Press release

Aalberts Industries

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Aalberts Industries achieves operating profit (EBITDA) in line with 2007

Highlights 2008

- Revenue increase of 3% to EUR 1.75 billion (6% at constant exchange rates)
- Organic revenue fall of 2% (at constant exchange rates)
- Operating profit (EBITDA) EUR 251.6 million in line with 2007
- Operating profit (EBITA) EUR 181.5 million (10.4% of revenue)
- Earnings per share EUR 1.02, in line with the update on 16 December 2008
- Continuation of the dividend policy with a pay-out ratio of more than 27% (EUR 0.28 per share)
- Cash flow from operations (EBITDA + changes in working capital) increased by 15%
- Strict working capital management and maintenance of healthy balance sheet ratios
- Strategic expansion Flow Control with Henco, specialist in plastic multilayer systems

Key figures (before amortisation) in EUR x million	**2008**	**2007**	**Change**
Revenue	**1,750.8**	1,702.5	3%
Operating profit before depreciation (EBITDA)	**251.6**	254.2	(1%)
Operating profit (EBITA)	**181.5**	193.3	(6%)
Net profit	**105.0**	128.0	(18%)
Average number of ordinary shares	**103.3**	101.7	2%
Earnings per ordinary share (x EUR 1)	**1.02**	1.26	(19%)
Dividend per ordinary share (x EUR 1)	**0.28**	0.32	(13%)
Cash flow (net profit plus depreciation)	**175.1**	188.9	(7%)
Cash flow from operations	**264.5**	230.1	15%
Total equity as a % of total assets	**34.5**	37.5	
Net debt	**765.3**	525.0	46%
Net debt / EBITDA (twelve month rolling)	**2.9**	2.1	
Interest cover (EBITA / net interest expense)	**4.1**	5.4	
Net debt / Total equity (gearing)	**1.3**	1.0	

***Jan Aalberts, President & CEO**: "2008 was a year of contrasts. On the one hand both Industrial Services and Flow Control managed to strengthen our market position in the first half of the year through organic growth and the acquisition of a number of strategically complementary companies. The acquisition of Henco, market leader in plastic multilayer systems, is of great importance and has a significant impact on the financial position. While, on the other hand, we experienced a significant downturn in almost all our markets combined with negative exchange rate effects in the second half of the year, and particularly in the last quarter. We immediately took measures, which included reducing our workforce by more than 1,000 employees. During the course of 2008, various parts of the organisation experienced an increase in the tempo at which our sales force has been combined and management strengthened.*

Revenue increased by 3% to EUR 1.75 billion (6% at constant exchange rates) and an operating profit (EBITA) of EUR 181.5 million was achieved, 6% less than in 2007. At EUR 251.6 million, the operating profit before depreciation and amortisation (EBITDA) was comparable to 2007. In 2008 considerable sums were invested, EUR 110 million, in line with our long term objectives and our confidence in the future. The cash flow from operations increased by 15% as a strong emphasis was placed on working capital; in the second half of the year, we realised a reduction of EUR 123 million. Our net debt was reduced by EUR 121 million in the last six months of the year. Exchange rate effects, and particularly the developments in the last quarter of the year, had a negative impact on the year's net profit in Euros.

In 2008, our operational strength was further increased by enlarging our share in various markets and reducing our operating costs, but it was, without doubt, also enhanced by our focused investments in several new products, production technologies and realised acquisitions.

2008 was challenging and also 2009 will demand a great deal of alertness, dedication and fast actions. We will not digress from our ambition of further profitable growth, both by organic means and acquisitions, and are convinced that we will emerge strengthened from the current market situation."

Financial results (before amortisation)

Aalberts Industries achieved revenue of EUR 1.75 billion in 2008. However, due to exchange rate fluctuations and the resultant conversion differences, this ended up approximately EUR 50 million lower, causing the growth to be 3% instead of 6%. Organic revenue declined by about 2%.

The operating profit before depreciation and amortisation (EBITDA) was EUR 251.6 million (14.4% of revenue) in 2008, marginally lower than in 2007 (EUR 254.2 million). The operating profit after depreciation and before amortisation (EBITA) amounted to EUR 181.5 million. When compared to 2007, more than three-quarters of the decline can be attributed to higher depreciation. The EBITA margin was 10.4% whereby, despite the challenging market conditions, Flow Control maintained its operating margin at 11.3%, comparable to 2007. Due to the general market slowdown and associated incidental effects, Industrial Services realised an EBITA margin of 8.2% (2007: 11.5%).

The net interest expense amounted to EUR 44.5 million in 2008 compared to EUR 35.8 million in 2007. This increase was attributable to the financing of the acquisitions and a higher average working capital throughout 2008. In addition, the depreciation of the British pound, the Polish zloty and the Russian rouble had a significant impact on the net finance cost resulting in an exchange loss of EUR 7.2 million (2007: EUR 3.7 million gain). Returns on derivative financial instruments, particularly interest swaps, showed a loss of EUR 4.5 million (2007: EUR 1.9 million gain). Consequently, in 2008, the total net finance cost amounted to EUR 56.2 million against EUR 30.2 million in 2007.

The net debt reduced by EUR 121.1 million to EUR 765.3 million in the second half of 2008. The company remains within its covenants and the principal financial ratios developed as follows:

- Debt service ratio (net debt / EBITDA twelve month rolling) from 2.1 to 2.9;
- Interest cover (EBITA / net interest expense) from 5.4 to 4.1;
- Gearing (net debt / total equity) from 1.0 to 1.3.

Net profit before amortisation amounted to EUR 105.0 million in 2008 (2007: EUR 128.0 million) and earnings per share were EUR 1.02. The return on the average invested capital was 13.3% in 2008. In the second half of 2008, net working capital was reduced by EUR 123 million to EUR 315.8 million. The cash flow from operations increased by 15% to EUR 264.5 million in 2008 (2007: EUR 230.1 million).

In conformity with Aalberts Industries' policy to consistently set aside some 25% of the net profit before amortisation achieved for dividend distribution purposes, the Annual General Meeting of Shareholders will be asked to declare a dividend for 2008 of EUR 0.28 per ordinary share having a nominal value of EUR 0.25. The dividend is payable in cash or, at the option of shareholders, in the form of ordinary shares, chargeable to the tax-exempt share premium account or to the unappropriated profit. This amounts to a pay-out ratio of more than 27%. The stock dividend will be determined after trading on 12 May 2009 based on the volume weighted average price of all Aalberts Industries N.V. shares traded on 6, 7, 8, 11 en 12 May 2009, in such a way that the value of the dividend in shares is substantially the same as the value of the cash dividend.

Operational developments

Industrial Services

In 2008, Industrial Services' revenue increased by 2% to EUR 515.2 million with an organic decline in revenue of 6%. The operating profit (EBITA) was EUR 42.4 million in 2008 compared to EUR 58.3 million in 2007. In 2008, EUR 50.5 million was invested in capital expenditure projects, a considerable part used for heat treatment and surface technique activities. In addition, investments were made in the development of supplementary technologies for the production of complex components.

Industrial Services activities were confronted by changeable market conditions in 2008. In response to which, a number of measures were taken, however, these could not fully avert the pressure on the results.
In the first six months of the year, Industrial Services experienced positive developments in the European automotive sector. The second half was clearly less, partially due to the fact that various car manufacturers decided to restrict their production activities for longer periods. The precision engineering industry, an important source of activities for the German network of service sites, experienced a marked downturn in the latter months; this downturn similarly affected the Dutch companies.

2008 was a difficult year for the semiconductor industry. This effect was most noticeable in the companies producing, assembling and treating components for this industry. The activities concentrating on the production of components for future semiconductor platforms remained stable.

2008 was a good year for the companies supplying the aircraft industry. The turbine industry, which is related to the aircraft industry, also developed positively both in Europe and North America. Similarly, the medical and energy sectors did well in 2008. These markets grew organically and created stable demand. The markets mentioned above are all characterised by a high degree of innovation which fits well with Industrial Services' strength of offering targeted solutions. Furthermore, the market position of Industrial Services offers sufficient scope for growth.

Industrial Services' aim is, on the one hand, to introduce complementary processes and technologies and, on the other, to expand the position in a number of growing market niches. Along with capital expenditure, acquisitions are important, as these can expedite this process. Examples were the acquisitions of Duralloy and Cotterlaz in 2008, which enabled complementary technologies, some of which were patented, to be acquired. In addition, the acquisition of the IDE Group has increased the capabilities of offering the market a complete product, from engineering to production.

Flow Control

In 2008, Flow Control's revenue grew by 3% to EUR 1.236 billion with a decline in organic revenue of 1%. The operating profit (EBITA) amounted to EUR 139.1 million, an increase of 3% compared to 2007, whereby the margins were comparable. Capital expenditure amounted to EUR 60.0 million, primarily aimed at expanding the production capacity in emerging markets, increased automation of production methods and the introduction of a number of new products and complete systems.

Flow Control was also confronted with changeable market conditions in 2008. However, by concentrating capital expenditure on new products and achieving a high degree of market focus, the group had a good year. In addition, the portfolio and market position were significantly enhanced by acquisitions; in particular, acquiring Henco was an important strategic step. The aim of strengthening the sales platforms took further shape due, on the one hand, to the complete portfolio of products and systems and, on the other, to combining the sales force.

The Benelux market developed positively in 2008. By strengthening the sales organisation and introducing a number of new products, organic growth was realised. This was in contrast to the Scandinavian markets where, after a good first half, market demand fell later in the year. The level of production and the size of the workforce have been adjusted accordingly. Developments in the French market were reasonably good in 2008; in the neighbouring countries, such as Spain and Italy, however, market conditions were unfavourable. Over the last few years, there have been considerable investments in the commercial organisation and, although the first successes are already being recorded, there is still significant potential to expand the market position. To broaden the portfolio, Alphacan's French heating and sanitary activities were taken over in 2008.

Due to a more focused market approach, which enabled the complete Flow Control portfolio to be introduced to the German market in renewed form, the 2008 results for the German activities developed positively, which applies to the United Kingdom as well. Full use was made of the British sales platform, targeting (social) housing construction and the commercial sector, in combination with the broad product portfolio. In addition, the emerging markets in the Middle East and Asia provided a source of revenue growth for the British organisation. The East European markets (including Russia) had a good first half year demonstrating strong organic growth, however, in the second half it weakened clearly. In the future these markets will continue to be an important area for growth. In spite of this, East Europe remains to be an important growth market in the coming years.

In North America, developments in the commercial and industrial building sectors were predominantly favourable in 2008, while the downward trend in the housing construction sector continued. The introduction of a number of group products and further automation of production, enabled margins to be maintained and costs reduced. The aim continues to be a strengthening of the market position in North America through the introduction of more group products and targeted acquisitions.

Organisation and Employees

The average number of employees increased from 10,686 in 2007 to 11,530 in 2008. In the middle of 2008, a total of 11,899 people were employed. However, due to the exceptional market conditions, this number had been reduced by approximately 1,000 to 10,880, by the end of 2008.

Outlook

Given the current economic circumstances and the associated uncertainties, it is not possible to give an outlook for 2009. The solid financial position, the many years' investments, the established market positions, R&D (both production automation and new products) and the measures taken, will enable Aalberts Industries to emerge strengthened from the current market situation when the economy improves.

Annexes:

- Consolidated balance sheet
- Consolidated income statement
- Consolidated cash flow statement
- Key figures
- Changes in shareholders' equity
- Segment reporting
- Geographical spread of revenue
- Financial agenda 2009

CONSOLIDATED BALANCE SHEET

in EUR x million

	31 December 2008	30 June 2008	31 December 2007
ASSETS			
Goodwill	445.6	445.1	308.8
Other intangible assets	149.1	151.4	101.4
Property, plant and equipment	516.3	494.6	444.9
Deferred income tax assets	25.4	16.7	16.3
Non-current assets	**1,136.4**	**1,107.8**	**871.4**
Inventories	360.2	403.8	328.2
Trade receivables	178.7	314.4	205.4
Other current assets	28.0	35.8	29.4
Cash and cash equivalents	0.1	0.1	0.1
Current assets	**567.0**	**754.1**	**563.1**
Total assets	**1,703.4**	**1,861.9**	**1,434.5**
EQUITY AND LIABILITIES			
Shareholders' equity	577.0	569.6	530.4
Minority interests	10.0	11.7	7.8
Total equity	**587.0**	**581.3**	**538.2**
Non-current borrowings	572.8	614.1	350.8
Cumulative preference shares	-	10.2	10.2
Employee benefit plans	27.7	31.6	32.3
Deferred income tax liabilities	37.6	37.4	23.5
Other provisions	5.9	5.6	7.1
Non-current liabilities	**644.0**	**698.9**	**423.9**
Current borrowings	107.8	184.7	93.9
Current portion of non-current borrowings	84.8	77.2	70.1
Trade and other payables	181.4	190.0	190.3
Current income tax liabilities	1.7	18.5	20.3
Other current liabilities	96.7	111.3	97.8
Current liabilities	**472.4**	**581.7**	**472.4**
Total equity and liabilities	**1,703.4**	**1,861.9**	**1,434.5**

CONSOLIDATED INCOME STATEMENT

in EUR x million

	2008	2007
Revenue	**1,750.8**	**1,702.5**
Raw materials and work subcontracted	(735.9)	(723.8)
Personnel expenses	(466.7)	(442.9)
Depreciation of property, plant and equipment	(70.1)	(60.9)
Amortisation of intangible assets	(12.2)	(9.3)
Other operating expenses	(296.6)	(281.6)
Total operating expenses	**(1,581.5)**	**(1,518.5)**
Operating profit	**169.3**	**184,0**
Interest income	7.8	5,4
Interest expenses	(52.3)	(41,2)
Foreign exchange results	(7.2)	3,7
Derivative financial instruments	(4.5)	1,9
Net finance cost	**(56.2)**	**(30,2)**
Profit before tax	**113.1**	**153.8**
Tax expenses	(19.3)	(33.8)
Net profit	**93.8**	**120.0**
Attributable to:		
Ordinary shareholders	92.7	118.7
Minority interest	1.1	1.3

Net profit before amortisation	**105.0**	**128.0**
Earnings per ordinary share before amortisation		
Basic	1.02	1.26
Diluted	1.02	1.26

CONSOLIDATED CASH FLOW STATEMENT

in EUR x million	FY 2008	H1 2008	FY 2007
Cash flows from operating activities			
Operating profit	169.3	100.1	184.0
Adjustments for:			
Depreciation of property, plant and equipment	70.1	34.1	60.9
Amortisation of intangible assets	12.2	5.6	9.3
Result on sale of equipment	0.8	(0.1)	(0.6)
Changes in provisions and direct equity movements	(3.0)	(9.2)	(16.5)
Changes in inventories	0.8	(27.0)	(4.2)
Changes in trade and other receivables	42.3	(93.2)	13.9
Changes in trade and other payables	(28.0)	12.5	(16.7)
Changes in working capital	15.1	(107.7)	(7.0)
Cash flow from operations	**264.5**	**22.8**	**230.1**
Finance expenses paid	(54.8)	(25.0)	(27.1)
Income taxes paid	(45.0)	(21.2)	(31.7)
Net cash from operating activities	**164.7**	**(23.4)**	**171.3**
Cash flows from investing activities			
Acquisition of subsidiaries	(277.9)	(266.9)	(107.1)
Capital expenditure	(109.3)	(56.4)	(105.7)
Purchases of intangible assets	(3.4)	(1.8)	(2.0)
Proceeds from sale of equipment	3.2	1.8	5.2
Net cash from investing activities	**(387.4)**	**(323.3)**	**(209.6)**
Cash flows from financing activities			
Proceeds from issue of share capital	-	-	54.6
Proceeds from non-current borrowings	315.8	306.9	97.4
Repayment of non-current borrowings	(86.0)	(35.4)	(76.1)
Dividends paid	(15.3)	(15.7)	(12.6)
Net cash from financing activities	**214.5**	**255.8**	**63.3**
Net increase / (decrease) in cash and current borrowings	**(8.2)**	**(90.9)**	**25.0**
Cash and current borrowings at beginning of period	(93.7)	(93.7)	(117.5)
Net increase/(decrease) in cash and current borrowings	(8.2)	(90.9)	25.0
Currency differences on cash and current borrowings	(5.8)	-	(1.2)
Cash and current borrowings as at end of period	**(107.7)**	**(184.6)**	**(93.7)**

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KEY FIGURES before amortisation	2008	2007	2006	2005	2004
Result *(in EUR x million)*					
Revenue	1,750.8	1,702.5	1,440.3	1,055.0	897.7
Operating profit before depreciation (EBITDA)	251.6	254.2	222.1	167.1	146.9
Operating profit (EBITA)	181.5	193.3	168.1	120.4	106.5
Net profit	105.0	128.0	107.5	83.1	70.8
Depreciation	70.1	60.9	54.0	46.7	40.4
Cash flow (net profit plus depreciation)	175.1	188.9	161.4	129.8	111.3
Cash flow from operations	264.5	230.1	186.0	176.7	124.8
Balance sheet *(in EUR x million)*					
Intangible fixed assets	594.7	410.2	340.1	288.6	228.6
Property, plant and equipment	516.3	444.9	378.0	321.6	269.9
Capital expenditure	110.5	108.8	77.3	64.5	40.3
Net working capital	315.8	292.0	265.8	181.5	179.7
Total equity	587.0	538.2	387.6	302.2	226.8
Net debt	765.3	525.0	533.0	439.4	408.6
Total assets	1,703.4	1,434.5	1,278.9	978.0	823.7
Number of staff at year-end					
The Netherlands	1,449	1,563	1,517	1,437	1,478
Other countries	9,431	9,355	7,853	6,580	5,653
Total	10,880	10,918	9,370	8,017	7,131
Ratios					
Operating profit (EBITDA) as a % of revenue	14.4	14.9	15.4	15.8	16.7
Operating profit (EBITA) as a % of revenue	10.4	11.4	11.7	11.4	11.9
Interest cover	4.1	5.4	6.3	6.7	6.2
Net profit as a % of revenue	6.0	7.5	7.5	7.9	7.9
Total equity as a % of balance sheet total	34.5	37.5	30.3	30.9	27.5
Net debt / Total equity	1.3	1.0	1.4	1.5	1.8
Net debt / EBITDA (twelve month rolling)	2.9	2.1	2.4	2.6	2.8
Shares issued *(x million)*					
Ordinary shares (average)	103.3	101.7	98.2	97.6	96.9
Ordinary shares (at year-end)	103.3	102.0	98.2	97.6	96.9
Cumulative preference shares	0.45	1.00	1.55	2.10	2.10
Figures per ordinary share					
Cash flow	1.69	1.86	1.64	1.33	1.15
Net profit	1.02	1.26	1.09	0.85	0.73
Dividend	0.28	0.32	0.28	0.21	0.18
Share price at year-end	5.06	13.60	16.38	11.21	8.93

CHANGES IN SHAREHOLDERS' EQUITY

in EUR x million	2008	2007
Balance as at the beginning of the period	**530.4**	**383.6**
Net profit for ordinary shareholders	92.7	118.7
Dividend for ordinary shareholders	(15.3)	(12.6)
Issue of share capital	-	54.6
Currency translations and financial instruments	(30.8)	(13.9)
Total net effect	**46.6**	**146.8**
Balance as at the end of the period	**577.0**	**530.4**

SEGMENT REPORTING

(before amortisation in EUR x million)

Industrial Services	2008	2007	Change
Revenue	515.2	506.0	2%
Operating profit before depreciation (EBITDA)	74.1	87.9	(16%)
EBITDA as a % of revenue	14.4	17.4	
Operating profit (EBITA)	42.4	58.3	(27%)
Operating profit (EBITA) as a % of revenue	8.2	11.5	
Capital expenditure	50.5	52.5	(4%)
Depreciation	31.7	29.6	7%
Average number of employees (x1)	4,640	4,368	6%
Number of employees at year-end (x1)	4,253	4,356	(2%)

Flow Control	2008	2007	Change
Revenue	1,235.6	1,196.5	3%
Operating profit before depreciation (EBITDA)	177.5	166.3	7%
EBITDA as a % of revenue	14.4	13.9	
Operating profit (EBITA)	139.1	135.0	3%
Operating profit (EBITA) as a % of revenue	11.3	11.3	
Capital expenditure	60.0	56.3	7%
Depreciation	38.4	31.3	23%
Average number of employees (x1)	6,872	6,303	9%
Number of employees at year-end (x1)	6,608	6,544	1%

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GEOGRAPHICAL SPREAD OF REVENUE

		2008 in EUR million	2008 as a % of revenue	2007 in EUR million	2007 as a % of revenue
Germany		310.3	17	293.7	17
Benelux		256.2	15	237.7	14
United Kingdom	*2008 in EUR million*: 256.2*	228.3	13	270.2	16
Eastern-Europe		214.1	12	153.3	9
France		203.2	12	200.1	12
United States	*2008 in EUR million*: 186,9*	177.2	10	194.5	12
Scandinavia		90.0	5	89.1	5
Spain & Portugal		80.2	5	92.4	5
Other European countries		100.2	6	90.7	5
Other countries outside Europe		91.1	5	80.8	5
Total		**1,750.8**	**100**	**1,702.5**	**100**

**at constant exchange rates*

FINANCIAL AGENDA 2009

subject to change

20 April 2009	General Meeting of Shareholders in the Okura Hotel, Amsterdam (start: 14:00 hrs)
22 April 2009	Ex-dividend listing
22 April – 11 May 2009	Option period stock dividend or cash dividend
24 April 2009	Record date
12 May 2009	Trading update (after close of trading)
12 May 2009	Fixation of stock dividend conversion ratio (after close of trading)*
15 May 2009	Making payable of dividend and delivery of new ordinary shares
13 August 2009	Publication of interim figures 2009 (before start of trading)
5 November 2009	Trading update (before start of trading)
25 February 2010	Publication of annual figures 2009 (before start of trading)

*The stock dividend will be determined based on the volume weighted average price of all Aalberts Industries N.V. shares traded on 6, 7, 8, 11 and 12 May 2009, in such a way that the value of the dividend in shares is substantially the same as the value of the cash dividend.