

PRESS RELEASE

Full Year Results 2015: a record year for Aliaxis

Aliaxis S.A. 2015 - Full-year results

Brussels, 25 March 2016

Aliaxis, a global leader in the manufacturing and distribution of plastic fluid handling systems, releases its 2015 full-year results today.

CEO Laurent Lenoir comments:

“2015 was an excellent year for Aliaxis. The Group’s strategy and the commitment of all our people resulted in a record sales and profitability performance that we can all take pride in. We strengthened our global presence by a number of acquisitions and investments. Our position was also reinforced by leveraging our broad product portfolio across the Group, and by an ever-growing focus on serving our customers.”

On 23 March 2016, the board of directors approved the submission of the consolidated 2015 annual accounts to the general meeting of shareholders, which will be held on 25 May 2016.

Highlights

- Revenue of €3,047 billion, an increase of 13.1% compared to 2014¹
- Current EBITDA² of €395 million, up 24.4%
- Current EBIT³ of €290 million, up 28.3%
- Group’s net profit of €160 million, a €59 million increase year-on-year
- Group’s net financial debt decreased to €508 million
- Substantial profitability improvement across all regions
- Smooth integration of Vinidex, a leading manufacturer and supplier of thermoplastic pipe and fitting systems in Australia
- Three smaller bolt-on acquisitions (US, Singapore and Australia⁴) in line with the Group’s development strategy
- Successful refinancing of €850 million, supporting Aliaxis’ growth objectives

¹ All comparisons are made relative to 2014, except where otherwise stated

² Current EBITDA being EBITDA before non-recurring items

³ Current EBIT being profit from operations before non-recurring items

⁴ Transaction closed in March 2016

Trading review

2015 was an outstanding year for Aliaxis, delivering a record €3 billion turnover in a mixed market environment. The housing market showed a positive trend in North America, Asia and Australasia. The European market however was slow. Finally, the mining segment remained challenging throughout the year.

In Europe, the United Kingdom saw a positive trend through a growing building and infrastructure sector, while the German economy remained stable in general. France, the Group's main market in Western Europe, faced a slowdown as the French building and infrastructure segments suffered and showed little signs of recovery.

Investments in Europe included a fully-automated warehouse in Mannheim (Germany) that will optimise logistics as a worldwide hub for the Group's electrofusion business, and a new pump testing centre in Wiesbaden (Germany) to speed up innovation, client inspection and approval as well as logistic flow.

Aliaxis posted a strong performance in both North American markets, where 2015 was marked by a weakened Canadian economy but steady growth in the US. Canada fell into a mild technical recession in the first half of the year, as low oil prices brought less revenue and therefore had a negative impact on investments. Growth resumed late in the second quarter, supported by rising exports to the US and the low level of the Canadian dollar. In the US, housing and consumer spending activity accelerated, as lower oil prices are leaving consumers with even more disposable income.

The acquisition of NACO Industries gives Aliaxis a solid position in the fabricated PVC fittings business in the US. After the successful integration of E&S Technologies into Harrington Pure in 2014, Aliaxis expanded its range of high-purity and corrosive-resistant solutions, with Harrington Pure catering to semiconductor, solar and pharma markets. In Canada the brand-new R&D Centre at the IPEX Clarkson site is reinforcing the Group's commitment to supply its customers with innovative, value-added thermoplastic solutions.

The Latin American continent was affected by low commodity prices which resulted in reduced government spending. As a consequence, many markets suffered from low public investment, creating downward pressure on the construction market. Having launched a number of initiatives aimed at both growth and efficiency in 2014, Aliaxis continued to make significant progress in delivering operational excellence and sharing best practices to offer value-adding solutions. 2015 also saw the successful transfer of products and solutions between Latin American markets as well as others brought in from different regions within the Group.

In the Asian markets Aliaxis posted an excellent performance, with India as the Group's strongest growth engine. The plumbing segment was a big driver of growth, and the Indian agriculture sector gave a strong boost to the region's activities as well. Because South East Asia still has great potential for further growth, Aliaxis established a new regional headquarters in Singapore as well as builds a new production facility in Batang Kali (Malaysia) as another starting block for future market development. The Group also expanded its presence in the Singapore building market by acquiring Snow, a leading brand in uPVC pipes and fittings, and its related manufacturing and commercial assets.

Australasia performed well, except the mining industry which has significantly slowed down. Even though the coal seam gas industry suffers from decreasing oil prices, Aliaxis succeeded in strengthening its position by securing a number of important supply contracts. Acquired in 2014, Australian market leader Vinidex was successfully integrated into the Group during the past year and significantly contributed to the region's results.

Furthermore, Aliaxis started major redevelopment works on its moulding plant in Adelaide (Australia), providing the platform for further product and process innovation as well as improved plant efficiency and capacity. At the end of the year, Aliaxis agreed the acquisition of the pipe business assets of Zezt Pty Ltd in Tasmania, a manufacturer of polyethylene pipe for fluid and gas transfer, ventilation and telecommunication purposes. This transaction was closed in March 2016.

Cash flow generated by operating activities has been invested in the acquisition of businesses (€23.7 million) and in capital expenditure (€147 million, representing 142% of depreciation and amortisation). The net financial debt decreased to €508 million, allowing the Group to maintain a solid financial structure.

Financial review

Financial results

Aliaxis generated €3 billion in revenue in 2015, an increase of 13.1%. Excluding the effects of currency exchange rates, sales growth totalled 7.4%. Foreign exchange impacted the Group's sales positively by 5.7%.

The Group's operating income (EBIT) totalled €288 million (2014: €196 million), which equates to an EBIT margin on sales of 9.4%, compared to 7.3% in the previous year. On a like-for-like basis, EBIT grew 34.4%. The positive impact of currency movements amounted to 6.5% and changes in the scope of consolidation accounted for 6.2%.

EBIT included €1.9 million (2014: €30.2 million) non-recurring items, mainly related to a number of industrial reorganisation projects largely offset by the gains resulting from the sale of non-core real estate. Current EBIT^[1] totalled €290 million (2014: €226 million).

The net profit attributable to the Group amounted to €160 million, compared to €101 million in the previous year.

Dividend

The board of directors has proposed the general meeting of shareholders on 25 May 2016 to approve the distribution of a gross dividend of €0.44 per share. Pending approval by the general meeting of shareholders, this dividend will become payable as of 1 July 2016.

Outlook

The macro-economic environment for 2016 is expected to reflect different situations, with some regions being more challenging – like Europe and Latin America – while others such as India and the US are expected to grow.

Aliaxis will continue to focus on its improvement programmes (operational excellence, cost reductions) and on boosting innovation, with the ambition to grow both bottom and top line results in 2016.

Statement from the auditor

The statutory auditor, KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises, represented by Ludo Ruysen, has issued an unqualified audit opinion on the consolidated financial statements, and has confirmed that the accounting data reported in this press release do not include any inconsistencies with the IFRS consolidated financial statements.

| Consolidated income statement | | | |
|---|----------------|----------------|---------------------|
| (in € million) | 2015 | 2014 | Change ⁵ |
| Revenue | 3,046.5 | 2,693.6 | +13.1% |
| Current EBITDA ⁶ <i>as % of sales</i> | 394.6 13.0% | 317.0 11.8% | +24.4% |
| Current EBIT ⁷ <i>as % of sales</i> | 289.7 9.5% | 225.7 8.4% | +28.3% |
| Operating income (EBIT) <i>as % of sales</i> | 287.7 9.4% | 195.6 7.3% | +47.1% |
| Profit before income taxes | 237.1 | 161.8 | +46.6% |
| Net result | 164.5 | 102.1 | +61.0% |
| <i>attributable to:</i> | | | |
| - non-controlling interests | 4.6 | 1.6 | |
| - group equity holders | 159.9 | 100.6 | |

| Earnings per share | | |
|---------------------------|------|------|
| (in €) | 2015 | 2014 |
| Basic earnings | 2.00 | 1.26 |

| Consolidated financial position | | |
|--|--------------|--------------|
| (in € million) | 31 Dec. 2015 | 31 Dec. 2014 |
| Intangible assets | 893 | 887 |
| Property, plant & equipment | 875 | 835 |
| Investment properties | 7 | 13 |
| Other assets | 26 | 29 |
| Deferred tax assets | 21 | 24 |
| Derivatives | 70 | 45 |
| Employee benefits | 37 | 37 |
| Non-current assets | 1,929 | 1,870 |
| Non-cash working capital | 492 | 522 |
| TOTAL | 2,421 | 2,392 |

⁵ All comparisons are made relative to Full Year 2014

⁶ Current EBITDA being EBITDA before non-recurring items

⁷ Current EBIT being profit from operations (EBIT) before non-recurring items

| | | |
|---|--------------|--------------|
| Equity attributable to group equity holders | 1,507 | 1,381 |
| Non-controlling interests | 67 | 58 |
| Total equity | 1,573 | 1,439 |
| Deferred tax liabilities | 98 | 94 |
| Employee benefits | 82 | 87 |
| Derivatives | 30 | 25 |
| Other non-current liabilities | 129 | 122 |
| Net financial debt | 508 | 626 |
| TOTAL | 2,421 | 2,392 |

About Aliaxis

Aliaxis is a global leader in the manufacturing and distribution of plastic fluid handling systems, generating annual revenue of € 3 billion (in 2015). Present in over 45 countries with more than 100 manufacturing and commercial entities, the Group has a total workforce of 16,200 employees around the globe, serving customers in residential and commercial construction, as well as in industrial and public infrastructure applications. Aliaxis' well-known brands such as Ashirvad, Durman, Friatec, IPEX, Nicoll and Vinidex have a strong identity and are firmly established in the geographic markets they serve. Thanks to the entrepreneurial spirit of its people, balanced with the strengths, know-how and international reach of the Group, Aliaxis continues to develop and improve its positions in key construction applications throughout the world.

More on www.aliaxis.com

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