



## Aliaxis reports a solid performance in 2023 first-half results despite challenging market conditions

Brussels – September 1<sup>st</sup>, 2023 – Aliaxis, a world leader in fluid management solutions that enable access to water and energy, discloses solid first-half 2023 results despite a challenging market environment.

### Highlights – 6-month period ended June 30, 2023

- Revenue of €2.1 billion, a like-for-like<sup>1</sup> decrease of 5.7% vs H1 2022 and increase of 13.1% vs H1 2021
- Recurring EBITDA<sup>2</sup> of €340.1million, decrease of 18.4% as reported, a decrease of 16.4% on a like-for-like basis vs H1 2022 and a decrease of 4.0% vs H1 2021
- Net profit of €220.3 million, including a net accounting gain of €72 million on shares in Uponor, down 0.4% vs H1 2022 and up 26.3% vs H1 2021
- Net financial debt<sup>3</sup> of €1.3 billion, an increase of €0.6 billion vs December 31, 2022, largely due to acquisitions, including 20.05% of issued shares in Uponor
- Leverage of 2.0x last-twelve-months Recurring EBITDA, or 1.3x pro-forma for acquisitions and the possible sale of all shares held in Uponor<sup>4</sup>
- Strategic acquisitions of Valencia Pipe Company, expanding our presence in the Western United States, Zypho in Europe, at the forefront of drain water heat recovery solutions, and Comspec, a recycling specialist in New Zealand

### CEO Eric Olsen comments on the 2023 first-half results:

*“After strong results in 2021 and 2022, the first half of 2023 reflects a solid performance for Aliaxis as we continue investing in our Growth with Purpose strategy while we faced declining markets throughout the world. Our revenue was €2.1 billion, down 5.7% on the outstanding first half of 2022, but remaining up 13.1% against H1 2021. Our Recurring EBITDA margin was 16.2%, down 2.5 p.p. since the prior period (0.6 p.p compared to full year 2022), largely driven by a challenging inflationary environment and continued investments that will serve our long-term growth trajectory.*”

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<sup>1</sup> H1 2021 and H2 2022 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, Lareter in December 2022, and the discontinued operations in Russia in June 2022. Impact of FX excluded to reflect underlying performance at constant exchange rate.

<sup>2</sup> Recurring EBITDA is Operating income (EBIT) exclusive of adjusted items plus depreciation, amortisation, and impairment (other than goodwill impairment).

<sup>3</sup> Includes IFRS 16 leases

<sup>4</sup> Adjusted on a pro-forma basis to reflect the impact of the acquisition of Valencia Fittings LLC in June 2023 and the possible sale of all shares in Uponor (at the public offer price of €28.85)



*We made several strategic acquisitions in the first half of the year: Valencia Pipe Company, expanding our presence in the Western United States; Zyphe in Europe, at the forefront of drain water heat recovery solutions; and Comspec, a recycling specialist in New Zealand.*

*We continue to grow as a leader in tackling the world's water challenges and are now a member of the United Nations Global Compact Initiative. We are making great progress on our sustainability and innovation priorities, for example, we have transitioned about a third of our operations to renewable electricity, when we were at a quarter at the end of 2022. The percentage of sales from new products (less than five years old) has risen steeply from 6.2% end of 2022 to 8.3% end of H1, representing €44 million in additional sales."*

### **Strong first-half results in a challenging market environment**

In the 6 months to June 30, 2023, we achieved a solid performance, with good commercial management in North America and the Pacific supporting resilient profitability in the ongoing challenging market environment. Revenue was €2.1 billion, down 5.7% on a like-for-like<sup>1</sup> basis compared to the outstanding results from H1 2022.

Recurring EBITDA amounted to €340.1 million, a decrease of 16.4% on a like-for-like<sup>1</sup> basis from H1 2022. Our Recurring EBITDA margin decreased by 2.5 p.p. to 16.2%, remaining above 15% for the 6<sup>th</sup> consecutive half. Regional dynamics varied significantly, with North America and the Pacific posting excellent results, while Latin America and Asia had a difficult start to the year following recent years' excellent performance.

Net profit amounts to €220 million, down 0.4% compared to H1 2022, including a net accounting gain of €72 million on shares held in Uponor.

### **Highlights by region**

The Americas revenue was down 8.1% and Recurring EBITDA down 10.5% on a like-for-like<sup>1</sup> basis. As a leading market for Aliaxis, North America, saw slowing market momentum driven by fewer housing starts. Latin America continues to be impacted by the ongoing geopolitical situation in Chile, Peru and Colombia which resulted in a sharp market decline.

EMEA building markets declined in the first half of 2023. As a result, the region saw its revenue decrease by 4.3% with Recurring EBITDA down 13.0% on a like-for-like<sup>1</sup> basis. The integration of a leading European pressure piping business, Lareter, acquired in December 2022, is on track for successful completion.

The Pacific region faced a challenging start to the year with a slower market in New Zealand, particularly in the agriculture and infrastructure segments. The region saw its revenue decrease by 4.0% and Recurring EBITDA flat (-0.4%) on a like-for-like basis<sup>1</sup>. The continued Recurring EBITDA margin improvement resulted from strong commercial management and further benefits from our operational excellence programs.

The Asia region revenue was down 0.3% and Recurring EBITDA down 39.5% on a like-for-like basis<sup>1</sup>. Volumes grew strongly but further declining resin prices resulted in flat revenue and decreasing margins.

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

Shareholders' Equity increased by €113 million to €2.3 billion at the end of June.

The Group's focus on reducing working capital is showing good progress, significantly offsetting a seasonal increase in the first half. Working capital increased by only €59 million to



€999 million at June 30, 2023, supported by a significant reduction in inventory levels. Further normalisation of inventory is expected before year end to reach relative historical levels.

Our net financial debt amounts to €1.3 billion, with net financial leverage of 2.0x last-twelve months recurring EBITDA compared to 1.0x Recurring EBITDA at the end of 2022. Pro-forma leverage after adjusting for the acquisitions of Valencia and the possible sale of shares in Uponor is 1.3x.

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

In the first six months of 2023, Aliaxis acquired several strategic targets. The acquisition of the manufacturing division of the US based Valencia Pipe Company, completed in June, was the most significant and added two manufacturing facilities and a distribution center to the footprint of our US business, respectively in the states of Washington and Arizona. The product and geographic fit are highly complementary and reinforce our ability to continue delivering exceptional service to our US customers across the country.

We also completed two acquisitions reinforcing our commitment to sustainability. In Portugal, we acquired Zypho, the fastest-growing actor in innovative drain water heat recovery products which can recycle up to 75% of the energy used to heat shower water. In New Zealand, we partnered with Waste Management New Zealand in a joint venture to acquire Comspec, a plastic recycler located in Christchurch which handles over 2,000 tonnes of plastic resins each year.

### **Outlook for H2 2023**

Whilst market conditions in the second half are expected to remain challenging, there is upside potential in the second half of the year compared to H2 2022 as a result of our strategic initiatives. We will monitor changing conditions closely and respond as necessary to adjust the pace of investment, while remaining disciplined on cost.

We are committed to implementing and delivering the ambitious objectives of our *Growth with Purpose* strategy, including doubling Recurring EBITDA between 2020 and 2025, and will continue investing in organic and external growth in a disciplined way.

## Key Financials

Consolidated income statement			
(in € million)	1HY2023	1HY2022	Change
<b>Revenue</b>	2,098.6	2,232.4	-6.0%
<b>Recurring EBITDA</b>	340.1	416.7	-18.4%
as % on sales	16.2%	18.7%	
<b>Recurring EBIT</b>	259.4	342.9	-24.3%
as % on sales	12.4%	15.4%	
<b>Operating income (EBIT)</b>	251.2	333.1	-24.6%
as % on sales	12.0%	14.9%	
<b>Profit before income taxes</b>	317.3	320.1	-0.9%
<b>Net result</b>	220.3	221.2	-0.4%
attributable to:			
- non-controlling interests	0.7	0.7	
- Group equity holders	219.6	220.6	

Earnings per share			
(in €)	1HY2023	1HY2022	Change
<b>Basic earnings</b>	2.80	2.80	-0.1%

<b>Consolidated financial position</b>			
<b>(in € million)</b>	<b>30 June 2023</b>	<b>31 Dec. 2022</b>	<b>30 June 2022</b>
Intangible assets	1,053.4	875.4	853.4
Property, plant & equipment	1,299.8	1,202.0	1,047.7
Investment properties	3.2	3.2	3.3
Other assets	477.6	43.1	29.2
Deferred tax assets	18.4	16.9	12.8
Derivatives	33.6	31.4	35.6
Employee benefits	34.4	33.5	41.4
Assets held for sale	5.2	4.6	2.7
<b>Assets</b>	<b>2,925.6</b>	<b>2,210.0</b>	<b>2,026.1</b>
Non-cash working capital	999.3	940.0	1,002.0
<b>TOTAL</b>	<b>3,924.9</b>	<b>3,150.0</b>	<b>3,028.1</b>

Equity attributable to Group equity holders	2,336.5	2,223.2	2,213.2
Non-controlling interests	6.4	6.5	7.8
<b>Total equity</b>	<b>2,342.9</b>	<b>2,229.7</b>	<b>2,221.0</b>
Deferred tax liabilities	96.4	73.8	82.2
Employee benefits	62.8	59.7	61.5
Derivatives	0.7	5.2	1.6
Other liabilities	43.8	37.8	27.1
Dividend payable	67.7	0.0	61.7
Liability held for sale	2.5	1.9	0.0
<b>Net financial debt</b>	<b>1,308.2</b>	<b>741.9</b>	<b>573.0</b>
<b>TOTAL</b>	<b>3,924.9</b>	<b>3,150.0</b>	<b>3,028.1</b>

## External revenues & adjusted EBITDA by segment

(In € million)	1HY 2023		1HY 2022	
	External Revenues	Adjusted EBITDA	External Revenues	Adjusted EBITDA
Americas	1,015.5	249.8	1,091.3	293.3
Pacific	247.1	29.0	270.9	30.7
EMEA	515.5	54.6	526.1	65.3
Asia	300.9	19.3	321.8	40.4
Other	19.7	-1.6	22.3	0.8
Not allocated	0.0	-10.9	0.0	-13.8
<b>TOTAL</b>	<b>2,098.6</b>	<b>340.1</b>	<b>2,232.4</b>	<b>416.7</b>

### 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 15,000+ 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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