

Aalberts Industries

Net profit and earnings per share **+15%**

Langbroek, 13 August 2015

Highlights

- Revenue EUR 1,244 million, increase +18% (organic +2%).
- Operating profit (EBITA) +16% to EUR 135 million; EBITA-margin 10.8%
- Net profit before amortisation +15% to EUR 92 million
- Earnings per share +15% to EUR 0.83
- Cash flow from operations +130% to EUR 47 million
- Integration and optimisation of the 2014 acquisitions is proceeding well

Key figures

in EUR million	1H2015	1H2014	DELTA
Revenue	1,244	1,054	18%
Added-value	767	641	20%
Added-value as a % of revenue	61.7	60.8	
Operating profit (EBITDA)	183.0	157.2	16%
EBITDA as a % of revenue	14.7	14.9	
Operating profit (EBITA)	134.7	116.6	16%
EBITA as a % of revenue	10.8	11.1	
Net profit before amortisation	91.5	79.3	15%
Average number of shares (x million)	110.6	110.6	
Earnings per share before amortisation (x EUR 1)	0.83	0.72	15%
Total equity as a % of total assets	46.9	49.6	
Net debt	781	605	29%
Leverage ratio: Net debt / EBITDA (12-months-rolling)	2.1	1.9	
Interest cover ratio (12-months-rolling)	21.5	21.0	
Net debt / Total equity	0.6	0.6	
Cash flow (net profit + depreciation + amortisation)	139.8	119.9	17%
Cash flow from operations	47.4	20.6	130%
Capital expenditure	41.2	37.8	9%
Net working capital	581	513	13%
Capital employed	2,021	1,687	20%
Return on capital employed (ROCE 12-months-rolling)	13.3	14.0	
Number of employees at end of period (x1)	14,861	12,678	17%
Effective tax rate in %	27.2	28.1	

Wim Pelsma

Chief Executive Officer

A GOOD FIRST HALF YEAR WITH A NET PROFIT OF EUR 92 MILLION, PER SHARE EUR 0.83, AN INCREASE OF 15% COMPARED TO THE SAME PERIOD LAST YEAR. OUR REVENUE INCREASED WITH 18% TO EUR 1,244 MILLION. DESPITE DIFFICULT CIRCUMSTANCES IN SOME MARKETS AND REGIONS WE REALISED 2% ORGANIC GROWTH. OUR OPERATING PROFIT (EBITA) INCREASED WITH 16% TO EUR 135 MILLION. CASH FLOW FROM OPERATIONS IMPROVED WITH 130% TO EUR 47 MILLION.

We continued to focus our business on technologies with growth potential and improve our marketing and sales approach. The implementation of the Operational Excellence projects made good progress, driven by our improved business management structure. The integration and optimisation of the 2014 acquisitions proceeded well during the first six months of the year.

In the second half of the year we will further implement our 'Aalberts Industries Linked' strategy as presented beginning of the year, based on four pillars: further focus our business, strengthen our defined market positions, continuously improve our profitability and free cash flow by implementing the many Operational Excellence projects, making use of the strength of our group where possible.

We expect to realise further profitable growth in 2015.

Financial results

The revenue increased by 18% (2% organic) to EUR 1,244 million (1H2014: EUR 1,054 million). The added-value margin (revenue minus raw materials and work subcontracted) amounted to 61.7% (1H2014: 60.8%).

Operating profit (EBITA) increased by 16% to EUR 134.7 million (1H2014: EUR 116.6 million), 10.8% of total revenue (1H2014: 11.1%). Net interest expenses amounted to EUR 8.4 million (1H2014: EUR 7.1 million). Income tax increased to EUR 30.1 million (1H2014: EUR 27.8 million); the effective tax rate was 27.2% (1H2014: 28.1%). Net profit before amortisation increased by 15% to EUR 91.5 million (1H2014: EUR 79.3 million), EUR 0.83 per share (1H2014: EUR 0.72).

Investments in tangible fixed assets increased by 9% to EUR 41.2 million (1H2014: EUR 37.8 million). Net working capital increased to EUR 581 million, 23.9% of revenue (1H2014: EUR 513 million, or 24.6% of revenue), mainly due to acquisitions and currency impact. The free cash flow improved strongly compared to the first half year of 2014 and increased by more than EUR 25 million to EUR 5.4 million positive (1H2014: EUR 20.1 million negative). The return on capital employed (ROCE) was 13.3% (1H2014: 14.0%) due to the impact of 2H2014 acquisitions.

Total equity was 46.9% of total assets (1H2014: 49.6%), while as a result of acquisitions in 2H2014, net debt increased to EUR 781 million (1H2014: EUR 605 million). The leverage ratio was 2.1 (well below the bank covenant of <3.5).

Operational developments

Building Installations realised organic growth and good results. Europe showed positive signs in some countries. The higher activity level in these countries in combination with the focus on technologies with growth potential, an improved marketing and sales approach and the Operational Excellence projects resulted in a good performance in the first six months of the year. Many regions in Europe were still challenging or are coming from a low market activity level. North America performed well. An improvement of activity was seen last months, after some delay of projects in the first months of the year. The business continued to focus on improvement of our joint marketing and sales approach, sales of technologies with growth potential, supported by many product improvements and new products. The Operational Excellence projects made good progress to increase our efficiency.

Climate Control achieved good growth of revenue and results, mainly driven by two acquisitions in 2H2014 (Nexus Valve and Flamco) and intensified group cooperation. The project activities in many markets were still on a low level, especially France and Russia faced challenging circumstances. In North America, United Kingdom and China good growth was realised. In Europe we continued to integrate and optimise the acquisitions, further focus on technologies with growth potential, improve the joint marketing and system sales approach in combination with many Operational Excellence projects to be implemented and executed.

Outlook

The focus remains on continuous strengthening of the market positions, improvement of the marketing and sales approach, further implementation of the Operational Excellence projects and the integration and optimisation of the recent acquisitions.

It is expected that further profitable growth will be realised in 2015.

Industrial Controls showed a mixed picture. The market for district energy, oil & gas was difficult, especially in Russia project activity was low. The high value technologies for niche applications in these markets realised a stable performance. Activities in the semiconductor market performed well with a gradual increase of order intake during the first half year. The high pressure gas regulator and valve technologies and the precision extrusion and machining technologies delivered to the industrial markets did well and realised a good growth. The dispense systems for beer & soft drink in North America made an excellent first half year. We will continue to strengthen our market positions in high value technologies for niche applications in the markets defined.

In **Industrial Services** revenue in the German automotive market remained at a good level, especially the last months. In France the conditions were still challenging, compensated by a good growth in Eastern Europe and Asia. The machine build market started at a lower level and improved during the last months. Activities in the turbine & aerospace market did very well, especially in North America. Good progress was made with the integration of the 2014 acquisition of Impreglon, optimisation projects are identified and will be implemented. The performance of several greenfield locations and site expansions is improving. The focus on executing the many Operational Excellence projects and optimising the organisation and processes is intensified.

More information (from 8 am CET):

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Attachments: *Semi-annual report 2015*

Consolidated income statement

in EUR million	1H2015	1H2014
REVENUE	1,243.7	1,053.5
Raw materials and work subcontracted	(476.3)	(412.7)
Personnel expenses	(359.4)	(295.3)
Depreciation of property, plant and equipment	(48.3)	(40.6)
Amortisation of intangible assets	(12.1)	(9.0)
Other operating expenses	(225.0)	(188.3)
Total operating expenses	(1,121.1)	(945.9)
OPERATING PROFIT	122.6	107.6
Net interest expense	(8.4)	(7.1)
Foreign currency exchange results	(3.7)	(0.2)
Derivative financial instruments	1.8	-
Net interest expense on employee benefit plans	(1.3)	(1.2)
Net finance cost	(11.6)	(8.5)
PROFIT BEFORE TAX	111.0	99.1
Tax expenses	(30.2)	(27.8)
NET PROFIT AFTER TAX	80.8	71.3
Attributable to:		
Shareholders	79.4	70.3
Non-controlling interests	1.4	1.0
NET PROFIT BEFORE AMORTISATION	91.5	79.3
Earnings per share before amortisation		
Outstanding	0.83	0.72
Diluted	0.83	0.72

Consolidated balance sheet

before profit appropriation in EUR million	30-06-2015	31-12-2014	30-06-2014
ASSETS			
Goodwill	638.8	624.7	529.0
Other intangible assets	273.7	278.9	184.1
Property, plant and equipment	733.6	720.3	614.5
Deferred income tax assets	29.8	29.6	20.3
Non-current assets	1,675.9	1,653.5	1,347.9
Inventories	543.6	491.4	478.2
Trade receivables	379.4	247.7	318.1
Other current assets	44.9	61.5	36.7
Cash and cash equivalents	0.1	0.1	0.1
Current assets	968.0	800.7	833.1
TOTAL ASSETS	2,643.9	2,454.2	2,181.0
EQUITY AND LIABILITIES			
Shareholders' equity	1,209.7	1,143.3	1,069.4
Non-controlling interests	29.7	32.4	12.2
Total equity	1,239.4	1,175.7	1,081.6
Non-current borrowings	449.1	428.3	136.1
Employee benefit plans	93.1	87.0	65.1
Deferred income tax liabilities	102.3	103.7	72.5
Other provisions and long-term liabilities	19.3	15.7	16.2
Non-current liabilities	663.8	634.7	289.9
Current borrowings	264.6	158.2	362.8
Current portion of non-current borrowings	67.9	104.0	106.5
Trade and other payables	251.4	229.5	216.4
Current income tax liabilities	12.5	14.9	8.2
Other current liabilities	144.3	137.2	115.6
Current liabilities	740.7	643.8	809.5
TOTAL EQUITY AND LIABILITIES	2,643.9	2,454.2	2,181.0

Consolidated cash flow statement

in EUR million	1H2015	1H2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	122.6	107.6
Adjustments for:		
Depreciation of property, plant and equipment	48.3	40.6
Amortisation of intangible assets	12.1	9.0
Result on sale of equipment	(0.4)	(0.4)
Changes in provisions and other movements	(1.4)	(2.7)
Changes in inventories	(32.3)	(47.6)
Changes in trade and other receivables	(124.9)	(107.4)
Changes in trade and other payables	23.4	21.5
Changes in working capital	(133.8)	(133.5)
CASH FLOW FROM OPERATIONS	47.4	20.6
Finance expenses paid	(10.5)	(7.1)
Income taxes paid	(37.4)	(29.4)
Net cash from operating activities	(0.5)	(15.9)
Cash flows from investing activities		
Acquisition/disposal of subsidiaries	20.7	(20.5)
Purchase of property, plant and equipment	(40.7)	(40.8)
Purchase of intangible assets	(1.3)	(1.3)
Proceeds from sale of equipment	-	1.4
Net cash from investing activities	(21.3)	(61.2)
Cash flows from financing activities		
Proceeds from non-current borrowings	39.5	29.3
Repayment of non-current borrowings	(63.0)	(59.9)
Dividends paid	(50.9)	(45.3)
Non-controlling interests and other cash flows	(5.7)	(1.1)
Net cash from financing activities	(80.1)	(77.0)
NET CASH FLOW (CHANGE IN CASH AND CURRENT BORROWINGS)	(101.9)	(154.1)
Cash and current borrowings at beginning of period	(158.1)	(207.7)
Net cash flow (change in cash and current borrowings)	(101.9)	(154.1)
Currency differences on cash and current borrowings	(4.5)	(0.9)
Cash and current borrowings as at end of period	(264.5)	(362.7)

Consolidated statement of comprehensive income

in EUR million	1H2015	1H2014
Profit for the period	80.8	71.3
Exchange rate differences	38.9	3.1
Fair value changes derivative financial instruments	1.4	0.8
Taxes on direct equity movements	(0.8)	(0.4)
Total comprehensive income	120.3	74.8
Attributable to:		
Shareholders	118.1	73.8
Non-controlling interests	2.2	1.0

Consolidated statement of changes in equity

in EUR million	Issued capital	Share premium account	Other reserves	Currency translation & hedging reserve	Retained earnings	Shareholders' equity	Non-controlling interests	Total equity
As at 1 January 2014	27.6	200.8	712.9	(33.2)	134.2	1,042.3	12.1	1,054.4
Dividend 2013	-	-	-	-	(45.3)	(45.3)	(0.4)	(45.7)
Addition to other reserves	-	-	88.9	-	(88.9)	-	-	-
Share based payments	-	-	(0.7)	-	-	(0.7)	-	(0.7)
Transactions with non-controlling interests	-	-	(0.7)	-	-	(0.7)	(0.5)	(1.2)
Total comprehensive income	-	-	-	3.5	70.3	73.8	1.0	74.8
As at 30 June 2014	27.6	200.8	800.4	(29.7)	70.3	1,069.4	12.2	1,081.6
As at 1 January 2015	27.6	200.8	788.4	(21.0)	147.5	1,143.3	32.4	1,175.7
Dividend 2014	-	-	-	-	(50.9)	(50.9)	(0.3)	(51.2)
Addition to other reserves	-	-	96.6	-	(96.6)	-	-	-
Transactions with non-controlling interests	-	-	(0.8)	-	-	(0.8)	(4.6)	(5.4)
Total comprehensive income	-	-	-	38.7	79.4	118.1	2.2	120.3
As at 30 June 2015	27.6	200.8	884.2	17.7	79.4	1,209.7	29.7	1,239.4

Segment reporting - Key figures per business

REVENUE (in EUR million)

	1H2015	1H2014	DELTA
Building Installations	583.4	523.5	11%
Climate Control	193.3	134.0	44%
Industrial Controls	183.6	209.0	(12%)
Industrial Services	314.6	223.9	41%
<i> Holding / Eliminations</i>	<i>(31.2)</i>	<i>(36.9)</i>	
TOTAL	1,243.7	1,053.5	18%

EBITA (in EUR million)

	1H2015	1H2014	DELTA
Building Installations	63.6	52.9	20%
Climate Control	16.9	11.8	43%
Industrial Controls	21.5	25.4	(15%)
Industrial Services	39.6	32.4	22%
<i> Holding / Eliminations</i>	<i>(6.9)</i>	<i>(5.9)</i>	
TOTAL	134.7	116.6	16%

EBITA AS A % OF REVENUE

	1H2015	1H2014	DELTA
Building Installations	10.9	10.1	0.8
Climate Control	8.7	8.8	(0.1)
Industrial Controls	11.7	12.2	(0.5)
Industrial Services	12.6	14.5	(1.9)
<i> Holding / Eliminations</i>	<i>-</i>	<i>-</i>	
TOTAL	10.8	11.1	(0.3)

CAPEX (in EUR million)

	1H2015	1H2014	DELTA
Building Installations	14.7	13.2	11%
Climate Control	2.6	1.7	53%
Industrial Controls	5.7	5.9	(3%)
Industrial Services	17.7	17.0	4%
<i> Holding / Eliminations</i>	<i>0.5</i>	<i>0.0</i>	
TOTAL	41.2	37.8	9%

Revenue per region

in EUR million	1H2015	SHARE (%)	1H2014	DELTA
Western & Northern Europe	728	59	615	18%
North America	278	22	217	28%
Eastern Europe	100	8	99	1%
Southern Europe	41	3	39	5%
Middle East & Africa	32	3	31	3%
Far East	25	2	21	19%
Other countries	40	3	32	25%
TOTAL	1,244	100	1,054	18%

Revenue per end market

in EUR million	1H2015	SHARE (%)
Building Installations	474	38
Building Efficiency	176	14
Industrial	140	11
Automotive	136	11
Machine build	124	10
Water & gas supply, Irrigation	55	5
Semiconductor	38	3
District energy, Oil & gas	36	3
Turbine & Aerospace	29	2
Beer & soft drink	24	2
Other	12	1
TOTAL	1,244	100

Notes to the interim financial statements

Basis of preparation and summary of accounting policies

The interim financial statements for the six months ended June 30, 2015 have been prepared in accordance with 'IAS 34 Interim Financial Reporting'.

They do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the financial statements for the year ended December 31, 2014.

The accounting policies applied in these interim financial statements are the same as those applied in the financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS as adopted by the European Union. As of 1 January 2015, no new IFRS standards or amendments with an impact on the Group's equity and result became effective.

The interim financial statements have not been audited.

Management Board declaration

The Management Board of Aalberts Industries N.V. declares that, to the best of their knowledge, the semi-annual financial statements give a true and fair view of the assets, liabilities, financial position and result of Aalberts Industries N.V. and its subsidiaries included in the consolidated statements and the semi-annual 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*).

Langbroek, 12 August 2015

Wim Pelsma, Chief Executive Officer
John Eijgendaal, Chief Financial Officer
Oliver Jäger, Executive Director

Financial calendar 2015-2016

22 October 2015	Trading update (before start of trading)
25 February 2016	Publication of annual figures 2015 (before start of trading)
8 March 2016	Publication annual report 2015 (website)
18 April 2016	Trading update (before start of trading)
19 April 2016	General Meeting
28 July 2016	Publication of interim figures 2016 (before start of trading)
20 October 2016	Trading update (before start of trading)