ECO slops

PRESS RELEASE

ECOSLOPS FULL-YEAR 2018 RESULTS: STRONG GROWTH IN BUSINESS; ROBUSTNESS OF THE COMPANY AND ITS BUSINESS MODEL CONFIRMED

Paris, April 4, 2019 – Ecoslops, the cleantech that brings oil into the circular economy, announces its results for the year ended December 31, 2018, approved by the Board of Directors on April 3, 2019.

Full-year sales totaled €7.5 million (19,000 metric tons produced), up 23% from €6.1 million in 2018. This significant increase was achieved despite the plant operating for only nine months of the year, compared to twelve months in 2017. The decision to shut down the Sines plant during the first quarter of the year so it could be adapted to process low flash point waste represented a production shortfall of 6,000 metric tons or close to €2 million in sales. Without this planned – and useful – shutdown, the Sines plant would have generated full-year sales of more than €9 million and produced over 25,000 metric tons.

EBITDA for the Portuguese subsidiary rose from the prior year to €1.5 million, even though the plant only operated for nine months out of twelve. Refined product sales generated an EBITDA margin of over 25% (excluding activities under concession). Carefully managed payroll and service provider expenses declined slightly despite new hires in France.
Group EBITDA was stable at a negative €0.38 million versus a negative €0.35 million in 2017. Ecoslops recorded a net loss of €1.50 million compared with a net loss of €1.35 million the year before.

The balance sheet was significantly strengthened during the year and shareholders' equity increased to €22.4 million thanks to the conversion of €3 million of the repayable advance obtained from SME accelerator IAPMEI (€2.3 million after tax) into a forgivable grant. Working capital requirement rose temporarily at year-end as the Company took advantage of large deliveries of waste. At end-2018, Ecoslops had almost €8 million in cash and zero net debt.

The Marseille plant has received all of the necessary administrative approvals, as well as firm financing from three banks in an amount of €6.5 million and a zero-interest loan from the Provence-Alpes-Côte d'Azur region. In March 2019, Total Raffinage France acquired a 25% interest (Ecoslops 75%) in Ecoslops Provence, the subsidiary that operates the Marseille plant, offering another powerful sign of the quality of the Company's processes and innovative technology. Construction is well underway and the plant should begin operating in late 2019.

Permit applications have been submitted for the Antwerp plant, which will be located in Europe's leading oil services center. At 60,000 metric tons/year, capacity will be twice that of Marseille or Sines. Depending on how quickly the local authorities can process administrative approvals, the plant may come on stream at the end of 2020.

ECO slops

PRESS RELEASE

The feasibility study for a facility in Port Said, Egypt, is in progress, with the results expected sometime in the middle of 2019. Initial contacts with potential financial backers were made at the beginning of the year. Port Said is a flagship project that will offer a showcase in the high-potential Middle-Eastern market.

The Mini-P2R pilot unit has been built and installed in Sines. The first trials began in January. The process is based on vacuum distillation, the only technical reprocessing method that yields products that comply with international standards. This new activity should further accelerate the Company's growth by opening the door to the vast medium-sized port market.

Consolidated Income Statement for the Year Ended December 31st,2018 (in € thousands)

	31/12/2018	31/12/2017	Var. k€	Var. %
Turnover	7 465	6 080	1 385	23%
Finished goods inventory variance	33	163	(130)	(80)%
Subsidies	57	187	(130)	(70)%
Provision reversal	80	4	76	
Other income	75	113	(38)	(34)%
Operating income	**7 710**	**6 547**	**1 163**	**18%**
Cost of goods sold	(2 285)	(913)	(1 372)	150%
General and administrative expenses	(2 803)	(2 937)	134	(5)%
Taxes	(137)	(46)	(91)	198%
Staff costs	(2 676)	(2 800)	124	(4)%
Depreciation and provision	(1 243)	(1 290)	47	(4)%
Other expenses	(144)	(182)	38	(21)%
Operating expenses	**(9 288)**	**(8 168)**	**(1 120)**	**14%**
Operating profit	**(1 578)**	**(1 621)**	**43**	**(3)%**
EBITDA	**(379)**	**(354)**	**(25)**	**7%**
Financial income	25	13	12	92%
Other financial income	20		20	
Financial expenses	(333)	(131)	(202)	154%
Financial loss	**(288)**	**(118)**	**(170)**	**144%**
Extraordinary income	39	18	21	117%
Extraordinary expenses	(3)	(37)	34	(92)%
Extraordinary profit	**36**	**(19)**	**55**	
Corporate tax	330	408	(78)	(19)%
Net result	**(1 500)**	**(1 350)**	**(150)**	**11%**

PRESS RELEASE

Strong Increase in Sales and a Greatly Enhanced Sales Mix

Refined product sales rose more than 30% year-on-year and accounted for more than 75% of Sines' business.

In 2018, Ecoslops continued to improve its sales mix by producing more high value-added fuel (diesel sold to Galp). This product accounted for more than 55% of sales versus 45% in 2017. This performance stems directly from the Company's ability to process low flash point waste, which generates more diesel sales, thanks to the plant upgrade carried out in Q1 2018. The average selling price per ton grew by more than 50% over the year. Higher oil prices accounted for 30% of this increase, while movements in the euro/dollar exchange rate had a negative impact of 5%. The improved sales mix accounted for the remaining 25%. Galp has become our biggest customer in value, reflecting the upmarket shift in our business.

Stable Operating Expenses

Purchases of hydrocarbon waste totaled €2.3 million for the year, compared to €0.9 million in 2017, in line with the objective of generating 50% of gross margin on sales of finished products (58% in 2018 in Portugal excluding activities under concession). Ecoslops' strategy is to develop a reliable, long-term network of suppliers across Europe to supply its plant in Portugal, as well as its upcoming facilities in Marseille and Antwerp. Utilization rate is the main profitability driver when gross margin conditions are satisfactory. To achieve its objective, the Company will need to negotiate sustainable, long-term purchasing arrangements with suppliers to encourage them to invest in their waste collection and processing facilities. As a result, the policy of pragmatic spot purchases implemented when the business was starting up has been scaled back.

Payroll and external expenses declined once again despite the significant increase in business. This performance reflects the results of initiatives deployed over the past two years to enhance productivity both internally (payroll) and externally (suppliers).

Three years after the first sales of refined products, all of the business model metrics (purchases, internal costs and selling prices) are aligned.

Consolidated Balance Sheet at December 31, 2018 (in € thousands)

	31/12/2018	31/12/2017	Var. k€	Var. %
Intangible fixed assets	372	450	(78)	(17)%
Tangible fixed assets	18 479	17 037	1 442	8%
Financial assets	161	57	104	182%
Differed tax asset	1 929	1 967	(38)	(2)%
Fixed assets	**20 941**	**19 511**	**1 430**	**7%**
Inventory	1 460	482	978	203%
Trade receivables	1 529	935	594	64%
Other receivables	1 582	1 429	153	11%
Cash and cash equivalent	7 909	8 257	(348)	(4)%
Prepaid expenses	76	108	(32)	(30)%
Current assets	**12 556**	**11 211**	**1 345**	**12%**
Total assets	**33 497**	**30 722**	**2 775**	**9%**

	31/12/2018	31/12/2017	Var. k€	Var. %
Capital and reserves	21 598	22 772	(1 174)	(5)%
Subsidy	2 320		2 320	
Net result	(1 500)	(1 350)	(150)	11%
Equity	**22 418**	**21 422**	**996**	**5%**
Provision for risks and charges	**21**	**187**	**(166)**	**(89)%**
Financial debt	**7 867**	**7 134**	**733**	**10%**
Trade payables	1 670	1 004	666	66%
Social and tax payables	1 316	699	617	88%
Other payables	205	276	(71)	(26)%
Current liabilities	**3 191**	**1 979**	**1 212**	**61%**
Total liabilities & equity	**33 497**	**30 722**	**2 775**	**9%**

Financial Position

At end-2018, Ecoslops had almost €8 million in cash and zero net debt. Operating cash flow at the Sines plant will soon be sufficient to cover central costs relating to new projects, enabling the Company to focus its financial resources on investments in new plants or on R&D.

Working capital requirement rose temporarily at year-end as the Company took advantage of large deliveries of waste.

The increase in property, plant and equipment reflects initial purchases of equipment for the Marseille plant.
Shareholders' equity was strengthened by the conversion of €3 million of the repayable advance obtained from IAPMEI (€2.3 million after tax) into a forgivable grant and now exceeds €22 million.

Outlook and Subsequent Events

Ecoslops' long-term financial position was fundamentally enhanced in early 2019 by two important developments:

- The decision of the European Investment Bank (EIB) to grant the Company a long-term loan of €18 million. Ecoslops will be able to use the EIB financing for its future projects in Europe and dedicate its corporate resources to new developments, without having to look to shareholders for funds over the coming years.

- Total's acquisition of a 25% stake in Ecoslops Provence.

In 2019, the Sines plant has set a production target of 25,000 metric tons (compared to 19,000 metric tons in 2018). The only shutdowns scheduled are for planned maintenance.

Ecoslops aims to commission the Marseille plant by the end of the year.

The Company hopes to get the official green light for the Antwerp facility this year. There should also be significant progress in the Egyptian project in 2019 if the feasibility study is approved by all of the parties concerned (Ecoslops, Suez Canal Authority).

Work will continue throughout the year to fine-tune the Mini P2R pilot unit with the aim of identifying a partner for a scale 1 prototype.

Ultimately, Ecoslops' three plants in Sines, Marseille and Antwerp will have a total production capacity of 120,000 metric tons of refined product, representing potential sales of €40 million and EBITDA of €10 million.

ABOUT ECOSLOPS

Ecoslops is listed on Euronext Growth in Paris - Code ISIN : FR0011490648
Ticker : ALESA / PEA-PME eligible
Investor Relations : info.esa@ecoslops.com - 01 83 64 47 43
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.

INTEGRATED WITH PORT STRATEGY

ECONOMIC

ECOLOGICAL

TRACEABLE

www.ecoslops.com