

# Aalberts realises EUR 1.51 billion revenue with an EBITA margin of 14.9%

## highlights

- revenue EUR 1,511 million
- organic revenue growth +20.1%
- orderbook +59%
- EBITA EUR 226 million; EBITA margin 14.9%
- net profit before amortisation EUR 169 million; per share EUR 1.52 (+97%)
- increasing capital expenditure for this year and coming years
- acquisitions Sentinel and Premier Thermal, divestments Adex and Lasco

## CEO statement

“In the first six months of the year we delivered a strong performance.

Our revenue reached a level of EUR 1,511 million with an organic revenue growth of 20.1%. We realised an EBITA of EUR 226 million with an EBITA margin of 14.9%. Our net profit before amortisation increased with 97% to EUR 169 million, per share EUR 1.52.

Many business development projects are in process to drive our organic growth further. To facilitate the expansion plans, innovation roadmaps and to drive operational excellence further, we are increasing our capital expenditure for this year and the coming years. Our portfolio is optimised with two acquisitions and two divestments.

In December 2021 we will give an update of our strategy ‘focused acceleration’ during a capital markets day, combined with an innovation experience.

We thank our Aalberts people continuing our operations in a safe way, serving our customers worldwide, delivering a strong performance, executing the strategic restructuring programme and driving our strategy forward.”

## key figures

in EUR million	1H2021	1H2020	delta
revenue	1,511	1,287	17%
added-value as a % of revenue	61.8	62.3	
EBITA	226	122	86%
EBITA as a % of revenue	14.9	9.5	
net profit before amortisation	169	86	97%
earnings per share before amortisation (in EUR)	1.52	0.77	97%
net debt	658	807	(18%)
net debt (before IFRS 16)	465	648	(28%)
leverage ratio: net debt / EBITDA (before IFRS 16)	1.0	1.6	
cash flow from operations	153	68	125%
capital expenditure	58	54	8%
net working capital	516	598	(14%)
return on capital employed (before IFRS 16)	15.9	11.7	

## outlook

We continue our business development and innovation initiatives, driving our sustainable profitable growth.

We started the second half of the year with a good orderbook. Our capital expenditure in organic growth, innovations and operational excellence will be increased.

We continue to optimise our portfolio and strengthen our market positions with bolt-on acquisitions.

## financial development

Revenue increased in 1H2021 by EUR 223.7 million to EUR 1,510.8 million. The 2021 acquisition (Sentinel) caused a positive revenue effect of EUR 6.2 million. Divestments in 2020 caused a negative revenue effect of EUR 1.4 million. Currency translation | FX impact amounted to EUR 33.4 million negative, mainly US Dollar. Overall, we faced an organic revenue growth of EUR 252.3 million or 20.1%.

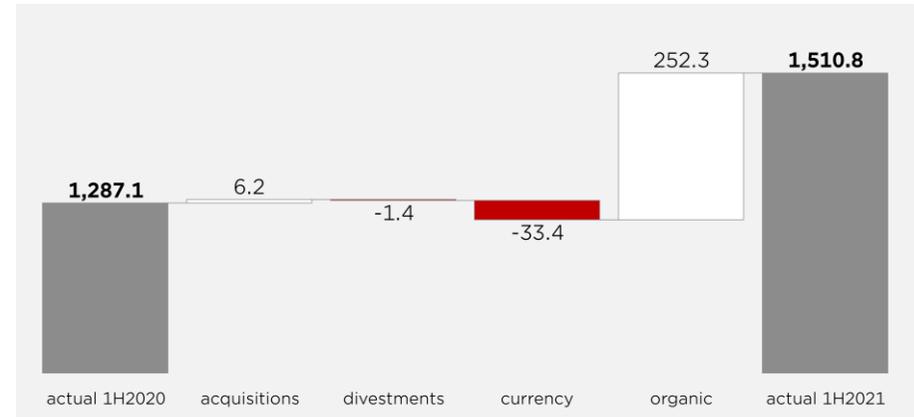
Operating profit (EBITA) increased in 1H2021 by EUR 104.1 million to EUR 225.8 million or 14.9% of the revenue. There was a positive effect of EUR 1.4 million from the 2021 acquisition. Divestments in 2020 caused a negative EBITA effect of EUR 0.1 million. Currency translation | FX impact amounted to EUR 2.6 million negative, resulting into an organic EBITA growth of EUR 105.4 million. Holding/eliminations is reported EUR 3.2 million negative against EUR 7.2 million negative last year, where last year was including EUR 4.5 million strategic restructuring costs.

Net profit before amortisation increased by EUR 83.0 million to EUR 168.6 million, per share to EUR 1.52 (1H2020: EUR 0.77). The effective tax rate was 23.5% against 24.8% last year.

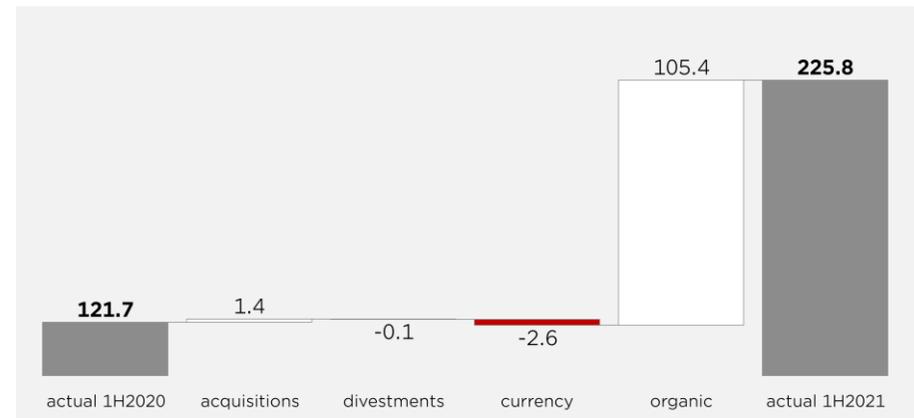
Working capital decreased to EUR 516 million or 68 days (1H2020: EUR 598 million and 80 days), including an 'assets held for sale' reclass of EUR 15.8 million for Lasco. Inventories finished at EUR 639 million (1H2020: EUR 625 million), including an 'assets held for sale' reclass of EUR 12.0 million for Lasco. Cash flow from operations increased with EUR 85 million, CAPEX cash out decreased with EUR 9 million, resulting in a EUR 94 million higher free cash flow than last year.

ROCE (before IFRS 16) increased from 11.7% to 15.9%. Our capital employed reduced with EUR 37 million to EUR 2.642 million. Equity increased to 53.2% of the balance sheet total (1H2020: 51.8%). Net debt amounted to EUR 658 million (1H2020: EUR 807 million), net debt (before IFRS 16) decreased with EUR 183 million or 28% to EUR 465 million. The leverage ratio before IFRS 16 improved to 1.0 (1H2020: 1.6), well below the bank covenant of < 3.5.

## revenue bridge



## EBITA bridge



## operational development

In the first six months we realised an organic revenue growth of 20.1% compared to last year and 6.4% compared to 2019. Our orderbook end of June is 59% higher than last year and 66% higher compared to 2019.

Activities in the **eco-friendly buildings** end market did very well in all regions. Many growth drivers are contributing to this good performance. First, the market recovery and the restocking of the distribution channels after the COVID-19 impact last year. Secondly, end users are investing more in renovation and upgrading of residential housing. Thirdly, our innovations launched the last years are driving our growth, such as the expansion of our offering of connection and valve technology and our hydronic flow control solutions in combination with digital services. This is accelerated by governmental support programmes stimulating building efficiency and the transition towards sustainable heating and cooling systems.

Our operational excellence initiatives and the consolidation of our distribution footprint are making good progress. Investment plans to expand our manufacturing and assembly capacity in fast-growing product lines in Europe and North America are accelerated.

In the **semicon efficiency** end market we again realised a strong growth and performance. Long-term growth drivers are strong microchip demand for computer logic and storage, e-mobility developments, connectivity and IoT, investments in new fabs and 5G roll-out. These growth drivers are accelerating our business even faster than expected. Besides, microchip manufacturers are expanding their regional capacity to secure their own technology know-how and supply chain. This is accelerating additional investments in the most efficient microchip manufacturing equipment in all regions.

Based on these growth drivers, additional customer investments, the record orderbook and conversations with our key accounts we expect a strong growth for this year and the years ahead. We are in the process of preparing capacity expansions and efficiency improvements in all our locations.

In parallel, we are working on new product introductions with our key accounts to co-develop, assemble and manufacture integrated modules. We are further strengthening our organisation, recruiting additional engineers and preparing additional expansion plans.

Activities in the **sustainable transportation** end market showed a strong recovery driven by more customer demand, restocking of the supply chain and new developments for surface technologies in combination with precision manufactured parts for the electrification of vehicles. First, the need for lightweight materials is leading to an increase of aluminium parts and combinations of metal and composite. Secondly, connectors are growing fast with high-specified precision stamping parts in combination with metal strip coatings. Thirdly, many new passenger car and light truck models generate new business for Aalberts.

Our sustainable fluid control solutions for climate systems in passenger cars showed a strong growth and we are in the process of developing new applications for electrical vehicles. We are co-developing new regulators and valves for hydrogen and gas applications in passenger cars and heavy duty trucks. Within marine we are upgrading our innovation roadmap with fuel reduction systems, sensors, valves and regulators. Aerospace is recovering with an increased order intake.

In the **industrial niches** end market our orderbook increased the last quarter and we expect a further increase in the second half of the year in Europe and North America. Our investments in specialised surface technologies are getting traction. We installed additional equipment in Eastern Europe and North America and gained many new customers. Additional investments are in process and we will further expand these technologies to other regions, utilising our service network.

In the first six months of the year our business teams were able to manage the disruptions in our supply chain and raw material shortages locally in a challenging environment. We faced no severe issues till now.

We evaluated the business development and innovation roadmaps with our business teams. Based on these evaluations and the market trends we will increase our capital expenditure for this year and the coming years, driving our strategy forward.

The implementation of the strategic restructuring programme, inventory reduction projects and divestment programme made good progress and are on track. Our goal is to evolve faster into an even stronger and better Aalberts, realising our strategic objectives.

## acquisitions and divestments

Aalberts acquired Sentinel in the United Kingdom, generating an annual revenue of approximately GBP 20 million.

Aalberts acquired Premier Thermal in Michigan, USA, generating an annual revenue of approximately USD 60 million.

Aalberts divested Adex in the Netherlands, generating an annual revenue of approximately EUR 10 million.

Aalberts divested Lasco in Tennessee, USA, generating an annual revenue of approximately USD 150 million.

## webcast

An audio webcast will take place on 22 July 2021, starting at 9:00 am CEST. The live audio webcast and presentation can be accessed via [aalberts.com/webcast1H2021](https://aalberts.com/webcast1H2021).

## capital markets day

On Thursday 2 December 2021 Aalberts will give an update of the Aalberts strategy 'focused acceleration' during a capital markets day, combined with an innovation experience and factory tour. This will take place in our new facility of Aalberts hydronic flow control in Almere (the Netherlands).

## contact

+31 (0)30 3079 301 (from 8:00 am CEST)  
[investors@aalberts.com](mailto:investors@aalberts.com)

## financial calendar 2021-2022

<b>date</b>	<b>event</b>
22 July 2021	webcast interim results (9:00 am CEST)
2 December 2021	capital markets day
24 February 2022	publication full year results (before start of trading)
24 February 2022	webcast full year results (9:00 am CET)
7 April 2022	publication annual report
19 May 2022	general meeting

## 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.

 condensed consolidated interim financial statements for the half-year ended 30 June 2021 ('interim financial statements 2021')

## consolidated income statement

in EUR million

	1H2021	1H2020
<b>revenue</b>	<b>1,510.8</b>	<b>1,287.1</b>
raw materials and work subcontracted	(577.4)	(485.2)
personnel expenses	(418.5)	(401.1)
amortisation of intangible assets	(22.6)	(21.8)
depreciation of property, plant and equipment	(50.4)	(51.2)
depreciation of right-of-use assets	(18.5)	(19.2)
other operating expenses	(220.2)	(208.7)
<b>total operating expenses</b>	<b>(1,307.6)</b>	<b>(1,187.2)</b>
<b>operating profit</b>	<b>203.2</b>	<b>99.9</b>
net finance cost	(6.9)	(11.6)
<b>profit before income tax</b>	<b>196.3</b>	<b>88.3</b>
income tax expense	(46.2)	(21.9)
<b>profit after income tax</b>	<b>150.1</b>	<b>66.4</b>
attributable to:		
shareholders	146.0	63.8
non-controlling interests	4.1	2.6
<b>earnings per share</b> (in EUR)		
basic	1.32	0.58
diluted	1.32	0.57
<b>net profit before amortisation</b>	<b>168.6</b>	<b>85.6</b>
<b>earnings per share before amortisation</b> (in EUR)		
basic	1.52	0.77
diluted	1.52	0.77

## consolidated balance sheet

in EUR million

	30-6-2021	31-12-2020	30-6-2020
<b>assets</b>			
intangible assets	1,271.4	1,255.7	1,297.7
property, plant and equipment	817.6	828.6	866.1
right-of-use assets	189.6	157.6	164.5
non-current financial assets	9.6	10.0	8.5
deferred income tax assets	23.4	21.2	14.0
<b>total non-current assets</b>	<b>2,311.6</b>	<b>2,273.1</b>	<b>2,350.8</b>
inventories	638.7	554.9	624.6
trade receivables	401.6	323.6	345.9
current income tax receivables	8.9	8.5	4.2
other current assets	88.6	39.3	57.8
assets held for sale	90.2	-	-
cash and cash equivalents	64.5	55.8	59.2
<b>total current assets</b>	<b>1,292.5</b>	<b>982.1</b>	<b>1,091.7</b>
<b>TOTAL ASSETS</b>	<b>3,604.1</b>	<b>3,255.2</b>	<b>3,442.5</b>
<b>equity and liabilities</b>			
shareholders' equity	1,881.0	1,774.1	1,755.2
non-controlling interests	37.1	32.2	28.6
<b>total equity</b>	<b>1,918.1</b>	<b>1,806.3</b>	<b>1,783.8</b>
non-current borrowings	375.2	391.1	495.6
deferred income tax liabilities	113.7	112.6	115.5
employee benefit plans	77.2	77.3	72.0
other provisions	6.0	6.5	7.3
<b>total non-current liabilities</b>	<b>572.1</b>	<b>587.5</b>	<b>690.4</b>
current borrowings	172.1	71.3	189.8
current portion of non-current borrowings	171.4	193.4	180.9
current portion of other provisions	12.4	22.1	-
trade and other payables	410.2	373.1	294.4
current income tax payables	41.5	29.7	38.1
other current liabilities	273.3	171.8	265.1
liabilities related to assets held for sale	33.0	-	-
<b>total current liabilities</b>	<b>1,113.9</b>	<b>861.4</b>	<b>968.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,604.1</b>	<b>3,255.2</b>	<b>3,442.5</b>

## consolidated cash flow statement

in EUR million

	<b>1H2021</b>	<b>1H2020</b>
<b>operating activities</b>		
operating profit	203.2	99.9
amortisation and depreciation	91.5	92.2
result on sale of equipment	(0.5)	(0.1)
changes in provisions	(19.2)	(4.3)
changes in inventories	(84.3)	(8.4)
changes in trade and other receivables	(125.5)	(29.9)
changes in trade and other payables	87.8	(81.4)
changes in working capital	(122.0)	(119.7)
<b>cash flow from operations</b>	<b>153.0</b>	<b>68.0</b>
finance cost paid	(7.3)	(10.3)
income taxes paid	(33.3)	(17.3)
<b>net cash generated by operating activities</b>	<b>112.4</b>	<b>40.4</b>
<b>investing activities</b>		
acquisition and disposal of subsidiaries	(51.2)	(5.2)
purchase of property, plant and equipment	(58.2)	(67.0)
purchase of intangible assets	(4.5)	(4.7)
<b>net cash generated by investing activities</b>	<b>(113.9)</b>	<b>(76.9)</b>
<b>financing activities</b>		
change in non-current borrowings	(76.6)	(63.6)
lease payments	(17.5)	(18.0)
settlement of share based payment awards and other	(0.1)	(0.1)
<b>net cash generated by financing activities</b>	<b>(94.2)</b>	<b>(81.7)</b>
<b>net increase/(decrease) in cash and current borrowings</b>	<b>(95.7)</b>	<b>(118.2)</b>
cash and current borrowings at beginning of period	(15.5)	(6.2)
effect of changes in exchange rates	3.6	(6.2)
<b>cash and current borrowings as at end of period</b>	<b>(107.6)</b>	<b>(130.6)</b>

## consolidated statement of comprehensive income

in EUR million

	1H2021	1H2020
<b>profit for the period</b>	<b>150.1</b>	<b>66.4</b>
currency translation differences	25.0	(26.0)
fair value changes derivative financial instruments	2.4	(9.0)
income tax effect	(0.7)	2.5
<b>other comprehensive income</b>	<b>26.7</b>	<b>(32.5)</b>
<b>total comprehensive income</b>	<b>176.8</b>	<b>33.9</b>
attributable to:		
shareholders	171.8	33.2
non-controlling interests	5.0	0.7

## consolidated statement of changes in equity

in EUR million	issued and paid-up share capital	share premium account	currency translation and hedging reserve	retained earnings	shareholders' equity	non-controlling interests	total equity
<b>as at 1 January 2021</b>	<b>27.6</b>	<b>200.8</b>	<b>(83.8)</b>	<b>1,629.5</b>	<b>1,774.1</b>	<b>32.2</b>	<b>1,806.3</b>
profit for the period	-	-	-	146.0	146.0	4.1	150.1
other comprehensive income	-	-	25.8	-	25.8	0.9	26.7
dividend 2020	-	-	-	(66.3)	(66.3)	(0.1)	(66.4)
share based payments	-	-	-	1.4	1.4	-	1.4
<b>as at 30 June 2021</b>	<b>27.6</b>	<b>200.8</b>	<b>(58.0)</b>	<b>1,710.6</b>	<b>1,881.0</b>	<b>37.1</b>	<b>1,918.1</b>
<b>as at 1 January 2020</b>	<b>27.6</b>	<b>200.8</b>	<b>(26.7)</b>	<b>1,608.1</b>	<b>1,809.8</b>	<b>28.0</b>	<b>1,837.8</b>
profit for the period	-	-	-	63.8	63.8	2.6	66.4
other comprehensive income	-	-	(30.8)	0.2	(30.6)	(1.9)	(32.5)
dividend 2019	-	-	-	(88.5)	(88.5)	(0.1)	(88.6)
share based payments	-	-	-	0.7	0.7	-	0.7
<b>as at 30 June 2020</b>	<b>27.6</b>	<b>200.8</b>	<b>(57.5)</b>	<b>1,584.3</b>	<b>1,755.2</b>	<b>28.6</b>	<b>1,783.8</b>

## segment reporting

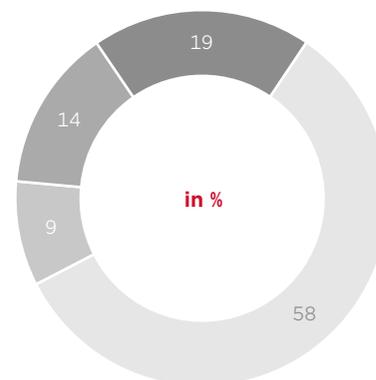
revenue (in EUR million)	1H2021	1H2020*	delta
installation technology	589.4	505.6	17%
material technology	386.9	332.7	16%
climate technology	370.3	301.3	23%
industrial technology	184.6	161.6	14%
holding / eliminations	(20.4)	(14.1)	
<b>total</b>	<b>1,510.8</b>	<b>1,287.1</b>	<b>17%</b>

EBITA (in EUR million)	1H2021	1H2020*	delta
installation technology	85.4	49.3	73%
material technology	56.3	23.7	138%
climate technology	59.1	32.5	82%
industrial technology	28.2	23.4	21%
holding / eliminations	(3.2)	(7.2)	
<b>total</b>	<b>225.8</b>	<b>121.7</b>	<b>86%</b>

EBITA % (% of revenue)	1H2021	1H2020*	delta
installation technology	14.5	9.8	4.7
material technology	14.6	7.1	7.5
climate technology	16.0	10.8	5.2
industrial technology	15.3	14.5	0.8
<b>total</b>	<b>14.9</b>	<b>9.5</b>	<b>5.4</b>

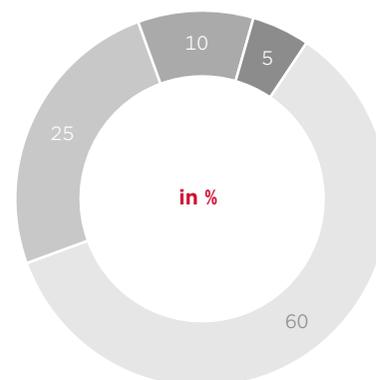
capital expenditure (in EUR million)	1H2021	1H2020*	delta
installation technology	21.4	22.1	(3%)
material technology	18.6	22.4	(17%)
climate technology	11.2	5.3	111%
industrial technology	4.5	4.0	13%
holding / eliminations	2.5	0.0	
<b>total</b>	<b>58.2</b>	<b>53.8</b>	<b>8%</b>

revenue per end market



- eco-friendly buildings **58%**
- semicon efficiency **9%**
- sustainable transportation **14%**
- industrial niches **19%**

revenue per region



- Western Europe **60%**
- America **25%**
- Eastern Europe, Russia **10%**
- APAC, Middle East, Africa **5%**

\* 1H2020 figures are adjusted for comparison purposes due to movement of activities between business segments

## notes to the interim financial statements

### basis of preparation and summary of accounting policies

The condensed consolidated interim financial statements for the half-year ended 30 June 2021 ('interim financial statements 2021') 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 2020, which have been prepared in accordance with IFRS EU. The interim financial statements 2021 have not been audited.

The accounting policies and methods of computation applied in these interim financial statements 2021 are the same as those applied in the financial statements for the year ended 31 December 2020. In preparing these interim financial statements:

- the significant judgements made by management in applying Aalberts N.V.'s accounting policies were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020;
- the aspects of Aalberts' financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2020;
- methods and assumptions used to estimate fair values are consistent with those used in the year ended 31 December 2020 and during the half-year ended 30 June 2021 there have been no changes with regard to the fair value hierarchy.

A number of amendments to accounting standards became applicable for the current reporting period, however the group did not have to change its accounting policies as a result of adopting these standards.

### assets held for sale

In July 2021 Aalberts N.V. has reached an agreement to divest 100% of the shares of Lasco Fittings, Inc. (Lasco), based in Brownsville (Tennessee, USA), part of our installation technology business segment, generating an annual revenue of approx. USD 150 million with 575 FTE. It is expected that the sale of Lasco will be completed after finalising all necessary formalities in the third quarter of 2021, after which Lasco will be deconsolidated. As at 30 June 2021 Lasco qualified as a subsidiary held for sale which is measured at the lower of its carrying amount and fair value, less costs to sell. The classification to held for sale did not impact the carrying value of Lasco's assets and liabilities and therefore did not impact the result. The following assets and liabilities were reclassified as held for sale as at 30 June 2021:

in EUR million	30-6-2021		30-6-2021
<b>assets</b>		<b>liabilities</b>	
intangible assets	26.7	lease liabilities (part of net debt)	3.7
property, plant and equipment	24.6	deferred income tax liabilities	7.3
right-of-use assets	3.5		
<b>total non-current assets</b>	<b>54.8</b>	<b>total non-current liabilities</b>	<b>11.0</b>
inventories	12.0	trade payables	19.6
trade and other receivables	23.4	other payables	2.4
<b>total current assets</b>	<b>35.4</b>	<b>total current liabilities</b>	<b>22.0</b>
<b>total assets</b>	<b>90.2</b>	<b>total liabilities</b>	<b>33.0</b>

### acquisitions

Aalberts acquired 100% of the shares of Sentinel (segment: climate technology) in the United Kingdom as of 1 May 2021, generating an annual revenue of approx. GBP 20 million. In July 2021 Aalberts has reached an agreement to acquire 100% of the shares of Premier Thermal (segment: material technology) in Michigan, USA, generating an annual revenue of approx. USD 60 million. The results of Premier Thermal will be consolidated after finalising all necessary formalities.

### divestments

Aalberts divested 100% of the shares of Adex (segment: material technology) in the Netherlands as of 30 June 2021, generating an annual revenue of approx. EUR 10 million. In July 2021 Aalberts has reached an agreement to divest 100% of the shares of Lasco (segment: installation technology) in Tennessee, USA, generating an annual revenue of approx. USD 150 million. The results of Lasco will be deconsolidated after finalising all necessary formalities.

### dividend

With respect to the profit for the year 2020 the Management Board proposed to declare a dividend of EUR 0.60 solely in cash per share of EUR 0.25 par value. Any residual profit is added to retained earnings. In accordance with the resolution of the General Meeting held on 27 May 2021, the profit for the year 2020 has been appropriated in conformity with the aforementioned proposed appropriation of profit. As at balance sheet date 30 June 2021 an amount of EUR 66.3 million is recognised as a dividend payable in other current liabilities and has been paid on 2 July 2021.

## management board declaration

The Management Board of Aalberts N.V. declares that, to the best of their knowledge:

- the interim financial statements 2021, which have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and result of Aalberts N.V. and its subsidiaries; 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, 21 July 2021

Wim Pelsma (CEO)  
Arno Monincx (CFO)

## non-GAAP measures

This press release includes certain measures that are not defined by generally accepted accounting principles (GAAP) such as EBITA, free cash flow (FCF), return on capital employed (ROCE) and net debt. This information, together with comparable GAAP measures, is useful to investors because it provides a basis for measuring Aalberts' operating performance. Aalberts' management uses these financial measures, together with GAAP financial measures, in evaluating the business performance. Alternative performance (non-GAAP) measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. This press release does not replace (and should be read in conjunction with) Aalberts' financial statements.