



# Alfen 2019 H1 results

## Webcast

28 August 2019



# Disclaimer

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This communication 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 N.V. (**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 the financial year 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.

More details on Alfen's H1 2019 performance can be found in the 2019 semi-annual report and the H1 2019 results press release, published together with this presentation. A more comprehensive discussion of the risk factors affecting Alfen's business can be found in Alfen's annual report 2018 which can be found on Alfen's website, [www.alfen.com](http://www.alfen.com).

# Highlights

H1 2019 revenues of €61.6m, a **growth of 50%** versus H1 2018, driven by strong growth in EV charging equipment and Smart grid solutions and 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 EBITDA<sup>1</sup> of €4.0m, up 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

1. Excluding the effect of changes in IFRS lease accounting

1 Progress against strategy

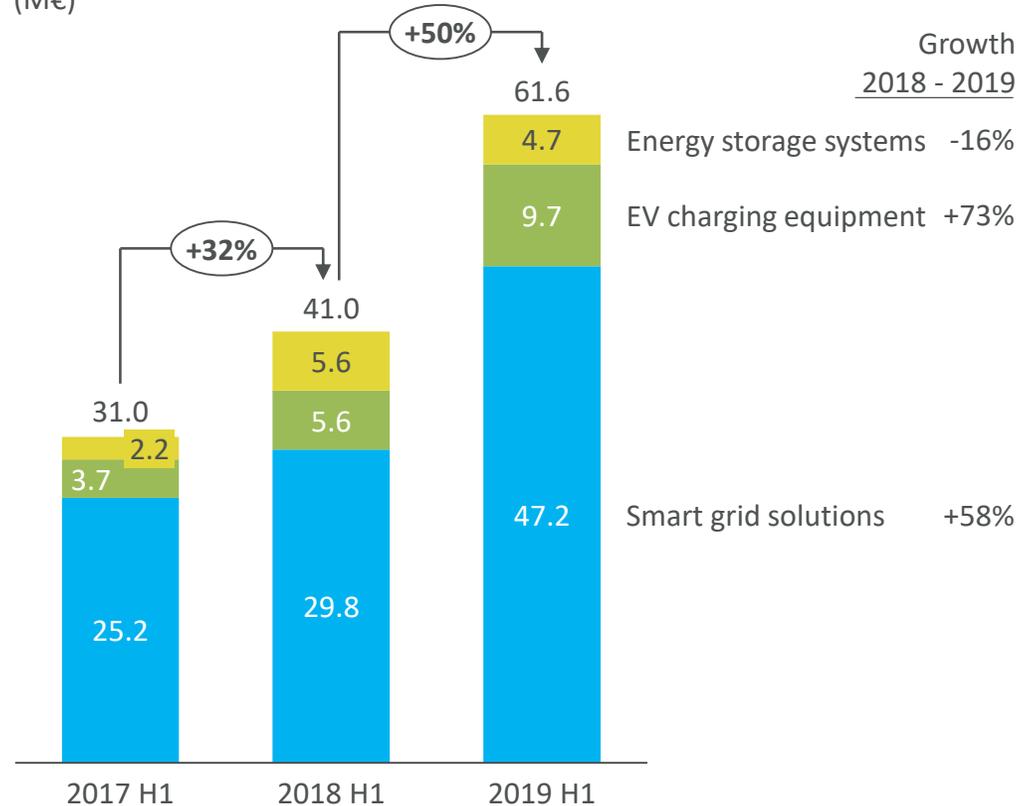
2 Financials and outlook



10MW energy storage system connected to Greenchoice's Hartel wind farm

# Acceleration of revenue growth driven by Smart grids and EV charging

Revenues and other income (M€)



## Smart grid solutions

- Continued step-up in grid investments
- Strong market environment for projects in the solar PV sector
- Increasing revenues from service
- Alfen Elkamo contributed €8.9m to H1 2019 revenues and is benefitting from grid investments in Finland and Sweden

## EV charging equipment

- Growing market for electric vehicles
- Increasing volumes under framework agreements that have been set-up over the past years
- New client wins
- Further internationalisation

## Energy storage systems

- Challenging business cases across the nascent market in H1 resulting in delayed decision making at Alfen's clients
- Yet Alfen has seen order picking up recently including a 12MW energy storage project for Vattenfall, which will contribute to H2 2019
- Alfen's proven track record across multiple storage applications is playing to its advantage

# Four levers of growth

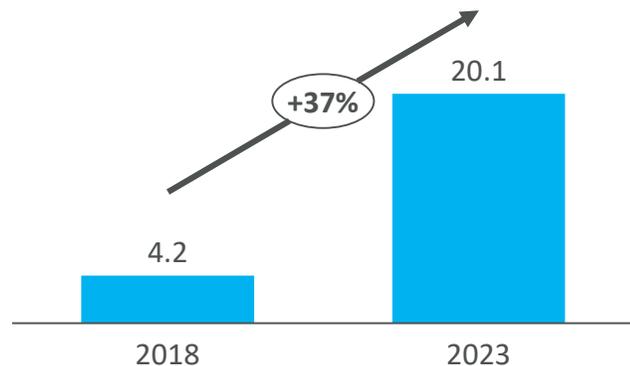
 <b>Market growth</b>	Benefitting from strong market growth trends and potentially grow market share
 <b>Internationalisation</b>	Significant internationalisation opportunity
 <b>Cross-selling</b>	Increasing cross-selling opportunities between Alfen's three business lines and offering of integrated solutions
 <b>Service &amp; maintenance</b>	Expanding existing service offering and benefitting from increasing installed base



# Market growth set to continue

## Smart grids

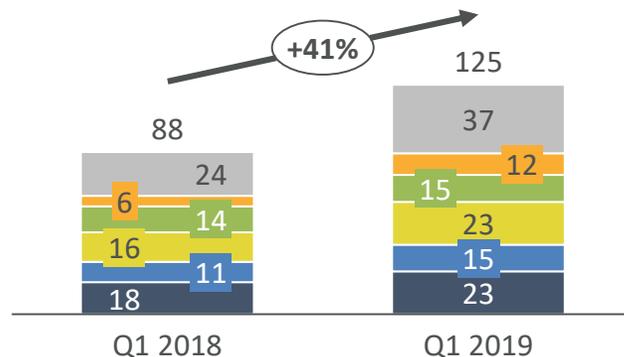
Dutch solar PV installed capacity<sup>1</sup>  
(GW)



- Grid investments are expected to continue to grow
- Investments in large-scale 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
- Alfen’s revenues in the Smart grid solutions business line are increasingly diversifying from grid operators to a broader customer base

## EV charging

New (PH)EV car registrations<sup>2</sup>  
(‘000)

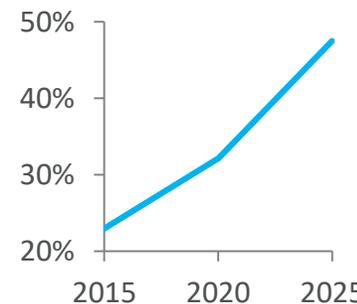


- UK grant for EV charging equipment (OLEV) requiring all home chargers to use innovative ‘smart’ technology by July 2019, playing into Alfen’s favour
- Dutch climate agreement report estimates 1.8m EV chargers by 2030, implying CAGR of approx. 25%

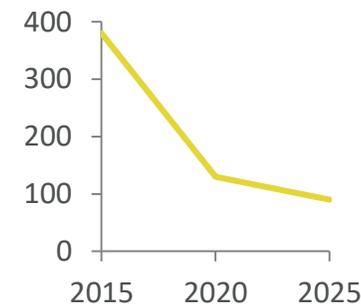
## Energy storage

Market fundamentals for storage<sup>3</sup>

Share of wind and solar in Europe



Battery prices (real 2018 \$/kWh)



- Business cases in the nascent energy storage market continued to be challenging
- Market fundamentals remain strong: strong uptake in renewables combined with further decline in battery cost
- More and more energy companies are expressing storage ambitions. E.g. Enel sees its storage projects increase from 3MW/y in 2018 to 173MW/y in 2021<sup>4</sup>

1. SolarPower Europe. 2. European Automobile Manufacturers Association; Note: Q2 figures will be published on 4 September 2019. 3. Bloomberg New Energy Finance.

4. Enel investor presentation March 2019

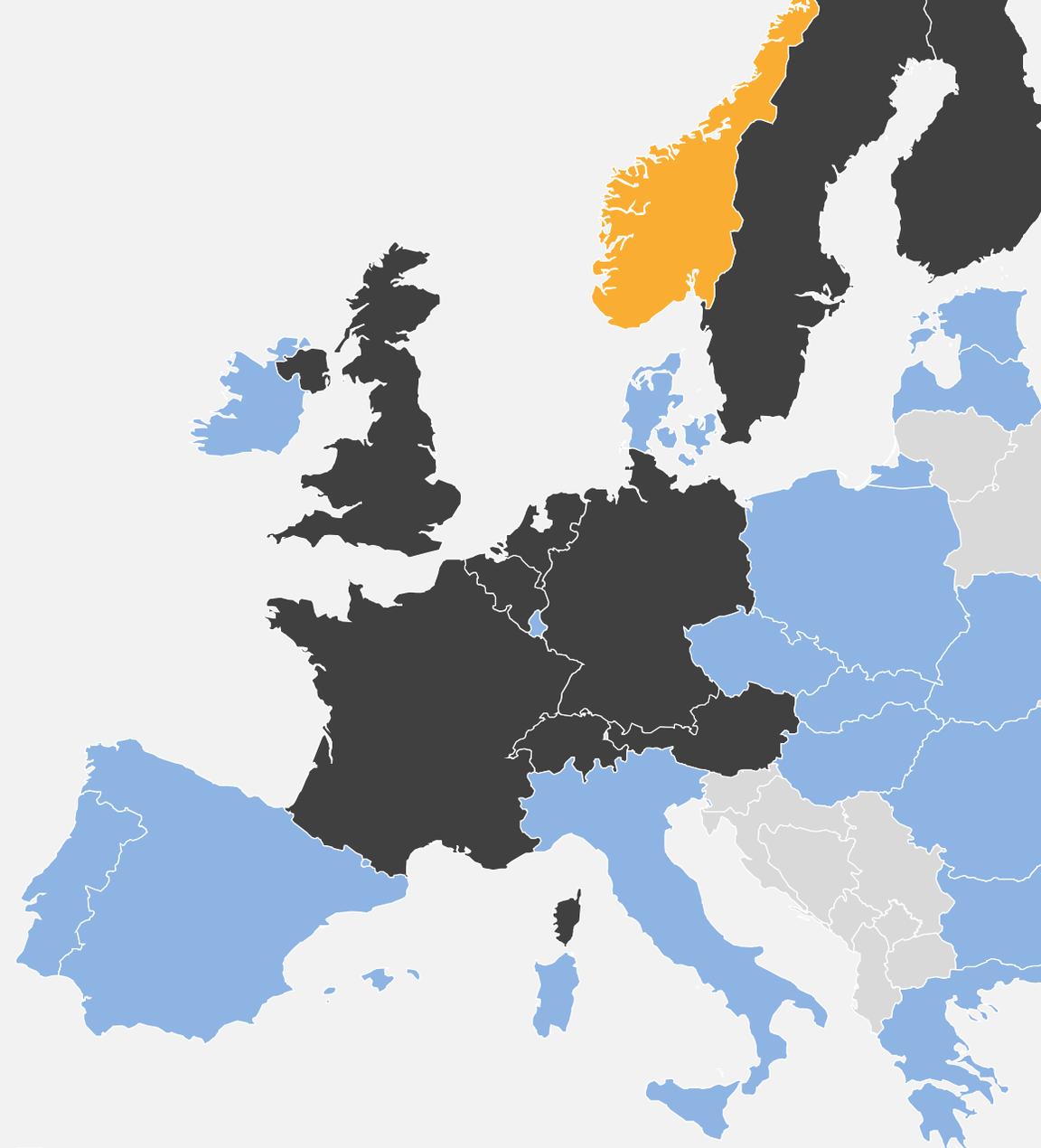
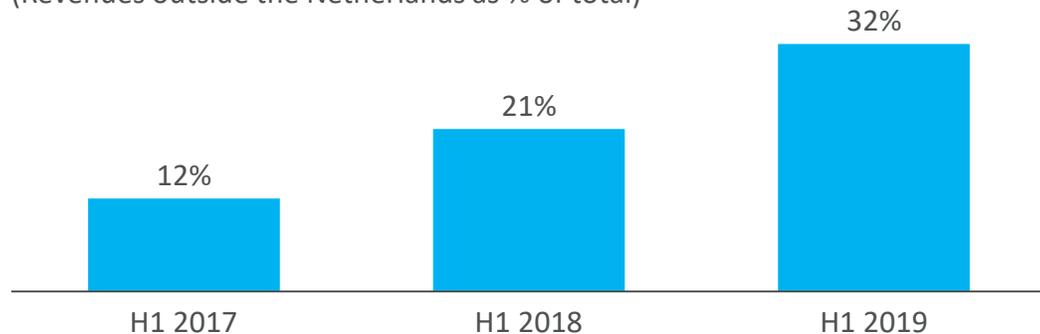


# Success of further internationalisation

- 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
- Benefitting from market and market share growth in Belgium and Germany, where Alfen acquired Eichrecht certification this summer
- Gaining traction in France (entered in October 2018)
- Strong growth in UK despite flat EV market compared to 2018. Further upside expected as a result of OLEV grant
- Expansion with own sales force to Norway

## International revenues

(Revenues outside the Netherlands as % of total)



- Countries with Alfen sales presence
- New countries added in H1 2019
- Alfen products installed



# Increasingly benefitting from cross-sell and integrated solutions

## Cross-sell example |

Building on decade-long relationship for the delivery of secondary sub-stations to provide energy storage pilot and roll-out EV charging infrastructure



>20 years relationship for the delivery of secondary substations



2011: pilot energy storage in a 200kW microgrid with grid connection



2019: roll-out of 98 chargers in smart charging network at Enexis HQ parking garage

## Integrated solutions example | CAPARIS

Integrated smart grid, EV charging hub and energy management solution, maximising the use of self-generated solar energy and promoting the use of EVs



- 3 substations
- Smart microgrid
- Alfen Connect energy management system



- 92 smart EV charge points
- Alfen Smart Charging Network with dynamic load balancing



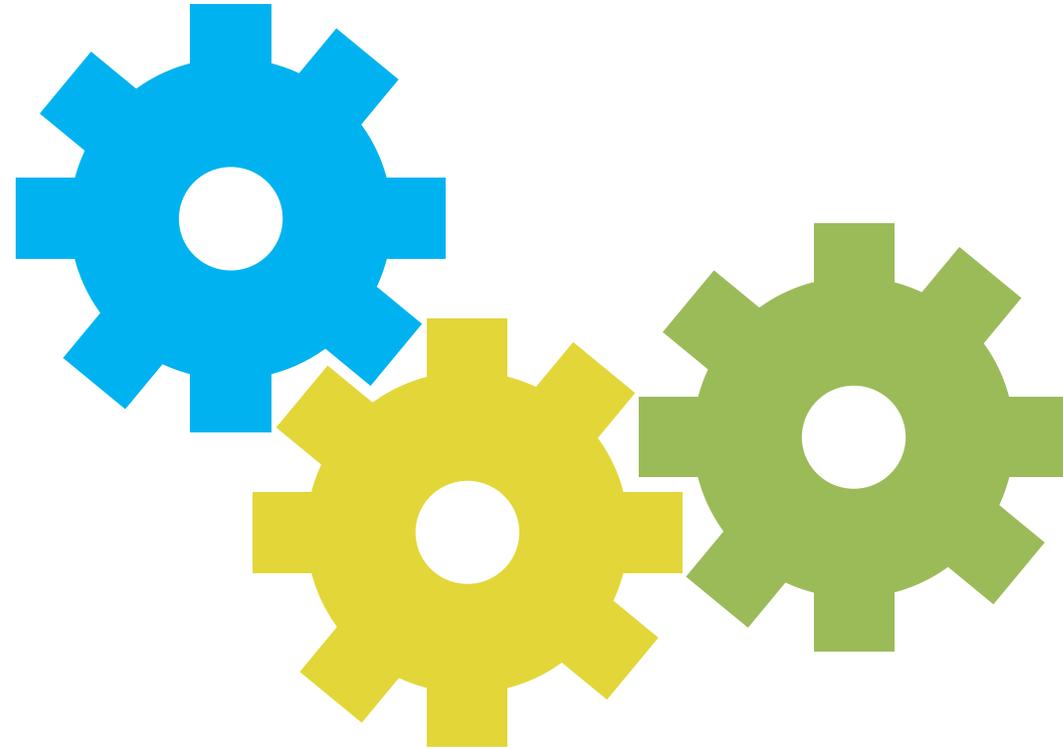
- Configured to allow for further optimisation using battery storage



# On track to expand service offering

## Smart grid solutions

- Benefitting from increasing installed base
- New service propositions for solar PV farms as well as for transformer substations connected to (fast) EV charging hubs



## Energy storage systems

- Standardised service offering as part of new storage projects
- Roll-out of remote service, control and performance monitoring through 'TheBattery Connect'

## EV charging equipment

- Benefitting from increasing installed base
- 10 year service contract as part of the supply of 1,000 public chargers over the coming three years to Allego for the municipalities in the Dutch provinces Groningen and Drenthe
- Lined-up new international service partners to expand service to Norway, Sweden, France, Spain, Portugal and Italy (on top of existing service offering in the Netherlands, Belgium, Germany, UK and Finland)

# Examples of recent wins

## Smart grids



Selected to realise micro-grid for 35MWp Zuyderzon solar park in Almere, the Netherlands



Selected as preferred supplier of secondary substations to a group of 19 Swedish grid companies for 3 years, which can be extended for an additional 2 years



Selected to realise a 10MW grid connection to electrify onshore and offshore assets in order to reduce greenhouse gas emissions

## EV charging



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



Supply of 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



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



12MW energy storage project connected to Vattenfall's wind- and solar PV project in Haringvliet, the Netherlands



2.5MWh battery energy storage system for Smappee's new HQ in Kortrijk, Belgium, together with 5MVA grid connection to the Fluvius distribution grid



1MW stationary energy storage solution providing grid balancing services for Finland's largest solar PV farm

- 1 Progress against strategy
- 2 Financials and outlook



Smart grid solution for 35MWp solar PV farm for Pfalzsolar

# Income statement

In € '000	H1 2019	H1 2018
<b>Revenue and other income</b>	<b>61,571</b>	<b>41,019</b>
<i>Smart grids</i>	47,162	29,768
<i>EV charging</i>	9,721	5,614
<i>Energy storage</i>	4,688	5,637
<b>Gross margin</b>	<b>22,253</b>	<b>12,581</b>
<i>as % of revenues</i>	36.1%	30.7%
Personnel cost	13,343	7,799
Other operating cost	4,380	3,592
Impairment loss <sup>1</sup>	53	38
<b>EBITDA</b>	<b>4,477</b>	<b>1,152</b>
<i>as % of revenues</i>	7.3%	2.8%
<b>Adjusted EBITDA</b>	<b>4,850</b>	<b>1,713</b>
<i>as % of revenues</i>	7.9%	4.2%
<b>Adjusted EBITDA (excl. IFRS lease adjustments)</b>	<b>3,973</b>	<b>1,713</b>
<i>as % of revenues</i>	6.5%	4.2%
<b>Adjusted net profit</b>	<b>1,435</b>	<b>639</b>

Revenue growth driven by strong market growth, further bolstered by internationalisation, cross-selling and service

Margin increase as a result of Alfen's strong market position, leverage from increased scale, a shift towards increasingly complex solutions and favourable product mix effects

Increase in FTEs from 262 at 30 June 2018 (410 at 31 Dec 2018) to 457 at 30 June 2019, including 83 FTEs at Alfen Elkamo. Part of this FTE increase is explained by replacing external hires, that were attracted in H2 2018 to accommodate a step-up in the Smart grids industry supply chain and prepare for further growth

H1 2019 operating cost excludes €0.9m as a result of changed lease accounting under IFRS

Adjusted EBITDA (corrected for €0.9m effect of changed lease accounting under IFRS) up 132% versus H1 2018, driven by strong revenue growth and margin improvement

# Balance sheet

In € '000	30 June 2019	1 Jan 2019 <sup>1</sup>
Non-current assets	26,108	24,348
Current assets	47,301	38,846
Cash and cash equivalents	233	849
<b>Total assets</b>	<b>73,642</b>	<b>64,043</b>
Non-current liabilities	15,102	15,335
Current liabilities	38,483	33,849
Bank overdraft	11,774	7,924
Equity	8,283	6,935
<b>Total equity and liabilities</b>	<b>73,642</b>	<b>64,043</b>

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

Working capital<sup>2</sup> increased to €8.8m (versus €5.0m at 1 January 2019<sup>1</sup>) due to pre-deliveries in the supply chain to cover the summer period, seasonality and increased stock levels reflecting further growth of the business

1. Unaudited, including IFRS16 adjustment for changed lease accounting (impact of €7.8m on total assets and liabilities).

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

# Outlook

## Markets

- Positive market outlook for all business lines
  - Markets for Smart grid solutions and EV charging are expected to remain strong
  - 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
- Increasingly benefitting from repeat customers, ability to offer integrated solutions and expanded international footprint

## Investments

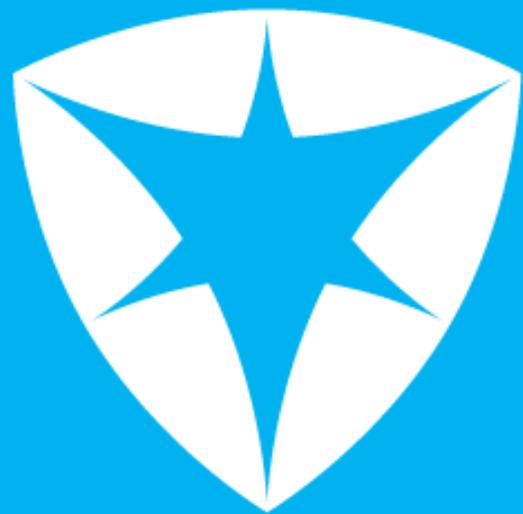
- Investments in production that were initiated in the first half of 2019, supporting a production scale-up and driving further efficiencies:
  - Smart grids (excl. Alfen Elkamo): from approximately 700 substations in H1 2018 (750 in H2 2018) to 980 in H1 2019. Production investments will contribute to approximately 60% increase in total production volumes
  - EV charging: from approximately 5.5k charge points in H1 2018 (6.7k in H2 2018) to 9.6k in H1 2019. Production investments will contribute to more than 150% increase in total production volumes

## Innovation

- Continuous focus on innovation underpinning Alfen's leading position in the market
- Product introductions that are expected to contribute to the second half of 2019 include:
  - Entry-model EV charger for the residential market
  - Dedicated EV charging products for the German and French markets
  - Second generation mobile energy storage system

## FY 2019

- Reconfirmation of full-year 2019 revenue outlook of €135-145m
- Growth outlook 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



**ALF FEN**

**P O W E R T O A D A P T**

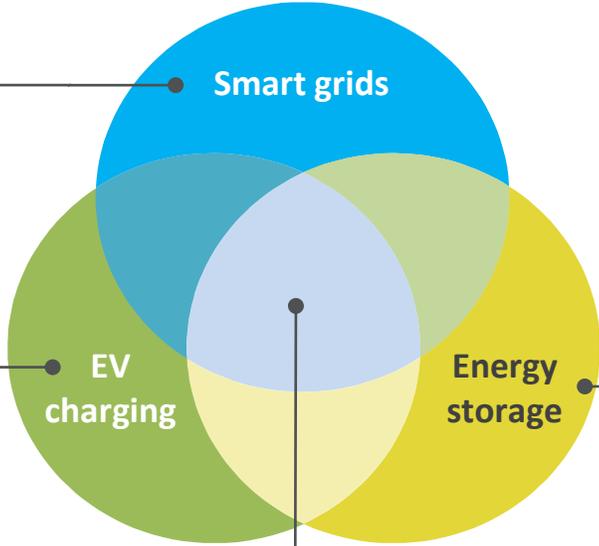
# Appendix



# Unique integrated business model



- Secondary substations for electricity distribution grids
- Microgrid projects
- Low/mid voltage switchgear
- Grid automation
- Service & maintenance



- Battery-based energy storage systems
- Software for remote control and support
- Service & maintenance



- Smart, connected EV chargers
- Home, business and public applications
- Load balancing and smart charging solutions
- Service & maintenance



- Fully integrated offering for projects across three business lines
- Cross-selling

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

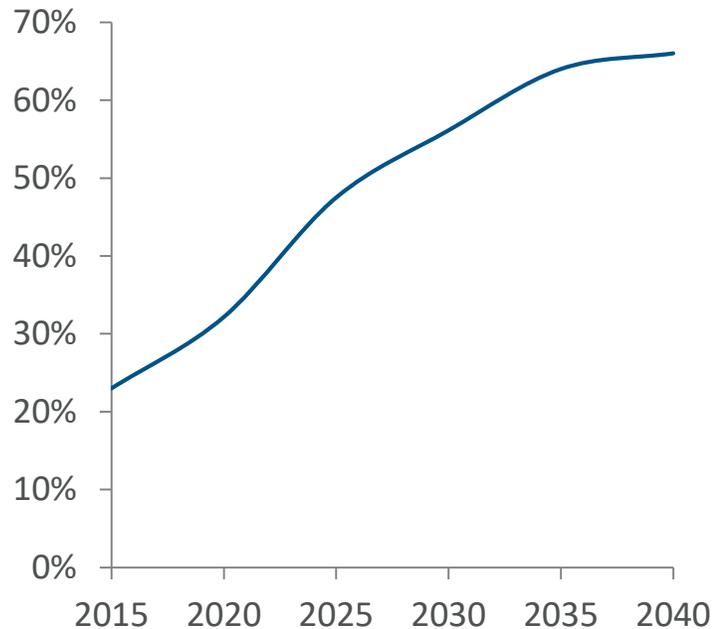
Open architecture: most suitable components for our products and systems

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

# Energy transition drives Alfen growth

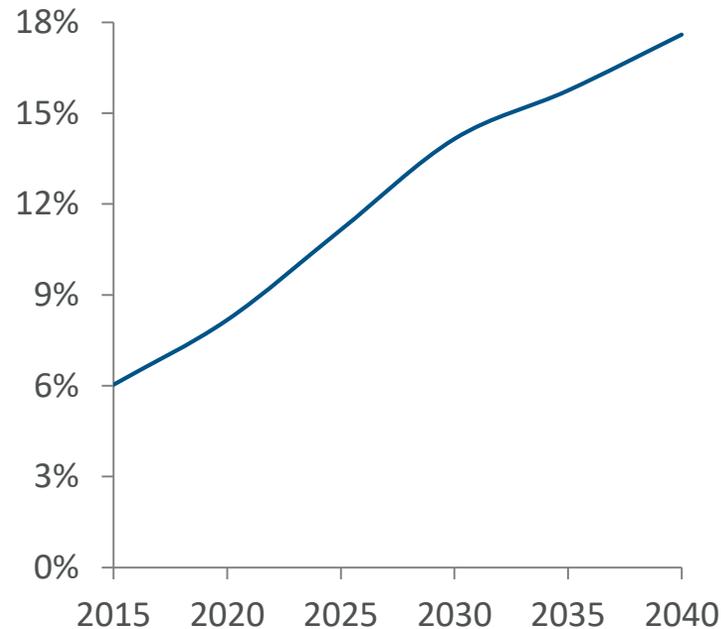
## Increase in renewables

European wind and solar PV capacity as % of total generation capacity<sup>1</sup>



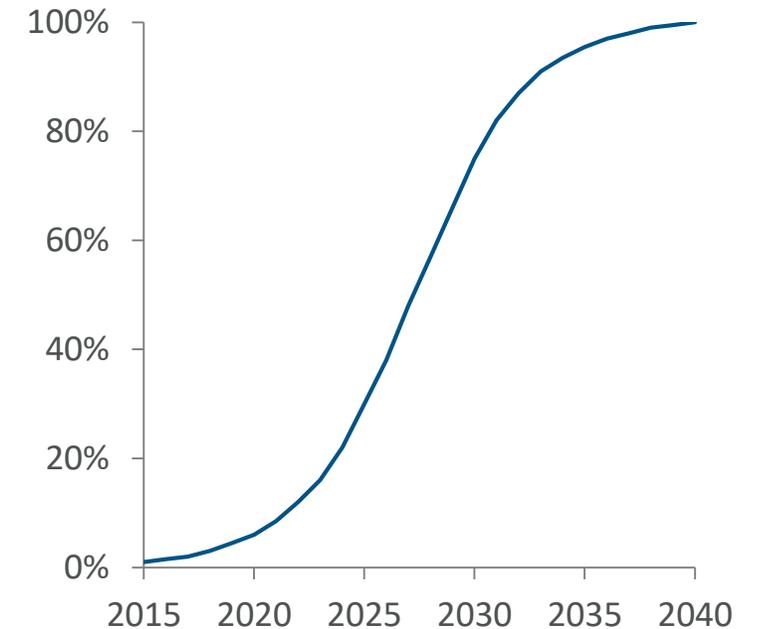
## Decentralisation of energy

Decentralisation ratio of electricity production in Europe<sup>1,2</sup>



## Growth of electric vehicles

Market share of EVs in Europe<sup>3</sup>



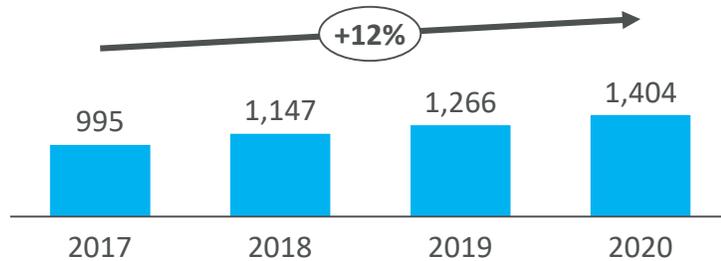
1. Source: Bloomberg New Energy Finance. 2. Decentralisation ratio is the ratio of residential decentralised solar PV and storage to total installed generation capacity.

3. Chart reflecting new light vehicle sales, source: DNV-GL Energy Transition Outlook 2018

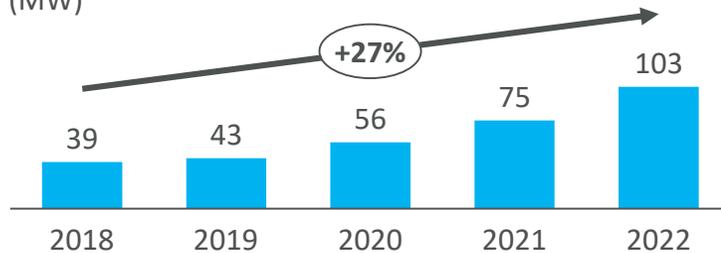
# Fast growing markets across Alfen's three business lines

## Smart grids

Substation investments Dutch top-3 DSOs<sup>1</sup>  
(# of new substations)

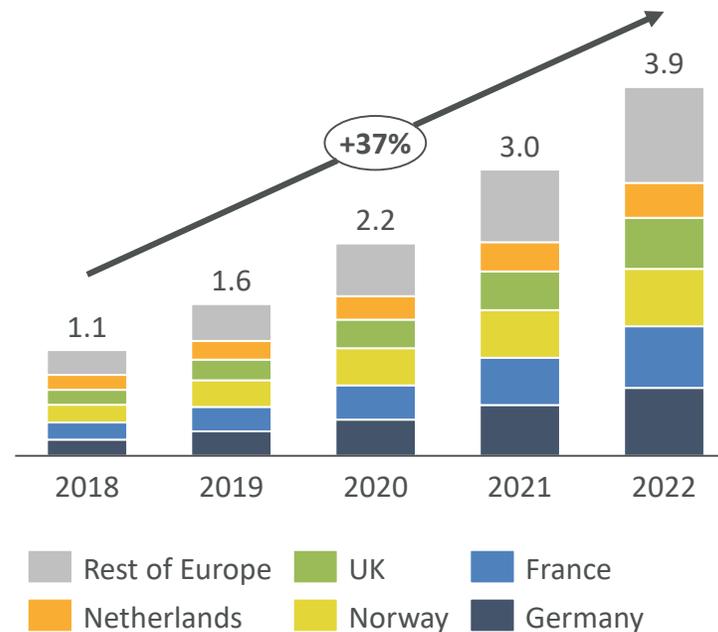


European grid-tied commercial and industrial microgrid installed capacity<sup>2</sup>  
(MW)



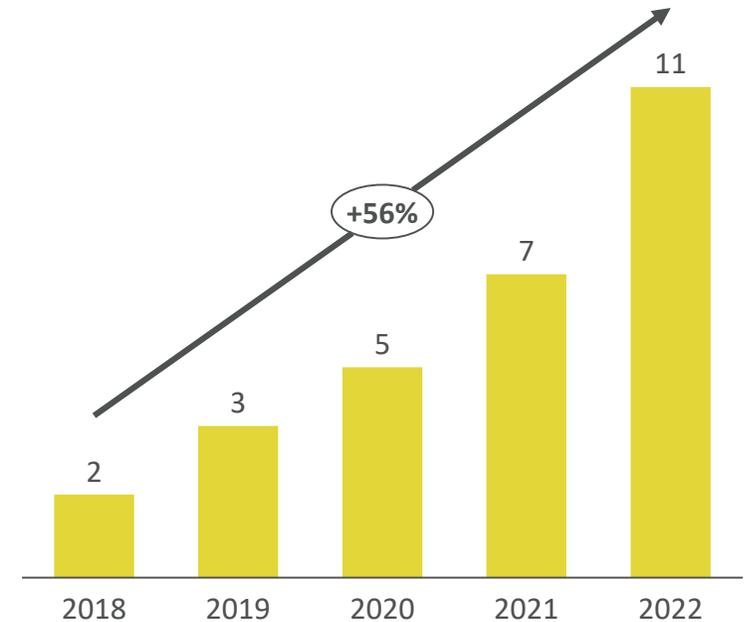
## EV charging

European charging points development<sup>2</sup>  
(# of charging points in millions)



## Energy storage

EU cumulative installed energy storage capacity, excl. residential<sup>3</sup>  
(GW)



1. Analysis based on Kwaliteits- en capaciteitsdocument Alliander, Enexis and Stedin as published by the DSOs in December 2017. 2. Navigant Research - June 2019.

3. Bloomberg New Energy Finance - March 2019