

Paris, May 14, 2020

## Strong increase in first-quarter 2020 revenue, targets confirmed

- Neoen's first-quarter 2020 revenue totaled €95.8 million, up 61%<sup>1</sup> compared to the first quarter of 2019
- Electricity generation reached 1,110 GWh, up 59% year-on-year
- Capacity in operation stood at 2 GW following the commissioning of an additional 143 MWp during the first quarter
- 4.2 GW were in operation, under construction or awarded at end-March 2020
- Neoen is confirming its EBITDA<sup>2</sup> target for 2020 of between €270 million and €300 million<sup>3</sup> with an EBITDA margin<sup>4</sup> of around 80%
- Neoen is reiterating its operational and financial targets for 2021 and 2022

Neoen (ISIN: FR0011675362, Ticker: NEOEN), one of the world's leading and fastest-growing independent producers of exclusively renewable energy, is reporting unaudited revenue of €95.8 million in the first quarter of 2020, up 61% compared to the first quarter of 2019. At constant exchange rates, revenue was up 65%.

**Xavier Barbaro, Neoen's Chairman and Chief Executive Officer**, commented: *"Keeping up the momentum built up in 2019, Neoen is reporting a substantial increase in its first quarter 2020 revenue. The Group commissioned the 143 MWp Capella solar power plant during the quarter, currently El Salvador's largest solar farm and also most innovative asset thanks to its battery. Neoen also launched construction of a wind farm and several solar facilities in France. In a situation marked by the Covid-19 outbreak, Neoen's teams remain fully committed to keeping its facilities running, launching the construction of new assets and continuing to develop its project portfolio. The Group is confirming its EBITDA target of between €270 million and €300 million in 2020 and over €400 million in 2022."*

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<sup>1</sup> Excluding the biomass business sold in September 2019

<sup>2</sup> EBITDA corresponds to current operating income adjusted for current operating depreciation, amortization and provisions. It therefore excludes results for discontinued operations.

<sup>3</sup> At constant exchange rates compared to 2019

<sup>4</sup> The EBITDA margin is calculated as the ratio of EBITDA to revenue.

## Operational highlights

	March 31, 2020	Dec. 31, 2019	chg.
	(1)	(1)	
<b>Assets in operation (MW)</b>	1,990	1,847	+143

	Q1 2020	Q1 2019	% chg.
		(2)	
<b>Electricity generated (GWh)</b>	1,110	698	+59%

(1) Gross capacity including projects in which Neoen is a minority shareholder: Cestas (228 MWp) and Seixal (8.8 MWp)

(2) Excluding the biomass business sold in September 2019

Neoen's capacity in operation stood at 1,990 MW at March 31, 2020, up 143 MWp<sup>5</sup> from year-end 2019, with the commissioning of the Capella solar farm in El Salvador.

Electricity generation totaled 1,110 GWh in the first quarter of 2020, up 59% on the first-quarter 2019. The average solar and wind energy availability rates held up at high levels of 99% and 98% respectively (compared to 99% for both segments in the first quarter of 2019) illustrating Neoen's ability to optimize use of its assets in operation.

In the first quarter of 2020, the average load factor of the wind assets stood at 41%, up from 36% in the first quarter of 2019. The key factor behind this increase was the excellent level of wind resources in Europe. The average load factor of the solar assets declined to 18% from 21% in the first quarter of 2019 due to lower irradiation levels in Australia and upgrade works on the grid curtailing production at certain facilities in Australia.

<sup>5</sup> Of which 3 MW - 2 MWh in storage

## Q1 2020 revenue up 61% vs. Q1 2019

	Q1 2020	Q1 2019 Restated <sup>(1)</sup>	% chg.
<b>Revenue (€ m)<sup>(2)</sup></b>			
<b>Solar</b>	38.2	26.1	+46%
<b>Wind</b>	35.8	28.9	+24%
<b>Storage</b>	21.6	4.2	x5.2
<b>Other<sup>(3)</sup></b>	0.2	0.3	n/a
<b>Consolidated revenue</b>	<b>95.8</b>	<b>59.4</b>	<b>+61%</b>
<i>o/w contracted energy revenue</i>	59.2	50.3	+18%
<i>o/w merchant energy revenue</i>	35.7	7.8	x4.6
<i>o/w other revenue<sup>(4)</sup></i>	0.9	1.3	n/a

(1) Revenue excluding the biomass business sold in September 2019

(2) Unaudited financial data

(3) Corresponding to Development and investment segment

(4) Other revenue chiefly comprises the development business and services to third parties

Neoen is reporting first-quarter 2020 revenue of €95.8 million, an increase of 61% compared to first quarter of 2019. All the Group's business segments contributed to revenue growth. The key factor behind the rise was the contribution from assets commissioned in 2019 and the early generation revenue recorded in the first quarter of 2020. Another contributing factor was the substantial increase in storage revenue as a result of specific non-recurring conditions in Australia. At constant exchange rates<sup>6</sup>, revenue was up 65%.

**Solar** revenue grew 46% compared to the first quarter of 2019 as a result of the contribution from projects commissioned during 2019 in Australia, Zambia, Jamaica, and France. It is also due to the early generation revenue recorded by the Capella solar farm in El Salvador and the El Llano power plant in Mexico during the first quarter of 2020. Solar revenue accounted for 40% of Neoen's consolidated revenue in the first quarter of 2020, compared to 44% in the first quarter of 2019.

**Wind** revenue rose 24% compared to the first-quarter of 2019. This increase resulted from the capacity added during 2019 in Ireland and France, plus the excellent wind conditions in Europe during the first three months of the year. That more than offset the lower average price earned from a wind energy asset in Australia compared to the first quarter of 2019. This asset had temporarily benefited from early generation revenue prior to the entry into force of its long-term power purchase agreement in October 2019. Wind contributed 37% of Neoen's consolidated first-quarter 2020 revenue, compared to 49% one year earlier.

Lastly, **storage** revenue came to €21.6 million in the first quarter of 2020, compared to €4.2 million in the first quarter of 2019. An exceptional non-recurring event in Australia was the key factor behind this very hefty increase. Following a tornado in late January, a power interconnection line between the state of South Australia and Victoria was down for 18 days, islanding South Australia from the rest of the Australian grid. During this period, the Australian Energy Market Operator asked Neoen to operate the HPR battery facility to increase grid stability. That gave Neoen a key role in maintaining grid's reliability, while continuing to keep electricity costs down for Australian users. These highly unusual conditions led to a high level of non-

<sup>6</sup> Based on the Q1 2019 average exchange rate

recurring revenue, which cannot be extrapolated over the rest of 2020. However, these specific conditions also affected production levels at certain wind farms in South Australia and drove up their network service costs.

Storage revenue accounted for 23% of consolidated revenue in the first quarter of 2020, up from 7% in the first quarter of 2019.

Merchant energy revenue accounted for 37% of consolidated revenue in the first quarter of 2020. This high level is temporary as it reflected the non-recurring increase in storage revenue in Australia during the first quarter and early generation revenue recorded by Capella and El Llano solar farms in Americas and Hedet wind farm in Finland.

## Portfolio at March 31, 2020: 10.7 GW

In MW	March 31, 2020	Dec. 31, 2019	chg.
Assets in operation	1,990	1,847	+143
Assets under construction	1,134	1,193	-59
<b>Sub-total, assets in operation or under construction</b>	<b>3,124</b>	<b>3,040</b>	<b>+84</b>
Projects awarded	1,041	1,082	-42
<b>Total MW – secured portfolio</b>	<b>4,164</b>	<b>4,122</b>	<b>+42</b>
Tender-ready projects	1,571	1,563	+8
Advanced development projects	4,977	4,966	+11
<b>Total MW – advanced pipeline</b>	<b>6,548</b>	<b>6,529</b>	<b>+18</b>
<b>Total portfolio</b>	<b>10,712</b>	<b>10,652</b>	<b>+60</b>
<b>Early-stage projects</b>	<b>&gt; 4 GW</b>	<b>&gt; 4 GW</b>	

Capacity in operation or under construction totaled 3,124 MW at March 31, 2020. During the first quarter of 2020, Neoen launched the construction of 84 MW: the Mont de Malan (29 MW) wind farm and the Levroux and Réaup-Lisse (10 MWp and 15 MWp) solar power plants in France as well as a 30 MW / 30 MWh storage facility in Europe.

Assets in operation, under construction and awarded stood at 4.2 GW at March 31, 2020, compared to 4.1 GW at December 31, 2019. The portfolio's capacity totaled more than 10.7 GW at March 31, 2020.

## First quarter 2020 highlights

### Neoen won a contract to provide 13 MW in storage capacity in France

In March 2020, Neoen won a contract to provide 13 MW in energy storage capacity<sup>7</sup> in a competitive tender held by RTE, the French transmission and distribution grid operator. The capacity to be provided by Neoen will be split between two projects. The first, won as part of the 2021-2027 tender round, is a lithium-ion battery facility to be located in Brittany that will deliver a total output of 7 MW / 7 MWh. The second, forming part of the 2022-2028 tender round, will have 6 MW / 6 MWh of capacity. These two new units will increase Neoen's installed storage capacity in France and follow on from Azur Stockage, mainland France's biggest electricity storage facility (6 MW / 6MWh), which came into operation just over a year ago.

<sup>7</sup> These 13 MW are not included in the awarded projects at end-March 2020

## **Signing of a €200 million syndicated loan linked to ESG criteria**

In March 2020, Neoen has signed its first €200 million syndicated loan with financial conditions linked to Environmental, Social and Governance (ESG) criteria. It includes a €125 million amortizing loan and a €75 million revolving credit facility. Both tranches are due to mature on July 31, 2024. This transaction has strengthened the Group's financial resources in support of its growth strategy. In particular, it will contribute to future investments in the development of new projects.

## **Refinancing of the Hornsdale wind energy projects in Australia**

As part of the active management of its financing, the Group finalized on January 21, 2020 the refinancing of the debt carried by its already operational Hornsdale 1, 2 and 3 wind farms. This resulted in an A\$527.2 million debt repayment and the issue of A\$606.5 million of new debt. By arranging this refinancing, Neoen has secured more favorable borrowing terms and conditions and has extended the maturity date (up to 22 years from the refinancing date).

## **Recent events**

### **Neoen wins 66 MWp in solar projects in France**

On April 3, 2020, the Group has been awarded 66 MWp in the call for tenders for ground-based solar farms held by the French government ("CRE 4.7"). This capacity is spread across six projects, from 3 to 28 MWp. The projects are owned by Neoen, in line with its develop-to-own business model, and two of them will have their capital open to crowdfunding. The six successful projects are located in the French départements of Charente-Maritime, Dordogne, Gard, Indre, Landes and Maine-et-Loire. They demonstrate Neoen's ability to develop projects throughout different regions of France. The commissioning of the assets will take place between the end of 2021 and the beginning of 2022.

### **Neoen and CleanCo Queensland sign landmark PPA for Australia's largest solar farm**

On May 6, 2020, Neoen has made public the signing of a 352 MWp<sup>8</sup> power purchase agreement with CleanCo, Queensland's publicly owned clean energy company. The contract will enable Neoen to build Australia's largest solar farm, the 460 to 480 MWp Western Downs Green Power Hub near Chinchilla in south west Queensland. This solar farm, which will deliver clean energy into Powerlink Queensland's transmission network, represents an investment of A\$570 million for Neoen. Construction will begin in July 2020, with energy generation scheduled to start in the first quarter of 2022.

### **CENACE suspends pre-operational testing at all Mexican solar and wind energy facilities, including Neoen's El Llano solar farm**

On April 29, 2020, CENACE, the government body overseeing Mexico's electricity grid, decided to suspend preoperational testing at all solar and wind energy facilities not yet in commercial operation from May 3 and during the Covid-19 emergency. This decision is one of the measures announced by CENACE amid Covid-19 pandemic and the contraction in demand for electricity. The decision applies to the El Llano solar plant owned and operated by Neoen, as well as several dozen other power plants, accounting for several gigawatts of green electricity capacity. As a result, El Llano had to halt its production on May 3. It was in the process of pre-operational testing with CENACE ahead of the scheduled entry into force of a long-term power purchase agreement early July 2020. The El Llano power plant had started to inject power to Mexico's electricity grid in February, with this energy being sold in the spot market. Neoen's El Llano solar power

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<sup>8</sup> PPA included in the awarded projects of the portfolio in Q4 2019

plant generates some of the world's most price-competitive electricity (less than \$19 per MWh). The EBITDA shortfall caused by the temporary shutdown of its El Llano facility is estimated at up to \$2 million per month. Neoen stands ready to put the El Llano power plant back into service to recommence injecting power to the grid and resume pre-operational testing as soon as CENACE lifts its suspension.

## Outlook

Neoen is confirming its 2020 EBITDA target of between €270 million and €300 million (at constant exchange rates compared to 2019) with an EBITDA margin of around 80%. This guidance takes into account the best estimate to date of the timetable for the commissioning of power plants currently under construction given the Covid-19 outbreak, as well as the current level of market prices.

This target announced on March 25 also takes into account the strong increase in storage revenue during the first quarter of 2020. Conversely, it does not take into account any prolonged suspension of power generation at the El Llano photovoltaic plant in Mexico. The EBITDA shortfall is estimated at up to \$2 million per month from May onwards.

Neoen is also reiterating its target of having more than 5 GW in capacity in operation or under construction by the end of 2021, with this capacity fully operational by year-end 2022. Neoen is also confirming its EBITDA target of over €400 million<sup>9</sup> by 2022.

*This presentation contains forward-looking statements regarding the prospects and growth strategies of Neoen and its subsidiaries (the "Group"). These statements include statements relating to the Group's intentions, strategies, growth prospects, and trends in its results of operations, financial situation and liquidity. Although such statements are based on data, assumptions and estimates that the Company considers reasonable, they are subject to numerous risks and uncertainties and actual results could differ from those anticipated in such statements due to a variety of factors, including those discussed in the Group's filings with the French Autorité des marchés financiers (AMF) which are available on the website of Neoen ([www.neoen.com](http://www.neoen.com)). Prospective information contained in this presentation is given only as of the date hereof. Other than as required by law, the Group expressly disclaims any obligation to update its forward looking statements in light of new information or future developments.*

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<sup>9</sup> At constant exchange rates compared to 2019

## Next financial reports

**First-half 2020 revenue and operational highlights:** July 28, 2020

**First-half 2020 results:** September 23, 2020

**Nine-month 2020 revenue and operational highlights:** November 9, 2020

## About Neoen

Neoen is one of the world's leading and fastest growing independent producers (IPP) of exclusively renewable energy. With a capacity of more than 3 GW in operation or under construction, Neoen is a high-growth company. Neoen is notably active in Australia, France, Mexico, Portugal, El Salvador, Finland, Argentina, Ireland, Zambia, Jamaica and Mozambique. In particular, Neoen operates France's most powerful solar PV farm (300 MWp) in Cestas, and the world's largest lithium-ion power reserve (150 MW/193.5 MWh storage capacity) in Hornsdale, Australia. Neoen is targeting more than 5 GW capacity in operation or under construction by the end of 2021. Neoen (ISIN Code: FR0011675362, ticker: NEOEN) is listed on the Compartment A of the regulated market of Euronext Paris.

For more information: [www.neoen.com](http://www.neoen.com)

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