

Aalberts Industries

Net profit and earnings per share **+13%**

Langbroek, 25 February 2016

Highlights

- Revenue +12% to EUR 2,475 million (organic +2%)
- Operating profit (EBITA) +10% to EUR 272 million; EBITA-marge 11.0%
- Net profit before amortisation +13% to EUR 190 million; earnings per share EUR 1.72 (+13%)
- Free cash flow +10% to EUR 243 million
- Strengthened market position Industrial Controls due to acquisition VENTREX
- Integration and optimisation of 2014 acquisitions proceeded well
- Dividend proposal +13% to EUR 0.52 in cash per share

Key figures

in EUR million	2015	2014	DELTA
Revenue	2,475	2,201	12%
Added-value	1,521	1,332	14%
Added-value as a % of revenue	61.5	60.5	
Operating profit (EBITDA)	367	332	11%
EBITDA as a % of revenue	14.8	15.1	
Operating profit (EBITA)	272	247	10%
EBITA as a % of revenue	11.0	11.2	
Net profit before amortisation	190	168	13%
Average number of shares (in million)	110.6	110.6	-
Earnings per share before amortisation (in EUR)	1.72	1.52	13%
Cash dividend per share (in EUR)	0.52	0.46	13%
Total equity as a % of total assets	46.9	45.6	
Net debt	718	690	4%
Leverage ratio: Net debt / EBITDA (12-months-rolling)	1.8	1.9	
Interest cover ratio (12-months-rolling)	21.8	22.6	
Cash flow (net profit + depreciation + amortisation)	286	253	13%
Free cash flow (before interest and tax)	243	222	10%
Free cash flow conversion ratio (FCF in % of EBITDA)	66.1	66.9	
Capital expenditure	96	85	14%
Net working capital	461	427	8%
Net working capital as a % of revenue (12-months-rolling)	18.3	18.0	
Capital employed	2,002	1,854	8%
Return on capital employed (ROCE 12-months-rolling)	14.3	14.1	
Number of employees at end of period (x1)	14,709	14,492	1%
Effective tax rate in %	25.8	27.4	

Wim Pelsma

Chief Executive Officer

"WE HAVE MADE GOOD PROGRESS WITH THE IMPLEMENTATION OF OUR STRATEGY AND DELIVERED A GOOD PERFORMANCE WITH A NET PROFIT OF EUR 190 MILLION, EUR 1.72 PER SHARE, AN INCREASE OF 13% COMPARED TO 2014.

Our operating profit (EBITA) increased by 10% to EUR 272 million, despite additional integration and restructuring costs during the year. Free cash flow improved with 10% to EUR 243 million. Our revenue increased by 12% to EUR 2,475 million, organic +2%, despite difficult market circumstances in some markets and regions.

We continued to focus our businesses on technologies with growth potential, improve our marketing and sales approach and consistently executed the many Operational Excellence projects. We allocated our capital thoroughly to accelerate organic growth and innovations, driven by our newly installed business management organisation.

The integration and optimisation of the 2014 acquisitions proceeded well and improvement plans are implemented with dedicated strengthened management teams.

Furthermore our market position for high pressure regulators and valves in our Industrial Controls business was strengthened through the acquisition of VENTREX.

A cash dividend of EUR 0.52 per share (2014: EUR 0.46) will be proposed, an increase of 13%."

Financial results

The revenue increased by 12% (organic +2%) to EUR 2,475 million (2014: EUR 2,201 million).

The added value margin (revenue minus raw materials and work subcontracted), improved to 61.5% (2014: 60.5%).

Operating profit (EBITA) increased by 10% to EUR 272.0 million (2014: EUR 246.6 million), 11.0% of the revenue (2014: 11.2%).

Net interest expense amounted to EUR 17.8 million (2014: EUR 15.7 million). The income tax expense increased to EUR 58.6 million (2014: EUR 56.4 million) resulting in an effective tax rate of 25.8% (2014: 27.4%).

Net profit before amortisation increased by 13% to EUR 190.4 million (2014: EUR 167.9 million), per share by 13% to EUR 1.72 (2014: EUR 1.52).

Capital expenditure on property, plant and equipment increased by 14% to EUR 96 million (2014: EUR 85 million). Net working capital increased to EUR 461 million, 18.3% of total revenue (2014: EUR 427 million, respectively 18.0%).

Cash flow (net profit + depreciation + amortisation) improved by EUR 33 million (+13%) to EUR 286 million (2014: EUR 253 million). Free cash flow improved by EUR 21 million (+10%) to EUR 243 million (2014: EUR 222 million). Return on capital employed (ROCE) improved to 14.3% (2014: 14.1%).

Total equity remained at a good level of 46.9% of the balance sheet total (2014: 45.6%) while, as result of acquisitions, net debt increased by EUR 28 million to EUR 718 million (2014: EUR 690 million). The leverage ratio ended at 1.8 (2014: 1.9), well below the bank covenant < 3.0.

Operational developments

Building Installations realised organic growth and good results. Europe showed a positive development in several countries. The higher activity level in these countries in combination with the focus on technologies with growth potential, an improved marketing and sales approach and the Operational Excellence projects resulted in a good performance. Some regions in Europe were still challenging, especially France and Russia, or are coming from a low market activity level. In North America we realised a good result despite a market environment which was weaker during the year than expected. The business continued to focus on improvement of our joint marketing and sales approach, sales of technologies with growth potential, supported by many product improvements and additional products. The Operational Excellence projects made good progress to increase our efficiency. In both Europe and North America the business management teams were strengthened to achieve a more focused market approach, gain more efficiency and accelerate organic growth and innovations.

Climate Control achieved a good growth of revenue and results, mainly driven by the two acquisitions in 2014 (Nexus Valve and Flamco) and intensified group cooperation. The project activities in many markets were still on a low level, especially France and Russia faced challenging circumstances. In North America and the United Kingdom good growth was realised mainly due to our combined system offering. In Europe we continued to integrate and optimise the acquisitions, improve the joint marketing and system sales approach in combination with the execution of the many Operational Excellence projects. During the year a strengthened business management team was installed, the technology portfolio was more clearly defined and innovation roadmaps were prepared.

Industrial Controls showed a mixed picture. The valve technology & controls activities for the District Energy, Oil & Gas market faced difficult circumstances. During the second half of the year the order intake stabilised, mainly due to the renovation and repair segment, new customers and growth in new products, markets and regions. Operational Excellence projects were intensified to consolidate locations and increase efficiency. Our high pressure gas regulator and valve business for the Automotive and industrial markets realised a good growth and was strengthened with the acquisition of VENTREX. The business in the Semicon & Science market did well in the first half of the year but slowed down in the last months of the year, which resulted in additional actions to realise more market focus and efficiency. The precision extrusion and machining activities in the industrial markets performed well and we invested in additional equipment to facilitate the growth. Also dispensing systems for the Beverage Dispense market in North America made a good year. We divested two non-core activities which effected our annual revenue.

In **Industrial Services** the heat treatment and surface treatment activities in Europe remained at a good level in the Automotive and Machine Build end markets, especially Eastern Europe performed well and realised good growth, utilising the capital investments of the last years. In North America our brazing and heat treatment activities in the Power Generation end market made an excellent year, additional capital investments were made to drive growth further. The complex precision stamping activities in France were still challenging and were compensated by a good growth in Eastern Europe and Asia. A new global technology development centre opened in December 2015 to support our global Key Accounts. The integration of Impreglon made good progress, especially during the second half of the year due to a strengthened management team and an improved technology focused business structure. The squeeze out process was successfully finalised in December 2015.

Dividend

Aalberts Industries proposes to increase the cash dividend per ordinary share by 13% to EUR 0.52 (2014: EUR 0.46). A proposal will be submitted to the General Meeting, to be held on 19 April 2016.

Outlook

In 2016 we will consistently execute our strategy and expect to realise further progress during the year.

More information (from 8 am CET):

Wim Pelsma (CEO)

John Eijgendaal (CFO)

Oliver Jäger (Executive Director)

+31 (0)343 56 50 80

info@aalberts.com

Home Member State disclosure

Pursuant to its obligations under Section 5.25a of the Dutch Financial Supervision Act, Aalberts Industries N.V. hereby discloses that the Netherlands is its home Member State.

Financial calendar 2016-2017

DATE	EVENT
8 March 2016	Publication annual report 2015 (website)
22 March 2016	Registration date for General Meeting
19 April 2016	General Meeting (Hilton Hotel, Apollolaan 138 in Amsterdam, commencing 11:00 AM)
21 April 2016	Quotation ex-dividend
22 April 2016	Record date for dividend
19 May 2016	Paying out dividend
28 July 2016	Publication of interim figures 2016 (before start of trading)
28 February 2017	Publication of annual figures 2016 (before start of trading)
18 April 2017	General Meeting

Attachment: *Condensed consolidated financial information for the year 2015 with related comparative information.*

Consolidated income statement

in EUR million	2015	2014
REVENUE	2,475.3	2,200.8
Raw materials and work subcontracted	(954.0)	(868.9)
Personnel expenses	(713.9)	(617.8)
Depreciation of property, plant and equipment	(95.3)	(84.8)
Amortisation of intangible assets	(24.8)	(20.4)
Other operating expenses	(440.1)	(382.7)
Total operating expenses	(2,228.1)	(1,974.6)
OPERATING PROFIT	247.2	226.2
Net interest expense	(17.8)	(15.7)
Foreign currency exchange results	1.0	(1.1)
Derivative financial instruments	(1.0)	(0.7)
Net interest expense on employee benefit plans	(2.6)	(2.7)
Net finance cost	(20.4)	(20.2)
PROFIT BEFORE INCOME TAX	226.8	206.0
Income tax expenses	(58.6)	(56.4)
PROFIT AFTER INCOME TAX	168.2	149.6
Attributable to:		
Shareholders	165.7	147.5
Non-controlling interests	2.5	2.1
NET PROFIT BEFORE AMORTISATION	190.4	167.9
Earnings per share before amortisation (in EUR)		
Outstanding	1.72	1.52
Diluted	1.72	1.52

Consolidated balance sheet

before profit appropriation in EUR million	31-12-2015	31-12-2014 RESTATED*
ASSETS		
Intangible assets	1,049.8	900.0
Property, plant and equipment	736.4	726.3
Deferred income tax assets	13.1	14.0
Total non-current assets	1,799.3	1,640.3
Inventories	498.8	489.4
Trade receivables	342.7	318.5
Income tax receivables	10.8	7.6
Other current assets	43.6	61.5
Cash and cash equivalents	45.6	34.8
Total current assets	941.5	911.8
TOTAL ASSETS	2,740.8	2,552.1
EQUITY AND LIABILITIES		
Shareholders' equity	1,268.7	1,130.8
Non-controlling interests	16.0	32.4
Total equity	1,284.7	1,163.2
Non-current borrowings	557.7	428.3
Employee benefit plans	81.4	87.0
Deferred income tax liabilities	117.1	98.5
Other provisions	7.2	18.2
Total non-current liabilities	763.4	632.0
Current borrowings	148.8	192.9
Current portion of non-current borrowings	56.7	104.0
Trade and other payables	307.4	300.3
Income tax payables	18.6	22.5
Other current liabilities	161.2	137.2
Total current liabilities	692.7	756.9
TOTAL EQUITY AND LIABILITIES	2,740.8	2,552.1

* We refer to page 10 for details of the restatement.

Consolidated cash flow statement

in EUR million	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	247.2	226.2
Adjustments for:		
Depreciation of property, plant and equipment	95.3	84.8
Amortisation of intangible assets	24.8	20.4
Result on sale of equipment	(2.6)	(1.2)
Changes in provisions	(13.5)	(16.3)
Changes in inventories	6.0	(18.9)
Changes in trade and other receivables	(12.6)	(2.3)
Changes in trade and other payables	(14.5)	14.6
Changes in working capital	(21.1)	(6.6)
CASH FLOW FROM OPERATIONS	330.1	307.3
Finance cost paid	(21.4)	(15.0)
Income taxes paid	(69.9)	(56.8)
NET CASH GENERATED BY OPERATING ACTIVITIES	238.8	235.5
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries	(126.4)	(258.0)
Disposal of subsidiaries	32.9	11.9
Purchase of property, plant and equipment	(91.9)	(85.6)
Purchase of intangible assets	(7.6)	(4.3)
Proceeds from sale of equipment	12.3	4.3
NET CASH GENERATED BY INVESTING ACTIVITIES	(180.7)	(331.7)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from non-current borrowings	198.4	323.5
Repayment of non-current borrowings	(120.2)	(120.9)
Dividends paid	(50.9)	(45.3)
Cash flow to non-controlling interests	(24.1)	(2.0)
NET CASH GENERATED BY FINANCING ACTIVITIES	3.2	155.3
NET CASH FLOW (NET INCREASE/(DECREASE) IN CASH AND CURRENT BORROWINGS)	61.3	59.1
Cash and current borrowings at beginning of period	(158.1)	(207.7)
Net increase/(decrease) in cash and current borrowings	61.3	59.1
Currency differences on cash and current borrowings	(6.4)	(9.5)
Cash and current borrowings as at end of period	(103.2)	(158.1)

Consolidated statement of comprehensive income

in EUR million	2015	2014
Profit for the period	168.2	149.6
Currency translation differences	19.8	14.5
Fair value changes derivative financial instruments, net of income tax	(0.5)	1.8
Remeasurements of employee benefit obligations	7.9	(17.5)
Income tax effect on direct equity movements	(2.2)	2.6
Total comprehensive income/(loss)	193.2	151.0
Attributable to:		
Shareholders	190.8	145.9
Non-controlling interests	2.4	5.1

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 2014	27.6	200.8	712.9	(33.2)	134.2	1,042.3	12.1	1,054.4
Dividend 2013	-	-	-	-	(45.3)	(45.3)	(0.4)	(45.7)
Addition to other reserves	-	-	88.9	-	(88.9)	-	-	-
Share based payments	-	-	(0.4)	-	-	(0.4)	-	(0.4)
Acquisitions	-	-	-	-	-	-	17.7	17.7
Transactions with non-controlling interests	-	-	0.8	-	-	0.8	(2.1)	(1.3)
Total comprehensive income	-	-	(13.8)	12.2	147.5	145.9	5.1	151.0
As at 31 December 2014	27.6	200.8	788.4	(21.0)	147.5	1,143.3	32.4	1,175.7
Effect of prior period restatement	-	-	(12.5)	-	-	(12.5)	-	(12.5)
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

Segment reporting - Key figures per business

REVENUE

in EUR million	2015	2014	DELTA
Building Installations	1,153.2	1,045.5	10%
Climate Control	406.6	339.8	20%
Industrial Controls	367.3	417.9	(12%)
Industrial Services	610.7	468.7	30%
<i>Holding / Eliminations</i>	<i>(62.5)</i>	<i>(71.1)</i>	-
TOTAL	2,475.3	2,200.8	12%

EBITA

in EUR million	2015	2014	DELTA
Building Installations	122.5	99.8	23%
Climate Control	41.2	35.4	16%
Industrial Controls	45.9	53.5	(14%)
Industrial Services	77.1	62.7	23%
<i>Holding / Eliminations</i>	<i>(14.7)</i>	<i>(4.8)</i>	-
TOTAL	272.0	246.6	10%

EBITA %

(% of revenue)	2015	2014	DELTA
Building Installations	10.6	9.5	1.1
Climate Control	10.1	10.4	(0.3)
Industrial Controls	12.5	12.8	(0.3)
Industrial Services	12.6	13.4	(0.8)
<i>Holding / Eliminations</i>	-	-	-
TOTAL	11.0	11.2	(0.2)

CAPEX

in EUR million	2015	2014	DELTA
Building Installations	37.7	27.1	39%
Climate Control	6.8	4.7	45%
Industrial Controls	13.6	11.4	19%
Industrial Services	37.8	41.2	(8%)
<i>Holding / Eliminations</i>	<i>0.3</i>	<i>0.1</i>	-
TOTAL	96.2	84.5	14%

Revenue per region

in EUR million	2015	%	2014	%
Western & Northern Europe	1,428	58	1,284	58
North America	559	23	450	21
Eastern Europe	213	9	229	10
Southern Europe	80	3	77	3
Middle East & Africa	61	2	61	3
Far East	58	2	43	2
Other countries	76	3	57	3
TOTAL	2,475	100	2,201	100

Revenue per end market

in EUR million	2015	%	2014	%
Building Installations	903	36	782	36
General Industries	409	16	310	14
Building Efficiency	364	15	306	14
Automotive	267	11	226	10
Machine Build	164	7	187	9
Water & Gas Supply, Irrigation	119	5	98	4
District Energy, Oil & Gas	77	3	113	5
Semicon & Science	71	3	87	4
Beverage Dispense	52	2	40	2
Power Generation	49	2	52	2
TOTAL	2,475	100	2,201	100

Basis for preparation

ACCOUNTING POLICIES

The condensed consolidated financial information for the year 2015 with related comparative information has been prepared using accounting policies which are based on International Financial Reporting Standards (IFRS). 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 2015. 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 2015 have been prepared and audited and will be published on 8 March 2016.

PRIOR PERIOD RESTATEMENTS

Adjustments of deferred tax positions originating from acquisitions.

During the current year, the Group performed a review of past purchase price allocations and determined that the recognition of deferred tax liabilities at the relevant acquisition dates and subsequent measurement required adjustments. The adjustments have been applied retrospectively in the consolidated balance sheet as at 31 December 2014 with a total impact on shareholders' equity of EUR 12.5 million. It was considered impracticable to determine the impact on shareholders' equity, net profit or earnings per share for 2014 and earlier years. The impact of any earlier restatement is, however, not expected to be material.

Other adjustments including offsetting of assets and liabilities.

During the current year, the Group completed its reassessment of the impact of amendments to IAS 32 and concluded that amounts previously offset in the presentation of trade debtors, cash and cash equivalents and tax related balance sheet items should be reclassified since the conditions to offset were not met in all circumstances. These changes have been applied retrospectively in the consolidated balance sheet as at 31 December 2014 and mainly impact the gross presentation of customer related payables (EUR 71 million) and cash and cash equivalents (EUR 35 million) with corresponding entries in current liabilities. Also the finalisation of preliminary purchase price allocations of the 2014 acquisitions resulted in some smaller adjustments. These adjustments and reclassifications had no impact on shareholders' equity, cash flow, net profit or earnings per share.

Key figures

	2015	2014	2013	2012	2011
Results (in EUR million)					
Revenue	2,475	2,201	2,040	2,025	1,937
Added-value	1,521	1,332	1,223	1,197	1,146
Operating profit (EBITDA)	367	332	305	296	279
Operating profit (EBITA)	272	247	225	219	209
Net profit before amortisation	190	168	152	152	146
Depreciation	95	85	80	77	71
Cash flow* (net profit + depreciation)	286	253	232	229	216
Free cash flow (before interest and tax)	243	222	175	168	169
Balance sheet (in EUR million)					
Intangible assets	1,050	900	691	686	701
Property, plant and equipment	736	726	616	592	565
Capital expenditure	96	85	106	104	84
Net working capital	461	427	373	370	345
Total equity	1,285	1,163	1,054	950	859
Net debt	718	690	480	542	606
Capital employed	2,002	1,854	1,535	1,492	1,464
Total assets	2,741	2,552	1,996	1,965	1,932
Number of employees at end of period (x1)	14,709	14,492	12,311	12,048	12,282
Ratios					
Total equity as a % of total assets	46.9	45.6	52.8	48.3	44.4
Leverage ratio	1.8	1.9	1.6	1.8	2.0
EBITA as a % of revenue	11.0	11.2	11.0	10.8	10.8
Free cash flow conversion ratio	66.1	66.9	57.6	56.8	60.4
Return on capital employed (ROCE)	14.3	14.1	14.6	14.7	14.3
Added-value as a % of revenue	61.5	60.5	60.0	59.1	59.1
EBITDA as a % of revenue	14.8	15.1	14.9	14.6	14.4
Net profit* as a % of revenue	7.7	7.6	7.4	7.5	7.5
Net debt / total equity	0.6	0.6	0.5	0.6	0.7
Interest cover ratio	21.8	22.6	19.0	14.4	12.9
Shares issued (in millions)					
Ordinary shares (average)	110.6	110.6	110.1	108.9	107.5
Ordinary shares (at year-end)	110.6	110.6	110.6	109.4	108.1
Figures per share (in EUR)					
Cash flow*	2.58	2.29	2.10	2.10	2.01
Net profit*	1.72	1.52	1.38	1.40	1.36
Dividend	0.52	0.46	0.41	0.35	0.34
Share price at year-end	31.79	24.54	23.18	15.70	12.98

* Before amortisation