NEOEN | MEDIA RELEASE

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Neoen reports strong revenue growth over the first nine months of 2019

- Revenue in the first nine months of 2019 came to €184.2 million, representing a sharp increase of 26% excluding the biomass business[1]
- The secured portfolio[2] expanded by almost 300 MW in the third quarter alone to reach 3.5 GW at September 30, 2019
- The total project portfolio rose to 9.8 GW, representing an increase of 2.1 GW compared to year-end 2018
- The Group is narrowing its guidance and expects to deliver EBITDA[3] of between €212 million and €219 million[4] in 2019, inside the range of between €212 million to €227 million expected up to now, with an EBITDA margin[5] of around 80%
- Neoen is reiterating its operational and financial objectives for 2021

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 €184.2 million in the first nine months of 2019, or an increase of 26% excluding the biomass business[1] compared to the first nine months of 2018.

Xavier Barbaro, **Chairman and Chief Executive Officer** of Neoen, commented: "Quarter after quarter, Neoen has demonstrated its ability to optimize the performance of its assets in operation and to deliver strong revenue growth. In the third quarter, the commissioning of new power plants in Australia and France lived up to expectations. We have also strengthened our growth outlook as a result of the significant additions to our portfolio. In the third quarter alone, we won new projects in Finland, Portugal and France representing 240 MW in total capacity, and the total project portfolio increased by close to 0.8 GW, lifting it to 9.8 GW at end-September. It includes 1.1 GW in projects currently under construction in the Americas, Australia and Europe."

[1] Given the sale of the biomass business in September 2019, the Group is presenting a restated 9m 2018 revenue figure excluding the contribution from this business alongside the reported revenue figure

[2] Assets in operation, under construction and projects awarded

[3] EBITDA is current operating income restated for depreciation, amortization and additions to provisions for operating items. It thus excludes discontinued operations.

[4] At constant exchange rates compared to 2018

[5] The EBITDA margin is calculated as the ratio of EBITDA to revenue.

Operational highlights

	Sept. 30, 2019 (1) (2)	Dec. 31, 2018 restated (1) (2)	chg.	Dec. 31, 2018 reported (1)
Assets in operation (MW)	1,775	1,478	+297	1,492

	9m 2019 (2)	9m 2018 restated (2)	% chg.	9m 2018 reported
Electricity generated (GWh)	2,081	1,505	+38%	1,577

(1) Gross capacity including stakes in projects in which Neoen is minority shareholder: Cestas (228 MWp) and Seixal (8.8 MWp)
(2) Excluding the biomass business sold in September 2019

At September 30, 2019, Neoen had 1,775 MW in capacity in operation, representing an increase of 297 MW compared to year-end 2018 and an addition of 196 MW in the third quarter alone. New facilities commissioned during the third quarter included the 128 MWp Numurkah solar power plant in Australia and the 14 MW Les Hauts Chemins wind farm in France. In addition, Neoen consolidated for the first time the eight Irish wind farms it acquired in August 2019, representing a total capacity of 53.4 MW.

Neoen's electricity generation totaled 2,081 GWh in the first nine months of 2019, up 38% compared to the first nine months of 2018. Average availability rates in the solar and wind energy segments held up at a high level of 99%, illustrating Neoen's industrial excellence and ability to optimize use of its production assets.

Over the first nine months of 2019, the solar load factor stood at 18%, stable compared to the level in the same period of 2018. The wind load factor dropped to 30% from 32% in the first nine months of 2018 as a result of highly unfavorable wind conditions in Australia during the third quarter.

Nine-month 2019 revenue up 26% excluding the biomass business[6]

	9m 2019 (1)	9m 2018 restated (1)	% chg.	9m 2018 reported
Revenue (€ million) (2)				
Solar	89.8	53.0	+69%	53.0
Wind	78.3	79.1	-1%	79.1
Biomass	-	-	n/a	15.9
Storage	13.7	13.5	+1%	13.5
Development and investment	2.4	0.9	+183%	0.9
Consolidated revenue	**184.2**	**146.4**	**+26%**	**162.3**
o/w contracted energy revenue	*157.5*	*143.4*	*n/a*	*159.2*
o/w merchant energy revenue	*21.9*			
o/w other revenue (3)	*4.8*	*3.1*	*+56%*	*3.1*

(1) Revenue excluding the biomass business sold in September 2019
(2) Unaudited financial data
(3) Other revenue chiefly comprises the development business and services to third parties

Neoen's consolidated revenue totaled €184.2 million in the first nine months of 2019, or an increase of 26% excluding the biomass business[6] compared to the first nine months of 2018. The key factors driving this growth were the contribution from assets commissioned during 2018 and, to a lesser extent, that from the new power plants commissioned during the first nine months of 2019.

Solar revenue increased by 69%. This substantial growth reflected the large number of new projects commissioned in 2018, especially in Australia, and also those completed during 2019 in Australia, Zambia and France. The solar business is the leading contributor to Neoen's consolidated revenue (49%, up from 36% in the first nine months of 2018).

Wind revenue was slightly down 1%. The Group benefited from the contribution from the facilities in France commissioned since January 1, 2018 (Chassepain, Pays Chaumontais, Champs d'Amour, Auxois Sud II and Les Hauts Chemins) and in Ireland acquired in August 2019. However, the weak wind resources in Australia in the third quarter and the lower average price earned from certain wind energy assets in Australia compared to last year had a negative impact. Certain of these assets temporarily had benefited from short-term energy sales prior to the entry into force of long-term power purchase agreement.

Lastly, **storage** revenue came to €13.7 million, up 1% on the level recorded in the first nine months of 2018. The sale of network services (FCAS) and arbitrage activities enjoyed supportive market conditions. Even so, network service revenue fell short of the high level in the prior year, particularly in the second and third quarters of 2018 when market conditions in Australia were especially favorable.

Overall, contracted energy revenue accounted for 86% of Neoen's consolidated revenue in the first nine months of 2019.

[6] Given the sale of the biomass business in September 2019, the Group is presenting a restated 9m 2018 revenue figure excluding the contribution from this business alongside the reported revenue figure

Australia, which generated 51% of Neoen's consolidated revenue, down from 55% in the first nine months of 2018, remains Neoen's largest revenue contributor. Europe-Africa generated 41% of its revenue, up from 36% in the first nine months of 2018. The Americas' contribution remained stable (8%) pending the commissioning of various new power plants currently under construction in the region.

During the third quarter of 2019, Neoen recorded consolidated revenue of €66 million, up 19% excluding the biomass business compared to the third quarter of 2018. That overall performance reflected a 52% increase in solar revenue and a 5% decline in wind revenue as a result of the weak wind resources in Australia and the lower average price earned by certain wind energy assets in Australia.

Portfolio at end-September 2019: strong increase in the secured portfolio in the third quarter

In MW	Sept. 30, 2019	Dec. 31, 2018	chg.
Assets in operation (1)	1,775	1,478	+297
Assets under construction (2)	1,118	764	+354
Sub-total, assets in operation or under construction (1) (2)	***2,893***	***2,241***	***+651***
Projects awarded	637	899	-262
Total MW – secured portfolio	**3,530**	**3,141**	**+389**
Tender-ready projects	1,689	1,203	+486
Advanced development projects	4,557	3,321	+1,236
Total MW – advanced pipeline	**6,246**	**4,525**	**+1,721**
Total portfolio	**9,776**	**7,665**	**+2,111**
Early-stage projects	**> 4 GW**	**> 4 GW**	

(1) Capacity restated for the biomass business sold in September 2019
(2) The Paradise Park solar power plant, which was commissioned in October 2019, was still recognized under Assets under construction at September 30, 2019

Neoen continues to make significant additions to its project portfolio. It had a total of 9.8 GW in capacity at end-September 2019, which represents an increase of 2.1 GW compared to year-end 2018, of which 789 MW was added to the portfolio in the third quarter.

Capacity in operation or under construction at end-September 2019 came to almost 2.9 GW, or a 651 MW increase compared to year-end 2018.

The secured portfolio rose to 3.5 GW at end-September 2019, up 389 MW compared to year-end 2018. The pace of growth accelerated in the third quarter as the secured portfolio rose by 294 MW during the period after expanding by 96 MW in the first half of 2019. Factors contributing to the growth in the size of the portfolio included the ground-based solar photovoltaic projects won in government-held tenders in France (43 MWp) and a solar project in Portugal (65 MWp), plus a second power purchase agreement sealed with Google in Finland (130 MW).

The portfolio's development has also given rise to a significant increase in the number of projects at the tender-ready and advanced development stages, with these projects' capacity rising by 0.5 GW and 1.2 GW respectively compared to year-end 2018.

Third-quarter 2019 highlights

Neoen confirms its status as Australia's number one independent renewable energy producer

In July 2019, the Group commissioned the 128 MWp Numurkah solar photovoltaic power plant in Australia. At end-September 2019, Neoen had 1.1 GW in assets in operation or under construction in Australia, which remains its number one region.

Strong expansion in the secured portfolio in Europe-Africa

In August 2019, Neoen was again among the main winners in the CRE 4.6 competitive tenders held by the government in France. It was awarded ground-based solar photovoltaic projects with combined capacity of 43 MWp in the invitation to bid. Overall, it won five power plants due to enter service in 2021. Neoen was also awarded a solar project with 65 MWp in total solar capacity through a tender held by the government in Portugal, where it first established a base in 2010. This solar power plant holds a 15-year power purchase agreement (PPA) with the government and is due to be commissioned in early 2022.

In September 2019, Neoen entered into a second green PPA covering 130 MW in capacity with Google in Finland, a year after its first 81 MW PPA covering the 81 MW Hedet wind farm. The electricity will be generated by the yet-to-be-built Mutkalampi wind farm, work on which is due to begin in 2021 with commissioning scheduled for late 2022.

Acquisition of a portfolio of wind farms in Ireland

On August 1, 2019, Neoen announced the purchase of eight wind farms with 53.4 MW in total capacity in Ireland, establishing its first foothold there. The electricity generated by the assets, which entered service between 1998 and 2012, is currently covered by PPAs. As these contractual commitments gradually expire, Neoen will be able to negotiate fresh arrangements, leveraging its considerable expertise in this area. What's more, Neoen believes there will be a promising repowering potential for the oldest of these assets to better harness the wind resources.

Sale of the biomass business

On September 4, 2019, Neoen sold to Coriance its Commentry cogeneration unit with an electrical power output of 14.9 MW and its biomass procurement subsidiary for €37 million in cash (including €26.8 million for Neoen as the power plant's majority shareholder). This sale marks Neoen's exit from the biomass segment, reflecting a strategic decision to focus on its core solar, wind and storage businesses.

Subsequent events

Successful OCEANE convertible bond issue

In October 2019, Neoen announced the successful launch of its OCEANE issue due 2024 of senior unsecured bonds convertible into new shares and/or exchangeable for existing shares, raising a nominal amount of around €200 million. The proceeds will be used to finance growth towards the 2021 capacity target (over 5.0 GW in capacity under construction or in operation) while optimizing its balance sheet within the guidelines given by the Group regarding an average leverage ratio of approximately 80-85% of invested capital on an all-in basis including all Group debt, whether corporate, junior or senior project debt.

Commissioning of the Paradise Park power plant in Jamaica

On October 2, 2019, Neoen inaugurated and commissioned the 51.5 MWp Paradise Park solar photovoltaic power plant in Jamaica, alongside its joint shareholders MPC Caribbean Clean Energy Fund and Rekmaniar Frontier Ventures. The plant currently supplies the cheapest electrical energy ever produced in Jamaica - with a base tariff of USD 85/MWh - through a 20-year power purchase agreement.

Outlook

Neoen is narrowing its guidance and expects to deliver EBITDA of between €212 million and €219 million[7], inside the range of between €212 million and €227 million expected up to now, with an EBITDA margin of around 80%. This adjustment reflects the unfavorable wind conditions seen over the past few weeks in Australia and the recent recognition by the Group of the risk that certain projects may be delayed, affecting the expected level of *early generation revenues*[8], which are earned prior to the entry into force of the long-term power purchase agreements covering these assets.

Neoen is reiterating its target of:

- capacity of over 5 GW in operation or under construction by year-end 2021—all of which is to be in operation by year-end 2022
- and EBITDA of approximately €400 million in 2021
- a net debt to EBITDA ratio of around 8.0x by year-end 2021, which implies an average leverage ratio of around 80-85% of capital invested on an all-in basis, including the Group's entire—corporate and project financing—debt burden.

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). 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 forwardlooking statements in light of new information or future developments.

Next financial reports

Full-year 2019 revenue and operational highlights: February 18, 2020
Full-year 2019 results: March 25, 2020
First-quarter 2020 revenue and operational highlights: May 15, 2020
First-half 2020 revenue and operational highlights: July 28, 2020
First-half 2020 results: September 23, 2020
Third-quarter 2020 revenue and operational highlights: November 9, 2020

[7] At constant exchange rates compared to 2018
[8] Short-term energy revenues prior to the implementation of a very long-term contract

About Neoen

Neoen is one of the world's leading and fastest growing independent producers (IPP) of exclusively renewable energy. With a capacity close to 3 GW in operation or under construction, Neoen is a high-growth company. Neoen is notably active in France, Australia, Mexico, El Salvador, Argentina, Finland, Ireland, Zambia, Jamaica and Portugal. In particular, Neoen operates Europe's most powerful solar PV farm (300 MWp) in Cestas, France, and the world's largest lithium-ion power reserve (100 MW/129 MWh storage capacity) in Hornsdale, Australia. Neoen is targeting more than 5 GW capacity in operation or under construction by 2021. Neoen (ISIN Code: FR0011675362, ticker: NEOEN) is listed on the Compartment A of the regulated market of Euronext Paris.

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Appendix

	Q3 2019 (1)	Q3 2018 Restated (1)	% chg.	Q3 2018 Reported
Revenue (€ million) (2)				
Solar	34.9	22.9	+52%	22.9
Wind	25.7	26.9	-5%	26.9
Biomass	-	-	n/a	5.0
Storage	5.3	5.5	-4%	5.5
Development and investment	0.2	0.3	-32%	0.3
Consolidated revenue	**66.0**	**55.5**	**+19%**	**60.5**
o/w contracted energy revenue	*57.4*	*55.0*	n/a	*60.0*
o/w merchant energy revenue	*7.6*			
o/w other revenue (3)	*1.0*	*0.5*	*+79%*	*0.5*

	Q2 2019 (1)	Q2 2018 Restated (1)	% chg.	Q2 2018 Reported
Revenue (€ million) (2)				
Solar	28.8	18.3	+57%	18.3
Wind	23.8	23.6	+0%	23.6
Biomass	-	-	n/a	5.4
Storage	4.2	4.6	-9%	4.6
Development and investment	2.0	0.6	+262%	0.6
Consolidated revenue	**58.7**	**47.1**	**+25%**	**52.5**
o/w contracted energy revenue	*49.7*	*45.5*	*n/a*	*50.9*
o/w merchant energy revenue	*6.5*			
o/w other revenue (3)	*2.5*	*1.6*	+58%	*1.5*

(1) Revenue excluding the biomass business sold in September 2019
(2) Unaudited financial data
(3) Other revenue chiefly comprises the development business and services to third parties

	Q1 2019 Restated (1)	Q1 2018 Restated (1)	% chg.	Q1 2019 Reported	Q1 2018 Reported
Revenue (€ million) (2)					
Solar	26.1	11.8	+122%	26.1	11.8
Wind	28.9	28.5	+1%	28.9	28.5
Biomass	-	-	n/a	5.8	5.5
Storage	4.2	3.5	+21%	4.2	3.5
Development and investment	0.3	0.0	n/a	0.3	0.0
Consolidated revenue	**59.4**	**43.8**	**+36%**	**65.2**	**49.3**
o/w contracted energy revenue	*50.3*	*42.8*	*n/a*	56.1	*48.3*
o/w merchant energy revenue	*7.8*			*7.8*	
o/w other revenue (3)	*1.3*	*1.0*	+38%	*1.3*	*1.0*

(1) Revenue excluding the biomass business sold in September 2019
(2) Unaudited financial data
(3) Other revenue chiefly comprises the development business and services to third parties