

Aalberts realises 16% organic revenue growth and an EBITA margin of 15.2%

highlights

- revenue EUR 2,979 million; organic growth 16.0%
- orderbook increased with 52%
- EBITA EUR 454 million; EBITA margin 15.2%
- net profit before amortisation EUR 337 million; per share EUR 3.05
- free cash flow EUR 310 million
- capital expenditure increased to EUR 147 million
- additionally: exceptional EBITA benefit of EUR 100 million
- acquisitions Sentinel and Premier Thermal
- divestments Adex, Lasco and Standard Hidráulica Group

CEO statement

“We delivered a strong performance in 2021. Our Aalberts people did a great job in continuing operations in a safe way, despite an ongoing pandemic, supply chain challenges, raw material and labour shortages and inflation.

We realised an added value margin of 62.2%. Our revenue reached EUR 2,979 million with an organic revenue growth of 16.0%. We realised an EBITA of EUR 454 million with an EBITA margin of 15.2%. Our net profit before amortisation increased with 69% to EUR 337 million, per share EUR 3.05. Additionally, an exceptional EBITA benefit of EUR 100 million was realised.

We accelerated our organic revenue growth initiatives, capital expenditure increased to EUR 147 million and will further increase coming years. The portfolio was further optimised with two acquisitions and three divestments.

In December we presented our updated strategy Aalberts ‘accelerates unique positioning’, including an action plan for 2022-2026 and updated objectives during a virtual Capital Markets Day.”

key figures

in EUR million (before exceptionals)	2021	2020	delta
revenue	2,979	2,610	14%
added-value as a % of revenue	62.2	61.6	
EBITA	454	283	61%
EBITA as a % of revenue	15.2	10.8	
net profit before amortisation	337	200	69%
earnings per share before amortisation (in EUR)	3.05	1.81	69%
net debt	492	600	(18%)
leverage ratio: net debt / EBITDA	0.9	1.4	
free cash flow (before interest and tax)	310	360	(14%)
capital expenditure	147	95	54%
net working capital	452	399	13%
return on capital employed (in %)	17.2	11.7	

dividend

To the General Meeting we propose a cash dividend of EUR 1.01 per share (2020: EUR 0.60), an increase of 68% and a special cash dividend of EUR 0.64 per share, due to the exceptional EBITA benefit.

outlook

In 2022, we started with a strong orderbook and will relentlessly execute our updated strategy Aalberts ‘accelerates unique positioning’.

financial development

Revenue increased by EUR 368.7 million to EUR 2,979.1 million. The 2021 acquisitions (Sentinel and Premier Thermal) caused a positive revenue effect of EUR 34.7 million. Divestments in 2021 (Adex, Lasco and Standard Hidráulica Group) caused a negative revenue effect of EUR 50.1 million. Currency translation impact amounted to EUR 20.6 million negative, mainly USD. Overall, we realised an organic revenue growth of EUR 404.7 million or 16.0%.

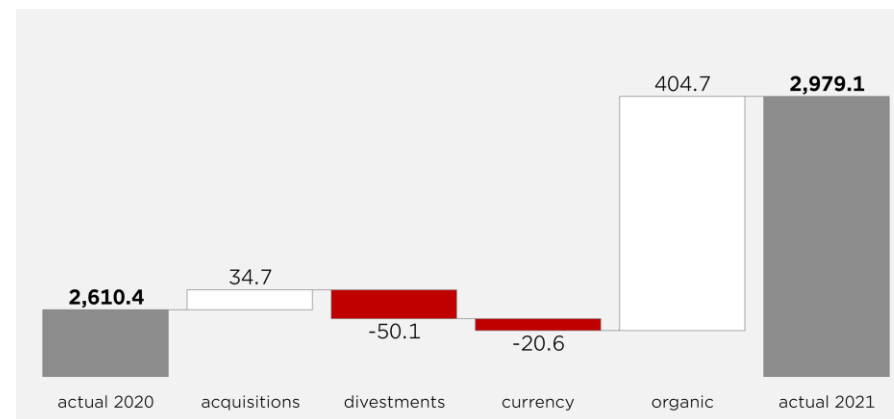
EBITA before exceptionals increased in 2021 by EUR 171.7 million to EUR 454.2 million or 15.2% of the revenue. There was a positive effect of EUR 7.7 million from the 2021 acquisitions. Divestments in 2021 caused a negative effect of EUR 2.9 million. Currency translation impact amounted to EUR 1.9 million negative, resulting into an organic EBITA growth of EUR 168.8 million. Holding/eliminations is reported EUR 7.3 million negative, same as in 2020. The additional operational excellence programme led to a one-off exceptional cost of EUR 53.9 million, funded by an exceptional disposal benefit of EUR 154.2 million, resulting in a total exceptional EBITA benefit of EUR 100.3 million in 2021.

Net profit before amortisation and exceptionals increased by EUR 137.7 million to EUR 337.3 million, per share to EUR 3.05 (2020: EUR 1.81). The effective tax rate was 24.5% against 24.4% last year.

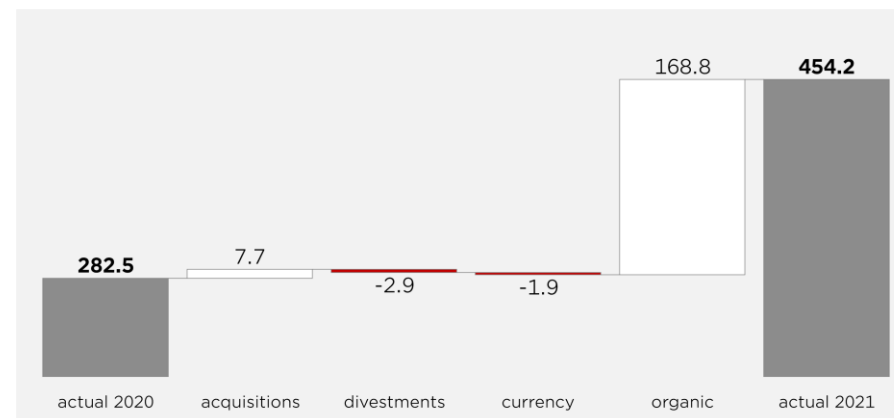
Working capital increased to EUR 452 million or 58 days (2020: EUR 399 million or 55 days). Inventories finished at EUR 688 million (2020: EUR 555 million), mainly caused by inflation and additional raw materials (EUR 53 million higher) and work in progress (EUR 44 million higher). The cash flow from working capital of EUR 97 million negative (2020: EUR 62 million positive) and an increased CAPEX cash out of EUR 145 million (2020: EUR 108 million) led to a free cash flow before exceptionals of EUR 310 million (2020: EUR 360 million).

Return on capital employed increased from 11.7% to 17.2% (before IFRS 16 from 12.5% to 18.4%). Our capital employed increased with EUR 270 million to EUR 2,676 million. Equity increased to 59.7% of the balance sheet total (2020: 55.5%). Net debt further reduced to EUR 492 million (2020: EUR 600 million).

revenue bridge



EBITA bridge



operational development

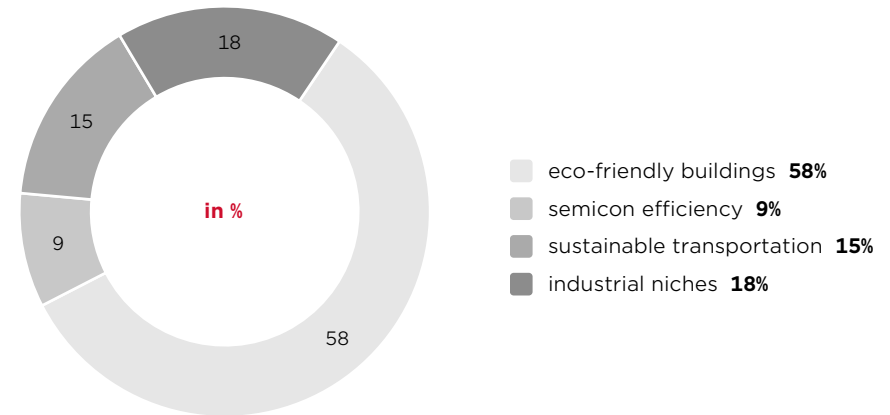
In 2021 Aalberts realised an organic revenue growth of 16.0% compared to last year. The year ended with a record orderbook, 52% higher than last year and 60% higher compared to 2019. The added value margin of 62.2% was on a good level.

Our business teams were able to continue operations in a safe way and to manage the disruptions in our supply chains, the raw material and labour shortages and inflation. We faced no severe issues and served our customers in the best possible way, despite these challenges. The implementation of the strategic restructuring programme, inventory optimisation projects and divestment programme made good progress and are on track. The business development projects and innovation roadmaps were evaluated during the year with our business teams and we accelerated the initiatives, driving our organic revenue growth this year and the coming years.

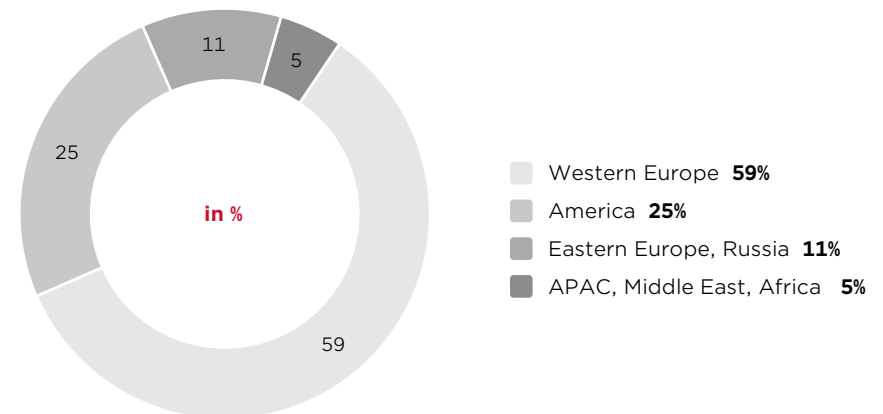
Capital expenditure increased with 54% compared to last year and will further increase the coming years, due to several developments. Firstly, capital will be allocated to the long-term business development plans and innovation roadmaps. Secondly, capacity will be increased in fast-growing product lines, and technologies. Thirdly, capital is allocated to drive the many operational excellence initiatives, including the additional operational excellence programme. Fourthly, regional manufacturing becomes favourable to improve service, protect supply chains and reduce transport to realise a more sustainable supply chain. This reshoring trend we experience in all businesses and we are anticipating on this trend in Europe, United Kingdom and North America.

In December, during a virtual Capital Markets Day, we presented our updated strategy Aalberts 'accelerates unique positioning', including an action plan for 2022-2026 and updated objectives. The four main strategic actions are to continue portfolio optimisation, increase organic revenue growth, relentlessly pursue operational excellence and drive sustainable entrepreneurship utilising and accelerating our unique market positions.

revenue per end market



revenue per region



Activities in the **eco-friendly buildings** end market did very well in all regions. The orderbook increased to a record level. Many growth drivers are contributing to this good performance. First, the market recovery and the restocking of the distribution channels after the COVID-19 impact. The restocking of the distribution channels is still ongoing due to low stock levels. Secondly, end users are investing more in renovation and upgrading of residential housing and commercial buildings. Thirdly, our innovations launched the last years are driving our growth, such as the expansion of the connection and valve technology portfolio, integrated piping systems solutions with digital drawing services, hydronic flow control solutions combined with digital services and the acquisition of water treatment solutions of Sentinel. This is accelerated by governmental support programmes stimulating building efficiency and the transition towards sustainable heating and cooling systems. We made good progress with our many operational excellence initiatives to become more efficient, leverage our manufacturing locations and consolidate our distribution footprint. We increased and will further increase our manufacturing efficiency and capacity in fast-growing product lines in Europe, North America and Asia in combination with acceleration of our capital expenditure to realise 'world-class' operations.

In the **semicon efficiency** end market we realised a strong growth and good performance. The orderbook further increased to a record level. Long-term growth drivers are strong microchip demand for computer logic and storage, e-mobility developments, connectivity and IoT, investments in new fabs and 5G roll-out. These growth drivers are accelerating our business even faster than expected. Besides, microchip manufacturers are expanding their regional capacity to secure their own technology know-how and supply chain. This is accelerating additional investments in the most efficient microchip manufacturing equipment in all regions. Based on these growth drivers, the record orderbook and conversations with our key accounts, we are in the process of preparing capacity expansions and efficiency improvements in all our locations. In addition we are exploring possibilities for greenfield manufacturing expansions. In parallel, we are working on new product introductions with our key accounts to co-develop, assemble and manufacture integrated modules. Based on the long-term business plan of Aalberts advanced mechatronics we further strengthened the organisation and the management teams and recruited additional engineers and manufacturing people to facilitate the growth. Aalberts is a key enabler to realise capacity growth and new developments for its customers.

Activities in the **sustainable transportation** end market realised a good performance, despite disruptions in the supply chain at the facilities of our customers, who faced backlogs and long delivery times. The end user demand for passenger cars and commercial vehicles continued to be strong. Many new co-developments with our customers are in progress for surface technologies in combination with precision manufactured parts for e-mobility and electrification of vehicles. This development is accelerating even faster than expected and giving many opportunities. First, the need for lightweight materials is leading to an increase of precision manufactured aluminium parts with additional surface technologies. Besides a leading position in Europe, we gained a strong position in North America, through the acquisition of Premier Thermal, a leading player in aluminium treatment. Secondly, connectors are growing fast with high-specified precision manufactured parts in combination with metal strip coatings. Thirdly, the development of many new passenger car and light truck models are generating additional business opportunities, because many new parts are needed and only a small percentage of our business is related to the engine of a vehicle. Additionally, the aerospace and marine market are recovering fast with an increased order intake and a strong orderbook, driven by sustainable solutions for lightweight materials and reduction of the carbon footprint of our customers.

In the **industrial niches** end market our orderbook increased during the year in Europe and North America. A further recovery is visible in the order intake of the last months, although supply chain disruptions at the facilities of our customers also have impact in this end market. We further optimised our surface technologies portfolio and invested more in specific industrial niche segments with higher margins. These investments got more traction during the year and additional investments are in process to expand these technologies to other regions, utilising our service network. In Eastern Europe we installed additional equipment to facilitate the growth, due to the transfer of the business of our customers. Our orderbook of industrial valves in North America increased during the year and we prepared additional investments to facilitate the growth and to increase manufacturing efficiency.

acquisitions and divestments

Aalberts acquired Sentinel in the United Kingdom, generating an annual revenue of approximately GBP 20 million; acquired Premier Thermal in Michigan, USA, generating an annual revenue of approximately USD 60 million.

Aalberts divested Adex in the Netherlands, generating an annual revenue of approximately EUR 10 million; divested Lasco in Tennessee, USA, generating an annual revenue of approximately USD 150 million; divested Standard Hidráulica Group in Spain, generating an annual revenue of approximately EUR 90 million.

After reporting date, Aalberts divested Elkhart Tri-Went Industrial (ETI) in Indiana, USA, generating an annual revenue of approximately USD 45 million. As at 31 December 2021 ETI is reported as 'held for sale'.

webcast

A webcast will take place on 24 February 2022, starting at 9:00 am CET. The webcast and presentation can be accessed via aalberts.com/webcast2021

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financial calendar 2022-2023

date	event
7 April 2022	publication annual report
19 May 2022	trading update
19 May 2022	General Meeting
1 July 2022	paying out dividend
21 July 2022	publication interim results
9 November 2022	trading update
23 February 2023	publication full year results
11 May 2023	trading update
11 May 2023	General Meeting

regulated information

This press release contains information that qualifies or may qualify as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

consolidated income statement

in EUR million

	2021	2020
revenue	2,979.1	2,610.4
raw materials used and work subcontracted	(1,138.5)	(1,001.4)
personnel expenses	(837.0)	(808.6)
other operating expenses	(475.0)	(435.6)
amortisation of intangible assets	(48.4)	(43.8)
depreciation of property, plant and equipment	(108.5)	(110.9)
depreciation of right-of-use assets	(43.1)	(37.2)
total operating expenses	(2,650.5)	(2,437.5)
other income	177.5	14.5
operating profit	506.1	187.4
net finance cost	(13.2)	(22.4)
profit before income tax	492.9	165.0
income tax expense	(125.1)	(39.9)
profit after income tax	367.8	125.1
attributable to:		
shareholders	360.1	117.3
non-controlling interests	7.7	7.8
earnings per share (in EUR)		
basic	3.26	1.06
diluted	3.25	1.06
net profit before amortisation	337.3*	199.6*
earnings per share before amortisation (in EUR)		
basic	3.05*	1.81*
diluted	3.04*	1.80*

* before exceptionals

consolidated balance sheet

in EUR million	31-12-2021	31-12-2020
assets		
intangible assets	1,377.3	1,255.7
property, plant and equipment	880.6	828.6
right-of-use assets	175.3	157.6
non-current financial assets	7.3	10.0
deferred income tax assets	19.4	21.2
total non-current assets	2,459.9	2,273.1
inventories	688.4	554.9
trade receivables	336.7	323.6
current income tax receivables	16.9	8.5
other current assets	54.7	39.3
cash and cash equivalents	72.0	55.8
assets held for sale	26.7	-
total current assets	1,195.4	982.1
total assets	3,655.3	3,255.2

in EUR million	31-12-2021	31-12-2020
equity and liabilities		
shareholders' equity	2,143.7	1,774.1
non-controlling interests	40.0	32.2
total equity	2,183.7	1,806.3
bank loans	178.9	263.7
lease liabilities	149.8	127.4
deferred income tax liabilities	134.2	112.6
provision for employee benefits	53.5	77.3
provisions	7.3	6.5
non-current financial liabilities	1.8	-
total non-current liabilities	525.5	587.5
current portion of bank loans	96.4	161.7
current portion of lease liabilities	33.7	31.7
current borrowings	104.1	71.3
current portion of provisions	12.5	22.1
trade and other payables	450.3	373.1
current income tax payables	38.9	29.7
other current liabilities	205.1	171.8
liabilities held for sale	5.1	-
total current liabilities	946.1	861.4
total equity and liabilities	3,655.3	3,255.2

consolidated cash flow statement

in EUR million

	2021	2020
cash flow from operating activities		
operating profit	506.1	187.4
amortisation and depreciation	200.0	191.9
result on sale of equipment	1.1	(0.5)
gain on disposal of subsidiaries	(173.7)	-
changes in provisions	(10.0)	13.0
changes in inventories	(156.2)	42.0
changes in trade and other receivables	(63.7)	2.6
changes in trade and other payables	122.6	17.3
changes in working capital	(97.3)	61.9
cash flow from operations	426.2	453.7
finance cost paid	(14.9)	(22.2)
income taxes paid	(119.6)	(53.9)
net cash generated by operating activities	291.7	377.6
cash flow from investing activities		
acquisition of subsidiaries	(191.1)	(19.9)
disposal of subsidiaries	298.4	12.1
purchase of property, plant and equipment	(144.6)	(107.6)
purchase of intangible assets	(12.2)	(10.4)
proceeds from sale of equipment	2.1	3.0
net cash generated by investing activities	(47.4)	(122.8)
cash flow from financing activities		
repayment of bank loans	(163.2)	(131.5)
lease payments	(36.2)	(38.2)
dividends paid	(66.4)	(88.5)
settlement of share based payment awards	-	(3.8)
net cash generated by financing activities	(265.8)	(262.0)
net increase/(decrease) in cash and current borrowings	(21.5)	(7.2)
cash and current borrowings at beginning of period	(15.5)	(6.2)
effect of changes in exchange rates	4.9	(2.1)
cash and current borrowings as at end of period	(32.1)	(15.5)

consolidated statement of comprehensive income

in EUR million	2021	2020
profit for the period	367.8	125.1
currency translation differences	48.9	(56.4)
fair value changes of derivative financial instruments	6.8	(5.5)
remeasurements of employee benefit obligations	22.2	(7.1)
income tax effect	(6.0)	3.1
other comprehensive income / (loss)	71.9	(65.9)
total comprehensive income / (loss)	439.7	59.2
attributable to:		
shareholders	431.8	54.8
non-controlling interests	7.9	4.4

consolidated statement of changes in equity

in EUR million	issued and paid-up share capital	share premium account	currency translation reserve	hedging reserve	retained earnings	shareholders' equity	non-controlling interests	total equity
as at 1 January 2021	27.6	200.8	(75.5)	(8.3)	1,629.5	1,774.1	32.2	1,806.3
profit for the period	-	-	-	-	360.1	360.1	7.7	367.8
other comprehensive income	-	-	48.7	5.1	17.9	71.7	0.2	71.9
dividend 2020	-	-	-	-	(66.3)	(66.3)	(0.1)	(66.4)
share based payments	-	-	-	-	4.1	4.1	-	4.1
as at 31 December 2021	27.6	200.8	(26.8)	(3.2)	1,945.3	2,143.7	40.0	2,183.7
as at 1 January 2020	27.6	200.8	(22.5)	(4.2)	1,608.1	1,809.8	28.0	1,837.8
profit for the period	-	-	-	-	117.3	117.3	7.8	125.1
other comprehensive income	-	-	(53.0)	(4.1)	(5.4)	(62.5)	(3.4)	(65.9)
dividend 2019	-	-	-	-	(88.5)	(88.5)	(0.2)	(88.7)
share based payments	-	-	-	-	(2.0)	(2.0)	-	(2.0)
as at 31 December 2020	27.6	200.8	(75.5)	(8.3)	1,629.5	1,774.1	32.2	1,806.3

revenue per end market

(in EUR million)	2021	%	2020	%
eco-friendly buildings	1,732.3	58	1,524.5	58
semicon efficiency	266.2	9	218.2	8
sustainable transportation	452.3	15	359.0	14
industrial niches	528.3	18	508.7	20
total	2,979.1	100	2,610.4	100

revenue per region

(in EUR million)	2021	%	2020	%
Western Europe	1,763.0	59	1,506.5	58
America	731.7	25	677.7	26
Eastern Europe, Russia	333.6	11	288.5	11
APAC, Middle East, Africa	150.8	5	137.7	5
total	2,979.1	100	2,610.4	100

reporting per business segment

building technology	2021	2020	delta
revenue (in EUR million)	1,837.9	1,623.8	13%
organic revenue growth (in %)	16.2	-	
EBITA (in EUR million)	285.7	187.1	53%
EBITA as a % of revenue (in %)	15.5	11.5	4.0
capital expenditure (in EUR million)	75.7	49.5	53%

industrial technology	2021	2020	delta
revenue (in EUR million)	1,141.2	986.6	16%
organic revenue growth (in %)	15.6	-	
EBITA (in EUR million)	175.8	102.7	71%
EBITA as a % of revenue (in %)	15.4	10.4	5.0
capital expenditure (in EUR million)	68.1	45.6	49%

holding eliminations	2021	2020	delta
EBITA (in EUR million)	(7.3)	(7.3)	

notes to the condensed consolidated financial information

basis of preparation and summary of accounting policies

The condensed consolidated financial information for the year 2021 has been prepared using accounting policies which are in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS) and with Part 2 Book 9 of the Dutch Civil Code. The accounting policies and methods of computation applied in the condensed consolidated financial information are the same as those which were applied for the previous financial year. Further disclosures, as required under IFRS for a complete set of consolidated financial statements, are not included in the condensed consolidated financial information. The consolidated financial statements of Aalberts N.V. for the year ended 31 December 2021 have been prepared, audited and authorised for issue on 23 February 2022 and will be published on 7 April 2022.

calculation net profit before amortisation and exceptionals

(in EUR million)	2021	2020
net profit	360.1	117.3
amortisation	48.4	43.8
exceptional (income) /costs:		
o gain on disposals	(154.2)	-
o personnel expenses	13.5	34.6
o depreciation of property, plant and equipment	13.7	8.0
o depreciation of right-of-use assets	7.0	-
o write-off inventories	11.4	-
o other operating expenses	8.3	8.7
o tax impact	29.1	(12.8)
net profit before amortisation and exceptionals	337.3	199.6

subsequent events

In January 2022 Aalberts reached an agreement to divest 100% of the shares of Elkhart Tri-Went Industrial ('ETI') (building technology), with locations in the USA and Canada. ETI generates an annual revenue of approximately USD 45 million. ETI will be deconsolidated as of 1 February 2022. As at 31 December 2021 ETI qualified as a subsidiary held for sale which is measured at the lower of its carrying amount and fair value less costs to sell. The classification to held for sale did not result in an impairment of the carrying value of ETI's assets and liabilities and therefore did not impact the result. Totals assets of EUR 26.7 million and total liabilities of EUR 5.1 million were reclassified to held for sale as at 31 December 2021.

In January 2022 Aalberts reached an agreement to acquire 100% of the shares of ISEL Germany AG (industrial technology), based in Germany and generating an annual revenue of approximately EUR 35 million. ISEL will be consolidated as of 1 February 2022.

non-GAAP measures

This press release includes certain measures that are not defined by generally accepted accounting principles (GAAP) such as EBITA, free cash flow (FCF), return on capital employed (ROCE), exceptional income / (costs) and net debt. This information, together with comparable GAAP measures, is useful to investors because it provides a basis for measuring Aalberts' operating performance. Aalberts' management uses these financial measures, together with GAAP financial measures, in evaluating the business performance. Alternative performance (non-GAAP) measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. This press release does not replace (and should be read in conjunction with) Aalberts' financial statements.

key figures

	2021	2020	2019	2018	2017
results (in EUR million)					
revenue	2,979	2,610	2,841	2,759	2,694
EBITDA	585*	423*	493	462	422
EBITA	454*	283*	363	366	336
net profit before amortisation	337*	200*	267	275	238
cash flow from operations	426	454	465	427	427
free cash flow (before interest and tax)	310*	360*	312	312	310
balance sheet (in EUR million)					
intangible assets	1,377	1,256	1,320	1,235	1,127
property, plant and equipment	881	829	874	818	775
capital expenditure	147	95	148	134	119
net working capital	452	399	490	464	455
total equity	2,184	1,806	1,838	1,676	1,513
net debt	492	600	755	586	569
capital employed	2,676	2,406	2,592	2,262	2,081
total assets	3,655	3,255	3,466	3,148	2,910
number of employees at end of period (x1)	14,402	14,782	16,094	16,452	16,003
ratios					
solvability (total equity as a % of total assets)	59.7	55.5	53.0	53.2	52.0
leverage ratio	0.9	1.4	1.5	1.3	1.3
EBITA as a % of revenue	15.2*	10.8*	12.8	13.3	12.5
free cash flow conversion ratio	52.9*	85.2*	63.2	67.6	73.4
return on capital employed	17.2*	11.7*	14.1	16.6	16.2
added value as a % of revenue	62.2*	61.6	62.8	62.6	62.3
effective tax rate	24.5*	24.4*	22.9	21.4	24.6
gearing ratio (net debt divided by equity)	0.2	0.3	0.4	0.3	0.4
interest cover ratio	42.7	23.6	22.1	27.2	25.9
number of ordinary shares issued (in millions)	110.6	110.6	110.6	110.6	110.6
figures per share (in EUR)					
net profit before amortisation	3.05*	1.81*	2.42	2.49	2.15
dividend	1.01	0.60	0.80	0.75	0.65
special dividend	0.64				
share price at year-end	58.26	36.46	40.01	29.05	42.40

* before exceptionals