

# full year results 2023

Utrecht, 22 February 2024



## agenda

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strategy & objectives

operational development

financial development

outlook

questions & answers

# 1. strategy & objectives

Stéphane Simonetta - CEO

# megatrends shaping our future

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## 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

long-term megatrends remain positive

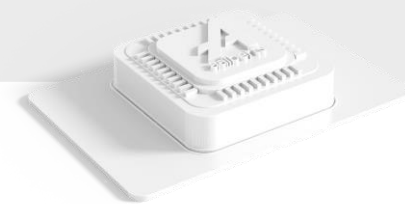


# the impact we are making



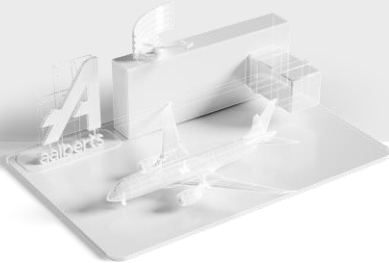
## buildings

achieving energy and resource efficiency in buildings, we engineer integrated solutions for heating, cooling and sanitary systems



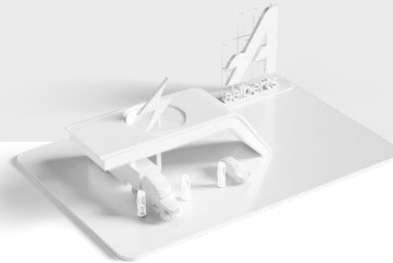
## microchips

accelerating technological breakthroughs together with semicon OEMs, we engineer leading-edge and tailor-made technologies



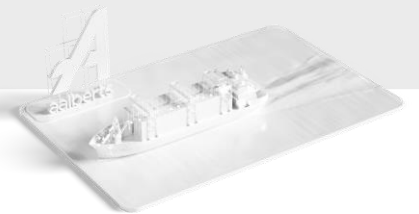
## aerospace

transforming aerospace through collaborative development, we engineer durable and lightweight solutions



## automotive

transforming sustainable mobility, we engineer innovative solutions and material processes



## maritime

optimising vessel efficiency both at sea and in harbours, we engineer maritime control and performance solutions



# 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'

# 1 portfolio optimisation 2022-2023

## acquisitions

**ISEL**



specialised in wafer handling & robotics and machine systems with digital services

annual revenue approx. EUR 35 million

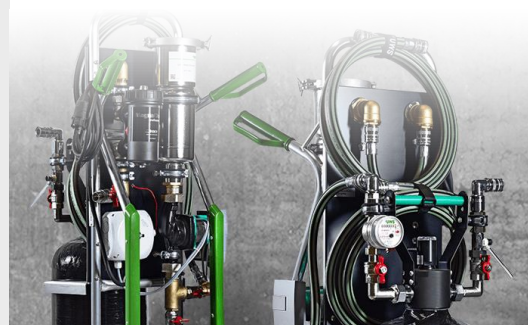


**UWS**



water treatment systems and maintenance services for eco-friendly buildings

annual revenue approx. EUR 25 million



**KML**



mechatronic solutions performing linear and rotative high-speed movements

annual revenue approx. EUR 35 million



## divestments

**ETI**



annual revenue approx. USD 45 million

**VTI**



annual revenue approx. EUR 20 million

**Disptek**



annual revenue approx. EUR 75 million

continue to strengthen positions through bolt-on acquisitions and divestments

## 2 increase innovation



### hygienic distribution of water

composite fittings with corrosion resistance like plastics and mechanical strength comparable to metals



### creating energy savings

balancing valves used for balancing heating and cooling systems, resulting in energy costs reduction



### acceleration of technological breakthroughs

enabling reuse of end-of-life modules and upgrading to latest standards



### lifetime extension and lightweight materials

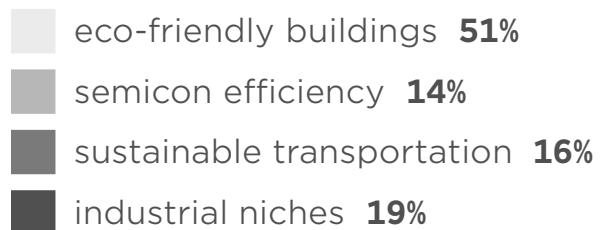
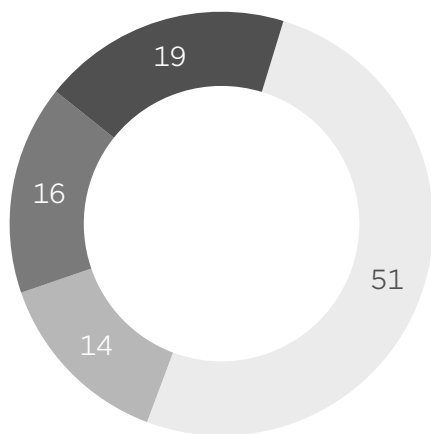
coating services providing environmentally-friendly solution to minimise fine dust pollution for e-mobility market

innovation rate increased to 20%

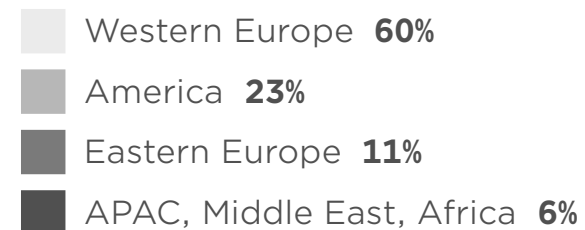
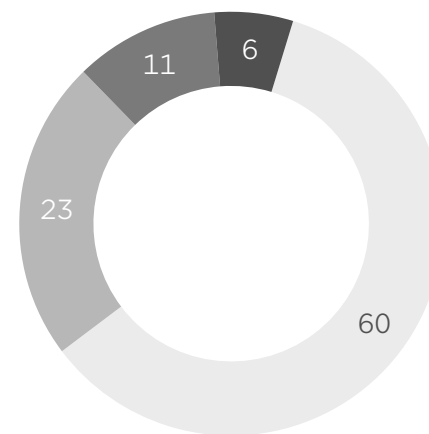


## 2 focus on 4 end markets

**revenue per end market**  
(in %)

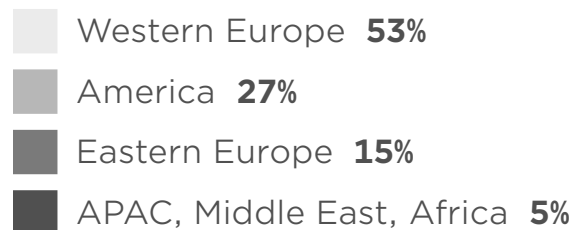
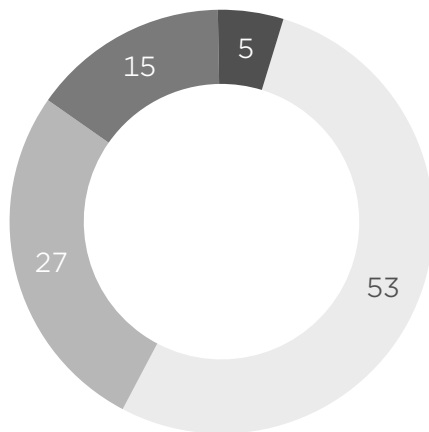


**revenue per region**  
(in %)

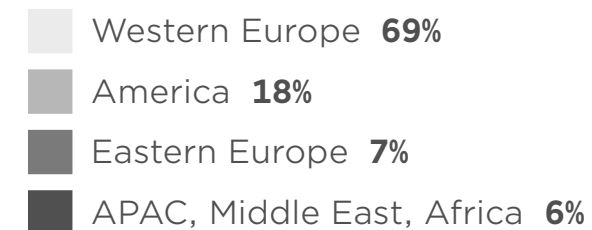
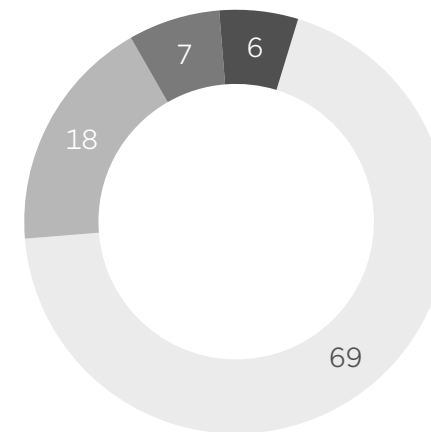


## 2 regional revenue per business segment

### building technology (in %)



### industrial technology (in %)



### 3 realise 'world-class' operations

Dronten 



Raunheim 



Venlo 



Assens 



Monterrey 



Raufoss 



building and expanding our sustainable footprint

# 4 drive sustainable entrepreneurship

## 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

32%

16%


13%

9%

SDG impact increased to 70%



## 4 net zero carbon roadmap

	focus	projects per business team	2023	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 ▼ 33% 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>	disclosure	target setting		

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

committed to be net zero by 2050 or earlier

## 4 execute sustainability improvement plans



23.1  
medium risk



B

Dow Jones  
Sustainability Indices

93%

FTSE4Good



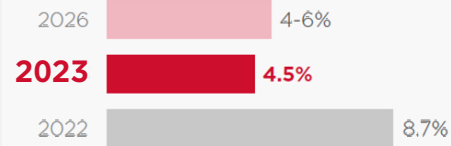
A

recognised for the progress we make in various benchmarks

# strategy deployment

**organic  
revenue growth**  
(% annually)

4-6%



**EBITA margin**  
(% of revenue)

16-18%



**ROCE**

18-20%



**innovation rate**  
(%)

>20%



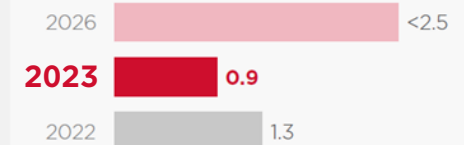
**SDG rate**  
(%)

>70%



**leverage ratio**

<2.5



## 2. operational development

Stéphane Simonetta - CEO



# operational development 1/2

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## organic revenue growth

headwinds eco-friendly buildings managed well  
building technology -1.2%

growth agenda continued for semicon efficiency,  
sustainable transportation, and industrial niches  
industrial technology +12.4%

## supply chain

fewer supply chain issues resulted in  
improved customer satisfaction

operational excellence initiatives drove further  
efficiency improvement and footprint optimisation

## innovation

will accelerate investments in innovation  
and digitalisation to increase  
revenues and reduce operating costs

## sustainability

great progress on CO<sub>2</sub> intensity reduction,  
waste management and circular economy

our Aalberts people did an excellent job

# operational development 2/2

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## **safety**

lost time injury frequency ratio reduced to 6.2  
focus on health and safety will increase

## **diversity**

32% female leaders in senior leadership  
gender diversity remains focus

## **employee engagement**

eNPS and employee motivation surveys done  
insights where and how we can further improve

## **employee development**

more than 950 talents trained, 20% promoted  
will continue to invest in our people

the Aalberts way – winning with people

# shaping eco-friendly buildings



## market dynamics

- decreasing end-user demand; project postponements new build and renovation
- lower activity and further inventory reduction of our wholesale customers

## performance

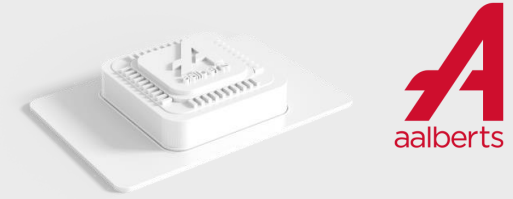
- price levels robust despite challenging market circumstances
  - » effects additional sales initiatives to gain market share
  - » supported by innovations and capacity investments last years
  - » productivity and efficiency initiatives
- water treatment heating systems growing faster than expected

## the impact we are making

- our innovative piping systems and valves are easy to specify and install, saving important preparation and installation time
- our hydronic systems are making buildings more energy efficient, more sustainable and more comfortable

energy efficiency in buildings remain long-term growth drivers

# increasing semicon efficiency



## market dynamics

- microchip demand for computer logic, e-mobility developments, connectivity and IoT, investments in new fabs and 5G roll-out
- innovation remains high; continue co-development

## performance

- strong growth continued; improved our service
  - » increased efficiency and fewer supply chain issues
- order book remains on a high level
- footprint and manufacturing capacity expansions in progress

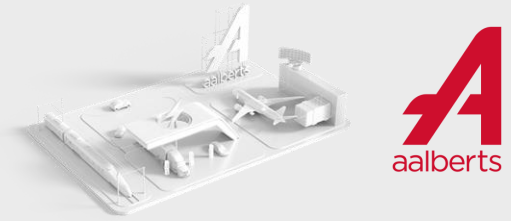
## the impact we are making

- enabling strategic growth and new business development plans of our customers
- Aalberts is key enabler to realise capacity growth and new developments for customers in semicon efficiency

long-term growth drivers semicon efficiency continue to be strong



# driving sustainable transportation



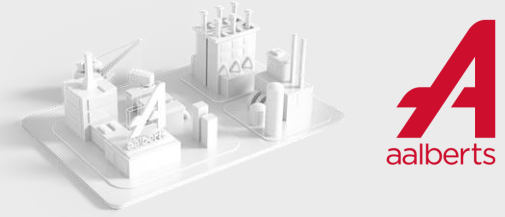
## market dynamics

- new technologies are being introduced to reduce fuel consumption, manufacturing cost and improve safety
- new developments in e-mobility, lightweight materials, sustainability, and reshoring
- need for lightweight materials leading to increase of precision manufactured aluminium parts with additional surface technologies

## performance

- realised strong performance in automotive, aerospace and marine
- supply chain disruptions at facilities of customers reduced
- demand for precision manufactured parts and specialised surface technologies further continued
- connectors growing fast with high-specified precision manufactured parts in combination with metal strip coatings

transportation industry going through major transformation



## market dynamics

- demand for precision extrusion parts and specialised surface technologies continued on a high level

## performance

- industrial valves business North America continued to perform well
- Eastern Europe, expansion of our activities continued
  - » adding floor space and additional equipment to facilitate growth
- North America, in process to add manufacturing capacity
  - » facilitate growth and increase manufacturing efficiency

activities performed very well in all regions

## 3. financial development

Arno Monincx - CFO

# Aalberts highlights



**revenue**  
(in EUR million)

**3,324**  
+3%

**added-value**  
(% of revenue)

**62.4**  
2022: 62.4

**EBITA**  
(in EUR million)

**521**  
+4%

**EBITA margin**  
(%)

**15.7**  
2022: 15.5

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

**373**  
+0%

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

**3.38**  
2022: 3.37

**capital expenditure**  
(in EUR million)

**224**  
+10%

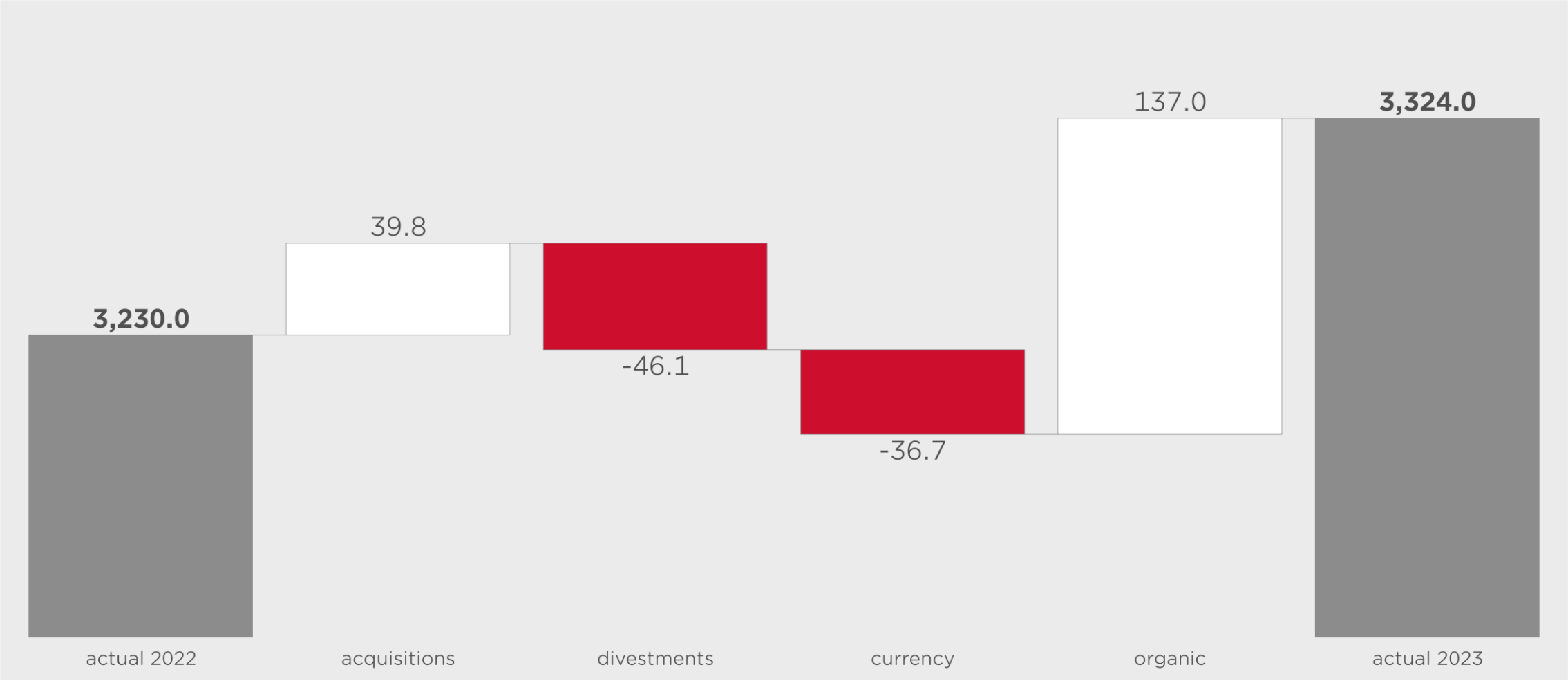
**ROCE**  
(in %)

**16.8**  
2022: 16.1

- revenue EUR 3,324 million; organic revenue growth 4.5%
- EBITA EUR 521 million; EBITA margin 15.7%
- earnings per share before amortisation EUR 3.38
- free cash flow EUR 423 million
- innovation rate increased to 20%; SDG rate to 70%

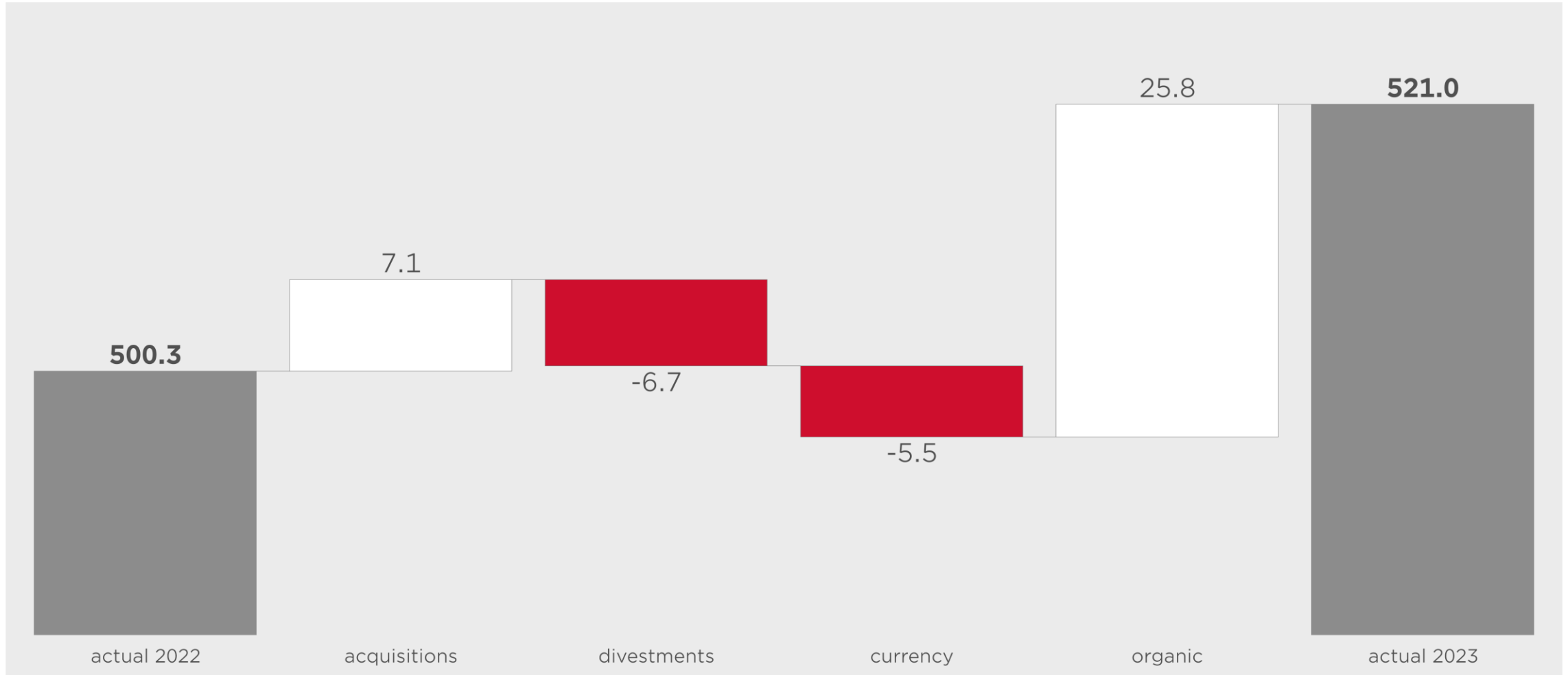
Aalberts delivers record EBITA and free cash flow

# revenue bridge





# EBITA bridge



# EPS bridge



# condensed consolidated income statement



in EUR million	2023	2022
revenue	3,324.0	3,230.0
EBITDA	662.6	633.5
depreciation	(141.6)	(133.2)
EBITA	521.0	500.3
net finance cost	(39.4)	(20.8)
income tax expense	(103.5)	(102.3)
non-controlling interests	(4.7)	(5.0)
<b>net profit before amortisation</b>	<b>373.4</b>	<b>372.2</b>
<b>EPS before amortisation in EUR</b>	<b>3.38</b>	<b>3.37</b>

strong and resilient performance

# condensed consolidated balance sheet

in EUR million

	31.12.2023	31.12.2022
total non-current assets	2,707	2,732
total current assets	1,431	1,479
<b>total assets</b>	<b>4,138</b>	<b>4,211</b>
total equity	2,517	2,363
total non-current liabilities	726	852
total current liabilities	895	996
<b>total equity and liabilities</b>	<b>4,138</b>	<b>4,211</b>
net debt	583	794
leverage ratio: net debt / EBITDA (12-months-rolling)	0.9	1.3
net working capital	675	721
days net working capital	74	80
solvability (total equity as a % of total assets)	60.8	56.1
return on capital employed	16.8	16.1

strong financial position to accelerate our growth agenda

# free cash flow

in EUR million (before exceptionals)	2023	2022	delta
EBITDA	662.6	633.5	29.1
gain on disposal of subsidiaries	(30.0)	(34.4)	4.4
result on sale of equipment	(4.4)	(1.0)	(3.4)
changes in provisions	(4.5)	(2.4)	(2.1)
changes in provisions exceptional	3.4	9.1	(5.7)
changes in working capital	9.9	(243.4)	253.3
<b>cash flow from operations</b>	<b>637.0</b>	<b>361.4</b>	<b>275.6</b>
purchase of property, plant and equipment	(218.7)	(188.7)	(30.0)
purchase of intangible assets	(15.9)	(13.3)	(2.6)
proceeds from sale of equipment	20.3	8.1	12.2
<b>free cash flow</b>	<b>422.7</b>	<b>167.5</b>	<b>255.2</b>

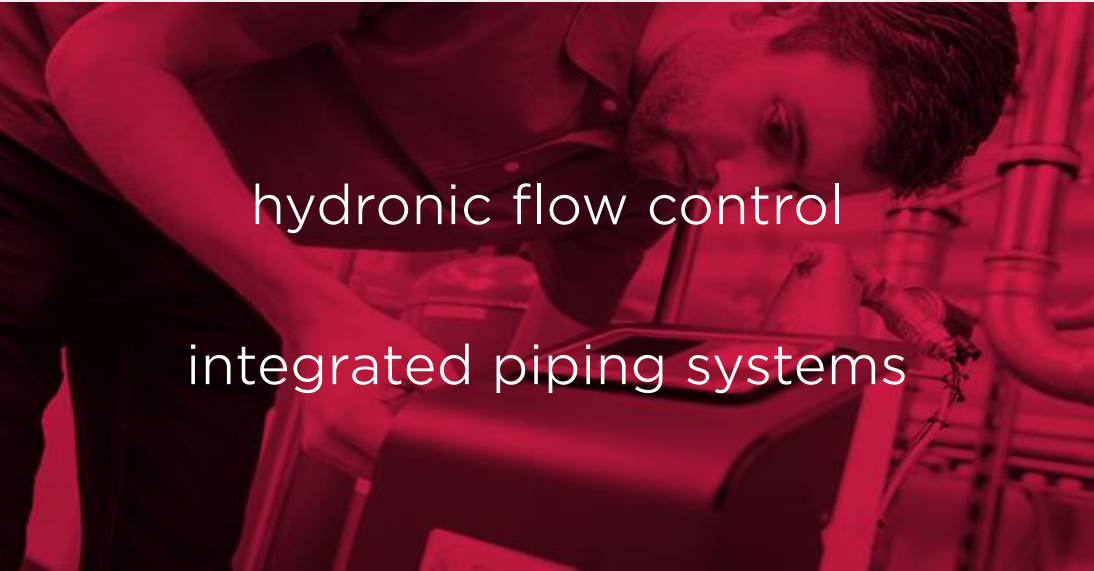
free cash flow at record level



# 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



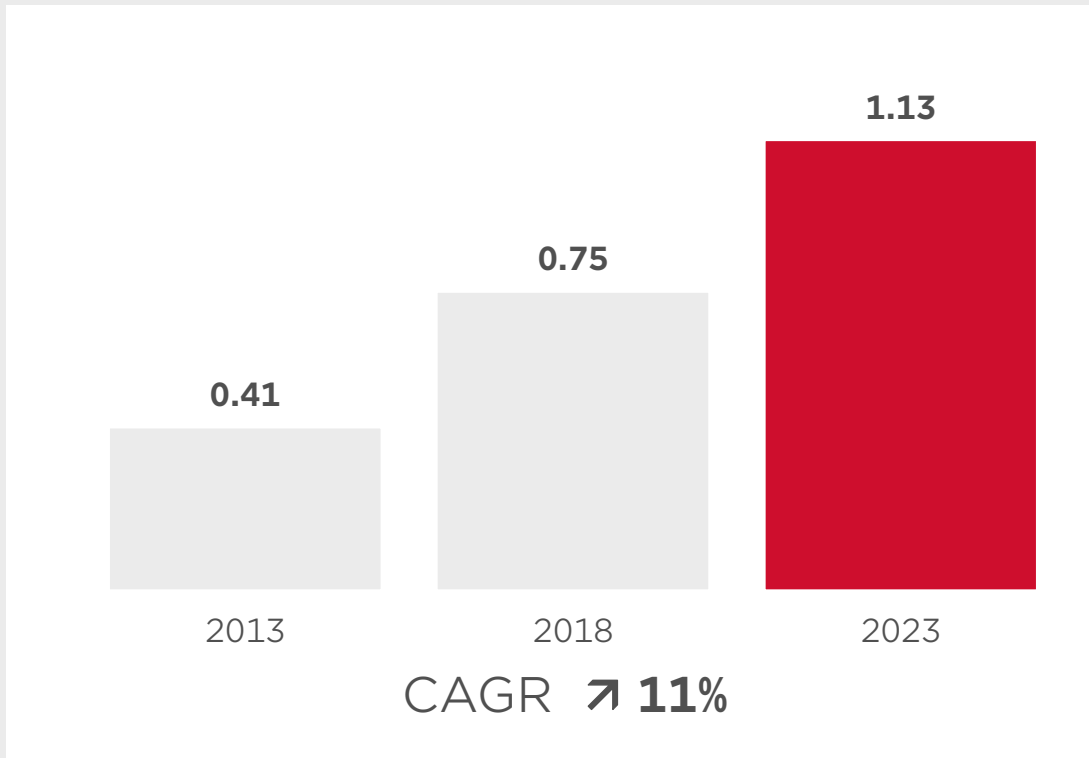
<b>revenue</b> (in EUR million)	<b>organic growth</b> (% of revenue)	<b>EBITA margin</b> (% of revenue)	<b>capital expenditure</b> (in EUR million)
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# reporting per business segment

<b>building technology</b>	<b>2023</b>	<b>2022</b>	<b>delta</b>
revenue (in EUR million)	1,798.0	1,841.8	(2%)
organic revenue growth (in %)	(1.2)	6.1	(7.3)
EBITA (in EUR million)	256.4	276.4	(7%)
EBITA margin (%)	14.3	15.0	(0.7)
capital expenditure (in EUR million)	85.2	94.3	(10%)

<b>industrial technology</b>	<b>2023</b>	<b>2022</b>	<b>delta</b>
revenue (in EUR million)	1,526.0	1,388.2	10%
organic revenue growth (in %)	12.4	12.6	(0.2)
EBITA (in EUR million)	269.7	226.8	19%
EBITA margin (%)	17.7	16.3	1.4
capital expenditure (in EUR million)	138.0	108.3	27%

# dividend

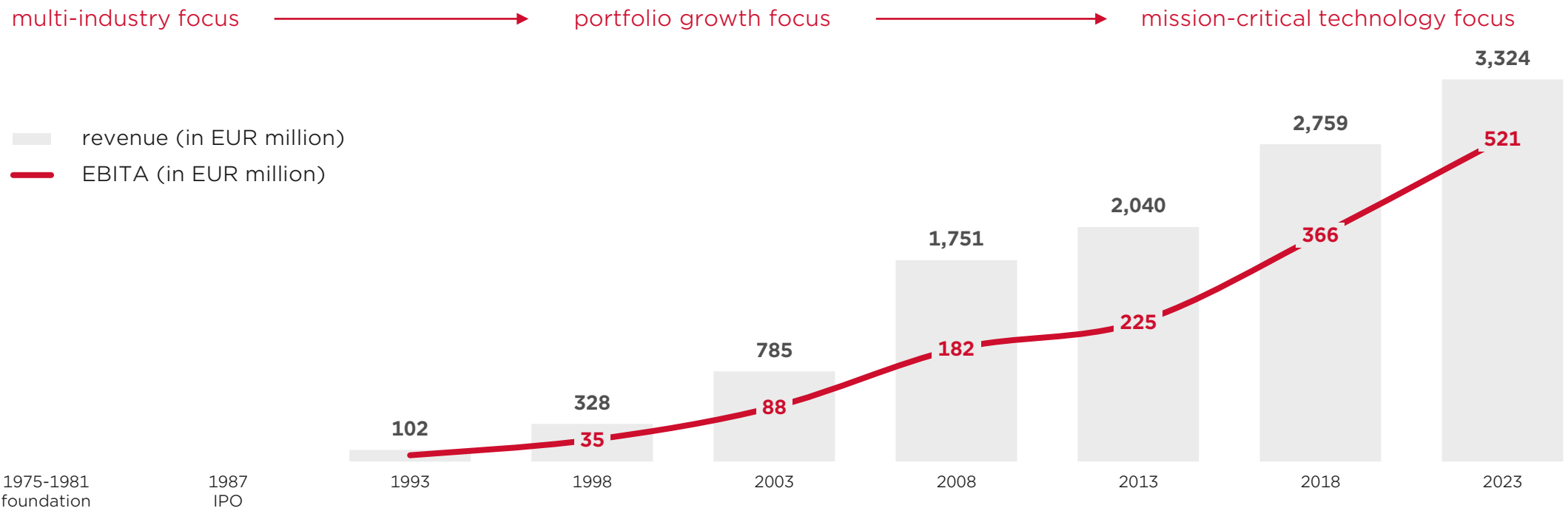


**dividend proposal**  
cash dividend EUR 1.13 per share  
(2022: EUR 1.11)

cash dividend proposal EUR 1.13 per share

# our track record

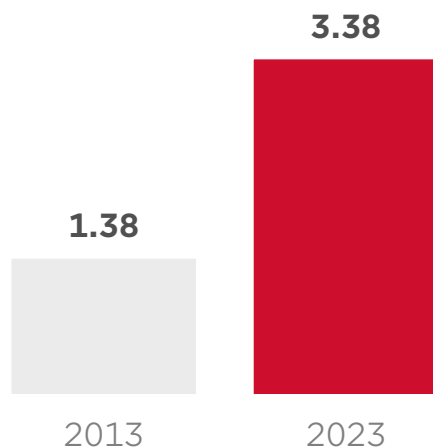
## over 45 years of sustainable profitable growth



a proven sustainable business model

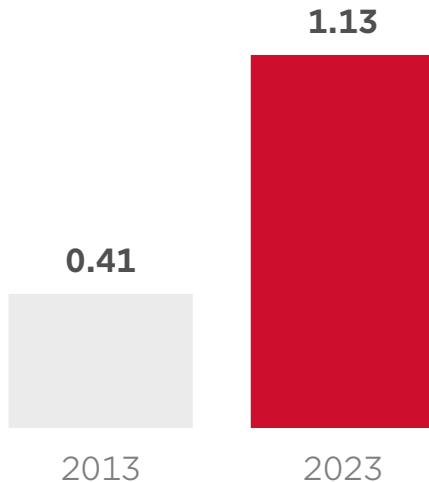
## shareholder value creation

### earnings per share (in EUR)



CAGR  $\nearrow$  9%

### dividend per share (in EUR)



CAGR  $\nearrow$  11%

### return on incremental capital employed

EBITA		capital employed
225	2013	1,535
521	2023	3,100
(2)	IFRS 16	(156)
294		1,409

20.9%

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



~50%

a proven sustainable business model





## 4. outlook

Stéphane Simonetta - CEO

# looking forward to 2024

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in the building sector, there are still many growth opportunities in the USA, Eastern Europe, and Asia, while Western Europe will likely plateau

on the industrial side, we are still confident with the long-term growth agenda of the semicon industry and are in pole position to further support the decarbonisation of transportation industries

we will stay disciplined with capital allocation and seek opportunities to do bolt-on acquisitions

we will continue to provide more transparency about our scope 3 emissions and remain committed to be carbon neutral by 2050 or earlier

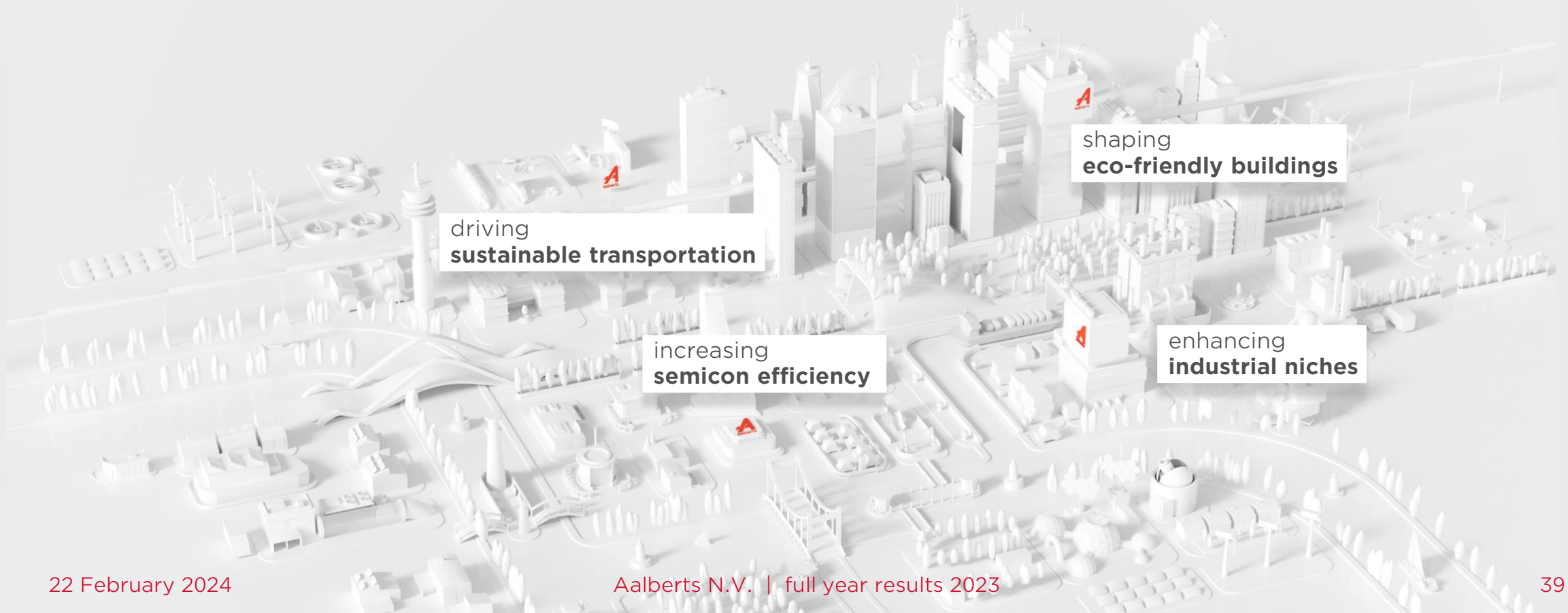
our portfolio is diverse and well positioned

# outlook

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- we are executing our strategy Aalberts 'accelerates unique positioning', realising our objectives
- we will continue to focus on
  - » organic revenue growth
  - » operational excellence
  - » portfolio optimisation
  - » sustainable entrepreneurship

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







## 5. questions & answers