

ECOSLOPS: A HALF-YEAR MARKED BY MAJOR IMPROVEMENT OPERATED ON THE UNIT OF SINES, AND PROGRESS MADE ON THE SITES OF MARSEILLES AND ANTWERP

Paris, September 26, 2018 - 6.45 pm

Ecoslops, the cleantech that brings oil into circular economy, announces its results for the first half of the year to June 30, 2018, as approved by the Board of Directors at its meeting of September 26, 2018 .

Vincent Favier, Chairman and CEO of Ecoslops, says: «*The first half of 2018 has been rich in progress and achievements. We performed a significant improvement of the Sines unit to expand the range of residues to be treated and address the low flashpoint residue market, generating the best gross margins. This immobilization slightly penalized the turnover over the half-year but did not prevent the Sines plant from generating a positive EBITDA. In addition, we have significantly expanded our sourcing capabilities in Europe, with suppliers in four countries now. This expansion is proof of the relevance of our positioning and the recognition that is given by the market. The Marseilles plant received its building permit in September, and the operating license is expected by the end of the year. Concerning Antwerp, we have finalized integration studies at ATPC / Vitol and initiated discussions with the administration for permits. The pilot of the Mini P2R is under construction. It will be delivered on site in October for process validation. Finally, the discussions with IAPMEI to define the non-refundable part of the financial support obtained for the construction of Sines have started, the aim being to complete them before the closure of the 2018 accounts.*»

P&L Groupe, en k€	30/06/2018	30/06/2017	Var.
CHIFFRE D AFFAIRES	2 612	2 939	(327)
PRODUITS EXPLOITATION	2 701	3 184	(483)
CHARGES EXPLOITATION	4 051	3 865	187
RESULTAT EXPLOITATION	(1 350)	(680)	(670)
RESULTAT FINANCIER	(164)	(63)	(101)
RESULTAT NET	(1 374)	(644)	(731)
EBITDA GROUPE	(710)	(74)	(636)

A Sines unit shutdown which explains a turnover in limited withdrawal

The group's turnover reached € 2.6m compared with € 2.9m in the first half of 2017 (including € 1.4m and € 1.8m in hydrocarbon sales respectively). This decrease is explained by the unavailability of the P2R unit during the first three months of the half-year. Indeed, as announced, Ecoslops took advantage of this period to make technical improvements to treat residues with low flash point. These residues have the advantage of being in large numbers in Europe (oil depots, oil terminals, pipelines, ...), and are less valued than high-flashpoint residues, which have less handling constraints and old market opportunities (cement plants). A first low-flashpoint residues vessel is expected to supply Sines before the end of the year (5,000T).

Over the half-year, 6,080T were produced (compared to 11,700T in 2017) and 4,600T sold (compared to 9,700T). Production resumed in early April at an average rate of 2000-2 200T per month.

The cyclical decline in volumes sold (-47%) was compensated by an average increase in the selling price per ton in € of + 64%, of which 24% related to the improvement of the mix and 32% linked to the rise in Brent (in €), benchmark of our selling prices.

Positive Portugal EBITDA in the first half

The fixed costs are stable on the Sines unit, and show a slight increase in the head office due to ongoing projects (Marseille, Antwerp, Mini P2R, ...).

Despite a low Sines utilization rate in the first half, the plant has a positive EBITDA of nearly € 200k, proof of the reliability of the business model.

As a result, the loss recorded at the group level is mainly attributable to the headquarters that concentrate the Technical, Development and General Management functions.

A European supply network

In two years, Ecoslops has managed to diversify its sources of supply of residues, both geographically and qualitatively. In addition to the local residues collected from MSC and CLT (oil terminal of the Port of Sinès), Ecoslops now has a network comprising Belgian, Dutch, Greek and French suppliers. These residues are both low and high flash point. By offering long-term employment and an attractive economic valuation of their residues, Ecoslops enables these collectors to invest in their core business and to reduce the costs invoiced to ships (the best way to fight against marine pollution). The implementation of this win-win strategy is unique in Europe.

Development during the semester

Marseilles

Ecoslops secured € 6.5m in bank financing from BNP, HSBC and Banque Populaire Méditerranée, plus BPI's € 2.0m Corporate financing and a € 0.4m zero-interest loan from the PACA Region.

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Studies are continuing and almost 70% of the tendering contracts have been launched or awarded. In September, the building permit was granted by the municipality of Châteauneuf-les-Martigues, to start Civil Engineering work. The public inquiry was closed on September 20th and the Operating License is expected before the end of the year. The goal is to build the P2R unit over the next year for commissioning in the second half of 2019.

For a unit like La Mède (30 000T / yr), the Ecoslops process allows manufacturing emissions to be divided by three compared to the traditional method based on crude oil extraction, and to improve the oil content footprint. (preservation of the stock of fossil raw material). Indeed, the results of the study carried out by Carbone 4 earlier this year indicate that the La Mède site alone will reduce emissions by 13 ktCO₂eq / yr.

Antwerp

Ecoslops and ATPC (VTI / VITOL group) have started studies to apply for a building and operating permit. Discussions with the Flemish administration begin to select the appropriate regulatory path. Technical implementation and integration studies in the ATPC refinery are being finalized. The intended size is at least 60 000T given the local potential.

Mini P2R

As previously announced, Ecoslops is convinced that a market exists for smaller units in more isolated ports (islands, regional ports). A pilot is under construction and will be delivered in October. Once the validation of the process has been performed, a prototype of this containerized unit will be built to exploit it under real conditions in a suitable port. Once this stage is completed, the commercialization of the Mini P2R can be launched internationally.

Other projects

Ecoslops is pursuing the Suez Canal draft and has initiated further discussions on world-class ports.

Financial situation

As of June 30th, 2018, available cash amounted to € 7m.

The gross debt amounts to € 2.9m, excluding the partially reimbursable grant from IAPMEI

Discussions with IAPMEI to determine the non-refundable share of the financial assistance granted began this summer and should be completed before the closure of the 2018 accounts. The economic and social results of the establishment in Sines make Ecoslops confident in the allocation of a large part of the aid in non-refundable form.

Perspectives and subsequent events

For the year as a whole, the estimated production in Sines should be around 19,000T, thus limiting the impact of the first quarter shutdown (equivalent to around 6,000T). Under these conditions, sales would be up over the full year compared to last year.

The end of the year will also record the operating license of our Marseille unit and start construction on the site.

The pilot of the Mini-P2R will be delivered and tested before the end of the year, source of new opportunities for Ecoslops (partnerships, business model, ...)

ABOUT ECOSLOPS

Ecoslops is listed on Euronext Growth in Paris - Code ISIN : FR0011490648

Ticker : ALESA / PEA-PME eligible

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Player of the circular economy, Ecoslops has developed and implemented a unique technology to upgrade oil residues into new fuels and light bitumen. The solution proposed by Ecoslops is based on a unique micro-refining industrial process that transforms these residues into commercial products that meet international standards. Ecoslops offers an economic and ecological solution to port infrastructure, waste collectors and ship-owners through its processing plants.

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