

ENERGY TRANSITION TECHNOLOGY ROADMAP, DISTINGUISHING HYPE FROM REALITY

Paris, 23 May 2017 – Electro Power Systems S.A. (“**EPS**”), technology pioneer in energy storage systems and microgrids listed on the French-regulated market Euronext Paris (EPS:FP), announces the release of the paper “*Energy Transition Technology Roadmap, distinguishing Hype from Reality. 2020 Strategic Technological Plan and Business Targets*”.

The first section of the paper summarises a global overview of the energy transition as a disruptive megatrend and the rationale and challenges behind. Even more importantly this section outlines the EPS addressable market and technical view on Microgrids as enabler of distributed generation, Virtual Power Plants as one of the most discussed items in the industry, and off-grid power generation challenges as a disruption in the whole energy scenario of emerging countries.

Finally, the section outlines why Italy has now the opportunity to take center stage in the energy revolution and transition to renewable energy and storage technologies.

The second Section of the paper outlines all the technological challenges that have to be addressed in the context of that transition, from predictive intelligence at the microgrid level to behind-the-meter storage, and from virtual power plants control techniques to vehicle-to-the-grid services of EVs. The section contains also the scientific methodology adopted to address such challenges that have been concentrated in one single project named Predictive Optimisation for Heading to the Energy Transition (PROPHET), that will be developed by EPS in the context of the long lasting collaboration with the Politecnico di Milano.

As closing remark, this section outlines the EPS route to 2020, describing the current stage of development of such technology challenges, and the business development strategy and targets. In particular, the paper outlines that EPS is increasingly focused on Project Development, either directly or indirectly through its partners in both emerging and developing countries. Project Development activities currently carried out by EPS accounts for a Project Portfolio pipeline higher than 80 MW as of today, and could be the step-change in 2017 for EPS to achieve its 2020 targets.

It follows that the EPS target starting from 2020 would be to deploy microgrids in emerging countries for at least 50 MW a year and to deploy behind-the-meter storage in developed economies for at least 60 MW a year, with a gross margin target for the EPS technology that is expected to stabilise around 40% and an EBITDA margin expected around 30%.

The paper “*Energy Transition Technology Roadmap, distinguishing Hype from Reality. 2020 Strategic Technological Plan and Business Targets*” is available in the home page of the Group’s website at electropowersystems.com and will remain downloadable under the section “*Our Publications*”.

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Forward looking statements

The EPS goals for 2020 and the technological challenges described in this document reflect current business and technological indicators and inherent in such goals and technological challenges are risk factors that are described in greater detail in our regulatory filings and in the 2016 Annual Financial Report. All figures are approximations based on management’s current beliefs and assumptions and our actual results could differ from those presented above.

This document contains forward looking statements, i.e. assessments and assumptions which relate to future events and circumstances, particularly on the pipeline, which is assessed based on the parameter better described in the presentation of the Half Year 2016 Results published at www.electropowersystems.com.

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”, “bidding”, “plans”, “build- up”, “under discussion” or “potential customer”, “should” or “will”, “projects”, “backlog” 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 document 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, technology challenges, operations, financial position, prospects, 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 document, 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, competitiveness, industry trends, competition, changes in law or regulation, changes in regulatory and taxation regimes, the availability and cost of capital in particular to develop projects, the time required to commence and complete sale cycles, currency fluctuations and availability, changes in its business strategy, political and economic uncertainty. The forward-looking statements herein speak only at the date of this document

EPS in a nutshell

EPS operates in the sustainable energy sector, specializing in hybrid-storage solutions and microgrids that enable intermittent renewable sources to be transformed into a stable power source.

Listed on the French-regulated market Euronext (EPS:FP), EPS is part of the CAC® Mid & Small and the CAC® All-Tradable indices and has registered office in Paris and research, development and manufacturing in Italy.

Thanks to technology covered by 125 patents and applications, combined with more than 10 years of R&D, the Group has developed hybrid energy storage solutions to stabilize electrical grids heavily penetrated by renewable sources in developed countries and, in emerging economies, to power off-grid areas at a lower cost than fossil fuels without the need for any subsidy or incentive scheme.

EPS has installed and has under commissioning in aggregate 36 large scale projects, including off-grid hybrid systems powered by renewables and energy storage totalizing over 35 MW of installed power that provides energy to over 165,000 customers every day, in addition to more than 18 MW of grid support systems, for a total capacity output of 47 MWh of systems in 21 countries worldwide, including Europe, Latin America, Asia and Africa.

For more information, visit www.electropowersystems.com.

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