



# Alfen H1 2024 results

## Webcast

22 August 2024



# 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, expects, aims, 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, improve, 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, adjusted EBITDA margin and free cash flow guidance is based on management estimates resulting from Alfen's pursuit of its strategy. Alfen can provide no assurances that the guidance will be realised and the actual results for 2024 could differ materially. The guidance has 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 orders and projects, which may materially differ from the success rates for any future orders and 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.

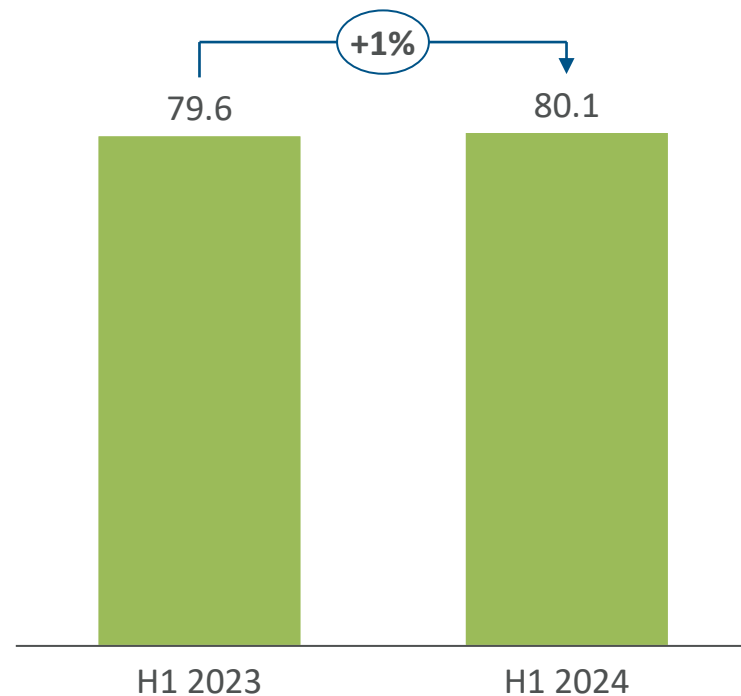
More details on Alfen's H1 2024 performance can be found in the 2024 semi-annual report and the H1 2024 results press release, published together with this presentation. A more comprehensive discussion of the risk factors affecting Alfen's business can be found in Alfen's annual report 2023 which can be found on Alfen's website, [www.alfen.com](http://www.alfen.com).

# Highlights of the first half-year

- > **Revenue increase:** Alfen increased H1 2024 revenue by 10% to €245.7m vs. H1 2023 (€223.9m), mainly driven by its Energy Storage Systems & Smart Grid Solutions businesses.
- > **Group adjusted gross margin at 28.9%** compared with 30.5% in H1 2023. Note: gross margin after one-off costs stands at 22.3% in H1 2024, while no one-off costs were incurred in H1 2023.
- > **Adjusted EBITDA of €13.5m (5.5% of revenue)** vs. H1 2023 €21.1m (9.4% of revenue).
- > **Alfen has started the strategy validation and organizational right-sizing project and will continue this assessment in Q3 2024.** Alfen will communicate an update on progress during its Q3 trading update on November 7.
- > **Alfen obtained a pre-emptive waiver up to Q3 2024 for a breach of the bank covenant.** In Q4 Alfen will continue the constructive conversation with the bank to conclude an updated covenant based on a revised business plan, in which our organizational right-sizing effort has been taken into account.
- > **Alfen's Supervisory Board has decided to appoint Onno Krap as CFO and statutory board member per 1 January 2025.**
- > **Alfen reconfirms its 2024 updated full-year revenue outlook (€485-520m), adjusted EBITDA margin outlook (mid-single digit) and FCF outlook (negative FCF but improvement compared to -€27.2m in 2023).**

# Segmental review | EV charging equipment

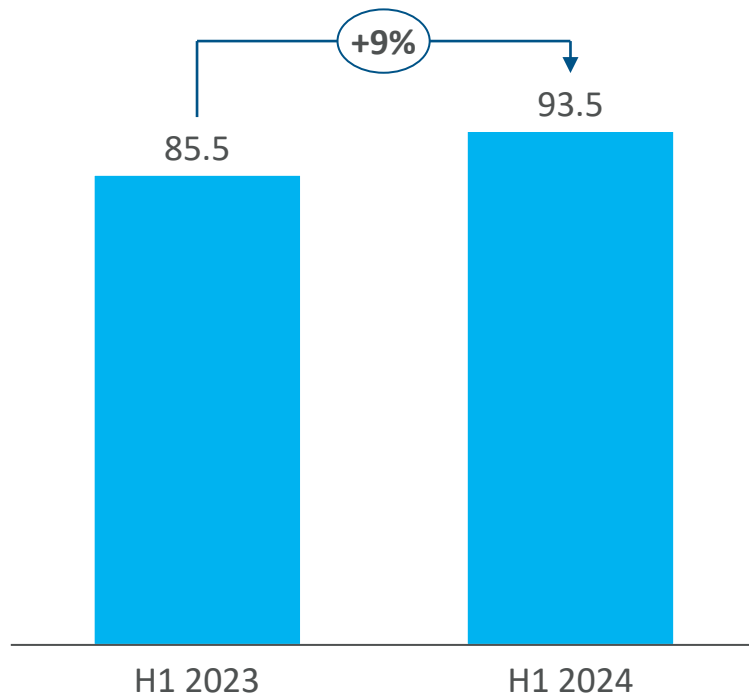
## Revenue and other income (€ million)



- H1 2024 revenue was €80.1m (1% growth y-o-y)
- **Adjusted gross margin** at 38% (in line with margin range of 35-45%, somewhat below mid-point due to higher share of mid-range home product)
- 60% **international revenue** in EVC (consistent with H1 2023)
- **Market momentum** differs per country
- Slow **market growth** with 2% more Battery Electric Vehicle registrations in H1 2024 (relative to H1 2023)
- Business line with **less visibility** (mostly flow business)
- Longer-term: **expected CAGR of 15-20% for chargepoints** in Europe from 2023 to 2030 (source: BNEF & LCP Delta)
- **EV sales are likely to accelerate again in 2025**

# Segmental review | Smart grid solutions

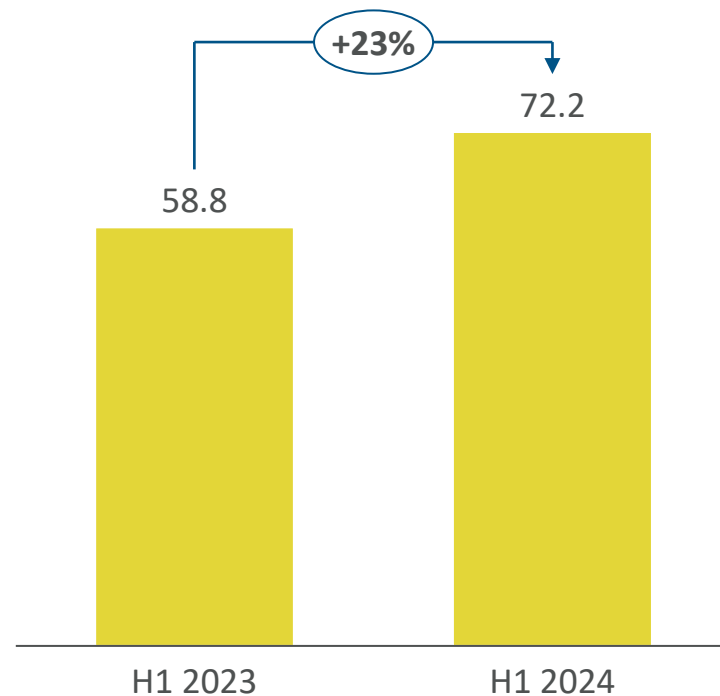
## Revenue and other income (€ million)



- H1 2024 **revenue** was €93.5m (9% growth y-o-y), supported by grid operators and private networks business
- **Q2 revenue** impacted by lower production related to moisture issue in Alfen's Pacto station
- **Adjusted gross margin** at 27% (lower end of margin range of 25-40%, driven by inefficiencies due to moisture issue and increased share of revenue from grid operators)
- **Moisture issue update:** 1) New builds production is up and running 2) Rebuilds is spread out from now until Q1 2025 3) Installed stations repairs has started but will run into next year. Thus, only small proportion (€1.1m) of total provision (€12.5m) has been used in H1 2024
- Alfen will **ramp the production** week by week up to the end of December 2024 to more than 100 substations a week.

# Segmental review | Energy storage systems

## Revenue and other income (€ million)



- H1 2024 **revenue** was €72.2m (23% growth y-o-y)
- 23% growth in H1, as 2023 was significantly loaded towards H2
- **Adjusted gross margin** at 22% (middle of gross margin range of 15-30%, showcasing Alfen's ability to realize a fair gross margin in medium-sized utility-scale projects)
- Sufficient **backlog** to cover the revenue guidance for ESS in 2024
  - At the end of Q2, the value of backlog of signed projects was €72.4m
  - As of mid-August, we stand at €88.3m backlog
- We will continue to **share backlog** on quarterly basis
- We see **momentum in the market** with a funnel of qualified opportunities that has considerably increased in value compared to a year ago.

# Alfen had further commercial successes in H1 2024

## Selected examples

### EV charging



Continued to drive the rollout of public charging in the Netherlands, amongst others with its partner OpCharge with whom it has installed over 7000 charge points.



Won a contract with EFFIA (major player in parking) in the business segment in France until 2025 through partner Bouygues Energies & Services (an entity of EQUANS group)



Continued to drive EV charging across residential parking garages in Denmark with its partner drivee, installing 500 charge points so far.

### Smart grids



Signed a two year framework agreement with Belgian public transport company TEC to deliver customised walk-in station for about 50 fast e-bus charging locations



Delivered a 10kV transport distribution substation to Enexis of which many more are needed in coming years.



Supplied Looye (greenhouse horticulture segment) with multiple compact stations on its site building on a relationship that spans more than a decade.

### Energy storage



Won a project to supply Rabbalshede Kraft with a 20MW/20MWh system at their wind farm in Femstenaberg.



Signed a new agreement with Ellevio to design, engineer, install and commission a 40MW/40MWh system in Sweden.



Won a contract with Odura and the Brabantse Ontwikkelings Maatschappij for a 10MW / 18MWh system to be located in the Netherlands.

# Innovation update across our three business lines



## SGS | Solid state transformer

- Alfen has started a project with a Dutch technical university and a Dutch grid operator into the solid state transformer substation.
- In a solid state transformer substation the voltage transformation is done by power electronics instead of the transformer, which is better equipped for changing directions of the electricity flow.



## EV Charging | OCPP 2.0.1 Core & Advanced Security

- First European AC charging station manufacturer to secure certification for 2 crucial OCPP 2.0.1 modules: Core and Advanced Security.
- Earning this achievement holds significant benefits for Alfen's customers: it enhances security and functionality for users.



## ESS | Proven fire safety

- Alfen has become the first Mobile storage system producer with a fire propagation certificate for Mobile X.
- Alfen has developed its own battery housing to include battery packs in a fire-safe manner.



# Financials | Income statement

In € '000	H1 2024	H1 2023
<b>Revenue and other income</b>	<b>245,732</b>	<b>223,938</b>
<i>Smart grids</i>	<i>93,477</i>	<i>85,538</i>
<i>EV charging</i>	<i>80,051</i>	<i>79,585</i>
<i>Energy storage</i>	<i>72,204</i>	<i>58,815</i>
<b>Gross margin</b>	<b>54,918</b>	<b>68,295</b>
<i>as % of revenue</i>	<i>22.3%</i>	<i>30.5%</i>
Personnel cost	42,620	34,923
Other operating cost	16,000	12,525
<b>EBITDA</b>	<b>-3,825</b>	<b>20,382</b>
<i>as % of revenue</i>	<i>-1.6%</i>	<i>9.1%</i>
<b>Adjusted EBITDA</b>	<b>13,516</b>	<b>21,082</b>
<i>as % of revenue</i>	<i>5,5%</i>	<i>9.4%</i>
<b>Adjusted net profit</b>	<b>1,890</b>	<b>10,080</b>

## Remarks

- **Revenue** increased by 9.7% from €223.9m in H1 2023 to €245.7m in H1 driven by Smart Grids and Energy Storage.
- **Gross margin** dropped from 30.5% in the first half-year of 2023 to 22.3% in the first half of 2024.
- **Gross margin adjusted** excluding one-off costs stands at €71.0m which is 28.9% of revenue versus 30.5% in H1 2023.
- **Personnel costs** increased by 22% to €42.6m compared to €34.9m in the first half-year of 2023.
- **Adjusted EBITDA** amounted to €13.5m, a decrease of 36% versus €21.1m in the first half-year of 2023.

# Financials | Income statement – reconciliation of EBITDA and net profit with adjusted EBITDA and adjusted net profit

In € millions	30 June 2024 Unaudited	30 June 2023 Unaudited
<b>EBITDA</b>	<b>(3,825)</b>	<b>20,382</b>
Provision for moisture	12,500	-
Obsolete inventory EV charging components	3,593	-
H1 restructuring expenses	908	-
Share-based payment expenses	340	700
<b>Adjusted EBITDA</b>	<b>13,516</b>	<b>21,082</b>
<b>Net profit / (loss)</b>	<b>(11,065)</b>	<b>9,380</b>
Aggregated one-off costs and special items after tax	12,955	700
<b>Adjusted net profit / (loss)</b>	<b>1,890</b>	<b>10,080</b>

## Remarks

- **EBITDA adjustments** in the first half-year of 2024 amounted to €17.3m (versus €0.7m in the first half-year of 2023).
- **Net profit** is negative €11.1m and adjusted net profit is €1.9m and the net adjustment of €13.0m sees to same adjustments previously discussed but now corrected for the tax effect.

# Financials | Balance sheet

In € '000	30 June 2024 Unaudited	31 Dec 2023 Audited
Non-current assets	119,423	81,468
Current assets (excl. cash)	262,468	312,428
Cash and cash equivalents	1,554	2,073
<b>Total assets</b>	<b>383,445</b>	<b>395,969</b>
Non-current liabilities	64,147	25,653
Current liabilities (excl. overdrafts)	127,059	184,301
Bank overdrafts	24,172	6,402
Equity	168,067	179,613
<b>Total equity and liabilities</b>	<b>383,445</b>	<b>395,969</b>

## Remarks

- Commissioning of Alfen headquarters & manufacturing facilities in Q1 leads to three effects on the balance sheet
  - Loan to contractor repaid €25.7m
  - Building recognized as asset €20.0m
  - Lease obligation recognized under non-current liabilities €20.0m (of which €2m under current liabilities)
- Working capital movements (*see details on next page*)

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

# Financials | Working capital

In € millions	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)	Working capital movements
Inventories	121.895	150.776	-28.881
Trade and other receivables	131.633	135.935	-4.302
<i>- of which: Amounts due from customers for contract work - Mainly ESS</i>	<i>32.689</i>	<i>28.195</i>	<i>4.494</i>
Current tax receivables	8.940	-	8.940
Trade and other payables	-118.147	-148.567	30.420
<i>- of which: Customer prepayments for contract work - Mainly ESS</i>	<i>-30.559</i>	<i>-43.104</i>	<i>12.545</i>
Current tax liabilities	-393	-3.471	3.078
<b>Net working capital</b>	<b>143.928</b>	<b>134.673</b>	<b>9.255</b>

## Remarks

- **Inventory plus downpayments decreased** by €30.6m versus December 31, 2023.
- Regular **trade & other receivables decreased**, while amounts due from customers for contract work increased.
- **Current tax receivable increased** significantly (related provisional income tax prepayments for fiscal year 2024).
- **Trade payable decreased** by €30m as a result of cut-off timing effect & customer prepayments for contract work.
- **Current tax liability was reduced** as income taxes has been paid.



# 2024 outlook

Alfen has updated its **2024** revenue **guidance** at the end of June to €485-520m. The adjusted EBITDA margin for 2024 is expected to be mid-single digit. Alfen expects its FCF to be negative in 2024, but improved compared to -€27.2m in 2023.

A **waiver from the bank has been obtained** up to Q3. In Q4 Alfen will continue the constructive conversation with the bank to conclude an updated covenant based on a revised business plan, in which our organizational right-sizing effort has been taken into account.

Related to the organizational right-sizing, **Alfen expects one-off restructuring costs** to occur in H2 2024 with cash outflow mainly in Q1 2025. The extent of these costs is dependent on the outcome of a revised business plan and organizational right-sizing.

Long-term, Alfen continues to anticipate **positive market developments** for all of its business lines. With the anticipated **further growth** of the business, Alfen plans to further invest in its people, production and innovations in a balanced manner.



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