

2017 HALF-YEAR RESULTS SHOW SOLID GROWTH MOMENTUM: DOUBLE DIGIT GROWTH WITH FLAGSHIP MICROGRIDS AND STORAGE PROJECTS

- **H1 Revenues increased by 48% to €3.9mIn, backlog¹ of orders up 128% to €13.8mIn**
- **€14.3mIn Order Intake² year-to-date, driven by utility-scale systems, microgrids and smart-islands**
- **Gross margin stands at 39% of H1 Revenues, and EBITDA loss is reduced to -€1.6mIn**
- **Pipeline increased to €160mIn, strong focus in emerging countries with 84% of bids in Africa and Asia**
- **Solid cash position at €11.4mIn thanks to the support of the European Investment Bank**
- **Net Financial Position at -€6mIn, mainly due to working capital and R&D investments**

Carlalberto Guglielminotti, EPS' Chief Executive Officer and General Manager, said:

"This continuing growth momentum is the fruit of our commitment to accelerate the energy transition through disruptive technologies. We deployed microgrids in Africa, Asia and Latin America, and we will soon deploy one of the largest storage systems worldwide. We are serving and we partner with the major global energy players, and we continue to invest in research and development to constantly stay ahead of the market. In less than 3 years we transformed a technology potential into a real industrial company capable to play on a global scale".

Paris-Milan, 19 September 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) approved the consolidated financial statements at 30 June 2017. The Half-Year 2017 Financial Report is available in the section Investors of the corporate website www.electropowersystems.com.

FINANCIAL HIGHLIGHTS

Revenues increased by 48% to 3,881 k€, meaning of 1,266 k€ compared with First Half 2016. Such growth is mainly due to the successful deployment of Microgrids & Off-Grid Solutions in emerging countries in East Africa, Latin America and the Asia-Pacific region and of Grid-Connected Solutions mostly in Europe. These positive developments were due also to the credibility of the Group established through the partnerships and projects with Enel, Terna, Toshiba, NECSOM and other major utilities and industrial players.

Backlog of orders as at the date of this press release increased by 128% to €13.8 mln, mainly represented by utility-scale storage systems to be 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, part of the Enel Group, expected to be commissioned and online by Q2 2018.

Order Intake year-to-date accelerated to €14.3 mln, representing 34MW, up 101% compared to the same period in 2016, and includes utility-scale storage systems but also microgrids, smart islands and control systems for mobility and distribution applications.

¹ 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.

² Order intake consist 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.

The main regions where these systems will be installed are Southern Europe, North Africa, Middle East and China. However, Project Development activities currently carried out by EPS are particularly focused on the larger market opportunities, Africa and Asia, where EPS accounts 84% of the bids in its Pipeline of approximately €160 mln, 187 MW of power, 65 MW of renewable sources to be integrated into microgrids and 182 MWh of storage.

Gross margin despite revenue growth, is largely stable and stands at 39%, boosting visibility into the business cash flow potential.

Personnel costs increased by 21% to 2,222 k€ compared with 1,831 k€ in the first half of 2016. This is essentially due to 27 new human resources from 30 June 2016.

Other Operating Expenses decreased by 425 k€, amounting to 855 k€, compared to 1,280 k€ due to cost rationalization and a more efficient internal organizational structure.

EBITDA loss has been reduced to -1,627 k€ for the first six months ended 30 June 2017 compared to -2,039 k€ in the First Half 2016. This is mainly due to a more structured industrial footprint, a significant revenue increase and the stability of the gross margin.

EBIT as at 30 June 2017 improved by 26%, with a loss reduced to -3.335 k€, while it was -4,532 k€ at the same period of 2016. Despite the year-on-year improvement, EBIT still is mainly affected by non-recurrent items, amounting to 872 k€.

At the end of the First Half 2017, EPS' **Net Financial Position**, compared to 31 December 2016, decreased from -974.4 k€ to -5,998.5 k€, mainly due to growth in the backlog of orders and the related increase in working capital, as well as new investments in R&D aimed at implementing the potential of the EPS technology. More particularly change in working capital was at 1,874 k€, increasing significantly by 226%.

Investments in R&D amounted to 427 k€ and, considering the amount accounted as expenses and not capitalized, equal to 512 k€, represent 24% of consolidated revenues, confirming the strong commitment of the Group to continue investing in research and development.

Cash Position, represented by liquid assets, cash and cash equivalents, thanks to the financing of the European Investment Bank, amounted to 11,393 k€, up 108% compared with 5,478 at the end of 2016.

OPERATIONAL HIGHLIGHTS

- **12 MW microgrid in Australia under commissioning:** on 19 January 2017, EPS announced the successful delivery, the official start and commissioning phase of the storage systems sired 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 by 1 MW of solar panels, 4 MW wind turbines and up to 6 MVA of generators combined with 1 MW 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 hybrid power plant's 20-year life.
- **Microgrids in the Maldives outperforming:** on 8 February 2017, EPS announced the performance results on its second microgrid in the Maldives and confirms the CO₂ reduction and that renewables coupled with the EPS storage system cover up to 63% of the resort power requirements, enabling reduction in diesel consumption by 423.000 liters per year, 50% more than expected at the time of commissioning.
- **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, the Australia's largest producer of renewable energy.
- **Microgrid in Sardinia commissioned:** on 22 February 2017, EPS announced the realization in Sardinia of an energy storage system microgrid for ENAS. The system is connected to the Ottana Experimental Solar

Farm consisting of a concentrated solar power (CSP) farm integrated with thermal storage with a capacity of 14 MWh and a concentrated photovoltaic plant (CPV).

- **€30 mln from the European Investment Bank:** on 11 April 2017 EPS signed an equity-linked financing of up to €30 mln with the European Investment Bank (“EIB”), backed by the European Fund for Strategic Investments, which will support the company in its growth, continuous research, development and innovation activities and further product commercialization. The first tranche of €10 mln has been drawn down on 29 June 2017.
- **Energy Transition Technology Roadmap and Strategic Plan 2020:** on 23 May 2017 EPS published the paper “*Energy Transition Technology Roadmap, distinguishing Hype from Reality. 2020 Strategic Technological Plan and Business Targets*”, which includes the Strategy Plan 2020, describing the current stage of development of all technological challenges addressed by the Group, the business development strategy and the related financial targets to 2020. On 21 June 2017, at the Investors Conference that took place before the Annual General Meeting, EPS presented the 2020 Strategic Plan. Its webcast is available on the Group’s website www.electropowersystems.com.
- **New Integrated Management System ISO 9001 / 14001:** on 24 May 2017, the Company finalized with the support of the Sustainability Team of E&Y the new “*Integrated Management System*” of the Group, which now embodies the new Quality Management System (QMS) and the new Environmental Management System (EMS) of the Group, the respect of which has been placed under the newly established Health, Environment, Safety and Quality office of EPS. On 3 July 2017 EPS successfully received the certification audit held on its new Integrated Management System by RINA, a leading global certification body, certifying that it is compliant with the ISO 9001:2015 (on 30 June 2017) and ISO 14001:2015 standards. In addition, EPS is going to complete the last activities in order to obtain also the OHSAS 18001:2007 certification by the end of the year.
- **20 MW energy storage system with Endesa:** on 13 September 2017, EPS announced the agreement signed on 5 September 2017 with Endesa, the Spanish utility that is part of the Enel Group, for the supply of an Energy Storage System (ESS), with a power capacity of 20 MW and a lifetime of 8 years. EPS will deliver a unique turnkey solution for serving Endesa’s Carboneras thermoelectric plant located in Almeria, Spain. The storage system will be the largest in Spain and aims to make the plant more flexible and improve its response to the load fluctuations in the current electricity system resulting from the intermittency caused by an increased penetration of renewables. The addition of storage is also expected to reduce maintenance costs for the plant’s main components and extend their useful life. The project is part of the general adaptation of the Carboneras coal plant to the current electricity system. A significant penetration of intermittent renewable energies, mainly wind power, are forcing the plant to adjust its production and implement backup functions to meet electricity demand at all times.

Forward looking statement

This press release 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 Strategic Plan published at www.electropowersystems.com. Inherent in these statements are risk factors that are described in greater detail in our regulatory filings and in the 2016 Registration Document. All figures are approximations based on 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 or terms “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 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 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 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 sale 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.

Electro Power Systems S.A.

EPS operates in the sustainable energy sector, specializing in storage solutions and micro-grids 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 energy storage systems 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 that provide energy to over 165,000 customers every day, 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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