


full year results 2017

Utrecht, 28 February 2018

agenda

- the Aalberts way
- strategy & objectives
- highlights 2017
- operational review
- financial review
- outlook
- questions & answers

A woman with long brown hair is looking through a telescope. She is holding the telescope with both hands. The background is a blurred industrial or construction site with scaffolding and structural elements. The entire image has a strong red color overlay.

Wim Pelsma (CEO)
John Eijgendaal (CFO)
Oliver Jäger (Executive Director)
Arno Moninx (Executive Director)

the Aalberts way - winning with people



**be an
entrepreneur**

We explore and make dreams happen.

We adapt, innovate and focus on our customers' requirements and give them back so much more than they expect.



**take
ownership**

We are responsible for achieving our own commitments.

Proactive, accountable, and empowered to perform.



**go for
excellence**

We are passionate, self-critical and persistent in everything we do.

We challenge the status quo, push boundaries and think outside the box. And we deliver results.



**share and
learn**

We learn from each other by being professional and open-minded.

We get better every day. We are not afraid of failure. In fact, we embrace it as a valuable stop on the route to success.



**act with
integrity**

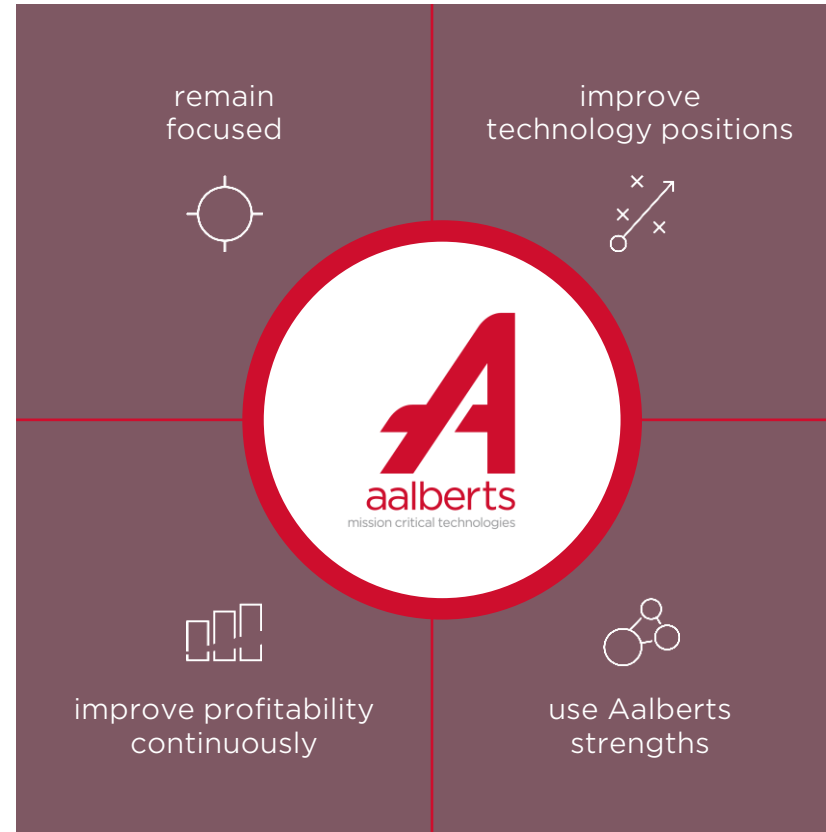
We lead by example, act transparently and speak up.

We are professional at all times, and in everything we do

Aalberts strategy 'focused acceleration' 2018-2022

continued focus on businesses,
end markets and niche
technologies with sustainable
profitable growth potential,
delivering high added value for
our customers






relentlessly continue and expand
our Operational Excellence
programme through pricing
excellence, make or buy decisions,
further consolidation of locations,
manufacturing and supply chain
efficiency improvements



accelerate organic growth,
increase game changing
innovations executing our long-
term innovation roadmap,
combine our offerings to Key
Accounts and strengthen our
market positions with mainly
bolt-on acquisitions

together, winning with people,
by exchanging best practices of
manufacturing technology,
innovations, working methods &
know-how utilising our Aalberts
brand, global footprint,
investment power, acquisition
expertise and talented people

objectives

|  worldwide leading niche technology positions |  creating sustainable profitable growth |  generating high added- value margins |  converting strong operational execution into free cash flow |  achieving following financial ratios |
|--|--|--|---|--|
| in the defined end markets and businesses supported by strong brand names, serving a variety of global end markets. | in earnings per share with a good spread in businesses, technologies, end markets and geographical regions with good growth potential. | by creating leading niche technology-end market positions, Operational Excellence, providing excellent services to our customers and continuously driving innovations. | to reinvest in selected businesses and technologies, with disciplined allocation of capital, to accelerate organic growth, innovations and acquisitions. | average organic revenue growth > 3% EBITA margin > 14% ROCE > 18% FCF conversion ratio > 70% leverage ratio < 2.5 solvability > 40% |

our businesses

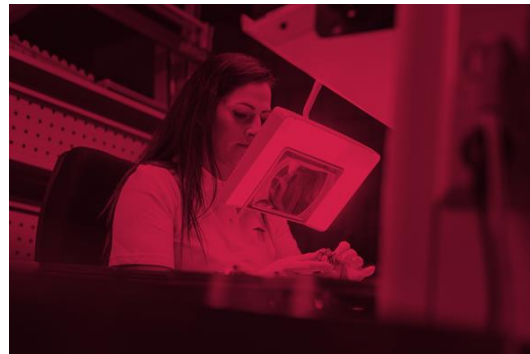
installation technology

develops and manufactures integrated piping systems and plastic connection systems to distribute and control water or gas in heating, cooling, (drinking) water, gas and sprinkler systems in residential, commercial and industrial buildings and industrial installations



material technology

offers a unique combination of advanced heat & surface treatment technology and highly specialised manufacturing expertise making use of a global network of locations with excellent local knowledge and service



climate technology

develops and manufactures complete hydronic & air flow control systems and treatment solutions for heating, cooling, ventilation and drinking water. All designed for residential and commercial buildings



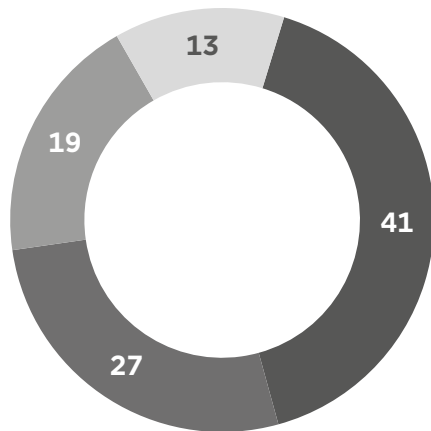
industrial technology

engineers and manufactures (custom made) solutions for specific niche applications to regulate and control gasses and liquids under often severe and critical conditions and co-develops and integrates specialised manufacturing technologies



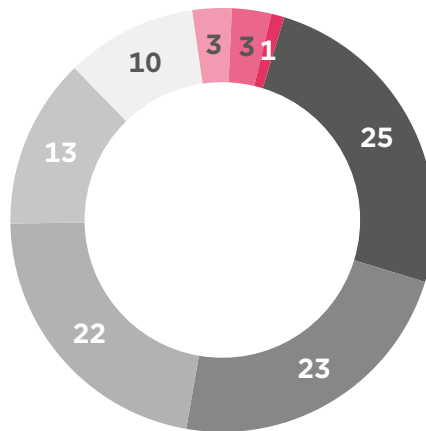
remain focused – revenue spread

per business
(in %)



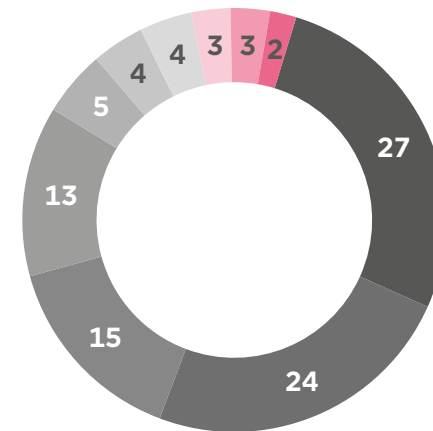
- installation technology **41%**
- material technology **27%**
- climate technology **19%**
- industrial technology **13%**

per region
(in %)



- Benelux, United Kingdom, Nordic **25%**
- North America **23%**
- Germany, Austria, Switzerland **22%**
- France, Southern Europe **13%**
- Russia, Eastern Europe **10%**
- Far East **3%**
- Middle East & Africa **3%**
- Other countries **1%**

per end market
(in %)



- commercial buildings **27%**
- residential buildings **24%**
- general industries **15%**
- automotive **13%**
- industrial installations **5%**
- water & gas supply, irrigation **4%**
- semicon & science **4%**
- power generation, aerospace **3%**
- beverage dispense **3%**
- district energy, gas **2%**



highlights 2017

highlights 2017

revenue
(in EUR million)

2,694
+7%

EBITA
(in EUR million)

336
+13%

net profit
(in EUR million)

238
+12%

free cash flow
(in EUR million)

310
+13%

added-value
(% of revenue)

62.3
2016: 62.2

EBITA %
(% of revenue)

12.5
2016: 11.8

earnings per share
(in EUR)

2.15
+12%

ROCE
(in %)

16.2
2016: 14.7

- revenue +7% to EUR 2,694 million (organic +6%)
- operating profit (EBITA) +13% to EUR 336 million; EBITA-margin improved to 12.5%
- net profit before amortisation +12% to EUR 238 million; earnings per share EUR 2.15 (+12%)
- free cash flow +13% to EUR 310 million; cash flow from operations +12% to EUR 427 million
- return on capital employed (including goodwill) improved to 16.2%
- many investments in organic growth and innovation initiatives
- bolt-on acquisitions: VIN SERVICE and PNEUTEC



operational review



installation technology



develops and manufactures integrated piping systems and plastic connection systems to distribute and control water or gas in heating, cooling, (drinking) water, gas and sprinkler systems in residential, commercial and industrial buildings and industrial installations

our niche technologies & brands



our end markets



commercial
buildings



residential
buildings



industrial
installations



water & gas
supply, irrigation

operational review - installation technology

revenue (in EUR million)

1,134.8
+6%

EBITA (in EUR million)

138.7
+13%

EBITA % (in % of revenue)

12.2
2016: 11.4

capital expenditure (in EUR million)

43.2
+12%

integrated piping systems

- realised good organic growth, mainly Europe
- started delivering several new Key Accounts, expanded offering to others
- additional investments were made to facilitate the growth
- successfully shipped new patented connection system including the valves
- started implementing our long-term global innovation roadmap
- in North America orders increased during H2, especially in the Industrial Installations end market
- marketing and sales approach was further aligned and strengthened
- in combination with our improved distribution footprint in North America

plastic connection systems

- realised excellent growth in many countries, especially Europe
- more focused approach on niche market segments
- expanded portfolio, defined long-term innovation roadmaps and investment plans for equipment, logistics & distribution
- operational performance improved through execution of many Operational Excellence projects

material technology



offers a unique combination of advanced heat & surface treatment technology and highly specialised manufacturing expertise making use of a global network of locations with excellent local knowledge and service.

our niche technologies & brands



our end markets



automotive



general
industries



power generation,
aerospace

operational review - material technology

revenue (in EUR million)

733.9
+5%

EBITA (in EUR million)

97.3
+7%

EBITA % (in % of revenue)

13.3
2016: 13.0

capital expenditure (in EUR million)

51.2
+2%

heat treatment

- performed well in almost all regions and end markets, volumes on a good level
- capacity in North America and Eastern Europe further expanded, several greenfields started
- further consolidated service locations in Southern Europe

surface treatment

- did well, especially in Automotive we faced good circumstances
- ramp up greenfields is making good progress, several service locations improved
- many Operational Excellence projects in progress to further improve efficiency

specialised manufacturing

- complex precision stamping performed well, especially France showed good growth
- many R&D projects for the electrification of vehicles and autonomous driving
- precision extrusion for General Industries and Aerospace end market continued on a good level; long-term business plan further executed
- technology portfolio improved through further consolidation of locations
- precision machining for turbines faced low activity in OEM, partly compensated in repair market
- new initiatives on additive manufacturing in combination with post treatments



climate technology



develops and manufactures complete hydronic & air flow control systems and treatment solutions for heating, cooling, ventilation and drinking water. All designed for residential and commercial buildings

our niche technologies & brands



our end markets



commercial
buildings



residential
buildings

operational review - climate technology

revenue
(in EUR million)

523.8
+4%

EBITA
(in EUR million)

62.3
+15%

EBITA %
(in % of revenue)

11.9
2016: 10.8

capital expenditure
(in EUR million)

6.5
-23%

hydronic flow control

- good organic growth in almost all regions, Russia still challenging circumstances
- expanded offering with several Key Accounts; with several others in discussion to offer more integrated hydronic flow control system solutions
- continued to integrate and optimise joint marketing and sales approach in combination with the execution of Operational Excellence projects
- long-term business plan, including innovation roadmap was finalised
- additional investments to improve efficiency and facilitate growth potential
- started pilots to develop digital solutions making our products and systems connected
- digital centre and team were created to accelerate business opportunities

thermal & sanitary efficiency

- performed well, good growth in many regions, especially France
- long-term business plan and innovation roadmap to reach a higher added value
- focused on development of water treatment and dispense, thermal control solutions and plastic connection systems
- implementing an investment plan for new product lines and improved production technology
- product portfolio and branding more aligned to achieve a higher added value offering
- execution innovation roadmap started including pilots to develop digital connections and data collection, creating new business models

industrial technology



engineers and manufactures (custom made) solutions for specific niche applications to regulate and control gasses and liquids under often severe and critical conditions and co-develops and integrates specialised manufacturing technologies.

our niche technologies & brands



BROEN VENTREX



our end markets



semicon
& science



district
energy, gas



beverage
dispense



automotive



general
industries

operational review - industrial technology

revenue
(in EUR million)

362.9
+16%

EBITA
(in EUR million)

54.4
+18%

EBITA %
(in % of revenue)

15.0
2016: 14.8

capital expenditure
(in EUR million)

17.4
+107%

fluid control

- still difficult circumstances Oil end market, more focus on District Energy and Gas
- especially in Asia we made progress with new set up and organisation
- launched patented full flow valve range, after ramping up automated manufacturing in Denmark
- good year in Automotive and General Industries end markets
- invested in additional engineering capacity to accelerate innovation roadmap
- in process to further align and optimise manufacturing locations

dispense technologies

- Beverage Dispense end market faced difficult year, delay of projects of some major customers
- continued to align global business, including VIN SERVICE (acquired beginning of 2017)
- started to further consolidate facilities in North America
- with several Key Accounts in discussion to offer more complete, integrated dispense system solution
- strengthened engineering team worldwide to accelerate organic growth and innovations

advanced mechatronics

- made an excellent year, realised exceptional organic growth in the Semicon & Science end market
- preparations and pre-investments for the increased orderbook and additional projects
- further aligned organisation, including PNEUTEC (acquired July 2017).
- additional investments were made to facilitate many growth initiatives

selective, disciplined acquisition strategy

VIN SERVICE (beginning of 2017)



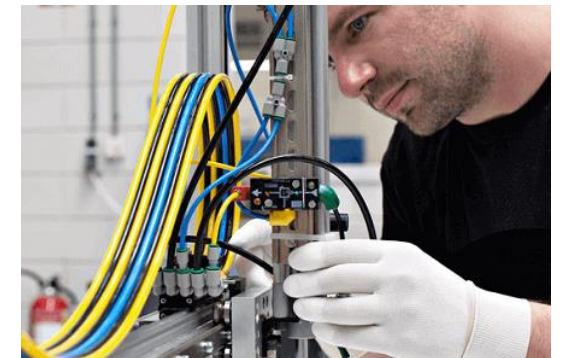
- specialised in the design and manufacturing of dispensing equipment for all kinds of beverages, globally servicing its many key customers
- strengthens position in **Beverage Dispense** end market
- complementary portfolio, enhances global market position
- many possibilities in especially North America and Asia, utilising Key Account contacts



PNEUTEC (July 2017)



- pneumatic and electronic technology, delivering integrated system solutions for Key Accounts mainly in the Semicon & Science end market
- strengthens position in **Semicon & Science** and **General Industries** end markets
- enables offering of more engineered solutions to existing customers, combining engineering, project management and manufacturing and assembly knowledge
- will be integrated in the organisation of Aalberts advanced mechatronics





financial review

condensed consolidated income statement

| in EUR million | 2017 | 2016 |
|--|--------------|--------------|
| revenue | 2,694.0 | 2,522.1 |
| operating profit (EBITDA) | 422.4 | 391.8 |
| depreciation | (86.9) | (93.7) |
| operating profit (EBITA) | 335.5 | 298.1 |
| net interest expense | (16.7) | (16.6) |
| other net finance cost | (8.7) | (3.4) |
| income tax expense (<i>ETR FY17: 24.6%, FY16: 25.2%</i>) | (68.0) | (62.4) |
| non-controlling interests | (3.9) | (3.2) |
| NET PROFIT BEFORE AMORTISATION | 238.2 | 212.4 |
| EPS before amortisation in EUR | 2.15 | 1.92 |

- revenue growth: +5.5% organic, +2.2% acquisitions/divestments, -0.9% FX/currency impact
- FX impact EUR 22 mio *negative* on revenue and EUR 1.7 mio *negative* on EBITA

condensed consolidated balance sheet

in EUR million

| | 31.12.2017 | 31.12.2016 |
|---|--------------|--------------|
| total non-current assets | 1,916 | 1,903 |
| total current assets | 994 | 956 |
| TOTAL ASSETS | 2,910 | 2,859 |
| total equity | 1,513 | 1,391 |
| total non-current liabilities | 640 | 706 |
| total current liabilities | 757 | 762 |
| TOTAL EQUITY AND LIABILITIES | 2,910 | 2,859 |
| net debt | 569 | 713 |
| leverage ratio: Net debt / EBITDA (12-months-rolling) | 1.3 | 1.7 |
| net working capital | 455 | 480 |
| net working capital as a % of total revenue | 16.8 | 18.8 |
| total equity as a % of total assets | 52.0 | 48.7 |
| return on capital employed (ROCE) (in %) | 16.2 | 14.7 |

condensed consolidated cash flow statement

| in EUR million | 2017 | 2016 | delta |
|---|--------------|---------------|--------------|
| operating profit (EBITDA) | 422.4 | 391.8 | 30.6 |
| result on sale of equipment / Changes in provisions | (3.0) | (11.4) | 8.4 |
| changes in working capital | 7.6 | 2.1 | 5.5 |
| CASH FLOW FROM OPERATIONS | 427.0 | 382.5 | 44.5 |
| net capital expenditure | (117.0) | (109.2) | (7.8) |
| FREE CASH FLOW | 310.0 | 273.3 | 36.7 |
| finance cost paid | (22.7) | (20.4) | (2.3) |
| income taxes paid | (68.1) | (56.6) | (11.5) |
| acquisition/disposal of subsidiaries | (41.0) | (111.5) | 70.5 |
| proceeds from non-current borrowings | 144.5 | 0.6 | 143.9 |
| repayment of non-current borrowings | (130.0) | (64.4) | (65.6) |
| dividends paid | (64.1) | (57.6) | (6.5) |
| cash flow to non-controlling interests | (0.1) | (2.7) | 2.6 |
| NET INCREASE/(DECREASE) IN CASH AND CURRENT BORROWINGS | 128.5 | (39.3) | 167.8 |

revenue & capex

| in EUR million | 1H2017* | FY2017 | 1H2016* | FY2016* | delta FY |
|-------------------------------|----------------|----------------|----------------|----------------|-----------|
| installation technology | 588.7 | 1,134.8 | 543.8 | 1,073.1 | 6% |
| material technology | 375.1 | 733.9 | 356.2 | 699.2 | 5% |
| climate technology | 262.1 | 523.8 | 250.8 | 501.8 | 4% |
| industrial technology | 175.7 | 362.9 | 157.9 | 312.3 | 16% |
| <i>holding / eliminations</i> | <i>(34.0)</i> | <i>(61.4)</i> | <i>(34.4)</i> | <i>(64.3)</i> | |
| TOTAL REVENUE | 1,367.6 | 2,694.0 | 1,274.3 | 2,522.1 | 7% |

| in EUR million | 1H2017* | FY2017 | 1H2016* | FY2016* | delta FY |
|-------------------------------|-------------|--------------|-------------|--------------|------------|
| installation technology | 22.9 | 43.2 | 21.1 | 38.7 | 12% |
| material technology | 24.3 | 51.2 | 27.2 | 50.1 | 2% |
| climate technology | 2.4 | 6.5 | 4.2 | 8.4 | (23%) |
| industrial technology | 5.6 | 17.4 | 4.4 | 8.4 | 107% |
| <i>holding / eliminations</i> | <i>0.1</i> | <i>0.6</i> | <i>0.1</i> | - | |
| TOTAL CAPEX | 55.3 | 118.9 | 57.0 | 105.6 | 13% |

* adjusted for comparison purposes

operating profit (EBITA) & EBITA margin

| in EUR million | 1H2017* | FY2017 | 1H2016* | FY2016* | delta FY |
|-------------------------------|--------------|---------------|--------------|---------------|------------|
| installation technology | 72.7 | 138.7 | 62.3 | 122.4 | 13% |
| material technology | 49.9 | 97.3 | 46.1 | 90.6 | 7% |
| climate technology | 29.8 | 62.3 | 25.5 | 54.0 | 15% |
| industrial technology | 25.4 | 54.4 | 23.5 | 46.2 | 18% |
| <i>holding / eliminations</i> | <i>(8.0)</i> | <i>(17.2)</i> | <i>(7.0)</i> | <i>(15.1)</i> | - |
| TOTAL EBITA | 169.8 | 335.5 | 150.4 | 298.1 | 13% |

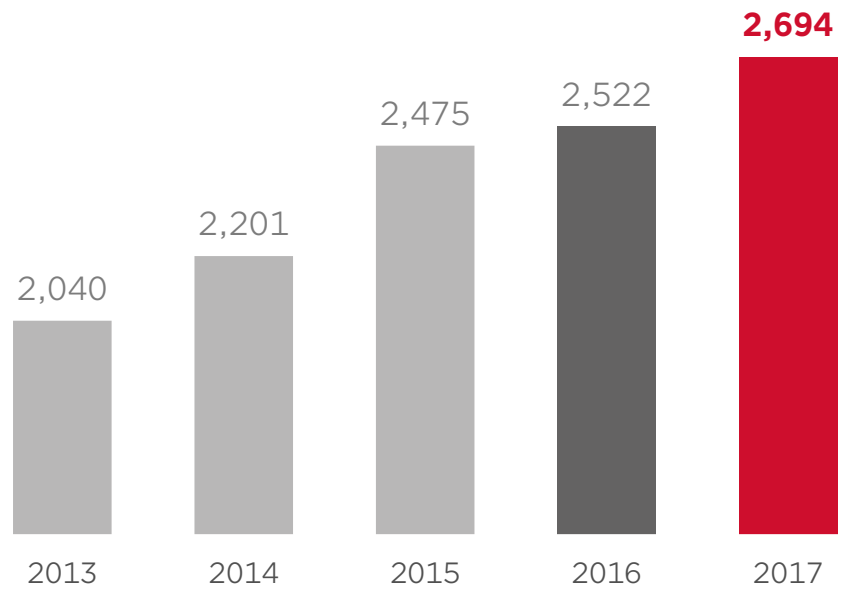
| in % of revenue | 1H2017* | FY2017 | 1H2016* | FY2016* | delta FY |
|---------------------------|-------------|-------------|-------------|-------------|------------|
| installation technology | 12.4 | 12.2 | 11.5 | 11.4 | 0.8 |
| material technology | 13.3 | 13.3 | 12.9 | 13.0 | 0.3 |
| climate technology | 11.4 | 11.9 | 10.2 | 10.8 | 1.1 |
| industrial technology | 14.5 | 15.0 | 14.9 | 14.8 | 0.2 |
| TOTAL EBITA MARGIN | 12.4 | 12.5 | 11.8 | 11.8 | 0.7 |

* adjusted for comparison purposes

overview - revenue & added-value margin

revenue

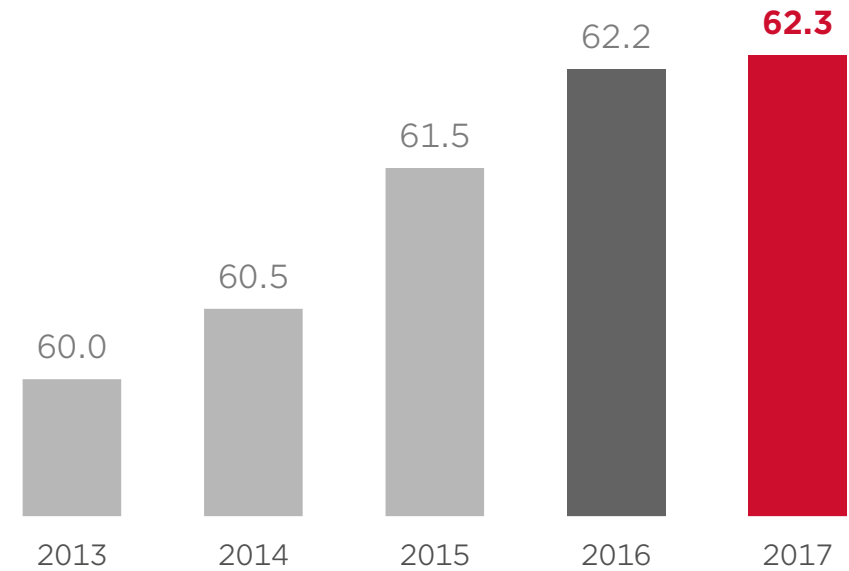
(in EUR million)



2,694
+7%

added-value margin

(in %)

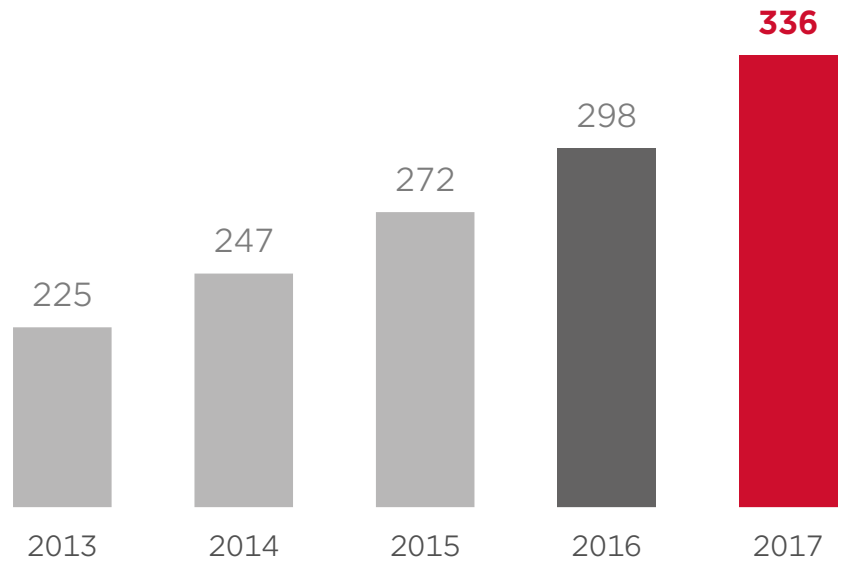


62.3

overview - operating profit (EBITA) & EBITA margin

operating profit (EBITA)

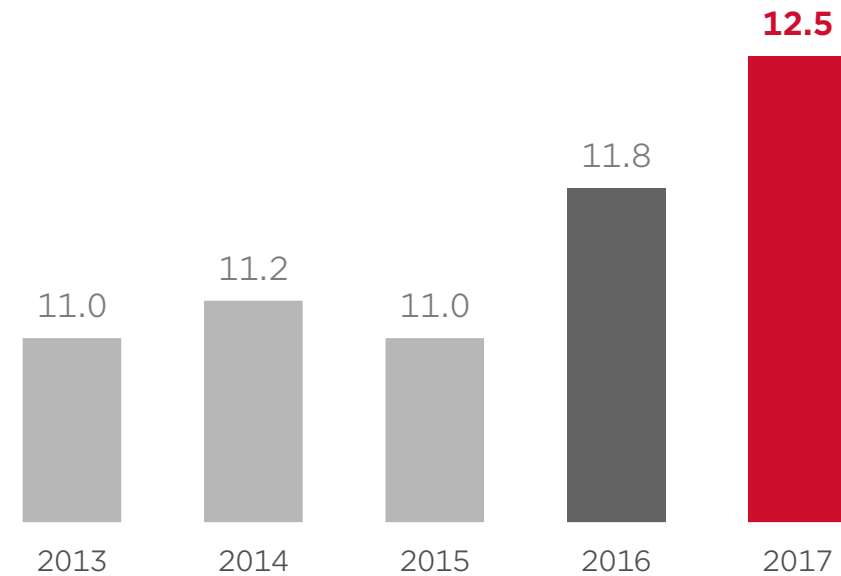
(in EUR million)



336
+13%

EBITA as a % of revenue

(in %)

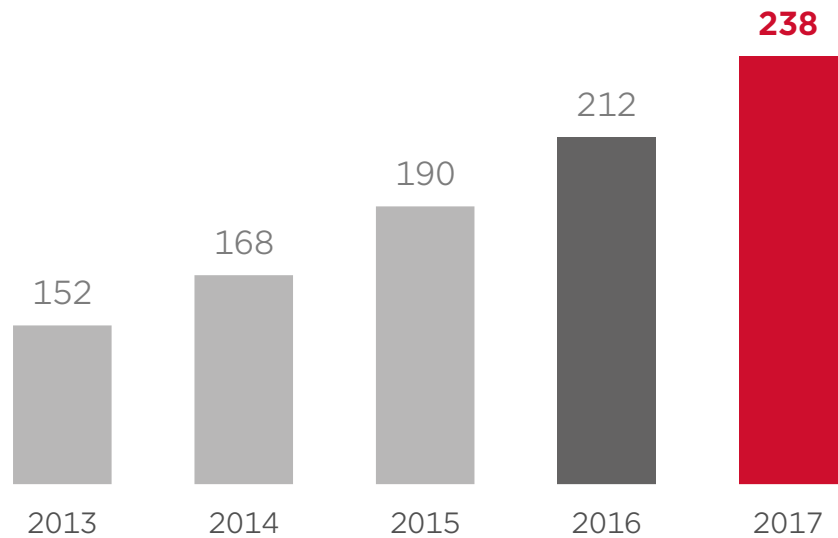


12.5

overview - net profit & earnings per share (EPS)

net profit (before amortisation)

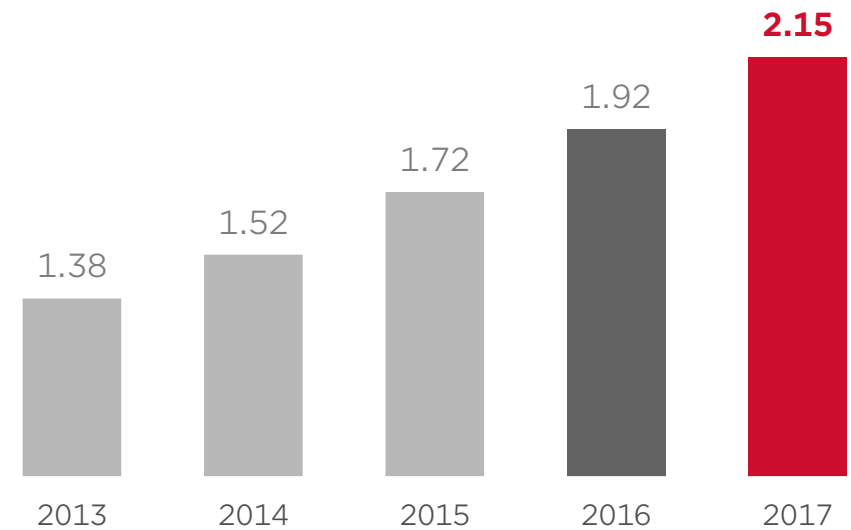
(in EUR million)



238
+12%

EPS (before amortisation)

(in EUR)

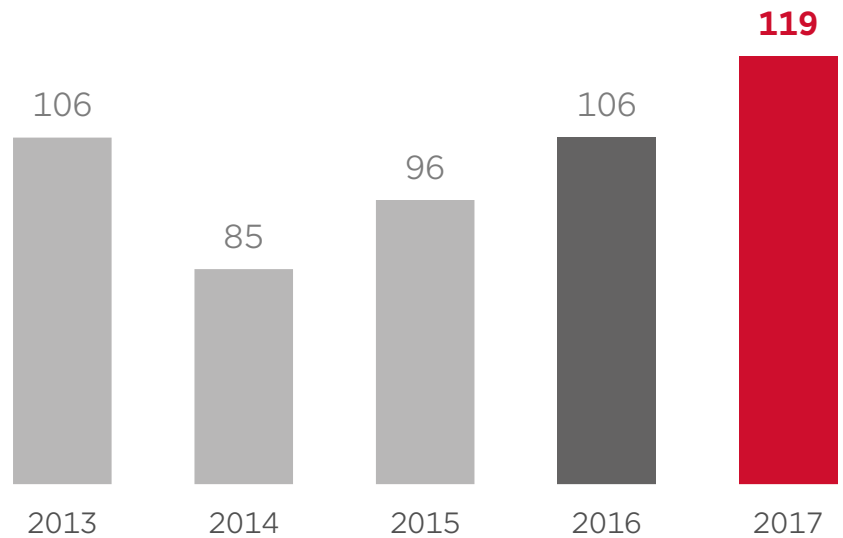


2.15
+12%

overview - capital expenditure & ROCE

capital expenditure

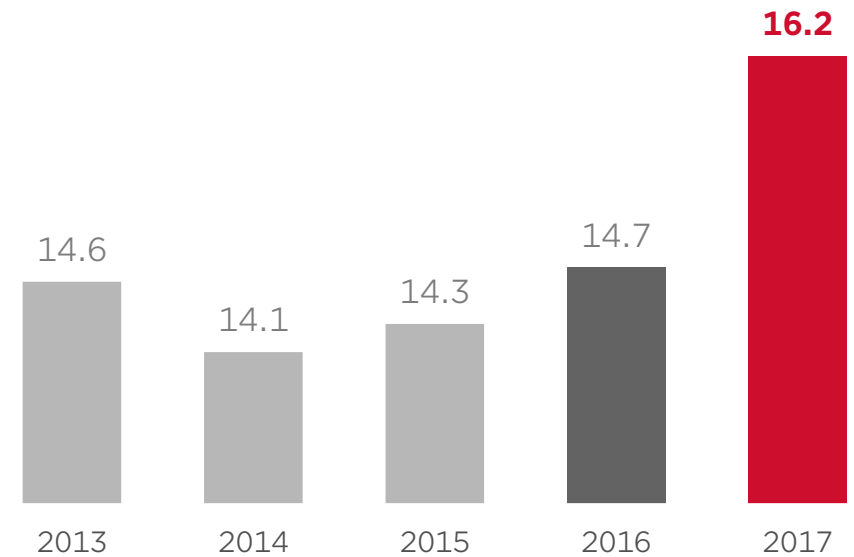
(in EUR million)



119
+12%

return on capital employed (ROCE)

(in %)

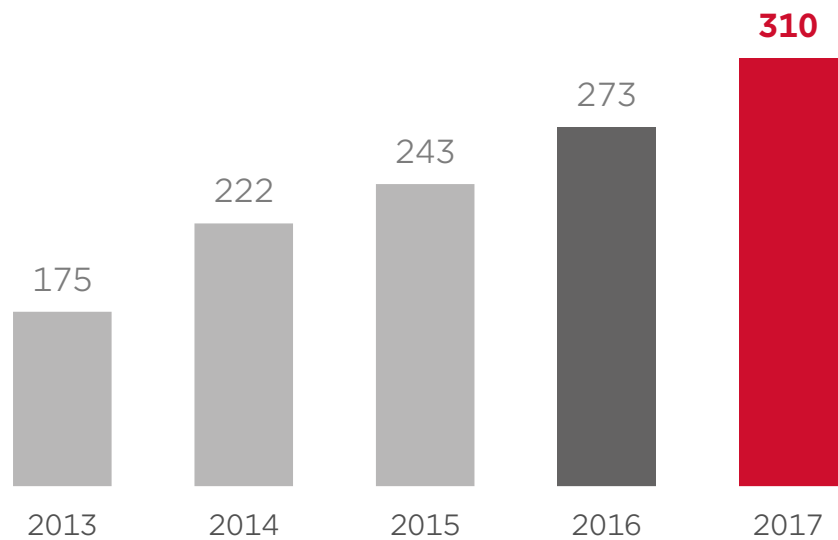


16.2

overview - FCF and FCF conversion ratio

free cash flow (before interest and tax)

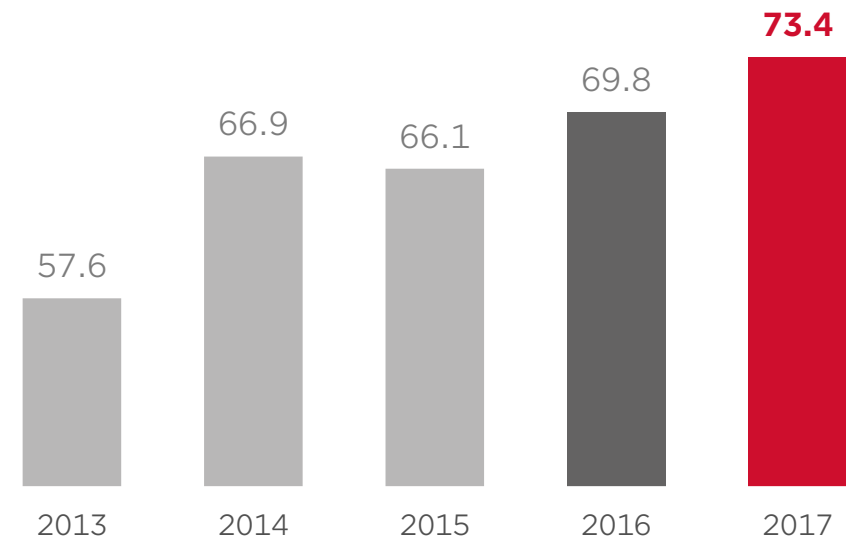
(in EUR million)



310
+13%

free cash flow conversion ratio (FCF/EBITDA)

(in %)

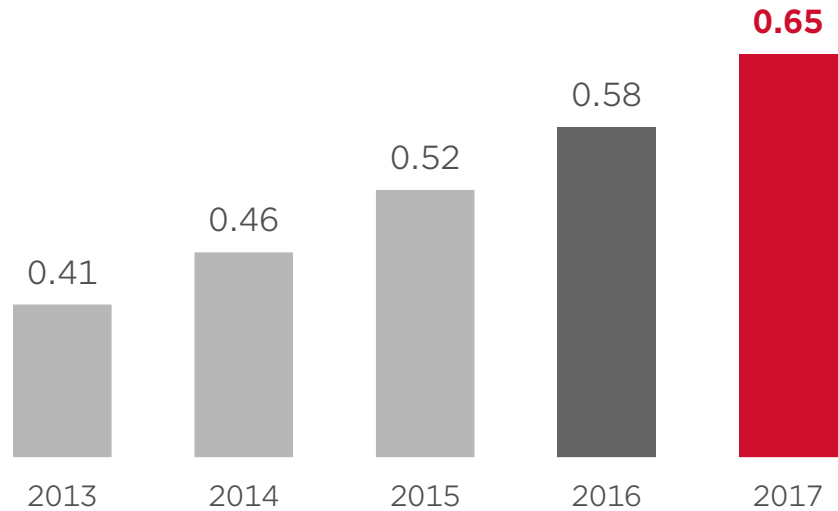


73.4

overview - dividend per ordinary share

dividend

(in EUR)



proposal to increase the cash dividend per ordinary share by 12% to EUR 0.65 (2016: EUR 0.58)

0.65
+12%

outlook

- 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



new head office location

- during 2018 Aalberts will move to another head office location at the newly built WTC in Utrecht (NL)
- by doing so, we will improve our group connectivity and infrastructure

A photograph of a man with glasses looking through the viewfinder of a camera. The image is heavily tinted with a red color overlay. The man's face is partially visible, and his hands are holding the camera. The background is dark and out of focus.

questions & answers