



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

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1. Aalberts



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**

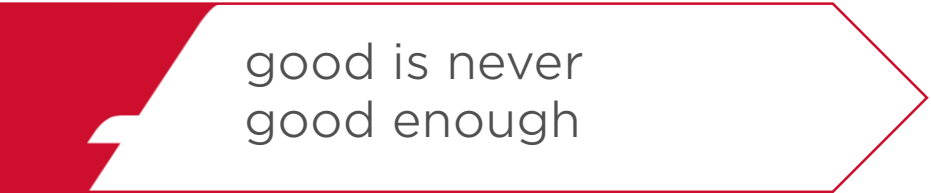
we are relentless in our pursuit of excellence

our way of value creation

essence



mission-critical
technologies



good is never
good enough

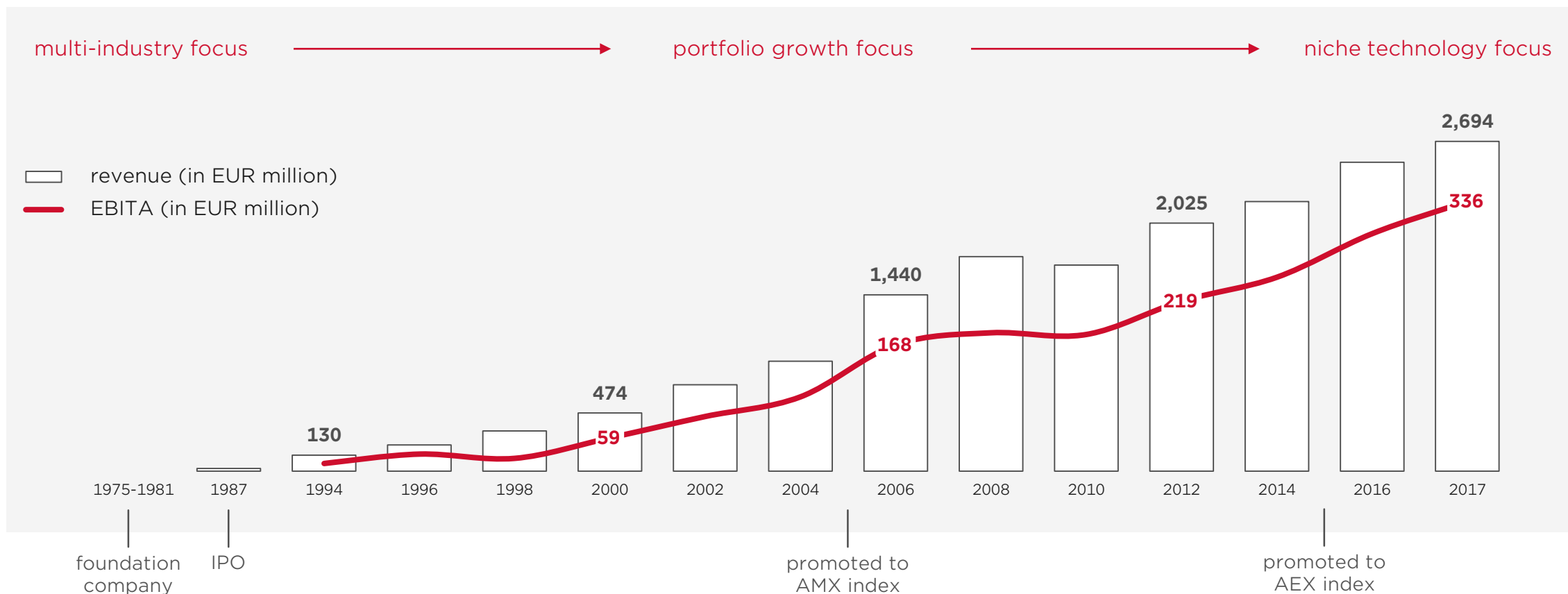


greatness is made of
shared knowledge

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

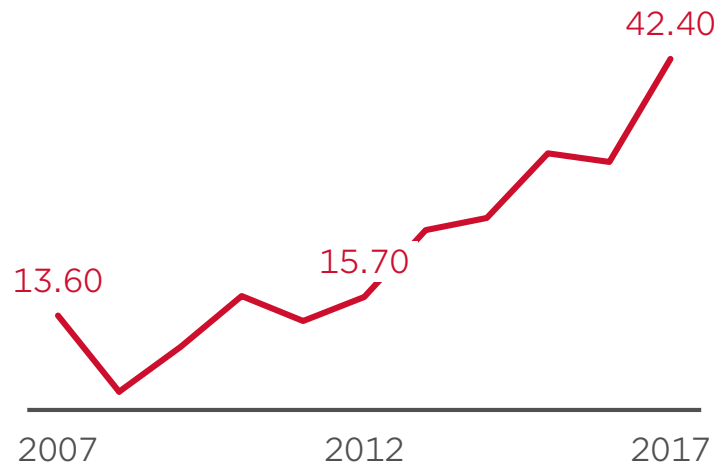
our track record - sustainable, profitable growth



40 years of sustainable, profitable growth
focused technology leader, strongly positioned for accelerated future growth

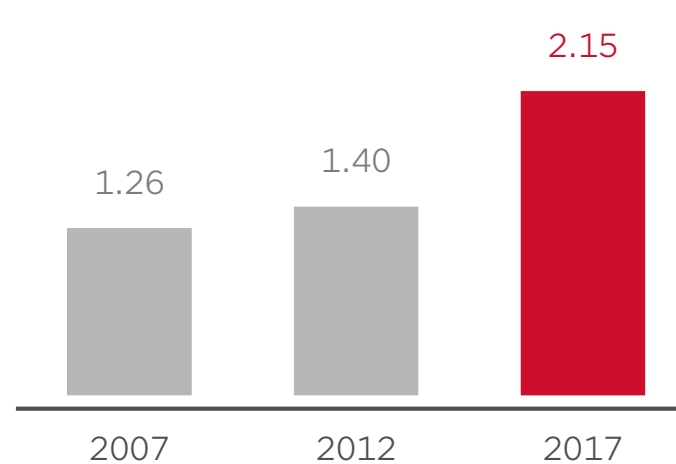
our track record - shareholder value creation

share price development
(in EUR)



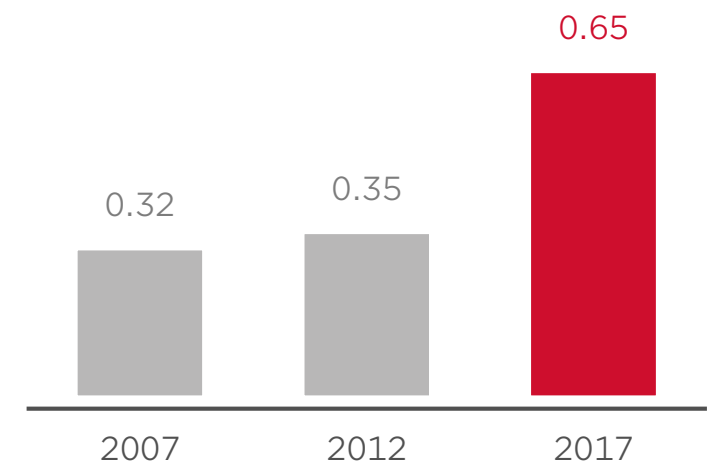
CAGR ↗ 18%

earnings per share
(in EUR)



CAGR ↗ 12%

dividend per share
(in EUR)



CAGR ↗ 14%

our relentless pursuit of excellence drives true shareholder value,
performance exceeds market average

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



our businesses

installation technology



material technology



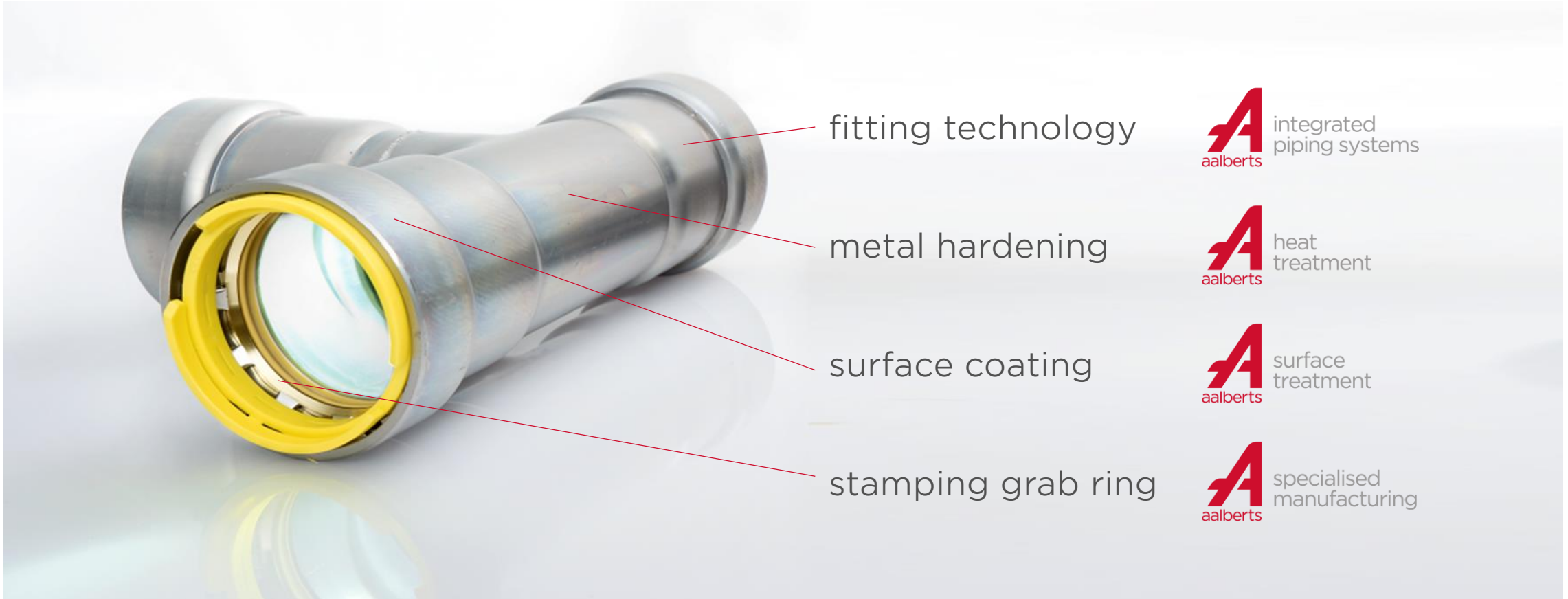
climate technology



industrial technology



Aalberts technology exchange - example



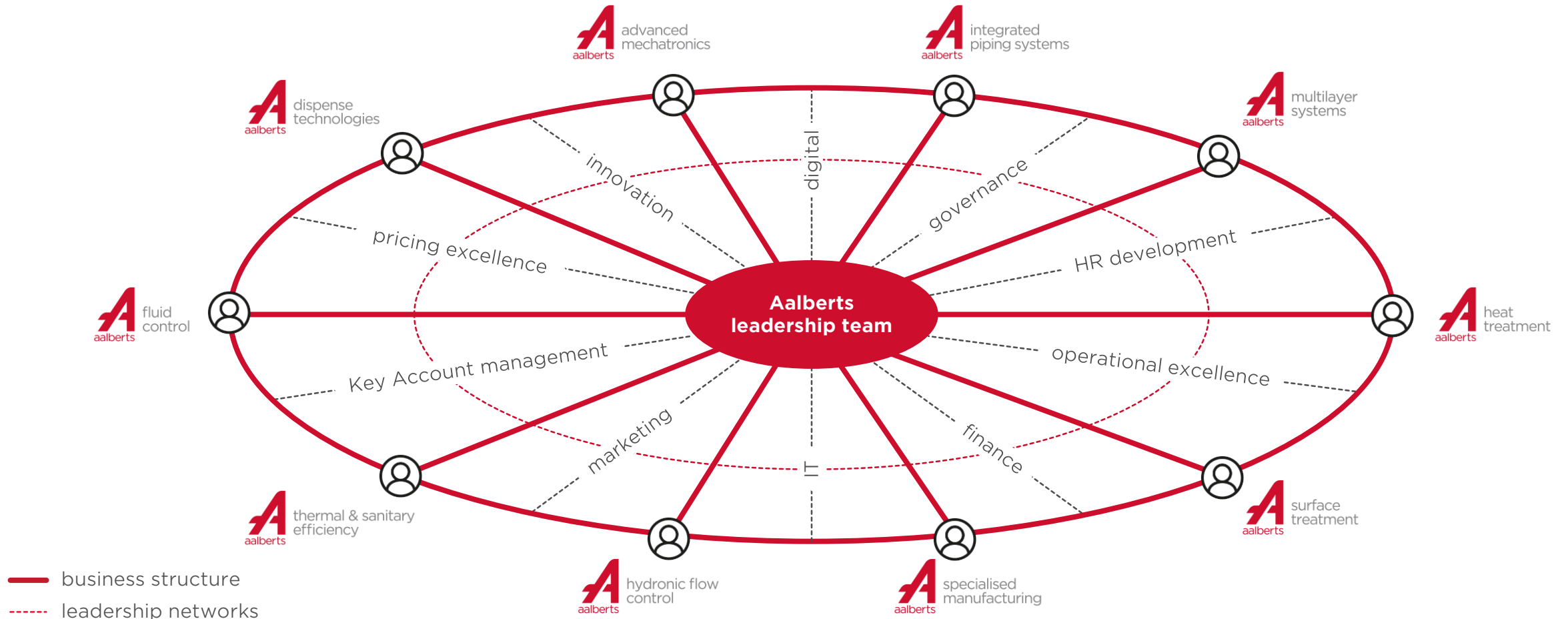
greatness is made of shared knowledge
the unique advantage of Aalberts

Aalberts technology exchange - example



greatness is made of shared knowledge
the unique advantage of Aalberts

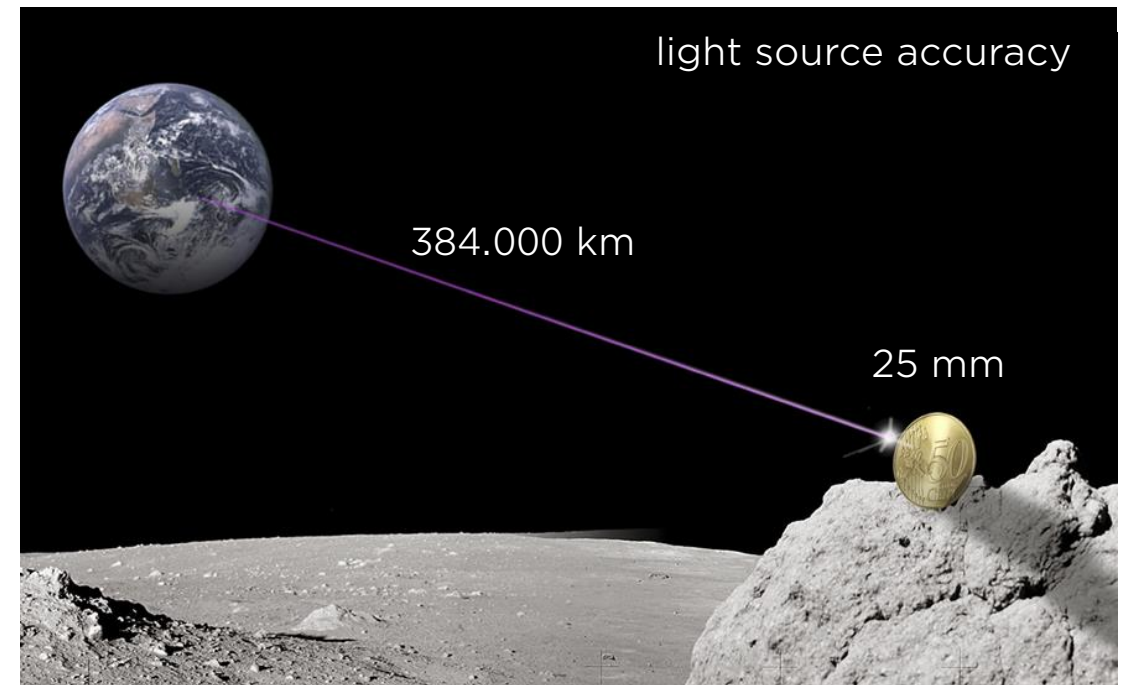
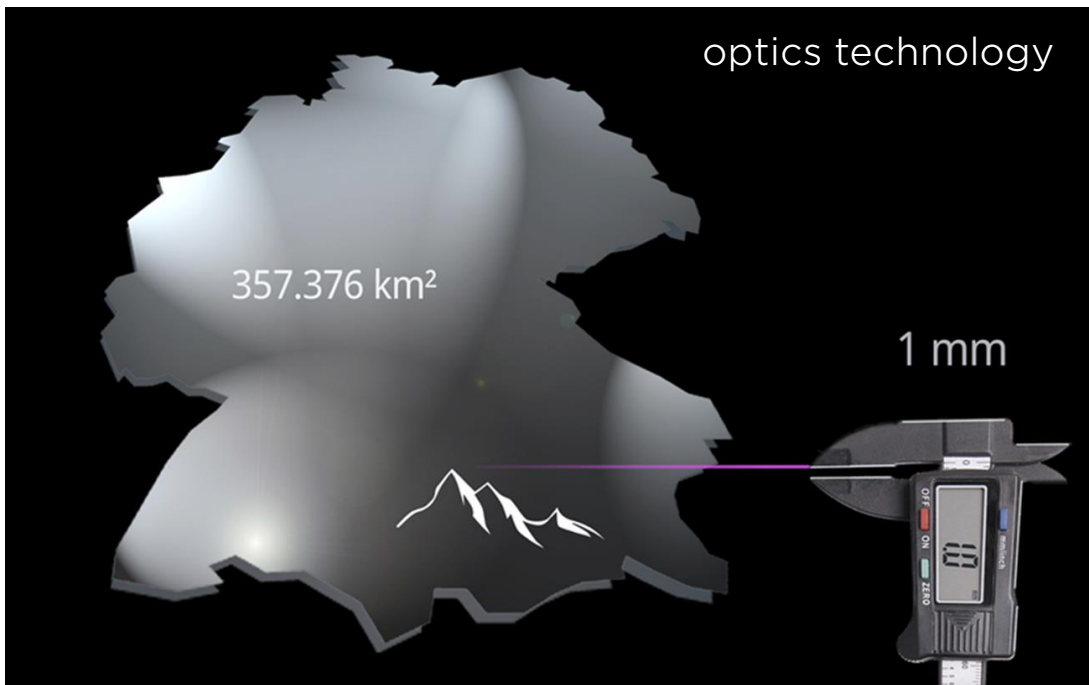
Aalberts knowledge exchange – the Aalberts networks



greatness is made of shared knowledge
the unique advantage of Aalberts

enabling technology breakthroughs - example

semicon manufacturing currently transitions from 20 nm node to below 10 nm!



we engineer mission-critical technologies for ground-breaking industries

our responsibility



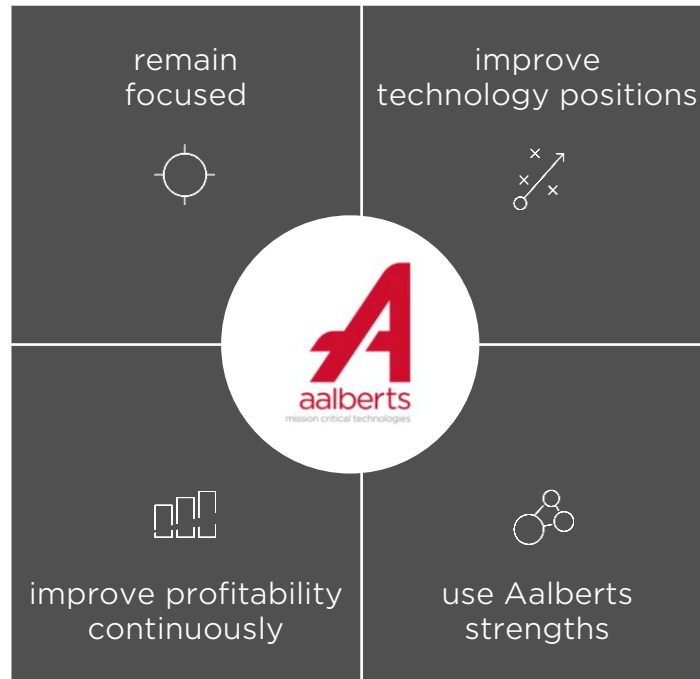
Aalberts takes on a sustainable role with technologies for **eco-friendly buildings**, **sustainable transportation** and **lifetime extension of materials**




2. strategy & objectives

our strategy & objectives 2018-2022

strategy 'focused acceleration'



non-financial objectives

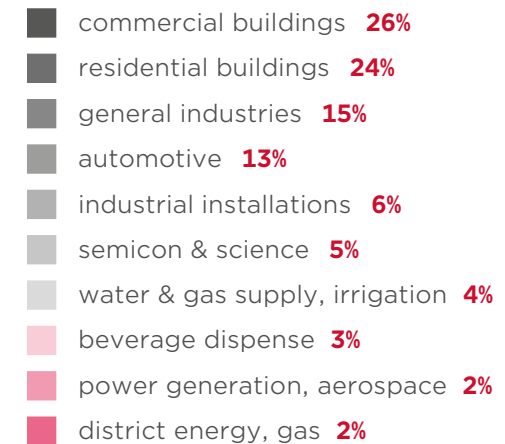
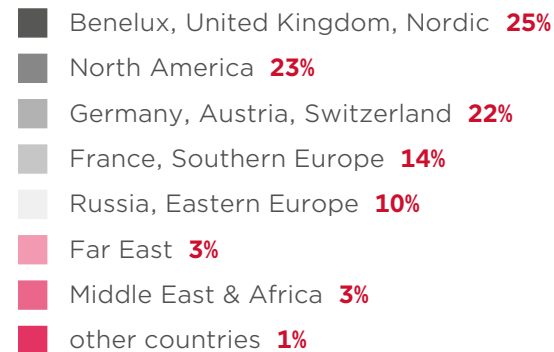
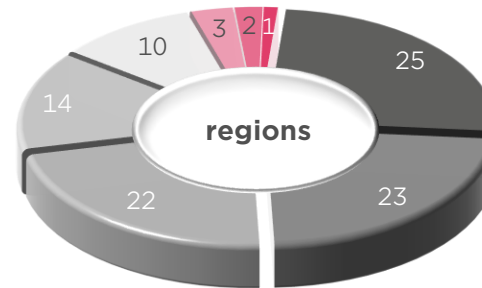
-  worldwide leading niche technology positions
-  creating sustainable profitable growth
-  generating high added-value margins
-  converting strong operational execution into free cash flow

financial objectives

- average organic revenue growth **>3%**
- EBITA margin **>14%**
- ROCE **>18%**
- FCF conversion ratio **>70%**
- leverage ratio **<2.5**
- solvability **>40%**

executing our strategy - driving niche technologies worldwide

niche technologies



motivated business teams drive **five-year business plans**,
long-term innovation roadmaps and integrate **bolt-on acquisitions**

executing our strategy - lean and effective structure



executive team

leadership business teams, best practices exchange, driving strategy

business team management

installation technology



material technology



climate technology



industrial technology



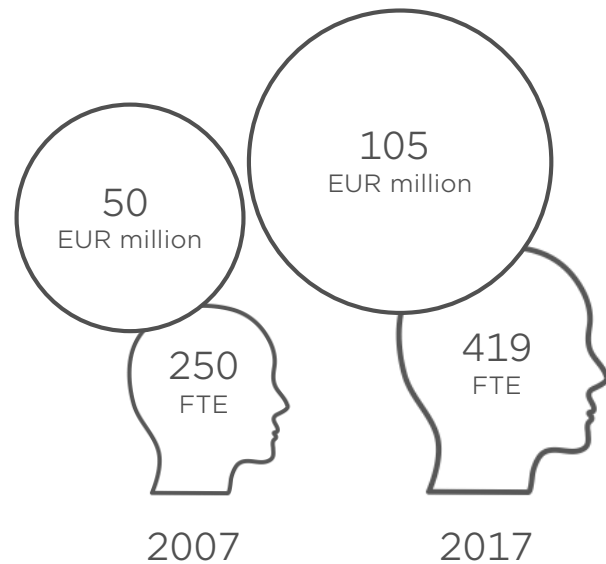
small head office

central functions (like marketing, M&A, group control, legal, internal audit) and all shareholder responsibilities

lean and effective structure that nurtures entrepreneurship and ownership

innovation driving our growth

continuous investments in R&D



R&D investments increased from 3% to 4% of total revenue

innovate portfolio & business



manufacturing automation 2.0



master data management



connected technologies and digital services

leadership networks and focused investments

leverage mega trends



climate change



urbanisation



raw material scarcity



internet of things

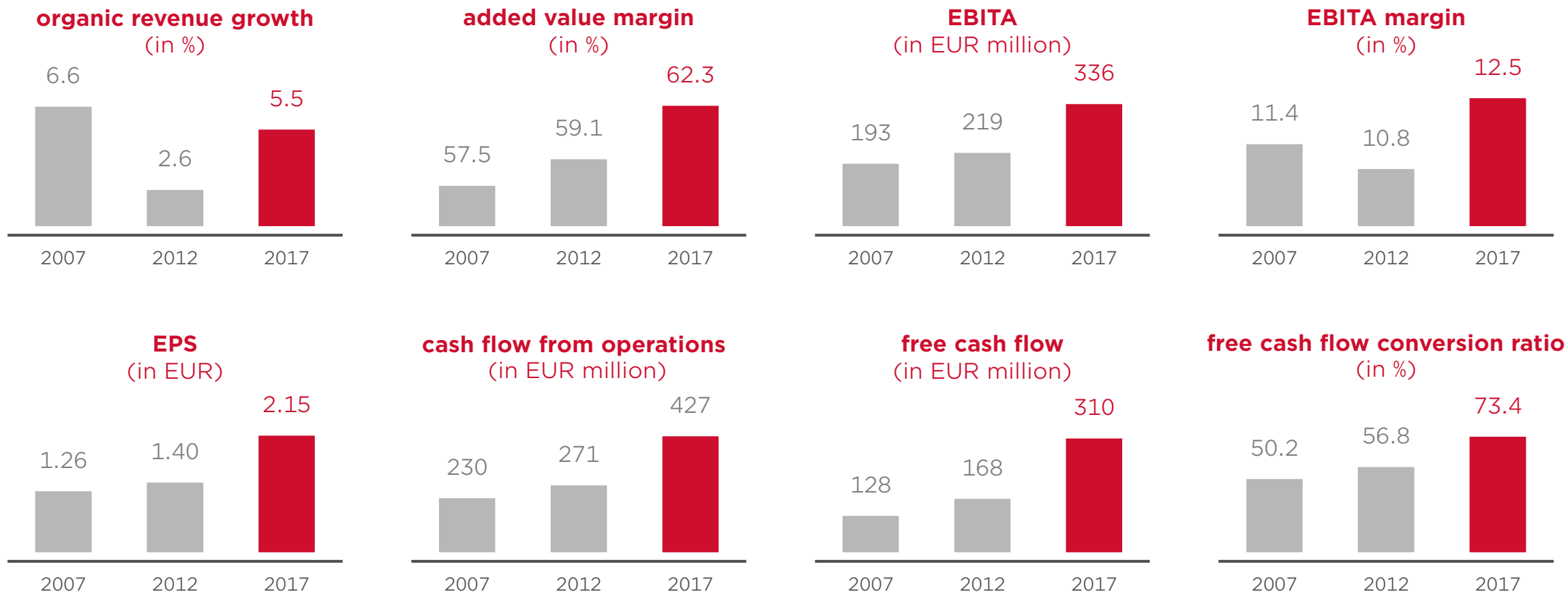


globalisation co-development

exchange fresh thinking and embrace new technologies

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

executing strong performance driving cash conversion



compounding cash drives shareholder value

disciplined capital allocation

cash dividend policy

30% of net profit before amortisation

organic growth

CAPEX EUR 130-170 million p.a.

- » 40% innovation
- » 30% efficiency
- » 30% capacity

acquisitions bolt-on 'sweetspot'

size EUR 20-150 million annual revenue

deployment EUR 100-200 million p.a.

- » technology – portfolio
- » regional footprint
- » customer group

acquisitions strategic footprint

size EUR 150+ million annual revenue

deployment EUR 100+ million*

- » strategic positioning
- » management structure
- » sales & distribution platform

*) depending on opportunity

disciplined allocation

1. invest in future strategic growth
2. capacity always combined with efficiency improvement
3. 'no returns – no money' policy

disciplined allocation

1. 100% cultural and strategic fit
2. Aalberts management committed to realise 5Y Business Integration Plan (BIP)
3. payback based on BIP cash flow

converting strong operational execution into free cash flow, allocated in a disciplined way to accelerate organic growth, innovations and acquisitions

return on incremental capital employed (ROICE)



ROICE further improved in past five years



3. business update

Aalberts highlights - 1H2018



revenue
(in EUR million)

1,387
+1%

added-value
(% of revenue)

62.8
1H2017: 63.0

EBITA
(in EUR million)

179
+6%

EBITA %
(% of revenue)

12.9
1H2017: 12.4

net profit
(in EUR million)

130
+11%

earnings per share
(in EUR)

1.18
+11%

capital expenditure
(in EUR million)

57
+3%

ROCE
(in %)

15.2
1H2017: 14.5

- organic revenue growth +5.2%
 - » reported +1.4%; FX impact -3.4%; acquisitions/divestments -0.4%
- operating profit (EBITA) +6% to EUR 179 million; EBITA margin improved to 12.9%
- net profit before amortisation +11% to EUR 130 million; earnings per share EUR 1.18 (+11%)
- continuous investments in organic growth and operational excellence
- bolt-on acquisitions PEM (1H2018) and VAF (2H2018)
- annual revenue of approximately EUR 40 million divested to optimise portfolio (2H2018)

improved EBITA margin and EPS, continued investments
in organic growth, further optimised portfolio

installation technology

revenue
(in EUR million)

576
-2%

EBITA
(in EUR million)

71
-2%

EBITA %
(in % of revenue)

12.4
1H2017: 12.4

capital expenditure
(in EUR million)

18
-23%

- good organic growth, mainly in North America
 - » newly launched product lines performed well in combination with our upgraded sales and distribution organisation
 - » in process to increase return on many investments made last years
- market circumstances Europe continued to be good
- improved European distribution footprint launched
- additional investments globally in fast-growing product lines
- continued to drive operational excellence programme through dedicated global network
- multilayer systems realised good growth in our activities in North America and Europe due to a more focused approach
 - » gained more business
 - » innovation roadmaps got more traction through capacity investments in R&D

good organic growth, increase returns, additional investments

material technology

revenue
(in EUR million)

377
+1%

EBITA
(in EUR million)

51
+2%

EBITA %
(in % of revenue)

13.5
1H2017: 13.3

capital expenditure
(in EUR million)

25
+1%

- heat and surface treatment Europe did well
 - » volumes in service locations continued on a high level
 - » increased investments in certain areas in our heat treatment business
- surface treatment organisation further aligned to realise a more coherent approach to our customers, utilising our Aalberts strengths and gain more operational efficiency.
- specialised manufacturing did well
 - » expanding R&D capacity to fulfil many development projects with Key Accounts for the electrification of vehicles
 - » continue to execute aerospace business and investment plans launched a few years ago
 - » North America difficult market circumstances due to power generation end market, continued to slow down. An action plan is in place to optimise operations and gain other business

good volumes, increased investments, further optimisation

revenue
(in EUR million)

274
+4%

EBITA
(in EUR million)

33
+9%

EBITA %
(in % of revenue)

11.9
1H2017: 11.4

capital expenditure
(in EUR million)

4
+58%

- solid organic growth, market circumstances are good
- several new and upgraded product ranges in pipeline, to be launched 2H2018
- especially Benelux, Germany and Eastern Europe business developed well
 - » Russia improved performance in local currency
- organisation further aligned to strategy and innovation roadmap for coming years and strengthened in several areas
- many initiatives to improve efficiency through operational excellence, utilising our Aalberts networks
- new digital business models in development, driven by trends like energy efficiency, system data collection, information monitoring and prefabrication of modular installation systems

solid organic growth, new product ranges, further efficiency improvement

revenue
(in EUR million)

194
+10%

EBITA
(in EUR million)

31
+20%

EBITA %
(in % of revenue)

15.7
1H2017: 14.5

capital expenditure
(in EUR million)

10
+84%

- very good first half year
- launch of upgraded product lines in fluid control for the automotive and general industries end market well received
 - » in combination with good order intake of our existing product lines
 - » additional upgrades in development pipeline
- dispense technologies continued to consolidate USA operations
 - » order intake increased compared to the same period last year
- advanced mechatronics further accelerated, excellent first half year
 - » implemented last year investments
 - » recruited many new people in development, engineering and manufacturing
 - » launched additional investments to facilitate growth for the coming years
 - » successfully delivered first systems of our last year announced project
- activities for district energy & gas faced slow start of the year

very good 1H2018, good order intake, additional investments

condensed consolidated income statement

in EUR million	1H2018	1H2017
revenue	1,386.5	1,367.6
operating profit (EBITDA)	226.5	217.9
depreciation	(47.3)	(48.1)
operating profit (EBITA)	179.2	169.8
net interest expense	(7.8)	(8.3)
other net finance cost	(2.2)	(5.2)
income tax expense (<i>ETR 1H2018: 24.4%, 1H2017: 27.0%</i>)	(37.1)	(37.7)
non-controlling interests	(1.9)	(1.6)
NET PROFIT BEFORE AMORTISATION	130.2	117.0
EPS before amortisation in EUR	1.18	1.06

- revenue growth: +5.2% organic (reported +1.4%; FX impact -3.4%; acquisitions/divestments -0.4%)
- FX impact EUR 46 million *negative* on revenue and EUR 5.0 million *negative* on EBITA

organic revenue growth +5%, EBITA +6%, EPS +11%

condensed consolidated balance sheet

in EUR million	30.06.2018	31.12.2017	30.06.2017
total non-current assets	1,926	1,916	1,913
total current assets	1,206	994	1,101
TOTAL ASSETS	3,132	2,910	3,014
total equity	1,550	1,513	1,410
total non-current liabilities	566	640	741
total current liabilities	1,016	757	863
TOTAL EQUITY AND LIABILITIES	3,132	2,910	3,014
net debt	744	569	799
leverage ratio: Net debt / EBITDA (12-months-rolling)	1.7	1.3	1.9
net working capital	632	455	594
net working capital as a % of total revenue	23.1	16.8	22.5
total equity as a % of total assets	49.5	52.0	46.8
return on capital employed (ROCE) (in %)	15.2	16.2	14.5

return on capital employed improved from 14.5% to 15.2%

condensed consolidated cash flow statement

in EUR million	1H2018	1H2017	delta
operating profit (EBITDA)	226.5	217.9	8.6
result on sale of equipment / changes in provisions	(3.3)	(1.9)	(1.4)
changes in working capital	(173.7)	(126.1)	(47.6)
CASH FLOW FROM OPERATIONS	49.5	89.9	(40.4)
net capital expenditure	(63.2)	(61.8)	(1.4)
FREE CASH FLOW	(13.7)	28.1	(41.8)
finance cost paid	(8.6)	(12.0)	3.4
income taxes paid	(41.7)	(33.2)	(8.5)
acquisition/disposal of subsidiaries	(22.8)	(27.3)	4.5
proceeds from non-current borrowings	3.0	143.5	(140.5)
repayment of non-current borrowings	(71.1)	(72.3)	1.2
dividends paid	(71.9)	(64.1)	(7.8)
cash flow to non-controlling interests	(7.0)	0.6	(7.6)
NET INCREASE/(DECREASE) IN CASH AND CURRENT BORROWINGS	(233.8)	(36.7)	(197.1)

Δ NWC: seasonal swing EUR 125M, raw material prices EUR 20M, impact 2H2017/1H2018 EUR 30M

revenue & capex

in EUR million	1H2018	1H2017*	delta
installation technology	575.9	588.7	(2%)
material technology	377.1	375.1	1%
climate technology	273.8	262.1	4%
industrial technology	193.9	175.7	10%
<i>holding / eliminations</i>	<i>(34.2)</i>	<i>(34.0)</i>	
TOTAL REVENUE	1,386.5	1,367.6	1%

in EUR million	1H2018	1H2017*	delta
installation technology	17.6	22.9	(23%)
material technology	24.6	24.3	1%
climate technology	3.8	2.4	58%
industrial technology	10.3	5.6	84%
<i>holding / eliminations</i>	<i>0.8</i>	<i>0.1</i>	
TOTAL CAPEX	57.1	55.3	3%

* 1H2017 adjusted for comparison purposes (as disclosed in FY2017 webcast and analyst presentation)

CAPEX expectation FY2018 EUR 130-150 million

operating profit (EBITA) & EBITA margin

in EUR million	1H2018	1H2017*	delta
installation technology	71.2	72.7	(2%)
material technology	51.0	49.9	2%
climate technology	32.6	29.8	9%
industrial technology	30.5	25.4	20%
<i>holding / eliminations</i>	<i>(6.1)</i>	<i>(8.0)</i>	
TOTAL EBITA	179.2	169.8	6%

in % of revenue	1H2018	1H2017*	delta
installation technology	12.4	12.4	-
material technology	13.5	13.3	0.2
climate technology	11.9	11.4	0.5
industrial technology	15.7	14.5	1.2
TOTAL EBITA MARGIN	12.9	12.4	0.5

* 1H2017 adjusted for comparison purposes (as disclosed in FY2017 webcast and analyst presentation)

EBITA margin improved from 12.4% to 12.9%



4. objectives update 2018-2022

good progress on our 2018-2022 objectives

worldwide leading
niche technology
positions

- market position strengthened - material technology (PEM), industrial technology (VAF)
- portfolio optimised - divestment of activities (EUR 40 million revenue annually)

creating
sustainable
profitable growth

- many organic growth and innovation initiatives, increasing full year CAPEX
- sustainability focus further intensified, embracing SDGs

generating high
added-value
margins

- added-value margin 1H2018 (62.8%) improved compared to 2H2017 (61.6%)
- continuous optimisation of product portfolio and operational/pricing excellence

converting strong
operational
execution into
free cash flow

- upgraded sales and distribution organisation installation technology in process
- North America increase return, Europe distribution footprint launched

achieving
financial ratios

- organic revenue growth +5.2% (1H2017 +4.7%)
- EBITA margin improved to 12.9% (1H2017 12.4%), ROCE improved to 15.2% (1H2017 14.5%)

outlook 2018 - unchanged

- we will execute our updated strategy 'focused acceleration' and objectives, as presented in December 2017
- we will drive our long-term business plans and innovation roadmaps
- we expect further sustainable profitable growth in 2018





questions & answers

aalberts.com/investors