

**PRELIMINARY 2016 REVENUES:
TARGETS REACHED, ACCELERATION IN ORDERS BACKLOG
AND GEOGRAPHICAL DIVERSIFICATION ACHIEVED**

Electro Power Systems S.A. today announced preliminary (unaudited) FY 2016 Revenues and an operational update:

- **Preliminary revenues at 7.1 million euros, orders backlog¹ increased to 6.4 million euros**
- **Sales in Africa, Asia Pacific and Latin America representing more than 50% of preliminary revenues**
- **Installed base² in 2016 connected to 26.5 MW of microgrids and 12 MW of grid-support systems deployed**

Paris – Milan, 28 February 2017 – The Board of Directors of Electro Power Systems S.A. (“EPS”), technology pioneer in energy storage systems and microgrids listed on the French-regulated market Euronext Paris (EPS:FP), met on 28 February 2017, under the chairmanship of Massimo Prezl Oltramonti and in the presence of the Statutory Auditors. EPS publishes the preliminary (unaudited) 2016 revenues in accordance with Recommendation dated 17.12.2008 of the *Autorité des Marchés Financiers*, provides a cash position and the installed base update, and publishes the provisional Financial Calendar for the fiscal year 2017, according to which audited full year financial results are scheduled to be released on 22 March 2017.

2016 PRELIMINARY REVENUES AND CASH POSITION

Preliminary (unaudited) revenues for the financial year ended on 31.12.2016 reached 7.1 million euros, exceeding the guidance of 6.4 to 6.9 million euros updated on 14 November 2016.

Sales in Africa, Asia Pacific and Latin America amounted to 51% of reported preliminary revenues, confirming an increased geographical diversification of the installed base, while Europe and North America represented 49% of the sales.

Revenues (IFRS)	First Half	Second Half	12 months
2016 <i>(unaudited preliminary figures)</i>	2.6 m€	4.5 m€	7.1 m€³
2015	0.2 m€	0.2 m€	0.4 m€ ⁴

Cash in bank accounts on 31.12.2016 reported at 5.5 million euros with a pro-forma cash⁵ amounting to 8.3 million euros, substantially stable compared to the 8.4 million euros registered in 2015. In addition, EPS has available additional 3.5 million euros short term credit lines to finance the future working capital exposure.

Considering the 6.5 million euros medium-long term indebtedness drawn-down in 2016 with an average spread of 3.6%, the preliminary net financial position amounted to -1.0 million euros. After adjusting the cash position, the adjusted net financial position amounts to 1.8 million euros.

¹ Backlog means (i) advances invoiced to clients according to the contract subscribed, which will be recognized as revenues in future years; (ii) purchase orders already received as of the date of this press release, and (iii) revenues already contracted or expected to be generated in 2017 and following years based on the agreements currently in place with the customers.

² System installed in 2016 and under commissioning at 31.12.2016.

³ For recognition of revenues in Technology Partnership Agreements entered into with customers Advance Devices S.p.A. and MGH Systems Ltd, EPS Group has applied IAS 18. In particular, the Group determined that it is acting as a principal in those agreements, due to changes that have arisen on and from 1st January 2016, and that affect the assessment of the indicators provided in IAS 18 (IE § 21). As a result, revenue derived from those agreements is recognised based on a gross amount in 2016, while revenue was recognised based on net amount in 2015. In addition, for some construction contracts concluded by the Italian subsidiaries and EPS, the Group is applying the percentage of completion method in accordance with IAS 11.

⁴ In FY 2015 EPS Italy revenues and consolidated gross nominal sales amounted to €1.2 million. However EPS decided for FY 2015 to account consolidated IFRS revenues under IAS 18 for €0.4 million. As clarified in the H1 2016 Financial Report, IAS 18 application would not entail the gross-to-net IFRS restatement in 2016 (see footnote 3).

⁵ The bridge from the €5.5 million cash in bank accounts as at 31.12.2016, to the €8.3 million pro-forma cash position results from (i) the addition of the €1.4 million capital increase reserved to the former Elvi management, which will take place immediately after the publication of the Registration Document in 2017, (ii) the addition of €0.3 millions of trade working capital and (iii) the addition of €1.1 million of VAT receivables that will be set-off during the first half of 2017.

2016 INSTALLED BASE

In 2016 EPS installed and had at 31 December 2016 under commissioning Hybrid Energy Storage Systems (HyESS) connected to 26.5 MW microgrids integrated with renewables and energy storage. In the grid-support segment, EPS installed and had under commissioning more than 12 MW.

In aggregate, EPS realized 36 large scale projects, including off-grid hybrid systems serving microgrids powered by renewable and energy storage for a total installed power of over 35 MW, in addition to more than 18 MW of grid support systems, for a total capacity output of 47 MWh of systems in 21 countries worldwide, including Africa, Latin America, Asia Pacific and Europe.

In particular in the off-grid segment the EPS technology will serve:

- a 12 MW microgrid for a mining site in Australia powering approx. 1,600 people;
- 10.4 MW microgrids in aggregate for two resorts in Maldives powering approx. 2,300 people;
- 8.3 MW microgrids for two cities in Somalia powering approx. 162,000 people; and
- a microgrid integrated with 1MWh of hydrogen storage for a village in Chile powering approx. 300 people

for in aggregate over 165,000 customers powered by renewables and the EPS hybrid energy storage systems every day.

2017 FINANCIAL CALENDAR

The market will be notified promptly of any changes to the provisional financial calendar below, which is available to the public also on the EPS website (www.electropowersystems.com) in the “Investors” section.

Full Year 2016 Results	Press Release	22 March 2017
	Investor Conference (live webcast)	23 March 2017
2016 Corporate Social Responsibility Report	Publication on the EPS website	23 March 2017
2016 Annual Financial Report		3 April 2017
Q1 2017 Sales and Operating Highlights	Press Release	27 April 2017
2020 Strategy Guidelines	Investor Conference in Paris	21 June 2017
FY 2016 Financial Statements	Annual General Meeting of Shareholders	
Q2 2017 Sales and Operating Highlights	Press Release	25 July 2017
2017 Half-Year Financial Information	Press Release	19 September 2017
	Investor Conference (live webcast)	20 September 2017
Q3 2017 Sales and Operating Highlights	Press Release	23 October 2017
	Investor Conference (live webcast)	24 October 2017

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EPS in a nutshell

EPS operates in the sustainable energy sector, specializing in hybrid-storage solutions and micro-grids that enable intermittent renewable sources to be transformed into a stable power source.

Listed on the French-regulated market Euronext, EPS is part of the CAC® Mid & Small and the CAC® All-Tradable indices and has registered office in Paris and research, development and manufacturing in Italy.

Thanks to technology covered by 125 patents and applications, combined with more than 10 years of R&D, the Group has developed hybrid energy storage solutions to stabilize electrical grids heavily penetrated by renewable sources in developed countries and, in emerging economies, to power off-grid areas at a lower cost than fossil fuels without the need for any subsidy or incentive scheme.

EPS has installed and has under commissioning in aggregate 36 large scale projects, including off-grid hybrid systems powered by renewables and energy storage totalizing over 35 MW of installed power that provides energy to over 165,000 customers every day, in addition to more than 18 MW of grid support systems, for a total capacity output of 47 MWh of systems in 21 countries worldwide, including Europe, Latin America, Asia and Africa.

For more information, visit www.electropowersystems.com

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