



2017

GENERAL MEETING

UTRECHT, 18 APRIL 2017



| AGENDA

- o STRATEGY & OBJECTIVES
- o OPERATIONAL REVIEW
- o FINANCIAL REVIEW
- o OUTLOOK
- o DELOITTE
- o QUESTIONS & ANSWERS



**AALBERTS
INDUSTRIES**

'AALBERTS INDUSTRIES LINKED' STRATEGY 2015-2018

LEADING NICHE POSITIONS

- Businesses
- End markets
- Core technologies
- Customer added value
- Divest non-core activities



**FOCUS OUR
APPROACH**

OPERATIONAL EXCELLENCE

- Pricing optimisation
- Technology competence centres
- Make or buy decisions
- Manufacturing efficiency
- Consolidation of locations
- Supply Chain improvements



**IMPROVE PROFITABILITY
CONTINUOUSLY**



**IMPROVE DEFINED
MARKET POSITIONS**



**USE GROUP
STRENGTHS**

CORE TECHNOLOGIES

- Growth perspective
- Strong brand names
- Innovation roadmaps
- Selective acquisitions
- Combined offering

EXCHANGE BEST PRACTICES

- Manufacturing technology
- Sales & distribution channels
- Innovations & investments
- Working methods & know-how
- Global footprint
- KPI tools
- Key Account Management
- HR Talent Development



Worldwide leading niche technology-end market positions



in the defined businesses with strong brand names serving a variety of global end markets.

Creating sustainable profitable growth



in earnings per share with a good spread in businesses, technologies, end markets and geographical regions with good growth potential.

Generating high-added-value margins



by driving our Operational Excellence programme, providing excellent services close to our customers and continuously driving innovations.

Converting strong operational execution into free cash flow



to reinvest in selected businesses and technologies, with disciplined allocation of capital, to accelerate organic growth, innovations and acquisitions.

Achieve following financial ratios



Solvability > 40%
Leverage ratio < 2.5
EBITA margin > 12%
FCF conversion ratio > 70%
ROCE > 16%

THE AALBERTS WAY

WINNING WITH PEOPLE



BE AN ENTREPRENEUR

We explore and make dreams happen.
We adapt and innovate with a clear focus on our customers.



TAKE OWNERSHIP

We are responsible for achieving our own commitments.



GO FOR EXCELLENCE

We are passionate, self-critical and persistent in everything we do.
And we deliver results.



SHARE AND LEARN

We learn from each other by being professional and open-minded.
We get better every day.



ACT WITH INTEGRITY

We lead by example, act transparently and speak up.

BUILDING INSTALLATIONS

Building Installations manufactures and markets complete connection systems and valves to distribute and control water or gas in heating, cooling, (drinking) water, gas and sprinkler systems in residential, commercial and industrial buildings and industrial installations.

Strong focus on installers, contractors and wholesalers.



CLIMATE CONTROL

Climate Control develops and manufactures complete hydronic systems – from source to emitter – for heating and cooling systems. The systems are designed for residential, commercial and industrial buildings, both new build and renovation.

Strong focus on building owners, specifying institutes and developers.



INDUSTRIAL CONTROLS

Industrial Controls develops, engineers and manufactures systems to regulate and control gasses and liquids for specific niche applications. These niche technology-end market combinations are characterised by an increasing demand for high value and custom made, engineered solutions.

Strong focus on engineers and (global) Key Accounts.



INDUSTRIAL SERVICES

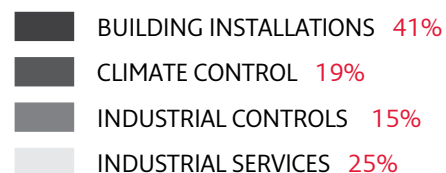
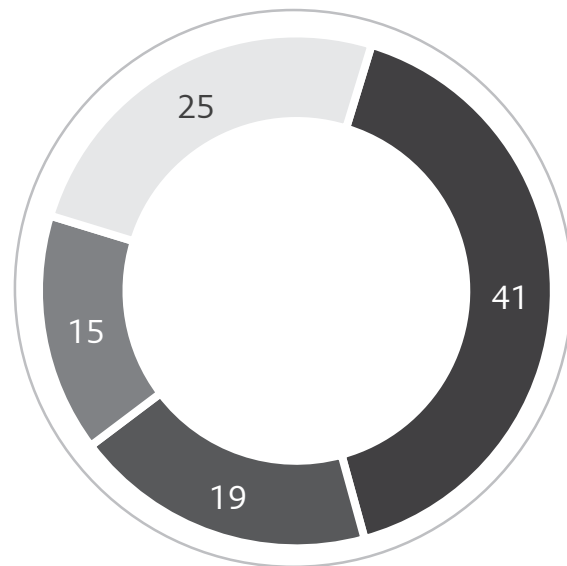
Industrial Services offers a unique combination of advanced material technology know-how, highly specialised manufacturing expertise and a global network of locations with excellent local knowledge and service.

Strong focus on regional customers, engineers and (global) Key Accounts.



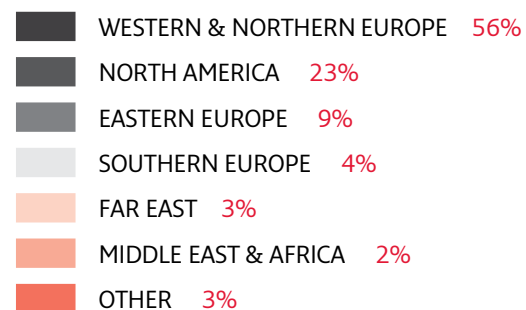
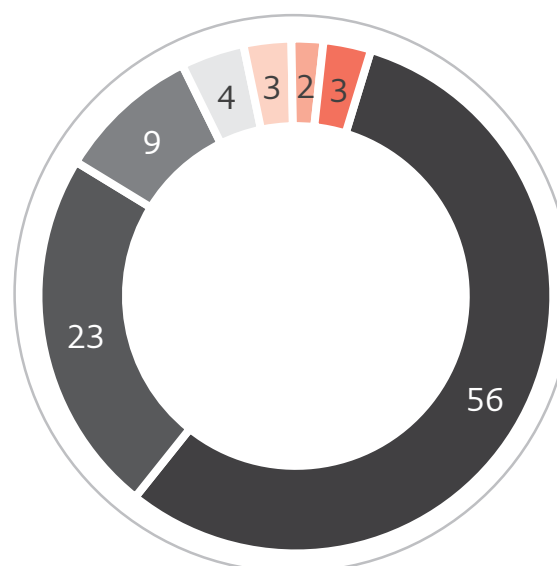
PER BUSINESS

(in %)



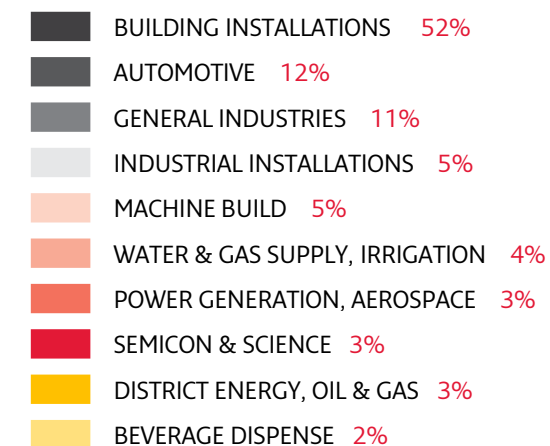
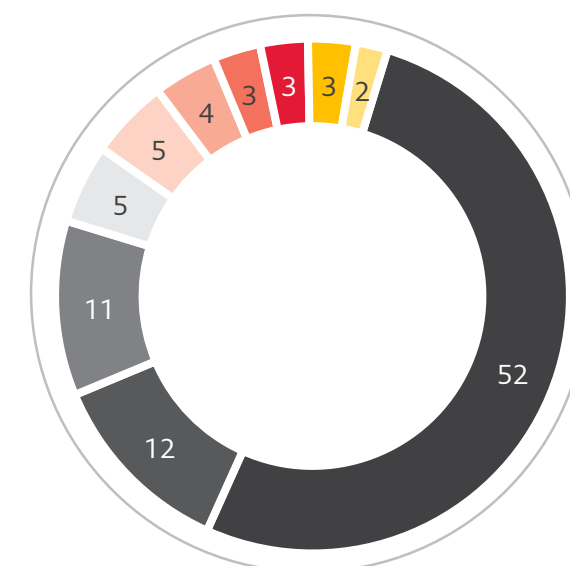
PER REGION

(in %)



PER END MARKET

(in %)



OPERATIONAL REVIEW



**AALBERTS
INDUSTRIES**

REVENUE (in EUR million)

2,522 ○ +2%

ADDED-VALUE (% of revenue)

62.2
2015: 61.5

EBITA (in EUR million)

298 ○ +10%

EBITA % (% of revenue)

11.8
2015: 11.0

NET PROFIT (in EUR million)

212 ○ +12%

EARNINGS PER SHARE (in EUR)

1.92 ○ +12%

FREE CASH FLOW (in EUR million)

273 ○ +12%

RETURN ON CAPITAL EMPLOYED (ROCE IN %)

14.7
2015: 14.3

- Revenue +2% to EUR 2,522 million (organic +1.1%)
- Operating profit (EBITA) +10% to EUR 298 million; EBITA-margin 11.8%
- Net profit before amortisation +12% to EUR 212 million; Earnings per share EUR 1.92 (+12%)
- Cash flow from operations +16% to EUR 383 million; Free cash flow +12% to EUR 273 million
- Return on Capital Employed (ROCE) improved to 14.7% (2015: 14.3%)
- Many organic growth and innovation initiatives; Capex EUR 106 million (2015: EUR 96 million)
- Bolt-on acquisitions: Ushers, Schroeder, Tri-Went, Shurjoint and as of 2017 Vin Service



BUILDING INSTALLATIONS

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Strong focus on installers, contractors and wholesalers.

OUR END MARKETS



Building Installations



Industrial Installations



Water & Gas Supply, Irrigation

OUR ADDED VALUE

- Speed up installation
- Guarantee system quality
- Offer a total package and availability

OUR CORE TECHNOLOGIES & BRANDS

EUROPE & MIDDLE EAST



Integrated piping system technology
Valve technology



Multilayer system technology

NORTH AMERICA



Integrated piping system technology
Valve technology

Plastic connection system technology

REVENUE
(in EUR million)

1,073.1 ○ —

EBITA
(in EUR million)

122.4 ○ +9%

EBITA %
(% of revenue)

11.4
2015: 10.5

CAPITAL EXPENDITURE
(in EUR million)

38.7 ○ +5%

- Europe & Middle East
 - » realised good organic growth and results:
 - > higher revenues; operational improvements
 - > focused market approach on technologies with growth potential
 - » integrated piping system offering resulted in several longer term agreements with Key Accounts
 - » further improved marketing & sales, project tracking, specification
 - » improved distribution footprint will be implemented coming years
 - » in the Netherlands manufacturing started of new patented connection system in newly built facility
 - » plastic multilayer systems activity very successful
- North America
 - » residential and commercial end market performed well
 - » Industrial Installations end market faced challenging circumstances
 - » investments kept on high level; many ongoing projects
 - » improved our offering of connections, valves and plastic systems
 - » business expansion with several major Key Accounts
 - » acquisition TRI-WENT strengthened cooling applications
 - » acquisition SHURJOINT specialised in grooved systems
- Global innovation roadmap defined and aligned



Climate Control develops and manufactures complete hydronic systems – from source to emitter – for heating and cooling systems. The systems are designed for residential, commercial and industrial buildings, both new build and renovation.

Strong focus on building owners, specifying institutes and developers.

OUR END MARKETS



Building Installations

OUR ADDED VALUE

- Engineered system solution on customer specification
- Realise energy efficiency and water saving through improved system performance
- Provide excellent local service and after sales

OUR CORE TECHNOLOGIES & BRANDS



Flamco

Pressurisation, safety & efficiency and distribution technology

COMAP

Connection, control & water treatment technology

REVENUE
(in EUR million)

501.8 ○ —

EBITA
(in EUR million)

54.0 ○ +5%

EBITA %
(% of revenue)

10.8
2015: 10.3

CAPITAL EXPENDITURE
(in EUR million)

8.4 ○ +11%







- lot of progress, especially in realising many ongoing projects
- most European and North American countries good growth and results
- France and Spain market circumstances improved
- several product lines did very well
- continued to integrate and optimise joint marketing & sales approach based on core technologies
- several regions sales force strengthened with experienced people
- optimisation of our portfolio reduced our organic growth
- started new manufacturing site in Russia
- transferred & consolidated several manufacturing sites
- these projects realised before year end, increased costs during the year
- global innovation roadmap defined to drive further organic growth and prioritise and align many product development and business opportunities



Industrial Controls develops, engineers and manufactures systems to regulate and control gasses and liquids for specific niche applications. These niche technology-end market combinations are characterised by an increasing demand for high value and custom made, engineered solutions.

Strong focus on engineers and (global) Key Accounts.

OUR END MARKETS

-  District Energy, Oil & Gas
-  Automotive
-  Semicon & Science
-  Beverage Dispense
-  General Industries
-  Power Generation, Aerospace

OUR ADDED VALUE

- Deliver the most challenging customer specifications
- Guarantee an excellent global service capability
- Develop new technology solutions together with Key Accounts

OUR CORE TECHNOLOGIES & BRANDS



Engineered valve technology



Fluid power technology



Nano technology



Dispense technology



Precision extrusion technology

REVENUE
(in EUR million)

380.8 ○ — +4%

EBITA
(in EUR million)

57.4 ○ — +25%

EBITA %
(% of revenue)

15.1
2015: 12.5

CAPITAL EXPENDITURE
(in EUR million)

13.6 ○ — -





- **engineered valves**
 - » District Energy, Oil & Gas end market was challenging
 - » transferred & strengthened North American operation
 - » Denmark investment new patented valve product line
- **fluid power**
 - » did very well
 - » newly formed business management team, executing integration plan and innovation roadmap
 - » many opportunities to follow Key Accounts using global footprint
- **dispense technology**
 - » good year
 - » business globally aligned; many supply chain improvements; innovation roadmap was made
 - » acquisitions SCHROEDER and VIN SERVICE (2017) further complete offering towards (global) Key Accounts
- **nano technology**
 - » Semicon & Science end market started slow, improved during the second half
 - » aligned Key Account Management, using group strengths
- **precision extrusion**
 - » excellent year in organic growth and results
 - » more focus, business expansion Key Accounts
 - » Aerospace strong growth due to unique offering
 - » further investments to facilitate growth
- divestment one non-core activity



Industrial Services offers a unique combination of advanced material technology know-how, highly specialised manufacturing expertise and a global network of locations with excellent local knowledge and service.

Strong focus on regional customers, engineers and (global) Key Accounts.

OUR END MARKETS

-  Automotive
-  Machine Build
-  Power Generation, Aerospace
-  General Industries

OUR ADDED VALUE

- Improve material characteristics on customer specification
- Offer a combination of highly specialised manufacturing expertise with improved material characteristics
- Make use of our global network of locations with excellent local knowledge and service

OUR CORE TECHNOLOGIES & BRANDS



Surface treatment technology



Heat treatment technology



Precision manufacturing technology



Precision stamping technology

REVENUE
(in EUR million)

635.1 ○ +4%

EBITA
(in EUR million)

79.3 ○ +3%

EBITA %
(% of revenue)

12.5
2015: 12.6

CAPITAL EXPENDITURE
(in EUR million)

44.9 ○ +19%

○ **heat treatment**

- » good year despite lower volumes Machine Build, General Industries
- » Automotive on good level
- » Eastern Europe, Benelux, North America good growth due to new projects with Key Accounts
- » alignment heat treatment organisation and successful rebranding

○ **surface treatment**

- » good progress ramp up greenfield sites China and Eastern Europe
- » many Operational Excellence projects executed; more costs lowering our profitability
- » Automotive performed at good level
- » more difficult circumstances: Machine Build Europe; Oil & Gas in North America
- » Aerospace end market: realised good growth in the UK; signed long term agreement with major Key Account in France

○ **complex precision stamping**


- » good developments in Eastern Europe and Asia
- » France we faced more difficult market circumstances
- » started programme to develop more projects, niche applications

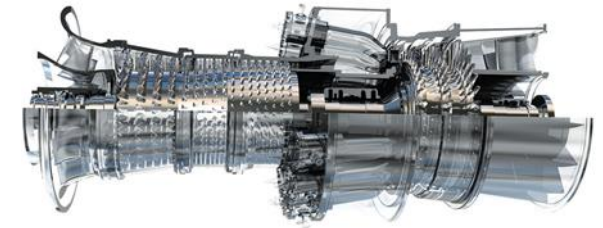
○ **precision manufacturing, brazing and heat treatment**

- » did very well, realised excellent growth
- » invested in additional capacity to facilitate growth Key Accounts
- » market position strengthened with acquisition USHERS enabling us to offer a combination of technologies to Key Accounts
- » Invested in new precision manufacturing plant in South Carolina to facilitate growth




directly services the OEM in power generation market with several high grade technologies for industrial gas turbines (IGT)

- strengthens market position in **Power Generation** 
- close cooperation with our brazing and heat treatment activity in North America.
- invest in expansion, add complementary technologies and expand existing Key Account partnerships to Europe and Asia




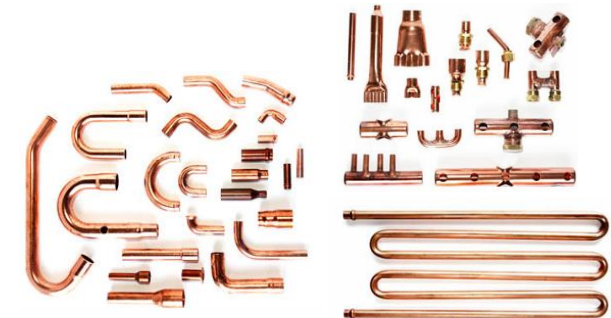
known for its strong innovation and patented products like bar dispensers, non-carbonated post-mix and beverage dispensers, carbonators & chillers

- strengthens position in **Beverage Dispense market** 
- product lines complementary to our existing dispensing technologies Taprite & DSI, enabling us to offer an even more complete dispensing system to global customers



leader in fabricated tubular products used in various industrial applications like air-conditioning, refrigeration, heating, electronics, plumbing, marine, ventilation.

- strengthens market position in **Industrial Installations** 
- close cooperation with our existing fabricated tubular products Elkhart in North America
- Expand OEM business in several industries, including automotive and air conditioning and refrigeration.





specialised in the design and manufacturing of dispensing equipment for all kinds of beverages, globally servicing its many key customers.

- strengthens position in Beverage Dispense market 🍹
- complementary portfolio, enhances global market position
- many possibilities in especially North America and Asia, utilising Key Account contacts.



innovative leader in the development, manufacturing, sales and distribution of grooved components for mechanical piping systems

- strengthens position in both Building Installations 🏢 and Industrial Installations 🏭 end market
- perfect strategic fit to existing connection technology portfolio
- strengthens project offering with a complete range of sizes, for all kind of end markets, for a variety of piping materials.
- will be combined with our valve portfolio, offering many opportunities for growth and innovations.



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

FINANCIAL REVIEW



AALBERTS
INDUSTRIES

in EUR million	2016	2015	DELTA
Revenue	2,522.1	2,475.3	2%
Operating profit (EBITDA)	391.8	367.3	7%
Depreciation	(93.7)	(95.3)	(2%)
Operating profit (EBITA)	298.1	272.0	10%
Net interest expense	(16.6)	(17.8)	(7%)
Other net finance cost	(3.4)	(2.6)	-
Income tax expense (<i>ETR FY16: 25.2%, FY15: 25.8%</i>)	(62.4)	(58.6)	6%
Non-controlling interests	(3.2)	(2.5)	-
NET PROFIT BEFORE AMORTISATION	212.4	190.4	12%
EPS before amortisation in EUR	1.92	1.72	12%

- » Revenue growth: +1.1% organic, +2.4% acquisitions/divestments, -1.6% FX/currency impact
- » FX impact EUR 39 mio *negative* on Revenue and EUR 4 mio *negative* on EBITA

in EUR million

	31.12.2016	31.12.2015
Total non-current assets	1,903	1,799
Total current assets	956	942
TOTAL ASSETS	2,859	2,741
Total equity	1,391	1,285
Total non-current liabilities	706	763
Total current liabilities	762	693
TOTAL EQUITY AND LIABILITIES	2,859	2,741
Net debt	713	718
Leverage ratio: Net debt / EBITDA (12-months-rolling)	1.7	1.8
Net working capital	480	461
Total equity as a % of total assets	48.7	46.9
Return on Capital Employed (ROCE) (in %)	14.7	14.3

in EUR million	2016	2015*	DELTA
Operating profit (EBITDA)	391.8	367.3	24.5
Result on sale of equipment / Changes in provisions	(11.4)	(16.1)	4.7
Changes in working capital	2.1	(21.1)	23.2
CASH FLOW FROM OPERATIONS	382.5	330.1	52.4
Net capital expenditure	(109.2)	(87.2)	(22.0)
FREE CASH FLOW	273.3	242.9	30.4
Finance cost paid	(20.4)	(16.4)	(4.0)
Income taxes paid	(56.6)	(69.9)	13.3
Acquisition/disposal of subsidiaries	(111.5)	(93.5)	(18.0)
Proceeds from non-current borrowings	0.6	198.4	(197.8)
Repayment of non-current borrowings	(64.4)	(120.2)	55.8
Dividends paid	(57.6)	(50.9)	(6.7)
Cash flow to non-controlling interests	(2.7)	(24.1)	21.4
NET INCREASE/(DECREASE) IN CASH AND CURRENT BORROWINGS	(39.3)	66.3	(105.6)

**Adjusted for comparison purposes*

in EUR million	1H2016*	FY2016	1H2015*	FY2015*	DELTA FY
Building Installations	543.8	1,073.1	541.5	1,068.1	-
Climate Control	250.8	501.8	240.4	500.0	-
Industrial Controls	191.8	380.8	183.6	367.3	4%
Industrial Services	323.9	635.1	314.6	610.7	4%
<i>Holding / Eliminations</i>	<i>(36.0)</i>	<i>(68.7)</i>	<i>(36.4)</i>	<i>(70.8)</i>	-
TOTAL REVENUE	1,274.3	2,522.1	1,243.7	2,475.3	2%

in EUR million	1H2016*	FY2016	1H2015*	FY2015*	DELTA FY
Building Installations	21.1	38.7	14.1	36.8	5%
Climate Control	4.2	8.4	3.2	7.6	11%
Industrial Controls	6.5	13.6	5.7	13.6	-
Industrial Services	25.1	44.9	17.7	37.8	19%
<i>Holding / Eliminations</i>	<i>0.1</i>	<i>-</i>	<i>0.5</i>	<i>0.4</i>	-
TOTAL CAPEX	57.0	105.6	41.2	96.2	10%

*Adjusted for comparison purposes

FINANCIAL REVIEW | OPERATING PROFIT (EBITA) & EBITA MARGIN

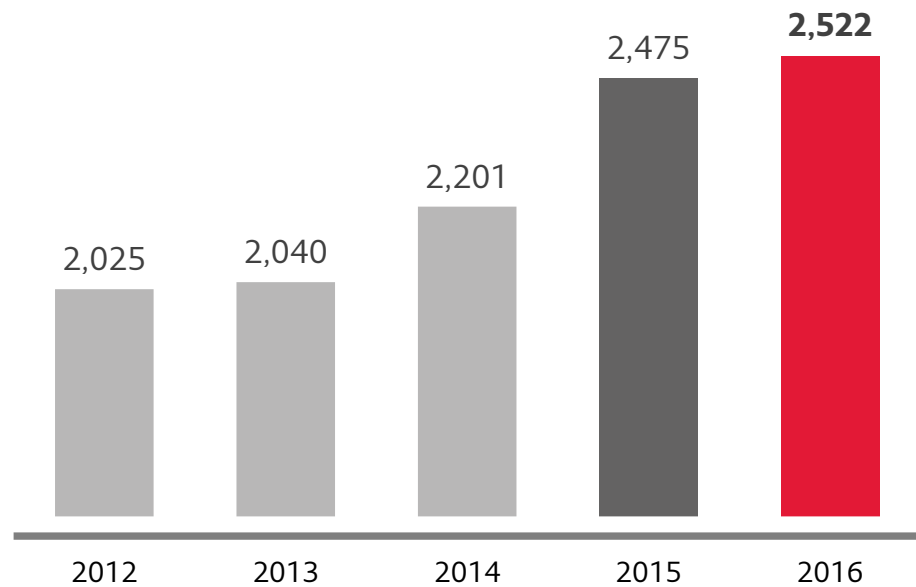
in EUR million	1H2016*	FY2016	1H2015*	FY2015*	DELTA FY
Building Installations	62.3	122.4	58.9	112.3	9%
Climate Control	25.5	54.0	21.5	51.3	5%
Industrial Controls	29.0	57.4	21.5	45.9	25%
Industrial Services	40.6	79.3	39.6	77.1	3%
<i>Holding / Eliminations</i>	<i>(7.0)</i>	<i>(15.0)</i>	<i>(6.8)</i>	<i>(14.6)</i>	-
TOTAL EBITA	150.4	298.1	134.7	272.0	10%

in % of revenue	1H2016*	FY2016	1H2015*	FY2015*	DELTA FY
Building Installations	11.5	11.4	10.9	10.5	0.9
Climate Control	10.2	10.8	8.9	10.3	0.5
Industrial Controls	15.1	15.1	11.7	12.5	2.6
Industrial Services	12.5	12.5	12.6	12.6	(0.1)
EBITA MARGIN	11.8	11.8	10.8	11.0	0.8

*Adjusted for comparison purposes

REVENUE

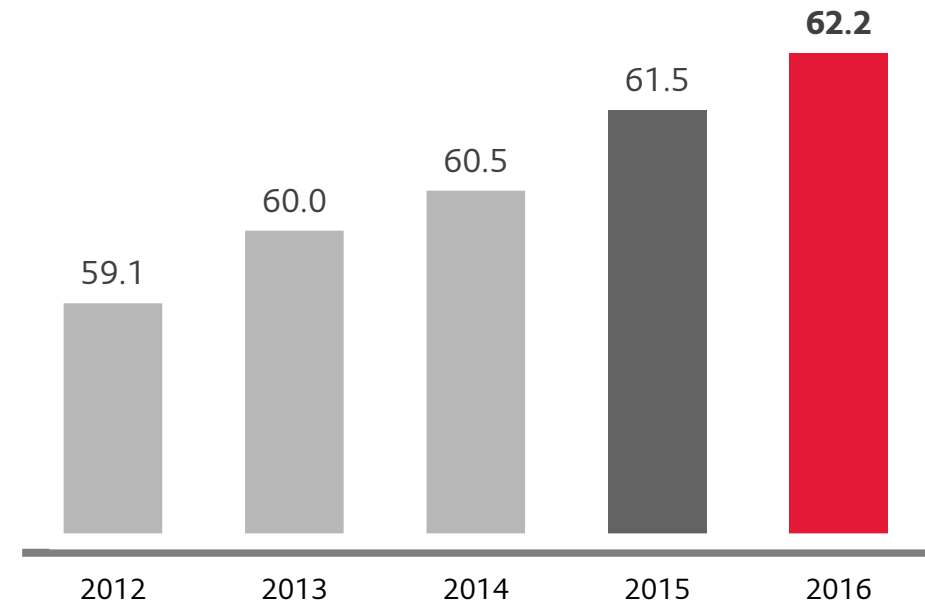
(in EUR million)



2,522
+2%

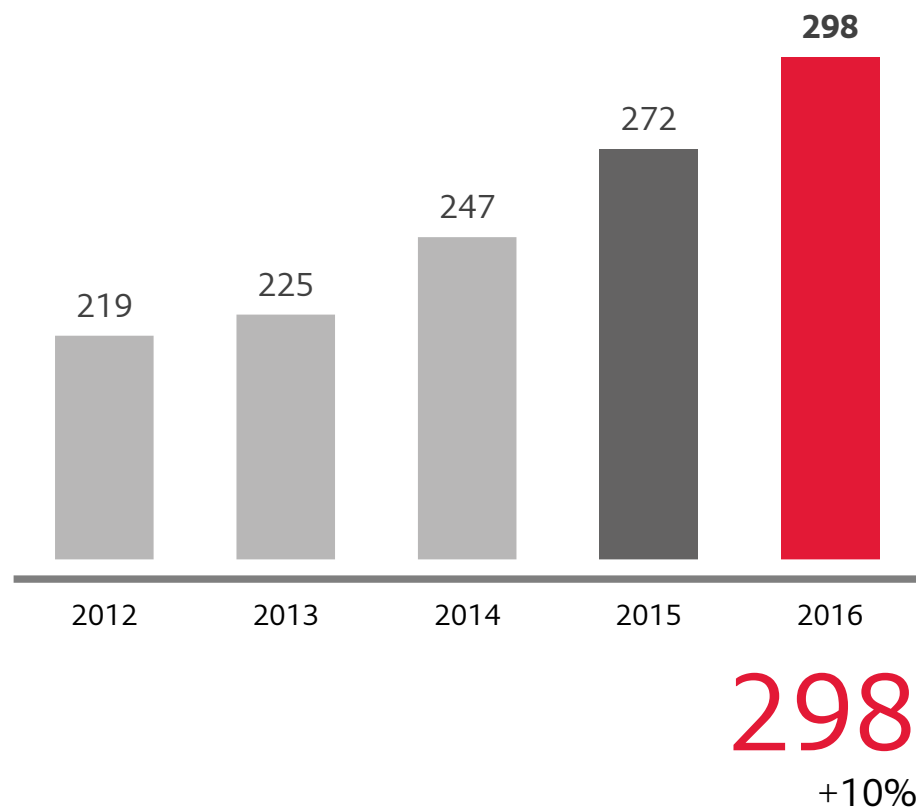
ADDED-VALUE MARGIN

(in %)

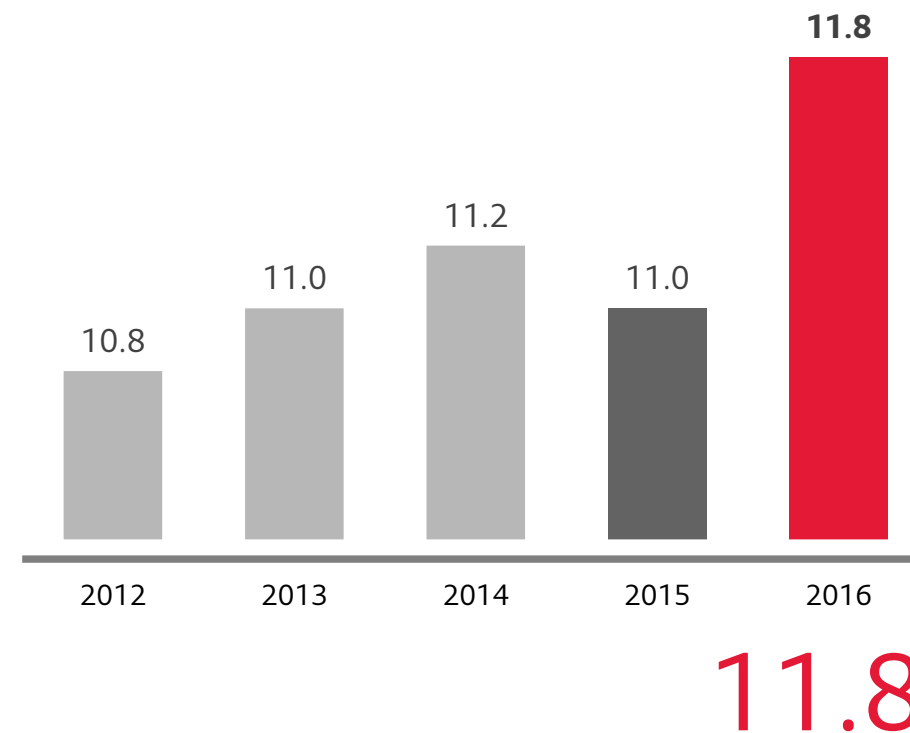


62.2

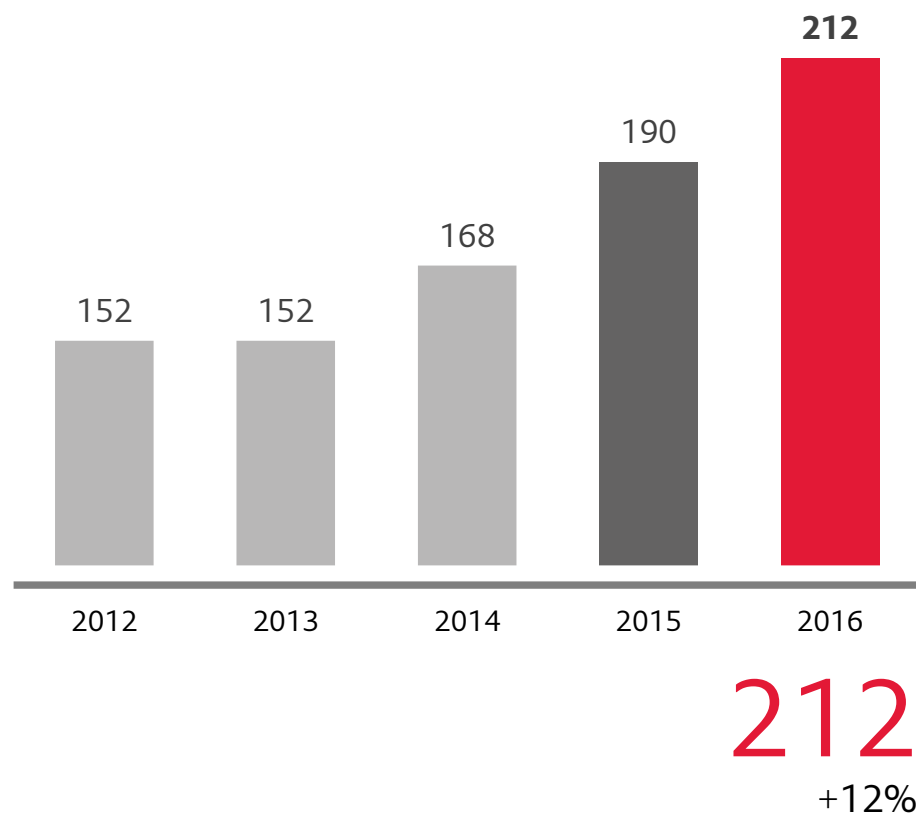
OPERATING PROFIT
(EBITA)
(in EUR million)



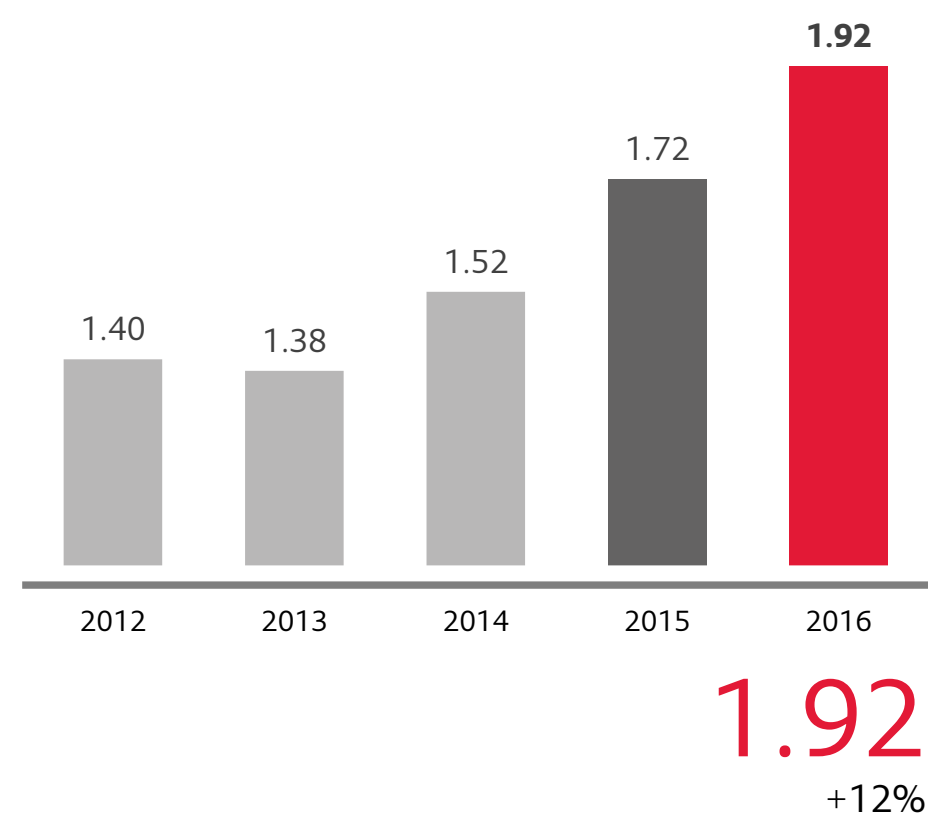
EBITA
AS A % OF REVENUE
(in %)



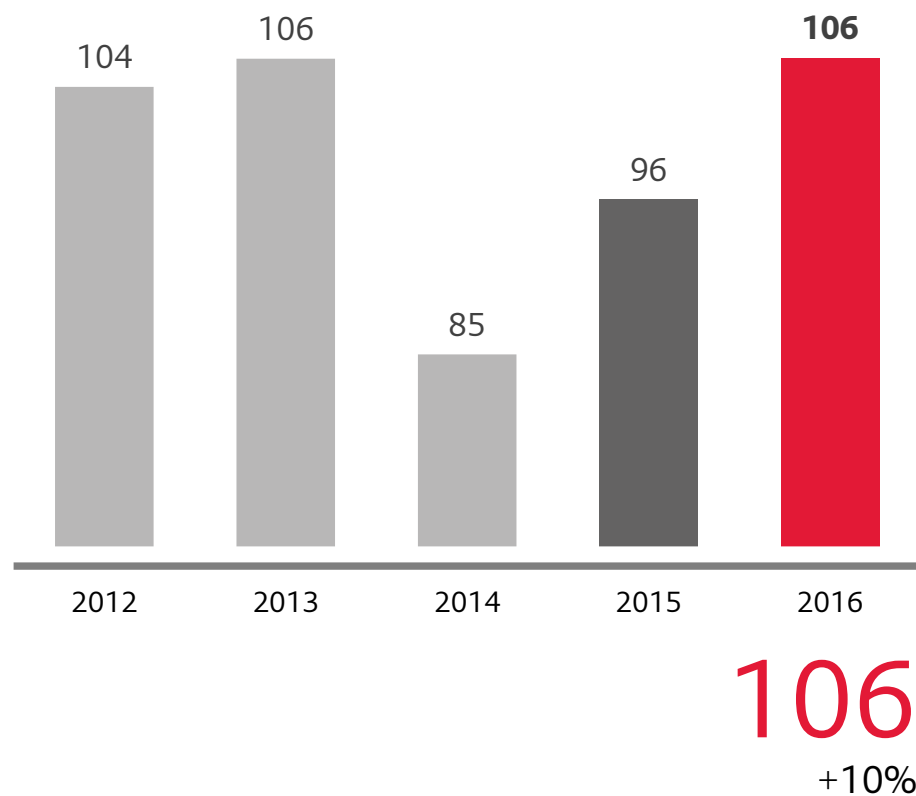
NET PROFIT
(BEFORE AMORTISATION)
(in EUR million)



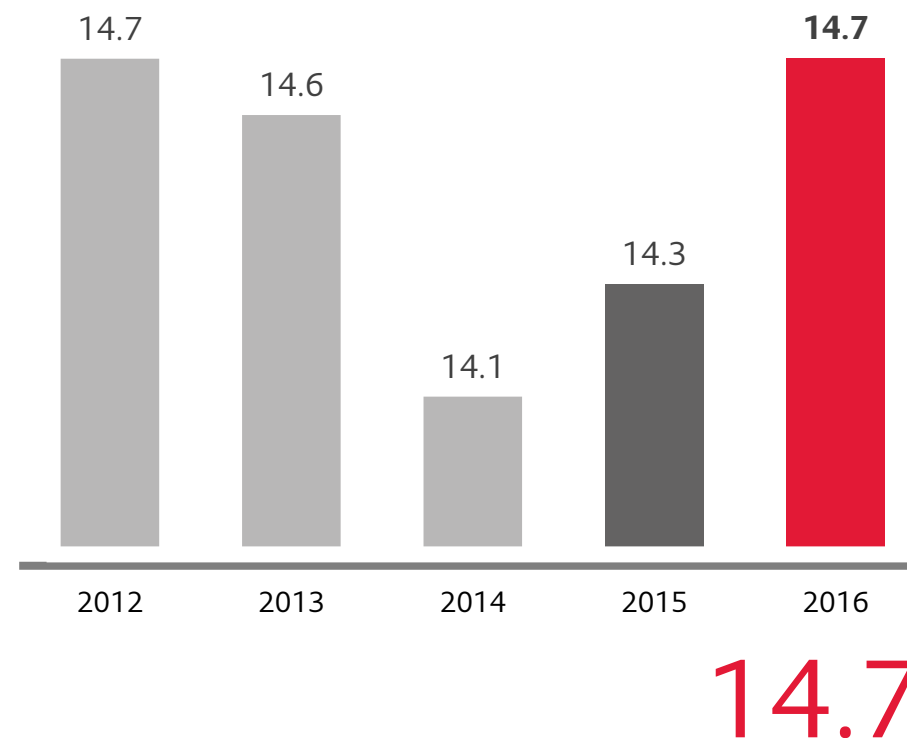
EARNINGS PER SHARE
(BEFORE AMORTISATION)
(in EUR)



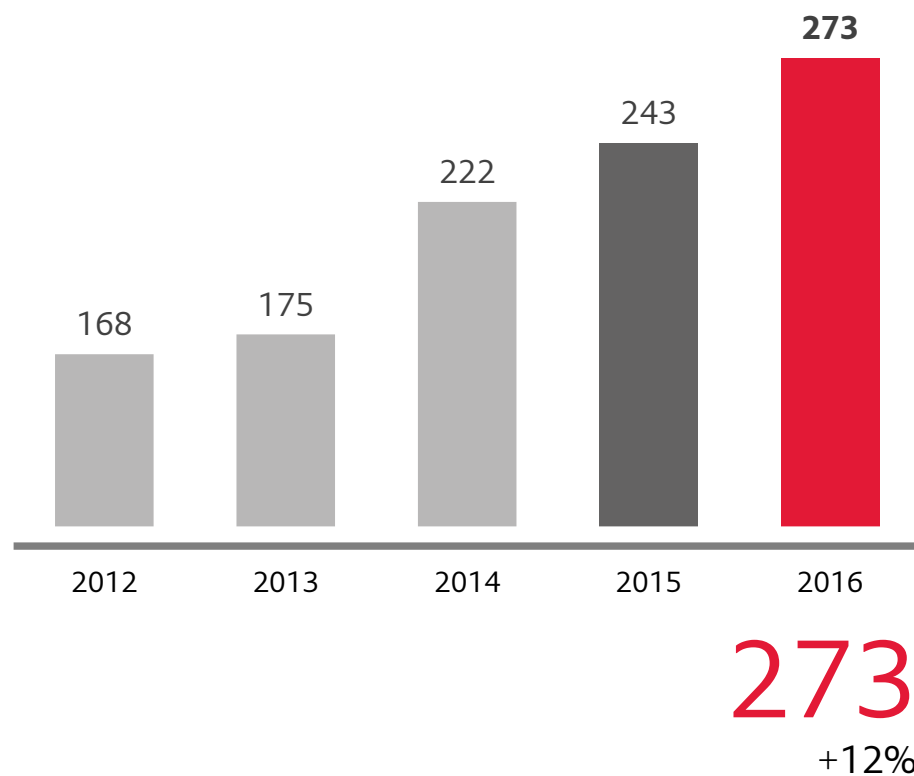
**CAPITAL
EXPENDITURE**
(in EUR million)



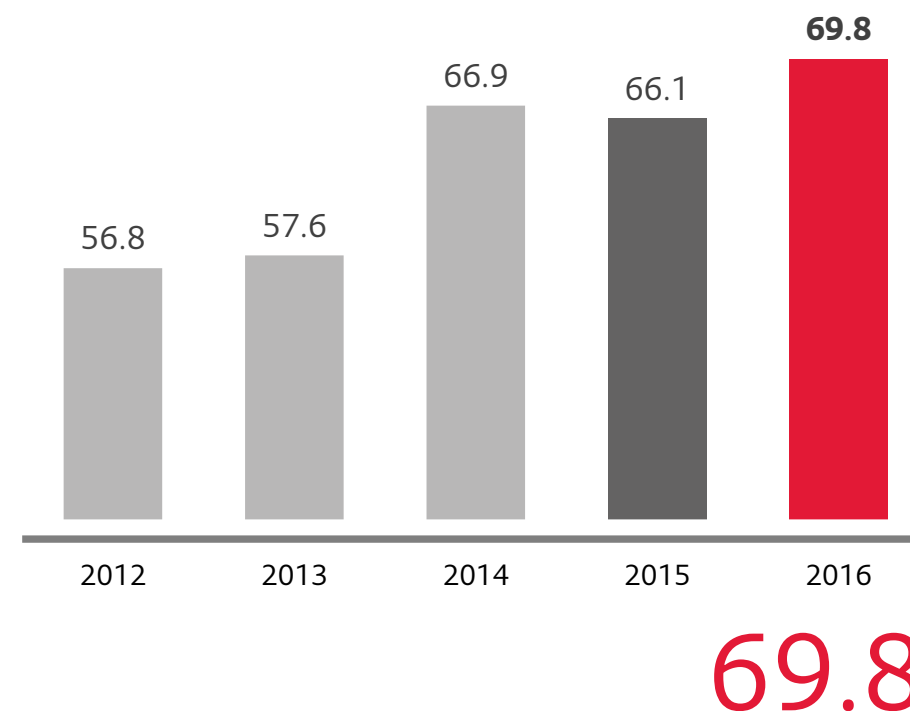
**RETURN ON CAPITAL
EMPLOYED (ROCE)**
(in %)



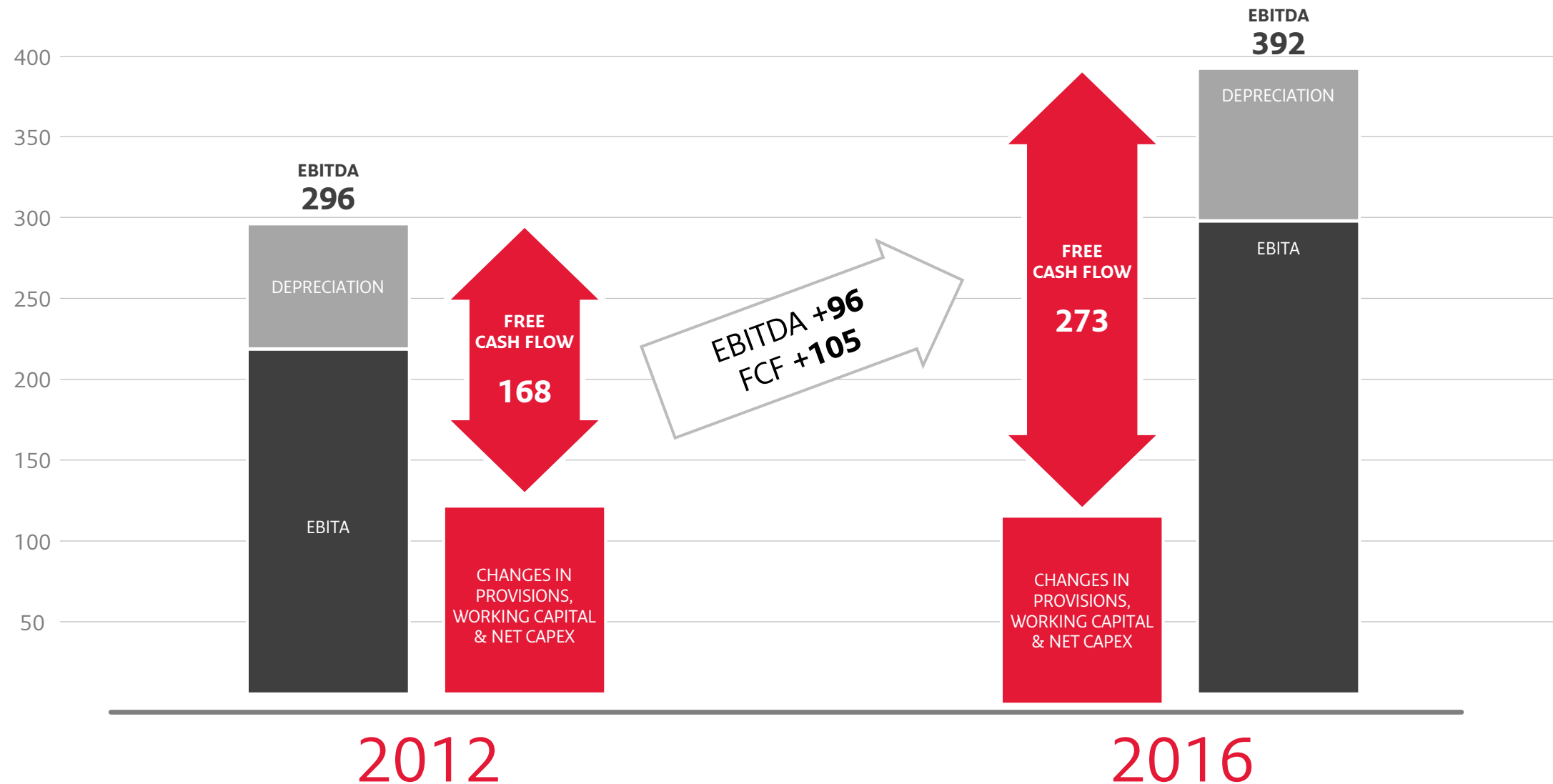
FREE CASH FLOW
(BEFORE INTEREST AND TAX)
(in EUR million)

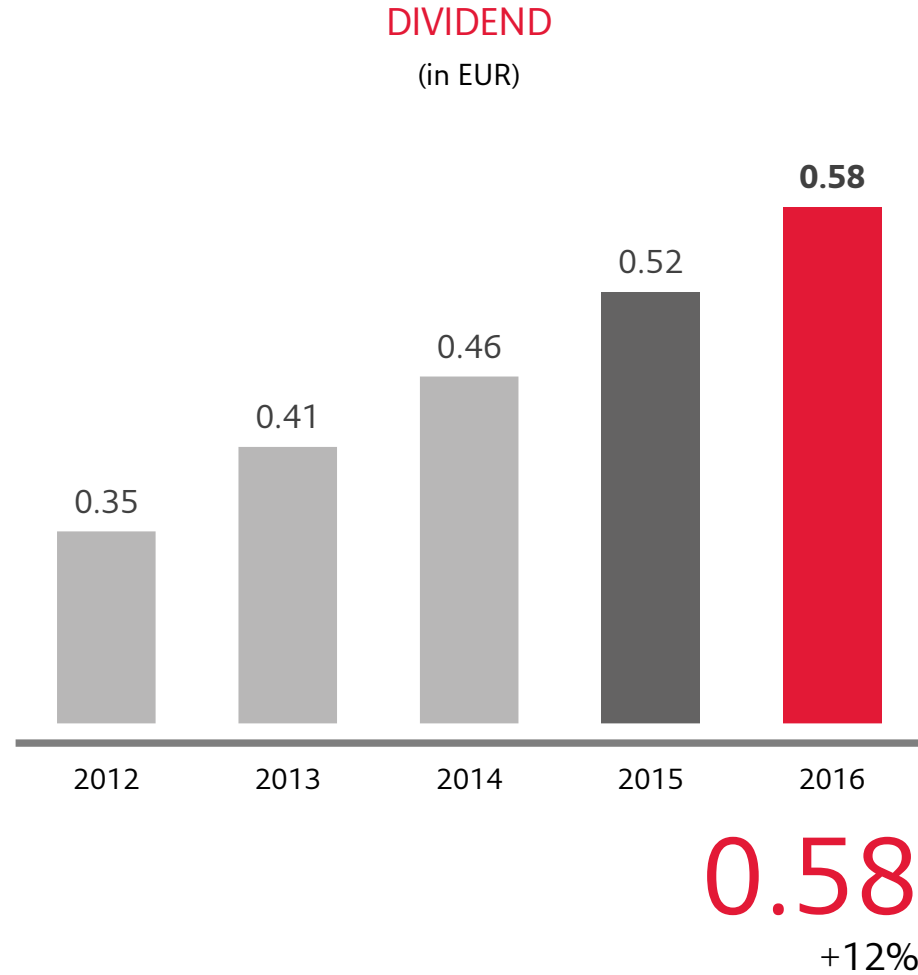


FREE CASH FLOW CONVERSION RATIO
(FCF/EBITDA)
(in %)



FINANCIAL REVIEW | FREE CASH FLOW DEVELOPMENT 2012-2016 (in EUR mio)





Proposal to increase the cash dividend per ordinary share by 12% to EUR 0.58 (2015: EUR 0.52).

OUTLOOK

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



QUESTIONS & ANSWERS