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## Aalberts Industries achieves further profit growth

### Highlights of the first half of 2008

- Increase of revenue by more than 6% to EUR 913 million (10% at constant exchange rates)
- Organic revenue growth of approximately 3% (at constant exchange rates)
- Operating profit (EBITA) up 9% to EUR 106 million
- Increase in net profit by more than 6% to EUR 67 million
- Earnings per share up 3% to EUR 0.65 (7% at constant exchange rates)
- Maintaining solid balance sheet ratios
- Acquisitions Flow Control (Henco and Zawgaz) and Industrial Services (IDE, Duralloy and Cotterlaz)

### Key figures (before amortisation) in EUR x million

	H1 2008	H1 2007	Change
Revenue	913.2	858.6	6%
Operating profit (EBITA)	105.7	97.3	9%
Net profit	66.7	62.7	6%
Average number of ordinary shares	103.3	100.1	3%
Earnings per ordinary share (x EUR 1)	0.65	0.63	3%
Cash flow (net profit plus depreciation)	100.8	92.6	9%
Cash flow from operations	22.8	13.5	69%
Capital base as a % of total assets	31.8	33.0	
Net debt	886.2	667.5	33%
Interest cover	5.2	6.6	
Net debt / Total equity	1.5	1.4	

**Jan Aalberts, President and CEO:** "The results achieved in the first six months are a reflection of the strength of our activities and the strategic value of our balanced spread of revenue and profit... By constantly focusing on strengthening our market position, the group has achieved an increase of 6% both in revenue and net profit - in spite of deteriorating macro economic conditions and a negative currency impact - and an organic revenue growth of approximately 3% (at constant exchange rates), compared with our strong performance in the first half of 2007..."

*In the first six months of 2008 we continued our strategy of profitable growth through organic developments and acquisitions... On the one hand, investments occurred to increase efficiency and to accommodate the growing demand for products, systems and processes. On the other hand, a number of acquisitions were finalised to strengthen our market position, expand our portfolio of systems and technologies and extend our geographical presence..."*

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**Financial results** (before amortisation)

The group achieved an increase in revenue of 6% during the first six months, compared with the strong performance in the first half of 2007. The exchange rates of the British pound and the US dollar had a negative impact of approximately 4%. Operating profit (EBITA) rose by 9% to EUR 105.7 million (1H07: EUR 97.3 million), resulting in an EBITA margin of 11.6% (1H07: 11.3%). Earnings per share rose by 3% to EUR 0.65 (7% at constant exchange rates) including the effect of a 3% increase in the average number of outstanding shares.

Net finance cost amounted to EUR 20.2 million, an increase compared with the first half of 2007 (EUR 14.9 million), which may be attributed to the funding of acquisitions and financing of more working capital on average. Net debt amounted to EUR 886 million at the end of June 2008. The capital base amounted to 31.8% of the balance sheet total, interest cover was 5.2 and the net debt to total equity ratio was 1.5.

**Operational developments****Industrial Services**

Distinctive trends were discernible in the various markets in which Industrial Services operated in the first half of 2008. Whereas the aviation industry, the medical sector and the mechanical engineering industry experienced growth or were stable, developments within the semiconductor industry for example, clearly lagged behind what had been achieved in the first six months of 2007. Resulting from focused activities in the market and further investments Industrial Services achieved an organic revenue increase of approximately 2% (at constant exchange rates). Including acquisitions, growth in revenue amounted to 10%. Due to the fact that changing market circumstances are immediately reflected in revenue, whereas compensatory measures are expressed in results after some delay, the operating margin amounted to 11.5% of revenue (1H07: 12.0%).

**Flow Control**

Flow Control benefited from its wide geographical spread and the breadth of its product and system portfolio, which has further expanded following the acquisition of Henco. Supported by an increase in cross-selling activities and positive developments in the Eastern European markets, Flow Control achieved an organic revenue growth of approximately 3% (at constant exchange rates). The situation prevailing in North America appears to be stabilising somewhat, with the result that operating profit rose in spite of a decline in revenue. A further downward trend is evident in the Spanish market, although its impact on results has been limited to date owing to its size. In the first six months the British market was robust, with the result that, thanks to positive developments in the renovation, commercial and industrial construction sectors, organic growth was achieved in line with that of the rest of the group. Developments remained positive in Eastern Europe in the first six months. Most Western European markets exhibited a rising trend for Aalberts Industries in the first half of the year. Because high-grade products and complete systems have been accounting for a growing share of revenue, the operating margin increased to 11.6% of revenue (1H07: 11.1%).

**Investments**

Investments in tangible fixed assets amounted to more than EUR 51 million, a slight increase compared with the previous year. Both core activities benefited from the investment policy from the past, creating further cost savings and efficiency improvements. Industrial Services acquired a number of new projects, for which capital was invested in complementary production technologies and new processes. Investments also occurred to expand and replace part of the heat and surface treatment capacity. Within Flow Control investments occurred for the purposes of boosting production capacity, mainly in Eastern Europe, in order to accommodate growing demand.

**Outlook**

Given Aalberts Industries' position in the various markets, the Management Board anticipates - barring unforeseen circumstances - achieving a further increase in the earnings per share over 2008 as a whole.

**Attachments:**

- Consolidated balance sheet
- Consolidated income statement
- Consolidated cash flow statement
- Changes in shareholders' equity, Key figures and Geographical spread of revenue
- Segment reporting, Explanatory notes to the summary financial statements and Financial Agenda 2009

More information on the acquisitions can be found at: [www.aalberts.nl/news](http://www.aalberts.nl/news)

## CONSOLIDATED BALANCE SHEET

in EUR x million

30 June 2008	31 December 2007	30 June 2007
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### ASSETS

Goodwill	445.1	308.8	311.0
Other intangible assets	151.4	101.4	107.1
Property, plant and equipment	494.6	444.9	425.0
Deferred income tax assets	16.7	16.3	12.6
<b>Non-current assets</b>	<b>1,107.8</b>	<b>871.4</b>	<b>855.7</b>
Inventories	403.8	328.2	372.4
Trade receivables	314.4	205.4	290.5
Other current assets	35.8	29.4	29.0
Cash and cash equivalents	0.1	0.1	0.1
<b>Current assets</b>	<b>754.1</b>	<b>563.1</b>	<b>692.0</b>
<b>Total assets</b>	<b>1,861.9</b>	<b>1,434.5</b>	<b>1,547.7</b>

### EQUITY AND LIABILITIES

Shareholders' equity	569.6	530.4	483.3
Minority interests	11.7	7.8	6.7
<b>Total equity</b>	<b>581.3</b>	<b>538.2</b>	<b>490.0</b>
Non-current borrowings	614.1	350.8	395.2
Cumulative preference shares	10.2	10.2	20.4
Employee benefit plans	31.6	32.3	34.7
Deferred income tax liabilities	37.4	23.5	22.9
Other provisions	5.6	7.1	7.8
<b>Non-current liabilities</b>	<b>698.9</b>	<b>423.9</b>	<b>481.0</b>
Current borrowings	184.7	93.9	189.8
Current portion of non-current borrowings	77.2	70.1	62.1
Trade and other payables	190.0	190.3	189.3
Current income tax liabilities	18.5	20.3	21.7
Other current liabilities	111.3	97.8	113.8
<b>Current liabilities</b>	<b>581.7</b>	<b>472.4</b>	<b>576.7</b>
<b>Total equity and liabilities</b>	<b>1,861.9</b>	<b>1,434.5</b>	<b>1,547.7</b>

## CONSOLIDATED INCOME STATEMENT

in EUR x million

	H1 2008	H1 2007
<b>Revenue</b>	<b>913.2</b>	<b>858.6</b>
Other income	2.2	2.4
<b>Total operating income</b>	<b>915.4</b>	<b>861.0</b>
Raw materials and work subcontracted	(378.7)	(358.3)
Personnel expenses	(241.2)	(226.2)
Depreciation of property, plant and equipment	(34.1)	(29.9)
Amortisation of intangible assets	(5.6)	(4.6)
Other operating expenses	(155.7)	(149.3)
<b>Total operating expenses</b>	<b>(815.3)</b>	<b>(768.3)</b>
<b>Operating profit</b>	<b>100.1</b>	<b>92.7</b>
Net finance cost	(20.2)	(14.9)
<b>Profit before tax</b>	<b>79.9</b>	<b>77.8</b>
Tax expenses	(17.8)	(19.0)
<b>Profit after tax</b>	<b>62.1</b>	<b>58.8</b>
<b>Attributable to:</b>		
Ordinary shareholders	61.1	58.1
Minority interest	1.0	0.7
<b>Net profit before amortisation</b>	<b>66.7</b>	<b>62.7</b>
<b>Earnings per ordinary share</b> before amortisation (in EUR x 1)	<b>0.65</b>	<b>0.63</b>

## CONSOLIDATED CASH FLOW STATEMENT

in EUR x million

H1 2008

H1 2007

### Cash flows from operating activities

Operating profit	100.1	92.7
Adjustments for:		
Depreciation of property, plant and equipment	34.1	29.9
Amortisation of intangible assets	5.6	4.6
Changes in provisions and direct equity movements	(9.3)	1.0
Changes in working capital	(107.7)	(114.7)
<b>Cash flow from operations</b>	<b>22.8</b>	<b>13.5</b>
Net finance cost paid	(25.0)	(17.2)
Income taxes paid	(21.2)	(13.4)
<b>Net cash from operating activities</b>	<b>(23.4)</b>	<b>(17.1)</b>

### Cash flows from investing activities

Acquisition of subsidiaries	(266.9)	(111.3)
Purchase of property, plant and equipment	(54.6)	(45.6)
Purchase of intangible assets	(1.8)	(1.3)
<b>Net cash from investing activities</b>	<b>(323.3)</b>	<b>(158.2)</b>

### Cash flows from financing activities

Proceeds from issue of share capital	-	54.6
Proceeds from non-current borrowings	306.9	92.4
Repayment of non-current borrowings	(35.3)	(31.9)
Dividends paid	(15.7)	(12.5)
Minority interest and other cash flows	(0.1)	0.5
<b>Net cash from financing activities</b>	<b>255.8</b>	<b>103.1</b>

### Net increase/(decrease) in cash and current borrowings

(90.9) (72.2)

## CHANGES IN SHAREHOLDERS' EQUITY

in EUR x million

	H1 2008	H1 2007
<b>Balance as at the beginning of the period</b>	<b>530.4</b>	<b>383.6</b>
Net profit for ordinary shareholders	61.1	58.1
Issue of ordinary shares	-	54.6
Dividend for ordinary shareholders	(15.7)	(12.5)
Exchange rate differences and other movements	(6.2)	(0.5)
<b>Total net effect</b>	<b>39.2</b>	<b>99.7</b>
<b>Balance as at the end of the period</b>	<b>569.6</b>	<b>483.3</b>

## KEY FIGURES

(before amortisation in EUR x million)

	H1 2008	H1 2007
Cash flow (net profit plus depreciation)	100.8	92.6
Capital expenditure	51.1	47.7
Capital base as a % of total assets	31.8	33.0
Operating profit (EBITA) as a % of revenue	11.6	11.3
Interest cover	5.2	6.6
Tax rate in %	22.3	24.5
Net profit as a % of revenue	7.3	7.3
Earnings per ordinary share (x EUR 1)	0.65	0.63
Average number of ordinary shares (x million)	103.3	100.1
Number of ordinary shares issued (x million)	103.3	102.0
Number of employees as at end of period (x 1)	11,899	11,215

## GEOGRAPHICAL SPREAD OF REVENUE

	H1 2008 in EUR million	H1 2008 in % of revenue	H1 2007 in EUR million	H1 2007 in % of revenue
Germany	163.7	17.9	154.4	18,0
Benelux	140.8	15.4	122.3	14,2
United Kingdom	122.3	13.4	131.0	15,3
France	106.9	11.7	101.0	11,8
Eastern Europe	98.6	10.8	69.8	8,1
United States	89.8	9.8	102.5	11,9
Scandinavia	47.7	5.2	43.0	5,0
Spain & Portugal	46.2	5.1	48.6	5,7
Other European countries	50.1	5.5	44.9	5,2
Other countries outside Europe	47.1	5.2	41.1	4,8
<b>Total</b>	<b>913.2</b>	<b>100</b>	<b>858.6</b>	<b>100</b>

\*at constant exchange rates

## SEGMENT REPORTING

(before amortisation in EUR x million)

Industrial Services	H1 2008	H1 2007	Change
Revenue	282.3	257.6	10%
Operating profit (EBITA)	32.4	30.9	5%
Operating profit (EBITA) as a % of revenue	11.5	12.0	
Capital expenditure	19.4	18.1	4%
Depreciation	15.3	14.5	6%
Average number of employees (x1)	4,783	4,386	9%

Flow Control	H1 2008	H1 2007	Change
Revenue	630.9	601.0	5%
Operating profit (EBITA)	73.3	66.4	10%
Operating profit (EBITA) as a % of revenue	11.6	11.1	
Capital expenditure	31.7	29.6	7%
Depreciation	18.8	15.4	22%
Average number of employees (x1)	6,858	6,303	9%

## EXPLANATORY NOTES TO THE SUMMARY FINANCIAL STATEMENTS

- The accounting principles applied are based on IFRS
- The data included in this report are unaudited

## FINANCIAL AGENDA 2009

subject to change

26 February	Publication of annual figures 2008 (before start of trading)
20 April	General Meeting of Shareholders in the Okura Hotel, Amsterdam (start: 14:00 hrs)
22 April	Ex-dividend listing
22 April - 11 May	Option period stock dividend or cash dividend
24 April	Record date
12 May	Fixation of stock dividend conversion ratio (after close of trading)
15 May	Making payable of dividend and delivery of new ordinary shares
13 August	Publication of interim figures 2009 (before start of trading)