



## Aliaxis delivers on its Growth with Purpose strategy and presents strong FY 2022 results

Brussels – March 1<sup>st</sup>, 2023 – Aliaxis, a world leader in fluid management solutions that enable access to water and energy, discloses 2022 results that equal last year's record results despite challenging environment and high inflation.

### Highlights – 12 months period ended December 31, 2022

- Revenue of €4.3 billion, a like-for-like<sup>1</sup> increase of 11.3% vs 2021 and 46.7% vs 2020
- Current EBITDA of €728.2 million, increase of 8% as reported and stable on a like-for-like<sup>1</sup> basis vs 2021 and 48.7% vs 2020. Increase predominantly driven by the Americas.
- CEBITDA margin of 16.8%, declined by 1.5 p.p. vs 2021 due to strong inflation and market slowdown in Q4
- Net profit of €371 million, down 7.2% vs 2021 and up 85.9% vs 2020
- Net financial debt<sup>2</sup> of €742 million, an increase of €643 million vs December 31, 2021, largely due to working capital increase of €512 million
- Leverage of 1.0x CEBITDA
- Strategic acquisitions of Harco in the US and Lareter in Italy
- Proposed dividend of €0.860 gross per share (10% increase)

### CEO Eric Olsen comments on the 2022 full-year results<sup>1</sup>:

*"2021 was a very strong year for Aliaxis and 2022 matched that great performance. Our revenue increased to €4.3 billion. Our CEBITDA margin was at 16.8%, although down from 2021, it was well above pre-COVID levels. We maintained record CEBITDA despite significant inflation, confirming the step change in our profitability in 2022. Our growth trajectory was recognized as we were awarded Belgium's EY Company of the Year.*

*Sustainability and innovation remain our top priorities. At the end of 2022, it's about a quarter of our operations powered by renewable electricity. We successfully launched new recycling programs, especially in New Zealand, to further decrease our carbon footprint and create a positive impact on society. On the innovation front, the percentage of sales from new products which are less than 5 years old climbed steeply from 4.3% to 6.2%, representing €260 million in additional sales."*

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<sup>1</sup> 2021 adjusted on a pro-forma basis to reflect the impact of the acquisition of Harco Fittings LLC in April 2022, Aquarius Spectrum in August 2022, OptiRTC Inc. in November 2022 and Lareter in December 2022. Impact of FX excluded to reflect underlying performance at constant exchange rate.

<sup>2</sup> Includes IFRS16 Leases



## Strong 2022 results

In 2022, we consolidated on growth realized in recent years and the step change in profitability achieved in 2021. Revenue was €4.3 billion, up 11.3% compared to 2021 and 46.7% compared to 2020 (on a like-for-like<sup>1</sup> basis). This was driven by strong market momentum in the first half of the year, offset by a market slowdown in the second half. Our strong performance in North America, and to a lesser extent, in the Pacific region, offset lower performance in other regions.

CEBITDA amounted to €728 million, stable on a like-for-like basis<sup>1</sup> compared to 2021, and 48.7% up compared to 2020. Market demand in all regions supported the result, together with strong commercial management and successful initiatives in operational excellence. Our CEBITDA margin slightly decreased from 18.3% in 2021 to 16.8% in 2022, however, remained above 15% for the third consecutive year.

Net profit amounts to €371 million, down 7.2% compared to 2021 on a reported basis, but up 3.1% after adjusting for non-recurring items.

## 2022 highlights by region

Overall, the Americas continued to outperform in 2022, with revenue up 12.9% and CEBITDA up 14.8% on a like-for-like<sup>1</sup> basis. As a leading market for Aliaxis, North America, saw strong market momentum in the first half, driven by a robust housing market together with high infrastructure and irrigation investment, combined with strong commercial management. In the second half, demand slowed down and was also impacted by high inflation, increased interest rates and a tight labour market. Latin America was impacted by the ongoing geopolitical situation in Chile and Peru which resulted in a market slow down compared with 2021. However, the strong demand in the building segment in Central America, mainly in Costa Rica, helped to partly offset the weaker performance of the region.

After a strong start to the year, EMEA suffered from the economic impact of the war in Ukraine including increasing energy prices and high inflation. The region saw its revenue for the year up by 5.3% with CEBITDA down 23.5% on a like-for-like<sup>1</sup> basis. Demand slowed down in the second half, mainly in the building segment, also due to destocking at the distributor level.

The Pacific region recorded strong growth, with revenue up 11.3% and CEBITDA up 22.5% on a like-for-like basis<sup>1</sup>. The growth was driven by resilient momentum in the Australian building and infrastructure segments and New Zealand building segment which supported demand throughout 2022. The CEBITDA margin improvement resulted from strong commercial management and further benefits from our operational excellence programs.

After a strong start of the year, the Asia region was impacted by declining and volatile resin prices affecting margins and deteriorating demand. Overall revenue went up 17.8%, and CEBITDA down 26.8% on a like-for-like basis<sup>1</sup>. In addition, demand related to the agriculture peak season was impacted by adverse weather conditions.

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## **Strong balance sheet and financial position**

Shareholders' Equity increased by €306 million to €2.2 billion at the end of 2022.

In 2022, the Group's working capital position increased by €512 million to €940 million at December 31, 2022, largely driven by higher input costs and declining volumes in Q2 and Q3. The Group had built significant inventory positions in H1 to support market demand after a period a significant supply chain disruption. Inventory levels started to decrease in Q4 and we expect further normalisation in 2023.

Our net financial debt amounts to €742 million, with net financial leverage of 1.0x CEBITDA compared to 0.1x CEBITDA at the end of 2021. The increase is mainly driven by increase in working capital in H2.

In October 2022, Moody's confirmed Aliaxis' investment grade rating of Baa3 with a stable outlook.

## **Strategic acquisitions added to our portfolio**

Our strategy is based on both internal and external growth. In this context, we completed several strategic acquisitions in 2022. The year started with the acquisition of Harco, a fittings producer further strengthening Aliaxis' position in the United States. Harco is a well-established brand in municipal, irrigation and agriculture end-markets. In November, we acquired Lareter, a pressure piping market leader in the industrial segment in Italy and with strong positions in Europe. This added pressure pipe to our European product portfolio and expanded our capabilities in solution selling.

## **Launch of Aliaxis Next new division and investments in adjacent markets with high-growth potential**

In January, we announced the launch of the Aliaxis Next division to select, incubate, nurture, and grow businesses from new domains to improve water management. We appointed experienced entrepreneur Fredrik Östbye to lead the division and completed two acquisitions and three minority investments in 2022.

We acquired Aquarius Spectrum in August, a provider of advanced acoustic water leak detection and pipe condition assessment solutions for water infrastructure. In November, Aliaxis acquired Opti, a United-States-based specialist in software for intelligent stormwater solutions. In addition, we made strategic investments in HydroPoint, a smart water management company, Freight Farms, a world leader in vertical farming and Pulpac, a provider of sustainable water-free packaging solutions.

## **Dividend**

Aliaxis' Board of Directors proposes to pay a gross dividend of €0.860 per share, representing 18.3% of the consolidated basic earnings per share of €4.69. This is a 10% increase on the prior year.

The dividend is subject to shareholder approval at the General Shareholders' Meeting on May 3, 2023.



### **Statement of 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 press release.

### **Outlook 2023**

On our revenues, we expect moderate market headwinds in 2023 in North America and Europe. In our other regions, we expect positive growth for the year overall. To in part offset the market headwinds, we count on our Growth strategy delivery and increased focus on cost and efficiencies.

We remain committed to implementing and delivering all of the objectives of our Growth with Purpose strategy, focused on continued investments to support both organic and external growth in a responsible way, including doubling CEBITDA between 2020 and 2025.

### **2022 Annual Report**

The 2022 Annual Report will be published on our website on April 12, 2023.

## Key Financial Performance

Consolidated income statement			
(in € million)	2022	2021	Change
<b>Revenue</b>	4,341.9	3,675.1	18.1%
<b>Current EBITDA</b>	728.2	674.4	8.0%
as % on sales	16.8%	18.3%	
<b>Current EBIT</b>	573.4	537.2	6.7%
as % on sales	13.2%	14.6%	
<b>Operating income (EBIT)</b>	560.9	612.4	-8.4%
as % on sales	12.9%	16.7%	
<b>Profit before income taxes</b>	537.1	592.2	-9.3%
<b>Net result</b>	370.9	399.4	-7.2%
attributable to:			
- non-controlling interests	1.5	1.6	
- Group equity holders	369.4	397.8	

Earnings per share			
(in €)	2022	2021	Change
<b>Basic earnings</b>	4.69	5.06	-7.3%
<b>Proposed dividend</b>	0.860	0.782	+10%



## **About Aliaxis**

*At Aliaxis, we design sustainable, easy to install, and innovative solutions to address the world's water challenges and accelerate the transition to clean energy.*

*Thanks to our 14,000+ employees, our pipes and fitting systems meet our customers' most demanding needs for the building, infrastructure, industrial and agriculture sectors. Operating in over 40 countries, the Company is active through leading local brands and generated €4.3 billion revenue in 2022.*

More on [www.aliaxis.com](http://www.aliaxis.com)

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*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.*

## Appendix to the press release

### 1. Financial highlights 2022

#### Consolidated Statement of Profit or Loss

<i>(in € mio)</i>	2022	2021
<b>Revenue</b>	<b>4,341.9</b>	<b>3,675.1</b>
Cost of sales	-3,085.1	-2,584.7
<b>Gross profit</b>	<b>1,256.7</b>	<b>1,090.3</b>
Commercial expenses	-281.4	-236.4
Administrative expenses	-344.8	-272.5
R&D expenses	-31.8	-25.6
Other operating income / (expenses)	-25.2	-18.6
<b>Operating profit exclusive adjusted items</b>	<b>573.4</b>	<b>537.2</b>
Net result on sale of businesses	-	88.9
Restructuring costs	-0.1	-4.3
Impairment of non-financial assets	-	-4.9
Other income / (expenses)	-12.4	-4.5
<b>Operating profit</b>	<b>560.9</b>	<b>612.4</b>
Finance income	22.0	4.6
Finance expenses	-45.8	-24.9
<b>Profit before income taxes</b>	<b>537.1</b>	<b>592.2</b>
Income tax expense	-166.2	-192.8
<b>Profit for the period</b>	<b>370.9</b>	<b>399.4</b>
<i>of which attributable to Group equity holders</i>	369.4	397.8
<i>of which attributable to non-controlling interests</i>	1.5	1.6

## Consolidated Statement of Financial Position

(in € mio)	2022	2021
Intangible assets and goodwill	875.4	721.3
Property, plant & equipment	1,202.0	940.2
Investment property	3.2	3.3
Other assets	43.1	20.6
Derivatives financial instruments with positive fair values	1.6	24.3
Deferred tax assets	16.9	12.4
Employee benefits	33.5	58.8
<b>Non-current assets</b>	<b>2,175.7</b>	<b>1,780.9</b>
Inventories	1,061.6	736.8
Current tax assets	29.8	9.3
Amounts receivable	533.8	389.6
Derivatives financial instruments with positive fair values	29.8	0.2
Cash & cash equivalents	744.2	1,111.3
Assets held for sale	4.6	2.7
<b>Current assets</b>	<b>2,403.9</b>	<b>2,249.9</b>
<b>TOTAL ASSETS</b>	<b>4,579.6</b>	<b>4,030.8</b>
Share capital	62.7	62.7
Share premium	13.3	13.3
Retained earnings and reserves	2,147.2	1,841.3
<b>Equity attributable to Group equity holders</b>	<b>2,223.2</b>	<b>1,917.3</b>
Non-controlling interests	6.5	6.9
<b>Total Equity</b>	<b>2,229.7</b>	<b>1,924.2</b>
Loans and borrowings	1,081.5	1,005.6
Lease liabilities	143.9	109.2
Employee benefits	59.7	76.0
Deferred tax liabilities	73.8	82.6
Provisions	34.0	21.6
Derivative financial instruments with negative fair values	-	3.4
Other amounts payable	3.8	2.8
<b>Non-current liabilities</b>	<b>1,396.8</b>	<b>1,301.3</b>
Loans and borrowings	228.6	69.4
Lease liabilities	26.1	22.9
Bank overdrafts	6.0	3.7
Provisions	38.7	41.2
Derivative financial instruments with negative fair values	5.3	1.3
Current tax liabilities	100.8	102.0
Amounts payable	545.8	565.0
Liabilities held for sale	1.9	-
<b>Current liabilities</b>	<b>953.1</b>	<b>805.4</b>
<b>Total liabilities</b>	<b>2,349.9</b>	<b>2,106.6</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>4,579.6</b>	<b>4,030.8</b>



## Consolidated Statement of Cashflows

For the year ended 31 December (in € mio)	2022	2021
<b>OPERATING ACTIVITIES</b>		
Profit after income tax	370.9	399.4
Depreciation	132.6	119.2
Amortisation	21.5	17.1
Impairment losses on PP&E, intangible assets and assets held-for-sale	0.8	6.0
Impairment losses on working capital and others	21.3	9.2
Increase / (decrease) in provisions in profit and loss	37.5	38.2
Financial instruments - fair value adjustment through profit or loss	-0.1	-3.2
Net interest (income) / expenses	19.6	11.9
Dividend income	-	-0.5
Loss / (gain) on sale of property, plant and equipment	-1.7	-0.2
Loss / (gain) on sale of assets held-for-sale	-	-1.5
Loss / (gain) on sale of businesses	-	-88.9
Income tax expense	166.2	192.8
Other - miscellaneous - mainly FX	-0.4	8.4
<b>Gross cash flows from operating activities</b>	<b>768.3</b>	<b>707.8</b>
Decrease / (increase) in inventories	-305.9	-225.5
Decrease / (increase) in amounts receivable	-116.5	-51.0
Increase / (decrease) in amounts payable	-43.4	106.8
Increase / (decrease) in provisions	-29.8	-12.2
Changes in working capital and provisions	-495.7	-181.9
<b>Cash generated from operations</b>	<b>272.6</b>	<b>526.0</b>
Income tax paid	-203.2	-132.9
<b>Net cash flows from operating activities</b>	<b>69.4</b>	<b>393.0</b>
<b>For the year ended 31 December (in € mio)</b>	<b>2022</b>	<b>2021</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	3.1	1.6
Proceeds from sale of assets held-for-sale	-	3.5
Proceeds from sale of investments	0.8	0.3
Repayment of loans granted	-	0.1
Sale of a business, net of cash disposed of	-	120.4
Acquisition of businesses, net of cash acquired	-211.7	-
Acquisition of property, plant and equipment	-282.3	-125.9
Acquisition of intangible assets	-42.8	-12.7
Acquisition of other investments	-28.4	-0.9
Loans granted	-0.3	-0.2
Dividends received	-	0.5
Interest received	12.1	4.0
<b>Net cash flows used in investing activities</b>	<b>-549.5</b>	<b>-9.2</b>

<b>For the year ended 31 December (in € mio)</b>	<b>2022</b>	<b>2021</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from sale of treasury shares	-	9.1
Proceeds from obtaining borrowings	316.4	751.8
Repurchase of treasury shares	-	-0.3
Repayment of borrowings	-91.4	-595.4
Repayment of leasing	-36.0	-30.3
Dividends paid	-63.0	-52.9
Interest paid	-25.5	-11.8
Payment of transaction costs related to loans and borrowings	-	-9.9
<b>Cash flows from financing activities</b>	<b>100.5</b>	<b>60.2</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-379.5</b>	<b>444.1</b>

### Cash and cash equivalents

<b>For the year ended 31 December (in € mio)</b>	<b>2022</b>	<b>2021</b>
<b>As at 1 January 2022</b>	<b>1,107.7</b>	<b>612.3</b>
Net (decrease) / increase in cash and cash equivalents	-379.5	444.1
Cash and cash equivalents resulting from scope changes and A/L HFS transfers	-1.1	-6.7
Effect of exchange rate fluctuations on cash held	11.1	58.0
<b>As at 31 December 2022</b>	<b>738.2</b>	<b>1,107.7</b>

## Segment information

(In € mio)	Americas		Pacific		EMEA		Asia	
	2022	2021	2022	2021	2022	2021	2022	2021
External revenues	2,163.7	1,691.0	548.1	477.9	984.8	980.4	597.6	479.8
Current EBIT	464.9	352.2	37.4	24.3	54.1	98.0	44.0	71.9
Depreciation and amortisation	62.3	50.4	28.2	26.1	35.0	35.7	23.2	19.6
<b>Current EBITDA</b>	<b>527.2</b>	<b>402.5</b>	<b>65.6</b>	<b>50.5</b>	<b>89.1</b>	<b>133.7</b>	<b>67.2</b>	<b>91.5</b>
Net results on sales of businesses	-	-	-	-	-	0.2	-	-
Impairment of non-financial assets	-	-	-	-	-	-	-	-
Restructuring costs	-0.2	-0.1	0.1	-0.5	-	-3.7	-	-
Other income / (expenses)	1.6	-0.4	-	-	-4.0	1.1	-	-
<b>Segment result (EBIT)</b>	<b>466.4</b>	<b>351.7</b>	<b>37.4</b>	<b>23.9</b>	<b>50.1</b>	<b>95.6</b>	<b>44.0</b>	<b>71.9</b>
Segment assets	2,137.9	1,820.6	422.4	415.5	763.1	768.9	512.8	426.8
Segment liabilities	497.4	432.5	119.7	131.2	245.8	262.6	146.8	73.9
Capital expenditures	191.5	62.8	21.7	13.6	55.3	27.5	41.9	24.0
Capital employed	1,441.9	915.7	339.1	311.9	634.1	509.0	467.7	332.2
R&D expenses	6.4	4.5	1.8	1.6	9.2	9.2	2.1	1.4

(In € mio)	Other		Not allocated		TOTAL	
	2022	2021	2022	2021	2022	2021
External revenues	47.7	45.9	-	-	4,341.9	3,675.1
Current EBIT	-1.9	4.2	-25.0	-13.4	573.4	537.2
Depreciation and amortisation	2.0	1.5	4.0	3.8	154.7	137.1
<b>Current EBITDA</b>	<b>0.1</b>	<b>5.7</b>	<b>-21.0</b>	<b>-9.5</b>	<b>728.2</b>	<b>674.4</b>
Net results on sales of businesses	-	-	-	88.7	-	88.9
Impairment of non-financial assets	-	-	-	-4.9	-	-4.9
Restructuring costs	-	-	-	-	-0.1	-4.3
Other income / (expenses)	-	-0.1	-10.1	-5.1	-12.4	-4.5
<b>Segment result (EBIT)</b>	<b>-1.9</b>	<b>4.1</b>	<b>-35.1</b>	<b>65.3</b>	<b>560.9</b>	<b>612.4</b>
Segment assets	66.9	22.5	676.6	576.5	4,579.6	4,030.8
Segment liabilities	15.4	9.2	1,324.8	1,197.1	2,349.9	2,106.6
Capital expenditures	0.7	0.6	14.0	10.2	325.1	138.6
Capital employed	38.1	7.1	100.5	17.6	3,021.4	2,093.5
R&D expenses	0.3	-	12.0	9.0	31.8	25.6

## 2. Alternative Performance Measures (APM)

### Reported to LFL reconciliation

	In € mio	2022	2021	Var %	2020	Var %
Net sales	<b>Net sales, as reported</b>	<b>4.341,9</b>	<b>3.675,1</b>	<b>18,1%</b>	<b>2.907,7</b>	<b>49,3%</b>
	Pro forma adj acquisitions		55,5		40,5	
	Net sales, Rebaselined	4.341,9	3.730,6		2.948,2	
	Divestments	0,0	-51,8		-137,8	
	FX		222,1		149,8	
	<b>Net sales, like-for-like<sup>1</sup></b>	<b>4.341,9</b>	<b>3.900,9</b>	<b>11,3%</b>	<b>2.960,2</b>	<b>46,7%</b>
CEBITDA	<b>CEBITDA, as reported</b>	<b>728,2</b>	<b>674,4</b>	<b>8,0%</b>	<b>461,1</b>	<b>57,9%</b>
	Pro forma adj acquisitions		14,0		7,5	
	CEBITDA, Rebaselined	728,2	688,4		468,6	
	Divestments	-0,1	-7,7		-8,3	
	FX		47,0		29,3	
	<b>CEBITDA, like-for-like<sup>1</sup></b>	<b>728,0</b>	<b>727,8</b>	<b>0,0%</b>	<b>489,7</b>	<b>48,7%</b>

## Current EBITDA

<i>(in € mio)</i>	2022	2021
Operating profit exclusive adjusted items	573.4	537.2
Amortisation	21.5	17.1
Depreciation	132.6	119.2
Impairment	0.8	6.0
Impairment of non-financial assets (adj items)	-0.3	-4.9
Other impairment	-	-0.3
<b>EBITDA exclusive adjusted items</b>	<b>728.2</b>	<b>674.4</b>

## Working Capital

<i>(in € mio)</i>	2022	2021
Inventories	1,061.6	736.8
Current tax assets	29.8	9.3
Amounts receivable	533.8	389.6
Provisions	-38.7	-41.2
Current tax liabilities	-100.8	-102.0
Amounts payable	-545.8	-565.0
<b>Working Capital</b>	<b>939.9</b>	<b>427.5</b>

## Net Financial Debt

<i>(in € mio)</i>	2022	2021
Cash & cash equivalents	744.2	1,111.3
Loans and borrowings non-current	-1,081.5	-1,005.6
Lease liabilities non-current	-143.9	-109.2
Loans and borrowings current	-228.6	-69.4
Lease liabilities current	-26.1	-22.9
Bank overdrafts	-6.0	-3.7
<b>Net Financial Debt</b>	<b>-741.9</b>	<b>-99.4</b>