

## Press release

### 2016, a breakthrough year

- Sales up 93%
- Strong growth in orders
- €8.1 million<sup>(1)</sup> in cash at 31/12/2016

*McPhy ramped up the pace of its development in a context of hydrogen deployment as a key solution for energy transition<sup>(2)</sup>.*

*La Motte-Fanjas (France), 14 March 2017* - McPhy, the designer, manufacturer and integrator of hydrogen equipment for the energy, transport and industrial sectors, has taken advantage from the fast emerging market of zero emission mobility and renewable energy storage to initiate a phase of strong and sustainable growth. As a market reference for new hydrogen applications, the Group registered significant growth in sales and orders in the period, benefiting from investments made in recent years in developing and scaling up its offering.

After winning the call for tenders with the Hebei province of China, the contract with GRTGaz for the Jupiter 1000 project and the contract with the German energy supplier, Energiedienst, McPhy has won a total of 6 MW in Power-to-Gas over the last 12 months, increasing its references in this key sector to 13 MW. These contracts have laid solid foundations for continuing growth in 2017. The first two contributed to the 93% growth in sales.

Over 2016, other ordinary income (revenue from subsidized projects and research tax credits) remained stable at €2.3 million.

The strong growth in sales in the 2016 second half explains the corresponding increase in purchases. The shift of the product mix to very large systems has temporarily impacted margins. Despite maintaining tight controls over fixed costs, and in light of continuing efforts in R&D amounting to €3.1 million, the sales growth is only partially reflected, this year, at the level of operating profit.

For year, the change in the cash and cash equivalents amounted to €5.9 million. At 31 December 2016, McPhy had a cash position of €8.1 million<sup>(1)</sup> for total assets of €25.7 million.

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(1) A financial investment of €1.0 million at 31 December 2016 (€5.1 million at 31 December 2015) not strictly meeting the IFRS definition of "cash equivalents" has been recognized under "Financial assets". This amount was recognised under current financial assets at the end of the reporting period (€8.1 million at 31 December 2016).

(2) Launch of the Hydrogen Council on 18 January 2017 by 13 leading energy, transport and industry companies to voice a united vision and long-term ambition for hydrogen to foster the energy transition.

## Operating highlights

In 2016, McPhy confirmed the relevance of its offering in markets for new hydrogen applications contributing to the global energy transition.

- **Renewable energy surplus valorisation**

Whereas the growing contribution of renewables in the energy mix<sup>(3)</sup> calls for energy sources to offset their intermittency, the Group won contracts over the last 12 months for 6 MW in the Power-to-Gas sector for a total of nearly €10 million in revenue.

- **Zero emission mobility**

In an environment characterised by the multiplication of initiatives promoting the zero emission mobility, McPhy has actively contributed to the development of the French network of hydrogen refuelling infrastructure. The Group has accordingly equipped 7 of the 15 hydrogen refueling stations in France.

Over the period, it has in particular delivered the stations of Valence, Lyon and Sarreguemines. Installed on the French-German border, the Sarreguemines refueling station is the first French station equipped with a green hydrogen generation solution on-site. It opens up the Franco-German corridor of the European hydrogen mobility plan which schedules the deployment of several hundred refueling stations over the next few years.

McPhy was also awarded contracts in 2016 to equip refueling stations of Rouen and Singapore scheduled for delivery in the 2017 first-half.

McPhy and its U.S. partners completed the technological development of the compact and competitive refueling solution, Simplefuel™. The simplicity of installation and all-in-one functionalities and applications of this station, to be distributed on an exclusive basis in Europe by McPhy, opens up many opportunities for equipping logistics platforms, rental companies, car dealerships, etc.

- **Green hydrogen for industry**

McPhy accelerated the deployment in 2016 of its equipment for producing zero-emission hydrogen on-site. It is in the process of equipping a first industrial platform in France with a solution combining zero hydrogen emission production and a solid-state storage facility to be delivered in 2017. It also delivered in early 2017 a solution for on-site hydrogen production for a cooling system for the alternator of the Chinese thermal power generation plant CPI Zaoquan.

## Outlook

McPhy, that has registered significant order intake in 2016, is confident in the continuing prospects for strong growth momentum and improving profitability in a buoyant market context.

The potential of this market is reinforced by the strong commitment of major groups, notably by the 13 global leaders gathered within the Hydrogen Council who have committed to bring their annual investments to a minimum of €1.9 billion on the next five years.

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(3) At the end of 2016, wind and solar power represented 27.7% of the 918 GW in installed power capacity in Europe compared to 26.1% of the 908 GW at the end of 2015 (source : Wind in power, 2016 European Statistics).



As announced<sup>(4)</sup>, the Group is exploring different strategic options to accelerate its ramp-up, on which it will communicate on due time.

## Income statement highlights

**Audited accounts approved by the Board of Directors on 14 March 2017.**

IFRS (€ millions)	2016	2015
Revenue	7.5	3.9
Other ordinary income	2.3	2.3
<b>Income from ordinary operations</b>	<b>9.8</b>	<b>6.2</b>
Purchases	(5.0)	(1.8)
Staff costs	(6.4)	(6.6)
External charges	(5.9)	(5.5)
Allowances for depreciation, amortization and reserves	(1.5)	(1.8)
<b>Current operating income (EBIT)</b>	<b>(9.0)</b>	<b>(9.5)</b>
Non-current expenses and income	0.9	(0.1)
Net financial income (expense)	ns	0.2
Income tax expense	(0.1)	(0.1)
<b>Net profit</b>	<b>(8.2)</b>	<b>(9.5)</b>

(4) See the press release of 17 January 2017 on 2016 sales.



## Balance sheet highlights

Assets(€m)	2016	2015
<b>Non-current assets</b>		
Goodwill	2.5	2.5
Other assets	3.6	4.0
Other non-current assets	0.3	0.3
<b>Total</b>	<b>6.4</b>	<b>6.8</b>
<b>Current assets</b>		
Inventories	2.7	1.6
Trade and other receivables	7.6	3.7
Current tax assets	0.9	1.0
Financial assets <sup>(1)</sup>	1.0	5.1
Cash and cash equivalents <sup>(1)</sup>	7.1	8.9
<b>Total</b>	<b>19.4</b>	<b>20.3</b>
<b>Total assets</b>	<b>25.7</b>	<b>27.2</b>

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Equity and liabilities (€m)	2016	2015
<b>Total shareholders' equity</b>		
Share capital	1.1	1.1
Additional paid-in capital	28.2	34.3
Treasury stock	(0.1)	(0.1)
Retained earnings	(21.7)	(19.7)
<b>Total</b>	<b>7.6</b>	<b>15.7</b>
<b>Non-current liabilities</b>		
Provisions – over 1 year	0.4	0.5
Financial debt and borrowings – over 1 year	5.7	4.2
Other non-current liabilities	0.4	0.4
<b>Total</b>	<b>6.5</b>	<b>5.1</b>
<b>Current liabilities</b>		
Provisions – under 1 year	0.5	ns
Financial debt and borrowings – under 1 year	2.6	0.5
Trade and other payables	4.2	3.3
Other current liabilities	4.3	2.6
<b>Total</b>	<b>11.6</b>	<b>6.4</b>
<b>Total equity and liabilities</b>	<b>25.7</b>	<b>27.2</b>



## About McPhy

As a specialised supplier of hydrogen production, storage and distribution equipment, McPhy contributes to the deployment of clean hydrogen as a solution for achieving energy transition.

Through its wide range of products and services dedicated to the hydrogen energy, zero emission mobility and industrial hydrogen markets, McPhy provides turnkey solutions tailored to client applications: renewable energy surplus storage and monetization, fuel cell car refuelling, raw material for industrial sites

As a designer, manufacturer and integrator of hydrogen equipment since 2008, McPhy 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 is listed on Euronext Paris (Segment C, ISIN code: FR0011742329; ticker: MCPHY, Eligible for PEA PME French tax-efficient equity savings plans).

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