NEOEN | MEDIA RELEASE

Paris, September 25, 2019

Neoen reports a strong increase in its half-year results and reiterates its growth prospects

- Electricity generation totaled 1,330 GW in the first six months of 2019, up 43% compared to the first half of 2018
- Revenue came to 118.1 M€ representing growth of 30% at comparable basis[1]
- EBITDA[2] rose 18.4 M€ to 94.0 M€
- The EBITDA margin[3] stood at 79.6%, in line with the Group's full-year target
- Capacity in operation or under construction totaled over 2.8 GW following the connection of an additional 102 MW and a 496 MW net increase in capacity under construction compared to year-end 2018
- The total project portfolio expanded to 9.0 GW, up 1.3 GW compared to year-end 2018
- Neoen is reiterating its ability to deliver EBITDA[2] of between 212 M€ and 227 M€ in 2019 and an EBITDA margin[3] of close to 80%

Neoen (ISIN: FR0011675362, Ticker: NEOEN), one of the world's leading and fastest-growing independent producers of exclusively renewable energy, is reporting its consolidated half-year results, with limited review of the auditors, for the six-month period to June 30, 2019. These financial statements were approved by the Board of Directors on September 25, 2019.

Xavier Barbaro, Chief Executive Officer of Neoen, commented: "Our half-year results reflect both the profitable growth momentum we have built up and our high-calibre operating execution. This performance puts us right on track to meet our full-year targets. Since the beginning of the year, we have brought a series of new power plants into service including in Zambia and Australia, launched the construction of a large number of new projects including in Mexico and Argentina and completed the acquisition of wind farms in Ireland. Our recent success in calls for tenders in France and Portugal, plus the new agreement inked with Google in Finland, illustrates our capacity to secure new projects. At the same time, we have continued to scale up our project pipeline, ensuring our future growth."

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[1] Given the July 2019 decision to dispose of the biomass business (sale effective September 4, 2019), the contribution from these assets is shown under assets held for sale in the financial statements at June 30, 2019.
[2] EBITDA is current operating income restated for depreciation, amortization and additions to provisions for operating items. It thus excludes the contribution from assets held for sale.
[3] The EBITDA margin is calculated as EBITDA / revenue.

Strong increase in profits thanks to growth in EBITDA

Condensed income statement

In € millions	H1 2019	H1 2018 restated[4]	% chg.	H1 2018 Reported
Revenue	118.1	90.9	+30%	101.8
o/w contracted energy revenue	*100.1*	*81.5*	*+23%*	*92.3*
o/w merchant energy revenue	*14.3*	*6.9*	*+106%*	*6.9*
EBITDA	94.0	75.6	+24%	79.6
EBITDA margin	*79.6%*	*83.2%*		*78.2%*
Current operating income	58.1	47.6	+22%	49.2
Income before tax	27.7	12.8	+116%	12.3
Net income from discontinued operations	(0.3)	(0.2)		-
Consolidated net income	18.4	8.3	+122%	8.3
Group net income	16.7	7.2	+131%	7.2

Strong business growth

As reported on July 31, 2019, the strong increase in Neoen's revenue during the first half of 2019 (up 30% to 118.1 M€), was chiefly driven by the operation of the assets that were commissioned during 2018 and, to a lesser extent, by the new power plants that started up in the first six months of 2019. All this growth was purely organic.

Compared to the first half of 2018, solar revenue (46% of total revenue) rose 82% as a result of the commissioning during 2018 of several projects in Australia (Dubbo, Parkes, Griffith and Coleambally). Wind revenue (45% of total revenue) advanced by 1%. It was boosted by the commissioning during 2018 of several wind farms in France (Chassepain, Pays Chaumontais, Champs d'Amour, Auxois Sud), held back partially by the lower average price earned from certain Australian wind energy assets which temporarily benefited in the first six months of 2018 from short-term energy sales prior to the entry into force of long-term power purchase agreements.

Neoen's revenue base features a high proportion of recurring revenue streams: close to 85% of its revenue comes from "Contracted energy revenue", which is generated under power purchase agreements (PPAs). At June 30, 2019, the average residual term of these agreements was 14.9 years for the solar assets and 16.3 years for the wind assets. The aggregate revenue guaranteed under these secure PPAs was 5.8 B€ at June 30, 2019.

Increase in EBITDA

Neoen's EBITDA totaled 94.0 M€, up 24% compared to its first-half 2018 level. This strong rise was driven chiefly by the growth in solar business, after several projects were commissioned. Neoen's performance was also boosted by a tight grip on its operating expenses. Although these rose 15% to 26.0 M€ from 22.7 M€ in the first six months of 2018, this increase reflected the growth in the portfolio in service and the larger headcount. Other current operating income and expenses—mainly contractual payments covering

[4] In accordance with IFRS 5, the first-half 2018 income statement has been restated to show the contribution from the biomass operations under assets held for sale. This facilitates more reliable comparisons with the first-half 2019 income statement

revenue shortfalls linked to the delayed commissioning of certain projects—amounted to income of 5.8 M€, compared to 10.0 M€ in the first six months of 2018.

The EBITDA margin came to 79.6% of consolidated revenue, in line with the full-year objectives set by the Group. That compares to the EBITDA margin[3] of 83.2% recorded in the first six months of 2018. The dip in the margin, is predominantly attributable to a high base of comparison in Australia during the first six months of 2018 when Neoen received higher contractual payments to make up for delays to the commissioning of certain photovoltaic projects and, to a lesser extent, to the high average prices recorded by certain wind energy assets, which completed short-term energy sales before long-term power purchase agreements came into effect. These two factors were offset only partially by the improvement in the EBITDA margin[3] in the Europe-Africa region, in particular as a result of a stronger operating performance by the solar power plants in operation.

Net income up over 100%

Current operating income rose 22% to 58.1 M€. Depreciation and amortization moved up close to 28% to 35.4 M€, in line with growth in fixed assets.

Income before tax more than doubled (up 116%). It rose to 27.7 M€ from 12.8 M€ in the first six months of 2018, after 29.2 M€ in net financial expense, compared to 33.9 M€ in the first half of 2018. Net interest expense, which is borne primarily by the assets, came to 35.6 M€, up from 28.4 M€ in the first half of 2018. This increase principally reflects the growth in the number of assets in operation over the period and thus a higher level of average outstanding debt. It also reflects the drawdowns made during 2018 on some of the Group's mezzanine debt tranches. The weighted average interest rate paid on all the Group's project finance[5] improved from 4.2% at December 31, 2018 to 3.9% at June 30, 2019.

In addition, other financial income and expenses represented a net income of 6.4 M€, compared to an expense of 5.5 M€ in the first six months of 2018. This line item includes 5.9 M€ in income linked to the impact of refinancing the debt for the Parkes, Griffith and Dubbo solar projects in Australia and a 2.8 M€ currency gain.

Consolidated net income also more than doubled (up 122%). It stood at 18.4 M€, up from 8.3 M€ in the first half of 2018, after 9.1 M€ in tax expense (4.3 M€ in the first six months of 2018) reflecting an effective tax rate of 32.7%, compared to 33.5% in the first half of 2018.

Lastly, after non-controlling interest, Group net income rose 131% to 16.7 M€ from 7.2 M€ in the first six months of 2018.

[5] Average interest rate calculated based on all project finance debt to date, weighted based on outstanding debt at June 30, 2019 and calculated on an "all-in" basis, i.e., the sum of the margins applied by lending banks, interest-rate swaps and any other interest-rate derivatives

Increase in total assets in line with the expansion in the project portfolio

Condensed balance sheet

In € millions	June 30, 2019	Dec. 31, 2018	% chg.
Intangible assets	133.2	121.7	+9%
Tangible assets	1,912.3	1,702.7	+12%
Financial assets	132.8	106.0	+25%
Other non-current assets	60.4	51.6	+17%
Current assets	119.7	83.1	+44%
Cash and cash equivalents	337.8	503.8	-33%
Assets held for sale	74.8	-	-
Total assets	**2,770.9**	**2,568.9**	**+8%**
Equity	621.3	655.3	-5%
o/w non-controlling interest	*6.9*	*10.1*	*-32%*
Other non-current liabilities	50.5	48.4	+5%
Financial liabilities	1,896.7	1,690.8	+12%
Other current liabilities	131.4	174.5	-25%
Liabilities related to assets held for sale	71.1	-	-
Total equity and liabilities	**2,770.9**	**2,568.9**	**+8%**

Neoen’s total assets at June 30, 2019 illustrate the continuing growth momentum in its portfolio.

Increase in tangible assets

Tangible assets rose by 209.5 M€ or 12% to 1,912.3 M€ during the first half of 2019. This rise reflects the rise in the capacity of assets in operation to 1,579 MW at June 30, 2019 after the connection of an additional 102 MW during the first half of 2019 with the commissioning of the Bangweulu solar farm in Zambia, the Corbas photovoltaic shades facility, the Azur Est solar farm and the Auxois Sud II wind farm in France. It also shows the impact of the 496 MW net increase in capacity under construction.

Cash flows maintained at a high level

Net cash generated by operating activities totaled 81.6 M€ (up 21.6 M€ from the level recorded in the first half of 2018), in line with growth in EBITDA.

During the first half, net cash used by investing activities came to 405.1 M€, an increase of 152.1 M€ compared to the first six months of 2018. Neoen invested a total of 363.0 M€ in developing and building new production capacity, including the launch of construction work on the Hedet wind farm in Finland, and on the Altiplano 200 (Argentina) and El Llano (Mexico) solar farms.

Net cash generated by financing activities came to 158.5 M€.

Overall, cash and cash equivalents held up at a high level of 337.8 M€ despite the substantial capital expenditures committed during the first half of the year. That represents a decline of 166.1 M€ compared to the year-end 2018 level of 503.8 M€ when Neoen still held the proceeds from the capital increase accompanying its October 2018 IPO, after repayment of the corporate credit lines.

In addition, Neoen held 123.0 M€ in undrawn bilateral credit lines at June 30, 2019.

Solid financial position

On the liabilities side, the Group's equity currently amounts to €621.1 million taking into account a 50.5 M€ negative fair value adjustment in respect of interest rate hedging derivatives contracted to secure the Group's exposure to interest rate risk for its project finance debt. The non-monetary impact results from the decrease in market interest rates over the half-year period. Its gross debt rose 12% to 1,896.7 M€ in line with the continued expansion in its asset base. It reflects in particular 192.5 M€ in issues of new borrowings net of repayments, while 66.4 M€ in debt related to the biomass business have been reclassified as liabilities related to assets held for sale. The group debt is almost fully related to financing for power plants since Neoen's corporate borrowings (14.7 M€) amount to less than 1% of the aggregate amount.

Adjusted for advances from minority shareholders and debt service reserve accounts, and after the decrease in cash and cash equivalents, Neoen's net debt totaled 1,404.1 M€ compared to 1,037.9 M€ at year-end 2018. Accordingly, Neoen's leverage ratio (net debt divided by EBITDA) amounted to 7.6x at June 30, 2019, from 8.2x one year earlier.

Strengthened growth prospects: 1.3 GW increase project portfolio compared to year-end 2018

Neoen's portfolio of assets in operation or under construction grew rapidly in the first six months of 2019 (0.6 GW increase) across each of its three geographical clusters—Australia, Europe-Africa and the Americas. This growth is powered by the gradual progression of its pipeline of projects from advanced development to tender-ready, then to awarded and to under construction and, lastly, to in operation. At the same time, Neoen rapidly pressed ahead with the development of new projects and had over 4.2 GW in new projects at the advanced development stage at June 30, 2019, representing a significant increase of over 0.8 GW compared to year-end 2018. At June 30, 2019, Neoen's total project portfolio stood at 9.0 GW, more than 1.3 GW above its level at year-end 2018.

In MW	**June 30, 2019**	**Dec. 31, 2018**	**net change**
Assets in operation (1)	1,579	1,477	+102
Assets under construction (2)	1,260	764	+496
Projects awarded	397	899	-502
Total MW – secured portfolio	**3,236**	**3,141**	**+96**
Tender-ready projects	1,587	1,203	+384
Advanced development projects	4,163	3,321	+842
Total MW – advanced pipeline	**5,750**	**4,525**	**+1,226**
Total portfolio	**8,987**	**7,665**	**+1,321**
Early-stage projects	**> 4 GW**	**> 4 GW**	

(1) Capacity restated for the biomass business sold in early September 2019
(2) The Numurkah solar power plant, which was commissioned in July 2019, was still recognized under Assets Under construction at June 30, 2019

Subsequent events

Commissioning of the Numurkah solar power plant

In July 2019, the Group commissioned the Numurkah solar photovoltaic power plant in Australia. With this additional 128 MWp asset now in operation, Neoen has cemented its status as Australia's number one independent producer of renewable energy.

Acquisition of a portfolio of wind farms in Ireland

On August 1, 2019, Neoen announced the purchase of eight wind farms in Ireland with 53.4 MW in total capacity. The facilities were acquired for 25.8 M€ in cash, representing an enterprise value of around 46 M€. The eight wind farms were commissioned between 1998 and 2012 and represent Neoen's first assets in operation in Ireland. In 2019, Neoen expects these assets to make a limited contribution to its consolidated EBITDA. From 2020, Neoen expects them to contribute around 5 M€ to its consolidated EBITDA on an annual basis prior to any optimization or repowering.

Further growth in the secure portfolio

In August 2019, Neoen was awarded projects with combined capacity of 43 MWp in the latest invitation to bid for ground-based photovoltaic plants held by the French government ("CRE 4.6"). This capacity is spread across five projects wholly-owned by Neoen. They are all planned on brownfield sites and will thus help to revitalize former quarries and industrial wasteland with tight restrictions on other potential reuses and regeneration options. The new solar plants are due to enter service in 2021.

Also in August 2019, Neoen was awarded 50 MVA in total solar capacity (around 65 MWp) in the tender held by the Portuguese government. The project wholly-owned by Neoen holds a 15-year power purchase agreement (PPA) with the Portuguese government at a non-inflated price of €23.47 per MWh guaranteeing a healthy economic return on the project. The photovoltaic power plant will generate 130 GWh p.a. Construction is scheduled to commence in 2021, with the plant then entering service in early 2022.

Lastly in September 2019, Neoen entered into another green power purchase agreement covering 130 MW in capacity with Google in Finland. The electricity will be generated by the yet-to-be-built Mutkalampi wind farm, 80%-owned by Neoen and 20%-owned by Prokon Finland, work on which is due to begin in 2021 with commissioning scheduled for late 2022. This is Neoen's second green power purchase agreement with Google in Finland, following on from the 81 MW previous deal (Hedet wind farm) signed a year ago.

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 a total amount of 37 M€ in cash (including 26.8 M€ for Neoen, 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. In 2018, the biomass business accounted for 9.1% of the Group's total revenue, and its EBITDA margin stood at 34%. Pursuant to IFRS 5, these assets are accounted for as assets held for sale in the financial statements at June 30, 2019.

Update on the situation in Argentina

In August 2019, the Argentine peso experienced a substantial and sudden depreciation against the US dollar, prompting Argentina's authorities to rapidly introduce a form of currency controls until December 31, 2019. The precise contours of the measures announced remain open to interpretation, however, with the Argentine central bank currently working on clarifying their precise scope. Even so, Neoen and the leading players in the renewable energies sector in Argentina have drawn the authorities' attention to the risk that these measures will have on projects currently under construction or in operation[6], and have requested an exemption, given the benefits generated by these projects. In addition, Neoen estimates the unrealized currency losses arising from its exposure to Argentina at USD 3.3 million based on the closing exchange rate at August 31, 2019 (last monthly closing rate published).

Outlook: objectives reiterated

Based on this progress, Neoen stands by its forecast of EBITDA of between 212 M€ and 227 M€ in full-year 2019, with an EBITDA margin close to 80%, at constant exchange rates compared to 2018.

Neoen is also reiterating its objective of capacity of over 5 GW in operation and under construction by year-end 2021—all of which is to be in operation by year-end 2022—and EBITDA of approximately 400 M€ in 2021, and a net debt to EBITDA ratio close to 8.0x as of year ending December 31, 2021, assuming 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.

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 forward-looking statements in light of new information or future developments.

Publication of Neoen's 2019 half-year report: *Neoen will publish its 2019 half-year report after market close on September 25, 2019. The report will be available for download from its website under Investors / Publications / Reports.*

Webcast: *Neoen will comment on its half-year 2019 results and outlook in a live webcast at 6:00 pm Paris time on Wednesday, September 25.*
To join the webcast live or hear a playback, please click [HERE](https://channel.royalcast.com/webcast/neoen/20190925_1/) or paste the following URL into your browser:
https://channel.royalcast.com/webcast/neoen/20190925_1/

[6] Group exposure on Argentina is detailed in part 1.2.8 of the 2019 half-year financial report

Next financial report:
Third-quarter 2019 revenue and operational highlights
on November 12, 2019 after market close

About Neoen

Neoen is one of the world's most dynamic independent producers of 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.

For more information: www.neoen.com

Investors

Neoen

communication@neoen.com

Press

OPRG Financial

Isabelle Laurent
+33 1 53 32 61 51
isabelle.laurent@oprgfinancial.fr

Fabrice Baron
+33 1 53 32 61 27
fabrice.baron@oprgfinancial.fr

Annex

Consolidated profit & loss statement

In millions of euros	30.06.2019	30.06.2018 restated
Contracted energy revenue	100.1	81.5
Uncontracted energy revenue	14.3	6.9
Other income	3.8	2.5
Revenue	**118.1**	**90.9**
Purchase of goods and change in inventories	(0.2)	0.1
External charges and payroll expenses	(26.0)	(22.7)
Duties, taxes and similar payments	(4.2)	(3.1)
Share of net income of associates	0.5	0.4
Other current operating income and expenses	5.8	10.0
Depreciation, amortisation and current operating provisions	(35.9)	(28.1)
Current operating income	**58.1**	**47.6**
Other non-current operating income and expenses	(1.1)	(1.0)
Non-current operating depreciationn amortisation and provisions	(0.1)	0.1
Non-current operating income (loss)	**(1.2)**	**(0.8)**
Operating income	**57.0**	**46.7**
Cost of financial debt	(35.6)	(28.4)
Other financial income and expenses	6.4	(5.5)
Net financial expense	**(29.2)**	**(33.9)**
Net income (loss) before income tax	**27.7**	**12.8**
Income tax	(9.1)	(4.3)
Net income from continuing operations	**18.7**	**8.5**
Net income from discontinued operations	**(0.3)**	**(0.2)**
Net income of the consolidated group	**18.4**	**8.3**

Consolidated Balance sheet

In millions of euros	30.06.2019	31.12.2018 restated
Intangible assets	133.2	121.7
Tangible assets	1,912.3	1,702.7
Investments in associates and joint ventures	7.1	6.7
Non-current derivative financial instruments	2.6	5.8
Financial assets	132.8	106.0
Deferred tax assets	50.8	39.1
Total non-current assets	**2,238.7**	**1,982.0**
Inventories	-	0.3
Trade accounts receivable	42.5	33.8
Other current assets	77.2	48.9
Cash and cash equivalent	337.8	503.8
Total current assets	**457.4**	**586.9**
Assets held for sale	74.8	-
Total assets	**2,770.9**	**2,568.9**

In millions of euros	30.06.2019	31.12.2018 restated
Equity attibutable to owners of the Company	614.2	645.1
Non-controlling interests	6.9	10.1
Total equity	**621.1**	**655.3**
Non-current provisions	10.0	10.6
Project financing - non-current	1,641.3	1,511.8
Corporate financing - non-current	12.2	13.9
Derivative financial instruments - non-current	95.0	33.3
Deferred tax liabilities	40.6	37.8
Total non-current liabilities	**1,799.0**	**1,607.3**
Project financing - current	133.2	122.5
Corporate financing - current	2.5	2.2
Derivative financial instruments - current	12.5	7.1
Trade accounts payable	93.5	136.5
Other current liabilities	37.9	37.9
Total current liabilities	**279.7**	**306.3**
Liabilities associated with assets held for sale	71.1	-
Total equity and liabilities	**2,770.9**	**2,568.9**

Cash flow statement

In millions of euros	30.06.2019	30.06.2018 restated
Net income for the year	**18.7**	**8.5**
Elim. depreciation, amortisation and provisions	36.3	27.9
Elim. cost of net financial debt	35.7	29.5
Others eliminations and working capital variations	(9.4)	(7.6)
Cash flow from operating activities - discontinued operations	0.4	1.6
Net cash flow from operating activities	**81.6**	**60.0**
Acquisitions / (disposals) of subsidiaries, net of cash acquired / (disposed)	(0.5)	(12.4)
Acquisitions (disposals) of tangible and intangible assets	(377.0)	(227.2)
Acquistions / (disposals) of financial assets	(27.2)	(13.6)
Cash flow from investment activities - discontinued operations	(0.4)	0.2
Net cash flows used in investment activities	**(405.1)**	**(253.0)**
Capital increase	(2.0)	0.5
Proceeds (repayments) from borrowings	192.5	162.2
Net interest paid	(29.7)	(16.7)
Dividends received	(1.5)	(0.4)
Cash flow from financing activities - discontinued operations	(0.9)	(2.5)
Net cash flows from financing activities	**158.5**	**143.1**
Effect of exchange rate fluctuations	0.6	(1.4)
Effect of the reclassification of net cash of assets held for sale	(1.7)	-
Change in cash	**(166.1)**	**(51.2)**
Opening cash balance	503.8	259.7
Closing cash balance	337.8	208.5
Net cash flow as shown in the balance sheet	**(166.1)**	**(51.2)**