

Quarterly Statement Q1/2016

Heliocentris Energy Solutions AG

State-of-the-art power solutions

Managed Power Services

Fuel-Free Hybrid Power Solution

Interconnected Energy Management

Zero Emission Fuel Cell and Electrolyzer Solutions

German engineering

Seamlessly integrated power systems

Retrofit hybrid power solutions

Key figures

		Q1/2016	Q1/2015
Revenue	in EUR k	1,050	2,941
EBITDA	in EUR k	-4,310	-3,785
EBIT	in EUR k	-5,160	-4,498
Profit (loss) for the period	in EUR k	-5,321	-4,749
Earnings per share	in EUR	-0.37	-0.45

		31.03.2016	31.12.2015
Total assets	in EUR k	30,748	36,921
Trade and other receivables	in EUR k	7,205	12,797
Trade payables	in EUR k	6,186	6,859
Cash and cash equivalents	in EUR k	1,524	2,000
Shareholder's Equity	in EUR k	8,525	13,719
Equity ratio	in %	27.7	37.2

Quarterly report Q1/2016

- Quarterly sales of EUR 1,050 thousand
- Group result of minus EUR 5,321 thousand due to weak sales at the start of the year

Business development/results of operations in Q1 2016

From January to March 2016, the Heliocentris Group generated revenue of EUR 1,050 thousand (Q1 2015: EUR 2,941 thousand). EUR 833 thousand (Q1 2015: EUR 1,508 thousand) of this related to the Industry segment and EUR 207 thousand (Q1 2015: EUR 1,433 thousand) to the Academia segment. Reasons for the decline in revenue in the Industry segment included the change of government in Myanmar, which temporarily delayed decision-making processes in this significant market for Heliocentris and reduced the roll-out to a minimum. In addition, expected incoming orders from the Middle East were postponed. The Academia segment was dominated by a major order from Ghana in the first quarter of 2015. Revenues in the first quarter of 2016 were unable to compensate for this previous-year order. The modest revenue development in the traditionally weak first quarter accordingly resulted in a decline in earnings. The Group's directly attributable¹ (variable) cost of sales amounted to EUR 735 thousand or 70.0 % of revenue in the first quarter of 2016 (Q1 2015: 76.9 %). The Group's profit contribution after direct costs was therefore 30.0 % (Q1 2015: 23.1 %). The Group's gross result, which alongside directly attributable (variable) costs

is also affected by indirectly attributable² (fixed) costs, amounted to minus EUR 1,411 thousand (Q1 2015: minus EUR 780 thousand³). The gross result in relation to revenue fell to minus 134.3 % in the reporting period after 26.6 % in the first quarter of 2015.

The Group's sales and marketing costs fell by EUR 68 thousand (-4.7 %) from EUR 1,456 thousand in the previous year to EUR 1,388 thousand in the reporting period.

Development costs rose by EUR 119 thousand (+18.2 %) from EUR 653 thousand in the first quarter of 2015 to EUR 772 thousand in the first quarter of 2016, which was primarily attributable to an increase in operating costs due to the development activities in the field of electrolysis and lower development cost capitalised.

Costs in general administration increased by EUR 270 thousand (+21.6 %) from EUR 1,251 thousand in the first quarter of 2015 to EUR 1,521 thousand in the first quarter of

¹ The direct (variable) cost of sales includes the costs of purchasing goods and services as well as staff costs for the production, service and storage units.

² The indirect (fixed) cost of sales comprises staff and operating costs for the units Purchasing, Supply Chain Management, Implementation Engineering and Service Operations as well as depreciation of property, plant and equipment, amortisation of intangible assets, and depreciation of capitalised development costs, which can be attributed to sales.

³ The financial statements as of 31 December 2015 included reclassifications in the statement of comprehensive income, which have been retrospectively reproduced here for the first quarter of 2015.

2016. The increase is due firstly to the additional general and administrative expenses of Heliocentris Italy s.r.l., founded in mid-2015, and secondly to increased costs in connection with the company's listing in the Prime Standard.

EBITDA was minus EUR 4,310 thousand in the first quarter of 2016 (Q1 2015: minus EUR 3,785 thousand). The loss for the period changed from EUR 4,749 thousand in the first quarter of 2015 to EUR 5,321 thousand in the quarter under review. Earnings per share amounted to minus EUR 0.37 compared to minus EUR 0.45 in the first quarter of 2015.

The Group's net assets and financial position

Non-current assets decreased by EUR 390 thousand from EUR 19,115 thousand as at 31 December 2015 to EUR 18,725 thousand as at 31 March 2016 as a result of capitalised development costs and scheduled depreciation and amortisation.

The sharp decline in trade and other receivables, which fell by EUR 5,591 thousand from EUR 12,797 thousand as at 31 December 2015 to EUR 7,205 thousand as at 31 March 2016, was due to payments received from customers for prior-period goods and services and the lower revenue in the first quarter of 2016.

Cash and cash equivalents amounted to EUR 1,524 thousand as at 31 March 2016 after EUR 2,000 thousand as at 31 December 2015.

The EUR 673 thousand reduction in trade payables from EUR 6,859 thousand as at 31 December 2015 to EUR 6,186 thousand as at 31 March 2016 was primarily the result of payments of invoices due to suppliers and service providers.

On the basis of the loss for the period, the Heliocentris Group's equity declined to EUR 8,525 thousand in the first quarter of 2016 (31 December 2015: EUR 13,719 thou-

sand); the equity ratio therefore fell to 27.7 % as at 31 March 2016 compared to 37.2 % as at 31 December 2015.

At the end of the first quarter of 2016, total assets amounted to EUR 30,748 thousand (31 December 2015: EUR 36,921 thousand).

To secure its growth strategy, Heliocentris Energy Solutions AG completed a cash capital increase with gross proceeds of EUR 2.6 million on 26 April 2016.

Roadmap to profitability

Due to the unsatisfactory revenue and earnings performance in 2015 as a whole and in the first quarter of 2016, the Management Board and Supervisory Board of Heliocentris Energy Solutions AG – as already reported – initiated an extensive package of measures in March 2016 with the aim of sustainably increasing the gross profit margin while significantly reducing fixed costs through improved efficiency and a consistent focus on industrial business. For example, a redundancy package was agreed with the Heliocentris works council for the Berlin site in spring 2016. In total, 45 jobs at the German locations were cut with regard to the 30th September 2015 reporting date. The majority took effect on 30th June 2016. Likewise, the core processes in the project business were optimised to allow fixed costs to be reduced through improved efficiency and to initiate a significant reduction in operating costs. The Management Board expects all measures to have been implemented by the end of 2016, which from 2017 will save around EUR 6.5 million compared to 2015. In addition, starting from 2017 higher gross margins thanks to increased revenues from energy management software and proprietary storage systems to major OEM customers and system integrators are expected to contribute to a sustainable increase in earnings.

Outlook

In light of the shortfall in incoming orders in the first half of the year compared to planning, the Management Board expects revenues of around EUR 20 to 25 million for the current financial year.

Among others, the order reported in April 2016 for the delivery of 22 fuel-cell emergency standby systems for supplying emergency power to sites in the emergency services digital radio network, the master purchase agreement also concluded in the second quarter with a leading network supplier in Northern Europe, and a further order for the hybridisation of 50 mobile telecommunications base stations in the network of Etisalat in the United Arab Emirates will contribute to this.

Achieving this level of revenues mainly depends on incoming orders in the next few months.

The Management Board is currently working of various financing options in order to respond to the reduced revenue forecast.

Most of the cost reduction measures already implemented will take effect in the second

half of 2016. In connection with the expected revenue increases in the second half of 2016, earnings in the 2016 financial year should be better than in the previous year. For the 2017 financial year, the Management Board expects to achieve a break-even operating result.

These forecasts for the expected development of the Heliocentris Group include careful consideration of the risks and opportunities in the development of the market environment. Actual results may differ considerably from forecasts if, for example, the package of measures or the expansion of sales activities do not result in increased revenues or an improved earnings situation, or if this is prevented by greater competitive pressure.

Berlin, 4 July 2016

Ayad Abul-Ella
Chief Executive Officer

Sabine Kauper
Chief Financial Officer

Dr Henrik Colell
Chief Technology Officer

Consolidated statement of comprehensive income for the period from 1 January 2016 to 31 March 2016

	Q1/2016 EUR	Q1/2015 EUR
Sale of goods	723,583.69	2,714,068.25
Rendering of services	326,548.49	226,887.83
Total revenue	1,050,132.18	2,940,956.08
Cost of sales *	-2,460,853.27	-3,720,700.79
Gross result	-1,410,721.09	-779,744.71
General and administrative *	-1,520,608.22	-1,250,711.60
Sales and marketing *	-1,387,676.33	-1,455,730.77
Research and development *	-772,098.24	-653,355.02
Other operating income *	195,835.12	779,405.19
Other operating expense *	-265,132.59	-1,138,290.61
Analysis of operating earnings (EBIT)		
EBITDA	-4,310,195.27	-3,785,067.41
Amortisation, depreciation and write-downs of intangible and tangible assets	-850,206.08	-713,360.11
Operating earnings (EBIT)	-5,160,401.35	-4,498,427.52
Other interest and similar income	249,225.91	24,274.75
Finance costs and similar expense	-338,009.50	-274,591.57
Share of earnings from investments measured using the equity	-55,560.12	0.00
Profit (loss) before tax	-5,304,745.06	-4,748,744.34
Income tax	-16,352.62	0.00
Profit (loss) for the period	-5,321,097.68	-4,748,744.34
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss under certain conditions		
Exchange differences on translation of foreign operations	2,040.32	-8,868.19
Other comprehensive income for the period, net of tax	2,040.32	-8,868.19
Total comprehensive income for the period, net of tax	-5,319,057.36	-4,757,612.53
Profit (loss) attributable to:		
Equity holders of the parent	-5,321,097.68	-4,748,744.34
Non-controlling interests	0.00	0.00
Total comprehensive income attributable to:		
Equity holders of the parent	-5,319,057.36	-4,757,612.53
Non-controlling interests	0.00	0.00
Earnings per share		
Basic and diluted, profit (loss) for the period attributable to Equity holders of the parent	-0.37	-0.45

* Prior-year figure adjusted. See the comments in note 3 to the consolidated financial statements for the year ended

About Heliocentris

Heliocentris is a leading provider of energy management systems and energy efficiency solutions to supply power to mobile base stations in regions with inadequate power grids and to safeguard critical infrastructure in regions with stable power grids. The range is complemented by a comprehensive service and software offering to keep the power systems in operation. Heliocentris' energy management system creates intelligent, remote-controlled, reliable and highly efficient hybrid energy solutions from diverse components such as batteries, photovoltaic modules, conventional diesel generators and fuel cells. The solutions reduce CO₂ emissions by 50 % and operating costs by up to 60 % compared to conventional energy solutions for mobile telecommunications base stations. Heliocentris' fuel cell systems ensure uninterrupted power supply with long runtimes to critical infrastructure such as TETRA base stations for public authority radio networks, back-bone sites in mobile networks, power distribution and server stations. Heliocentris also supplies products for professional and university education and applied research in the fields of fuel cell, solar, wind and hydrogen energy technologies. The company is headquartered in Berlin with offices in Munich, Stuttgart, Lavoria, Dubai, Yangon, Johannesburg and Vancouver. Shares of Heliocentris AG are traded in the Prime Standard of the Frankfurt Stock Exchange under the securities identification code A1MMHE.

Further information is available at www.heliocentris.com.

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