

Aalberts Industries

increases earnings per share **+10%**

Langbroek, 26 February 2015

Highlights

- Revenue EUR 2,201 million, increase +8% (organic +3.1%)
- Operating profit (EBITA) +10% to EUR 247 million; EBITA-margin 11.2%
- Net profit before amortisation +11% to EUR 168 million; earnings per share EUR 1.52
- Free cash flow +27% to EUR 222 million
- Strengthened market positions due to acquisitions Nexus Valve, Flamco and Impreglon
- Dividend proposal +12% to EUR 0.46 per share in cash

Key figures

| in EUR million | 2014 | 2013 | DELTA |
|---|--------|--------|-------|
| Revenue | 2,201 | 2,040 | 8% |
| Added-value | 1,332 | 1,223 | 9% |
| Added-value as a % of revenue | 60.5 | 60.0 | |
| Operating profit (EBITDA) | 332 | 305 | 9% |
| EBITDA as a % of revenue | 15.1 | 14.9 | |
| Operating profit (EBITA) | 247 | 225 | 10% |
| EBITA as a % of revenue | 11.2 | 11.0 | |
| Net profit before amortisation | 168 | 152 | 11% |
| Average number of shares (x million) | 110.6 | 110.1 | - |
| Earnings per share before amortisation (x EUR 1) | 1.52 | 1.38 | 10% |
| Cash dividend per share (x EUR 1) | 0.46 | 0.41 | 12% |
| Total equity as a % of total assets | 47.9 | 52.8 | |
| Net debt | 690 | 480 | 44% |
| Leverage ratio: Net debt / EBITDA (12-months-rolling) | 1.9 | 1.6 | |
| Interest cover ratio (12-months-rolling) | 22.6 | 19.0 | |
| Net debt / Total equity | 0.6 | 0.5 | |
| Cash flow (net profit + depreciation + amortisation) | 253 | 232 | 9% |
| Free cash flow (before interest and tax) | 222 | 175 | 27% |
| Capital expenditure | 85 | 106 | (20%) |
| Net working capital | 427 | 373 | 14% |
| Net working capital as a % of revenue (12-months-rolling) | 18.0 | 18.3 | |
| Capital employed | 1,866 | 1,535 | 22% |
| Return on capital employed (ROCE 12-months-rolling) | 14.0 | 14.6 | |
| Number of employees at end of period (x1) | 14,492 | 12,311 | 18% |
| Effective tax rate in % | 27.4 | 26.8 | |

Wim Pelsma

Chief Executive Officer

ANOTHER GOOD YEAR FOR AALBERTS INDUSTRIES. WE MANAGED TO REALISE A RECORD REVENUE OF EUR 2,201 MILLION AND A RECORD NET PROFIT OF EUR 168 MILLION, AN INCREASE OF 11% COMPARED TO 2013. EARNINGS PER SHARE INCREASED 10% TO EUR 1.52.

As a result of our focus on technologies with growth potential and continuous improvement of our joint marketing and sales approach, we have achieved an organic growth of 3.1%, despite difficult conditions in Europe in some markets.

In addition to the organic growth, we strengthened our market positions with three acquisitions (Nexus Valve, Flamco and Impreglon). These are valuable additions to our product and technology portfolio and our global service network.

As a group we have delivered a good performance and managed to increase the free cash flow with 27%. Despite two major acquisitions, we managed to keep our net debt to a level below two times EBITDA with an equity of 48% of total assets.

A cash dividend of EUR 0.46 per share (2013: EUR 0.41) will be proposed, an increase of 12%.

Financial results

The revenue increased by 8% (3.1% organic) to EUR 2,201 million (2013: EUR 2,040 million). The added-value margin (revenue minus raw materials and work subcontracted) amounted to 60.5% (2013: 60.0%).

Operating profit (EBITA) increased by 10% to EUR 246.7 million (2013: EUR 224.6 million), 11.2% of total revenue (2013: 11.0%). Net interest expenses amounted to EUR 15.7 million (2013: 16.0 million). Income tax increased to 56.4 million (2013: 49.8 million); the effective tax rate was 27.4% (2013: 26.8%). Net profit before amortisation increased by 11% to EUR 167.9 million (2013: EUR 151.7 million), EUR 1.52 per share (2013: EUR 1.38).

Investments in tangible fixed assets decreased by 20% to EUR 85 million (2013: EUR 106 million). Net working capital increased to EUR 427 million, 18.0% of revenue (2013: EUR 373 million, or 18.3%), mainly due to acquisitions. The free cash flow improved strongly and increased by EUR 47 million to EUR 222 million (2013: EUR 175 million). The return on capital employed (ROCE) was 14.0% (2013: 14.6%).

Total equity remained at a good level of 47.9% of total assets (2013: 52.8%), while as a result of acquisitions, net debt increased by EUR 210 million to EUR 690 million (2013: EUR 480 million). The leverage ratio was 1.9, well below the bank covenant <3.0; the interest cover ratio improved from 19.0 to 22.6.

Operational developments

In **Building Installations** the markets in Europe were still challenging. Positive signs were visible in some countries. The sales of product lines with growth potential was successful. North America made a good year. Especially because of the growth of the new products and complete offering of the portfolio. The focus will remain on improving our joint marketing and sales approach, efficiency improvements and the utilisation of the various production sites.

In **Climate Control** good growth was achieved. The cooperation within this activity is intensified. Also the business is strengthened with two acquisitions. Nexus Valve, with a leading position in balancing valves, offers an opening to the North American market. The acquisition in the Netherlands of the strong brand Flamco extends the portfolio with expansion vessels, safety and efficiency-control valves. These additions enable Climate Control to offer a complete system solution with high added-value in many countries.

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.

More information (from 8 am CET):

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Industrial Controls achieved organic revenue growth, despite a decline in the semiconductor market during the year and challenging conditions in the Russian market in the second half year. In contrast, especially the activities in the industrial markets in North America and Europe and the beer & soft drink market performed well. Local investments and new products kept revenue on a good level in the district energy and oil & gas activities. Also several projects started to further improve (production) efficiency.

Industrial Services showed good revenue growth, although there was an impact by start-up and expansion costs of several production sites. Some smaller locations were integrated in bigger facilities to realise more efficiency. The acquisition of Impreglon strengthened the market position in surface treatment, the technology portfolio and the service network, especially in North America.

Dividend

Aalberts Industries proposes to increase the cash dividend per ordinary share by 12% to EUR 0.46 (2013: EUR 0.41). A proposal will be submitted to the General Meeting, to be held on 21 April 2015.

Financial calendar

| | |
|-------------------------|---|
| 10 March 2015 | Publication annual report 2014 (website) |
| 24 March 2015 | Registration date for General Meeting |
| 20 April 2015 | Trading update (before start of trading) |
| 21 April 2015 | General Meeting |
| 23 April 2015 | Quotation ex-dividend |
| 24 April 2015 | Record date for dividend |
| 19 May 2015 | Paying out dividend |
| 13 August 2015 | Publication of interim figures 2015 (before start of trading) |
| 22 October 2015 | Trading update (before start of trading) |
| 25 February 2016 | Publication of annual figures 2015 (before start of trading) |

Attachments: Consolidated income statement, balance sheet, cash flow statement, equity, Segment reporting, Key figures.

Consolidated income statement

| in EUR million | 2014 | 2013 |
|--|------------------|------------------|
| REVENUE | 2,200.8 | 2,040.0 |
| Raw materials and work subcontracted | (868.9) | (816.7) |
| Personnel expenses | (617.8) | (564.6) |
| Depreciation of property, plant and equipment | (84.8) | (79.9) |
| Amortisation of intangible assets | (20.4) | (17.5) |
| Other operating expenses | (382.7) | (354.2) |
| Total operating expenses | (1,974.6) | (1,832.9) |
| OPERATING PROFIT | 226.2 | 207.1 |
| Net interest expense | (15.7) | (16.0) |
| Foreign currency exchange results | (1.1) | (3.1) |
| Derivative financial instruments | (0.7) | 0.2 |
| Net interest expense on employee benefit plans | (2.7) | (2.5) |
| Net finance cost | (20.2) | (21.4) |
| PROFIT BEFORE TAX | 206.0 | 185.6 |
| Tax expenses | (56.4) | (49.8) |
| NET PROFIT AFTER TAX | 149.6 | 135.8 |
| Attributable to: | | |
| Shareholders | 147.5 | 134.2 |
| Non-controlling interests | 2.1 | 1.6 |
| NET PROFIT BEFORE AMORTISATION | 167.9 | 151.7 |
| Earnings per share before amortisation | | |
| Outstanding | 1.52 | 1.38 |
| Diluted | 1.52 | 1.38 |

Consolidated balance sheet

| before profit appropriation in EUR million | 31-12-2014 | 31-12-2013 |
|--|----------------|----------------|
| ASSETS | | |
| Goodwill | 624.7 | 513.2 |
| Other intangible assets | 278.9 | 177.7 |
| Property, plant and equipment | 720.3 | 616.2 |
| Deferred income tax assets | 29.6 | 20.4 |
| Non-current assets | 1,653.5 | 1,327.5 |
| Inventories | 491.4 | 425.0 |
| Trade receivables | 247.7 | 212.0 |
| Other current assets | 61.5 | 31.8 |
| Cash and cash equivalents | 0.1 | 0.1 |
| Current assets | 800.7 | 668.9 |
| TOTAL ASSETS | 2,454.2 | 1,996.4 |
| EQUITY AND LIABILITIES | | |
| Shareholders' equity | 1,143.3 | 1,042.3 |
| Non-controlling interests | 32.4 | 12.1 |
| Total equity | 1,175.7 | 1,054.4 |
| Non-current borrowings | 428.3 | 159.4 |
| Employee benefit plans | 87.0 | 63.8 |
| Deferred income tax liabilities | 103.7 | 69.5 |
| Other provisions and long-term liabilities | 15.7 | 9.4 |
| Non-current liabilities | 634.7 | 302.1 |
| Current borrowings | 158.2 | 207.8 |
| Current portion of non-current borrowings | 104.0 | 113.1 |
| Trade and other payables | 229.5 | 205.5 |
| Current income tax liabilities | 14.9 | 7.7 |
| Other current liabilities | 137.2 | 105.8 |
| Current liabilities | 643.8 | 639.9 |
| TOTAL EQUITY AND LIABILITIES | 2,454.2 | 1,996.4 |

Consolidated cash flow statement

| in EUR million | 2014 | 2013 |
|--|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating profit | 226.2 | 207.1 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 84.8 | 79.9 |
| Amortisation of intangible assets | 20.4 | 17.5 |
| Result on sale of equipment | (1.2) | 0.2 |
| Changes in provisions and other movements | (16.3) | (7.2) |
| Changes in inventories | (18.9) | (3.7) |
| Changes in trade and other receivables | (2.3) | (10.6) |
| Changes in trade and other payables | 14.6 | 3.6 |
| Changes in working capital | (6.6) | (10.7) |
| CASH FLOW FROM OPERATIONS | 307.3 | 286.8 |
| Finance expenses paid | (15.0) | (18.9) |
| Income taxes paid | (56.8) | (55.0) |
| Net cash from operating activities | 235.5 | 212.9 |
| Cash flows from investing activities | | |
| Acquisition/disposal of subsidiaries | (246.1) | (25.1) |
| Purchase of property, plant and equipment | (85.6) | (110.7) |
| Purchase of intangible assets | (4.3) | (3.1) |
| Proceeds from sale of equipment | 4.3 | 2.4 |
| Net cash from investing activities | (331.7) | (136.5) |
| Cash flows from financing activities | | |
| Proceeds from non-current borrowings | 323.5 | 19.4 |
| Repayment of non-current borrowings | (120.9) | (137.0) |
| Dividends paid | (45.3) | (17.3) |
| Non-controlling interests and other cash flows | (2.0) | (0.3) |
| Net cash from financing activities | 155.3 | (135.2) |
| NET CASH FLOW (CHANGE IN CASH AND CURRENT BORROWINGS) | 59.1 | (58.8) |
| Cash and current borrowings at beginning of period | (207.7) | (150.2) |
| Net cash flow (change in cash and current borrowings) | 59.1 | (58.8) |
| Currency differences on cash and current borrowings | (9.5) | 1.3 |
| Cash and current borrowings as at end of period | (158.1) | (207.7) |

Consolidated statement of comprehensive income

| in EUR million | 2014 | 2013 |
|---|--------------|--------------|
| Profit for the period | 149.7 | 135.8 |
| Exchange rate differences | 14.5 | (14.9) |
| Fair value changes derivative financial instruments | 1.8 | 3.7 |
| Remeasurement pension liabilities | (17.6) | (1.3) |
| Taxes on direct equity movements | 2.6 | (1.4) |
| Total comprehensive income | 151.0 | 121.9 |
| Attributable to: | | |
| Shareholders | 145.9 | 120.6 |
| Non-controlling interests | 5.1 | 1.3 |

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 2013 | 27.3 | 201.1 | 596.0 | (20.6) | 135.1 | 938.9 | 11.1 | 950.0 |
| Dividend 2012 | 0.3 | (0.3) | - | - | (17.3) | (17.3) | (0.3) | (17.6) |
| Addition to other reserves | - | - | 117.8 | - | (117.8) | - | - | - |
| Share based payments | - | - | 0.1 | - | - | 0.1 | - | 0.1 |
| Total comprehensive income | - | - | (1.0) | (12.6) | 134.2 | 120.6 | 1.3 | 121.9 |
| As at 31 December 2013 | 27.6 | 200.8 | 712.9 | (33.2) | 134.2 | 1,042.3 | 12.1 | 1,054.4 |
| 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 | - | - | (0.4) | - | - | (0.4) | - | (0.4) |
| Acquisitions | - | - | - | - | - | - | 17.7 | 17.7 |
| Transactions with non-controlling interests | - | - | 0.8 | - | - | 0.8 | (2.1) | (1.3) |
| Total comprehensive income | - | - | (13.8) | 12.2 | 147.5 | 145.9 | 5.1 | 151.0 |
| As at 31 December 2014 | 27.6 | 200.8 | 788.4 | (21.0) | 147.5 | 1,143.3 | 32.4 | 1,175.7 |

Segment reporting - Key figures per business

REVENUE (in EUR million)

| | 2014 | 2013 | DELTA |
|--------------------------------|----------------|----------------|-----------|
| Building Installations | 1,045.5 | 1,006.6 | 4% |
| Climate Control | 339.8 | 265.0 | 28% |
| Industrial Controls | 417.9 | 405.3 | 3% |
| Industrial Services | 468.7 | 416.6 | 13% |
| <i> Holding / Eliminations</i> | <i>(71.1)</i> | <i>(53.5)</i> | |
| TOTAL | 2,200.8 | 2,040.0 | 8% |

EBITA (in EUR million)

| | 2014 | 2013 | DELTA |
|--------------------------------|--------------|--------------|------------|
| Building Installations | 99.8 | 93.6 | 7% |
| Climate Control | 35.4 | 25.6 | 38% |
| Industrial Controls | 53.5 | 51.3 | 4% |
| Industrial Services | 62.7 | 57.2 | 10% |
| <i> Holding / Eliminations</i> | <i>(4.7)</i> | <i>(3.1)</i> | |
| TOTAL | 246.7 | 224.6 | 10% |

EBITA AS A % OF REVENUE

| | 2014 | 2013 | DELTA |
|--------------------------------|-------------|-------------|------------|
| Building Installations | 9.5 | 9.3 | 0.2 |
| Climate Control | 10.4 | 9.6 | 0.8 |
| Industrial Controls | 12.8 | 12.7 | 0.1 |
| Industrial Services | 13.4 | 13.7 | (0.3) |
| <i> Holding / Eliminations</i> | | | |
| TOTAL | 11.2 | 11.0 | 0.2 |

CAPEX (in EUR million)

| | 2014 | 2013 | DELTA |
|--------------------------------|-------------|--------------|--------------|
| Building Installations | 27.1 | 28.6 | (5%) |
| Climate Control | 4.7 | 4.6 | 2% |
| Industrial Controls | 11.4 | 26.0 | (56%) |
| Industrial Services | 41.2 | 46.8 | (12%) |
| <i> Holding / Eliminations</i> | <i>0.1</i> | <i>0.1</i> | |
| TOTAL | 84.5 | 106.1 | (20%) |

Revenue per region

| in EUR million | 2014 | SHARE (%) | 2013 | DELTA |
|---------------------------|--------------|------------|--------------|-----------|
| Western & Northern Europe | 1,284 | 58 | 1,201 | 7% |
| North America | 450 | 21 | 401 | 12% |
| Eastern Europe | 229 | 10 | 222 | 3% |
| Southern Europe | 77 | 3 | 69 | 11% |
| Middle East & Africa | 61 | 3 | 56 | 9% |
| Far East | 43 | 2 | 36 | 20% |
| Other countries | 57 | 3 | 55 | 4% |
| TOTAL | 2,201 | 100 | 2,040 | 8% |

Revenue per end market

| in EUR million | 2014 | SHARE (%) |
|--------------------------------|--------------|------------|
| Building Installations | 782 | 36 |
| Building Efficiency | 306 | 14 |
| Industrial | 267 | 12 |
| Automotive | 226 | 10 |
| Machine build | 187 | 9 |
| District energy, Oil & gas | 113 | 5 |
| Water & gas supply, Irrigation | 98 | 4 |
| Semiconductor | 87 | 4 |
| Turbine & Aerospace | 52 | 2 |
| Beer & soft drink | 40 | 2 |
| Other | 43 | 2 |
| TOTAL | 2,201 | 100 |

Key figures

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|--------|--------|--------|--------|--------|
| Result (in EUR million) | | | | | |
| Revenue | 2,201 | 2,040 | 2,025 | 1,937 | 1,683 |
| Added-value | 1,332 | 1,223 | 1,197 | 1,146 | 1,004 |
| Operating profit (EBITDA) | 332 | 305 | 296 | 279 | 248 |
| Operating profit (EBITA) | 247 | 225 | 219 | 209 | 180 |
| Net profit before amortisation | 168 | 152 | 152 | 146 | 117 |
| Depreciation | 85 | 80 | 77 | 71 | 68 |
| Cash flow* (net profit + depreciation) | 253 | 232 | 229 | 216 | 186 |
| Free cash flow (before interest and tax) | 222 | 175 | 150 | 173 | 177 |
| Balance sheet (in EUR million) | | | | | |
| Intangible assets | 904 | 691 | 686 | 701 | 609 |
| Property, plant and equipment | 720 | 616 | 592 | 565 | 530 |
| Capital expenditure | 85 | 106 | 104 | 84 | 63 |
| Net working capital | 427 | 373 | 370 | 345 | 304 |
| Total equity | 1,176 | 1,054 | 950 | 859 | 746 |
| Net debt | 690 | 480 | 542 | 606 | 594 |
| Capital employed | 1,866 | 1,535 | 1,492 | 1,464 | 1,339 |
| Total assets | 2,454 | 1,996 | 1,965 | 1,932 | 1,778 |
| Number of employees at end of period (x1) | 14,492 | 12,311 | 12,048 | 12,282 | 11,536 |
| Ratios | | | | | |
| Added-value as a % of revenue | 60.5 | 60.0 | 59.1 | 59.1 | 59.7 |
| EBITDA as a % of revenue | 15.1 | 14.9 | 14.6 | 14.4 | 14.8 |
| EBITA as a % of revenue | 11.2 | 11.0 | 10.8 | 10.8 | 10.7 |
| Interest cover ratio (12-months-rolling) | 22.6 | 19.0 | 14.4 | 12.9 | 10.4 |
| Net profit* as a % of revenue | 7.6 | 7.4 | 7.5 | 7.5 | 7.0 |
| Total equity as a % of total assets | 47.9 | 52.8 | 48.3 | 44.4 | 42.0 |
| Net debt / total equity | 0.6 | 0.5 | 0.6 | 0.7 | 0.8 |
| Return on capital employed (ROCE 12-months-rolling) | 14.0 | 14.6 | 14.7 | 14.3 | 13.4 |
| Leverage ratio (12-months-rolling) | 1.9 | 1.6 | 1.8 | 2.0 | 2.3 |
| Shares issued (in millions) | | | | | |
| Ordinary shares (average) | 110.6 | 110.1 | 108.9 | 107.5 | 106.4 |
| Ordinary shares (at year-end) | 110.6 | 110.6 | 109.4 | 108.1 | 106.7 |
| Figures per share (in EUR) | | | | | |
| Cash flow* | 2.29 | 2.10 | 2.10 | 2.01 | 1.74 |
| Net profit* | 1.52 | 1.38 | 1.40 | 1.36 | 1.10 |
| Dividend | 0.46 | 0.41 | 0.35 | 0.34 | 0.28 |
| Share price at year-end | 24.54 | 23.18 | 15.70 | 12.98 | 15.77 |

* Before amortisation