

## **Electro Power Systems' 2015 results confirm the development plan**

**Current backlog at 2.3 million euros, and new business pipeline in 17 countries**

- **FY 2015 EPS Italy revenues reached €1.2 million<sup>1</sup> under Italian GAAP, a 53% revenues growth**
- **Group backlog of €2.3 million at Q1 2016 with flagship projects in East Africa, Tasmania and Maldives**
- **Solid financial position with consolidated pro forma net-cash at 10.2 million euros**
- **Strong credentials and unique positioning: framework agreement with Enel and new HyESS projects in progress leveraging a track record of 44.3MWh energy storage in 5 continents**
- **Effective integration of Elvi Energy, resulting in a new business pipeline of utility-scale and unsubsidized projects in Latin America, East Africa and South East Asia**

**Milan, Italy 8 April 2016** – The Board of Directors of Electro Power Systems S.A. (“**EPS**” or the “**Group**”, listed on Euronext Paris EPS:PA) technology pioneer of clean energy storage systems, has examined and approved today the consolidated results for 2015 as at 31 December 2015. Consolidated accounts for the financial year 31 December 2015 have been audited and certified under IFRS.

Yesterday the Board of Directors of Electro Power Systems Manufacturing S.r.l., (“**EPS Italy**”) has approved the statutory results as at 31 December 2015. The accounts of EPS Italy for the financial year 31 December 2015 have been audited and certified under Italian GAAP.

*“2015 marked a major step in EPS’ transformation. Just over eight months after its listing, Electro Power Systems has secured a position as one of the main global energy storage players – stated Carlalberto Guglielminotti, Chief Executive Officer of the Group. - “We’ve worked hard to meet market expectations and accelerate growth. The installations we’ve already completed in the early months of 2016, through our subsidiary Elvi Energy, together with the increasing diversification in terms of client base underscore the soundness of our strategy. Thanks to the investments made in 2015, the Group fully verticalized the technology value chain and the business model, strengthening its organization, technology leadership and competitiveness, and is now ready to act as a leader in the global energy markets”.*

The Consolidated Financial Statements as at 31 December 2015, and the the full set of information, are available on the Group website ([www.electropowersystems.com](http://www.electropowersystems.com)) and below you will find the financial, operating and recent highlights of EPS Italy and the Group in respect of which further attention might be placed.

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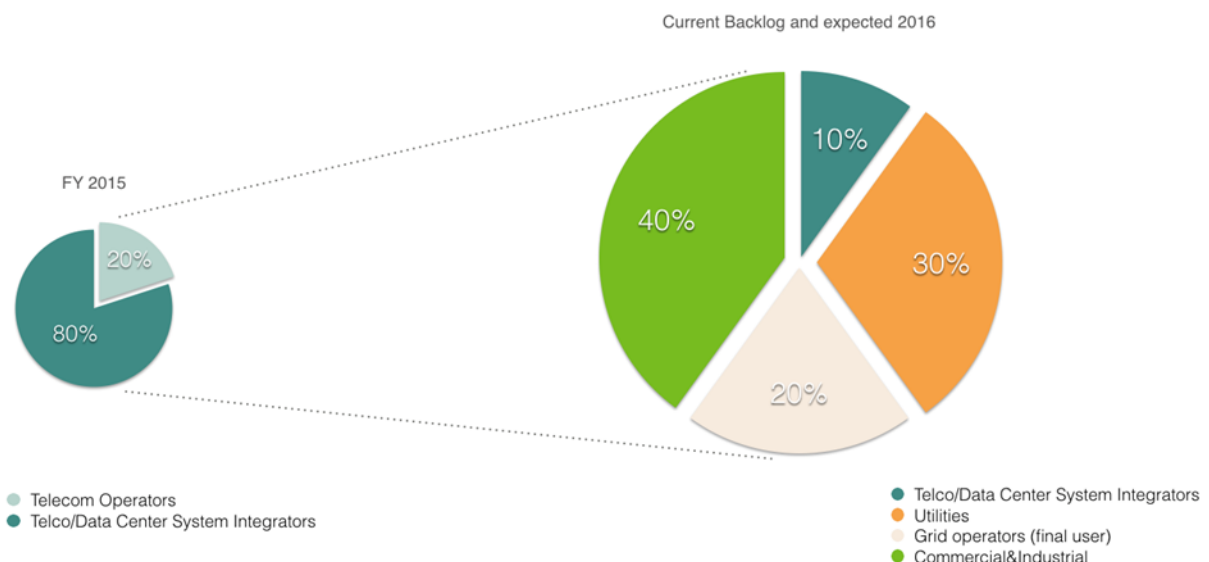
<sup>1</sup> Audited under Italian GAAP. Please see paragraph “Reconciliation under IFRS of EPS Italy Revenues” at p. 5.

## SALES AND BACKLOG HIGHLIGHTS

**FY 2015 EPS Italy revenues<sup>1</sup> and Group gross nominal sales grew by 53% compared to 2014, to 1.2 million euros audited under Italian GAAP.**

**In Q1 2016 Group's backlog orders and sales** - based on the present arrangements with customers of **approximately 2.3 million euros** - **represents almost 2 times the EPS Italy gross nominal sales accounted in FY 2015.** And the conversion of the pipeline, built with the business strategy effort in 2015, has already started.

Sales generated in 2015 were mainly from telecom operators and telecom, infrastructure and data centre system integrators. At the Group level, the current 2016 backlog instead has a deeper diversification in terms of customer base and confirms the effectiveness of the business strategy carried out and the effort made in 2015 to focus on the **energy sector, i.e. utilities, grid operators and commercial and industrial users**, as shown in the figure below.



In terms of geography, after a 2015 mainly focused on Italy, the current backlog and the pipeline in negotiation have a global and far broader reach than the year before, namely in 17 countries and in all continents.

In February 2016 the Group successfully commissioned a **3.5MW Hybrid Power Plant in Somalia** and put the first pillar of a rollout plan in East Africa.

In March 2016 the continuous innovation of Electro Power Systems Group in renewable energy and storage technology allowed an innovative installation in the **Maldives, where the Group will complete soon a 2MW Hybrid Power Plant for a luxury resort**, underscoring the strategic role of the acquisition of Elvi Energy to accelerate the off-grid business.

At the date hereof the Group is completing the activities for the first shipping of a containerized solution for a **Hybrid Power Plant in Tasmania** and is engaged in the last stages of a **grid support project in Sardinia within the network of Terna**, the first grid operator for electricity transmission in Europe.

The credibility established with fully-commercial hybrid energy solutions already in operation in Sub-Saharan Africa and South Asia make EPS a market leader, with a growing pipeline of projects across South America, Africa and South-East Asia, where the Group positions as turnkey supplier for utilities, final clients and infrastructure investment funds.

The Group is now operating worldwide, boosted by the acquisition of Elvi Energy. In particular, the Group can now present in aggregate credentials for:

- **44.3MWh energy storage installed in 21 countries** worldwide
- a brand **new 3,500sqm manufacturing plant** in Turin with 2MW/month capacity;
- a unique talented team (approx. 3 times bigger than 2014) of 83 resources, including technology specialists, energy experts and engineers, **25% of which boast a Ph.D. or an M.B.A.**
- a **strong corporate governance** and a solid internal control.

#### OPERATING HIGHLIGHTS

In December 2015 the Group announced a “**Framework Cooperation Agreement**” with Enel aimed at the development of integrated hybrid energy storage solutions for micro-grids and rural electrification as well as support in both on- and off-grid settings. Electro Power System’s R&D team will also cooperate with Enel in exploring further opportunities in technology improvements. EPS and Enel are also in the process of identifying suitable sites for the deployment of a first-of-a-kind hybrid solution.

Through the acquisition of Elvi Energy and MCM Energy Lab, completed on 18 January 2016, the Group is now positioned as the **sole vertically integrated energy storage company worldwide**, and a technology-neutral provider of despatching turn-key capacity solutions for sustainable power systems.

**Elvi Energy** is the leading Italian system integrator and provider of turnkey microgrids and hybrid power plants: a spin-off of the Polytechnic of Milan, with a revolutionary and proprietary software and hardware technology for system integration, ten years’ experience in the field and over 2% global market share.

#### GROUP HIGHLIGHTS

During the IPO process in Q2 2015 the Group raised 14.4 million euros, and on 3 December 2015, concluded a share capital increase reserved to institutional investors, placing through an accelerated bookbuilding 701,500 new shares and contributing funding of Euro 4.8 million.

Out of the aggregate 19.2 million euros raised in 2015, approx. **11.7 million have been invested, mainly in the new manufacturing facilities, research and developments, strategic acquisitions**, human resources and management and engineering team completion. As a result, in line with expectations, EBITDA amounts to -€3.15 million. The net result is negative €10.6 million and, deducting the impact of the stock options plan, loss is reduced to -€5.94 million, driven mainly by the P&L impact of IPO costs and the manufacturing consolidation.

In 2015 and after the IPO, the Group made a step-change in its organization, pursuing a completely new “unsubsidized” business model, which entailed a **reduction of subsidies (other income) by 67%**. This was achieved through heavy investments in securing an excellent team, an appropriate manufacturing capacity, a strategic acquisition to verticalize the value chain, the internal manufacturing process, and solid commercial

relationships to scale up growth in 2016.

At the end of 2015, the **Group had a net consolidated financial position of 8.3 million euros, and a net cash position of 8.6 million euros.**

**Pro-forma consolidated net cash<sup>2</sup> amounts to 10.2 million euros**, mainly adjusted by the 1.4 million euros capital increase reserved to the former Elvi Energy shareholders and current management, which will take place in 2016 and will be financed by the portion of the proceeds of the Elvi Energy acquisition which has been put in escrow for this purpose.

### GOVERNANCE HIGHLIGHTS

The Group is pleased to announce that the Board of Directors of EPS has appointed Mr Massimo Prelz Oltramonti as Chairman of the Group, while Mr. **Luca Dal Fabbro will become Chairman of EPS Italy**. *"The increasing commitment of Mr. Dal Fabbro in the daily activity of the Group, as well as his high professional profile and deep knowledge of the energy sector have favoured his appointment to a more executive role"* commented the Board of Directors of EPS.

*"I sincerely thank all the Board of Directors for their support and the trust you have placed in me."* – said Luca Dal Fabbro – *"I know EPS Italy since the very beginning, and I'm very glad to contribute more to the strategy execution, now I can say that our company is solid and perfectly able to fulfil its mission"*.

### RECONCILIATION UNDER IFRS OF EPS ITALY REVENUES

FY 2015 EPS Italy revenues and Group gross nominal sales amounts to 1.2 million euros. However EPS decided for FY 2015 to account consolidated Group revenues under IAS 18 for € 0.4 million, therefore recording € 0.7 million gross nominal sales with the "gross to net" accounting method (disclosing just the net margin and not the gross revenues) due the outsourcing of the supply. Such outsourcing was mainly due to the fact that the related purchase orders were received in 2015 before the Elvi Energy acquisition and the completion of the new manufacturing plant. In light of the above, revenues and other income published in Q3 2015 amounting to 723,000 euros, under such IFRS principles shall be restated to 544,000 euros.

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### About Electro Power Systems

Electro Power Systems (EPS) is the pioneer of technology-neutral, integrated hybrid energy storage solutions for grid support in developed economies and off-grid power generation in emerging countries. The Group's mission is to unlock the energy transition, by mastering the intermittency of renewable energy sources. Through the seamless integration of the world best battery technologies to provide flexibility, and the Group's unique hydrogen and oxygen storage platform suitable for longer autonomy without resorting to diesel or gas-fueled generators, the group's technologies enable renewable energies to power 24/7 communities in a completely cleaner and less expensive solution.

**EPS is today listed on the French regulated market of Euronext, and part of the CAC® Mid & Small and CAC® All-Tradable indices:** with headquarters in Paris, R&D and manufacturing in Italy and an international team based in California and Singapore.

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<sup>2</sup> Refer to Annexes

The Group has installed in aggregate 3MW of hydrogen systems, 8.7MW of Hybrid Power Plants, and 44.3MWh of energy storage capacity, for a total power output of 21.1MW deployed in 21 countries worldwide, including Europe, USA, Australia, China, Asia and Africa.

For more information [www.electropowersystems.com](http://www.electropowersystems.com)

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#### **Forward looking statements**

This announcement includes statements that are, or may be deemed to be, forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the verbs or terms “anticipates”, “believes”, “estimates”, “expects”, “intends”, “may”, “plans”, “build-up”, “under discussion” or “potential customer”, “should” or “will”, “projects” or “pipeline” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward looking statements include all matters that are not historical facts. They appear throughout this announcement and include, but are not limited to, statements regarding the Group’s intentions, beliefs or current expectations concerning, among other things, the Group’s results of business development, operations, financial position, prospects, financing strategies, expectations for product design and development, regulatory applications and approvals, reimbursement arrangements, costs of sales and market penetration.

By their nature, forward looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward looking statements are not guarantees of future performance and the actual results of the Group’s operations, and the development of the markets and the industry in which the Groups operates, may differ materially from those described in, or suggested by, the forward looking statements contained in this announcement. In addition, even if the Group’s results of operations, financial position and growth, and the development of the markets and the industry in which the Group operates, are consistent with the forward looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments of the Group to differ materially from those expressed or implied by the forward looking statements including, without limitation, general economic and business conditions, the global energy market conditions, industry trends, competition, changes in law or regulation, changes in taxation regimes, the availability and cost of capital, the time required to commence and complete sell cycles, currency fluctuations, changes in its business strategy, political and economic uncertainty. The forward-looking statements herein speak only at the date of this announcement.

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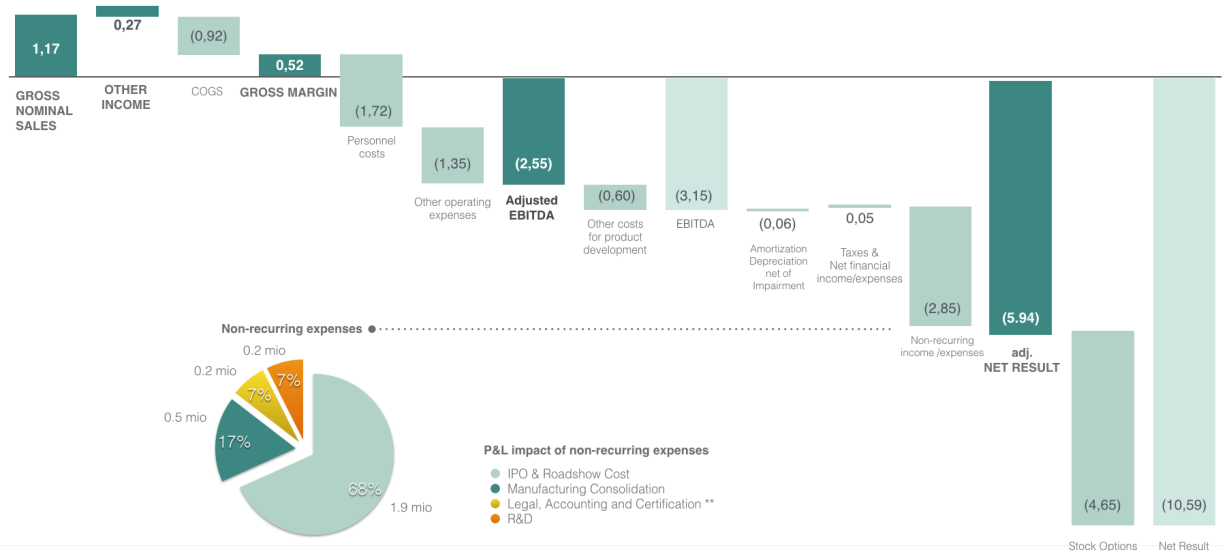
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## ANNEXES<sup>3</sup>

### From Gross Sales to Net Income

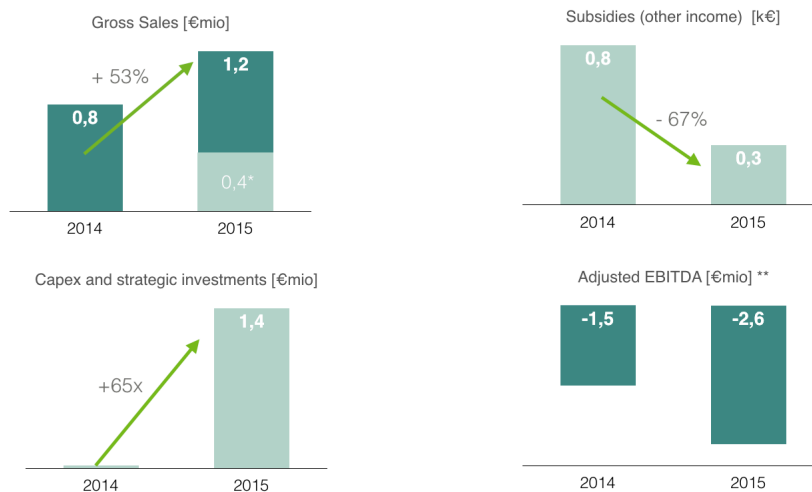


\* adj. Net Result is defined as the Restated Net Result before stock options accounting

\*\* Legal, accounting and Certification expenses have been represented net of the non recurring income of €0.3mio for extraordinary legal settlement.

Data in [€mio]

### Consolidated results

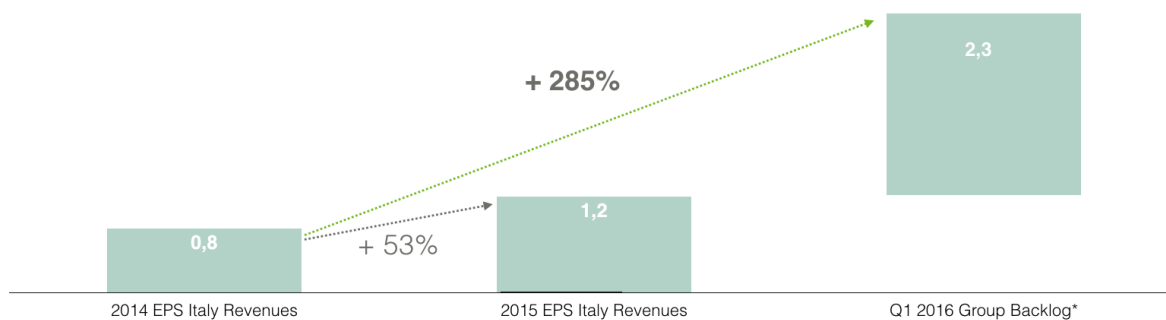


\* Group sales refer to audited EPS Italy €1.2mio revenues under Local GAAP. Consolidated Group IFRS revenues amount to €0.4mio, as approx. €0.7mio sales under IFRS have been recorded with the IAS18 "gross to net" accounting method (disclosing just the net margin and not the gross revenues) due to a IFRS treatment caused by the outsourcing of the supply. Such outsourcing was mainly due by the fact that the related purchase orders were received in 2015 before the Elvi Energy acquisition and the completion of the new manufacturing plant.

\*\* Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortization, R&D related product development costs and other non recurring expenses.

<sup>3</sup> For a complete information and IFRS representation please refer to the Consolidated Financial Statements published on the Company's website ([www.electropowersystems.com](http://www.electropowersystems.com))

## 2014-2015 Sales and 2016 Backlog



\* 2016 Group Backlog means invoices already issued in 2016 plus purchase orders received, or revenues already contracted or expected to be generated in 2016 based on current arrangements with customers

Data in €mio.

## 31.12.2015 Proforma Net Cash \*



\* Proforma Net Financial Cash is a non-accounting metric and therefore unaudited

Data in €mio