

FINAL RESULTS

For the year ended
30 June 2016

Our vision

"A fuel cell in every home and business"

Opportunity

Global opportunity

- high growth multi \$bn distributed generation fuel cell market
- highly scalable business - OEM partner & licensing technology

Partnering with leading global companies across multiple markets -

Honda and Nissan and Cummins

- residential, datacentre, commercial and transport

World leading developer of low cost, next generation fuel cell technology

- reduces operating costs, lowers CO2 emissions, increases efficiency, improves energy security

Our next generation SteelCell

- £100m investment to date
- 47 patent families
- Unique British technology

Imperial College
London

Commercial highlights

**HONDA**

Jan '16

- Honda Power Systems - several applications
- Joint stack development

**NISSAN**

Jun '16

- SOFC stack to extend range of electric vehicles
- £0.6m with Innovate UK

**British Gas**

Sep '16

- Residential Field trials in UK to begin in Sept '16
- Shows technology maturity & UK opportunity
- €0.6m - part of European ene.field programme

**Cummins Power Generation**

Sep '16

- Datacentre & commercial scale opportunity
- Development of multi kW modular system
- Markets up to 100kW
- US\$2.6m with US DoE

Highlights (cont.)

Financial

- £20m equity raised in October '16 secures financial strength

Technology

- Release of V3 and V4 technologies to customers
- High speed print line commissioned
 - 10x reduction in process time
- Multi kW demonstration system built
 - > 55% net efficiency – enables new power-only market applications

Next year - key activities and outlook

- Mature 1kW residential offering through field trialling in 2017 and secure system development with OEM partners
- Develop multi kW offering and capability to open new markets
- Complete the scale-up of all major manufacturing process steps for manufacturing partners

With the aim to secure

- 5 global development partners by end of 2017; and
- at least 2 partners in commercial launch programmes by end 2018

Financial highlights – income statement

£m	FY 2016	FY 2015	Change
Revenue and other operating income	1.7	0.9	0.8
- Revenue	1.1	0.3	0.8
- Other operating income	0.6	0.6	-
CoS and operating costs	(14.3)	(12.7)	(1.6)
Operating loss	(12.9)	(11.7)	(1.2)
Income tax credit	2.2	1.6	0.6
Loss for the financial period	(10.5)	(10.0)	(0.5)

Revenue increase reflects increased commercial activity

Recent contracts signed contribute towards 2017 order book

Operating costs increase as planned

Financial highlights – cash flow

£m	FY 2016	FY 2015	Change
Operating cash flows	(10.6)	(9.7)	(0.9)
Changes in working capital	(1.2)	0.5	(1.7)
Cash used in operations	(11.8)	(9.2)	(2.6)
Capital expenditure	(1.3)	(1.2)	(0.1)
Tax received in the period	1.7	1.2	0.5
Equity-free cash outflow¹	(11.3)	(9.1)	(2.2)
Net cash & financial assets	6.9	18.2	(11.3)

Increasing cash outflows due to

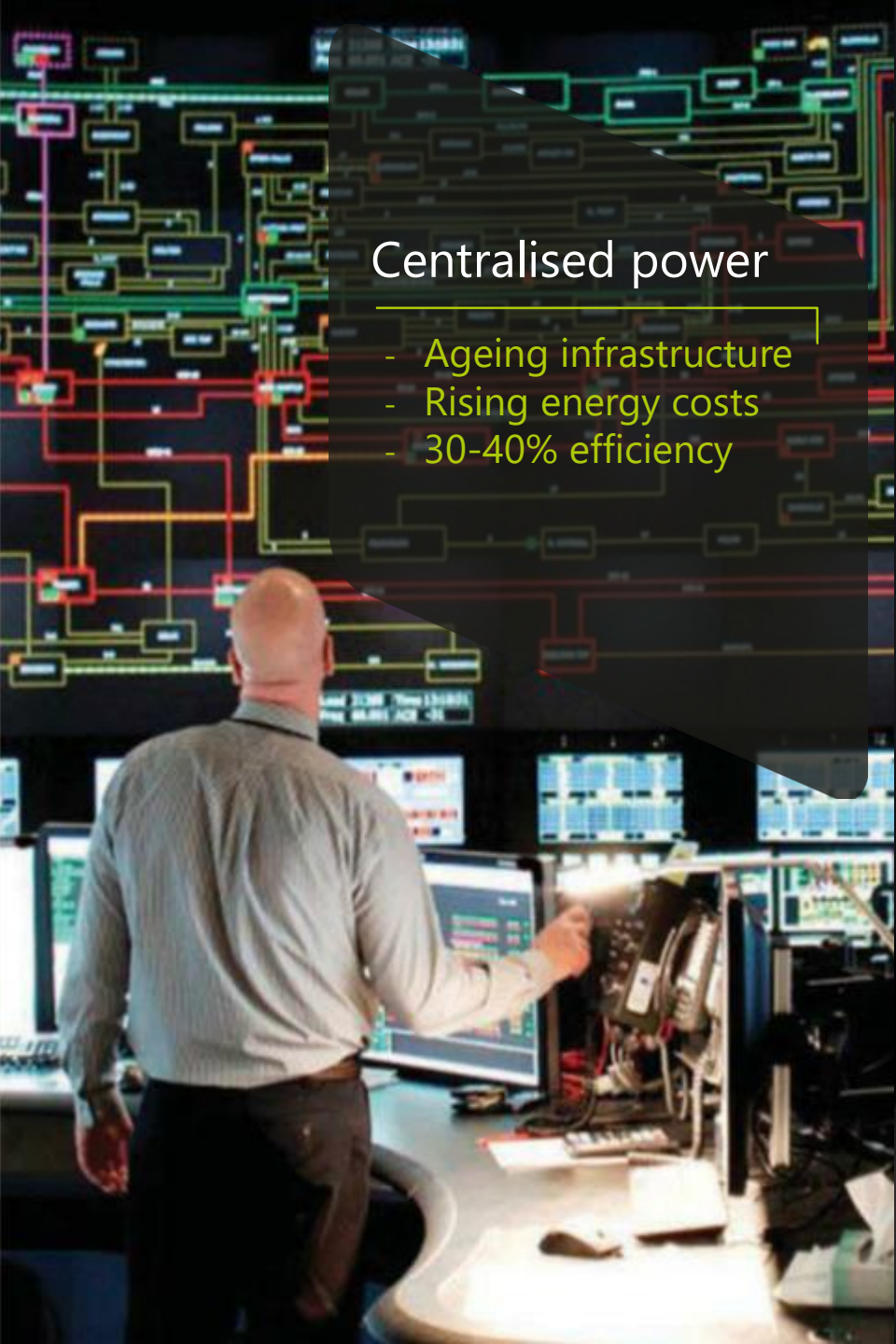
- Building team to support customers & development
- Working capital movements including deferred revenue release

¹ Change in net cash and cash equivalents and short-term investments, excluding cash flows from financing activities

A new energy system

- Huge challenge as energy system converges
- Transport, heat, power and data





Centralised power

- Ageing infrastructure
- Rising energy costs
- 30-40% efficiency



Distributed power

- Cheaper energy bills 30%
- Power 50% efficiency + heat 90%
- \$200Bn Market 2020
\$40Bn Fuel Cell 2022

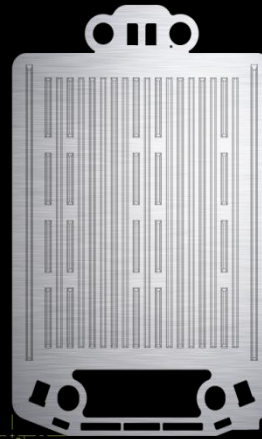
SteelCell Applications



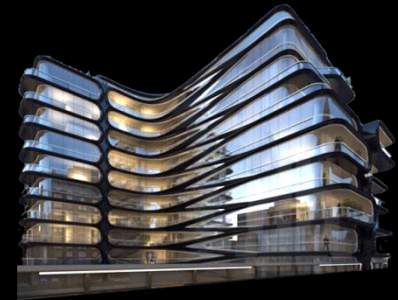
Commercial



Data Centers



Electric vehicles



Residential

Home/Business

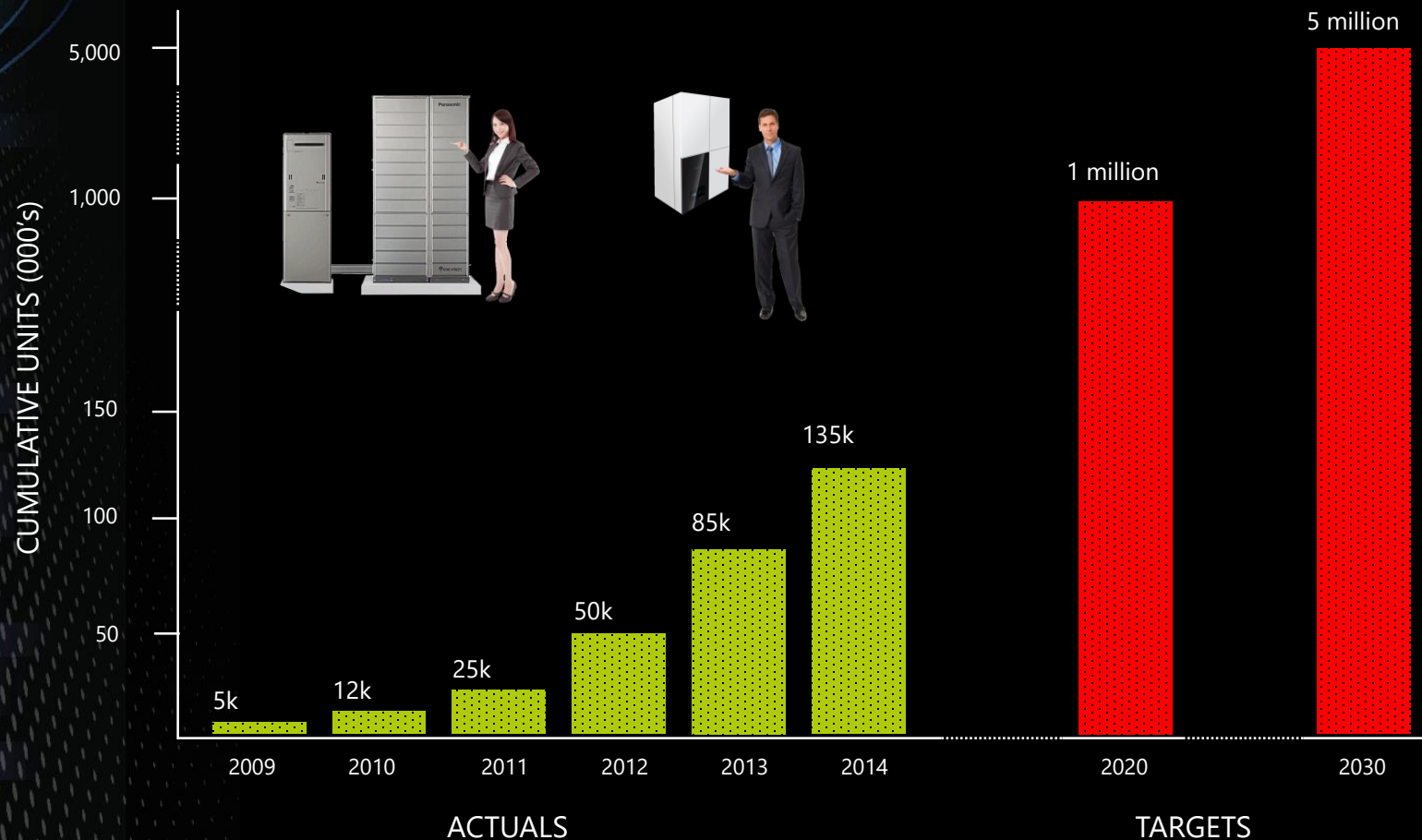
- Distributed generation using fuel cells is the most efficient fuel to power
 - ~30% lower energy costs
 - ~30% lower carbon
 - ~18 million homes

1kW system
Field testing started Sept '16

ene.field★

British Gas

Japanese microCHP opportunity for SteelCell



Data Centres

- Fuel Cells provide primary power
- Grid backup is secondary
- Eliminates diesel ~ Zero emissions ~
>1% of global energy and growing

Multi kW system
Development started Q3 2016



U.S. DEPARTMENT OF
ENERGY

We are working with

HONDA

NISSAN



**Power
Generation**


British Gas

+ other partners under confidentiality agreements

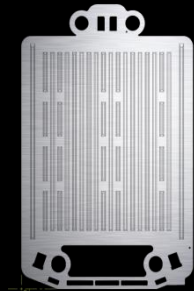
So why is SteelCell the solution?



PEM cell



SOFC cell



SteelCell

Cost



Efficiency



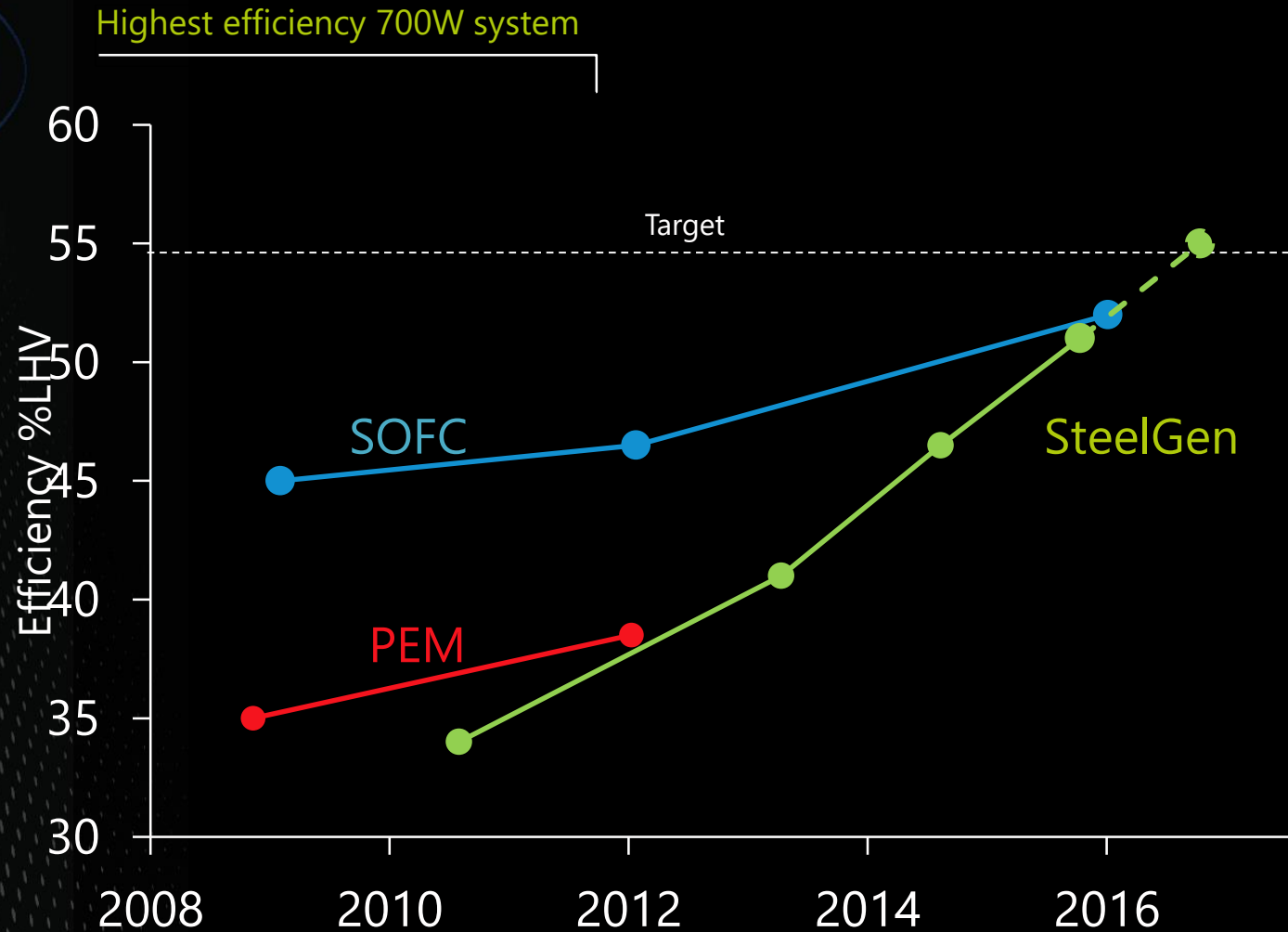
Robustness



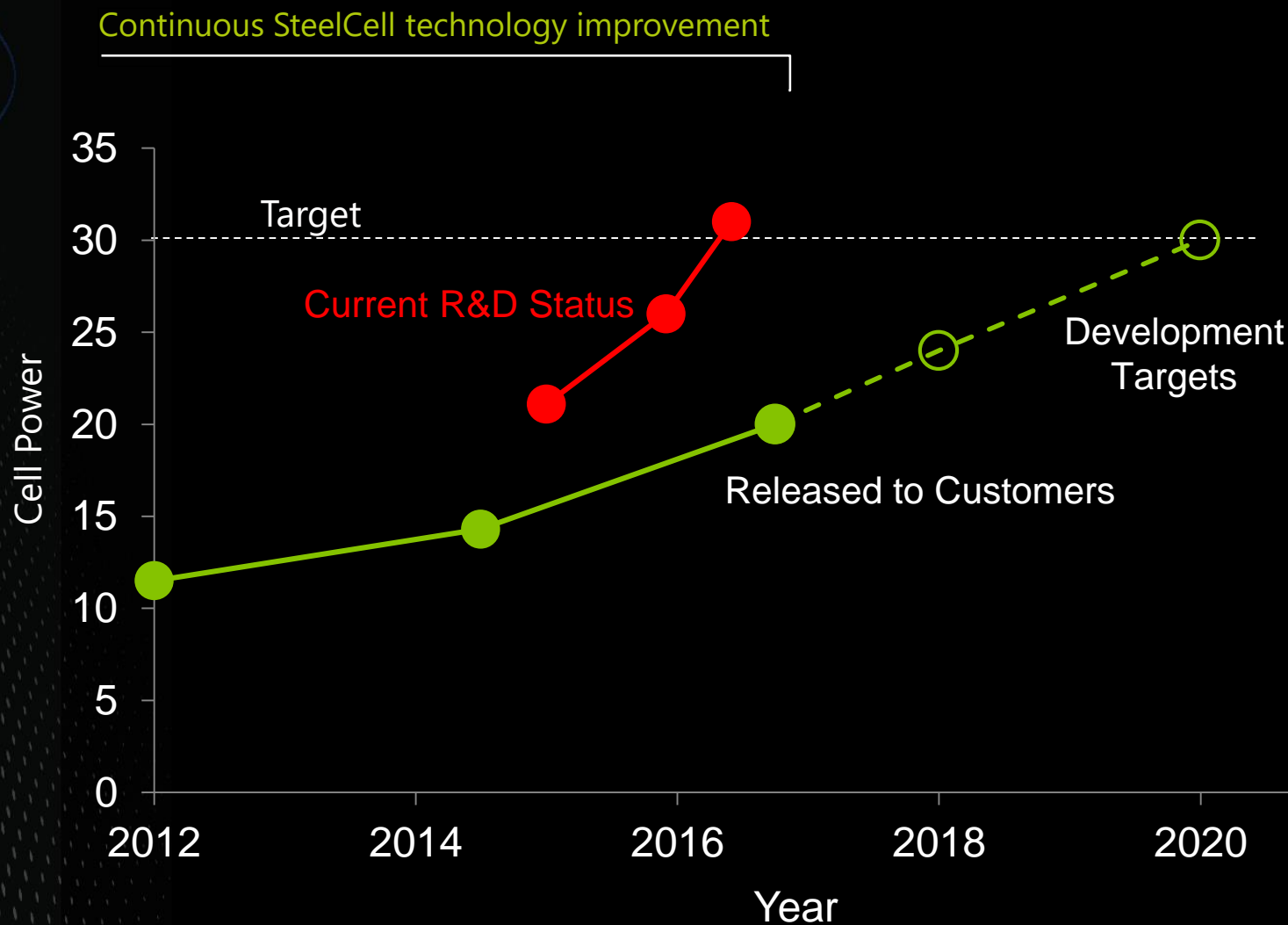
Fuel flexibility



SteelCell benchmark results



SteelCell benchmark results

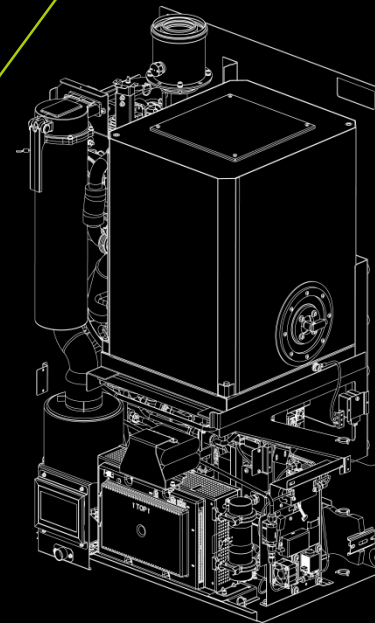
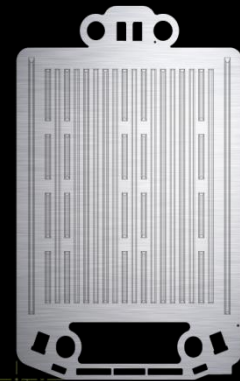
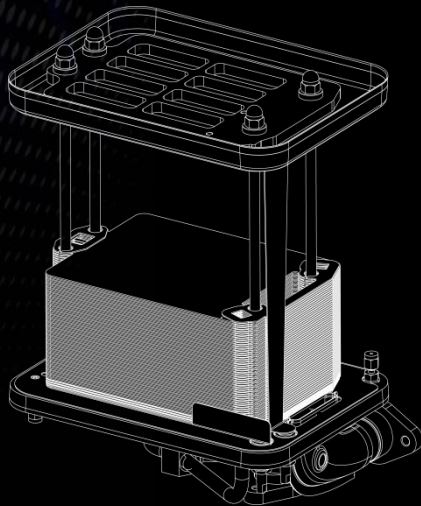


Cell power at 0.75 V/cell on H₂/N₂ fuel

Our offering

Established Companies e.g. Honda

SteelCell Supply & License


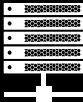




New Market Entrants e.g. Cummins

Development: Engineering services,
Systems Licensing, SteelCell supply


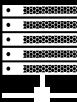




Over \$1Bn/yr global opportunity

Possible annual royalty revenues

<div>APPLICATION</div> <div>REGION</div>	 <div>> 10 GW RESIDENTIAL</div>	 <div>> 5 GW DATA CENTRE / BACK UP</div>	 <div>> 10 GW COMMERCIAL</div>	 <div>> 10 GW APU / RANGE EXTENDER</div>
JAPAN	\$42m			
KOREA	\$28m			
EUROPE	\$220m			
USA & RoW	\$200m			
TOTAL	\$490m	\$245m	\$490m	\$245m


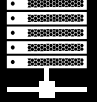


20% market share at US\$200 / kW

Commercial progress

<div>APPLICATION</div> <div>REGION</div>	 <div>> 10 GW RESIDENTIAL</div>	 <div>> 5 GW DATA CENTRE / BACK UP</div>	 <div>> 10 GW COMMERCIAL</div>	 <div>> 10 GW APU / RANGE EXTENDER</div>
JAPAN	Japanese Global OEM	Japanese Global OEM	Pipeline Partner	NISSAN
KOREA				
EUROPE	Pipeline Partner			
USA & RoW				

▪ Customers

Commercial progress

<div>APPLICATION</div> <div>REGION</div>	 <div>>10 GW RESIDENTIAL</div>	 <div>> 5 GW DATA CENTRE / BACK UP</div>	 <div>>10 GW COMMERCIAL</div>	 <div>>10 GW APU / RANGE EXTENDER</div>
JAPAN				
KOREA				
EUROPE				
USA & RoW				

INCREASING TERRITORIES

INCREASING APPLICATIONS

▪ Customers

We have strong institutional backing



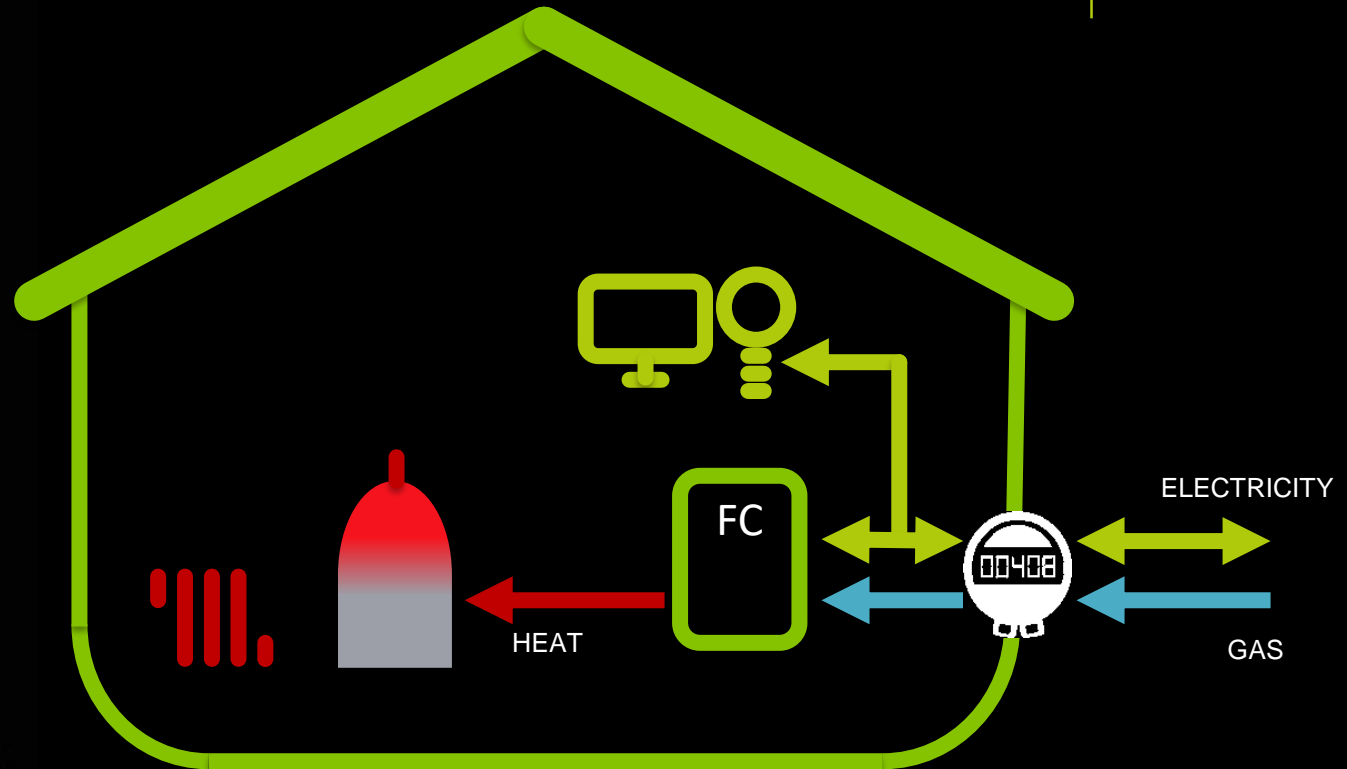
Outlook

- 5 global partners by end of 2017
- at least 2 partners in commercial launch programmes by end 2018
- Target new applications & open commercial markets
- Multi billion \$ market opportunity happening now



Appendices

A microCHP product would deliver...



Carbon

- 1200kg saving/year
- Hot Water is carbon free

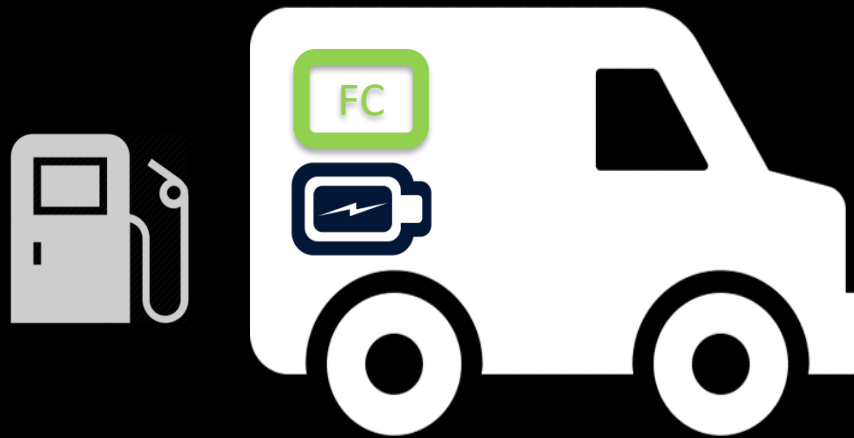
Energy

- All hot water
- >80% household electricity

Economics

- 30% savings before

Electric Vehicle Range Extender **NISSAN**



Users

- No lengthy charging needed -
- Maximise operation of fleet
- Same range as a normal vehicle

Energy

Lower carbon than pure Battery Vehicles

Infrastructure

- No need to wait for a hydrogen infrastructure
- Faster deployment, more markets



Manufacturing supply capability

- Capacity: 30,000 SteelCells¹ per year
- Scale with local manufacturing partners

¹ Equivalent to ~300 1kW stacks