

Aalberts realises 9% organic revenue growth and an EBITA margin of 15.5%

highlights

- revenue EUR 3,230 million; organic growth 8.7%
- orderbook increased with 37%
- EBITA EUR 500 million; EBITA margin 15.5%
- net profit before amortisation EUR 372 million; per share EUR 3.37
- free cash flow EUR 168 million
- capital expenditure increased to EUR 203 million
- innovation rate increased to 17%; SDG rate to 68%
- acquisitions ISEL, UWS and KML; divestments ETI and VTI

CEO statement

“We delivered a strong and resilient performance in 2022. The ongoing pandemic, supply chain challenges, raw material and labour shortages and inflation were leading to inefficiencies, additional costs and a higher level of inventory. Our Aalberts people did a great job in relentlessly finding solutions to continue the service to our customers, delivering strong results and driving the long-term business development plans.

Due to our unique positioning, continuous portfolio optimisations and ongoing pricing initiatives we realised an added value margin of 62.4%. Our revenue reached EUR 3,230 million with an organic revenue growth of 8.7%. We realised an EBITA of EUR 500 million with an EBITA margin of 15.5%. Our net profit before amortisation increased with 10% to EUR 372 million, per share EUR 3.37. The orderbook increased with 37% compared to last year. Our innovation rate increased to 17% and our SDG rate to 68%.

Capital expenditure increased to EUR 203 million (+38%) to drive long-term organic revenue growth, innovations and operational excellence initiatives. The portfolio further optimised with three acquisitions and two divestments.

Our operational excellence programme accelerated, further optimising our structure and consolidating locations, driving our strategy and achieving our objectives.”

key figures

in EUR million (before exceptionals)	2022	2021	delta
revenue	3,230	2,979	8%
added-value (% of revenue)	62.4	62.2	
EBITA	500	454	10%
EBITA (% of revenue)	15.5	15.2	
net profit before amortisation	372	337	10%
earnings per share before amortisation (in EUR)	3.37	3.05	10%
net debt	794	492	61%
leverage ratio: net debt / EBITDA	1.3	0.9	
free cash flow (before interest and tax)	168	310	(46%)
capital expenditure	203	147	38%
net working capital	721	452	60%
return on capital employed (%)	16.1	17.2	
innovation rate (%)	17	15	
SDG rate (%)	68	66	

dividend

To the General Meeting we propose a cash dividend of EUR 1.11 per share (2021: EUR 1.01). An increase of 10% compared to last year.

outlook

In 2023, we started with a strong orderbook and will relentlessly execute our strategy Aalberts ‘accelerates unique positioning’.

financial development

Revenue increased by EUR 250.9 million to EUR 3,230.0 million. The acquisitions in 2021 (Sentinel and Premier Thermal) and 2022 (ISEL, UWS and KML) caused a positive effect of EUR 126.3 million. Divestments in 2021 (Adex, Lasco and STH) and 2022 (ETI) caused a negative effect of EUR 208.1 million. Currency translation impact amounted to EUR 86.1 million positive, mainly USD. Overall, we realised an organic revenue growth of EUR 246.6 million or 8.7%.

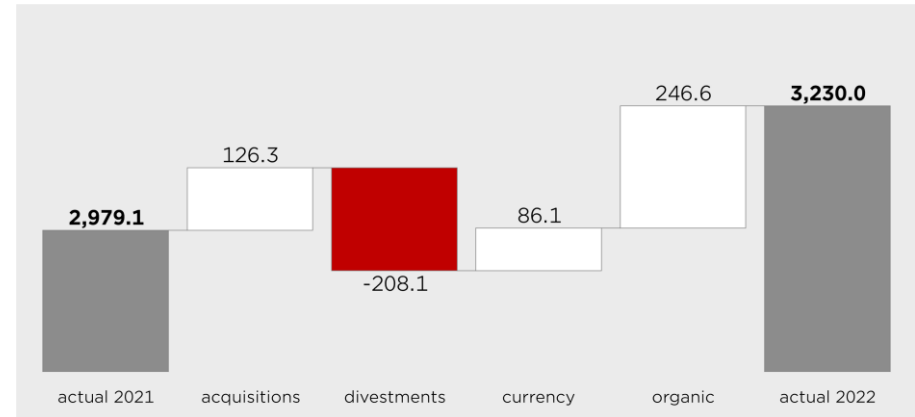
EBITA increased by EUR 46.1 million to EUR 500.3 million or 15.5% of the revenue (2021: 15.2%). There was a positive effect of EUR 28.5 million from the acquisitions in 2021 (Sentinel and Premier Thermal) and 2022 (ISEL, UWS and KML). Divestments in 2021 (Adex, Lasco and STH) and 2022 (ETI) caused a negative effect of EUR 23.9 million. Currency translation impact amounted to EUR 10.0 million positive, mainly USD, resulting into an organic EBITA growth of EUR 31.5 million. Holding/eliminations is reported EUR 2.9 million negative against EUR 7.3 million negative in 2021.

Net profit before amortisation increased by EUR 34.9 million to EUR 372.1 million, per share to EUR 3.37 (2021: EUR 3.05). The effective tax rate was 24.1% against 24.5% last year. Working capital increased to EUR 721 million or 80 days (2021: EUR 452 million or 58 days). Inventories finished EUR 223 million higher at EUR 911 million, EUR 125 million volume to secure customer deliveries, EUR 69 million inflation and EUR 29 million acquisitions and divestments.

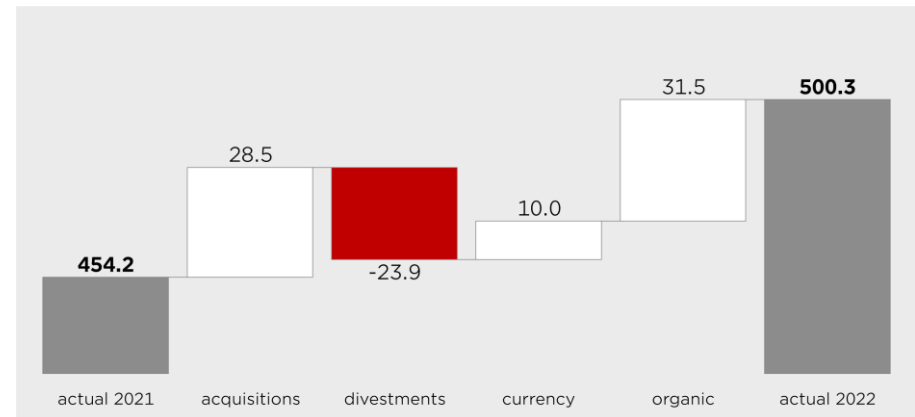
The cash flow from working capital of EUR 243 million negative (2021: EUR 97 million negative) and an increased CAPEX cash out of EUR 189 million (2021: EUR 145 million) led to a lower free cash flow of EUR 168 million (2021: EUR 310 million). Net debt amounted to EUR 794 million (2021: EUR 492 million) with a leverage ratio of 1.3 (2021: 0.9).

Return on capital employed decreased from 17.2% to 16.1%. Capital employed increased with EUR 480 million to EUR 3,156 million. Solvability (total equity as a % of total assets) decreased to 56.1% of the balance sheet total (2021: 59.7%).

revenue bridge



EBITA bridge



operational development

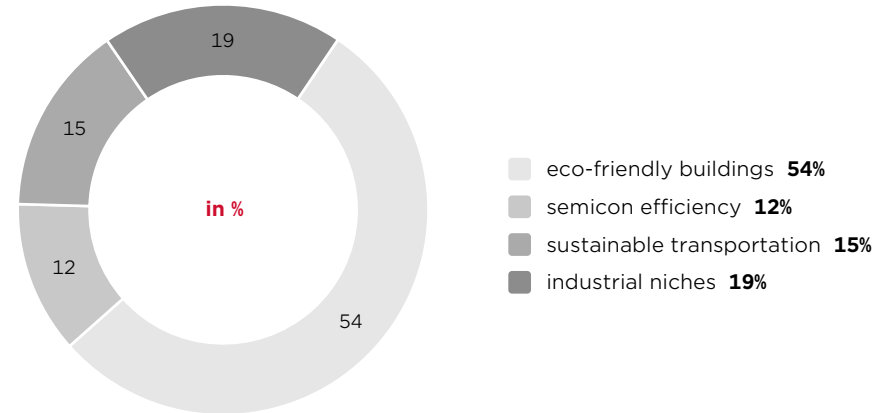
In 2022 Aalberts realised an organic revenue growth of 8.7% compared to last year. The year ended with a strong orderbook, 37% higher than last year. The added value margin of 62.4% was on a good level due to our unique positioning, continuous portfolio optimisations and ongoing pricing initiatives. Our innovation rate increased to 17% and our SDG rate to 68%.

We delivered a strong and resilient performance in 2022. The ongoing pandemic, supply chain challenges, raw material and labour shortages and inflation were leading to inefficiencies, additional costs and a higher work in progress. We invested in additional inventory to secure our customer deliveries, deliver the strong orderbook and facilitate the organic revenue growth plans. Our Aalberts people did a great job in relentlessly finding solutions to continue the service to our customers, delivering strong results and driving the long-term business development plans. Through our Aalberts development programmes we trained more than 550 talents of which 21% were promoted.

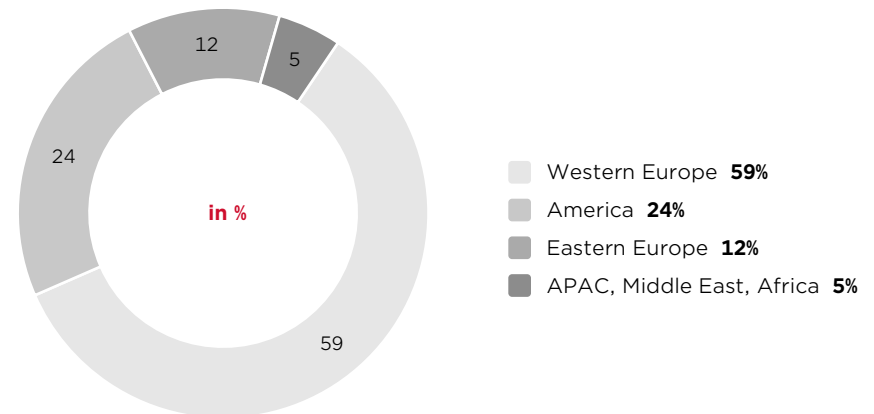
Capital expenditure increased with 38% compared to last year, due to the following developments. First, capital was allocated to the long-term organic revenue growth plans and innovation roadmaps of all business teams. These plans were evaluated, improved and expanded during the year. Secondly, capacity was increased for fast-growing product lines and technologies in all end markets. Thirdly, capital was allocated to drive the many operational excellence initiatives to increase manufacturing efficiency and automation and continuously reduce costs. Fourthly, capital was allocated to optimise and increase regional manufacturing. This reshoring trend becomes favourable for our customers in all our businesses to improve service, protect supply chains and manufacture close to their facilities to reduce transport, realising a more sustainable customer supply chain. We received many requests for customer reshoring projects. In parallel we are optimising our own supply chains by insourcing of manufacturing of components, products, systems and technologies to improve our own market position and added value.

Our operational excellence programme was accelerated to further optimise our structure and consolidate or close locations. In 2022 we relentlessly executed the strategy Aalberts 'accelerates unique positioning' and started to implement the strategic actions 2022-2026 to achieve our objectives. During our investor day in September we presented the unique positioning and growth potential for each technology cluster.

revenue per end market



revenue per region



Within **eco-friendly buildings** we made a good start of the year in all regions with a record orderbook. In the second half of the year our distributors reduced inventories. We served our customers as good as possible despite the labour constraints and supply chain disruptions. Renovation and new build of residential and commercial buildings continued during the year, driven by the transition towards sustainable heating and cooling systems, accelerated by governmental support programmes and legislation. Renovation projects to convert to sustainable energy systems in buildings were accelerating even faster. In addition, our innovations are driving our growth, such as the portfolio expansion of connection and valve technology, integrated piping systems solutions with digital drawing services and hydronic flow control solutions combined with digital services. We increased our capital expenditure driving operational excellence initiatives, improving manufacturing efficiency and adding manufacturing capacity. Aalberts hydronic flow control strengthened the portfolio with the acquisition of UWS, based in Germany.

In **semicon efficiency** we continued our strong growth. The orderbook further increased to a record level. We served our customers as good as possible despite the supply chain disruptions and high customer demand. Long-term growth drivers in the semicon efficiency end market are strong: microchip demand for computer logic, e-mobility developments, connectivity and IoT, investments in new fabs and 5G roll-out. These growth drivers are accelerating our business even faster than expected. We also see an increase in system refurbishment for a new life and a new purpose. Besides, microchip manufacturers are expanding their regional capacity to secure their own technology know-how and supply chain. This is accelerating additional investments in the most efficient microchip manufacturing equipment in all regions. Aalberts is a key enabler to realise capacity growth and new developments for customers in the semicon efficiency end market. Based on these growth drivers, the record orderbook and conversations with our key accounts, we are in the continuous process of capacity expansions, organisation and efficiency improvements in all our locations. In parallel, we are co-developing with our key accounts. The portfolio was strengthened with the acquisitions of ISEL, based in Germany and KML, based in Austria.

Our activities in **sustainable transportation** realised a good performance, despite disruptions in the supply chain of our customers. The demand for passenger cars, motor bikes and commercial vehicles was strong, continuing the need for precision manufactured parts and specialised surface technologies. This was accelerated by many new developments in e-mobility and electrification of vehicles. This is accelerating even faster than expected and giving many opportunities. First, the need for lightweight materials is leading to an increase of precision manufactured aluminium parts with additional surface technologies. Secondly, connectors are growing fast with high-specified precision manufactured parts in combination with metal strip coatings. Thirdly, the development of many new passenger car and light truck models are generating additional business opportunities. The aerospace and marine market performed very well. The orderbook further increased, driven by sustainable solutions for lightweight materials and reduction of the carbon footprint. We continued our operational excellence projects consolidating our footprint.

In **industrial niches** we realised a strong growth and performance, despite supply chain disruptions. The market recovered fast and our orderbook increased strongly during the year in Europe and North America. We invested in many business development projects for precision manufactured parts and surface technologies to facilitate the growth and further optimised our surface technologies portfolio. We received several requests for customer reshoring projects. In Eastern Europe we expanded our activities through additional capital expenditure expanding floor space and adding additional equipment to facilitate the growth. Our industrial valves portfolio in North America realised a strong growth during the year and we are in the process to add manufacturing capacity to facilitate the growth and increase manufacturing efficiency. We launched a new patented system of connections and valves for the industrial market in North America. This was jointly developed in Europe and North America in combination with highly automated manufacturing equipment.

acquisitions and divestments

Aalberts acquired ISEL in Germany, generating an annual revenue of approximately EUR 35 million; acquired UWS in Germany, generating an annual revenue of approximately EUR 25 million; acquired KML in Austria, generating an annual revenue of approximately EUR 35 million.

Aalberts divested ETI in Indiana, USA, generating an annual revenue of approximately USD 45 million; divested VTI in Germany in December 2022, generating an annual revenue of approximately EUR 20 million.

webcast

An audio webcast will take place on 23 February 2023, starting at 9:00 am CET. The audio webcast and presentation can be accessed via aalberts.com/webcast2022

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financial calendar 2023-2024

date	event
13 April 2023	publication annual report
24 May 2023	trading update
25 May 2023	General Meeting
3 July 2023	paying out dividend
27 July 2023	publication interim results
9 November 2023	trading update
22 February 2024	publication full year results
29 May 2024	trading update
30 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 financial information for 2022

consolidated income statement

in EUR million

	2022	2021
revenue	3,230.0	2,979.1
raw materials used and work subcontracted	(1,214.0)	(1,138.5)
personnel expenses	(906.6)	(837.0)
other operating expenses	(530.7)	(475.0)
amortisation of intangible assets	(54.9)	(48.4)
depreciation of property, plant and equipment	(99.2)	(108.5)
depreciation of right-of-use assets	(34.0)	(43.1)
total operating expenses	(2,839.4)	(2,650.5)
other income	54.8	177.5
operating profit	445.4	506.1
net finance cost	(20.8)	(13.2)
profit before income tax	424.6	492.9
income tax expense	(102.3)	(125.1)
profit after income tax	322.3	367.8
attributable to:		
shareholders	317.3	360.1
non-controlling interests	5.0	7.7
earnings per share (in EUR)		
basic	2.87	3.26
diluted	2.86	3.25
net profit before amortisation	372.2	337.3*
earnings per share before amortisation (in EUR)		
basic	3.37	3.05*
diluted	3.36	3.04*

* before exceptionals

consolidated balance sheet

in EUR million	31-12-2022	31-12-2021
assets		
intangible assets	1,549.3	1,377.3
property, plant and equipment	995.0	880.6
right-of-use assets	168.1	175.3
non-current financial assets	6.1	7.3
deferred income tax assets	13.7	19.4
total non-current assets	2,732.2	2,459.9
inventories	911.3	688.4
trade receivables	380.6	336.7
current income tax receivables	10.6	16.9
other current assets	96.8	54.7
cash and cash equivalents	79.2	72.0
assets held for sale	-	26.7
total current assets	1,478.5	1,195.4
total assets	4,210.7	3,655.3

in EUR million	31-12-2022	31-12-2021
equity and liabilities		
shareholders' equity	2,318.4	2,143.7
non-controlling interests	44.2	40.0
total equity	2,362.6	2,183.7
bank loans	477.0	178.9
lease liabilities	139.2	149.8
deferred income tax liabilities	175.7	134.2
provision for employee benefits	35.2	53.5
provisions	23.3	7.3
non-current financial liabilities	1.5	1.8
total non-current liabilities	851.9	525.5
current portion of bank loans	60.2	96.4
current portion of lease liabilities	35.0	33.7
current borrowings	161.4	104.1
current portion of provisions	11.0	12.5
trade and other payables	470.1	450.3
current income tax payables	45.9	38.9
other current liabilities	212.6	205.1
liabilities held for sale	-	5.1
total current liabilities	996.2	946.1
total equity and liabilities	4,210.7	3,655.3

consolidated cash flow statement

in EUR million

	2022	2021
cash flow from operating activities		
operating profit	445.4	506.1
amortisation and depreciation	188.1	200.0
result on sale of equipment	(1.0)	1.1
gain on disposal of subsidiaries	(34.4)	(173.7)
changes in provisions	(2.4)	(10.0)
changes in inventories	(198.8)	(156.2)
changes in trade and other receivables	(45.0)	(63.7)
changes in trade and other payables	0.4	122.6
changes in working capital	(243.4)	(97.3)
cash flow from operations	352.3	426.2
finance cost paid	(15.9)	(14.9)
income taxes paid	(89.1)	(119.6)
net cash generated by operating activities	247.3	291.7
cash flow from investing activities		
acquisition of subsidiaries	(182.8)	(191.1)
disposal of subsidiaries	65.0	298.4
purchase of property, plant and equipment	(188.7)	(144.6)
purchase of intangible assets	(13.3)	(12.2)
proceeds from sale of equipment	8.1	2.1
net cash generated by investing activities	(311.7)	(47.4)
cash flow from financing activities		
proceeds from new bank loans	351.3	
repayment of bank loans	(100.5)	(163.2)
lease payments	(36.6)	(36.2)
dividends paid	(182.5)	(66.4)
settlement of share based payment awards and other	(8.8)	-
net cash generated by financing activities	22.9	(265.8)
net increase/(decrease) in cash and current borrowings	(41.5)	(21.5)
cash and current borrowings at beginning of period	(32.1)	(15.5)
effect of changes in exchange rates	(8.6)	4.9
cash and current borrowings as at end of period	(82.2)	(32.1)

consolidated statement of comprehensive income

in EUR million	2022	2021
profit for the period	322.3	367.8
currency translation differences	8.8	48.9
fair value changes of derivative financial instruments	33.7	6.8
remeasurements of employee benefit obligations	14.4	22.2
income tax effect	(12.3)	(6.0)
other comprehensive income / (loss)	44.6	71.9
total comprehensive income / (loss)	366.9	439.7
attributable to:		
shareholders	362.7	431.8
non-controlling interests	4.2	7.9

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 2022	27.6	200.8	(26.8)	(3.2)	1,945.3	2,143.7	40.0	2,183.7
profit for the period	-	-	-	-	317.3	317.3	5.0	322.3
other comprehensive income	-	-	9.6	25.0	10.8	45.4	(0.8)	44.6
dividend 2021	-	-	-	-	(182.5)	(182.5)	-	(182.5)
share based payments	-	-	-	-	(5.5)	(5.5)	-	(5.5)
as at 31 December 2022	27.6	200.8	(17.2)	21.8	2,085.4	2,318.4	44.2	2,362.6
as at 1 January 2021	27.6	200.8	(75.5)	(8.3)	1,629.5	1,774.1	32.2	1,806.3
profit for the period	-	-	-	-	360.1	360.1	7.7	367.8
other comprehensive income	-	-	48.7	5.1	17.9	71.7	0.2	71.9
dividend 2019	-	-	-	-	(66.3)	(66.3)	(0.1)	(66.4)
share based payments	-	-	-	-	4.1	4.1	-	4.1
as at 31 December 2021	27.6	200.8	(26.8)	(3.2)	1,945.3	2,143.7	40.0	2,183.7

revenue per end market

(in EUR million)	2022	%	2021	%
eco-friendly buildings	1,751.8	54	1,732.3	58
semicon efficiency	369.7	12	266.2	9
sustainable transportation	491.6	15	452.3	15
industrial niches	616.9	19	528.3	18
total	3,230.0	100	2,979.1	100

revenue per region

(in EUR million)	2022	%	2021	%
Western Europe	1,916.4	59	1,763.0	59
America	771.4	24	731.7	25
Eastern Europe	380.6	12	333.6	11
APAC, Middle East, Africa	161.6	5	150.8	5
total	3,230.0	100	2,979.1	100

reporting per business segment

building technology	2022	2021*	delta
revenue (in EUR million)	1,841.8	1,856.1	(1%)
organic revenue growth (%)	6.1	15.9	(9.8)
EBITA (in EUR million)	276.4	290.5	(5%)
EBITA (% of revenue)	15.0	15.6	(0.6)
capital expenditure (in EUR million)	94.3	75.8	24%

industrial technology	2022	2021*	delta
revenue (in EUR million)	1,388.2	1,123.0	24%
organic revenue growth (%)	12.6	16.1	(3.5)
EBITA (in EUR million)	226.8	171.0	33%
EBITA (% of revenue)	16.3	15.2	1.1
capital expenditure (in EUR million)	108.3	68.0	59%

holding eliminations	2022	2021	delta
EBITA (in EUR million)	(2.9)	(7.3)	4.4

* adjusted for comparison purposes due to movement of activities between business segments

notes to the condensed consolidated financial information

basis of preparation and summary of accounting policies

The condensed consolidated financial information for the year 2022 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 which were applied for the previous financial year. 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 financial statements of Aalberts N.V. for the year ended 31 December 2022 have been prepared, audited and authorised for issue on 23 February 2023 and will be published on 13 April 2023.

subsequent events

There are no subsequent events to report.

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.

key figures

	2022	2021	2020	2019	2018
results (in EUR million)					
revenue	3,230	2,979	2,610	2,841	2,759
EBITDA	634	585*	423*	493	462
EBITA	500	454*	283*	363	366
net profit before amortisation	372	337*	200*	267	275
cash flow from operations	352	426	454	465	427
free cash flow (before interest and tax)	168*	310*	360*	312	312
balance sheet (in EUR million)					
intangible assets	1,549	1,377	1,256	1,320	1,235
property, plant and equipment	995	881	829	874	818
capital expenditure	203	147	95	148	134
net working capital	721	452	399	490	464
total equity	2,363	2,184	1,806	1,838	1,676
net debt	794	492	600	755	586
capital employed	3,156	2,676	2,406	2,592	2,262
total assets	4,211	3,655	3,255	3,466	3,148
number of employees at end of period (x1)	14,597	14,402	14,782	16,094	16,452
ratios					
organic revenue growth (%)	8.7	16.0	(7.0)	1.1	4.6
added value (% of revenue)	62.4	62.2*	61.6	62.8	62.6
EBITA (% of revenue)	15.5	15.2*	10.8*	12.8	13.3
return on capital employed	16.1	17.2*	11.7*	14.1	16.6
innovation rate (%)**	17	15	-	-	-
SDG rate (%)***	68	66	-	-	-
leverage ratio	1.3	0.9	1.4	1.5	1.3
solvability (total equity as a % of total assets)	56.1	59.7	55.5	53.0	53.2
effective tax rate	24.1	24.5*	24.4*	22.9	21.4
number of ordinary shares issued (in millions)	110.6	110.6	110.6	110.6	110.6
figures per share (in EUR)					
net profit before amortisation	3.37	3.05*	1.81*	2.42	2.49
dividend	1.11	1.01	0.60	0.80	0.75
special dividend	-	0.64	-	-	-
share price at year-end	36.23	58.26	36.46	40.01	29.05

* before exceptionals

** LTM revenue from products launched in the last 48 months / LTM total revenue

*** revenue related to Sustainable Development Goals / total revenue