



Aliaxis reports strong performance for the first half of 2021 and unveils its growth strategy

Brussels – October 1st, 2021 – Aliaxis SA, global leader in the manufacturing and distribution of advanced piping systems, today disclosed strong results for the first half of 2021, and is embarking on a new growth strategy.

2021 half-year results highlights (6 months period ended June 30, 2021)

- Revenue of €1,786.4 million, up 30.5% and 13.3% vs H1 2020 and H1 2019 respectively. 39.5% growth year-on-year on a like-for-like¹ basis compared to H1 2020 and 27.2% compared to H1 2019.
- Current EBITDA of €344.3 million, up 82.4% and 47.1% vs H1 2020 and H1 2019 respectively. On a like-for-like basis¹, CEBITDA increased by 87.2% compared to H1 2020 and 53.8% compared to H1 2019.
- CEBITDA margin of 19.3%, compared to 13.8% in H1 2020 and 14.8% in H1 2019.
- Net profit of €174.4 million, up 6.9% year-on-year and 54.0% vs H1 2019.
- Net financial debt² of €361 million, a decrease of €76.6 million compared to December 31, 2020 and a decrease of €219.7 million compared to June 30, 2020.
- Pro-forma leverage³ of 0.5 x CEBITDA.

CEO Eric Olsen comments on the results:

"Our performance was excellent in the first half of 2021, with sales growth of 27.2% and CEBITDA growth of 53.8% on a like-for-like¹ basis compared to the same period in 2019 before the pandemic, and even stronger when comparing with H1 2020. Together with a continued focus on customer service and cost management, all regions delivered solid results, with the Americas regions performing particularly well. EMEA and Asia remain on a positive trajectory, despite some temporary plant closures in India during the peak of the 2nd COVID wave in May.

We are determined to further accelerate Aliaxis' growth, strengthen our positions, and commit to achieving ambitious sustainability objectives. We have defined a bold strategic plan, to reach a CEBITDA of € 850 million in 2025, while positively contributing to society. It's a plan for growth with purpose."

¹ 2019 and 2020 adjusted to exclude impact of divestments. 2019 adjusted on a pro-forma basis to reflect the full year impact of the acquisition of Silver-Line Plastics in November 2019. Impact of Foreign Exchange excluded to reflect underlying performance at constant exchange rate.

² Not adjusted for IFRS 16

³ Adjusted for IFRS 16



Strong financial results

We reported top line growth on a like-of-like¹ basis of 39.5% and 27.2% compared to H1 2020 (which was significantly impacted by COVID in Q2) and H1 2019 respectively. This is predominately driven by continued and robust market demand in all regions since Q3 2020, with the exception of the second COVID wave impact in April and May in India, followed by solid recovery as of June.

We continued to face significant raw material supply chain challenges globally in the first half of 2021, mainly around supply of PVC resin, along with substantial increases in purchase prices.

CEBITDA amounts to €344.3 million in the six-month period ended June 30, 2021, a like-for-like¹ increase of 87.2% and 53.8% compared to H1 2020 and H1 2019 respectively. This is predominately driven by strong market demand in our key markets and our commercial performance. Our CEBITDA margin improved from 14.8% in H1 2019 and 13.8% in H1 2020 to 19.3% in H1 2021.

Net profit amounts to €174.4 million, an increase of 6.9% compared to H1 2020. The modest increase takes into account a €105 million capital gain on the divestment of our US distribution business in H1 2020. Net profit, normalised for the capital gain in H1 2020, increased by €116.1 million or 199.2%.

Healthy balance sheet and strong financial position

Shareholders' Equity increased by €215.6 million to €1.6 billion at the end of H1 2021.

Our strong cash flow generation allowed to further deleverage our balance sheet, despite the peak in our working capital cycle, in line with our historical seasonality pattern. Our working capital amounts to €456.5 million at June 30, 2021, an increase of €157.8 million compared to December 31, 2020.

Our net financial leverage³ further decreased to 0.5 x Last Twelve Months CEBITDA at June 30, 2021, compared to 0.7 x Last Twelve Months CEBITDA at December 31, 2020 and 1.3 x Last Twelve Months CEBITDA at June 30, 2020.

Major investment for a new fittings plant in Pineville, USA

Three new warehouses were opened in North America in the first half of the year. Over the summer, we announced a major investment in a new state-of-the-art fittings plant to be built in Pineville, North Carolina. This new facility will strengthen our US market position by increasing our capacity to manufacture fittings for plumbing, electrical, industrial, and infrastructure applications.

Subsequent events

On July 31, 2021, Aliaxis completed the divestment of SANIT. This divestment is in line with the company's strategy to explore new paths for non-core activities. Net proceeds are in excess of €120 million, allowing the Group to further deleverage and strengthen its financial position to support the ambitious growth strategy going forward.

Outlook

We expect the positive market momentum to continue through the remainder of the year with raw materials (resins) supply to stay challenging.



A new ambitious growth strategy for 2022-2025

Aliaxis plans to significantly grow its top and bottom line to reach a CEBITDA of €850 million in 2025 (vs €461 million in 2020) through both internal and external growth. This will be done primarily through building upon our existing strong positions. As well, we will invest in people and capabilities for R&D, customer service and operational excellence.

Internal growth

The company will accelerate growth in its two fastest growing positions: North America and Asia, while strengthening profitability in EMEA, Pacific and LATAM. This organic growth will be supported by a CAPEX envelope exceeding €1 billion for 2022-2025 to expand capacity, ensure productivity gains and accelerate innovation throughout our key segments: building, infrastructure, industry and agriculture.

External growth

The company will pursue value accretive acquisitions to further strengthen its existing positions around its core business. Aliaxis will also invest in new longer-term growth engines, particularly to nurture business development in innovative adjacent businesses and digital. This can be achieved through minority positions or technology partnerships with promising start-ups, via M&A's and new business incubation.

Growth with purpose

Aliaxis has defined a new sustainability plan, with a strong focus on carbon reduction. By 2025, the plan is targeting a CO₂ decrease of 75% per ton of production on Aliaxis sites, notably by reaching 100% renewable electricity. The company also aims to significantly increase the recycled content in its products. Our target is to reach 50% of the maximum allowed by standards, which will result in a fourfold increase (at minimum) in the recycled content in our products by 2025. In parallel, Aliaxis will continue to develop solutions for key challenges such as water access and water preservation, as well as access to sanitation.

Aliaxis is a global leader in advanced piping systems for building, infrastructure, industrial and agriculture applications. The company provides communities around the world with sustainable innovative solutions for water and energy, leading the industry in a way that anticipates the rapidly evolving needs of its customers and of society. With a global workforce of 14,000+ employees, Aliaxis offers specific solutions that meet our customers' most demanding needs across the globe. Aliaxis is active through leading local brands and operating in over 40 countries, combining local solutions with global innovation and operational excellence. The company is privately owned, with its global headquarters in Brussels, Belgium.

More on www.alixis.com

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Key Financials

Consolidated income statement					
(in € million)	1HY2021	1HY2020	Change	1HY2019	Change
Revenue	1,786.4	1,369.0	+30.5%	1577.1	+13.3%
Current EBITDA	344.3	188.8	+82.4%	234.1	+47.1%
as % on sales	19.3%	13.8%		14.8%	
Current EBIT	275.8	115.4	+139.0%	165.3	+66.9%
as % on sales	15.4%	8.4%		10.5%	
Operating income (EBIT)	273.5	213.2	+28.3%	193.9	+41.1%
as % on sales	15.3%	15.6%		12.3%	
Profit before income taxes	265.2	199.2	+33.1%	178.2	+48.8%
Net result	174.4	163.3	+6.9%	113.3	+54.0%
attributable to:					
- non-controlling interests	0.7	0.5		0.4	
- Group equity holders	173.7	162.7		112.9	

Earnings per share					
(in €)	1HY2021	1HY2020	Change	1HY2019	Change
Basic earnings	2.21	2.07	+6.8%	1.44	+53.2%

Consolidated financial position			
(in € million)	30 June 2021	31 Dec. 2020	30 June 2020
Intangible assets	718.6	702.7	784.0
Property, plant & equipment	871.2	882.2	897.6
Investment properties	3.3	3.3	3.3
Other assets	32.9	32.6	32.1
Deferred tax assets	12.5	13.4	38.1
Derivatives	41.1	42.0	58.0
Employee benefits	48.6	46.6	45.4
Assets held for sale	46.4	4.7	6.8
Assets	1,774.6	1,727.6	1,865.3
Non-cash working capital	456.5	298.7	421.6
TOTAL	2,231.1	2,026.3	2,286.9
Equity attributable to Group equity holders	1,621.5	1,405.9	1,472.7
Non-controlling interests	7.8	6.9	7.7
Total equity	1,629.3	1,412.8	1,480.4
Deferred tax liabilities	67.5	61.0	68.2
Employee benefits	74.5	81.2	80.3
Derivatives	7.1	12.9	10.6
Other liabilities	22.3	20.6	43.6
Dividend payable	52.0	0.2	23.0
Liability held for sale	17.4		
Net financial debt	361.0	437.6	580.7
TOTAL	2,231.1	2,026.3	2,286.9