

improved EBITA margin and EPS
continued investments in organic growth
further optimised portfolio

Langbroek, 26 July 2018

highlights

- organic revenue growth +5.2% (reported +1.4%; FX impact -3.4%; acquisitions/divestments -0.4%)
- improved EBITA margin 12.9%, net profit and earnings per share +11%
- two bolt-on acquisitions PEM (1H2018) and VAF (2H2018)
- annual revenue of approximately EUR 40 million divested to optimise portfolio (2H2018)
- further sustainable profitable growth expected in 2018

key figures

in EUR million	1H2018	1H2017	delta
revenue	1,387	1,368	1%
added-value as a % of revenue	62.8	63.0	
operating profit (EBITA)	179.2	169.8	6%
EBITA as a % of revenue	12.9	12.4	
net profit before amortisation	130.2	117.0	11%
earnings per share before amortisation (in EUR)	1.18	1.06	11%
total equity as a % of total assets	49.5	46.8	
net debt	744	799	(7%)
leverage ratio: net debt / EBITDA (12-months-rolling)	1.7	1.9	
capital expenditure	57.1	55.3	3%
return on capital employed (ROCE 12-months-rolling)	15.2	14.5	

CEO statement

“We relentlessly drive forward our updated Aalberts strategy ‘focused acceleration’, as presented in December 2017. Our new company passport was launched and we continued to invest in many organic growth and innovation initiatives, facilitating the plans of our dedicated and motivated business teams. Our operational excellence programme made good progress.

We delivered a good performance with 5% organic revenue growth, 6% EBITA growth, an improved EBITA margin of 12.9% and a net profit and earnings per share increase of 11%. We divested approximately EUR 40 million of annual revenue to further optimise our portfolio and strengthened our market positions with two bolt-on acquisitions.”

operational developments

installation technology

We realised a good organic growth, mainly in North America. Our newly launched product lines performed well in combination with our upgraded sales and distribution organisation. We are in process to increase the return on the many investments we made the last years. In Europe market circumstances continued to be good. An improved European distribution footprint was launched, which will be operational mid next year. Additional investments were made globally in our fast-growing product lines and we continued to drive the operational excellence programme through a dedicated global network. In our multilayer systems niches we realised a good growth in our activities in North America and Europe due to a more focused approach. We gained more business and the innovation roadmaps got more traction through capacity investments in R&D.

material technology

Our heat and surface treatment activities in Europe did well and the volumes in our service locations continued on a high level. We increased our investments in certain areas in our heat treatment business. We started to further align our organisation in surface treatment to realise a more coherent approach to our customers, utilising our Aalberts strengths and gain more operational efficiency. Our specialised manufacturing activities did well and we are expanding our capacity in R&D to fulfil the many development projects with Key Accounts for the electrification of vehicles. In aerospace we continue to execute our business and investment plans launched a few years ago. In North America we are facing difficult market circumstances due to the power generation end market, which continued to slow down. An action plan is in place to optimise operations and develop other markets.

climate technology

We realised a solid organic growth. The market circumstances are good, and we have several new and upgraded product ranges in the pipeline, to be launched in the second half of the year. Especially in the Benelux, Germany and Eastern Europe the business developed well. In Russia we improved our performance in local currency. The organisation was further aligned to our strategy and innovation roadmap for the coming years and was strengthened in several areas. We are working on many initiatives to improve our efficiency through operational excellence, utilising our Aalberts networks. New digital business models are in development, driven by trends like energy efficiency, system data collection, information monitoring and prefabrication of modular installation systems.

industrial technology

We made a very good first half year. The launch of upgraded product lines in fluid control for the automotive and general industries end market were well received. This in combination with a good order intake of our existing product lines. We have additional upgrades in the development pipeline. Dispense technologies continued to consolidate the operations in the USA. The order intake increased compared to the same period last year. Our advanced mechatronics business further accelerated and made an excellent first half year. We implemented the investments of last year and recruited many new people in development, engineering and manufacturing. We launched additional investments to facilitate growth for the coming years. We successfully delivered the first systems last months of our projects announced in 2017. The activities for district energy & gas faced a slow start of the year.

outlook

We will execute our updated strategy 'focused acceleration' and objectives, as presented in December 2017, and drive our long-term business plans and innovation roadmaps. We expect further sustainable profitable growth in 2018.

webcast

A webcast will take place on Thursday 26 July 2018, starting at 2:00 pm (CEST).

Please register via aalberts.com/1H2018

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.

contact (from 8:00 am CEST)

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financial calendar 2018-2019

date	event
26 February 2019	publication full year results 2018 (before start of trading)
17 April 2019	general meeting
25 July 2019	publication interim results 1H2019 (before start of trading)


acquisitions/divestments

Aalberts acquired 100% of the shares of PEM (part of material technology, surface treatment) in France as of 1 June 2018, generating an annual revenue of approximately EUR 22 million.

after reporting period

Aalberts acquired 100% of the shares of VAF (part of industrial technology, fluid control) in the Netherlands as of July 2018, generating an annual revenue of approximately EUR 20 million.

Aalberts divested activities with an expected annual revenue of EUR 40 million, part of our installation technology business segment. Portfolio optimisation is an important pillar of our 'focused acceleration' strategy 2018-2022. The results of the divested activities will be deconsolidated as of 1 July 2018. Through optimisation of our portfolio, we will allocate our capital to faster growing and more profitable businesses.

 *condensed consolidated financial information for 1H2018 with related comparative information*

consolidated income statement

in EUR million	1H2018	1H2017
REVENUE	1,386.5	1,367.6
raw materials and work subcontracted	(515.4)	(506.4)
personnel expenses	(406.5)	(396.6)
depreciation of property, plant and equipment	(47.3)	(48.1)
amortisation of intangible assets	(17.0)	(16.6)
other operating expenses	(238.1)	(246.7)
total operating expenses	(1,224.3)	(1,214.4)
OPERATING PROFIT	162.2	153.2
net interest expense	(7.8)	(8.3)
foreign currency exchange results	(0.3)	(1.9)
derivative financial instruments	(0.8)	(2.5)
unwinding discounts on provisions	(0.4)	-
net interest expense on employee benefit plans	(0.7)	(0.8)
net finance cost	(10.0)	(13.5)
PROFIT BEFORE INCOME TAX	152.2	139.7
income tax expense	(37.1)	(37.7)
PROFIT AFTER INCOME TAX	115.1	102.0
attributable to:		
shareholders	113.2	100.4
non-controlling interests	1.9	1.6
NET PROFIT BEFORE AMORTISATION	130.2	117.0
earnings per share before amortisation (in EUR)		
basic and diluted	1.18	1.06

consolidated balance sheet

in EUR million	30-06-2018	31-12-2017	30-06-2017
ASSETS			
intangible assets	1,123.5	1,126.6	1,139.5
property, plant and equipment	787.7	774.9	759.2
deferred income tax assets	14.9	14.7	14.1
total non-current assets	1,926.1	1,916.2	1,912.8
inventories	646.6	556.8	582.7
trade receivables	454.0	353.1	428.8
income tax receivables	7.6	3.5	3.7
other current assets	47.9	37.3	44.4
cash and cash equivalents	49.7	43.5	41.5
total current assets	1,205.8	994.2	1,101.1
TOTAL ASSETS	3,131.9	2,910.4	3,013.9
EQUITY AND LIABILITIES			
shareholders' equity	1,527.2	1,490.3	1,390.0
non-controlling interests	23.0	22.4	20.2
total equity	1,550.2	1,512.7	1,410.2
non-current borrowings	357.2	414.1	485.2
employee benefit plans	71.0	71.6	82.5
deferred income tax liabilities	110.9	110.4	123.1
other provisions and non-current liabilities	26.8	44.2	49.9
total non-current liabilities	565.9	640.3	740.7
current borrowings	308.3	63.2	227.6
current portion of non-current borrowings	128.5	134.8	127.6
trade and other payables	383.1	378.4	331.9
income tax payables	42.8	40.3	28.0
other current liabilities	153.1	140.7	147.9
total current liabilities	1,015.8	757.4	863.0
TOTAL EQUITY AND LIABILITIES	3,131.9	2,910.4	3,013.9

consolidated cash flow statement

in EUR million

	1H2018	1H2017
CASH FLOWS FROM OPERATING ACTIVITIES		
operating profit	162.2	153.2
adjustments for:		
depreciation of property, plant and equipment	47.3	48.1
amortisation of intangible assets	17.0	16.6
result on sale of equipment	(1.0)	(0.3)
changes in provisions	(2.3)	(1.6)
changes in inventories	(84.1)	(73.7)
changes in trade and other receivables	(105.4)	(92.6)
changes in trade and other payables	15.8	40.2
changes in working capital	(173.7)	(126.1)
CASH FLOW FROM OPERATIONS	49.5	89.9
finance cost paid	(8.6)	(12.0)
income taxes paid	(41.7)	(33.2)
NET CASH GENERATED BY OPERATING ACTIVITIES	(0.8)	44.7
CASH FLOWS FROM INVESTING ACTIVITIES		
acquisition of subsidiaries	(22.8)	(27.3)
purchase of property, plant and equipment	(59.3)	(57.9)
purchase of intangible assets	(3.9)	(3.9)
NET CASH GENERATED BY INVESTING ACTIVITIES	(86.0)	(89.1)
CASH FLOWS FROM FINANCING ACTIVITIES		
proceeds from non-current borrowings	3.0	143.5
repayment of non-current borrowings	(71.1)	(72.3)
dividends paid	(71.9)	(64.1)
cash flow to non-controlling interests	(7.0)	0.6
NET CASH GENERATED BY FINANCING ACTIVITIES	(147.0)	7.7
NET INCREASE/(DECREASE) IN CASH AND CURRENT BORROWINGS	(233.8)	(36.7)
cash and current borrowings at beginning of period	(19.7)	(161.6)
net increase/(decrease) in cash and current borrowings	(233.8)	(36.7)
currency translation differences on cash and current borrowings	(5.1)	12.2
CASH AND CURRENT BORROWINGS AS AT END OF PERIOD	(258.6)	(186.1)

consolidated statement of comprehensive income

in EUR million	1H2018	1H2017
profit for the period	115.1	102.0
currency translation differences	(1.0)	(20.5)
fair value changes derivative financial instruments	1.2	1.4
income tax effect	(0.3)	(0.3)
TOTAL COMPREHENSIVE INCOME / (LOSS)	115.0	82.6
attributable to:		
shareholders	114.3	80.4
non-controlling interests	0.7	2.2

consolidated statement of changes in equity

in EUR million	ISSUED AND PAID-UP SHARE CAPITAL	SHARE PREMIUM ACCOUNT	OTHER RESERVES	CURRENCY TRANSLATION & HEDGING RESERVE	RETAINED EARNINGS	SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
as at 1 January 2017	27.6	200.8	974.3	(12.2)	182.6	1,373.1	18.0	1,391.1
dividend 2016	-	-	-	-	(64.1)	(64.1)	-	(64.1)
addition to other reserves	-	-	118.4	-	(118.4)	-	-	-
share based payments	-	-	0.6	-	-	0.6	-	0.6
total comprehensive income	-	-	-	(20.0)	100.4	80.4	2.2	82.6
as at 30 June 2017	27.6	200.8	1,093.3	(32.2)	100.5	1,390.0	20.2	1,410.2
as at 1 January 2018	27.6	200.8	1,102.5	(45.1)	204.5	1,490.3	22.4	1,512.7
dividend 2017	-	-	-	-	(71.9)	(71.9)	(0.1)	(72.0)
addition to other reserves	-	-	132.6	-	(132.6)	-	-	-
share based payments	-	-	(5.5)	-	-	(5.5)	-	(5.5)
total comprehensive income	-	-	-	1.1	113.2	114.3	0.7	115.0
as at 30 June 2018	27.6	200.8	1,229.6	(44.0)	113.2	1,527.2	23.0	1,550.2

segment reporting - key figures per business

REVENUE

in EUR million	1H2018	1H2017*	delta
installation technology	575.9	588.7	(2%)
material technology	377.1	375.1	1%
climate technology	273.8	262.1	4%
industrial technology	193.9	175.7	10%
<i>holding / eliminations</i>	<i>(34.2)</i>	<i>(34.0)</i>	
TOTAL	1,386.5	1,367.6	1%

EBITA

in EUR million	1H2018	1H2017*	delta
installation technology	71.2	72.7	(2%)
material technology	51.0	49.9	2%
climate technology	32.6	29.8	9%
industrial technology	30.5	25.4	20%
<i>holding / eliminations</i>	<i>(6.1)</i>	<i>(8.0)</i>	
TOTAL	179.2	169.8	6%

EBITA %

(% of revenue)	1H2018	1H2017*	delta
installation technology	12.4	12.4	-
material technology	13.5	13.3	0.2
climate technology	11.9	11.4	0.5
industrial technology	15.7	14.5	1.2
TOTAL	12.9	12.4	0.5

CAPEX

in EUR million	1H2018	1H2017*	delta
installation technology	17.6	22.9	(23%)
material technology	24.6	24.3	1%
climate technology	3.8	2.4	58%
industrial technology	10.3	5.6	84%
<i>holding / eliminations</i>	<i>0.8</i>	<i>0.1</i>	
TOTAL	57.1	55.3	3%

* 1H2017 adjusted for comparison purposes (as disclosed in FY2017 webcast and analyst presentation)

revenue per region

in EUR million	1H2018	%	1H2017	%
Benelux, United Kingdom, Nordic	352	25	332	24
North America	317	23	332	24
Germany, Austria, Switzerland	303	22	296	22
France, Southern Europe	192	14	183	13
Russia, Eastern Europe	134	10	122	9
Far East	43	3	45	3
Middle East & Africa	30	2	38	3
Other countries	16	1	20	2
TOTAL	1,387	100	1,368	100

revenue per end market

in EUR million	1H2018	%	1H2017	%
commercial buildings	364	26	367	27
residential buildings	334	24	327	24
general industries	201	15	207	15
automotive	182	13	170	13
industrial installations	77	6	77	6
semicon & science	68	5	45	3
water & gas supply, irrigation	55	4	59	4
beverage dispense	40	3	41	3
power generation, aerospace	33	2	42	3
district energy, gas	33	2	33	2
TOTAL	1,387	100	1,368	100

notes to the interim financial statements

basis of preparation and summary of accounting policies

The interim financial statements for the six months ended 30 June 2018 have been prepared in accordance with 'IAS 34 Interim Financial Reporting' and do not include all the information and disclosures required for the annual financial statements. Accordingly, they should be read in conjunction with the financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRS as adopted by the European Union.

The accounting policies applied in these interim financial statements are the same as those applied in the financial statements for the year ended 31 December 2017, except for the adoption of IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments'. The adoption of these standards had no impact on the Group's equity and result. This is in line with the preliminary assessment as disclosed in the financial statements for the year ended 31 December 2017.

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, 25 July 2018

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