

Results - H1 2016

Strong acceleration in growth expected in the second half in market making strong inroads at the worldwide level.

La Motte-Fanjas, 26 July 2016 – McPhy Energy, the designer, manufacturer and integrator of hydrogen equipment for the energy and industrial sectors achieved several commercial successes in the 2016 first-half both in France and international markets, strengthening its position as a key player in the promising sector of new hydrogen applications.

These successes enable the Group to anticipate strong acceleration in growth in the second half.

In the first six months of the year, its sales were up 25%, driven notably by the delivery of the GNVert refuelling station in Lyon and the one of Valence Romans intercommunity.

Cost efficiency measures were successful in reducing staff costs by 10% in relation to the same period in 2015, and containing other overhead expenses.

Despite the growth in sales, these measures are not yet reflected at the level of the operating result because of the scheduled decrease of revenue generated by major demonstration projects which declined from €1.6 million in the 2015 first half to €0.5 million in this year's first half.

After demonstrating the relevance of its technical choices, McPhy Energy has decided to focus on the sale and production of its solutions now proven on an industrial scale. The growth in sales confirms the relevance of this choice. The scheduled exit of these demonstration projects has furthermore contributed to reducing variable costs.

In this context, the operating loss has remained steady as compared to last year's first-half at €5.1 million.

For the first half, net cash declined by €3.8 million. At 30 June 2016, the Group had €10.2 million in cash⁽¹⁾, compared to €14.0 million at 31 December 2015.

⁽¹⁾ A financial investment of €2.1 million at 30 June 2016, the end of the reporting period (€5.1 million at 31 December 2015) not strictly meeting the IFRS definition of "cash equivalent" has been recognized under "Other investments". This item was recognised under current financial assets at the end of the reporting period.

Operating highlights and outlook

China: the contract with the Hebei province entered into effect

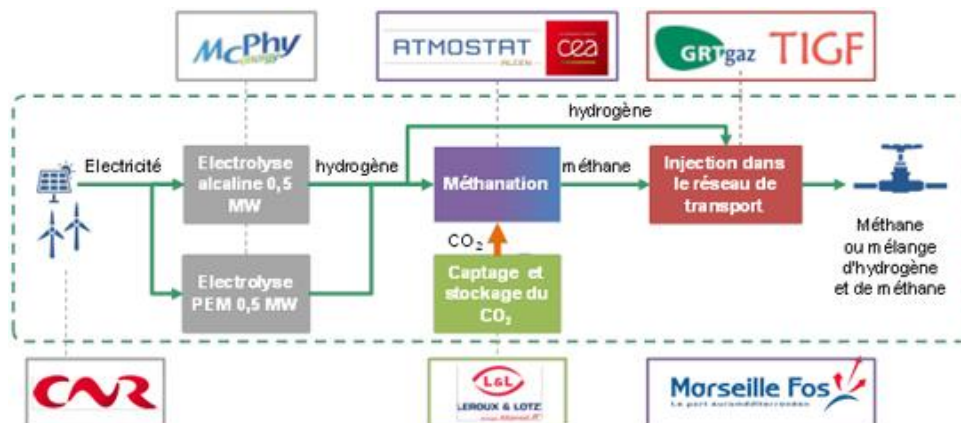
On 12 June, McPhy Energy was definitively awarded a €6.4 million contract to supply a Power-to-Gas system signed with the state-owned Hebei Construction and Investment Group. The delivery of this solution, including 4 MW hydrogen production equipment and a solid storage unit, is expected in mid-2017 for a commissioning at the end of that same year. It will start to generate revenue in 2016 (on a percentage-of-completion basis) starting principally in the second half.

This project is the result of a long-term partnership between McPhy Energy and the Chinese province of Hebei, a pioneer in clean energy technologies and their integration within existing energy infrastructure.

McPhy Energy has also signed another contract in China to supply hydrogen production equipment for a hydrogen-based cooling system for a thermal power generation plant with delivery expected by the end of 2016.

France: Hydrogen production at the center of the "Jupiter 1000" project

McPhy Energy was selected by GRTGaz to supply hydrogen production equipment providing total power of 1 MW for the Jupiter 1000 project, officially launched on 30 March 2016. It is scheduled to be commissioned in 2018. Jupiter 1000's objective is to set the stage for the deployment of the Power-to-Gas in France.



Launch of SimpleFuel™ in the United States

At the last Advanced Clean Transportation (ACT) Expo, the leading carbon free-mobility event in the United States, the Group presented SimpleFuel™, a turnkey refuelling solution integrating the entire hydrogen chain from generation, compression and dispense technologies in a compact footprint combining safety and competitiveness.



Developed by a consortium of which McPhy Energy is a member, its purpose is to promote the development of an offer of small-scale hydrogen refuelling station which can be used in homes, community centres, retail sites, or similar locations to supply small fleets of fuel hydrogen vehicles. These small refuelling stations are necessary to complete the network of the first large stations.

SimpleFuel™ will be presented to the US Department of Energy (DOE) in October 2016 in connection with the H-Prize with US\$1 million to be shared along the consortium members.

Promising developments for the McFilling® offering.

Leveraging its technical versatility, the Group is continuously adapting its offering to development expected in the hydrogen mobility market driven by:

- the trend of addressing a broader public spearheaded by the major automotive manufacturers with the upcoming commercial release of several mass-produced models
- the development of other markets such as public transit, with the implementation of several programs for hydrogen-powered buses.

In this way, the modular and competitive refuelling station, McFilling®, launched in the 2015 second half to support plans for the deployment of infrastructure designed in an initial phase to supply captive utility vehicle fleets, is experiencing positive developments.

In addition to the 350-bar McFilling® refuelling station designed for small utility vehicles, McPhy Energy expands its offering with a 700-bar version which enables hydrogen-powered electric vehicles complete full recharge in just a few minutes for a range of 500 km.

McPhy Energy has also made inroads in the fast-growing US market for hydrogen powered forklifts with a first contract offering significant potential for future development.

Contract for carbon free hydrogen energy for industry

The Group has just signed a €1 million contract for a on-site hydrogen generator and a solid-state storage unit to equip an industrial platform in France. Revenue will be recognized on a percentage-of-completion basis principally in the 2016 second half.

With high sales level expected in the second half, McPhy Energy confirms its guidance for a strong acceleration in the pace of growth for the year.

Next financial announcement:

2016 annual revenue - Tuesday, 17 January, after the close of trading.

Accounts highlights

Audited accounts approved by the Board of Directors on 26 July 2016

Income statement highlights

| - IFRS (€m) | H1-2016 | H1-2015 | FY 2015 |
|--|--------------|--------------|--------------|
| Revenue | 2.2 | 1.8 | 3.9 |
| Other ordinary income | 0.5 | 1.6 | 2.3 |
| Income from ordinary operations | 2.7 | 3.4 | 6.2 |
| Staff costs | (3.3) | (3.6) | (6.6) |
| Other operating expenses | (3.5) | (3.8) | (7.3) |
| Allowances for depreciation, amortization and reserves | (1.0) | (1.1) | (1.9) |
| Current operating income /(loss) | (5.1) | (5.1) | (9.6) |
| Other operating income and expenses | ns | ns | (0.1) |
| Net interest expense | (0.1) | (0.1) | 0.2 |
| Income tax expense | (0.1) | (0.1) | (0.1) |
| Net profit | (5.2) | (5.3) | (9.5) |

Balance sheet highlights

| - Assets (€m) | 06/30/2016 | 12/31/2015 |
|---------------------------------|-------------|-------------|
| Non-current assets | | |
| Goodwill | 2.5 | 2.5 |
| Intangible assets | 0.3 | 0.1 |
| Property, plant and equipment | 3.4 | 3.9 |
| Other assets | 0.2 | 0.3 |
| Total | 6.4 | 6.8 |
| Current assets | | |
| Inventories | 1.9 | 1.6 |
| Trade and other receivables | 3.5 | 3.7 |
| Current tax assets | 0.3 | 1.0 |
| Financial assets ⁽¹⁾ | 2.1 | 5.1 |
| Cash and cash equivalents | 8.1 | 8.9 |
| Total | 16.0 | 20.3 |
| Total assets | 22.4 | 27.2 |

(1) A financial investment not strictly meeting the IFRS definition of "cash equivalent" has been recognized under "Other investments". This item was accounted for as costs at the end of the reporting period (€10.2 million at 30 June 2016).

| – Equity and liabilities (€m) | 30/06/2016 | 31/12/2015 |
|--|-------------|-------------|
| Share capital | 1.1 | 1.1 |
| Additional paid-in capital | 28.2 | 34.3 |
| Consolidated reserves | (18.7) | (19.8) |
| Total shareholders' equity | 10.6 | 15.7 |
| Provisions – over 1 year | 0.5 | 0.5 |
| Financial debt and borrowings – over 1 year | 4.8 | 4.2 |
| Other non-current liabilities | 0.4 | 0.4 |
| Total non-current liabilities | 5.9 | 5.1 |
| Provisions – under 1 year | 0.4 | ns |
| Financial debt and borrowings – under 1 year | 0.8 | 0.5 |
| Trade and other payables | 2.9 | 3.3 |
| Other current liabilities | 1.8 | 2.6 |
| Total current liabilities | 5.9 | 6.4 |
| Total equity and liabilities | 22.4 | 27.2 |

About... McPhy Energy

In the framework of the energy transition, and as a leading supplier of hydrogen production, storage and distribution equipment, McPhy Energy contributes to the deployment of clean hydrogen throughout the world.

Thanks to its wide range of products and services dedicated to the hydrogen energy, zero emission mobility and industrial hydrogen markets, McPhy Energy provides turnkey solutions to its clients. These solutions are tailored to our client applications: renewable energy surplus storage and monetization, fuel cell car refueling, raw material for industrial sites.

As a designer, manufacturer and integrator of hydrogen equipment since 2008, McPhy Energy has three development, engineering and production units based in Europe (France, Italy, Germany).

The company's international subsidiaries ensure a global sales coverage of McPhy's innovative hydrogen solutions.

McPhy Energy is listed on NYSE Euronext Paris (Segment C, ISIN code: FR0011742329; ticker: MCPHY).

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