

H1 2015 results

- 23 % rise in revenue
- First promising commercial successes

La Motte-Fanjas, July 28th, 2015 - McPhy Energy, a leading developer of hydrogen-based solutions for industry and energy markets, continued to develop its disruptive technologies and recorded a first major commercial success in the first half confirming the relevance of its strategy. The Group has in this way laid foundations for accelerating its expansion in an increasingly favourable market environment for new hydrogen applications.

Operating highlights

- [First major contract in China](#)

Within the framework of a long-term partnership with state-owned Hebei Construction and Investment Group Co., Ltd, McPhy Energy signed the first contract for €6.4 million to supply a "Wind to Hydrogen" ("Power to Gas") system for the monetization of surplus energy generated by a 200 MW wind farm site currently under construction in the Hebei province of China. This contract which will enter into force as soon as administrative authorizations have been received, provides for delivery in July 2016 with the equipment to be commissioned in January 2017.

- [A strategic commercial alliance](#)

By becoming the exclusive supplier of ThyssenKrupp Uhde Chlorine Engineers, a world leader in chlor-alkali and hydrochloric acid electrolysis plants, for its high-pressure water electrolysis-based hydrogen generation equipment, McPhy Energy has opened up new prospects in the market for renewable energy storage for power-to-gas and carbon-free mobility applications.

- [Launch of a range of new-generation alkaline water-electrolysers](#)

McPhy Energy entered into a technological partnership agreement with De Nora, the world's leading provider of electrochemical products and services, to develop a range of new-generation alkaline water-electrolysers, more compact and responsive with an unrivalled lifespan, expanding its existing range of electrolysers.

- [Expansion of its hydrogen mobility offering](#)

In the very promising market for hydrogen refuelling stations, McPhy Energy now proposes a complete range of solutions including production by water electrolysis, intermediate storage and vehicle hydrogen refuelling station pumps. The number

of commercial opportunities recently opened up in France and international markets highlights the relevance of its expanded product offering.

Financial results

McPhy Energy's revenue for the first half grew by 23%. This performance was driven in particular by the commercial launch of its subsidiary in Germany in the Energy market.

Ramping up commercial activity, as expected, will enable the Group in this way to move forward from large-scale demonstration projects in the Energy sector to its next phase of development. On that basis, revenue streams from these subsidized projects that provided a means to validate the added technological and economic value of McPhy Energy solutions, will progressively phase out. Reflecting this shift, other ordinary income at June 30th, 2015 amounted to €1.6 million (compared to €1.8 million one year earlier).

The delivery of these pilot projects with approximately one half the cost incurred by the Group, will result in a corresponding reduction in the level of its variable costs. In conjunction with rigorous management of structural fixed costs which offset significant investments undertaken to strengthen commercial teams (recruitment of 5 senior sales managers in H2 2014) operating costs are under control.

The operating loss for the first half was €5.1 million, down from €5.5 million for the same period last year.

At June 30th, 2015, McPhy Energy had €18.7 million in equity and total assets of €30.6 million. At the end of the first half, the Group had €16.8 million in cash¹, compared to €19.8 million at 31 December 2014, representing cash burn for the period of €3 million (compared to €5.1 million in H2 2014).

As McPhy Energy continues to invest in the development of its technological innovations and commercial deployment, it wishes to increase its financial flexibility and secure access to additional resources.

To that purpose, pursuant to the delegation of authority granted by the general shareholders' meeting², McPhy Energy has arranged for an equity financing line with Kepler Cheuvreux representing for informational purpose only an amount of €5.8 million at the current stock price³. This line concerns a maximum number of 900,000 shares (representing 9.80%⁴ of the share capital) for issuance solely at the request of McPhy Energy over a period of two years, at an average weighted price at the time of drawing, subject to a maximum discount of 8%.

This financing line will be activated in the best interests of the Company and its shareholders only under the following circumstances:

- an improvement in market conditions ensuring an optimal use of this type of financing;
- a growth opportunity calling for additional equity financing.

¹ A financial investment of €5.1 million not strictly meeting the IFRS definition of "cash equivalent" has been recognized under "Other investments". This item was recognized under current financial assets*** at the end of the reporting period (€3 million at December 31st, 2014)

² Resolutions 18 and 19 of February 27, 2014 GM and resolution 14 of May 21, 2015 GM

³ Based on the share closing price at July 27th, 2015 (i.e: €6.47)

⁴ Based on a share capital made up of 9,185,812 McPhy Energy shares at June 30th, 2015

If the total amount of this financing line were to be used, the holding of a shareholder previously with 1% of McPhy Energy's share capital before would in such case be reduced to 0.9%.

Outlook

In light of the relevance of its integrated offering of solutions and positioning in promising markets, McPhy Energy is ideally placed to capture growth opportunities. On that basis, the Group has been qualified for several refuelling stations and a Power-to-Gas project, and possesses the financial resources to accelerate its growth.

In the H₂ mobility sector, McPhy Energy will supply the hydrogen generator for a refuelling station in Woodside, California, to be commissioned in the second half.

The Group is also positioned for several calls for tender, namely in France, where it is actively contributing to the HyWay project, for the installation of hydrogen refuelling stations in Lyon and Grenoble. The Group is also involved in the deployment of hydrogen refuelling facilities in connection with the "Mobility Hydrogen France" plan providing for more than ten hydrogen refuelling stations between now and the end of 2016.

In the Energy market, McPhy Energy will complete production in the second half, in connection with the INGRID project, of equipment for storing hydrogen in solid form originating from renewable energy in Southern Italy. The Company will also put into service the integrated solid hydrogen production-storage solution for the Petawatt® Energy - Electrygen Pty Ltd, an independent Australian developer and operator of sun, water and wind hydrogen energy production sites.

IFRS (€m)	H1-2015	H1-2014	FY 2014
Revenue	1.8	1.4	3.2
Other ordinary income	1.6	1.8	5.2
Income from ordinary operations	3.4	3.2	8.4
Staff costs	(3.6)	(3.4)	(6.7)
Other operating expenses	(3.8)	(4.7)	(10.6)
Allowances for depreciation, amortization and reserves	(1.1)	(0.6)	(1.8)
Current operating income / (loss)	(5.1)	(5.5)	(10.7)
Other operating income and expenses	ns	ns	0.1
Net interest expense	(0.1)	(0.3)	(0.3)
Income tax expense	(0.1)	(0.1)	0.3
Net profit	(5.2)	(5.8)	(10.6)

Audited accounts approved by the Board of Directors on July 28, 2015

- Assets (€m)	06/30/2015	12/31/2014
Non-current assets		
Goodwill	2.5	2.5
Intangible assets	0.2	0.2
Property, plant and equipment	4.1	4.4
Other assets	0.1	0.1
Deferred tax assets	0.1	0.1
Total	7.0	7.3
Current assets		
Inventories	1.4	1.4
Trade and other receivables	3.3	4.4
Current tax assets	2.1	1.7
Financial assets	5.1	3.0
Cash and cash equivalents	11.7	16.8
Total	23.6	27.2
Non current assets held for sale	-	-
Total assets	30.6	34.5

- Equity and liabilities (€m)	06/30/2015	12/31/2014
Share capital	1.1	0.4
Additional paid-in capital	33.2	54.0
Treasury stock	(0.1)	(0.1)
Retained earnings	(15.5)	(31.0)
Total shareholders' equity	18.7	23.4
Non-current liabilities		
Provisions – over 1 year	0.4	0.2
Financial debt and borrowings – over 1 year	4.5	4.2
Other non-current payables	-	0.5
Deferred tax liabilities	0.2	0.2
Total	5.1	5.1
Current liabilities		
Provisions – under 1 year	0.1	ns
Financial debt and borrowings – under 1 year	0.5	0.7
Trade and other payables	3.8	3.4
Other current liabilities	2.3	1.9
Total	6.7	6.1
Non current liabilities held for sale	-	-
Total equity and liabilities	30.6	34.5

About McPhy Energy

McPhy Energy is a leading developer of hydrogen-based solutions for industry and energy markets. The company draws on its exclusive technique for storing hydrogen in solid form and its years of experience in producing hydrogen through water electrolysis to design and manufacture flexible storage and production equipment.

McPhy Energy markets easy-to-use, environmental-friendly solutions combining unique safety features and energy independence in the renewable energy, mobility and industry sectors.

The Group has three production sites in France, Germany and Italy, a R&D laboratory in France and three sales subsidiaries in North America, the Asia-Pacific and the Russia-Eastern Europe-Central Asia regions.

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

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