Aliaxis S.A./N.V.
Avenue Arnaud Fraiteur 15-23
1050 Brussels, Belgium

+32 2 775 50 50
hello@aliaxis.com
aliaxis.com

Aliaxis reports excellent results and successfully moves to next phase of companywide transformation

Brussels, 25th March 2019 - Aliaxis SA ('Aliaxis', 'the Group' or 'the Company'), a global leader in the manufacturing and distribution of advanced plastic piping systems, today announced its results for the 12 months period ended December 31, 2018.

Highlights – 12 months period ended December 31, 2018

- Revenue of €3,095 million, flat compared to 2017 (up 4.4% at constant currency)
- Current EBITDA of €415 million, an increase of 0.9% (up 5.0% at constant currency)
- Current EBIT of €309 million, an increase of 2.7% (up 6.9% at constant currency)
- Net profit of €143 million, down 8.9%
- Net financial debt increased by €417 million to €775 million at December 31, 2018 - Net leverage of 1.9
- Implementation of company-wide transformation and strategy, 'D.N.A.' (Delivering the New Aliaxis), on track
- Acquisition of remaining stake in Ashirvad Pipes Pvt Ltd in Q3

CEO Laurent Lenoir comments on the results:

"I am proud to announce that Aliaxis delivered another excellent year in 2018. Driven by our leadership positions and product innovations, we realised organic top line growth at constant currency in most of our key markets. We also completed the acquisition of the remaining stake in our Indian joint venture, strengthening our position in this fast-growing market. In addition, through continued cost rationalisation and integration as part of our company-wide 'D.N.A.' transformation, we delivered a record Current EBITDA. I would like to thank all Aliaxis employees for their contribution to this excellent performance."

Divisional review

Aliaxis continued to execute on its 'D.N.A.' transformation to become a strong global integrated leader in the manufacturing and distribution of advanced plastic piping systems. The continued execution of ongoing transformation initiatives and

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the launch of new workstreams supported the sharing of innovations and products globally, as well as the realisation of cost synergies. The streamlining of Marketing, Sales, Strategy & Innovation functions as well as the launch of global Health and Safety standards further drove the deployment of best practices across Aliaxis.

In 2018, we have seen continued strong performance in North America and India thanks to our leadership position. Australasia experienced a strong recovery compared to 2017, with strong growth yet facing the impact of resin raw material prices. In Latin America and EMEA performance varied across businesses as a result of different market conditions across countries and segments. The South-East Asia business continues to face challenging market conditions. Across regions and markets our continuous focus to reduce complexity and cost is supporting bottom line performance.

1. EMEA

The Europe, Middle-East and Africa division has overall witnessed a contrasted performance with good market conditions in the first half of the year but deteriorating market fundamentals in the second half. Nicoll France reported strong top line growth across most segments despite the slowdown of the renovation building segment after summer and a decline in demand for residential new build following the more stringent conditions around fiscal incentives for households. While the German building segment remains stable due to increased demand partially dampened by a shortage of skilled labour, the segments where we operate have contracted. In Spain, Aliaxis increased its sales in a growing building market, particularly in the new build segment. Yet, the irrigation segment has seen adverse climate conditions which translates into a decline in this segment. In Italy, thanks to a stronger focus on specification work and a continued emphasis on the Industry segment, we report a solid growth despite the new built market slowing down. The UK infrastructure market remains flat but our top line grew on the back of increased attention to the distribution channel.

The European team continues to focus on the execution of the growth and integration plans. In terms of growth, the key initiative remains the roll-out of the commercial excellence programme and the innovation strategy to position us to respond to the needs of our customers. From an integration perspective, the team has been committed to the optimisation of our manufacturing network and organisation simplification, not only to foster collaboration across teams but also to adjust ways of working to the continuously changing market dynamics.

2. Americas

In North America, the division reported an excellent year. Our leadership position in Canada allowed us to grow as continued infrastructure spending and higher than anticipated demand for housing created favourable market conditions. Similarly, sales grew in the USA, driven by a high demand for housing and a strong municipal market. Despite challenges in transportation capacity, several initiatives supported the delivery of superior levels of service thereby maintaining close relationships with our customers and distributors.

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Latin America sales remained roughly flat at constant currency in 2018 compared to the previous year, yet with mixed results across the different businesses. Sales grew in Colombia, driven by a strong pipeline of agricultural irrigation projects despite modest public infrastructure spending. Our top line decreased in other markets, notably in Nicaragua where political unrest resulted in an economic slump. Nevertheless, our operational bottom line improved in 2018. Continued initiatives to integrate our different businesses and to drive commercial excellence raised profitability in 2018.

3. APAC

The APAC division realised a strong 2018, driven by growth in Australasia, yet our business in South-East Asia continues to face challenges.

In Australia strong market conditions, particularly in the Coal Seam Gas segment, resulted in top line growth. In addition, weather conditions supported the demand in the irrigation segment. Our bottom line improved thanks to increased sales and the execution of cost improvement initiatives, allowing us to absorb strong PE resin price increases in the 1st half of the year. Our New Zealand business delivered strong results, driven by strong demand for housing.

In July, Aliaxis acquired the remaining 40% stake in Ashirvad Pipes Pvt Ltd, of which 37% has been acquired and paid in cash and 3% deferred over a three-year period. With this operation, Aliaxis now is a leader in the fast-growing Indian market and has a platform to further expand its activities in the region. Following the transaction, a new management team has been put in place, which drove a year on year performance improvement during the second half of the year. Top line grew in constant currency backed by strong plumbing sales. Further investments in 2018, including the new plant in the North and the implementation of a new ERP system, position us for future growth.

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Key Financials

Consolidated income statement			
(in € million)	**FY2018**	**FY2017**	**Change**
Revenue	3,095.0	3,094.7	+0.0%
Current EBITDA	415.1	411.4	+0.9%
as % on sales	13.4%	13.3%	
Current EBIT	308.5	300.4	+2.7%
as % on sales	10.0%	9.7%	
Operating income (EBIT)	273.2	273.5	-0.1%
as % on sales	8.8%	8.8%	
Profit before income taxes	230.4	242.1	-4.8%
Net result	143.1	157.1	-8.9%
attributable to:			
- non-controlling interests	6.0	13.8	
- Group equity holders	137.1	143.2	

Earnings per share			
(in €)	**FY2018**	**FY2017**	**Change**
Basic earnings	1.74	1.82	-4.2%

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Consolidated financial position		
(in € million)	**31 Dec. 2018**	**31 Dec. 2017**
Intangible assets	792.7	827.9
Property, plant & equipment	806.1	856.2
Investment properties	3.4	5.7
Other assets	18.1	18.6
Deferred tax assets	40.2	40.0
Derivatives	49.8	39.8
Employee benefits	34.9	27.9
Assets held for sale	48.1	2.7
Assets	1,793.4	1,818.8
Non-cash working capital	463.3	480.1
TOTAL	**2,256.7**	**2,298.9**
Equity attributable to Group equity holders	1,250.9	1,552.8
Non-controlling interests	7.3	71.4
Total equity	1,258.2	1,624.2
Deferred tax liabilities	78.8	82.6
Employee benefits	74.1	83.5
Derivatives	11.7	22.0
Other liabilities	51.0	129.2
Liability held for sale	8.2	
Net financial debt	774.7	357.4
TOTAL	**2,256.7**	**2,298.9**

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Financial review

Sales

In the 12 months period ended December 31, 2018, Aliaxis reported revenue of €3,095 million, in line with last year. At constant exchange rate, sales grew by €129 million or 4.4% compared to the same period last year, predominately driven by continued growth in North America, India and Australasia. Foreign exchange impacted the Group's sales negatively by 4.4%, due to the weakening of the major trading currencies against the EUR, mainly INR (9.8%), AUD (7.3%), USD (4.5%) and CAD (4.5%).

Current EBITDA

EBIT for the year was €273 million, an overall decrease of €0.3 million or -0.1%. At constant exchange rates, EBIT increased by €8 million as exchange rate movements had a negative impact of 3.2%. The increase in EBIT at constant rate was mainly driven by healthy sales growth in North America, India and Australasia and various resource and cost optimisation programs to drive synergies and leverage our global scale.

Non-recurring items amounted to €35 million in 2018 compared to €26 million in 2017. Non-recurring items mainly relate to transformation and restructuring initiatives. The Group did not report any goodwill impairment in 2018 compared to €1 million in 2017.

When excluding the impact of non-recurring items and goodwill impairment, current EBIT amounted to €309 million, an increase of €8 million or 2.7% versus last year. The current EBIT margin amounted to 10.0%, compared to 9.7% in 2017.

Excluding depreciation and amortisation, current EBITDA amounts to €415.1 million, an overall increase of €3.7 million or 0.9%. At constant exchange rates, current EBITDA increased by €19.9 million or 5.0% as exchange rate movements had a negative impact of 4.1%.

Net Profit

The net profit attributable to the Group's equity holders amounted to €137.1 million, representing a decrease of €6.1 million compared to the 12 months' period ended December 31, 2017.

Financial position

Net Financial Debt

Net financial debt increased by €417 million to €775 million at December 31, 2018, mainly due to the financing of the outstanding Ashirvad shares. Net debt represented 1.9 times current EBITDA.

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Dividend

Aliaxis' Board of Directors proposes to pay a net dividend of € 0.410795 per share. The proposed gross dividend is € 0.58685 per share, representing 33.7% of the consolidated basic earnings per share of €1.74. The dividend is subject to shareholder approval at the General Shareholders' Meeting on May 22, 2019. The dividend would be payable on July 1, 2019.

Outlook 2019

The Board of Directors and management believe that the Company is well positioned to invest further in growth, both in the short and in the long term and to become a strong global integrated leader in the manufacturing and distribution of advanced plastic piping systems.

The Company will continue to strengthen the business fundamentals and further roll-out its key initiatives, with greater emphasis on digitalisation and the further reshaping of the organisation.

Statement from the auditor

The statutory auditor, KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises, represented by Filip De Bock, has confirmed that the audit procedures, which have been substantially completed, have not revealed any material misstatement in the accounting information included in the Company's annual announcement.

Subsequent events

On February 22, 2019, Aliaxis announced the signing of the divestment of Rheinhütte Pumpen to ITT Inc. (NYSE: ITT). This divestment is in line with the company's strategy to explore new paths for non-core activities. The cash consideration is approximately €80.5m. The transaction is expected to close in the second quarter of 2019, and is subject to customary closing conditions, including appropriate regulatory approvals.

Aliaxis is a global leader in advanced plastic 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 about 16,100 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 45 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.aliaxis.com

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hello@aliaxis.com
aliaxis.com

Media Contact Aliaxis
Lars Vervoort | Group Corporate Communications Manager
T: +32 (0)2 775 57 33 | E: lvervoort@aliaxis.com

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