



Interim Results 2016 Call

7 September 2016

Yverdon-les-Bains, Switzerland

Hosted by: Anil Srivastava, CEO, and Hubert Angleys, CFO



- **Market / Business Model update**
- **1H-2016 Achievements**
- **Financial Summary**
- **Outlook and Strategic Initiatives**

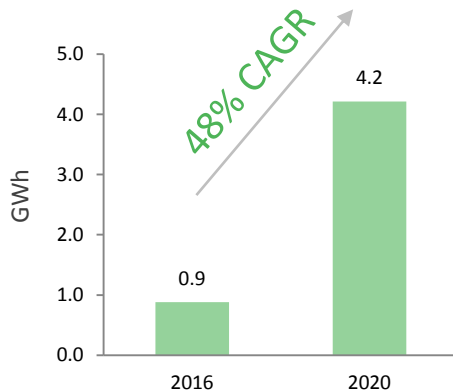




Utility-scale generation & microgrids



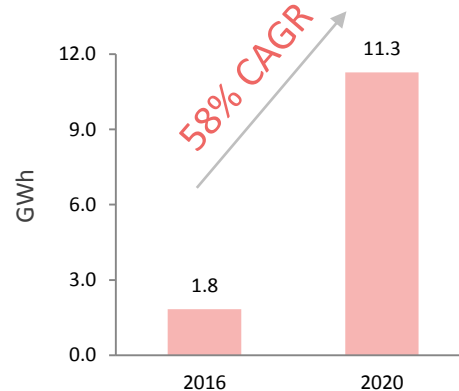
- Micro-grids: renewable integration
- Grid stabilisation and peak shifting



Commercial & industrial battery systems



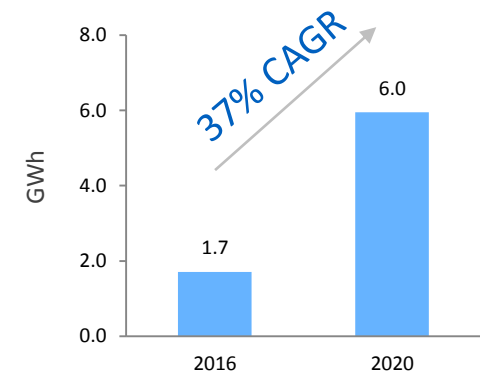
- Commercial, industrial & residential
- Solar lighting, medical, telecoms, security & defence
- Branded consumer (selected markets)



eTransport

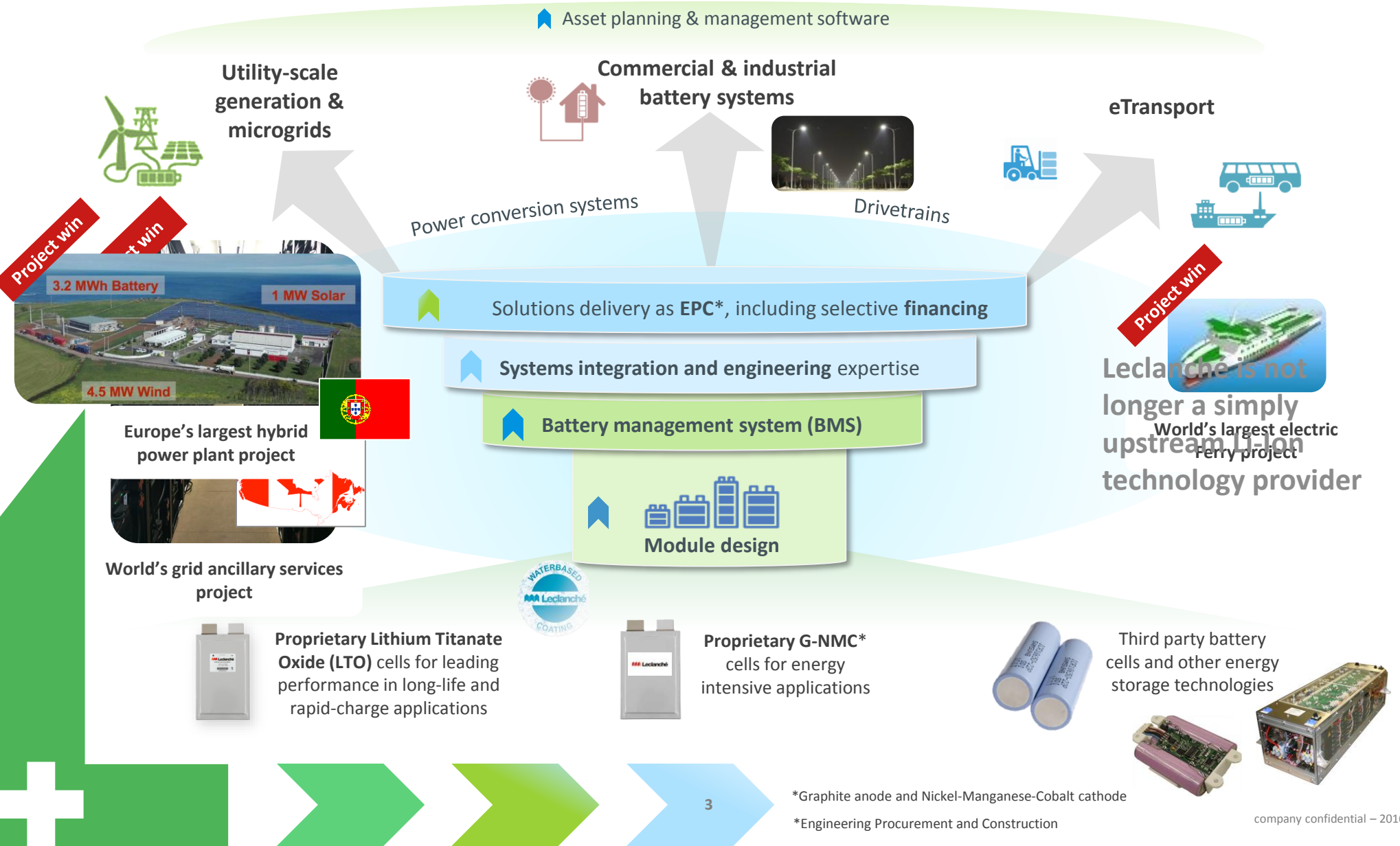


- Fleets of buses, trains & trams
- Ferries and tugboats
- Forklifts, cranes, mining vehicles



Source: Navigant Research

Leclanché serves customers with a unique fully integrated solutions



Utility-scale generation and micro grid applications - Forecast to grow 48% annually to 4.2 GWh¹

- In January 2016, we announced securing one of the largest grid ancillary services projects in the world. The IESO project, a 120 MW / 53 MWh Energy Storage Solution
- In June 2016, Leclanché was selected by GlidePath, based in Chicago USA, as the turnkey EPC contractor for a 20 MW / 10 MWh project, with an option to add an additional 20 MW / 10 MWh project
- The Company has submitted bids around the world for more than 100 MWh worth of additional projects

Commercial & industrial battery systems - Forecast to grow 48% annually to 11.3 GWh¹

The Specialized Battery Systems business, core of our commercial & industrial business, won significant contracts in this period

- 2 major projects won to supply battery packs for Automated Guided Vehicles (AGVs) used in respective warehouses of two global multinational companies
- 2 big tenders of CHF 2 million and CHF 3 million with ArmaSuisse on the development of Ni-Mh batteries for radio telecommunication systems

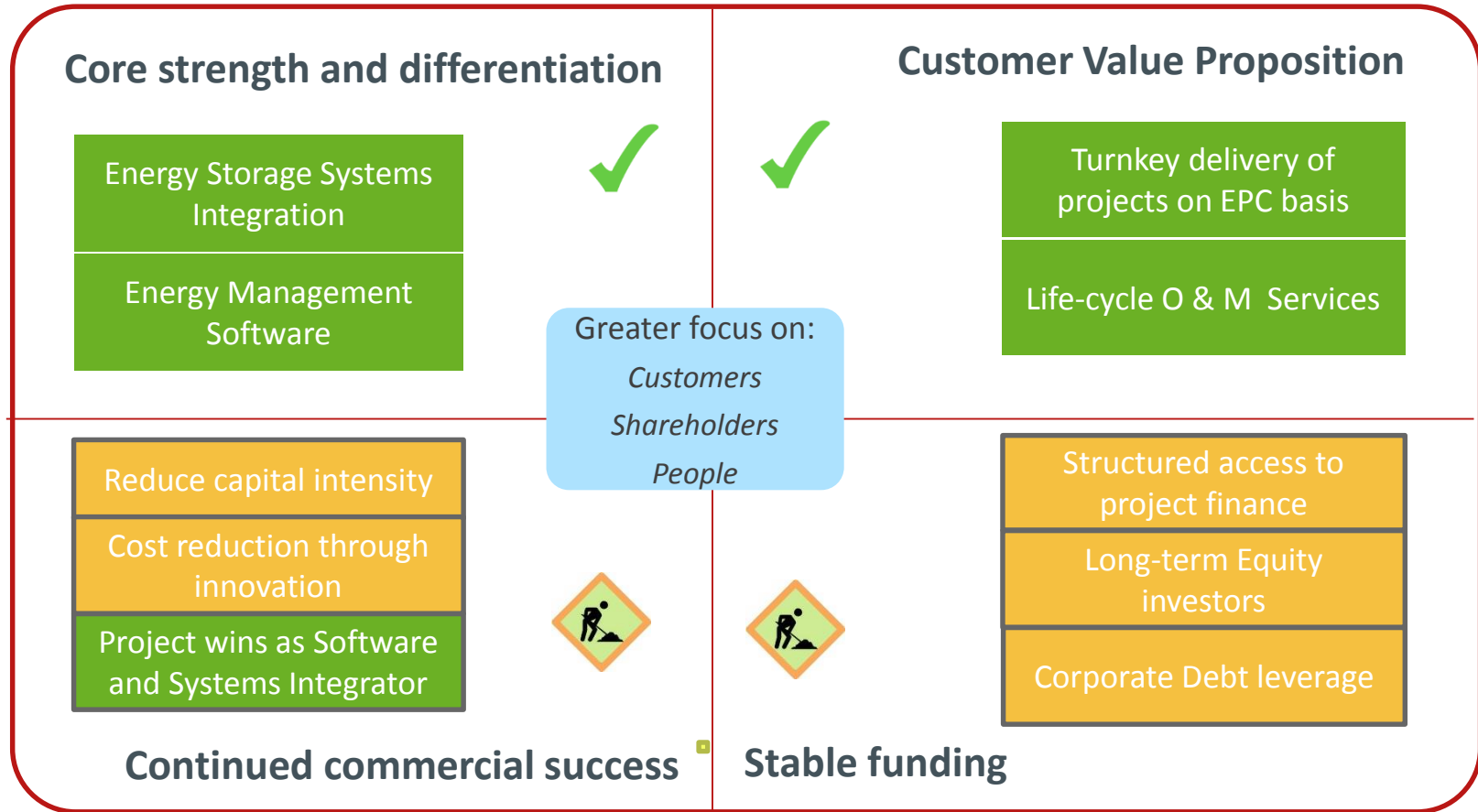
eTransport (including buses, ferries, forklifts, trains and industrial material handling)

Forecast to grow 37% annually to 6 GWh¹

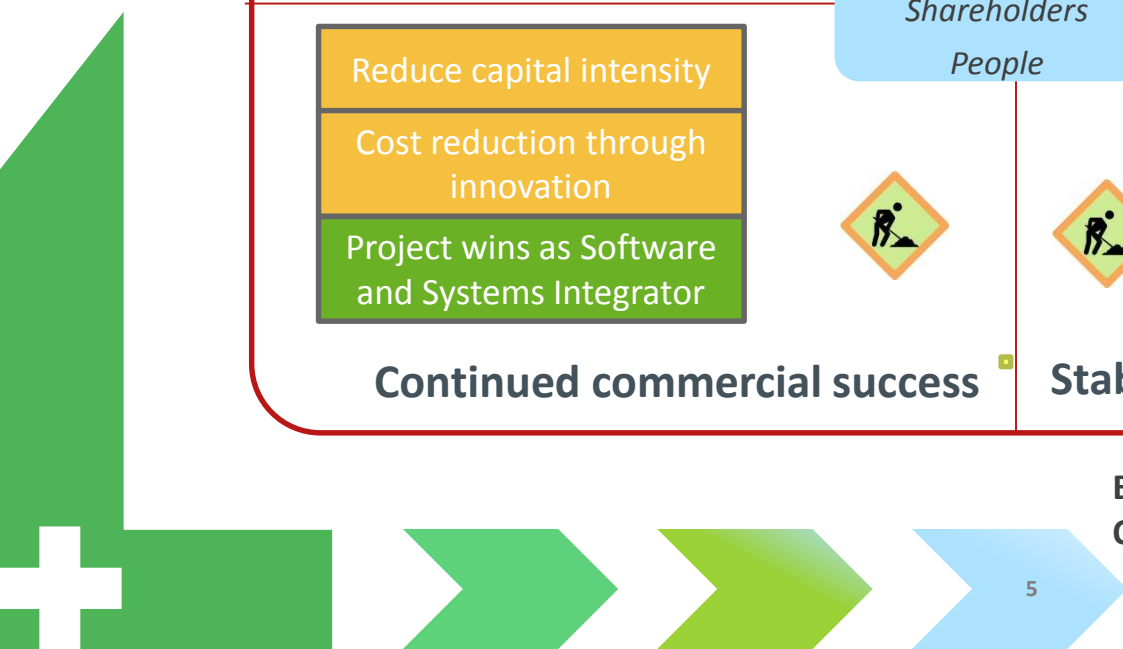
- In May 2016, we announced the launch of the first 100-percent electric ferry, BB Green, in Latvia. We supplied a 200 kWh LTO energy storage system enabling it to operate at high speed for over 30 minutes with a 14 nautical mile (26 km) range
- Our LTO cells-based module is undergoing quality certification testing in Beijing, China. Upon successful testing, it will open access to the electric bus market in China

Leclanche business model designed to deliver sustainable profitable growth

Vertically integrated comprehensive scope- not stranded in ever decreasing per KWh Battery cells price trap



EPC: Engineering, Procurement and Construction
O & M: Operations and Maintenance



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Your Company has delivered significant growth in the first half of the year:

- 65% growth in revenue
- Growth in order-intake with an unprecedented 75 MWh of order backlog
- A 30-fold increase in confirmed projects with the Company securing 145 MWh of Energy Storage Systems (ESS) business, comprising of 75 MWh of confirmed projects and a further qualified pipeline of 70 MWh projects
- **Structured access to project finance** through a newly established industry leading partnership with Swiss Green Electricity Management SA (Swiss GEM) to systematically finance our projects around the world
 - *Swiss GEM has a <right-of-first-offer> basis*
 - *Co-investors at the Project SPV level*

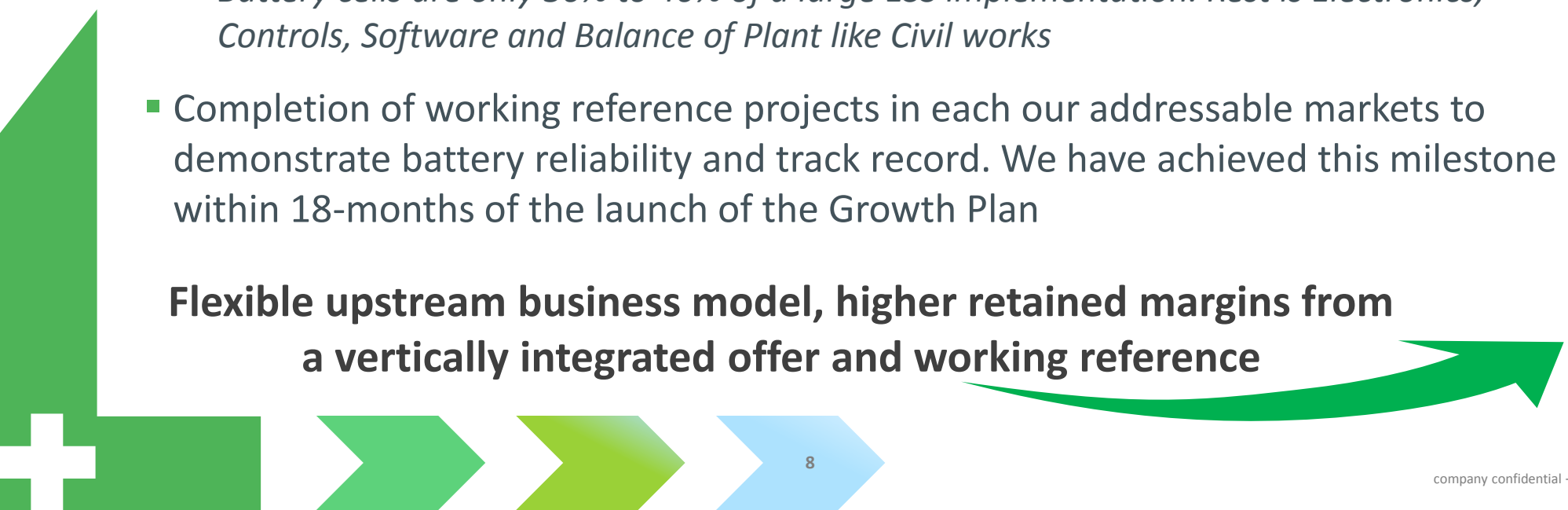
Leclanché is growing faster than the addressable market with 37% CAGR



Your Company is poised for sustainable and profitable growth:

- Established cost effective and flexible supply chain to deliver record volumes of up to 45 MWh of ESS in 2016, up from 5 MWh in 2015
 - *Choice of our own batteries, or use those of third party suppliers*
- Higher retained margins through a comprehensive scope of vertically integrated ESS offer, including late-stage project development to delivery; and suite of Battery Systems, Power Conversion Systems and Energy Management Software
 - *Battery cells are only 30% to 40% of a large ESS implementation. Rest is Electronics, Controls, Software and Balance of Plant like Civil works*
- Completion of working reference projects in each our addressable markets to demonstrate battery reliability and track record. We have achieved this milestone within 18-months of the launch of the Growth Plan

Flexible upstream business model, higher retained margins from a vertically integrated offer and working reference



Growth figures in context of the challenges faced during the first half of the year

Full year 2016 revenues will be approximately CHF 28 million, which is an increase of 55% over 2015. The difference between this and the 100% planned uplift under the Growth Plan is largely attributable to

- A delay in financial closing of the IESO Canadian Project implying a delay to complete the deliveries and commissioning of the second phase of this project in 2H 2016 as we had previously planned
- A fire at the Company's cell manufacturing facility in Germany
 - *Production resumed within few weeks, though at a reduced level*
 - *Required us to increase purchases from third parties*

No business has been lost or cancelled

We expect these revenues to be recognised in 2017

Still set to deliver +30 MWh of Energy Storage. But, revenue recognition associated with the installation and commissioning will move to 2017

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(in million CHF) (IFRS)	30.06.2016 Unaudited	30.06.2015 Unaudited
Revenue	5.77	3.49
EBITDA	-12.92	-8.94
EBIT	-15.58	-10.95
Loss for the period	-17.34	-11.09
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Earning per share [CHF]	-0.45	-0.45
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Number of Employees [FTE]	163	105
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1. 65% revenue growth year-on-year
2. EBITDA loss 4.9M higher than last year stemming from
 1. Higher personnel, marketing & sales and R&D costs
 2. Mobility and Stationary project development cost not yet invoiced to end customers
 3. Benefits from cell material cost reduction programme not yet captured

1. EBIT loss adversely impacted by higher depreciation (0.5M) stemming from 2H-2015 investments
2. Loss for the period impacted by higher finance costs compared to 1H-2015 stemming from higher convertible loans
3. Earning per share identical to last year (0.45 loss): higher loss offset by higher number of shares
4. 55% FTE increase reflecting integration of Trineuron (BE) acquisition and staffing of marketing & sales and engineering functions
5. Inventory grew by 4.3M in 1H as a result of an intense production activity
 - a) Cells not yet integrated in modules
 - b) Raw materials mostly for LTO cells
6. **Q4-2016 major projects revenue will substantially improve 2016 results and will put the Company on an EBITDA breakeven track**

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Leclanché is confident that it will achieve EBITDA breakeven in 2018 or sooner, as communicated during the AGM held on 4 May 2016

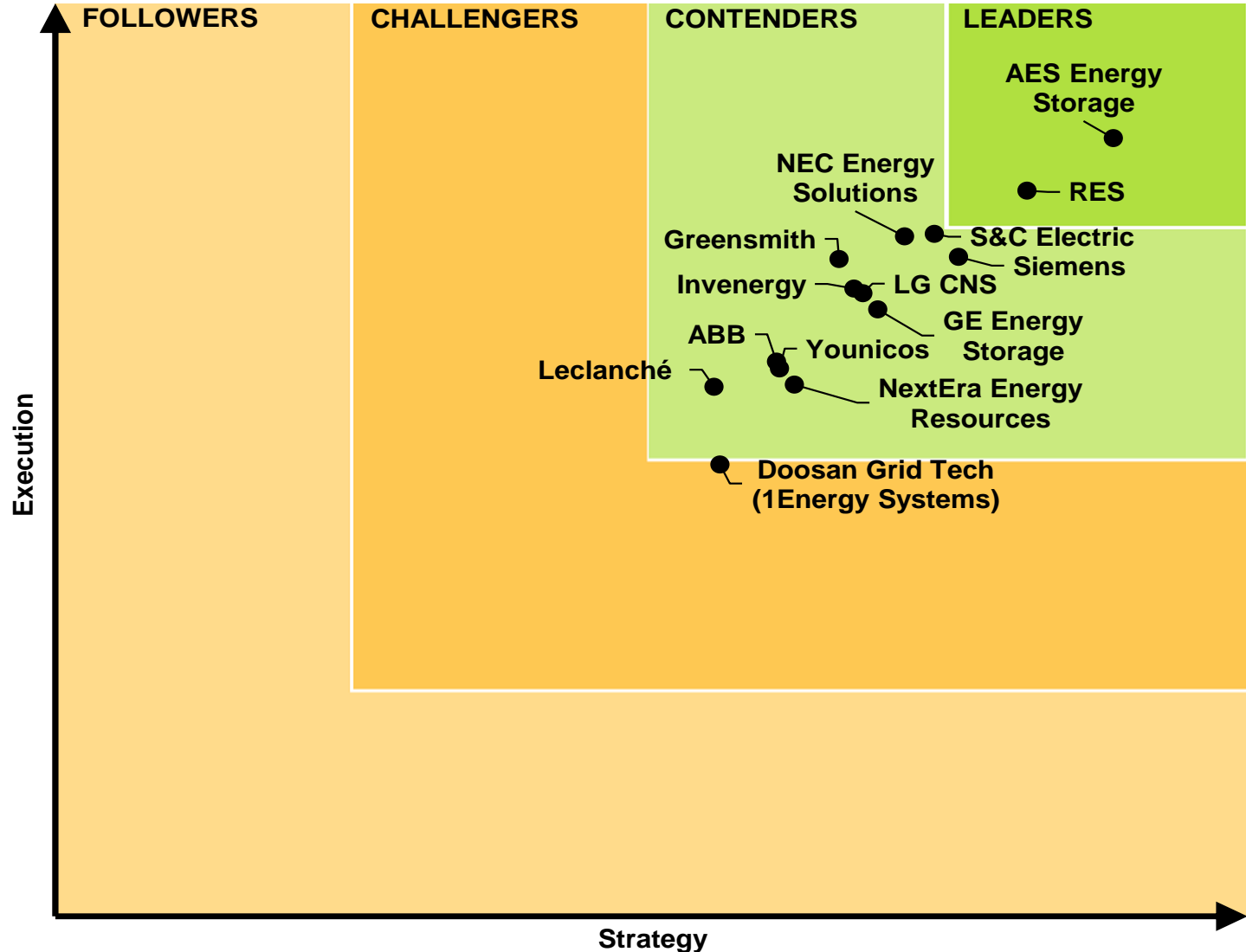
- The Company expects to convert its 85 MWh of order backlog into revenue within 2017, subject to
 - *A successful capital raise by end of the year 2016 and*
 - *Project finance close within 2H 2017*
- Continuous improvement in margins
 - *Realization of high-margin EPC revenue as projects reach commercial operation*
 - *Procurement cost reduction by sourcing high energy density cells from best-in-breed suppliers and in-house ESS integration*
 - *Packaged software applications, in particular 'Asset management software' for fleet operations in eTransport segment*
- Reducing the capital intensity in the business
 - *Exploring JV and/or licensing of IP in the upstream business*

Execution risk remains high

- The breakeven-volume is approximately 100 MWh of delivery and commissioning on an annualised basis, as communicated during the AGM held on 4 May 2016
- Large capital raise mentioned above is crucial to sustain the growth momentum
 - *We are also exploring complementary sources of capital, in particular off-balance sheet, non-recourse project finance and corporate debt facilities*
- Project financing remains an important requirement to convert the projects to revenue
 - *Our strategic partnership with Swiss GEM, in addition to the ongoing discussions with other project investors, shall be of great help to secure project finance*
- Mitigate the execution risk associated with delivery of large projects by securing
 - *Additional capacity from third-parties*
 - *A team of well-trained engineers in the US and Europe in place, in particular focused on installation, commissioning and after-sales-support*

The transformation to a leading Utility-Scale Energy Storage Systems Integrator

The Navigant Research Leaderboard Grid



We thank our Customers, Shareholders,
Suppliers and Employees for their
continued support

