Brussels, September 21, 2018

Aliaxis reports solid results and strengthens strategic position in India

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 six months period ended June 30, 2018.

Highlights – Six months period ended June 30, 2018

- Revenue of €1,555.6 million, a decrease of 1.7% (up 5.0% in constant currency)
- Current EBITDA of €214.9 million, decrease of 3.7% (up 2.1% in constant currency)
- Current EBIT of €161.8 million, decrease of 2.6% (up 3.3% in constant currency)
- Net profit of €92.0 million, decrease of 5.7%, driven by adverse currency exchange impact (down 0.7% in constant currency)
- Net financial debt amounts to €396 million, €152 million below June 30, 2017 (€548 million)
- Implementation of company-wide transformation and strategy, ‘D.N.A.’, on track

The unaudited interim financial information for the six months period ended June 30, 2018 was presented to the Board of Directors on September 20, 2018.

CEO Laurent Lenoir comments on the results:

“Most of our key markets are showing top as well as bottom line growth at constant currency, either organically, through innovation or further cost rationalisation, driving solid Group performance year over year.

In the course of July, we have acquired the remaining 40% stake in our Indian Joint Venture, which is an important step towards strengthening Aliaxis’ leadership position in this fast-growing market.”

Divisional review

Aliaxis progresses well on its journey to become a strong global integrated leader in the manufacturing and distribution of advanced plastic piping systems. Our transformation, which included the simplification of our organisation in 3 divisions in 2016, is starting to bear fruit. We continue to leverage best practices, innovations and products globally to the benefit of our customers around the world, and we are developing additional workstreams to unlock further simplification, rationalisation and cost synergies going forward.

Overall, we continue to benefit from our presence in emerging markets such as India and robust leadership positions, for instance in North America. In other regions, like in Australasia, we have seen robust recovery following strong market focus across most segments and specific operational improvement initiatives. EMEA is growing modestly in line with market in most countries, with a strong emphasis on commercial excellence and a reduction of complexity and cost. On the other hand, diverse market conditions in South East Asia and to some extent Latin America, had a negative impact on our overall performance.

1. EMEA

The Europe, Middle-East and Africa division has seen moderate growth on the back of strong market conditions in Q1, but slowing down in Q2. We reported solid top line growth in our operations in Southern Europe, where building markets continue growing in both new built and renovation. In the UK, the infrastructure market remained stable and our results evolved accordingly. Finally, we have seen relatively stable market conditions in Germany in the segments where we are present.

The European team continues to execute our growth and integration plans. The division is focussing on the roll-out of the commercial excellence program and innovation strategy, while further improving the understanding of our customer's needs, in order to unveil further growth opportunities. Next to that, the optimisation of our operations and organisational structure is improving the way we work and collaborate to the benefit of our customers, as well as our cost structure.

2. Americas

Our North American business continues to perform strongly. Canadian sales growth remains robust, driven by solid market fundamentals in infrastructure spending and better than anticipated demand for housing. In the USA, we are trading positively thanks to favourable growth in housing and municipal segments, despite the overall shortage of transportation capacity in the American market. Our commitment to superior levels of support and service is allowing us to continue building close relationships with our customers and distributors.

Latin America sales performance is overall in line with last year. Yet we see contrasted results across sub-regions. In markets like Peru, Panama or Nicaragua we are facing socio-political environments that are adversely impacting the infrastructure segment and construction demand. On the other side, in Colombia, despite a low demand on public infrastructure we have been able to grow our sales in agricultural irrigation projects. In parallel, the Latin America leadership team is progressing well in terms of further integrating our different businesses and continues to leverage the engineering expertise within the Americas division to support our growth in terms of operational results.

3. APAC

In India, the Company further consolidated its position and achieved growth across most product lines, in line with continued positive market developments. In July 2018, Aliaxis agreed to acquire the remaining shareholding of Ashirvad. With this operation, Aliaxis further strengthens its leadership position in this fast-growing market and now enjoys a platform to further expand its activities in the region. Following the transaction, a new management team has been put in place, which is fully committed to continue to grow the business and create benchmarks in the Indian plumbing industry.

Our operations in South East Asia (SEA) are facing difficult conditions with slow construction markets in Malaysia and Singapore. In response, growth and cost improvement initiatives have been initiated and start to deliver the first results.

Australia recovered very well, both in terms of top and bottom line. We report growth across all product lines and have regained momentum in the Coal Seam Gas segment. In addition, the execution of cost improvement initiatives initiated last year allowed us to mitigate the impact of this year's steep increase of the PE resin prices and transportation costs, resulting in bottom line growth. Backed by strong housing demand, our operations in New Zealand performed well.

Key Financials

Consolidated income statement				
(in € million)	1HY2018	1HY2017	Change[1]	FY2017
Revenue	1,555.6	1,582.7	-1.7%	3.094.7
Current EBITDA[2]	214.9	223.1	-3.7%	411.4
as % on sales	13.8%	14.1%		13.3%
Current EBIT[3]	161.8	166.1	-2.6%	300.4
as % on sales	10.4%	10.5%		9.7%
Operating income (EBIT)	158.1	161.3	-2.0%	273.5
as % on sales	10.2%	10.2%		8.8%
Profit before income taxes	132.2	142.7	-7.3%	242.1
Net result	92.0	97.5	-5.7%	157.1
attributable to:				
- non-controlling interests	5.8	7.1		13.9
- Group equity holders	86.3	90.5		143.2

[1] All comparisons are made relative to the first half of 2017
[2] Current EBITDA being EBITDA before non-recurring items
[3] Current EBIT being profit from operations (EBIT) before non-recurring items

Earnings per share			
(in €)	1HY2018	1HY2017	FY2017
Basic earnings	1.10	1.15	1.82

Consolidated financial position			
(in € million)	30 June 2018	31 Dec. 2017	30 June 2017
Intangible assets	806	828	854
Property, plant & equipment	825	856	850
Investment properties	4	6	6
Other assets	18	19	24
Deferred tax assets	41	40	45
Derivatives	43	40	53
Employee benefits	28	28	27
Non-current assets	1,766	1,816	1,859
Non-cash working capital	636	483	670
TOTAL	2,402	2,299	2,529
Equity attributable to Group equity holders	1,629	1,553	1,576
Non-controlling interests	75	71	73
Total equity	1,704	1,624	1,649
Deferred tax liabilities	80	83	93
Employee benefits	83	84	85
Derivatives	13	22	18
Other non-current liabilities	127	129	135
Net financial debt	396	357	548
TOTAL	2,402	2,299	2,529

Financial review

Sales

In the 6 months period ended June 30, 2018, Aliaxis reported revenue of €1,556 million, a decrease of €27.1 million or 1.7% below last year. Foreign exchange impacted the Group's sales negatively by 6.7%, due to the weakening of our major trading currencies against the euro. When excluding the unfavourable impact of exchange rates, sales grew by €74.4 million or 5.0% compared to the first half of 2017. Sales growth at constant rate is predominantly driven by continued strong growth in Australia and North America and higher PVC resin prices.

EBIT

EBIT lands at €158.1 million, or 2.0% below last year. Excluding the adverse impact of exchange rates, the operating income grew by 4.2% or €6.3 million. The underlying EBIT growth was driven by robust top line growth partially offset by resin price increases across all divisions and a limited number of underperforming units, for which improvements plans have been put in place.

Non-recurring items were €1.2 million below last year and amounted to €3.7 million, mainly linked to transformation and restructuring initiatives. When excluding the impact of one-off items, current EBIT amounts to €161.8 million or a decrease of €4.3 million or 2.6% compared to last year. Excluding negative currency effects, CEBIT increased by €5.2 million or 3.3% versus prior year. The EBIT margin remains broadly in line with the first 6 months of 2017.

Net Profit

The net profit attributable to the Group's equity holders amounts to €86.3 million, representing a decrease of €4.2 million compared to the 6 months period ended June 30, 2017. The decrease is predominantly driven by an unfavourable impact of exchange rate fluctuations.

Financial position

Net Financial Debt

Net financial debt amounts to €396 million, a decrease of €152 million in comparison with last year and an increase of €39 million compared to December 31, 2017 following the usual seasonal pattern.

Subsequent events

On July 5, 2018, Aliaxis acquired the remaining 40% stake in Ashirvad Pipes Pvt Ltd ("Ashirvad") from the Poddar family, the founders of the company. This transaction concludes the successful JV between Aliaxis and the Poddar family, created in 2013. As a part of the transaction, Aliaxis has acquired a 37% stake in addition to its 60% stake in Ashirvad and has agreed to acquire the remaining 3% stake from the Poddar family over a three-year period. Both parties have agreed to not disclose the financial details of the transaction.

The acquisition of the remaining shareholding in Ashirvad will not impact the consolidated P&L and will be accounted for as an equity transaction in accordance with IFRS.

Outlook 2018

Year on year growth at constant currency is anticipated to continue in the second half of 2018. Current market conditions are not expected to alter materially over the foreseeable future, whilst resin prices are expected to remain high.

The Board of Directors and Management are committed to continue to invest in the Group's transformation going forward, to become a strong global integrated leader in the manufacturing and distribution of advanced plastic piping systems. We believe that the Company is well positioned to deliver profitable growth and to unlock the synergy potential.

About Aliaxis

Aliaxis is a global leader in the manufacturing and distribution of advanced plastic piping systems. The company provides people 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.
With a global workforce of about 16,000 employees, Aliaxis develops and produces both standard and tailored solutions that meet the client's most demanding expectations. Aliaxis is active through more than 100 manufacturing and commercial companies, operating in over 45 countries. The company is privately owned, with its global headquarters in Brussels, Belgium.

More on www.aliaxis.com

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