



## P R E S S   R E L E A S E

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# Alfen reports 41% revenue growth and strong profitability increase in 2019

Supported by anticipated strong growth in all its business lines, Alfen expects 2020 revenues of €180-200m

- **FY 2019 revenue growth of 41%** to €143.2m, versus €101.9m in 2018, primarily driven by strong growth in EV charging equipment (+113%) and Smart grid solutions (+40%)
- **Strong increase in profitability:** adjusted EBITDA of €14.5m (10.1% of revenues) versus €3.6m (3.6% of revenues) in 2018. Like-for-like adjusted EBITDA<sup>1</sup> of €12.6m (8.8% of revenues), an **increase of 249%** versus 2018. Adjusted net profit of €6.2m, compared with €0.8m in 2018
- **Net debt of €19.3m (1.3x adjusted EBITDA)** versus €24.5m at 1 January 2019<sup>2</sup> (in 2018, net debt was 4.6x adjusted EBITDA<sup>3</sup>)
- **Operating cash flow of €14.1m<sup>4</sup>** compared with €1.5m negative in 2018
- **Important new client and contract wins**, amongst which a multi-year contract for the supply of smart grid solutions to Dutch DSO Enexis, a new framework agreement for the supply of EV charging equipment to UK utility Drax and an energy storage system for Shell
- **Alfen reconfirms its strategy and medium-term objectives** supported by anticipated strong growth in all its business lines

<sup>1</sup> Excluding the effect of changes in IFRS 16 lease accounting

<sup>2</sup> Net debt at 31 December 2018 including IFRS 16 adjustment for changed lease accounting

<sup>3</sup> Excluding the effect of changes in IFRS 16 lease accounting

<sup>4</sup> The 2019 operating cash flow excludes €1.9m as a result of changed lease accounting under IFRS 16

## Marco Roeleveld, CEO of Alfen, said:

*“2019 was a year of strong revenue and profitability growth. We further strengthened our position in the heart of the energy transition. We benefitted from growing markets, internationalisation and important new client and contract wins. Leveraging our strong market position and increasing scale, we have been able to significantly grow our profitability.*

*A great testimony to our focus on delivering high quality energy solutions is the recent extension of our contract for the supply of smart grid solutions to Enexis, one of the largest Dutch grid operators. Our EV charging business, growing at 113% in 2019, is benefiting from an acceleration EV adoption, strong partnerships with our clients and our strategy of further internationalisation. Recent orders for new energy storage systems, amongst which a 10MW energy storage system for Uniper and 30 mobile energy storage systems for Greener, are a pay-off from our continued investments in the energy storage segment, despite a relatively slow market environment at the start of 2019.*

*As the energy transition accelerates we see an increasing need for integrated solutions. As such, our strategic focus on cross-selling becomes more important. An example is Shell, for which we won a contract to deliver grid connections for their ultrafast EV charging network and also secured a project for the supply of an energy storage system.*

*As the markets we operate in are developing favourably for the short and long term, we continue to invest in our organisation, new innovations and the expansion of our production. We reconfirm our medium-term objectives and strategy of benefitting from high market growth, international expansion, cross-selling opportunities between our business lines and expanding our service offering. For 2020, we expect our revenues to be between €180m and €200m.”*

**ALMERE, THE NETHERLANDS – Alfen N.V. (AEX: ALFEN), specialist in energy solutions for the future, today reports its consolidated financial statements for 2019 with strong revenue and profitability growth.**

## Financial highlights

<i>In € millions</i>	2015	2016	2017	2018	2019
<b>Revenues and other income</b>	50.5	61.5	74.3	101.9	143.2
<i>Y-o-y growth</i>	15%	22%	21%	37%	41%
<b>Gross margin</b>	13.5	17.0	21.6	30.2	50.3
<i>As % of revenues and other income</i>	27%	28%	29%	30%	35%
<b>Adjusted EBITDA</b>	2.5	3.1	4.9	3.6	14.5 <sup>5</sup>
<i>As % of revenues and other income</i>	5.0%	5.0%	6.6%	3.6%	10.1% <sup>6</sup>

<sup>5</sup> €12.6m excluding the effect of changes in IFRS 16 lease accounting

<sup>6</sup> 8.8% excluding the effect of changes in IFRS 16 lease accounting

**Revenues** and other income increased by 41% from €101.9m in 2018 to €143.2m in 2019, driven by strong market growth and further bolstered by internationalisation, cross-selling and service.

In the **Smart grids** business line, 2019 revenues were €103.6m, a growth of 40% from €74.0m in 2018. Alfen benefitted from continued grid investments, a strong market environment for projects in the solar PV sector and increasing revenues from service. Alfen Elkamo contributed €16.6m to 2019 revenues and is benefitting from grid investments in Finland, expansion to Sweden and cross-sell opportunities based on Alfen's position in EV charging and energy storage. In 2019, Alfen produced approximately 2,930 substations (including 720 by Alfen Elkamo), a growth of 63% from 2018 with approximately 1,800 substations (including 360 by Alfen Elkamo in the second half of 2018). During the second half of 2019, an additional production line was gradually taken into operation to facilitate this growth and prepare the company for further growth.

2019 revenues in the **electric vehicle ("EV") charging** business line were €26.1m, a growth of 113% from €12.3m in 2018. This increase is driven by a broadening supply of (affordable) EVs in the market, favourable incentive schemes and further internationalisation. In addition, Alfen's focus on product innovations contributed to further improving its market position in various countries: in Germany Alfen introduced its Eichrecht compliant chargers in the second half of 2019, in France Alfen introduced a dedicated EV charger and in the UK Alfen's position in smart charging benefitted from a grant for smart EV charging equipment (OLEV) that is effective since the Summer of 2019. In 2019, Alfen produced approximately 25,800 charge points, a growth of 111% from 2018 with approximately 12,200 charge points. To be prepared for a further uptake in volumes, Alfen invested in additional production lines and is preparing for further expansion of its production facilities.

2019 revenues in the **Energy storage** business line were €13.4m, compared with €15.6m in 2018. Despite a challenging market environment for energy storage projects in the first half of 2019, long term fundamentals for energy storage remained unchanged. Therefore, Alfen continued to invest in this segment, launching its second generation mobile storage solution for festivals and events and introducing its high density stationary storage concept, accommodating higher capacities in similar-sized containers. This has resulted in further solidifying Alfen's strong market position. In the second half of the year, the market regained its momentum which led to various orders, including a 12MW storage project for Vattenfall, a 10MW storage project for Uniper, a framework agreement for storage systems with Fortum (with a first order for a 1MW storage system in Helsinki, Finland), an order for 30 mobile energy storage systems for Greener and various smaller projects in the Netherlands and Belgium.

**Gross margin** increased from 29.7% in 2018 to 35.1% in 2019, a result of Alfen's strong market position, leverage from increased scale, a shift towards increasingly complex solutions and favourable product mix effects throughout the year.

**Personnel costs** increased by 43% to €27.2m compared with €19.1m in 2018. FTEs increased from 410 at 31 December 2018 to 497 at 31 December 2019. Growth in average number of direct FTEs was 37%, while growth in average number of indirect FTEs was 26%, demonstrating the first steps towards leverage.

**Other operating cost**<sup>7</sup> increased by 5% to €9.2m compared to €8.8m in 2018. As a result of changed lease accounting under IFRS 16, €1.9m lease expenses in 2019 are no longer included in other operating cost.

**Adjusted EBITDA** amounted to €14.5m (10.1% of revenues). Excluding a €1.9m positive effect of changed lease accounting under IFRS, adjusted EBITDA was €12.6m (8.8% of revenues), an increase of 249% compared to €3.6m (3.6% of revenues) in 2018. This increase is driven by higher gross margins and Alfen's strategy of leveraging its fixed cost base. EBITDA adjustments in 2019 amounted to €0.7m (versus €1.2m in 2018) and comprised of share-based payment expenses, audit cost for new IFRS accounting standards and a related party consultancy fee.

**Adjusted net profit** grew with 666% from €0.8m in 2018 to €6.2m in 2019.

**Capex** amounted to €6.7m (4.7% of revenues) as compared to €6.1m (5.9% of revenues) in 2018. Capex in 2019 includes investments in expanding warehousing and production lines for the Smart grids and EV charging business lines, as well as €4.2m of capitalised development costs which demonstrates the company's continued commitment to invest in innovations.

**Net debt position** at 31 December 2019 amounted to €19.3m, compared to €24.5m at 1 January 2019<sup>8</sup>, a result of the positive operating cash flow resulting in a lower bank overdraft. Working capital<sup>9</sup> reduced to €3.1m (versus €5.0m at 1 January 2019<sup>10</sup>) despite further growth of the business. In December 2019, Alfen expanded its credit facilities to €30m (previously €20m) and its facility for bank guarantees to €10m (previously €5m).

**Operating cash flow** was €14.1m positive, compared to €1.5m negative in 2018. The 2019 operating cash flow excludes €1.9m as a result of changed lease accounting under IFRS 16.

## Progress against strategy

Alfen is making strong progress in executing its growth strategy to deliver long-term value: 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** driven by the energy transition continued in 2019.

- **Smart grid solutions:** Grid investments continued to grow, driven by a shift from central to decentral power generation, higher peak powers from renewable energy and the electrification of energy demand. Investments in large solar PV farms are growing (CAGR in the Netherlands of 37% between 2018 and 2023<sup>11</sup>), requiring connections to the grid as well as local microgrids for which Alfen offers a tailored solution. In addition, smart grid solutions related to EV charging hubs are a growing segment for Alfen, and Alfen's revenues in the Smart grid solutions business line are increasingly diversifying from grid operators to a broader customer base.

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<sup>7</sup> Including impairment loss on trade receivables and contract assets

<sup>8</sup> Including IFRS 16 adjustment for changed lease accounting

<sup>9</sup> Defined as inventories, trade and other receivables and current tax receivables minus trade and other payables, current tax liabilities, borrowings (current) and deferred revenues

<sup>10</sup> Including IFRS 16 adjustment for changed lease accounting

<sup>11</sup> Source: SolarPower Europe

Key commercial successes in 2019 include the framework agreement with Dutch DSO Enexis for 4 years (which can be extended with 4 additional years), a project for Solarcentury to supply 54 substations to their 110MW Vlagtweede solar PV farm, the contract win to supply secondary substations to 19 Swedish grid companies for 3 years (plus 2 optional years) and a contract to supply 50 substations for Shell's ultrafast EV charging network across the Netherlands.

- **EV charging:** The number of electric vehicle registrations (including plug-in hybrid) in Europe increased by 45% in 2019, primarily driven by Germany, the Netherlands and France<sup>12</sup>. New affordable EV models arrived to the market (e.g. the Tesla Model 3 and Kia e-Niro) and incentive schemes further stimulate the adoption of EVs, such as the multi-billion additional tax incentives in Germany to further promote electric mobility. The outlook for EV chargers in Europe remains positive, with a CAGR of 17% between 2019 and 2023<sup>13</sup>.

In 2019, Alfen benefitted from a growing market through its existing customer base as well as through new customer additions. Alfen won a contract with its long-standing customer Allego to supply 1,000 public chargers to the local municipalities in the Dutch provinces Groningen and Drenthe including 10 year service. With Alfen's customer Eneco, Alfen will supply 1,000 chargers across public parking garages in the city of Rotterdam. New clients include UK utility Drax, Comfort Charge (a group company of Deutsche Telekom) in Germany and Bouygues Énergies & Services in France.

- **Energy storage:** As a result of the nascent stage of the energy storage market, business cases in the industry have proven challenging, which has resulted in a slow-down of the market in the first half of 2019. However, the market fundamentals for energy storage remain strong, driven by an increasing share of renewables, the uptake of EVs and (new) applications such as clean energy supply at events or construction sites. This is underpinned by the revised outlook of Bloomberg on the European market for new energy storage capacity (excluding residential) of 86% per year between 2019 and 2023<sup>14</sup> (previously 40%).

Alfen's proven track record across all major storage applications and continued investments in the latest technology have further solidified its market leadership position. As the market regained its momentum in the second half of 2019, Alfen won several projects over the past months including a 12MW storage project for Vattenfall, a 10MW storage project for Uniper, a framework agreement for storage systems with Fortum (with a first order for a 1MW storage system in Helsinki, Finland), an order for 30 mobile energy storage systems for Greener and various smaller projects in the Netherlands and Belgium.

**Internationalisation** of Alfen's business continued, with revenues outside the Netherlands growing with 38% from €29m in 2018 to €40m in 2019 (28% of group revenues). Especially Alfen's EV charging business experienced strong international growth. In addition to its international sales organisations in Belgium, Germany (including Austria and Switzerland), United Kingdom, France, Finland and Sweden, Alfen further expanded to Norway (in June 2019) and is working on further expansion throughout Europe. Alfen is now covering most of Western Europe with its own sales force and is increasingly benefitting from a client base with an international footprint, including Vattenfall, E.ON, IONITY, Fortum, BMW and Allego.

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<sup>12</sup> Source: European Automobile Manufacturers Association

<sup>13</sup> Source: Navigant research, January 2020

<sup>14</sup> Source: Bloomberg New Energy Finance, July 2019

**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. An example of cross-selling is Shell, for which Alfen won a contract to deliver grid connections for its ultrafast EV charging network and recently secured a project to supply an energy storage system that will provide peak-shaving for an EV charging hub. An example of an integrated solution is Greenchoice, for which Alfen is developing a charging hub for mobile storage systems. At this hub, mobile storage systems can be recharged with renewable energy and provide grid stabilising services while not being deployed at events or festivals. To deliver this solution, Alfen combines its expertise in smart grids, energy storage and EV charging. As the energy transition evolves, more and more complex challenges arise for which a holistic integrated approach is required.

**Service** becomes an increasingly important part of the company's business. In the Smart grid solutions business line Alfen is benefitting from new service propositions for solar PV farms as well as for transformer substations connected to (fast) EV charging hubs. To prepare for further internationalisation of its service proposition, Alfen has lined-up international service partners for its EV charging business in Norway, Sweden, France, Spain, Portugal and Italy (on top of existing service offering in the Netherlands, Belgium, Germany, UK and Finland). In all its business lines, Alfen is benefitting from a growing installed base, for which it is increasingly offering service internationally.

## Outlook 2020

Alfen continues to anticipate positive market developments in all its business lines and is well positioned for further growth based on its leading market position. Key themes for 2020 include further investments in its organisation, new innovations and the scalable expansion of its production. Alfen recently aligned its Corporate Social Responsibility program with the United Nations Sustainable Development Goals, based on which a new monitoring, reporting and communication framework will be implemented from 2020 onwards.

Alfen reconfirms its medium term objectives of achieving a revenue CAGR of 40%, growing its revenues outside the Netherlands to above 50%, improving the adjusted EBITDA margin to a mid to high teens percentage, and to maintain a sustainable capital expenditure level below 3%.

The company expects 2020 revenues to be between €180m and €200m, driven by high market growth, reaping the benefits of its international expansion strategy, increasing cross-selling opportunities between its business lines and further expanding its service offering.

*The annual report 2019 is available in the Investor relations section of the website [www.alfen.com](http://www.alfen.com).*

### *Analyst call / webcast*

Alfen will host an analyst call and webcast at 9:00 CET on 19 February 2020 to comment on the 2019 results. Please see [ir.alfen.com](http://ir.alfen.com) for details to participate.

### *Financial calendar*

Annual General Meeting: 8 April 2020 - invitation and agenda will be announced on Alfen's website.  
Q1 2020 trading update: 6 May 2020  
HY 2020 results: 26 August 2020

### *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 over 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](http://www.alfen.com) .

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### *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 2020 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.