

 Press release

## McPhy confirms its ramp-up

- Crossed the threshold of € 10 million in revenue
- Strong increase in current operating income: +29 %
- Affirmation for the pursuit of high activity growth in 2018

**La Motte-Fanjas, March 13, 2018 – 6:00 p.m. - McPhy (Euronext Paris Segment C: MCPHY, FR0011742329)**, specialist in equipment for the production, storage and distribution of hydrogen, announced today the significant improvement of its 2017 results.



“This strong growth, coupled with an excellent control of our fixed costs, has led to a significant improvement in our results this year.”

Pascal Mauberger, Chairman and Chief Executive Officer of McPhy, stated: *“2017 highlighted the huge needs of the market induced by the necessary transition toward a decarbonized economy. In this context, McPhy demonstrated the pertinence of its cutting-edge technologies, proven by the international commercial and industrial success of all our activities. This success has allowed us to cross the threshold of € 10 million in revenue. This strong growth, coupled with an excellent control of our fixed costs, has led to significant improvement in our results this year. We are also delighted and proud to join the ranks of the Hydrogen Council<sup>1</sup> as a “supporting member”. It’s a great opportunity for us to work with our peers in the large-scale deployment of the technologies and uses of hydrogen. Given the strong activity in a lead market and the ongoing ramp-up of our Group, we reaffirm our pursuit of high activity growth in 2018.”*

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<sup>1</sup> Launched at the World Economic Forum 2017, in Davos, the initiative of leading energy, transport and industry companies (including Air Liquide, Alstom, Anglo American, BMW Group, Daimler, ENGIE, Honda, Hyundai, Kawasaki, Royal Dutch Shell, The Linde Group, Total et Toyota), the Hydrogen Council is determined to position hydrogen among the key solutions of the energy transition [www.hydrogencouncil.com](http://www.hydrogencouncil.com)

## Income statement highlights

<i>(in millions of euros)</i>	<b>2017</b>	<b>2016</b>	<b>Variation</b>
<b>Revenues</b>	<b>10.1</b>	7.5	+34 %
<b>Other operating income</b>	<b>1.2</b>	2.3	(48 %)
<b>Income from ordinary activities</b>	<b>11.3</b>	9.8	+15 %
<b>Purchases consumed</b>	<b>(5.7)</b>	(5.0)	(14 %)
<b>Personnel expenses</b>	<b>(6.0)</b>	(6.4)	+6 %
<b>External expenses</b>	<b>(5.2)</b>	(5.9)	+12 %
<b>Depreciation allowances and provisions</b>	<b>(0.8)</b>	(1.5)	+47 %
<b>Recurring operating income</b>	<b>(6.4)</b>	(9.0)	+29 %
<b>Other operating income and expenses</b>	<b>(0.1)</b>	0.9	-
<b>Operating income</b>	<b>(6.5)</b>	(8.1)	+20 %
<b>Financial result</b>	<b>(0.1)</b>	-	-
<b>Income tax expense</b>	<b>(0.1)</b>	(0.1)	-
<b>Net income</b>	<b>(6.7)</b>	(8.2)	+19 %

## Controlling operational expenditure and strong increase in sales revenue

The sales revenue of McPhy rose by 34 %, crossing the threshold of 10 million euros. This growth was primarily driven by the Europe zone (increased by 84 %), a fast-growing market on which McPhy is well positioned thanks to its historical foundation.

For 2017, strong revenue growth associated with the control of fixed costs led to a consequent improvement of the recurring operating income by +29 %, and of the operating income by +20 %.

As of December 31, 2017, McPhy has a net cash position of 5 million euros<sup>2</sup> with a total balance sheet of 20.5 million euros.

## Affirmation for the pursuit of high activity growth in 2018

Hydrogen has become an economic reality, benefiting from unprecedented market momentum: it is attracting the interest of politicians, industrialists and investors globally. At the beginning of what is looking to be a new era, the technologies and the industrial infrastructure of McPhy are ready for the "scaling up" that was announced in the Hydrogen Council study<sup>3</sup>.

In the shorter term, the Group is currently making significant contracts which were expected for the second semester of 2017<sup>4</sup> and now deferred to 2018.

<sup>2</sup>A financial investment of € 0.6 million as of December 31, 2017 (€ 1.0 million as at December 31, 2016) that does not strictly meet the definition of "cash equivalents" according to IFRS has been recognized in "Financial assets". This amount is included in the amount of closing management cash.

<sup>3</sup> <http://hydrogencouncil.com/hydrogen-scaling-up/>

<sup>4</sup> Press release of January 23, 2018 for revenues 2017



Some industrial players work on very large-scale electrolysis platform projects (from 10 to 100 MW), which will have a significant impact on sales revenues. For these markets, McPhy provides a well-positioned offer thanks to its McLyzer generators.

In the context of a leading market, the Group reiterates its forecast for strong activity growth in 2018. To support this “scaling up”, the Group continues to explore several strategic options, including industrial partnership, to accelerate its commercial expansion and to strengthen its financial structure.

## Highlights for 2017

- **Promising commercial development in the framework of the accelerated deployment of hydrogen at a worldwide level**
- **Clean mobility: know-how recognized and approved by prestigious partners, the deployment of stations offering a potential of 17.000 km of clean mobility per day**
  - *January 2017:* McPhy and its partners won a prize of 1M\$ in the H2 Refuel H-Prize competition organized by the American Department of Energy, with the aim of developing a light and competitive hydrogen station, designed to contribute to the network for hydrogen refueling infrastructures in the territories and for the democratization of hydrogen electric mobility;
  - *March 2017:* McPhy assures the exclusive marketing in Europe of SimpleFuel™, the “all-in-one” station that integrates the production, compression, storage and distribution of hydrogen;
  - *April 2017:* inauguration of FaHyence, the first hydrogen station connected to an electrolyser capable of producing hydrogen on site and upon request from renewable energies for sustainable mobility;
  - *July 2017:* prime reference for the hydrogen station market in Great Britain for McPhy, which provided a refueling solution to Riversimple, a Welsh company;
  - *August 2017:* delivery of a McFilling 20-350 station in Singapore for the REIDS project of ENGIE;
  - *December 2017:* inauguration of the Rouen hydrogen station, in the framework of the European hydrogen mobility project Eashymob, led by the Normandie Region, the first McPhy station installed in a city center.
- **Power-to-Gas : the ability to respond to the major challenges of energy storage and network regulation for a market in the deployment phase, 13.5 MW of high-power electrolysis installed or in the process of installation**
  - *January 2017:* In the growing renewable energy storage market, McPhy won a major project to propose a solution to the German energy provider EnergieDienst for the production of clean hydrogen for its hydroelectric plant site in Wyhlen, and to accompany them in its valorization;
  - *June 2017:* McPhy delivered to its client Jiantou Yanshan (Guyuan) Wind Energy, a subsidiary of the state-owned constructor for the Hebei province, equipment for the production of hydrogen at 4 MW, and to reinforce its position for multi-MW international projects. With this major reference, McPhy has confirmed its ability to execute projects of massive renewable energy conversion for hydrogen, which will be either reinjected into the networks or used as raw material.
  - *September 2017:* McPhy won an international call for tender for € 1.3 M to install an innovative methanation unit operated by the Austrian group RAG. McPhy’s quick response to the electrical power variations enables it to position its equipment as the ideal tool to stabilize power grids faced with the increasing influx of renewable electricity and to participate in the primary and secondary reserves;
  - *December 2017:* Laying the foundation stone for the “Jupiter 1000” demonstrator in Fos-sur-Mer, the first Power-to-Gas demonstrator in France hooked up to the transport network for natural gas for which McPhy shared its expertise in electrolysis technology.



- **Industry: a very competitive technology which allows manufacturers to conciliate economic performance and environmental efficiency**
  - *July 2017*: following the thermal power plant of CPI Zaoquan in the region of Ningxia in China, McPhy will equip the plant in Liban for a « Power Plant Cooling » application. By winning this contract for Thyssenkrupp TKUCE, McPhy confirms the efficiency of its range of McLyzer generators to produce on site, at a competitive price, the hydrogen needed to run cooling circuits in the thermal plants;
  - *December 2017*: McPhy delivered to Linde hydrogen production equipment for the Pôle Utilité Services PUS operated by ENGIE Cofély, which fuels the FABs of semi-conductors for Minatec in Grenoble.

## Post-closing event

The Group is pleased to join the *Hydrogen Council* as a “supporting member”. This global initiative, unique in its kind, aims to show that hydrogen is one of the key solutions of the energy transition. Hydrogen Council members have indicated their willingness to step up their investment in the development and commercialization of hydrogen and fuel cells. Their investments are currently estimated at € 1.4 billion per year<sup>5</sup>. This acceleration will be made possible by stronger support by decision-makers in the role of hydrogen in the future energy mix, in particular via appropriate public policies and programs. This is a great opportunity to work with major industry players in the large-scale deployment of hydrogen technologies and uses.

## Next release

Results for the first semester 2018 – Thursday July 26, 2018, after closing of stock exchange.

## Balance sheet highlights<sup>6</sup>

<b>Assets (in million euros)</b>	<b>2017</b>	<b>2016</b>
Goodwill	2.5	2.5
Other assets	3.2	3.6
Other non-current assets	0.3	0.3
<b>Total non-current assets</b>	<b>6.0</b>	<b>6.4</b>
Inventories	2.5	2.7
Trade and other receivables	6.5	7.6
Current tax assets	0.5	0.9
Financial assets	0.6	1.0
Cash and equivalents	4.4	7.1
<b>Total current assets</b>	<b>14.5</b>	<b>19.4</b>
<b>Total assets</b>	<b>20.5</b>	<b>25.7</b>

<sup>5</sup> How Hydrogen empowers the energy transition, Study, 2017, Hydrogen Council

<sup>6</sup> Audited accounts in the approval process by the Board of Directors on 12 March 2018



<b>Equity and Liabilities</b> (in million euros)	<b>2017</b>	<b>2016</b>
Share capital	1.3	1.1
Additional paid-in capital	22.3	28.2
Treasury stocks	(0.1)	(0.1)
Retained earnings	(17.2)	(21.7)
<b>Total shareholder's equity</b>	<b>6.4</b>	<b>7.6</b>
Provisions-over 1 year	0.4	0.4
Financial debt and borrowings – over 1 year	4.4	5.7
Other non-current liabilities	0.4	0.4
<b>Total non-current liabilities</b>	<b>5.2</b>	<b>6.5</b>
Provisions-under 1 year	0.2	0.5
Financial debt and borrowings – under 1 year	2.5	2.6
Trade and other payables	4.3	4.2
Other current liabilities	1.8	4.3
<b>Total current liabilities</b>	<b>8.9</b>	<b>11.6</b>
<b>Total equity and liabilities</b>	<b>20.5</b>	<b>25.7</b>

#### ABOUT MCPHY

In the framework of the energy transition, and as a leading supplier of hydrogen production, storage and distribution equipment, McPhy 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 provides turnkey solutions to its clients. These solutions are tailored to our client applications: renewable energy surplus storage and valorization, fuel cell car refueling, 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 NYSE Euronext Paris (Segment C, ISIN code: FR0011742329; ticker: MCPHY).

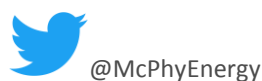
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