
# PRESS RELEASE

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# Alfen continues strong profitable growth in H1 2020 and reconfirms 2020 full-year revenue outlook

- **H1 2020 revenues of €90.3m, a growth of 47%** versus H1 2019 (€61.6m), driven by strong growth across all business lines: Smart grids (+23%), EV charging (+154%) and Energy storage (+67%)
- **Strong increase in profitability**: adjusted EBITDA grew with 107% to €10.0m (11.1% of revenues) versus €4.9m (7.9% of revenues) in H1 2019. Adjusted net profit of €5.3m, up 266% versus €1.4m in H1 2019
- **Important new project and client wins,** amongst which
    - a service contract with Goldbeck to provide service & maintenance for 6 solar PV parks (c.180MWp) in the Netherlands;
    - becoming a preferred EV charge point supplier of Elexent which is a new subsidiary of Groupe Renault dedicated to EV charging solutions;
    - supplying the Dutch provinces Noord-Brabant and Limburg with up to 4,000 charge points by 2022 with Vattenfall.
- **COVID-19 update:** Safety measures put in place and limited interruptions of the business up to this point. Order intake in Q2 2020 was reasonably strong with no cancelled orders, the supply chain kept functioning and production has been up and running. Albeit, there remains an inherent macro-economic uncertainty as a result of COVID-19
- **Alfen reconfirms its 2020 full-year revenue outlook of €180-200m**

## Marco Roeleveld, CEO of Alfen, said:

*"We are looking back at an eventful first half year of 2020 with an unprecedented coronavirus having a major impact on the global economy. In these circumstances, we have put additional measures in place to safeguard the health and safety of our people as their safety is our number one priority. Due to their continued commitment we have been able to grow our revenues with 47% and improve our profitability through operational leverage.*

*We benefitted from a continued focus on the energy transition, which might be stronger than ever as more and more countries increasingly invest in sustainability. This is in line with the European Unions' Green Deal, which embodies Europe's ambition to become climate neutral by 2050. As the long-term energy transition growth drivers remain unchanged and strong, we continued to invest in our organisation, innovation and production facilities. For instance, we developed direct payment functionality for our charge points and developed an innovative substation especially for onshore wind farms. Moreover, we successfully completed the relocation of our EV charging operations to a new and larger facility and significantly expanded our EV charge points production capacity.*

*Additionally, we look back at a successful capital raise in June, of which the proceeds will be used to further strengthen our leading position as a provider of energy solutions in the field of electric vehicle charging, energy storage and smart grid solutions.*

*For the full year of 2020, we reconfirm our revenue outlook of €180m to €200m."*

***ALMERE, THE NETHERLANDS – Alfen N.V. (AEX: ALFEN), specialist in energy solutions for the future, today reports its condensed interim consolidated financial statements for the first half-year of 2020 with strong revenue and EBITDA growth.***

## Financial and segmental review

| *In € millions* | Q1 2020 | Q2 2020 | H1 2020 | Q1 2019 | Q2 2019 | H1 2019 |
|---|---|---|---|---|---|---|
| **Revenues and other income** | 44.1 | 46.2 | 90.3 | 28.0 | 33.6 | 61.6 |
| *Y-o-y growth* | *58%* | *38%* | *47%* | *41%*[1] | *59%*[1] | *50%* |
| **Gross margin** | 15.3 | 16.7 | 32.0 | 10.1 | 12.1 | 22.3 |
| *As % of revenues and other income* | *34.8%* | *36.2%* | *35.5%* | *36.2%* | *36.1%* | *36.1%* |
| **Adjusted EBITDA** | 4.6 | 5.4 | 10.0 | 1.7 | 3.2 | 4.9 |
| *As % of revenues and other income* | *10.4%* | *11.7%* | *11.1%* | *6.1%* | *9.4%* | *7.9%* |

*1) Excluding Elkamo (acquired at 1 July 2018), y-o-y organic growth was 20% in Q1 2019 and 37% in Q2 2019*

**Revenues** and other income increased by 47% from €61.6m in the first half-year of 2019 to €90.3m in the first half-year of 2020, driven by continued investments in the energy transition.

In the **Smart grid solutions** business line, H1 2020 revenues were €57.8m, a growth of 23% compared with €47.2m in the first half of 2019. Alfen continued to benefit from grid investments, investments related to solar PV and revenues from service. Alfen Elkamo contributed €8.1m to H1 2020 revenues. COVID-19 had limited effect on Smart grids in the first half-year as Alfen experienced a continued focus on grid expansion by the grid operators. Additionally, microgrid projects regained momentum after some project execution delays due to country lockdowns in the second quarter.

Commercial successes include a service contract with Goldbeck to provide service & maintenance for 6 solar PV parks (c.180MWp) in the Netherlands, supplying Shell with 6 additional substations for their ultrafast EV charging network in the Netherlands and multiple contracts with HVC, a Dutch waste management and sustainable energy company, to provide microgrid solutions for a total of 5 new solar PV installations across the Netherlands.

In H1 2020, Alfen produced approximately 1,635 substations (including 450 by Alfen Elkamo), a growth of 18% compared to H1 2019 with approximately 1,380 substations (including 400 by Alfen Elkamo).

In the **EV charging equipment** business line, H1 2020 revenues were €24.7m, compared with €9.7m in the first half of 2019. A growth of 154%, driven by increasing volumes under framework agreements that have been set-up over the past years, new client wins and further internationalisation. Although the market for light duty vehicles has been impacted by COVID-19, the electric vehicle segment has proven to be more resilient. For instance, new battery electric vehicle registrations in the UK grew with 112% in Q2 2020 compared with the same period in 2019[1]. Additionally, governments across Europe have announced additional incentive packages to further boost EVs such as Germany and France doubling existing subsidies on electric vehicles, Spain unveiling a €3.75 billion plan to boost electric driving, Italy increasing subsidies on EVs and the UK omitting the benefit-in-kind tax on company lease cars that are fully electric. Alfen is well positioned to benefit from further market growth with its strong market position, broad international presence, its significantly expanded production capacity and its continuous focus on innovation.

Commercial successes include supplying the Dutch provinces Noord-Brabant and Limburg with up to 4,000 charge points by 2022 with Vattenfall, becoming a preferred EV charge point supplier of Elexent which is a new subsidiary of Groupe Renault dedicated to EV charging solutions, and together with Amperio, supplying 48 locations of the German hypermarket chain Globus with EV charge points for the next 2 years.

In H1 2020, Alfen produced approximately 26,000 charge points, a growth of 171% from H1 2019 with approximately 9,600 charge points.

In the **Energy storage systems** business line, H1 revenues were €7.8m, a growth of 67% compared with €4.7m in the first half of 2019. This increase was driven by strong market momentum resulting in contract wins in the last months of 2019 as well as in Q1 2020. However, as a result of COVID-19, market circumstances were again challenging in Q2 this year as decision making was postponed across the industry. In this market dynamic, Alfen's proven track record across multiple storage applications is playing to its advantage as well as its strong market position.

Commercial successes include a contract with transport service provider Vlot Smart Solutions to supply 2 mobile energy storage systems together with 3 mobile high power chargers which will be deployed to support

[1] Source: The Society of Motor Manufacturers and Traders August 2020

charging of heavy transport, a 20MWh energy storage system for Vattenfall in Sweden and 3 storage systems (together 2.5MWh) to provide frequency stability services for Nuhma on behalf of 41 Belgium municipalities.

**Gross margin** was 35.5% in the first half-year of 2020 compared with 36.1% in the first half-year of 2019. Compared to Q1 2020, the gross margin improved from 34.8% to 36.2% in Q2 2020. Alfen continued to benefit from a strong market position, continued leverage from increased scale and a shift towards increasingly complex solutions.

**Personnel costs** increased by 28% to €17.1m compared with €13.3m in the first half-year of 2019. FTEs increased from 457 at 30 June 2019 to 563 at 30 June 2020, including 84 FTEs at Alfen Elkamo.

**Other operating cost** increased by 21% to €5.3m compared with €4.4m in the first half-year of 2019.

**Adjusted EBITDA** amounted to €10.0m (11.1% of revenues), an increase of 107% compared to €4.9m (7.9% of revenues) in H1 2019. The adjusted EBITDA margin improvement is a result of strong revenue growth and the operational leverage strategy. EBITDA adjustments in the first half-year of 2020 amounted to €0.4m (versus €0.4m in the first half-year of 2019) and comprised of share-based payment expenses and a related party consultancy fee.

**Adjusted net profit** grew with 266% from €1.4m in the first half-year 2019 to €5.3m in the first half-year 2020.

**Capex** amounted to €4.9m as compared to €3.2m in the same period of 2019. Capex in H1 2020 includes investments in new moulds for Smart grids as well as investments in a new and significantly larger EV charging production facility. Additionally, Alfen capitalised €2.5m of development costs which demonstrates the company's continued efforts to invest in innovations for the future.

**Net cash position** at 30 June 2020 amounted to €17.2m, compared with a net debt position of €19.3m at 31 December 2019. This increase is the result of the capital that Alfen raised in June 2020. The proceeds will be used to further strengthen Alfen's leading position as a provider of smart energy solutions.

**Working capital**[2] increased to €14.8m (versus €3.1m at 31 December 2019 and €8.8m at 30 June 2019) due to pre-deliveries in the supply chain to cover the summer period and some strategic stock for additional resilience related to COVID-19 as well as increased stock levels reflecting further growth of the business. Furthermore, contract balances increased as a result of a timing effect in triggering payment milestones.

**Operating cash flow** was €4.3m negative, compared with €0.8m negative in the same period in 2019. This decrease is primarily the result of the movement in the net contract balance position.

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

## 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;
4) expanding its service offering.

**Market growth** continues to be driven long-term by the energy transition:

- Smart grid solutions: Grid investments continued to grow, driven by an ongoing shift from central to decentral power generation, higher peak powers from intermittent renewable energy and the electrification of energy demand. Similarly, investments in solar PV such as large-scale solar farms kept growing and is envisaged to continue to grow (solar PV installed base in the Netherlands is expected to grow with a CAGR of 37% between 2019 and 2023[3]). These installations require connections to the grid as well as local microgrids that Alfen provides.
- EV charging: The number of electric vehicle registrations (including plug-in hybrid) in Europe increased by 81% between Q1 2019 and Q1 2020[4]. Although the market for light duty vehicles has been impacted by COVID-19 in Q2 2020, the electric vehicle segment has proven to be more resilient. For instance, new battery electric vehicle registrations in the UK grew with 112% in Q2 2020 compared with the same period in 2019[5]. Additionally, governments across Europe have announced additional incentive packages to further boost EVs such as Germany and France doubling existing subsidies on electric vehicles, Spain unveiling a €3.75 billion plan to boost electric driving, Italy increasing subsidies on EVs and the UK omitting the benefit-in-kind tax on company lease cars that are fully electric.
  The outlook for EV chargers in Europe remains strong, with a CAGR of 35% between 2020 and 2025[6] for annual new charge points. The growing penetration of electric vehicles require more chargers at home, at offices and on street, and is increasingly causing local constraints in the electricity grid. This can be mitigated by applying smart chargers, smart grid upgrades and energy storage, or a combination of these. Alfen's smart charge points address these challenges through for instance its smart charging network which is unmatched in the industry and by complying to the latest communication protocols through OCPP1.6 for which Alfen was certified amongst the first in the world.
- Energy storage: The battery energy storage market regained momentum in the last months of 2019 and the start of 2020. However, as a result of COVID-19, market circumstances were again challenging in Q2 this year as decision making was postponed across the industry, which is still in a nascent stage. Yet, the market fundamentals for energy storage remain strong, driven by an increasing share of intermittent renewables, the uptake of EVs and (new) applications such as clean energy supply at events or construction sites. This is further strengthened by the European Commission which introduced new electricity market rules which aim to further stimulate renewable integration and energy storage. Furthermore, battery prices continue to decrease, primarily driven by car manufacturers' battery investments, and more and more companies are expressing their ambitions with regards to

[3] Source: SolarPower Europe, 2019
[4] Source: European Automobile Manufacturers Association, 2020
[5] Source: The Society of Motor Manufacturers and Traders, August 2020
[6] Source: Navigant research, June 2020

energy storage. Alfen's proven track record across all major storage applications is playing to its advantage.

**Internationalisation** – Alfen continued to further expand its sales organisation in new countries as well as further strengthening sales teams in countries where Alfen was already present. In addition to its international sales organisations in Belgium, Germany (including Austria and Switzerland), Norway, the United Kingdom, France, Finland and Sweden, Alfen further expanded to Spain, Italy and Poland. Additionally, Alfen 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 such as Vattenfall, E.ON, IONITY, BMW, Virta, Allego and Fortum.

**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.

**Service** – This is an important strategic pillar for the company. Alfen offers international service propositions for all its business lines and is increasingly benefitting from a growing installed base of its smart energy solutions. For instance, in its Smart grid solutions business line Alfen is benefitting from dedicated service propositions for solar PV farms and greenhouses as well as for transformer substations connected to (fast) EV charging hubs. In its EV charging business line, Alfen is well positioned with international service partners in Belgium, Finland, France, Germany, Italy, Norway, Portugal, Spain, Sweden and the UK. In its Energy storage business line Alfen successfully provides a standardised service offering.

## Outlook

Alfen anticipates positive market developments in all its business lines. The markets for Smart grid solutions and EV charging are expected to remain strong. The latter also further bolstered by the EV incentive packages across Europe that were announced as a result of the corona crisis. Furthermore, the long-term market fundamentals for energy storage remain solid. Alfen is well positioned to benefit from these market developments based on its strong market position. While COVID-19 had limited effect on the first half-year, there remains an inherent macro-economic uncertainty for the second half-year of 2020.

Alfen continues to invest in its organisation, innovation and production facilities. With the additional capital that Alfen raised in June 2020, Alfen has more financial flexibility to further strengthen and expand its international footprint throughout Europe as well as further investing in research & development. Moreover, Alfen continues to invest in further optimisation of its business and processes.

Based on the first half-year performance and current revenue visibility, the company reconfirms its full-year 2020 revenue outlook of €180-200m.

***The half-year report 2020 is available in the Investor Relations section of the website www.alfen.com.***

*Analyst call / webcast*

Alfen will host an analyst call and webcast at 9:00 CEST on 26 August 2020 to comment on the 2020 H1 results. Please see ir.alfen.com for details to participate.

*Financial calendar*

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|---|---|
| Q3 trading update: | 4 November 2020 |
| FY 2020 results: | 17 February 2021 |

*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*

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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 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.