



general meeting 2020

Utrecht, 25 June 2020

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A man with a beard, wearing a light-colored shirt and dark gloves, is working on a large industrial gear. He is using a tool to adjust or inspect the gear. The background shows a factory setting with various mechanical parts and equipment. The entire image is overlaid with a semi-transparent red filter.

Wim Pelsma (CEO)
Arno Monincx (CFO)

“you will find Aalberts where technology matters and real progress can be made”

humanly, environmentally and financially



1. Aalberts 2019

Wim Pelsma - CEO

Aalberts highlights 2019



revenue
(in EUR million)

2,841
+3%

added-value
(% of revenue)

62.8
2018: 62.6

EBITA
(in EUR million)

363
-1%

EBITA %
(% of revenue)

12.8
2018: 13.3

net profit
(in EUR million)

267
-3%

earnings per share
(in EUR)

2.42
-3%

capital expenditure
(in EUR million)

148
+11%

ROCE
(in %)

14.1
2018: 16.6

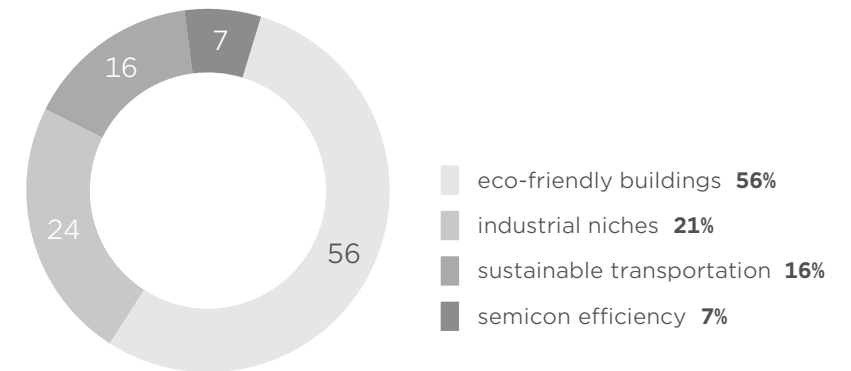
- revenue +3% to EUR 2,841 million (organic +1.1%)
- operating profit (EBITA) EUR 362.6 million with an EBITA-margin of 12.8%
- net profit before amortisation EUR 267.4 million; per share EUR 2.42 (-3%)
- free cash flow EUR 312.1 million; ROCE 15.1% (before IFRS 16)
- increased investments in organic growth and innovation initiatives
- portfolio optimisation: acquired PPC and Applied, annual revenue USD 62 million; divested STAG and HFI, annual revenue EUR 30 million
- updated strategy 'focused acceleration', presented December 2019

solid and resilient performance in a more difficult market environment

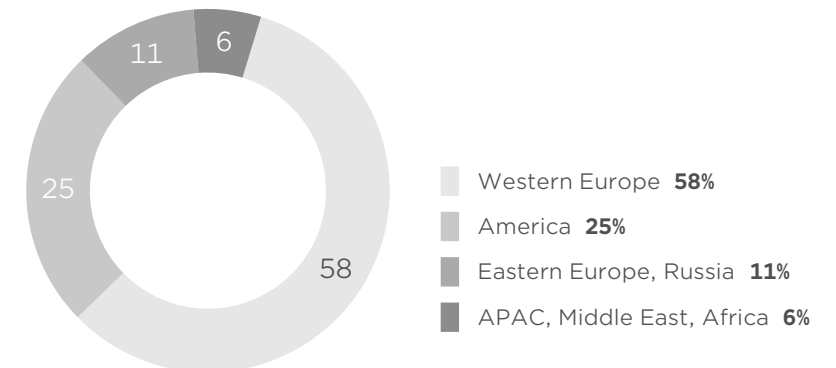
operational development

- organic revenue growth in three segments
 - » installation, climate and industrial technology
 - » driven by initiatives last years
- organic revenue decline in material technology Europe
 - » market uncertainty, postponements orders, inventory reduction
 - » in automotive and several industrial niche end markets
 - » initiated efficiency and restructuring actions; additional costs
 - » North America and aerospace good growth and performance
- solid and resilient EBITA performance; mixed picture
 - » three business segments organic EBITA growth
 - » European surface technologies activity organic EBITA decline
 - » less incidental benefits compared to 2018
- CAPEX increased to EUR 148 million
 - » facilitate organic growth and innovations
 - » more than 15 new product lines launched


revenue per end market (in %)



revenue per region (in %)



solid and resilient performance in a more difficult market environment

A man with short brown hair and black-rimmed glasses is looking intently at a complex black and brass industrial valve he is holding. The background is a blurred industrial setting with shelves of pipes and valves.

Aalberts integrated piping systems
invented the Proflow PICV balancing valve,
putting us ahead of all other valve manufacturers

installation technology

organic growth | innovation

- » good organic growth;
 - Europe, America - commercial good level; UK, America - industrial challenging
- » portfolio further optimised, improved quality of inventory
- » successful launch innovations press portfolio; new innovations to be launched coming year
- » gained several larger key accounts

operational leverage | excellence

- » streamlined distribution setup America; reduction inventories and costs
- » American organisation streamlined, overhead reduced; additional redundancy costs
- » new European assembly and distribution centre; construction finished; 2H2020 operational
- » efficiency improvements manufacturing, combined with capacity expansion
- » initiatives UK streamline organisation, reduce costs

capital allocation | portfolio

- » increase capacity fast-growing product lines, combined with higher efficiency
- » European assembly and distribution centres
- » operational excellence and innovation projects

revenue
(in EUR million)

1,124

EBITA
(in EUR million)

138

+3%

EBITA %
(in % of revenue)

12.2

2018: 12.0

capital expenditure
(in EUR million)

46

+23%

huge potential in growth and operational leverage | excellence

A full-page photograph of a male worker in a grey polo shirt and blue gloves operating a large industrial machine. The machine has a yellow and black striped safety barrier. In the background, there are rows of vertical metal racks filled with small, dark, circular components. The setting is a factory or industrial facility.

Aalberts surface technologies
combines advanced heat and surface treatments,
enabling automotive manufacturers to switch to 48V

organic growth | innovation

- » European business deteriorated gradually in course of year; automotive and industrial niches
- » last months order intake and inventories reduction stabilised; overall organic decline
- » revenue partly compensated by good performance North America, aerospace
- » many new developments; surface treatment, electrification of vehicles, precision extrusion
- » good progress business integration previous acquisitions; PPC and Applied acquired
- » Eastern Europe performed well, expanded capacity

operational leverage | excellence

- » actions taken to reduce costs service locations EU; less volume can only be compensated partly
- » additional actions to restructure | streamline overhead, group structure

capital allocation | portfolio

- » growth initiatives Eastern Europe and America
- » new post-processing technology additive manufacturing
- » maintenance | efficiency improvement existing facilities
- » service network footprint further evaluated, based on Capital Markets Day

revenue
(in EUR million)

772
+3%

EBITA
(in EUR million)

97
-5%

EBITA %
(in % of revenue)

12.6
2018: 13.7

capital expenditure
(in EUR million)

67
+14%

solid performance despite lower order level Europe

A close-up photograph of a middle-aged man with grey hair, a mustache, and glasses, wearing a red polo shirt. He is focused on a red industrial component, likely part of a hydraulic system, with his hands visible. The background is a blurred industrial setting with overhead lights.

Aalberts hydronic flow control
invented the Flexcon Premium,
world's most sustainable expansion vessel

organic growth | innovation

- » good level in all regions
- » many new product lines
 - still minor sales impact
 - manufacturing and service issues; solved towards end of the year
- » connected products, gaining data, new digital business models

operational leverage | excellence

- » additional costs in sales, marketing, manufacturing and supply chain
- » manufacturing footprint and supply chain will be streamlined

capital allocation | portfolio

- » started construction new facility Almere, the Netherlands
- » facilitate growth several product lines
- » portfolio optimised, divestment STAG;
- » further portfolio optimisation needed

revenue
(in EUR million)

552

+1%

EBITA
(in EUR million)

67

+3%

EBITA %
(in % of revenue)

12.2

2018: 12.0

capital expenditure
(in EUR million)

10

+7%

good organic growth, many new product lines, further portfolio optimisation

A person wearing a blue cleanroom suit and white gloves is working on a complex mechanical system. The system is filled with numerous blue and white cables, and various mechanical components. A robotic arm is visible in the foreground on the left. The background shows more industrial equipment.

Aalberts advanced mechatronics
developed an integrated test and qualification tool,
significantly reducing lead time, failure rate and total costs

organic growth | innovation

- » semicon efficiency solid organic growth
 - lower level; ready for next strong ramp up; new co-development projects
- » fluid control
 - market uncertainty; postponement orders and inventory reductions
 - last months inventory reductions and order intake stabilised
 - several new innovations sustainable transportation, industrial niche end markets

operational leverage | excellence

- » manufacturing, supply chain, organisation improvements advanced mechatronics
- » fluid control aligned cost structure and organisation; full year sales effect VAF acquisition

capital allocation | portfolio

- » innovations, related manufacturing and assembly equipment; operational excellence initiatives
- » new R&D centre, expanded manufacturing Graz, Austria
- » further capacity expansion semicon efficiency
- » portfolio optimised, divestment HFI, the Netherlands

revenue
(in EUR million)

433
+6%

EBITA
(in EUR million)

72
+13%

EBITA %
(in % of revenue)

16.7
2018: 15.7

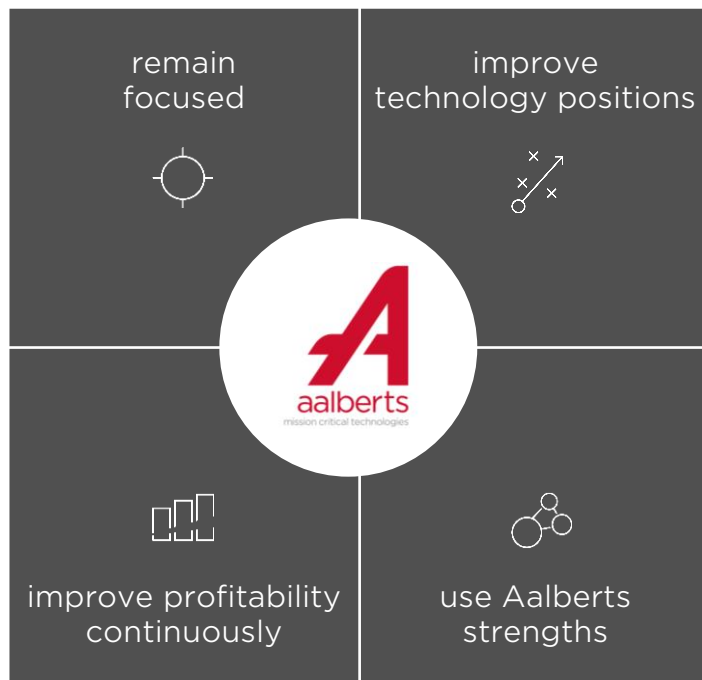
capital expenditure
(in EUR million)

24
-4%

innovation is driving growth, advantage of earlier investments

our strategy & objectives 2018-2022

strategy 'focused acceleration'



non-financial objectives



worldwide leading niche technology positions



creating sustainable profitable growth



generating high added-value margins



converting strong operational execution into free cash flow

financial objectives (before IFRS 16)

average organic revenue growth **> 3%**

EBITA margin **> 14%**

ROCE **> 18%**

free cash flow conversion ratio **> 70%**

leverage ratio **< 2.5**

solvability **> 40%**

driven by entrepreneurship and a relentless pursuit of excellence

megatrends shaping our future

**rapid
urbanisation**

**climate change
resource scarcity**

**the internet
of things**

globalisation & co-development

connectivity & integration

hydraulic flow control

pipework systems

surface technologies

fluid control

advanced mechatronics

niche
technologies



selective
end markets



eco-friendly buildings

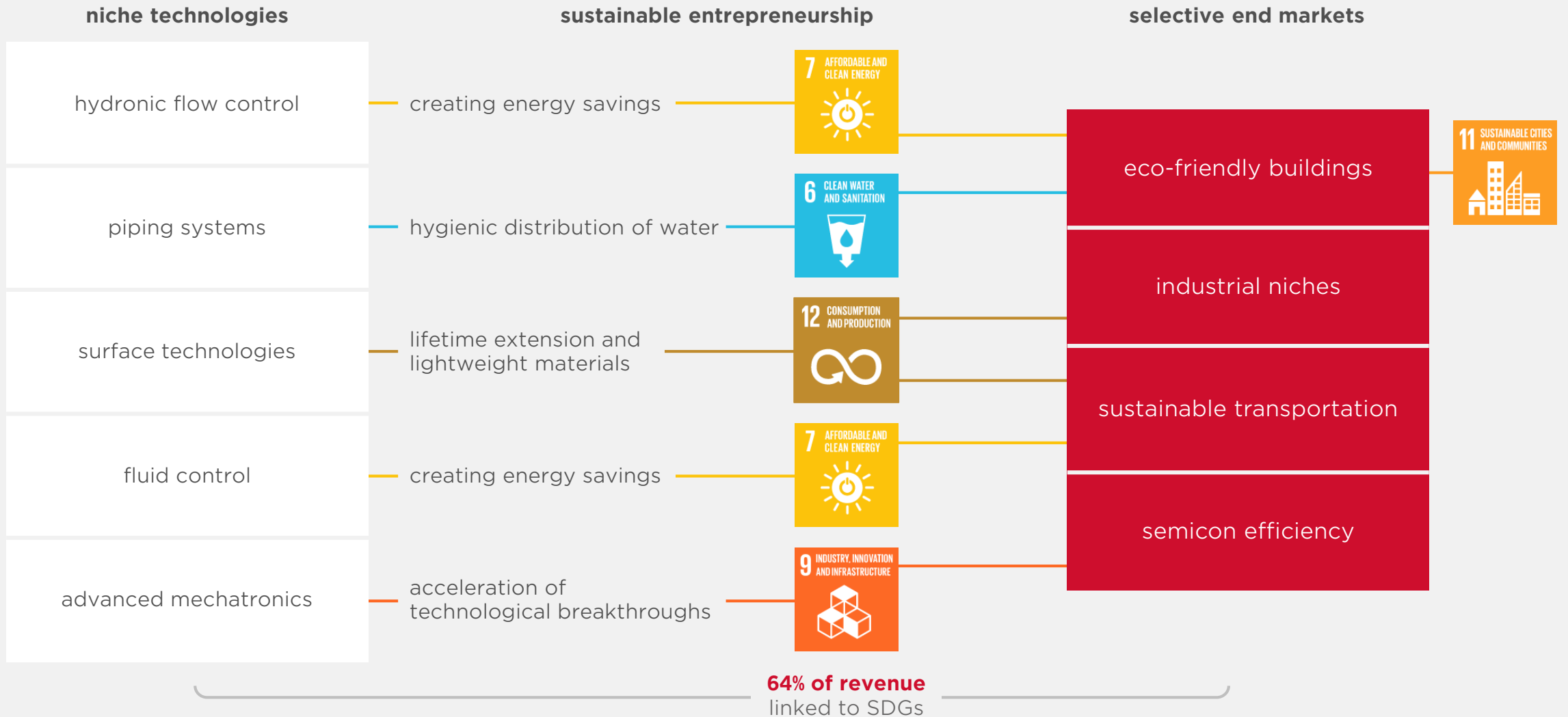
industrial niches

sustainable transportation

semiconductor efficiency

achieving unique market positions with sustainable impact

sustainable entrepreneurship



key takeaways CMD

- ① **allocating our capital in the most efficient way - further narrow the focus**
- ② **achieving unique leading market positions with sustainable impact**
- ③ **building an even stronger and better Aalberts**
 - » accelerate organic revenue growth
 - » realise operational leverage | excellence; 'drop through' 25%
 - » accelerate portfolio optimisation
 - » further focus, clustering and simplification
- ④ **operational leverage | excellence mainly drives EBITA % increase**
- ⑤ **efficient capital allocation drives ROCE % increase**

to evolve into a stronger and better Aalberts

our way of value creation

our essence



mission-critical
technologies



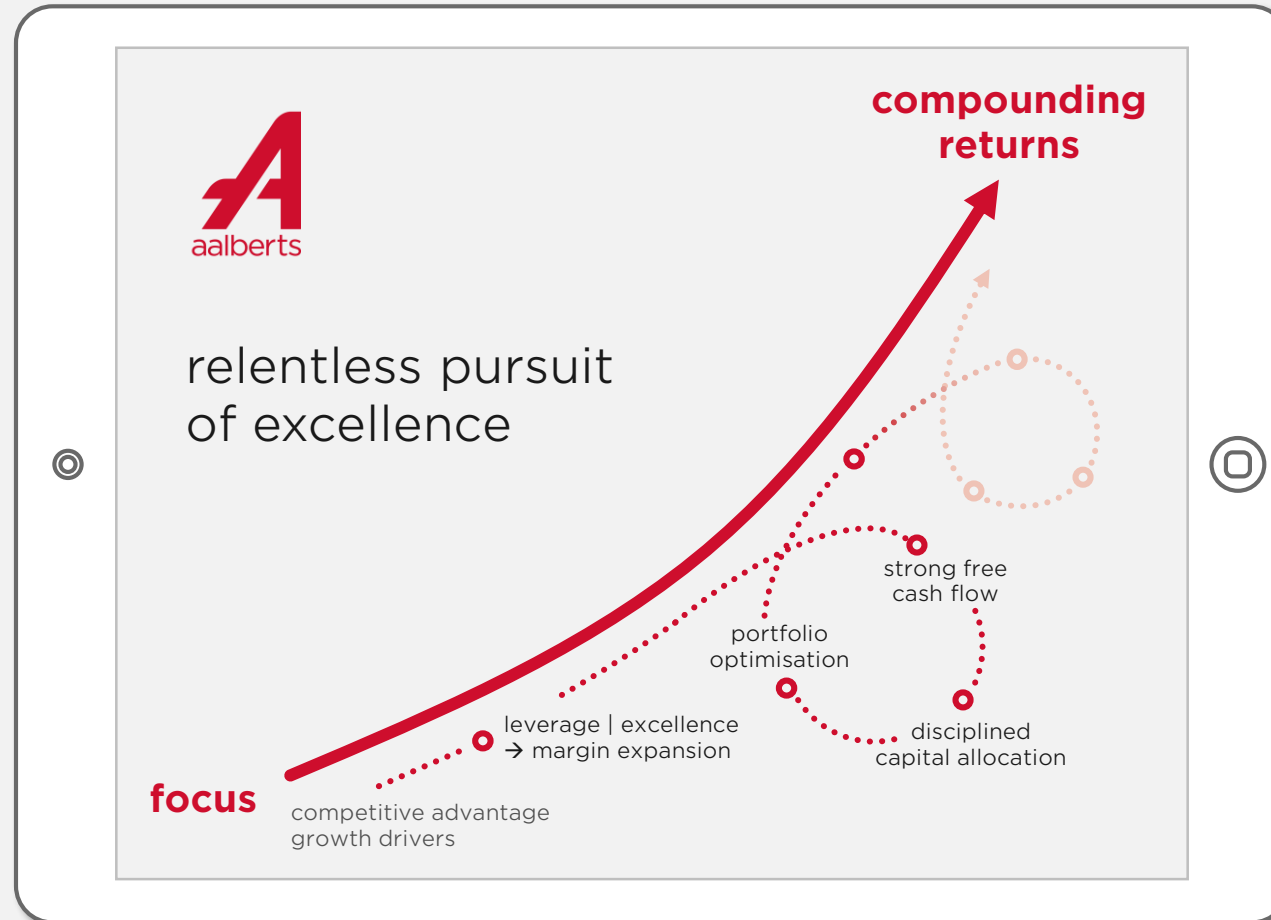
good is never
good enough



greatness is made of
shared knowledge

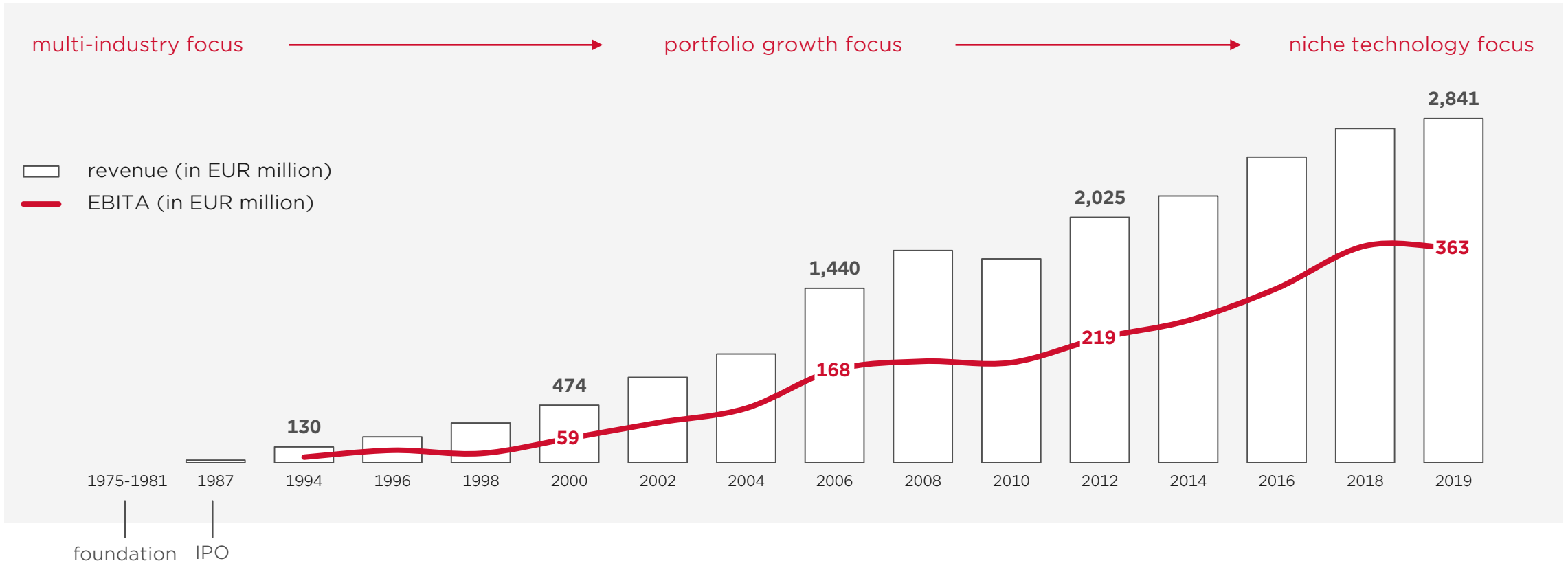
shareholder value

- leading niche technology positions
- high entry barriers, pricing power
- high added-value margins, sustainable growth
- operational excellence
- improve EBITA margins, strong cash conversion
- disciplined capital allocation
- technology exchange
- innovation speed
- fast learning & adaptation



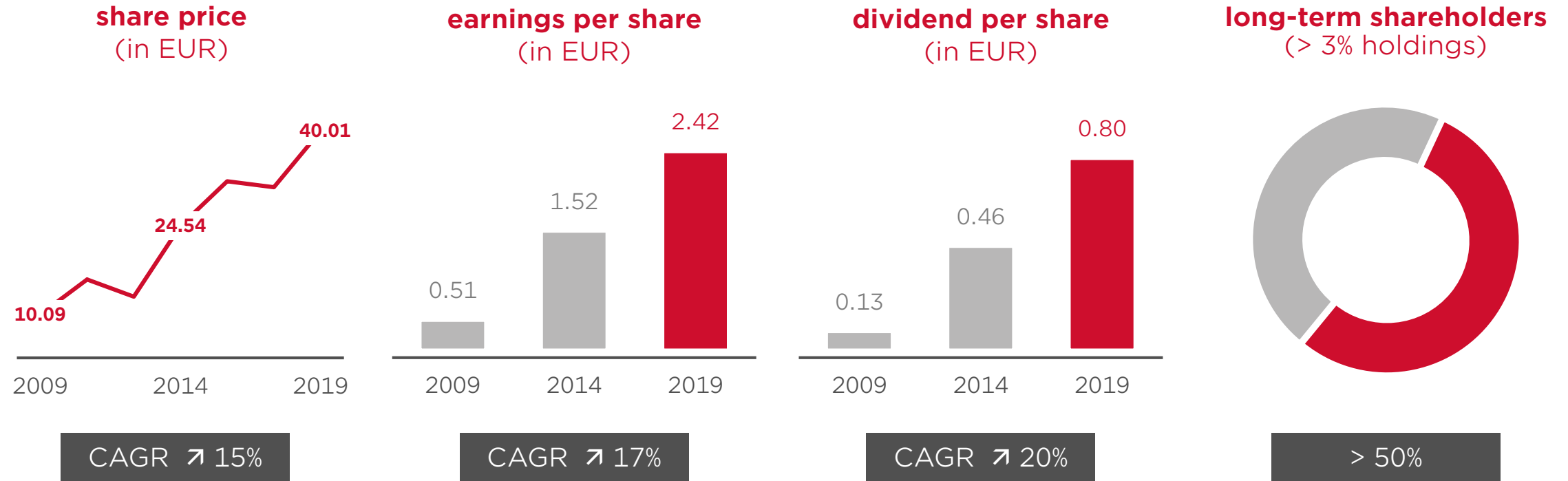
relentlessly creating long-term shareholder value

our track record – over 40 years of sustainable profitable growth



the Aalberts playbook: a proven sustainable business model

our track record - shareholder value creation



our relentless pursuit of excellence drives true shareholder value

our key strength - mission-critical people

the Aalberts way
winning with people

greatness is made of shared knowledge
our unique advantage



be an entrepreneur



take ownership



go for excellence



share and learn



act with integrity



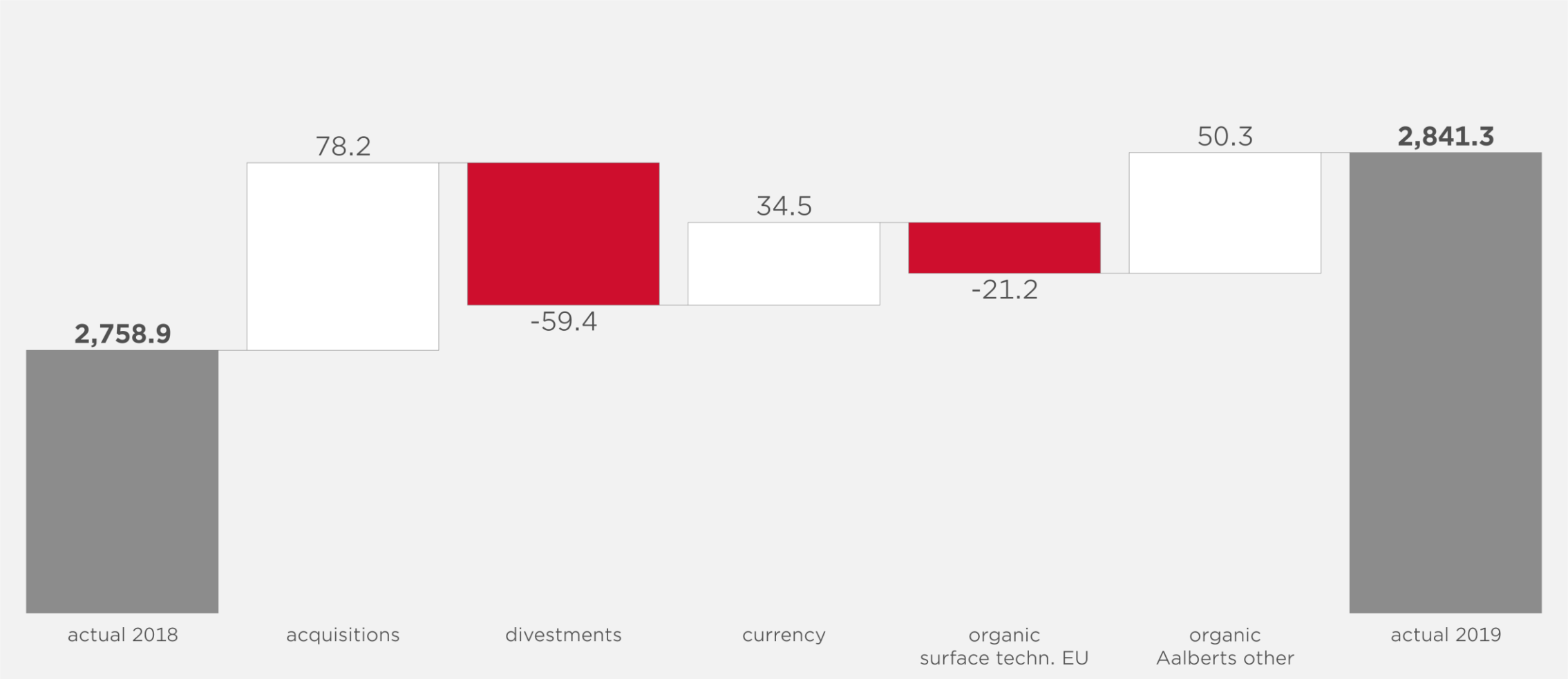
the Aalberts way – winning with people



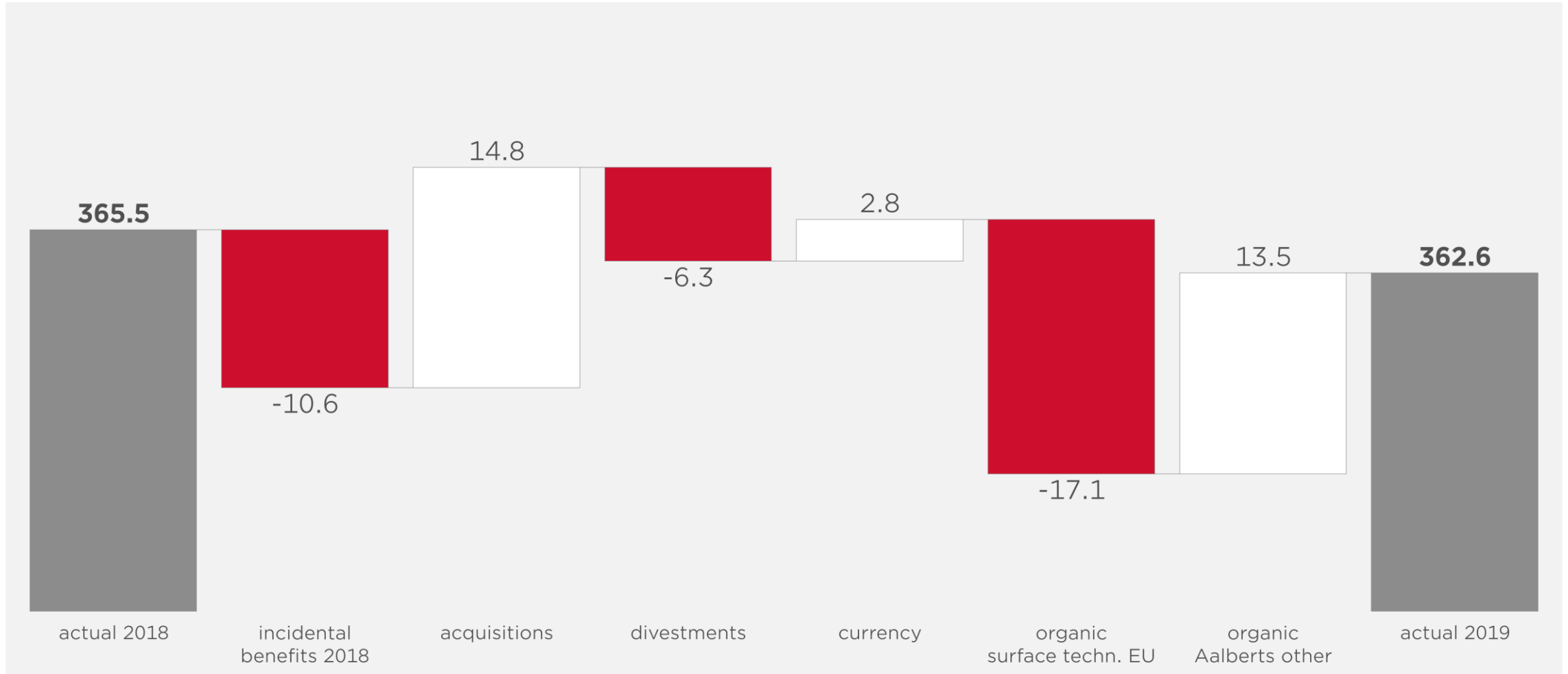
1. Aalberts 2019

Arno Monincx - CFO

revenue bridge



EBITA bridge



condensed consolidated income statement

in EUR million	2019	2018
revenue	2,841.3	2,758.9
operating profit (EBITDA)	493.4	461.4
depreciation	(130.8)	(95.9)
operating profit (EBITA)	362.6	365.5
net finance cost	(23.2)	(22.4)
income tax expense (<i>ETR 2019: 22.9, 2018: 21.4</i>)	(68.2)	(65.6)
non-controlling interests	(3.8)	(2.6)
NET PROFIT BEFORE AMORTISATION	267.4	274.9
EPS before amortisation in EUR	2.42	2.49

- revenue growth +3.0% (+1.1% organic; FX impact +1.3%; acquisitions/divestments +0.6%)
- FX impact EUR 34.5 million *positive* on revenue and EUR 2.8 million *positive* on EBITA

solid and resilient performance in a more difficult market environment

condensed consolidated balance sheet

in EUR million

	30.12.2019	31.12.2018
total non-current assets	2,383	2,068
total current assets	1,083	1,080
TOTAL ASSETS	3,466	3,148
total equity	1,838	1,676
total non-current liabilities	793	674
total current liabilities	835	798
TOTAL EQUITY AND LIABILITIES	3,466	3,148
net debt	755	586
leverage ratio: net debt / EBITDA (12-months-rolling)	1.5	1.3
net working capital	490	464
days net working capital	61	60
total equity as a % of total assets	53.0	53.2
return on capital employed (ROCE)	14.1	16.6

IFRS 16 is effective as of 1 January 2019, 2018 comparative figures have not been restated, see slide 'impact adoption IFRS 16'

IFRS 16 impact mainly on net debt and ROCE %

condensed consolidated cash flow statement

in EUR million	2019	2018	delta
operating profit (EBITDA)	493.4	461.4	32.0
result on sale of equipment / changes in provisions	(13.1)	(20.5)	7.4
changes in working capital	(15.2)	(14.3)	(0.9)
CASH FLOW FROM OPERATIONS	465.1	426.6	38.5
net capital expenditure	(153.0)	(114.5)	(38.5)
FREE CASH FLOW	312.1	312.1	-
finance cost paid	(20.2)	(19.2)	(1.0)
income taxes paid	(67.1)	(85.6)	18.5
acquisition/disposal of subsidiaries	(110.6)	(131.5)	20.9
change of non-current borrowings	(5.9)	30.2	(36.1)
lease payments	(34.7)	-	(34.7)
dividends paid	(82.9)	(71.9)	(11.0)
settlement of share based payment awards and other	(0.2)	(7.1)	6.9
NET INCREASE/(DECREASE) IN CASH AND CURRENT BORROWINGS	(9.5)	27.0	(36.5)

strong cash flow from operations, NWC more balanced

revenue & CAPEX

in EUR million	2019	2018	delta
installation technology	1,124.4	1,119.4	-
material technology	772.0	746.7	3%
climate technology	551.5	546.0	1%
industrial technology	432.7	409.3	6%
<i>holding / eliminations</i>	<i>(39.3)</i>	<i>(62.5)</i>	
TOTAL REVENUE	2,841.3	2,758.9	3%

in EUR million	2019	2018	delta
installation technology	46.2	37.7	23%
material technology	66.8	58.7	14%
climate technology	10.2	9.5	7%
industrial technology	23.9	24.9	(4%)
<i>holding / eliminations</i>	<i>0.9</i>	<i>3.1</i>	
TOTAL CAPEX	148.0	133.9	11%

CAPEX increased to facilitate many organic growth, innovation and efficiency initiatives

operating profit (EBITA) & EBITA margin

in EUR million	2019	2018	delta
installation technology	137.5	134.1	3%
material technology	97.2	102.1	(5%)
climate technology	67.2	65.4	3%
industrial technology	72.4	64.3	13%
<i>holding / eliminations</i>	<i>(11.7)</i>	<i>(0.4)</i>	
TOTAL EBITA	362.6	365.5	(1%)

in % of revenue	2019	2018	delta
installation technology	12.2	12.0	0.2
material technology	12.6	13.7	(1.1)
climate technology	12.2	12.0	0.2
industrial technology	16.7	15.7	1.0
TOTAL EBITA MARGIN	12.8	13.3	(0.5)

EBITA margin increased in three segments; decline material technology

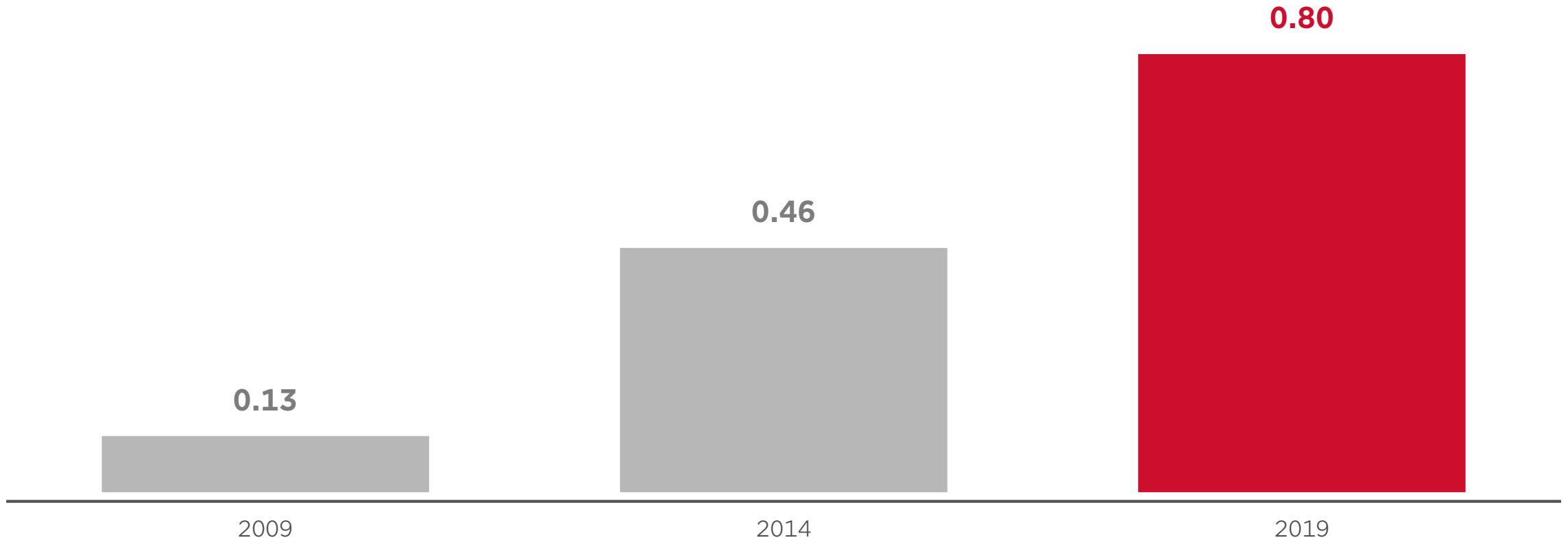
impact adoption IFRS 16

in EUR million	2019 before IFRS 16	adoption IFRS 16	2019 as reported
EBITDA	459.5	33.9	493.4
EBITA	361.9	0.7	362.6
net interest expense	(20.1)	(2.6)	(22.7)
income tax expense	(68.7)	0.5	(68.2)
net profit before amortisation	268.8	(1.4)	267.4
net debt	587.9	166.6	754.5
total assets	3,300.4	165.2	3,465.6
total equity as a % of total assets	55.7	(2.7)	53.0
leverage ratio	1.3	0.2	1.5
return on capital employed	15.1	(1.0)	14.1
free cash flow	278.2	33.9	312.1
free cash flow conversion ratio	60.5	2.7	63.2
earnings per share	2.43	(0.01)	2.42

IFRS 16 impacted our ROCE % with 1% negative

dividend proposal

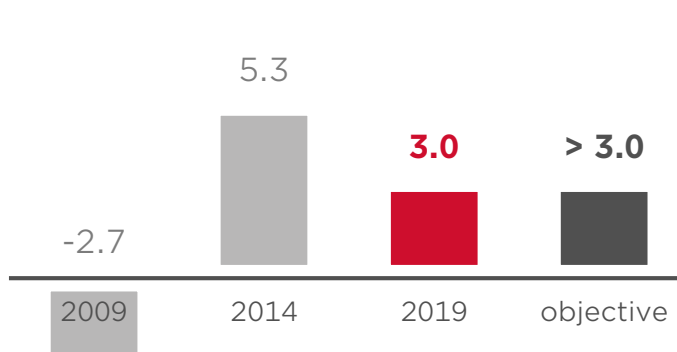
dividend per ordinary share (in EUR)



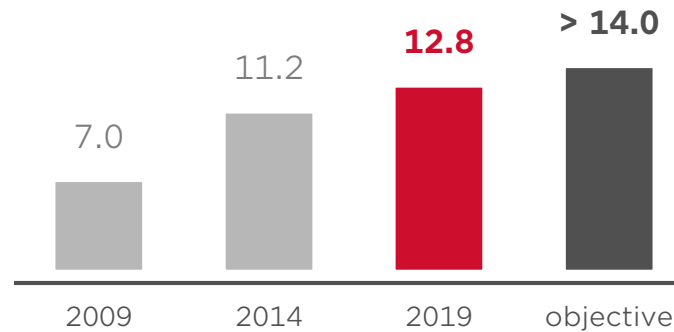
cash dividend EUR 0.80 per share, 7% increase

review financial objectives 2018-2022 (before IFRS 16)

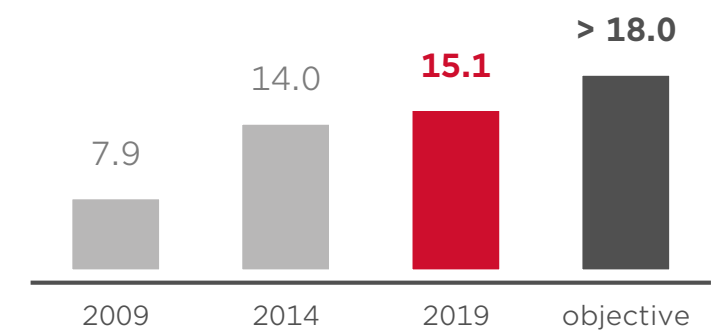
5Y average organic revenue growth
(in %)



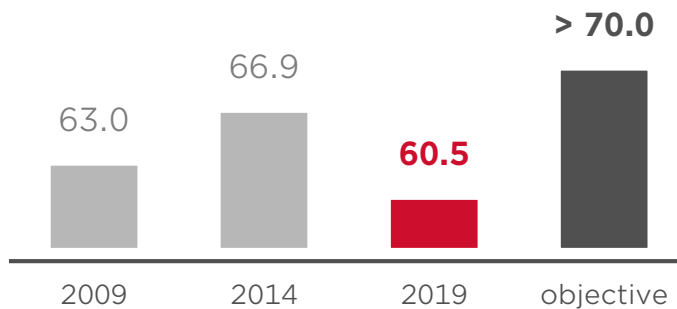
EBITA margin
(in %)



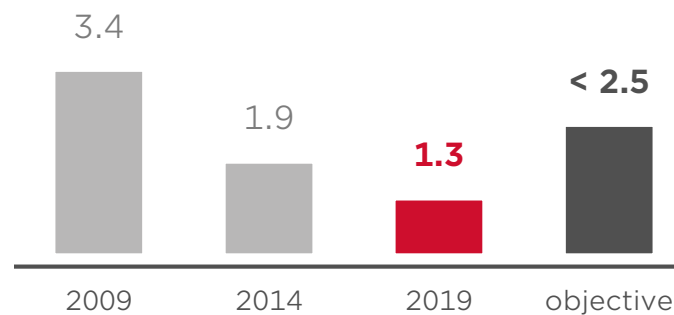
return on capital employed (ROCE)
(in %)



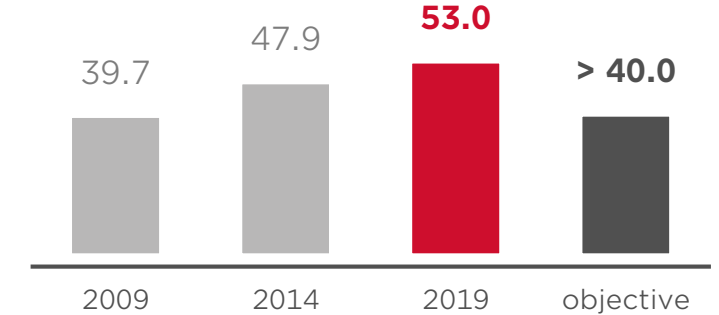
FCF conversion ratio
(in %)



leverage ratio

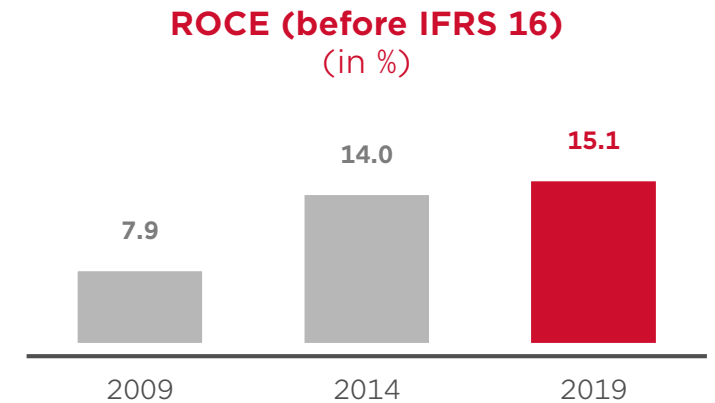
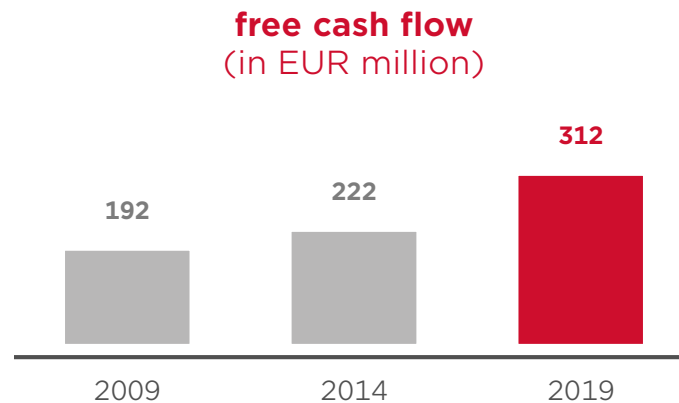
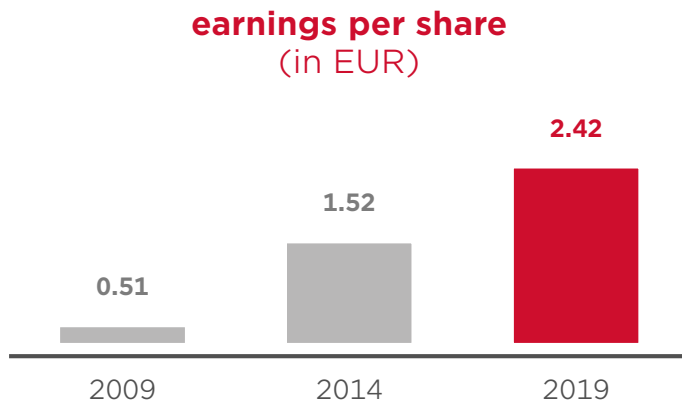
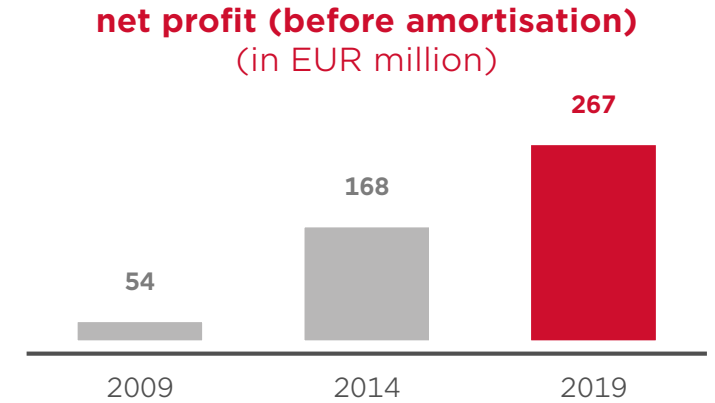
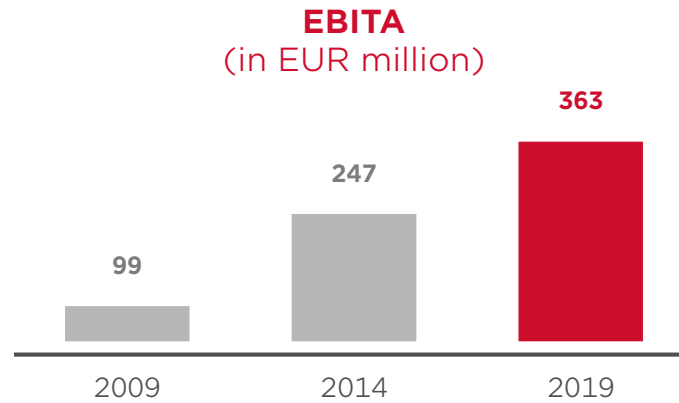
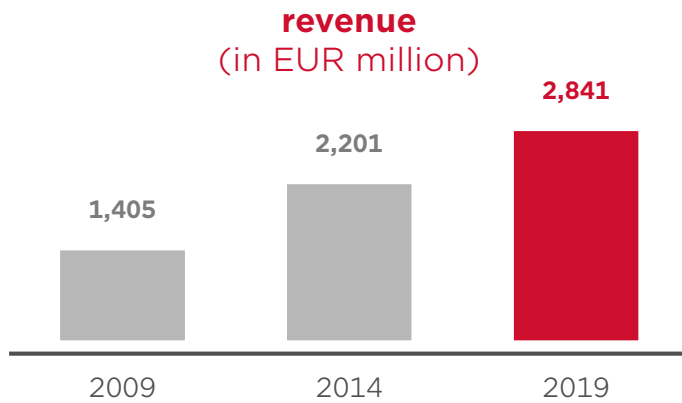


solvability
(in %)



Aalberts accelerates, achieving our strategic objectives (CMD)

key figures 2009-2019



generating high added value margins to invest in innovations and market opportunities

2. Aalberts trading update 2020

Wim Pelsma - CEO

- limited number of COVID-19 infections
 - » preventive safety actions are working well
- few locations closed due to governmental instructions, reopened beginning of May
- first five months 2020 compared to last year:
 - » organic revenue -12%
 - » orderbook same level
 - » net debt (before IFRS 16) -15%
- installation technology and climate technology, active in eco-friendly buildings
 - » activities continued reasonably well on lower level
 - » Southern Europe and UK more challenging due to governmental lockdowns
 - » from last weeks of May onwards increase order intake and sales
 - » continued investments press technology, innovations, postponed building expansions

- material technology, active in industrial niches and sustainable transportation
 - » faced slowdown in order intake and sales
 - » lower demand and customer site closures; reopened beginning of May
 - » supply chain starting up step by step
 - » continued investments in new technologies, reduced capacity expansions, postponed building expansions
- industrial technology mixed picture
 - » fluid control industrial niches did well
 - » beverage dispense difficult circumstances
 - » sustainable transportation low level due to customer site closures, reopening May
 - » advanced mechatronics strong growth semicon efficiency
 - record high orderbook coming months
 - continued operations and CAPEX
 - service to customers on good level

- all business segments
 - » focus on cash management and cost optimisations
 - » accelerated action plan 'focused acceleration', presented December 2019
 - » many projects to reduce structural costs and net working capital
 - one-off redundancy costs during 2020
 - effect will partly benefit 2H2020 and fully FY2021
 - » evolve faster into even stronger and better Aalberts, realising strategic objectives
- Aalberts people did a great job
 - » continuing operations in safe way, serving customers all over the world
 - » initiating lots of structural improvements
 - » optimising OPEX, NWC and CAPEX, driving our strategy forward



3. questions & answers