



Aliaxis confirms strong performance in 2022 half-year results

Brussels – September 1st, 2022 – Aliaxis SA, global leader in the manufacturing and distribution of pipes and fittings solutions that address the world's water challenges and accelerate the transition to clean energy, today disclosed strong results for the first half of 2022.

2022 half-year results highlights (6-month period ended June 30, 2022)

- Revenue of €2,232.4 million, a like-for-like¹ increase of 20.5% vs H1 2021
- Current EBITDA of €416.7 million, a like-for-like¹ increase of 14.1% vs H1 2021
- CEBITDA margin of 18.7%, compared to 19.3% in H1 2021
- Net profit of €221.2 million, up 26.8% year-on-year
- Acquisition of Harco, a US manufacturer of gasketed fittings closed on April 1, 2022
- Net financial debt of €573.0 million, net financial leverage of 0.8 x LTM CEBITDA

CEO Eric Olsen comments on the results:

"In the first half of 2022, we reached record sales and EBITDA which confirms our positive operating and financial trajectory following our 2021 performance.

Within a challenging macro-economic environment, our teams showed their ability to adjust to changing market conditions. We delivered growth across all regions and Group revenue was up by 20.5% and CEBITDA growth of 14.1% on a like-for-like¹ basis, compared to the same period in 2021. This performance was mainly driven by the Americas, while all regions remained on a positive trend. We reinforced our business model resilience and long-term growth with a record level of value creating capex investments, along with two strategic acquisitions in injection moulding and water leak detection.

A year after launching our Growth with Purpose strategy, these H1 results confirm our ability to create value across regions while having a positive impact on sustainability."

Strong financial results in H1 2022

Aliaxis reported strong performance in H1 2022, with revenue growth of 20.5% on a like-for-like¹ basis. This increase was driven by all regions, with a particularly strong market momentum in the Americas, good commercial management, a significant increase in investments in capacity expansion and innovation.

¹ 2021 and 2022 adjusted to exclude impact of divestments. 2021 adjusted on a pro-forma basis to reflect the impact of the acquisition of Harco. Impact of Foreign Exchange excluded to reflect underlying performance at constant exchange rate.



We continued to face further increases and record high levels in raw material prices, and strong inflation in most regions where we operate.

CEBITDA amounted to €416.7 million in the six-month period ended June 30, 2022, a like-for-like¹ increase of 14.1% compared to H1 2021. This was predominantly driven by continued and robust market demand in all regions, but most pronounced in the Americas, as well as strong commercial management and impact of our operational excellence programs. CEBITDA margin slightly decreased from 19.3% in June 2021 to 18.7% in June 2022. Our CEBITDA margin in H1 2022 demonstrated our ability to manage the inflationary environment.

Net profit amounted to €221.2million, an increase of 26.8% compared to H1 2021, mainly driven by the increase in CEBITDA.

Highlights by region

Americas

The Americas continued its very strong performance, with revenue up 24% and CEBITDA up 31% vs H1 2021 on a like-for-like¹ basis, despite a tight labour market and inflationary environment.

North America saw strong market momentum, driven by a strong housing market, a rise in infrastructure investment projects and strong irrigation investments. In the United States, we successfully acquired Harco Fittings, a well-established brand in municipal, irrigation and agriculture end-markets. The construction of a new state-of-the-art injection moulding plant in Pineville, North Carolina (US), is on track. Operations are expected to start early 2023.

In Latin America, the growing building segment in Colombia and Costa Rica was partly offset by Chile, due to the halt in the economic re-activation programs, temporarily putting a break on the housing renovation market.

EMEA

EMEA saw its revenue go up by 8%, but CEBITDA was down 19% on a like-for-like¹ basis because of increased cost of raw materials and cost inflation, aggravated by several impacts from the situation in Russia/Ukraine, including utility and transportation costs. In Europe, the building market has been slowing down as of Q2 2022, while we also saw distributors destocking and delaying project execution due to price volatility and uncertainty in the market.

Pacific

The Pacific region posted a strong result, with revenue up 18% and CEBITDA up 29% on a like-for-like¹ basis. Good market dynamics included a continued strong building market (especially in New Zealand) and good infrastructure sales. This solid financial performance results from efficient commercial management and operational excellence programs, mainly in our Vinidex business, also partially supported by recycling projects.



Asia

Revenues in Asia grew by 41% and CEBITDA by 3% in H1 2022 on a like-for-like¹ basis. As in the rest of the world, Asia is facing the rising costs of raw materials. Volume challenges in core segments however are being offset by growth in new segments like water storage and infrastructure. Asia is preparing for further expansion with the building of three new plants by the end of 2023 to support our growth strategy.

Healthy balance sheet and strong financial position

Shareholders' Equity increased by €295.9 million to €2.2 billion at the end of H1 2022.

Our working capital amounts to €1,002.0 million at June 30, 2022, an increase of 574.3 million compared to December 31, 2021, driven by seasonality and significant increase in raw materials costs.

Our net financial debt is of €573.0 million and our net financial leverage is 0.8 x Last Twelve Months CEBITDA at June 30, 2022 compared to 0.6 x LTM CEBITDA at June 30, 2021.

Subsequent events

On August 8, 2022, Aliaxis announced the acquisition of Aquarius Spectrum, an innovative provider of advanced acoustic water leak detection and pipe condition assessment solutions for water infrastructure. Aquarius Spectrum will be part of Aliaxis Next, Aliaxis' newly created division which develops adjacent businesses in the field of water management and preservation.

Outlook

Whilst we reported strong results in the 6-month period ended June 30, 2022, the outlook for the 2nd half of 2022 remains uncertain as a result of the current inflationary environment, the situation in Russia and Ukraine, volatility in resin prices and potential market slowdown in some regions where we operate.

Within this challenging near-term environment, we are confident in the robustness of our business model and our ability to achieve our medium-term targets through our *Growth with Purpose* strategy. We will continue to implement our strategy, with a strong focus on continued investments to support both internal and external growth, while maintaining strong financial discipline in an uncertain economic and inflationary environment.

About Aliaxis

At Aliaxis, we design sustainable, easy to install, and innovative solutions to address the world's water challenges and accelerate the transition to clean energy.

Thanks to our 14,000+ employees, our pipes and fitting systems meet our customers' most demanding needs for the building, infrastructure, industrial and agriculture sectors. Operating in over 40 countries, the Company is active through leading local brands and generated €3.7 billion revenue in 2021.

More on www.alixis.com

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Key Financials

Consolidated income statement			
(in € million)	1HY2022	1HY2021	Change
Revenue	2,232.4	1,786.4	25.0%
Current EBITDA	416.7	344.3	21.0%
as % on sales	18.7%	19.3%	
Current EBIT	342.9	275.8	24.3%
as % on sales	15.4%	15.4%	
Operating income (EBIT)	333.1	273.5	21.8%
as % on sales	14.9%	15.3%	
Profit before income taxes	320.1	265.2	20.7%
Net result	221.2	174.4	26.8%
attributable to:			
- non-controlling interests	0.7	0.7	
- Group equity holders	220.6	173.7	

Earnings per share			
(in €)	1HY2022	1HY2021	Change
Basic earnings	2.80	2.21	26.7%

Consolidated financial position			
(in € million)	30 June 2022	31 Dec. 2021	30 June 2021
Intangible assets	853.4	721.3	718.6
Property, plant & equipment	1047.7	940.2	871.2
Investment properties	3.3	3.3	3.3
Other assets	29.2	20.6	32.9
Deferred tax assets	12.8	12.4	12.5
Derivatives	35.6	24.5	41.1
Employee benefits	41.4	58.8	48.6
Assets held for sale	2.7	2.7	46.4
Assets	2,026.1	1,783.9	1,774.6
Non-cash working capital	1,002.0	427.5	456.5
TOTAL	3,028.1	2,211.3	2,231.1
Equity attributable to Group equity holders	2,213.2	1,917.3	1,621.5
Non-controlling interests	7.8	6.9	7.8
Total equity	2,221.0	1,924.2	1,629.3
Deferred tax liabilities	82.2	82.6	67.5
Employee benefits	61.5	76.0	74.5
Derivatives	1.6	4.7	7.1
Other liabilities	27.1	24.4	22.3
Dividend payable	61.7	0.0	52.0
Liability held for sale	0.0	0.0	17.4
Net financial debt	573.0	99.4	361.0
TOTAL	3,028.1	2,211.3	2,231.1



External revenues & adjusted EBITDA by segment

(In € million)	Americas		Pacific		EMEA		Asia	
	1HY 2022	1HY 2021	1HY 2022	1HY 2021	1HY 2022	1HY 2021	1HY 2022	1HY 2021
External revenues	1,091.3	797.0	270.9	224.1	526.1	528.3	321.8	215.8
Adjusted EBITDA	293.3	199.3	30.7	21.6	65.4	86.6	40.4	37.2

(In € million)	Other		Not allocated		TOTAL	
	1HY 2022	1HY 2021	1HY 2022	1HY 2021	1HY 2022	1HY 2021
External revenues	22.3	21.2	-	-	2,232.4	1,786.4
Adjusted EBITDA	0.7	2.3	-13.8	-2.6	416.7	344.3