



we engineer mission-critical technologies for
ground-breaking industries and everyday life

full year results 2020

Utrecht, 25 February 2021

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1. Aalberts

Wim Pelsma - CEO

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

humanly, environmentally and financially



we engineer **mission-critical technologies**
for ground-breaking industries and everyday life

we are a company of mission-critical people who can't resist
going beyond the line of duty - **good is never good enough**

sharing and discussing 'bad' gets us to brilliant
- **greatness is made of shared knowledge**

we are relentless in our pursuit of excellence

our way of value creation

our essence



mission-critical
technologies



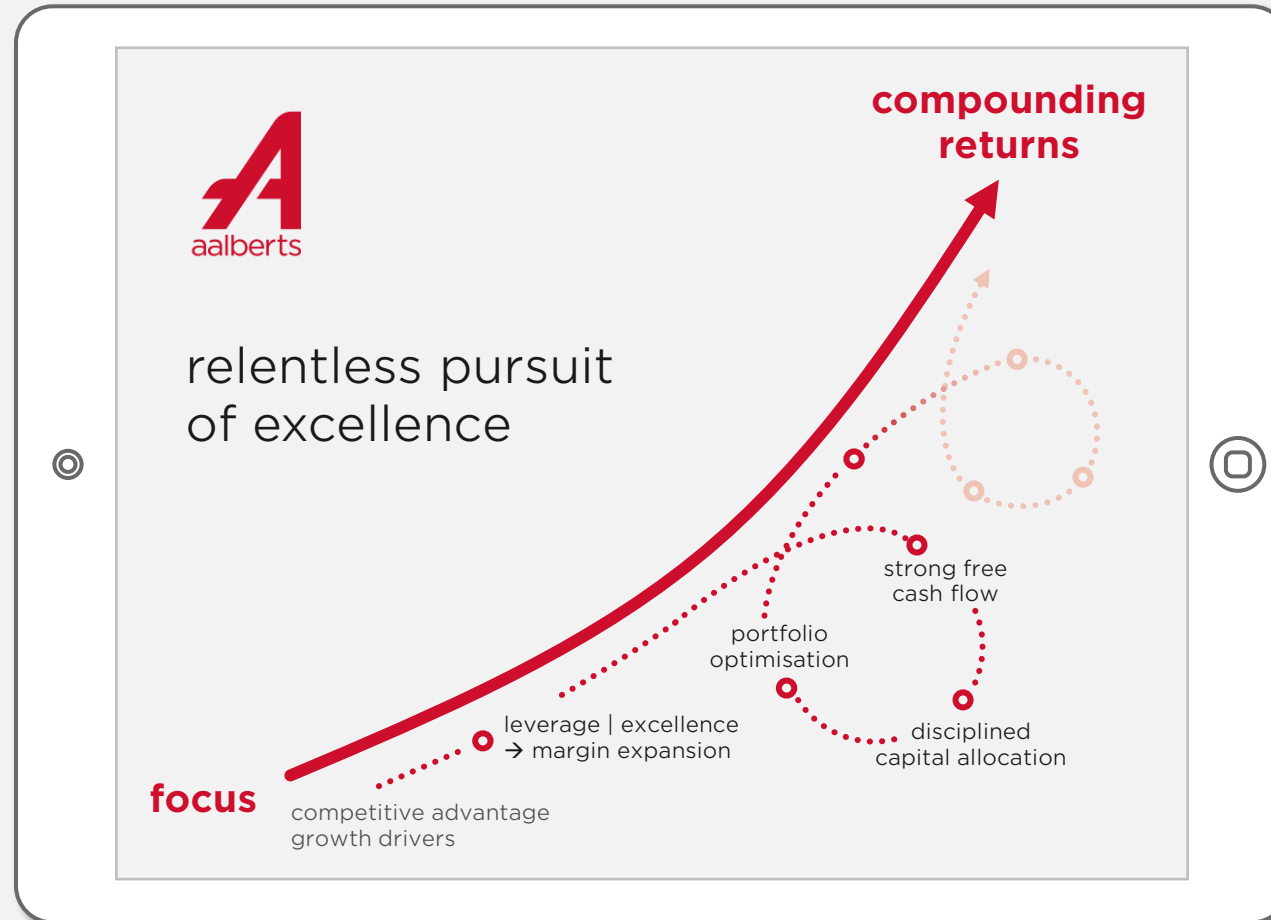
good is never
good enough



greatness is made of
shared knowledge

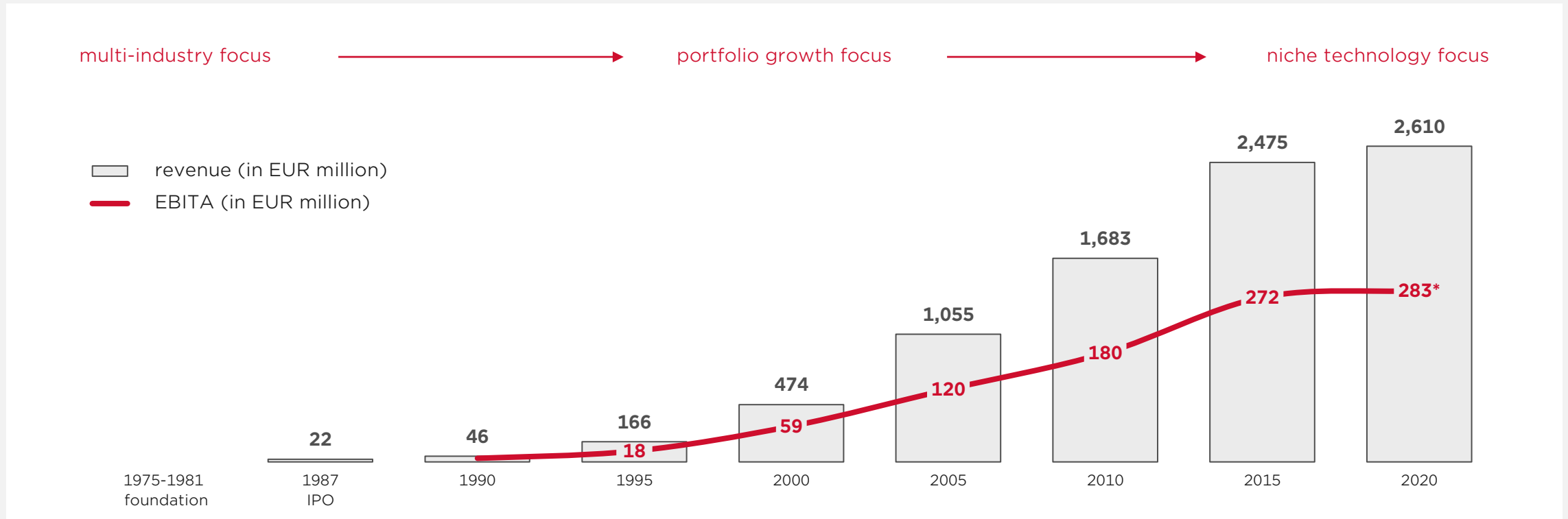
shareholder value

- 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 - 45 years of sustainable profitable growth

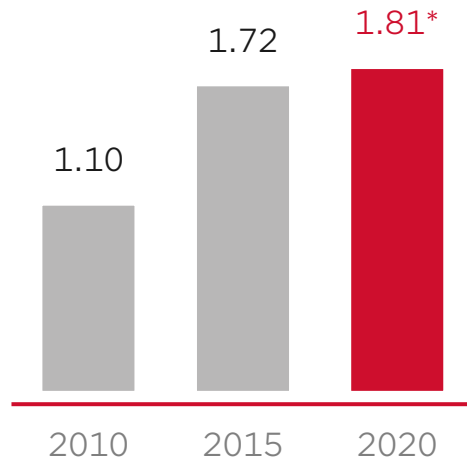


* before strategic restructuring cost

a proven sustainable business model

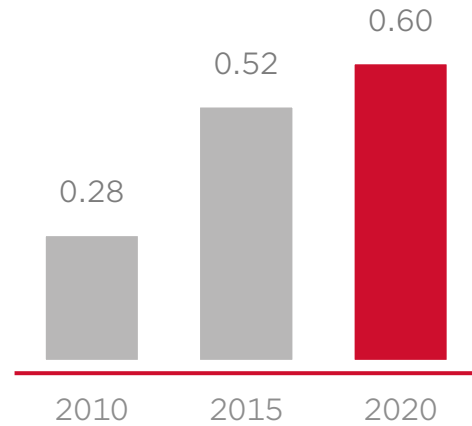
our track record - shareholder value creation

earnings per share (in EUR)



CAGR \nearrow 5%

dividend per share (in EUR)



CAGR \nearrow 8%

return on incremental capital employed (ROICE)

EBITA		capital employed
180	2010	1,339
283*	2020	2,406
103		1,067

9.7%

long-term shareholders (> 3% holdings)



> 55%

* before strategic restructuring cost

a proven sustainable business model

our key strength - mission-critical people

the Aalberts way winning with people

-  be an entrepreneur
-  take ownership
-  go for excellence
-  share and learn
-  act with integrity

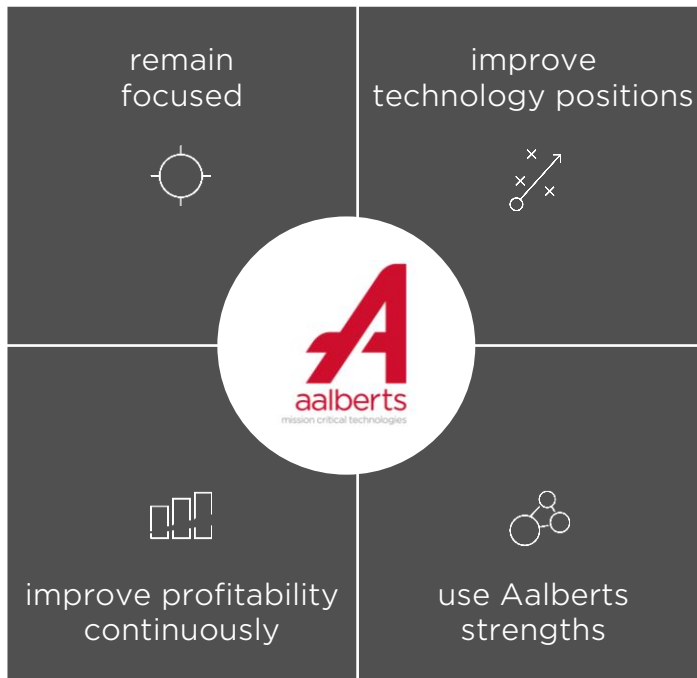
greatness is made of shared knowledge our unique advantage



the Aalberts way – winning with people

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

innovation drives organic revenue growth

continuous investments in R&D



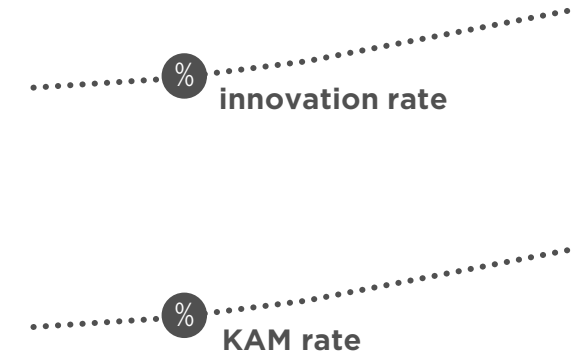
R&D investments increased to > 4% of total revenue

megatrends shaping our future

-  rapid urbanisation
-  climate change resource scarcity
-  the internet of things

globalisation & co-development connectivity & integration

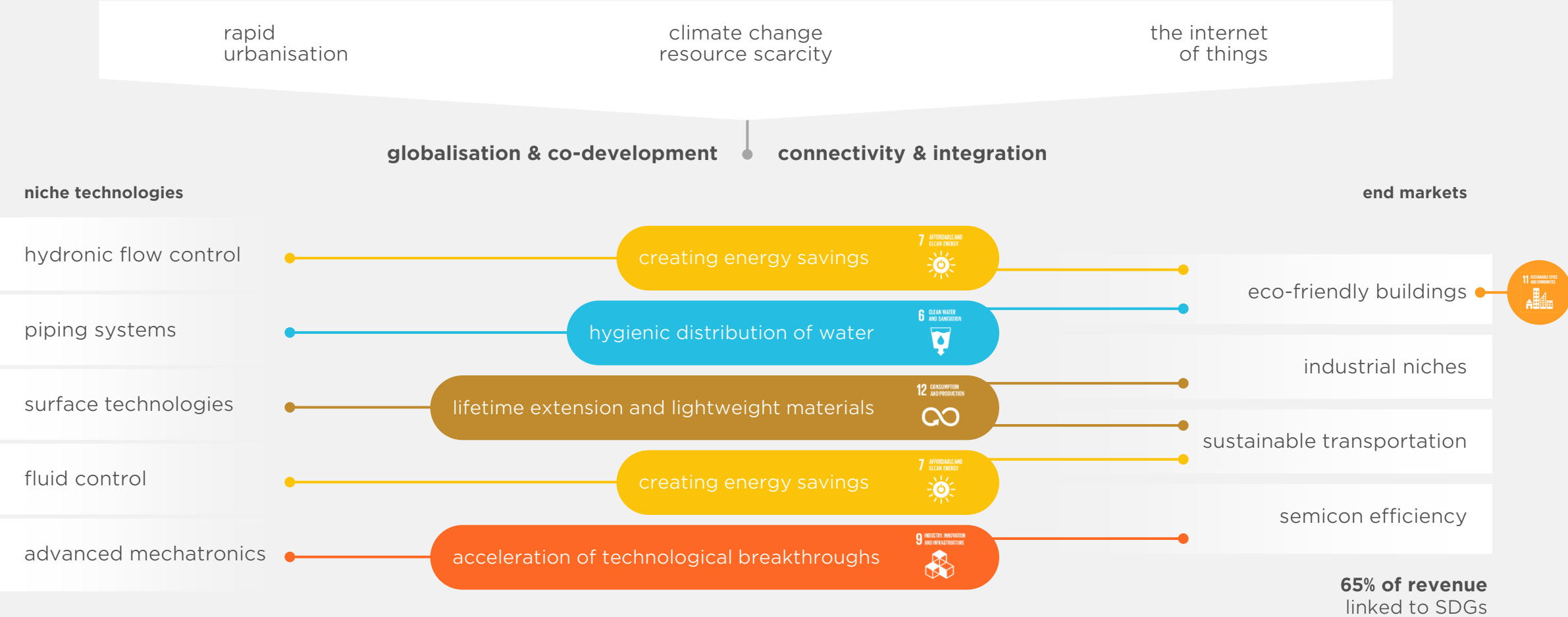
target rates



innovation and KAM rates strongly increase

our pragmatic culture and lean structure keep us ahead of the game

sustainable entrepreneurship



achieving unique market positions with sustainable impact

2. operational development

Wim Pelsma - CEO

Aalberts highlights



revenue
(in EUR million)

2,610
-8%

added-value
(% of revenue)

61.6
2019: 62.8

EBITA
(in EUR million)

283*
-22%

EBITA %
(% of revenue)

10.8*
2019: 12.8

**net profit
before amortisation**
(in EUR million)

200*
-25%

**earnings per share
before amortisation**
(in EUR)

1.81*
-25%

capital expenditure
(in EUR million)

95
-36%

ROCE
(before IFRS 16 in %)

12.5*
2019: 15.1

* before strategic restructuring cost

- limited number of COVID-19 infections; continued operations in a safe way
- revenue EUR 2,610 million; organic decline 7.0%
- orderbook at year-end 9.3% higher than last year
- EBITA amounted to EUR 283* million; as a % of revenue 10.8*
- net profit before amortisation EUR 200* million; per share EUR 1.81*
- strong free cash flow of EUR 339 million
- net debt (before IFRS 16) reduced with 24% to EUR 444 million
- continued investments and innovations; capital expenditure EUR 95 million
- acceleration strategy: one-off full year strategic restructuring cost of EUR 51 million with an annual benefit of approx. EUR 50 million

Aalberts accelerates strategy and continues investments and innovations

operational development

- organic revenue decline amounted to 7.0%
- second quarter impacted by COVID-19 and temporary customer shutdowns
- second half business overall recovered
- year ended with strong orderbook, 9.3% higher than last year
- focused on cash management, cost optimisations and innovations
- continued our investments in growing product lines, future technologies
- R&D capacity strengthened
- some building, capacity investments postponed

year ended with strong orderbook, 9.3% higher than last year

overview end markets and regions

eco-friendly buildings

- recovered well from lower level 2Q
 - » due to innovations, reopening distribution channels, increase customer demand and inventory level
 - » continued in 2H
- orderbook increased to record level at year-end

semicon efficiency

- performed very well, strong growth
- new co-development projects initiated
- ended the year with record orderbook

sustainable transportation

- faced difficult circumstances 2Q due to customer shutdowns, inventory reduction
- after reopening customer locations, gradual recovery end of May for fluid control, followed by surface technologies
- 2H business further recovered due to increased demand and inventory level

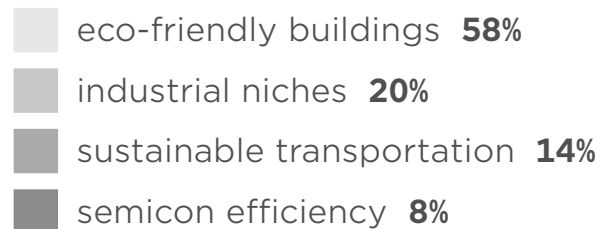
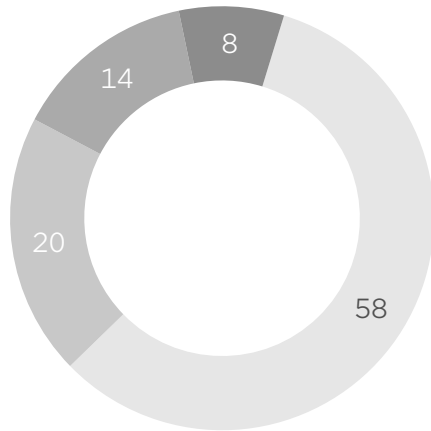
industrial niches

- activities increased gradually in 4Q
 - » except for beverage dispense, worldwide lockdowns resulted in difficult market situation

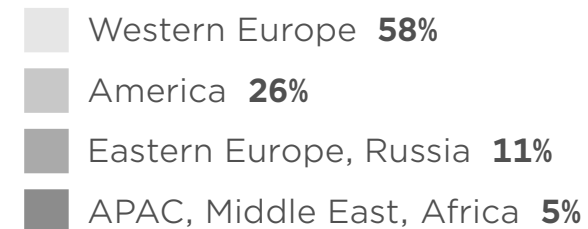
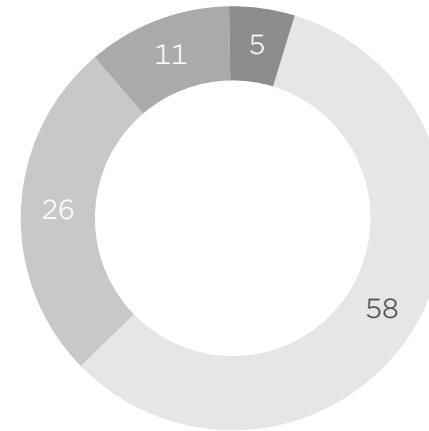
eco-friendly buildings and semicon efficiency record orderbook at year-end
sustainable transportation and industrial niches gradual recovery in 2H20

overview end markets and regions

revenue per end market (in %)



revenue per region (in %)



semicon efficiency end market strong growth, increased revenue %

operational excellence and portfolio optimisation

- we accelerated the action plan as presented during our Capital Markets Day
 - » focused, clustered and simplified organisation
 - » reduced overhead in all segments
 - » reduced net working capital structurally
 - » many projects implemented to optimise our operations
- strategic restructuring projects
 - » led to a one-off full year SRC of EUR 51 million in 2020
 - » annual benefit of approx. EUR 50 million, partly 2020, fully 2021
- further optimised portfolio following our divestment programme

acceleration of the action plan as presented during Capital Markets Day

organic growth, innovation and capital allocation

pipng systems

- continued sales and capacity expansions of connection technology, including new innovations
- valve technology product lines expanded
 - » new patented full flow valve and balancing valve successfully launched
- start of digital piping design services with dedicated team
 - » engineer optimised integrated piping system
 - » number of projects strongly increasing
- alignment organisation utilising combined strength is making progress
- supply chain North America consolidated and optimised; Europe optimising new assembly and distribution centres
- reduction of working capital showed good results



hydraulic flow control

- continued implementation newly launched product lines, increased innovation rate
- scored many projects incl. long-term contracts for data information and remote control
 - » still a small part of revenue but fast-growing
 - » giving opportunity to gain more projects
 - » digital platform enables us to measure data to optimise energy efficiency for our customers
- digital marketing and R&D capacity strengthened
- strategy to align competence centres to unified focused organisation with less overhead accelerated
- new manufacturing, distribution facility in progress
- water supply and district energy performed well
 - » new composite gate valve for underground water and gas applications launched successfully
 - » expanded machining, assembly capacity full flow valve for district energy, eco-friendly buildings



organic growth, innovation and capital allocation

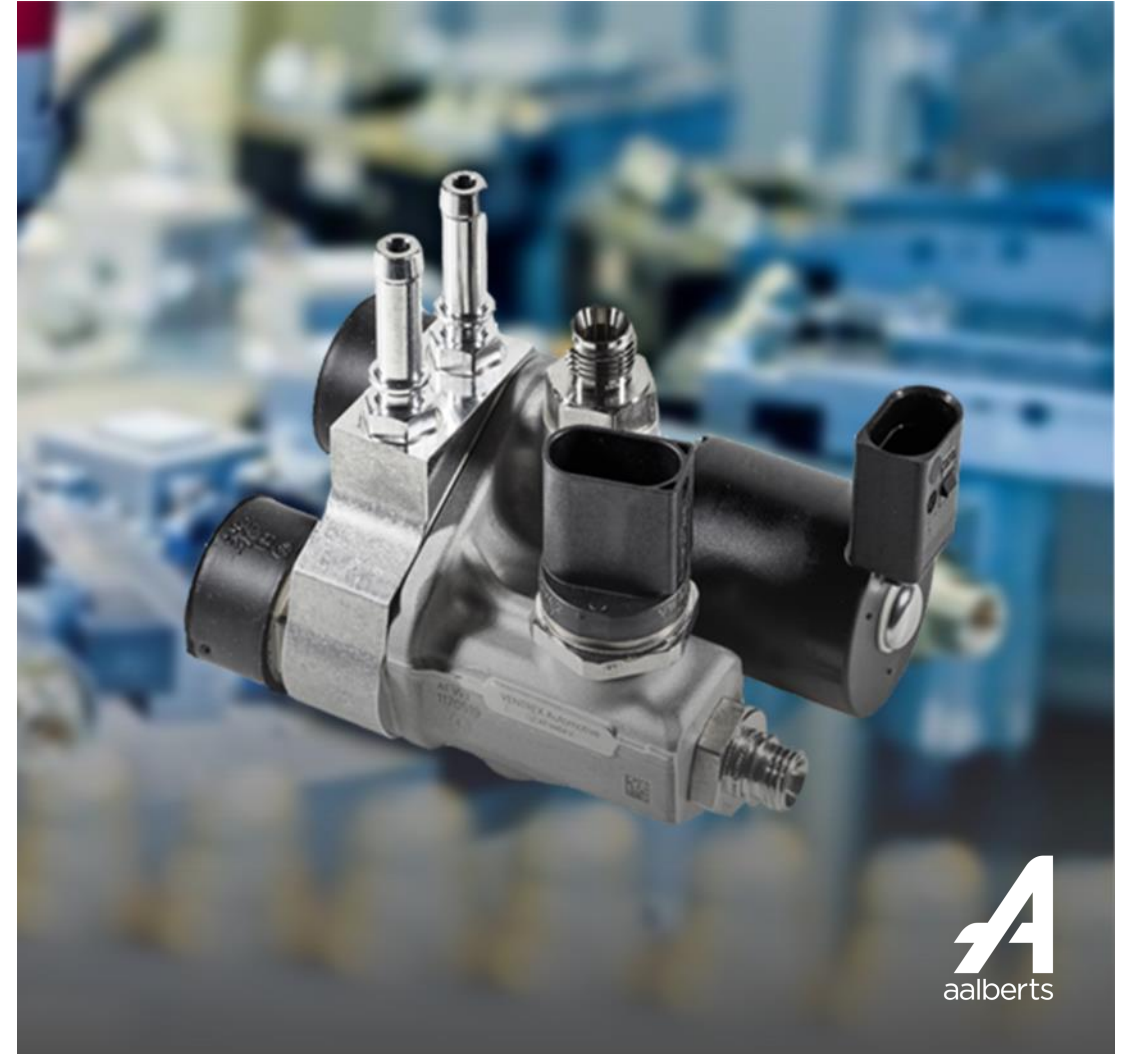
surface technologies

- all locations reviewed
 - » creating right technologies for the future
 - » optimal geographical footprint of locations to follow our customers
- besides consolidations and cost reductions portfolio improved and investments continued in new technologies
- strategic restructuring based on market trends
 - » electrification of vehicles
 - » transfer manufacturing locations of customers
 - » new technologies for precision manufactured products and surface technology processes
- electrification of vehicles: lot of opportunities for development of processes for new parts with specifications such as lightweight, particle free, cooling, noise reduction and strengthening of lighter and new materials
- worldwide footprint advantage to adapt our capacity and technology innovations



fluid control

- facing difficult year
- continued our innovation roadmap
- took advantage of new systems launched last years
- new innovations for industrial niches and upgrades for sustainable transportation
- our innovation roadmaps for regulators, valves and measuring systems focuses on
 - » fuel reduction
 - » conversion to alternative fuels like hydrogen, LNG and CNGfor all means of transport
- started to develop hydrogen fuel cell applications for electric vehicles
- beverage dispense launched dispensing systems for disinfection and soft drinks



advanced mechatronics

- excellent year, realising strong growth
- able to deliver service to our customers despite preventive measures we had to install
- many new co-development programmes were started, especially in our high purity fluid systems
 - » strongly expanding our engineering capacity
- vibration isolation activity expand facility further to facilitate growth
- within ultra-precision frames we are optimising operations after capacity expansions of last years, delivering record orderbook
- aligned organisation, creating focused strategy and culture with local entrepreneurship
- focus on specialised technologies, co-development projects in combination with our investment power, makes us well positioned for fast growth

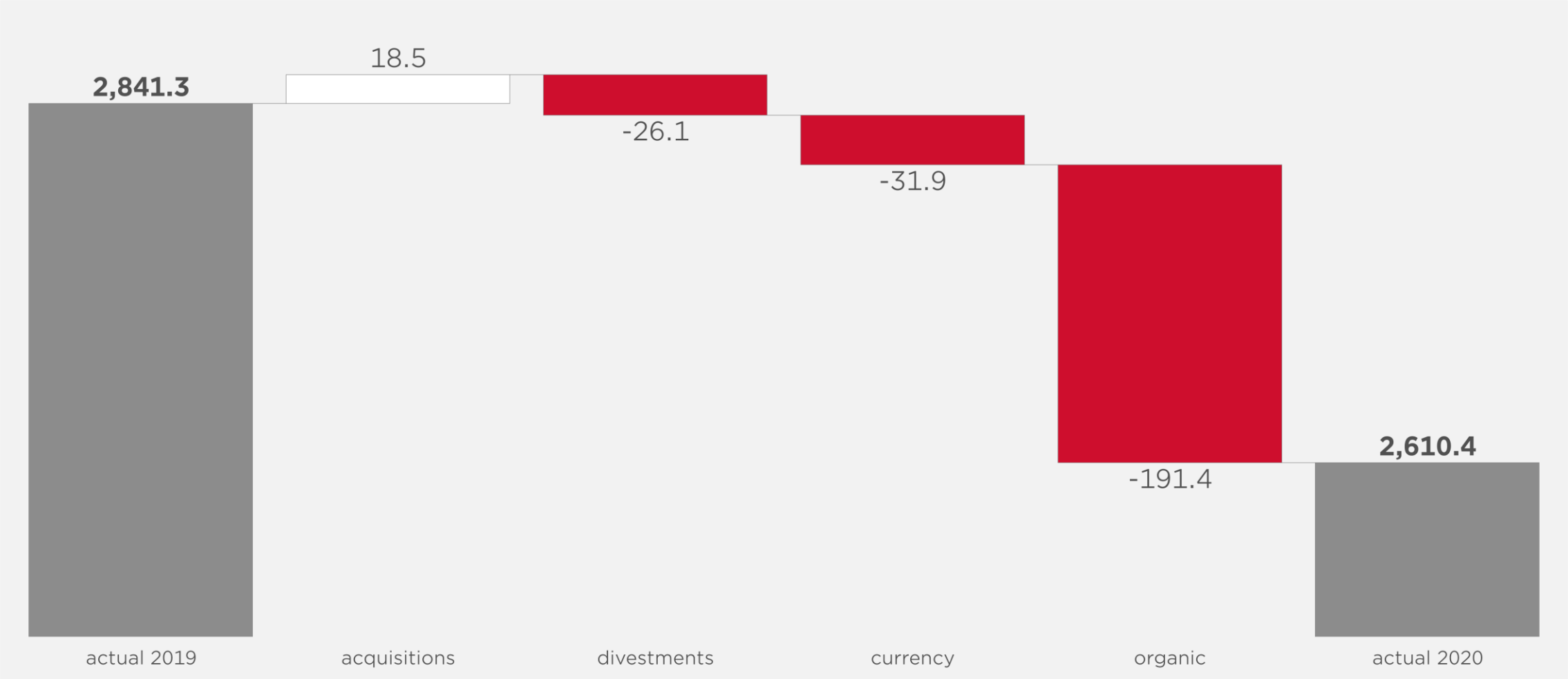




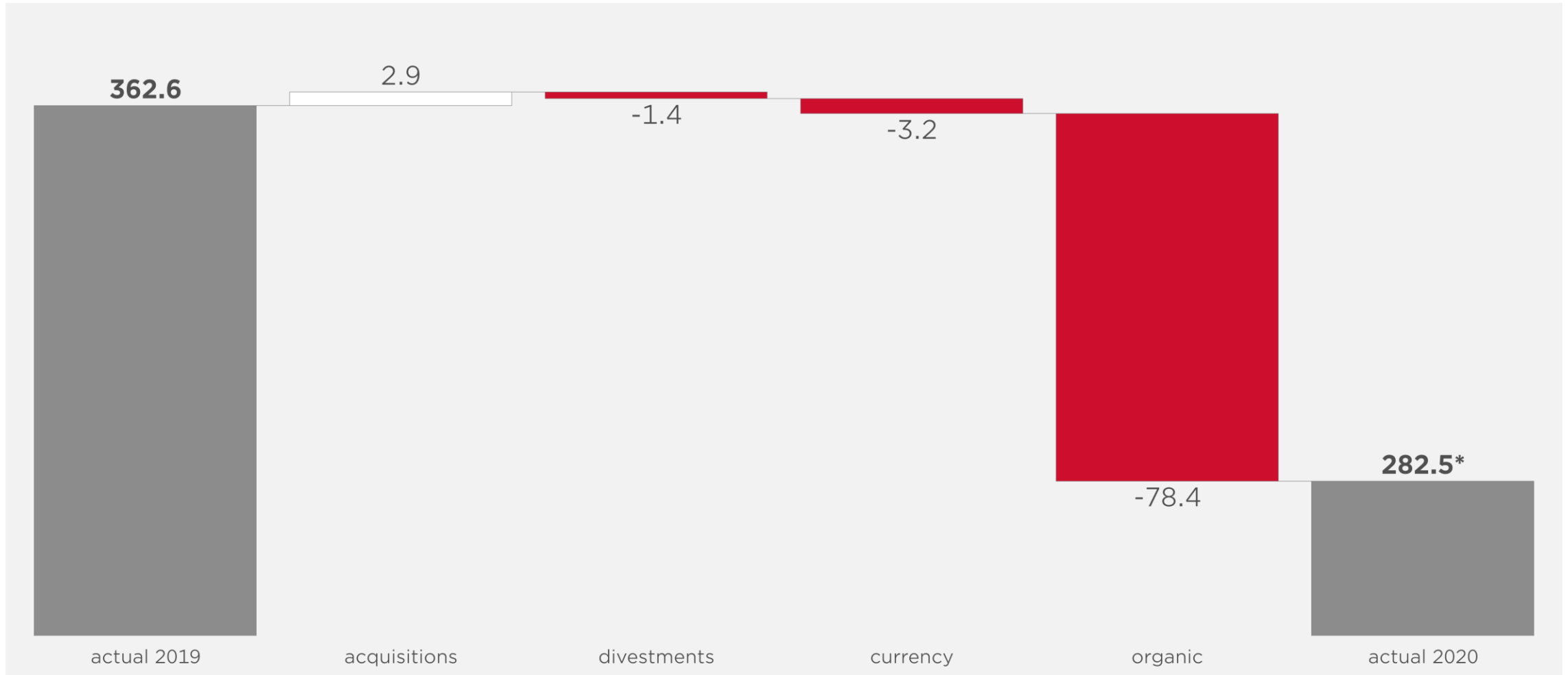
3. financial development

Arno Monincx - CFO

revenue bridge



EBITA bridge



* before strategic restructuring cost

condensed consolidated income statement

in EUR million	2020	2019
revenue	2,610.4	2,841.3
EBITDA	422.6*	493.4
depreciation	(140.1)*	(130.8)
EBITA	282.5*	362.6
net finance cost	(22.4)	(23.2)
income tax expense (<i>ETR 2020: 24.4, 2019: 22.9</i>)	(52.7)*	(68.2)
non-controlling interests	(7.8)	(3.8)
net profit before amortisation	199.6*	267.4
EPS before amortisation in EUR	1.81*	2.42

- revenue decline 8.1% (-7.0% organic; FX impact -1.1%)
- FX impact EUR 31.9 million *negative* on revenue and EUR 3.2 million *negative* on EBITA

* before strategic restructuring cost (SRC)

solid and resilient performance

condensed consolidated balance sheet

in EUR million

	31.12.2020	31.12.2019
total non-current assets	2,263	2,383
total current assets	992	1,083
total assets	3,255	3,466
total equity	1,806	1,838
total non-current liabilities	588	793
total current liabilities	861	835
total equity and liabilities	3,255	3,466
net debt (before IFRS 16)	444	588
leverage ratio (before IFRS 16): net debt / EBITDA (12-months-rolling)	1.1	1.3
net working capital	399	490
days net working capital	55	61
solvability (total equity as a % of total assets)	55.5	53.0
return on capital employed (before IFRS 16)	12.5*	15.1

* before strategic restructuring cost (SRC)

net debt (before IFRS 16) reduced with 24%; leverage ratio reduced to 1.1

condensed consolidated cash flow statement

in EUR million

	2020	2019	delta
EBITDA	379.3	493.4	(114.1)
result on sale of equipment / changes in provisions	12.5	(13.1)	25.6
changes in working capital	61.9	(15.2)	77.1
cash flow from operations	453.7	465.1	(11.4)
purchase of property, plant and equipment	(104.6)	(139.3)	34.7
purchase of intangible assets	(10.4)	(13.7)	3.3
free cash flow	338.7	312.1	26.6
finance cost paid	(22.2)	(20.2)	(2.0)
income taxes paid	(53.9)	(67.1)	13.2
acquisition/disposal of subsidiaries	(7.8)	(110.6)	102.8
change of non-current borrowings	(131.5)	(5.9)	(125.6)
lease payments	(38.2)	(34.7)	(3.5)
dividends paid	(88.5)	(82.9)	(5.6)
settlement of share based payment awards and other	(3.8)	(0.2)	(3.6)
net increase/(decrease) in cash and current borrowings	(7.2)	(9.5)	2.3

strong cash flow from operations

revenue & capital expenditure

in EUR million	2020	2019	delta
installation technology	1,015.2	1,071.4	(5%)
material technology	664.7	772.0	(14%)
climate technology	633.8	690.7	(8%)
industrial technology	325.5	343.9	(5%)
<i>holding / eliminations</i>	<i>(28.8)</i>	<i>(36.7)</i>	
total revenue	2,610.4	2,841.3	(8%)

in EUR million	2020	2019	delta
installation technology	36.4	44.2	(18%)
material technology	36.4	66.8	(46%)
climate technology	13.1	15.0	(13%)
industrial technology	9.2	21.1	(56%)
<i>holding / eliminations</i>	<i>0.2</i>	<i>0.9</i>	
total capital expenditure	95.3	148.0	(36%)

2019 adjusted for comparison purposes due to movement of activities between business segments

continued investments and innovations

EBITA & EBITA margin

in EUR million	2020*	2019	delta
installation technology	110.1	129.6	(15%)
material technology	56.3	97.2	(42%)
climate technology	77.0	83.4	(8%)
industrial technology	46.4	64.1	(28%)
<i>holding / eliminations</i>	<i>(7.3)</i>	<i>(11.7)</i>	
total EBITA	282.5	362.6	(22%)

in % of revenue	2020*	2019	delta
installation technology	10.8	12.1	(1.3)
material technology	8.5	12.6	(4.1)
climate technology	12.1	12.1	-
industrial technology	14.3	18.6	(4.3)
total EBITA margin	10.8	12.8	(2.0)

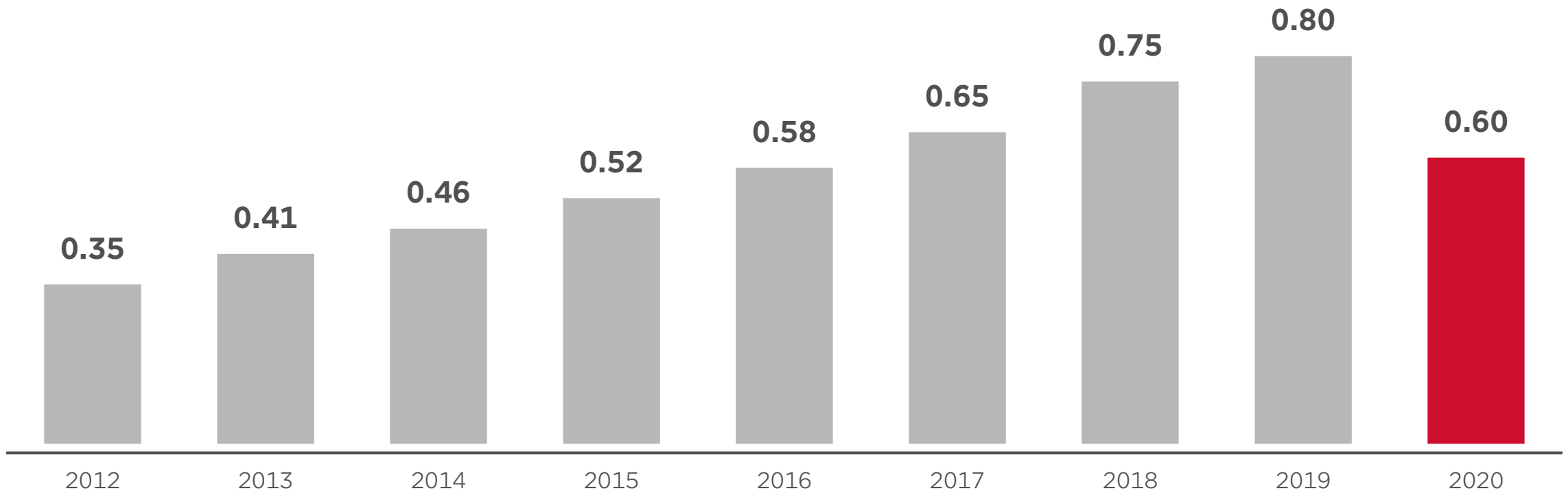
* before strategic restructuring cost (SRC)

2019 adjusted for comparison purposes due to movement of activities between business segments

solid and resilient performance

dividend proposal

dividend per share (in EUR)



we propose a cash dividend of EUR 0.60 per share (2019: EUR 0.80)



4. outlook

Wim Pelsma - CEO

outlook

- we will drive our organic revenue growth and innovation initiatives and increase our capital expenditure
- we continue the strategic restructuring projects and inventory reduction programme and further improve our portfolio to realise our strategic objectives
- we will continue to strengthen our market positions and niche technologies with bolt-on acquisitions



5. questions & answers