Alfen 2022 Q3 trading update

Webcast

9 November 2022
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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 2022 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.

A more comprehensive discussion of the risk factors affecting Alfen’s business can be found in Alfen’s annual report 2021 which can be found on Alfen's website, www.alfen.com.

The reported data in this webcast have not been audited.
Alfen’s highlights of Q3 2022

- **Q3 2022 revenues amounted to €123.2m, a growth of 103% versus Q3 2021 (€60.6m).** This growth was primarily driven by EV charging equipment and Energy Storage Systems.

- **Gross margin at 34.8% compared with 36.9% in Q3 2021.**

- **Adjusted EBITDA of €24.5m (19.9% of revenues), a growth of 153% from Q3 2021 (€9.7m, 16.0% of revenues).**

- **Supply chain update:** Up until today, Alfen has been able to manage the supply chain challenges. Supply chain pressures have sustained at a high level in the past months.

- **Alfen increased its existing working capital facility to €100m (previously €30m) and bank guarantee facility to €40m (previously €10m).** The increase reflects the growth in activities of Alfen.

- **Alfen reiterates its 2022 full-year revenue outlook of €410-470m.**
**Segmental review | EV charging equipment**

**Revenues and other income**

(€ million)

- In the EV charging equipment business line, Q3 revenues were €70.6m (+180% from €25.2m in Q3 2021).

- Alfen benefitted from higher EV adoption in its core markets leading to strong demand for EV charge points in all segments: at home, in semi-public places like offices, and in the public segment for on-street parking.

- Alfen continued its internationalization strategy by further strengthening its international organisation. In the third quarter, approximately 72% of revenues were generated from outside the Netherlands.

- In Q3 2022, Alfen produced approximately 63,500 charge points, a growth of 126% from Q3 2021 with approximately 28,000 charge points. The number of charge points produced is lower than in Q2 2022, as the first half of 2022 was characterized by exceptional demand post-COVID.
In the Smart grid solutions business line, Q3 revenues were €35.5m (+7% from €33.2m in Q3 2021).

The private networks business continued to be hampered by supply chain pressures in Q3. Project execution takes longer under the current supply chain conditions.

The Dutch grid operators are scaling up operationally to deliver on their investment plans, but this has not fully materialized yet in 2022. The challenging economic environment is hindering progress, but steps to scale up are taken on an ongoing basis.

In Q3 2022, Alfen produced approximately 801 substations, a decline of 12% compared with Q3 2021 with approximately 910 substations.
In the Energy storage systems business line, Q3 revenues were €17.1m (from €2.2m in Q3 2021).

In this quarter, the backlog that Alfen has communicated about in previous quarterly updates comes through in its revenue figures. The increase in revenues comes from both TheBattery Elements and TheBattery Mobile.

For TheBattery Elements, Alfen has more projects in the execution phase and the average size of projects is increasing. The increased average size of projects means that the percent of costs in a project related to batteries also increases. This trend influences the resulting gross margin.

Revenues for Energy Storage are expected to remain volatile, given that the timing of component allocation and project execution has a large effect on revenues. The market momentum remains strong and Alfen’s backlog continues to grow in a healthy manner due to new contract wins.
• Q3 2022 revenues amounted to €123.2m, a growth of 103% versus Q3 2021 (€60.6m). This growth was primarily driven by EV charging equipment and Energy Storage Systems.

• Gross margin in Q3 2022 was 34.8%, compared with 36.9% in Q3 2021. This is a result of price pressures in the supply chain on a wide range of components.

• Adjusted EBITDA was €24.5m (19.9% of revenues), compared with €9.7m (16.0% of revenues) in Q3 2021. The main driver for the increase in adjusted EBITDA is operational leverage.

• Although Alfen has a net cash position, it increased its existing working capital facility of €30m and bank guarantee facility of €10m to a new working capital facility of €100m and a bank guarantee facility of €40m due to the growth and the increased sizing of the company.
• Up until today, Alfen has been able to manage the supply chain challenges.

• At the same time, supply chain pressures have sustained over the past months. The pressures affect Alfen directly through its own supply chain and indirectly, for example, through the supply chain of electric vehicles.

• Multiple categories are affected. Not only the supply of electrical components is under pressure, but also supply of metals such as copper, aluminium and steel.

• Therefore, Alfen continues its control over the supply chain through rigid operational processes, as Alfen expects that the supply chain pressures remain in 2022 and 2023.
Outlook

• Alfen expects that its markets will continue to grow throughout 2022.

• Alfen continues to experience supply chain challenges and expect challenges to continue well into 2023. Alfen remains committed to being on top of the situation through deploying its rigid operational processes.

• Long-term, Alfen continues to anticipate positive market developments for all its business lines.

• Alfen reiterates its full-year 2022 revenue outlook of €410-470m.