Aalberts delivers strong performance with record EBITA and cash flow

highlights

- organic revenue growth 5.6%
- EBITA EUR 264 million; EBITA margin 15.4%
- earnings per share before amortisation EUR 1.71 (+2%)
- cash flow from operations EUR 221 million (+146%)

CEO statement

"In the first six months of the year we delivered a strong performance with a record revenue, EBITA and cash flow from operations. Our customer service improved due to fewer supply chain issues.

The pricing initiatives started in the second half of last year led to a good added-value margin. We continued the initiatives in the first half of this year, compensating for high raw material costs and inflation.

In eco-friendly buildings we faced a volume decline due to ongoing inventory reductions of our customers. On top we reduced our own inventories, resulting in lower volumes in our factories. To compensate these effects we started additional cost reduction and purchase saving actions. Besides, we initiated sales actions to gain market share. This resulted in a resilient EBITA margin.

In sustainable transportation and industrial niches we performed very well, due to good volumes in our locations and operational excellence projects executed the last years. This resulted in an excellent operational leverage and EBITA margin. Our semicon efficiency activities performed well. Efficiency, service and cash flow improved strongly.

Overall, we continued our business development projects, driving organic growth, innovation and operational excellence, leading to an increase of capital expenditure. The inventory reduction resulted in a strong cash flow."

key figures

in EUR million (before exceptionals)	**1H2023**	**1H2022**	**delta**
revenue	1,717	1,615	6%
added-value as a % of revenue	62.3	62.8	
EBITA	264	250	6%
EBITA as a % of revenue	15.4	15.5	
net profit before amortisation	189	186	2%
earnings per share before amortisation (in EUR)	1.71	1.68	2%
net debt	773	652	19%
leverage ratio: net debt / EBITDA	1.2	1.1	
cash flow from operations	221	90	146%
capital expenditure	116	84	38%
net working capital	824	706	17%
return on capital employed (in %)	15.8	15.9	

outlook

In the second half of 2023, we will continue our many business development projects driving organic growth, innovation and operational excellence. Capital expenditure to facilitate these plans will increase and the inventories will be further reduced.

We are relentlessly executing our strategy Aalberts 'accelerates unique positioning', realising our objectives.

financial development

Revenue increased by EUR 102.5 million to EUR 1,717.2 million. Acquisitions in 2022 (ISEL, UWS and KML) caused a positive revenue effect of EUR 30.9 million. Divestments in 2022 (ETI and VTI) caused a negative revenue effect of EUR 13.5 million. Currency translation impact amounted to EUR 2.9 million negative, mainly by USD (positive) and GBP (negative). Overall, we realised an organic revenue growth of EUR 88.0 million or 5.6%.

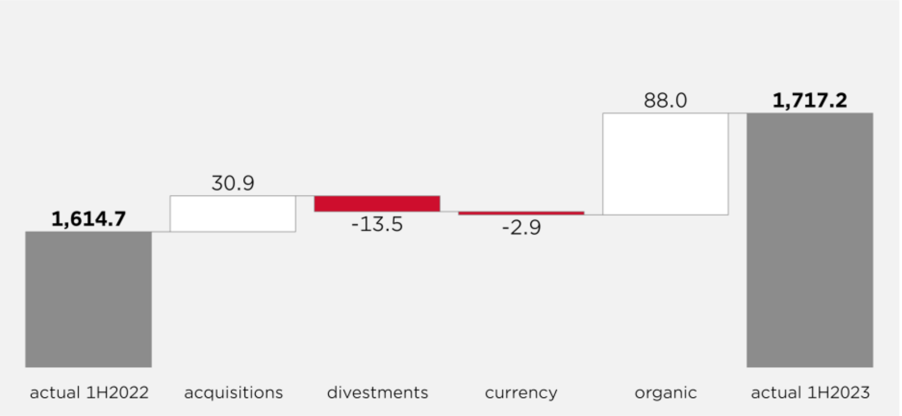
EBITA increased by EUR 14.0 million to EUR 264.2 million or 15.4% of revenue. There was a positive effect of EUR 6.3 million from the 2022 acquisitions. Divestments in 2022 caused a negative effect of EUR 2.2 million. Currency translation impact amounted to EUR 0.8 million negative (1H2022: EUR 4.0 million positive), resulting in an organic EBITA growth of EUR 10.7 million. Holding/eliminations is reported EUR 3.8 million negative, versus EUR 4.4 million negative in 2022.

Net profit before amortisation increased by EUR 2.4 million to EUR 188.7 million, per share to EUR 1.71 (1H2022: EUR 1.68). Net finance costs increased with EUR 12.2 million to EUR 20.2 million. The effective tax rate was 24.5% against 24.2% last year.

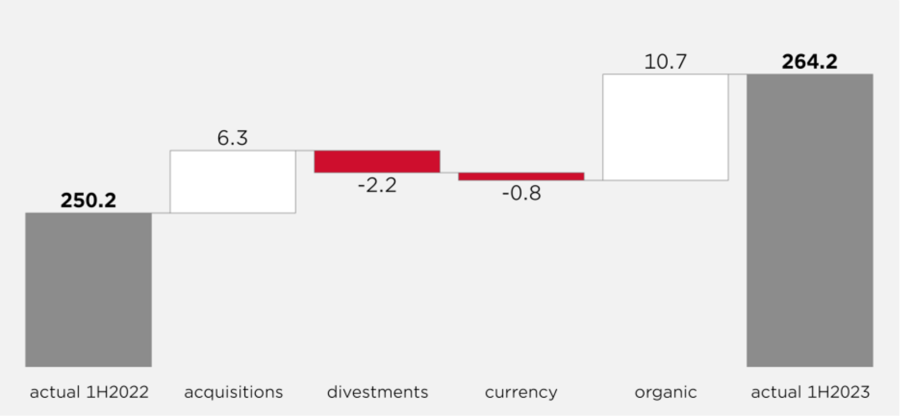
Our inventory reduction plans resulted in a decrease of EUR 30 million during 1H2023, against an increase of EUR 168 million during 1H2022. Inventories finished end of June at EUR 881 million (1H2022: EUR 856 million). Cash flow from operations was EUR 220.5 million against EUR 90.1 million last year, for EUR 117 million driven by improved working capital movement during 1H2023. CAPEX cash out finished at EUR 124.7 million (1H2022: EUR 87.1 million), leading to a positive free cash flow of EUR 110 million (1H2022: EUR 4 million).

Return on capital employed decreased from 15.9% to 15.8%. Our capital employed increased with EUR 226 million to EUR 3,275 million. Equity increased to 55.5% of the balance sheet total (1H2022: 51.6%). During 1H2023 net debt decreased with EUR 21 million to EUR 773 million (during 1H2022 increase of EUR 160 million). Our leverage ratio slightly increased from 1.1 to 1.2.

revenue bridge



EBITA bridge



operational development

Aalberts realised 5.6% organic revenue growth in the first six months of the year. The orderbook end of June was at a comparable high level as last year and 37% higher than end of June 2021. We were able to deliver a good added value margin of 62.3% due to further and on-time pricing initiatives, despite higher raw material and energy costs.

Customer service improved due to fewer supply chain issues and during 1H2023 we reduced our inventories, despite lower sales volumes in eco-friendly buildings. The results of our inventory reduction plans become visible in a strong cash flow from operations. We continued our business development projects to drive organic growth and innovation. Operational excellence projects continued to improve our service, efficiency, optimise our footprint and realise purchase savings. Capital expenditure further increased (+38%) to facilitate organic growth, innovation and operational excellence plans.

Regional manufacturing becomes favourable to improve service, protect supply chains and reduce transport and energy use. We invested in several projects with our customers enabling their regional assembly and manufacturing.

Activities in **eco-friendly buildings** faced a volume decline, due to continued inventory reduction of mainly our wholesale customers. The underlaying demand of our installer end users is on a good level. Renovation of heating and cooling systems is continuing, with energy efficiency as a strong growth driver. In new build we see postponement of projects. Our pricing initiatives continued. We successfully implemented additional sales initiatives to gain market share. Our new factories in fast-growing product lines are making good progress and are ramping up fast to achieve organic growth. Action plans to further reduce costs, realise purchase savings and reduce inventories continued.

In **semicon efficiency** the strong growth continued and we realised a good performance. Our orderbook is on a very good level. The customer service improved due to better efficiency, strengthened management teams and fewer supply chain issues. Cash flow from operations improved strongly. In parallel, capacity expansions and efficiency improvements continued, enabling the growth of our customers. Several new development projects were gained. We started with building preparations of our new factory for ultra-precision frames in the Netherlands. ISEL and KML performed well and we are ramping up manufacturing in the second half of the year to facilitate growth. We are investing in additional equipment and manufacturing space.

In **sustainable transportation** the order intake continued on a good level and we realised a strong performance. We were able to realise good added value margins. Supply chain disruptions at the facilities of our customers reduced. The demand for precision manufactured parts and specialised surface technologies continued, accelerated by new developments in e-mobility, lightweight materials, sustainability and reshoring. We gained several new and larger projects in Europe and North America. To realise these projects we are investing in building expansions and additional equipment this year and next year.
The requests for sustainable electronic pressure regulator and safety valve applications for hydrogen and sustainable cooling fluids increased strongly. Several projects are in development and we are ramping up manufacturing. In aerospace and marine we made an excellent performance, accelerated by sustainable system innovations.

In **industrial niches** the order intake continued on a high level and our activities performed very well. The demand for precision extrusion parts and specialised surface technologies continued on a high level during the first half of the year. We were able to realise good added value margins. Supply chain disruptions at the facilities of our customers reduced strongly, leading to higher shipments. Our industrial valves business in Europe and North America made a good performance. Also here we faced inventory reductions the last months, where our customers optimised their working capital. Several initiatives were taken to gain market share the coming periods.

We are relentlessly executing our strategy Aalberts ‘accelerates unique positioning’, realising our objectives.

webcast

An audio webcast will take place on 27 July 2023, starting at 9:00 am CEST. The audio webcast and presentation can be accessed via aalberts.com/webcast1H2023

contact

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investors@aalberts.com

financial calendar 2023-2024

date	**event**
27 July 2023	webcast interim results (9:00 am CEST)
9 November 2023	trading update
22 February 2024	publication full year results
22 May 2024	trading update
23 May 2024	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 2023 (‘interim financial statements 2023’)

consolidated income statement

in EUR million	1H2023	1H2022
revenue	**1,717.2**	**1,614.7**
raw materials used and work subcontracted	(648.1)	(600.7)
personnel expenses	(465.3)	(448.0)
other operating expenses	(279.0)	(259.6)
amortisation of intangible assets	(28.7)	(26.2)
depreciation of property, plant and equipment	(51.3)	(49.6)
depreciation of right-of-use assets	(17.9)	(17.1)
total operating expenses	**(1,490.3)**	**(1,401.2)**
other income	8.6	10.5
operating profit	**235.5**	**224.0**
net finance cost	(20.2)	(8.0)
profit before income tax	**215.3**	**216.0**
income tax expense	(52.8)	(52.3)
profit after income tax	**162.5**	**163.7**
attributable to:		
shareholders	160.0	160.1
non-controlling interests	2.5	3.6
earnings per share (in EUR)		
basic	1.45	1.45
diluted	1.44	1.45
net profit before amortisation	**188.7**	**186.3**
earnings per share before amortisation (in EUR)		
basic	1.71	1.68
diluted	1.70	1.68

consolidated balance sheet

in EUR million	30-6-2023	31-12-2022	30-6-2022
assets			
intangible assets	1,507.4	1,549.3	1,497.9
property, plant and equipment	1,044.9	995.0	938.7
right-of-use assets	161.8	168.1	170.3
non-current financial assets	5.4	6.1	6.8
deferred income tax assets	11.5	13.7	17.4
total non-current assets	**2,731.0**	**2,732.2**	**2,631.1**
inventories	881.3	911.3	856.3
trade receivables	473.3	380.6	451.4
current income tax receivables	9.0	10.6	14.3
other current assets	113.9	96.8	85.0
cash and cash equivalents	74.0	79.2	254.9
total current assets	**1,551.5**	**1,478.5**	**1,661.9**
total assets	**4,282.5**	**4,210.7**	**4,293.0**

in EUR million	30-6-2023	31-12-2022	30-6-2022
equity and liabilities			
shareholders' equity	2,329.8	2,318.4	2,171.6
non-controlling interests	49.0	44.2	43.4
total equity	**2,378.8**	**2,362.6**	**2,215.0**
bank loans	450.2	477.0	510.8
lease liabilities	134.0	139.2	144.6
deferred income tax liabilities	167.9	175.7	153.0
provision for employee benefits	33.8	35.2	51.3
provisions	15.6	23.3	18.2
non-current financial liabilities	9.3	1.5	3.4
total non-current liabilities	**810.8**	**851.9**	**881.3**
current portion of bank loans	60.5	60.2	75.2
current portion of lease liabilities	33.4	35.0	33.7
current borrowings	169.0	161.4	142.4
current portion of provisions	6.4	11.0	8.8
trade and other payables	415.9	470.1	486.4
current income tax payables	56.4	45.9	45.1
other current liabilities	351.3	212.6	405.1
total current liabilities	**1,092.9**	**996.2**	**1,196.7**
total equity and liabilities	**4,282.5**	**4,210.7**	**4,293.0**

consolidated cash flow statement

in EUR million	1H2023	1H2022
cash flow from operating activities		
operating profit	235.5	224.0
amortisation and depreciation	97.9	92.9
result on sale of equipment	(4.2)	(0.9)
gain on disposal of subsidiaries	-	(7.0)
changes in provisions	(3.6)	3.5
changes in inventories	26.3	(133.4)
changes in trade and other receivables	(111.5)	(127.2)
changes in trade and other payables	(19.9)	38.2
changes in working capital	(105.1)	(222.4)
cash flow from operations	**220.5**	**90.1**
finance cost paid	(17.9)	(4.7)
income taxes paid	(44.9)	(46.7)
net cash generated by operating activities	**157.7**	**38.7**
cash flow from investing activities		
acquisition and disposal of subsidiaries	(10.5)	(71.0)
purchase of property, plant and equipment	(124.7)	(87.1)
purchase of intangible assets	(6.4)	(7.4)
proceeds from sale of equipment	19.1	4.2
net cash generated by investing activities	**(122.5)**	**(161.3)**
cash flow from financing activities		
new bank loans	5.3	350.0
repayment of bank loans	(29.4)	(52.1)
lease payments	(18.8)	(17.8)
settlement of share based payment awards	(2.7)	(8.2)
net cash generated by financing activities	**(45.6)**	**271.9**
net increase/(decrease) in cash and current borrowings	**(10.4)**	**149.3**
cash and current borrowings at beginning of period	(82.2)	(32.1)
effect of changes in exchange rates	(2.4)	(4.7)
cash and current borrowings as at end of period	**(95.0)**	**112.5**

consolidated statement of comprehensive income

in EUR million	1H2023	1H2022
profit for the period	**162.5**	**163.7**
currency translation differences	(21.6)	47.5
fair value changes of derivative financial instruments	(0.9)	12.0
income tax effect	0.2	(3.0)
other comprehensive income	**(22.3)**	**56.5**
total comprehensive income	**140.2**	**220.2**
attributable to:		
shareholders	135.4	216.8
non-controlling interests	4.8	3.4

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 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**
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**

revenue per end market

in EUR million	1H2023	%	1H2022	%
eco-friendly buildings	881.6	51	892.5	56
semicon efficiency	225.5	13	165.9	10
sustainable transportation	269.7	16	231.1	14
industrial niches	340.4	20	325.2	20
total	**1,717.2**	**100**	**1,614.7**	**100**

revenue per region

in EUR million	1H2023	%	1H2022	%
Western Europe	1,055.1	61	978.9	60
America	393.4	23	369.9	23
Eastern Europe	181.7	11	189.6	12
APAC, Middle East, Africa	87.0	5	76.3	5
total	**1,717.2**	**100**	**1,614.7**	**100**

reporting per business segment

building technology	**1H2023**	**1H2022**	**delta**
revenue (in EUR million)	931.9	946.8	(2%)
organic revenue growth (in %)	(1.5)	9.9	(11.4)
EBITA (in EUR million)	130.9	145.5	(10%)
EBITA as a % of revenue (in %)	14.0	15.4	(1.4)
capital expenditure (in EUR million)	41.2	43.1	(4%)

industrial technology	**1H2023**	**1H2022**	**delta**
revenue (in EUR million)	785.3	667.9	18%
organic revenue growth (in %)	16.0	9.7	6.3
EBITA (in EUR million)	137.2	109.1	26%
EBITA as a % of revenue (in %)	17.5	16.3	1.2
capital expenditure (in EUR million)	75.2	40.0	88%

holding | eliminations	**1H2023**	**1H2022**	**delta**
EBITA (in EUR million)	(3.8)	(4.4)	0.6

1H2022 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 2023 ('interim financial statements 2023') 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 2022, which have been prepared in accordance with IFRS EU. The interim financial statements 2023 have not been audited.

The accounting policies and methods of computation applied in these interim financial statements 2023 are the same as those applied in the financial statements for the year ended 31 December 2022. Amendments to accounting standards effective for accounting periods beginning on 1 January 2022 do not have a material impact on the interim financial statements 2023.

In preparing these interim financial statements 2023:
- 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 2022;
- 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 2022;
- methods and assumptions used to estimate fair values are consistent with those used in the year ended 31 December 2022 and during the half-year ended 30 June 2023 there have been no changes with regard to the fair value hierarchy.

dividend
With respect to the profit for the year 2022 the Management Board proposed to declare a cash dividend of EUR 1.11 per share. Any residual profit is added to retained earnings. In accordance with the resolution of the General Meeting held on 25 May 2023, the profit for the year 2022 has been appropriated in conformity with the aforementioned proposal. As at balance sheet date 30 June 2023 an amount of EUR 122.7 million is recognised as a dividend payable in other current liabilities and has been paid on 3 July 2023.

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 2023, 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, 26 July 2023

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.