



Alfen 2019 FY results

Webcast

19 February 2020



Disclaimer

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 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.

More details on Alfen's 2019 performance can be found in the 2019 annual report and the 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 2019 which can be found on Alfen's website, www.alfen.com.

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2019 highlights

FY 2019 **revenues growth of 41%** to €143.2m, versus €101.9m in 2018, primarily driven by strong growth in EV charging equipment (+113%) and Smart grid solutions (+40%)

Strong increase in profitability: adjusted EBITDA of €14.5m (10.1% of revenues) versus €3.6m (3.6% of revenues) in 2018. Like-for-like adjusted EBITDA¹ of €12.6m (8.8% of revenues), an **increase of 249%** versus 2018. Adjusted net profit of €6.2m, compared with €0.8m in 2018

Net debt of €19.3m (1.3x adjusted EBITDA) versus €24.5m at 1 January 2019² (in 2018, net debt was 4.6x adjusted EBITDA¹).

Operating cash flow of €14.1m³ compared with €1.5m negative in 2018

Important new client and contract wins, amongst which a multi-year contract extension for the supply of smart grid solutions to Dutch DSO Enexis, a new framework agreement for the supply of EV charging equipment to UK utility Drax and an energy storage system for Shell

1. Excluding the effect of changes in IFRS16 lease accounting
2. Net debt at 31 December 2018 including IFRS16 adjustment for changed lease accounting
3. The 2019 operating cash flow excludes €1.9m as a result of changed lease accounting under IFRS 16

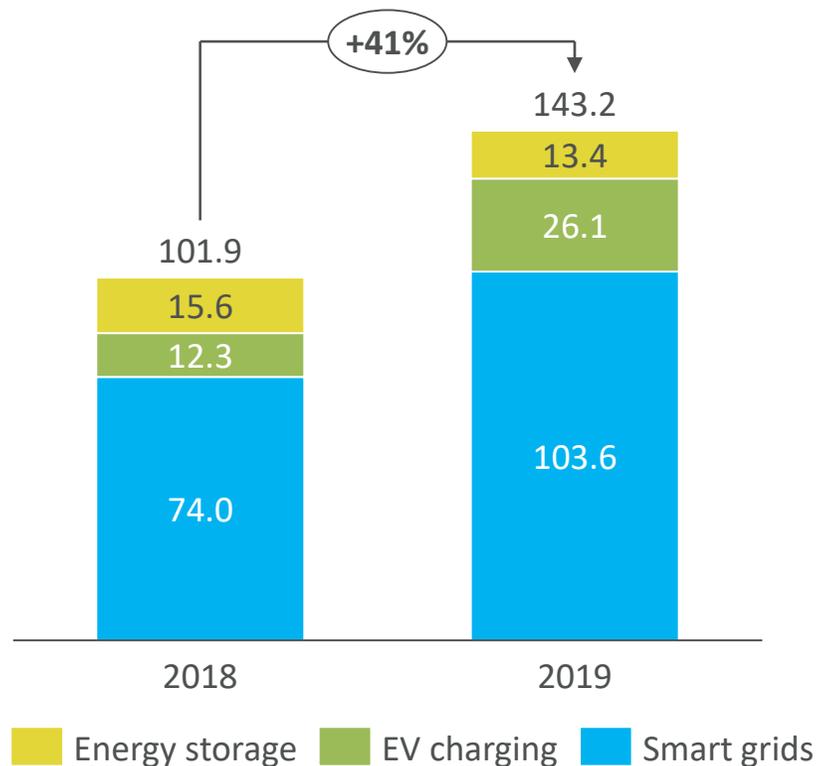
Outlook

- Supported by anticipated strong growth in all its business lines, **Alfen reconfirms its strategy and medium-term objectives** of achieving a revenue CAGR of 40%, growing its revenues outside the Netherlands to above 50%, improving the adjusted EBITDA margin to a mid to high teens percentage, and to maintain a sustainable capital expenditure level below 3%
- **Alfen expects 2020 revenues to be between €180m and €200m**

Continued strong revenue growth

Revenues and other income

(€ million)



Energy storage

- Challenging market environment in H1 2019, but regaining market momentum in H2 2019, leading to various new orders and positioning Alfen well for 2020
- Further broadening of client base (including Uniper, Fortum and Greenchoice) and repeat orders (from e.g. Vattenfall, Greener and BMW)
- Various product innovations, further solidifying Alfen's strong market position (second generation mobile storage solution for festivals and events and high-density stationary storage concept)

EV charging

- Growth driven by growing EV markets, increasing volumes under framework agreements that have been set-up over the past years, new client wins and further internationalisation
- Further strengthening of international sales force in Norway, Germany and the UK
- Start-up of additional production lines that enable higher outputs, more flexibility and increased efficiency
- Various new product introductions and innovations preparing the company for further growth

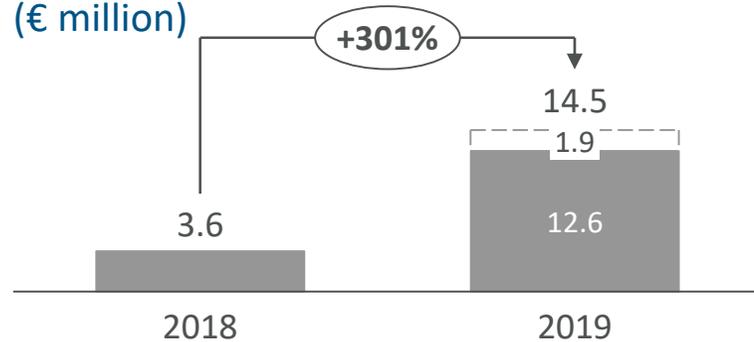
Smart grids

- Growth driven by continued grid investments, a strong market environment for projects in the solar PV sector, new opportunities related to EV charging hubs and increasing revenues from service
- Further diversification of customer base
- Start-up of additional production line that enables higher outputs, more flexibility and increased efficiency

Strong increase in profitability driven by operational leverage strategy

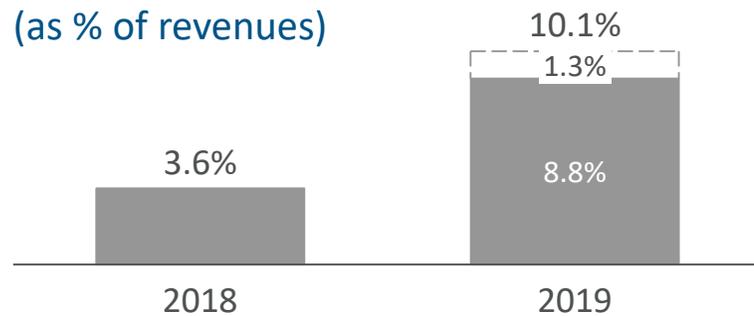
Adjusted EBITDA

(€ million)



Adjusted EBITDA

(as % of revenues)



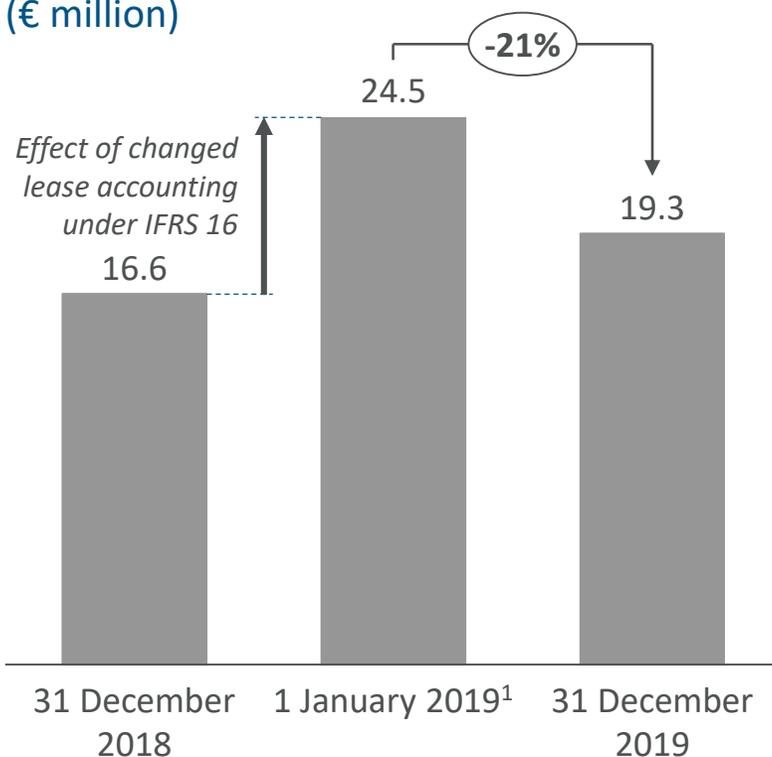
Effect of changed lease accounting under IFRS 16

Like-for-like adjusted EBITDA

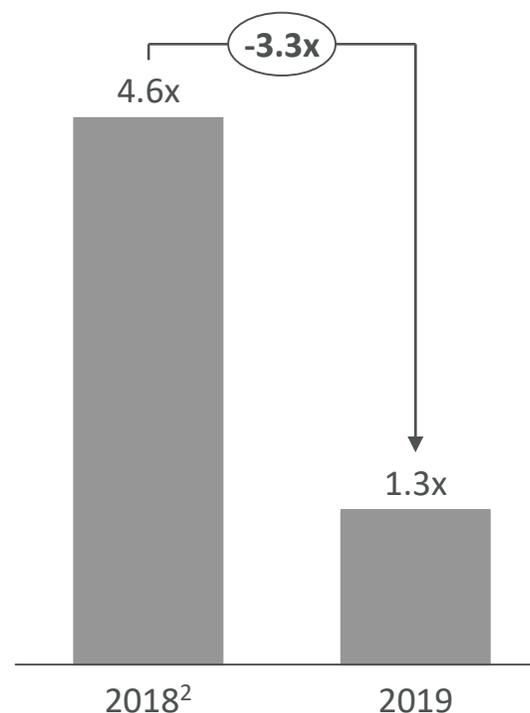
- Increase in adjusted EBITDA driven by:
 - **Strong revenue growth**
 - **Increased gross margins** (from 29.7% in 2018 to 35.1% in 2019), a result of Alfen's strong market position, leverage from increased scale (e.g. purchasing programs and production efficiencies), a shift towards increasingly complex solutions and favourable product mix effects throughout the year
 - **Leverage of fixed cost base** (amongst which R&D and overhead) while realising strong revenue growth
- Going forward, Alfen anticipates a continuation of its strong revenue growth and **further leverage** of its fixed cost base
- Medium-term objective is to improve the adjusted EBITDA margin to a **mid to high teens percentage of revenues**

Reduction of net debt to 1.3x adjusted EBITDA

Net debt (€ million)



Net debt / adjusted EBITDA



- **Working capital³** at 31 December 2019 of €3.1m (versus €5.0m at 1 January 2019) despite further growth of the business
- **Operating cash flow** in 2019 of €14.1m⁴, compared to €1.5m negative in 2018

1. Net debt at 31 December 2018 including IFRS 16 adjustment for changed lease accounting

2. Based on net debt at 31 December 2018 and 2018 Adjusted EBITDA

3. Inventories, trade and other receivables and current tax receivables minus trade and other payables, current tax liabilities, borrowings (current) and deferred revenues

4. The 2019 operating cash flow excludes €1.9m as a result of changed lease accounting under IFRS 16

Commercial successes in 2019

Selected examples

Smart grids



Won the framework agreement for the supply of substations, with an initial term of four years which can be extended with four additional years



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 supply 54 substations for 110MWp Vlagtwedde solar farm, which will be one of the largest in the Netherlands

EV charging



New agreement to supply Drax with EV chargers enabling Drax's business customers to electrify their vehicle fleets



Roll-out of Alfen charging equipment at Volkswagen headquarters in France (through Bouygues Énergies & Services) and at Volkswagen Group UK Ltd in the UK (through ElectrAssure)



Contract with Comfortcharge, group company of Deutsche Telekom, to install chargers at Deutsche Telekom facilities and offer charging solutions to its customers

Energy storage



10MW storage system connected to Uniper's hybrid power plant at the Maasvlakte in the Netherlands, utilised to respond to the growing need for grid services



30 mobile energy storage systems to provide a green emission-free alternative for temporary and polluting diesel generators throughout Europe



3 storage systems (2.5MW) to provide frequency stability services to Elia, on behalf of 41 Belgium municipalities

Aligned to four UN Sustainable Development Goals - ready to start implementing renewed CSR strategy

Alignment with UN Sustainable Development Goals (SDGs)

✓
1
Stakeholder survey

- Employees
- Customers
- Suppliers
- Partners
- Shareholders
- (Local) governments
- Community

✓
2
Materiality analysis



✓
3
Mapping with SDGs

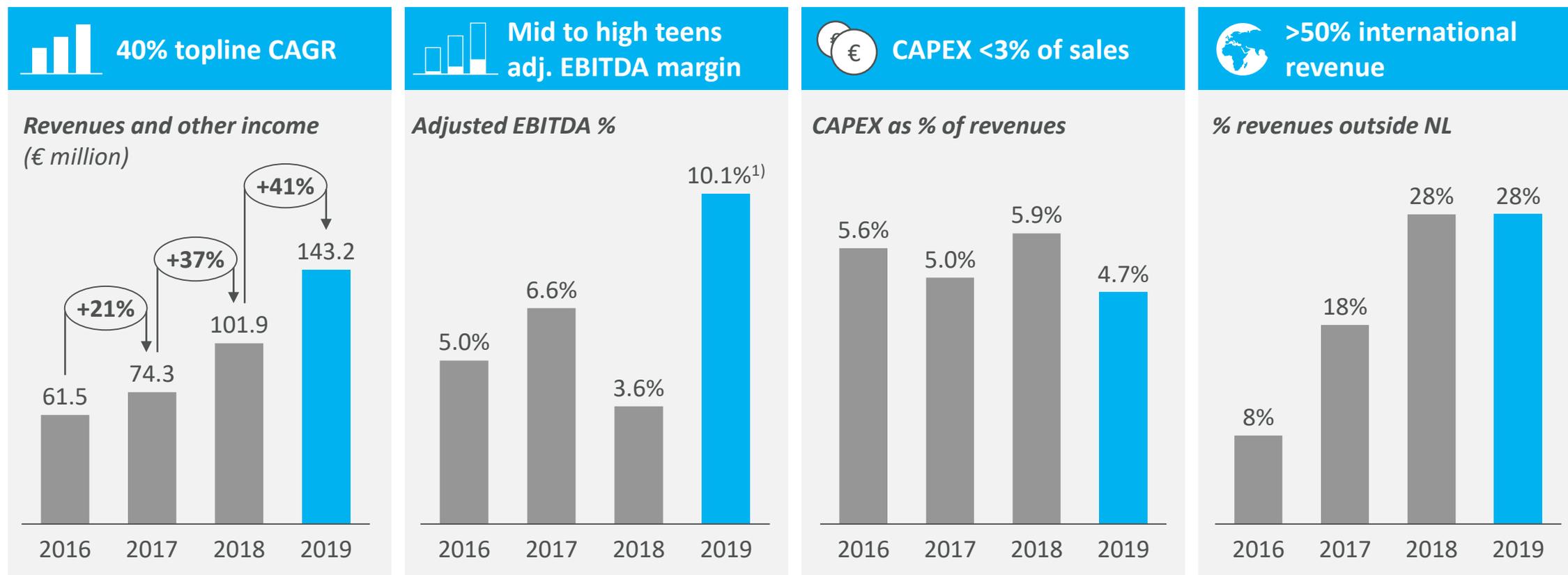


▶ 2020
4
Implementation

- Monitoring
- Reporting
- Communicating

Well on track against medium-term objectives

Medium-term objectives



1. Including 1.3% effect of changes in IFRS 16 lease accounting

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Four levers of growth

 Market growth	Benefitting from strong market growth trends and further grow market share
 Internationalisation	Significant internationalisation opportunity, further strengthening position in existing countries and entering new countries
 Service & maintenance	Expanding existing service offering and benefitting from increasing installed base
 Cross-selling	Increasing cross-selling opportunities between Alfen's three business lines and offering of integrated solutions

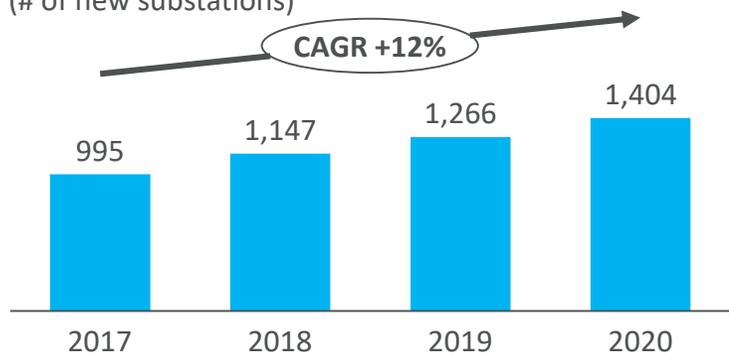


Benefitting from fast growing market segments

Smart grids

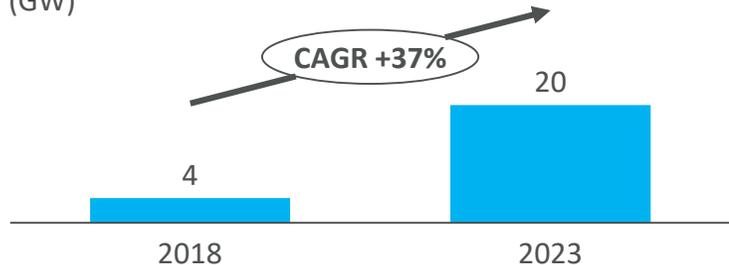
Substation investments Dutch top-3 DSOs¹

(# of new substations)



Dutch solar PV installed capacity²

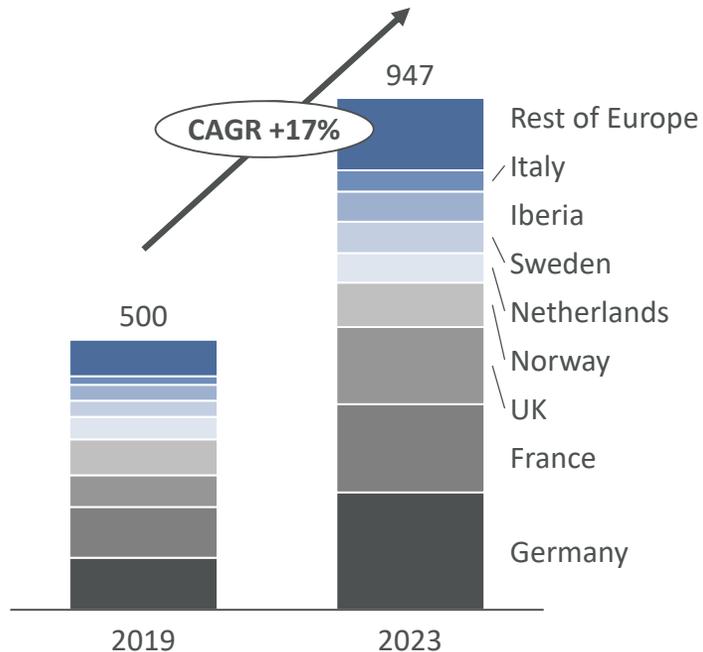
(GW)



EV charging

Annual new charging points³

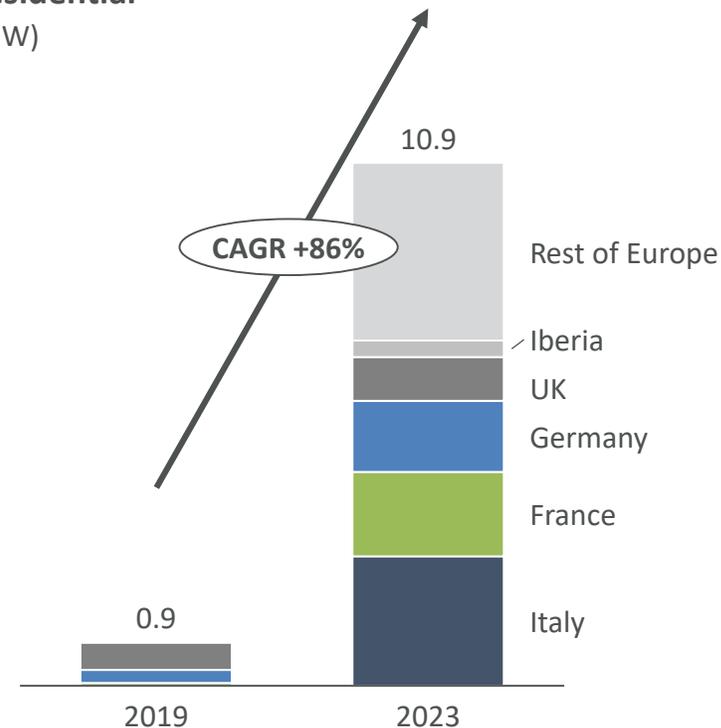
(# of charging points in thousands)



Energy storage

Annual new energy storage capacity, excl. residential⁴

(GW)



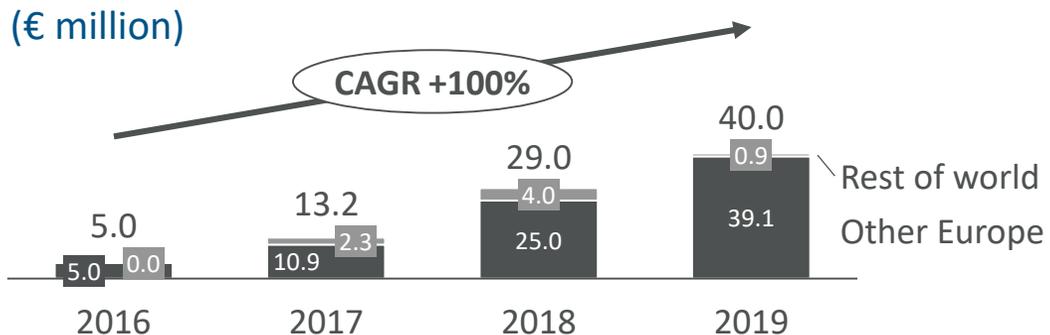
1. Analysis based on Kwaliteits- en capaciteitsdocument Alliander, Enexis and Stedin as published by the DSOs in 2017. 2. SolarPower Europe. 3. Navigant Research 2020.

4. Bloomberg New Energy Finance 2019



Expanding footprint

Alfen revenues outside the Netherlands (€ million)



Internationalisation strategy

Smart grids

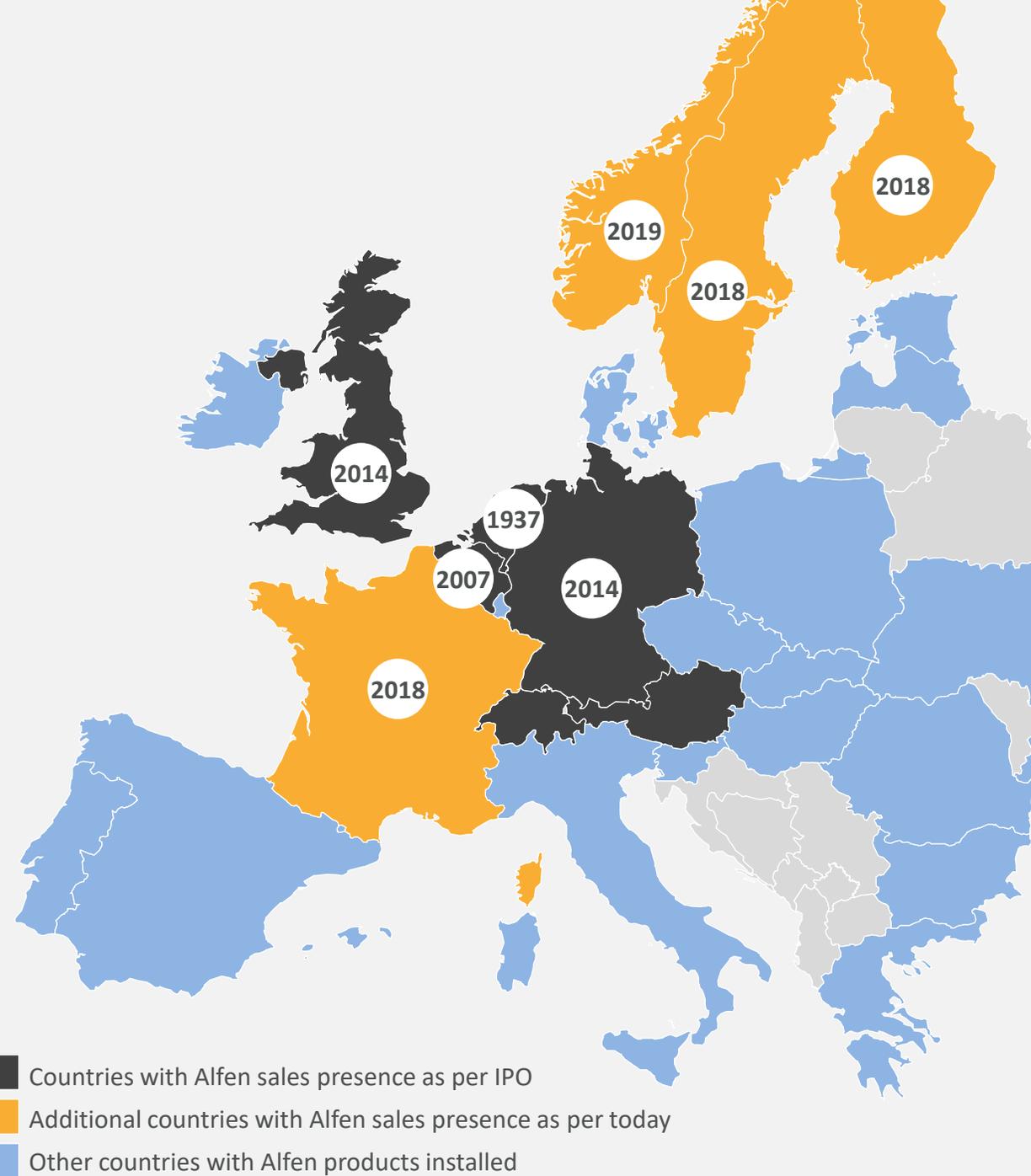
- Maintain strong market positions in the Netherlands, Belgium and Finland
- Further grow internationally in Sweden and selectively in other countries ('follow-the-customer' approach)

EV charging

- Maintain and grow strong positions in home markets
- Grow market share in countries with Alfen sales presence and enter new countries throughout Europe
- Benefit from internationalising client base

Energy storage

- Scale-up with existing international clients
- Add new clients across Europe (rest of world with a 'follow-the-customer' approach)

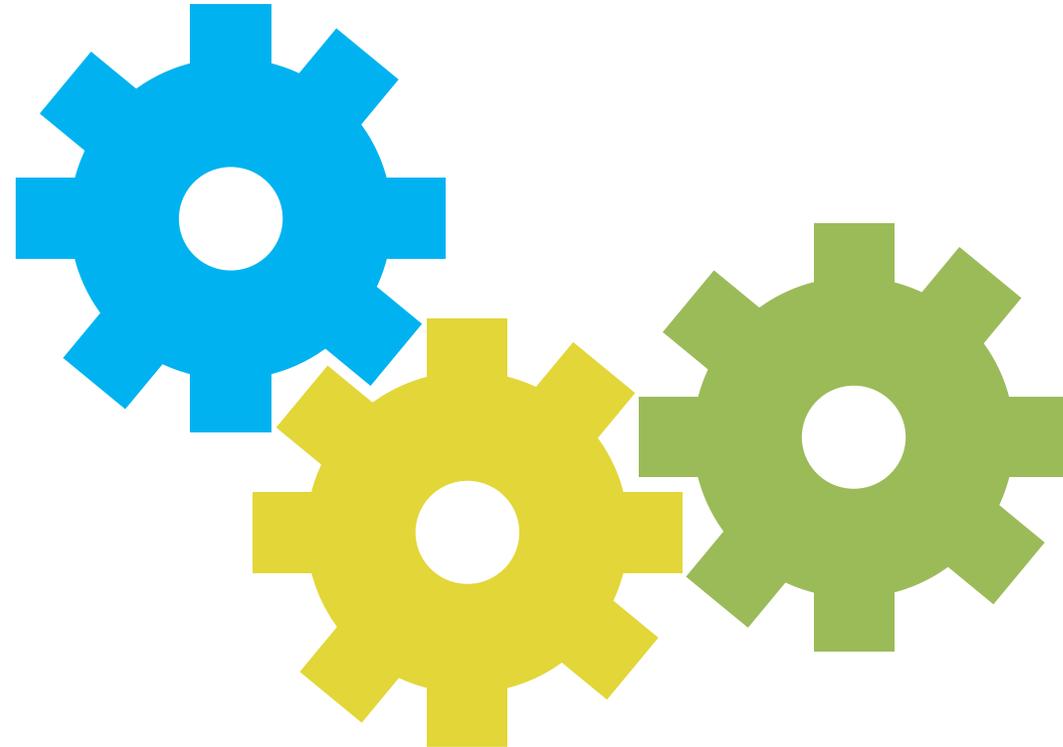




Focus on expanding recurring revenues from service

Smart grid solutions

- Benefitting from increasing installed base of microgrid projects
- Expanding its service proposition in Belgium and the Netherlands, for instance for smart grid solutions for EV charging hubs



EV charging equipment

- Benefitting from increasing installed base of EV chargers
- International service partners to support customers in Belgium, Finland, France, Germany, Italy, Norway, Portugal, Spain, Sweden and UK

Energy storage systems

- Standardised service offering as part of new storage projects
- Remote service, control and performance monitoring through 'Alfen Connect'

Benefitting from cross-sell and integrated solutions

Cross-sell example |



December 2019: Alfen selected to deliver grid connections for Shell's ultrafast EV charging network across the Netherlands. Throughout 2020, Alfen will supply, install and commission 50 substations, which will facilitate the grid connection of ultrafast Shell Recharge EV points at Shell forecourt locations.



January 2020: Alfen selected to deliver an energy storage system to provide peak-shaving for Shell's ultrafast EV charging network

Integrated solutions example |



January 2020: Alfen selected by Greenchoice to develop a charging hub for mobile storage systems



At this hub, mobile storage systems can be recharged with renewable energy and provide grid stabilising services (Frequency Containment Reserve) whenever they are not deployed at events or festivals



To deliver this solution, Alfen combines its expertise in smart grids, energy storage and EV charging

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Income statement

In € '000	2019	2018
Revenue and other income	143,169	101,893
Smart grids	103,584	74,031
EV charging	26,136	12,277
Energy storage	13,449	15,585
Gross margin	50,269	30,216
as % of revenues	35.1%	29.7%
Personnel cost	27,190	19,054
Other operating cost	9,208	8,757
EBITDA	13,872	2,406
as % of revenues	9.7%	2.4%
Adjusted EBITDA	14,525	3,623
as % of revenues	10.1%	3.6%
Adjusted EBITDA (excl. IFRS 16 lease adjustments)	12,646	3,623
as % of revenues	8.8%	3.6%
Adjusted net profit	6,237	814

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 410 at 31 December 2018 to 497 at 31 December 2019. Growth in average number of direct FTEs was 37%, while growth in average number of indirect FTEs was 26%, demonstrating the first steps towards leverage

As a result of changed lease accounting under IFRS 16, €1.9m lease expenses in 2019 are no longer included in other operating cost

Adjusted EBITDA (corrected for €1.9m effect of changed lease accounting under IFRS 16) up 249% versus 2018, driven by strong revenue growth, gross margin improvement and leveraging Alfen's fixed cost base

Balance sheet

In € '000	31 Dec 2019	1 Jan 2019 ¹
Non-current assets	27,732	24,348
Current assets	48,762	38,846
Cash and cash equivalents	134	849
Total assets	76,628	64,043
Non-current liabilities	14,642	15,335
Current liabilities	45,671	33,849
Bank overdraft	3,267	7,924
Equity	13,048	6,935
Total equity and liabilities	76,628	64,043

Capex amounted to €6.7m (4.7% of revenues) as compared to €6.1m (5.9% of revenues) in 2018. Capex in 2019 includes investments in expanding warehousing and production lines for the Smart grids and EV charging business lines, as well as €4.2m of capitalised development costs which demonstrates the company's continued commitment to invest in innovations

Working capital² reduced to €3.1m (versus €5.0m at 1 January 2019¹) despite further growth of the business

In December 2019, Alfen expanded its credit facilities to €30m (previously €20m) and its facility for bank guarantees to €10m (previously €5m)

1. Including IFRS 16 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

Well prepared for further growth in 2020

Positive market outlook for all business lines:

- **Smart grids:** benefitting from grid investments, strong growth in the solar PV sector and expanding Alfen's smart grid services for EV (fast) charging hubs
- **EV charging:** benefitting from various new EV models that are coming to the market, incentive schemes in various countries, the introduction of dedicated Alfen chargers for Germany and France and the ramp-up in volumes from several important contracts
- **Energy storage:** benefitting from a market that is regaining its momentum, building on our track record with multiple customers across all major storage applications, the introduction of several new innovative storage features during 2019 and a strong projects pipeline

Investments in production were initiated in 2019, supporting a production scale-up and driving further efficiencies:

- **Smart grids:** In 2019, Alfen produced approximately 2,930 substations (including 720 by Alfen Elkamo), a growth of 63% from 2018 with approximately 1,800 substations (including 360 by Alfen Elkamo in the second half of 2018). During the second half of 2019, an additional production line was gradually taken into operation to facilitate this growth and prepare the company for further growth
- **EV charging:** In 2019, Alfen produced approximately 25,800 charge points, a growth of 111% from 2018 with approximately 12,200 charge points. To be prepared for a further uptake in volumes, Alfen invested in additional production lines and is currently in the process of further expanding its production facilities

The company expects 2020 revenues to be between €180m and €200m, driven by high market growth, reaping the benefits of its international expansion strategy, increasing cross-selling opportunities between its business lines and further expanding its service offering.

Financial calendar

Annual General Meeting

8 April 2020 - invitation and agenda will be announced on Alfen's website

Q1 2020 trading update

6 May 2020

HY 2020 results

26 August 2020



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