



organic revenue growth +5%
 earnings per share +16%
 continued investments in growth and innovations

Utrecht, 26 February 2019

highlights

- revenue +2% to EUR 2,759 million (organic +5%)
- operating profit (EBITA) +9% to EUR 366 million; EBITA-margin improved to 13.3%
- net profit before amortisation +15% to EUR 275 million; earnings per share EUR 2.49 (+16%)
- free cash flow amounted to EUR 312 million; ROCE improved to 16.6%
- continued investments in organic growth and innovation initiatives
- bolt-on acquisitions: PEM, VAF, Co-Planar and RMF; annual revenue of EUR 82 million
- annual revenue of EUR 97 million divested and optimised

key figures

in EUR million	2018	2017	delta
revenue	2,759	2,694	2%
added-value as a % of revenue	62.6	62.3	
operating profit (EBITA)	366	336	9%
EBITA as a % of revenue	13.3	12.5	
net profit before amortisation	275	238	15%
earnings per share before amortisation (in EUR)	2.49	2.15	16%
total equity as a % of total assets	53.2	52.0	
net debt	586	569	3%
leverage ratio: net debt / EBITDA (12-months-rolling)	1.3	1.3	
free cash flow (before interest and tax)	312	310	1%
free cash flow conversion ratio (FCF as a % of EBITDA)	67.6	73.4	
capital expenditure	134	119	13%
net working capital	464	455	2%
return on capital employed (ROCE 12-months-rolling)	16.6	16.2	

dividend

Aalberts proposes to increase the cash dividend per ordinary share by 15% to EUR 0.75 (2017: EUR 0.65). This proposal will be submitted to the General Meeting to be held on 17 April 2019.

outlook

Looking ahead to 2019 we remain confident in the execution of the many growth and innovation initiatives and investment plans. We will pursue our strategy 'focused acceleration' and objectives, drive our profitability further and convert strong operational execution into free cash flow.

Wim Pelsma - CEO

“WE DELIVERED A STRONG PERFORMANCE WITH 5% ORGANIC REVENUE GROWTH, AN IMPROVED EBITA-MARGIN TO 13.3%, A NET PROFIT INCREASE OF 15% AND AN IMPROVED ROCE TO 16.6%.”

We have relentlessly driven forward our updated Aalberts strategy ‘focused acceleration’. Many investments were made in organic growth and innovation initiatives, facilitating the long-term plans and innovation roadmaps of our dedicated and motivated business teams. We further strengthened our market positions and optimised our portfolio through acquisitions and divestments.

Our new Aalberts company passport was launched during the year and we worked on many operational improvements through our Aalberts’ networks to further professionalise our organisation.

We will propose to the General Meeting a cash dividend of EUR 0.75 per share (2017: EUR 0.65) an increase of 15%.

financial results

The revenue increased by 2.4% (organic +4.6%) to EUR 2,759 million (2017: EUR 2,694 million). Currency translation/FX impact amounted to EUR 39 million *negative* (mainly caused by US Dollar and Russian Ruble).

The added-value margin (revenue minus raw materials and work subcontracted) improved to 62.6% (2017: 62.3%).

Operating profit (EBITA) increased by 9% to EUR 366 million (2017: EUR 336 million), 13.3% of the revenue (2017: 12.5%). Currency translation/FX impact amounted to EUR 4.3 million *negative* (mainly caused by US Dollar and Russian Ruble).

Net interest expense amounted to EUR 16.7 million (2017: EUR 16.7 million).

The income tax expense decreased to EUR 65.6 million (2017: 68.0 million) resulting in an effective tax rate of 21.4% (2017: 24.6%).

Net profit before amortisation increased by 15% to EUR 275 million (2017: EUR 238 million), per share by 16% to EUR 2.49 (2017: EUR 2.15).

Capital expenditure on property, plant and equipment increased by 13% to EUR 134 million (2017: EUR 119 million).

Net working capital amounted to EUR 464 million, 16.8% of revenue (2017: EUR 455 million, 16.8% respectively).

Free cash flow (before interest and tax) amounted to EUR 312 million (2017: EUR 310 million) and the free cash flow conversion ratio was 67.6% of EBITDA (2017: 73.4%).

Cash flow from operations amounted to EUR 427 million (2017: EUR 427 million).

Return on capital employed (ROCE) improved to 16.6% (2017: 16.2%).

Total equity remained at a solid level of 53.2% of the balance sheet total (2017: 52.0%).

Net debt amounted to EUR 586 million (2017: EUR 569 million) despite four bolt-on acquisitions.

The leverage ratio ended at 1.3 (2017: 1.3), well below the bank covenant < 3.0.

operational developments

installation technology

realised a good organic growth. After the global alignment of the integrated piping systems business, we accelerated the implementation of the long-term global plans. The management and sales teams in North America, Asia and Europe were strengthened, many optimisation and efficiency initiatives were taken and additional costs were made. Operational and pricing excellence networks were launched. Plans and actions were made to improve and optimise our distribution footprint in each region. We started the process to roll-out the Aalberts company passport worldwide. Several new product lines were launched and additional investments were made globally in fast-growing product lines. We offered the integrated piping systems portfolio successfully to several key accounts worldwide, utilising our joint approach. The innovation roadmap is extended with digital and engineering initiatives to generate more added value and to optimise our (digital) specifications. The multilayer systems made an excellent year with growth in both North America and Europe. Many initiatives were launched to further optimise our portfolio and grow the business. We invested a lot in the expansion of our innovation and sales teams during the year. The focus on integrated piping and multilayer systems for niche applications works out well as we see market positions improving and our specialised business teams getting more traction.

material technology

did well during the year, especially in Europe the volumes in our service locations were on a good level. In North America we realised a strong performance, activities related to the power generation end market faced challenging circumstances. Our surface treatment activities were successfully aligned in Europe and investments in heat treatment were increased to exploit the many opportunities. In the automotive end market we see many opportunities to develop new, more complex, highly specified parts on a larger global scale for the electrification of vehicles and autonomous driving. Aalberts' worldwide presence, development and investment power are seen as a real advantage. In the aerospace end market, we continued to execute our business and investment plan, combining technologies to our key accounts. The global operational excellence initiatives made good progress. Several locations were further optimised, divested or integrated. Many ongoing initiatives are in progress to further improve the service locations network worldwide. We also strengthened the portfolio with three bolt-on acquisitions, adding corrosion protection technology in North America, reel-to-reel surface treatment technology in Europe and expanding our North American footprint for precision stamping.

climate technology

realised organic growth and further improved the market position with the launch of several new and upgraded product ranges including digital services. The development of the business showed a mixed picture with good growth in several regions. Our project business faced some slowdown during summer period, order intake increased again during the last months of the year. The innovation roadmaps are making good progress with many new and upgraded product lines. We integrated three locations in Spain, France and UK. The hydronic flow control activities will be expanded and optimised by investing in a new manufacturing and distribution facility in the Netherlands. New digital business models are in development in France and the Netherlands, where we created digital smart labs to drive new business initiatives. The energy efficiency system improvements of installations in residential and commercial buildings are driven by data collection and monitoring. Adding services to our existing products and systems improves our added value. We also face an increasing demand for pre-fabrication of modular installation systems. Speeding up innovation and engineering is key to strengthen our position in this business segment and to adapt to new market trends.

industrial technology

had a good performance and order intake. The launch of upgraded product lines in fluid control for the automotive and general industries end markets was well received, especially the valve regulators for passenger cars showed good growth. The innovation roadmap, developed in close cooperation with our key accounts, includes several great new projects for the coming years. We strengthened our technology portfolio with the acquisition of VAF, a sensor and measurement specialist, based in the Netherlands. The activities in engineered valves for the district energy & gas end markets were facing difficult circumstances, mainly due to less governmental projects in Eastern Europe and China. In North America we performed well. Dispense technologies made a good year. We streamlined and consolidated our operations in North America, made an excellent year in Europe and started to align the locations globally. Advanced mechatronics realised a great performance and business accelerated with our key accounts. Our pre-investments in people and equipment worked out well. We made additional investments in engineering, project management, key account management and capital equipment to facilitate the growth for the coming years. Our Aalberts strengths enable us to attract a lot of talented and experienced people.

acquisitions

Aalberts acquired 100% of the shares of four companies in material technology and industrial technology.

Annual revenue of EUR 82 million was acquired (2018 includes EUR 37 million).

divestments and optimisations

Aalberts divested and optimised several activities in installation technology and material technology.

Annual revenue of EUR 97 million was divested and optimised (2018 includes EUR 55 million).

webcast

A webcast will take place on Tuesday 26 February 2019, starting at 2:00 pm (CET).

Please register via aalberts.com/webcast2018

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 2019-2020

date	event
6 March 2019	publication annual report 2018
20 March 2019	registration date for general meeting
17 April 2019	general meeting
23 April 2019	quotation ex-dividend
24 April 2019	record date for dividend
16 May 2019	paying out dividend
25 July 2019	publication interim results 1H2019 (before start of trading)
27 February 2020	publication full year results 2019 (before start of trading)
22 April 2020	general meeting

consolidated income statement

in EUR million

	2018	2017
REVENUE	2,758.9	2,694.0
raw materials and work subcontracted	(1,033.3)	(1,015.6)
personnel expenses	(816.5)	(781.7)
depreciation of property, plant and equipment	(95.9)	(86.9)
amortisation of intangible assets	(36.7)	(33.7)
other operating expenses	(447.7)	(474.3)
total operating expenses	(2,430.1)	(2,392.2)
OPERATING PROFIT	328.8	301.8
net interest expense	(16.7)	(16.7)
foreign currency exchange results	(2.7)	(5.3)
derivative financial instruments	(0.7)	(0.3)
unwinding discounts on provisions	(0.8)	(1.3)
net interest expense on employee benefit plans	(1.5)	(1.8)
net finance cost	(22.4)	(25.4)
PROFIT BEFORE INCOME TAX	306.4	276.4
income tax expense	(65.6)	(68.0)
PROFIT AFTER INCOME TAX	240.8	208.4
attributable to:		
shareholders	238.2	204.5
non-controlling interests	2.6	3.9
NET PROFIT BEFORE AMORTISATION	274.9	238.2
earnings per share before amortisation (in EUR)		
basic	2.49	2.15
diluted	2.48	2.15

consolidated balance sheet

before profit appropriation in EUR million

	31-12-2018	31-12-2017
ASSETS		
intangible assets	1,234.8	1,126.6
property, plant and equipment	818.2	774.9
deferred income tax assets	15.1	14.7
total non-current assets	2,068.1	1,916.2
inventories	613.7	556.8
trade receivables	342.9	353.1
income tax receivables	13.1	3.5
other current assets	56.4	37.3
cash and cash equivalents	53.7	43.5
total current assets	1,079.8	994.2
TOTAL ASSETS	3,147.9	2,910.4
EQUITY AND LIABILITIES		
shareholders' equity	1,651.6	1,490.3
non-controlling interests	24.2	22.4
total equity	1,675.8	1,512.7
non-current borrowings	459.5	414.1
employee benefit plans	69.6	71.6
deferred income tax liabilities	117.0	110.4
other provisions and non-current liabilities	27.9	44.2
total non-current liabilities	674.0	640.3
current borrowings	52.2	63.2
current portion of non-current borrowings	128.0	134.8
trade and other payables	417.2	378.4
income tax payables	39.2	40.3
other current liabilities	161.5	140.7
total current liabilities	798.1	757.4
TOTAL EQUITY AND LIABILITIES	3,147.9	2,910.4

consolidated cash flow statement

in EUR million

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
operating profit	328.8	301.8
adjustments for:		
depreciation of property, plant and equipment	95.9	86.9
amortisation of intangible assets	36.7	33.7
result on sale of equipment	1.1	(1.1)
changes in provisions	(21.6)	(1.9)
changes in inventories	(66.9)	(52.4)
changes in trade and other receivables	14.3	(11.7)
changes in trade and other payables	38.3	71.7
changes in working capital	(14.3)	7.6
CASH FLOW FROM OPERATIONS	426.6	427.0
finance cost paid	(19.2)	(22.7)
income taxes paid	(85.6)	(68.1)
NET CASH GENERATED BY OPERATING ACTIVITIES	321.8	336.2
CASH FLOWS FROM INVESTING ACTIVITIES		
acquisition of subsidiaries	(165.8)	(41.0)
disposal of subsidiaries	34.3	-
purchase of property, plant and equipment	(128.1)	(111.2)
purchase of intangible assets	(8.0)	(9.2)
proceeds from sale of equipment	21.6	3.4
NET CASH GENERATED BY INVESTING ACTIVITIES	(246.0)	(158.0)
CASH FLOWS FROM FINANCING ACTIVITIES		
proceeds from non-current borrowings	169.6	144.5
repayment of non-current borrowings	(139.4)	(130.0)
dividends paid	(71.9)	(64.1)
settlement of share based payment awards and other	(7.1)	(0.1)
NET CASH GENERATED BY FINANCING ACTIVITIES	(48.8)	(49.7)
NET INCREASE/(DECREASE) IN CASH AND CURRENT BORROWINGS	27.0	128.5
cash and current borrowings at beginning of period	(19.7)	(161.6)
net increase/(decrease) in cash and current borrowings	27.0	128.5
currency translation differences on cash and current borrowings	(5.8)	13.4
CASH AND CURRENT BORROWINGS AS AT END OF PERIOD	1.5	(19.7)

consolidated statement of comprehensive income

in EUR million	2018	2017
profit for the period	240.8	208.4
currency translation differences	0.9	(34.5)
fair value changes derivative financial instruments	(1.6)	2.9
remeasurements of employee benefit obligations	(1.2)	8.9
income tax effect	0.2	(2.3)
TOTAL COMPREHENSIVE INCOME / (LOSS)	239.1	183.4
attributable to:		
shareholders	237.2	178.9
non-controlling interests	1.9	4.5

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)	(0.1)	(64.2)
addition to other reserves	-	-	118.5	-	(118.5)	-	-	-
share based payments	-	-	2.4	-	-	2.4	-	2.4
total comprehensive income	-	-	7.3	(32.9)	204.5	178.9	4.5	183.4
as at 31 December 2017	27.6	200.8	1,102.5	(45.1)	204.5	1,490.3	22.4	1,512.7
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	-	-	(4.0)	-	-	(4.0)	-	(4.0)
total comprehensive income	-	-	(1.4)	0.4	238.2	237.2	1.9	239.1
as at 31 December 2018	27.6	200.8	1,229.7	(44.7)	238.2	1,651.6	24.2	1,675.8

segment reporting - key figures per business

REVENUE

in EUR million	2018	2017	delta
installation technology	1,119.4	1,134.8	(1%)
material technology	746.7	733.9	2%
climate technology	546.0	523.8	4%
industrial technology	409.3	362.9	13%
holding / eliminations	(62.5)	(61.4)	
TOTAL	2,758.9	2,694.0	2%

EBITA

in EUR million	2018	2017	delta
installation technology	134.1	138.7	(3%)
material technology	102.1	97.3	5%
climate technology	65.4	62.3	5%
industrial technology	64.3	54.4	18%
holding / eliminations*	(0.4)	(17.2)	
TOTAL	365.5	335.5	9%

*includes holding expenses, insurance income, result on divestments, release of earn-out provisions and non-recurring expenses

EBITA %

(% of revenue)	2018	2017	Delta
installation technology	12.0	12.2	(0.2)
material technology	13.7	13.3	0.4
climate technology	12.0	11.9	0.1
industrial technology	15.7	15.0	0.7
TOTAL	13.3	12.5	0.8

CAPEX

in EUR million	2018	2017	delta
installation technology	37.7	43.2	(13%)
material technology	58.7	51.2	15%
climate technology	9.5	6.5	46%
industrial technology	24.9	17.4	43%
holding / eliminations	3.1	0.6	
TOTAL	133.9	118.9	13%

revenue per region

in EUR million	2018	%	2017	%
Benelux, United Kingdom, Nordic	701	26	668	25
North America	619	23	631	23
Germany, Austria, Switzerland	579	21	589	22
France, Southern Europe	389	14	347	13
Russia, Eastern Europe	281	10	262	10
Far East	94	3	92	3
Middle East & Africa	62	2	70	3
Other countries	34	1	35	1
TOTAL	2,759	100	2,694	100

revenue per end market

in EUR million	2018	%	2017	%
commercial buildings	722	26	726	27
residential buildings	650	24	641	24
general industries	407	15	393	15
automotive	361	13	348	13
semicon & science	152	6	102	4
industrial installations	146	5	147	5
water & gas supply, irrigation	109	4	110	4
beverage dispense	76	3	75	3
district energy, gas	70	2	72	2
power generation, aerospace	66	2	80	3
TOTAL	2,759	100	2,694	100

basis for preparation

ACCOUNTING POLICIES

The condensed consolidated financial information for the year 2018 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 2018.

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 2018 have been prepared and audited and will be published on 6 March 2019.

key figures

	2018	2017	2016	2015	2014
results (in EUR million)					
revenue	2,759	2,694	2,522	2,475	2,201
added-value	1,726	1,678	1,569	1,521	1,332
operating profit (EBITDA)	462	422	392	367	332
operating profit (EBITA)	366	336	298	272	247
net profit before amortisation	275	238	212	190	168
depreciation	96	87	94	95	85
cash flow from operations	427	427	383	330	307
free cash flow (before interest and tax)	312	310	273	243	222
balance sheet (in EUR million)					
intangible assets	1,235	1,127	1,128	1,050	900
property, plant and equipment	818	775	762	736	726
capital expenditure	134	119	106	96	85
net working capital	464	455	480	461	427
total equity	1,676	1,513	1,391	1,285	1,163
net debt	586	569	713	718	690
capital employed	2,262	2,081	2,104	2,002	1,854
total assets	3,148	2,910	2,859	2,741	2,552
number of employees at end of period (x1)	16,452	16,003	15,338	14,709	14,492
ratios					
total equity as a % of total assets	53.2	52.0	48.7	46.9	45.6
leverage ratio	1.3	1.3	1.7	1.8	1.9
EBITA as a % of revenue	13.3	12.5	11.8	11.0	11.2
free cash flow conversion ratio	67.6	73.4	69.8	66.1	66.9
return on capital employed (ROCE)	16.6	16.2	14.7	14.3	14.1
added-value as a % of revenue	62.6	62.3	62.2	61.5	60.5
EBITDA as a % of revenue	16.7	15.7	15.5	14.8	15.1
net profit before amortisation as a % of revenue	10.0	8.8	8.4	7.7	7.6
effective tax rate as a % of profit before tax	21.4	24.6	25.2	25.8	27.4
net debt / total equity	0.3	0.4	0.5	0.6	0.6
interest cover ratio	27.2	25.9	24.6	21.8	22.6
number of ordinary shares issued (in millions)	110.6	110.6	110.6	110.6	110.6
figures per share (in EUR)					
cash flow before amortisation	3.35	2.94	2.77	2.58	2.29
net profit before amortisation	2.49	2.15	1.92	1.72	1.52
dividend	0.75	0.65	0.58	0.52	0.46
share price at year-end	29.05	42.40	30.82	31.79	24.54