

# Organic revenue growth +5%

## Net profit and earnings per share +12%

Langbroek, 27 July 2017

### Highlights

- o Revenue +7% to EUR 1,368 million (organic +5%)
- o Operating profit (EBITA) +13% to EUR 170 million; EBITA-margin improved to 12.4%
- o Net profit before amortisation +12% to EUR 117 million; Earnings per share EUR 1.06 (+12%)
- o Return on Capital Employed (including goodwill) improved to 14.5%
- o Investments in many organic growth and innovation initiatives

### Key figures

in EUR million	1H2017	1H2016	DELTA
Revenue	1,368	1,274	7%
Added-value as a % of revenue	63.0	62.6	
Operating profit (EBITA)	169.8	150.4	13%
EBITA as a % of revenue	12.4	11.8	
Net profit before amortisation	117.0	104.9	12%
Earnings per share before amortisation (in EUR)	1.06	0.95	12%
Total equity as a % of total assets	46.8	45.1	
Net debt	799	845	(5%)
Leverage ratio: Net debt / EBITDA (12-months-rolling)	1.9	2.1	
Cash flow from operations	89.9	93.2	(4%)
Capital expenditure	55.3	57.0	(3%)
Return on capital employed (ROCE 12-months-rolling)	14.5	14.0	

### Outlook

We will consistently execute our strategy and drive our many organic growth and innovation initiatives, execute the integration plans of the acquired businesses and further strengthen our defined market positions through additional bolt-on acquisitions. We will realise further sustainable profitable growth.

### Wim Pelsma – CEO

“We delivered an excellent performance with 5% organic revenue growth, 13% EBITA growth, an improved EBITA-margin of 12.4% and a net profit and earnings per share increase of 12%. We integrated last year’s acquisitions well and expanded our business with several Key Accounts with a lot of potential. We have invested in many organic growth and innovation initiatives to accelerate our business and we made good progress with our Operational Excellence programme.”

## Operational developments

### **BUILDING INSTALLATIONS**

Our niche technology integrated piping systems realised a good organic growth, mainly in Europe. We started delivering to several new Key Accounts and expanded our offering to others. We also shipped our new patented connection system to the first customers. In the Industrial Installation end market in North America orders increased during the last months. The marketing & sales approach was further aligned and strengthened with additional sales people in combination with our improved distribution footprint and IT infrastructure. Further global alignment of sales & marketing, supply chain, purchase and Operational Excellence initiatives started. Our long-term global innovation roadmap is implemented in combination with the acquisitions of TRI-WENT and SHURJOINT.

Our activities in plastic connection systems realised excellent growth in many countries. We added new products to our portfolio and defined innovation roadmaps for the coming years to further accelerate organic growth.

### **INDUSTRIAL SERVICES**

Our niche technology heat & surface treatment performed well in North America and Europe, especially Germany and Benelux. The volumes in our service locations were on a good level. The ramp up of our greenfield site in China is making progress. A lot of new customers were serviced and we gained high volume long-term agreements. Many Operational Excellence projects are still in progress to improve the efficiency of the locations. In the end markets Automotive, Machine Build and Aerospace we faced good market circumstances.

Our specialised manufacturing activities related to complex precision stamping performed well, especially in France and China. Our activities in Power Generation showed a mixed picture, new business compensated the slower start of the OEM turbine customers.

### **CLIMATE CONTROL**

Niche technology hydronic flow control delivered a good organic growth in Europe and North America, where Russia was still challenging. We continued to integrate and optimise our joint marketing & system sales approach in combination with the execution of Operational Excellence projects. With several Key Accounts we are in discussion to offer a more integrated hydronic flow control system solution. Our thermal & sanitary efficiency activities also performed well in Europe. Especially in France, Spain and Benelux we realised good growth. A long term business and innovation plan was discussed to reach a higher added value to our customers. The focus will be on water treatment and thermal control solutions in combination with plastic connection systems. The execution of the innovation roadmap has started and will be further implemented in the coming years.

### **INDUSTRIAL CONTROLS**

With our niche technology fluid control we still faced difficult circumstances for the District Energy, Oil & Gas end market. Our new patented full flow valve system will be launched to several customers. In the Automotive and General Industries end markets we continued to perform well. Investments were made to accelerate the innovation roadmap.

Our dispense technology activities in the Beverage Dispense end market started slower, due to delay of projects. The alignment of the global business and the integration of VIN SERVICE made good progress. With several Key Accounts we are offering and developing more integrated and innovative dispense systems.

Our mechatronic technology activities performed well, with good organic growth in the Semicon & Science and General Industries end markets. We are investing in equipment and people to facilitate additional Key Account projects, announced in the beginning of the year. Our extrusion activities for the Machine Build and Aerospace end market continued on a high level.

## Webcast

A webcast will take place on Thursday 27 July 2017, starting at 2:00 PM (CEST). Please register via [www.aalberts.com/webcast1H2017](http://www.aalberts.com/webcast1H2017)

## Capital Markets Day

On Wednesday 6 December 2017 Aalberts Industries will host a Capital Markets Day in Utrecht (NL), combined with a factory tour in our new facility in Hilversum (NL). We will present our strategy update and objectives for the coming years.

## Contact (from 8 am CEST)

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## Financial calendar 2017-2018

DATE	EVENT
6 December 2017	Capital Markets Day
28 February 2018	Publication full year results 2017 (before start of trading)
18 April 2018	General Meeting
26 July 2018	Interim Results 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.

## Acquisitions

Aalberts Industries N.V. acquired 100% of the shares of Vin Service srl (Industrial Controls) in Italy as of 1 January 2017, generating an annual revenue of approximately EUR 27 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.

Aalberts Industries N.V. acquired 100% of the shares of Pneu/Tec B.V (Industrial Controls) in the Netherlands as of 1 July 2017, generating an annual revenue of approximately EUR 15 million.

## Consolidated income statement

in EUR million	1H2017	1H2016
<b>REVENUE</b>	<b>1,367.6</b>	<b>1,274.3</b>
Raw materials and work subcontracted	(506.4)	(476.6)
Personnel expenses	(396.6)	(371.4)
Depreciation of property, plant and equipment	(48.1)	(47.3)
Amortisation of intangible assets	(16.6)	(14.5)
Other operating expenses	(246.7)	(228.6)
<b>Total operating expenses</b>	<b>(1,214.4)</b>	<b>(1,138.4)</b>
<b>OPERATING PROFIT</b>	<b>153.2</b>	<b>135.9</b>
Net interest expense	(8.3)	(8.4)
Foreign currency exchange results	(1.9)	(0.3)
Derivative financial instruments	(2.5)	1.0
Net interest expense on employee benefit plans	(0.8)	(1.2)
<b>Net finance cost</b>	<b>(13.5)</b>	<b>(8.9)</b>
<b>PROFIT BEFORE INCOME TAX</b>	<b>139.7</b>	<b>127.0</b>
Income tax expenses	(37.7)	(35.1)
<b>PROFIT AFTER INCOME TAX</b>	<b>102.0</b>	<b>91.9</b>
<b>Attributable to:</b>		
Shareholders	100.4	90.4
Non-controlling interests	1.6	1.5
<b>NET PROFIT BEFORE AMORTISATION</b>	<b>117.0</b>	<b>104.9</b>
<b>Earnings per share before amortisation (in EUR)</b>		
Basic and Diluted	1.06	0.95

## Consolidated balance sheet

before profit appropriation in EUR million	30-06-2017	31-12-2016	30-06-2016
<b>ASSETS</b>			
Intangible assets	1,139.5	1,128.2	1,071.6
Property, plant and equipment	759.2	761.5	741.4
Deferred income tax assets	14.1	13.4	11.8
<b>Total non-current assets</b>	<b>1,912.8</b>	<b>1,903.1</b>	<b>1,824.8</b>
Inventories	582.7	521.1	527.8
Trade receivables	428.8	346.6	426.3
Income tax receivables	3.7	4.3	6.1
Other current assets	44.4	42.6	41.8
Cash and cash equivalents	41.5	40.9	54.0
<b>Total current assets</b>	<b>1,101.1</b>	<b>955.5</b>	<b>1,056.0</b>
<b>TOTAL ASSETS</b>	<b>3,013.9</b>	<b>2,858.6</b>	<b>2,880.8</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity	1,390.0	1,373.1	1,281.2
Non-controlling interests	20.2	18.0	16.8
<b>Total equity</b>	<b>1,410.2</b>	<b>1,391.1</b>	<b>1,298.0</b>
Non-current borrowings	485.2	461.2	510.5
Employee benefit plans	82.5	84.6	74.1
Deferred income tax liabilities	123.1	122.7	112.2
Other provisions and non-current liabilities	49.9	37.8	14.2
<b>Total non-current liabilities</b>	<b>740.7</b>	<b>706.3</b>	<b>711.0</b>
Current borrowings	227.6	202.5	309.9
Current portion of non-current borrowings	127.6	90.3	78.6
Trade and other payables	331.9	309.5	303.3
Income tax payables	28.0	22.2	22.2
Other current liabilities	147.9	136.7	157.8
<b>Total current liabilities</b>	<b>863.0</b>	<b>761.2</b>	<b>871.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,013.9</b>	<b>2,858.6</b>	<b>2,880.8</b>

## Consolidated cash flow statement

in EUR million	1H2017	1H2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating profit	153.2	135.9
Adjustments for:		
Depreciation of property, plant and equipment	48.1	47.3
Amortisation of intangible assets	16.6	14.5
Result on sale of equipment	(0.3)	(0.3)
Changes in provisions	(1.6)	(2.8)
Changes in inventories	(73.7)	(32.7)
Changes in trade and other receivables	(92.6)	(84.2)
Changes in trade and other payables	40.2	15.5
<b>Changes in working capital</b>	<b>(126.1)</b>	<b>(101.4)</b>
<b>CASH FLOW FROM OPERATIONS</b>	<b>89.9</b>	<b>93.2</b>
Finance cost paid	(12.0)	(8.5)
Income taxes paid	(33.2)	(28.4)
<b>NET CASH GENERATED BY OPERATING ACTIVITIES</b>	<b>44.7</b>	<b>56.3</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition/disposal of subsidiaries	(27.3)	(60.1)
Purchase of property, plant and equipment	(57.9)	(60.2)
Purchase of intangible assets	(3.9)	(1.7)
<b>NET CASH GENERATED BY INVESTING ACTIVITIES</b>	<b>(89.1)</b>	<b>(122.0)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from non-current borrowings	143.5	0.6
Repayment of non-current borrowings	(72.3)	(25.1)
Dividends paid	(64.1)	(57.5)
Cash flow to non-controlling interests	0.6	(1.8)
<b>NET CASH GENERATED BY FINANCING ACTIVITIES</b>	<b>7.7</b>	<b>(83.8)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CURRENT BORROWINGS</b>	<b>(36.7)</b>	<b>(149.5)</b>
Cash and current borrowings at beginning of period	(161.6)	(103.2)
Net increase/(decrease) in cash and current borrowings	(36.7)	(149.5)
Currency translation differences on cash and current borrowings	12.2	(3.2)
<b>CASH AND CURRENT BORROWINGS AS AT END OF PERIOD</b>	<b>(186.1)</b>	<b>(255.9)</b>

## Consolidated statement of comprehensive income

in EUR million	1H2017	1H2016
Profit for the period	102.0	91.9
Currency translation differences	(20.5)	(18.0)
Fair value changes derivative financial instruments, net of income tax	1.4	(2.6)
Income tax effect	(0.3)	1.3
<b>TOTAL COMPREHENSIVE INCOME / (LOSS)</b>	<b>82.6</b>	<b>72.6</b>
<b>Attributable to:</b>		
Shareholders	80.4	71.7
Non-controlling interests	2.2	0.9

## 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
<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	-	-	-	-	(57.5)	(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
<b>As at 30 June 2016</b>	<b>27.6</b>	<b>200.8</b>	<b>983.3</b>	<b>(20.9)</b>	<b>90.4</b>	<b>1,281.2</b>	<b>16.8</b>	<b>1,298.0</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)	-	(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
<b>As at 30 June 2017</b>	<b>27.6</b>	<b>200.8</b>	<b>1,093.3</b>	<b>(32.2)</b>	<b>100.5</b>	<b>1,390.0</b>	<b>20.2</b>	<b>1,410.2</b>

## Segment reporting - Key figures per business

### REVENUE

in EUR million	1H2017	1H2016*	DELTA
Building Installations	588.7	543.8	8%
Industrial Services	341.5	323.9	5%
Climate Control	262.1	250.8	5%
Industrial Controls	212.7	191.8	11%
<i>Holding / Eliminations</i>	<i>(37.4)</i>	<i>(36.0)</i>	-
<b>TOTAL</b>	<b>1,367.6</b>	<b>1,274.3</b>	<b>7%</b>

### EBITA

in EUR million	1H2017	1H2016*	DELTA
Building Installations	72.7	62.3	17%
Industrial Services	44.6	40.6	10%
Climate Control	29.8	25.5	17%
Industrial Controls	30.7	29.0	6%
<i>Holding / Eliminations</i>	<i>(8.0)</i>	<i>(7.0)</i>	-
<b>TOTAL</b>	<b>169.8</b>	<b>150.4</b>	<b>13%</b>

### EBITA %

(% of revenue)	1H2017	1H2016*	DELTA
Building Installations	12.4	11.5	0.9
Industrial Services	13.1	12.5	0.6
Climate Control	11.4	10.2	1.2
Industrial Controls	14.4	15.1	(0.7)
<b>TOTAL</b>	<b>12.4</b>	<b>11.8</b>	<b>0.6</b>

### CAPEX

in EUR million	1H2017	1H2016*	DELTA
Building Installations	22.9	21.1	9%
Industrial Services	18.5	25.1	(26%)
Climate Control	2.4	4.2	(43%)
Industrial Controls	11.4	6.5	75%
<i>Holding / Eliminations</i>	<i>0.1</i>	<i>0.1</i>	-
<b>TOTAL</b>	<b>55.3</b>	<b>57.0</b>	<b>(3%)</b>

\* 1H2016 adjusted for comparison purposes (as already disclosed in FY2016 webcast and analyst presentation)



## Revenue per region

in EUR million	1H2017	%	1H2016	%
Benelux, United Kingdom, Nordic	331	24	324	26
North America	319	23	294	23
Germany, Austria, Switzerland	296	22	284	22
France, Southern Europe	171	13	162	13
Russia, Eastern Europe	113	8	104	8
Far East	43	3	31	2
Middle East & Africa	36	3	31	2
Other countries	59	4	44	4
<b>TOTAL</b>	<b>1,368</b>	<b>100</b>	<b>1,274</b>	<b>100</b>

## Revenue per end market

in EUR million	1H2017	%	1H2016	%
Commercial Buildings	367	27	347	27
Residential Buildings	327	24	309	24
Automotive	170	13	160	13
General Industries	151	11	146	12
Industrial Installations	77	6	66	5
Water & Gas Supply, Irrigation	59	4	54	4
Machine Build	56	4	63	5
Semicon & Science	45	3	33	3
Power Generation, Aerospace	42	3	37	3
Beverage Dispense	41	3	28	2
District Energy, Oil & Gas	33	2	31	2
<b>TOTAL</b>	<b>1,368</b>	<b>100</b>	<b>1,274</b>	<b>100</b>

## 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 2017 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 31 December 2016.

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 2016, which have been prepared in accordance with IFRS as adopted by the European Union. As of 1 January 2017, 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, 26 July 2017

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