

HD PRESS RELEASE: ZBB Energy Corporation Reports Third Quarter Fiscal Year 2014 BreakEven Earnings per Share

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London (ZBB Energy Corporation)--15May2014 16:03 This press release is published as it was received MILWAUKEE, WI -- (Marketwired) -- 05/15/14 -- ZBB Energy Corporation (NYSE MKT: ZBB), a leading developer of intelligent, renewable energy power platforms and hybrid vehicle control systems, today announced its financial results for its third fiscal quarter ended March 31, 2014. Third Quarter Highlights During the third quarter of fiscal year 2014, the Company's major accomplishments included: Completed a secondary offering of 6,325,000 shares of common stock at \$2.25 per share for net cash proceeds of \$13.1 million. Achieved the initial milestone of the joint development agreement with Lotte Chemical, and received \$3 million in one-time upfront license fees for the quarter. Tested and shipped equipment to Ergon Energy in Australia.

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Ergon has successfully completed their lab testing and will place the equipment in the field over the coming weeks as part of their field trial to determine suitability. Subsequent to the end of the third quarter of fiscal year 2014, the Company: Hired a sales manager for the state of Hawaii. Advanced to the RFQ stage for the Imperial Irrigation District's 40-megawatt energy storage project. "The completion of our secondary offering and the initiation of the Lotte Chemical project strengthened our balance sheet this quarter and enhanced our financial capacity to more aggressively pursue the multiple sales opportunities in our markets," said Eric C. Apfelbach, President and Chief Executive Officer. "To prepare for these opportunities, we are actively working to add staff in our sales and technical areas, including our recent hire of a sales manager for Hawaii." "Additionally, ZBB and Lotte are working towards an agreement that would enable Lotte to purchase from ZBB the "chassis" frame, internal componentry and power electronics for ZBB EnerStore? flow batteries, whereby Lotte will source the electrolyte and manufacture the stacks to be placed in the chassis frame provided by ZBB. This combined global manufacturing strategy will give us the lowest possible costs and enable us to ramp quickly to meet the large demand that is being indicated by the RFQ activity." "We believe our products are the right fit for the multi-billion dollar energy storage proposals in California, New York, Province of Ontario and South Korea." continued Mr. Apfelbach. "We expect additional energy storage proposals going forward, including in China, which we believe over time has the potential to be a \$40 billion market opportunity." Financial results for the three months ended March 31, 2014 as compared to the three months ended March 31, 2013 included: Product sales decreased 59% to \$822,318 from \$2,019,191. Engineering and development revenues increased 650% to \$750,000 from \$100,000. License revenues were \$3,000,000. Product gross margin was 33.0% compared to 12.8% in the prior year quarter. Net loss to common stockholders improved to \$67,945 compared to \$2,824,313. Loss per share improved to (\$0.00) from (\$0.18). Financial results for the nine month period ending March 31, 2014 compared to the nine months ended March 31, 2013: Product sales decreased 58% to \$2,652,896 from \$6,372,336. Engineering and development revenues increased 200% to \$950,000 from \$318,183. Product gross margin was 36.0% compared to 13.4% in the prior year period. Net loss to common stockholders improved to \$4,901,204 compared to \$8,790,560. Loss per share improved to (\$0.27) from (\$0.57). Financial Position The Company's backlog as of March 31, 2014 was approximately \$5.2 million. \$3.25 million of our backlog relates to provisions of the Lotte Amended License and Research and Development Agreements. The Company ended the third quarter of fiscal 2014 with total assets of \$23.5 million, including \$13.4 million in cash and \$583,000 in accounts receivable. "I expect our order flow to remain uneven in the near-term. We will continue to work with our partners, including Lotte Chemical and Cummins Crosspoint, to extend our relationships and secure additional business. In addition, the recently announced plan by the U.S. Department of Energy to offer up to \$4 billion in loan guarantees for renewable energy projects could rejuvenate interest and orders in the domestic market," Mr. Apfelbach concluded. Conference call - May 15, 2014 - 4:30 p.m. Eastern Time (3:30 p.m. CT) The Company will hold a conference call on Thursday, May 15, 2014 at 4:30 p.m. Eastern

Time (3:30 p.m. Central Time) to discuss results for its third fiscal quarter ended March 31, 2014. To participate in the call, please dial 1-888-539-3612 for domestic callers and 1-719-457-0820 for international callers. The participant passcode is 3851779. The call will be available for replay at 1-888-203-1112 for domestic callers, and 1-719-457-0820, for international callers. The replay passcode is 3851779. The conference call will also be available for replay via the investor relations section of the **Company**'s website at www.zbbenergy.com.

ZBB **ENERGY** CORPORATION

Condensed Consolidated Statements of **Operations**

Three months ended

Nine months ended

March 31,

March 31,

2014

2013

2014

2013

----- Revenues Product sales

\$ 822,318 \$ 2,019,191 \$ 2,652,896 \$ 6,372,336 Engineering and development

750,000

100,000

950,000

318,183 License

3,000,000

- 3,000,000

-

----- Total Revenues

4,572,318 2,119,191 6,602,896 6,690,519

----- Costs and Expenses Cost of product sales

546,904 1,761,762 1,698,762 5,519,360 Cost of engineering and development

65,560

62,118

109,196

107,183 Advanced engineering and development

1,095,589 1,293,147 3,400,318 3,828,686 Selling, general, and administrative

2,667,569 1,439,235 5,221,065 4,731,209 Depreciation and amortization

200,646

338,041

886,405 1,022,503

----- Total Costs and Expenses

4,576,267 4,895,303 11,315,744 15,208,941

----- Income (Loss) from **Operations**

(3,949) (2,776,112) (4,712,849) (8,518,422)

----- Other Income (Expense) **Equity** in loss of investee **company**

(55,428) (118,442) (303,910) (651,555) Interest income

1,435

913

2,944

1,896 Interest expense

(27,153)

(40,829) (124,668) (134,039) Other income (expense)

-

(45,000)

896

(45,000)

----- Total Other Income (Expense)

(81,146) (203,358) (424,738) (828,698)

----- Income (Loss) before provision (benefit) for Income Taxes

(85,096) (2,979,470) (5,137,587) (9,346,939) Provision (benefit) for Income Taxes

(38,598)

(36,715)

(86,848) (110,866)

(... Press release has been abridged for publication)

CO honpet : Lotte Chemical Corporation | zbbec : ZBB Energy Corporation

IN irenewf : Renewable Energy Facility Construction | i35104 : Electric/Gas/Biofuel Vehicles | i351 : Motor Vehicles | i502 : Heavy Construction | i5020044 : Power Station Construction | iaut : Automotive | iconst : Construction | icre : Real Estate/Construction | i25 : Chemicals | i2512 : Basic Organic Chemicals | i25121 : Petrochemicals | i3432 : Batteries | ibasicm : Basic Materials/Resources | iindele : Industrial Electronics | iindstrls : Industrial Goods

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