



P R E S S R E L E A S E

Published on 28 August 2019, 7:30 CET

Alfen: 50% revenue growth and strong profitability increase in H1 2019

- H1 2019 revenues of €61.6m, a **growth of 50%** versus H1 2018 (€41.0m), driven by strong growth in EV charging equipment and Smart grid solutions as well as further internationalisation
- **Strong increase in profitability:** adjusted EBITDA of €4.9m (7.9% of revenues) versus €1.7m (4.2% of revenues) in H1 2018. Like-for-like adjusted EBITDA¹ of €4.0m, an increase of 132% vs H1 2018. Adjusted net profit of €1.4m, up 125% versus €0.6m in H1 2018
- Success of international roll-out with **32% of revenues outside the Netherlands**, compared to 21% in H1 2018
- **Backlog 58% higher** than end of H1 2018, with recent large orders that will contribute to continued growth in H2 2019, amongst which a 12MW energy storage project for Vattenfall
- On track to deliver on FY revenue **outlook of €135-145m**, supported by a strong market outlook, important new client wins and a strong backlog and projects pipeline

Marco Roeleveld, CEO of Alfen, said:

"We are looking back at a successful first half-year of 2019, with continued market growth driven by the energy transition and continued internationalisation of our business. This has resulted in accelerated revenue growth of 50%. As we already started to prepare our organisation for this growth in the second half of 2018, we have also been able to significantly increase our profitability in the first half of 2019."

¹ Excluding the effect of changes in IFRS lease accounting

Smart grids continued to benefit from the step-up in grid investments as well as fast growth of the solar PV market. An example is our project win for Pfalzsolar, to supply our smart grid solution to their 35MWp Zuyderzon solar farm in the Netherlands. Our EV charging business line benefits from an accelerating uptake of EVs and we have gained market share by for instance welcoming new important clients such as Deutsche Telekom. Although the nascent energy storage market continued to be impacted by challenging business cases in the first half-year, we have seen orders picking up recently including a 12MW storage project for Vattenfall, which will contribute to the results in the second half-year of 2019.

We remain optimistic about the market outlook and our growth prospects and continue to invest in our business. We have further strengthened our organisation, expanded our production to further ramp-up volumes and invested in new product development. Our new line of EV chargers contains an entry-model charger for the residential market, the Eve Single S, as well as dedicated products for the German and French markets. In the energy storage segment, our new Mobile 2.0 solution offers improved features for mobile energy storage applications.

We reconfirm our medium-term objectives and continue executing our strategy of benefitting from high market growth, international expansion, cross-selling opportunities between our business lines and our expanding service offering. For the full year of 2019, we reconfirm our revenue outlook of €135m to €145m.”

ALMERE, THE NETHERLANDS – Alfen N.V. (AEX: ALFEN), specialist in energy solutions for the future, today reports its condensed consolidated financial statements for the first half-year of 2019 with strong revenue and EBITDA growth, benefitting from the accelerating energy transition.

Financial highlights

In € millions	H1 2019	H1 2018
Revenues and other income	61.6	41.0
Y-o-y growth	50%	32%
Gross margin	22.3	12.5
As % of revenues and other income	36.1%	30.7%
Adjusted EBITDA*	4.0	1.7

*Excluding the effect of changes in IFRS lease accounting. Including these changes, the adjusted EBITDA was €4.9m

Revenues and other income increased by 50% from €41.0m in the first half-year of 2018 to €61.6m in the first half-year of 2019, driven by strong market growth and further bolstered by internationalisation, cross-selling and service. The company’s revenues show a historical seasonal pattern with increased levels of activity in the second half of the year.

In the Smart grids business line, H1 2019 revenues were €47.2m, compared with €29.8m in the first half of 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 €8.9m to H1 2019 revenues and is benefitting from grid investments in Finland, further expansion to Sweden and cross-sell opportunities based on Alfen’s position in EV charging and energy storage.

H1 2019 revenues in the electric vehicle (“EV”) charging business were €9.7m, compared with €5.6m in the first half of 2018. This increase is driven by a growing market for electric vehicles, increasing volumes under framework agreements that have been set-up over the past years, new client wins and further internationalisation. Alfen also increasingly benefits from large international accounts, such as energy utilities, that embrace EV charging as part of their customer offering across their markets.

H1 2019 revenues and other income in the Energy storage business line were €4.7m, compared with €5.6m in the first half of 2018. Business cases in the nascent energy storage market continued to be challenging in the first half of 2019 resulting in postponed decision making across the sector. In this market dynamic, Alfen’s proven track record across multiple storage applications is playing to its advantage. For example, Alfen has supplied various mobile energy systems providing peak shaving at festivals and EV fast charging stations. Despite a relatively slow start of the year, Alfen’s projects pipeline has been growing and Alfen maintains its strong position in the market. Alfen has seen orders picking up in recent months that will contribute to H2 2019. Recent orders include a 12MW energy storage project for Vattenfall and a 1MW storage project for Solarigo.

Gross margin increased from 30.7%² in the first half-year of 2018 to 36.1% in the first half-year of 2019, a result of Alfen’s strong market position, leverage from increased scale, a shift towards increasingly complex solutions and favourable product mix effects.

Personnel costs increased by 71% to €13.3m compared with €7.8m in the first half-year of 2018. FTEs increased from 262 at 30 June 2018 (410 at 31 December 2018) to 457 at 30 June 2019, including 83 FTEs at Alfen Elkamo. Part of this increase in FTEs is a result of replacing external hires, that were contracted in H2 2018 to accommodate a hampering supply chain, which has further stabilised during the first half of 2019.

Other operating cost increased by 22% to €4.4m compared with €3.6m in the first half-year of 2018. The H1 2019 operating cost excludes €0.9m as a result of changed lease accounting under IFRS.

Adjusted EBITDA amounted to €4.9m (7.9% of revenues). Excluding a €0.9m positive effect of changed lease accounting under IFRS, adjusted EBITDA was €4.0m (6.5% of revenues), an increase of 132% compared to €1.7m (4.2% of revenues) in H1 2018. EBITDA adjustments in the first half-year of 2019 amounted to €0.4m (versus €0.6m in the first half-year of 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 125% from €0.6m in the first half-year 2018 to €1.4m in the first half-year 2019.

Capex amounted to €3.2m as compared to €2.1m in the same period of 2018. Capex in H1 2019 includes investments in expanding warehousing and production for the Smart grids and EV charging business lines, as well as €2.0m of capitalised development costs which demonstrates the company’s continued efforts to invest in innovations for the future.

² Compared to the H1 2018 report, adjusted for changed financial instrument accounting of IFRS 9

Operating cash flow was €0.8m negative, compared with €1.2m negative in the same period in 2018. The H1 2019 operating cash flow excludes €0.9m as a result of changed lease accounting under IFRS.

Net debt position at 30 June 2019 amounted to €29.7m, compared to €24.5m at 1 January 2019³. As a result of the changed lease accounting under IFRS, net debt at 1 January 2019 increased by €7.8m and net debt at 30 June 2019 increased by €8.1m. Working capital⁴ increased to €8.8m (versus €5.0m at 1 January 2019⁵) due to pre-deliveries in the supply chain to cover the summer period, seasonality and increased stock levels reflecting further growth of the business.

Progress against strategy

Alfen is making strong progress in executing its 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 driven by the energy transition continues.

- **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 (e.g. EVs and the plans of the Dutch government to replace the use of natural gas with electricity). 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 in the Netherlands is expected to continue to develop favourably, with a CAGR of 37% between 2019 and 2023⁶. Alfen's revenues in the Smart grid solutions business line are increasingly diversifying from grid operators to a broader customer base.
- **EV charging:** The number of electric vehicle registrations (including plug-in hybrid) in Europe increased by 41% between Q1 2018 and Q1 2019⁷. New electric vehicles require more chargers at home, office and public locations. The outlook for EV chargers in Europe remains positive, with a CAGR of 37% between 2018 and 2022⁸. The growing penetration of EVs is 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. In the UK, a grant for EV charging equipment (OLEV) requires all home chargers to use innovative 'smart' technology by July 2019, playing into Alfen's favour given the company's strong position in smart charging.
- **Energy storage:** As a result of the nascent stage of the energy storage market, business cases in the industry continued to be challenging. 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 further strengthened by a continuation of declining battery prices, primarily driven by car manufacturers' battery investments. Additionally, more and more companies are expressing their ambitions with regards to energy storage. Alfen's proven track record across all major storage applications is playing to its advantage. Recent

³ Unaudited, including IFRS16 adjustment for changed lease accounting

⁴ Calculated as total current assets excluding cash and cash equivalents, minus total current liabilities excluding bank overdrafts

⁵ Unaudited, including IFRS16 adjustment for changed lease accounting

⁶ Source: SolarPower Europe

⁷ Source: European Automobile Manufacturers Association; Note: Q2 figures will be published on 4 September 2019

⁸ Source: Navigant research, June 2019

investments in the next generation mobile energy storage systems and in new, higher capacity, large systems position Alfen well for benefitting from the anticipated market growth.

Internationalisation of Alfen's business continued, with revenues outside the Netherlands growing to 32% in the first half-year of 2019 as compared to 21% in the same period in 2018. 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 the first half of 2019. In Finland and Sweden, Alfen Elkamo is expected to further benefit from programs to replace overhead distribution lines with underground cables, requiring new secondary substations.

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 was selected by Caparis, a Dutch social workplace, to provide integrated smart grid, electric vehicle charging and energy management solutions at two of its sites in the Netherlands. The projects' objectives are to maximise use of self-generated solar and promote the use of clean vehicles.

Service is an important strategic pillar of the company. 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 business, 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.

Important wins and outlook

During the first part of 2019, Alfen enjoyed many important new client and project wins. Some examples include:

- Smart grid solutions:
 - Pfalzsolar (part of the German energy provider Pfalzwerke): Alfen selected to realise micro-grid for 35MWp Zuyderzon solar park in Almere, the Netherlands
 - Jämtkraft: Alfen Elkamo was selected as a preferred supplier of secondary substations to a group of 19 Swedish grid companies who joined forces in their procurement efforts for a 3 year long agreement, which can be extended for an additional 2 years
 - NAM: Selected to realise a 10MW grid connection to electrify onshore and offshore assets in order to reduce greenhouse gas emissions
- EV charging equipment:
 - Deutsche Telekom: New framework agreement with Comfortcharge, group company of Deutsche Telekom, to install Alfen's charging units at Deutsche Telekom facilities across Germany and offer charging solutions to its customers

- Provinces of Groningen and Drenthe with Allego: Alfen was selected by Allego to supply 1,000 public chargers over the coming three years to the local municipalities in the Dutch provinces Groningen and Drenthe, including a 10 year service contract
- JoJu: New framework agreement with JoJu Solar in the UK to supply smart chargers to its customers, particularly local authorities in the south of England
- Energy storage systems:
 - Vattenfall Haringvliet: 12MW energy storage project connected to Vattenfall's wind- and solar PV project in Haringvliet, the Netherlands
 - Smappee: 2.5MWh battery energy storage system for Smappee's new HQ in Kortrijk, Belgium, together with 5MVA grid connection to the Fluvius distribution grid
 - Solarigo: 1MW stationary energy storage solution providing grid balancing services for Finland's largest solar PV farm

Alfen anticipates positive market developments in all its business lines. The markets for Smart grid solutions and EV charging are expected to remain strong, and the energy storage market continues to mature with strong market fundamentals. Alfen 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 presence.

Investments in production, that were initiated in the first half of 2019, will support a production scale-up and drive further efficiencies. Production volumes in Smart grids (excluding Alfen Elkamo) increased from approximately 700 substations in H1 2018 to approximately 980 in H1 2019⁹. These production investments will contribute to allow total production volumes to increase by approximately 60% (on a one-shift basis and depending on product mix). Production volumes in EV charging increased from 5.5k charge points in H1 2018 to 9.6k in H1 2019¹⁰. New production investments will contribute to allow total production volumes to increase by more than 150% (on a one-shift basis and depending on product mix).

A continuous focus on innovation demonstrates Alfen's leading position in the market. New product introductions that are expected to contribute to the second half of 2019 include an entry-model EV charger for the residential market, dedicated EV charging products for the German (fully Eichrecht compliant) and French markets and a second generation mobile energy storage system.

Based on the first half-year performance and current revenue visibility, the company reconfirms its full-year 2019 revenue outlook of €135-145m. This growth outlook is supported by a 58% larger backlog than end of H1 2018, a strong projects pipeline and customers' guidance on 2019 volumes under Alfen's framework agreements.

[The half-year report 2019 is available in the Investor Relations section of the website www.alfen.com.](http://www.alfen.com)

⁹ Smart grids production volumes were approximately 750 substations in H2 2018. Production volumes of Elkamo were approximately 360 substations in H2 2018 and 400 in H1 2019

¹⁰ EV charging production volumes in H2 2018 were approximately 6.7k

Analyst call / webcast

Alfen will host an analyst call and webcast at 11:00 CEST on 28 August 2019 to comment on the 2019 H1 results. Please see ir.alfen.com for details to participate.

Financial calendar

Capital Markets Day: Alfen will host a Capital Markets Day in Q4 2019, of which a date and further details will be published on the Investor Relations section of the website www.alfen.com.

FY 2019 results: Wednesday 19 February 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 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.

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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.

The reported data in this press release have not been audited.

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.