

Aalberts realises 10% organic revenue growth and an EBITA margin of 15.5%

highlights

- revenue EUR 1,615 million
- organic revenue growth 9.8%
- orderbook +39%
- EBITA EUR 250 million; EBITA margin 15.5%
- net profit before amortisation EUR 186 million; per share EUR 1.68 (+11%)
- capital expenditure increased to facilitate growth plans
- continued investments in additional inventory
- acquisitions ISEL, UWS and KML; divestment ETI

CEO statement

“In the first six months of the year we delivered a good performance.

We were able to manage the ongoing pandemic, disruptions in our supply chains, raw material and labour shortages and inflation. We invested in additional inventory to secure our customer deliveries and facilitate growth.

Our revenue reached a level of EUR 1,615 million with an organic revenue growth of 9.8%. We realised an EBITA of EUR 250 million with an EBITA margin of 15.5%. Our net profit before amortisation increased with 11% to EUR 186 million, per share EUR 1.68.

Many business development projects are in process to drive our organic revenue growth and operational excellence. Capital expenditure increased. Our portfolio further strengthened with three acquisitions and one divestment.”

key figures

in EUR million (before exceptionals)	1H2022	1H2021	delta
revenue	1,615	1,511	7%
added-value as a % of revenue	62.8	61.8	
EBITA	250	226	11%
EBITA as a % of revenue	15.5	14.9	
net profit before amortisation	186	169	11%
earnings per share before amortisation (in EUR)	1.68	1.52	11%
net debt	652	658	(1%)
leverage ratio: net debt / EBITDA	1.1	1.3	
cash flow from operations	90	153	(41%)
capital expenditure	84	58	44%
net working capital	706	516	37%
return on capital employed (in %)	15.9	14.8	

outlook

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

financial development

Revenue increased by EUR 103.9 million to EUR 1,614.7 million. Acquisitions in 2021 (Sentinel and Premier Thermal) and 2022 (ISEL and UWS) caused a positive revenue effect of EUR 60.7 million. Divestments in 2021 (Adex, Lasco and Standard Hidráulica Group) and 2022 (ETI) caused a negative revenue effect of EUR 132.0 million. Currency translation impact amounted to EUR 36.7 million positive, mainly USD. Overall, we realised an organic revenue growth of EUR 138.5 million or 9.8%.

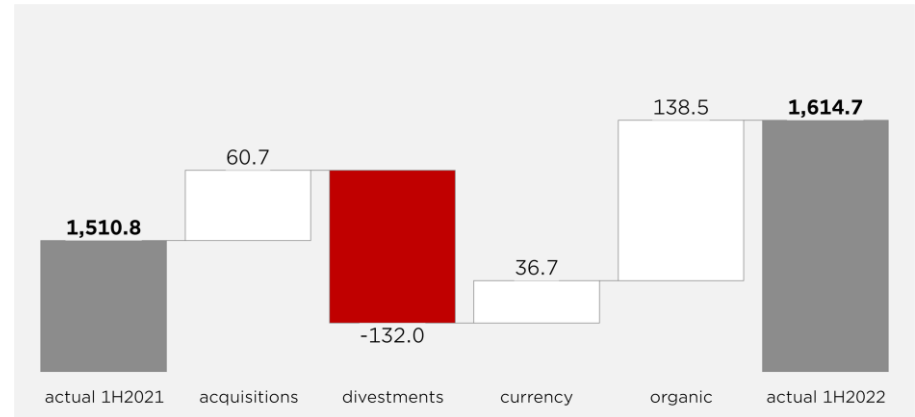
EBITA increased by EUR 24.4 million to EUR 250.2 million or 15.5% of the revenue. There was a positive effect of EUR 13.5 million from the 2021 and 2022 acquisitions. Divestments in 2021 and 2022 caused a negative effect of EUR 15.5 million. Currency translation impact amounted to EUR 4.0 million positive, resulting in an organic EBITA growth of EUR 22.4 million. Holding/eliminations is reported EUR 4.4 million negative, versus EUR 3.2 million negative in 2021. There was no EBITA impact from exceptionals.

Net profit before amortisation increased by EUR 17.7 million to EUR 186.3 million, per share to EUR 1.68 (1H2021: EUR 1.52). The effective tax rate was 24.2% against 23.5% last year.

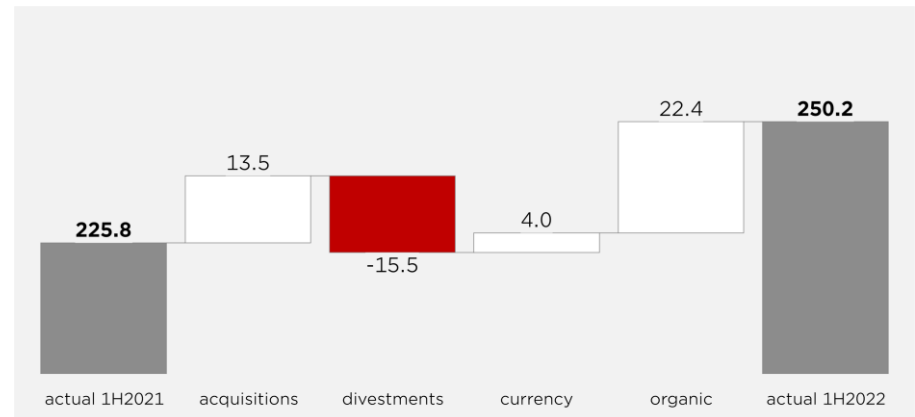
We continued to invest in additional inventory to secure our customer deliveries. Inventories increased to EUR 856 million against EUR 639 million last year, for EUR 129 million explained by inflation and currency translation. Cash flow from operations was EUR 90.1 million against EUR 153.0 million last year, mainly driven by increased net working capital of EUR 706 million or 83 days (1H2021: EUR 516 million or 68 days). CAPEX cash out finished 43% higher at EUR 87.1 million, leading to a positive free cash flow before exceptionals of EUR 4 million (1H2021: EUR 100 million).

Return on capital employed increased from 14.8% to 15.9%. Our capital employed increased with EUR 407 million to EUR 3,049 million. Equity slightly decreased to 51.6% of the balance sheet total (1H2021: 53.2%). Net debt slightly reduced to EUR 652 million (1H2021: EUR 658 million). We extended our term loans to finance acquisitions.

revenue bridge



EBITA bridge



operational development

Aalberts realised 9.8% organic revenue growth in the first six months of the year. The orderbook end of June was 39% higher than last year. The added value margin of 62.8% was on a good level due to pricing initiatives.

Many business development projects are in process to drive organic revenue growth and operational excellence. Capital expenditure further accelerated.

We were able to manage the ongoing pandemic, disruptions in our supply chains, raw material and labour shortages and inflation. So far, we faced no severe issues. We invested in additional inventory to secure our customer deliveries, due to uncertain availability of raw materials and components. In parallel, work in progress is increasing to facilitate growth and gain market share going forward.

Regional manufacturing becomes favourable to improve service, protect the supply chains and reduce transport and energy use. We are driving business and capital expenditure plans to anticipate on this reshoring trend.

Activities in **eco-friendly buildings** continued to do well in all regions with a record orderbook. To facilitate the many business development plans, our manufacturing processes are further optimised and automated and capacity is expanded. Renovation and new build of residential and commercial buildings is continuing, driven by the transition towards sustainable heating and cooling systems. In addition, our continuous flow of innovations is driving our growth. Aalberts hydronic flow control strengthened the portfolio with the acquisition of UWS, based in Germany. ETI was divested, based in Indiana, USA.

In **semicon efficiency** we continued our strong growth and performance with a record orderbook. We are serving our customers as good as possible despite the supply chain disruptions and high customer demand. In parallel, capacity expansions and efficiency improvements are ongoing at all locations to facilitate the business development plans. Our focused long-term business approach is leading to additional development projects with our key accounts for the coming years. We further strengthened the portfolio with the acquisitions of ISEL, based in Germany and KML, based in Austria.

Our activities in **sustainable transportation** realised a strong performance with an increased orderbook, despite disruptions in the supply chains of our customers. The demand for passenger cars, motor bikes and commercial vehicles remains strong, continuing the need for specialised surface technologies and precision manufactured parts. This is accelerated by new developments in e-mobility, lightweight materials and energy efficiency. Markets in aerospace and marine are recovering fast and we realised a very good order intake in the first six months.

In **industrial niches** we realised a strong growth and performance. The market is recovering fast and our orderbook increased. In addition, the innovations developed and launched last years are driving our growth. We are increasing our manufacturing efficiency and capacity to facilitate the growth.

We are relentlessly executing our strategy Aalberts 'accelerates unique positioning', presented December 2021.

acquisitions and divestments

Aalberts acquired ISEL in Germany, generating an annual revenue of approximately EUR 35 million; acquired UWS in Germany, generating an annual revenue of approximately EUR 25 million; acquired KML in Austria, beginning of July, generating an annual revenue of approximately EUR 35 million.

Aalberts divested ETI in Indiana, USA, generating an annual revenue of approximately USD 45 million.

webcast

An audio webcast will take place on 21 July 2022, starting at 9:00 am CEST. The audio webcast and presentation can be accessed via aalberts.com/webcast1H2022

contact


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financial calendar 2022-2023

date	event
21 July 2022	webcast interim results (9:00 am CEST)
9 November 2022	trading update
23 February 2023	publication full year results
6 April 2023	publication annual report
24 May 2023	trading update
25 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.

 condensed consolidated interim financial statements for the half-year ended 30 June 2022 ('interim financial statements 2022')

consolidated income statement

in EUR million

	1H2022	1H2021
revenue	1,614.7	1,510.8
raw materials used and work subcontracted	(600.7)	(577.4)
personnel expenses	(448.0)	(418.5)
other operating expenses	(259.6)	(231.0)
amortisation of intangible assets	(26.2)	(22.6)
depreciation of property, plant and equipment	(49.6)	(50.4)
depreciation of right-of-use assets	(17.1)	(18.5)
total operating expenses	(1,401.2)	(1,318.4)
other income	10.5	10.8
operating profit	224.0	203.2
net finance cost	(8.0)	(6.9)
profit before income tax	216.0	196.3
income tax expense	(52.3)	(46.2)
profit after income tax	163.7	150.1
attributable to:		
shareholders	160.1	146.0
non-controlling interests	3.6	4.1
earnings per share (in EUR)		
basic	1.45	1.32
diluted	1.45	1.32
net profit before amortisation	186.3	168.6
earnings per share before amortisation (in EUR)		
basic	1.68	1.52
diluted	1.68	1.52

consolidated balance sheet

in EUR million	30-6-2022	31-12-2021	30-6-2021
assets			
intangible assets	1,497.9	1,377.3	1,271.4
property, plant and equipment	938.7	880.6	817.6
right-of-use assets	170.3	175.3	189.6
non-current financial assets	6.8	7.3	9.6
deferred income tax assets	17.4	19.4	23.4
total non-current assets	2,631.1	2,459.9	2,311.6
inventories	856.3	688.4	638.7
trade receivables	451.4	336.7	401.6
current income tax receivables	14.3	16.9	8.9
other current assets	85.0	54.7	88.6
cash and cash equivalents	254.9	72.0	64.5
assets held for sale	-	26.7	90.2
total current assets	1,661.9	1,195.4	1,292.5
total assets	4,293.0	3,655.3	3,604.1

in EUR million	30-6-2022	31-12-2021	30-6-2021
equity and liabilities			
shareholders' equity	2,171.6	2,143.7	1,881.0
non-controlling interests	43.4	40.0	37.1
total equity	2,215.0	2,183.7	1,918.1
bank loans	510.8	178.9	216.8
lease liabilities	144.6	149.8	158.4
deferred income tax liabilities	153.0	134.2	113.7
provision for employee benefits	51.3	53.5	77.2
provisions	18.2	7.3	6.0
non-current financial liabilities	3.4	1.8	-
total non-current liabilities	881.3	525.5	572.1
current portion of bank loans	75.2	96.4	137.8
current portion of lease liabilities	33.7	33.7	33.6
current borrowings	142.4	104.1	172.1
current portion of provisions	8.8	12.5	12.4
trade and other payables	486.4	450.3	410.2
current income tax payables	45.1	38.9	41.5
other current liabilities	405.1	205.1	273.3
liabilities held for sale	-	5.1	33.0
total current liabilities	1,196.7	946.1	1,113.9
total equity and liabilities	4,293.0	3,655.3	3,604.1

consolidated cash flow statement

in EUR million

	1H2022	1H2021
cash flow from operating activities		
operating profit	224.0	203.2
amortisation and depreciation	92.9	91.5
result on sale of equipment	(0.9)	(0.5)
gain on disposal of subsidiaries	(7.0)	-
changes in provisions	3.5	(19.2)
changes in inventories	(133.4)	(84.3)
changes in trade and other receivables	(127.2)	(125.5)
changes in trade and other payables	38.2	87.8
changes in working capital	(222.4)	(122.0)
cash flow from operations	90.1	153.0
finance cost paid	(4.7)	(7.3)
income taxes paid	(46.7)	(33.3)
net cash generated by operating activities	38.7	112.4
cash flow from investing activities		
acquisition and disposal of subsidiaries	(71.0)	(51.2)
purchase of property, plant and equipment	(87.1)	(61.0)
purchase of intangible assets	(7.4)	(4.5)
proceeds from sale of equipment	4.2	2.8
net cash generated by investing activities	(161.3)	(113.9)
cash flow from financing activities		
new bank loans	350.0	-
repayment of bank loans	(52.1)	(76.6)
lease payments	(17.8)	(17.5)
settlement of share based payment awards	(8.2)	(0.1)
net cash generated by financing activities	271.9	(94.2)
net increase/(decrease) in cash and current borrowings	149.3	(95.7)
cash and current borrowings at beginning of period	(32.1)	(15.5)
effect of changes in exchange rates	(4.7)	3.6
cash and current borrowings as at end of period	112.5	(107.6)

consolidated statement of comprehensive income

in EUR million	1H2022	1H2021
profit for the period	163.7	150.1
currency translation differences	47.5	25.0
fair value changes of derivative financial instruments	12.0	2.4
income tax effect	(3.0)	(0.7)
other comprehensive income	56.5	26.7
total comprehensive income	220.2	176.8
attributable to:		
shareholders	216.8	171.8
non-controlling interests	3.4	5.0

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 2022	27.6	200.8	(26.8)	(3.2)	1,945.3	2,143.7	40.0	2,183.7
profit for the period	-	-	-	-	160.1	160.1	3.6	163.7
other comprehensive income	-	-	47.7	9.0	-	56.7	(0.2)	56.5
dividend 2021	-	-	-	-	(182.5)	(182.5)	-	(182.5)
share based payments	-	-	-	-	(6.4)	(6.4)	-	(6.4)
as at 30 June 2022	27.6	200.8	20.9	5.8	1,916.5	2,171.6	43.4	2,215.0
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	-	-	-	-	146.0	146.0	4.1	150.1
other comprehensive income	-	-	24.1	1.7	-	25.8	0.9	26.7
dividend 2020	-	-	-	-	(66.3)	(66.3)	(0.1)	(66.4)
share based payments	-	-	-	-	1.4	1.4	-	1.4
as at 30 June 2021	27.6	200.8	(51.4)	(6.6)	1,710.6	1,881.0	37.1	1,918.1

revenue per end market

in EUR million	1H2022	%	1H2021	%
eco-friendly buildings	892.5	56	882.7	58
semicon efficiency	165.9	10	128.5	9
sustainable transportation	231.1	14	219.2	14
industrial niches	325.2	20	280.4	19
total	1,614.7	100	1,510.8	100

revenue per region

in EUR million	1H2022	%	1H2021	%
Western Europe	978.9	60	901.7	60
America	369.9	23	374.5	25
Eastern Europe	189.6	12	159.0	10
APAC, Middle East, Africa	76.3	5	75.6	5
total	1,614.7	100	1,510.8	100

reporting per business segment

building technology	1H2022	1H2021	delta
revenue (in EUR million)	935.3	941.1	(1%)
organic revenue growth (in %)	9.7	-	
EBITA (in EUR million)	141.5	144.5	(2%)
EBITA as a % of revenue (in %)	15.1	15.4	(0.3)
capital expenditure (in EUR million)	43.1	32.6	32%

industrial technology	1H2022	1H2021	delta
revenue (in EUR million)	679.4	569.7	19%
organic revenue growth (in %)	10.0	-	
EBITA (in EUR million)	113.1	84.5	34%
EBITA as a % of revenue (in %)	16.6	14.8	1.8
capital expenditure (in EUR million)	40.0	23.1	73%

holding eliminations	1H2022	1H2021	delta
EBITA (in EUR million)	(4.4)	(3.2)	

1H2021 figures are adjusted for comparison purposes

notes to the condensed consolidated financial information

basis of preparation and summary of accounting policies

The condensed consolidated interim financial statements for the half-year ended 30 June 2022 ('interim financial statements 2022') have been prepared in accordance with IAS 34 'Interim Financial Reporting' and do not include all the information and disclosures required for the annual financial statements. Accordingly, they should be read in conjunction with the financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRS EU. The interim financial statements 2022 have not been audited.

The accounting policies and methods of computation applied in these interim financial statements 2022 are the same as those applied in the financial statements for the year ended 31 December 2021. Amendments to accounting standards effective for accounting periods beginning on 1 January 2022 do not have a material impact on the interim financial statements 2022.

In preparing these interim financial statements 2022:

- the significant judgements made by management in applying Aalberts' accounting policies were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021;
- the aspects of Aalberts' financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2021;
- methods and assumptions used to estimate fair values are consistent with those used in the year ended 31 December 2021 and during the half-year ended 30 June 2022 there have been no changes with regard to the fair value hierarchy.

acquisitions

Aalberts acquired 100% of the shares of ISEL Germany AG (industrial technology), based in Germany and generating an annual revenue of approximately EUR 35 million. ISEL is consolidated as of 1 February 2022.

Aalberts acquired 100% of the shares of UWS Technologie GmbH (building technology), based in Germany and generating an annual revenue of approximately EUR 25 million. UWS is consolidated as of 1 April 2022.

divestments

Aalberts divested 100% of the shares of Elkhart Tri-Went Industrial ('ETI') (building technology), with locations in the USA and Canada. ETI generated an annual revenue of approximately USD 45 million. ETI is deconsolidated as of 1 February 2022. As at 31 December 2021, ETI qualified as a subsidiary held for sale.

dividend

With respect to the profit for the year 2021 the Management Board proposed to declare a cash dividend of EUR 1.01 per share and a special cash dividend of EUR 0.64 per share. Any residual profit is added to retained earnings. In accordance with the resolution of the General Meeting held on 19 May 2022, the profit for the year 2021 has been appropriated in conformity with the aforementioned proposal. As at balance sheet date 30 June 2022 an amount of EUR 182.5 million is recognised as a dividend payable in other current liabilities and has been paid on 1 July 2022.

subsequent events

Beginning of July, Aalberts reached an agreement to acquire 100% of the shares of KML Linear Motion Technology GmbH and KML Precision Machining GmbH (KML) (industrial technology), based in Austria and generating an annual revenue of approximately EUR 35 million.

management board declaration

The Management Board of Aalberts N.V. declares that, to the best of their knowledge:

- the interim financial statements 2022, which have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and result of Aalberts N.V. and its subsidiaries; and
- the interim report includes a fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

Utrecht, 20 July 2022

Wim Pelsma (CEO)
Arno Monincx (CFO)

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.