Net profit and earnings per share +12%

Langbroek, 28 February 2017

Highlights

- Revenue +2% to EUR 2,522 million (organic +1.1%)
- Operating profit (EBITA) +10% to EUR 298 million; EBITA-margin 11.8%
- Net profit before amortisation +12% to EUR 212 million; Earnings per share EUR 1.92 (+12%)
- Cash flow from operations +16% to EUR 383 million; Free cash flow +12% to EUR 273 million
- Return on Capital Employed (ROCE) improved to 14.7% (2015: 14.3%)
- Many organic growth and innovation initiatives; Capex EUR 106 million (2015: EUR 96 million)
- Bolt-on acquisitions: Ushers, Schroeder, Tri-Went, Shurjoint and as of 2017 Vin Service

Key figures

in EUR million	**2016**	**2015**	**DELTA**
Revenue	2,522	2,475	2%
Added-value as a % of revenue	62.2	61.5	
Operating profit (EBITA)	298	272	10%
EBITA as a % of revenue	11.8	11.0	
Net profit before amortisation	212	190	12%
Earnings per share before amortisation (in EUR)	1.92	1.72	12%
Total equity as a % of total assets	48.7	46.9	
Net debt	713	718	(1%)
Leverage ratio: Net debt / EBITDA (12-months-rolling)	1.7	1.8	
Free cash flow (before interest and tax)	273	243	12%
Cash flow from operations	383	330	16%
Capital expenditure	106	96	10%
Net working capital	480	461	4%
Return on capital employed (ROCE 12-months-rolling)	14.7	14.3	

Dividend

Aalberts Industries proposes to increase the cash dividend per ordinary share by 12% to EUR 0.58 (2015: EUR 0.52). This proposal will be submitted to the General Meeting to be held on 18 April 2017.

Outlook

We will consistently execute our strategy and drive our many organic growth and innovation initiatives, execute the integration plans of the acquired businesses and further strengthen our defined market positions through additional bolt-on acquisitions. We expect to realise further sustainable profitable growth.

Wim Pelsma – CEO

“WE HAVE MADE GOOD PROGRESS WITH THE CONSISTENT IMPLEMENTATION OF OUR STRATEGY AND DELIVERED A GOOD PERFORMANCE WITH NET PROFIT OF EUR 212 MILLION, EUR 1.92 PER SHARE, AN INCREASE OF 12%.

We increased our operating profit (EBITA) to EUR 298 million (11.8% of revenue), including additional investments in marketing & sales, innovations and greenfields. We achieved an organic revenue growth of 1.1%, despite difficult market conditions in several end markets and regions. Our cash flow from operations improved to EUR 383 million, an increase of 16% compared to 2015.

We have driven forward many organic growth and innovation initiatives and continued to focus on technologies with growth potential. We strengthened our market positions with five bolt-on acquisitions, divested one activity and consistently executed the many Operational Excellence projects. A cash dividend of EUR 0.58 per share (2015: EUR 0.52) will be proposed to the General Meeting, an increase of 12%.

Financial results

The revenue increased by 2% (organic +1.1%) to EUR 2,522 million (2015: EUR 2,475 million). Currency translation/FX impact amounted to EUR 39 million *negative*, mainly caused by British Pound (EUR 28 million), Russian Ruble (EUR 4 million) and Polish Zloty (EUR 4 million).

The added-value margin (revenue minus raw materials and work subcontracted) improved to 62.2% (2015: 61.5%).

Operating profit (EBITA) increased by 10% to EUR 298.1 million (2015: EUR 272.0 million), 11.8% of the revenue (2015: 11.0%). Currency translation/FX impact amounted to EUR 4 million *negative*, mainly caused by British Pound, Russian Ruble and Polish Zloty.

Net interest expense amounted to EUR 16.6 million (2015: EUR 17.8 million). The income tax expense increased to EUR 62.4 million (2015: 58.6 million) resulting in an effective tax rate of 25.2% (2015: 25.8%).

Net profit before amortisation increased by 12% to EUR 212.4 million (2015: EUR 190.4 million), per share by 12% to EUR 1.92 (2015: EUR 1.72).

Capital expenditure on property, plant and equipment increased by 10% to EUR 105.6 million (2015: EUR 96.2 million).

Net working capital increased to EUR 480 million, 18.8% of revenue (2015: EUR 461 million, respectively 18.3%).

Cash flow (net profit + depreciation + amortisation) improved by 7% to EUR 306 million (2015: EUR 286 million).

Free cash flow improved by EUR 30 million (+12%) to EUR 273 million (2015: EUR 243 million) and the free cash flow conversion ratio improved to 69.8% of EBITDA (2015: 66.1%).

Return on capital employed (ROCE) improved to 14.7% (2015: 14.3%).

Total equity remained at a good level of 48.7% of the balance sheet total (2015: 46.9%).

Net debt amounted to EUR 713 million (2015: EUR 718 million) despite four bolt-on acquisitions. The leverage ratio ended at 1.7 (2015: 1.8), well below the bank covenant < 3.0.

Operational developments

BUILDING INSTALLATIONS

In **Europe & Middle East** we realised good organic growth and results. Higher revenues and operational improvements in combination with a focused market approach on technologies with growth potential are becoming visible in the results. Our integrated piping system offering, consisting of connection and valve technology, resulted in several long-term agreements with new and existing Key Accounts. To improve our offering to our customers we defined a global innovation roadmap. We further improved our marketing & sales approach, project tracking and specification efforts. An improved distribution footprint has been made which will be implemented coming years to optimise our service and net working capital. In the Netherlands we started the manufacturing of a new patented connection system in a newly built facility. The sales and operational performance of our plastic multilayer system activity was very successful.
In **North America** our business for the residential and commercial building end market performed well, especially in the last months of the year. The business for industrial installations faced challenging circumstances due to delay of projects. We kept our investments on a high level during the whole year to execute many ongoing projects: optimise our distribution footprint, consolidate our IT infrastructure, automate and improve our manufacturing processes, expanding our capacity for certain fast growing product lines and strengthening our marketing & sales activities. We improved our offering of connection systems with improved products, launched new and upgraded valve products and a new plastic tube system. This resulted in business expansion with several major Key Accounts. Also we defined a global innovation roadmap, aligned with Europe. With the company TRI-WENT, acquired in the first half of the year, we strengthened both our customer base and offering for cooling applications. In the last quarter we acquired SHURJOINT, a company specialised in grooved components and systems.

CLIMATE CONTROL

We made a lot of progress in this business, especially in realising the many ongoing projects. In most European and North American countries we delivered good growth and results. Also in France and Spain market circumstances improved. Several product lines did very well, like our efficiency & safety valve range, water treatment and plastic connection systems. We continued to integrate and optimise our joint marketing & system sales approach based on core technologies in combination with the execution of many Operational Excellence projects. In several regions the sales force was strengthened with experienced people. We have optimised our portfolio in certain countries, which has reduced our organic growth but strengthened our market position. We have started a new manufacturing site in Russia and transferred and consolidated several manufacturing sites. These projects were realised before year end, but increased costs during the year. A global innovation roadmap was defined to drive further organic growth and prioritise and align the many product development and business possibilities.

INDUSTRIAL CONTROLS

The **engineered valves** business for the District Energy, Oil & Gas end market faced challenging circumstances. We transferred and strengthened our North American operation. We invested in a new automated manufacturing process in Denmark for a new patented valve product line to be launched coming year. An innovation roadmap was defined and we invested in experienced sales persons in different regions.
The **fluid power** business for the Automotive and General Industries end markets did very well. The newly formed business management team, including 2015 acquisition VENTREX, is executing the integration plan and innovation roadmap. We see many opportunities to follow our Key Accounts in different parts of the world, using our global footprint.

The **dispense technology** business for the Beverage Dispense end market also made a good year. The business was globally aligned, business management team was strengthened, clear sales responsibilities were defined, many supply chain improvements were initiated and an innovation roadmap was made. We acquired SCHROEDER and VIN SERVICE. The product lines of both companies further complete our system offering towards (global) Key Accounts.

Our **nano technology** business for the Semicon & Science end market started slow in the first half of the year. As expected, the business improved during the second half with a good revenue growth. We combined and strengthened the business management team and organisation and aligned our Key Account Management accordingly, using the strengths of the group.

The **precision extrusion** business made an excellent year in organic growth and results, due to more focus, business expansion with existing and new Key Accounts. A strong growth was realised in the Aerospace end market due to the unique combined offering of precision extrusion, specialised machining, surface treatment and assembly & testing. To facilitate growth we further invested in additional equipment and facilities. In parallel we divested one non-core activity in the Netherlands.

INDUSTRIAL SERVICES

The **heat treatment** activities made a good year despite lower volumes in the Machine Build and General Industries end markets. The Automotive end market was on a good level. In Eastern Europe, Benelux and North America we realised good growth due to new projects with our Key Accounts. The alignment of the heat treatment organisation, business management team and the rebranding was successfully implemented.

The **surface treatment** activities made good progress with the ramp up of greenfield sites in China and Eastern Europe, a lot of new customers were serviced. Many Operational Excellence projects were executed during the year to improve, optimise and consolidate existing locations, resulting in more restructuring and start-up costs, lowering our profitability for the year. The Automotive end market performed at a good level. The Machine Build end market in Europe and the Oil & Gas end market in North America faced more difficult circumstances. In the Aerospace end market we realised good growth in the UK and signed a long term agreement with a major Key Account in France to surface treat aeroplane parts with a jointly developed new coating process.

Our **complex precision stamping** activities showed a good development in Eastern Europe and Asia. Last years we expanded several locations in these regions. In China we also added local manufacturing of mould technology to create a more complete offering for our local customers. In France we faced more difficult circumstances in the Automotive and General Industries end markets. To increase our growth in France we started a programme to develop more projects, especially in niche applications.

Our **precision manufacturing, brazing and heat treatment** activities for the Power Generation end market did very well and realised excellent growth. During the year we invested in additional capacity to facilitate the growth of newly gained agreements with our Key Accounts. Our market position was strengthened with the acquisition of USHERS in North America. We are now able to offer a combination of technologies (precision manufacturing, welding, brazing, assembly, testing and heat treatment) to our Key Accounts. We invested in a new precision manufacturing plant in South Carolina to facilitate growth.

Change in Management Board responsibilities

During the General Meeting to be held on 18 April 2017, the Supervisory Board intends to appoint Mr. A.R. (Arno) Monincx as Executive Director, responsible for Business Development | M&A and several Industrial Controls activities. Arno Monincx was born in 1967, is of Dutch nationality and has been employed in several group functions since the beginning of 2008.

The last five years, Arno was already responsible for business development | M&A and gradually took over more operational responsibilities. After this change the Management Board of Aalberts Industries N.V. will consist of:

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

Webcast

A webcast will take place on Tuesday 28 February 2017, starting at 2:00 PM (CET). Please register via www.aalberts.com/webcast2016.

Contact (from 8 am CET)

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Financial calendar 2017-2018

DATE	EVENT
7 March 2017	Publication annual report 2016 (website)
21 March 2017	Registration date for General Meeting
18 April 2017	General Meeting (Jaarbeurs Media Plaza, Croeselaan 6 Utrecht, start 11.00 AM)
20 April 2017	Quotation ex-dividend
21 April 2017	Record date for dividend
3 May 2017	Paying out dividend
27 July 2017	Publication interim results 1H2017 (before start of trading)
28 February 2018	Publication full year results 2017 (before start of trading)
19 April 2018	General Meeting

Attachment: *Condensed consolidated financial information for FY2016 with related comparative information.*

Consolidated income statement

in EUR million	2016	2015
REVENUE	**2,522.1**	**2,475.3**
Raw materials and work subcontracted	(953.1)	(954.0)
Personnel expenses	(733.2)	(713.9)
Depreciation of property, plant and equipment	(93.7)	(95.3)
Amortisation of intangible assets	(29.9)	(24.8)
Other operating expenses	(444.0)	(440.1)
Total operating expenses	**(2,253.9)**	**(2,228.1)**
OPERATING PROFIT	**268.2**	**247.2**
Net interest expense	(16.6)	(17.8)
Foreign currency exchange results	(4.3)	1.0
Derivative financial instruments	3.2	(1.0)
Net interest expense on employee benefit plans	(2.3)	(2.6)
Net finance cost	**(20.0)**	**(20.4)**
PROFIT BEFORE INCOME TAX	**248.2**	**226.8**
Income tax expenses	(62.4)	(58.6)
PROFIT AFTER INCOME TAX	**185.8**	**168.2**
Attributable to:		
Shareholders	182.6	165.7
Non-controlling interests	3.2	2.5
NET PROFIT BEFORE AMORTISATION	**212.4**	**190.4**
Earnings per share before amortisation (in EUR)		
Basic and Diluted	1.92	1.72

Consolidated balance sheet

before profit appropriation in EUR million	31-12-2016	31-12-2015
ASSETS		
Intangible assets	1,128.2	1,049.8
Property, plant and equipment	761.5	736.4
Deferred income tax assets	13.4	13.1
Total non-current assets	**1,903.1**	**1,799.3**
Inventories	521.1	498.8
Trade receivables	346.6	342.7
Income tax receivables	4.3	10.8
Other current assets	42.6	43.6
Cash and cash equivalents	40.9	45.6
Total current assets	**955.5**	**941.5**
TOTAL ASSETS	**2,858.6**	**2,740.8**
EQUITY AND LIABILITIES		
Shareholders' equity	1,373.1	1,268.7
Non-controlling interests	18.0	16.0
Total equity	**1,391.1**	**1,284.7**
Non-current borrowings	461.2	557.7
Employee benefit plans	84.6	81.4
Deferred income tax liabilities	122.7	117.1
Other provisions and non-current liabilities	37.8	7.2
Total non-current liabilities	**706.3**	**763.4**
Current borrowings	202.5	148.8
Current portion of non-current borrowings	90.3	56.7
Trade and other payables	309.5	307.4
Income tax payables	22.2	18.6
Other current liabilities	136.7	161.2
Total current liabilities	**761.2**	**692.7**
TOTAL EQUITY AND LIABILITIES	**2,858.6**	**2,740.8**

Consolidated cash flow statement

in EUR million	2016	2015*
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	268.2	247.2
Adjustments for:		
Depreciation of property, plant and equipment	93.7	95.3
Amortisation of intangible assets	29.9	24.8
Result on sale of equipment	(2.0)	(2.6)
Changes in provisions	(9.4)	(13.5)
Changes in inventories	(2.4)	6.0
Changes in trade and other receivables	2.9	(12.6)
Changes in trade and other payables	1.6	(14.5)
Changes in working capital	**2.1**	**(21.1)**
CASH FLOW FROM OPERATIONS	**382.5**	**330.1**
Finance cost paid	(20.4)	(16.4)
Income taxes paid	(56.6)	(69.9)
NET CASH GENERATED BY OPERATING ACTIVITIES	**305.5**	**243.8**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries	(121.5)	(126.4)
Disposal of subsidiaries	10.0	32.9
Purchase of property, plant and equipment	(109.7)	(91.9)
Purchase of intangible assets	(5.9)	(7.6)
Proceeds from sale of equipment	6.4	12.3
NET CASH GENERATED BY INVESTING ACTIVITIES	**(220.7)**	**(180.7)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from non-current borrowings	0.6	198.4
Repayment of non-current borrowings	(64.4)	(120.2)
Dividends paid	(57.6)	(50.9)
Cash flow to non-controlling interests	(2.7)	(24.1)
NET CASH GENERATED BY FINANCING ACTIVITIES	**(124.1)**	**3.2**
NET INCREASE/(DECREASE) IN CASH AND CURRENT BORROWINGS	**(39.3)**	**66.3**
Cash and current borrowings at beginning of period	(103.2)	(158.1)
Net increase/(decrease) in cash and current borrowings	(39.3)	66.3
Currency translation differences on cash and current borrowings	(19.1)	(11.4)
CASH AND CURRENT BORROWINGS AS AT END OF PERIOD	**(161.6)**	**(103.2)**

**Adjusted for comparison purposes*

Consolidated statement of comprehensive income

in EUR million	2016	2015
Profit for the period	185.8	168.2
Currency translation differences	(10.3)	19.8
Fair value changes derivative financial instruments, net of income tax	(1.1)	(0.5)
Remeasurements of employee benefit obligations	(11.9)	7.9
Income tax effect	2.9	(2.2)
TOTAL COMPREHENSIVE INCOME / (LOSS)	**165.4**	**193.2**
Attributable to:		
Shareholders	162.7	190.8
Non-controlling interests	2.7	2.4

Consolidated statement of changes in equity

in EUR million	ISSUED AND PAID-UP SHARE CAPITAL	SHARE PREMIUM ACCOUNT	OTHER RESERVES	CURRENCY TRANSLATION & HEDGING RESERVE	RETAINED EARNINGS	SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
As at 1 January 2015	**27.6**	**200.8**	**775.9**	**(21.0)**	**147.5**	**1,130.8**	**32.4**	**1,163.2**
Dividend 2014	-	-	-	-	(50.9)	**(50.9)**	(0.3)	**(51.2)**
Addition to other reserves	-	-	96.6	-	(96.6)	**-**	-	**-**
Share based payments	-	-	0.9	-	-	**0.9**	-	**0.9**
Transactions with non-controlling interests	-	-	(2.9)	-	-	**(2.9)**	(18.5)	**(21.4)**
Total comprehensive income	-	-	6.3	18.8	165.7	**190.8**	2.4	**193.2**
As at 31 December 2015	**27.6**	**200.8**	**876.8**	**(2.2)**	**165.7**	**1,268.7**	**16.0**	**1,284.7**
As at 1 January 2016	**27.6**	**200.8**	**876.8**	**(2.2)**	**165.7**	**1,268.7**	**16.0**	**1,284.7**
Dividend 2015	-	-	-	-	(57.6)	**(57.6)**	(0.7)	**(58.3)**
Addition to other reserves	-	-	108.1	-	(108.1)	**-**	-	**-**
Share based payments	-	-	(0.4)	-	-	**(0.4)**	-	**(0.4)**
Transactions with non-controlling interests	-	-	(0.3)	-	-	**(0.3)**	-	**(0.3)**
Total comprehensive income	-	-	(9.9)	(10.0)	182.6	**162.7**	2.7	**165.4**
As at 31 December 2016	**27.6**	**200.8**	**974.3**	**(12.2)**	**182.6**	**1,373.1**	**18.0**	**1,391.1**

Segment reporting - Key figures per business

REVENUE

in EUR million	2016	2015*	DELTA
Building Installations	1,073.1	1,068.1	-
Climate Control	501.8	500.0	-
Industrial Controls	380.8	367.3	4%
Industrial Services	635.1	610.7	4%
Holding / Eliminations	*(68.7)*	*(70.8)*	-
TOTAL	**2,522.1**	**2,475.3**	**2%**

EBITA

in EUR million	2016	2015*	DELTA
Building Installations	122.4	112.3	9%
Climate Control	54.0	51.3	5%
Industrial Controls	57.4	45.9	25%
Industrial Services	79.3	77.1	3%
Holding / Eliminations	*(15.0)*	*(14.6)*	-
TOTAL	**298.1**	**272.0**	**10%**

EBITA %

(% of revenue)	2016	2015*	DELTA
Building Installations	11.4	10.5	0.9
Climate Control	10.8	10.3	0.5
Industrial Controls	15.1	12.5	2.6
Industrial Services	12.5	12.6	(0.1)
TOTAL	**11.8**	**11.0**	**0.8**

CAPEX

in EUR million	2016	2015*	DELTA
Building Installations	38.7	36.8	5%
Climate Control	8.4	7.6	11%
Industrial Controls	13.6	13.6	-
Industrial Services	44.9	37.8	19%
Holding / Eliminations	-	*0.4*	-
TOTAL	**105.6**	**96.2**	**10%**

**Adjusted for comparison purposes*

Revenue per region

in EUR million	2016	%	2015	%
Western & Northern Europe	1,405	56	1,428	58
North America	581	23	559	23
Eastern Europe	225	9	213	9
Southern Europe	91	4	80	3
Far East	68	3	58	2
Middle East & Africa	58	2	61	2
Other countries	94	3	76	3
TOTAL	**2,522**	**100**	**2,475**	**100**

Revenue per end market

in EUR million	2016	%	2015	%
Building Installations	1,304	52	1,273	51
Automotive	317	12	275	11
General Industries	276	11	299	12
Industrial Installations	134	5	138	6
Machine Build	117	5	142	6
Water & Gas Supply, Irrigation	105	4	106	4
Power Generation, Aerospace	81	3	50	2
Semicon & Science	69	3	71	3
District Energy, Oil & Gas	65	3	77	3
Beverage Dispense	54	2	44	2
TOTAL	**2,522**	**100**	**2,475**	**100**

Regulated information

This press release contains information that qualifies as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

Basis for preparation

ACCOUNTING POLICIES
The condensed consolidated financial information for the year 2016 with related comparative information has been prepared using accounting policies which are in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS) and with Part 2 Book 9 of the Dutch Civil Code. The accounting policies and methods of computation applied in the condensed consolidated financial information are the same as those applied in the Financial Statements for the year ended 31 December 2016. Further disclosures as required under IFRS for a complete set of consolidated financial statements are not included in the condensed consolidated financial information. The consolidated and company financial statements of Aalberts Industries N.V. for the year ended 31 December 2016 have been prepared and audited and will be published on 7 March 2017.

Key figures

	2016	2015	2014	2013	2012
Results (in EUR million)					
Revenue	2,522	2,475	2,201	2,040	2,025
Added-value	1,569	1,521	1,332	1,223	1,197
Operating profit (EBITDA)	392	367	332	305	296
Operating profit (EBITA)	298	272	247	225	219
Net profit before amortisation	212	190	168	152	152
Depreciation	94	95	85	80	77
Cash flow (net profit + depreciation + amortisation)	306	286	253	232	229
Free cash flow (before interest and tax)	273	243	222	175	168
Balance sheet (in EUR million)					
Intangible assets	1,128	1,050	900	691	686
Property, plant and equipment	762	736	726	616	592
Capital expenditure	106	96	85	106	104
Net working capital	480	461	427	373	370
Total equity	1,391	1,285	1,163	1,054	950
Net debt	713	718	690	480	542
Capital employed	2,104	2,002	1,854	1,535	1,492
Total assets	2,859	2,741	2,552	1,996	1,965
Number of employees at end of period (x1)	15,338	14,709	14,492	12,311	12,048
Ratios					
Total equity as a % of total assets	48.7	46.9	45.6	52.8	48.3
Leverage ratio	1.7	1.8	1.9	1.6	1.8
EBITA as a % of revenue	11.8	11.0	11.2	11.0	10.8
Free cash flow conversion ratio	69.8	66.1	66.9	57.6	56.8
Return on capital employed (ROCE)	14.7	14.3	14.1	14.6	14.7
Added-value as a % of revenue	62.2	61.5	60.5	60.0	59.1
EBITDA as a % of revenue	15.5	14.8	15.1	14.9	14.6
Net profit before amortisation as a % of revenue	8.4	7.7	7.6	7.4	7.5
Net debt / Total equity	0.5	0.6	0.6	0.5	0.6
Interest cover ratio	24.6	21.8	22.6	19.0	14.4
Shares issued (in millions)					
Ordinary shares (average)	110.6	110.6	110.6	110.1	108.9
Ordinary shares (at year-end)	110.6	110.6	110.6	110.6	109.4
Figures per share (in EUR)					
Cash flow before amortisation	2.77	2.58	2.29	2.10	2.10
Net profit before amortisation	1.92	1.72	1.52	1.38	1.40
Dividend	0.58	0.52	0.46	0.41	0.35
Share price at year-end	30.82	31.79	24.54	23.18	15.70