

STEADY DOUBLE DIGIT GROWTH AS OF 30 SEPTEMBER 2017: MICROGRIDS AND UTILITY-SCALE SYSTEMS DEPLOYED GLOBALLY

- Revenues over the first nine months increased by 64% to €6.6mIn
- €16.3mIn and 39.4MW of Order Intake¹ increased the Orders Backlog² by 122% to €12.9mIn
- Gross margin at 37% of reported revenues; €8.9mIn cash on hand heading into Q4
- Utility-scale storage systems and microgrids under commissioning in Europe, Latam and the Asia Pacific
- Sustained contract flow from the largest European utilities, mostly on a turnkey EPC basis
- New industrial footprint now sealed in compliance with ISO 9001, ISO 14001 and OHSAS 18001

Commenting on the figures, [Carlalberto Guglielminotti](#), Chief Executive Officer of EPS, said:

"In the third quarter, we reaped the result of our effort over the past three years to affirm EPS as a leading player in decentralized energy solutions with a unique technology play to accelerate the energy transition. Orders from the largest European utilities have proven our technology leadership, competitiveness and strategic and industrial maturity.

We are delivering one of the largest installed bases of commercial microgrids and utility-scale systems globally, maintaining a high marginality level and strengthening our industrial footprint. This confirms the solidity of the Strategic Plan 2020 and enables the continuous deployment of our disruptive technology towards the highest levels of engineering excellence and operational efficiency".

Paris - Milan, 31 October 2017 – The Board of Directors of [Electro Power Systems S.A.](#) ("EPS"), technology pioneer in energy storage systems and microgrids, listed on the French-regulated market Euronext Paris ([EPS:FP](#)), under the chairmanship of Massimo Prelz Oltramonti, approved the financial information (unaudited) and the installed base update for the nine months ended on 30 September 2017.

STRATEGIC AND FINANCIAL HIGHLIGHTS

Over the first nine months of the year we were awarded contracts and projects from Enel, Engie, Endesa, Terna, and Edison (EDF), among others, for projects to be delivered mostly on a turnkey Engineering, Procurement and Construction basis. This sealed the international credibility of EPS Group as general contractor in the delivery of cutting-edge microgrids and energy storage solutions to leading utilities globally. The maturity of the new EPS industrial footprint and organizational platform to deliver on such landmark contracts has also been certified in compliance with ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007.

Revenues as of 30 September 2017 were €6.6mIn, up 64% compared to the €4.0mIn reported at the end of September 2016. The continuous double-digit growth is driven by the successful deployment of microgrids in East Africa, Latin America and Asia-Pacific, coupled with the construction of utility-scale storage systems and grid connected solutions, mainly in Southern Europe.

Order Intake year-to-date increased to 39.4 MW for a contract value of €16.3mIn, the highest level of Order Intake in our history and representing more than the total cumulative revenues over 2014, 2015 and 2016.

Orders Backlog at the date of this press release is at €12.9mIn, up 122% based on reported figures in the same period of 2016³. This growth is mainly represented by utility-scale storage systems and microgrids delivered by EPS on a turnkey basis, acting as a general contractor. The largest project under construction is the 20MW energy-storage system with Endesa, which is expected to be commissioned and online by Q2 2018. This project would be in the top 20 of the largest li-ion energy storage systems ever commissioned in the world⁴. Backlog of orders includes utility-scale storage systems and microgrids with global utilities, smart islands with national grid operators and control systems for mobility and distribution applications.

The main regions of installation are Southern Europe, Sub-Saharan Africa, the Middle East, Latin America and Asia Pacific.

¹ Order Intake consists of the aggregate contract value in terms of MW or euros with reference to all purchase orders received, contracts signed and projects awarded year-to-date.

² Orders Backlog consists of the estimated revenue and other income attributable purchase orders received, contracts signed and projects awarded as of the date of this press release.

³ 15 November 2016, the date of announcement of the Group's results as at 30 September 2016.

⁴ According to Bloomberg New Energy Finance (Energy Storage Project Database, 28 October 2017) as of today just 18 li-ion energy storage systems have been commissioned in the world with a capacity higher than 20MW (all in the US, Korea and Japan).

Gross Margin stands at 37% of the reported revenues of the period, which is substantially stable despite the double-digit growth, confirming the sustainability of the EPS business model and the path towards profitability.

Cash Position⁵ at the end of September 2017 amounted to €8.9mIn, up 62% compared with €5.5mIn at the end of the same period in 2016, particularly thanks to the financial support of the European Investment Bank.

Net Financial Position, is equal to €-7.2mIn compared to €-1.0mIn as of 31 December 2016, mainly due to the continuous growth of the Orders Backlog and related working capital needs. More particularly, the change in working capital was €3.0mIn, increasing significantly compared to the end of 2016.

INSTALLED BASE HIGHLIGHTS

- **20MW Utility-Scale Storage System in Spain under construction:** upon signing the agreement with Endesa on 5 September 2017, the Spanish utility part of the Enel group, EPS immediately started construction of the utility-scale storage system, with a power capacity of 20MW, expected to be commissioned and online by Q2 2018.
- **12MW microgrid in Australia online:** on 10 October 2017 EPS started operations at the storage system related to the Coober Pedy Renewable Hybrid Power Project's microgrid in Coober Pedy, Southern Australia. The hybrid power plant will be connected to a microgrid composed of 1MW solar panels, 4MW wind turbines and up to 6MVA generators combined with 1MW of storage system and will be able to cover up to 70% of the demand, supplying the inhabitants of the area – about 1,600 people – with energy from renewable sources for the 20-year life of the hybrid power plant.
- **5.9MW microgrid in the Horn of Africa commissioned:** on 22 July 2017, EPS commissioned a microgrid awarded by NECSOM (National Electric Corporation of Somalia) composed of a solar, wind and storage turnkey solution that allows the reduction of diesel consumption by 1mIn litres per year, and reduces electricity bills by 17%.
- **World's first 100% emission-free microgrid in the Atacama Desert (Chile) began operations:** on 1 June 2017, Enel and EPS announced the operation of the world's first 100% emission-free "plug-and-play" commercial-sized micro-grid, powered by solar PV as well as hydrogen-based and lithium-based storage.
- **4.1MW microgrid in the Maldives outperforming expectations:** on 8 February 2017, EPS announced the performance results of its second microgrid in the Maldives and confirms the reduction in CO₂ and that renewables, coupled with the EPS storage system, cover up to 63% of the resort's power requirements, enabling reductions in diesel consumption by 423,000 litres per year, 50% more than expected at the time of commissioning.
- **3MW microgrid in Flinders Island commissioned:** on 15 February 2017, EPS announced the commissioning of a hybrid storage system, in partnership with Toshiba, sired to Flinders Island's microgrid for Hydro Tasmania, Australia's largest producer of renewable energy.
- **1.5MW microgrid in Sardinia commissioned:** on 22 February 2017, EPS announced the realisation of an energy storage system microgrid for ENAS in Sardinia. The system is connected to the Ottana Experimental Solar Farm, which consists of a concentrated solar power (CSP) farm, integrated with thermal storage that has a capacity of 14MWh as well as a concentrated photovoltaic plant (CPV).

BASIS OF PREPARATION

Effective 1 January 2015, French Law n°2014-1662, dated 30 December 2014, in transposing the European Directive 2013/50/EU, removed the reporting obligation to French-listed companies to disclose quarterly financial results. Therefore, this press release has been prepared on a voluntary basis in line with EPS' policy to provide the market and investors with regular information about the Group's financial and operating performance and business prospects, considering the disclosure policy followed by our energy peers.

The financial information (unaudited) for the nine months ending 30 September 2017 consists of Revenues, Gross Margin, Backlog, Cash and Net Financial Position. Revenues and Gross Margin are presented on a consolidated basis for the first nine months of 2017 and for the first nine months of 2016. Orders Backlog is presented as of the date of this press release and as of the same period in 2016, i.e. 15 November 2016, the date of announcement of the Group's results as of 30 September 2016. Information on liquidity and the Net Financial Position relates to the end of the periods as of 30 September 2017 and 31 December 2016, in line with the Half-Year 2017 Financial Report.

The accounts set forth herein have been prepared in accordance with the evaluation and recognition criteria set by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Article 6 of the European Regulation (CE) No. 1606/2002 of the European Parliament and European Council of 19 July 2002. These criteria are unchanged from the First Half 2017 Financial Results published on 19 September 2017, which investors are urged to read. The financial information of Electro Power Systems S.A. for the first nine months of 2017 consists of this press

⁵ The Cash Position is represented by liquid assets, cash and cash equivalents.

release. All legally required disclosures, including the 2016 Annual Financial Report, the Half-Year 2017 Financial Report and the 2016 Registration Document are available on the Group's website (www.electropowersystems.com) under "Financial Information" and are published by Electro Power Systems pursuant to the provisions of Article L. 451-1-2 of the French Monetary and Financial Code, as well as to Article 222-1 and follows the General Regulation of the French Financial Markets Authority (AMF).

FORWARD-LOOKING STATEMENT

This press release contains forward-looking statements, i.e. assessments and assumptions which relate to future events and circumstances, particularly regarding the Orders Backlog and pipeline, which are assessed based on the parameter described in the presentation of the Strategic Plan 2020, published at www.electropowersystems.com. Inherent in these statements are risk factors that are described in greater detail in our regulatory filings, including the Half-Year 2017 Financial Report and the 2016 Registration Document. All figures are approximations based on the management's current beliefs and assumptions, and our actual results could differ from those presented above.

This announcement includes statements that are, or may be deemed to be, forward-looking statements. These statements can be identified by the use of forward-looking terminology, including the verbs "anticipates", "believes", "estimates", "expects", "intends", "may", "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 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 regarding 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 industry in which the Group operates may differ materially from those described in, or suggested by, the statements contained in this announcement. In addition, even if the Group's results regarding operations, our financial position and growth, as well as the development of the markets and industry in which the Group operates, are consistent with the 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 the results and developments of the Group to differ materially from those expressed or implied by forward-looking statement including, without limitation, general economic and business conditions, 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 sale cycles, currency fluctuations, changes in business strategy and political and economic uncertainty. The forward-looking statements herein speak only of the date of this announcement.

About Electro Power Systems

EPS operates in the sustainable energy sector, specialising in 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. Its registered office is in Paris and conducts its 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 develops utility-scale energy storage systems to stabilize electrical grids that are heavily penetrated by renewable sources in developed countries and microgrids in emerging economies to power off-grid areas at a lower cost than fossil fuels.

As of 30 June 2017, EPS has installed and has under commissioning an aggregate of 36 large scale projects, including off-grid hybrid systems powered by renewables and energy storage that provides energy to over 165,000 customers every day, with a total capacity output of 47MWh systems in 21 countries worldwide, including Europe, Latin America, Asia and Africa.

For more information, visit www.electropowersystems.com.

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