

# Full Year 2011

Aalberts Industries realises strong growth in revenue (15%) and earnings per share (24%)



# Today's agenda



- 2011 Headlines
- Profile
- Financial review
- Operational developments
- The Aalberts Industries share
- Objectives & Outlook
- Questions and answers

# 2011, the best year ever!

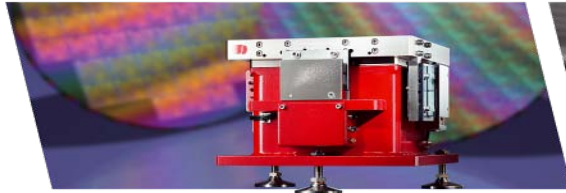
## Headlines



- Revenue ▲15% to EUR 1,937 million
- Organic revenue growth ▲8.6% (at constant exchange rates)
- Operating profit (EBITA) ▲16% to EUR 208.9 million
- Net profit ▲24% to EUR 145.8 million
- Earnings per share ▲24% to EUR 1.36
- Dividend per share ▲21% to EUR 0.34
- Balance sheet ratios improved further
- Industrial Services: strong growth of revenue and profit
- Flow Control: growth of revenue and profit in challenging market circumstances
- Acquisitions: Lamers High Tech Systems, DEC and Galvanotechnik Baum

# Markets Industrial Services

Products, systems & processes for high-grade industries



Semiconductor



Automotive



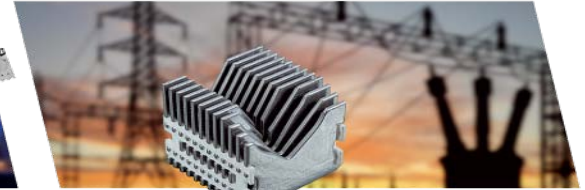
Medical



Aerospace



Sustainable energy



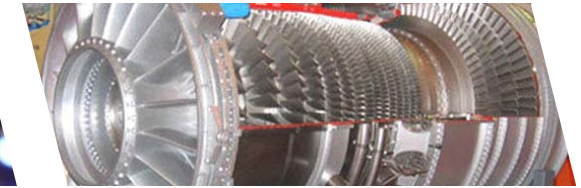
Metal & electro



Precision engineering



LED



Turbine and other ...



# Markets Flow Control

Products & systems to distribute and regulate liquid and gas flows



Construction\*



Gas



Fire protection



Energy-efficiency



District heating



Irrigation



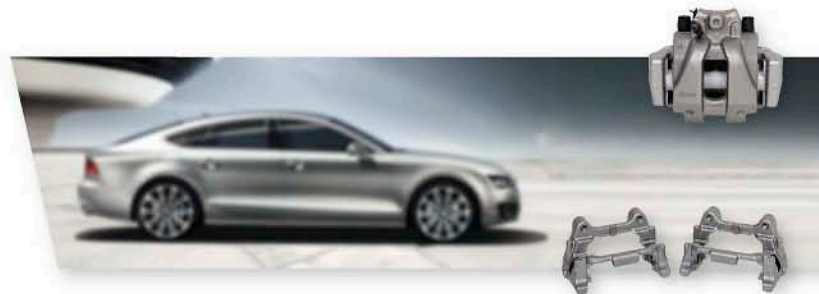
Laboratory



Beer & soft drink



Industrial and other ...



# Financial Review

# Financial headlines



- Acquisition effects included in FY2011:
  - Conbraco (full year in 2011, only 2H in 2010)
  - Lamers High Tech Systems (as from 1 June 2011)
  - DEC (as from 1 August 2011)
  - Galvanotechnik Baum (as from 1 October 2011)
- Lower net interest expense due to reduced leverage ratio and lower interest rates
- Lower effective tax rate of 21.6% compared to 2010 (23.7%)
- Net working capital remained stable as % of revenue (17.3%)
- Balance sheet ratios improved further (leverage ratio 2.3 → 2.0)
- No refinancing need due to repayments of bank loans from free cash flow:
  - 2012: EUR 134 million
  - 2013: EUR 129 million
  - 2014: EUR 103 million
  - After 2014: EUR 130 million
- USD currency ▼5% average rate and ▲2% end of December

# Key figures in graphs | 1

## Revenue (EURm)

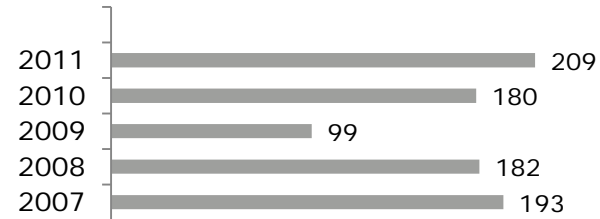
▲ 15%

▲ 8.6% organic



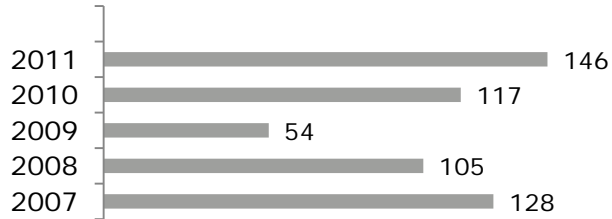
## EBITA

▲ 16%



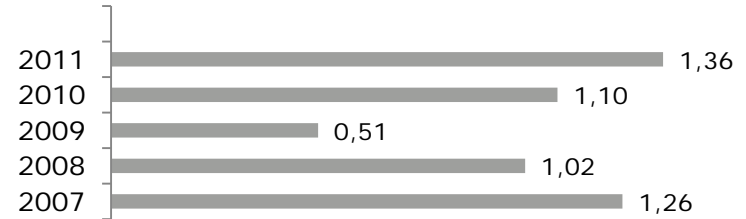
## Net profit (EURm)

▲ 24%



## EPS (EUR)

▲ 24%

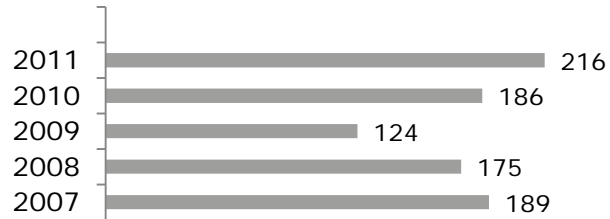




# Key figures in graphs | 2

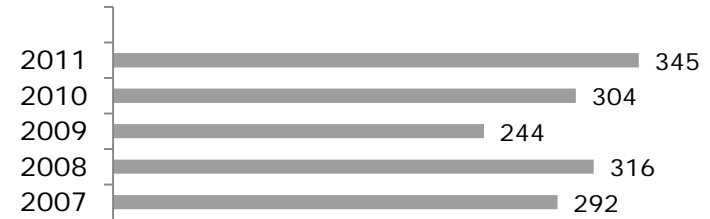
## Cash flow (EURm)

▲ 17%



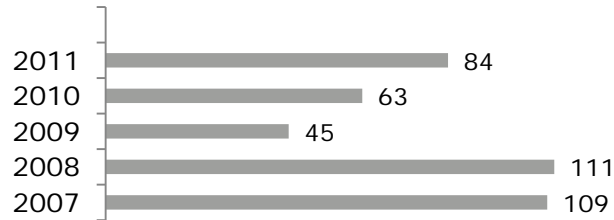
## Working capital (EURm)

▲ 14%



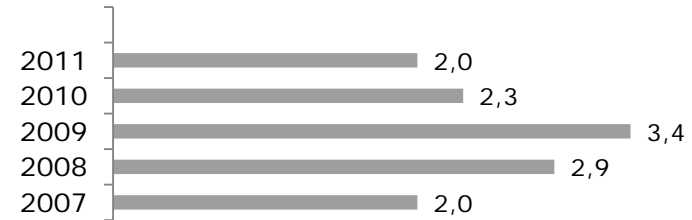
## Capex (EURm)

▲ 33%



## Leverage ratio

▼ 0.3



# Income statement

| in EUR million                        | FY 2011      | FY 2010      | Δ     |
|---------------------------------------|--------------|--------------|-------|
| Revenue                               | 1,937.4      | 1,682.8      | 15%   |
| Added-value                           | 1,145.9      | 1,004.2      | 14%   |
| Operating profit (EBITDA)             | 279.4        | 248.2        | 13%   |
| Depreciation                          | (70.5)       | (68.3)       | 3%    |
| Operating profit (EBITA)              | 208.9        | 179.9        | 16%   |
| Net interest expense                  | (23.0)       | (26.7)       | (14%) |
| Other net finance cost                | (3.6)        | (0.8)        |       |
| Taxes                                 | (36.3)       | (33.1)       | 10%   |
| Minority interest                     | (0.2)        | (2.0)        |       |
| <b>Net profit before amortisation</b> | <b>145.8</b> | <b>117.3</b> | 24%   |

# Balance sheet

| <b>ASSETS</b><br>in EUR million | <b>FY 2011</b> | <b>FY 2010</b> |
|---------------------------------|----------------|----------------|
| Goodwill                        | 504.3          | 465.0          |
| Other intangible assets         | 196.7          | 144.2          |
| Property, plant and equipment   | 565.3          | 530.4          |
| Deferred income tax assets      | 17.4           | 20.6           |
| <b>Non-current assets</b>       | <b>1,283.7</b> | <b>1,160.2</b> |
| Inventories                     | 421.1          | 386.7          |
| Trade receivables               | 199.2          | 199.9          |
| Other current assets            | 27.9           | 30.6           |
| Cash and cash equivalents       | 0.1            | 0.1            |
| <b>Current assets</b>           | <b>648.3</b>   | <b>617.3</b>   |
| <b>TOTAL ASSETS</b>             | <b>1,932.0</b> | <b>1,777.5</b> |

# Balance sheet

| <b>EQUITY AND LIABILITIES</b><br>in EUR million | <b>FY 2011</b> | <b>FY 2010</b> |
|---|----------------|----------------|
| <b>Total equity</b>                             | <b>858.5</b>   | <b>745.7</b>   |
| Non-current borrowings                          | 384.4          | 414.6          |
| Employee benefit plans                          | 26.7           | 26.6           |
| Deferred income tax liabilities                 | 71.4           | 51.1           |
| Other provisions and long term liabilities      | 27.3           | 21.1           |
| <b>Non-current liabilities</b>                  | <b>509.8</b>   | <b>513.4</b>   |
| Current borrowings                              | 84.7           | 49.8           |
| Current portion of non-current borrowings       | 136.6          | 129.4          |
| Trade and other payables                        | 225.0          | 231.3          |
| Other current liabilities                       | 117.4          | 107.9          |
| <b>Current liabilities</b>                      | <b>563.7</b>   | <b>518.4</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>             | <b>1,932.0</b> | <b>1,777.5</b> |

# Cash flow statement

| in EUR million                       | FY 2011      | FY 2010      |
|--------------------------------------|--------------|--------------|
| Operating profit (EBITDA)            | 279.4        | 248.2        |
| Provisions & other movements         | (1.5)        | -            |
| Changes in inventories               | (20.1)       | (41.6)       |
| Changes in trade & other receivables | 20.3         | (23.9)       |
| Changes in trade & other payables    | (28.1)       | 52.7         |
| Changes in working capital           | (27.9)       | (12.8)       |
| <b>Cash flow from operations</b>     | <b>250.0</b> | <b>235.4</b> |

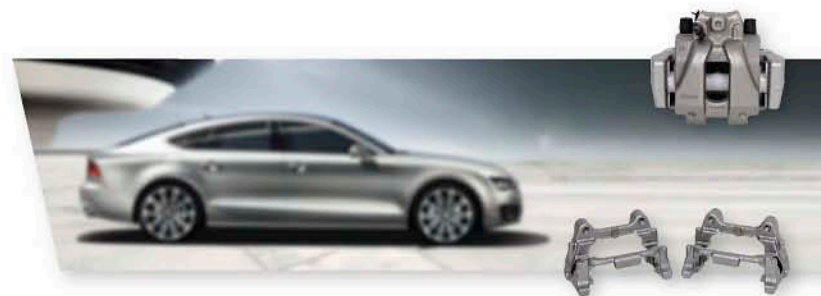


# Cash flow statement

| in EUR million           | FY 2011       | FY 2010    |
|--------------------------|---------------|------------|
| Net finance cost paid    | (25.3)        | (27.7)     |
| Income taxes paid        | (26.8)        | (22.3)     |
| Acquisitions             | (110.4)       | (72.3)     |
| Capital expenditure      | (77.9)        | (55.9)     |
| Proceeds from borrowings | 102.3         | 72.3       |
| Repayments of borrowings | (133.8)       | (118.8)    |
| Dividend paid            | (8.5)         | (6.7)      |
| Other movements          | (3.5)         | (2.2)      |
| <b>Net cash flow</b>     | <b>(33.9)</b> | <b>1.8</b> |

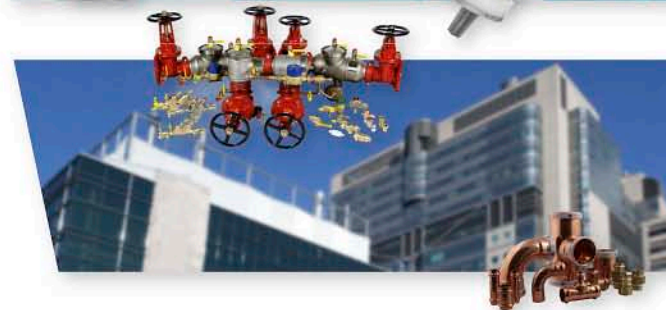
## Key figures

| in EUR million                      | FY 2011 | FY 2010 | Δ   |
|-------------------------------------|---------|---------|-----|
| EBITA as a % of revenue             | 10.8    | 10.7    |     |
| Effective tax rate in %             | 21.6    | 23.7    |     |
| Earnings per share (EUR x 1)        | 1.36    | 1.10    | 24% |
| Average number of shares issued     | 107.5   | 106.4   | 1%  |
| Number of employees (x 1)           | 12,282  | 11,536  | 6%  |
| Capital expenditure                 | 84.3    | 63.2    | 33% |
| Interest cover (12 months-rolling)  | 12.9    | 10.4    |     |
| Total equity                        | 858.5   | 745.7   | 15% |
| Total equity as a % of total assets | 44.4    | 42.0    |     |
| Leverage ratio (12 months-rolling)  | 2.0     | 2.3     |     |
| Net debt                            | 605.6   | 593.7   | 2%  |
| Net debt / Total equity (Gearing)   | 0.7     | 0.8     |     |

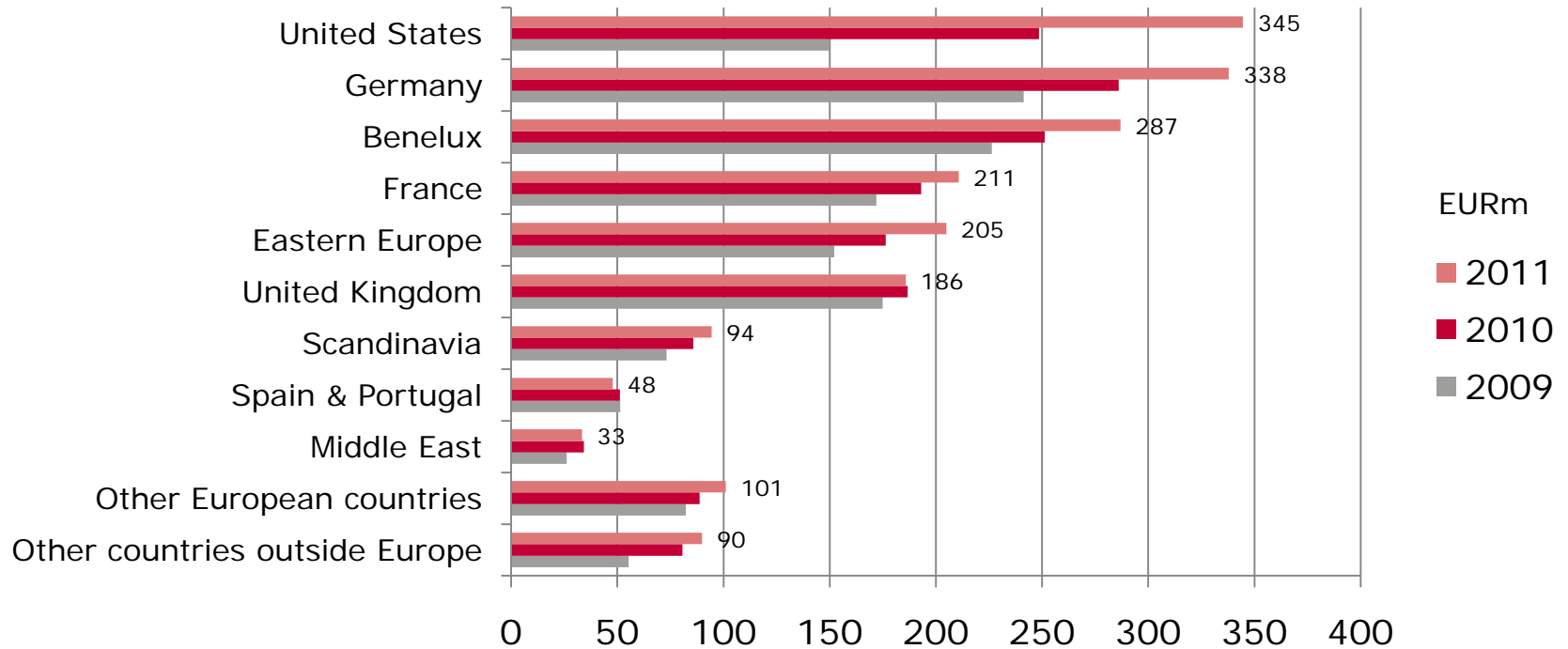


# Operational developments

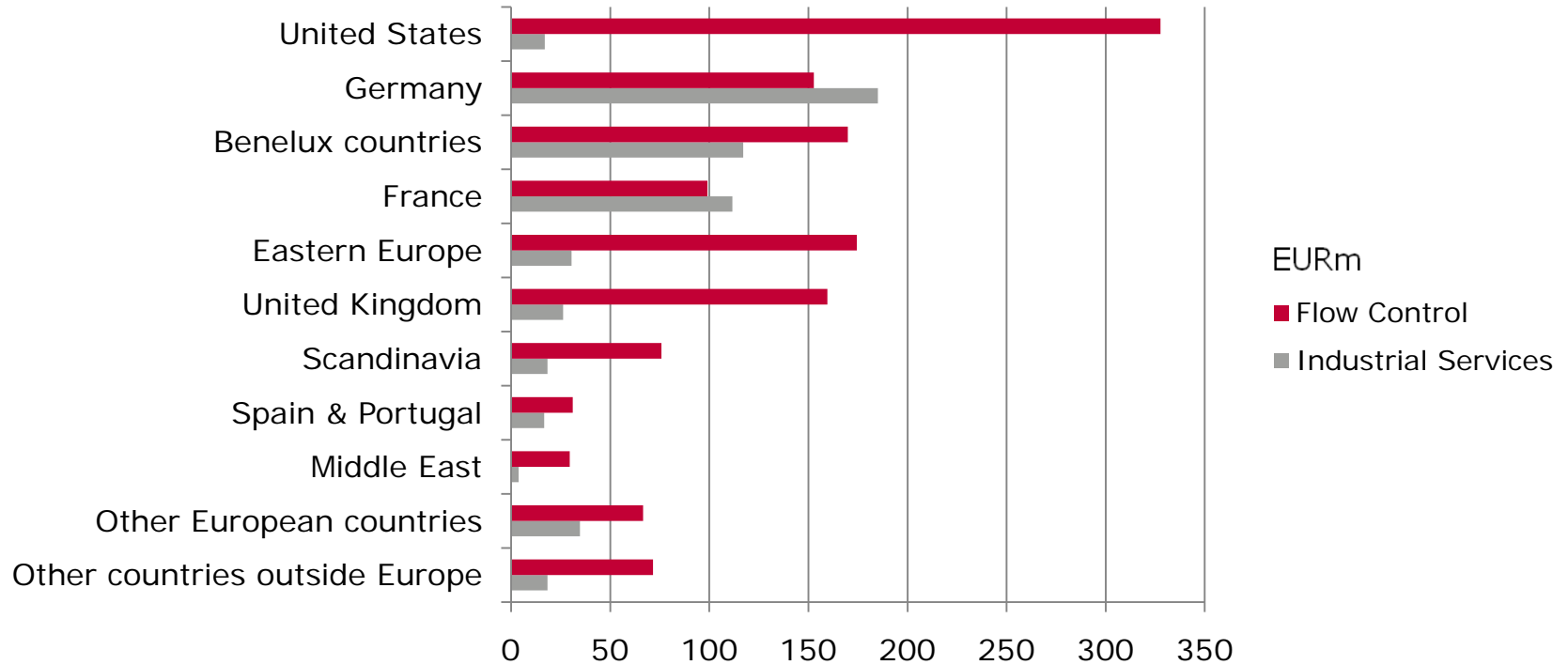
Spread of revenue



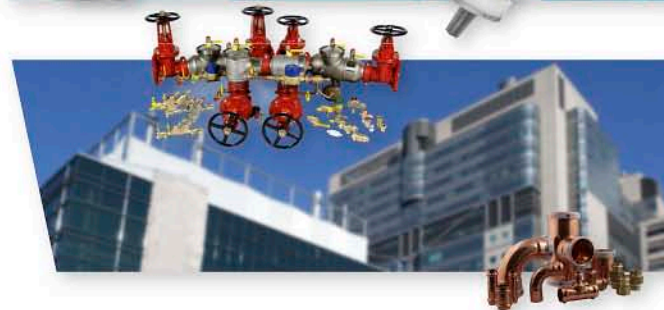
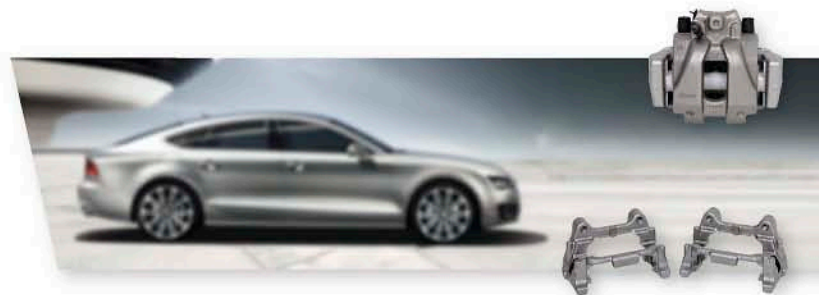
# Spread of revenue



# Spread of revenue per activity in 2011





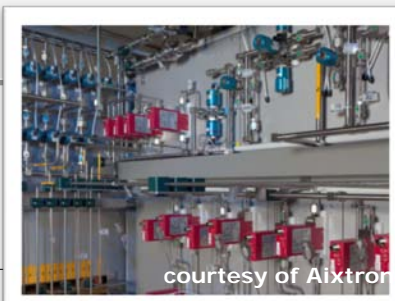


# Industrial Services

Strong growth of revenue and profit

# Industrial Services headlines

- Strong revenue and profit growth:
  - Higher volumes
  - Active market approach
  - More efficient production
- Organic revenue ▲ 15.1% (at constant exchange rates)
- EBITA margin ▲ to 13.8%
- Acquisitions: Lamers High Tech Systems, DEC and Galvanotechnik Baum
- Capital invested in expanding capacity and additional production technologies
  - Scandinavia, Germany, Poland, China and United States
- Opening of new production facilities
  - Eindhoven (NLD), Manchester CN (USA)
- Preparations new production facilities
  - India, China, Poland



# More complete systems for semiconductor

Engineered frames | Vacuum chambers | Gas cabinets | Vibration control



**mogema**

 **INTEGRATED DYNAMICS ENGINEERING**

Strategic partnerships are increasingly taking shape

# Industrial Services market developments

| Market                     | Developments  |
|----------------------------|---|
| Semiconductor industry     | Successful 1H2011, decline in 3Q2011, improved in 4Q2011                    |
| LED industry               | Decline in 3Q2011   Future prospects are promising                          |
| Automotive industry        | Favourable throughout the year  |
| Precision engineering      | Upward trend  |
| Medical segment            | Investments in new facility and expansion; anticipating considerable growth |
| Turbine industry           | Continuation of demand throughout the year                                  |
| Metal & electronics market | Good growth   |
| Defence industry           | Stable  |
| Energy (nuclear) industry  | Production capacity increased   |
| Oil and gas industry       | Many orders   |

# Industrial Services key figures

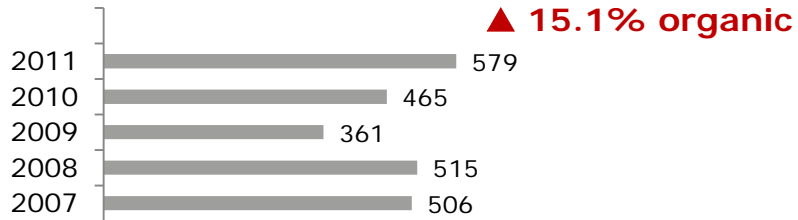
| in EUR million                   | FY 2011 | FY 2010 | Δ    |
|----------------------------------|---------|---------|------|
| Revenue                          | 579.2   | 464.8   | 25%  |
| Operating profit (EBITDA)        | 107.8   | 86.8    | 24%  |
| EBITDA as a % of revenue         | 18.6    | 18.7    |      |
| Operating profit (EBITA)         | 79.8    | 58.1    | 37%  |
| EBITA as a % of revenue          | 13.8    | 12.5    |      |
| Capital expenditure              | 41.2    | 21.6    | 91%  |
| Depreciation                     | 28.0    | 28.7    | (2%) |
| Average number of employees (x1) | 4,463   | 3,911   | 14%  |
| Employees at year-end (x1)       | 4,701   | 4,026   | 17%  |



# Industrial Services key figures

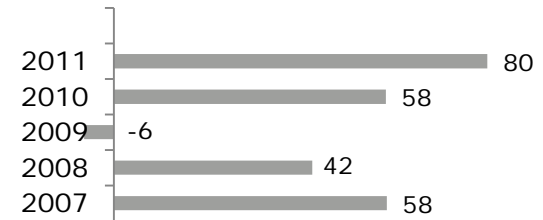
## Revenue (EURm)

▲ 25%



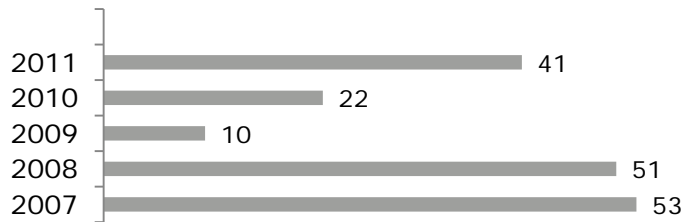
## EBITA (EURm)

▲ 37%



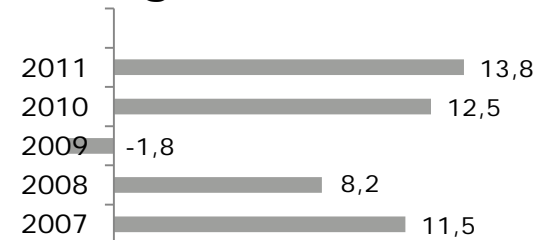
## Capex (EURm)

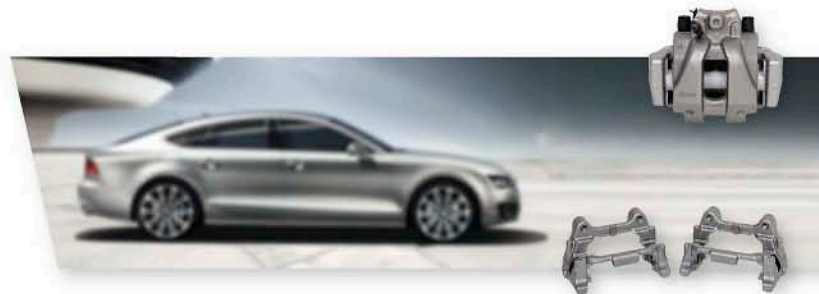
▲ 91%



## EBITA margin

▲ 1.3





# Flow Control

Growth of revenue and profit  
in challenging market  
conditions



## Flow Control headlines

- Revenue and profit increased
- Organic revenue ▲6.2% (at constant exchange rates)
- EBITA margin 9.5%, despite
  - the rise in raw materials prices
  - challenging markets, especially in the second half-year
- Further intensification of market approach
- Many efforts made for sales of complete energy-efficiency systems for residential and commercial construction markets
- Measures were taken during the second half-year to improve the profitability; costs of these measures have been charged to the operating result
- Gas market realised substantial growth

# Extension of gas systems programme

Gas valves big dimensions DN600-1000 | High pressure (100-250 bar)



Market growth due to extra focus

# Flow Control market developments

| Market  | Conditions/Developments        |
|---|--------------------------------|
| Residential new-build   | Difficult                      |
| Renovation & maintenance<br>Commercial construction   | Reasonable level               |
| Industrial<br>District heating<br>Energy-efficiency<br>Fire protection<br>Beer & soft drink | Favourable market developments |
| Gas   | Substantial growth             |



# Flow Control geographical developments | 1

| Area              | Developments   |
|-------------------|--|
| United States     | Residential construction market remained difficult. Irrigation, retail and industrial markets showed healthy growth. Joint market approach further implemented with first results. Conbraco's revenue increased and EBITA margin improved. |
| Germany & Austria | Good organic growth, due to portfolio expansion (Specification) sales organisation was further strengthened. Sales of energy-efficiency systems showed good growth.  |
| Benelux countries | Dutch market remained difficult. Increased activities in floor heating, plastic piping systems and metal fitting systems.  |
| Scandinavia       | Market improved. Focus on specifying products for end users.   |

## Flow Control geographical developments | 2

| Area             | Developments  |
|------------------|---|
| United Kingdom   | Residential construction market showed hardly any growth.<br>Commercial market remained fairly stable.<br>Various group products were launched.<br>Market position improved under strengthened management.                        |
| France           | Market demand developed well.<br>Many initiatives taken by strengthened management to improve market position to the end user, including a totally 'green' energy-efficiency concept containing a large number of group products. |
| Spain & Portugal | Market conditions remained poor.<br>New residential construction and utility markets were very difficult, somewhat compensated by the market for sanitary products.   |
| Eastern Europe   | Level of activities higher than last year.<br>In Russia and Poland strong growth in district heating, hot water tap systems and gas.  |
| Middle East      | To further boost revenue, the existing sales platform was strengthened.   |

## Flow Control key figures

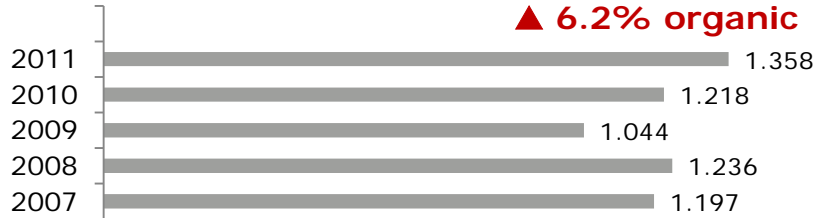
| in EUR million                   | FY 2011 | FY 2010 | Δ   |
|----------------------------------|---------|---------|-----|
| Revenue                          | 1,358.2 | 1,218.0 | 12% |
| Operating profit (EBITDA)        | 171.6   | 161.4   | 6%  |
| EBITDA as a % of revenue         | 12.6    | 13.3    |     |
| Operating profit (EBITA)         | 129.1   | 121.8   | 6%  |
| EBITA as a % of revenue          | 9.5     | 10.0    |     |
| Capital expenditure              | 43.1    | 41.6    | 4%  |
| Depreciation                     | 42.5    | 39.6    | 7%  |
| Average number of employees (x1) | 7,767   | 7,115   | 9%  |
| Employees at year-end (x1)       | 7,563   | 7,494   | 1%  |

# Flow Control key figures

## Revenue (EURm)

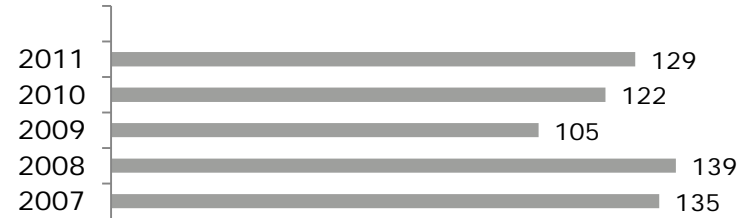
▲ 12%

▲ 6.2% organic



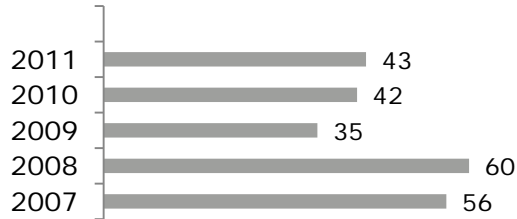
## EBITA (EURm)

▲ 6%



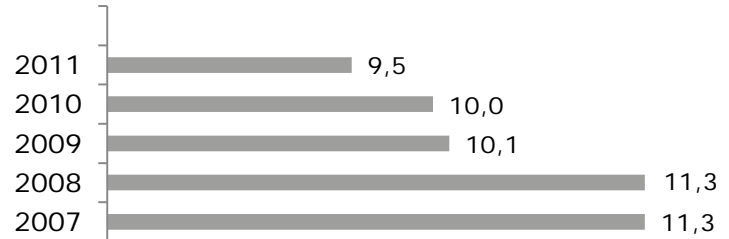
## Capex (EUR)

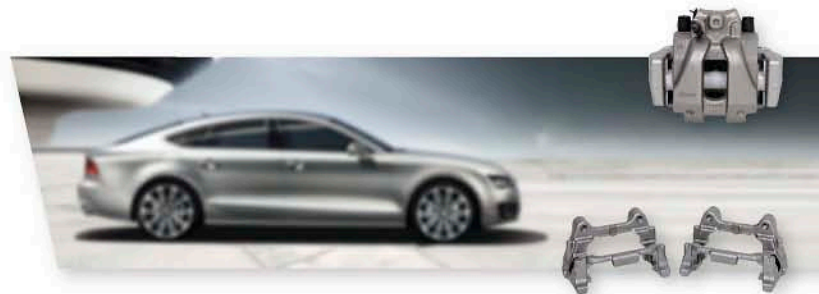
▲ 4%



## EBITA margin

▼ 0.5





# The Aalberts Industries share

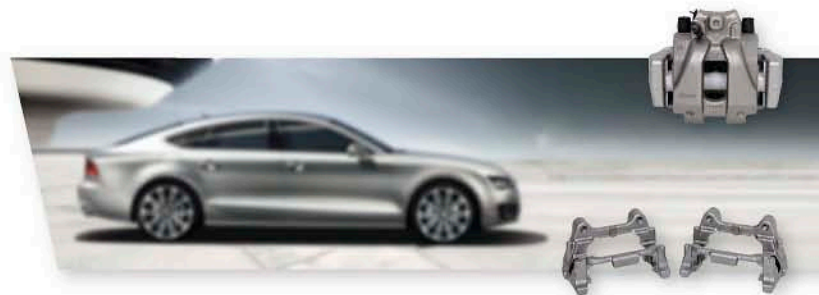


# The Aalberts Industries share

|                                   |              | 2011  | 2010  | 2009  | 2008  | 2007  |
|-----------------------------------|--------------|-------|-------|-------|-------|-------|
| Closing share price               | in EUR       | 12.98 | 15.77 | 10.09 | 5.06  | 13.60 |
| Highest share price in the year   | in EUR       | 17.28 | 15.98 | 10.35 | 14.68 | 21.95 |
| Lowest share price in the year    | in EUR       | 10.10 | 9.35  | 3.30  | 4.77  | 12.30 |
| Average trading volume per day    | in EUR 1M    | 5.018 | 4.866 | 4.446 | 7.035 | 7.790 |
| Average trading volume per day    | in thousands | 366   | 418   | 634   | 663   | 330   |
| Shares in issue                   | in million   | 108.1 | 106.7 | 106.1 | 103.3 | 102.0 |
| Average number of shares in issue | in million   | 107.5 | 106.4 | 106.1 | 103.3 | 101.7 |
| Market capitalisation             | in EUR 1M    | 1,403 | 1,683 | 1,070 | 523   | 1,387 |
| Earnings per share                | in EUR       | 1.36  | 1.10  | 0.51  | 1.02  | 1.26  |
| Dividend per share                | in EUR       | 0.34  | 0.28  | 0.13  | 0.28  | 0.32  |
| Price / Earnings                  |              | 9.5   | 14.3  | 19.8  | 5.0   | 10.8  |

# Share price movements



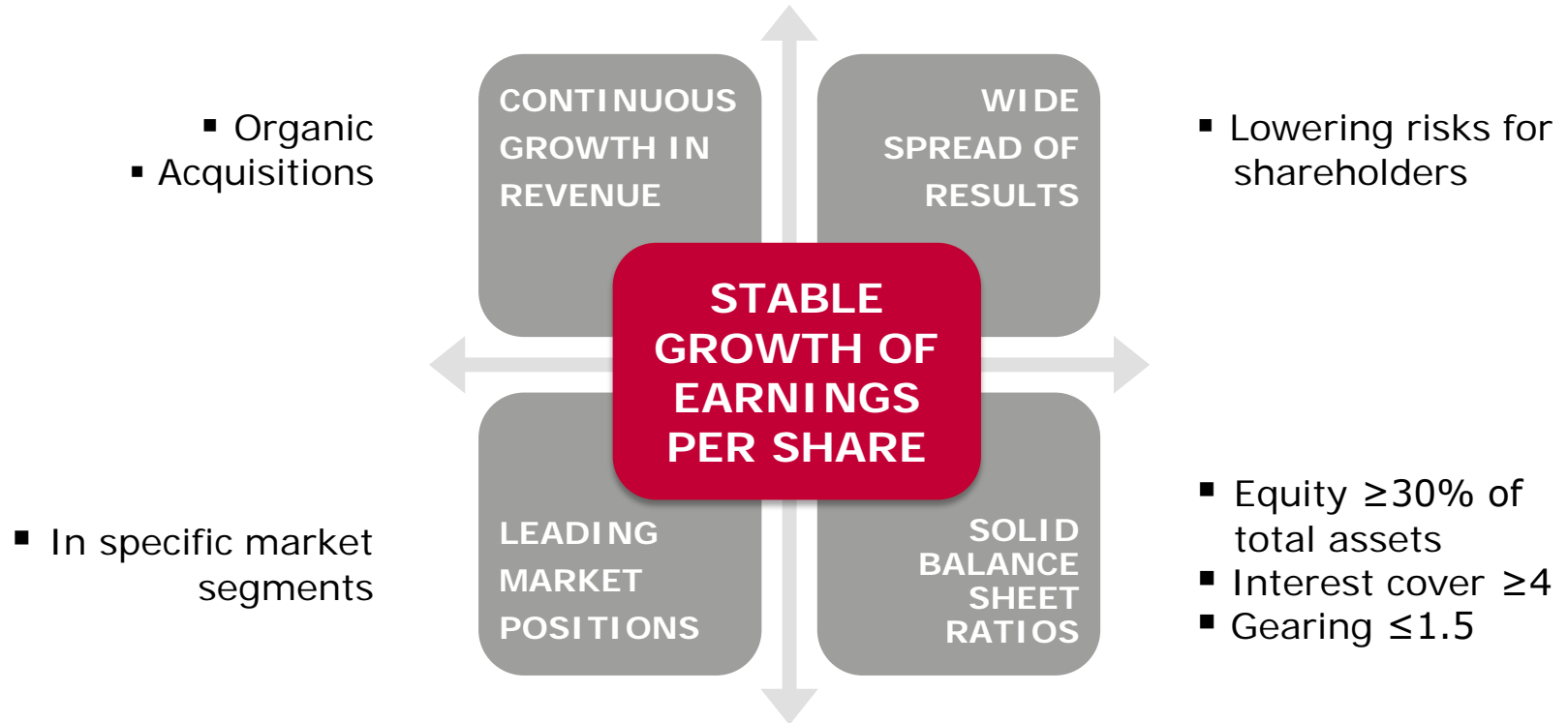


# Objectives & Outlook

Further improvement of earnings per share  
(barring unforeseen circumstances)



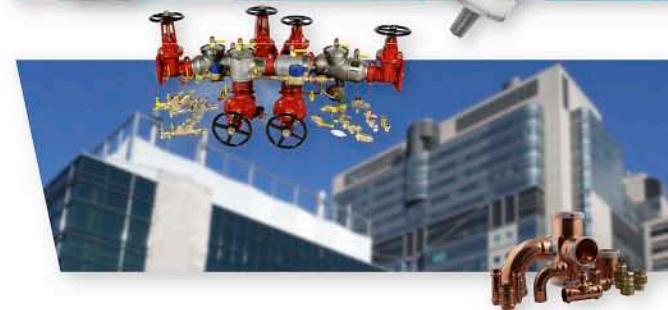
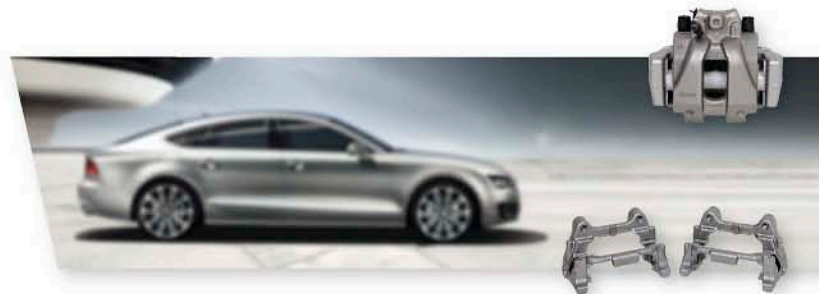
# Objectives unchanged





## Outlook

- On the basis of
  - the close market contacts
  - the broad spread of the markets portfolio
  - the solid order position
  - an increasingly active market approach
  - the development of numerous new products and technologies
  - a high number of initiatives to continue improving production efficiency
- barring unforeseen circumstances
- **it is expected that earnings per share will further increase in 2012**



# Questions & Answers