



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

half-year investor update, July 2019

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1. Aalberts

Wim Pelsma - CEO



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

our essence



mission-critical
technologies



good is never
good enough

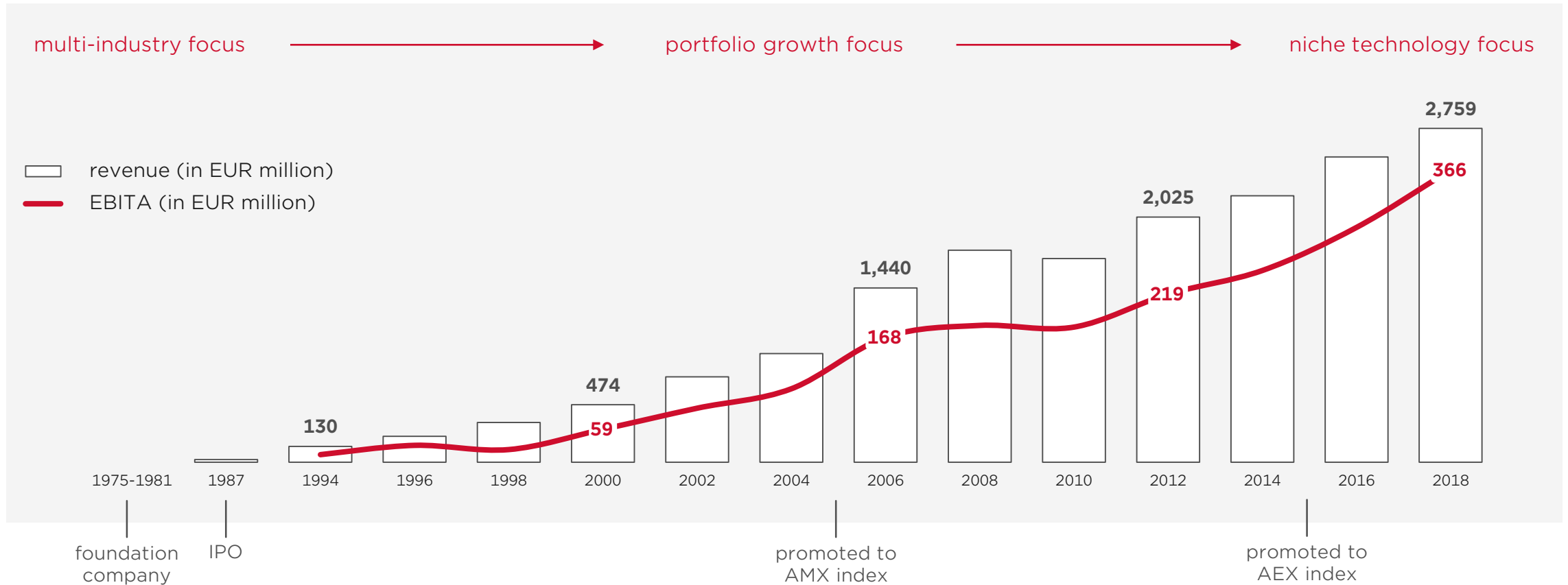


greatness is made of
shared knowledge

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 – over 40 years of sustainable profitable growth



focused technology leader, strongly positioned for accelerated future growth

our key strength - mission-critical people

the Aalberts way
winning with people

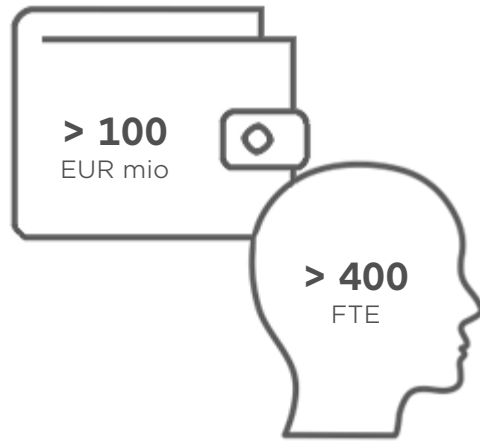
greatness is made of shared knowledge
our unique advantage

-  be an entrepreneur
-  take ownership
-  go for excellence
-  share and learn
-  act with integrity



innovation driving sustainable profitable growth

continuous investments in R&D



R&D investments
4% of total revenue

innovate portfolio & business



leadership networks and
focused investments

leverage mega trends



exchange fresh thinking and
embrace new technologies

our pragmatic culture and lean structure keep us ahead of the game



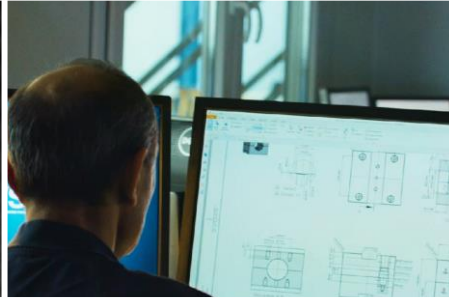
2. Aalberts highlights

Wim Pelsma - CEO

Aalberts highlights



innovations driving additional growth exceeded expectations



setup of digital engineering services worldwide



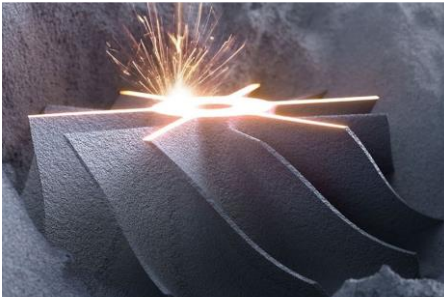
new distribution and assembly centre NL, expansion Belgium



new generation of electronic regulators for CNG passenger cars



full flow valves district energy, gas, residential, commercial buildings



increased investments additive manufacturing related processes



co-development projects new surface technologies for weight reduction



opened renewed extrusion hall with upgraded equipment



first long-term digital services contracts digital hubs FR & NL



advantage of investments, earlier gained projects semicon

we are where technology matters and real progress can be made

Aalberts highlights



revenue
(in EUR million)

1,436
+4%

added-value
(% of revenue)

63.3
1H2018: 62.8

EBITA
(in EUR million)

188
+5%

EBITA %
(% of revenue)

13.1
1H2018: 12.9

net profit
(in EUR million)

138
+6%

earnings per share
(in EUR)

1.25
+6%

capital expenditure
(in EUR million)

72
+26%

ROCE
(in %)

14.4
1H2018: 15.2

- organic revenue growth +3%
- operating profit (EBITA) +5%
- EBITA margin improved to 13.1%
- net profit before amortisation +6%
- earnings per share +6%
- CAPEX +26% to facilitate many organic growth, innovation and efficiency initiatives
- bolt-on acquisition Precision Plating Company (PPC), Chicago, USA
- cash flow from operations strong increase

solid performance due to unique market positions, innovation and organic growth initiatives, entrepreneurial strength and strong focused business teams

3. operational review

Oliver Jäger – executive director

installation technology

revenue
(in EUR million)

574
-

EBITA
(in EUR million)

70
-2%

EBITA %
(in % of revenue)

12.2
1H2018: 12.4

capital expenditure
(in EUR million)

25
42%

- Europe good organic growth
- North America made slow start, with increasing order intake
 - » industrial installations project offerings increased, higher activity second half
- key accounts expanded; increased capacity in fast-growing product lines; strategy integrated piping systems getting more traction
- North America good progress efficiency improvements, inventory reductions, cost optimisations
- plans in process making our locations 'world class'; lot to gain with further consolidation, manufacturing automation, inventory and cost reductions and optimising supply chains
- UK challenging; additional innovations; utilising strong UK market position/footprint
- multilayer systems performed well
 - » several new larger accounts, expanded R&D efforts, specification sales force
 - » operational excellence initiatives showed good improvements

strategy is getting more traction, a lot to gain

revenue
(in EUR million)

392
+4%

EBITA
(in EUR million)

54
+6%

EBITA %
(in % of revenue)

13.8
1H2018: 13.5

capital expenditure
(in EUR million)

30
+23%

- heat and surface treatment Europe lower level than last year, due to
 - » emission requirements impacting engine mix of vehicles, WLTP testing capacity, lower worldwide car deliveries, inventory reduction supply chain in automotive
- compensated by new parts hybrid/electrical cars, growth general industries, aerospace end markets and growth in activities Eastern Europe, North America
- North America performed well
 - » new business, last year's investments, integration acquired businesses
 - » general industries, automotive and aerospace on good level
 - » power generation stabilised after decline last years
- adjusted cost base Europe in line with lower order level
- specialised manufacturing did well
 - » good developments general industries, aerospace and automotive
 - » combining precision extrusion, machining and surface technologies
- acquisition Precision Plating Company (USA) annual revenue appr. USD 36 million

solid performance despite lower order level Europe, CAPEX increased

revenue
(in EUR million)

278
+1%

EBITA
(in EUR million)

33
+2%

EBITA %
(in % of revenue)

12.0
1H2018: 11.9

capital expenditure
(in EUR million)

4
+3%

- good organic growth in many regions
 - » France, UK and Southern Europe market circumstances challenging
 - » launch new product line delayed, took more time and effort than expected
- project specification becoming more successful, offering complete solutions
- digital hubs in France and the Netherlands are growing fast
- participating in projects with universities to develop future technologies
- remain focused on many operational excellence initiatives to improve efficiency and profitability
 - » further automated operations and expanded capacity in Italy
 - » optimised assembly layout in the Netherlands to facilitate growth
- new build manufacturing and distribution facility in the Netherlands 2H2019
- further portfolio optimisation necessary to accelerate organic growth, profitability

good organic growth, many new product lines, further portfolio optimisation

revenue
(in EUR million)

216
+11%

EBITA
(in EUR million)

34
+12%

EBITA %
(in % of revenue)

15.9
1H2018: 15.7

capital expenditure
(in EUR million)

12.5
+21%

- fluid control activities good organic revenue growth, driven by innovations
 - » full flow valves for residential, commercial buildings, district energy, gas
 - » electronic regulators for CNG passenger cars
- dispense technologies good progress
 - » aligning organisation, finalised consolidation of locations in USA
 - » innovation roadmap more focused
- acquisition VAF integrated well
- advanced mechatronics organic growth and solid performance
 - » despite lower order intake and delay of shipments in semicon & science
 - » advantage of investments made in previous years and projects gained earlier
 - » prosperous future; development projects Aalberts ongoing
 - » lot of initiatives to optimise efficiency after strong growth period
 - » strengthened structure, improved supply chain and purchasing and reduced costs
- divestment HFI (the Netherlands), annual revenue approximately EUR 12 million

innovation is driving growth, advantage of earlier investments

4. financial review

Arno Monincx - CFO



condensed consolidated income statement

in EUR million	1H2019	1H2018
revenue	1,435.7	1,386.5
operating profit (EBITDA)	251.9	226.5
depreciation	(64.4)	(47.3)
operating profit (EBITA)	187.5	179.2
net interest expense	(10.4)	(7.8)
other net finance cost	0.7	(2.2)
income tax expense (<i>ETR 1H2019: 24.1, 1H2018: 24.4</i>)	(38.0)	(37.1)
non-controlling interests	(2.0)	(1.9)
NET PROFIT BEFORE AMORTISATION	137.8	130.2
EPS before amortisation in EUR	1.25	1.18

- revenue growth +3.6% (+2.5% organic; FX impact +1.6%; acquisitions/divestments -0.5%)
- FX impact EUR 22 million *positive* on revenue and EUR 2 million *positive* on EBITA

EBITA and net profit growth realised in more difficult market circumstances

condensed consolidated balance sheet

in EUR million	30.06.2019	31.12.2018	30.06.2018
total non-current assets	2,249	2,068	1,926
total current assets	1,211	1,080	1,206
TOTAL ASSETS	3,460	3,148	3,132
total equity	1,717	1,676	1,550
total non-current liabilities	742	674	566
total current liabilities	1,001	798	1,016
TOTAL EQUITY AND LIABILITIES	3,460	3,148	3,132
net debt	905	586	744
leverage ratio: net debt / EBITDA (12-months-rolling)	1.9	1.3	1.7
net working capital	640	464	632
net working capital as a % of total revenue	22.7	16.8	23.1
total equity as a % of total assets	49.6	53.2	49.5
return on capital employed (ROCE) (in %)	14.4	16.6	15.2

IFRS 16 is effective as of 1 January 2019, 2018 comparative figures have not been restated, see slide 'impact adoption IFRS 16'

ROCE impacted by IFRS 16

condensed consolidated cash flow statement

in EUR million	1H2019	1H2018	delta
operating profit (EBITDA)	251.9	226.5	25.4
result on sale of equipment / changes in provisions	(5.8)	(3.3)	(2.5)
changes in working capital	(171.8)	(173.7)	1.9
CASH FLOW FROM OPERATIONS	74.3	49.5	24.8
net capital expenditure	(77.2)	(63.2)	(14.0)
FREE CASH FLOW	(2.9)	(13.7)	10.8
finance cost paid	(8.2)	(8.6)	0.4
income taxes paid	(37.0)	(41.7)	4.7
acquisition/disposal of subsidiaries	(46.0)	(22.8)	(23.2)
proceeds from non-current borrowings	54.4	3.0	51.4
repayment of non-current borrowings	(79.3)	(71.1)	(8.2)
dividends paid	(82.9)	(71.9)	(11.0)
settlement of share based payment awards and other	(0.1)	(7.0)	6.9
NET INCREASE/(DECREASE) IN CASH AND CURRENT BORROWINGS	(202.0)	(233.8)	31.8

strong cash flow from operations, NWC more balanced

revenue & CAPEX

in EUR million	1H2019	1H2018	delta
installation technology	573.5	575.9	-
material technology	392.4	377.1	4%
climate technology	277.7	273.8	1%
industrial technology	215.6	193.9	11%
<i>holding / eliminations</i>	<i>(23.5)</i>	<i>(34.2)</i>	
TOTAL REVENUE	1,435.7	1,386.5	4%

in EUR million	1H2019	1H2018	delta
installation technology	25.0	17.6	42%
material technology	30.2	24.6	23%
climate technology	3.9	3.8	3%
industrial technology	12.5	10.3	21%
<i>holding / eliminations</i>	<i>0.3</i>	<i>0.8</i>	
TOTAL CAPEX	71.9	57.1	26%

CAPEX increased to facilitate many organic growth, innovation and efficiency initiatives

operating profit (EBITA) & EBITA margin

in EUR million	1H2019	1H2018	delta
installation technology	69.7	71.2	(2%)
material technology	54.0	51.0	6%
climate technology	33.4	32.6	2%
industrial technology	34.3	30.5	12%
<i>holding / eliminations</i>	<i>(3.9)</i>	<i>(6.1)</i>	
TOTAL EBITA	187.5	179.2	5%
in % of revenue	1H2019	1H2018	delta
installation technology	12.2	12.4	(0.2)
material technology	13.8	13.5	0.3
climate technology	12.0	11.9	0.1
industrial technology	15.9	15.7	0.2
TOTAL EBITA MARGIN	13.1	12.9	0.2

EBITA margin improved from 12.9% to 13.1%

impact adoption IFRS 16

in EUR million	1H2019 before IFRS 16	adoption IFRS 16	1H2019 as reported
EBITDA	237.2	14.7	251.9
EBITA	187.1	0.4	187.5
net interest expense	(9.2)	(1.2)	(10.4)
income tax expense	(38.2)	0.2	(38.0)
net profit before amortisation	138.4	(0.6)	137.8
net debt	778.2	126.5	904.7
total assets	3,333.6	125.9	3,459.5
total equity as a % of total assets	51.5	(1.9)	49.6
leverage ratio	1.7	0.2	1.9
return on capital employed	15.1	(0.7)	14.4

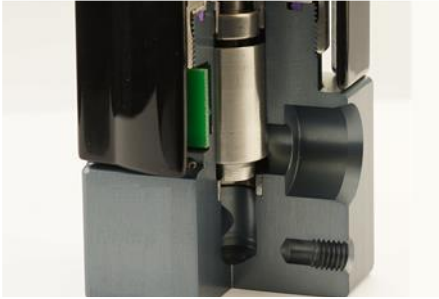
impact adoption standard IFRS 16 in line with preliminary assessment as disclosed in financial statements for year ended 31 December 2018

adoption of IFRS 16 has impact on return on capital employed

5. Aalberts looking forward

Wim Pelsma - CEO

Aalberts looking forward



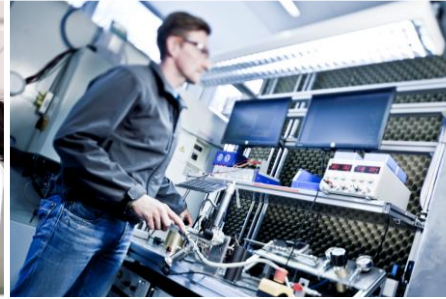
innovations for thermo management hybrid and electrical vehicles



co-development new surface technologies for changes in voltage



surface technologies for ultra clean, particle-free parts



specialised gas compressors and valves for commercial vehicles



new product lines related to energy efficiency, legislation ...



... safety, data monitoring and integrated system solutions



new build manufacturing and distribution facility in the Netherlands



innovation initiatives sensor and measurement systems marine



upgraded product lines and complete systems beverage dispense



additional dimensions full flow valve range district energy, gas

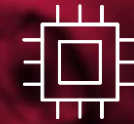
we are where technology matters and real progress can be made

Aalberts looking forward



automotive

- engine mix vehicles becomes more clear
- WLTP testing capacity improves
- inventory reduction will stabilise
- developments for hybrid and electrical vehicles will continue to grow



semicon & science

- increased activity level 2H2019
- our inventory was kept on higher level to anticipate on this development
- we have a prosperous future in this end market
- development projects in which Aalberts is participating are ongoing

outlook

- we remain confident in the execution of the many growth and innovation initiatives and investment plans
- we will pursue our strategy 'focused acceleration'
- we will drive our profitability further and convert strong operational execution into free cash flow

capital markets day

- on Wednesday 4 December 2019 Aalberts will host a Capital Markets Day in its experience centre at WTC Utrecht (NL)
- we will give an update of the Aalberts strategy 'focused acceleration' 2018-2022, presented in December 2017
- the update will be followed by an innovation experience





6. questions & answers

aalberts.com/investors