



PRESS RELEASE

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Alfen 2018 revenue growth of 37% with further internationalisation and investments for future growth

- 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
- Gross margin increased to 30% compared to 29% in 2017, demonstrating the company's strong position in the market
- Adjusted EBITDA of €3.6m versus €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
- Alfen envisions a continuation of strong market growth in all business lines and reconfirms its medium-term objectives and strategy
- Expected revenues for 2019 of €135m to €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

Marco Roeleveld, CEO of Alfen, said:

“2018 was a year of accelerated growth, further internationalisation and accelerated investments to prepare ourselves for the anticipated further strong growth in the coming years. Our revenues increased with 37% compared to 2017 and mounted to €102 million. A strong result, although we anticipated even stronger growth as some order intake in our Energy storage business line was delayed to 2019. Nevertheless, we see the market for energy storage gradually taking off as storage projects are increasing in size and more and more customers are building up experience with storage projects, often leading to repeat orders. As a consequence, timing and predictability of our project pipeline is improving as well as the size of our pipeline.

As the markets we operate in are developing favourably, we continued to invest in our organisation and were able to expand the number of employees from 234 to 410, benefitting from our position in the heart of the energy transition as well as from an increased public profile after our IPO. We accelerated the hiring of new production personnel in our Smart grid solutions business line to mitigate a hampering supply chain within the industry after a step-up in growth in H2 2018. As the supply chain is catching-up, the additional personnel in the Smart grid solutions business line is expected to be sufficient to facilitate our growth outlook for 2019. We also invested in new innovations such as new EV charging concepts and our mobile energy storage solution. As planned, we expanded our production facilities by renting a new premises for our Energy storage business line to be ready for further growth in the years ahead.

The abovementioned accelerated investments in the organisation and delayed order intake in Energy storage resulted in a lower than anticipated EBITDA. Yet, these investments enable the continuation of our growth journey in each of our business lines. Additionally, our internationalisation strategy is gaining momentum, with our own sales force now covering most of North-western Europe. An important factor is also that we benefit from clients with a broad European footprint like Vattenfall, E.On, BMW and Allego. This positive outlook positions us well to increase profitability in the years ahead.

We reconfirm our medium-term objectives and strategy of benefitting from high market growth, international expansion, cross-selling opportunities between our business lines and our expanding service offering. For 2019, we expect our revenues to be between €135m and €145m, supported by a stronger projects pipeline compared to last year and customers’ guidance on 2019 volumes.”

ALMERE, THE NETHERLANDS – Alfen N.V. (AEX: ALFEN), specialist in energy solutions for the future, today reports its consolidated financial statements for 2018 with strong revenue growth.

Financial highlights

<i>In € millions</i>	2015	2016	2017	2018
Revenues and other income	50.5	61.5	74.3	101.9
<i>Y-o-y growth</i>	15%	22%	21%	37%
Gross margin	13.5	17.0	21.6	30.2
<i>As % of revenues and other income</i>	27%	28%	29%	30%
Adjusted EBITDA	2.5	3.1	4.9	3.6

Revenues and other income increased by 37% from €74.3m in 2017 to €101.9m in 2018, a significant acceleration from the 21% revenue growth that was realised between 2016 and 2017. This growth is driven by strong market growth across all business lines and further bolstered by internationalisation, cross-selling and service.

In the Smart grid solutions business line, revenues increased by 30% from €57.0m in 2017 to €74.0m in 2018. Alfen benefitted from continued investments by grid operators and a strong market environment for projects in the solar PV sector, as well as a €8.4m contribution from its new position in the Nordic countries through Alfen Elkamo.

Revenues in the electric vehicle (“EV”) charging business line increased by 37% from €9.0m in 2017 to €12.3m in 2018, driven by a growing market for electric vehicles, important new client wins and further internationalisation.

Revenues and other income in the Energy storage business line increased by 87% from €8.3m in 2017 to €15.6m in 2018, benefitting from a proven track record across different energy storage applications, the introduction of new storage solutions, repeat projects for clients and important new client wins. Although the energy storage business line showed strong growth, some orders that were anticipated for 2018 have been delayed to 2019 due to decision making processes at Alfen’s clients and other external factors such as permitting (building permits, grid connection approvals). This is reflective of the nascent stage and therefore somewhat unpredictable character of this market.

Gross margin slightly increased to 30% compared to 29% in 2017, demonstrating Alfen’s strong position in the market.

Personnel costs increased by 49% to €19.1m compared with €12.8m in 2017. Despite a challenging labour market, the company was able to attract new talent, also benefitting from its increased public profile after the IPO and the widespread interest in the energy transition. FTEs increased from 234 at 31 December 2017 to 410 at 31 December 2018, including 70 FTEs at Alfen Elkamo. Significant investments have been made to strengthen and expand the organisation, ahead-of-the-curve, for the anticipated further growth in 2019 and beyond:

- further strengthening of its middle management to facilitate the strong growth perspective of Alfen;
- upscaling of the Energy storage business line;
- additions to international sales force including new country entries;
- expansion of R&D team, primarily related to roll-out new state-of-the-art energy storage concepts, new EV charging product developments and software upgrades across all business lines;
- accelerated increase in production personnel, particularly in the Smart grid solutions business line, to accommodate for a step-up in growth across the supply chain. As the supply chain is stabilising, the additional personnel in the Smart grid solutions business line is expected to be sufficient to facilitate Alfen’s growth outlook for 2019;
- new roles related to Alfen’s publicly listed status, including an IR manager and a general counsel.

Other operating cost increased by 81% to €8.8m compared to €4.8m in 2017. This increase is largely due to a growing organisation, higher recruitment cost, rental costs related to an expansion of production facilities for

energy storage systems, advisory costs related to Alfen's publicly listed status and certain one-off costs and special items (see Adjusted EBITDA for details).

Adjusted EBITDA¹ is positive at €3.6m, as compared to €4.9 in 2017 and mainly impacted by accelerated investments in the Smart grids solutions business line to accommodate a hampering supply chain across this growing industry as well as continued investments in the Energy storage business in combination with some delays in order intake. EBITDA adjustments in 2018 amounted to €1.2m (versus €0.9m in 2017) and comprised of a one-off audit fee related to Alfen's listing on the Amsterdam stock exchange, acquisition and integration costs for Elkamo, a settlement payment and legal fees related to a property rental claim, share-based payment expenses associated with a Celebration Share Award Plan and a related party consultancy fee.

Adjusted net profit is positive at €0.8m compared to €2.4m in 2017.

Capex amounted to €6.0m (5.9% of revenues) as compared to €3.7m (5.0% of revenues) in 2017. Capex includes amongst others refurbishment of 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 the company's continued efforts to invest in innovations for the future.

Net debt position at 31 December 2018 amounted to €16.6m, compared to €3.1m at the end of 2017, driven by the acquisition of Elkamo, and an increase in capex and working capital to support the growing business. Working capital² 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. To fund the Elkamo acquisition of 1 July 2018, a new loan was obtained (€5.0m, redemption in 7 years). Additionally, Alfen expanded its credit facilities to €20m (previously €11.25m) and added a €5m facility for bank guarantees at 15 November 2018.

Progress against strategy

Alfen is making strong progress in executing its exponential growth strategy: 1) benefitting from strong market growth, 2) further internationalisation, 3) increasing cross-selling opportunities between its three business lines and 4) expanding its service offering.

Market growth throughout Alfen's three business lines continued in 2018. Due to the company's position in the heart of the energy transition, Alfen benefits from these positive market trends.

- **Smart grid solutions:** grid investments are expected to continue to grow, driven by the electrification of energy demand (e.g. EVs and the plans of the Dutch government to replace the use of natural gas with electricity), a shift from central to decentral power generation and higher peak powers from renewable energy. Investments in large solar PV farms are growing, requiring connections to the grid as well as local micro-grids for which Alfen introduced a unique tailored solution in 2018. The market for solar PV is expected to continue to develop favourably. Alfen's revenues in the Smart grid solutions business line are increasingly diversifying from grid operators to a broader customer base;

¹ Earnings before interest, taxes, amortisation and depreciation adjusted for certain one-off costs and special items

² Defined as inventories and trade and other receivables minus trade and other payables, current tax liabilities, borrowings (current) and deferred revenues

- **EV charging:** the number of electric vehicle (including plug-in hybrid) registrations in Europe increased by 33% between 2017 and 2018³. New electric vehicles require more chargers at home, office and public locations. As the launch of some new models with a large range and lower price point has been delayed, 2019 is expected to show a strong growth in EVs. The growing penetration of EVs is also increasingly causing local constraints in the electricity grid, which can be mitigated by applying smart chargers, smart grid upgrades and energy storage, or a combination of these;
- **Energy storage:** the market for energy storage is developing further, driven by an increasing share of renewables, the uptake of EVs and new applications such as clean energy supply at events. The nascent energy storage market is gradually developing and is expected to continue to do so in 2019. As a consequence, timing and predictability of Alfen's project pipeline is improving, with more and more customers having experience with storage projects and entering into repeat orders.

Internationalisation of Alfen's business continued, with revenues outside the Netherlands growing to 28% in 2018 as compared to 18% in 2017. During 2018, Alfen expanded and reinforced its existing sales teams in Germany and the UK and entered Sweden and France.

Through the acquisition of Finland-based Elkamo at 1 July 2018, Alfen expanded to the Nordics. Alfen Elkamo is demonstrating solid growth in Smart grid solutions, benefitting from grid operators' investment programs to rebuild large parts of the electricity distribution grids from overhead lines to underground cables in order to improve reliability of electricity supply. Additionally, Alfen is demonstrating Nordic success in its EV charging business line through accounts such as Virta (Finland) and SellPower (Sweden), and in its Energy storage business line with its recently awarded first energy storage project in Norway for TrønderEnergi and an expanding energy storage projects pipeline.

Alfen is now covering most of North-western Europe with its own sales force and is increasingly benefitting from a client base with an international footprint, including Vattenfall, E.On, BMW and Allego. Alfen is also starting to expand its position in Eastern Europe through various projects.

Cross-selling – Alfen believes to be unique in the fact that it offers integrated solutions across its three business lines. Therefore, Alfen not only benefits from positive market dynamics in each of its business lines, but also from cross-selling and integrating solutions between its business lines. As the energy transition evolves, more and more complex challenges arise for which a holistic integrated approach is required. For example, Alfen expanded its services for Allego from EV chargers (since 2015) to transformer substations (since 2018) and recently sold two mobile energy storage systems that will be deployed to de-bottleneck grid connections to facilitate the roll-out of their ultra-fast charging stations for electric vehicles. Another example includes Belgian grid operator Eandis. Alfen has been supplying its smart grid solutions to customers in their grid area for years. Since 2017, Alfen has been supplying EV charging equipment in the Eandis and Infrac (now merged into Fluvius) area through Allego. Finally, in 2018, Alfen was selected by Eandis to supply an energy storage system to their logistical centre in Lokeren, Belgium, for optimising self-consumption of their rooftop solar energy generation.

³ Source: European Automobile Manufacturers Association

Service becomes a more and more important part of the company's business. Alfen benefits from an increasing installed base and is continuously focusing on further expanding its service offering. In the EV charging business line Alfen lined up various new international service partners and in the Energy storage business line the company developed new service concepts including remote control and performance monitoring through 'TheBattery Connect'.

Important client and project wins

During 2018, Alfen achieved many important new client and project wins. Some examples include:

- Smart grid solutions:
 - Ionity (joint venture of BMW Group, Daimler AG, Ford Motor Company, and Volkswagen Group): grid connections for fast charging stations across various European countries;
 - Joulz: new framework agreement for the supply of commercial transformer substations;
 - Ecorus: multiple project wins for connecting large-scale solar PV farms to the grid;
- EV charging equipment:
 - Jaguar Land Rover: supplying EV charging equipment to Jaguar customers and dealerships, covering the Benelux through Eneco and Switzerland, Portugal and Spain through other resellers;
 - Opel: 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;
- Energy storage systems:
 - Greenchoice: selected Alfen to supply a 10MW energy storage system connected to its Hartel windfarm in the harbor of Rotterdam, the Netherlands;
 - Digital Energy Solutions (joint venture of the BMW Group and the Viessmann Group): selected Alfen to supply a 2.2 MWh (52 BMW i3 car batteries) energy storage system connected to a Green City wind farm in Southern Germany;
 - WeertEnergie: first cooperative-owned energy storage system connected to a solar PV farm in the Netherlands.

Outlook 2019

Alfen continues to anticipate positive market developments in all its business lines and is well positioned for further growth. Alfen's Smart grid solutions business line is expected to continue to benefit from grid investments and from strong growth in the solar PV sector.

The EV charging business line is expected to benefit from various new EV models that are coming to the market after some delays in 2018. In the UK, the government recently announced that all home chargers must use innovative 'smart' technology by July 2019, playing into the favour of Alfen's portfolio of smart chargers. In addition, Alfen expects to benefit from the anticipated introduction of a new charging product for the

residential market and the ramp-up in volumes from several important framework agreements (e.g. Vattenfall, E.On and Allego, including supplying Leaseplan).

Driven by the increased penetration of EVs and continued roll-out of decentral renewables, Alfen expects the demand for energy storage to further increase and to continue its rapid growth in this segment. The company is benefitting from its track record with multiple customers across all major energy storage applications, the introduction of several new innovative storage features during 2018 and, consequently, is starting the year 2019 with a promising projects pipeline.

On top of the positive outlook for each of its business lines, the company increasingly benefits from repeat customers as well as its ability to offer integrated solutions. Furthermore, Alfen expects to further benefit from its expanded international footprint and plans to continue expanding its international salesforce.

The company expects 2019 revenues to be between €135m and €145m, driven by continuing high market growth, reaping the benefits of its international expansion strategy, increasing cross-selling opportunities between its business lines and its expanding service offering. This growth outlook is further supported by a 60% larger backlog compared to the start of 2018, a stronger projects pipeline and customers' guidance on 2019 volumes under Alfen's framework agreements.

[The annual report 2018 is available in the Investor relations section of the website \[www.alfen.com\]\(http://www.alfen.com\).](#)

[Annual General Meeting](#)

The Annual General Meeting of Alfen will be held on 18 April 2019, for which the invitation and agenda will be announced on Alfen's website no later than 7 March 2019.

[About Alfen](#)

Netherlands-based Alfen is operating internationally in the heart of the energy transition, as a specialist in energy solutions for the future. With its 80-years' history, Alfen has a unique combination of activities. Alfen designs, develops and produces smart grids, energy storage systems, and electric vehicle charging equipment and combines these in integrated solutions to address the electricity challenges of its clients. Alfen has a market leading position in the Netherlands and experiences fast international growth benefitting from its first mover advantage. For further information see Alfen's website at: www.alfen.com .

[Notes to the press release](#)

This is a public announcement by Alfen N.V. pursuant to section 17 of the European Market Abuse Regulation (596/2014). This public announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in Alfen N.V.

[Forward looking statements](#)

This press release may include forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms such as guidance, expected, step up, announced, continued, incremental, on track, accelerating, ongoing, innovation, drives, growth, optimising, new, to develop, further,

strengthening, implementing, well positioned, roll-out, expanding, improvements, promising, to offer, more, to be or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect Alfen's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to Alfen's business, results of operations, financial position, liquidity, prospects, growth or strategies. Forward-looking statements reflect the current views of Alfen and assumptions based on information currently available to Alfen. Forward-looking statements speak only as of the date they are made, and Alfen does not assume any obligation to update such statements, except as required by law.

Alfen's revenue outlook estimates are management estimates resulting from Alfen's pursuit of its strategy. Alfen can provide no assurances that the estimated future revenues will be realised and the actual revenue for 2019 could differ materially. The expected revenues have also been determined based on assumptions and estimates that Alfen considered reasonable at the date these were made. These estimates and assumptions are inherently uncertain and reflect management's views which are also based on its historic success of being assigned projects, which may materially differ from the success rates for any future projects. These estimates and assumptions may change as a result of uncertainties related to the economic, financial or competitive environment and as a result of future business decisions of Alfen or its clients, such as cancellations or delays, as well as the occurrence of certain other events.

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