



*PRESENTATION OF 2015 RESULTS  
STRATEGY & OBJECTIVES*

**An innovative solution – sustainably producing fuel from  
marine fuel residues (slops)**

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# 1. Background – the shipping industry's slops challenge

# The shipping industry's slops challenge

## Historical situation

Traditionally, slops collectors at ports have to decant the residues (slops) and re-sell a portion as a hydrocarbon residue to customers such as cement plants.

They charge ships at ports for the service and re-sell the residue *dry* to users.

*Brent : approx. 80-120 \$/b*

*IFO 380 : approx. 400 \$/T*

*Decanted slops : approx. 150-200 \$/T*

## Current Situation

Low oil prices have driven users to consume only virgin, purer fuel products (free of sediments, sulfur etc)

Collectors do not have traditional markets to sell into; stocks of slops are building up in ports with limited infrastructure for storage or disposal with an economic, social and environmental impact within port communities; ships cannot discharge and collection fees are rising significantly!

*Brent : approx. 30-40 \$/b*

*IFO 380 : approx. 150 \$/T*

*Decanted slops : ???*

# A promising market

## A steady growth in the availability of Slops

- **Steady growth of global maritime traffic: TMVA 1997-2017e = +3 % / +4 %**  
Vessels use heavy fuel oil (70% of fuel) or distillates (Marine Diesel Oil/Marine Gas Oil) - more expensive

## Vessels produce residues rich in hydrocarbons : 100+ MT/year

sludges : 5 MT



80% hydrocarbons

Waste produced in the engine room (propellant purification)

bilge water : 40 MT



10% hydrocarbons

Mix of fuel oil, seawater, freshwater, cooling water, oil leaks and lube oils...

slops : 55 MT



20% hydrocarbons

Dirty ballast waters and tank-cleaning waters

## Collecting- treating slops : a regulatory duty for ports authorities



**Ban on waste deposits in the sea**



**Mandatory collection at ports**

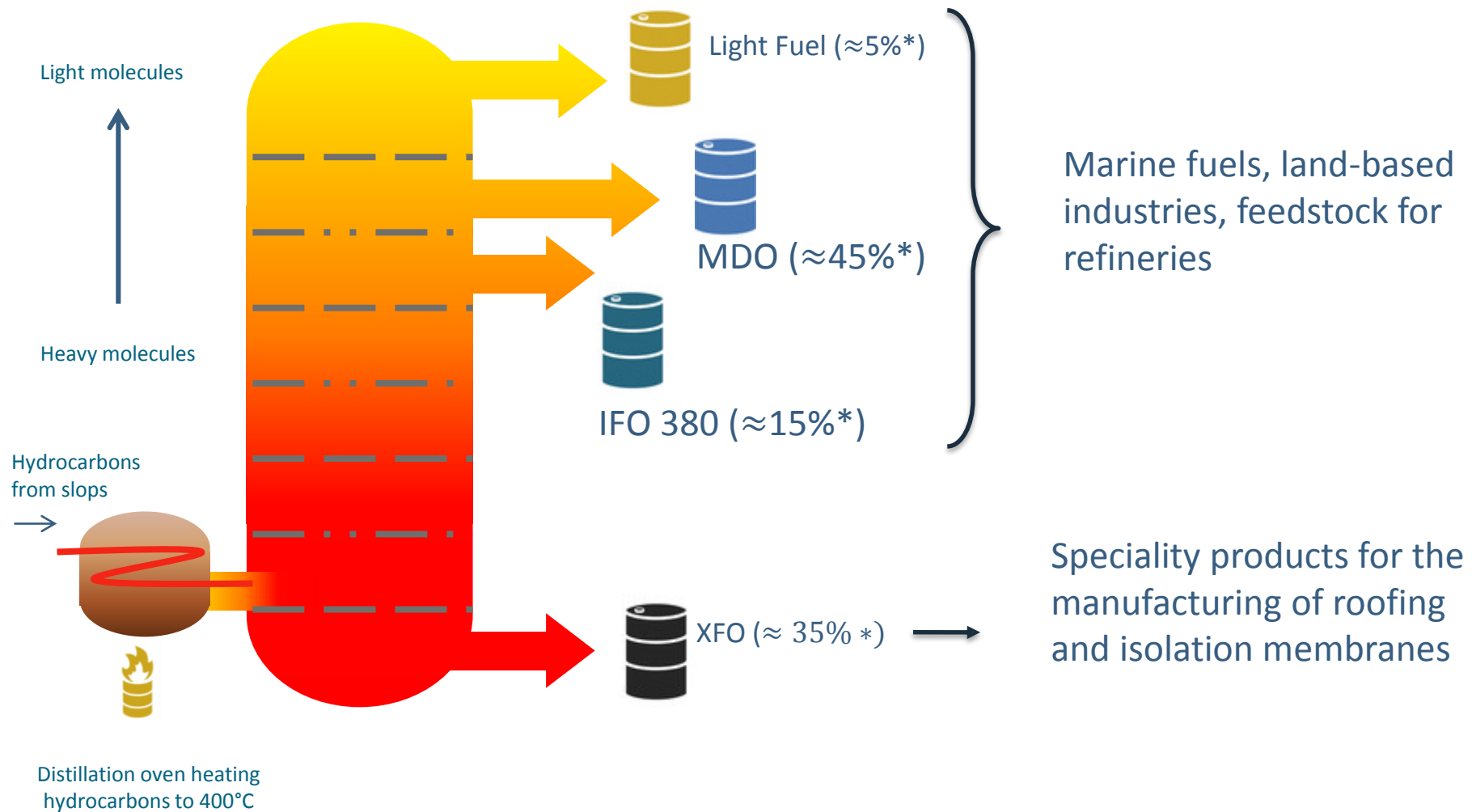
**Many ports do not comply with the regulations and need to be equipped**

**Low valuation of these products (heat capacity)**



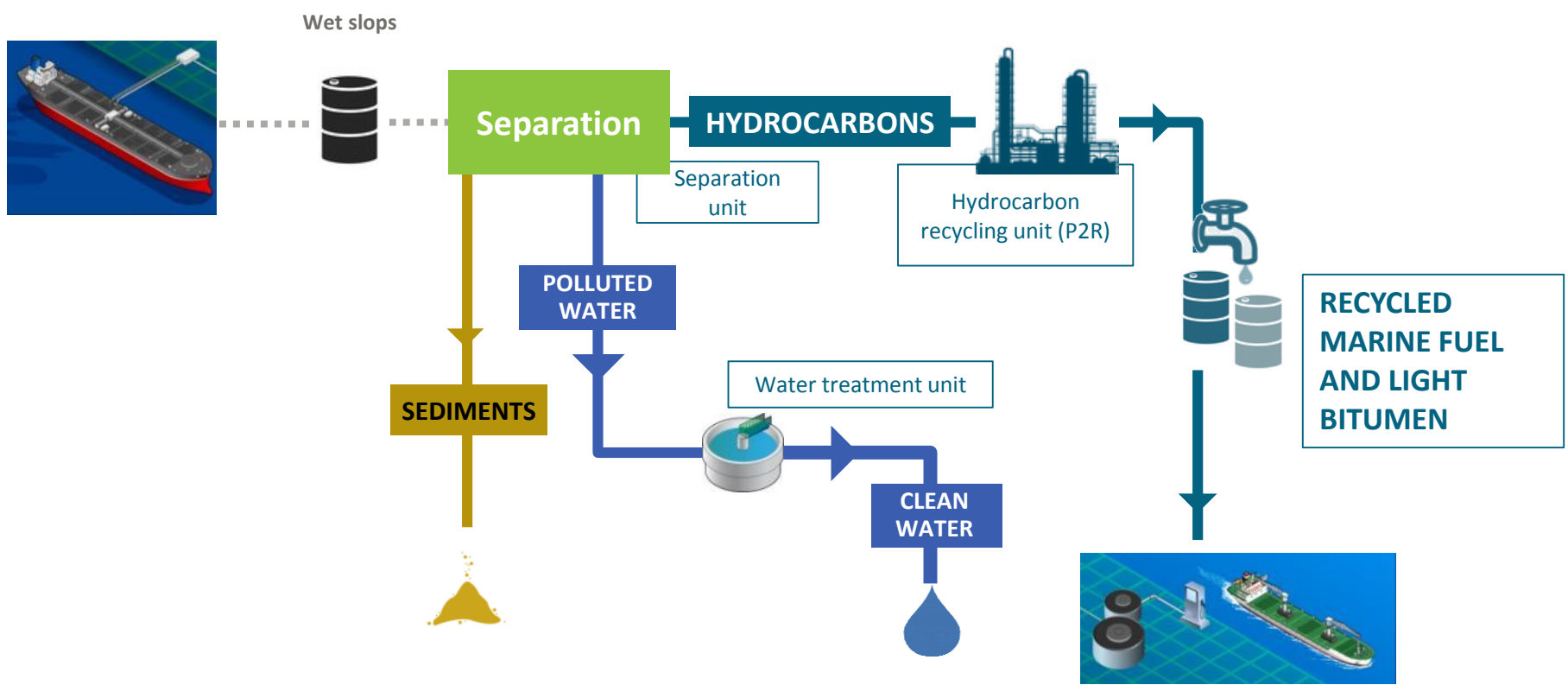
## 2. Solution – Ecoslops' micro refining technology

# A process which allows 98% of processed slops to be sustainably regenerated and sold back into the market



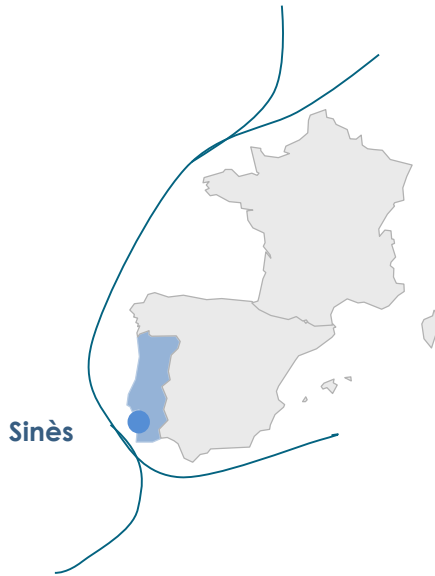
Note : \* % variable according to the load

# A specialist micro-refinery





# Our first site : Sinès, a strategic location



## Number 1 Portuguese port in terms of volume

- Located on a major sea route
- Deep-water port
- Oil terminals around Galp and Repsol
- Container-ship terminal
- Regional hub of MSC (2<sup>nd</sup> largest global ship-owner)

**Exclusive rights for the collection of hydrocarbon waste within the sub-concession agreement, signed in 2012 with the port authority, lasting for 15 years**



### 3. About Ecoslops

# Key dates for Ecoslops




**2008**

**PILOT  
In Malta**



**2012**

**Tender won in Sinès  
=> sub-concession contract  
and exclusivity of slops collection**



**2013**

**Construction of the industrial  
unit in the Port of Sinès began**

**Start-up of Sinès  
Certified Fuels ISO 8217  
First Sales**



**2015**

**Rise in production capability of  
Sinès and development of  
pipeline and new projects**

**2016**



**Objective : 3 new units signed**

**2017**



# Technical committee and experience to support operations

## Michel Pingeot

- Former CEO of Heurtey Petrochem (Engineering O&G)
  - Co-inventor of the process
  - Co-founder of Ecoslops
- 

## Jean-Claude Company

- Former Executive VP of TOTAL Refining and R&D
  - Co-founder of Ecoslops
- 

## Jean-Louis Mauléon

- Former Director of Division Trouble Shooting, Total Refining
- 

## Didier Gaffet

- Former Director of Strategy at Aval Total
- 

## Pascal Bonfils

- Industrial Director of Ecoslops
- Co-inventor of the process

# An active Board of Directors



Note : \* an independent director

# 2015 : Commissioning and early successes

- **High quality staff trained and operational**
- **Proven efficiency of the industrial facility in the Port of Sinès**
  - Confirmation of the viability of the plant operating at 2,500 T/month
  - Proven that 98% of slops can be regenerated
- **First sales of regenerated products to local and international clients within shipping and construction markets**

# Developing international visibility of Sinès, highlighting our specialist expertise

- Invitation to introduce our solution and technology at IMO (International Maritime Organization) in February 2016
- Visits by national and port delegations to Port of Sinès plant since its opening :
  - Ivory Coast
  - North America
  - The Netherlands
  - Oman
  - France (Marseille, Le Havre)
  - Denmark
  - Belgium
  - Germany
  - South Africa

# Developing international visibility/building reputation

**TradeWinds**  
- Tuesday, 24 Nov 2015 -



## From slops to black gold

Portuguese refinery produces first bunker fuel from marine oil residues

**Lloyd's List**  
Maritime Intelligence | Informa

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### Oil price drop could lead to increased waste disposal costs

Monday 22 February 2016, 10:04 by Gary Howard

SHIP OPERATIONS

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A continuing build-up of unwanted oil waste in European ports could lead to port clearance delays or cost increases for waste disposal

**THE value of slops, once a waste product for which waste management companies would pay to collect from ships at port, has plummeted in line with the oil price leading to storage shortages at some European ports.**

Sources in the European management industry



**portstrategy** insight for senior port executives

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### Pour point

25 Jan 2016

Stevie Knight finds that there is no simple path for ports looking to offer new fuels

As heavy fuel oil fell from grace as the energy of choice for powering shipping, the ports industry braced itself for the need to change its fuel supply choices. But it seems it wrongly assumed that just one or two alternatives would differentiate themselves.

Certainly while oil prices stood at over \$100 per barrel, LNG looked like the way forward and many European facilities started to investigate quite complex infrastructure: "But in fact we haven't seen the massive rush to LNG we expected, instead the market appears to be fracturing with batteries, hydrogen, biofuels, in appearance,"

Leaders: many novel fuels are reaching commercial viability: ports willing to offer them may gain the advantage



**Ship & Bunker**  
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## Recycled Bunker Company Eyes WAF Plant

Thursday January 7, 2016

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France-based Ecoslops, who produces bunkers from recycled slops, has announced in an emailed statement it has received an agreement in principle from the Ivory Coast's Port of Abidjan to provide the company with land on which to establish a new oil residue recycling plant in the region.



## New for old

Ecoslops sustainably treats oil residues from shipping, transforming them into marine fuels. Rhys Berry talked to CEO Vincent Favier about the genesis of this new product offering

**Fairplay**  
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### Ecoslops has expansion on the cards as vessel operators see discharge rates rise

Savahna Nightingale, Senior Editor | 29 January 2016

print

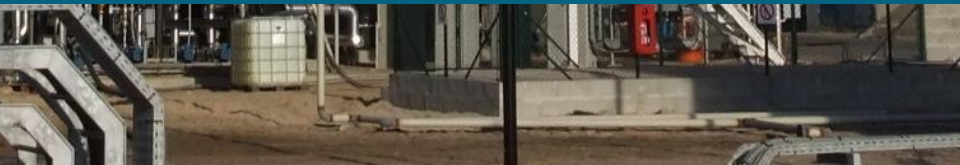


Ecoslops has its eye on new sites to expand its capability of producing recycled marine fuels at a time when vessel operators are under increasing pressure to dispose of their slops.

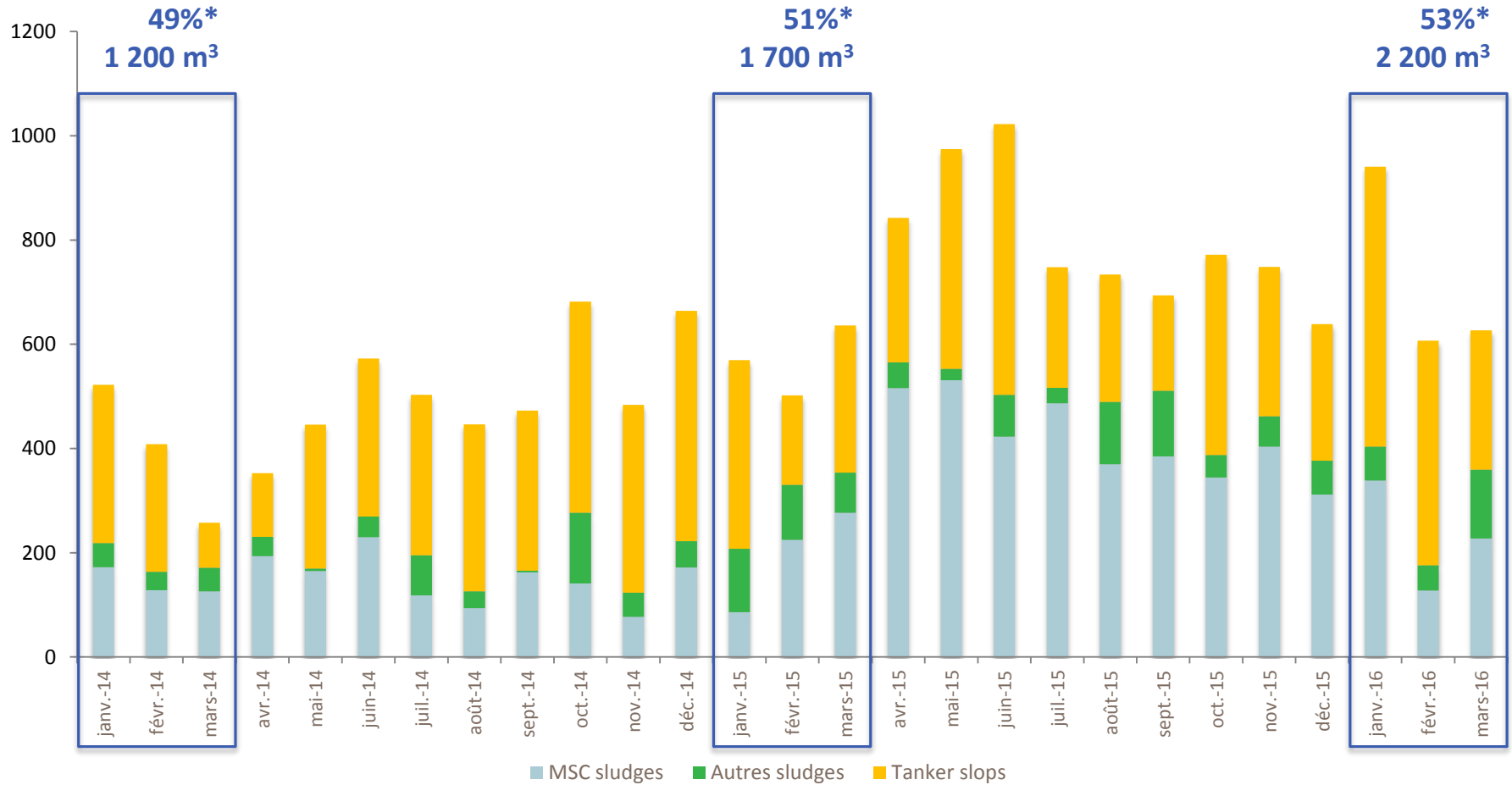




## 4. Financial Results



# Increase in the collection of slops : Sinès +29% in Q1 2016



\* : % of ships entering into the port and asking to discharge their sludges / slops

# Collapse of slops prices

10.000 T of slops imported in 6 months : operational and commercial success

August 2015

Nov. 2015

Jan. 2016



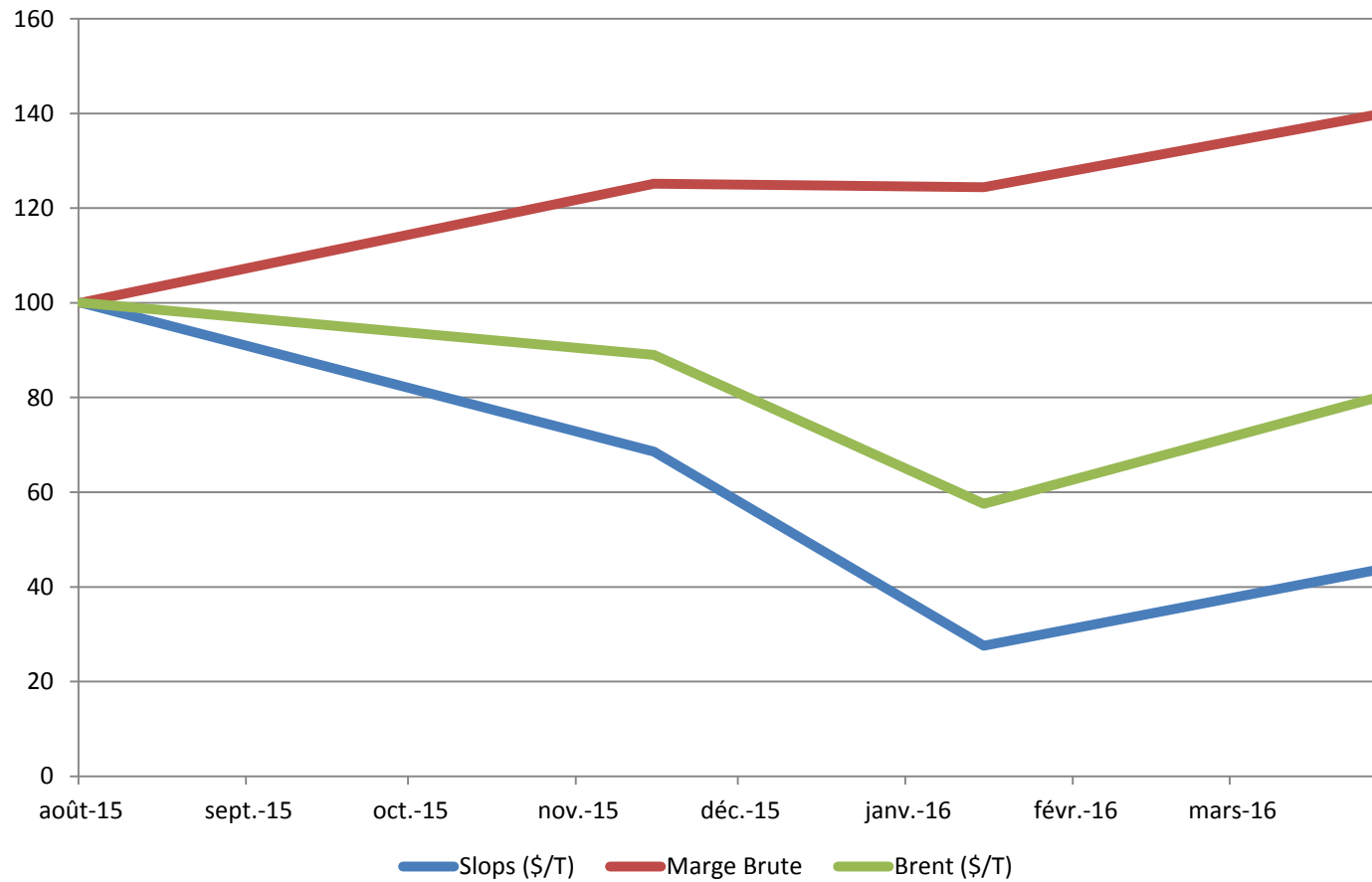
-42% the barrel

Quantity  
Cost of transport/T  
Cost of slops/T

Quantity	3 200 T	3 100 T	3 700 T
Cost of transport/T	Base 100	90	65
Cost of slops/T	Base 100	60	7

-72% per tonne (CIF)

# The Gross margin/T is preserved even with the high oil prices, due to the abundance of residues



Base 100 in October 2015

# 2015 : Profit and loss account

## 2015 : first sales of products from regeneration of residues

- Increase in operating revenues (inventoried products end of 2015)
- Within operating expenses :
  - 2,2 M€ of central costs (Ecoslops France), dedicated to development.
  - 2,2 M€, non-recurring , related to the start-up in Sinès
- Net profit reflecting the start-up of operations in Sinès

<i>en M€</i>	2015	2014	Var.
Sales revenues	2,3	2,2	0,1
others	0,4	0,2	0,2
<b>Operating revenues</b>	<b>2,7</b>	<b>2,4</b>	<b>0,3</b>
Operating costs	9,0	4,9	4,1
<b>Operating results</b>	<b>-6,3</b>	<b>-2,5</b>	<b>-3,8</b>
Financial result	-0,2	-0,3	0,1
Income taxes	-0,7		-0,7
<b>Net profit</b>	<b>-5,8</b>	<b>-2,8</b>	<b>-3,0</b>

# 2015 : Balance Sheet

## Balance sheet

- Strengthened equity and a balance sheet adapted to the industrial activity
- A low-debt group: repayment of financial debts > 3 M€ (excluding subsidies IAPMEI)

<b>ACTIF (net)</b> <i>en M€</i>	<b>2015</b>	<b>2014</b>	<b>Var.</b>
Fixed asset	19,1	17,7	1,4
Differred tax assets	1,0	0,6	0,4
<b>Net fixed asset</b>	<b>20,1</b>	<b>18,3</b>	<b>1,8</b>
Raw materials	0,9		0,9
Related clients and accounts	2,1	1,3	0,8
Availabilities	1,6	0,4	1,2
other		0,3	-0,3
<b>Net current asset</b>	<b>4,6</b>	<b>2,0</b>	<b>2,6</b>
<b>Total asset</b>	<b>24,7</b>	<b>20,3</b>	<b>4,4</b>
<b>PASSIF</b> <i>in M€</i>	<b>2015</b>	<b>2014</b>	<b>Var.</b>
Capital, reserves, share premium	19,7	6,3	13,4
Resultat	-5,8	-2,8	-3,0
<b>equity</b>	<b>13,9</b>	<b>3,5</b>	<b>10,4</b>
Conditional advances	5,9	5,9	
Borrowing and financial debts	2,7	6,6	-3,9
Suppliers and tax debts	2,0	4,2	-2,2
Other	0,2	0,1	0,1
<b>Debts</b>	<b>4,9</b>	<b>10,9</b>	<b>-6,0</b>
<b>Total passif</b>	<b>24,7</b>	<b>20,3</b>	<b>4,4</b>

# Cash flow 2015 and utilizing the IPO cash

IPO Alternext / gross amount raised:	18,0 m€
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Net amount raised :	14,2 m€
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- The payment of suppliers of capex : 4,9 m€
- Financing of operational losses : 6,2 m€
  - Of which 2,2 M€ non-recurrent linked to start-up in Sinès
- Reimbursement of bank financing: 1,8 m€

<b>TOTAL :</b>	<b>12,9 m€</b>
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Cash opening :	0,3 m€
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Net amount raised :	14,2 m€
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Disbursement :	12,9 m€
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<b>Cash end 2015 :</b>	<b>1,6 m€</b>
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# A solid and adapted business model

- Gross margin preserved by the variable « residues »
- Optimization Opex and Capex owing to the Sinès experience

## Simulation for a new industrial unit

### • Environnement :

Brent :	40-45 \$/b	80-100 \$/b
Production :	> 35 000 T/year	> 35 000 T/year
Capex :	10-15 M\$	10-15 M\$

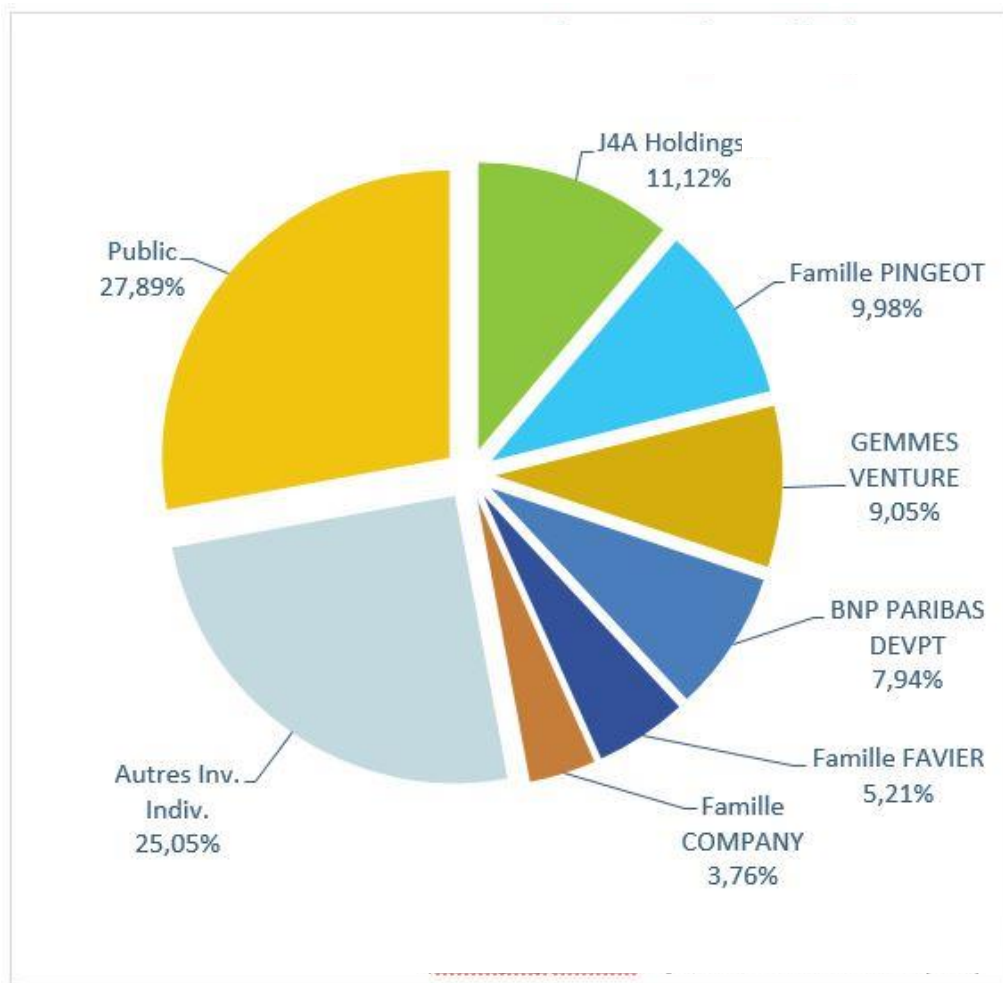
- |                        |               |               |
|------------------------|---------------|---------------|
| • <b>Turnover:</b>     | 7-8 M\$       | 15-17 M\$     |
| • <b>Gross Margin:</b> | 60-65%        | 50%           |
| • <b>Opex :</b>        | 2-3 M\$       | 2-3 M\$       |
| • <b>EBITDA :</b>      | approx. 2 M\$ | approx. 5 M\$ |
| • <b>TRI project :</b> | > 15%         | +++           |

- |                                    |                     |                   |
|------------------------------------|---------------------|-------------------|
| • <b>Number of opportunities :</b> | very important      | no longer limited |
| • <b>Main Argument :</b>           | Economic/Industrial | Environmental     |

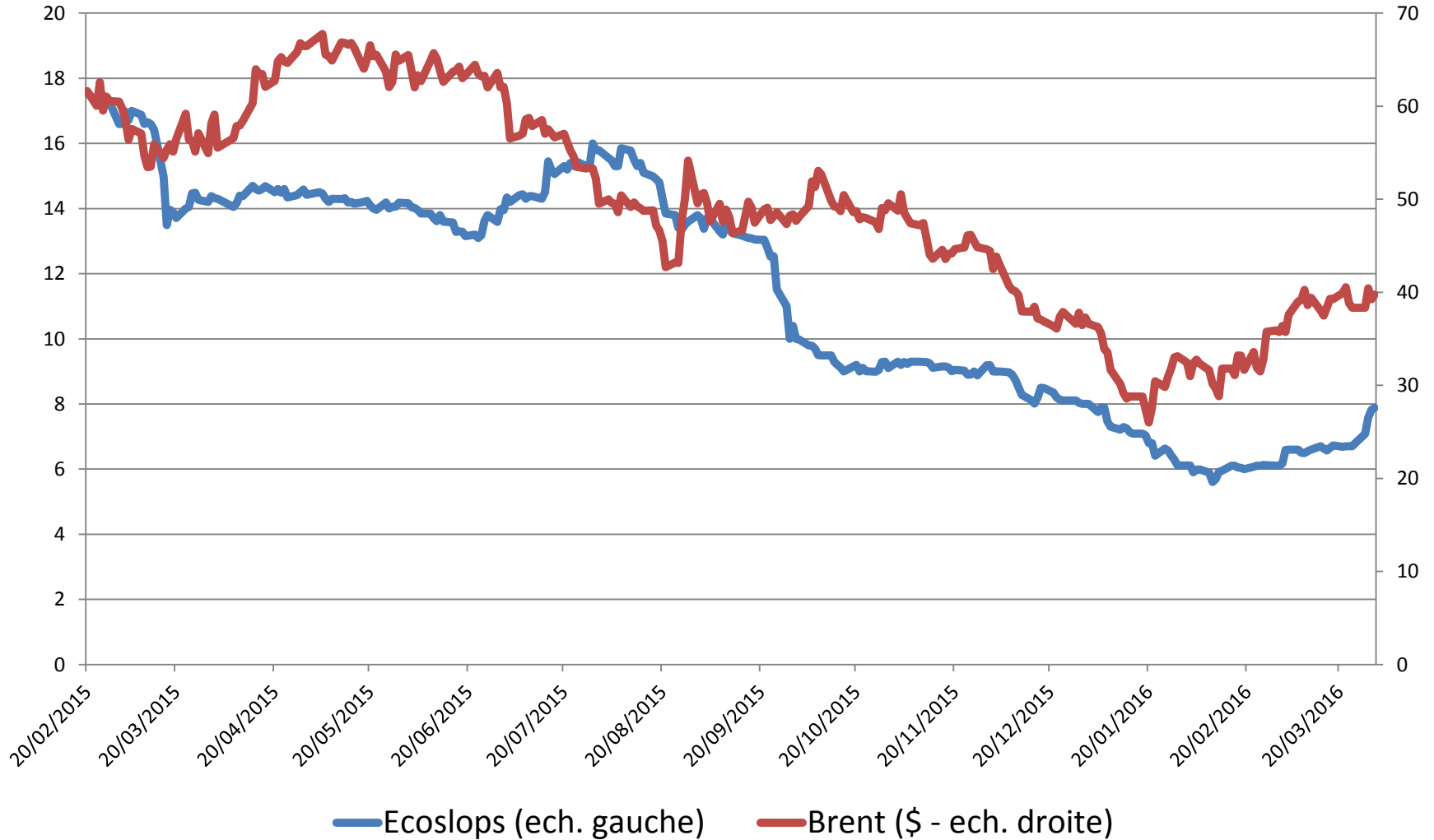


# Shareholding

- Shareholding structure (November 2015)



# Stock price: Ecoslops and Brent





## 5. Looking Forward

# 2015 : Learnings (1/2)

- **Undersizing of logistics and storage**
  - Problem resolved at the beginning of 2016
- **Long lead time for agreement with customers (> 6/9 months)**
  - Different needs of customers
    - qualification XFO and IFO : T1 2016
    - qualification MDO : in progress

**2015 : the overall increase was slower than expected**  
**2016 objective: to run at full speed by the end of the year**

# 2015 : Learnings (2/2)

- **An interest in the speciality products (XFO) due to the relative scarcity of this type of product and to its characteristics**
  - Selling price > 100 €/T, partially decorrelated from the price of Brent
- **Important operational sources of productivity (purchasing, staff, rentals etc) are being implemented : order of magnitude > -25% (fixed costs/T)**

**It has been a fast learning curve in Sinès, but this will improve the scalability as well as cost and operational efficiencies at future sites**

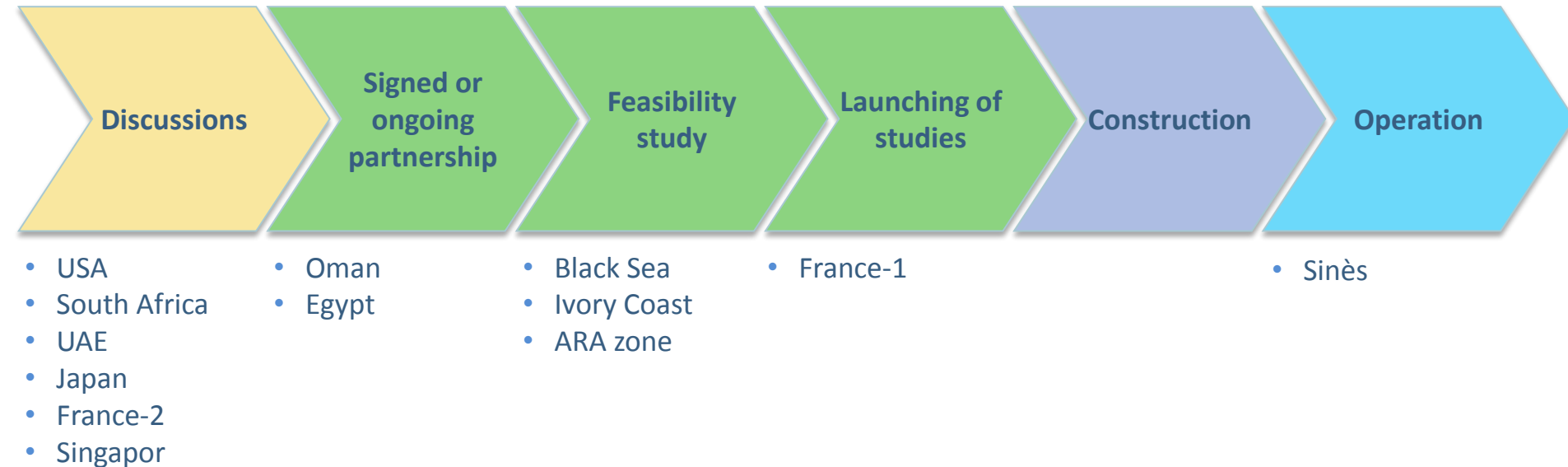
# 2016 – What's to come?

- **Port of Sinès :**
  - Achievement of the 2 500 T/month (30 000 T/year) regime by the end of 2016
  - Working on productivity in order to lower the breakeven point
  - Finalisation of the products' qualification with customers
    - => Financial independence expected by end of 2016**
- **Corporate :**
  - Team building:
    - pre-project (business development)
    - Project (project manager)

# Consolidation of financial structure in Q1 2016

- **Available funding 1,6 M€ at the of end December 2015 vs. 6,8 M€ on 30 June 2015**
- **ORNANE (private equity in February 2016) of 5,5 M€ for :**
  - Growth of Sinès operation
  - Funding of future developments (part of projects' equity)
  - For half subscribed by new investors
  - Flexibility in the repayment terms (calendar, cash / shares)

# A large portfolio of opportunities







**An innovative solution – Producing fuel from marine fuel residues**