

Aalberts delivers 15% EBITA margin in challenging markets

highlights

- EBITA margin 15.0%; EBITA EUR 242 million
- added value margin 63.8%
- organic revenue decline 3.9%
- earnings per share before amortisation EUR 1.61
- cash flow from operations EUR 182 million

CEO statement

“The first six months of the year have been challenging as we saw lower activity at our customers, especially headwinds in building technology, but we improved our added value margin and our profitability continued to be strong in industrial technology. We sustained 15% EBITA margin with cost saving actions and robust price levels”, said Stéphane Simonetta.

“The soft market in eco-friendly buildings will likely continue in the second half of the year. The semicon efficiency outlook remains positive, driven by long-term growth and AI technology advancements. The demand in sustainable transportation and industrial niches remains with a mixed picture in our various end-markets, regions and technologies.

We deploy our strategy with operational excellence initiatives and footprint optimisation to reduce our fixed costs and secure our margin objectives. While we manage the short-term volatile market environment, we continue to invest for the long term and execute our strategic initiatives with our business development plans and portfolio optimisation.

Overall, we remain well positioned for the rebound of activity.”

key figures

in EUR million	1H2024	1H2023	delta
revenue	1,619	1,717	(6%)
organic revenue growth	(3.9%)	5.6%	
added value margin (%)	63.8	62.3	
EBITA	242	264	(8%)
EBITA margin (%)	15.0%	15.4%	
earnings per share before amortisation (in EUR)	1.61	1.71	
net debt	751	773	(3%)
leverage ratio	1.2	1.2	
cash flow from operations	182	221	(17%)
capital expenditure	117	116	
return on capital employed (%)	15.0%	15.8%	

Organic revenue growth, EBITA margin, return on capital employed and leverage ratio are highlighted as they are part of the financial objectives 2022-2026. Used alternative performance (non-GAAP) measures are explained from page 11.

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.

On 10 December 2024 we will give an update of our strategy during a capital markets day.

financial development

Revenue decreased by EUR 98.3 million to EUR 1,618.9 million. Divestments in 2023 (Disptek) caused a negative effect of EUR 37.3 million. Currency translation impact amounted to EUR 3.8 million positive, mainly GBP and PLN. Overall, we realised an organic revenue decline of EUR 64.8 million or 3.9%.

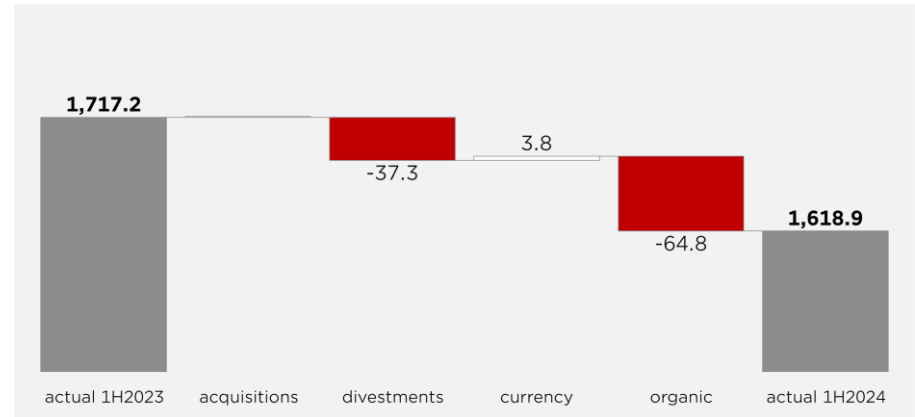
EBITA decreased by EUR 22.0 million to EUR 242.2 million or 15.0% of the revenue (1H2023: 15.4%). Divestments in 2023 (Disptek) caused a negative effect of EUR 4.9 million. Currency translation impact amounted to EUR 0.4 million positive, mainly GBP and PLN, resulting into an organic EBITA decline of EUR 17.5 million. Holding/eliminations is reported EUR 3.5 million negative (1H23: EUR 3.8 million negative).

Cash flow from operations decreased to EUR 182 million (1H2023: EUR 221 million), mostly driven by EUR 132 million negative changes in net working capital vs. EUR 105 million negative 1H2023. Net working capital lowered to EUR 818 million or 91 days (1H2023: EUR 824 million or 89 days). Inventories finished EUR 16 million lower at EUR 866 million or 97 days (1H2023: EUR 881 million or 95 days).

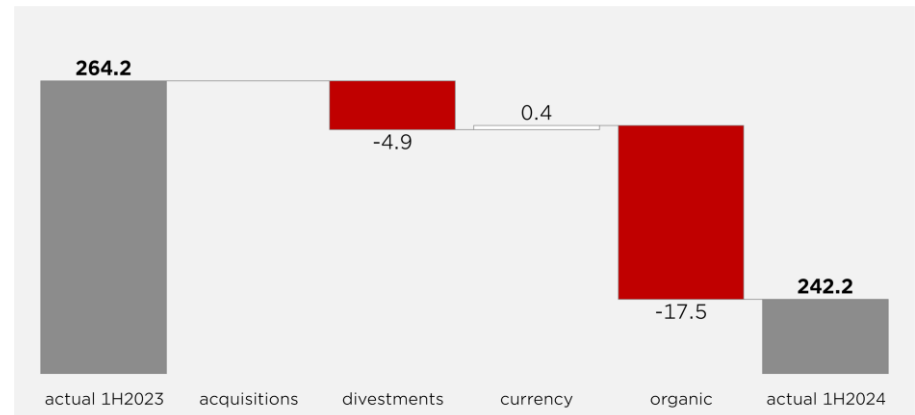
Net debt decreased to EUR 751 million (1H2023: EUR 773 million) with a leverage ratio of 1.2, same as last year. Our net finance costs decreased with EUR 6.4 million due to lower usage of current borrowings and lower foreign exchange currency effects. Effective tax rate was 25.0% against 24.5% last year. Net profit before amortisation decreased by EUR 11.1 million to EUR 177.6 million, per share to EUR 1.61 (1H2023: EUR 1.71).

Return on capital employed decreased from 15.8% to 15.0%. Capital employed increased with EUR 59 million to EUR 3,334 million. Solvability (total equity as a % of total assets) increased to 59.6% of the balance sheet total (1H2023: 55.5%).

revenue bridge



EBITA bridge



operational development

In the first six months Aalberts realised -3.9% organic revenue growth compared to last year, for building technology segment -6.7% and industrial technology segment -0.4%. The added value margin improved from 62.3% to 63.8% and we sustained our EBITA margin at 15.0% despite lower activity, with positive development in industrial technology to 17.8%, and decline for building technology to 13.0%. Productivity improvements, cost savings and inventory reduction plans are in place to manage cost inflation and lower volumes. We deploy our strategy with operational excellence initiatives and footprint optimisation to reduce our fixed costs and secure our margin objectives. While we manage the short-term challenging environment, we continue to invest for the long term and deploy our strategic initiatives with our business development plans and portfolio optimisation.

In **eco-friendly buildings** we continued to see lower activity in Europe, especially in Germany. Our added value margin improved thanks to our robust pricing, sales initiatives and purchasing actions. We continued to see the impact of decreasing end-user demand in new build and some slowing down in renovation. Stock levels at wholesales were still low for our products. We saw better activity in America, Asia and Middle East compared to Europe. Our product lines in grooved technologies, water treatment, pressurization & storage, energy distribution, and efficiency valves are performing better than market trends. In the US we are still working on improving our service level for our customers for commercial valves. We see increase in demand for our prefab solutions for data centres. Energy & resource efficiency in residential and commercial buildings remain long-term growth drivers.

In **semicon efficiency** growth continued with volatile demand. We improved our service with increased efficiency. Our orderbook remained on a high level. We see strong demand on advanced mechatronics modules with a high level of system integration for lithography and inspection applications. Refurbishments remain a growth activity.

Further expansions of our footprint and manufacturing capacity are on track, enabling the strategic growth and new business development plans of our customers. We see the semicon market in transition in 2024 and the market is expected to have a stronger demand in 2025 with the positive impact of AI technologies driving additional demand.

In **sustainable transportation** we realised a good performance with lower demand in automotive and continued growth in aerospace. Vehicle production saw a decline due to faster than expected inventory destocking and lower sales. Strong air travel demand and aging fleets support the need for new deliveries, resulting in multi-year backlog at OEMs with supply-chain and labour constraints. The demand for precision manufactured parts and specialised surface technologies further continued, driven by new developments in e-mobility, lightweight materials, sustainability and reshoring.

In **industrial niches** we faced lower activity, with reduced demand in industrial production in Western Europe and America and continued growth in Asia. We saw lower demand in capital goods and machine build mainly driven by economic uncertainties. Our order intake continued to be strong for our industrial valves in the US and we are working on operations to capture additional growth opportunities.

webcast

An audio webcast will take place on 25 July 2024, starting at 9:00 am CEST. The audio webcast and presentation can be accessed via aalberts.com/webcast1H2024

capital markets day

On Tuesday 10 December 2024 we will give an update of the Aalberts strategy during a capital markets day. This will take place at our head office in Utrecht (the Netherlands).

contact


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investors@aalberts.com

financial calendar 2024-2025

date	event
7 November 2024	trading update
10 December 2024	capital markets day
27 February 2025	publication full year results
10 April 2025	general meeting
27 May 2025	trading update

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 2024 ('interim financial statements 2024')

consolidated income statement

in EUR million

	1H2024	1H2023
revenue	1,618.9	1,717.2
raw materials used and work subcontracted	(586.2)	(648.1)
personnel expenses	(472.2)	(465.3)
other operating expenses	(261.9)	(279.0)
amortisation of intangible assets	(28.4)	(28.7)
depreciation of property, plant and equipment	(56.1)	(51.3)
depreciation of right-of-use assets	(19.0)	(17.9)
total operating expenses	(1,423.8)	(1,490.3)
other income	18.7	8.6
operating profit	213.8	235.5
net finance cost	(13.8)	(20.2)
profit before income tax	200.0	215.3
income tax expense	(49.9)	(52.8)
profit after income tax	150.1	162.5
attributable to:		
shareholders	149.2	160.0
non-controlling interests	0.9	2.5
earnings per share (in EUR)		
basic	1.35	1.45
diluted	1.35	1.44
net profit before amortisation	177.6	188.7
earnings per share before amortisation (in EUR)		
basic	1.61	1.71
diluted	1.60	1.70

consolidated balance sheet

in EUR million	30-6-2024	31-12-2023	30-6-2023
assets			
intangible assets	1,444.1	1,446.6	1,507.4
property, plant and equipment	1,152.3	1,088.4	1,044.9
right-of-use assets	175.8	157.0	161.8
non-current financial assets	4.4	5.0	5.4
deferred income tax assets	10.9	10.4	11.5
total non-current assets	2,787.5	2,707.4	2,731.0
inventories	865.5	822.6	881.3
trade receivables	456.5	392.4	473.3
current income tax receivables	13.1	14.2	9.0
other current assets	118.6	82.0	113.9
cash and cash equivalents	61.7	119.7	74.0
total current assets	1,515.4	1,430.9	1,551.5
total assets	4,302.9	4,138.3	4,282.5

in EUR million	30-6-2024	31-12-2023	30-6-2023
equity and liabilities			
shareholders' equity	2,512.9	2,465.2	2,329.8
non-controlling interests	53.3	52.1	49.0
total equity	2,566.2	2,517.3	2,378.8
bank loans	328.0	388.7	450.2
lease liabilities	141.2	128.2	134.0
deferred income tax liabilities	152.0	154.5	167.9
provision for employee benefits	31.8	32.9	33.8
provisions	21.4	21.4	15.6
non-current financial liabilities	-	-	9.3
total non-current liabilities	674.4	725.7	810.8
current portion of bank loans	132.3	96.9	60.5
current portion of lease liabilities	38.6	33.7	33.4
current borrowings	172.5	55.1	169.0
current portion of provisions	7.9	9.9	6.4
trade and other payables	415.8	436.9	415.9
current income tax payables	56.3	57.3	56.4
other current liabilities	238.9	205.5	351.3
total current liabilities	1,062.3	895.3	1,092.9
total equity and liabilities	4,302.9	4,138.3	4,282.5

consolidated cash flow statement

in EUR million

	1H2024	1H2023
cash flow from operating activities		
operating profit	213.8	235.5
amortisation and depreciation	103.5	97.9
result on sale of equipment	(0.7)	(4.2)
gain on disposal of subsidiaries	(0.6)	-
changes in provisions	(2.2)	(3.6)
changes in inventories	(32.9)	26.3
changes in trade and other receivables	(101.0)	(111.5)
changes in trade and other payables	2.2	(19.9)
changes in working capital	(131.7)	(105.1)
cash flow from operations	182.1	220.5
finance cost paid	(11.6)	(17.9)
income taxes paid	(54.8)	(44.9)
net cash generated by operating activities	115.7	157.7
cash flow from investing activities		
acquisition and disposal of subsidiaries	5.1	(10.5)
purchase of property, plant and equipment	(127.9)	(124.7)
purchase of intangible assets	(11.7)	(6.4)
proceeds from sale of equipment	5.3	19.1
net cash generated by investing activities	(129.2)	(122.5)
cash flow from financing activities		
new bank loans	1.6	5.3
repayment of bank loans	(29.5)	(29.4)
lease payments	(19.7)	(18.8)
cash dividend paid	(108.0)	-
settlement of share based payment awards	(4.8)	(2.7)
net cash generated by financing activities	(160.4)	(45.6)
net increase/(decrease) in cash and current borrowings	(173.9)	(10.4)
cash and current borrowings at beginning of period	64.6	(82.2)
effect of changes in exchange rates	(1.5)	(2.4)
cash and current borrowings as at end of period	(110.8)	(95.0)

consolidated statement of comprehensive income

in EUR million	1H2024	1H2023
profit for the period	150.1	162.5
currency translation differences	26.0	(21.6)
fair value changes of derivative financial instruments	1.2	(0.9)
income tax effect	(0.3)	0.2
other comprehensive income	26.9	(22.3)
total comprehensive income	177.0	140.2
attributable to:		
shareholders	175.7	135.4
non-controlling interests	1.3	4.8

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 2024	27.6	200.8	(50.2)	10.7	2,276.3	2,465.2	52.1	2,517.3
profit for the period	-	-	-	-	149.2	149.2	0.9	150.1
other comprehensive income	-	-	25.6	0.9	-	26.5	0.4	26.9
dividend 2023	-	-	-	-	(125.0)	(125.0)	(0.1)	(125.1)
share based payments	-	-	-	-	(3.0)	(3.0)	-	(3.0)
as at 30 June 2024	27.6	200.8	(24.6)	11.6	2,297.5	2,512.9	53.3	2,566.2
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	-	-	-	-	160.0	160.0	2.5	162.5
other comprehensive income	-	-	(23.9)	(0.7)	-	(24.6)	2.3	(22.3)
dividend 2022	-	-	-	-	(122.7)	(122.7)	-	(122.7)
share based payments	-	-	-	-	(1.3)	(1.3)	-	(1.3)
as at 30 June 2023	27.6	200.8	(41.1)	21.1	2,121.4	2,329.8	49.0	2,378.8

revenue per end market

in EUR million	1H2024	%	1H2023	%
eco-friendly buildings	824.3	51	881.6	51
semicon efficiency	247.3	15	225.5	13
sustainable transportation	270.3	17	269.7	16
industrial niches	277.0	17	340.4	20
total	1,618.9	100	1,717.2	100

revenue per region

in EUR million	1H2024	%	1H2023	%
Western Europe	989.0	61	1,055.1	61
America	372.3	23	393.4	23
Eastern Europe	170.2	11	181.7	11
APAC, Middle East, Africa	87.4	5	87.0	5
total	1,618.9	100	1,717.2	100

reporting per business segment

building technology	1H2024	1H2023	delta
revenue (in EUR million)	872.8	931.9	(6%)
organic revenue growth (in %)	(6.7)	(1.5)	(5.2)
EBITA (in EUR million)	113.0	130.9	(14%)
EBITA as a % of revenue (in %)	13.0	14.0	(1.0)
capital expenditure (in EUR million)	46.7	41.2	13%

industrial technology	1H2024	1H2023	Delta
revenue (in EUR million)	746.1	785.3	(5%)
organic revenue growth (in %)	(0.4)	16.0	(16.4)
EBITA (in EUR million)	132.7	137.2	(3%)
EBITA as a % of revenue (in %)	17.8	17.5	0.3
capital expenditure (in EUR million)	70.1	75.2	(7%)

holding eliminations	1H2024	1H2023	Delta
EBITA (in EUR million)	(3.5)	(3.8)	0.3

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 2024 ('interim financial statements 2024') 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 2023, which have been prepared in accordance with IFRS EU. The interim financial statements 2024 have not been audited.

The accounting policies and methods of computation applied in these interim financial statements 2024 are the same as those applied in the financial statements for the year ended 31 December 2023. Amendments to accounting standards effective for accounting periods beginning on 1 January 2024 do not have a material impact on the interim financial statements 2024.

In preparing these interim financial statements 2024:

- 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 2023;
- 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 2023;
- methods and assumptions used to estimate fair values are consistent with those used in the year ended 31 December 2023 and during the half-year ended 30 June 2024 there have been no changes with regard to the fair value hierarchy.

dividend

With respect to the profit for the year 2023 the Management Board proposed to declare a cash dividend of EUR 1.13 per share. Any residual profit is added to retained earnings. In accordance with the resolution of the General Meeting held on 23 May 2024, the profit for the year 2023 has been appropriated in conformity with the aforementioned proposal.

subsequent events

There are no subsequent events to report.

management board declaration

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

- the interim financial statements 2024, 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 information required pursuant to section 5:25d, subsections 8 and 9 of Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

Utrecht, 25 July 2024

Stéphane Simonetta (CEO)
Arno Monincx (CFO)

alternative performance (non-GAAP) measures

This press release includes certain alternative performance 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.

organic revenue growth (%)

revenue growth adjusted for acquired and disposed revenues and currency impact.

added value

revenue less raw materials used and work subcontracted.

added value margin (%)

added value as a percentage of revenue.

EBITA

earnings before finance cost, income taxes and amortisation.

EBITDA

earnings before finance cost, income taxes, depreciation and amortisation.

in EUR million	1H2024	1H2023
operating profit	213.8	235.5
amortisation of intangible assets	28.4	28.7
EBITA	242.2	264.2
depreciation of property, plant and equipment	56.1	51.3
depreciation of right-of-use-assets	19.0	17.9
EBITDA	317.3	333.4

EBITA margin (%)

EBITA as a percentage of revenue.

earnings per share before amortisation

net profit before amortisation divided by the weighted average number of shares.

in EUR million	1H2024	1H2023
net profit attributable to shareholders	149.2	160.0
amortisation of intangible assets	28.4	28.7
net profit before amortisation	177.6	188.7
number of ordinary shares issued (in millions)	110.6	110.6
earnings per share before amortisation (in EUR)	1.61	1.71

free cash flow

cash flow from operations less (net) investments in property, plant and equipment, and other intangible fixed assets.

in EUR million	1H2024	1H2023
cash flow from operations	182.1	220.5
changes in provisions exceptional	-	1.1
purchase of property, plant & equipment	(127.9)	(124.7)
purchase of intangible assets	(11.7)	(6.4)
proceeds from sales of equipment	5.3	19.1
free cash flow	47.8	109.6

alternative performance (non-GAAP) measures

net working capital

total of inventories and trade and other receivables less trade and other payables, excluding income taxes and finance cost.

in EUR million	30.06.2024	30.06.2023
inventories	865.5	881.3
trade receivables	456.5	473.3
other current assets	118.6	113.9
trade and other payables	(415.8)	(415.9)
other current liabilities	(238.9)	(351.3)
adjustment for dividend payable	16.9	122.7
adjustment for investment assets/liabilities	25.7	23.7
adjustment for financing assets/liabilities	(10.9)	(23.5)
net working capital	817.6	824.2

capital expenditures

investments in property, plant and equipment.

net debt

bank loans, lease liabilities and current borrowings less cash and cash equivalents.

in EUR million	30.06.2024	30.06.2023
bank loans (including current portion)	460.3	510.7
lease liabilities (including current portion)	179.8	167.4
current borrowings	172.5	169.0
cash and cash equivalents	(61.7)	(74.0)
net debt	750.9	773.1

leverage ratio

net debt divided by adjusted EBITDA on 12 months rolling basis.

in EUR million	30.06.2024	30.06.2023
rolling twelve month's EBITDA	646.5	650.0
adjustment for acquisitions and disposals	(27.7)	(26.9)
adjustment for non-recurring items	12.5	22.1
adjusted EBITDA	631.3	645.2
leverage ratio	1.2	1.2

solvability (%)

equity as a percentage of total assets.

capital employed

equity plus net debt and dividend payable.

in EUR million	1H2024	1H2023
equity	2,566.2	2,378.8
net debt	750.9	773.1
dividend payable	16.9	122.7
capital employed	3,334.0	3,274.6

return on capital employed (%)

rolling twelve month's EBITA divided by capital employed.

in EUR million	1H2024	1H2023
rolling twelve month's EBITA	499.0	514.3
capital employed	3,334.0	3,274.6
return on capital employed (%)	15.0%	15.8%