

Alfen 2018 FY Results

AGM 18 April 2019



Highlights 2018

Full year 2018 revenues of €102m and revenue growth of 37%, compared to 21% the year before

Supported by all business lines: revenue growth in Smart grid solutions of 30%,
EV charging equipment of 37% and Energy storage systems of 87%

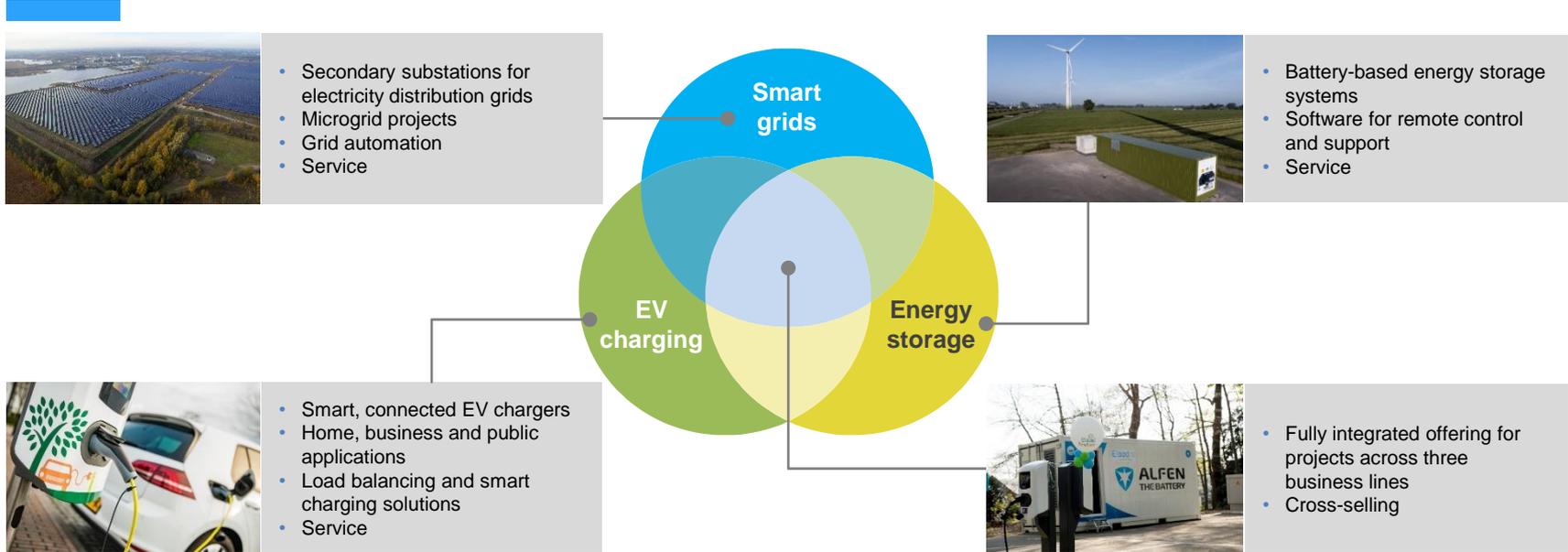
Success of internationalisation strategy with 28% revenues outside the Netherlands, compared to 18% in 2017;
new market entries in Finland, Sweden and France

Demonstrating the company's strong position in the market, Alfen increased its gross margin to 30% vs 29% in 2017

Adjusted EBITDA of €3.6m vs €4.9m in 2017, impacted by accelerated investments in Smart grids solutions to accommodate
a hampering supply chain and continued investments in Energy storage despite some delays in order intake

Reconfirmation of strategy and medium-term objectives, with expected revenues for 2019 between €135m and €145m,
supported by a strong market outlook, important new client wins, a 60% larger order backlog and a stronger projects
pipeline compared to last year

Unique integrated business model



In-house development of all products with a strong innovation team

Open architecture: most suitable components for our products and systems

Technological capabilities to provide optimal solutions for our customers and adapt to rapidly changing markets

Fast growing markets across Alfen's three business lines

Smart grids

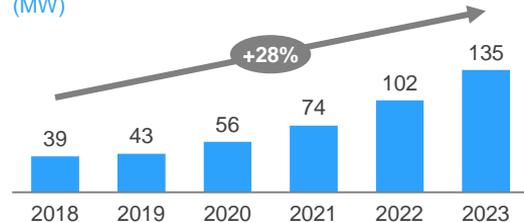
Substation investments Dutch top-3 DSOs⁽¹⁾

(# of new substations)



European grid-tied commercial and industrial microgrid installed capacity⁽²⁾

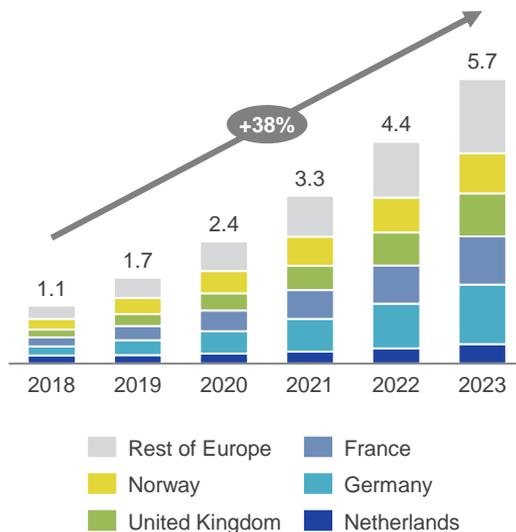
(MW)



EV charging

European charging points development⁽²⁾

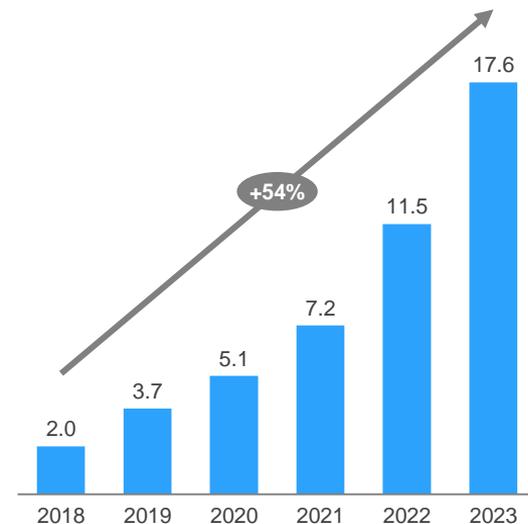
(# of charging points in millions)



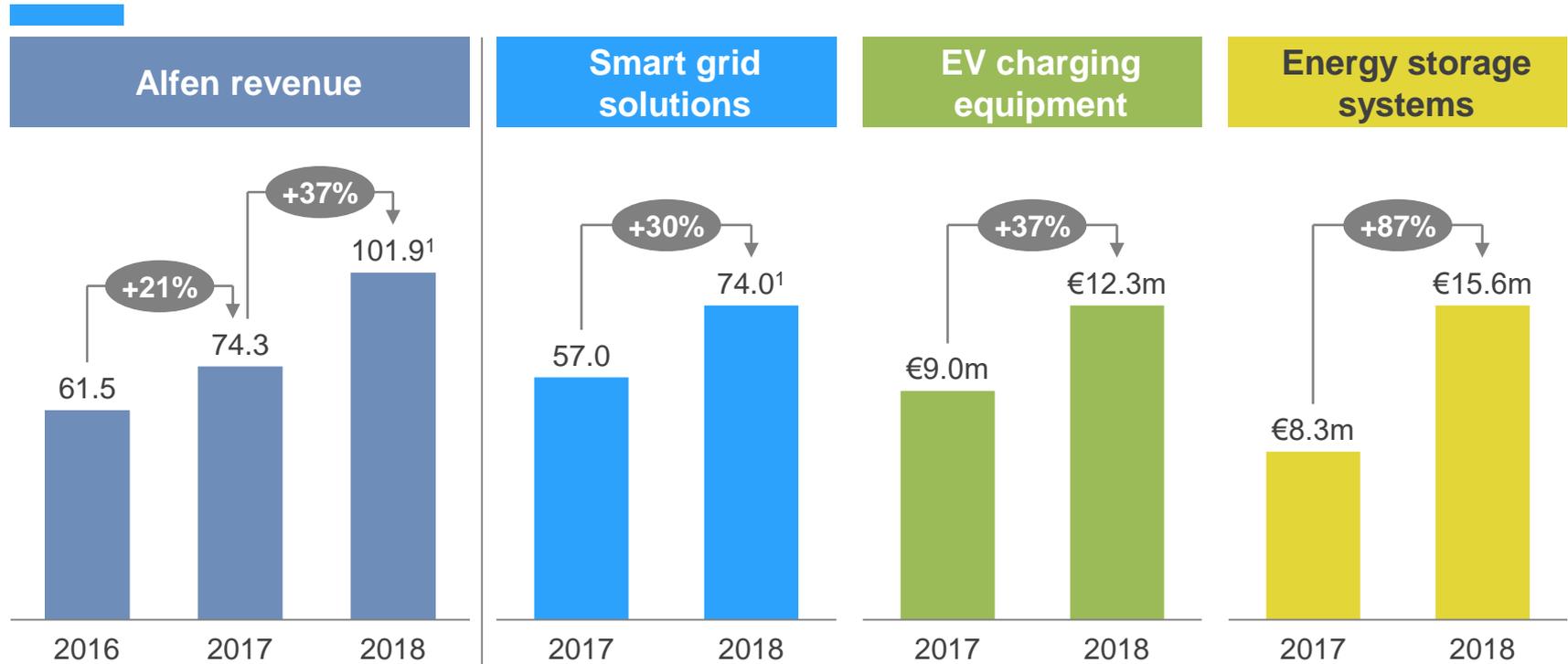
Energy storage

EMEA cumulative installed energy storage capacity, excl. residential⁽³⁾

(GW)



Acceleration of revenue growth driven by all three business lines



Accelerated investments preparing for future growth



Although the energy storage business line showed strong growth, some orders that were anticipated for 2018 have been delayed to 2019

This is a result of the nascent stage and therefore somewhat unpredictable character of this market



As we are positive about the energy storage market and as our pipeline is developing favourably, we have continued investing in expanding our organisation, R&D and production facilities for energy storage during 2018

Because of this we are fully prepared for further strong growth in 2019 and beyond

A step-up in growth in our Smart grid solutions business line resulted in a hampering supply chain in H2 2018



To mitigate the effects of these supply chain issues, we accelerated the hiring of new production personnel. As the supply chain is catching-up, the additional personnel in the Smart grid solutions business line is expected to be sufficient to facilitate Alfen's growth outlook in this business line for 2019

Four levers of growth



Market growth

Benefitting from strong market growth trends



Internationalisation

Significant internationalisation opportunity, fast-tracked through selected M&A of small regional platforms



Cross-selling

Increasing cross-selling opportunities between Alfen's three business lines and offering of integrated solutions



Service

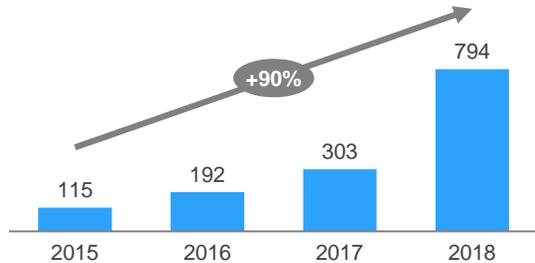
Expanding existing service offering and benefitting from increasing installed base



Market growth set to continue in 2019

Smart grid solutions

Realised SDE+ solar PV projects in NL¹ (MWp)



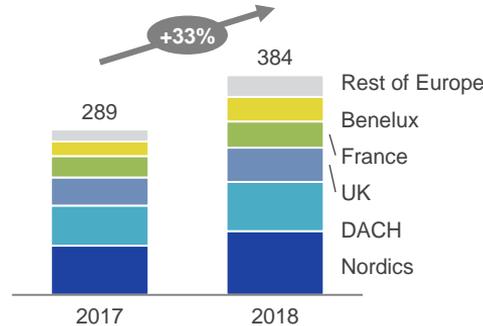
Largest project per year:

6 MW	6 MWp	30 MWp	55 MWp
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- Continuation of growth expected based on a total of 6GWp awarded SDE+ subsidies for solar PV between 2017 and 2018 (Spring) that have to be realised within 3 years after award
- Increasing project sizes requiring more complex solutions which Alfen can deliver

EV charging equipment

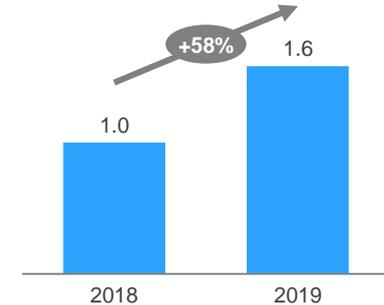
New (PH)EV car registrations² ('000)



- Market introduction of lower cost models in the next years: Tesla Model 3, Hyundai Kona, Kia e-Niro, Nissan Leaf, Volkswagen eUp and I.D. Neo, Opel eCorsa
- OLEV grant in the UK requiring all home chargers to use innovative 'smart' technology by July 2019, playing into Alfen's favour³

Energy storage systems

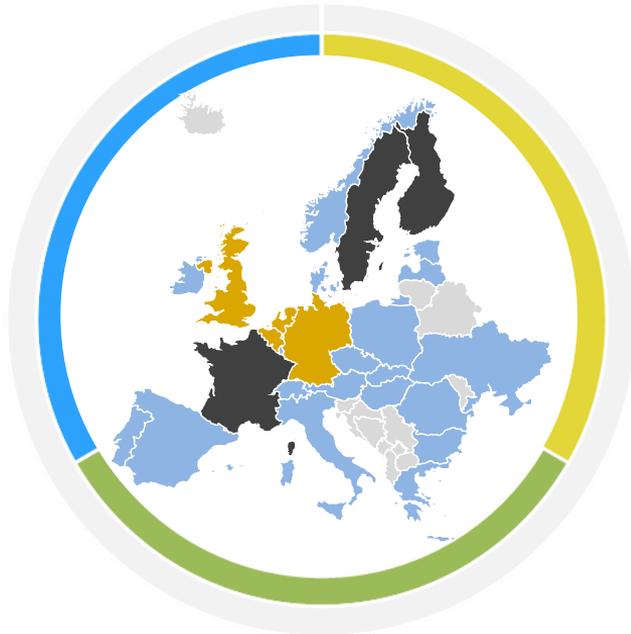
EMEA new build energy storage capacity⁴ (GW, excl. residential)



- BNEF: "We have become much more bullish about storage deployments since our last forecast a year ago. This is partly due to faster-than-expected falls in storage system costs, and partly to a greater focus on two emerging applications for the technology – electric vehicle charging, and energy access in remote regions."



Success of internationalisation with expansion of sales organisation to France, Sweden and Finland



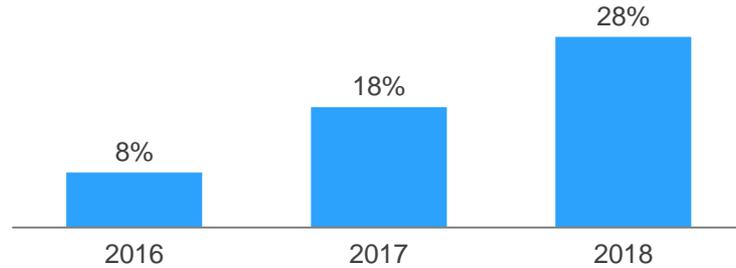
■ Alfen sales organisation at 31 December 2017

■ New countries entered in 2018

■ Installed base of Alfen products

International revenues

Revenues outside the Netherlands as % of total



Comments

- Expanded existing sales teams in Germany and UK
- Hired new sales manager for Sweden (as per July 2018) and France (as per October 2018)
- Products introduced in Eastern Europe, amongst others for an integrated EV charging and storage network in Poland and Slovakia
- Further extended position in the Nordics through Elkamo acquisition



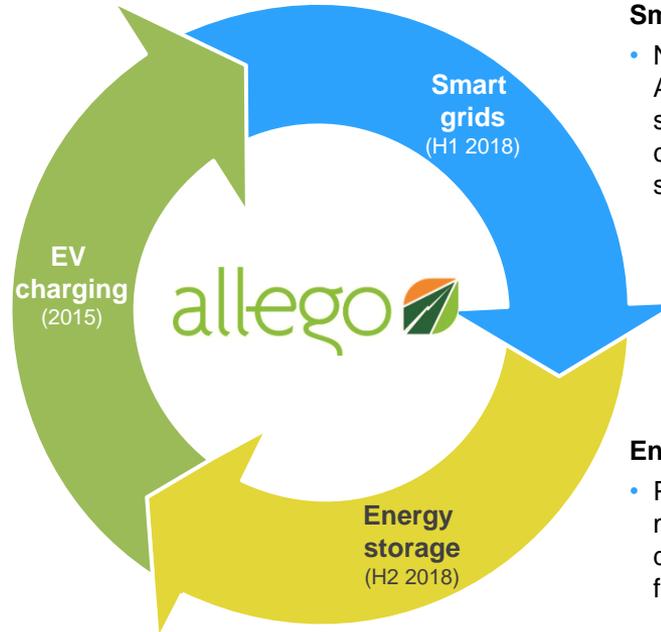
Increasing spin-offs from unique cross-selling capability

Case study Allego



EV charging equipment

- Selling EV chargers to Allego for public and semi public locations in the Netherlands since 2015
- Expanded to Belgium in 2017, selling public chargers to Allego for the Eandis/Infrax grid areas
- New Allego partnership with Leaseplan in 2018 to provide its EV customers with access to personal charge points at home and at work, initially in the Benelux, France, Germany, Norway, Portugal and Sweden



Smart grids solutions

- New framework contract between Allego and Alfen in H1 2018 for the supply of transformer substations to connect Allego's EV charging stations in various countries



Energy storage systems

- Project awarded in H2 2018 to supply two mobile energy storage systems that will be deployed in combination with Allego's ultra-fast charging stations for electric vehicles

Important wins

Smart grids

IONITY

Grid connections for fast charging stations across various European countries

JouLz

New framework agreement for the supply of commercial transformer substations throughout the Netherlands

ecorus
harvesting nature's energy

Multiple project wins for connecting large-scale solar PV farms to the grid

ECW  **Netwerk**

Project win to integrate an innovative floating solar park in the ECW grid (which includes greenhouses such as Combivliet and a Microsoft data center)

EV charging



Supplying EV charging equipment to Jaguar customers and dealerships, covering the Benelux through Eneco and Switzerland, Portugal and Spain through other resellers



Order from carmaker Opel to supply electric charging stations for the company's headquarters in Rüsselsheim, Germany



D'leteren Auto (Volkswagen Group brands importer in Belgium) selected Alfen to start offering EV chargers to its electric car customers and to equip its dealerships across Belgium with EV chargers



New framework agreement for the sale of EV charging equipment in the UK

Energy storage

GREEN CHOICE

10MW energy storage system connected to Hartel windfarm in the harbor of Rotterdam, the Netherlands

DIGITAL ENERGY SOLUTIONS

2.2MWh energy storage system (based on 52 BMW i3 car batteries) connected to a Green City wind farm in Southern Germany

WEERT ENERGIE

First cooperative-owned energy storage system connected to a solar PV farm in the Netherlands

Ibogem

Off-grid energy storage system for waste-collecting company Ibogem in Belgium to increase the self-consumption of solar energy

Income statement

<i>in € '000</i>	2018	2017
Revenue and other income	101,893	74,336
<i>Smart grids</i>	74,031	57,043
<i>EV charging</i>	12,277	8,952
<i>Energy storage</i>	15,585	8,341
Gross margin	30,216	21,630
<i>as % of revenues</i>	30%	29%
Personnel cost	19,054	12,773
Other operating cost	8,757	4,842
EBITDA	2,406	4,015
One-off costs and special items	1,217	872
Adjusted EBITDA	3,623	4,887
<i>as % of revenues</i>	4%	7%
Adjusted net profit	814	2,375

- Revenue growth driven by strong market growth across our business lines, further bolstered by internationalisation, cross-selling and service
- Slightly increasing margins, demonstrating our strong market position
- Increase in FTEs from 234 at 31 December 2017 to 410 at 31 December 2018, including 70 FTE at Alfen Elkamo. Strong increase reflects hires to be prepared for the anticipated further growth in 2019 and beyond, amongst which accelerated investments in Smart grids solutions to accommodate a hampering supply chain across this industry
- Increase in other operating cost driven by a growing organisation, higher recruitment costs, rental costs related to an expansion of production facilities for energy storage systems, advisory costs related to Alfen's publicly listed status as well as certain one-off costs and special items (€1.2m vs. €0.6m in 2017)
- Adjusted EBITDA impacted by accelerated investments in Smart grids solutions and continued investments in Energy storage despite some delays in order intake

Balance sheet

<i>in € '000</i>	2018	2017
Non-current assets	16,530	8,830
Current assets	38,846	21,026
Cash and cash equivalents	849	-
Total assets	56,225	29,856
Non-current liabilities	8,785	2,713
Current liabilities	32,581	19,113
Bank overdraft	7,924	1,224
Equity	6,935	6,806
Total equity and liabilities	56,225	29,856

- Capex amounted to €6.0m as compared to €3.7m in 2017. Capex includes amongst others refurbishment of a new premises, investments to expand the amount of substation moulds in the context of a growing Smart grids business as well as €3.4m of capitalised development costs which demonstrates our continued efforts to invest in innovations for the future
- Tangible and intangible assets resulting from the Elkamo acquisition of €4.4m
- In January 2018, Alfen obtained two loans (each with a principal amount of €0.875m and a duration of 10 years) used for the refurbishment of the buildings located at the Hefbrugweg in Almere. To fund the Elkamo acquisition of 1 July 2018, a new loan was obtained (€5.0m, redemption in 7 years)
- Working capital increased to €6.3m (versus €1.9m at the end of 2017) mainly due to increased stock and debtor levels reflecting further growth of the business

Well prepared for further growth in 2019

- We continue to anticipate positive market developments in all our business lines and are well positioned for further growth:
 - Smart grid solutions: benefitting from grid investments and strong growth in the solar PV sector
 - EV charging equipment: benefitting from various new EV models that are coming to the market, the ramp-up in volumes from several important contracts, our anticipated new charging product for the residential market and the UK incentive scheme for smart chargers
 - Energy storage systems: benefitting from our track record with multiple customers across all major storage applications, the introduction of several new innovative storage features during 2018 and a promising projects pipeline
- On top of the positive outlook for each of our business lines, we increasingly benefit from repeat customers as well as our ability to offer integrated solutions. Furthermore, we expect to further benefit from our expanded international footprint and plan to continue expanding our international salesforce
- For 2019, we expect our revenues to be between €135m and €145m, driven by continuing high market growth, reaping the benefits of our international expansion strategy, increasing cross-selling opportunities between our business lines and our expanding service offering. This growth outlook is further supported by a 60% larger order backlog compared to the start of 2018, a stronger projects pipeline and customers' guidance on 2019 volumes under our framework agreements



ALFEN