Press release

Annual report 2009

Aalberts Industries

date	25 February 2010
more information	J. Aalberts / J. Eijgendaal
e-mail	info@aalberts.nl
phone	+31 (0)343 565 080

Aalberts Industries: EUR 54.2 million net profit

Highlights 2009

- Market position strengthened through focus on additional sales effort and organisational improvements
- Structural cost reductions, working capital management and reduction of net debt by EUR 135 million
- Solid balance sheet ratios: total equity 39.7% of total assets
- Net profit H2 2009 (EUR 35.9 million) clearly better than H1 2009 (EUR 18.3 million)
- Revenue EUR 1,405 million (negative effect of exchange rates EUR 35 million)
- Added-value* margin improved to 58.9% of revenue
- Operating profit before depreciation (EBITDA) EUR 168.8 million (12.0% of revenue)
- Operating profit (EBITA) EUR 98.9 million (7.0% of revenue)
- Net profit EUR 54.2 million; earnings per ordinary share EUR 0.51
- Cash flow from operations EUR 240.5 million, net cash flow EUR 52.2 million

Key figures (before amortisation)

in EUR x million

	2009	2008	Δ%
Revenue	**1,404.9**	1,750.8	(20%)
Added value*	**827.6**	1,014.8	(18%)
Added-value* margin in % of revenue	**58.9**	58.0	
Operating profit before depreciation (EBITDA)	**168.8**	251.6	(33%)
EBITDA in % of revenue	**12.0**	14.4	
Operating profit (EBITA)	**98.9**	181.5	(46%)
EBITA in % of revenue	**7.0**	10.4	
Net profit	**54.2**	105.0	(48%)
Average number of ordinary shares (x million)	**106.1**	103.3	3%
Earnings per ordinary share (x EUR 1)	**0.51**	1.02	(50%)
Cash flow from operations	**240.5**	264.5	(9%)
Total equity as a % of total assets	**39.7**	34.5	
Net debt	**630.6**	765.2	(18%)
Leverage ratio: Net debt / EBITDA (12 months- rolling)	**3.4**	2.9	
Interest cover: EBITDA / Net interest expense (12 months- rolling)	**5.8**	6.0	
Net debt / Total equity	**1.0**	1.3	
Cash flow (net profit plus depreciation)	**124.1**	175.1	(29%)
Capital expenditure	**45.1**	110.5	(59%)
Net working capital	**243.6**	315.8	(23%)
Number of employees at end of period (x1)	**9,999**	10,880	(8%)
Effective tax rate in %	**18.4**	17.0	

*Revenue minus raw materials and work subcontracted

***Jan Aalberts, President & CEO**: "In 2009 we improved our strategic position on many fronts. Despite a clearly lower level of activity we achieved a net profit and a positive net cash flow. Our market position was strengthened and we improved our added-value margin. Costs were reduced structurally and the focus was on working capital management combined with organisational improvements and capital expenditure.*

Despite set-backs in every market, in 2009 we continued our strategy. Although in the course of the year we had to reduce our workforce by around 900 employees on balance, this was not at the cost of our sales and R&D activities. As a result of this, and thanks to our high capital expenditure of EUR 300 million in the period 2006-2008, our product development possibilities have remained intact. This is one of our strategic cornerstones.

Revenue fell by 20% to EUR 1,405 million (2008: EUR 1,751 million). Industrial Services achieved an EBITA margin of 1.8% negative, mainly due to inventory reduction. We profited from the market trend towards a preference for solid and stable suppliers and from our strategy aimed at partnerships with major customers. Flow Control achieved an EBITA margin of 10.1% by reducing costs and maintaining the sales prices of our portfolio all along the line. Both core activities achieved far better results in the second half of 2009 than in the first half of the year.

This upwards trend will be continued in 2010 through further implementation of our strategy, an improved sales approach in respect of our portfolio and increasing contributions from the acquisitions and capital expenditure of recent years. On the geographical front we will focus on a further strengthening of our Western European activities and pay additional attention to growth in the United States and Eastern Europe.

As far as our strategy and operations are concerned we will emerge from the current market situation strengthened. Our ambition of achieving further sustainable and profitable growth, both organically and through acquisitions, remains unchanged."

Financial results (before amortisation)

Revenue In 2009 Aalberts Industries achieved revenue of EUR 1,405 million; a drop of 20% compared with 2008 (EUR 1,751 million). Organic revenue fell by 20%. Exchange rate fluctuations and the resulting translation differences had a negative effect of around EUR 35 million on revenue.

Added-value margin In 2009 the added-value margin (revenue minus raw materials and work subcontracted) amounted to EUR 827.6 million (2008: EUR 1,014.8 million), or 58.9% of revenue (2008: 58.0%).

Operating profit In 2009 operating profit before depreciation and amortisation (EBITDA) fell by 33% to EUR 168.8 million (2008: EUR 251.6 million) and the EBITDA margin was 12.0% (2008: 14.4%). The operating result after depreciation and before amortisation (EBITA) fell by 46% to EUR 98.9 million (2008: EUR 181.5 million) and the EBITA margin was 7.0% (2008: 10.4%). Flow Control achieved an EBITA margin of 10.1% (2008: 11.3%) and Industrial Services an EBITA margin of 1.8% negative (2008: 8.2% positive), partly as a result of a substantial reduction in the workforce, including related incidental expenses.

Net finance cost In 2009 net interest expense amounted to EUR 32.3 million compared with EUR 44.5 million in 2008. This decrease was due to sharply reduced interest rates, lower average working capital and lower net debt throughout 2009. The depreciation of the British pound, the Polish zloty and the Russian rouble also had a considerable influence on the net finance cost with an exchange rate result of EUR 2.8 million negative (2008: EUR 7.2 million negative). The result from financial instruments amounted to EUR 0.5 million positive (2008: EUR 4.5 million negative). This meant the total net finance cost amounted to EUR 34.6 million (2008: EUR 56.2 million).

Balance sheet ratios and covenants At the end of 2009 total equity amounted to 39.7% of the balance sheet total (2008: 34.5%). Net debt was reduced by around EUR 135 million to EUR 630.6 million at the end of 2009 (end of 2008: EUR 765.2 million). The agreement reached with banks regarding an amendment and expansion of the covenants mean the net debt/EBITDA leverage ratio (as at the end of 2009: <4.5, mid 2010: <4.0 and end of 2010: <3.5) and the interest margin have been adjusted. Aalberts Industries amply met the terms of its covenants and the primary financial ratios developed as follows in 2009:

- Leverage ratio: Net debt / EBITDA (twelve months-rolling) from 2.9 to 3.4;
- Interest cover ratio: EBITDA / net interest expense (twelve months-rolling) from 6.0 to 5.8;
- Gearing: Net debt / total equity from 1.3 to 1.0.

Net profit Net profit over 2009 amounted to EUR 54.2 million (2008: EUR 105.0 million) and earnings per average issued ordinary share EUR 0.51 (2008: EUR 1.02).

Capital expenditure and cash flow Capital expenditure amounted to EUR 45.1 million (2008: EUR 110.5 million). During the second half of 2009 net working capital was reduced and amounted to EUR 243.6 million at the end of 2009 (end of 2008: EUR 315.8 million). In 2009 cash flow (net profit plus depreciation) was EUR 124.1 million (2008: EUR 175.1 million). Cash flow from operating activities in 2009 amounted to EUR 240.5 million (2008: EUR 264.5 million). This reflects Aalberts Industries' strong cash flow generating capabilities.

Dividend proposal A dividend over 2009 of EUR 0.13 per ordinary share in cash charged to the unappropriated profit or, if the shareholder prefers, in ordinary shares charged to the tax-free share premium reserve will be proposed to the General Meeting. This complies with Aalberts Industries' consistent policy of paying-out around 25% of the achieved net profit before amortisation and means a dividend reduction of 54% compared with 2008 (EUR 0.28). The stock dividend will be determined on 17 May 2010 after the close of trading based on the volume-weighted average price of all the shares in Aalberts Industries N.V. traded on 11, 12, 13, 14 and 17 May 2010 and such that the value of the dividend in ordinary shares is virtually the same as the value of the cash dividend.

Operational developments

Industrial Services In 2009 Industrial Services' revenue fell by 30% to EUR 361 million (2008: EUR 515 million). Operating profit (EBITA) amounted to EUR 6.4 million negative (2008: EUR 42.4 million positive). Despite a somewhat lower revenue in the second half year of EUR 178.7 million (H1 2009: EUR 182.3 million), a positive operating profit (EBITA) of EUR 0.7 million was realised (H1 2009: EUR 7.1 million negative). In 2009 EUR 10.0 million was invested.

The influence of global market conditions on profits was clear. In the first half of 2009 revenue fell sharply due to customers reducing inventories substantially. This trend reversed during the second half of the year. In the first half of the year business development led to a reduction of (personnel) costs. During the second half of 2009 volume in the most important markets rose slightly. We also profited from the market trend that favours solid and stable suppliers and our strategy that is aimed at partnerships with major customers. A more intensive market approach combined with additional sales efforts has resulted in new customers. The number of orders from the semiconductor and medical industries picked up in the second half of the year. As the year progressed the automotive market showed a slight recovery and Industrial Services in particular profited from the halt to inventory reduction. The trend in both the precision engineering and aerospace industries was downwards during the second half of the year.

Flow Control In 2009 Flow Control achieved revenue of EUR 1,044 million (2008: EUR 1,236 million). Organic revenue fell by 16% (at constant exchange rates). Operating profit (EBITA) amounted to EUR 105.3 million (2008: EUR 139.1 million) with an EBITA margin of 10.1% (2008: 11.3%). Capital expenditure amounted to EUR 35.1 million and was aimed mainly at a further improvement of the Group's competitive position through the development and production of new and innovative products and systems.

Flow Control showed a mixed picture as far as developments per country or geographical region were concerned. The emphasis on cross-selling within Flow Control during 2009 and the optimum use of the existing and strengthened sales and distribution network resulted in many new products and customers. Concentrating volumes into so-called competence centres - specialised product locations per product group – led to a higher yield from activities. There was a sharper focus on market segments that will accelerate growth still further, such as energy-efficient systems for the distribution of heat and cooling, district heating systems, fire safety and security systems and systems for utility networks. Inventory reductions by customers were noticeable during the first half of the year but, in the main, came to a halt during the second half of the year. In 2009 the renovation and maintenance activities showed a steady growth while the new-build market for private residences was challenging. The social housing and commercial buildings sector remained reasonably stable; in a number of countries the renovation sector grew more than the new-build sector. The utility market showed a slight improvement, partly supported by governmental projects. The remaining industrial markets within Flow Control showed a mixed picture.

Organisation and staff

In 2009 the average number of employees fell to 10,241 compared with 11,530 in 2008. At the end of 2009 the workforce numbered 9,999 employees (end of 2008: 10,880).

Outlook

When the market improves Aalberts Industries will emerge strengthened due to the implementation of structural cost reductions, organisational improvements and a more active market approach.

Barring unforeseen circumstances, in 2010 Aalberts Industries expects an improved result compared to 2009, despite the fact that a broad-based recovery is still not in sight in the various markets.

Solid balance sheet ratios will be maintained through a continuing focus on profitability, working capital management and cost control.

Enclosures:

Press release

Financial statements 2009

KEY FIGURES before amortisation	**2009**	**2008**	**2007**	**2006**	**2005**
Result *(in EUR x million)*					
Revenue	1,404.9	1,750.8	1,702.5	1,440.3	1,055.0
Operating profit before depreciation (EBITDA)	168.8	251.6	254.2	222.1	167.1
Operating profit (EBITA)	98.9	181.5	193.3	168.1	120.4
Net profit	54.2	105.0	128.0	107.5	83.1
Depreciation	69.9	70.1	60.9	54.0	46.7
Cash flow (net profit plus depreciation)	124.1	175.1	188.9	161.4	129.8
Cash flow from operations	240.5	264.5	230.1	186.0	176.7
Balance sheet *(in EUR x million)*					
Intangible fixed assets	584.8	594.7	410.2	340.1	288.6
Property, plant and equipment	493.6	516.3	444.9	378.0	321.6
Capital expenditure	45.1	110.5	108.8	77.3	64.5
Net working capital	243.6	315.8	292.0	265.8	181.5
Total equity	626.5	587.0	538.2	387.6	302.2
Net debt	630.6	765.2	524.9	532.9	439.2
Total assets	1,577.9	1,703.4	1,434.5	1,278.9	978.0
Number of staff at year-end					
Industrial Services	3,706	4,253	4,356	4,086	4,002
Flow Control	6,276	6,608	6,544	5,264	3,998
Other	17	19	18	20	17
Total	9,999	10,880	10,918	9,370	8,017
Ratios					
Operating profit (EBITDA) as a % of revenue	12.0	14.4	14.9	15.4	15.8
Operating profit (EBITA) as a % of revenue	7.0	10.4	11.4	11.7	11.4
Interest cover ratio (twelve months-rolling)	5.8	6.0	7.3	8.8	10.4
Net profit as a % of revenue	3.9	6.0	7.5	7.5	7.9
Total equity as a % of balance sheet total	39.7	34.5	37.5	30.3	30.9
Net debt / Total equity	1.0	1.3	1.0	1.4	1.5
Leverage ratio (twelve months-rolling)	3.4	2.9	2.0	2.3	2.4
Shares issued *(x million)*					
Ordinary shares (average)	106.1	103.3	101.7	98.2	97.6
Ordinary shares (at year-end)	106.1	103.3	102.0	98.2	97.6
Cumulative preference shares	-	0.45	1.00	1.55	2.10
Figures per ordinary share					
Cash flow	1.17	1.69	1.86	1.64	1.33
Net profit	0.51	1.02	1.26	1.09	0.85
Dividend	0.13	0.28	0.32	0.28	0.21
Share price at year-end	10.09	5.06	13.60	16.38	11.21

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CONSOLIDATED INCOME STATEMENT

in EUR x million

	2009	2008
Revenue	**1,404.9**	**1,750.8**
Raw materials and work subcontracted	(577.3)	(735.9)
Personnel expenses	(412.1)	(466.7)
Depreciation of property, plant and equipment	(69.9)	(70.1)
Amortisation of intangible assets	(12.7)	(12.2)
Other operating expenses	(246.8)	(296.6)
Total operating expenses	**(1,318.8)**	**(1,581.5)**
Operating profit	**86.1**	**169.3**
Interest income	5.5	7.8
Interest expense	(37.8)	(52.3)
Foreign exchange results	(2.8)	(7.2)
Derivative financial instruments	0.5	(4.5)
Net finance cost	**(34.6)**	**(56.2)**
Profit before tax	**51.5**	**113.1**
Tax expenses	(9.5)	(19.3)
Profit after tax	**42.0**	**93.8**
Attributable to:		
Ordinary shareholders	41.5	92.7
Minority interest	0.5	1.1
Net profit before amortisation	**54.2**	**105.0**
Earnings per ordinary share before amortisation		
Basic	0.51	1.02
Diluted	0.51	1.02

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CONSOLIDATED BALANCE SHEET

before profit appropriation in EUR x million

	31 December 2009	30 June 2009	31 December 2008
ASSETS			
Goodwill	446.4	448.2	445.6
Other intangible assets	138.4	145.3	149.1
Property, plant and equipment	493.6	508.3	516.3
Deferred income tax assets	19.7	23.0	25.4
Non-current assets	**1,098.1**	**1,124.8**	**1,136.4**
Inventories	298.4	325.6	360.2
Trade receivables	153.7	211.1	178.7
Other current assets	27.6	28.7	28.0
Cash and cash equivalents	0.1	0.1	0.1
Current assets	**479.8**	**565.5**	**567.0**
Total assets	**1,577.9**	**1,690.3**	**1,703.4**
EQUITY AND LIABILITIES			
Shareholders' equity	615.6	585.7	577.0
Minority interests	10.9	9.8	10.0
Total equity	**626.5**	**595.5**	**587.0**
Non-current borrowings	468.4	535.8	572.8
Employee benefit plans	27.9	29.8	27.7
Deferred income tax liabilities	38.2	38.3	37.6
Other provisions	5.7	5.4	5.9
Non-current liabilities	**540.2**	**609.3**	**644.0**
Current borrowings	54.0	166.0	107.8
Current portion of non-current borrowings	108.2	86.0	84.8
Trade and other payables	160.5	140.7	181.4
Current income tax liabilities	0.5	-	1.7
Other current liabilities	88.0	92.8	96.7
Current liabilities	**411.2**	**485.5**	**472.4**
Equity and liabilities	**1,577.9**	**1,690.3**	**1,703.4**

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CONSOLIDATED CASH FLOW STATEMENT

in EUR x million

	Year 2009	H1 2009	Year 2008
Cash flows from operating activities			
Operating profit	86.1	32.3	169.3
Adjustments for:			
Depreciation of property, plant and equipment	69.9	35.1	70.1
Amortisation of intangible assets	12.7	6.4	12.2
Result on sale of equipment	0.3	-	0.8
Changes in provisions and other movements	(3.0)	(2.1)	(3.0)
Changes in inventories	66.6	41.0	0.8
Changes in trade and other receivables	27.3	(32.6)	42.3
Changes in trade and other payables	(19.4)	(35.7)	(28.0)
Changes in working capital	74.5	(27.3)	15.1
Cash flow from operations	**240.5**	**44.4**	**264.5**
Net finance expenses paid	(38.2)	(19.7)	(54.8)
Income taxes paid	(6.1)	(3.5)	(45.0)
Net cash from operating activities	**196.2**	**21.2**	**164.7**
Cash flows from investing activities			
Acquisition of subsidiaries	(1.8)	(1.8)	(277.9)
Purchase of property, plant and equipment	(50.3)	(31.6)	(109.3)
Purchases of intangible assets	(1.8)	(1.1)	(3.4)
Proceeds from sale of equipment	3.5	2.5	3.2
Net cash from investing activities	**(50.4)**	**(32.0)**	**(387.4)**
Cash flows from financing activities			
Proceeds from non-current borrowings	0.2	0.1	315.8
Repayment of non-current borrowings	(83.1)	(39.0)	(86.0)
Dividends paid	(10.7)	(10.7)	(15.3)
Net cash from financing activities	**(93.6)**	**(49.6)**	**214.5**
Net increase/(decrease) in cash and current borrowings	**52.2**	**(60.4)**	**(8.2)**
Cash and current borrowings at beginning of period	(107.7)	(107.7)	(93.7)
Net increase/(decrease) in cash and current borrowings	52.2	(60.4)	(8.2)
Currency differences on cash and current borrowings	1.6	2.2	(5.8)
Cash and current borrowings as at end of period	**(53.9)**	**(165.9)**	**(107.7)**

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SEGMENT REPORTING

(before amortisation in EUR x million)

Industrial Services	2009	2008	Δ%
Revenue	361.0	515.2	(30%)
Operating profit before depreciation (EBITDA)	24.4	74.1	(67%)
EBITDA as a % of revenue	6.8	14.4	
Operating profit (EBITA)	(6.4)	42.4	
Operating profit (EBITA) as a % of revenue	(1.8)	8.2	
Capital expenditure	10.0	50.5	(80%)
Depreciation	30.8	31.7	(3%)
Average number of employees (x1)	3,847	4,640	(17%)
Number of employees at end of period (x1)	3,706	4,253	(13%)

Flow Control	2009	2008	Δ%
Revenue	1.043.9	1.235.6	(16%)
Operating profit before depreciation (EBITDA)	144.4	177.5	(19%)
EBITDA as a % of revenue	13.8	14.4	
Operating profit (EBITA)	105.3	139.1	(24%)
Operating profit (EBITA) as a % of revenue	10.1	11.3	
Capital expenditure	35.1	60.0	(42%)
Depreciation	39.1	38.4	2%
Average number of employees (x1)	6,376	6,872	(7%)
Number of employees at end of period (x1)	6,276	6,608	(5%)

GEOGRAPHIC SPREAD OF REVENUE

		2009 in EUR million	2009 in % of revenue	2008 in EUR million	2008 in % of revenue
Germany		241.4	17	310.3	17
Benelux		226.4	16	256.2	15
United Kingdom	*2009 in EUR million*: 191.5*	174.9	12	228.3	13
France		172.0	12	203.2	12
Eastern Europe	*2009 in EUR million*: 171.3*	152.1	11	214.1	12
United States	*2009 in EUR million*: 142.5*	149.9	11	177.2	10
Scandinavia	*2009 in EUR million*: 75.6*	73.1	5	90.0	5
Spain & Portugal		51.3	4	80.2	5
Other European countries		82.2	6	100.2	6
Other countries outside Europe		81.6	6	91.1	5
Total		**1,404.9**	**100**	**1,750.8**	**100**

**at constant exchange rates*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR x million	Issued capital	Share premium account	Other reserves	Currency translation and hedging reserve	Retained earnings	Shareholders' equity	Minority interests	Total equity
As at 1 January 2008	**25.5**	**202.9**	**197.7**	**(14.4)**	**118.7**	**530.4**	**7.8**	538.2
Dividend 2007	0.3	(0.3)	-	-	(15.3)	**(15.3)**	-	(15.3)
Profit appropriation	-	-	103.4	-	(103.4)	**-**	-	-
Acquisitions	-	-	-	-	-	**-**	2.2	2.2
Total result								
Profit for the period	-	-	-	-	92.8	**92.8**	1.0	93.8
Exchange rate differences	-	-	-	(27.1)	-	**(27.1)**	(1.0)	(28.1)
Fair value changes derivative financial instruments	-	-	-	(5.0)	-	**(5.0)**	-	(5.0)
Deferred taxes on fair value changes	-	-	-	1.2	-	**1.2**	-	1.2
Total result	**-**	**-**	**-**	**(30.9)**	**92.8**	**61.9**	**-**	**61.9**
As at 31 December 2008	**25.8**	**202.6**	**301.1**	**(45.3)**	**92.8**	**577.0**	**10.0**	**587.0**
Dividend 2008	0.7	(0.7)	-	-	(10.8)	**(10.8)**	(0.1)	**(10.9)**
Profit appropriation	-	-	82.0	-	(82.0)	**-**	-	**-**
Acquisitions	-	-	-	-	-	**-**	0.1	**0.1**
Totaal resultaat								
Profit for the period	-	-	-	-	41.5	**41.5**	0.5	**42.0**
Exchange rate differences	-	-	-	5.6	-	**5.6**	0.4	**6.0**
Fair value changes derivative financial instruments	-	-	-	3.4	-	**3.4**	-	**3.4**
Deferred taxes on fair value changes	-	-	-	(1.1)	-	**(1.1)**	-	**(1.1)**
Total result	**-**	**-**	**-**	**7.9**	**41.5**	**49.4**	**0.9**	**50.3**
As at 31 December 2009	**26.5**	**201.9**	**383.1**	**(37.4)**	**41.5**	**615.6**	**10.9**	**626.5**

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FINANCIAL CALENDAR

subject to change

01 April 2010	Registration date for General Meeting
21 April 2010	Trading update (before start of trading)
22 April 2010	General Meeting in the Okura Hotel, Amsterdam, start: 14:00 hrs
26 April 2010	Ex-dividend listing
26 April t/m 14 May 2010	Option period stock dividend or cash dividend
17 May 2010	Fixation of stock dividend conversion ratio (after close of trading)*
19 May 2010	Making payable of dividend and delivery of new ordinary shares
12 August 2010	Publication of interim figures 2010 (before start of trading)
28 October 2010	Trading update (before start of trading)
23 February 2011	Publication of annual figures 2010 (before start of trading)
21 April 2011	General Meeting in the Okura Hotel, Amsterdam, start: 14:00 hrs

*The stock dividend will be determined based on the volume weighted average price of all Aalberts Industries N.V. shares traded on 11, 12, 13, 14 and 17 May 2010, in such a way that the value of the dividend in shares is substantially the same as the value of the cash dividend.