

**ELECTRO POWER SYSTEMS BECOMES AN INTEGRATED ENERGY STORAGE GROUP
WITH THE ACQUISITION OF ELVI ENERGY, THE LEADING ITALIAN SYSTEM INTEGRATOR**

Paris-Milan, 14 December 2015 – Electro Power Systems S.A. ("**EPS**", and together with its subsidiaries, the "**Group**"), technology pioneer of clean energy storage systems listed on the regulated market Euronext Paris, announces the acquisition of the energy and system integration division ("**Elvi Energy**") of Elvi Elettrotecnica Vitali S.p.A. ("**Elvi**"). Elvi Energy includes Elvi's equity interest in MCM Energy Lab ("**MCM**"), a leading R&D laboratory participated by the Politecnico di Milano.

The closing of the transaction is expected by year-end, subject to the fulfilment of the procedural steps set forth in the acquisition agreement. The consideration for the acquisition of Elvi Energy and the potential increase of the stake up to 100% of MCM amounts to approx. 3 million euros, but approx. 55% of the proceeds will be reinvested in EPS in a capital increase reserved to Elvi and to the Elvi Energy management team, representing approximately 2.70% of the current share capital of EPS, that EPS intends to complete in early 2016. The transaction consists therefore in a real joint project between EPS and Elvi, transforming EPS into a fully integrated energy storage group, which from the date hereof will utilize the new brand and trademark "*Electro Power System Group*".

Elvi Energy is one of the leading storage system integrators globally, a leadership built on proprietary hardware and software technology. Elvi Energy's track record includes 4.6MW of hybrid power plants installed in 7 countries, and 9.5MWh of energy storage systems realized. In 2015 to date, Elvi Energy has commissioned 4MW of projects, implying a 2%+ global market share based on Bloomberg NEF market assessment.

Already a technology partner for EPS, Elvi Energy's capabilities cover the development and manufacturing of inverter systems, PCs, controllers and software to integrate different power generation and battery technologies (Li-ion, Pb, NaNiCl, LiFePO and SoNick) into sophisticated grid and microgrid systems. EPS' hydrogen Power-to-Power platform provides long-term autonomy and generation capacity to renewable-powered electricity systems, and combined with Elvi Energy, the group becomes an integrated supplier of dispatching and capacity solutions for sustainable power systems.

Elvi Energy, led by **Paolo Morandi** and **Gabriele Marchegiani**, together with **Daniele Rosati** and **Nicola Vaninetti** is based in Milan and Delebio (SO) and brings to the Group 22 professionals, 78% of whom are engineers and 30% have a Ph.D. or an MBA.

Following the transaction, Elvi Energy will maintain its full operating independence as a system integrator, adding preferential access to EPS' hydrogen technology as an alternative source of capacity to diesel fuel generation.

The transaction marks a step change in EPS' deployment strategy in emerging markets through Hybrid Power Plants, a turnkey off-grid and micro-grid power solutions comprised of renewables and storage technologies. In addition, it will enhance the system integration skills of the Group in grid support solutions and renewable integration in developed markets.

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The acquisition will be carried out through the transfer of Elvi's energy and system integration going concern into a NewCo, to be named "*Elvi Energy*". EPS will acquire 100% of the shares of Elvi Energy, together with the 30% equity interest in MCM (the consideration of approx. 3 million euros also includes the potential increase in the interest in MCM up to 100% from the management team of Elvi Energy and the Politecnico di Milano that own the residual 70% of the MCM's capital). As third step, in early 2016 EPS will carry out a reserved capital increase for Elvi and the management team of Elvi Energy through with they will invest into approx. 212,654 newly-issued EPS shares approx. 55% of the proceeds received from the transaction, representing a dilution of 2.63% for the current shareholders.

Through this transaction, EPS and Elvi Energy will deliver reliable, sustainable and affordable clean energy solutions, fostering the COP21 global goals set in Paris by 196 countries.

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"The acquisition of Elvi Energy positions Electro Power Systems as the only technology-neutral, integrated specialist in despatching and capacity solutions for sustainable power systems. Renewables intermittency is no longer a fact of life" said **Giuseppe Artizzu**, EPS' Executive Director for Global Energy Strategy. *"We have already developed with Elvi Energy an impressive project pipeline, and the combination between the two of us will just boost the conversion of such pipeline."*

"The transaction, completed in a few months, is testament to the capacity and vision of the Group to stay ahead of trends, leveraging the expertise of the EPS management team to seize a global market opportunity" said **Carlalberto Guglielminotti**, EPS Chief Executive Officer.

Gabriele Marchegiani, future co-CEO of Elvi Energy for the business development said: *"I am excited to be a part of the EPS Group for the next phase of Elvi Energy's growth. This transaction validates the great team, the expertise and the pipeline built together with EPS, and provides us the opportunity to build scale given the huge market opportunity in emerging economies. This will enable our integrated systems coupled with the EPS technology to provide power to 2.4 billion people that today are under-electrified, at a lower cost and in a full clean way"*.

"With EPS, we will further reduce the residual diesel fuel consumption in our Hybrid Power Plants, to supplement the batteries of our established partners like Toshiba and Fiamm, and provide energy 24/7 at a competitive cost" said **Paolo Morandi**, future Chairman of Elvi Energy.

About Electro Power Systems

Founded in 2005 as spin-off of the Politecnico of Turin (Italy) and pioneer of hydrogen technologies, Electro Power Systems (EPS) today operates in the sustainable energy sector and specializes in integrated energy storage solutions and systems. The main areas of focus of the Group are integrated solutions for energy and backup applications in the ICT and data center industry, grid support in countries with heavy penetration of renewables sources, and off-grid power generation in emerging economies. In a nutshell, clean energy storage solutions, at a lower cost, with no need for subsidies.

EPS is today listed on the French regulated market of Euronext, with headquarters in Paris, R&D and Manufacturing in Italy (Turin) and an international team based in California and Singapore.

In 2010 EPS started the development of the first oxygen and hydrogen battery worldwide, a system able to store massive amounts of energy at a cost lower than any other solution in the market. This innovative technology, covered by 123 patents and patents applications worldwide, is able to store energy exploiting exclusively the water cycle, without any emission or toxic or heavy metals. Since 2012 the product has been pre-commercialized and so far EPS has installed in aggregate 579 systems, 31.7 MWh of energy stored in 18 countries worldwide, including Europe, USA, Australia, China, Indonesia, India and South Africa.

The Group led by **Carlaberto Guglieminotti** as CEO, supported by **Luca Dal Fabbro**, **Giuseppe Artizzu** and **Ilaria Rosso**, is a global organization which counts 61 human resources between Europe, South Africa, USA and Singapore, of which 37 people involved in research and development projects.

The huge effort in R&D enabled the development of a unique technology, covered by patents in 48 countries worldwide, granting to the Group the possibility to be named "World Technology Pioneer" by the World Economic Forum, included in the 100 Cleantech Global by the Cleantech Group but also selected between the worldwide excellences by the Cleantech Forum in San Francisco and Rotterdam.

To enhance the phase of development and global commercialization, the Group has successfully completed in April 2015, with the support of Société Générale as Global Coordinator, the Initial Public Offering of its shares on the regulated market Euronext Paris with a market capitalization of Euro 52 million euros.

For more information electropowersystems.com

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