

Bondholder Presentation - H1 2022 Results Aliaxis SA



Disclaimer

This release has been prepared by Aliaxis SA.

No representation or warranty, express or implied, is or will be made in relation to this release or in relation to any other information made available in relation to it.

If this release contains express or implied statements or estimates about anticipated future performances, such statements and estimates are based on assumptions and assessments of known and unknown risks, uncertainties and other factors, which may or may not prove to be correct and may turn out to be materially different. No representations are made as to the accuracy or fairness of such statements and estimates.

No responsibility or liability in relation to this release (or errors or omissions in it) is or will be accepted by Aliaxis, its shareholders or by any of its directors, officers, employees or agents which expressly disclaim any and all liability.

H1 2022 Results – Basis of preparation

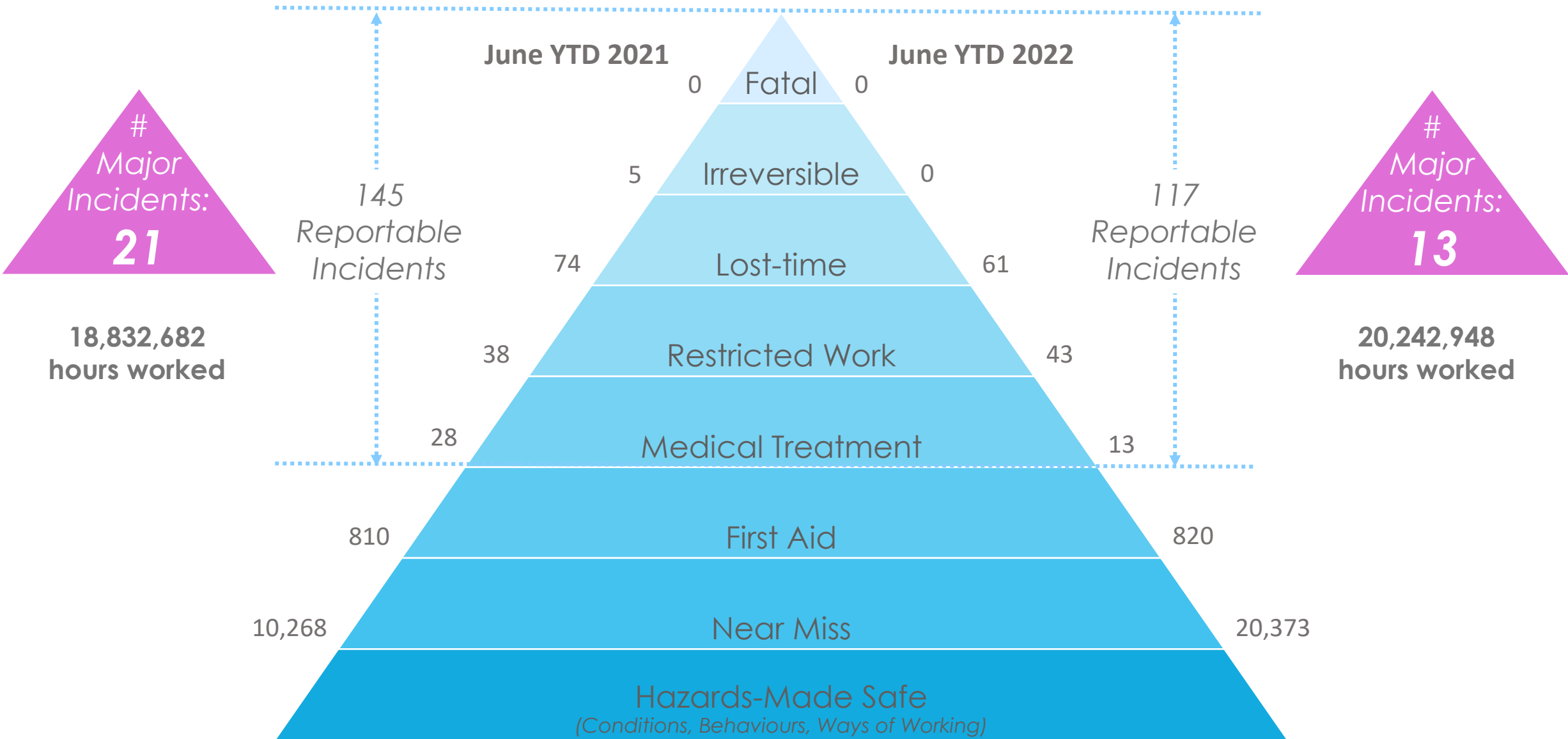
Financial information as of and for half year June 30, 2022

- This presentation includes (comments to) the audited condensed consolidated interim financial statements 2022 of the income statement, financial position and cash flows as of and for the period ended June 30, 2022, which have been prepared in accordance with IFRS and the accounting principles of Aliaxis SA.
- Furthermore, this presentation includes non-accounting terms such as (C)EBITDA. These non-accounting terms are not defined under IFRS. We consider (C)EBITDA to be an important indicator of our representative recurring operations. Other companies in our industry may calculate these measures in a different way. Consequently, our presentation of (C)EBITDA may not be comparable to those of other companies.

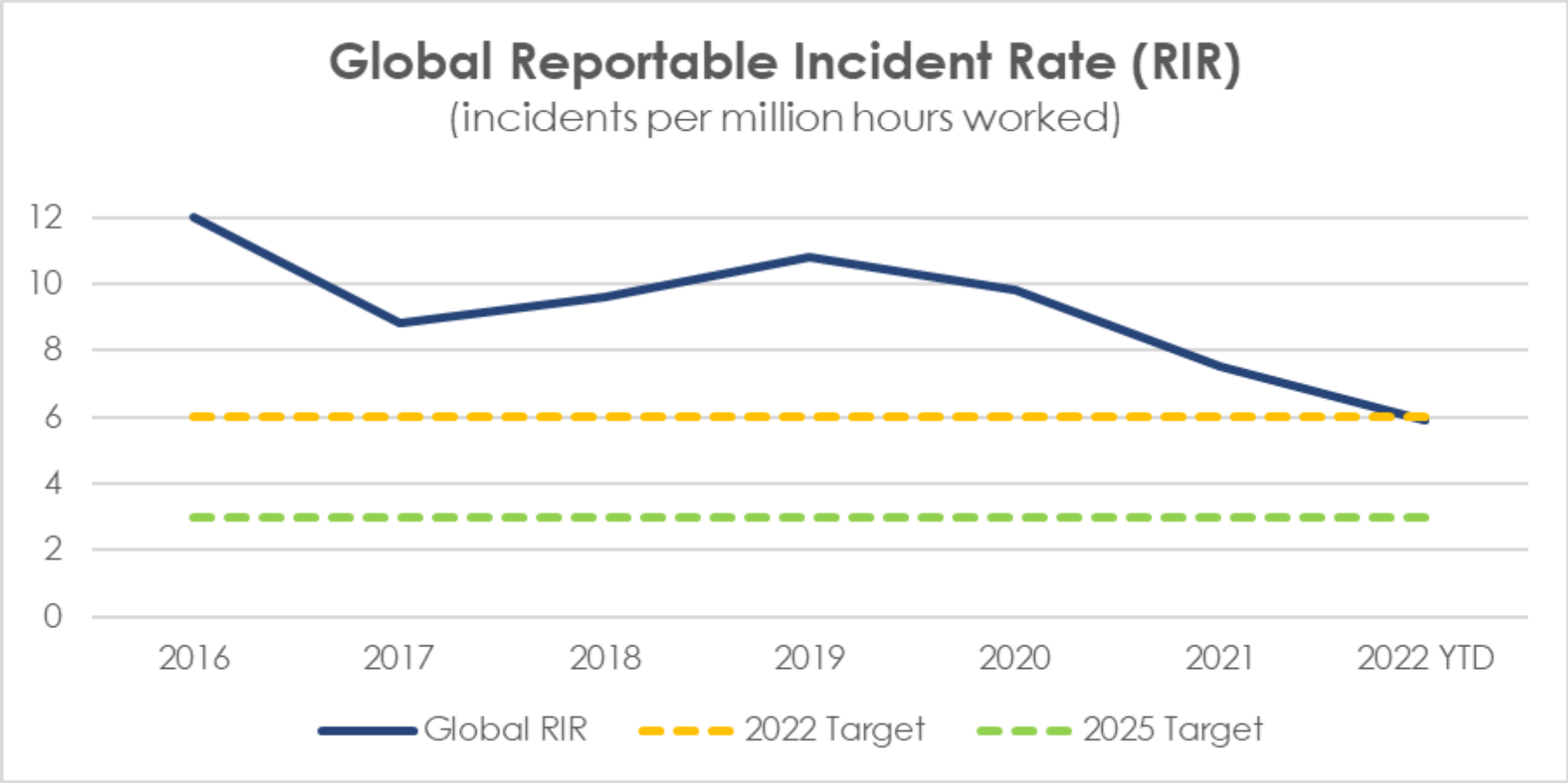
H1 2022 Condensed consolidated interim financial statements

- The condensed consolidated interim financial statements 2022 for Aliaxis Holdings SA will be published on our website on September 30th, 2022. The difference with Aliaxis SA is immaterial : €1.1 mio and €24.1 mio at CEBITDA and net financial debt level respectively for Aliaxis Holdings SA vs Aliaxis SA

Major Incidents Reported shows 38% reduction



Since 2019 we have reduced our RIR by 45%



The increases in RIR in 2018-19 were due to improvements in our data collection and reporting

Strong performance in the first half of 2022

**Sales of
€2.2 billion**

**+20.5% vs H1 2021
on LFL* basis**

**CEBITDA
margin of
18.7%**

**19.3% in H1 2021
on LFL* basis**

**CEBITDA of
€417 million**

**+14.1% vs H1 2021
on LFL* basis**

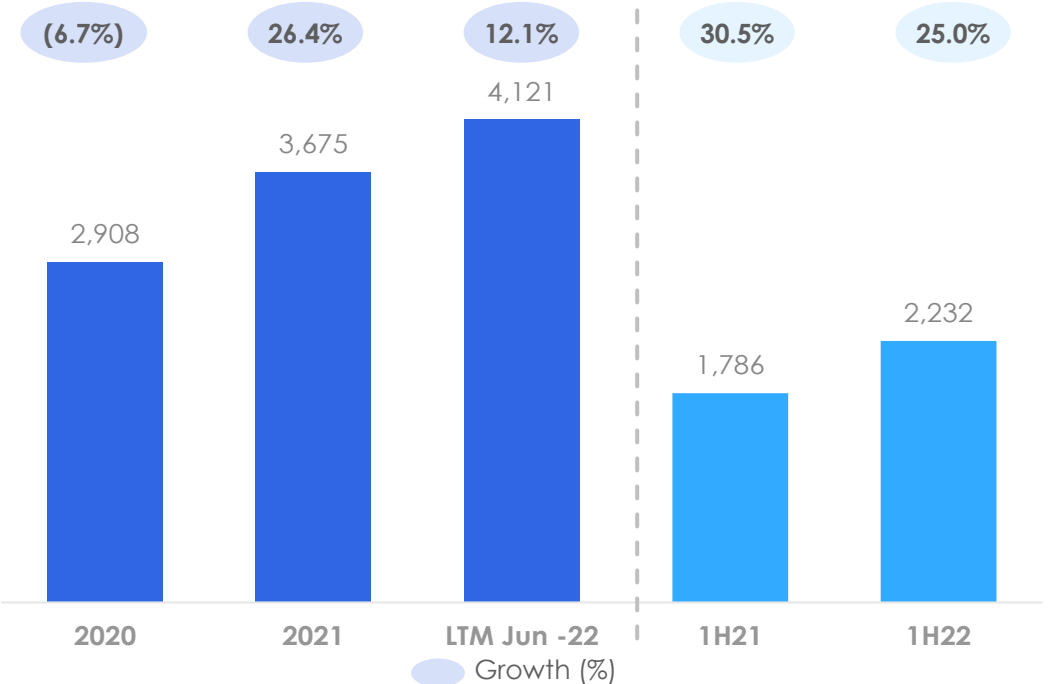
**Net profit of
€221 million**

+26.8% vs H1 2021

* Divestments excluded in all periods. Pro-forma adjustment included in H1 2021 to include the impact of Harco acquisitions. Impact of FX excluded to reflect underlying performance at constant exchange rate.

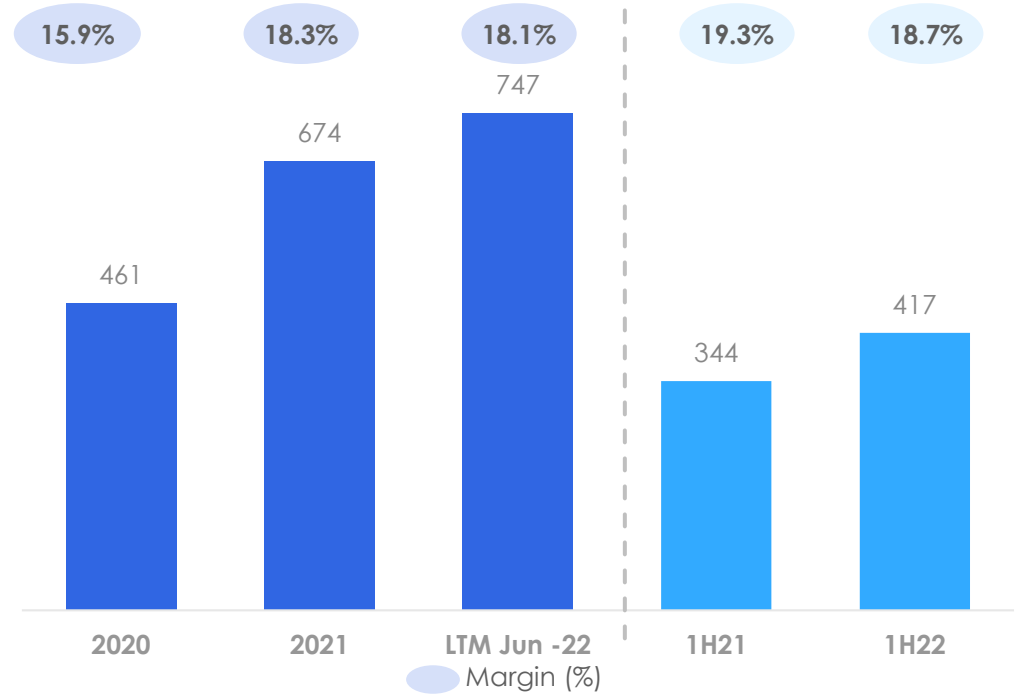
LTM CEBTIDA of €747 mio (18.1% CEBITDA margin) despite very challenging environment

Net Sales (€ mio)



- Topline growth supported by all divisions
- Higher average selling price vs last year following cost pass-through, particularly in North America

CEBITDA (€ mio)

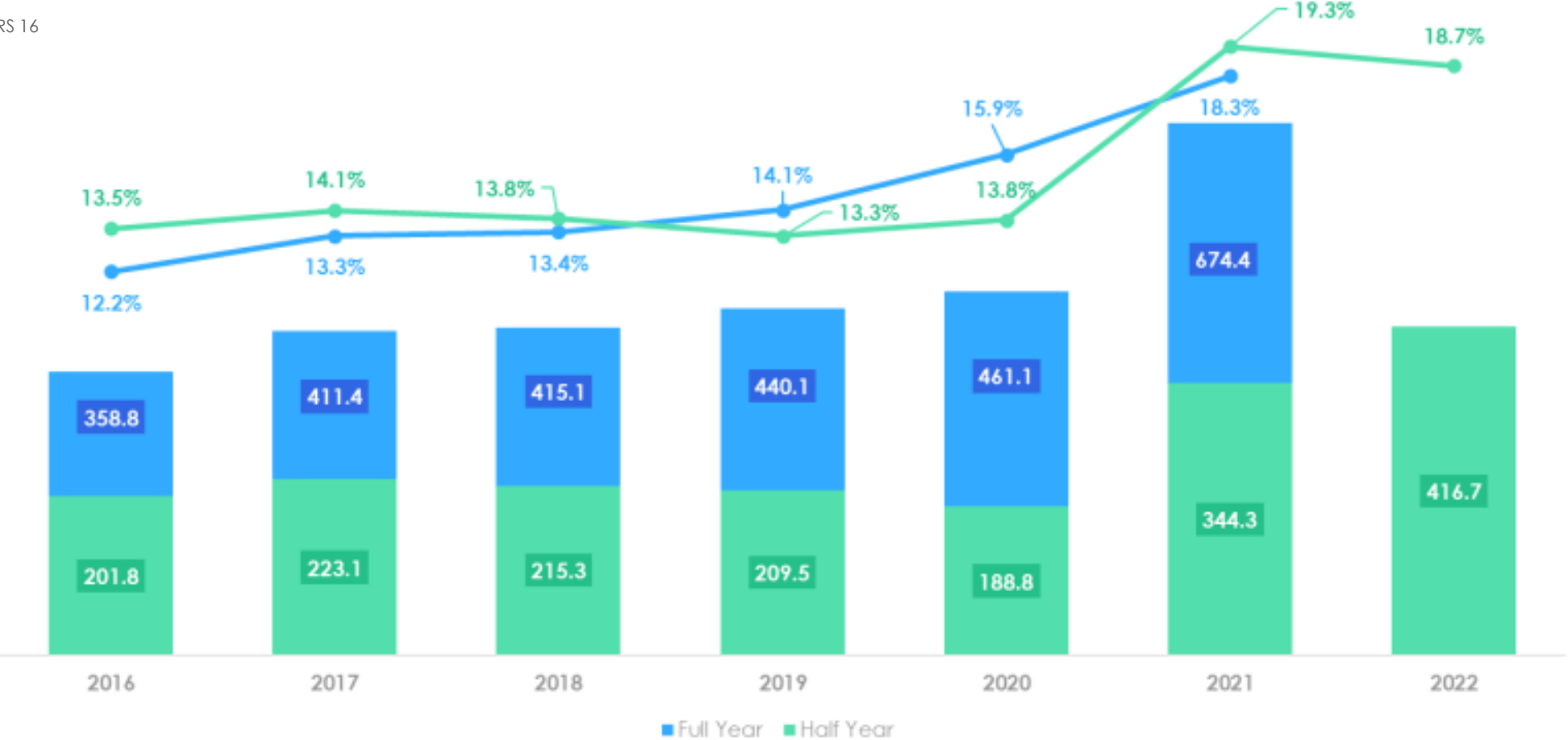


- CEBITDA growth despite the inflationary environment, resin price volatility (but still at very high level), Russia / Ukraine, steep increase in utility cost (predominately in EMEA)
- Growth primarily driven by North America, supported by strong commercial management and demand
- Sales price increases are more than offsetting inflation in all divisions, except for EMEA and India (to a lesser extent) in H1 22

Step change in profitability in 2021 confirmed in H1 2022

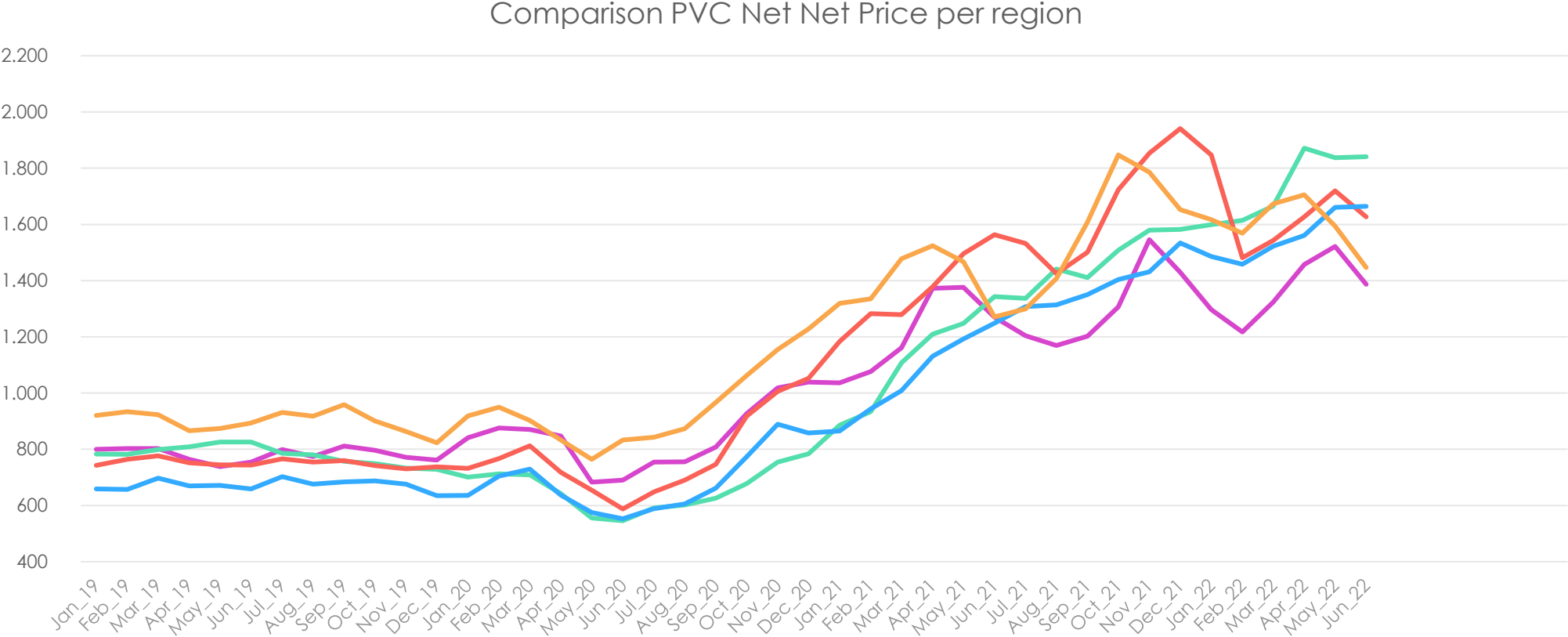
CEBITDA (€ mio @ historical rate) and CEBITDA margin

2016 – 2018 pre-IFRS 16



PVC resin prices remain high in H1 2022, after steep increase in 2021

In euro @actual FX rates



Strong performance continued in H1 2022, mainly driven by the Americas. Topline growth supported by all regions

EMEA

- Sales: €526 mio (+8%*)
- CEBITDA: €65 mio (-19%*)

Americas

- Sales: €1,091 mio (+24%*)
- CEBITDA: €293 mio (+31%*)

Asia

- Sales: €322 mio (+41%*)
- CEBITDA: €40 mio (+3%*)

Pacific

- Sales: €271 mio (+18%*)
- CEBITDA: €31 mio (+29%*)

* Divestments excluded in all periods. Pro-forma adjustment included in H1 2021 to include the impact of Harco acquisitions. Impact of FX excluded to reflect underlying performance at constant exchange rate.

Net result amounts to €221.2 mio, and increase of 21% compared to H1 2021

In € mio	H1 2022	%	H1 2021	%	Δ Last Year	
	Actuals	of net sales	Actuals	of net sales	M EUR	%
Net sales	2,232.4	100.0%	1,786.4	100.0%	445.9	25.0%
Direct cost of goods sold	(1,412.0)	(63.3%)	(1,109.4)	(62.1%)	(302.6)	27.3%
Contribution	820.4	36.7%	677.1	37.9%	143.3	21.2%
Current EBIT	342.9	15.4%	275.8	15.4%	67.0	24.3%
Restructuring costs & exceptional items	(9.8)	(0.4%)	(2.3)	(0.1%)	(7.5)	
EBIT	333.1	14.9%	273.5	15.3%	59.6	21.8%
Financial results	(13.0)		(8.4)		(4.7)	
Income taxes	(98.8)		(90.7)		(8.1)	
Net income	221.2	9.9%	174.4	9.8%	46.8	26.8%
	Share of minority interests	0.7	0.7		(0.0)	
	Share of the Group	220.6	173.7		46.8	
Current EBITDA	416.7	18.7%	344.3	19.3%	72.4	21.0%

Solid balance sheet – strong foundations to support and invest for growth going forward (while maintaining financial discipline)

**Net financial
debt of
€573 million**

*Net financial
leverage of 0.8x
LTM CEBITDA*

**ROCE of
27.2%**

*In line with
H1 2021 27.6%*

**Working
capital 24.3%
of LTM sales**

**CAPEX of
€107 million**

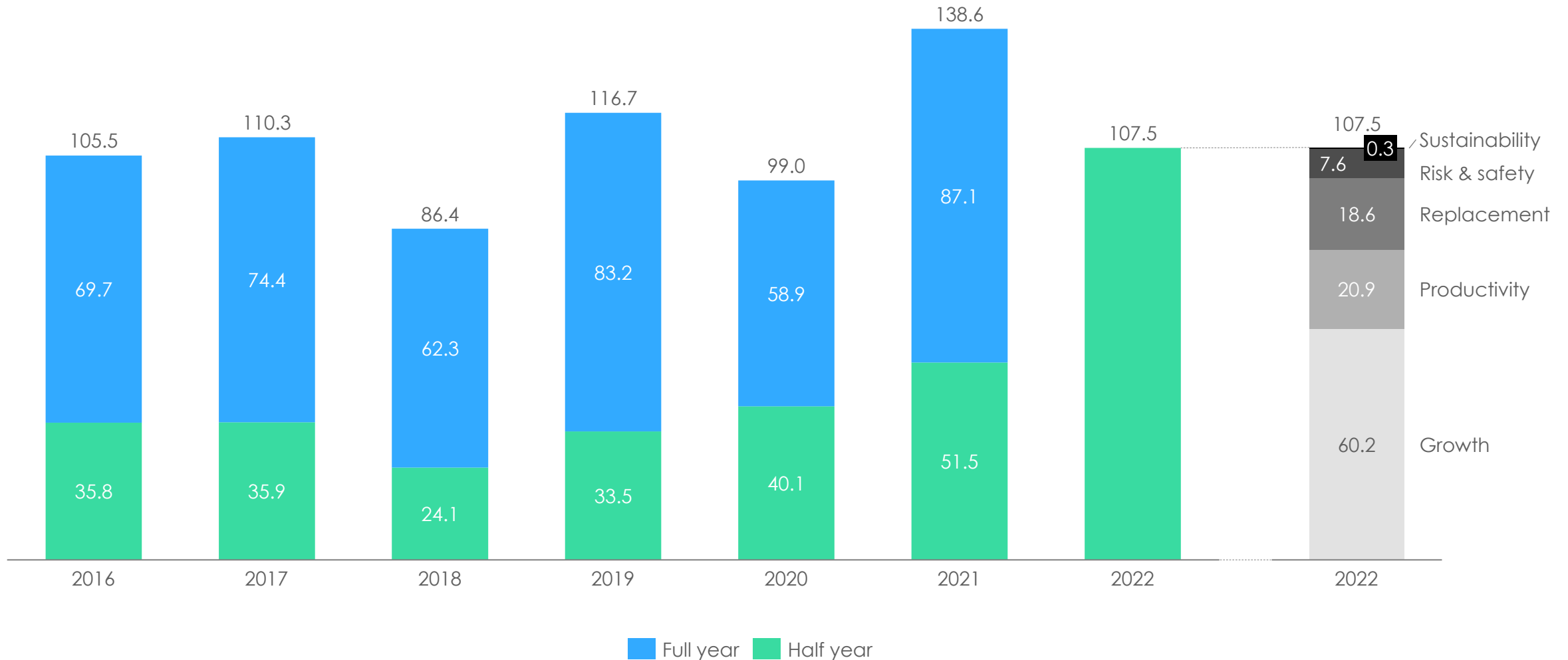
Solid balance sheet at June 2022. Shareholders' equity of €2.2 bio

In € mio	June 2022	December 2021	June 2021
	Actual	Actual	Actual
Intangible fixed assets	222	158	166
Goodwill	631	563	553
Tangible fixed assets	1,048	940	871
Investments - Investment properties	3	3	3
Investments - Financial investments	14	7	6
Assets held for sale	3	3	46
Other non-current assets (net)	48	33	61
Assets	1,969	1,707	1,706
Non-cash working capital	1,002	428	456
Total	2,971	2,134	2,162

In € mio	June 2022	December 2021	June 2021
	Actual	Actual	Actual
Equity - Group	2,213	1,917	1,621
Equity - Minority interests	8	7	8
Total Equity	2,221	1,924	1,629
Government grants	2	2	2
Net PEEBs (assets) / liabilities	20	17	26
Net deferred taxes (assets)/liabilities	69	70	55
Liability held for sale	-	-	17
Dividend payable	62	(0)	52
Other non-current provisions	24	22	20
Net financial debt	573	99	361
Total	2,971	2,134	2,162

CAPEX investments in H1 2022 have more than doubled compared to 2021 to support growth agenda

CAPEX (excl. leases), € mio @ historical rate



Strategic investments in NA to support our growth strategy

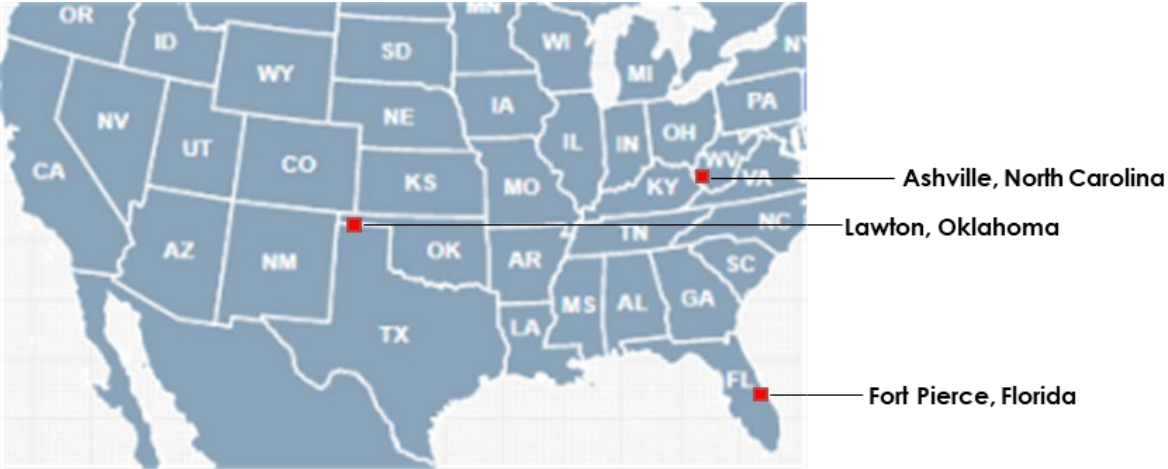
Pineville, USA Injection Moulding Expansion

- Single largest investment ever
- State-of-the-art injection moulding plant being built in Pineville, North Carolina
- Significant increase in capacity for fittings for plumbing, electrical, industrial and municipal applications
- Technological flagship – one of the most advanced plastics manufacturing facilities in the industry



USA Extrusion Expansion

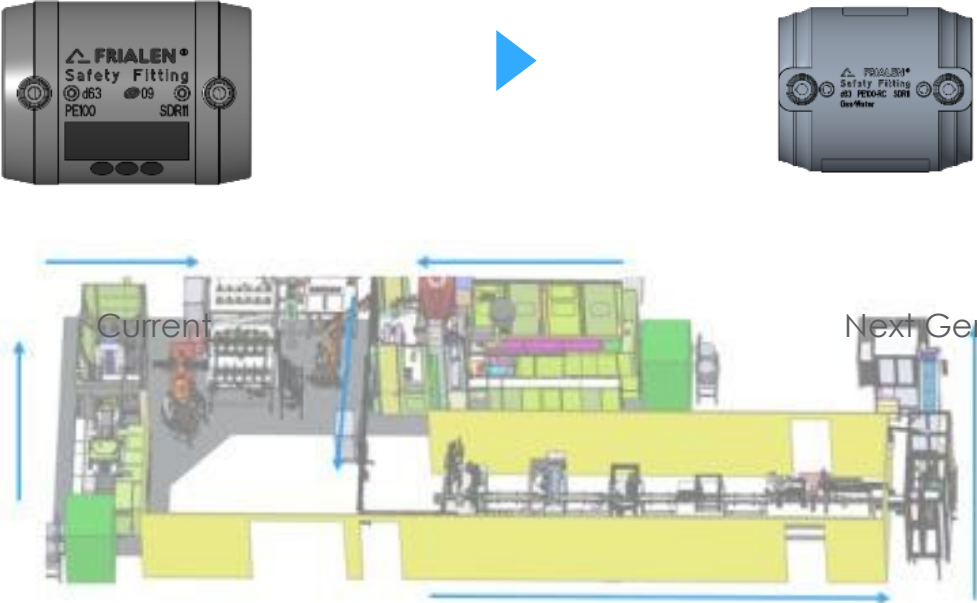
- 12 new extrusion lines in Fort Pierce, Asheville and Lawton plants
- Expansion of Fort Pierce and Lawton buildings, and expansion of distribution yards
- Accommodate present demand with excellent service levels
- Enable significant projected growth in PVC pipe business



Innovative investments in mature markets

Electrofusion 2.0, EMEA

- Largest investment to date outside North America
- Next generation product line has an important impact on sustainability and cost, and enables growth
- One integrated production flow to reduce labour and energy use



Factory of the Future, Adelaide Australia

- Transformation of the operating model to derive significant assembly and manufacturing savings, increased capacity and improved site safety
- Automated assembly, material movement and Automated Storage & Retrieval System (ASRS)



M&A as driver of our growth strategy

Bolt-on acquisitions

- Completed the acquisition of Harco (~\$75 mio revenue US pipe-fittings business) on April 1st, 2022
- Integration on track







Aliaxis Next (venture capital investments)

- Minority stake in Hydropoint in March 2022 (smart water management)
- Investment in CropX in April 2022 (leader in ag-tech solutions)
- Acquired 100% of Aquarius Spectrum in August 2022 (advanced acoustic water leak detection)

Strengthened our team

- In August, Philip Wheatley (Group Head of M&A at CRH plc) started as new Global Head of Corporate Development

Aliaxis Next business portfolio

Sustainable Water Management	Resilient Water Infrastructure	Water For Food	Access To Water
 <p>Detects leaks and optimizes irrigation in buildings</p>	 <p>Tracks pollutants through the waste water network</p>  <p>Provides insights on where to invest in the water network</p>	 <p>Optimizes irrigation, fertilization and crop yield</p>	
	 <p>Identifies & locates leakages in the water network (closed in August 2022)</p>		

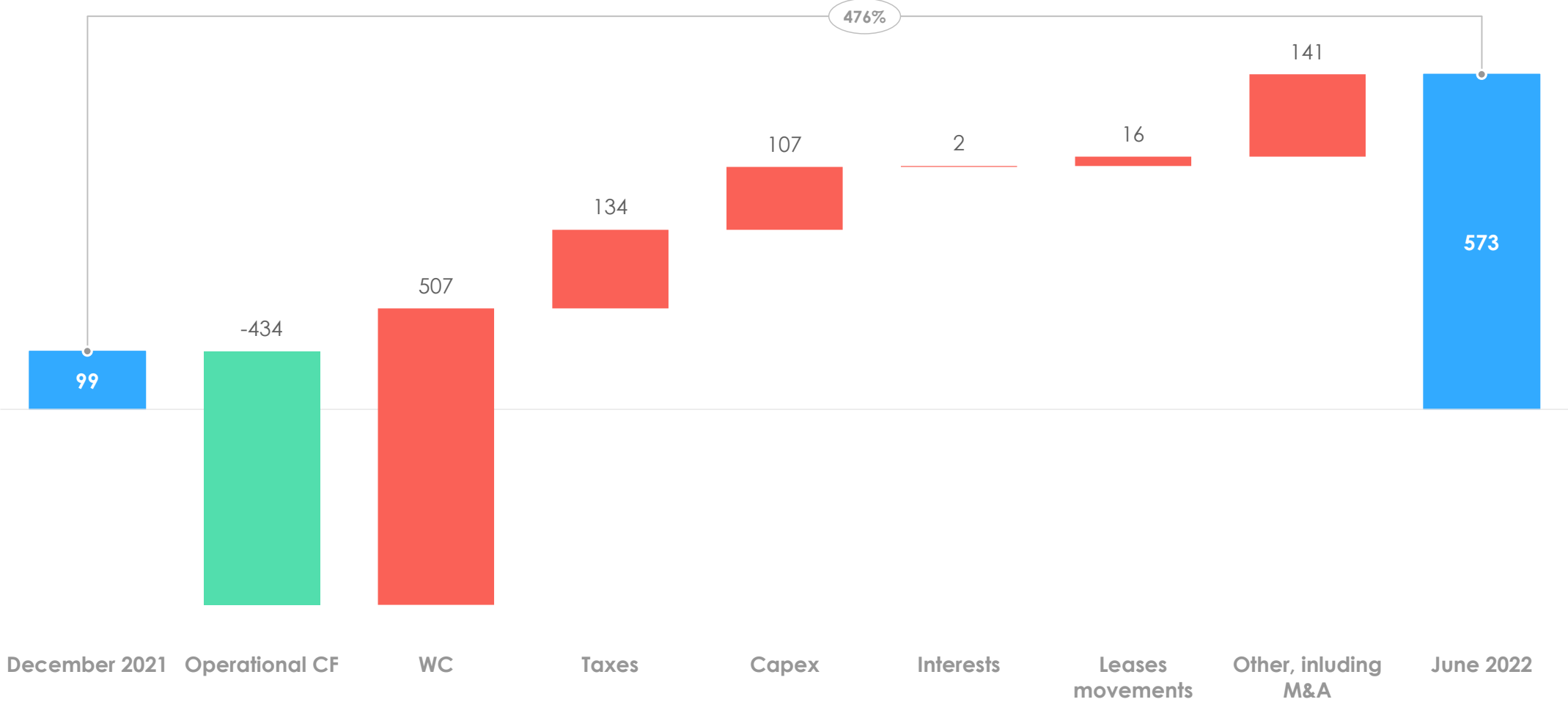
Working capital increased by €574 mio compared to December 2021, mainly driven by seasonality, increased inventory levels in Americas and India and increased input costs

In € mio	June 2022		December 2021		June 2021	
	Actual	DOS*	Y-1	DOS*	Y-1	DOS*
Inventories	1,047	84	737	72	597	60
Current trade receivables	606	49	324	32	463	47
Current trade payables	(453)	(36)	(387)	(38)	(361)	(36)
Payroll & social security payables	(124)	(10)	(142)	(14)	(115)	(12)
Operating non cash working capital	1,077	87	532	52	585	59
Net corporate taxes receivables / (payables)	(60)		(93)		(100)	
Net interests receivables / (payables)	(7)		(3)		(3)	
Current provisions for liabilities & charges	(40)		(41)		(28)	
Other amount receivables / (payables)	31		32		2	
Non operating non cash working capital	(75)		(105)		(129)	
Total Working capital	1,002	81	428	42	456	46

* All on sales over the period

Net financial debt increased by €474 mio to €573 mio at June 30, 2022. Net financial leverage of 0.8x LTM CEBITDA

NFD movements, € mio



ROCE of 27.2% in line with H1 2021. Ample covenant headroom (only applicable to surviving USPP and SS post refinancing)

Performance indicators		
	H1 2022	H1 2021
Net profit - Group share	220.6	173.7
Number of outstanding shares at the end of the period, net of treasury shares	78,682,774	78,659,487
Basic earning per share (EUR / Share)	2.80	2.21
Working capital (excl. AHFS) / Net Sales	22.4%	12.8%
Net sales / Capital employed including goodwill	1.57	1.76
EBIT / Net Sales	14.9%	15.3%
ROCE (incl. GW)	27.2%	27.6%

Financial Covenants (USPP & SS only)		
	H1 2022	H1 2021
Interest cover	69.7	42.5
Bank covenant (min)	4.5	4.5
Pro forma Leverage	0.4	0.5
Bank covenant (max)	3.5	3.5

Aliaxis SA to Aliaxis Holdings SA – Key variances

In € mio	H1 2022 Aliaxis SA	Scope change	H1 2022 Aliaxis Holdings SA
Current EBITDA	416.7	1.1	417.8
Net income	221.2	1.2	222.5
Net financial debt	573.0	24.1	597.1

Aliaxis Holdings SA holds the financial arm of the Group and is Guarantors of borrowing entities and Credit rated issuer

Outlook

- Whilst we reported strong results in the 6 months 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.**

Subsequent Events - Acquisition of Aquarius



- On August 4, 2022, Aliaxis announced the closing of the acquisition of Aquarius Spectrum
- A unique provider of advanced acoustic water leak detection and pipe condition assessment solutions for water infrastructure, located in Israel
- Acquisition in line with Aliaxis Next strategy
- The revenues of Aquarius Spectrum are under €5 million a year, with a strong growth potential



Appendix



alixis

Our 2025 strategy

GROWTH *with Purpose*



1. Become a recognized leader in our sector in safety



3. Deliver a meaningfully positive impact on society



5. Invest in internal & external growth



2. Drive high growth through innovation & marketing to delight our customers



4. Develop people



6. Create the next engines of generational growth

With ambition to double CEBITDA between 2020 & 2025



aliaxis.com