
# P R E S S   R E L E A S E

28 August 2018

# Alfen 2018 half-year results show strong revenue and EBITDA growth benefitting from the accelerating energy transition

- **First half-year 2018 revenues of €41.0m, up 32% compared to first half-year 2017**
- **Adjusted EBITDA of €1.7m, up 52% compared to first half-year 2017**
- **Adjusted net profit of €0.6m, up 226% compared to first half-year 2017**
- **Continued market growth and important project and client wins in all business lines**
- **Success of internationalisation strategy, with 21% revenues outside the Netherlands compared to 12% in first half-year 2017**
- **Acquisition of Elkamo on 1 July, as a platform for expansion and cross-sell in the Nordics**
- **Reconfirmation of full-year 2018 revenue visibility of over €99m, with expected additional positive impact in the second half-year 2018 from the Elkamo acquisition**

**Marco Roeleveld, CEO of Alfen, said:**

*"The first half of 2018 was an exciting period for Alfen as we successfully listed our company at Euronext Amsterdam. We are pleased to report a continuation of our strong and profitable growth, benefitting from the accelerating energy transition. We have a long history in which we have created a unique position in the heart of the energy transition. Combining our business lines Smart grids, Energy storage and EV charging allows us to provide fully integrated solutions to address the electricity challenges of our clients. Our strategy of internationalisation is also gaining momentum, which is further bolstered by our recent acquisition of Elkamo*

*in the Nordics. We continue to invest in our expanding team of loyal and hardworking employees as well as in research and development to position us for further growth. We believe that we are well-positioned for further growth, benefitting from expected high market growth, further internationalisation, cross-selling opportunities between our business lines and our expanding service offering."*

***ALMERE, THE NETHERLANDS – Alfen N.V. (AEX: ALFEN), specialist in energy solutions for the future, today reports its condensed consolidated financial statements for the first half-year of 2018 with strong revenue and EBITDA growth, benefitting from the accelerating energy transition.***

## Financial highlights

**Revenues** and other income increased by 32% from €31.0m in the first half-year of 2017 to €41.0m in the first half-year of 2018, driven by strong market growth across all business lines and further bolstered by internationalisation, cross-selling and service. The company's revenues show a typical seasonal pattern with increased levels of activity in the second half of the year. For example, in 2017, 58% of revenues were generated in the second half of the year.

In the Smart grids business line, revenues increased by 18% compared to the first half of 2017, benefitting from continued grid investments and a strong market environment for projects in the solar PV sector.

Revenues in the electric vehicle ("EV") charging business line increased by 54% compared to the first half of 2017, driven by a growing market for electric vehicles, important new client wins and further internationalisation.

Revenues and other income in the Energy storage business line increased by 162% compared to the first half of 2017, driven by a proven track record across different applications for energy storage, repeat projects for clients, important new client wins and an overall stronger market environment as compared to the first half-year of 2017.

**Gross margin** increased from over 28% in the first half-year of 2017 to nearly 31% in the first half-year of 2018, demonstrating its ability to offset raw material price fluctuations and benefiting from its purchasing programs.

**Personnel costs** increased by 28% to €7.8m compared with €6.1m in the first half year of 2017. Despite a challenging labour market, the company was able to attract new talent benefitting from its increased public profile after the IPO and the widespread interest in the energy transition. FTEs increased from 213 at 30 June 2017 to 262 at 30 June 2018.

**Other operating cost** increased by 72% to €3.6m compared with €2.1m in the first half year of 2017. This is largely due to aligning the operation with the growing level of activity, as well as certain one-off costs and special items (see Adjusted EBITDA for details).

**Adjusted EBITDA**[1] is positive at €1.7m, a strong increase of 52% versus the first half-year of 2017. The adjusted EBITDA margin increased from 3.6% in the first half-year of 2017 to 4.2% in the first half-year of 2018. The majority of EBITDA is typically generated in the second half-year, driven by the seasonal revenue pattern as described above. EBITDA adjustments in the first half-year of 2018 amounted to €0.6m (versus €0.5m in the first half-year of 2017) and comprised of an audit fee related to Alfen's listing on the Amsterdam stock exchange, pre-acquisition costs for Elkamo, a settlement payment related to a property rental claim, share-based payment expenses associated with a Celebration Share Award Plan and a related party consultancy fee.

**Adjusted net profit** grew with 226% from €0.2m in the first half-year 2017 to €0.6m in the first half-year 2018.

**Capex** amounted to €2.1m (or 5% of revenues) as compared to €1.9m (or 6% of revenues) in the same period of 2017. Capex includes €1.4m of capitalised development costs which demonstrates the company's continued efforts to invest in innovations for the future.

**Operating cash flow** was €0.8m negative, compared to €2.1m negative in the same period in 2017.

**Net debt position** at 30 June 2018 amounted to €6.3m, compared to €3.1m at the end of 2017. Working capital increased to €3.5m (versus €1.9m at the end of 2017) due to pre-deliveries in the supply chain to cover the Summer period, seasonality and increased stock levels reflecting further growth of the business. A new loan was obtained (€5.0m, redemption in 7 years) to fund the Elkamo acquisition as of 1 July 2018. At 30 June 2018 this amount was included in cash and cash equivalents, of which €4.5m was in escrow in order to transfer the shares at 1 July 2018.

## Progress against strategy

Alfen is making strong progress in executing its exponential growth strategy: 1) benefiting from strong market growth, 2) further internationalisation, 3) increasing cross-selling opportunities between its three business lines and 4) expanding its service offering.

**Market growth** throughout Alfen's three business lines continued in the first half of 2018. Due to the company's position in the heart of the energy transition, Alfen benefits from these positive market trends.

- Smart grids: Investments in large solar PV farms are growing, requiring connections to the grid as well as debottlenecking of the central electricity grids. In addition, the recently announced plans to replace natural gas with electric cooking and heating at a large part of the Dutch households will have an enormous impact on the power grids. Alfen's revenues in the Smart grids business line are increasingly diversifying from grid operators to a broader customer base.
- EV charging: The number of new full electric vehicle registrations in Europe increased by 34% between the first quarter of 2017 and the first quarter of 2018, and the number of plug-in hybrid electric vehicles by 60% (first half-year figures expected on 6 September 2018)[2]. New electric vehicles require more

[1] Earnings before interest, taxes, amortisation and depreciation adjusted for certain one-off costs and special items

[2] Source: European Automobile Manufacturers Association

chargers at home, office and public locations. The increasing penetration of electric vehicles also starts causing local constraints in the electricity grid, which can be mitigated by applying smart chargers, grid upgrades and energy storage, or a combination of these.

- Energy storage: The market for energy storage is gaining further momentum. For example, EDF recently announced that it plans to invest eight billion euros between 2018 and 2035 to become a European market leader in electricity storage[3].

**Internationalisation** of Alfen's business continued, with revenues outside the Netherlands growing to 21% in the first half-year of 2018 as compared to 12% in the same period in 2017. Alfen has further strengthened its international sales organisations in Belgium, Germany and the United Kingdom, as well as its reseller and distributor positions across Europe. In addition, Alfen is currently in the process of adding own sales organisations in additional European countries.
With the acquisition of Elkamo in the Nordics on 1 July 2018, Alfen strengthened its international position in smart grid solutions through which it can serve its increasingly international client base in this segment. Alfen also intends to use Elkamo as a platform to grow its EV charging and energy storage businesses in the Nordics.

**Cross-selling** and offering integrated solutions across all three business lines is becoming increasingly important as the energy transition is putting its customers and partners for more complex challenges. Some examples from the first half of 2018 include:

- Stedin: Alfen and Dutch grid operator Stedin have a decade-long relationship in the field of smart grid products and through the involvement of Stedin in various Alfen energy storage projects. Now Alfen has also been selected to supply EV charging equipment to facilitate the electrification of Stedin's car fleet.
- ADO Den Haag football stadium: A fully integrated energy system, consisting of an EV charging hub, energy storage system and local smart grid. The energy generated during the day from the rooftop solar panels on the stadium can be stored and used during the evening to light the stadium or charge EVs.
- ElaadNL testing lab: Testing ground for EV manufacturers and grid operators to test the functionality of EVs in combination with various charging stations, including power quality effects and smart charging options. In the past, Alfen already supplied its EV charging equipment, a smart charging hub and the grid connection. This was recently expanded with an energy storage system, amongst others to provide the additional power needed for certain EV testing protocols.

**Service** becomes a more and more important part of the company's business. Alfen benefits from an increasing installed base and continuously focus on further expanding its service offering. In the EV charging business line Alfen lined up various new international service partners and in the Energy storage business line the company developed new service concepts including remote control and performance monitoring through 'TheBattery Connect'.

[3] Source: Reuters, 27 March 2018

## Important wins and outlook

During the first part of 2018, Alfen enjoyed many important new client and project wins. Some examples include:

- Smart grid solutions:
  - Solarcentury: connecting solar farms Twence (17.5 MWp in Hengelo, the Netherlands) and Nyrstar (45 MWp in Budel, the Netherlands) to the grid;
  - Allego: New framework contract for the supply of transformer substations to connect Allego's EV charging stations in various countries
- EV charging equipment:
  - Vattenfall: expanded existing contract for EV chargers (covering the Netherlands, Germany and Sweden) to also include the UK and Ireland;
  - E.On: New framework contract for supplying EV chargers across various European countries;
- Energy storage systems:
  - BMW: supplying a mobile integrated storage and fast charging solution to one of BMW AG's EV test locations in Munich;
  - Lidl: supplying a storage system for self-consumption of renewable energy, grid congestion management and energy trading at a distribution centre in Nijmegen, the Netherlands.

Alfen continues to anticipate positive market developments in all its business lines. Alfen's Smart grids business line is expected to continue to benefit from grid investments by grid operators as well as continued investments in solar PV. The EV charging business line is expected to benefit from various new EV models that are announced to come to the market in 2018 and 2019, further driving the need for EV charging equipment. Driven by the increased penetration of EVs and continued roll-out of renewables, Alfen expects the demand for energy storage to further increase. In addition, the company increasingly benefits from repeat customers and its capability to offer integrated solutions across all business lines.

The company believes that it is ready to further reap the benefits from its recent and new innovations. Examples include the 'Eichrecht' (German regulation related to data) compliant EV charger for the German public charging market, a special substation which was developed to facilitate large-scale solar PV farms and newly developed applications for TheBattery related to mobile applications (e.g. at festivals), ultrafast EV charging and data centres.

Alfen expects to further benefit from its expanded international footprint and plan to continue expanding its international salesforce. In addition, the recent acquisition of Elkamo will add to Alfen's international footprint in smart grid solutions. Alfen also intends to use Alfen Elkamo as a platform to grow the EV charging and energy storage businesses in the Nordics.

Based on the first half-year performance and current visibility, the company reconfirms its full-year 2018 revenue visibility of over €99m, with expected additional positive impact from the Elkamo acquisition in the second half-year of 2018.

*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. In the period between 2015 and 2017 Alfen grew its revenues with 21% on average with a positive net profit. Alfen has market leading positions 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 .

*Notes to the press release*

This is a public announcement by Alfen N.V. pursuant to section 17 paragraph 1 of the European Market Abuse Regulation (596/2014). This public announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in Alfen N.V.

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, optimizing, 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 2018 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.

***The half-year report 2018 is available in the Investor relations section of the website www.alfen.com.***

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