



organic revenue growth +3%; EBITA growth +5%
 net profit and earnings per share +6%
 acceleration innovation, organic growth initiatives

Utrecht, 25 July 2019

highlights

- organic revenue growth +3%
- operating profit (EBITA) +5% to EUR 187.5 million; EBITA margin improved to 13.1%
- net profit before amortisation +6% to EUR 137.8 million; earnings per share EUR 1.25 (+6%)
- acceleration of innovation and organic growth initiatives
- bolt-on acquisition Precision Plating Company (PPC), Chicago, USA

key figures

in EUR million	1H2019	1H2018*	delta
revenue	1,436	1,387	4%
added-value as a % of revenue	63.3	62.8	
operating profit (EBITA)	187.5	179.2	5%
EBITA as a % of revenue	13.1	12.9	
net profit before amortisation	137.8	130.2	6%
earnings per share before amortisation (in EUR)	1.25	1.18	6%
cash flow from operations	74.3	49.5	50%
total equity as a % of total assets	49.6	49.5	
net debt	905	744	22%
leverage ratio: net debt / EBITDA (12-months-rolling)	1.9	1.7	
capital expenditure	71.9	57.1	26%
return on capital employed (ROCE 12-months-rolling)	14.4	15.2	

* IFRS 16 is effective as of 1 January 2019, 1H2018 comparative figures have not been restated.
 See note basis of preparation and summary of accounting policies for 1H2019 impact adoption IFRS16.

Wim Pelsma – CEO

“We delivered a solid performance in more difficult market circumstances, due to our unique market positions, innovation and organic growth initiatives of the last years, entrepreneurial strength and strong focused business teams.

Capex increased compared to last year to facilitate the many innovation, organic growth and efficiency initiatives. We further optimised our capital allocation to generate the highest return, continuously pursuing excellence.

Initiatives to improve cash flow from operations are on a good track, which will continue in the second half of the year.

Many operational excellence projects are ongoing to further optimise our pricing, efficiency and cost structure, converting strong operational execution into free cash flow. We still have a lot to gain.

We will relentlessly execute our strategy ‘focused acceleration’. In December 2019 we will give an update, followed by an innovation experience.”

operational developments

installation technology

We realised good organic growth, especially in Europe. North America made a slow start with increasing order intake in the commercial building end market. In the industrial installations end market project offerings increased, which means higher activity in the second half of the year. Our strategy to offer integrated piping systems, with a coherent branding, is getting more traction in all regions. The innovations launched in 2018 are driving additional growth and exceeded our expectations. Key accounts expanded business and we are in the process to increase capacity in several fast-growing product lines. We are expanding R&D efforts, working on new innovations to be launched in the second half of the year, including the setup of digital engineering services worldwide.

In North America good progress was made with efficiency improvements, inventory reductions and cost optimisations. Our sales and distribution setup is doing well. In Europe we finished the newly built distribution and assembly centre in the Netherlands, starting operations in the second half of the year.

Plans are in process to further optimise our manufacturing footprint, making our locations 'world class'. We have a lot to gain with further consolidation, manufacturing automation, inventory and cost reductions and optimising supply chains. The exchange of production technology knowledge between our locations is accelerating this process.

In the UK we face challenging market circumstances due to uncertainty in the residential and mainly commercial building end markets. We will further roll-out our integrated piping systems strategy, launch additional products and innovations, utilising our strong UK market position and manufacturing footprint.

Multilayer systems performed well. Several new larger accounts were implemented and R&D efforts were expanded. The specification sales force was further strengthened in several regions. Operational excellence initiatives showed good improvements. We will expand the facility in Belgium, to facilitate growth and further improve efficiency.

material technology

Heat and surface treatment activities in Europe were on a lower level than last year, due to emission requirements impacting the engine mix of vehicles, WLTP testing capacity, lower worldwide passenger car deliveries and inventory reduction of the supply chain in the automotive end market. This was compensated by new parts for hybrid and electrical cars, growth in the general industries, aerospace end markets and growth in our activities in Eastern Europe and North America.

North America performed well due to new business, last year's investments and the integration of the acquired businesses. The general industries, automotive and aerospace end markets were on a good level and the power generation end market stabilised after the decline of the last years. In Asia we performed on the same level as last year after a slow start.

Due to above developments we have reallocated capital investments to more fast-growing opportunities in North America and Eastern Europe and increased investments in additive manufacturing related processes. In Europe we adjusted our cost base in line with the lower order level. The aligned surface treatment organisation in Europe is performing well, more utilising combined technologies to customers. The strengthened key account and project management organisation is gaining more traction.

Our automotive end market expectation for the second half of the year is that the engine mix of vehicles becomes more clear, WLTP testing capacity improves and inventory reduction will stabilise.

The developments for the hybrid and electrical vehicles will continue to grow. We are running co-development projects with customers to develop new surface technologies for weight reduction, changes in voltage, ultra clean particle-free parts and thermo management. Worldwide active key accounts utilise our global network of locations to roll-out these new developments.

Specialised manufacturing did well with good developments in the general industries, aerospace and automotive end markets. We combine the technologies aluminium precision extrusion, machining, surface technologies and assembly to offer a complete turnkey solution to our customers. Weight reduction of parts in newly engineered vehicles, aeroplanes or machinery is driving innovative growth. We opened a renewed extrusion hall with upgraded equipment in the Netherlands.

climate technology

Good organic growth was realised in many regions, market circumstances in France, UK and Southern Europe were challenging. Besides, the launch of a new product line was delayed and took more time and effort than expected.

Our project specification is becoming more successful, offering a complete hydronic flow control solution. We expect additional sales due to the launch of many new product lines related to energy efficiency, legislation per region, safety, data monitoring and integrated system solutions.

Our digital hubs in France and the Netherlands, adding digital content and services to our products, enabling to extract and monitor data and improve the hydronic system performance, are growing fast. We gained the first long-term digital services contracts. To develop future technologies such as hydrogen applications and optimising energy storage to stimulate eco-friendly building developments, we are participating in several projects with universities.

We remain focused on the many operational excellence initiatives to improve efficiency and profitability. In our manufacturing facility in Italy we further automated our operations and expanded capacity for a recently launched fast-growing product line. In the Netherlands we optimised the assembly layout to gain more efficiency and to facilitate growth. In the second half of the year we will start the new build of our manufacturing and distribution facility in the Netherlands, including ordering additional machinery. A further portfolio optimisation is necessary to accelerate organic growth and profitability.

industrial technology

Fluid control activities realised good organic revenue growth, driven by innovations such as full flow valves for residential and commercial buildings and district energy, gas end markets, new generation of electronic regulators for CNG passenger cars. Dispense technologies made good progress aligning the organisation and finalised the consolidation of our locations in the USA. The innovation roadmap is more focused and we are in process to further optimise our sales force, utilising our combined offering to key accounts. The acquisition of VAF was integrated well.

Exciting are the many innovation initiatives related to thermo management in electrical passenger cars, specialised gas compressors and valves for commercial vehicles, sensor and measurement systems for marine, upgraded product lines and complete system solutions in beverage dispense, additional dimensions for our full flow valve range in the district energy, gas end market.

Advanced mechatronics realised organic growth and a solid performance, despite the lower order intake and delay of shipments in the semicon & science end market. We took advantage of the investments made in the previous years and the additional projects we gained earlier. Although the growth was lower than last year, we have a prosperous future in this end market. The development projects in which Aalberts is participating are ongoing. We took a lot of initiatives to optimise efficiency after the strong growth period the last years, strengthened our structure, improved our supply chain and purchasing and reduced costs.

Our expectation for the semicon & science end market is an increased activity level in the second half of the year. Our inventory was kept on a higher level to anticipate on this development.

outlook

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

capital markets day

On Wednesday 4 December 2019 Aalberts will host a Capital Markets Day in its experience centre at WTC Utrecht (NL) to give an update of the Aalberts strategy 'focused acceleration' 2018-2022 which we presented in December 2017, followed by an innovation experience.

webcast

A webcast will take place on Thursday 25 July 2019, starting at 2:00 pm (CEST). Please register via aalberts.com/1H2019

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acquisitions/divestments

Aalberts acquired 100% of the shares of PPC (part of material technology, surface treatment) in the USA as of 1 May 2019, generating an annual revenue of approximately USD 36 million.


Aalberts divested 100% of the shares of HFI (part of material technology, specialised manufacturing) in the Netherlands as of 28 June 2019, generating an annual revenue of approximately EUR 12 million.

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.

financial calendar 2019-2020

date	event
4 December 2019	Capital Markets Day
27 February 2020	publication full year results 2019 (before start of trading)
11 March 2020	publication annual report 2019
22 April 2020	general meeting
23 July 2020	publication interim results 1H2020 (before start of trading)

 *Condensed consolidated financial information for 1H2019 with related comparative information. IFRS 16 is effective as of 1 January 2019, 1H2018 comparative figures have not been restated.*

consolidated income statement

in EUR million	1H2019	1H2018
REVENUE	1,435.7	1,386.5
raw materials and work subcontracted	(527.5)	(515.4)
personnel expenses	(432.7)	(406.5)
depreciation	(64.4)	(47.3)
amortisation	(20.2)	(17.0)
other operating expenses	(223.6)	(238.1)
total operating expenses	(1,268.4)	(1,224.3)
OPERATING PROFIT	167.3	162.2
net interest expense	(10.4)	(7.8)
foreign currency exchange results	1.7	(0.3)
derivative financial instruments	-	(0.8)
unwinding discounts on provisions	(0.3)	(0.4)
net interest expense on employee benefit plans	(0.7)	(0.7)
net finance cost	(9.7)	(10.0)
PROFIT BEFORE INCOME TAX	157.6	152.2
income tax expense	(38.0)	(37.1)
PROFIT AFTER INCOME TAX	119.6	115.1
attributable to:		
shareholders	117.6	113.2
non-controlling interests	2.0	1.9
NET PROFIT BEFORE AMORTISATION	137.8	130.2
earnings per share before amortisation (in EUR)		
basic	1.25	1.18
diluted	1.24	1.18

consolidated balance sheet

in EUR million	30-06-2019	31-12-2018	30-06-2018
ASSETS			
intangible assets	1,266.6	1,234.8	1,123.5
property, plant and equipment	833.7	818.2	787.7
right-of-use assets	133.7	-	-
deferred income tax assets	15.1	15.1	14.9
total non-current assets	2,249.1	2,068.1	1,926.1
inventories	654.5	613.7	646.6
trade receivables	442.9	342.9	454.0
income tax receivables	7.7	13.1	7.6
other current assets	56.9	56.4	47.9
cash and cash equivalents	48.4	53.7	49.7
total current assets	1,210.4	1,079.8	1,205.8
TOTAL ASSETS	3,459.5	3,147.9	3,131.9
EQUITY AND LIABILITIES			
shareholders' equity	1,690.4	1,651.6	1,527.2
non-controlling interests	26.3	24.2	23.0
total equity	1,716.7	1,675.8	1,550.2
non-current borrowings	549.3	459.5	357.2
employee benefit plans	68.8	69.6	71.0
deferred income tax liabilities	113.5	117.0	110.9
other provisions and non-current liabilities	10.0	27.9	26.8
total non-current liabilities	741.6	674.0	565.9
current borrowings	249.5	52.2	308.3
current portion of non-current borrowings	154.3	128.0	128.5
trade and other payables	386.6	417.2	383.1
income tax payables	37.1	39.2	42.8
other current liabilities	173.7	161.5	153.1
total current liabilities	1,001.2	798.1	1,015.8
TOTAL EQUITY AND LIABILITIES	3,459.5	3,147.9	3,131.9

consolidated cash flow statement

in EUR million

	1H2019	1H2018
CASH FLOWS FROM OPERATING ACTIVITIES		
operating profit	167.3	162.2
<i>adjustments for:</i>		
depreciation	64.4	47.3
amortisation	20.2	17.0
result on sale of equipment	0.6	(1.0)
changes in provisions	(6.4)	(2.3)
changes in inventories	(36.6)	(84.1)
changes in trade and other receivables	(97.2)	(105.4)
changes in trade and other payables	(38.0)	15.8
changes in working capital	(171.8)	(173.7)
CASH FLOW FROM OPERATIONS	74.3	49.5
finance cost paid	(8.2)	(8.6)
income taxes paid	(37.0)	(41.7)
NET CASH GENERATED BY OPERATING ACTIVITIES	29.1	(0.8)
CASH FLOWS FROM INVESTING ACTIVITIES		
acquisition of subsidiaries	(60.6)	(22.8)
disposal of subsidiaries	14.6	-
purchase of property, plant and equipment	(74.0)	(59.3)
purchase of intangible assets	(3.2)	(3.9)
NET CASH GENERATED BY INVESTING ACTIVITIES	(123.2)	(86.0)
CASH FLOWS FROM FINANCING ACTIVITIES		
proceeds from non-current borrowings	54.4	3.0
repayment of non-current borrowings	(79.3)	(71.1)
dividends paid	(82.9)	(71.9)
settlement of share-based payment awards and other	(0.1)	(7.0)
NET CASH GENERATED BY FINANCING ACTIVITIES	(107.9)	(147.0)
NET INCREASE/(DECREASE) IN CASH AND CURRENT BORROWINGS	(202.0)	(233.8)
cash and current borrowings at beginning of period	1.5	(19.7)
net increase/(decrease) in cash and current borrowings	(202.0)	(233.8)
currency translation differences on cash and current borrowings	(0.6)	(5.1)
CASH AND CURRENT BORROWINGS AS AT END OF PERIOD	(201.1)	(258.6)

consolidated statement of comprehensive income

in EUR million	1H2019	1H2018
profit for the period	119.6	115.1
currency translation differences	6.2	(1.0)
fair value changes derivative financial instruments	(4.6)	1.2
income tax effect	1.2	(0.3)
TOTAL COMPREHENSIVE INCOME / (LOSS)	122.4	115.0
attributable to:		
shareholders	120.2	114.3
non-controlling interests	2.2	0.7

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
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
as at 1 January 2019	27.6	200.8	1,229.7	(44.7)	238.2	1,651.6	24.2	1,675.8
dividend 2018	-	-	-	-	(82.9)	(82.9)	(0.1)	(83.0)
addition to other reserves	-	-	155.3	-	(155.3)	-	-	-
share based payments	-	-	1.5	-	-	1.5	-	1.5
total comprehensive income	-	-	-	2.6	117.6	120.2	2.2	122.4
as at 30 June 2019	27.6	200.8	1,386.5	(42.1)	117.6	1,690.4	26.3	1,716.7

segment reporting - key figures per business

REVENUE

in EUR million	1H2019	1H2018	delta
installation technology	573.5	575.9	-
material technology	392.4	377.1	4%
climate technology	277.7	273.8	1%
industrial technology	215.6	193.9	11%
<i>holding / eliminations</i>	<i>(23.5)</i>	<i>(34.2)</i>	
TOTAL	1,435.7	1,386.5	4%

EBITA

in EUR million	1H2019	1H2018	delta
installation technology	69.7	71.2	(2%)
material technology	54.0	51.0	6%
climate technology	33.4	32.6	2%
industrial technology	34.3	30.5	12%
<i>holding / eliminations</i>	<i>(3.9)</i>	<i>(6.1)</i>	
TOTAL	187.5	179.2	5%

EBITA %

(% of revenue)	1H2019	1H2018	delta
installation technology	12.2	12.4	(0.2)
material technology	13.8	13.5	0.3
climate technology	12.0	11.9	0.1
industrial technology	15.9	15.7	0.2
TOTAL	13.1	12.9	0.2

CAPEX

in EUR million	1H2019	1H2018	Delta
installation technology	25.0	17.6	42%
material technology	30.2	24.6	23%
climate technology	3.9	3.8	3%
industrial technology	12.5	10.3	21%
<i>holding / eliminations</i>	<i>0.3</i>	<i>0.8</i>	
TOTAL	71.9	57.1	26%

revenue per region

in EUR million	1H2019	%	1H2018	%
Benelux, United Kingdom, Nordic	365	26	352	25
North America	335	23	317	23
Germany, Austria, Switzerland	313	22	303	22
France, Southern Europe	191	13	192	14
Russia, Eastern Europe	137	10	134	10
Far East	47	3	43	3
Middle East & Africa	33	2	30	2
Other countries	15	1	16	1
TOTAL	1,436	100	1,387	100

revenue per end market

in EUR million	1H2019	%	1H2018	%
commercial buildings	372	26	364	26
residential buildings	341	24	334	24
general industries	211	15	201	15
automotive	197	14	182	13
semicon & science	72	5	68	5
industrial installations	71	5	77	6
water & gas supply, irrigation	57	4	55	4
beverage dispense	44	3	40	3
power generation, aerospace	38	2	33	2
district energy, gas	33	2	33	2
TOTAL	1,436	100	1,387	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 2019 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 2018, 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 2018, except for the adoption of IFRS 16 'Leases'.

Aalberts applied the modified retrospective approach to adopt IFRS 16 and recognised lease assets of EUR 133.5 million and lease liabilities of EUR 133.5 million as at 1 January 2019. In addition, finance leases with a book value of EUR 9.3 million have been reclassified from property, plant & equipment to right-of-use assets. Aalberts has not restated its 2018 comparative figures, as permitted under the transactional provisions. Short-term and low-value leases are exempted. As a result of the adoption of the standard, EBITDA is positively impacted by EUR 14.7 million and the impact on the net profit before amortisation is minimal. The implementation of IFRS 16 has no economic or cash impact on the Group or the way we manage our business, nor does it drive decisions on the allocation of capital.

impact adoption IFRS 16	1H2019 before IFRS 16	adoption IFRS 16	1H2019 as reported
EBITDA	237.2	14.7	251.9
EBITA	187.1	0.4	187.5
net interest expense	(9.2)	(1.2)	(10.4)
income tax expense	(38.2)	0.2	(38.0)
net profit before amortisation	138.4	(0.6)	137.8
net debt	778.2	126.5	904.7
total assets	3,333.6	125.9	3,459.5
total equity as a % of total assets	51.5	(1.9)	49.6
leverage ratio	1.7	0.2	1.9
return on capital employed	15.1	(0.7)	14.4

The impact of the adoption of the standard IFRS 16 is in line with the preliminary assessment as disclosed in the financial statements for the year ended 31 December 2018. Aalberts is finalising the review of all input and assumptions for the calculation of IFRS 16 impact in 2019. The interim financial statements have not been audited.

Management Board declaration

The Management Board of Aalberts 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 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).

Utrecht, 24 July 2019

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