

Net profit and earnings per share +15%

Good progress strategy implementation

Langbroek, 28 July 2016

Highlights

- Revenue +2.5% to EUR 1,274 million (organic +1.2%)
- Operating profit (EBITA) +12% to EUR 150.4 million; EBITA-margin 11.8%
- Net profit before amortisation +15% to EUR 105 million; earnings per share EUR 0.95 (+15%)
- Cash flow from operations +97% to EUR 93 million; ROCE improved to 14.0%
- Strengthened market positions with three acquisitions: Ushers, Schroeder, Tri-Went
- Divestment of one non-core activity

Key figures

in EUR million	1H2016	1H2015	DELTA
Revenue	1,274	1,244	2.5%
Added-value as a % of revenue	62.6	61.7	
Operating profit (EBITA)	150.4	134.7	12%
EBITA as a % of revenue	11.8	10.8	
Net profit before amortisation	104.9	91.5	15%
Earnings per share before amortisation (in EUR)	0.95	0.83	15%
Total equity as a % of total assets	45.1	44.3	
Net debt	845	781	8%
Leverage ratio: Net debt / EBITDA (12-months-rolling)	2.1	2.1	
Cash flow from operations	93.2	47.4	97%
Capital expenditure	57.0	41.2	38%
Net working capital	553	579	(4%)
Return on capital employed (ROCE 12-months-rolling)	14.0	13.3	

Wim Pelsma - CEO

“WE HAVE MADE GOOD PROGRESS WITH THE IMPLEMENTATION OF OUR STRATEGY AND DELIVERED A GOOD PERFORMANCE. EBITA MARGIN IMPROVED TO 11.8%, CASH FLOW FROM OPERATIONS DEVELOPED STRONGLY AND NET PROFIT AND EARNINGS PER SHARE INCREASED BY 15%.

We achieved an organic revenue growth of 1.2% where businesses and end markets showed a mixed picture. Building Installations Europe, Climate Control and partly Industrial Controls performed well. In activities related to Industrial Installations North America and Oil & Gas, we faced challenging circumstances.

We continued to focus on technologies with growth potential, improved our market positions in North America with three acquisitions, divested one activity and consistently executed the many Operational Excellence projects, using our group strengths”.

Financial results

The revenue increased by 2.5% (organic +1.2%) to EUR 1,274 million (1H2015: EUR 1,244 million). The added value margin improved to 62.6% (1H2015: 61.7%). Operating profit (EBITA) increased by 12% to EUR 150.4 million (1H2015: EUR 134.7 million), 11.8% of the revenue (1H2015: 10.8%). Net profit before amortisation increased by 15% to EUR 104.9 million (1H2015: EUR 91.5 million), per share by 15% to EUR 0.95 (1H2015: EUR 0.83).

Cash flow from operations improved by EUR 45.8 million (+97%) to EUR 93.2 million (1H2015: EUR 47.4 million). Return on capital employed (ROCE) improved to 14.0% (1H2015: 13.3%). Total equity remained at a good level of 45.1% of the balance sheet total (1H2015: 44.3%). Net debt was EUR 845 million (1H2015: EUR 781 million). The leverage ratio ended at 2.1 (1H2015: 2.1), well below the bank covenant < 3.5.

Operational developments

Building Installations realised organic growth and good results in Europe. Higher revenues and operational improvements in combination with a focused market approach on technologies with growth potential are becoming visible in the results. Also we further optimised our product portfolio. In North America our business for the residential and commercial end market performed well, where the business for Industrial Installations faced challenging circumstances. We acquired TRI-WENT to strengthen our connection technology activities for cooling applications. We launched several new and upgraded valve product lines. A global innovation roadmap is defined to drive further organic growth.

Climate Control achieved a good growth of revenue and results. The project activities in several markets were improving, some markets still faced challenging circumstances. We continued to integrate and optimise the acquisitions and to improve the joint marketing and system sales approach in combination with the execution of the many Operational Excellence projects. We started manufacturing and sales of several new product lines in Eastern Europe and are investigating further expansion plans in other regions. At several positions we strengthened the Management Team.

Industrial Controls showed a mixed picture. Our engineered valve business for the District Energy end market performed on the same level as last year, in Russia we realised growth. The activities related to the Oil & Gas end market still faced difficult circumstances. Our high pressure gas regulator and valve business for the Automotive and Industrial end markets performed very well. The growth plan for our combined business, after acquiring VENTREX, looks promising for the coming years. Our nano technology business for the Semicon & Science end market showed lower revenues due to a different product mix compared to last year. A better performance is expected in the second half of the year. The precision extrusion technology business made an excellent first half year due to strong growth in the Aerospace end market. Also our dispensing technology business for the Beverage Dispense end market made a good start, including the integration of SCHROEDER, acquired in February 2016. We divested one non-core activity in the Netherlands.

In **Industrial Services** the heat and surface treatment activities in Europe made a slower start than expected due to lower volumes in the Machine Build and other Industrial end markets. With strengthened management and good action plans Impreglon improved its performance compared to last year. In Eastern Europe and North America our brazing and heat treatment activities performed well, additional investments were made to service the many business opportunities. We strengthened our position in the Power Generation end market with the acquisition of USHERS. The complex precision stamping activities showed a good development, especially in Eastern Europe and Asia.

Outlook

We will consistently execute our strategy and expect to realise further progress during the year.

More information (from 8 am CET):

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Attachment: *Condensed consolidated financial information for 1H2016 with related comparative information*

Consolidated income statement

in EUR million	1H2016	1H2015
REVENUE	1,274.3	1,243.7
Raw materials and work subcontracted	(476.6)	(476.3)
Personnel expenses	(371.4)	(359.4)
Depreciation of property, plant and equipment	(47.3)	(48.3)
Amortisation of intangible assets	(14.5)	(12.1)
Other operating expenses	(228.6)	(225.0)
Total operating expenses	(1,138.4)	(1,121.1)
OPERATING PROFIT	135.9	122.6
Net interest expense	(8.4)	(8.4)
Foreign currency exchange results	(0.3)	(3.7)
Derivative financial instruments	1.0	1.8
Net interest expense on employee benefit plans	(1.2)	(1.3)
Net finance cost	(8.9)	(11.6)
PROFIT BEFORE INCOME TAX	127.0	111.0
Income tax expense	(35.1)	(30.2)
PROFIT AFTER INCOME TAX	91.9	80.8
Attributable to:		
Shareholders	90.4	79.4
Non-controlling interests	1.5	1.4
NET PROFIT BEFORE AMORTISATION	104.9	91.5
Earnings per share before amortisation (in EUR)		
Basic	0.95	0.83
Diluted	0.95	0.83

Consolidated balance sheet

before profit appropriation in EUR million	30-06-2016	31-12-2015	30-06-2015
			RESTATED
ASSETS			
Intangible assets	1,071.6	1,049.8	906.4
Property, plant and equipment	741.4	736.4	739.6
Deferred income tax assets	11.8	13.1	18.7
Total non-current assets	1,824.8	1,799.3	1,664.7
Inventories	527.8	498.8	541.6
Trade receivables	426.3	342.7	440.2
Income tax receivables	6.1	10.8	8.7
Other current assets	41.8	43.6	44.9
Cash and cash equivalents	54.0	45.6	69.4
Total current assets	1,056.0	941.5	1,104.8
TOTAL ASSETS	2,880.8	2,740.8	2,769.5
EQUITY AND LIABILITIES			
Shareholders' equity	1,281.2	1,268.7	1,197.2
Non-controlling interests	16.8	16.0	29.7
Total equity	1,298.0	1,284.7	1,226.9
Non-current borrowings	510.5	557.7	449.1
Employee benefit plans	74.1	81.4	93.1
Deferred income tax liabilities	112.2	117.1	101.6
Other provisions	14.2	7.2	19.3
Total non-current liabilities	711.0	763.4	663.1
Current borrowings	309.9	148.8	333.9
Current portion of non-current borrowings	78.6	56.7	67.9
Trade and other payables	303.3	307.4	312.2
Income tax payables	22.2	18.6	21.2
Other current liabilities	157.8	161.2	144.3
Total current liabilities	871.8	692.7	879.5
TOTAL EQUITY AND LIABILITIES	2,880.8	2,740.8	2,769.5

Consolidated cash flow statement

in EUR million	1H2016	1H2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	135.9	122.6
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	47.3	48.3
Amortisation of intangible assets	14.5	12.1
Result on sale of equipment	(0.3)	(0.4)
Changes in provisions	(2.8)	(1.4)
Changes in inventories	(32.7)	(32.3)
Changes in trade and other receivables	(84.2)	(124.9)
Changes in trade and other payables	15.5	23.4
Changes in working capital	(101.4)	(133.8)
Cash flow from operations	93.2	47.4
Finance cost paid	(11.6)	(10.5)
Income taxes paid	(28.4)	(37.4)
NET CASH GENERATED BY OPERATING ACTIVITIES	53.2	(0.5)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition/disposal of subsidiaries	(60.1)	20.7
Purchase of property, plant and equipment	(60.2)	(40.7)
Purchase of intangible assets	(1.7)	(1.3)
NET CASH GENERATED BY INVESTING ACTIVITIES	(122.0)	(21.3)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from non-current borrowings	0.6	39.5
Repayment of non-current borrowings	(25.1)	(63.0)
Dividends paid	(57.5)	(50.9)
Cash flow to non-controlling interests	(1.8)	(5.7)
NET CASH GENERATED BY FINANCING ACTIVITIES	(83.8)	(80.1)
NET INCREASE/(DECREASE) IN CASH AND CURRENT BORROWINGS	(152.6)	(101.9)
Cash and current borrowings at beginning of period	(103.2)	(158.1)
Net increase/(decrease) in cash and current borrowings	(152.6)	(101.9)
Currency differences on cash and current borrowings	(0.1)	(4.5)
CASH AND CURRENT BORROWINGS AS AT END OF PERIOD	(255.9)	(264.5)

Consolidated statement of comprehensive income

in EUR million	1H2016	1H2015
Profit for the period	91.9	80.8
Currency translation differences	(18.0)	38.9
Fair value changes derivative financial instruments, net of income tax	(2.6)	1.4
Income tax effect	1.3	(0.8)
TOTAL COMPREHENSIVE INCOME/(LOSS)	72.6	120.3
Attributable to:		
Shareholders	71.7	118.1
Non-controlling interests	0.9	2.2

Consolidated statement of changes in equity

in EUR million	ISSUED AND PAID-UP SHARE CAPITAL	SHARE PREMIUM ACCOUNT	OTHER RESERVES	CURRENCY TRANSLATION AND HEDGING RESERVE	RETAINED EARNINGS	SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
AS AT 1 JANUARY 2015	27.6	200.8	775.9	(21.0)	147.5	1,130.8	32.4	1,163.2
Dividend 2014	-	-	-	-	(50.9)	(50.9)	(0.3)	(51.2)
Addition to other reserves	-	-	96.6	-	(96.6)	-	-	-
Transactions with non- controlling interests	-	-	(0.8)	-	-	(0.8)	(4.6)	(5.4)
Total comprehensive income	-	-	-	38.7	79.4	118.1	2.2	120.3
AS AT 30 JUNE 2015	27.6	200.8	871.7	17.7	79.4	1,197.2	29.7	1,226.9
AS AT 1 JANUARY 2016	27.6	200.8	876.8	(2.2)	165.7	1,268.7	16.0	1,284.7
Dividend 2015	-	-	-	-	(57.5)	(57.5)	(0.1)	(57.6)
Addition to other reserves	-	-	108.2	-	(108.2)	-	-	-
Share based payments	-	-	(1.7)	-	-	(1.7)	-	(1.7)
Total comprehensive income	-	-	-	(18.7)	90.4	71.7	0.9	72.6
AS AT 30 JUNE 2016	27.6	200.8	983.3	(20.9)	90.4	1,281.2	16.8	1,298.0

Segment reporting - Key figures per business

REVENUE

in EUR million	1H2016	1H2015	DELTA
Building Installations	589.0	583.4	1%
Climate Control	203.0	193.3	5%
Industrial Controls	191.8	183.6	4%
Industrial Services	323.9	314.6	3%
<i> Holding / Eliminations</i>	<i>(33.4)</i>	<i>(31.2)</i>	-
TOTAL	1,274.3	1,243.7	2.5%

EBITA

in EUR million	1H2016	1H2015	DELTA
Building Installations	67.6	63.6	6%
Climate Control	20.2	16.9	20%
Industrial Controls	29.0	21.5	35%
Industrial Services	40.6	39.6	3%
<i> Holding / Eliminations</i>	<i>(7.0)</i>	<i>(6.9)</i>	-
TOTAL	150.4	134.7	12%

EBITA %

(% of revenue)	1H2016	1H2015	DELTA
Building Installations	11.5	10.9	0.6
Climate Control	10.0	8.7	1.3
Industrial Controls	15.1	11.7	3.4
Industrial Services	12.5	12.6	(0.1)
TOTAL	11.8	10.8	1.0

CAPEX

in EUR million	1H2016	1H2015	DELTA
Building Installations	21.5	14.7	46%
Climate Control	3.8	2.6	46%
Industrial Controls	6.5	5.7	14%
Industrial Services	25.1	17.7	42%
<i> Holding / Eliminations</i>	<i>0.1</i>	<i>0.5</i>	-
TOTAL	57.0	41.2	38%

Revenue per region

in EUR million	1H2016	%	1H2015	%
Western & Northern Europe	723	57	728	59
North America	294	23	278	22
Eastern Europe	104	8	100	8
Southern Europe	48	4	41	3
Middle East & Africa	31	2	32	3
Far East	31	2	25	2
Other countries	43	4	40	3
TOTAL	1,274	100	1,244	100

Revenue per end market

in EUR million	1H2016	%	1H2015	%
Building Installations	473	37	466	37
General Industries	212	17	223	18
Building Efficiency	183	14	176	14
Automotive	160	13	135	11
Machine Build	63	5	69	6
Water & Gas Supply, Irrigation	54	4	52	4
Power Generation, Aerospace	37	3	24	2
Semicon & Science	33	3	38	3
District Energy, Oil & Gas	31	2	36	3
Beverage Dispense	28	2	25	2
TOTAL	1,274	100	1,244	100

Acquisitions and divestments

Aalberts Industries N.V. acquired three companies in North America during 1H2016:

Company	Business	Consolidation date	Share	Annual revenue
Ushers Machine & Tool Co., Inc.	Industrial Services	1 January 2016	100%	USD 40 million
Schroeder Industries, Inc.	Industrial Controls	1 February 2016	100%	USD 13 million
Tri-Went (US and Canada)	Building Installations	1 June 2016	100%	USD 7 million

The allocation of the purchase consideration transferred to the assets and liabilities of the acquisitions as at purchase date has not yet been completed, especially regarding the valuation of the intangible assets and the associated deferred tax liabilities.

As of 1 June 2016 two companies (Industrial Controls) were divested with a total revenue of EUR 10 million.

For a correct comparison between 1H2016 and 1H2015, VENTREX Automotive GmbH with an annual revenue of EUR 50 million was acquired per 1 October 2015 (Industrial Controls) and Overeem and BSM Actuators & Controls with a total annual revenue of EUR 16 million were divested per 1 December 2015 (Industrial Controls).

Notes to the interim financial statements

Basis of preparation and summary of accounting policies

The interim financial statements for the six months ended June 30, 2016 have been prepared in accordance with 'IAS 34 Interim Financial Reporting'.

They do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the financial statements for the year ended December 31, 2015.

The accounting policies applied in these interim financial statements are the same as those applied in the financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS as adopted by the European Union. As of 1 January 2016, no new IFRS standards or amendments with an impact on the Group's equity and result became effective.

The interim financial statements have not been audited.

Management Board declaration

The Management Board of Aalberts Industries N.V. declares that, to the best of their knowledge, the interim financial statements give a true and fair view of the assets, liabilities, financial position and result of Aalberts Industries N.V. and its subsidiaries included in the consolidated statements and the interim report includes a fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

Langbroek, 27 July 2016

Wim Pelsma (CEO)
John Eijgendaal (CFO)
Oliver Jäger (Executive Director)

Regulated information

This press release contains information that qualifies, or may qualify as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

Financial calendar

Date	Event
28 February 2017	Publication of full year results 2016 (<i>before start of trading</i>)
7 March 2017	Publication annual report 2016 (<i>website</i>)
18 April 2017	General Meeting
27 July 2017	Publication interim results 1H2017 (<i>before start of trading</i>)