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ECOSLOPS - FIRST SEMESTER 2019: NEW STRONG GROWTH IN REVENUE AND FIRST POSITIVE GROUP EBITDA

Paris, September 25th, 2019 - 7:45 pm

Ecoslops, the cleantech that brings oil into circular economy, announces its results for the first half of the year to June 30th, 2019, as approved by the Council of Directors at its meeting of September 25th, 2019.

Vincent Favier, CEO of Ecoslops, says:

Ecoslops has achieved a significant milestone in the first half of 2019, operationally as much as financially and strategically. First, the Portuguese operating subsidiary is showing strong growth in volumes, sales revenue (+ 74% and x2 in refined products) and profitability. Then, the rigorous management of the resources committed to the construction of the Marseille unit and the development of other projects (Mini P2R, Antwerp, Egypt, etc.) made it possible to limit the net loss at €0.5m against €1.4m at the same period last year and thus to clear for the first time a positive Group EBITDA. Finally, the three financial closings bring a long-term visibility in phase with our needs: entry of the Total group into the capital of Ecoslops Provence (Marseille), firm commitment by the BNP, HSBC and BP Med banks up to €6.5m (Marseille) and financing from the European Investment Bank up to €18 million (Marseille, Antwerp, R&D). This visibility makes it possible to consider serenely the next semesters and to proceed with the recruitments made necessary by a pipeline of opportunities that continues to grow steadily.

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	06/30/2019	06/30/2018	Var. k€
Refined products	3 595	1 697	1 898
Seaport services & Others	958	915	43
Total turnover	**4 553**	**2 612**	**1 941**
Operating income	**5 093**	**2 701**	**2 392**
Operating expenses	**(5 619)**	**(4 051)**	**(1 568)**
Operating profit	**(526)**	**(1 350)**	**824**
Financial loss	**(113)**	**(164)**	**51**
Net result	**(481)**	**(1 374)**	**893**
Net result attributable to the parent company	**(465)**	**(1374)**	**909**
EBITDA GROUPE	**125**	**(710)**	**835**

Strong growth in sales revenue

The group's turnover reached € 4.6m against € 2.6m in the first half of 2018 (including € 3.6m and € 1.7m in sales of refined products respectively). It is recalled that the P2R unit of Sines in Portugal had been the subject of a scheduled shutdown during the first quarter of 2018 in order to provide technical improvements.
Over the semester, 13,360T were produced (compared to 6,080T in 2018) and 12,000T sold (compared to 5 250T).
The increase in Refined Products revenue is therefore the result of a volume effect (+ 129%) and a decrease in the average selling price / tonne of 7%, resulting from a fall in the average price of Brent by 12% and EUR / $ parity more favorable by 5%.

Positive Group EBITDA in the first half

For the first time, the Group EBITDA becomes positive. Sines unit posted positive EBITDA just over € 800,000 (compared with just under € 200,000 in the first half of 2018), which cover the costs of structure and holding.

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A financial situation significantly strenghened

On January 30th, 2019, IAPMEI notified Ecoslops Portugal that an amount of € 3,033,000 of the conditional advance became non-refundable in view of the achievement of the socio-economic criteria of the project.
On March 29th, 2019 and in accordance with the commitments made previously, the Total Group entered up to 25% in the capital and financing of the subsidiary Ecoslops Provence, which will operate the Marseille unit.
The first half of 2019 also saw the signing of the financing contracts announced in 2018, namely a €6.5m financing from BNP, HSBC and Banque Populaire Méditerranée for the Marseille unit, as well as a € 18m «Corporate» financing from the European Investment Bank for Marseille, Antwerp and R&D. The first draws will take place during the second half of 2019.

As of June 30th, 2019, available cash amounted to € 4,445,000.
Gross debt amounted to k€ 7,233 and equities to k€ 23,137 (k€ 21,903 excluding minority interests).
Net indebtedness as of June 30th, 2019 was k€ 2,788 compared with net cash of k€ 42 as of December 31st, 2018, reflecting the investment period on the Marseille site (m€ 3.8 on the first half of the year).

Diversification of trading partners in Sines

After the diversification of supply sources in 2018 (geographically and qualitatively with the management of low flashpoint residues), Ecoslops has expanded and diversified during the first half of 2019 its client portfolio, particularly for Gasoil and Light Bitumen, so that there are several business options available at any time. Regarding the latter product, a new market as heavy bitumen fluxing has been found, the European market for bitumen being very under-capacity in road bitumen.

Development during the semester

Marseille

The Exploitation License was obtained on January 30th, 2019.
As indicated above, on March 29th, 2019, the Total Group entered up to 25% in the capital and financing of Ecoslops Provence, the project's subsidiary.
The additional financing (€ 6.5m) was contracted on April 15th, 2019 with a banking pool composed of BNP, HSBC and Banque Populaire Méditerranée.

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The Ecoslops' team on site is now composed of four persons, who follow up on works. The start of the unit is expected mid-2020, with delay on the initial planning (end 2019), essentially related to the complexity of integrating a unit like P2R into a pre-existing site, itself in a modernization phase in 2018 and then starting up in 2019. The six storage tanks, the entire civil engineering and the furnace will be completed in 2019. The assembly of the P2R unit will be carried out in the first half of 2020.

Antwerp

Regulatory studies continued and included quality analysis of the Sines unit productions by the OVAM, organization in charge of the approvals in the Flanders Region. The results will be known by the end of the year. The ARA (Antwerp-Rotterdam-Amsterdam) market is waiting for a solution like the one proposed by Ecoslops. The Belgium therefore plans to grant product statuses only to vacuum distillation solutions (compared to current conventional decantation and centrifugation solutions). As a reminder, part of the EIB financing is intended to finance the share of own funds needed by the Antwerp unit.

Mini P2R

The Mini P2R pilot has been tested on the first semester at Sines and has proven its ability to separate the residues generated in medium-sized ports in commercial oil cuts. Discussions are initiated with several interested partners to host the first unit and the objective is to contract the first unit by the end of the year.

Egypt

The preliminary draft is continuing and should be presented to the Egyptian authorities before the end of the year for decision. A land was selected in Port Said, on which soil studies are in progress. The potential is related to the annual traffic passing through the Suez Canal and the total lack of collection and processing installations in the current time. This project plans, in the first instance , the installation of means of collection (barge), as well as reception and water/hydrocarbons separation utilities. A P2R unit will be installed once the volumes treated justify it.

New projects

During the semester, new leads with slops collecting companies were developed in areas with very high potential. These leads should complete the mesh projects outside Europe, especially in Asia's strategic zone, the world's largest market in terms of maritime traffic and oil residues availability.

Outlook and subsequent events

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Over the year as a whole, the estimated production in Sinès should be between 24,000T and 26,000T, compared to 19,200T in 2018. Under these conditions, the turnover will be up on the full year compared to last year, despite a lower Brent than last year and a 2018 second semester particularly good.
A first draw of m€ 5 was made on July 30th, 2019 on the financing of the EIB.

Financial agenda
February 10th, 2020: Operational Report and 2019 Turnover

ABOUT ECOSLOPS

ALESA
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Ecoslops is listed on Euronext Growth in Paris - Code ISIN : FR0011490648
Ticker : ALESA / PEA-PME & FCPI eligible
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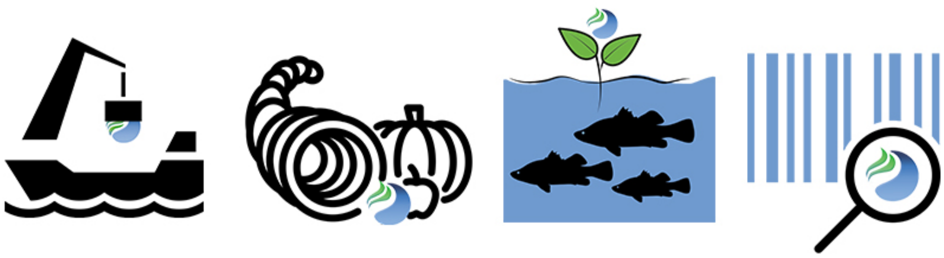
Player of the circular economy, Ecoslops has developed and implemented a unique technology to upgrade oil residues into new fuels and light bitumen. The solution proposed by Ecoslops is based on a unique micro-refining industrial process that transforms these residues into commercial products that meet 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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