



# Aalberts 'accelerates unique positioning'

capital markets | investor day

2 December 2021 | 1 September 2022

## agenda

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Aalberts

strategy & objectives

financial development

key takeaways

strategy in action

questions & answers





Aalberts



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

humanly, environmentally and financially



we engineer **mission-critical technologies**  
enabling a clean, smart and responsible future

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

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## **mission-critical technologies**

- unique positions with sustainable impact
- high entry barriers, pricing power, high added-value
- sustainable, profitable growth

## **good is never good enough**

- operational excellence, world-class operations
- continuous EBITA margin improvement
- strong cash conversion, disciplined capital allocation

## **greatness is made of shared knowledge**

- winning with the best teams
- technology exchange, innovation speed
- fast-learning, co-development and adaptation

we are relentless in our pursuit of excellence

# our way of value creation

the Aalberts playing field



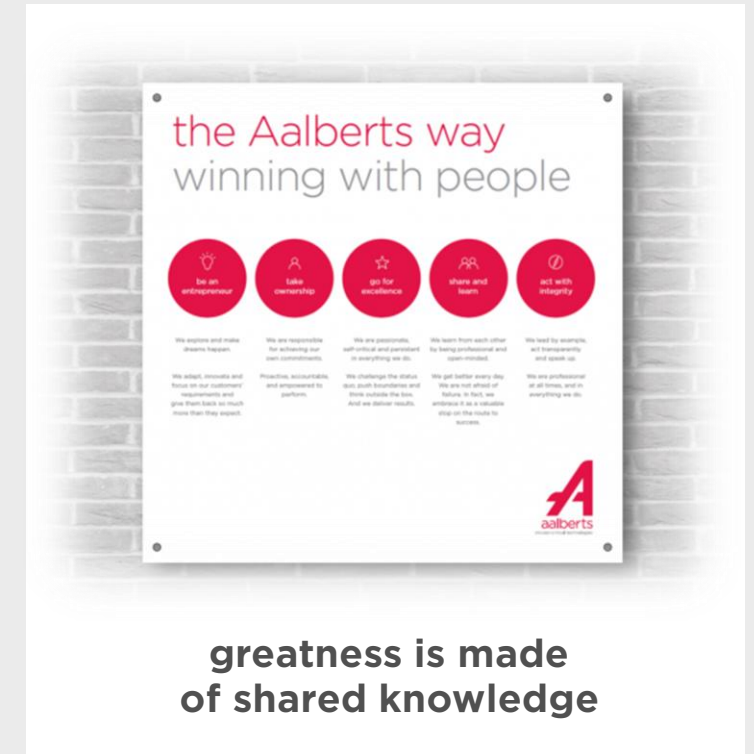
**mission-critical technologies**

the Aalberts playbook



**good is never good enough**

the Aalberts way



**greatness is made  
of shared knowledge**

**we are relentless in our pursuit of excellence**

the Aalberts playing field

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we engineer mission-critical technologies  
enabling a clean, smart and responsible future



driving  
**sustainable transportation**

shaping  
**eco-friendly buildings**

increasing  
**semicon efficiency**

enhancing  
**industrial niches**

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

Aalberts 'accelerates unique positioning'



## megatrends shaping our future

### urbanisation

strong need for comfortable and healthy buildings and sustainable transportation

### energy & resource scarcity

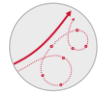
saving energy, lowering waste, reshoring and making materials lightweight and durable

### internet of things

accelerating breakthroughs enabling autonomous driving, smart buildings, industry 4.0

shift towards co-development, connectivity and integration

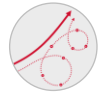
## good is never good enough



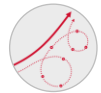
winning with the best teams



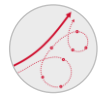
operational excellence | leverage



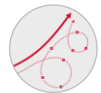
strong cash conversion



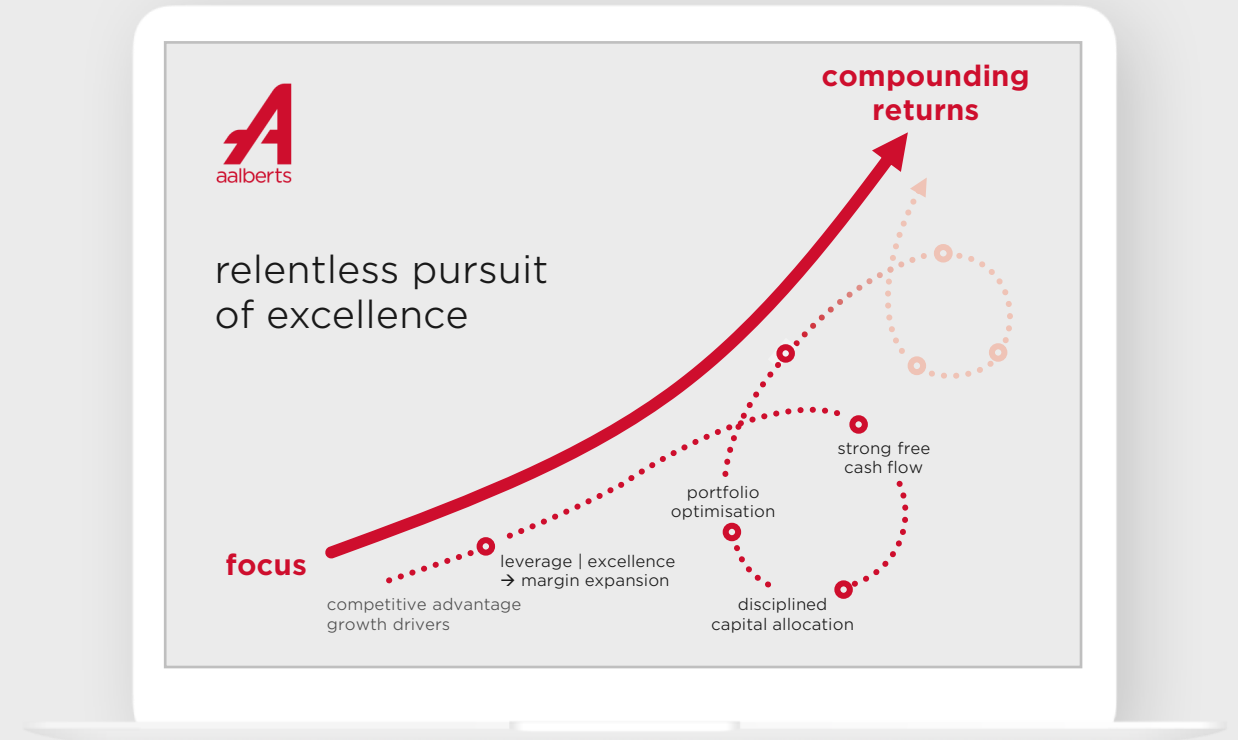
disciplined capital allocation



portfolio optimisation



drive innovations



driven by entrepreneurship and a relentless pursuit of excellence

## innovation drives our growth



innovation rate

innovation expenditure >5% of revenue



## greatness is made of shared knowledge



be an entrepreneur



take ownership



go for excellence



share and learn



act with integrity



the Aalberts way – winning with people

greatness is made of shared knowledge

**“ our pragmatic culture and lean structure keep us ahead of the game, no matter how frequently or significantly the game is disrupted “**







strategy & objectives



# Aalberts strategy & objectives



**accelerating unique positions** with mission-critical technologies, high entry barriers and pricing power



**creating sustainable profitable growth** with high added-value margins, EBITA margins and innovation rates



**driving operational excellence and portfolio optimisation** converting into free cash flow, achieving world-class operations



**allocating capital in a disciplined way** strengthening our unique positions



**realising sustainable entrepreneurship** with clear impact and commitment



**ensuring an open, pragmatic culture** and lean structure, using the Aalberts strengths

**organic revenue growth**  
(% annually)

**EBITA margin**  
(% of revenue)

**ROCE**

**innovation rate**  
(% of revenue)

**SDG rate**  
(% of revenue)

**leverage ratio**

we are relentless in our pursuit of excellence

# strategic actions 2022-2026

## 1 **continue portfolio optimisation**

- » further optimise existing portfolio
- » finalise existing divestment programme
- » additional divestment programme EUR 250-300 million revenue
- » strengthen positions through bolt-on acquisitions, EUR 250-500 million revenue

## 2 **increase organic revenue growth**

- » focus on 4 technology clusters and 4 end markets
- » drive business plans, allocate capital and management accordingly
- » increase innovation expenditure to >5% of revenue
- » increase capital expenditure to EUR 200-250 million per year

## 3 **relentless pursuit of operational excellence**

- » additional operational excellence programme
- » further consolidate | reduce locations from 135 (end of 2021) to 108 (end of 2026)
- » realise 'world-class' operations: highly automated, efficient, excellent service
- » drive pricing excellence continuously

## 4 **drive sustainable entrepreneurship**

- » accelerate unique positions, capitalise market opportunities
- » increase SDG impact to >70% of total revenue in 2026
- » commit to net zero carbon in 2050 or earlier
- » execute sustainability improvement plans

Aalberts 'accelerates unique positioning'

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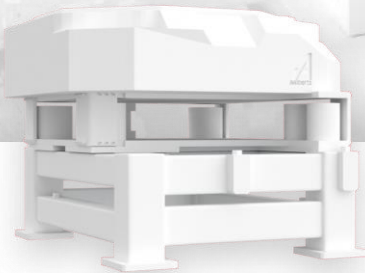
continue portfolio optimisation



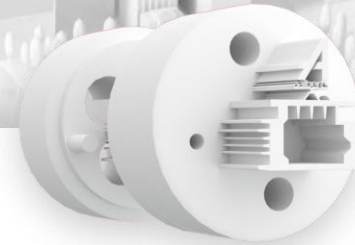
mission-critical technologies



 hydronic flow control



 advanced mechatronics



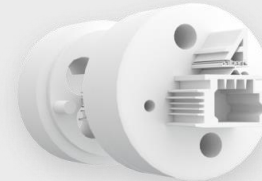
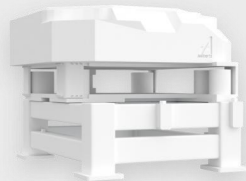
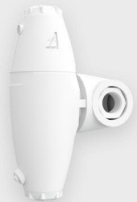
 surface technologies



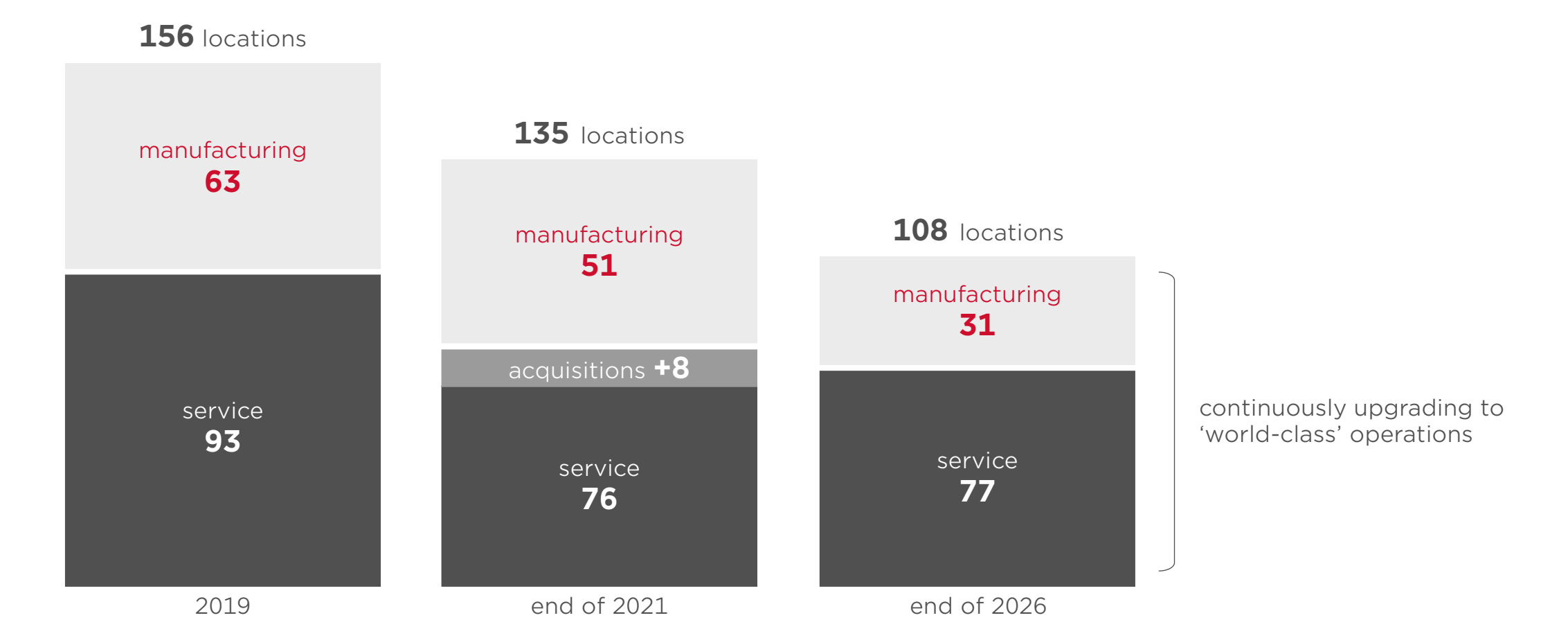
 integrated piping systems

unique positions with high growth potential and sustainable impact





unique positions with high growth potential and sustainable impact



continuously improving portfolio and upgrading to 'world-class' operations

# SDG impact increases to >70%

## mission-critical technologies



hydraulic flow control



integrated piping systems



advanced mechatronics



surface technologies

creating energy savings



hygienic distribution of water



acceleration of technological breakthroughs



lifetime extension and lightweight materials



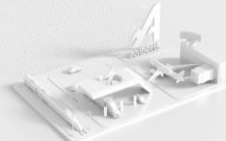
## our playing field

eco-friendly buildings

semicon efficiency

sustainable transportation





industrial niches



we engineer mission-critical technologies enabling a clean, smart and responsible future



## net zero carbon roadmap

	focus	projects per business team	2018-2022	2022-2026	2040	net zero carbon 2050
scope 1+2	 <b>energy use</b> (in CO <sub>2</sub> intensity)**	<ul style="list-style-type: none"> <li>• drive energy efficiency</li> <li>• use renewable energy</li> </ul>	progress ▼ 8%* versus 2018	target ▼ 30% versus 2018		
scope 3	 <b>raw materials, waste</b>  <b>travel, transport</b>  <b>end of life</b>	<ul style="list-style-type: none"> <li>• reduce, reuse, recycle</li> <li>• travel consciously</li> <li>• perform life cycle and circular design assessments</li> </ul>	measurement	target setting		

\* FY2020  
 \*\* tonnes CO<sub>2</sub> divided by total revenue in EUR million

committed to be net zero by 2050 or earlier



financial development

- **continue portfolio optimisation**
  - » finalise existing divestment programme
  - » additional divestment programme EUR 250-300 million revenue
  - » strengthen positions through bolt-on acquisitions, EUR 250-500 million revenue
- **increase organic revenue growth**
  - » increase innovation expenditure to >5% of revenue
  - » increase capital expenditure to EUR 200-250 million per year
- **relentless pursuit of operational excellence**
  - » additional operational excellence programme
  - » one-off exceptional cost in 2021 of approx. EUR 50 million, funded by exceptional disposal benefits, with an annual benefit of approx. EUR 25 million, partly in 2021 and mainly in the coming three years
  - » operational excellence | leverage; 'drop through' 25%
- **drive sustainable entrepreneurship**
  - » increase SDG impact to >70% of total revenue in 2026

# Aalberts objectives

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**organic revenue growth**  
(% annually)

4-6%

**EBITA margin**  
(% of revenue)

16-18%

**ROCE**

18-20%

**innovation rate**  
(% of revenue)

>20%

**SDG rate**  
(% of revenue)

>70%

**leverage ratio**

<2.5

we are relentless in our pursuit of excellence



# disciplined capital allocation

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## **cash dividend policy**

30% of net profit before amortisation

## **organic revenue growth**

capital expenditure EUR 200-250 million per year

## **acquisitions | bolt-on 'sweetspot'**

size EUR 20-100 million annual revenue

deployment EUR 50-250 million per year

## **acquisitions | strategic footprint**

size EUR 100+ million annual revenue

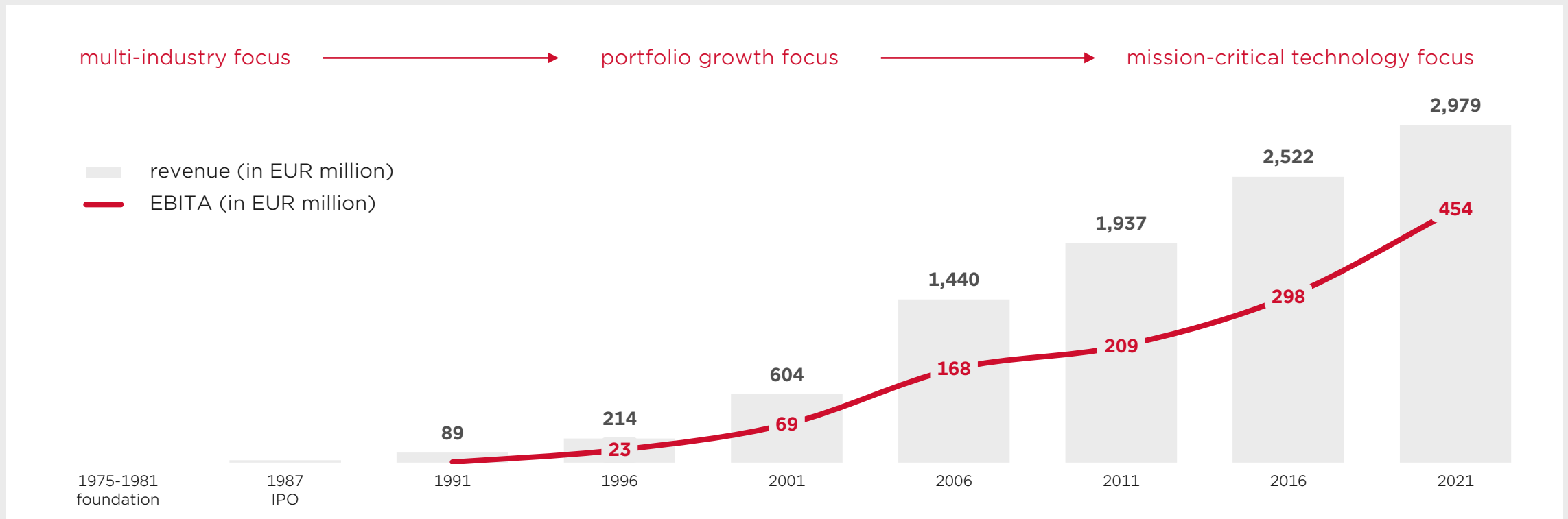
deployment EUR 250+ million

depending on opportunity

strengthening our unique positions with mission-critical technologies

# our track record

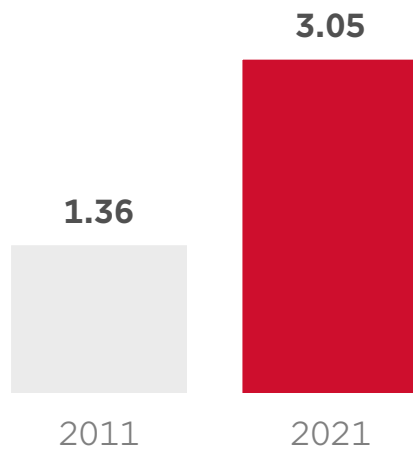
## over 45 years of sustainable profitable growth



a proven sustainable business model

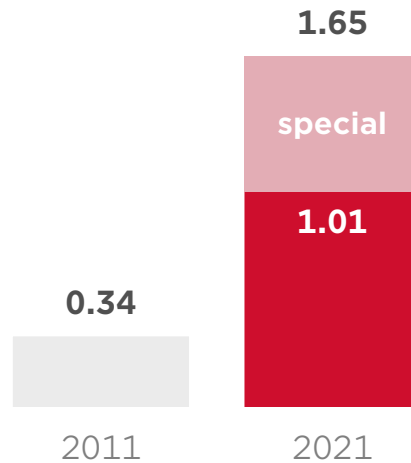
## shareholder value creation

### earnings per share (in EUR)



CAGR  $\nearrow$  8%

### dividend per share (in EUR)



CAGR  $\nearrow$  12%

### return on incremental capital employed

EBITA		capital employed
209	2011	1,464
454	2021	2,676
(1)	IFRS 16	(174)
244		1,038

23.5%

### long-term shareholders (>3% holdings)



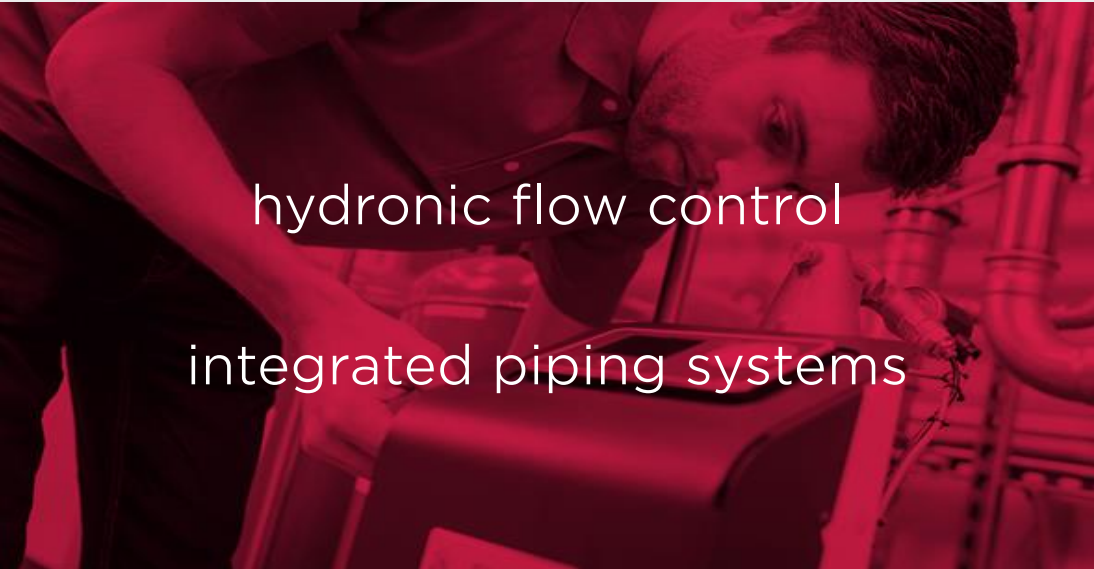
>50%

a proven sustainable business model

# our segment reporting structure



## building technology



<b>revenue</b> (in EUR million)	<b>organic growth</b> (% of revenue)	<b>EBITA margin</b> (% of revenue)	<b>capital expenditure</b> (in EUR million)
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## industrial technology



<b>revenue</b> (in EUR million)	<b>organic growth</b> (% of revenue)	<b>EBITA margin</b> (% of revenue)	<b>capital expenditure</b> (in EUR million)
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greatness is made of shared knowledge





key takeaways



# key takeaways

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- ① continue optimising our portfolio
- ② accelerate our unique positions with high growth potential and sustainable impact
- ③ allocate our capital and management accordingly
- ④ increase organic revenue growth
- ⑤ continue our relentless pursuit of operational excellence
- ⑥ drive sustainable entrepreneurship
- ⑦ updated Aalberts objectives 2022-2026

Aalberts 'accelerates unique positioning'



strategy in action



# strategy in action



Maarten van de Veen



hydraulic flow  
control



Wim Waeghe



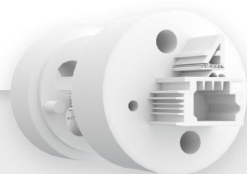
advanced  
mechatronics



Oliver Jäger



surface  
technologies



André in het Veld



integrated  
piping systems







# Aalberts hydronic flow control

Maarten van de Veen

# new factory, warehouse & office

- » BREEAM Outstanding
- » high performance logistics
- » 100% renewable electricity
- » biodiversity environment



one of world's most sustainable buildings



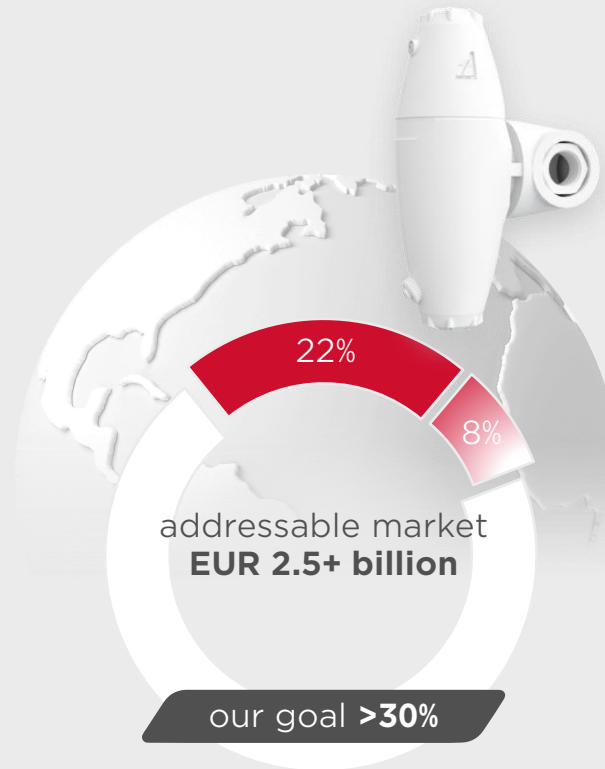
# what we do

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## hydronic flow control

is partnering with its customers to engineer hydronic systems that make buildings more energy efficient, more sustainable and more comfortable

**we are involved in every step of the building lifecycle**



shaping **eco-friendly buildings**

**we are at the heart of every great building**

# building lifecycle

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we are at the heart of every great building



## our competitive advantage

integrated system offering from source to emitter with digital services



engineering partner during entire building lifecycle



extensive salesforce with local-for-local approach



world-class manufacturing, investment power & innovation speed

## megatrends

urbanisation

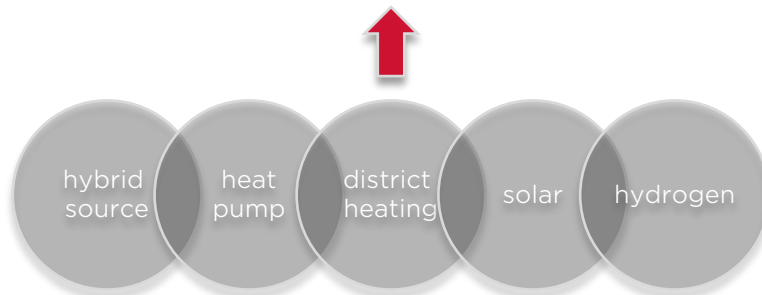
energy & resource scarcity

internet of things

## growth drivers

- 1 energy efficiency stimulated by scarcity, legislation and subsidies
- 2 technology shift towards energy efficient, low temperature systems
- 3 continuous flow of innovations combined with digital services
- 4 further portfolio expansion with bolt-on acquisitions

strong position in fast-growing market, driven by energy efficiency



## 1. renovation wave

- » 65 million boilers to be replaced in Europe next 10 years
- » 70% of our business is renovation
  - expansion vessel also renewed
  - extra need for pump groups and air & dirt separators

## 2. move to low temperature systems

- » growth underfloor heating and district heating
- » extra need for water quality & system improvement

## 3. air based systems to hydronic systems

- » water based heating and cooling allows for better efficiency
- » Europe mainly hydronic, North America mainly air based

strong growth hydronic flow control systems

# strategy in action | digital services

## 1. commissioning

ensure optimal  
system performance

## 2. data consumption

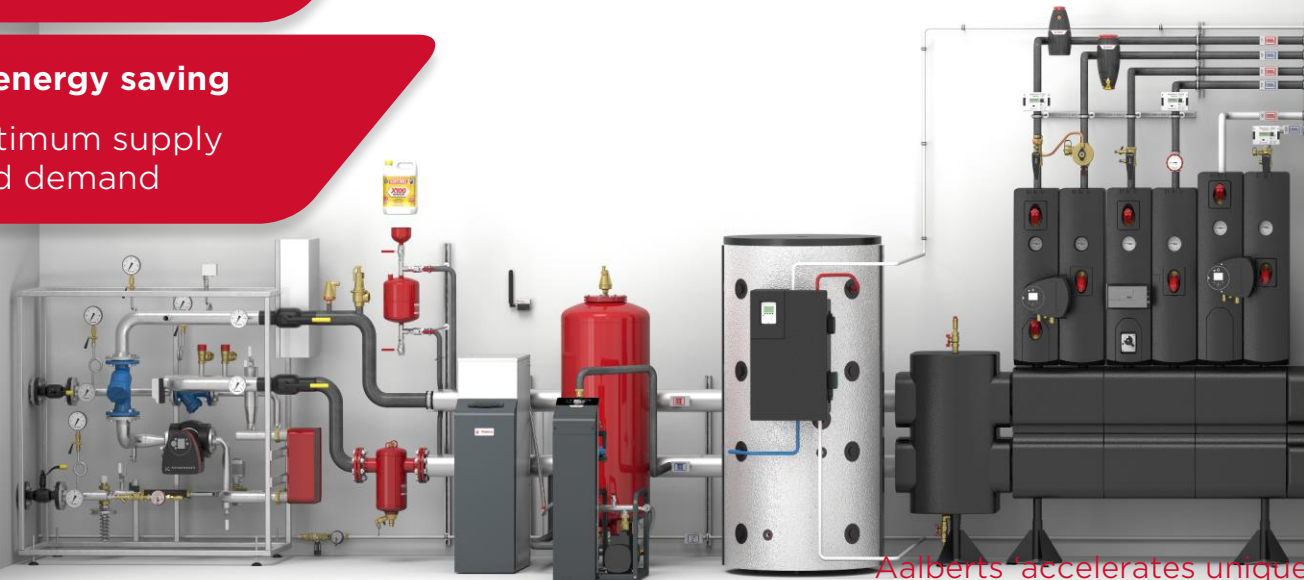
save energy  
and billing

## 3. monitoring

optimal operation  
prevent failures

## 4. energy saving

optimum supply  
and demand



Aalberts 'accelerates unique positioning'



## **unique positioning | more project sales**

- » close to building owners, engineering partner
- » own manufactured systems with digital services

## **digital services | recurring business**

- » digital services generating recurring revenue

## **unique portfolio | prefabricated boiler rooms**

- » tailor-made: saving space, labour and time
- » full Aalberts portfolio integrated in skids

unique positioning close to building owners, engineering partner

# our way of value creation | product line sales



efficiency & safety



energy distribution



pressurisation & storage



transfer stations & metering



water treatment



emitter & balancing control

- 1 extensive offering ‘from source to emitter’**
  - » delivering continuous flow of innovations, strengthening portfolio
- 2 own strong regional sales forces drive product line volumes**
  - » utilising regional market know-how and distribution footprint
- 3 world-class manufacturing creating operational leverage**
  - » investing in most efficient equipment, close to the customer for excellent service

operational leverage through product line sales and world-class manufacturing





# Aalberts advanced mechatronics

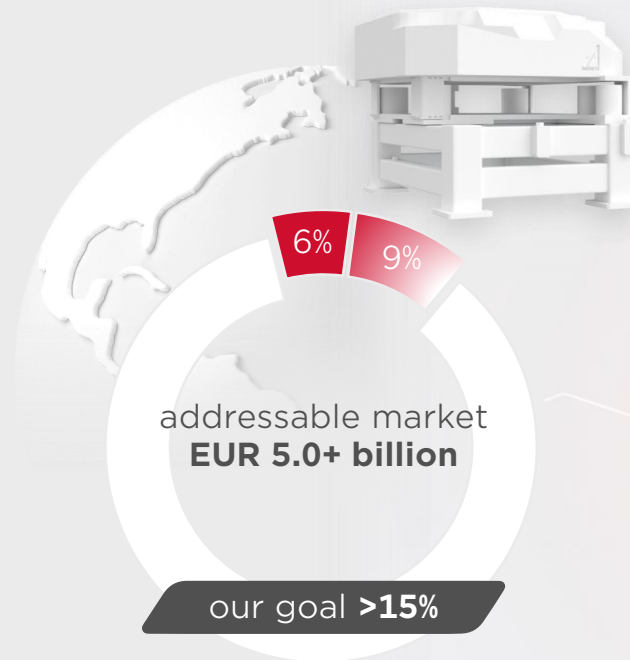
Wim Waeghe

# what we do

## advanced mechatronics

delivers leading-edge, tailor-made and future-proof technologies, enabling the technology roadmaps of the semicon industry

**we specialise in vibration isolation & robotics, ultra-precision large frames, high-purity fluid handling and linear motion systems**



we are conquering frontiers together with our global key accounts

# market outlook semicon equipment

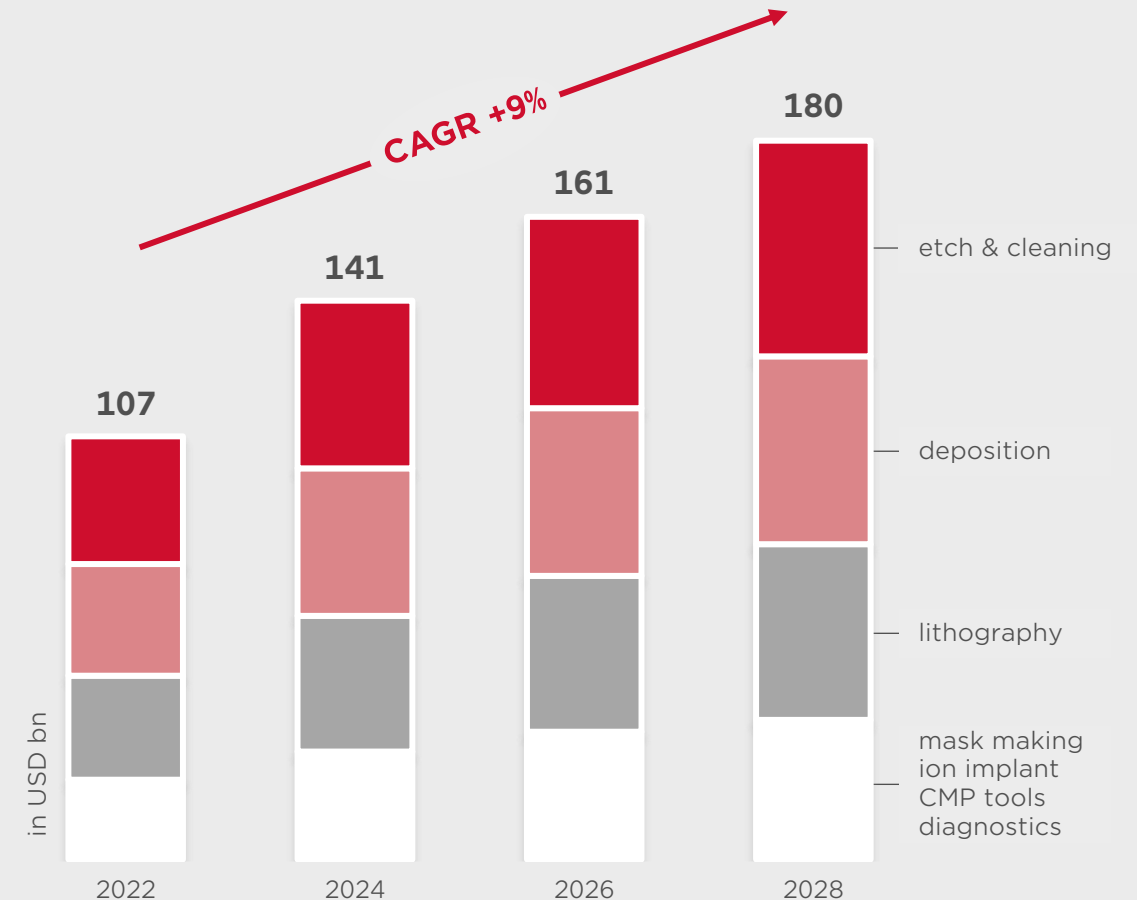
## macro drivers

- » new applications (AI, IoT, 5G/6G, automotive, ...)
- » power reduction
- » increased capital intensity of leading edge nodes
- » geopolitics, reshoring
- » lower cyclical

## fab CAPEX

- » SK HYNIX **USD 203 bn** new fabs & upgrades
- » SAMSUNG **USD 115 bn** (2030) foundry business
- » TSMC **USD 100 bn** 2023 capacity expansion
- » INTEL **USD 53 bn** fab expansion US & EU
- » NANYA (TW) **USD 11 bn** 2021 fab expansion
- » UMC (TW) **USD 3.6 bn** 2021 fab expansion
- » ...

## market outlook semicon equipment



# increasing semicon efficiency



unique positioning, OEM co-development partner with own intellectual property

## our competitive advantage

unique technology portfolio, strongly positioned for semicon equipment



own intellectual property and new technology developments



intensive co-development with globally active key accounts



investment power and fast decision-making enabling OEM growth

## megatrends

urbanisation

energy & resource scarcity

internet of things

## growth drivers

- 1 new applications (IoT, autonomous driving, AI, 5G) drive market growth
- 2 co-development necessity due to extreme technological requirements
- 3 fast ramp-up capital expenditure enabling OEM growth (+ reshoring)
- 4 acquisitions and innovations to expand portfolio and footprint

enabling OEM growth with unique technologies and investment power



## repair technology for high-end EUV photomasks

### design, development and supply

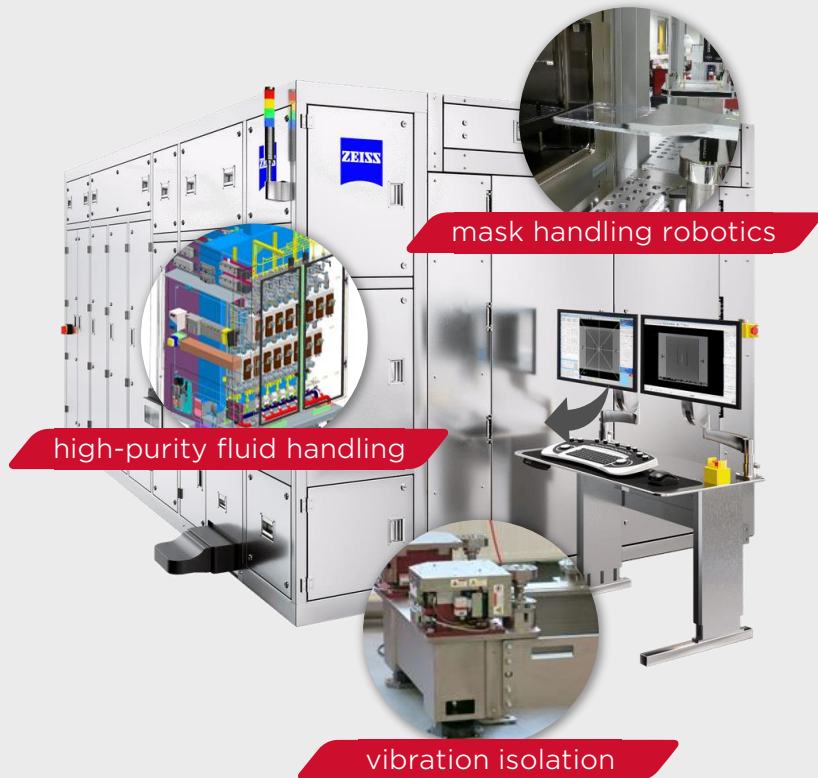
- » mission-critical modules in ultra-clean environments
- » own intellectual property

### co-development

- » enabling customers focus on their core technology
- » enabling strong ramp-up OEM customers

### development of automatic test and qualification tool

- » reducing lead-times, increasing yield



enabling OEM customers focus on their core

## competence centre ultra-large aluminium frames



### **enabling high semicon market growth**

- » 40,000 sqm building, world-class milling centres
- » dedicated manufacturing, production operational 2023-2024

### **one-stop-shop centre of excellence**

- » highly automated & vertical integrated work centres
- » R&D lab, company school & experience centre

### **reducing carbon footprint**

- » reducing material transport, power consumption and waste

enabling unique market ramp-up, mega factory aluminium modules

extending system lifecycle, minimizing waste



## **reuse of installed base end-of-life modules**

- » used modules returned and disassembled
- » parts remanufactured, minimising waste and virgin material usage

## **reuse as a service**

- » supporting OEM installed base lifecycle extensions
- » redesign for increased reusability

## **enabling high market ramp-up in modules**

- » reducing cycle time, cost and supply chain load

enabling reuse, supporting responsible usage of materials



# Aalberts surface technologies

Oliver Jäger



# what we do

## surface technologies

improves material characteristics  
for regional and global key  
accounts with highest quality  
and standards

**specialised in surface  
treatments, reel-to-reel plating,  
polymer, special heat  
treatments, HIP | brazing**



driving **sustainable transportation**



enhancing **industrial niches**

enabling lifetime extensions and lightweight materials



## our competitive advantage

global service network, engineering partner for global key accounts



combined offering of highly specialised surface technologies



expertise and position to offer tailor-made processes & innovations



frontrunner sustainable processes, strong position aluminium

## megatrends

urbanisation

energy & resource scarcity

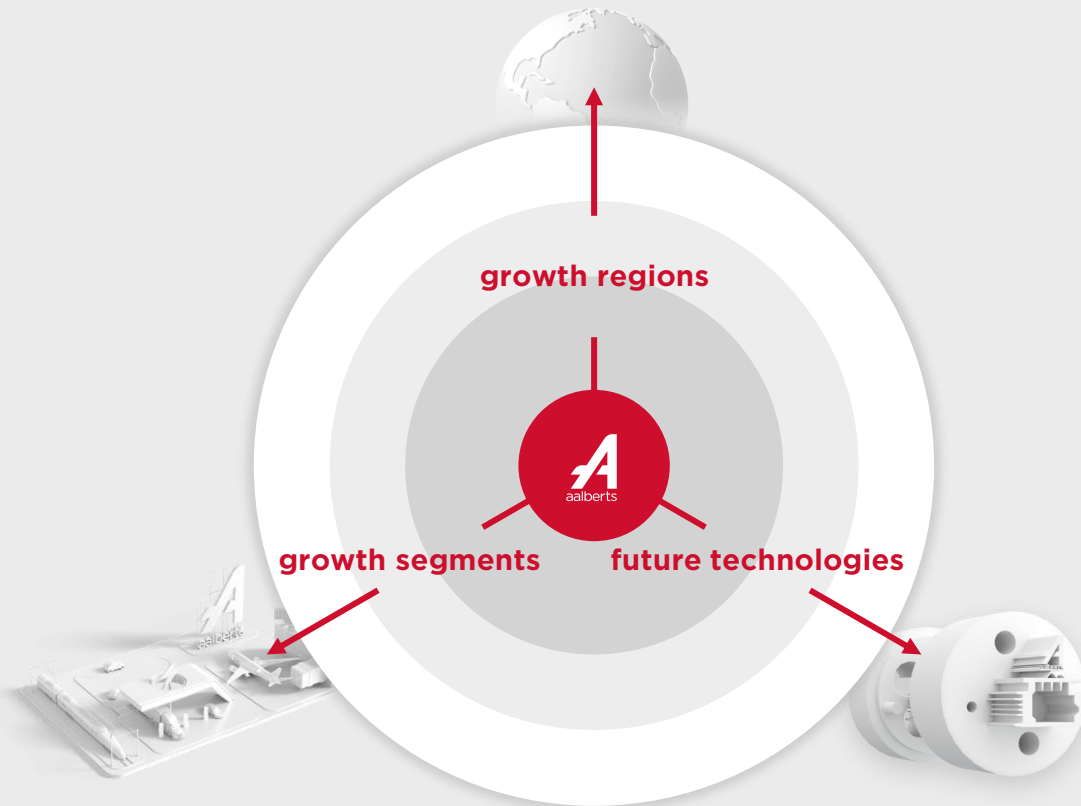
internet of things

## growth drivers

- 1 business development e-mobility, agriculture, aerospace and semicon
- 2 material specification, larger volumes, weight reduction, lifetime extension
- 3 industrial reshoring Europe and USA, supported by tailwind scope 3
- 4 market consolidation (in)organic growth and operational excellence

enable sustainable progress, consolidate market and drive operational excellence

# our way of value creation



## relentlessly running the playbook

### **drive business development**

expand regional offering | customer share of wallet  
implement pipeline sales management

+

### **use Aalberts strengths**

innovation roadmaps & investment power  
develop or strengthen management

+

### **improve operational performance**

operational & pricing excellence  
cash flow & capacity optimisation

create optimised and balanced mix; accelerate unique positioning

## reel-to-reel technology

reel-to-reel technology crucial for production of connectors

increased demand e-mobility, many new to be developed parts

engineering of specialised material, masking and manufacturing technology

fragmented market with reshoring trend as growth driver



## our way of value creation

- acquisition reel-to-reel technology (PEM & PPC)
- technology exchange PEM to PPC (masking), drive operational excellence projects
- business development e-mobility accelerated
- business expansion to emerging markets
- utilised Aalberts investment power

enable sustainable progress, consolidate market and drive operational excellence

## aerospace development

aerospace and additive manufacturing growth market for hot isostatic pressing (HIP)

aerospace, IGT and semicon demand same technical precision

NADCAP certified locations in Europe and North America

HIP and braze technology developed in Greenville SC, USA



## our way of value creation

- ➔ knowledge transfer HIP technology from USA to EU
- ➔ business plan developed with existing aerospace OEM
- ➔ investment plan based on long-term agreement
- ➔ utilised Aalberts investment power

business development e-mobility, agriculture, aerospace and semicon



## development North America

origin activities based in  
Southeast Region

acquisition Premier Thermal (PT)  
region Midwest added

technology portfolio expanded  
with aluminium treatment

possibilities to add existing  
technologies in region Midwest

acquired organisational platform  
(PT) with strong management



## our way of value creation

- ➔ management driving operational excellence
- ➔ implemented regional sales; pipeline sales management
- ➔ Aalberts brand to unlock national key accounts
- ➔ drive business development roadmap to add technologies
- ➔ utilised Aalberts investment power

created professional platform to drive operational excellence and further growth



# Aalberts integrated piping systems

André in het Veld

# what we do

## integrated piping systems

engineers the optimum piping system to distribute and control liquids and gas for different vertical end markets

**our piping systems (fittings, valves, pipes and fasteners) are easy to specify and install, saving important preparation and installation time**



offering a complete piping system in every material with (digital) services

# Aalberts integrated piping systems

## our competitive advantage

the only manufacturer of integrated piping systems from one source



world-class manufacturing sites and DC network close to our customers



design services and specification teams, extensive global salesforce



innovation and investment power, production technology know-how

## megatrends

urbanisation

energy & resource scarcity

internet of things

## growth drivers

- 1 renovation of piping systems due to energy efficiency improvements
- 2 strong need for time-saving, integrated and reliable systems
- 3 increasing demand for locally produced products (reshoring)
- 4 deliver continuous flow of innovations, combined with digital services

uniquely positioned to continue and accelerate profitable growth



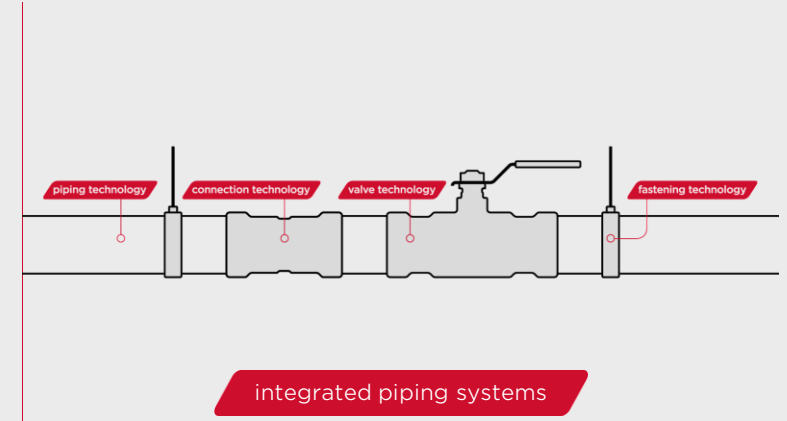
# our way of value creation | integrated piping solutions



vertical end markets



digital design services



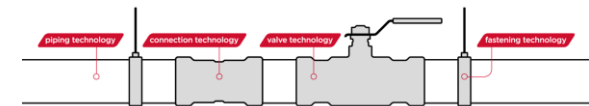
- 1 tackling labour shortage and complexity in projects**
  - » offering integrated, plug and play piping solutions
- 2 IPS design services with Revit plugin (full portfolio in one database)**
  - » engineering partner for contractors during specification phase
- 3 larger share of wallet per project**
  - » delivering complete piping systems from one source

uniquely positioned to deliver the best piping systems for each vertical

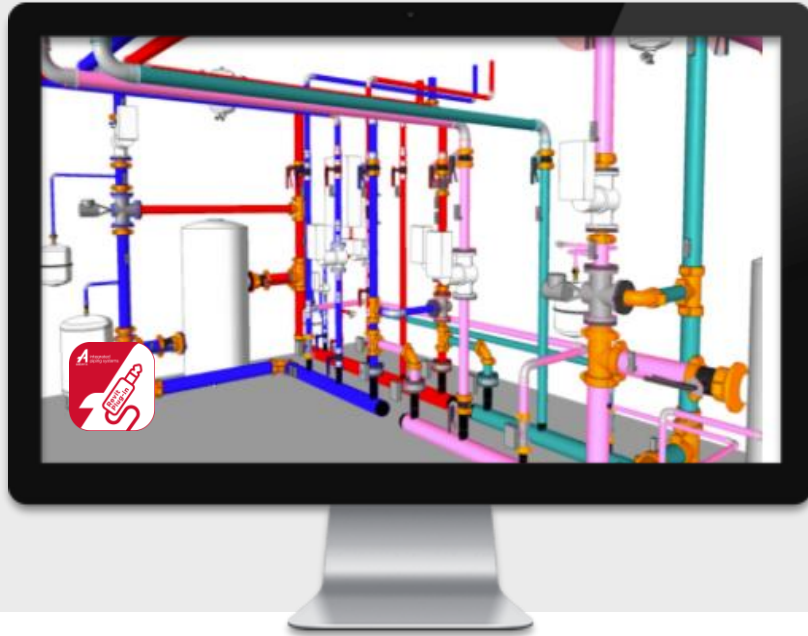
# our way of value creation | product line sales



- 1 converting market to high-end integrated connection and valve technology**  
» delivering continuous flow of innovations, strengthening portfolio
- 2 own strong regional sales forces drive product line volumes**  
» utilising regional market know-how and distribution footprint
- 3 world-class manufacturing creating operational leverage**  
» investing in most efficient equipment, close to the customer for excellent service



operational leverage through product line sales and world-class manufacturing



## IPS design service | Revit plug-in

- » early influence on installation design
- » full and integrated Aalberts portfolio



## case study

- » higher system efficiency, sustainable impact
- » larger share of wallet, unburden customer

engineering and specification partner for contractors with design service

## **transfer press technology knowledge to North America**

- » on-site education North America by European team
- » remote training and guidance via augmented reality

## **install new press manufacturing equipment in North America**

- » highly automated and newest production technology
- » additional capacity to facilitate growth
- » excellent delivery service

## **increasing demand for locally produced products**

- » close to customers and markets
- » concentrated at centre of fast-growing press market
- » strong showcase towards North American customers



create operational leverage by world-class manufacturing and excellent service



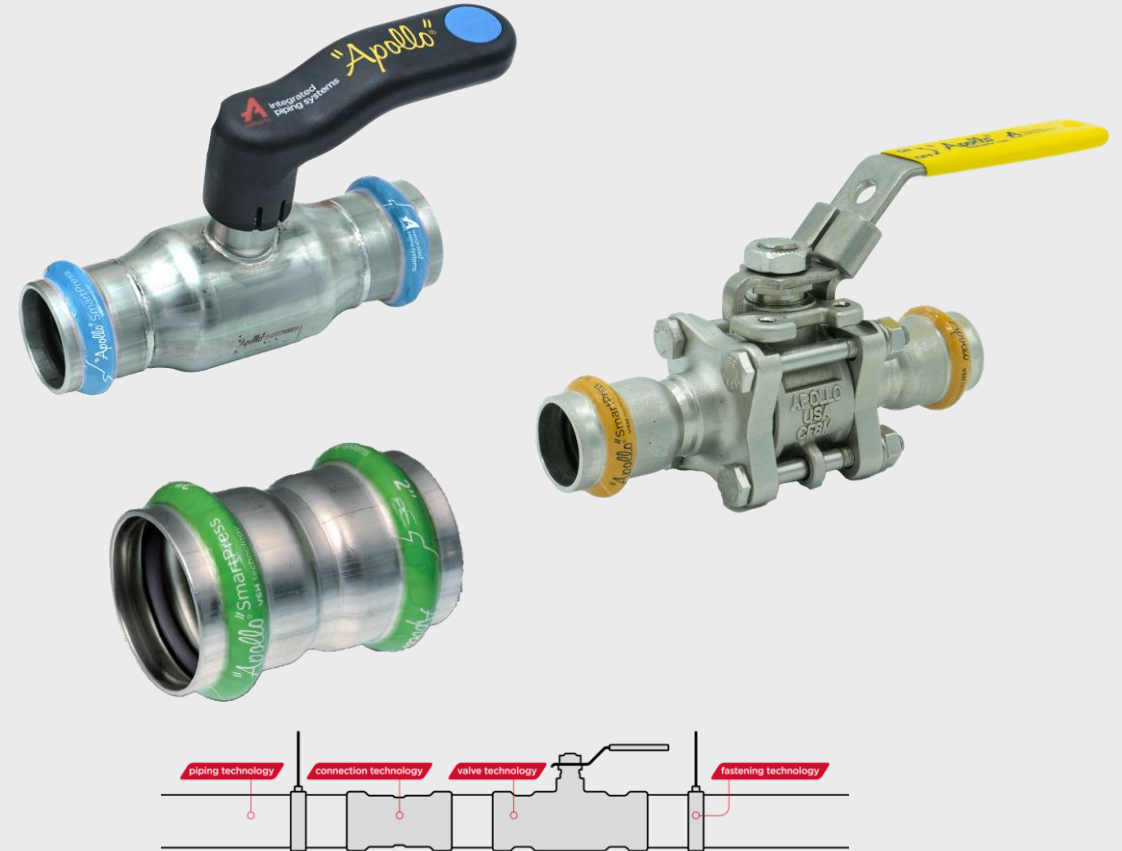
## utilising Aalberts strengths

close cooperation between R&D centres  
the Netherlands, Denmark and North America

patented valve technology,  
development in Europe

unique connection and valve  
manufacturing technology

worldwide utilisation of  
our global sales organisation



utilising Aalberts strengths, joint innovation, world-class manufacturing



questions & answers

[aalberts.com/investors](https://aalberts.com/investors)