

Aalberts delivers record EBITA and free cash flow

highlights

- revenue EUR 3,324 million; organic revenue growth 4.5%
- EBITA EUR 521 million; EBITA margin 15.7%
- earnings per share before amortisation EUR 3.38
- free cash flow EUR 423 million
- innovation rate increased to 20%; SDG rate to 70%

CEO statement

“In 2023, we delivered another strong and resilient performance.

We managed the headwinds in eco-friendly buildings well and our growth agenda continued for semicon efficiency, sustainable transportation, and industrial niches. Fewer supply chain issues resulted in improved customer satisfaction and our operational excellence initiatives drove further efficiency improvement and footprint optimisation”, said Stéphane Simonetta.

“We sustained our added value margin with cost saving actions and robust price levels. Supply chain improvements enabled us to reduce inventories. Capital expenditure increased to support additional capacity, geographical expansions, innovation, and business development plans. We improved our return on capital employed.

We are committed to accelerate investments in innovation and digitalisation to increase revenues and reduce operating costs. We have made great progress on CO₂ intensity reduction, waste management and circular economy.

Our Aalberts people did an excellent job in creating value for our customers, delivering operational performance and driving the long-term business development plans.”

key figures

in EUR million	2023	2022	delta
revenue	3,324	3,230	3%
organic revenue growth	4.5%	8.7%	
EBITA	521	500	4%
EBITA margin (%)	15.7%	15.5%	
earnings per share before amortisation (in EUR)	3.38	3.37	
net debt	583	794	(27%)
leverage ratio	0.9	1.3	
free cash flow	423	168	152%
capital expenditure	224	203	10%
return on capital employed (%)	16.8%	16.1%	

non-GAAP measures (explanation page 11)

dividend

To the General Meeting we propose a cash dividend of EUR 1.13 per share (2022: EUR 1.11). An increase of 2% compared to last year.

outlook

We are executing our strategy Aalberts ‘accelerates unique positioning’, realising our objectives. We will continue to focus on organic revenue growth, operational excellence, portfolio optimisation and sustainable entrepreneurship to enable a clean, smart and responsible future.

financial development

Revenue increased by EUR 94.0 million to EUR 3,324.0 million. The acquisitions in 2022 (ISEL, UWS and KML) caused a positive effect of EUR 39.8 million. Divestments in 2022 (ETI and VTI) and 2023 (Disptek) caused a negative effect of EUR 46.1 million. Currency translation impact amounted to EUR 36.7 million negative (last year: EUR 86.1 million positive), mainly USD. Overall, we realised an organic revenue growth of EUR 137.0 million or 4.5%.

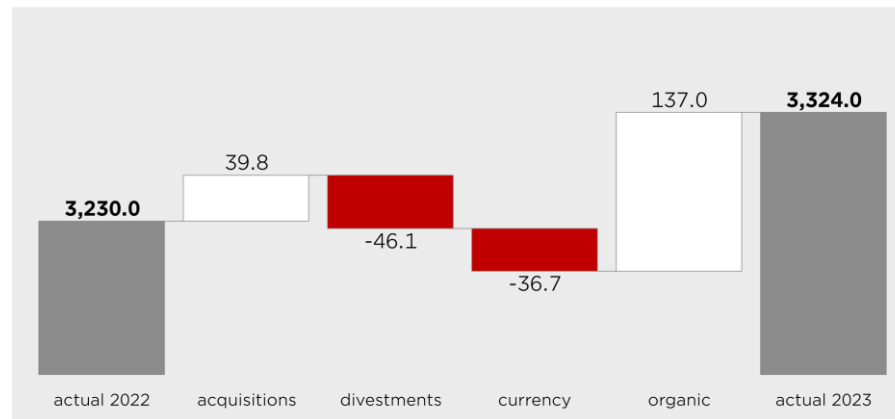
EBITA increased by EUR 20.7 million to EUR 521.0 million or 15.7% of the revenue (2022: 15.5%). There was a positive effect of EUR 7.1 million from the acquisitions in 2022 (ISEL, UWS and KML). Divestments in 2022 (ETI and VTI) and 2023 (Disptek) caused a negative effect of EUR 6.7 million. Currency translation impact amounted to EUR 5.5 million negative (last year: EUR 10.0 million positive), mainly USD, resulting into an organic EBITA growth of EUR 25.8 million. Disposal benefits were allocated to our operational excellence initiatives. As a result, holding/eliminations is reported EUR 5.1 million negative (2022: EUR 2.9 million negative).

Free cash flow increased to a record level of EUR 423 million (2022: EUR 168 million), driven by positive changes in net working capital. Net working capital lowered to EUR 675 million or 74 days (2022: EUR 721 million or 80 days). Inventories finished EUR 88 million lower at EUR 823 million or 90 days (2022: EUR 911 million or 101 days).

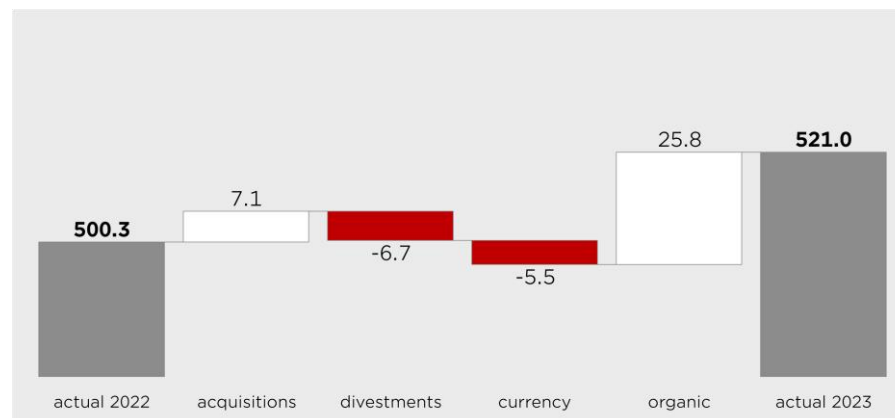
Net debt decreased to EUR 583 million (2022: EUR 794 million) with a leverage ratio of 0.9 (2022: 1.3). Our net finance costs increased with EUR 18.6 million due to higher interest rates for current borrowings. Effective tax rate was 24.4% against 24.1% last year. Net profit before amortisation increased by EUR 1.2 million to EUR 373.4 million, per share to EUR 3.38 (2022: EUR 3.37).

Return on capital employed increased from 16.1% to 16.8%. Capital employed decreased with EUR 56 million to EUR 3,100 million. Solvability (total equity as a % of total assets) increased to 60.8% of the balance sheet total (2022: 56.1%).

revenue bridge



EBITA bridge



operational development

Aalberts realised an organic revenue growth of 4.5% compared to last year, for building technology segment -1.2% and industrial technology segment +12.4%. The added value margin of 62.4% was on a good level due to our unique positioning, cost saving actions and robust price levels.

Supply chain improvements enabled us to reduce inventories by 10%. Capital expenditure increased by 10% to support additional capacity, geographical expansions, innovation, and business development plans. We improved our return on capital employed.

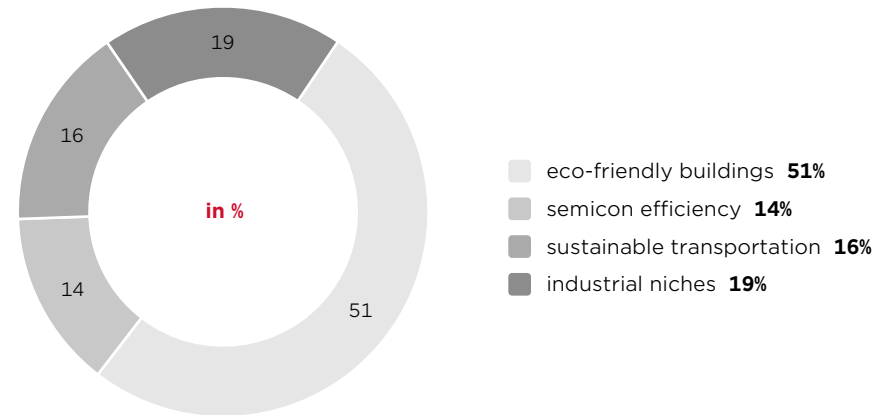
We managed the headwinds in eco-friendly buildings well and our growth agenda continued for semicon efficiency, sustainable transportation, and industrial niches. Fewer supply chain issues resulted in improved customer satisfaction and our operational excellence initiatives drove further efficiency improvement and footprint optimisation.

Our innovation rate increased to 20%. We are committed to accelerate investments in innovation and digitalisation to increase revenues and reduce operating costs. Our SDG rate increased to 70%. We have made great progress on CO₂ intensity reduction, waste management and circular economy.

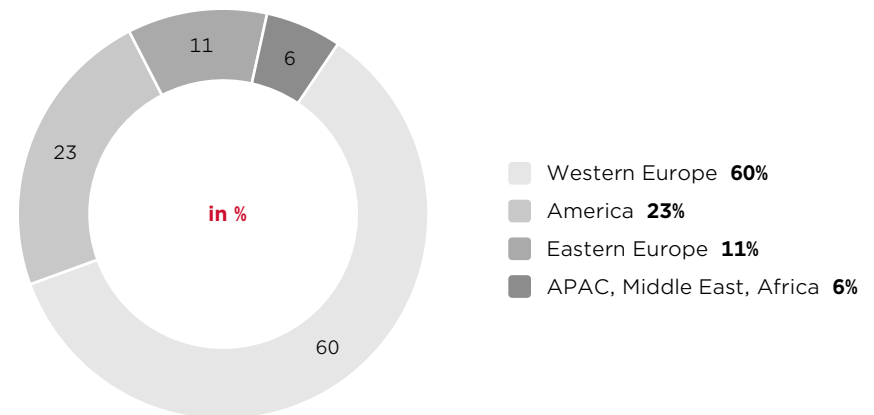
Our Aalberts people did an excellent job in creating value for our customers, delivering operational performance and driving the long-term business development plans. Lost time injury frequency ratio reduced to 6.2, we will increase our focus on health and safety. Through our Aalberts development programmes we trained more than 983 talents of which 20% were promoted. Gender diversity remains our focus, we have 32% female leaders in our senior leadership. Employee net promoter score and employee motivation surveys have been done in 2023, providing insights where and how we can further improve. We will continue to invest in our people.

We are executing our strategy Aalberts 'accelerates unique positioning', realising our objectives. We will continue to focus on organic revenue growth, operational excellence, portfolio optimisation and sustainable entrepreneurship to enable a clean, smart and responsible future.

revenue per end market



revenue per region



In **eco-friendly buildings** our price levels remained robust despite challenging market circumstances. We see the effects of additional sales initiatives to gain market share, supported by the innovations and capacity investments of the last years. Together with productivity and efficiency initiatives, the latter dampened the lower activity and further inventory reduction of our wholesale customers. It also helped to reduce the impact of decreasing end-user demand due to postponements of heating and cooling system projects in both new build as well as renovation. Our innovative piping systems and valves are easy to specify and install, saving important preparation and installation time. Our hydronic systems are making buildings more energy efficient, more sustainable and more comfortable. Our water treatment offering for heating systems is growing faster than expected. Energy efficiency in residential and commercial buildings remain long-term growth drivers.

In **semicon efficiency** strong growth continued and we improved our service with increased efficiency and fewer supply chain issues. Our order book remains on a high level. Further expansions of our footprint and manufacturing capacity are in progress, enabling the strategic growth and new business development plans of our customers. Innovation remains high as we continue co-development together with our customers. Long-term growth drivers in semicon efficiency continue to be strong: microchip demand for computer logic, e-mobility developments, connectivity and IoT, investments in new fabs and 5G roll-out. Aalberts is a key enabler to realise capacity growth and new developments for customers in the semicon efficiency end market.

In **sustainable transportation** we realised a strong performance in automotive, aerospace and marine. Supply chain disruptions at the facilities of our customers were reduced. New technologies are being introduced to reduce fuel consumption, manufacturing cost and improve safety. The demand for precision manufactured parts and specialised surface technologies further continued, accelerated by new developments in e-mobility, lightweight materials, sustainability, and reshoring. The need for lightweight materials is leading to an increase of precision manufactured aluminium parts with additional surface technologies. Connectors are also growing fast with high-specified precision manufactured parts in combination with metal strip coatings.

In **industrial niches** our activities performed very well in all regions. The demand for precision extrusion parts and specialised surface technologies continued on a high level. Our industrial valves business in North America continued to perform well. In Eastern Europe, we continued the expansion of our activities by adding floor space and additional equipment to facilitate the growth. In North America, we are in the process to add manufacturing capacity to facilitate the growth and increase manufacturing efficiency.

acquisitions and divestments

Aalberts divested Disptek in Germany, Italy, United Kingdom and North America in August 2023, generating an annual revenue of approximately EUR 75 million.

webcast

A webcast will take place on 22 February 2024, starting at 9:00 am CET. The webcast and presentation can be accessed via aalberts.com/webcast2023

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financial calendar 2024-2025

date	event
11 April 2024	publication annual report
22 May 2024	trading update
23 May 2024	General Meeting
27 May 2024	quotation ex-dividend
28 May 2024	record date for dividend
20 June 2024	paying out dividend
25 July 2024	publication interim results
7 November 2024	trading update
27 February 2025	publication full year results
27 May 2025	trading update
27 May 2025	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 financial information for 2023

consolidated income statement

in EUR million

	2023	2022
revenue	3,324.0	3,230.0
raw materials used and work subcontracted	(1,250.7)	(1,214.0)
personnel expenses	(916.1)	(906.6)
other operating expenses	(543.9)	(530.7)
amortisation of intangible assets	(57.6)	(54.9)
depreciation of property, plant and equipment	(105.9)	(99.2)
depreciation of right-of-use assets	(35.7)	(34.0)
total operating expenses	(2,909.9)	(2,839.4)
other income	49.3	54.8
operating profit	463.4	445.4
net finance cost	(39.4)	(20.8)
profit before income tax	424.0	424.6
income tax expense	(103.5)	(102.3)
profit after income tax	320.5	322.3
attributable to:		
shareholders	315.8	317.3
non-controlling interests	4.7	5.0
earnings per share (in EUR)		
basic	2.86	2.87
diluted	2.85	2.86
net profit before amortisation	373.4	372.2
earnings per share before amortisation (in EUR)		
basic	3.38	3.37
diluted	3.37	3.36

consolidated balance sheet

in EUR million	31-12-2023	31-12-2022
assets		
intangible assets	1,446.6	1,549.3
property, plant and equipment	1,088.4	995.0
right-of-use assets	157.0	168.1
non-current financial assets	5.0	6.1
deferred income tax assets	10.4	13.7
total non-current assets	2,707.4	2,732.2
inventories	822.6	911.3
trade receivables	392.4	380.6
current income tax receivables	14.2	10.6
other current assets	82.0	96.8
cash and cash equivalents	119.7	79.2
total current assets	1,430.9	1,478.5
total assets	4,138.3	4,210.7

in EUR million	31-12-2023	31-12-2022
equity and liabilities		
shareholders' equity	2,465.2	2,318.4
non-controlling interests	52.1	44.2
total equity	2,517.3	2,362.6
bank loans	388.7	477.0
lease liabilities	128.2	139.2
deferred income tax liabilities	154.5	175.7
provision for employee benefits	32.9	35.2
provisions	21.4	23.3
non-current financial liabilities	-	1.5
total non-current liabilities	725.7	851.9
current portion of bank loans	96.9	60.2
current portion of lease liabilities	33.7	35.0
current borrowings	55.1	161.4
current portion of provisions	9.9	11.0
trade and other payables	436.9	470.1
current income tax payables	57.3	45.9
other current liabilities	205.5	212.6
total current liabilities	895.3	996.2
total equity and liabilities	4,138.3	4,210.7

consolidated cash flow statement

in EUR million

	2023	2022
cash flow from operating activities		
operating profit	463.4	445.4
amortisation and depreciation	199.2	188.1
result on sale of equipment	(4.4)	(1.0)
gain on disposal of subsidiaries	(30.0)	(34.4)
changes in provisions	(4.5)	(2.4)
changes in inventories	57.6	(198.8)
changes in trade and other receivables	(25.4)	(45.0)
changes in trade and other payables	(22.3)	0.4
changes in working capital	9.9	(243.4)
cash flow from operations	633.6	352.3
finance cost paid	(38.1)	(15.9)
income taxes paid	(103.4)	(89.1)
net cash generated by operating activities	492.1	247.3
cash flow from investing activities		
acquisition of subsidiaries	(16.4)	(182.8)
disposal of subsidiaries	98.1	65.0
purchase of property, plant and equipment	(218.7)	(188.7)
purchase of intangible assets	(15.9)	(13.3)
proceeds from sale of equipment	20.3	8.1
net cash generated by investing activities	(132.6)	(311.7)
cash flow from financing activities		
proceeds from new bank loans	10.3	351.3
repayment of bank loans	(59.3)	(100.5)
lease payments	(37.3)	(36.6)
dividends paid	(122.7)	(182.5)
settlement of share based payment awards and other	(4.3)	(8.8)
net cash generated by financing activities	(213.3)	22.9
net increase/(decrease) in cash and current borrowings	146.2	(41.5)
cash and current borrowings at beginning of period	(82.2)	(32.1)
effect of changes in exchange rates	0.6	(8.6)
cash and current borrowings as at end of period	64.6	(82.2)

consolidated statement of comprehensive income

in EUR million	2023	2022
profit for the period	320.5	322.3
currency translation differences	(29.6)	8.8
fair value changes of derivative financial instruments	(14.9)	33.7
remeasurements of employee benefit obligations	(2.4)	14.4
income tax effect	4.4	(12.3)
other comprehensive income / (loss)	(42.5)	44.6
total comprehensive income / (loss)	278.0	366.9
attributable to:		
shareholders	269.9	362.7
non-controlling interests	8.1	4.2

consolidated statement of changes in equity

in EUR million	share capital	share premium	translation reserve	hedging reserve	retained earnings	shareholders' equity	non-controlling interests	total equity
as at 1 January 2023	27.6	200.8	(17.2)	21.8	2,085.4	2,318.4	44.2	2,362.6
profit for the period	-	-	-	-	315.8	315.8	4.7	320.5
other comprehensive income	-	-	(33.0)	(11.1)	(1.8)	(45.9)	3.4	(42.5)
dividend 2022	-	-	-	-	(122.7)	(122.7)	(0.2)	(122.9)
share based payments	-	-	-	-	(0.4)	(0.4)	-	(0.4)
as at 31 December 2023	27.6	200.8	(50.2)	10.7	2,276.3	2,465.2	52.1	2,517.3
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	-	-	-	-	317.3	317.3	5.0	322.3
other comprehensive income	-	-	9.6	25.0	10.8	45.4	(0.8)	44.6
dividend 2021	-	-	-	-	(182.5)	(182.5)	-	(182.5)
share based payments	-	-	-	-	(5.5)	(5.5)	-	(5.5)
as at 31 December 2022	27.6	200.8	(17.2)	21.8	2,085.4	2,318.4	44.2	2,362.6

revenue per end market

(in EUR million)	2023	%	2022	%
eco-friendly buildings	1,697.8	51	1,751.8	54
semicon efficiency	461.3	14	369.7	12
sustainable transportation	537.5	16	491.6	15
industrial niches	627.4	19	616.9	19
total	3,324.0	100	3,230.0	100

revenue per region

(in EUR million)	2023	%	2022	%
Western Europe	2,010.8	60	1,916.4	59
America	757.9	23	771.4	24
Eastern Europe	372.1	11	380.6	12
APAC, Middle East, Africa	183.2	6	161.6	5
total	3,324.0	100	3,230.0	100

reporting per business segment

building technology	2023	2022	delta
revenue (in EUR million)	1,798.0	1,841.8	(2%)
organic revenue growth (%)	(1.2)	6.1	(7.3)
EBITA (in EUR million)	256.4	276.4	(7%)
EBITA margin (%)	14.3	15.0	(0.7)
capital expenditure (in EUR million)	85.2	94.3	(10%)

industrial technology	2023	2022	delta
revenue (in EUR million)	1,526.0	1,388.2	10%
organic revenue growth (%)	12.4	12.6	(0.2)
EBITA (in EUR million)	269.7	226.8	19%
EBITA margin (%)	17.7	16.3	1.4
capital expenditure (in EUR million)	138.0	108.3	27%

holding eliminations	2023	2022	delta
EBITA (in EUR million)	(5.1)	(2.9)	(2.2)

notes to the condensed consolidated financial information

basis of preparation and summary of accounting policies

The condensed consolidated financial information for the year 2023 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 2023 have been prepared, audited and authorised for issue on 22 February 2024 and will be published on 11 April 2024.

subsequent events

There are no subsequent events to report.

(non-GAAP) measures

This press release includes certain measures that are not defined by generally accepted accounting principles (GAAP). These measures are useful to investors, providing 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.

results

EBITA	earnings before finance cost, income taxes and amortisation
EBITDA	earnings before finance cost, income taxes, depreciation and amortisation
free cash flow (before interest and tax) added value	cash flow from operations less (net) investments in property, plant and equipment, and other intangible fixed assets revenue less raw materials used and work subcontracted
exceptional items	significant costs and income which, because of their exceptional nature, cannot be viewed as inherent to the Aalberts' ongoing performance. exceptional items include impairments, restructuring costs and gains and losses from acquisition and disposal

balance sheet

net debt	bank loans, lease liabilities and current borrowings less cash and cash equivalents
capital employed	equity plus net debt and dividend payable
net working capital	total of inventories and trade and other receivables less trade and other payables, excluding income taxes and finance cost
capital expenditure	investments in property, plant and equipment

ratios

organic revenue growth (%)	revenue growth adjusted for acquired and disposed revenues and currency impact
added value margin (%)	added value as a percentage of revenue
EBITA margin (%)	EBITA as a percentage of revenue
return on capital employed (%)	rolling twelve month's EBITA divided by capital employed
innovation rate (%)	last 12 months revenue from products launched in the last 48 months divided by last 12 months total revenue
SDG rate (%)	revenue related to Sustainable Development Goals divided by total revenue
leverage ratio	net debt divided by adjusted EBITDA on 12 months rolling basis
solvability (%)	equity as a percentage of total assets

earnings per share

earnings per share before amortisation	net profit before amortisation divided by the weighted average number of shares
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key figures

	2023	2022	2021	2020	2019
results (in EUR million)					
revenue	3,324	3,230	2,979	2,610	2,841
EBITDA	663	634	585*	423*	493
EBITA	521	500	454*	283*	363
net profit before amortisation	373	372	337*	200*	267
cash flow from operations	634	352	426	454	465
free cash flow (before interest and tax)	423*	168*	310*	360*	312
balance sheet (in EUR million)					
intangible assets	1,447	1,549	1,377	1,256	1,320
property, plant and equipment	1,088	995	881	829	874
capital expenditure	224	203	147	95	148
net working capital	675	721	452	399	490
total equity	2,517	2,363	2,184	1,806	1,838
net debt	583	794	492	600	755
capital employed	3,100	3,156	2,676	2,406	2,592
total assets	4,138	4,211	3,655	3,255	3,466
number of employees at end of period (x1)	14,055	14,597	14,402	14,782	16,094
ratios					
organic revenue growth (%)	4.5	8.7	16.0	(7.0)	1.1
added value margin (%)	62.4	62.4	62.2*	61.6	62.8
EBITA margin (%)	15.7	15.5	15.2*	10.8*	12.8
return on capital employed (%)	16.8	16.1	17.2*	11.7*	14.1
innovation rate (%)	20	17	15	-	-
SDG rate (%)	70	68	66	-	-
leverage ratio	0.9	1.3	0.9	1.4	1.5
solvability (%)	60.8	56.1	59.7	55.5	53.0
effective tax rate (%)	24.4	24.1	24.5*	24.4*	22.9
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	3.38	3.37	3.05*	1.81*	2.42
dividend	1.13	1.11	1.01	0.60	0.80
special dividend	-	-	0.64	-	-
share price at year-end	39.26	36.23	58.26	36.46	40.01

* before exceptionals