

2015 annual results and highlights

EUROPLASMA (ALEUP, ISIN FR 000044810), designer and operator of plasma solutions for renewable energy generation and hazardous waste recovery, announces its results for the year ended 31 December 2015, approved by the Board of Directors on 20 April 2016 and audited by the Joint Statutory Auditors.

At consolidated level:

- First results from the strategic shift: a significant improvement in sales and operating performance in each of the Group's three divisions.
 - Revenues of €14.1 million, up 57% on 2014, driven by growth in each of the sectors.
 - Net loss of €16.2 million, reduced by 38%.
- Cash of €6.9 million, down €6.7 million in relation to the performance tests at CHO Morcenx.

At divisional level:

- Positive contribution of Plasma Solutions (excluding Corporate costs) and Asbestos Treatment to the Group EBITDA level.
- Major progress for the Renewable Energies division, which obtained the Final Acceptance with Reserves (FAR), opening the way for the final delivery.

Commenting on the annual results, Europlasma Chief Executive Officer Jean-Eric Petit said:

"For the last two years, we have been committed to a complete reorganisation of the Group, and we are starting to see the first positive signs. The most notable progress is at the operational and sales levels in our Asbestos Treatment and Plasma Solutions divisions, prolonged by continued progress at the technical and industrial levels in the Renewable Energy division. The Group's fundamentals are today more solid.

Admittedly, the consolidated results still show a loss, but one reduced by 38%, and for the moment closely linked to the commissioning costs of the CHO Morcenx plant. All our efforts are thus focused on the final delivery of this plant at the end of 2016, which will allow us to significantly reduce our level of cash consumption. This is our priority.

There is still some way to go to convert these positive steps into sustainable results. Each day we are working to progress in this direction.

Anchored at the heart of the circular economy, we benefit from powerful drivers that support all our activities and strengthen our determination."

Preliminary note on segment names:

As decided by the Board of Directors and in order to improve the understanding of the Europlasma Group's different activities, the various activity names have been changed as follows:

- the "Studies and Engineering, Torches and Processes" segment has been renamed "Plasma Solutions for gases and hazardous waste" or "Plasma Solutions" and is operated under the "Europlasma Industries" trade name. As a reminder, this segment covers the Corporate costs (see Glossary).
- the "Destruction of Hazardous Waste" segment has been renamed "Asbestos Treatment" (Inertam).
- the "Renewable Energies" segment (CHO Power and CHOPEX) designation remains unchanged.

Activity and results:

Recovery of the Asbestos Treatment activities with a positive EBITDA of €2.7 million.

Improvement in Plasma Solutions with a positive EBITDA of €0.6 million (excluding corporate costs amounting €2.8 million).

Progress in the Renewable Energies sector, with the achievement of the FAR and a negative EBITDA of €9.6 million, slightly contracting (€ 0.6 million), pertaining to the finalisation and testing of the plant.

In thousands of euros (T€)	2015	2014	Difference
Revenue	14,082	8,983	5,099
Other operating income	3,180	2,247	933
Other current operating expenses	-26,005	-22,478	-3,527
Depreciation, amortisation and provisions	-5,685	-10,366	4,681
Current operating income (loss)	-14,428	-21,615	7,186
Impairment of goodwill and equity-accounted investments	0	-1,308	1,308
Other non-recurring operating income and expenses	-188	-17	-171
Operating income (loss)	-14,617	-22,940	8,323
EBITDA	-9,068	-11,176	2,108

Source: 2015 consolidated financial statements audited by the Joint Statutory Auditors and approved by the Board of Directors on 20 April 2016.- certification in progress.

Activity and Revenue

Consolidated revenue amounted to €14.1 million for the 2015 financial year. The €5.1 million increase, i.e. 57% for the year, was driven by revenue growth in each of the Group's segments.

The Treatment of Asbestos segment (Inertam) posted revenue of €11.3 million, a 19% rise compared with 31 December 2014, associated with growth in treated volumes to 5,802 tonnes at 31 December 2015 against 4,482 tonnes at 31 December 2014.

This performance reflects the progress made through more rigorous operations and through plant reliability investments made at the end of 2014 which will continue in 2016. Commercial momentum was also sustained, as shown by the 15.9% volume growth in orders on a year-on-year basis.

The Plasma Solutions segment (Europlasma Industries) generated revenue of €2.2 million compared with €0.1 million for the year ended 31 December 2014. This increase was due to the recognition of revenue and related income on the KNPP (Kozloduy Nuclear Power Plant) contract and on the Chinese contract signed at the beginning of 2015, for €0.4 million and €1.7 million respectively.

The Renewable Energies segment posted revenue of €0.6 million, compared with -€0.6 million for the year ended 31 December 2014, i.e. +€1.2 million of annual change. Revenue for this segment corresponds to the recognition of revenue on the EPC (Engineering, Procurement and Construction) contract, according to the percentage of completion recognition method.

The recording of a negative revenue figure of -€0.6 million on the contract for 2014 was due to a change in estimates

Recognised revenue for 2015, therefore, indicates the project's progress on the new basis established at the end of December 2014.

Results and operating performance

The operating loss for 2015 stood at €14.6 million. The €8.3 million improvement compared with 2014 is due, on the one hand, to a significant reduction in depreciation, amortisation, impairment and provisions over the period, and on the other hand, to the more solid operating performance.

EBITDA was -€9 million compared with -€11.2 million in 2014. This improvement in performance was driven by each of the segments, which all posted positive contributions to this change.

The recovery of the **Treatment of Asbestos** segment is significant, with operating income of €0.4 million compared to an operating loss of €3.1 million in 2014. This improvement is due to a combination of three factors: operational progress accomplished within the division (positive impact of €1.2 million), the reduction in depreciation expense for the furnace of €1 million and the preserved value of goodwill for Inertam, which had been subject to an impairment loss of €1.3 million at end-2014.

The **Plasma Solutions** segment, which supports all the Group's Corporate costs, reduced its operating loss to €3.7 million, against €5.5 million for the year ended 31 December 2014, thanks, in particular, to the growth in revenue for engineering contracts and activities of €2.1 million.

After restating net Corporate expenses (representing €2.8 million) the EBITDA generated by the Plasma Solutions activity stands at €0.6 million, showing the positive contribution of this sector to the Group's EBITDA. However, this result does not offset all of the depreciation and amortisation expenses for the assets of this activity and the additional impairment loss recognised on the test platform, all of which amounted a total of €1.7 million.

Most of the operating loss for the year is attributable to the **Renewable Energies** segment, whose operating expenses directly linked to plant operations reflect the costs of the commissioning and ramp-up of the CHO Morcenx plant. An additional provision for losses upon completion on the EPC contract representing €1.4 million was also recorded (having no impact on the cash position of the period). The operating losses recorded by the Renewable Energies segment reduced €11.2 million for the year ended 31 December 2015, compared with €14.4 million for the year ended 31 December 2014, i.e. an improvement of €3.2 million.

Net income

Total net loss of €16.2 million, a significant reduction of 38%.

In thousands of euros (T€)	2015	2014	Difference
Operating income (loss)	-14,617	-22,940	8,323
Financial income	-140	-2,821	2,681
Income tax	-1,296	-322	-974
Share of net income (loss) of equity-accounted entities	-137	90	-227
Minority interests	26	2	24
Net income (loss), Group share	-16,163	-25,991	9,828

The net financial income of -€0.1 million, a significant improvement compared with 2014 (-€2.8 million) reflects the reduction in borrowing and the corresponding interest.

Income tax expense was €1.3 million, mainly comprising a reclassification to losses of a deferred tax asset for the same amount.

In total, the loss is standing at -€16.2 million, compared with -€26 million in 2014, a reduction of 38%.

Balance sheet and cash position

Financial structure

Cash position at €6.9 million, down by €6.7 million.

Financial liabilities (non-current): €11.2 million, up €3.2 million.

Consolidated equity: €2.5 million, down €14.3 million as a consequence of the loss.

In thousands of euros (T€)	31/12/2015	31/12/2014	Difference
Non-current assets	23,828	22,641	1,187
Current assets (non-cash)	13,102	24,021	-10,919
Cash	6,915	13,640	-6,725
Consolidated equity - Group share	2,495	16,793	-14,298
Non-controlling interests	102	128	-26
Non-current financial liabilities	11,245	7,982	3,263
Other non-current liabilities	713	673	39
Current financial liabilities	1,379	1,359	20
Other current liabilities	27,911	33,366	-5,455
Balance sheet total	43,845	60,302	-16,457
Net debt	5,709	-4,299	10,008
Net debt ratio	229%	-26%	254%
Shareholders' equity - Group share, in euros per share	0.04	0.24	-0.20

Source: 2015 consolidated financial statements audited by the Joint Statutory Auditors and approved by the Board of Directors on 20 April 2016.

Assets:

Cash and cash equivalents at €6.9 million (including €0.1 million for the Air & Gas sector, without activity and maintained in the consolidation scope), recorded a decrease of €6.7 million due to outflows over the period mainly affected to the requirements of the Renewable Energies segment.

The additional guarantee for an amount of €4 million paid at the end of 2014 on the CHO Morcenx EPC contract was repaid during the half-year 2015 by the client for the amount of €3.9 million, generating a cash inflow for the same amount and contributing to a decrease in current assets (non-cash).

In addition, given the timetable for the final delivery of the CHO Morcenx plant now planned for the end of 2016, the financial guarantee for the CHO Morcenx EPC contract initially placed in an escrow account was reclassified from current assets to non-current assets for its net amount of €3.8 million at 31 December 2015.

Liabilities:

Equity at €2.5 million saw a reduction of €14.3 million compared with 31 December 2014, due to the €16.2 million loss for the period, partially offset by the capital increases associated with the conversion of redeemable share purchase warrants (BSAR) for €0.5 million, issue premium included.

The increase in non-current financial liabilities reflects the setting up of a private placement in the form of convertible obligations for a gross amount of €5 million carried out in December 2015. Subscriptions to this bond issue (including the offsetting of a liquid bridging loan with due claim on the Company) generated €4.6 million in cash, net of issue costs and capitalized interests.

Consequently, the Group's net debt amounted to €5.7 million at 31 December 2015 compared with a cash surplus of €4.3 million at 31 December 2014.

The Group settled the instalments of its various moratoriums (obtained in 2013 and 2014) in the amount of €1.8 million for the year 2015, contributing to the reduction of other current liabilities.

Cash position and operating cash flows

Operating cash flows: -€8.1 million, up €3.9 million.

Operating cash consumption of €12 million, reduced by €1.1 million, after repayment of the 2013 moratoriums for €1.8 million in 2015

In thousands of euros (T€)	2015	2014	Difference
Operating cash flows	-8,113	-12,020	3,907
Net cash used in operating activities	-11,996	-13,083	1,086
Net disinvestments/(investments)	1,811	-4,865	6,676

Operating cash flows at -€8.1 million (compared with -€12 million in 2014) recovered considerably, reflecting the performance improvements for the Plasma Solutions and Treatment of Asbestos segments. However, the progress made in these segments was not sufficient to offset the (stable) deficit in operating cash flows in the Renewable Energies sector, as well as cash consumption by the Holding company.

Cash consumption by operating activities takes into account cash outflows due to the repayment of the moratoriums signed in 2013 and extended in 2014. These represented €1.8 million in 2015 and a net amount of €0.7 million in 2014 (i.e. after taking the new deadline deferrals into account). The reduction in cash consumption posted is therefore limited to €1.1 million.

The repayment of the additional guarantee on the CHO Morcenx EPC contract for €3.9 million largely offsets the €2.3 million in capital expenditures for the Treatment of Asbestos activity (improvements and the renewal of furnace refractories). The Divestment/investment item amounted to €1.8 million with a positive change of €6.7 million compared with 2014.

It is important to note that the Group's cash consumption is currently essentially related to the completion of the delivery/reception process for the CHO Morcenx plant.

Events after the reporting period and outlook

Corporate : Financing

In addition to the private placement of €5 million carried out in December 2015, the cash financing requirement for activities in 2016 is based on a combination of different actions including WCR-related measures and the set-up of an equity line that will secure continuity of operations.

Measures related to the working capital requirement

Amongst the WCR-related measures implemented, a factoring solution was deployed at the end of February for Inertam's clients, enabling this entity to cover its 2016 requirements, it being understood that all cash requirements were covered by Europlasma in 2015 (€2.9 million).

Set-up of an equity line

At the end of February 2016, the Group set up an equity line with Kepler Cheuvreux for a maximum of €10 million in two tranches, the first one (€5 million) being actionable in 2016. Drawings will depend on stock market conditions. This line should enable the Group to gain more leeway, diversify its financing sources and meet its cash requirements associated with the development of its activities with more flexibility.

At the date of publication of the financial statements, the Company has not drawn on this financing line.

With regard to the financing of the deployment plan for future plants, the Group is studying specific project financing solutions that guarantee the interests of Europlasma and its shareholders.

Changes to the Board of Directors

As announced on 20 April 2016, Europlasma's Board of Directors unanimously co-opted Yann Le Doré as an independent Director, replacing Erik Martel.

This co-optation will be submitted for approval by shareholders at the General Shareholders' Meeting, scheduled on 8 June 2016.

Plasma Solutions (Europlasma Industries)

Radioactive waste

After various delays, the KNPP (Kozloduy Nuclear Power Plant, Bulgaria) project contract resumed. Europlasma teams have been on-site since February 2016 to supervise the installation of equipment and prepare them for commissioning. Final reception of this plasma unit, for volume reduction and conditioning of low-level radioactive waste, is planned for the second half of 2016.

In addition, at the beginning of 2016, Europlasma received an order regarding the study for volume reduction and conditioning of low- and medium-level radioactive waste, which reinforces the Europlasma position in this new market segment.

Fly ash

Europlasma is actively cooperating with the Chinese Ministry for Environmental Protection (MEPSCC) in order to obtain validation for the vitrified production from the plasma treatment of fly ash from incineration as an inert and recoverable product. This validation is expected for the beginning of 2017. To accelerate its development in China, Europlasma has been assisted by a local Shanghai-based agent since the beginning of 2016.

The development of the first installation of this type in China is continuing and all equipment delivered by Europlasma has now been received on-site. The installation should start up during summer 2016, and will be immediately followed by its commissioning.

Recovery of precious metals

At the beginning of 2016, Europlasma obtained a letter of intention from a European manufacturer to supply a plasma system which should significantly improve the known processes to recover precious metals contained in certain types of waste. The technical-economic analysis is in progress.

Treatment of Asbestos (Inertam)

Business development

Abroad: in February 2016, Inertam signed a contract for the treatment of 2,800 tonnes of asbestos waste from a former industrial site and public building with an Italian company. Deliveries will begin during the second half of 2016, and will be spread over three years. In March 2016, Inertam received the visit of the INAIL (Italian Institute for Social Security), confirming the Italian government's interest in a final, sustainable solution for the treatment of asbestos as an alternative to landfill.

In France, the order book already exceeds expectations, and holds the prospect of an increase in deliveries (excluding the Italian contract) of at least 10% compared with 2015.

Renewable Energies (CHO Power)

CHO Morcenx: Progress on lifting the reserves

As a reminder, after the issue of the FAR (Final Acceptance with Reserves) at the end of 2015, four levels of environmental and aesthetic reserves were issued. The reserve on glycol storage was lifted at the end of 2015. The reserves on residues and soot are currently being resolved. The reserve on the treatment of effluents is being studied with the Water Agency.

The last reserve of the FAR concerned the electrical production capacity installed on-site. At the end of January 2016, two GE-Jenbacher engines were ordered for 4 MWe of additional production capacity. These engines, purchased by CHO Power, then rented to CHO Morcenx, will be installed during the third quarter of 2016.

Final Acceptance will take place after the installation of this additional power and environmental improvements.

Regulations

The application decrees for the provisions of the Energy Transition law adopted in August 2015 are being established and are still under discussion for some, and in consultation for others.

Whatever the results of these discussions, in which CHO Power actively collaborates, the CODOA already secured for on-going projects (CHO Tiper, CHO Locminé, CHO Brocéliande, CHO Le Poher), will remain valid, subject to the reserve of the date of work completion.

Publication of FY2015 financial statements and annual report

The consolidated accounts are available on the Group's site www.europlasma.com, in the "Shareholders & Investors" section, under the item "Regulated information".

The "Document de Référence" (Registration Document including the financial report) will be online on 28 April after close of trading on the same item.

About EUROPLASMA

At the heart of environmental issues, Europlasma designs and develops innovative plasma solutions for renewable energy generation and hazardous waste recovery, as well as related applications for multi-sector companies wishing to reduce their environmental footprint.

Europlasma is listed on Alternext (FR0000044810-ALEUP). For more information: www.europlasma.com

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Disclaimer

This release contains provisional information on the best estimates of the Management at the date of their publication. This information is by nature subject to risks and uncertainties which are difficult to predict and generally outside the Group's field of action. These risks include the risks listed in the Group's reference document available on its website <http://www.europlasma.com>.

Consequently, the future performance of the Group may differ significantly from the provisional data communicated and the Group can make no commitment to the achievement of these provisional elements.

APPENDICES

1. GLOSSARY

BSA: Share purchase warrant.

BSAR: Redeemable share purchase warrant.

CHO Morcenx: Simplified joint-stock company (*Société par Actions Simplifiée*), owner of the waste and biomass-to-energy power plant in Morcenx (France), 35% owned by Europlasma Group, through its subsidiary CHO Power, at 31/12/2014.

Corporate costs: Holding and SCI de Gazéification (SCIG) operating costs.

EBITDA: net consolidated revenue, including companies' fiscal expenses, net financial expenses and net appropriations to depreciation and provisions (including impairment on goodwill).

Net debt: financial debt less liquid assets and short-term investment securities.

EPC: Engineering, Procurement and Construction contract. This concerns the contract for the CHO Morcenx power plant.

FA: "Final Acceptance" or "Lifting of Reserves": Final acceptance by the client or delivery of the CHO Morcenx power plant. The reserves concern: 1/ adding additional engines; 2/ aesthetic and environmental improvements

FAR: "Final Acceptance with Reserves", final acceptance with reserves of the plant by the client in its current configuration with two engines.

KNPP: Kozloduy Nuclear Power Plant is a contract for the supply of a plasma furnace to reduce and immobilize low-level radioactive waste at the Bulgarian nuclear power plant of Kozloduy.

Net debt ratio: Net debt/ Equity - Group share

SCIG : "Société Civile Immobilière de Gazeification" : Real estate Company holding the Group's real estate as well as CHO Morcenx's land and buildings;

2. SEGMENT INFORMATION

2015	Plasma Solutions (inc. holding)	Asbestos treatment	Renewable Energies	Air & Gas	Total
Goodwill	0	1,308	0	8	1,316
Other intangible assets	268	28	18	0	314
Property, plant and equipment	7,159	4,197	161	0	11,517
Other non-current assets	1,272	1,185	7,593	630	10,681
Cash and cash equivalent	5,763	377	678	97	6,915
Total Assets	17,244	11,811	14,053	737	43,845
Financial liabilities	10,708	1,913	3	0	12,624
Revenue	2,225	11,292	565	0	14,082
Net increase in depreciation, amortisation, and impairment	-1,466	-2,311	-1,793	-115	-5,685
Operating income	-3,662	428	-11,248	-134	-14,617
EBITDA	-2,196	2,739	-9,592	-19	-9,068

2014	Plasma Solutions (inc. holding)	Asbestos treatment	Renewable Energies	Air & Gas	Total
Goodwill	0	1,308	0	8	1,316
Other intangible assets	844	35	186	0	1,065
Property, plant and equipment	8,347	3,874	66	0	12,287
Other non-current assets	1,285	914	5,170	605	7,973
Cash and cash equivalent	12,638	464	425	114	13,640
Total Assets	26,043	10,875	22,653	730	60,302
Financial liabilities	6,891	2,447	4	0	9,341
Revenue	117	9,461	-596	0	8,983
Net increase in depreciation, amortisation, and impairment	-3,076	-3,278	-4,041	29	-10,366
Operating income	-5,478	-3,094	-14,358	-10	-22,940
EBITDA	-2,402	1,491	-10,227	-39	-11,176

Source: 2015 consolidated financial statements audited by the Joint Statutory Auditors and approved by the Board of Directors on 20 April 2016.