



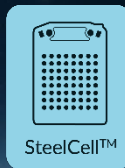
Power for a changing world



HOME



WORK



SteelCell™



CLOUD



ROAD





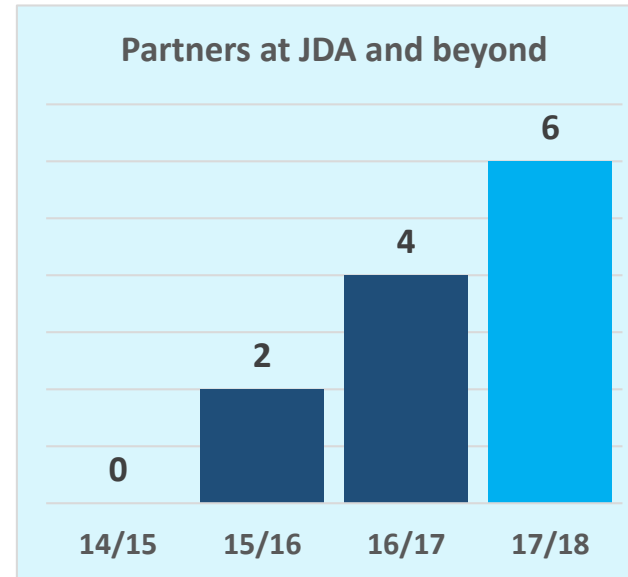
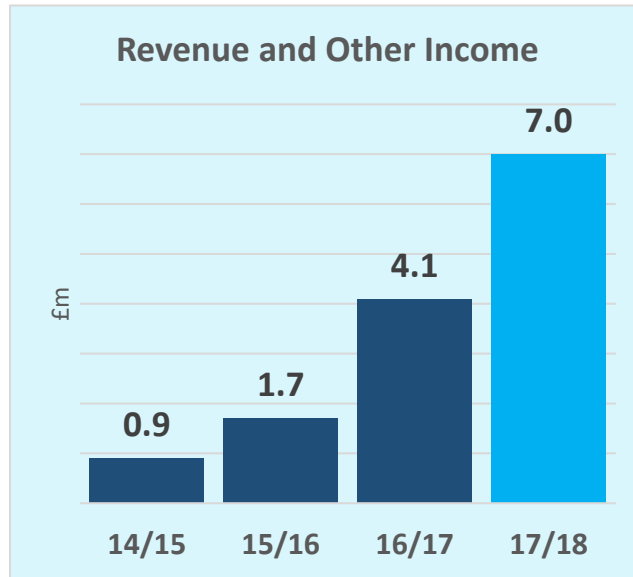
FINAL RESULTS




for the year ended 30th June 2018

Highlights

- Revenue and other operating income up 71% to £7.0 million
- Major increase in contracted Order Book from £3 million to £30 million
- Strong cash position post financial year end after new equity of £49.3m
- Bosch and Weichai Power strategic partnerships with significant equity investments, development and licensing agreements
- Progress with existing partners - field trials to start with the confidential partner later this year and new programme signed with Nissan backed by £7 m of funding through the UK's Advanced Propulsion Centre
- Increase in net electrical efficiency to 60% achieved in customer systems and first of a kind 5kW stack design completed
- £7 million investment in new manufacturing facility announced, creating 60 jobs in Redhill, Surrey (UK)

COMMERCIAL HIGHLIGHTS



-  Weichai £20m equity & Framework Agreement
-  Bosch £9m equity & £20m Collaboration and Licence Agreement revenues to 2020
-  Nissan £7m funding from UK Advanced Propulsion Centre

DEVELOPMENT PARTNERS



**CONFIDENTIAL COMMERCIAL
SCALE PARTNER**



U.S. DEPARTMENT OF
ENERGY



- Manufacturing scale up/ 10 kW power systems for Data centre and commercial
- Manufacturing JV 2020
- Electric Bus and stationary power market
- Electric Vehicle Range Extender
- Commercial Scale CHP
- Data Centre & Commercial Scale
- Stationary power applications

Robert Bosch GmbH

Strategic collaboration

- Combines expertise in fuel cells, manufacturing in volume and product development

Significant Commercial deal

- Investing £9m in Ceres for 4 % stake + £20m revenues to 2020
- To further develop the technology and manufacturing

Market Access

Multiple applications including

- Small power stations for cities, factories, datacentres and EV charge points

Manufacturing capability

- Establish low volume manufacture at Bosch

Weichai Power

International track record

Track record of high growth Hong Kong and Shenzhen stock exchanges with a market cap of ~US\$10bn,

- Kion Group AG (MDAX-listed in Germany), Ferretti in Italy

Significant Commercial deal

- Investing up to £48 m in Ceres for 20 % stake + Framework Agreement for license to SteelCell® technology + Manufacturing JV

Market Access

Weichai Group provides access to fastest growing fuel cell market

- One of the world's largest automobile and equipment manufacturing groups
- Produces 600,000 engines per year~30,000 buses, 150,000 heavy duty trucks
- Significant stationary power business

Manufacturing capability

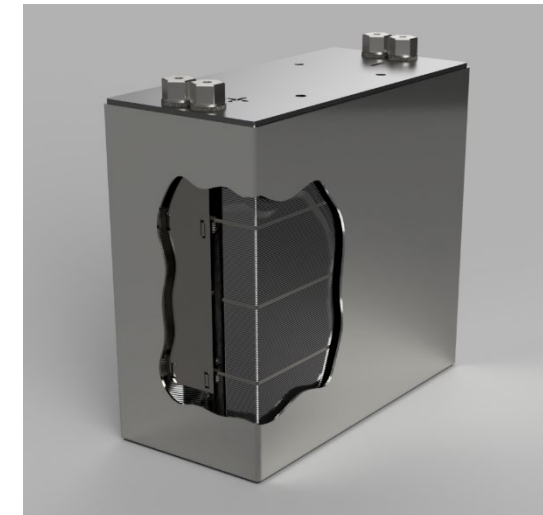
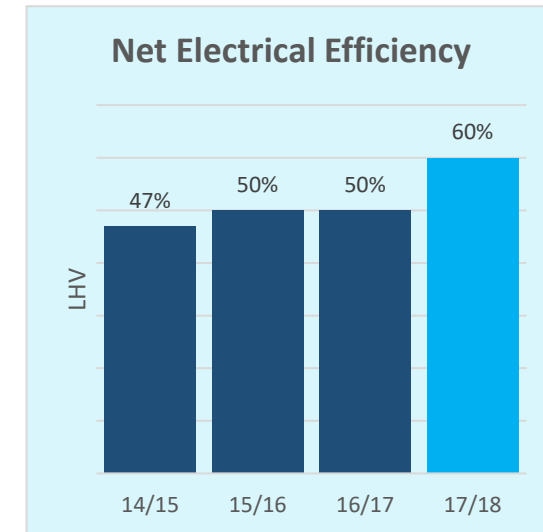
Opportunity to establish SteelCell® as an industry standard with manufacturing JV in 2020

- China already leaders in solar and battery manufacture

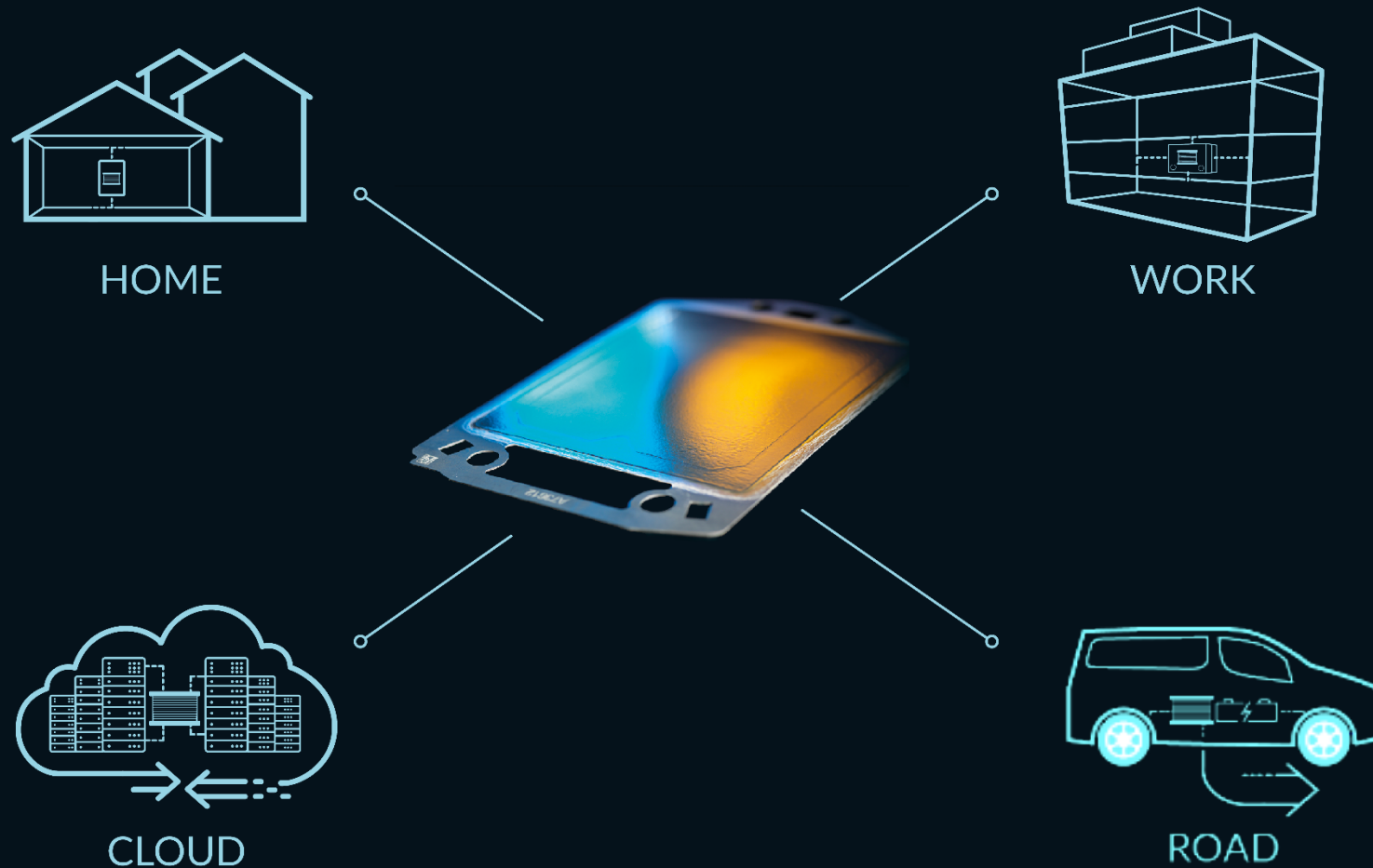
TECHNICAL HIGHLIGHTS

Technology improvements open up new markets

- V5 core technology being released to customers. Performance equivalent to best in SOFC industry with advantages of SteelCell®
- Electrical Efficiency of 60 % achieved in customer system development.
- 5kW stack design under development. Offers better power density and lower cost/kW than 1kW stacks.



Applications for the SteelCell®



1kW Stack



**1kW home
system**



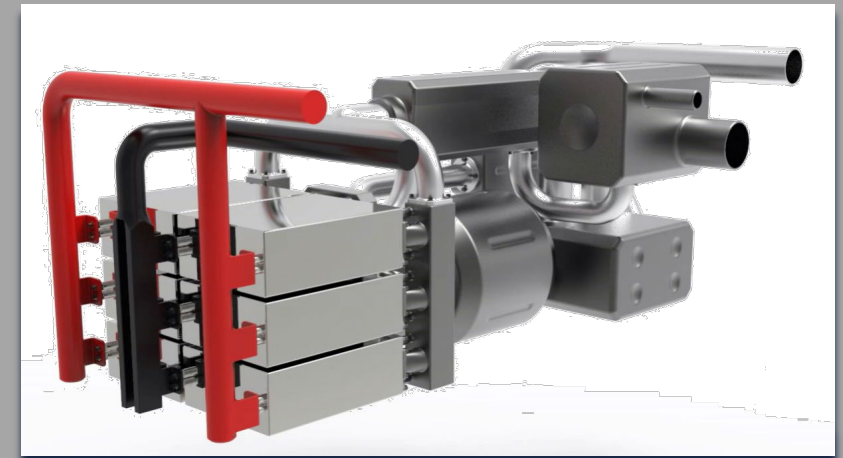
5 kW Stack



**10kW Commercial/ Data
Centres**

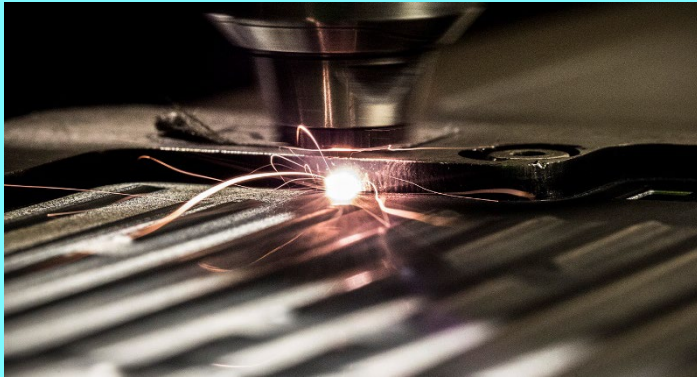


**30kW for Battery
Electric Buses**



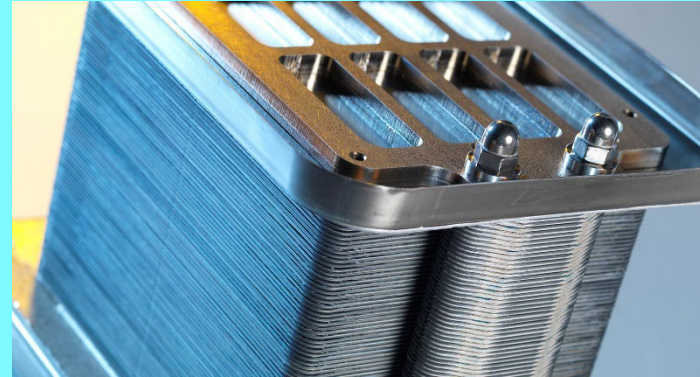
How we work with Partners

Joint Product development



Engineering Fees

Technology Transfer License



License Fees

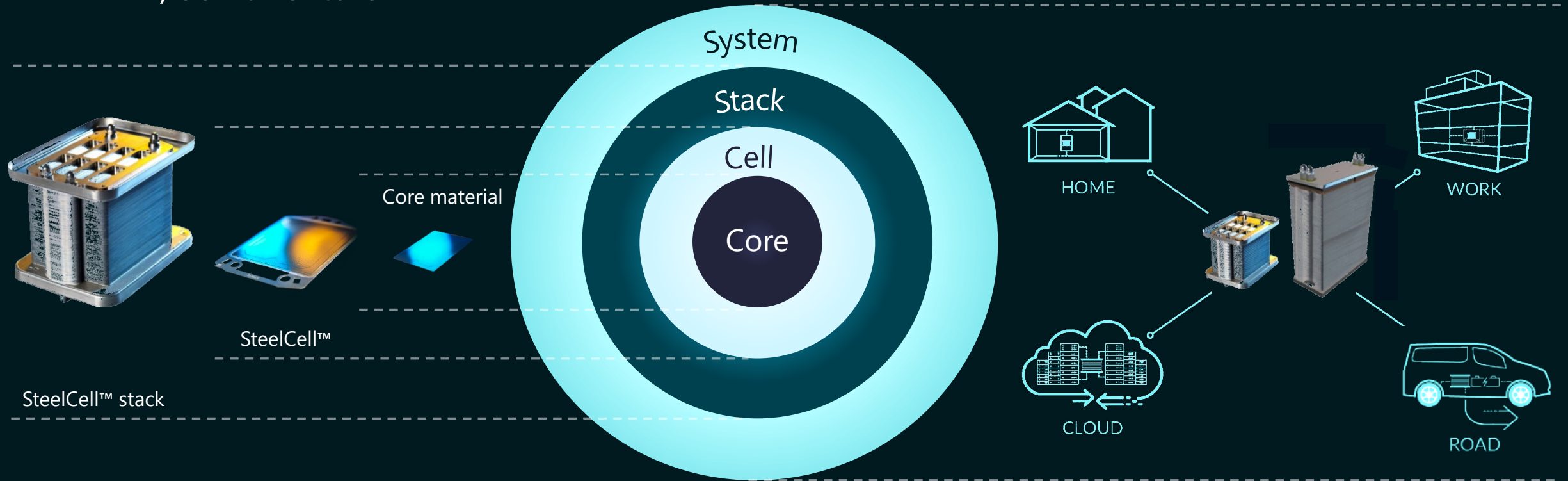
Supply with manufacturing partners



Royalties /kW

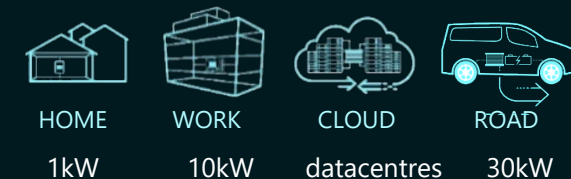
Manufacturing License
/ Joint Venture

System License for application



Manufacturing partnership

Annual capacity equivalent in units:



UK Reference plant

R&D in UK

2018

2019

2020

2021

UK Technical Centre develops next generation V5, V6 & V7 SteelCell®

Phase 1 → 2 MW

Phase 2 → 10 MW

tech transfer

Manufacturing License / JV

Manufacturing License / JV

100 MW plants
China/ Europe/US

2,000 200 - 60*

10,000 1,000 0.25 300

100,000 10,000 2-5 3,000

OPERATIONAL HIGHLIGHTS

Start of scale up phase

New manufacturing facility signed in Oct '18

- In Redhill, near HQ in Horsham
- To provide capacity to meet development partners needs
- Act as reference plant to enable licensing of manufacturing to partners for high volume
- 2MW/year from end of 2019, could expand up to 10MW
- £7m investment and up to 60 jobs
- Bosch to begin low volume manufacturing in parallel
- Horsham facility capacity being expanded to 0.5MW/year to cover very short term demand
- Investment in quality, procurement, manuf & process maturity



New Manufacturing Facility



FINANCIAL HIGHLIGHTS

Strong financial position - raised £49m new equity in 2018

- £29m from strategic investors Weichai and Bosch
- £20m from institutional investors
- Potential £28m more from Weichai on exercise of warrant subject to signing JV agreement

Continued top line growth

- Revenue and other operating income up 71% to £7.0m, gross margin 51%
- Order book of ~£30m (2017 £3.2m) enables continue trend in revenue growth in 2019
- Opex up 10% as invested for growth in people and operations to deliver anticipated future programmes
 - Investment in 5 kW stack development and quality, procurement, manuf & process maturity
 - Resulted in slight increase in operating loss of 4% to £11.9m
- Equity free cash outflow up to £10.9m from £9.4m – due to timing of receivables and working capital and operating cashflows

FINANCIAL HIGHLIGHTS – income and order book

£m	FY 2018	FY 2017	Change £m	Change %
Revenue and other operating income	7.0	4.1	2.9	71%
- Revenue	6.3	3.1	3.2	103%
- Other operating income	0.7	1.0	-0.3	-30%
Margin on revenue %	51%	57%		
Order book at date of accounts ¹	29.8	3.2	26.6	800%

- Order book increase principally due to strategic partners
 - Includes high margin licence revenues
- Expect significant revenue growth going forward

FINANCIAL HIGHLIGHTS – income statement

£m	FY 2018	FY 2017	Change £m	Change %
Gross margin	3.2	1.8	1.4	78%
Operating costs				
- 'cash' costs	-13.8	-12.1	-1.7	-14%
- share-based payments charge	-0.9	-1	0.1	10%
- depreciation	-1.2	-1.3	0.1	8%
Operating loss	-11.9	-11.5	-0.4	-3%
Income tax credit	2.0	2.0	0	0%
Loss for the financial period	-9.9	-9.4	-0.5	-5%

- Operating costs increase due to 5 kW stack development and investment in operations and scale up

FINANCIAL HIGHLIGHTS – cash flow

£m	FY 2018	FY 2017	Change £m	Change %
Operating cash flows	-9.9	-9.2	-0.7	-8%
Changes in working capital	-1.5	-1.6	0.1	6%
Cash used in operations	-11.4	-10.8	-0.6	-6%
Capital expenditure	-1.5	-0.9	-0.6	-67%
Tax received in the period	1.9	2.2	-0.3	-14%
Equity-free cash outflow¹	-10.9	-9.4	-1.5	-16%
Net cash & financial assets	6.4	17.2	-10.8	-63%

- Working capital increase is due to timing of receivables and increasing inventory
- Capex is the start of investment in capacity

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

STRONG FINANCIAL BACKING



24%

OCEANWOOD
CAPITAL MANAGEMENT

7%

WEICHAI

10%



4%

LANSDOWNE
— PARTNERS —

9%



LOMBARD ODIER
LOMBARD ODIER DARIER HENTSCH

7%



OUTLOOK 2018/19

- Strong revenue growth to continue – order book currently stands at ~£30m
- Progress new and existing commercial partnerships development to licensing deals
- Proving out applications in field trials & evaluations this year
- Building UK plant for near term capacity and reference for manufacturing licensing deals

Weichai

- Complete JV and Licensing Agreement, enabling further equity investment to reach 20% in 2019 and a manufacturing JV in China from 2020
- First bus trial with Weichai in 2019

Bosch – begin strategic collaboration

- Joint development of 5kW stack & low volume manufacturing at Bosch

CeresPower®

Power for a changing world

