



Half-yearly results at 30 June 2016

Europlasma SA, a French company specialised in the design and use of plasma solutions for renewable energy generation and hazardous waste recovery, today announced its results for the half-year ended 30 June 2016, after limited review by the Statutory Auditors and closed by the Board of Directors on 26 October 2016.

Commenting on the first-half results, C.E.O. Jean-Eric Petit declares:

"We are continuing to pursue Europlasma's growth path, in line with the roadmap presented to shareholders, with great determination and progress.

The consolidated results for this first-half are similar to last year's and show a contraction in net loss. Benefitting from the progress of CHO Power and Europlasma Industries, both meeting their technical and commercial objectives, overall results are however affected by an exceptional one-off situation at our Inertam subsidiary. Fortunately, the reactivity of our teams allowed us to restart very quickly this asbestos treatment activity, which will return to normative profitability in 2017, and benefit from a growth underpinned by the current pace of asbestos waste deliveries.

The cash situation remains tight, still marked as expected by significant cash outflow at the current stage of development of CHO Morcenx, securing Final Acceptance (FA) before year end is more than ever a priority."

Activity and results

Stable operating loss and EBITDA despite the revenue decrease.
Net loss of €9 million, decreasing by €0.7 million.

in € thousand	30/06/2016	30/06/2015	Difference
Revenue	5,709	6,903	-1,194
EBITDA	-4,979	-4,887	-92
Operating income	-8,571	-8,835	264
Financial income	-423	224	-647
Net income for the year	-9,024	-9,768	743
Net income, Group share	-9,024	-9,749	725
Earnings per share (in euros per share)	-0.13	-0.14	0.01

Source: 2016 half-yearly consolidated financial statements closed by the Board of Directors on 26 October 2016, after limited review by the Statutory Auditors.

Activity and revenue

Revenue in the first half of 2016 amounted to €5,709 thousand, 17% lower than the first half of 2015. This decline is mainly attributable to the Asbestos Treatment (- €863 thousand) and Renewable Energies activities (- €557 thousand), with growth in the Plasma Solutions division (+€226 thousand) not managing to offset the under-performance of these other two branches.

The Asbestos Treatment activity (Inertam) suffered a significant slowdown in the rate of vitrification due to an incident in March affecting the refractory lining of the furnace roof.

Volumes treated fell accordingly by 23% over the period to 2,294 tonnes compared with 2,986 tonnes in the first half of 2015.

The reduction in terms of revenue, however, was less significant (-15% to €4,880 thousand) notably thanks to a more favourable product mix and the development of the transportation activity, which grew by 6% in value over the period.

Order intake continued to grow, with the order book up 7% over the period compared with the first half of 2015.

Revenue in the **Renewable Energies activity (CHO Power)** corresponds to revenue from the EPC contract recognised using the percentage of completion method. Since provisional additional expenses (€2,190 thousand) and the stage of completion were taken into account, insignificant revenue (€3 thousand) was recorded in the first-half of 2016, while income of €560 thousand had been booked in the first half of 2015.

The Plasma Solutions business (Europlasma Industries) grew by nearly 37% to €826 thousand, compared with €600 thousand at 30 June 2015. This mainly reflected the recognition of revenue on the KNPP (Bulgaria) contract and the KNC contract (China) signed in early 2015, for €514 thousand and €163 thousand respectively. The sale and completion of studies represented €142 thousand.

Results and operating performance:

Despite the decline in consolidated revenues of 17%, net loss contracted by 7% compared with the first half of the previous year.

Group EBITDA stabilised at -€4,979 thousand compared with -€4,887 thousand at 30 June 2015.

The operating loss amounted to €8,571 thousand compared with €8,835 thousand at 30 June 2015, a €264 thousands improvement.

After taking into account negative net financial income of €423 thousand (including interest on the bond subscribed in December 2015 (OCP) for €241 thousand), a tax expense of €26 thousand (against €1,160 thousand in H1 2015) and minority interests, the net loss stood at €9,024 thousand compared with €9,749 thousand at end-June 2015.

The performance by division revealed contrasting results, with a loss decrease in the Renewable Energies division partly offsetting the weaker performance from the other two sectors.

The **Asbestos Treatment (Inertam)** segment suffered the full consequences of the incident at the beginning of the half-year, with positive EBITDA of €802 thousand compared with €1,381 thousand in the first half of 2015, a drop of €579 thousand.

In addition to a fall in activity, profitability was impacted by an additional impairment of €327 thousand recorded on the goodwill of Inertam, and an increase in depreciation and provisions, which rose €496 thousand, including €134 thousand to cover the additional costs related to the change and upgrading of operator protection following the Asbestos risks revealed in early July.

The operating loss amounted to €1,190 thousand compared with an operating profit of €249 thousand at 30 June 2015, a fall in income of €1,439 thousand.

The **Plasma Solutions (Europlasma Industries)** segment, which bears the full amount of the Group's corporate expenses, recorded negative EBITDA of €1,107 thousand at 30 June 2016, compared with negative EBITDA of €747 thousand at 30 June 2015. This change reflects an increase in purchases consumed of €383 thousand and an increase in expenses of €114 thousand in connection with the strengthening of the Corporate structure in the course of 2015.

After taking into account depreciation and provisions of €625 thousand, down by €144 thousand compared with the first half of 2015, the operating loss stood at €1,816 thousand.

Excluding net Corporate expenses (amounting to €989 thousand), EBITDA from Plasma Solutions activity was negative in the amount of €118 thousand, and an operating loss of € 597 thousand was generated.

The **Renewable Energies** (CHO Power) segment, in which expenses are primarily related to operating, development and improvement costs at the CHO Morcenx plant, reduced its loss compared to H1 2015.

EBITDA amounted to a negative €4,671 thousand compared with negative €5,511 thousand at 30 June 2015, an improvement of €840 thousand. Operational loss at €5 579 thousand was down €1,892 thousand as compared to H1 2015 (-€7,471 thousand).

Expenses consumed over the period in respect of commissioning and improvements to the plant were reduced by €978 thousand and no penalties were imposed in the period, it being specified that these amounted to €281 thousand in the first half of 2015.

In addition, provisions and depreciation were declining by €1,098 thousand (mainly due to the accrual reversal by €1,170 thousand on loss on completion).

These charges reductions have offset the reduction in revenues by €557 thousand as compared to H1 2015.

Balance sheet and cash

Financial structure

Cash of €4.2 million, down €2.7 million.

Financial liabilities of €15 million, up €2.4 million.

Negative equity of €5.3 million.

In thousands of euros (T€)	30/06/2016	31/12/2015	Difference
Non-current assets	21,729	23,828	-2,099
Current assets (non-cash)	15,361	13,102	2,259
Cash	4,224	6,915	-2,691
Consolidated equity - Group share and Non-Controlling interests	-5,277	2,495	-7,773
Non-current financial liabilities	11,907	11,245	662
Current financial liabilities	3,067	1,379	1,688
Other liabilities current and non-current	31,523	28,624	2,899
Balance sheet total	41,314	43,845	-2,531
Net debt	10,750	5,709	5,041
Net debt ratio	-204%	229%	
Shareholders' equity - Group share, in euros per share	-0.07	0.04	-0.11

Source: 2016 half-yearly consolidated financial statements closed by the Board of Directors on 26 October 2016, after limited review by the Statutory Auditors.

The balance sheet total stood at €41,314 thousand, versus €43,845 thousand at 31 December 2015, a decrease of €2,531 thousand.

Within the balance sheet assets, cash of €4,224 thousand showed a net cash burn of €2,691 thousand over the period, mainly assigned to the needs of the Renewable Energies segment.

Within other assets, operating receivables increased by €2,049 thousand, related to, amongst others: an advance payments on the order of additional engines for CHO Morcenx amounting to €868 thousand and the establishment of the reserve and guarantee fund in the amount of €735 thousand under Inertam's factoring agreement,

Within the balance sheet liabilities, negative equity of €5,277 thousand was down €7,773 thousand compared with 31 December 2015, linked to the loss in the period of €9,024 thousand, partly offset by capital increases carried out as part of the equity line for an amount of €1,238 thousand including the issue premium.

Financial liabilities (current and non-current) of €14,974 thousand increased by €2,350 thousand as a result of the subscription of a new bridge loan in May 2016 for an amount of €1 million and the assignment of Inertam trade receivables to the factor corresponding to a recognised debt of €1,680 thousand. Loan repayments (SCI mortgage and loans and repayable advances from BPI) accounted for €639 thousand.

The Group's net debt stood at €10,750 thousand at 30 June 2016 compared with €5,709 thousand at 31 December 2015, a deterioration of €5,041 thousand linked to the reduction in cash (€2,691 thousand) and the increase in debts (€2,350 thousand).

Cash: cash flow from operations

In thousands of euros (T€)	30/06/2016	30/06/2015	Difference
Cash flow	-5,980	-4,903	-1,076
Net disinvestments/(Investments)	-1,397	1,921	-3,318

Cash flow from operations of -€5,980 thousand deteriorated by €1,076 thousand compared with 30 June 2015.

The flow of investments and divestments of -€1,397 thousand corresponded mainly to the funds allocated to the repair of Inertam's furnace (€1,034 thousand). It should be noted that these flows had been positively impacted at 30 June 2015 by the repayment of the supplementary financial guarantee by CHO Morcenx in the amount of €3,870 thousand.

It should also be noted that the Group's consumption of cash remains for the most part related to the finalisation of the process of delivery/acceptance of the CHO Morcenx plant.

To ensure the cash requirements for 2016 are met, the Group has implemented a plan combining action relating to the working capital requirements (WCR) and the setting up of equity financing. An Equity Line was initially subscribed in February and later cancelled and replaced by flexible bond financing in July 2016. Cash contributed by capital increases carried out as part of the Equity Line amounted to €1,238 thousand.

A bridge loan of €1,000 thousand was also taken out during the period.

This financing was accompanied by actions on the working capital requirements: a factoring solution was put in place in late February for Inertam's customers. The Group also came to agreements on the rescheduling of certain debts.

Significant post-balance sheet events and business outlook

Corporate

Flexible bond financing (OCABSA)

To replace the equity line, on 21 July 2016 the Company agreed to issue bonds to Bracknor Fund Ltd, an investment fund managed by the management company Bracknor Capital Ltd. This flexible bond involved the issue of 1,500 bonds, convertible into shares with a nominal value of €10,000 each (the "OCA"). It consists of a first tranche of 200 OCA and 13 tranches of 100 OCA each, which will be accompanied by share subscription warrants (the "BSA") (the OCA and the BSA together forming the "OCABSA") for a total maximum nominal amount of the bond of €15 million.

The issue of the first tranche of 200 OCA (the "OCA Tranche 1") for Bracknor Fund represents a nominal bond amount of €2 million. It was carried out on 21 July without attached BSAs on the basis of the 10th resolution of the Combined General Meeting of 24 June 2015.

The issue of the next 13 tranches was approved by the shareholders at the Extraordinary General Meeting of 2 September 2016.

The second tranche of OCAs was issued on 2 September for a nominal amount of €1 million. Further tranches were issued on 28 September and 21 October for the same nominal amount.

Associated capital increases

At the date of publication of this press release, the conversion of the first tranches of convertible bonds had resulted in the creation of 12,195,444 new shares, representing a capital increase of €4.15 million including the issue premium, excluding fees.

On 20 September, the €1 million bridge loan that had been agreed in May 2016 by CHO Power was transferred via a novation agreement to Europlasma.

This loan of €1,014 thousand (including interest) was then converted into 2,430,807 shares on 20 September.

The memorandum of understanding concerning the novation of the May 2016 bridge loan requires 80% of the shares subscribed to be held until 31 January 2017 or before subject to conditions.

Changes in governance

Europlasma's Board of Directors meeting on 22 August 2016 unanimously co-opted Erik Martel as Director, replacing Henri Arif.

This co-optation will be put forward to the next Ordinary General Meeting for ratification by the shareholders.

Erik Martel already knows the Group well, having been an active Director for six years, and a permanent representative of Masdar Venture Capital from 2014 until its resignation from the Board of Directors in April 2016.

Since then, Erik Martel has left Masdar Venture Capital, and is once again able to put his skills and commitment to use at Europlasma.

Renewable Energies (CHO Power)

CHO Morcenx

The two 2MW additional engines, manufactured specifically by GE Jenbacher for the CHO Morcenx power plant were delivered to the Morcenx site on 6 September as planned.

The installation and connection of these engines as well as their auxiliary equipment (control cabinets, coolers, oil tanks, extraction fans, etc) were finalised in mid-October. The manufacturer is currently performing "cold" testing (without gas injection), destined to control and validate all interfaces between the engines and the CHO Morcenx plant (hydraulic, electric, mechanical, pneumatic, electronic, etc). This intermediate phase of cold testing is indispensable, it should span over one or two weeks for each engine, and will be followed by the engine commissioning test, thus allowing us to perform the Final Acceptance (FA) tests by the end of the year.

Concurrently, all the environmental and aesthetic reserves reported after FAR in December 2015 are being resolved. However, due to some technical constraints (eg the characterisation of effluents is still ongoing, with the support of the "Agence de l'Eau") and to financial constraints (cash), some of the outstanding environmental works will be executed in 2017, without prejudice to CHO Power's ability to activate the O&M contract by the end of the year.

Outlook

CHO Power's full technical resources are being mobilised for CHO Morcenx's Final Acceptance (FA).

At the same time, deployment of future plants is progressing in accordance with the strategic plan.

CHO Tiper

Concluding a permitting process started in September 2014, the operating licence has been granted in August 2016. Concurrently, ADEME ("Agence de l'Environnement et de la Maitrise de l'Energie") has selected CHO Tiper in its "Investing in the Future" programme, and is supporting the project through a €12 million advance, reimbursable over 6 years, carrying 0.99% interest.

Work on the most pertinent financing sources to complement the funding of CHO Tiper is under way, project implementation is expected to start early 2017.

CHO Locminé

The CODERST ("Conseil Départemental de l'Environnement et des Risques Sanitaires et Technologiques") of Morbihan has voted in favour of the CHO Locminé project on 13 October. The operating licence is expected in the next few weeks, this information will be immediately communicated.

Finally, CHO Power is one of the 3 companies invited by the SER (Renewable Energy Syndicate) to represent French innovation at the conference "Energy for Tomorrow" organised by the New York Times on 3&4 November in Paris.

Asbestos treatment (Inertam)

In July 2016, analyses of discarded personal protective equipment revealed the presence of traces of asbestos in equipment previously used in confined area. As a precautionary measure, and in agreement with employees and employee representatives, management temporarily suspended the waste treatment line.

The results of additional analyses, in full consultation with employees and the authorities, enabled activity to start up again in early September, accompanied primarily by technical improvements to the process, additional training for employees, and changes in procedures.

Outlook

Since the resumption of production activity on 8 September, the ramp-up of the plant has been gradual, governed by daily dust analyses designed to ensure maximum safety for operators.

Production rates are currently at 20 tonnes/day, fairly close to the nominal rate of 25 tonnes/day, which is expected to be reached soon.

The exceptional plant shut-down, lasting just over 2 months, will generate a decrease in Inertam's revenue of c.25% over the full year and will impact significantly on the segment's results, with an estimated Ebitda close to breakeven and operating losses.

In addition to the enhanced safety measures, new regulations are causing an increase in operating and investment costs. This has led the Company to raise tariffs for treating asbestos waste from September 2016. Nevertheless, production in 2017 will primarily use waste stock that is not impacted by this increase, whose full effects on the income statement will be visible in 2018.

Despite the 2016 exceptional incident at Inertam the Group remains confident: the robust pace of deliveries of asbestos waste, up 13.4% at end-September compared with the same period in 2015, and which will drive revenues in 2017, reflects increased market interest in the definitive elimination solution proposed by Inertam. This trend was confirmed by the numerous French and foreign contacts established during the Asbestos Exhibition in Paris mid-september.

Plasma Solutions (Europlasma Industries)

KNC contract (China)

In China, Europlasma Industries has successfully tested on 30 september the plasma system destined to the vitrification of fly-ash produced by the incinerator of Houjie, opening the path to final commissioning of the plant. Before the end of 2016, our customer KNC will operate the only fly-ash treatment plant in China, which will have a capacity of 35-40 tonnes per day.

At the same time, classification of the vitrified product by the Chinese Ministry of the Environment (MEPSCC) is under way, with the aim of introducing a regulation on the treatment of fly ash in early 2018.

KNPP contract (Bulgaria)

Reassembly and connection of the low-activity waste (LAW) treatment plant at the Kozloduy nuclear power plant is continuing, with acceptance of the installation still expected in autumn 2016.

Outlook

Europlasma Industrie's double deployment strategy (sector and geography) continues to generate tangible commercial opportunities

Chinese market

Europlasma Industries is continuing its active marketing in the Chinese market and notably sponsored the Asia Hazardous Waste Treatment conference in Shanghai in September.

The Chinese government is intensifying its depollution efforts, and has announced in September an upcoming tax on toxic waste. At regional level, the Shenzhen province authorities have decided in October that all the waste incinerators should be equipped with fly-ash treatment plants before 2020. All these very concrete measures should generate interesting developments for Europlasma.

Steel industry

The development of Europlasma Industries's activities in the steel industry remains one of its priority development areas, with advanced relations already established with several European players. In this respect, it should be remembered that the technology developed by the Group in this area consists in particular of the dry

reforming of blast furnace gases with a view to the reduction, or even elimination, of CO₂ emissions and the optimisation of the steel production process.

Nuclear industry

Europlasma Industries is in advanced discussions with a world leader in the nuclear sector for an installation destined to treat medium-active waste (MAW), a new market segment for Europlasma.

Publication of the 2016 half-yearly results

The financial report on the 2016 half-yearly results is available from the Group's website at www.europlasma.com, under the section "Shareholders & Investors", then "Regulated Information"

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

CONTACTS:

Press relations

Anne BORDERES
Tel: + 33 (0) 556 497 000

Investors & Analysts relations

contactbourse@europlasma.com

Important notice

This release contains provisional information and statements based 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": Receipt and acceptance of CHO Morcenx plant by the customer and O&M contract activation.

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

KIWI: Kobelco Eco Solution (KES) Industrial CHO PoWer GasIfication is a R&D programme that aims to test the combination of a new type of gasifier developed by KES and Turboplasma® (syngas cleaning process by plasma) developed by Europlasma, for the production of energy from waste and biomass.

KNC: Contract signed in January 2015 between Europlasma and Shanghai KaiNeng New Technology CO. Ltd (an industrial Chinese firm), regarding the supply of engineering and equipment's for a vitrification unit for fly ash from household waste incineration.

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

OCPP: Obligation Convertible Placement Privé (convertible bond private placement). This Private Placement launched in December 2015 gave rise to the issue of 4,724,954 convertible bonds, which allow to subscribe 4,724,954 new ordinary shares. Each OCPP allows to subscribe 1 new ordinary share at a strike price of €1.06. The duration of the convertible bond issue is 3 years with a coupon of 6%.

O&M: Operations and Maintenance Contract.

TOD: preliminary delivery of the CHO Morcenx power plant under the EPC contract.

WCR : Working capital requirement

2. SEGMENT INFORMATION

30/06/2016	Plasma Solutions	Asbestos Treatment	Renewable Energies	Air and Gas	Total
Goodwill	0	981	0	8	989
Other intangible assets	230	29	13	0	272
Property, plant and equipment	6,733	3,850	177	0	10,760
Other non-current assets	1,273	1,376	6,412	648	9,708
Cash and cash equivalent	1,260	2,216	659	88	4,224
Total assets	12,132	13,517	14,918	746	41,314
Financial liabilities	10,644	3,325	1,005	0	14,974
Revenue	826	4,880	3	0	5,709
Net increase in depreciation, amortisation, and impairment	-625	-1,628	-860	18	-3,095
Operating income	-1,816	-1,190	-5,579	14	-8,571
EBITDA	-1,107	802	-4,671	-4	-4,979

31/12/2015	Plasma Solutions	Asbestos Treatment	Renewable Energies	Air and 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	1,182	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

30/06/2015	Plasma Solutions	Asbestos Treatment	Renewable Energies	Air and Gas	Total
Goodwill	0	1,308	0	8	1,316
Other intangible assets	764	32	2	0	797
Property, plant and equipment	7,835	4,390	123	0	12,349
Other non-current assets	1,283	1,119	7,736	618	10,756
Cash and cash equivalent	5,796	207	547	102	6,653
Total assets	18,876	11,117	14,515	730	45,240
Financial liabilities	6,493	2,181	3	0	8,677
Revenue	600	5,743	560	0	6,903
Net increase in depreciation, amortisation, and impairment	-768	-1,132	-1,958	-87	-3,945
Operating income	-1,515	249	-7,471	-97	-8,835
EBITDA	-747	1,381	-5,511	-10	-4,887

Source: 2016 half-yearly consolidated financial statements closed by the Board of Directors on 26 October 2016, after limited review by the Statutory Auditors.