quarantine or “shelter-in-place” orders and business closures imposed by several states within the United States, and the possible impact on the U.S. or global economy. For example, on March 18, 2020, the Company, in response to the escalating global coronavirus (COVID-19) outbreak, temporarily suspended operations at its Torrington, Connecticut manufacturing facility for a one-month period. There can be no assurances that the Torrington manufacturing facility will reopen on schedule (in full or in part) or that our other operations will continue at full or limited capacity. As a result, at this time, it is impossible to predict the overall impact of the coronavirus on our business, liquidity, capital resources and financial results.

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***We have a limited number of shares of common stock available for issuance, which limits our ability to raise capital.***

We have historically relied on debt and equity financings to raise capital to fund our business and operations. As of January 31, 2020, we had only 14,034,171 shares of common stock available for issuance, of which 10,275,873 shares were reserved for issuance under various convertible securities, options, and warrants, under our stock purchase and incentive plans, and under our at-the-market sales plan, including 1,000,000 shares reserved for issuance in settlement of restricted stock units to be granted pursuant to our employment agreement with our Chief Executive Officer and President, Jason Few, contingent upon stockholder approval of a sufficient number of additional shares under the amended and restated 2018 Omnibus Incentive Plan. Assuming that our stockholders approve the amendment and restatement of our 2018 Omnibus Incentive Plan at our 2020 annual meeting of stockholders, under which we may issue 4,000,000 additional shares of our common stock (which includes the 1,000,000 shares currently reserved for issuance in settlement of the restricted stock units described above), an additional 3,000,000 shares will be reserved for future issuance under our amended and restated 2018 Omnibus Incentive Plan. At the April 4, 2019 annual meeting of stockholders, our stockholders did not approve our request to increase the number of shares of common stock that we are authorized to issue from 225,000,000 shares to 335,000,000 shares. The limited number of shares available for issuance limits our ability to raise capital in the equity markets and satisfy obligations with shares instead of cash, which could adversely impact our ability to fund our business and operations.

***We have debt outstanding and may incur additional debt in the future, which may adversely affect our financial condition and future financial results.***

As of January 31, 2020, our total consolidated indebtedness was \$167.4 million (\$157.2 million, net of finance costs and debt discounts), of which an aggregate of \$80.0 million (\$72.0 million, net of finance costs and debt discounts) was senior secured indebtedness and an aggregate of \$87.4 million (\$85.2 million, net of finance costs and debt discounts) was other secured indebtedness. As of January 31, 2020, our subsidiaries had \$153.1 million (\$148.5 million, net of finance costs and debt discounts) of indebtedness and other liabilities (including trade payables, but excluding intercompany obligations and liabilities of a type not required to be reflected on a balance sheet of such subsidiaries in accordance with GAAP). The majority of our debt is long-term with \$8.7 million due within twelve months of January 31, 2020.

Our ability to make scheduled payments of principal and interest and other required repayments depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. In addition, the Agent and the lenders under the credit agreement pertaining to our senior secured credit facility have broad approval rights over our ability to draw and allocate funds from our senior secured credit facility. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring operations, restructuring debt or obtaining additional equity capital on terms that may be onerous or dilutive.

It is also possible that we may incur additional indebtedness in the future in the ordinary course of business. If new debt is added to current debt levels, the risks described above could intensify. Our debt agreements contain representations and warranties, affirmative and negative covenants, and events of default that entitle the lenders to cause our indebtedness under such debt agreements to become immediately due and payable.

***If our goodwill and other intangible assets, long-lived assets, inventory or project assets become impaired, we may be required to record a significant charge to earnings.***

We may be required to record a significant charge to operations in our financial statements should we determine that our goodwill, other intangible assets (i.e., in process research and development (“IPR&D”)), other long-lived assets (i.e., property, plant and equipment and definite-lived intangible assets), inventory, or project assets are impaired. Such a charge might have a significant impact on our reported financial condition and results of operations. We recorded the following impairment charges during the year ended October 31, 2019: (i) a \$2.8 million charge for a specific construction in process asset related to automation equipment for use in manufacturing due to uncertainty as to whether the asset will be completed as a result of our liquidity position and continued low level of production rates, (ii) a \$14.4 million charge related to a project asset that we will not be able to secure a power purchase agreement (“PPA”) with acceptable terms and therefore we have decided to operate the plant under a merchant model for the next 5 years and sell power through the Connecticut grid under wholesale tariff rates and Renewable Energy Credits (RECs) to market participants, and (iii) a \$3.1 million charge related to a project asset where we decided to pursue termination of the PPA given recent regulatory changes impacting the future cost profile of the project.

As required by accounting rules, we review our goodwill for impairment at least annually as of July 31 or more frequently if facts and circumstances indicate that it is more likely than not that the fair value of a reporting unit that has goodwill is less than its carrying value. Factors that may be considered a change in circumstances indicating that the carrying value of our goodwill might not be recoverable include a significant decline in projections of future cash flows and lower future growth rates in our industry. We review IPR&D for impairment on an annual basis as of July 31 or more frequently if facts and circumstances indicate the fair value is less

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than the carrying value. If the technology has been determined to be abandoned or not recoverable, we would be required to impair the asset. We review inventory, long-lived assets and project assets for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. We consider a project commercially viable and recoverable if it is anticipated to be sellable for a profit, or generates positive cash flows, once it is either fully developed or fully constructed. If our projects are not considered commercially viable, we would be required to impair the respective project assets.

***We have agreed in principle with the SEC Staff to settle a proposed proceeding related to certain sales of shares of our common stock in the open market, and may be subject to actions for rescission or damages in connection with such sales.***

Between August 2005 and April 2017, we sold shares of our common stock pursuant to a series of “at-the-market” sales plans. The shares sold pursuant to these sales plans represented a portion of the shares registered by us pursuant to shelf registration statements we filed with the SEC during this time period. While we reported the number of shares we had sold, along with the net proceeds earned by us from those sales made during each fiscal quarter pursuant to the sales plans in our annual and quarterly reports on Forms 10-K and 10-Q, we omitted from the shelf registration statements certain information about the offerings, including the specific plan of distribution and the nature and terms of compensation or other agreements with any underwriters, dealers, or agents, and for some offerings, also omitted the specific type and quantity of securities offered; and we did not file or deliver prospectus supplements at the time of or prior to making these sales or otherwise timely disclose the information that had been omitted from the shelf registration statements, as is required by SEC regulations.

In 2018, we reported to the SEC Staff these sales and our failure to file or deliver prospectus supplements, and in response to our report, the SEC Staff opened an informal investigation of these sales. The SEC Staff has informed us that they have determined to recommend that the SEC authorize the institution of enforcement proceedings to charge us with violating Section 5(b)(2) of the Securities Act in connection with these sales, seeking the entry of an order requiring us to cease and desist from committing or causing any future violation of Section 5(b)(2), but not seeking any penalty or disgorgement. We have reached an agreement in principle with the SEC Staff to settle this proposed proceeding on the basis of the entry of such an order, without our admitting or denying the proposed findings of the SEC. Any such settlement, however, is subject to the approval of the SEC, and the final terms of the settlement are subject to change. Such a settlement, without a waiver by the SEC, would disqualify us from using the private placement safe harbor from registration under the Securities Act set forth in Regulation D following the effective date of the settlement. Accordingly, we intend to submit an application to the SEC for a waiver of this disqualification, and our agreement in principle to the proposed settlement is conditioned upon our receipt of such waiver. No assurance can be given that our application for such waiver will be granted. The purchasers of the shares we sold without filing or delivering prospectus supplements may have rescission rights or claims for damages. If purchasers successfully seek rescission and/or recover damages that are not covered by insurance, we may not have sufficient capital or access to capital to make the necessary payments, and any such claims or damages could have a material adverse effect on our stock price, business prospects, results of operations, and financial condition. Although we believe we would have defenses to many of such claims or actions if brought, we are unable to predict the amount of any such claims or damages which could be sought against us, or the extent to which any such financial exposure would be covered by insurance.

***The situation with POSCO Energy has limited and continues to limit our efforts to access the South Korean and Asian markets and could expose us to costs of arbitration or litigation proceedings.***

From approximately 2007 through 2015, we relied on POSCO Energy to develop and grow the South Korean and Asian markets for our products and services. We entered into manufacturing and technology transfer agreements with POSCO Energy in 2007, 2009 and 2012, each of which expires on October 31, 2027. The Cell Technology Transfer Agreement (“CTTA”) provides POSCO Energy with the technology rights to manufacture, sell, distribute and service our SureSource 300, SureSource 1500 and SureSource 3000 fuel cell technology in Asia. The CTTA requires POSCO Energy to pay to us a 3.0% royalty on POSCO Energy net product sales, as well as a royalty on scheduled fuel cell module replacements under service agreements for modules that were built by POSCO Energy and installed at plants in Asia under the terms of long-term service agreements between POSCO Energy and its customers. While the aforementioned manufacturing and technology transfer agreements entered into in 2007, 2009 and 2012 remain in effect, due to certain action and inactions of POSCO Energy, we have not realized any material revenues, royalties or new projects developed by POSCO Energy since 2016.

In March 2017, we entered into a memorandum of understanding (“MOU”) with POSCO Energy to permit us to directly develop the Asian fuel cell business, including the right for us to sell SureSource solutions in South Korea and the broader Asian market. In June 2018, POSCO Energy advised us in writing that it was terminating the MOU effective July 15, 2018. Pursuant to the terms of the MOU, notwithstanding its termination, we will continue to execute on sales commitments in Asia secured in writing prior to July 15, 2018, including the 20 MW power plant installed for KOSPO.

On or about November 2, 2018, POSCO Energy served FuelCell Energy with an arbitration demand, initiating a proceeding to resolve various outstanding amounts between the companies. The parties amicably resolved the arbitration proceeding in July 2019. Since that date, we have made numerous attempts to engage with POSCO Energy to address the need for deployment of carbonate fuel cell

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technology in the Asian market in accordance with the requirements of the manufacturing and technology transfer agreements, our understanding of the desire of the South Korean government to advance fuel cell and hydrogen technology, and the needs of the Asian market, but have made little progress to date.

In November 2019, POSCO Energy spun-off its fuel cell business into a new entity, Korea Fuel Cell, Ltd. (“KFC”). As part of the spin-off, POSCO Energy transferred manufacturing and service rights under the aforementioned manufacturing and technology transfer agreements to KFC, but retained distribution rights, including trademarks, and severed its own liability under the aforementioned manufacturing and technology transfer agreements. We believe that these actions are all in material breach of the terms of the CTTA and other manufacturing and technology transfer agreements and are effectively a misappropriation of the company’s intellectual property. We have formally objected to POSCO Energy’s spin-off, and POSCO Energy has posted a bond to secure any liabilities to FuelCell Energy arising out of the spin-off. On February 19, 2020, the Company, through its Korean counsel, notified POSCO Energy in writing that it is in material breach of the CTTA and other manufacturing and technology transfer agreements by (i) its actions in connection with the spin-off of the fuel cell business to KFC, (ii) its suspension of performance through its cessation of all sales activities since late 2015 and its abandonment of its fuel cell business in Asia, and (iii) its disclosure of material nonpublic information to third parties and its public pronouncements about the fuel cell business on television and in print media that have caused reputational damage to the fuel cell business, the Company and its products. The Company also notified POSCO Energy that, under the terms of the CTTA and other manufacturing and technology transfer agreements, it has 60 days to fully cure its breaches to the Company’s satisfaction and that failure will lead to termination of the CTTA and other manufacturing and technology transfer agreements. In light of the situation with POSCO Energy, we are evaluating all of our options with respect to our relationship and agreements with POSCO Energy, including trade related matters, POSCO Energy’s material breach of its obligations under the CTTA and the manufacturing and technology transfer agreements, and the misappropriation of our intellectual property.

We cannot predict the outcome of any future discussions with, or actions or legal proceedings against, POSCO Energy or KFC, if they occur, the future status or scope of our relationship with POSCO Energy or KFC, whether our relationship with POSCO Energy or KFC will continue in the future, whether we will become involved in additional mediations, arbitrations, litigation or other proceedings with POSCO Energy or KFC, what the costs of any such proceedings will be or the effect of such proceedings on the market. Any such proceedings could result in significant expense to us and adversely affect our business and financial condition and reputation in the market, whether or not such proceedings are resolved in our favor. If our relationship with POSCO Energy or KFC ends, or continues on terms that are less favorable to us, or remains unresolved, our efforts to access the South Korean and Asian markets, which are complex markets, may not be successful or may be limited, hindered or delayed.

#### ***Cautionary Language Regarding Forward-Looking Statements***

*This Current Report on Form 8-K contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements with respect to the Company’s anticipated financial results and statements regarding the Company’s plans and expectations regarding the continuing development, commercialization and financing of its fuel cell technology and its business plans and strategies. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. Factors that could cause such a difference include, without limitation, changes to projected deliveries and order flow, changes to production rate and product costs, general risks associated with product development, manufacturing, changes in the regulatory environment, customer strategies, ability to access certain markets, unanticipated manufacturing issues that impact power plant performance, changes in critical accounting policies, access to and ability to raise capital and attract financing, potential volatility of energy prices, disease outbreaks and pandemics such as COVID-19, rapid technological change, competition, the Company’s ability to successfully implement its new business strategies and achieve its goals, the Company’s ability to achieve its sales plans and cost reduction targets, and the current implications of the novel coronavirus (COVID-19), as well as other risks set forth in the Company’s filings with the Securities and Exchange Commission (SEC). The forward-looking statements contained herein speak only as of the date of this report. Except as required by applicable law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statement to reflect any change in the Company’s expectations or any change in events, conditions or circumstances on which any such statement is based.*

#### **Item 9.01. Financial Statements and Exhibits.**

(d) The following exhibit is being furnished herewith:

<u>Exhibit No.</u>	<u>Description</u>
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99.1	<a href="#">FuelCell Energy, Inc. Investor Presentation, dated April 2020.</a>
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## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FUELCELL ENERGY, INC.

Date: April 7, 2020

By: /s/ Michael S. Bishop  
Michael S. Bishop  
Executive Vice President and Chief Financial Officer

# Company Update

April 2020



## Safe Harbor Statement

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This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements with respect to the Company's anticipated financial results and statements regarding the Company's plans and expectations regarding the continuing development, commercialization and financing of its fuel cell technology and its business plans and strategies. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. Factors that could cause such a difference include, without limitation, changes to projected deliveries and order flow, changes to production rate and product costs, general risks associated with product development, manufacturing, changes in the regulatory environment, customer strategies, ability to access certain markets, unanticipated manufacturing issues that impact power plant performance, changes in critical accounting policies, access to and ability to raise capital and attract financing, potential volatility of energy prices, disease outbreaks and pandemics such as COVID-19, rapid technological change, competition, the Company's ability to successfully implement its new business strategies and achieve its goals, the Company's ability to achieve its sales plans and cost reduction targets, and the current implications of the novel coronavirus (COVID-19), as well as other risks set forth in the Company's filings with the Securities and Exchange Commission (SEC). The forward-looking statements contained herein speak only as of the date of this presentation. Except as required by applicable law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statement to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any such statement is based.

This presentation also includes certain market and projected growth data that is based on various publicly available sources, the Company's own estimates and a number of assumptions and limitations. The data have been obtained or derived from sources believed to be reliable, but the Company has not independently verified such information and assumes no responsibility for the accuracy of such information. In addition, assumptions and estimates of energy markets and future performance and demand for energy sources are necessarily subject to a higher degree of uncertainty and risk due to a variety of factors.

The Company refers to non-GAAP financial measures in this presentation. The Company believes that this information is useful to understanding its operating results and assessing performance and highlighting trends on an overall basis. Please refer to the Company's earnings release on March 16, 2020 and the appendix to this presentation for further disclosure and reconciliation of non-GAAP financial measures. (As used herein, the term "GAAP" refers to generally accepted accounting principles in the U.S.) The information set forth in this presentation is qualified by reference to, and should be read in conjunction with, our Annual Report on Form 10-K for the fiscal year ended October 31, 2019, filed with the SEC on January 22, 2020, our Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2020, filed with the SEC on March 16, 2020.



**Enable the world to live  
a life empowered by clean energy**

# A Global Leader in Fuel Cell Technology Operating Since 1969

## COMPANY OVERVIEW

- FuelCell Energy delivers clean and affordable fuel cell solutions for the supply, recovery and storage of energy
- The Company's SureSource fuel cell systems provide continuous, baseload power and are deployed with utility, municipality, university and industrial and commercial enterprise customers
- Turn-key solutions include everything from the design and installation of a project to the long-term operation and maintenance of the fuel cell system

## GLOBAL CUSTOMERS



## COMPANY HIGHLIGHTS<sup>(1)</sup>

<b>Danbury, CT</b>	Headquarters
<b>~300</b>	Employees
<b>Ticker</b>	FCEL (NASDAQ)
<b>3</b>	Continents
<b>57</b>	Global plant installations
<b>&gt;255 MW</b>	Deployed Capacity in Field
<b>9.5M+ MWh</b>	Generated Since 1969
<b>\$60.8M</b>	FY2019 Revenue

## REVENUE DRIVERS

### SERVICE & LICENSE



### ADVANCED TECHNOLOGIES



### GENERATION



### PRODUCT



## FY2019 Revenue

**\$26.6M**

**\$19.6M**

**\$14.0M**

**\$0.5M**

High Visibility to Recurring Revenue

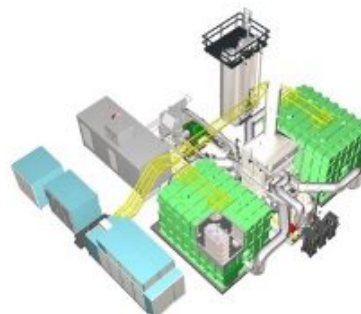
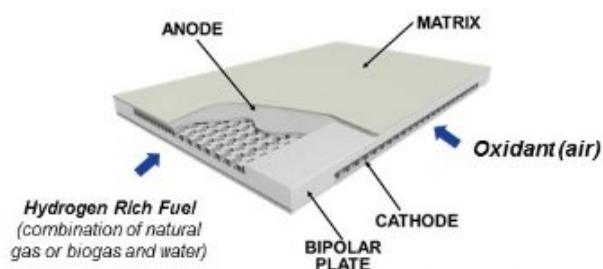
## Demand for Clean, Reliable Electricity Driving Adoption of Fuel Cell Technology

(1) As of the quarter ended January 31, 2020 unless otherwise noted

FUELCELL ENERGY INVESTOR PRESENTATION 4

## FuelCell Energy – Technology Overview

- Fuel cells cleanly and efficiently convert chemical energy from hydrogen-rich fuels into electrical power and high quality heat via an electrochemical process
  - The process is highly efficient and emits water rather than pollutants as there is no burning of fuel
- Similar to a battery, a fuel cell is comprised of many individual cells that are grouped together to form a fuel cell stack
- When a hydrogen-rich fuel such as clean natural gas or renewable biogas enters the fuel cell stack, it reacts electrochemically with oxygen to produce electric current, heat and water
- Fuel cells have the ability to continuously generate electricity as long as fuel is continuously supplied
- FuelCell's SureSource power plants are based on carbonate fuel cell technology
- To produce electricity, carbonate fuel cells generate hydrogen directly from a fuel source, such as natural gas or renewable biogas, via an internal reforming process
  - This approach, which is patented by FuelCell, is a distinct competitive advantage of carbonate fuel cells



**Diagram Description:**  
FuelCell Energy's SureSource 3000 power plant typically is comprised of two fuel cell modules (green). One of four fuel cell stacks within each of the modules is visible in the cutaway. The incoming fuel is processed by the mechanical balance of plant (gray). The electrical output is processed by the electrical balance of plant (blue).

## In House Fuel Cell Manufacturing Expertise

FuelCell Energy utilizes proprietary designs and processes, along with state-of-the-art manufacturing equipment, to produce the fuel cell components that are the heart of the Company's SureSource systems



## Global Track Record

- ✓ More than 100 SureSource plants in operation at more than 50 sites
- ✓ More than 350 MW of SureSource modules in operation or on order
- ✓ More than 9,500,000 MWh generated by SureSource power plants

### Grid Support with CHP

- Power sold to grid
- Heat sold to district heating system
- 20 MW KOSPO site built in 2018
- 6 month construction time
- Potential to easily scale larger



### Resiliency for Pharma

- 5.6 MW with steam for company campus
- Predictable power solving grid quality issues
- Immediate savings vs. grid
- Sustainability



### Grid Support / Urban Redevelopment

- Power sold to grid
- Enhance resiliency
- Brownfield revitalization
- 15 MW on 1 ½ acres
- Only 12 mo. Installation
- Owned by FuelCell



### Fuel Cell / Solar Integration

- Utility-owned, rate-based
- Enhance resiliency
- 2.8 MW fuel cell on ¼ acre  
- ~23,000 MWh annually
- 2.2 MW solar on ~9 acres  
- ~3,000 MWh annually



## Long-term Macro Trends Supporting Clean Energy



### Sustainable Clean Energy

Renewable energy exceeded coal for the first time by providing 23% of U.S. power generation, compared to coal's 20% share<sup>(1)</sup> in April 2019

FuelCell Energy expected to benefit from broader shift towards consumption of clean energy/power generation



### Grid Resiliency and Reliability

Intermittency of power resources, natural disasters, and events such as the California fires have increased public awareness of grid limitations

FuelCell Energy's on-site power generation solutions are ideal for installations requiring continuous 24/7 power such as hospitals, schools, and large businesses



### Carbon Reduction

Paris Climate Agreement: global economies committed to become carbon neutral by 2050

FuelCell Energy has the only technology in the world that produces power while capturing carbon, which we believe is the best technology today to achieve this 2050 goal



### Regulatory Support

State and local governments are driving clean energy and climate policies; in 2018 more than 90 U.S. cities and towns have committed to sourcing their electricity from 100% renewables<sup>(2)</sup>

FuelCell Energy supports the environmental objectives of state and local government

## Well Positioned to Meet Growing Demand



- (1) Source: Guardian  
(2) Sierra Club

## Recent Developments



### Recent Strategic Actions Position FuelCell Energy for Long-term Success

## First Quarter of Fiscal 2020 Highlights

- 9% decline in revenues to \$16.3 million in the first quarter of fiscal 2020 versus \$17.8 million in the first quarter of fiscal 2019
- 249% improvement in gross profit, with gross margin improving to 20.2% versus (12.4%) in the first quarter of fiscal 2019
- 51%, or \$6.6 million, decrease in operating expense versus the first quarter of fiscal 2019
- Loss from operations improved to \$(3.1) million in the first quarter of fiscal 2020, compared to a loss from operations of \$(15.2) million in the first quarter of fiscal 2019
- Backlog of \$1.36 billion as of January 31, 2020, a \$117.9 million (or 9%) improvement from January 31, 2019



**Significantly Improved Financial Performance**



## First Quarter of Fiscal 2020 Financial Performance

Net Loss, Loss from Operations and Adjusted EBITDA (\$M)



- Adjusted EBITDA improved to \$(0.2) million from \$(12.1) million in fiscal Q1'19
- Benefitted from 51% reduction in operating expense
- Reduced cost and improved factory cost absorption improved by \$1.4 million versus prior year quarter
- Generation revenue improved ~\$4 million

Cash, Restricted Cash, and Equivalents (\$M)



- \$73.9 million total cash, restricted cash, and equivalents as of 01/31/2020
- \$65.5 million funding from Orion Energy Partners; \$120 million remaining available under credit facility
- \$3.0 million financing from CT Green Bank
- Subsequent to the quarter, completed sale/leaseback transaction with Crestmark for the Tulare BioMAT Fuel Cell Project

Backlog (\$B)



- \$117.9 million increase in Backlog, reflecting additional generation backlog from the Bridgeport Fuel Cell Park, San Bernardino, and the LIPA Yaphank Solid Waste Management projects

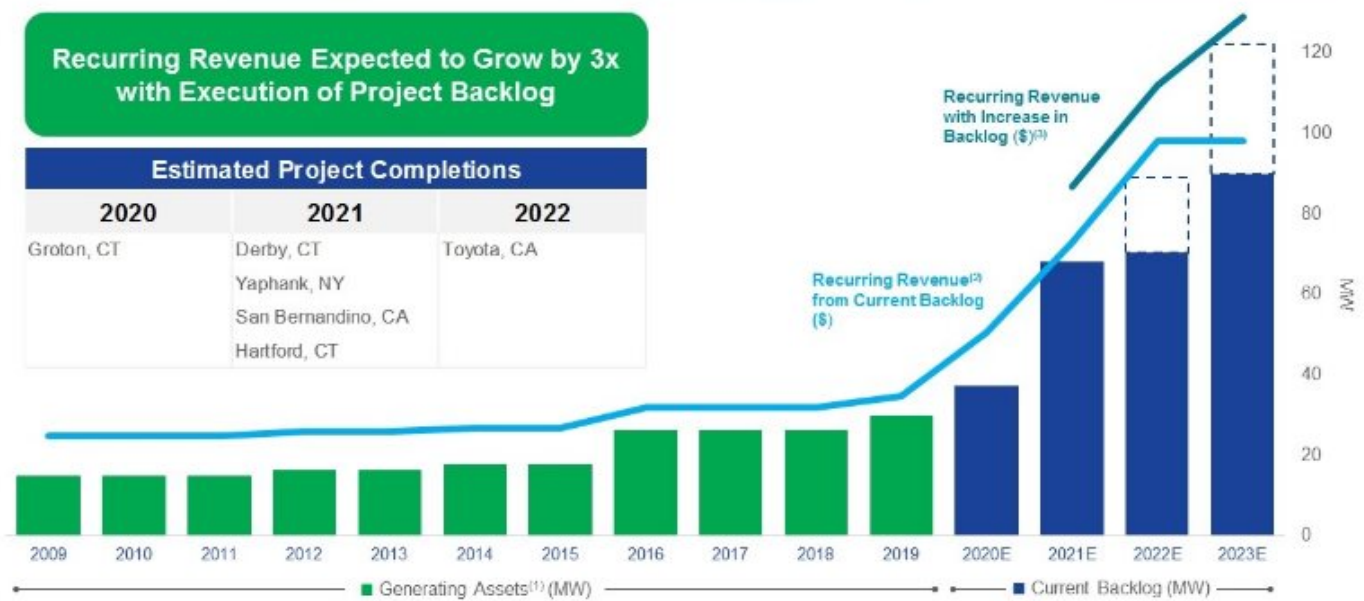
### Improved Financial Performance Resulting from Business Transformation Efforts

## Current On-Balance Sheet Generation Portfolio and Backlog Provide Pathway to Profitability

**Recurring Revenue Expected to Grow by 3x with Execution of Project Backlog**

### Estimated Project Completions

2020	2021	2022
Groton, CT	Derby, CT	Toyota, CA
	Yaphank, NY	
	San Bernardino, CA	
	Hartford, CT	



(1) Power Purchase Agreements

(2) Forecasted annual contracted revenue

(3) Execution rates of project backlog are subject to a number of underlying assumptions that may not be realized. There can be no assurances that we will complete our backlog as set forth above.

## FuelCell Energy Operating Portfolio and Project Backlog Overview

### Operating Portfolio as of January 31, 2020

Project Name	Power Off-Taker	Location	Rated Capacity (MW)	Actual Commercial Operation Date <sup>(1)</sup>	PPA Term (Years)
Central CT State University ("CCSU")	CCSU (CT University)	New Britain, CT	1.4	FQ2 '12	10
UCI Medical Center ("UCI")	UCI (CA University Hospital)	Orange, CA	1.4	FQ1 '16	19
Riverside Regional Water Quality Control Plant	City of Riverside (CA Municipality)	Riverside, CA	1.4	FQ4 '16	20
Pfizer, Inc.	Pfizer, Inc.	Groton, CT	5.6	FQ4 '16	20
Santa Rita Jail	Alameda County, California	Dublin, CA	1.4	FQ1 '17	20
Bridgeport Fuel Cell Project	Connecticut Light and Power (CT Utility)	Bridgeport, CT	14.9	FQ1 '13	15
Tulare BioMAT	Southern California Edison (CA Utility)	Tulare, CA	2.8	FQ1 '20	20
Total MW Operating:			28.9		

### Projects in Process as of January 31, 2020

Project Name	Power Off-Taker	Location	Rated Capacity (MW)	Estimated Commercial Operation Date <sup>(1)</sup>	PPA Term (Years)
Triangle St	Tariff - Eversource (CT Utility)	Danbury, CT	3.7	FQ2 '20	Tariff
Groton Sub Base	CMEEC (CT Electric Co-op)	Groton, CT	7.4	FQ3 '20	20
CT RFP-2	Eversource / United Illuminating (CT Utilities)	Derby, CT	14.8	FQ2 '21	20
San Bernardino	City of San Bernardino Municipal Water Dept.	San Bernardino, CA	1.4	FQ2 '21	20
LIPA 1	PSEG / LIPA, LI NY (Utility)	Long Island, NY	7.4	FQ4 '21	20
CT RFP-1	Eversource / United Illuminating (CT Utilities)	Hartford, CT	7.4	FQ4 '21	20
Toyota	Southern California Edison, Toyota	Los Angeles, CA	2.2	FQ4 '22	20
Total MW in Process:			44.3		

 (1) Refers to FCEL fiscal quarter

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## Long-Term Targets and Goals

	FY 2022 Targets	Future Goals
Grow Generation Portfolio <sup>(1)</sup>	100%	<ul style="list-style-type: none"><li>▪ Achieve grid parity</li><li>▪ Sustained positive EBITDA</li><li>▪ Positive free cash flow</li><li>▪ Deliver strong returns on invested capital</li></ul>
Revenue Growth <sup>(1)</sup>	Double-digit CAGR	
Adjusted EBITDA	Deliver Positive Adjusted EBITDA	
Keys to Business Plan Achievement:		<ul style="list-style-type: none"><li>▪ Execution on project backlog</li><li>▪ Winning new business around the world</li><li>▪ Continued cost control</li><li>▪ Achieving project milestones</li><li>▪ Efficient capital deployment</li></ul>

### Strengthened Financial Position Will Enable Profitable Growth

## Key Company Highlights

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1

**Strengthened balance sheet with funding secured** to deliver long-term projects to generate recurring revenue

2

New leadership committed to project execution, achieving financial milestones and operational efficiencies

3

**Superior technology** for ultra-clean, reliable and scalable baseload power

4

On a three-year path of execution to **Transform, Strengthen and Grow** the organization for long-term success



## Appendix



## Capitalization Summary as of January 31, 2020

(\$ and shares in thousands)

Unrestricted cash and cash equivalents \$ 38,254

Basic shares outstanding<sup>(1)</sup> 210,969

Debt and Financing Obligations	Interest Rate	Maturity	Amount Outstanding
Orion Energy Partners Credit Facility	9.9% Cash + 2.05% PIK	October 2027	\$ 80,000
Connecticut Green Bank Loans	8%	May 2026	10,388
Liberty Bank Term Loan	30-day LIBOR + 2.75%	May 2025	11,111
Fifth Third Bank Term Loan Agreement	30-day LIBOR + 2.75%	May 2025	11,111
Finance obligation for sale-leaseback transactions <sup>(2)</sup>	Variable	Variable	44,849
State of Connecticut Loan	2%	October 2030	9,864
Capitalized lease obligations	Variable	Variable	111
<b>Total debt and financing obligation<sup>(3)</sup></b>			<b>\$ 167,434</b>

Preferred Stock	Dividend	Maturity	Liquidation Preference
Series B Perpetual Preferred Stock	5%	N/A	\$ 64,020
Series 1 Preferred Shares	15%	December 2021	18,118

Warrants (in thousands of shares)	Exercise Price	Expiration	Number Outstanding
Orion - Second Funding Warrants	\$ 0.242	October 2027	8,000
Series C Warrants	\$ 19.20	May 2022	964

(1) As of March 11, 2020

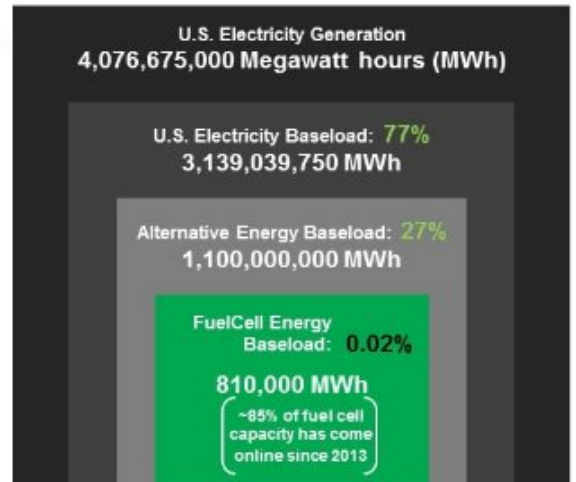
(2) Future required payments totaled \$16.3 million as of January 31, 2020. The outstanding financing obligation under the sale-leaseback transactions includes an embedded gain, which will be recognized at the end of each respective lease term.

(3) Excludes deferred finance costs of \$4.5 million and unamortized debt discount of \$6.7 million.

## FuelCell Energy Market Opportunity – Generation, Equipment Sales & Service



Baseload is the largest segment of the U.S. electricity market



### Significant Potential to Expand Market Adoption



(1) Source: Company data. All market estimates represent FCE's near-term penetration of Total Addressable Markets. Power generation market penetration assumption varies by market, ranging 0.5% to 5% depending on application & geography—average is 1%.

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# Disruptive Carbon Capture Technology Opening New Markets

**FuelCell Energy has a joint development agreement with ExxonMobil Research and Engineering to develop, and commercialize a carbon capture system which utilize the Company's carbonate fuel cell technology**

## Introduction to Carbon Capture Technology

- Carbon capture and storage is the process by which CO<sub>2</sub> that is emitted from the exhaust streams of power plants and other industrial applications, that otherwise would be emitted into the atmosphere, is captured and injected into permanent storage facilities
- Existing processes for capturing CO<sub>2</sub> emissions consume energy, which increases costs; but carbonate fuel cells can produce electricity while they capture and concentrate CO<sub>2</sub> streams
  - This drastically reduces the cost of carbon capture giving this technology the potential for wide spread adoption

## FuelCell's SureSource System is the Platform for Carbon Capture



### CONCENTRATES CO<sub>2</sub>

Carbonate fuel cells can concentrate up to 90% of CO<sub>2</sub> emissions that come out of power plants—concentrated emissions can be more easily captured and stored deep underground



### CLEANER AIR

When carbonate fuel cells take CO<sub>2</sub> from the power plant, they eliminate a majority of smog-producing emissions



### GENERATES POWER

Carbon capture using fuel cells generates power, which is critical to lowering the cost of carbon capture



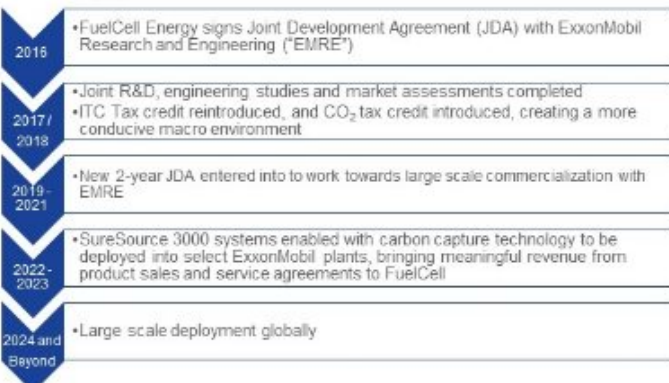
### CUSTOMIZABLE

Fuel cells are modular solutions, allowing for gradual investments that help utilities meet carbon capture targets over time

## Relationship with ExxonMobil & Developmental Milestones

**ExxonMobil**

**fuelcellenergy**



**~\$120 billion+ equipment and services market for power generation and industrial CO<sub>2</sub> capture technology for FuelCell Energy**

## Distributed Hydrogen Technology & Toyota Project

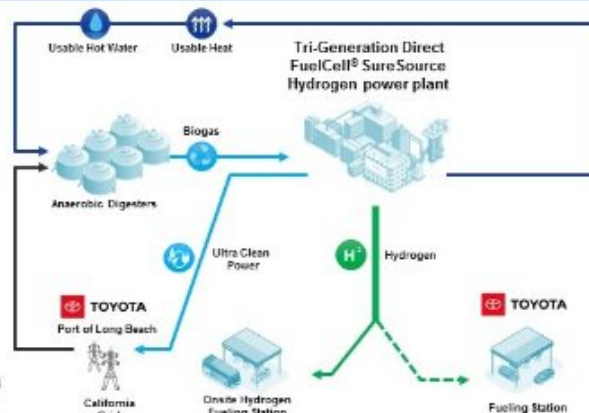
**FuelCell Energy is able to reconfigure its existing SureSource systems to generate surplus amounts of hydrogen - the first MW scale carbonate fuel cell power generation plant, with a hydrogen fueling station, is currently being developed for Toyota at the Port of Long Beach in California**

### Distributed Hydrogen Overview

- The SureSource Hydrogen fuel cell power plant is configured to produce additional hydrogen beyond what is needed for power production; generating a stream of hydrogen suitable for industrial or transportation applications
- This application helps to address the need for a hydrogen fueling infrastructure by cleanly and affordably generating high-purity hydrogen in urban locations

### Toyota Project – Port of Long Beach

- FuelCell Energy executing a hydrogen generation project with Toyota
  - Toyota will purchase the hydrogen through a long term purchase agreement, as well as a portion of the electricity generated
- When the plant comes online, the SureSource Hydrogen system will generate approximately 2.3MW of electricity and 1.2 tons of hydrogen per day
  - Enough to power the equivalent of about 2,250 average-sized homes and meet the daily driving needs of nearly 1,500 vehicles
- The power generation facility will supply Toyota Logistics Services' operations at the Port, and the location will be the first 100% renewable Toyota facility in North America
- Received favorable opinion from CPUC that confirms project eligibility under BioMAT



**The distributed hydrogen market represents another multi-billion opportunity for FuelCell Energy**

## Relaunched Effort in Europe Including Sub-Megawatt Solutions

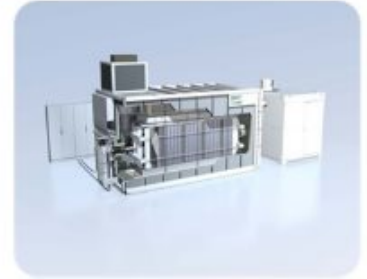
### Increasing European Distributed Power Generation Demand



- European SureSource solutions in Europe include megawatt scale, as well as sub-megawatt plants in both 250 kw and 400 kw outputs
- Government initiatives are **key drivers in increasing demand in Europe**



- Benefits additional markets with the **ability to run directly on biogas**
- **Ideal for** sewage, industrial and business parks, food and beverage industry, universities and colleges, as well as utilities
- Desirable next to buildings or **in space-constrained urban locations**



Collaboration agreement with E.ON Business Solutions for a pan-European co-marketing effort of SureSource fuel cell solutions in October 2019



SureSource™ 400  
Radisson Blu Hotel  
Frankfurt, Germany



**International Growth Opportunities Are Expanding, Including Large Sub-MW Applications**

## GAAP to Non-GAAP Reconciliation

(\$ in thousands)	Three Months Ended January 31,	
	2020	2019
Net loss	\$ (40,151)	\$ (17,548)
Depreciation and amortization	4,630	2,199
Provision for income taxes	20	-
Other income, net <sup>(1)</sup>	(531)	(160)
Change in fair value of common stock warrant liability	34,245	-
Interest expense	3,277	2,464
EBITDA	\$ 1,490	\$ (13,045)
Stock-based compensation expense	488	982
Legal settlement <sup>(2)</sup>	(2,200)	-
Adjusted EBITDA	\$ (222)	\$ (12,063)

(1) Other income, net includes gains and losses from transactions denominated in foreign currencies, changes in fair value of embedded derivatives, and other items incurred periodically, which are not the result of the Company's normal business operations.

(2) The Company received a legal settlement of \$2.2 million during the three months ended January 31, 2020, which was recorded as an offset to administrative and selling expenses.

These supplemental non-GAAP measures are provided to assist readers in determining operating performance. Management believes EBITDA and Adjusted EBITDA are useful in assessing performance and highlighting trends on an overall basis. Management also believes these measures are used by companies in the fuel cell sector and by securities analysts and investors when comparing the results of the Company with those of other companies. EBITDA differs from the most comparable GAAP measure, net loss attributable to the Company, primarily because it does not include finance expense, income taxes and depreciation of property, plant and equipment and project assets. Adjusted EBITDA adjusts EBITDA for stock-based compensation, restructuring charges and other unusual items such as the legal settlement recorded during the first quarter of fiscal 2020, which are considered either non-cash or non-recurring.

While management believes that these non-GAAP financial measures provide useful supplemental information to investors, there are limitations associated with the use of these measures. The measures are not prepared in accordance with GAAP and may not be directly comparable to similarly titled measures of other companies due to potential differences in the exact method of calculation. The Company's non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP financial measures, and should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with GAAP.