Alfen 2018 FY Results

AGM 18 April 2019
## Highlights 2018

- **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

- **Demonstrating the company’s strong position in the market,** Alfen increased its gross margin to 30% vs 29% in 2017

- **Adjusted EBITDA of €3.6m vs €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

- **Reconfirmation of strategy and medium-term objectives,** with expected revenues for 2019 between €135m and €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
Unique integrated business model

- Secondary substations for electricity distribution grids
- Microgrid projects
- Grid automation
- Service

Smart grids

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

EV charging

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

Energy storage

- 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
Fast growing markets across Alfen’s three business lines

**Smart grids**

Substation investments Dutch top-3 DSOs

(1) # of new substations

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>995</td>
<td>1,147</td>
<td>1,266</td>
<td>1,404</td>
</tr>
</tbody>
</table>

European grid-tied commercial and industrial microgrid installed capacity

(2) (MW)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>39</td>
<td>43</td>
<td>56</td>
<td>74</td>
<td>102</td>
<td>135</td>
</tr>
</tbody>
</table>

**EV charging**

European charging points development

(2) (GW)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1.1</td>
<td>1.7</td>
<td>2.4</td>
<td>3.3</td>
<td>4.4</td>
<td>5.7</td>
</tr>
</tbody>
</table>

EMEA cumulative installed energy storage capacity, excl. residential

(3) (GW)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>2.0</td>
<td>3.7</td>
<td>5.1</td>
<td>7.2</td>
<td>11.5</td>
<td>17.6</td>
</tr>
</tbody>
</table>

1) Analysis based on Kwaliteits- en capaciteitsdocument Alliander, Enexis and Stedin as published by the DSOs in December 2017; 2) Navigant Research January 2019; 3) Bloomberg New Energy Finance (November 2018)
Acceleration of revenue growth driven by all three business lines

Alfen revenue

- 2016: €61.5m (21% growth)
- 2017: €74.3m (37% growth)
- 2018: €101.9m (31% growth)

Smart grid solutions

- 2017: €57.0m (30% growth)
- 2018: €74.0m (37% growth)

EV charging equipment

- 2017: €9.0m (37% growth)
- 2018: €12.3m (87% growth)

Energy storage systems

- 2017: €8.3m (87% growth)
- 2018: €15.6m (101.9% growth)

1) Including €8.4m from Alfen Elkamo
Accelerated investments preparing for future growth

Although the energy storage business line showed strong growth, some orders that were anticipated for 2018 have been delayed to 2019.

This is a result of the nascent stage and therefore somewhat unpredictable character of this market.

A step-up in growth in our Smart grid solutions business line resulted in a hampering supply chain in H2 2018.

As we are positive about the energy storage market and as our pipeline is developing favourably, we have continued investing in expanding our organisation, R&D and production facilities for energy storage during 2018.

Because of this we are fully prepared for further strong growth in 2019 and beyond.

To mitigate the effects of these supply chain issues, we accelerated the hiring of new production personnel. As the supply chain is catching-up, the additional personnel in the Smart grid solutions business line is expected to be sufficient to facilitate Alfen’s growth outlook in this business line for 2019.
## Four levers of growth

<table>
<thead>
<tr>
<th>Lever</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market growth</strong></td>
<td>Benefitting from strong market growth trends</td>
</tr>
<tr>
<td><strong>Internationalisation</strong></td>
<td>Significant internationalisation opportunity, fast-tracked through selected M&amp;A of small regional platforms</td>
</tr>
<tr>
<td><strong>Cross-selling</strong></td>
<td>Increasing cross-selling opportunities between Alfen’s three business lines and offering of integrated solutions</td>
</tr>
<tr>
<td><strong>Service</strong></td>
<td>Expanding existing service offering and benefitting from increasing installed base</td>
</tr>
</tbody>
</table>
Market growth set to continue in 2019

**Market growth**

- Continuation of growth expected based on a total of 6GWp awarded SDE+ subsidies for solar PV between 2017 and 2018 (Spring) that have to be realised within 3 years after award
- Increasing project sizes requiring more complex solutions which Alfen can deliver
- Market introduction of lower cost models in the next years: Tesla Model 3, Hyundai Kona, Kia e-Niro, Nissan Leaf, Volkswagen eUp and I.D. Neo, Opel eCorsa
- OLEV grant in the UK requiring all home chargers to use innovative ‘smart’ technology by July 2019, playing into Alfen’s favour

**Smart grid solutions**

- Realised SDE+ solar PV projects in NL1 (MWp)
  - 2015: 115
  - 2016: 192
  - 2017: 303
  - 2018: 794
  - **+90%**

**EV charging equipment**

- New (PH)EV car registrations2 (’000)
  - 2017: 289
  - 2018: 384
  - **+33%**

**Energy storage systems**

- EMEA new build energy storage capacity4 (GW, excl. residential)
  - 2018: 1.0
  - 2019: 1.6
  - **+58%**

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Success of internationalisation with expansion of sales organisation to France, Sweden and Finland

International revenues
Revenues outside the Netherlands as % of total

Comments

- Expanded existing sales teams in Germany and UK
- Hired new sales manager for Sweden (as per July 2018) and France (as per October 2018)
- Products introduced in Eastern Europe, amongst others for an integrated EV charging and storage network in Poland and Slovakia
- Further extended position in the Nordics through Elkamo acquisition

8% 18% 28%
2016 2017 2018
Cross-selling

Increasing spin-offs from unique cross-selling capability

Case study Allego

EV charging equipment

• Selling EV chargers to Allego for public and semi public locations in the Netherlands since 2015
• Expanded to Belgium in 2017, selling public chargers to Allego for the Eandis/Infrax grid areas
• New Allego partnership with Leaseplan in 2018 to provide its EV customers with access to personal charge points at home and at work, initially in the Benelux, France, Germany, Norway, Portugal and Sweden

Smart grids solutions

• New framework contract between Allego and Alfen in H1 2018 for the supply of transformer substations to connect Allego’s EV charging stations in various countries

Energy storage systems

• Project awarded in H2 2018 to supply two mobile energy storage systems that will be deployed in combination with Allego’s ultra-fast charging stations for electric vehicles
## Important wins

<table>
<thead>
<tr>
<th><strong>Smart grids</strong></th>
<th><strong>EV charging</strong></th>
<th><strong>Energy storage</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IONITY</strong></td>
<td>Supplying EV charging equipment to Jaguar customers and dealerships, covering the Benelux through Eneco and Switzerland, Portugal and Spain through other resellers.</td>
<td><strong>10MW energy storage system connected to Hartel windfarm in the harbor of Rotterdam, the Netherlands</strong></td>
</tr>
<tr>
<td><strong>Joule</strong></td>
<td>Order from carmaker Opel to supply electric charging stations for the company's headquarters in Rüsselsheim, Germany.</td>
<td><strong>2.2MWh energy storage system (based on 52 BMW i3 car batteries) connected to a Green City wind farm in Southern Germany.</strong></td>
</tr>
<tr>
<td><strong>Ecorus</strong></td>
<td>D’Ieteren 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.</td>
<td><strong>First cooperative-owned energy storage system connected to a solar PV farm in the Netherlands.</strong></td>
</tr>
<tr>
<td><strong>ECW</strong></td>
<td>New project wins for connecting large-scale solar PV farms to the grid.</td>
<td><strong>Off-grid energy storage system for waste-collecting company Ibogem in Belgium to increase the self-consumption of solar energy.</strong></td>
</tr>
<tr>
<td><strong>Netwerk</strong></td>
<td>Project win to integrate an innovative floating solar park in the ECW grid (which includes greenhouses such as Combivliet and a Microsoft data center).</td>
<td></td>
</tr>
</tbody>
</table>
Revenue growth driven by strong market growth across our business lines, further bolstered by internationalisation, cross-selling and service

Slightly increasing margins, demonstrating our strong market position

Increase in FTEs from 234 at 31 December 2017 to 410 at 31 December 2018, including 70 FTE at Alfen Elkamo. Strong increase reflects hires to be prepared for the anticipated further growth in 2019 and beyond, amongst which accelerated investments in Smart grids solutions to accommodate a hampering supply chain across this industry

Increase in other operating cost driven by a growing organisation, higher recruitment costs, rental costs related to an expansion of production facilities for energy storage systems, advisory costs related to Alfen’s publicly listed status as well as certain one-off costs and special items (€1.2m vs. €0.6m in 2017)

Adjusted EBITDA impacted by accelerated investments in Smart grids solutions and continued investments in Energy storage despite some delays in order intake

### Income statement

<table>
<thead>
<tr>
<th>in € ’000</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue and other income</td>
<td>101,893</td>
<td>74,336</td>
</tr>
<tr>
<td>Smart grids</td>
<td>74,031</td>
<td>57,043</td>
</tr>
<tr>
<td>EV charging</td>
<td>12,277</td>
<td>8,952</td>
</tr>
<tr>
<td>Energy storage</td>
<td>15,585</td>
<td>8,341</td>
</tr>
<tr>
<td>Gross margin</td>
<td>30,216</td>
<td>21,630</td>
</tr>
<tr>
<td>as % of revenues</td>
<td>30%</td>
<td>29%</td>
</tr>
<tr>
<td>Personnel cost</td>
<td>19,054</td>
<td>12,773</td>
</tr>
<tr>
<td>Other operating cost</td>
<td>8,757</td>
<td>4,842</td>
</tr>
<tr>
<td>EBITDA</td>
<td>2,406</td>
<td>4,015</td>
</tr>
<tr>
<td>One-off costs and special items</td>
<td>1,217</td>
<td>872</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>3,623</td>
<td>4,887</td>
</tr>
<tr>
<td>as % of revenues</td>
<td>4%</td>
<td>7%</td>
</tr>
<tr>
<td>Adjusted net profit</td>
<td>814</td>
<td>2,375</td>
</tr>
</tbody>
</table>
In January 2018, Alfen obtained two loans (each with a principal amount of €0.875m and a duration of 10 years) used for the refurbishment of the buildings located at the Hefbrugweg in Almere. To fund the Elkamo acquisition of 1 July 2018, a new loan was obtained (€5.0m, redemption in 7 years).

Capex amounted to €6.0m as compared to €3.7m in 2017. Capex includes amongst others refurbishment of a 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 our continued efforts to invest in innovations for the future.

Tangible and intangible assets resulting from the Elkamo acquisition of €4.4m

Working capital 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.

### Balance sheet

<table>
<thead>
<tr>
<th>in € ’000</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>16,530</td>
<td>8,830</td>
</tr>
<tr>
<td>Current assets</td>
<td>38,846</td>
<td>21,026</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>849</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>56,225</strong></td>
<td><strong>29,856</strong></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>8,785</td>
<td>2,713</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>32,581</td>
<td>19,113</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>7,924</td>
<td>1,224</td>
</tr>
<tr>
<td>Equity</td>
<td>6,935</td>
<td>6,806</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td><strong>56,225</strong></td>
<td><strong>29,856</strong></td>
</tr>
</tbody>
</table>
Well prepared for further growth in 2019

• We continue to anticipate positive market developments in all our business lines and are well positioned for further growth:
  – Smart grid solutions: benefitting from grid investments and strong growth in the solar PV sector
  – EV charging equipment: benefitting from various new EV models that are coming to the market, the ramp-up in volumes from several important contracts, our anticipated new charging product for the residential market and the UK incentive scheme for smart chargers
  – Energy storage systems: benefitting from our track record with multiple customers across all major storage applications, the introduction of several new innovative storage features during 2018 and a promising projects pipeline

• On top of the positive outlook for each of our business lines, we increasingly benefit from repeat customers as well as our ability to offer integrated solutions. Furthermore, we expect to further benefit from our expanded international footprint and plan to continue expanding our international salesforce

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