

Consolidated results at 30 June 2015

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 financial year ended 30 June 2015, after limited review by the Statutory Auditors and closed by the Board of Directors on 26 October 2015.

Commenting on the first-half results, CEO Jean-Eric Petit said:

"I am very pleased to announce that the strategies we set as a new management team early 2014 are delivering strong results across our portfolio of businesses. Inertam (Treatment of Asbestos) is delivering strong and sustainable profits, Europlasma Industries (Plasma Solutions) is recording a significant order growth, and CHO Power (Renewable Energies) has started executing the FAR protocol at Morcenx, which will be a lever for its future growth as a development platform for renewable energy plants globally.

The ambitious plan for Inertam we embarked upon as a new management team early 2014 has finally yielded, making S1 2015 a profitable semester delivering €1.4m Ebitda. The key drivers of this result have been the combination of tighter operational controls and investment plan laid out late 2014, both of which underpin future performance of this business. This outcome sets the foundations for new developments for Inertam, such as new geographies and waste streams.

The growth of Europlasma Industries further illustrates the positive results of the geography and sector diversification plans in plasma solutions set out in 2014. It also fully validates the business model of converting small-scale engineering studies into full high-margin systems sales.

CHO Power constitutes a highly disruptive technology platform, which has required years of development. This continued and costly investment in Morcenx, evidenced by the CHO Power S1 losses, represents major steps towards executing the FAR protocol (Final Acceptance with Reserves). It also solidifies our market position with unique IP and expertise-based barriers to entry, as evidenced by the signs of interest we are frequently receiving from around the world. FAR will propel CHO Power into its next stage of development on its active and near-term pipe line, including CHO Tiper, CHO Locminé and CHO Brocéliande.

Progress made over the last 18 months is very encouraging and I thank the teams for their full commitment on delivering the strategic plan across the 3 business units."

Activity and results (*)

(*): see note on segment names at the end of the press release.

Recovery of the "Treatment of asbestos" activity and "Plasma Solutions" activity

in € thousands	30/06/2015	30/06/2014	Difference
Revenue	6,903	4,754	2,149
EBITDA	-4,887	-5,280	393
Operating income	-8,835	-7,446	-1,389
Financial income	224	-553	777
Net income for the year	-9,768	-7,973	-1,795
Net income, Group share	-9,749	-7,961	-1,788
Earnings per share (in euros per share)	-0.14	-0.37	0.23

Source: 2015 half-yearly consolidated financial statements closed by the Board of Directors on 26 October 2015, after limited review by the Statutory Auditors.

Activity and Revenue

Revenue for the first half of 2015 increased by 45% compared with the first half of 2014, i.e. an uplift of €2,149K in value: The Treatment of Asbestos and Plasma Solutions activities increased, whereas revenue for the Renewable Energies sector was down.

The Treatment of Asbestos activity (Inertam) recorded revenue of €5,743K, up 60% compared with 30 June 2014. This strong performance was due to increased volumes handled in the half-year: 2,986 tonnes compared with 1,785 tonnes in the first half of 2014, thereby confirming the improvements observed in the second half of 2014.

This performance reflects the progress made through more effective operations and will be perpetuated through reliability investments made at the end of 2014 and which will continue until 2016.

The Plasma Solutions activity (Europlasma Industries) generated revenue of €600K, compared with €61K at 30 June 2014. This increase was due to the recognition of revenue on the KNPP (Kozloduy Nuclear Power Plant) contract and on the Chinese contract signed in early 2015, for €259K and €321K respectively.

On the other hand, Renewable Energies booked revenue of €560K, compared with €1,109K at 30 June 2014, linked to the progress recorded on the performance of the EPC contract for the CHO Morcenx plant. Sales in this segment correspond to the recognition of revenues on the EPC contract in accordance with the Progress On Completion (POC) method. As a reminder, a detailed project and budget review in 2014 led to a change in POC estimates, and generated on 31 Dec. 2014 a negative revenue of €638K.

The positive revenue of €560K in S1 2015 therefore illustrates the progression since previous estimates were set. This progression is controlled, with a view to optimizing cash balance.

Results and operational performance:

The operating loss during the first half of 2015 amounted to €8,835K, compared with €7,446K at 30 June 2014.

The Treatment of Asbestos activity recorded Ebitda of €1,381K and operating profit of €249K, compared with a negative Ebitda of €186K and operating loss on €1,413K at 30 June 2014. This strong performance reflects the progress made, which has resulted in increased volumes processed, due to improved management and tighter controls of the production facility as well as sustained commercial momentum.

The Plasma Solutions segment, which accounts for the full extent of the Group's corporate expenses, reduced its operating loss to €1,515K compared with €2,015K at 30 June 2014, thanks in particular to the positive contribution of engineering activities, thus evidencing the recognition of our know-how and commercial dynamism.

The bulk of the group loss was mainly attributable to the Renewable Energies segment, whose operating expenses reflect the ramp-up of the CHO Morcenx plant and the numerous related tests. The results in this segment were also affected by additional provisions for losses upon completion and additional provisions for warranty, representing a total of €1,638K on the EPC contract (having no impact on the cash position of the period). Accordingly, the operating losses recorded by the Renewable Energies segment amounted to €7,471K at 30 June 2015, compared with €3,994K at 30 June 2014.

After the recognition of €224K in financial earnings, €1,160K in tax expenses (including write-off of a €1,250K active differed tax) and minorities interests, the net loss amounted to €9,749K compared with €7,961K at end of June 2014.

Consolidated financial position

In thousands of euros (T€)	30/06/15	31/12/14	Difference
Non-current assets	25,218	22,641	2,576
Current assets (non-cash)	13,369	24,021	-10,652
Cash	6,653	13,640	-6,987
Consolidated equity - Group share and Non-Controlling interests	7,422	16,921	-9,499
Non-current financial liabilities	7,303	7,982	-679
Other non-current liabilities	728	673	55
Current financial liabilities	1,374	1,359	15
Other current liabilities	28,412	33,366	-4,954
Balance sheet total	45,240	60,302	-15,062
Net debt	2,024	-4,299	6,322
Net debt	27%	-25%	53%
Shareholders' equity - Group share, in euros per share	0.11	0.24	-0.14

Source: 2015 half-yearly consolidated financial statements closed by the Board of Directors on 26 October 2015, after limited review by the Statutory Auditors.

The balance sheet total stood at €45,240K, versus €60,302K at 31 December 2014, i.e. a decrease of €15,062K.

In the balance sheet assets, the cash position at €6,653K recorded a decrease of €6,987K corresponding to net consumption over the period, and was mainly affected by the requirements of the "Renewable Energies" segment.

In the non-cash current assets, the complementary financial guarantee of €4,000K that was granted to CHO Morcenx on the EPC contract in 2014 has been reimbursed to €3,870K over the period.

Under liabilities, consolidated equity (Group share) at €7,422K was down €9,499K compared with 31 December 2014, due to the loss of €9,749K over the period, partially offset by the capital increases associated with the conversion of redeemable share purchase warrants (BSAR) for €261K, issue premium included.

The changes in liabilities were partially offset by the increase in current provisions of €2,026K, of which €1,638K is related to the construction project for the CHO Morcenx plant.

The evolution of the other assets and liabilities are detailed in the notes of the financial report (notes § 6.4.6 for the other assets and § 6.4.12 for the other liabilities)

Group net debt amounted to €2,024K at 30 June 2015, versus negative net debt of €4,299K at 31 December 2014 (excess of cash). This debt increase was a result of the reduced cash position. The Group did not resort to additional loans during the period; moreover, it settled the instalments of its various moratoriums (obtained in 2013 and 2014) in the amount of €720 K for the half year.

Net debt ratio at 27% remains limited.

Cash position: operating cash flows

In thousands of euros (T€)	30/06/15	30/06/14	Difference
Operating cash flows	-4,903	-5,126	223
Net disinvestments/(Investments)	1,921	-150	2,071

Operating cash flows at - €4,903K recovered slightly, reflecting the improved performance of the "Plasma Solutions" and "Treatment of Asbestos" segments. However, the progress made in these segments was not enough to offset the operating cash burn in the "Renewable Energies" sector.

Please note that the group's current cash consumption is directly related to ramp-up and final delivery of CHO Morcenx, and therefore remains very dependent upon the timely achievement of the EPC various milestones.

Outlook

Renewable Energies

The development of the other plants' projects such as CHO Tiper, CHO Locminé and CHO Brocéliande is underway, each following its proper schedule.

CHO Tiper has received a clean (unqualified) favourable opinion from the investigating commissioner and the project is moving to the next steps. The "Arrêté Préfectoral" (Operating Licence) is expected in Q1 2016, after a complementary "public enquiry", thus enabling CHO Power to secure financing and start construction.

In addition to the projects already communicated upon, the selective development of new renewable energy projects was continued, meeting the twofold objective of (i) providing CHO Power with a sustained level of activity from 2016 and (ii) preventing the dispersion of teams, whose main priority remains the final delivery of CHO Morcenx. Other projects are currently in the early stages of development and will be announced in due course.

These projects rely on a network of waste depositor or developer partners, and will be structured on a "BOO" model (Build Own Operate), where the plant will be built by CHO Power and operated by its subsidiary CHOPEX.

CHO Power responds to export requests by producing studies. Although foreign markets are not currently a strategic priority for the Group in terms of project execution, the demand is likely to generate partnership or licence sale opportunities in due course.

Treatment of Asbestos

2015 should enable Inertam to confirm its profitability. This target was achieved in the first half of 2015 thanks to more effective production management, and will be perpetuated through structural investments already made or under way.

Furthermore, the recognition of environmental and health risks resulting from the landfill of "unbound" asbestos by some European countries (Italy, Switzerland, Germany) makes it possible envisage foreign commercial opportunities in due course.

Plasma Solutions

In January 2015, Europlasma signed a contract with a Chinese manufacturer for the supply of engineering services and equipment for a vitrification unit targeting fly ash produced by waste incineration plants. This plasma unit, with a 30 tonnes/day capacity, will be installed in the Guangdong province, the most populated province of the People's Republic of China, and delivered in early 2016. The equipped incineration plant will be the first Chinese facility able to neutralise and recover fly ash, meeting the Chinese government's requirements regarding environmental protection.

From a business perspective, Europlasma Industries' dual deployment strategy (by sector and region) gave excellent results. In particular:

On the Chinese market, the project launched in 2015 already led to the sale of additional equipment. Besides, a new technical and economic feasibility study on ash vitrification was ordered by another Chinese client. Advanced contacts with several Chinese companies in the area of pollution control could indicate a new sales agreement for plasma equipment and engineering services by 2016.

In the radioactive waste market, Europlasma Industries pursued its technology valorisation work and is currently in contact with key French players to develop solutions addressing the issue of sustainable radioactive waste management and storage

Lastly, the steel sector showed a great deal of interest in plasma technology, in particular to reduce its CO₂ emissions, and has led Europlasma Industries to foresee the development of its activity in this area over the next two years. Tests will soon be performed on behalf of a European client on the Morcenx R&D platform, to validate and pre-industrialise the encouraging results of the preliminary study.

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. This segment also includes the Holding and Corporate Costs.

- The “Destruction of Hazardous Waste” segment has been renamed “Treatment of Asbestos” (Inertam). It is operated by the Inertam subsidiary.
- The “Renewable Energies” remains unchanged.

Publication of 2015 half-yearly reports

Find the management report for the 2015 half-yearly results on the Group’s website www.europlasma.com, by clicking on “Shareholders and Investors” and 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

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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.

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.

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.

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

O&M: Operations and Maintenance Contract.

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

2. SEGMENT INFORMATION

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

31/12/2014	Plasma Solutions	Asbestos treatment	Renewable Energies	Air and 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

30/06/2014	Plasma Solutions	Asbestos treatment	Renewable Energies	Air and Gas	Total
Goodwill	0	2,615	0	8	2,624
Other intangible assets	927	29	335	0	1,292
Property, plant and equipment	9,384	5,092	68	0	14,544
Other non-current assets	1,264	735	8,946	576	11,521
Cash and cash equivalent	820	207	125	144	1,297
Total assets	15,127	12,113	15,362	1 044	43,646
Financial liabilities	10,357	2,711	6,507	0	19,576
Revenue	61	3,584	1,109	0	4,754
Net increase in depreciation, amortisation, and impairment	-1,075	-1,228	100	0	-2,203
Operating income	-2,015	-1,413	-3,994	-23	-7,446
EBITDA	-940	-186	-4,131	-23	-5,280

Source: 2015 half-yearly consolidated financial statements closed by the Board of Directors on 26 October 2015, after limited review by the Statutory Auditors.