



Press release

First-half 2018 business trends: new milestones reached in McPhy's development

- Pursuit of McPhy's innovation drive with the launch of a new range of electrolyzers developed in a breakthrough with De Nora
- Industrial and commercial partnership signed with EDF
- Balance sheet strengthened with €18.6 million in cash thanks, notably, to a capital increase reserved for EDF
- €3.5 million in revenue
- Confirmation of further growth in activity

La Motte-Fanjas, July 26, 2018 at 5:45pm – McPhy (Euronext Paris Compartment C: MCPHY, FR0011742329), a specialist in hydrogen production, storage and distribution equipment, is today announcing its interim 2018 results.



We are reiterating our confidence in McPhy's growth prospects on the strength of our position as a leader, our robust balance sheet and the tremendous prospects for the hydrogen market."

Pascal Mauberger, Chairman and Chief Executive Officer of McPhy, commented: *"Our performance during the first six months of 2018 showed that McPhy is powering ahead. We demonstrated this by reaching several key milestones in our development, despite a delay to competitive tenders temporarily affecting our revenue growth and our operating income.*

Our technological advances and our cutting-edge industrial infrastructures have established our leadership credentials with major industry players and enabled us to forge key partnerships.

We launched in April a whole new generation of electrolyzers under our technology partnership with De Nora. They represent a genuine technological breakthrough that substantially strengthens our competitive advantage.

We have also strengthened our offering in clean mobility with a range of dedicated refueling stations for 700-bar vehicles. Positive tests were conducted alongside Toyota, the leader in carbon-free mobility, and will enable us to finalize the architecture for the first of the series in October this year.

By the way, we signed in June an industrial and commercial partnership with EDF, a world leader in low-carbon energies to develop carbon-free hydrogen in France and around the world. With the additional financial resources and backing of the EDF group, we will speed up the pace of our growth, energize our business development, and conquer new markets.

On the sales front, we logged an order from CNR and ENGIE for a second refueling station in Lyon. We also recorded an order for a 200 kg per day capacity bus recharging station with an electrolyzer for the Lens-Béthune urban area.

We are reiterating our confidence in McPhy's medium-term growth prospects on the strength of our positioning, our robust balance sheet and the tremendous prospects for the carbon-free hydrogen market, including the French deployment plan announced by the French minister Nicolas Hulot on June 1st, 2018 ."

Condensed income statement

<i>(in million of euros)</i>	H1 2018	H1 2017	Reminder 2017
Revenues	3.5	5.5	10.1
Other operating income	0.5	0.6	1.2
Income from ordinary activities	4.0	6.1	11.3
Purchases consumed	(1.9)	(3.6)	(5.7)
Personnel expenses	(3.1)	(3.1)	(6.0)
External expenses	(2.5)	(2.1)	(5.2)
Depreciation allowances and provisions	(0.5)	(0.3)	(0.8)
Recurring operating income	(4.0)	(3.0)	(6.4)
Other operating income and expenses	0.0	0.0	(0.1)
Operating income	(4.0)	(3.0)	(6.5)
Financial result	(0.1)	(0.1)	(0.1)
Income tax expense	(0.0)	(0.1)	(0.1)
Net income	(4.1)	(3.2)	(6.7)

The audited accounts have been approved by the Board of Directors on July, 25th 2018

McPhy continues to power ahead

McPhy's revenue totaled €3.5 million, compared with €5.5 million in the first six months of 2017. The figure for the first half of 2017 included €2.8 million in revenue under the HEBEI contract.

Despite delays to competitive tenders temporarily affecting revenue growth and operating income, the Group maintains its business momentum, especially in very large-scale electrolysis platform projects (from 10 to 100 MW) for industry, which the impact should be substantial on revenue.

During the first half, McPhy logged an order in the clean mobility market for a second hydrogen station with an electrolyzer from CNR and ENGIE GNVERT in Lyon. It also inked a deal for its first hydrogen station for buses in the Hauts de France region, lifting to 11 the number of McPhy hydrogen stations in France, and to 30,500 km in clean mobility the daily potential of all its stations.

As a result of revenue trends in the first half of 2018, combined with a significant R&D effort, McPhy's operating performance fell back 34% compared with the first six months of 2017.

McPhy held €18.6 million in cash at June 30, 2018 following the capital transactions completed in the first half of the year. Its stronger balance sheet will provide a springboard for it to speed up the pace of its growth, energize its business development and conquer new markets.

Further business expansion amid upbeat market conditions

During the first half of 2018, the expected ramp-up in the hydrogen market predicted in the Hydrogen Council's "Scaling Up" report¹ clearly materialized. The French government also undertook to support the development of a carbon-free hydrogen sector as part of the energy transition. In 2019, a budget of €100 million will be devoted to rolling out carbon-free hydrogen in the industry, mobility and energy sectors across France.

¹ <http://hydrogencouncil.com/hydrogen-scaling-up/>



The large-scale deployment of these new clean hydrogen applications and technologies will be made possible largely through water electrolysis. With its industry-leading Augmented McLyzer technology, McPhy has established an undeniable lead in the sector, and its product range is getting more efficient and competitive all the time.

Its “qualified commercial pipeline”² currently stands at €80 million. This business indicator does not include very large-scale electrolysis platform projects (from 10 to 100 MW).

McPhy is reiterating its forecast of business growth on the basis of the current highly supportive market conditions and its robust balance sheet.

Highlights of the first half of 2018

- **Signature of key partnerships for McPhy’s development**

- **Technology partnership to maintain McPhy’s competitive advantage: long-term supply agreement with its technology partner to integrate De Nora’s advanced electrodes in its electrolyzers**

- **April 2018:**

- *Through the introduction of De Nora’s proprietary electrodes in McPhy’s high-pressure alkaline electrolyzers, the quantity of hydrogen produced doubles with the same stack size and specific energy consumption*
- *An unrivaled electrolysis platform offering key benefits for clients, including a smaller footprint, enhanced energy efficiency, and a drastic improvement in competitiveness*
- *McPhy can now respond to the growing needs of the industry, transportation and energy sectors, with systems ranging from a few MW to 100 MW and over*
- *This next-generation alkaline water electrolysis has already been selected by major industry players*

- **Industrial and commercial partnership: EDF and McPhy have sealed a partnership agreement to develop carbon-free hydrogen in France and around the world**

- **June 2018:**

- *Industrial and commercial partnership agreement to develop carbon-free hydrogen in France and around the world*
- *€16 million investment by EDF Nouveaux Business Holding in McPhy by via a reserved capital increase*
- *Significant increase in McPhy’s financial clout to support its growth as it seeks to accelerate its business development*

- **Collaboration with a leading player in the mobility market: McPhy and Toyota jointly conducted tests on McPhy’s prototyping and testing platform for 700 bar hydrogen stations**

- **July 2018:**

- *Positive tests conducted jointly with Toyota on a 700 bar testing platform*
- *Support from Toyota in the finalization development phase for this new McPhy product*

² Projects on which McPhy rates its chances of success and a go-ahead at over 50%



- *McPhy's hydrogen station range extended to include 350 bar and 700 bar solutions*
- *First deliveries of the McFilling 200-700 solution in 2019*

– **McPhy recognized as a major player in the hydrogen sector: McPhy joins the Hydrogen Council**

- **March 2018:** *The Group has joined the Hydrogen Council as a “supporting member”. The aim of the global initiative—the first of its kind—is to demonstrate the potential for hydrogen as a key solution for the energy transition. The 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.³*

● **McPhy's business momentum continues to power up**

– **Robust commercial partnerships**

- **April 2018:** *tripartite contract with CNR (Compagnie Nationale du Rhône) and ENGIE GNVERT for the installation of a second McPhy hydrogen station at the Edouard Herriot port in Lyon. This station, which will have a capacity of 80kg per day, will be hooked up to an electrolyzer at the site producing green hydrogen on demand.*
- **May 2018:** *agreement for the first McPhy station supplying six hydrogen buses operating in the Hauts de France region. McPhy will provide the station and 200kg per day electrolyzer, which will produce carbon-free hydrogen for the buses.*

– **Equipment commissioned successfully**

- **June 2018:** *ENGIE inaugurates the largest hydrogen utility fleet and its first alternative multi-fuel station in France. Located at the heart of the Rungis International Market, the hydrogen station, designed and manufactured by McPhy, supplies this fleet of 50 hydrogen-powered utility vehicles.*
- **June 2018:** *ENGIE inaugurates the GRHYD platform in Dunkerque. With its hydrogen storage module, McPhy is participating in this strategic project under the Hydrogen Plan launched on June 1, 2018 by the French government, which will provide technical and economic data about hydrogen injection.*
- **June 2018:** *ENGIE Cofely inaugurates its renewable hydrogen production system at its Utilities Service Unit in Grenoble. The clean hydrogen production and storage equipment is supplied by McPhy.*

³ *How Hydrogen empowers the energy transition, Report, 2017, Hydrogen Council*



Balance sheet highlights

Assets (in million of euros)	30/06/2018	30/06/2017
Goodwill	2.5	2.5
Other assets	2.9	3.2
Other non-current assets	0.4	0.3
Total non-current assets	5.8	6.0
Inventories	2.6	2.5
Trade and other receivables	5.9	6.5
Current tax assets	0.5	0.5
Financial assets	-	0.6
Cash and equivalents	18.6	4.4
Total current assets	27.6	14.5
Total assets	33.4	20.5
Equity and liabilities (in million of euros)	30/06/2018	30/06/2017
Share capital	1.8	1.3
Additional paid-in capital	31.3	22.3
Treasury stocks	(0.2)	(0.1)
Retained earnings	(11.7)	(17.2)
Total shareholder's equity	21.3	6.4
Provisions – over 1 year	0.3	0.4
Financial debt and borrowings (over 1 year)	4.6	4.4
Other non-current liabilities	0.5	0.4
Total non-current liabilities	5.4	5.2
Provisions – under 1 year	0.3	0.2
Financial debt and borrowings (under 1 year)	1.2	2.5
Trade and other payables	3.7	4.3
Other current liabilities	1.6	1.9
Total current liabilities	6.8	8.9
Total equity and liabilities	33.4	20.5

Next release

Results for 2018 – Tuesday January 22, 2018, after closing of stock exchange.



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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