PRESS RELEASE

Aliaxis – Half-year results slightly down compared to previous year, primarily due to unfavourable exchange rate fluctuations and some non-recurring costs

Aliaxis S.A. 2016 - Half-year results

Brussels, Belgium, September 23, 2016

Aliaxis SA ('Aliaxis', 'the Group' or 'the Company'), a global leader in the manufacturing and distribution of plastic fluid handling systems, today announced its interim results for the six months period ended June 30, 2016.

CEO Laurent Lenoir comments:

"Thanks to the focus on continuous improvement, we did manage to increase our contribution margin in the first half of 2016, while reviewing the group's strategic directions towards a more integrated approach. We are confident we have the right strategy and priorities in place for the long term development of the Company into a strong global leader."

Highlights[1]

- Revenue of € 1,491.8 million, a decrease of 2.6%, driven by unfavorable exchange rate fluctuations
- Current EBITDA[2] of € 202.1 million, slightly down with 1.3%
- Current EBIT[3] of € 147.5 million, down 3.0%
- Net profit of € 78.5 million, down 7.8%, predominately driven by negative exchange rate fluctuations and € 8.9 million non-recurring costs
- Net financial debt decreased by € 155 million compared to June 30, 2015
- Completed smaller bolt-on acquisition in Australia

The unaudited interim financial information for the six months period ended June 30, 2016 was presented to the Board of Directors on September 22, 2016.

Trading review

Aliaxis posted results for the 6 months period ended June 30, 2016 that are broadly in line with last year. The housing and construction markets are developing positively in Canada and some key European markets, and India showed the highest business confidence since July 2014. On the other hand, the housing market is cooling down in Australia. In addition, geopolitical uncertainty in South America is delaying large infrastructure and agriculture projects. Finally, the continued global industry slowdown in mining and oil and gas remained challenging in the first half of 2016.

Whilst there are different dynamics and market environments in the regions where the Company operates, the Group's financial performance is broadly in line with 2015, which was a record year for Aliaxis. The Company reported an organic growth of 2.4%, with underlying double digit growth rates in

[1] All comparisons are made relative to the first half of 2015
[2] Current EBITDA being EBITDA before non-recurring items
[3] Current EBIT being profit from operations (EBIT) before non-recurring items

India. However, this is more than offset by unfavourable currency exchange rates (5.0%), which also negatively impact Current EBIT(DA) and - further aggravated by non-recurring costs of € 8.9 million - net profit.

Whilst the European market was characterised by different dynamics in the first half of 2016, the company reported both top and bottom line growth. Overall, the European market shows moderate growth, with construction spending being driven by Germany and to a lesser extent France. The market in Spain is recovering, with the highest spending in infrastructure in the Eurozone. The UK and Eastern European markets however are slowing down.

North America continues to perform strongly, with different underlying dynamics in Canada and the US. In Canada, residential construction in the East recovered strongly. Whilst the US housing market is recovering slower than expected, the current market and performance is robust and continues to improve. These positive developments were partially offset by the fact that the Canadian economy is adjusting to the fall in commodity prices, and energy in particular, lower investments in the energy sector and declining employment in the predominately Western oil-producing regions. Industrial activity in the US remains soft, as business investment plans remain restrained, predominantly held back by cutbacks in the energy and mining sectors, as well as weak export earnings.

Performance in South America improved compared to last year as a result of a number of manufacturing and margin improvement initiatives, despite the fact that these economies continue with low activity levels as a result of low commodity prices, strong currency devaluations and the fact that few infrastructure projects were commissioned due to limited public resources.

In Australasia, the Group is faced with challenging market conditions. Civil and mining volumes are further softening and irrigation projects are on hold due to a lack of funding. A number of improvement and cost reduction measures are therefore being implemented, as well as initiatives to boost the Group's innovative rainwater business in New Zealand. In Australia, Aliaxis also completed the acquisition of Zezt, a leading manufacturer of polyethylene pipe in Tasmania. The acquisition of the pipe business of Zezt, which was announced in 2015, is a further step in the development of the Group's capability to provide its Australian customers with the widest coverage of products and services throughout the whole country. The acquisition of Zezt demonstrates the Group's believe and ambition in this market.

Asia performed well, with India continuing to report strong top and bottom line growth and remaining one of the key drivers of the Group's overall growth. In addition, Aliaxis continued to invest in the further development of its manufacturing footprint in South East Asia. In June 2016, a new manufacturing facility was inaugurated in Batang Kali, Malaysia. The 83,000 sqm state-of-the-art plant will bring together the manufacturing operations of Paling in Malaysia and Snow in Singapore, as such deriving direct synergies from the acquisition of Snow in Singapore last year. This new facility will allow Aliaxis to reduce its costs and will lead to a significant increase in the Group's operational capacity in the South East Asia market.

The Group contributed to a number of complex customer projects, such as efficient solutions for siphonic rainwater drainage for two state-of-the-art stadiums of the Euro 2016 Football championship and municipal projects in Turkey, and an efficient, innovative tailor-made solution to meet the challenging requirements of a new cableway complex at the Mont Blanc.

In addition, the Group continued to invest in R&D and innovation. Special recognition was awarded to several new products launched at the Aliaxis innovation days. These included, amongst others, a new soil and waste system with an excellent acoustic performance for high rises, a new innovative waste water trap range and the world's largest injection moulded gasketed sewer fittings.

The Company's continued focus on Environment, Health and Safety is paying off, with significant year-on-year improvement. EH&S will remain a key focus area going forward.

Financial review

In the 6 months period ended June 30, 2016, Aliaxis reported revenue of € 1,492.8 million, a decrease of € 39.5 million or 2.6% compared to the same period last year, predominately driven by the negative currency effect of 5.0% and lower PVC resin prices. When excluding the negative impact of currency fluctuations, revenue increased by 2.4% on a like-for-like basis, with all regions positively contributing to the top line growth, and India as a key growth engine.

The underlying improvement in EBIT is more than offset by unfavourable exchange rate fluctuations and some non-recurring items. When excluding the impact of one-off items, Current EBIT amounts to € 147.5 million, or a decrease of € 4.5 million or 3.0% versus last year. Non-recurring costs amount to € 8.9 million in the period under review and mainly relate to a number of transformation and restructuring initiatives. The Current EBIT margin amounts to 9.9% and is in line with last year.

The net profit attributable to the Group's equity holders amounted to € 75.1 million, representing a decrease of € 7.9 million compared to the 6 months period ended June 30, 2015. The decrease is predominately driven by exceptional costs of € 8.9 million and the unfavourable impact of exchange rate fluctuations, partially compensated by underlying top-line growth.

Net financial debt decreased from € 703 million at June 30, 2015 to € 548 million at June 30, 2016, mainly driven by continuous working capital improvement initiatives and lower capex levels. Net financial debt increased by € 40 million compared to December 31, 2015 following the usual seasonal pattern.

Outlook

Overall, the Company performed well in the first half of 2016. Taking the volatile global market environment into account, the Company will not be able to match the exceptional performance of 2015 in the second half of the year, especially after the slowdown experienced during the summer months.

Consolidated income statement				
(in € million)	1HY2016	1HY2015	Change	FY2015
Revenue	1,491.8	1,531.3	-2.6%	3,046.5
Current EBITDA	202.1	204.7	-1.3%	394.6
as % on sales	*13.5%*	*13.4%*		*13.0%*
Current EBIT	147.5	152.0	-3.0%	289.7
as % on sales	*9.9%*	*9.9%*		*9.5%*
Operating income (EBIT)	138.6	147.6	-6.1%	287.7
as % on sales	*9.3%*	*9.6%*		*9.4%*
Profit before income taxes	116.5	123.5	-5.7%	237.1
Net result	78.5	85.1	-7.8%	164.5
attributable to:				
- non-controlling interests	*3.4*	*2.1*		*4.6*
- Group equity holders	*75.1*	*83.0*		*159.9*

Earnings per share			
(in €)	1HY2016	1HY2015	FY2015
Basic earnings	0.94	1.04	2.00

Consolidated financial position			
(in € million)	30 June 2016	31 Dec. 2015	30 June 2015
Intangible assets	900	893	919
Property, plant & equipment	862	875	873
Investment properties	6	7	12
Other assets	24	26	23
Deferred tax assets	21	21	24
Derivatives	70	70	61
Employee benefits	34	37	41
Non-current assets	1,917	1,929	1,953
Non-cash working capital	629	492	676
TOTAL	**2,546**	**2,421**	**2,629**
Equity attributable to Group equity holders	1,573	1,507	1,514
Non-controlling interests	65	67	66
Total equity	1,638	1,573	1,580
Deferred tax liabilities	98	98	98
Employee benefits	93	82	85
Derivatives	37	30	27
Other non-current liabilities	132	129	135
Net financial debt	548	508	703
TOTAL	**2,546**	**2,421**	**2,629**

About Aliaxis
Aliaxis is a global leader in the manufacturing and distribution of advanced plastic piping 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.

More on www.aliaxis.com

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