

organic revenue growth +6%  
net profit and earnings per share +12%

Langbroek, 28 February 2018

## highlights

- revenue +7% to EUR 2,694 million (organic +6%)
- operating profit (EBITA) +13% to EUR 336 million; EBITA-margin improved to 12.5%
- net profit before amortisation +12% to EUR 238 million; earnings per share EUR 2.15 (+12%)
- free cash flow +13% to EUR 310 million; cash flow from operations +12% to EUR 427 million
- return on capital employed (including goodwill) improved to 16.2%
- many investments in organic growth and innovation initiatives
- bolt-on acquisitions: VIN SERVICE and PNEUTEC

## key figures

in EUR million	2017	2016	delta
revenue	2,694	2,522	7%
added-value as a % of revenue	62.3	62.2	
operating profit (EBITA)	336	298	13%
EBITA as a % of revenue	12.5	11.8	
net profit before amortisation	238	212	12%
earnings per share before amortisation (in EUR)	2.15	1.92	12%
total equity as a % of total assets	52.0	48.7	
net debt	569	713	(20%)
leverage ratio: net debt / EBITDA (12-months-rolling)	1.3	1.7	
free cash flow (before interest and tax)	310	273	13%
free cash flow conversion ratio (FCF as a % of EBITDA)	73.4	69.8	
cash flow from operations	427	383	12%
capital expenditure	119	106	13%
net working capital	455	480	(5%)
return on capital employed (ROCE 12-months-rolling)	16.2	14.7	

## dividend

Aalberts proposes to increase the cash dividend per ordinary share by 12% to EUR 0.65 (2016: EUR 0.58). This proposal will be submitted to the General Meeting to be held on 18 April 2018.

## 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.

## Wim Pelsma – CEO

“WE DELIVERED AN EXCELLENT PERFORMANCE WITH 6% ORGANIC REVENUE GROWTH, 13% EBITA GROWTH, AN IMPROVED EBITA-MARGIN OF 12.5% AND A NET PROFIT AND EARNINGS PER SHARE INCREASE OF 12%”.

Besides this we invested in many organic growth and innovation initiatives to accelerate our business. These developments resulted in additional expenses to facilitate the growth for the coming years. Last years' acquisitions were integrated well and our Operational Excellence programme was expanded.

We further strengthened our market positions with two bolt-on acquisitions. In December 2017 we presented our updated Aalberts strategy 'focused acceleration' and objectives for the coming years.

A cash dividend of EUR 0.65 per share (2016: EUR 0.58) will be proposed to the General Meeting, an increase of 12%.

## financial results

The revenue increased by 7% (organic +5.5%) to EUR 2,694 million (2016: EUR 2,522 million). Currency translation/FX impact amounted to EUR 22 million *negative*, mainly caused by British Pound (EUR 15 million *negative*), US Dollar (EUR 13 million *negative*) and compensated by Russian Ruble (EUR 5 million *positive*).

Capital expenditure on property, plant and equipment increased by 13% to EUR 118.9 million (2016: EUR 105.6 million).

The added-value margin (revenue minus raw materials and work subcontracted) improved to 62.3% (2016: 62.2%), despite raw material price increases during the year.

Net working capital decreased to EUR 455 million, 16.8% of revenue (2016: EUR 480 million, respectively 18.8%).

Operating profit (EBITA) increased by 13% to EUR 335.5 million (2016: EUR 298.1 million), 12.5% of the revenue (2016: 11.8%). Currency translation/FX impact amounted to EUR 1.7 million *negative*, mainly caused by British Pound and US Dollar.

Free cash flow (before interest and tax) increased by EUR 37 million (+13%) to EUR 310 million (2016: EUR 273 million) and the free cash flow conversion ratio improved to 73.4% of EBITDA (2016: 69.8%), despite an increase in capital expenditure.

Net interest expense amounted to EUR 16.7 million (2016: EUR 16.6 million). The income tax expense increased to EUR 68.0 million (2016: 62.4 million) resulting in an effective tax rate of 24.6% (2016: 25.2%).

Cash flow from operations increased by 12% to EUR 427.0 million (2016: EUR 382.5 million).

Net profit before amortisation increased by 12% to EUR 238.2 million (2016: EUR 212.4 million), per share by 12% to EUR 2.15 (2016: EUR 1.92).

Return on capital employed (ROCE) improved to 16.2% (2016: 14.7%).

Total equity remained at a good level of 52.0% of the balance sheet total (2016: 48.7%).

Net debt amounted to EUR 569 million (2016: EUR 713 million) despite two bolt-on acquisitions.

The leverage ratio ended at 1.3 (2016: 1.7), well below the bank covenant < 3.0.

## operational developments

### installation technology

Niche technology integrated piping systems realised good organic growth, mainly in Europe. We started delivering to several new Key Accounts and expanded our offering to others. Additional investments were made to facilitate the growth of these customers for the coming years. We also shipped our new patented connection system, including the valves, successfully to the first customers in North America. A further role out will take place during the coming years. We started implementing our long-term global innovation roadmap in combination with the integration of the 2016 acquisitions of TRI-WENT and SHURJOINT. In North America orders increased during the second half of the year, especially in the Industrial Installation end market. The marketing and sales approach was further aligned and strengthened in combination with our improved distribution footprint in North America. Also here additional investments were made to facilitate these improvements.

The activities in plastic connection systems realised excellent growth in many countries, especially in Europe, through a more focused approach. We expanded our portfolio and defined long-term innovation roadmaps in the several niche market segments to further accelerate organic growth in the coming years. In the different locations we also defined investment plans for equipment, logistics and distribution to facilitate the many opportunities. The operational performance improved during the year through the execution of many Operational Excellence projects.

### material technology

Niche technology heat treatment performed well in almost all regions and end markets. The volumes were on a good level. We further expanded our capacity in North America and Eastern Europe and started several greenfields. In Southern Europe we further consolidated our service locations.

Our activities in surface treatment did also well. Especially in the end market Automotive we faced good circumstances. The ramp up of the greenfields is making good progress. Several service locations were improved during the year. Many Operational Excellence projects are in progress to further improve the efficiency.

The specialised manufacturing activities related to complex precision stamping performed well in almost all regions, especially France showed good growth. In cooperation with our Key Accounts we started many R&D projects for the electrification of vehicles in combination with autonomous driving.

The precision extrusion activities for the General Industries and Aerospace end market continued on a good level. The long-term business plan was further executed. Our technology portfolio improved through further consolidation of locations.

The precision machining for turbines faced low activity in the OEM business, partly compensated with new business in the repair market.

Our new initiatives on additive manufacturing in combination with post treatments, resulted in the first orders.

## climate technology

Niche technology hydronic flow control delivered good organic growth in almost all regions, except in Russia where we still faced challenging circumstances. With several Key Accounts we expanded our offering during the year. With several others we are in discussion to offer more integrated hydronic flow control system solutions. We continued to integrate and optimise our joint marketing and sales approach in combination with the execution of Operational Excellence projects. Also a long-term business plan, including innovation roadmap was finalised in combination with additional investments to improve the efficiency and to facilitate the growth potential for the coming years. We started pilots to develop digital solutions making our products and systems connected and utilise the data to improve the system performance of our customers. A digital centre and team were created to accelerate these business opportunities.

Our thermal & sanitary efficiency activities also performed well. In many regions we realised good growth, especially in France. We defined a long-term business plan and an innovation roadmap for the coming years to reach a higher added value. The approach will be focused on the development of water treatment and dispense, thermal control solutions and plastic connection systems. To realise this we are implementing an investment plan for new product lines and improved production technology. Also the product portfolio and branding was more aligned to achieve a higher added value offering. The execution of the innovation roadmap started, including pilots to develop digital connections and data collection, creating new business models.

## industrial technology

Within our niche technology fluid control we still faced difficult circumstances for the Oil end market. We focused more on our District Energy and Gas activities, where positive market developments in several countries resulted in good growth. Especially in Asia we made progress with our new set up and organisation. We launched our new patented range of full flow valves end of the year, after ramping up our automated manufacturing in Denmark. In the Automotive and General Industries end markets we made a good year. We invested in additional engineering capacity to accelerate our innovation roadmap for the coming years. Also we are in the process to further align and optimise our manufacturing locations.

Our activities in dispense technologies in the Beverage Dispense end market faced a difficult year, due to delay of projects of some major customers. We continued to align the global business, including VIN SERVICE, acquired at the beginning of 2017. In the second half of the year we started to further consolidate our facilities in North America. With several Key Accounts we are in discussion to offer a more complete and integrated dispense system solution. We strengthened our engineering team worldwide to accelerate organic growth and innovations.

Our niche technology advanced mechatronics made an excellent year. We realised an exceptional organic growth in the Semicon & Science end market. Also, we made preparations and pre-investments for the increased orderbook and additional projects, announced at the beginning of the year. The organisation was further aligned, including PNEUTEC acquired in July 2017. We made additional investments to facilitate the many growth initiatives.

## head office location

During 2018 Aalberts will move to another head office location at the newly built WTC in Utrecht (NL). By doing so, we will improve our group connectivity and infrastructure.

## webcast

A webcast will take place on Wednesday 28 February 2018, starting at 2:00 pm (CET). Please register via [aalberts.com/webcast2017](http://aalberts.com/webcast2017)

## 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.

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## financial calendar 2018-2019

<b>date</b>	<b>event</b>
7 March 2018	publication annual report 2017
21 March 2018	registration date for general meeting
18 April 2018	general meeting
20 April 2018	quotation ex-dividend
23 April 2018	record date for dividend
16 May 2018	paying out dividend
26 July 2018	publication interim results 1H2018 (before start of trading)
28 February 2019	publication full year results 2018 (before start of trading)
17 April 2019	general meeting

## consolidated income statement

in EUR million

	2017	2016
<b>REVENUE</b>	<b>2,694.0</b>	<b>2,522.1</b>
raw materials and work subcontracted	(1,015.6)	(953.1)
personnel expenses	(781.7)	(733.2)
depreciation of property, plant and equipment	(86.9)	(93.7)
amortisation of intangible assets	(33.7)	(29.9)
other operating expenses	(474.3)	(444.0)
<b>total operating expenses</b>	<b>(2,392.2)</b>	<b>(2,253.9)</b>
<b>OPERATING PROFIT</b>	<b>301.8</b>	<b>268.2</b>
net interest expense	(16.7)	(16.6)
foreign currency exchange results	(5.3)	(4.3)
derivative financial instruments	(0.3)	3.2
unwinding discounts on provisions	(1.3)	-
net interest expense on employee benefit plans	(1.8)	(2.3)
<b>net finance cost</b>	<b>(25.4)</b>	<b>(20.0)</b>
<b>PROFIT BEFORE INCOME TAX</b>	<b>276.4</b>	<b>248.2</b>
income tax expense	(68.0)	(62.4)
<b>PROFIT AFTER INCOME TAX</b>	<b>208.4</b>	<b>185.8</b>
<b>attributable to:</b>		
shareholders	204.5	182.6
non-controlling interests	3.9	3.2
<b>NET PROFIT BEFORE AMORTISATION</b>	<b>238.2</b>	<b>212.4</b>
<b>earnings per share before amortisation</b> (in EUR)		
basic and diluted	2.15	1.92

## consolidated balance sheet

before profit appropriation in EUR million

	31-12-2017	31-12-2016
<b>ASSETS</b>		
intangible assets	1,126.6	1,128.2
property, plant and equipment	774.9	761.5
deferred income tax assets	14.7	13.4
<b>total non-current assets</b>	<b>1,916.2</b>	<b>1,903.1</b>
inventories	556.8	521.1
trade receivables	353.1	346.6
income tax receivables	3.5	4.3
other current assets	37.3	42.6
cash and cash equivalents	43.5	40.9
<b>total current assets</b>	<b>994.2</b>	<b>955.5</b>
<b>TOTAL ASSETS</b>	<b>2,910.4</b>	<b>2,858.6</b>
<b>EQUITY AND LIABILITIES</b>		
shareholders' equity	1,490.3	1,373.1
non-controlling interests	22.4	18.0
<b>total equity</b>	<b>1,512.7</b>	<b>1,391.1</b>
non-current borrowings	414.1	461.2
employee benefit plans	71.6	84.6
deferred income tax liabilities	110.4	122.7
other provisions and non-current liabilities	44.2	37.8
<b>total non-current liabilities</b>	<b>640.3</b>	<b>706.3</b>
current borrowings	63.2	202.5
current portion of non-current borrowings	134.8	90.3
trade and other payables	378.4	309.5
income tax payables	40.3	22.2
other current liabilities	140.7	136.7
<b>total current liabilities</b>	<b>757.4</b>	<b>761.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,910.4</b>	<b>2,858.6</b>

## consolidated cash flow statement

in EUR million

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
operating profit	301.8	268.2
adjustments for:		
depreciation of property, plant and equipment	86.9	93.7
amortisation of intangible assets	33.7	29.9
result on sale of equipment	(1.1)	(2.0)
changes in provisions	(1.9)	(9.4)
changes in inventories	(52.4)	(2.4)
changes in trade and other receivables	(11.7)	2.9
changes in trade and other payables	71.7	1.6
<b>changes in working capital</b>	<b>7.6</b>	<b>2.1</b>
<b>CASH FLOW FROM OPERATIONS</b>	<b>427.0</b>	<b>382.5</b>
finance cost paid	(22.7)	(20.4)
income taxes paid	(68.1)	(56.6)
<b>NET CASH GENERATED BY OPERATING ACTIVITIES</b>	<b>336.2</b>	<b>305.5</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
acquisition of subsidiaries	(41.0)	(121.5)
disposal of subsidiaries	-	10.0
purchase of property, plant and equipment	(111.2)	(109.7)
purchase of intangible assets	(9.2)	(5.9)
proceeds from sale of equipment	3.4	6.4
<b>NET CASH GENERATED BY INVESTING ACTIVITIES</b>	<b>(158.0)</b>	<b>(220.7)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
proceeds from non-current borrowings	144.5	0.6
repayment of non-current borrowings	(130.0)	(64.4)
dividends paid	(64.1)	(57.6)
cash flow to non-controlling interests	(0.1)	(2.7)
<b>NET CASH GENERATED BY FINANCING ACTIVITIES</b>	<b>(49.7)</b>	<b>(124.1)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CURRENT BORROWINGS</b>	<b>128.5</b>	<b>(39.3)</b>
cash and current borrowings at beginning of period	(161.6)	(103.2)
net increase/(decrease) in cash and current borrowings	128.5	(39.3)
currency translation differences on cash and current borrowings	13.4	(19.1)
<b>CASH AND CURRENT BORROWINGS AS AT END OF PERIOD</b>	<b>(19.7)</b>	<b>(161.6)</b>



## consolidated statement of comprehensive income

in EUR million	2017	2016
profit for the period	208.4	185.8
currency translation differences	(34.5)	(10.3)
fair value changes derivative financial instruments	2.9	(1.1)
remeasurements of employee benefit obligations	8.9	(11.9)
income tax effect	(2.3)	2.9
<b>TOTAL COMPREHENSIVE INCOME / (LOSS)</b>	<b>183.4</b>	<b>165.4</b>
<b>attributable to:</b>		
shareholders	178.9	162.7
non-controlling interests	4.5	2.7

## 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
<b>as at 1 January 2016</b>	<b>27.6</b>	<b>200.8</b>	<b>876.8</b>	<b>(2.2)</b>	<b>165.7</b>	<b>1,268.7</b>	<b>16.0</b>	<b>1,284.7</b>
dividend 2015	-	-	-	-	(57.6)	(57.6)	(0.7)	(58.3)
addition to other reserves	-	-	108.1	-	(108.1)	-	-	-
share based payments	-	-	(0.4)	-	-	(0.4)	-	(0.4)
transactions with non-controlling interests	-	-	(0.3)	-	-	(0.3)	-	(0.3)
total comprehensive income	-	-	(9.9)	(10.0)	182.6	162.7	2.7	165.4
<b>as at 31 December 2016</b>	<b>27.6</b>	<b>200.8</b>	<b>974.3</b>	<b>(12.2)</b>	<b>182.6</b>	<b>1,373.1</b>	<b>18.0</b>	<b>1,391.1</b>
<b>as at 1 January 2017</b>	<b>27.6</b>	<b>200.8</b>	<b>974.3</b>	<b>(12.2)</b>	<b>182.6</b>	<b>1,373.1</b>	<b>18.0</b>	<b>1,391.1</b>
dividend 2016	-	-	-	-	(64.1)	(64.1)	(0.1)	(64.2)
addition to other reserves	-	-	118.5	-	(118.5)	-	-	-
share based payments	-	-	2.4	-	-	2.4	-	2.4
transactions with non-controlling interests	-	-	-	-	-	-	-	-
total comprehensive income	-	-	7.3	(32.9)	204.5	178.9	4.5	183.4
<b>as at 31 December 2017</b>	<b>27.6</b>	<b>200.8</b>	<b>1,102.5</b>	<b>(45.1)</b>	<b>204.5</b>	<b>1,490.3</b>	<b>22.4</b>	<b>1,512.7</b>

## segment reporting - key figures per business

### REVENUE

in EUR million	2017	2016*	delta
installation technology	1,134.8	1,073.1	6%
material technology	733.9	699.2	5%
climate technology	523.8	501.8	4%
industrial technology	362.9	312.3	16%
<i>holding / eliminations</i>	<i>(61.4)</i>	<i>(64.3)</i>	
<b>TOTAL</b>	<b>2,694.0</b>	<b>2,522.1</b>	<b>7%</b>

### EBITA

in EUR million	2017	2016*	delta
installation technology	138.7	122.4	13%
material technology	97.3	90.6	7%
climate technology	62.3	54.0	15%
industrial technology	54.4	46.2	18%
<i>holding / eliminations</i>	<i>(17.2)</i>	<i>(15.1)</i>	
<b>TOTAL</b>	<b>335.5</b>	<b>298.1</b>	<b>13%</b>

### EBITA %

(% of revenue)	2017	2016*	delta
installation technology	12.2	11.4	0.8
material technology	13.3	13.0	0.3
climate technology	11.9	10.8	1.1
industrial technology	15.0	14.8	0.2
<b>TOTAL</b>	<b>12.5</b>	<b>11.8</b>	<b>0.7</b>

### CAPEX

in EUR million	2017	2016*	delta
installation technology	43.2	38.7	12%
material technology	51.2	50.1	2%
climate technology	6.5	8.4	(23%)
industrial technology	17.4	8.4	107%
<i>holding / eliminations</i>	<i>0.6</i>	<i>-</i>	
<b>TOTAL</b>	<b>118.9</b>	<b>105.6</b>	<b>13%</b>

\*2016 figures are adjusted for comparison purposes

## revenue per region

in EUR million	2017	%	2016	%
Benelux, United Kingdom, Nordic	668	25	632	25
North America	631	23	607	24
Germany, Austria, Switzerland	589	22	558	22
France, Southern Europe	347	13	320	13
Russia, Eastern Europe	262	10	240	10
Far East	92	3	71	3
Middle East & Africa	70	3	61	2
Other countries	35	1	33	1
<b>TOTAL</b>	<b>2,694</b>	<b>100</b>	<b>2,522</b>	<b>100</b>

## revenue per end market

in EUR million	2017	%	2016	%
commercial buildings	726	27	695	27
residential buildings	641	24	608	24
general industries	393	15	394	16
automotive	348	13	317	13
industrial installations	147	5	134	5
water & gas supply, irrigation	110	4	105	4
semicon & science	102	4	69	3
power generation, aerospace	80	3	81	3
beverage dispense	75	3	54	2
district energy, gas	72	2	65	3
<b>TOTAL</b>	<b>2,694</b>	<b>100</b>	<b>2,522</b>	<b>100</b>

## basis for preparation

### ACCOUNTING POLICIES

The condensed consolidated financial information for the year 2017 with related comparative information has been prepared using accounting policies which are in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS) and with Part 2 Book 9 of the Dutch Civil Code. The accounting policies and methods of computation applied in the condensed consolidated financial information are the same as those applied in the Financial Statements for the year ended 31 December 2017. Further disclosures as required under IFRS for a complete set of consolidated financial statements are not included in the condensed consolidated financial information. The consolidated and company financial statements of Aalberts Industries N.V. for the year ended 31 December 2017 have been prepared and audited and will be published on 7 March 2018.

## key figures

	2017	2016	2015	2014	2013
<b>results</b> (in EUR million)					
revenue	2,694	2,522	2,475	2,201	2,040
added-value	1,678	1,569	1,521	1,332	1,223
operating profit (EBITDA)	422	392	367	332	305
operating profit (EBITA)	336	298	272	247	225
net profit before amortisation	238	212	190	168	152
depreciation	87	94	95	85	80
cash flow from operations	427	383	330	307	287
free cash flow (before interest and tax)	310	273	243	222	175
<b>balance sheet</b> (in EUR million)					
intangible assets	1,127	1,128	1,050	900	691
property, plant and equipment	775	762	736	726	616
capital expenditure	119	106	96	85	106
net working capital	455	480	461	427	373
total equity	1,513	1,391	1,285	1,163	1,054
net debt	569	713	718	690	480
capital employed	2,081	2,104	2,002	1,854	1,535
total assets	2,910	2,859	2,741	2,552	1,996
<b>number of employees at end of period</b> (x1)	16,003	15,338	14,709	14,492	12,311
<b>ratios</b>					
total equity as a % of total assets	52.0	48.7	46.9	45.6	52.8
leverage ratio	1.3	1.7	1.8	1.9	1.6
EBITA as a % of revenue	12.5	11.8	11.0	11.2	11.0
free cash flow conversion ratio	73.4	69.8	66.1	66.9	57.6
return on capital employed (ROCE)	16.2	14.7	14.3	14.1	14.6
added-value as a % of revenue	62.3	62.2	61.5	60.5	60.0
EBITDA as a % of revenue	15.7	15.5	14.8	15.1	14.9
net profit before amortisation as a % of revenue	8.8	8.4	7.7	7.6	7.4
effective tax rate as a % of profit before tax	24.6	25.2	25.8	27.4	26.8
net debt / total equity	0.4	0.5	0.6	0.6	0.5
interest cover ratio	25.9	24.6	21.8	22.6	19.0
<b>shares issued</b> (in millions)					
ordinary shares (average)	110.6	110.6	110.6	110.6	110.1
ordinary shares (at year-end)	110.6	110.6	110.6	110.6	110.6
<b>figures per share</b> (in EUR)					
cash flow before amortisation	2.94	2.77	2.58	2.29	2.10
net profit before amortisation	2.15	1.92	1.72	1.52	1.38
dividend	0.65	0.58	0.52	0.46	0.41
share price at year-end	42.40	30.82	31.79	24.54	23.18