

Annual Report 18

Belimo is global market leader in the development, production and marketing of actuator solutions for controlling heating, ventilation and air conditioning systems. Actuators, control valves and sensors make up the Company's core business. Belimo sets standards in the field of HVAC actuator and valve technology since 1975 with consistent orientation to market requirements and positions itself as a sustainable company.

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Highlights

Sales growth
in % in CHF

10.8

in % in local currencies

9.6

Operating income (EBIT)
in CHF million

109.8

in % of net sales

17.1

Net income
in CHF million

86.2

in % of net sales

13.4

Operating cash flow
in CHF million

113.9

in % of net sales

17.7

Equity ratio
in %

82.8

Actuators shipped
in million items

6.7

Return on
invested capital
in %

27.9

Research and development
costs
in % of net sales

7.4

Dividend per share (proposal
to annual general meeting)
in CHF

100

Payout ratio
in %

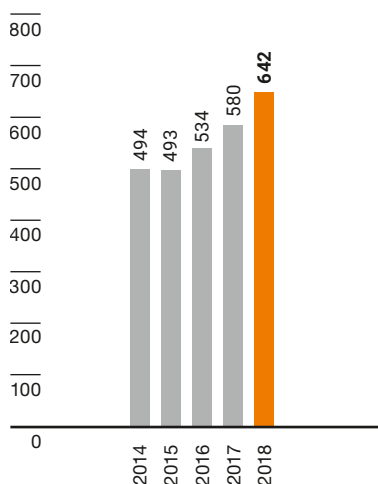
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Financial Summary

	2018	2017	Change
in CHF million			
Net sales	642.4	579.9	10.8%
Operating income before interest, taxes, depreciation, amortization (EBITDA) in percent of net sales	135.0 21.0%	117.4 20.2%	15.0%
Operating income before interest and taxes (EBIT) in percent of net sales	109.8 17.1%	92.6 16.0%	18.6%
Net income in percent of net sales	86.2 13.4%	77.5 13.4%	11.3%
Investments in property, plant and equipment and intangible assets	20.5	24.9	-17.8%
Cash flow from operating activities in percent of net sales	113.9 17.7%	82.3 14.2%	38.4%
Free cash flow in percent of net sales	94.3 14.7%	54.9 9.5%	71.8%
in CHF			
Earnings per share	140.22	126.06	11.2%
Dividend per share	100.00	85.00	17.6%
Number of employees (FTEs) as at December 31			
	1 640	1 532	7.1%

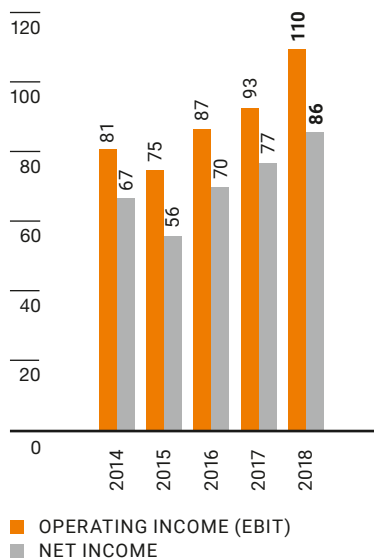
NET SALES 2014-2018

in CHF million



INCOME 2014-2018

in CHF million





Dear Shareholders

Belimo is looking back at a successful financial year: Sales in Swiss francs increased by 10.8 percent to CHF 642.4 million, corresponding to a growth of 9.6 percent when adjusted for currencies. The Group has succeeded in achieving an operating income (EBIT) of CHF 109.8 million, which equals to an EBIT margin of 17.1 percent. Net income rose with respect to the comparison period by 11.3 percent to CHF 86.2 million. Cash flow from operating activities increased by 38.4 percent to CHF 113.9 million. For a strong continuation of its growth strategy, Belimo invested again a substantial amount of CHF 47.2 million in research and development during the reporting period.

Belimo strengthened its sales network in 2018 as well. A cluster strategy continued to be pursued in China, with sales offices established in selected metropolitan areas. The positive impulses in connection with excellent sales figures confirm that we are following the right path with our strategy in the Chinese market. With the opening of a subsidiary in Kuala Lumpur (Malaysia), Belimo is securing improved access to the rapidly growing markets in Southeast Asia.

In numerous audits and feedback, customers credit us with an outstanding implementation of the value described in the Belimo Mission Statement as “Operational Excellence.” This is evidence that continued investments in efficiency and safety are paying off. Furthermore, smooth-running processes are key to a good corporate culture. The committed and customer-oriented actions of our, now for the first time more than 1 700, employees represent the basis for operative excellence.

As world market leader, Belimo is actively engaged in protecting life and limiting damage. In cases of fire, our actuators ensure smoke-free escape routes, prevent the spread of both fire and smoke and enable regular functional checks. Starting in 2019, Belimo is introducing a more compact generation of smoke control actuators on the market. This innovation sets new standards and will thus strengthen our product range even further.

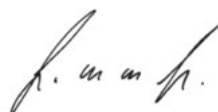
The product range with sensors for air and water applications launched in the 2017 financial year has meanwhile been met with a very positive reception on the market. Belimo has been able to record solid growth in all markets as a result. The Belimo ZoneEase™ VAV actuator introduced in the reporting year as a new solution for variable air volume control has enabled Belimo to succeed in differentiating itself from its competitors in the Asian market, as for example with the installation of 540 units in the Menara Prudential building, as can be seen on pages 44 to 45. With the Belimo Energy Valve™ and the PR actuator, Belimo has similarly succeeded in setting new standards with respect to energy efficiency and comfort.

The Board of Directors proposes a dividend of CHF 100 per share at the 2019 annual general meeting. Based on the closing price of CHF 3 940 on December 31, 2018, this equates to a return of 2.5 percent per share.

On behalf of the Board of Directors and the Group Executive Committee of BELIMO Holding AG, we would like to thank our customers, suppliers and employees for their loyalty and successful cooperation. We would also like to thank you, our esteemed shareholders, for the great trust you place in us and your loyalty to BELIMO Holding AG.



Hans Peter Wehrli
Chairman of the Board of Directors



Lars van der Haegen
CEO

Belimo recorded robust sales growth in all three market regions in 2018.

Europe

Sales in the largest market region of the Belimo Group grew by 12.9 percent, or 9.5 percent on a currency-adjusted basis.

Economic Environment and Markets

The heating, ventilation and air conditioning (HVAC) segment profited in the reporting year from a strong economic environment, low interest levels and an uninterrupted trend towards more comfort, energy efficiency and safety.

Almost all of the European markets exhibited above-average growth. Belimo experienced double-digit growth in Switzerland, Poland, Great Britain, France and Norway. Double-digit growth was also recorded in Sweden and Turkey, as the result of investments in recent years in sales network expansion.

In the wake of political uncertainty and sanctions, in addition to challenges posed by the current economic climate, sales figures in the Middle East are by contrast reflective of negative growth, namely in the United Arab Emirates and in Saudi Arabia.

Customers and Products

Water applications benefited significantly in Europe from the expansion of the product range and the increased application training in terms of sales. With respect to air applications, Belimo was able to win new Original Equipment Manufacturers (OEMs), and sales in the contracting business also experienced gratifying growth, thanks to a stronger market presence.

In addition to various smaller exhibitions, Belimo presented its newest innovations in March 2018 at the leading HVAC trade fair, the Mostra Convegno Expocomfort (MCE) in Milan (Italy). Furthermore, the Belimo Experience Center in Hinwil (Switzerland) is being actively utilized. It offers customers and employees the opportunity to gain an impressive experience with the functioning and effect of our innovative products.

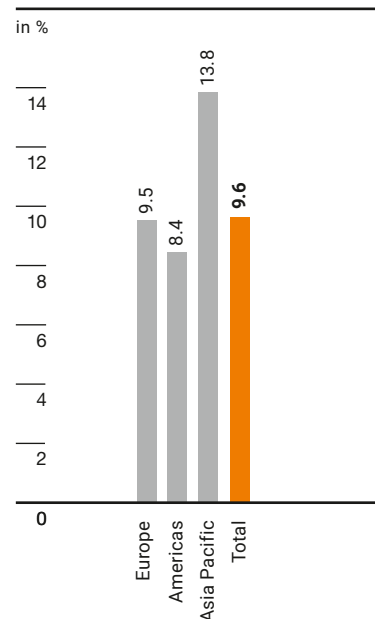
Americas

In the Americas market region, Belimo increased its sales, in comparison with the previous year, by 7.3 percent and in currency-adjusted terms by 8.4 percent. Except for Mexico, all of the American markets contributed to this positive result.

Economic Environment and Markets

The ongoing trend of upgrading existing buildings with energy-saving HVAC systems, in addition to a stable demand in connection with new construction projects, had a positive effect on the HVAC market in North America.

**SALES GROWTH 2018
IN LOCAL CURRENCIES**



Non-residential investments such as data centers in both the USA and Canada experienced gratifying development against the background of broad-based economic growth, and Belimo was able to profit thereby with high growth rates to an above-average extent. The economic recovery in Brazil led to double-digit sales growth. In contrast to this, sales in Mexico declined in the course of political uncertainties and correspondingly cautious investment activities.

Customers and Products

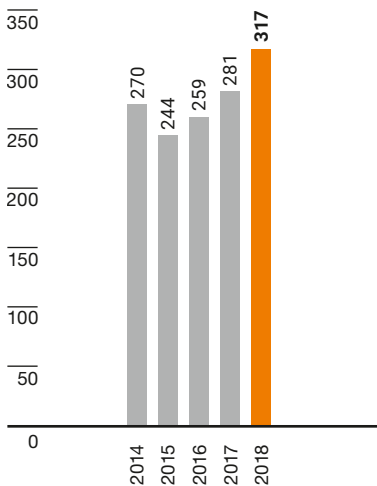
Belimo Americas was rewarded once again with the ControlTrends Award 2018 for Best Technical Support in the “Large Manufacturer” category. Thanks to its outstanding customer service, combined with a wide product range, Belimo was able to gain new customers in the market region, not only in the OEM business, but also in the traditionally dominant contracting business. OEM customers increased in the USA, the most important market of Belimo, primarily with water and fire protection applications.

Air applications were the strongest sales drivers in the contracting business sales channel. In addition to Belimo ZoneTight™ applications and butterfly valves, Belimo Energy Valves™ and pressure-independent control valves were on the other hand product highlights in water applications. In particular in Brazil, the latter was the main contributor to the positive sales figures.

With the installation of the latest generation of pressure-independent control valves in the Harvard Northwest Science Building at Harvard University in Boston (Massachusetts, USA), Belimo and its partners succeeded in fulfilling the strict requirements used in the certification program for sustainable construction – the Living Building Challenge.

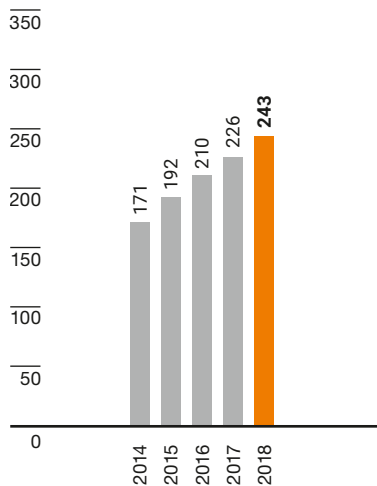
NET SALES EUROPE

in CHF million



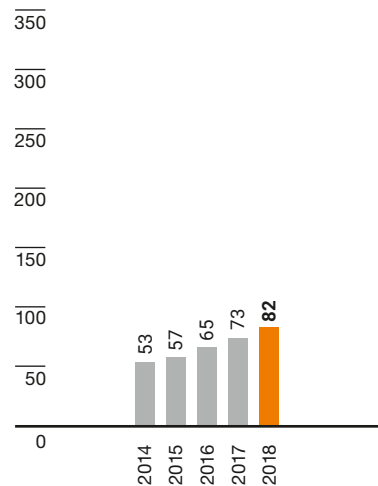
NET SALES AMERICAS

in CHF million



NET SALES ASIA PACIFIC

in CHF million



Asia Pacific

In the Asia Pacific market region, Belimo registered an outstanding sales growth of 13.4 percent, or 13.8 percent in currency-adjusted terms.

Economic Environment and Markets

As predicted, the HVAC markets in China, India and Australia experienced positive development. The Japanese market, on the other hand, failed to meet expectations. The HVAC sector experienced negative development in South Korea. In Malaysia, too, investments were less than anticipated in the wake of the change of government.

The increase in sales in China – the largest market in the region – contributed the most to the positive sales growth for Belimo in Asia Pacific. All of China's market regions experienced above-average growth, thanks to increased investments in market presence in the metropolitan areas, with South China at the top. Belimo was also able to record solid sales growth in the HVAC markets in Hong Kong, India and Australia. The Indian market profited from increased government investments in infrastructure projects. However, the Belimo markets in South Korea, Japan and Malaysia failed to meet expectations.

Customers and Products

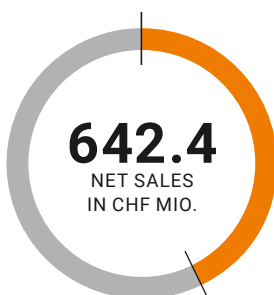
The share of sales for water and air applications was largely balanced in the region. In China, damper actuators, pressure-independent control valves and butterfly valves were the main sales drivers. Moreover, Belimo products were increasingly used in data centers. In addition, in China as well as in India, the new products developed for the Asian market positively contributed to the market success.

Growth Strategy and Innovation

Belimo also continued to pursue its growth strategy in 2018 with the four strategic initiatives "Damper Actuators and Control Valves," "Sensors," "Performance Devices" and "Asia Pacific" and pressed ahead with its research and development activities accordingly. The product pipeline was thus able to be expanded further in order to secure innovative market launches for the future as well.

NET SALES BY APPLICATION

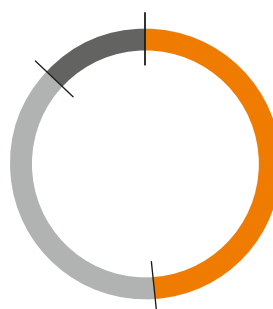
in %



■ 43 WATER
■ 57 AIR

NET SALES BY REGION

in %



■ 49 EUROPE
■ 38 AMERICAS
■ 13 ASIA PACIFIC

Particular emphasis was placed thereby on the further development of core and platform technologies. This makes it possible for Belimo to use economies of scale and to lower corresponding manufacturing costs while at the same time integrating new functions. Progress has been made in this regard in connection with the multi-year development of the new generation of Application-Specific Integrated Circuits (ASIC).

Strategic Initiative 1: Damper Actuators and Control Valves

Over the past year, Belimo has been working on various projects for new damper actuators for air applications and control valves for water applications.

A new, more compact generation named BEE and BEN smoke control actuators has been developed in the reporting year. These actuators mark a continuation of the series of the very successfully marketed BFL/BFN smoke control actuators. This means that the launch in 2019 will also be setting new standards in the area of smoke extraction and will further strengthen the position of Belimo as market leader.

The newly developed VRU Universal VAV controller for variable air volume control in sensitive applications such as hospitals or laboratories will soon be launched on the market and presented at ISH, the world's leading industry exhibition, in Frankfurt (Germany) in March 2019. Furthermore, one of the largest damper actuators PM with a torque of 160 Newton meters for use in the rapidly growing segment of data centers, among others, was launched during the reporting year.

The successful Belimo ZoneTight™ product range for water applications was expanded to include the PIFLV (Pressure Independent Flow Limiter Valve) for basic zone applications which, thanks to its innovative design, simplifies commissioning and saves energy during operation.

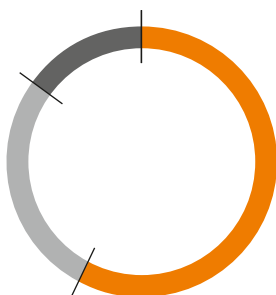
Strategic Initiative 2: Sensors

Reliable field devices such as damper actuators, control valves and sensors are required for achieving a good room climate and energy efficiency in heating, ventilation and air conditioning systems. While actuators and valves control flows of air or water, sensors measure physical properties such as temperature, humidity, pressure, air quality, volumetric flow or energy. They are installed in rooms, air ducts or pipes.

EMPLOYEES BY REGION

(FTEs, YEARLY AVERAGE)

in %



- 58 EUROPE
- 27 AMERICAS
- 15 ASIA PACIFIC

EMPLOYEES BY FUNCTION

(FTEs, YEARLY AVERAGE)

in %



- 43 ASSEMBLY, LOGISTICS
- 32 SALES, MARKETING AND DISTRIBUTION
- 13 RESEARCH, DEVELOPMENT
- 12 ADMINISTRATION, MANAGEMENT

Additional capacities for sensor research and development were set up during the reporting year and the product range has been broadened. Additional calibration and test systems were put into operation in order to ensure the guaranteed precisions and the renowned Belimo quality.

The duct and pipe sensor product range launched in 2017 experienced gratifying growth and was continuously expanded. With the introduction of larger nominal diameters of DN 65 to DN 150 (2.5" to 6"), we also expanded our ultrasound flow sensor product range – including the patented temperature and glycol compensation. Within the context of the development of an extensive room sensor line, an initial product range will be launched on the market in 2019. The offering is designed for the use with Belimo actuators and valves and can be seamlessly integrated in existing or new building automation systems.

Strategic Initiative 3: Performance Devices

The combination of sensor, actuator and valve technologies with corresponding application logic permits the creation of new product categories which are referred to as Performance Devices. These are optimally suitable for using Belimo technologies in hardware and software and for simplifying system integration in building automation for our customers. Examples include the Belimo ZoneEase™ damper actuators and the Belimo Energy Valve™ control valves.

Performance Devices communicate not only via various industry bus interfaces but also via Internet with the Belimo Cloud or the analytics services of a wide variety of service providers. The Belimo Cloud now processes more than five million queries per day from field devices, web applications and mobile apps. Thanks to the evaluation of this data, valuable findings have been gathered for our customers. At the same time, several patents could be filed during the reporting year for the application of the Belimo Energy Valve™. This newly patented technology is based on complex algorithms, enables an even better optimization of hydronic applications and will be integrated in future solutions. The added values which arise as a result also include, in addition to improved room comfort, energy savings and enhanced operating safety, the prolongation of the service life of the other system components.

The Residential Initiative, which is comprised of applications for heating and ventilation in multi-family houses, has been integrated in the Performance Devices Initiative. The generated solutions are undergoing further development as modular products and in the future will be launched worldwide for residential and non-residential buildings.

Strategic Initiative 4: Asia Pacific

As stated before, the success of the long-term growth strategy for Asia Pacific has been confirmed. The expenses for the innovations that are focused on the Asian market and their market development were increased further during the reporting year.

For example, the Belimo ZoneEase™ VAV room solution for variable air volume control was successfully launched in Asia Pacific in February 2018. Parallel to this, a further version with Power over Ethernet (PoE) for the power supply and as a communication interface is currently in the pilot stage. This technology simplifies installation and increases operating safety further.

The fact that a cluster strategy with sales offices in the metropolitan areas of Shanghai, Beijing, Nanjing, Wuhan, Shenzhen and Guangzhou is taking hold is impressively demonstrated by the gratifying sales growth in China. The opening of a subsidiary in Kuala Lumpur (Malaysia) in the fall of 2018 brings with it improvements in terms of both customer service and logistics, thus shortening delivery times – not only in Malaysia but also in the neighboring countries of Singapore, Indonesia and Thailand.

2019 Outlook

The global demand for comfort, energy efficiency and safety is expected to develop at rates exceeding average economic growth. The simple installation and low operating costs of our solutions are also essential drivers for growth. Belimo views itself as being optimally positioned with its innovations, and remains confident of being able to make a decisive contribution to these trendsetting topic areas.

In the Europe market region, we anticipate a tendential weakening with respect to economic growth. Thanks to the expansion of the product ranges – in particular in the area of sensors and water applications – we are also expecting, despite these dampened expectations, attractive growth in 2019.

In the Americas market region, we estimate there will be continued robust sales development in the building technology sector in the two leading markets of the USA and Canada. Sales figures may well also exhibit positive development in Mexico and Brazil.

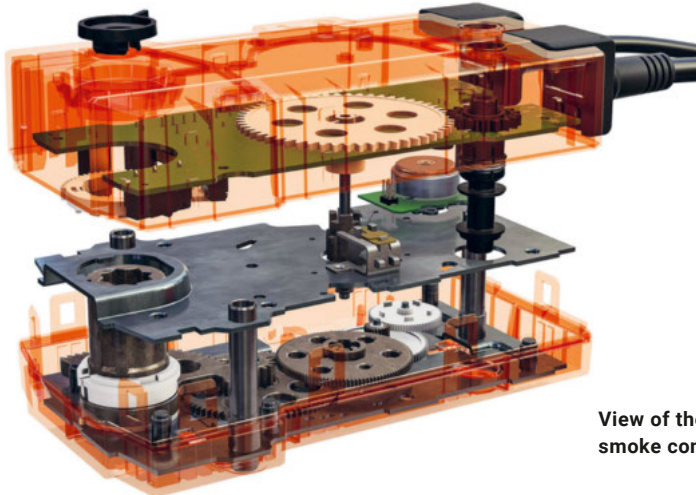
In the Asia Pacific market region, the outlooks for our two key markets China and India remain positive. We anticipate that our strategic initiatives for strengthening our presence in these markets will continue to bear fruit in 2019. The uninterrupted trend towards higher-quality buildings may well continue to strengthen the growth for Belimo devices in the entire region.

As the world market leader in the HVAC sector, we continue to remain resolutely oriented to customer requirements. This with the strengthening of the existing business, the expansion in the sensors and performance devices sector, as well as with an above-average growth in emerging markets. This strategy is directed at steady growth and good profitability.

This report contains comments relating to future developments which are based on assumptions and estimates of BELIMO Holding AG. Although the Company assumes the expectations of these prospective comments to be realistic, they contain risks. These can lead to the actual results being significantly different from the prospective comments. Among the factors which can cause such differences are changes in the economic and business environment, exchange rate and interest rate changes, the introduction of competing products, inadequate acceptance of new products or services and changes in the business strategy.

BELIMO Holding AG neither plans nor commits itself to keep these prospective comments up to date.

Human Life Is the Top Priority



View of the latest generation of Belimo smoke control actuators.

Belimo safety actuators for fire protection and smoke control dampers help save lives and protect property in case of fires.

People in industrialized countries spend a good 90 percent of their time in buildings. And where people live and work, protecting life is the first priority. An important factor here is safety in case of fire. Reaction time is crucial in order to prevent the spread of fire and smoke at an early stage and to keep escape and rescue routes smoke-free for as long as possible: the faster the reaction in the event of a fire, the lower the damage to human lives, property and the environment.

Fire protection in buildings is based on three main pillars: structural, technical and organizational fire protection. Technical fire protection is more important than ever, especially in modern buildings with unusual designs, mixed use or increasing building complexity and size.

Belimo addressed this topic very early on, especially with regard to technical fire protection. As far back as 1978 – three years after its foundation – Belimo sold actuators that could be mounted on fire dampers. In the meantime, Belimo has become the world market leader in the motorization of fire and smoke control dampers with well-founded expertise and experience.

Advantage from Motorization

Compared to mechanical fire dampers, which close only at high temperatures, motorized dampers have a major advantage: in case of fire, they can be closed early – triggered, by example by a smoke detector signal (see diagram on page 13). This reliably and promptly prevents the spread of fire and smoke in the building. In addition, the motorization enables regular

functional checks of the fire dampers, which further increases safety in the building.

Belimo offers original equipment manufacturers (OEMs) of fire and smoke control dampers a comprehensive range of actuators specifically developed for their applications. We use the latest technologies and the highest standards when it comes to development, material procurement, production and final testing. Together with the dampers, the actuators must comply with international and national safety standards, which include life cycle and fire tests among others.

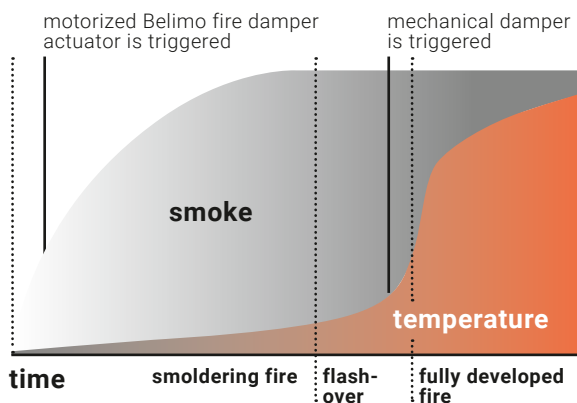
New Generation Developed

Between 2015 and 2018, Belimo introduced a new range of fire damper actuators in Europe. These have a unique, patented locking function (Safety Position Lock™) which keeps the dampers securely closed in case of fire. The customer reaction to this expansion of the product range was positive.

A new generation of smoke control actuators has been developed, the market launch of which is planned for 2019. As well as enabling Belimo to expand its market position further in the fire protection sector, it will also make a decisive contribution to saving human lives.

REACTION SPEED COUNTS

Motorized fire dampers can be activated as soon as smoke develops, while mechanical dampers are only triggered when the temperature rises.



SMOKE CONTROL PRESSURE DIFFERENTIAL SYSTEM AT BELIMO HEADQUARTERS IN HINWIL (SWITZERLAND)

Increasing urbanization is leading to compacted construction, with greater height and depth on a small surface area. Buildings of this type, which are typically high-rise, require new technical solutions that enable safe evacuation and support fire-fighting measures by the fire department.

Smoke control pressure differential systems ensure smoke-free escape and rescue routes – especially in stairwells or fire-fighting lifts – and are becoming increasingly important. They enable the creation of what is known as a safety stair, thereby removing the need for a second stairwell. Without having to compromise on safety, this area can be used for other purposes, thereby reducing construction costs.

Because of the market potential in the application of smoke exclusion, Belimo invested in a test and demonstration plant at its headquarters in 2018. This smoke control pressure differential system is unique in its design.

Further information:
www.belimo.com



See for yourself how solutions from Belimo protect lives as well as property from fire.

11 FIRE FATALITIES PER DAY IN EUROPE ALONE

According to Fire Safe Europe, there are around **5 500 fires** every day in Europe. This results in roughly **126 billion euro** in property damage every year, which corresponds to around 1 percent of the European GDP. Around **70 000 people** are treated for fire-related injuries every year and around **4 000 people** die – this equates to 11 fire fatalities per day. Up to **90 percent** of these deaths are due to smoke inhalation.

Special Items Require Special Protection

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Architectural bureau Halle 1 | **Location** Linz (Austria) | **Project type mixed use** Offices, apartments, hotel, event hall, underground car park | **Site area** 12 000 m² (129 000 ft²) | **Useable area** 57 600 m² (620 000 ft², incl. underground car park) | **Office building** 1 900 m² (20 500 ft²) | **Hotel** 129 bedrooms

With its safety solutions, Belimo is making a significant contribution to the reliable fire protection of a “special” building in Linz.

In the heart of Linz (Austria) – at the edge of where the Linz city fortifications once stood, now stand the Promenaden Galerien – a modern building that links the city’s pedestrianized zones amid its historic buildings, providing space for shops, restaurants, offices, rental apartments, an event hall and a hotel. The building complex has been owned by Wimmer Medien since 1885. Until 2003, it housed the

printing presses for the Oberösterreichische Nachrichten newspaper. They were dismantled in 2008 – the starting signal for the promenade concept, which began in April 2010.

The Cuturi family, owners of Wimmer Medien, had big plans for the Promenaden Galerien. They wanted to create a very special place: “A place that appears upmarket without appearing

detached that brings joy to its visitors,” explains Paolo Cuturi, project manager of the Promenaden Galerien. He was thus able to fulfil his father Rudolf Andreas Cuturi’s lifelong dream – a dream that finally had its ceremonial opening in June 2018.

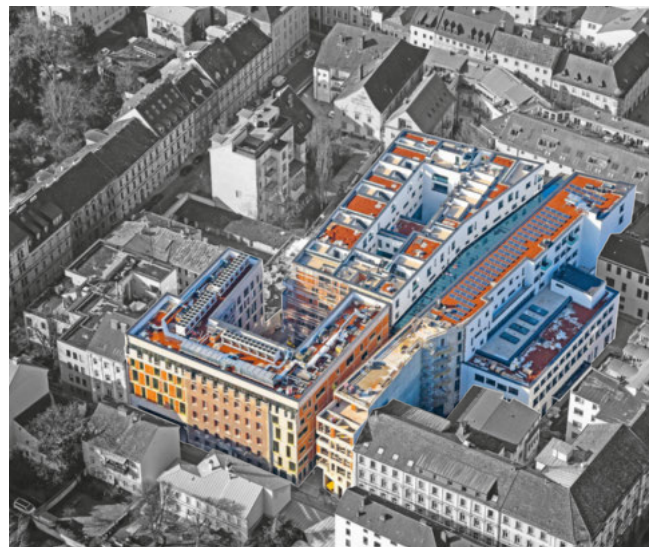
A highly professional team was needed to make such a special place possible. The Cuturi family called in renowned specialists to realize their vision of the Promenaden Galerien at an early stage. The Salzburg architectural bureau Halle 1 managed to combine the old and the new to create a state-of-the-art unit. For example, a new walkway has been created with an urban flair where people like to stop to linger and spend their time. Where printing presses once clattered, today pulsates with life. And where people work, safety must be a top priority. Therefore right from the outset, fire protection was a central issue when planning the building.

“Nobody thinks of fire protection when renting an apartment or a shop,” explains project manager Mr. Cuturi. “However, it is extremely important, as a building operator and owner, to be prepared in case of fire.”

For the Safety of People and Property

In terms of fire protection, Austria is one of the most advanced countries in the world. In addition to European standards and directives, country-specific fire protection standards must also be observed, some of which place even higher demands on technical systems. For buildings in which a fire alarm system is installed, motorized fire dampers are mandatory in Austria.

The operators of the Promenaden Galerien even went one step further: “The fire damper actuators have to close the dampers in the evening as soon as the ventilation system is switched off,” says Norbert Kaimberger, project manager and authorized signatory of the electrical installation company ETECH. “This reliably prevents the spread of smoke and fire through the ventilation system.” At the same time, the



regular closing and opening of the fire dampers is logged as a function test, which makes a decisive contribution to the safety of the building.

For the Promenaden Galerien project, six Linz companies had joined forces under the leadership of ETECH as a joint venture for the entire technical building installation. In addition to the electrical installation work, their area of responsibility also included implementing cross-discipline networking and control technology.

Comfortable room climate, efficient operation of the building technology and the required fire protection quality could thus be ensured. Very early on in the project, special attention was also paid to optimal interaction between the various sections. Depending on the aspect, different specialist groups deal with fire protection. Early coordination is therefore of the utmost importance in order to guarantee a high-quality solution for fire protection and, in particular, smoke extraction.



For the same reason, what is referred to as an integral test was carried out during the initial acceptance of the safety-related systems. This ensures that the cross-system functions are fulfilled in accordance with the fire protection concept and that the safety targets are achieved in case of fire.

The Challenge of Mixed Use

In order to separate unused parts of the building in the ventilation system and thus prevent the spread of smoke and fire, the corresponding fire dampers close as a precaution when the rooms are not in use. “We can control the motorized fire dampers as required, thereby taking account of different times of use,” says Mr. Kaimberger. “For example, the working hours of the Oberösterreichische Nachrichten newsroom differ greatly from that of other offices in the same ventilation area.”

The fire protection concept of a building describes the safety targets in order to be able to guarantee the safety of people and property. Since the greatest danger to people in the event of fire is from intense buildup of smoke, additional smoke extraction devices are usually installed in buildings such as the Promenaden Galerien to ensure smoke-free escape and rescue routes. The systems are automatically

“Thanks to motorized fire dampers, we can take account of different times of use.”

activated as soon as the fire alarm system detects smoke. At the same time, the fire department is also alerted.

Smoke control systems are therefore installed in the Promenaden Galerien, which transport the toxic smoke gases out of the building and into the open air by means of large fans in case of fire. “Had it not been required already in the tender, we would have proposed intelligent control and monitoring of the fire and smoke control dampers,” explains Mr. Kaimberger. In addition to the 500 motorized fire dampers, there are six fire smoke extraction zones – three each in the underground car park and in the restaurant and shopping area.

“We selected a central, intelligent monitoring and control system to control and monitor a total of 40 motorized smoke control dampers and six smoke extraction fans,” adds Mr. Kaimberger. The system automatically performs and logs regular operational checks of all motorized

fire and smoke control dampers connected. In case of any alterations, such as a change in use of rooms, it allows the security scenarios to be adapted in a simple and flexible procedure. In addition, the central system supports maintenance and servicing of the systems.

Proven Products, Unique Service

Fire protection is also a top priority in the three-storey underground car park of the Promenaden Galerien. A vehicle fire in an underground car park can quickly cause air temperatures of up to 700 degrees Celsius. These can lead to the statics of the reinforced concrete being weakened and consequently damage the entire building structure. In addition, the dense, toxic smoke poses a considerable risk to human lives. For all these reasons, effective fire protection systems are indispensable in underground car parks in order to react early when smoke first develops.

Securing smoke-free escape and rescue routes is also of utmost importance in underground car parks. A sprinkler system in conjunction with an efficient smoke control system guarantees that the required safety targets can be achieved in the Promenaden Galerien.

For Mr. Kaimberger, use of proven components such as smoke control actuators of Belimo was particularly important for the smoke control dampers and air inlet dampers. For him, the collaboration was an obvious choice at an early stage: "Our first project with Belimo was the construction of our own new ETECH headquarters. That too was an extremely successful collaboration. In case of questions, we receive a quick response or even a visit to the construction site. This service makes Belimo the ideal partner."



Allows regular function checks
Mounted Belimo fire damper actuator.

Corporate Governance

BELIMO Holding AG discloses this corporate governance report at the highest corporate level of the Belimo Group in accordance with the principles and regulations of the Swiss stock exchange SIX Swiss Exchange, in particular the Corporate Governance Directive and the Swiss Code of Best Practice published by *economiesuisse*.

The required disclosure of remuneration for the members of the Board of Directors of BELIMO Holding AG and the Group Executive Committee, as well as other disclosures, are reported in the remuneration report on pages 34 to 37 based on the Ordinance Against Excessive Compensation in Listed Companies and the articles of incorporation of BELIMO Holding AG.

The information contained in this corporate governance report is based on the corporate organization, regulations and articles of incorporation effective as at December 31, 2018.

1 Group Structure and Shareholders

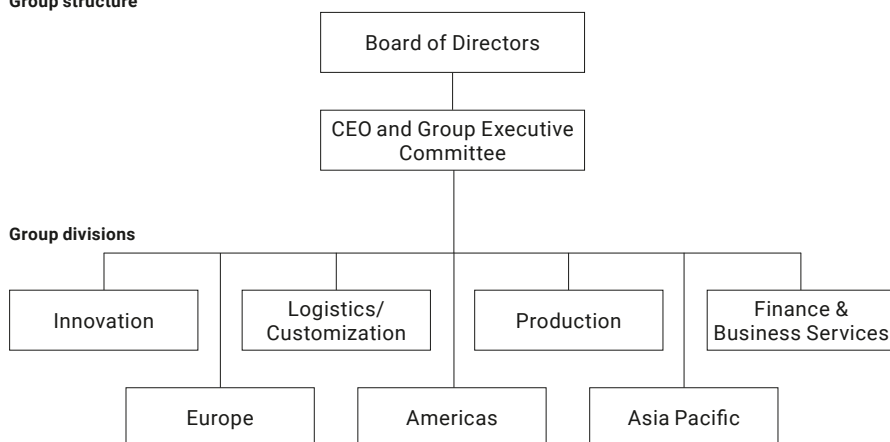
1.1 Group Structure

The Belimo Group is organized into markets (Europe, Americas, Asia Pacific), Innovation, Production, Logistics/Customization and Finance & Business Services. The operational Group structure is shown in the organization chart below.

BELIMO Holding AG (the holding company of the Belimo Group) is the only Group company that is listed. The registered office of the Company is in Hinwil (Switzerland). Belimo shares (ISIN CH0001503199) are listed on the Swiss stock exchange SIX Swiss Exchange.

The market capitalization as of December 31, 2018, amounted to CHF 2 423 million. With the exception of BELIMO Holding AG, no Group companies hold Belimo shares. The Belimo shares held by BELIMO Holding AG are disclosed on page 99. Further details on Belimo shares are given on pages 104 and 105. Information regarding the unlisted companies is given in the summary on page 98.

Group structure



1.2 Significant Shareholders

As at December 31, 2018, the following shareholders owned more than three percent of the share capital of BELIMO Holding AG:

Shareholder	Number of Belimo shares	Share	Of which voting shares	Share
1832 Asset Management L.P.	21 001	3.41%	21 001	3.41%
The Capital Group Companies, Inc.	23 830	3.87%	23 830	3.87%
Ameriprise Financial, Inc.	28 052	4.56%	28 052	4.56%
Group Linsi	118 560	19.28%	118 560	19.28%

Disclosure notices relating to persons or groups with significant shareholdings (more than three percent of voting rights) can be found at: www.six-exchange-regulation.com

As at December 31, 2018, BELIMO Holding AG held 0.01 percent of the share capital.

1.3 Cross-Shareholdings

There are no cross-shareholdings with other companies.

2 Capital Structure

Information on the capital structure is contained to a large extent in the articles of incorporation of BELIMO Holding AG and in the financial statements of BELIMO Holding AG (pages 95 to 101). The articles of incorporation are available at: www.belimo.com/corporate-governance

2.1 Capital

The ordinary share capital of BELIMO Holding AG amounts to CHF 615 000.

2.2 Approved and Conditional Capital in Particular

The Company has no approved or conditional share capital.

2.3 Changes in Equity

The shareholders' equity of BELIMO Holding AG has changed during the last three years as follows:

	2018	2017	2016
in CHF 1 000			
Shareholders' equity as at December 31	287 174	262 939	244 934

2.4 Shares

The share capital is divided into 615 000 registered shares, each with a nominal value of CHF 1.00. All registered shares are fully paid up and entitle the holder to dividends.

The Company maintains a share register, in which the names and addresses of owners and beneficial owners of shares are entered. Each share entered in the share register as a voting share at the date determined in advance by the Board of Directors entitles the holder to one vote at the annual general meeting. In the event of a share capital increase, shareholders have a right of first refusal to subscribe to new shares in proportion to their existing shareholding and legal requirements.

2.5 Participation and Dividend-Rights Certificates

BELIMO Holding AG has issued neither participation nor dividend-rights certificates.

2.6 Limitation of Transferability and Nominee Registrations

In terms of the relationship with the Company, only those persons who are entered in the share register shall be considered as registered shareholders or beneficial owners. Buyers of shares or the beneficial owners must apply in writing to be entered in the share register. The Company may refuse to make an entry in the share register if the applicant fails to declare expressly that he/she has acquired and will hold the shares on his/her own behalf and for his/her own account.

A shareholder or beneficial owner will be entered in the share register as a voting shareholder or beneficial owner for a maximum of five percent of the total number of shares as shown in the commercial register. Legal entities and private partnerships related to each other through ownership or voting rights, by shared management, or in any similar manner, and individuals, legal entities and private partnerships acting jointly or in a coordinated way shall be deemed to be one person. Shareholders holding more than five percent of the total number of shares at the time this provision was introduced shall continue to be registered in the share register with the number of shares actually held.

By application of regulations, the Board of Directors may define exceptions to the five-percent registration limit. No such exceptions were made during the year under review.

2.7 Convertible Bonds and Share Options

BELIMO Holding AG has no outstanding convertible bonds or share options. No options were issued to employees.

3 Board of Directors

3.1 Members of the Board of Directors

The Board of Directors of BELIMO Holding AG comprised a total of six members as at December 31, 2018.

3.2 Further Activities and Relationships

Personal details and further activities and relationships of the individual members of the Board of Directors are shown on pages 22 to 23.

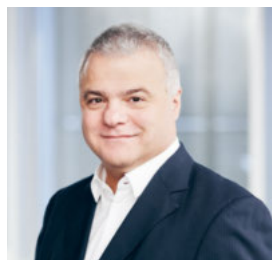
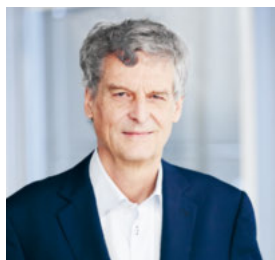
Independence of the Non-Executive Members

The Board of Directors consists of non-executive members. This means that no member exercised an operational function for the Belimo Group during the three financial years preceding the reporting period.

The Belimo Group maintains business relations with Panalpina Welttransport (Holding) AG, with Sandra Emme being a Member of the Board of Directors. The order volume was CHF 5.1 million in the reporting year. The Board of Directors decides on the scope of cooperation with Panalpina Welttransport (Holding) AG only by approving the budget of the Group. Contracts shall be awarded exclusively by the Executive Committee. The rules for abstention apply as described on page 25. The independence of Sandra Emme is not affected.

The other members of the Board of Directors and the companies they represent have no material business relationships with the Belimo Group.

Board of Directors



Prof. em. Dr. Hans Peter Wehrli (1952)

Swiss citizen
Dr. oec. publ.

Dr. Martin Zwysig (1965)

Swiss citizen
Dr. oec. HSG

Prof. Adrian Altenburger (1963)

Swiss citizen
dipl. HVAC engineer HTL/
MAS Arch. ETH/SIA

Chairman of the Board of Directors since 1997

Deputy Chairman of the Board of Directors

Further activities, relationships:

Datacolor AG, Lucerne, Member of the Board of Directors

Gebäudeversicherung Bern (GVB), Ittigen, Member of the Board of Directors

Swiss Prime Site AG, Olten, Chairman of the Board of Directors

Further activities, relationships:

None

Further activities, relationships:

SIA Swiss Society of Engineers and Architects, Zurich, Vice President

SNV Swiss Association for Standardization, Winterthur, Vice-Chairman

Jobst Willers Engineering AG, Rheinfelden, Member of the Board of Directors

Energie Wasser Bern (ewb), Bern, Member of the Board of Directors

BS2 AG, Schlieren, Member of the Board of Directors

Pasquale Baurealisation AG, Zurich, Member of the Board of Directors

Significant professional post:

Faculty of Business Sciences at the University of Zurich, Ordinary Professor for Business Studies

Significant professional posts:

2003–2008 Schaffner Holding AG, Luterbach, Group CFO

2008–2014 Ascom Holding AG, Baar, Group CFO

Since 2014 Autoneum Holding AG, Winterthur, Group CFO

Significant professional posts:

1999–2015 Amstein + Walthert AG, Zurich, Partner, Member of the Group Executive Committee and Board of Directors

Since 2015 University of Applied Sciences and Arts – School of Engineering – Architecture, Lucerne, Head of Institute and Degree Program Building Technology and Energy

Since 2015 A2CE – Adrian Altenburger Consulting: Engineering, Lucerne, Owner



**Patrick Burkhalter
(1962)**

Swiss citizen
lic. oec. publ.

**Further activities,
relationships:**

Ochsenkultur AG, Wetzikon,
Chairman of the Board of
Directors

**Significant professional
posts:**

1988–1992 Ergon Informa-
tik AG, Zurich, Software
developer
1992–2016 Ergon Infor-
matik AG, Zurich, Chairman
of the Executive Committee
and Member of the Board
of Directors
2016–2018 Ergon Infor-
matik AG, Zurich, Chairman
of the Board of Directors



**Sandra Emme
(1972)**

German citizen
MBA, University of
Applied Sciences
Bremen

**Further activities,
relationships:**

Panalpina Welttransport
(Holding) AG, Basel,
Member of the Board of
Directors

**Significant professional
posts:**

Until 2011 Co-founder of a
start-up company in the IT
sector
2011–2014 Google Switzer-
land GmbH, Zurich, various
functions
Since 2014 Google Switzer-
land GmbH, Zurich,
Industry Head for Luxury
and Finance in Global
Business Development



**Martin Hess
(1948)**

Swiss citizen
El.-Ing. HTL/SIA

**Further activities,
relationships:**

Ernst Schweizer AG,
Metallbau, Hedingen,
Deputy Chairman of
the Board of Directors

**Significant professional
posts:**

Chairman of the Board of
Directors until 2013 and
Chairman of the Executive
Committee until 2012 of
HEFTI. HESS. MARTIGNONI.
Aarau AG, Aarau

3.3 Mandates

No member of the Board of Directors may hold more than four additional mandates in the ultimate strategic management bodies or on the ultimate boards of listed companies which do not belong to the Belimo Group. The Board of Directors may allow in maximum two exceptions per member in specific cases.

The acceptance of a maximum of four mandates in the ultimate strategic management bodies or on the ultimate boards of non-listed companies which do not belong to the Belimo Group is permissible for a member of the Board of Directors as long as the exercise of the obligations to BELIMO Holding AG of the member of the Board of Directors is not impaired.

3.4 Election and Term of Office

According to the articles of incorporation, the Board of Directors is made up of at least three and no more than seven members, who are elected individually by the annual general meeting for a term of office of one year, which ends with the next ordinary annual general meeting. On reaching 70 years of age, members of the Board of Directors may be elected for a term of office one final time.

Details of first election to the Board of Directors are given in the following table:

Member	AGM
Hans Peter Wehrli	1995
Martin Zwysig	2011
Adrian Altenburger	2015
Patrick Burkhalter	2014
Sandra Emme	2018
Martin Hess	2007

3.5 Internal Organization

The Board of Directors is the supreme management body in the Belimo Group. It is empowered to make decisions in respect of all matters that are not reserved for the annual general meeting by law or in accordance with the articles of incorporation, or that the Board has not delegated to another body by regulation or resolution. The Board of Directors constitutes itself, subject to legal and statutory provisions. The chairman and the deputy chairman of the Board of Directors as well as the members of the remuneration committee are elected individually by the annual general meeting for a term of office of one year, which ends with the next ordinary annual general meeting. The Board of Directors designates a secretary, who does not have to be a member of the Board of Directors.

By law, the Board of Directors has the following non-transferable and non-assignable tasks:

- Directing the Company and issuing the necessary instructions
- Approving corporate policy and strategy
- Defining the organizational structure
- Determining the design of the accounting system, financial control and financial planning
- Nominating and removing the persons entrusted with the management and representation of the Company
- Supervision of the persons in charge of the management
- Drawing up the annual report and the remuneration report, preparing for the annual general meeting and carrying out its resolutions
- Notifying the judge in the event of insolvency

The Board of Directors may entrust the preparation and execution of its resolutions or the supervision of business to committees. The Board of Directors has established two permanent committees during the year under review: the audit committee and the remuneration committee. The appointment committee shall be convened when necessary.

The Board of Directors has delegated the operational management to the Group Executive Committee, headed by the CEO, in accordance with the articles of incorporation of BELIMO Holding AG and organizational regulations that have been issued (with the corporate schedule of responsibilities). The CEO is not a member of the Board of Directors.

The chairman of the Board of Directors, or, in his absence, the deputy chairman of the board or a duly appointed member, calls the meetings and chairs the discussions.

Functioning of the Board of Directors

The Board of Directors holds at least five ordinary meetings per year. The dates of its ordinary meetings and committee meetings are set early so that all members can attend in person as a general rule. Extraordinary meetings may be convened as and when required. Any board member may submit a request for additional meetings to the chairman, stating the reasons. Four meetings and two conference calls were held in 2018.

The agenda for meetings is drawn up by the chairman in cooperation with the CEO. Any board member may request additional items to be included in the agenda. Meetings are convened in writing by the chairman. The invitation, together with the detailed agenda and attachments, is normally distributed to all participants one week before the date of the meeting. Provided that no member objects, the board may also discuss other urgent matters that were not included on the agenda. The members of the Group Executive Committee may be invited to attend board meetings. Other employees or third parties may also be invited to attend meetings, in order that the Board of Directors receives adequate information for its decisions.

The Board of Directors makes decisions and conducts elections by a majority of the members present at the meeting. A majority of members must be present for the board to pass a resolution. Resolutions may also be passed by videoconferences, conference calls or by way of circulation provided that no member requests a verbal discussion at a meeting. The individual members are required to step out of the meeting if matters are discussed that affect them or persons or legal entities related to them. The board members receive a complete copy of the minutes, with the other participants receiving an excerpt detailing the agenda items/resolutions of relevance to them.

In addition to board meetings, the Board of Directors holds regular meetings with the Group Executive Committee. Furthermore, the Board of Directors and the Group Executive Committee met for a workshop in 2018.

Composition/Functioning of the Committees of the Board of Directors

The duties of the audit, remuneration and appointment committee primarily comprise evaluation, advisory and supervisory functions for the Board of Directors. The committees have no decision-making powers. They meet periodically or when required. The same conditions regarding meeting rules and stepping out apply as for the Board of Directors. The Board of Directors elects the members of the audit and appointment committee yearly. The members of the remuneration committee are elected individually by the annual general meeting for a term of office of one year.

Minutes of the meetings are prepared and distributed to those who attended the meeting and to all members of the Board of Directors. The members of the committees also report verbally to the next meeting of the Board of Directors regarding the matters discussed and submit, where necessary, the respective motions to the Board of Directors.

Audit Committee

The audit committee comprises at least two independent members of the Board of Directors. Based on their education or their professional experience, all members of the committee have sufficient knowledge of finance and accounting.

The members for the 2018/2019 period of office are: Dr. Martin Zwyssig (Chairman) and Prof. em. Dr. Hans Peter Wehrli

Duties:

- Evaluating the annual report, the annual and interim financial statements, the comprehensive audit report and the audit reports for the Belimo Group and BELIMO Holding AG, submitting motions to the Board of Directors
- Evaluating adherence to financial reporting standards within the Group
- Selecting the audit firm to be proposed to the annual general meeting as statutory auditors, submitting motions to the Board of Directors
- Approving the audit plans of the statutory auditors
- Evaluating the performance, independence and remuneration of the statutory auditors
- Periodically reviewing the guidelines issued regarding ad hoc announcements and the avoidance of insider offences
- Reviewing the internal control system
- Periodically reviewing the structure of the risk management system
- Evaluating key tax issues

The audit committee held two meetings in 2018 with the CEO, CFO and the statutory auditors.

Remuneration Committee

Information on the composition and duties of the remuneration committee are disclosed in the remuneration report on pages 34 to 37.

The following members have been elected for the 2018/2019 period of office: Martin Hess (Chairman), Prof. Adrian Altenburger and Sandra Emme

Appointment Committee

The appointment committee comprises at least two members of the Board of Directors.

The members for the 2018/2019 period of office are: Prof. em. Dr. Hans Peter Wehrli (Chairman), Patrick Burkhalter and Martin Hess

Duties:

- Selecting suitable candidates for membership of the Board of Directors, submitting motions to the Board of Directors for proposal to the annual general meeting
- Selecting suitable candidates to fill positions on the Group Executive Committee

Three meetings were held in 2018.

3.6 Regulation of Authority

The regulation of authority between the Board of Directors and the Group Executive Committee, which is headed by the CEO, is laid down in the organizational regulations (corporate schedule of responsibilities) of BELIMO Holding AG, in accordance with the articles of incorporation of BELIMO Holding AG. These describe the general duties and defines who holds the decision-making authority for which transactions.

In addition to decisions regarding the tasks that are defined under article 716a of the Swiss Code of Obligations as being irrevocable and non-assignable, the Board of Directors also reserves the right to approve significant transactions relating to strategy implementation and important organizational, financial and staffing matters in the operational area.

3.7 Information and Control Instruments in Relation to the Group Executive Committee

The Board of Directors is involved in the management information system of the Belimo Group at the appropriate level. At the end of each quarter, in addition to the monthly reporting, the Board of Directors receives an unaudited balance sheet and income statement, a sales forecast for the next two quarters and other key figures (balanced scorecard) of the Group. The figures are compared against the prior year and the budget. In the second quarter of each year, the board also receives the qualitative strategic targets and the results of medium-term planning covering a period of five years for its approval. After the end of the third quarter, the board receives the projection for the full year, enabling it to review the likelihood of the budget being achieved.

The written reports are supplemented by verbal information from the CEO or CFO at every meeting of the Board of Directors. In special cases, the CEO informs the Board of Directors without delay regarding the matter in question. The chairman of the Board of Directors maintains regular contact and discussions with the CEO and is kept up to date by him on all transactions and issues that are of fundamental importance or that have wider implications.

The Board of Directors is responsible for risk management, the Group Executive Committee for its operational implementation. A company-wide risk assessment is carried out yearly, using a systematic risk management methodology. The assessment is based on group workshops and individual interviews and contains the phases risk identification and evaluation, causes and action analysis and implementation of the actions defined. The result of the risk assessment is discussed with and approved by the Board of Directors.

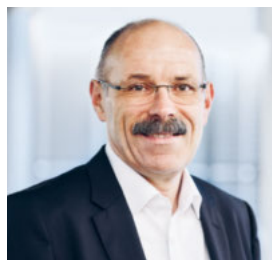
4 Group Executive Committee

Together with the other members of the Group Executive Committee, the CEO manages the operations of the Group. He is responsible for drawing up, implementing and achieving the Group's corporate targets. The Group Executive Committee deals with all transactions that are of significant importance to the Belimo Group.

The Group Executive Committee has the following main duties:

- Developing and implementing the overall strategy and the overall budget
- Drawing up and implementing the structures and systems necessary for the management of the Group
- Making optimal use of Group resources
- Utilizing potential synergies present within the Group
- Promoting cooperation and communication within the Group
- Preparing motions that fall within the authority of the Board of Directors

Group Executive Committee



**Lars van der Haegen
(1968)**

Swiss citizen
Building Technology
Designer,
MBA, Columbia Business
School, New York,
MBA, London Business
School, London

CEO since July 2015

**Further activities,
relationships:**

None

**Significant professional
posts:**

2000–2006 BELIMO Auto-
mation AG, Hinwil, BELIMO
Aircontrols (USA), Inc.,
Danbury, various functions
2007–2010 BELIMO
Servomotori S.r.l., Bergamo,
Managing Director
2011–2016 BELIMO Air-
controls (USA), Inc., Danbury,
Head of Americas and
Member of the Group Exec-
utive Committee

**Gary Economides
(1970)**

Australian citizen
Bachelor of Mechanical
Engineering,
MBA, Australian Graduate
School of Management
(AGSM), Hong Kong

Head of Asia Pacific and
Member of the Group
Executive Committee
since November 2012

**Further activities,
relationships:**

None

**Significant professional
posts:**

1998–2005 Siemens Build-
ing Technologies, Hong
Kong, various functions
2005–2009 Carel Asia,
Hong Kong, Managing
Director
2009–2012 Carel Electronic
Suzhou, China, CEO

**Lukas Eigenmann
(1961)**

Swiss citizen
Electronic technician, TS

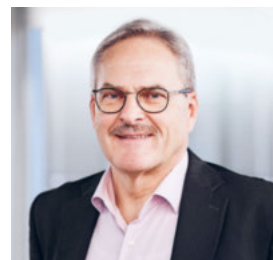
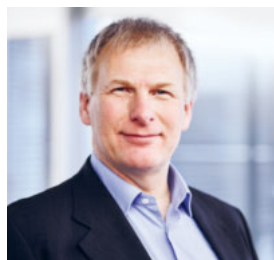
Head of Europe and
Member of the Group
Executive Committee
since July 2010

**Further activities,
relationships:**

None

**Significant professional
posts:**

1984–2002 BELIMO Auto-
mation AG, Hinwil, BELIMO
Automation Handels GmbH,
Vienna, and BELIMO Aircon-
trols (USA), Inc., Danbury,
various functions
2002–2010 BELIMO
Stellantriebe Vertriebs
GmbH, Stuttgart, Managing
Director



**James W. Furlong
(1960)**

American citizen
Bachelor of Engineering,
MBA, Loyola College,
Maryland

Head of Americas and
Member of the Group
Executive Committee
since March 2016

**Further activities,
relationships:**

None

**Significant professional
posts:**

1999–2008 Baltimore Aircoil
Company, Inc., Baltimore,
various functions

2008–2015 Johnson Con-
trols, Waynesboro, Vice
President, Industrial Refriger-
ation, Building Efficiency
Group

**Peter Schmidlin
(1963)**

Swiss citizen
dipl. El.-Ing. ETH,
MBA, IMD Business
School, Lausanne

Chief Innovation Officer
(CINO) and Member of
the Group Executive
Committee since August
2000

**Further activities,
relationships:**

U. W. Linsi Foundation,
Stäfa, Chairman of the
Foundation Board

**Significant professional
posts:**

1988–2000 BELIMO Auto-
mation AG, Hinwil, various
functions in research and
development

2000–2007 BELIMO Auto-
mation AG, Hinwil, Head of
Technology

**Dr. Markus Schürch
(1971)**

Swiss citizen
Dr. sc. tech. ETH

CFO since January 2019
and Member
of the Group Executive
Committee since
September 2018

**Further activities,
relationships:**

Schürch Investment AG,
Biel, Member of the Board
of Directors

**Significant professional
posts:**

1999–2004 McKinsey &
Company, Inc. Switzerland,
Zurich, consultant and pro-
ject manager

2004–2012 Landis+Gyr AG,
Zug, various functions

2012–2018 Landis+Gyr AG,
Zug, Senior Vice President
and CFO for the EMEA
Region (Europe, Middle East
& Africa)

**Beat Trutmann
(1954)**

Swiss citizen
lic. oec. publ.

CFO and Member
of the Group Executive
Committee from January
2003 until December
2018

**Further activities,
relationships:**

None

**Significant professional
posts:**

1992–2000 Elex AG,
Schwerzenbach, Head of
Finance and Accounting

2000–2002 Disetronic
Holding AG, Burgdorf, CFO
and Member of the Execu-
tive Committee

4.1 Members of the Group Executive Committee

The Group Executive Committee comprised a total of seven members as at December 31, 2018.

4.2 Further Activities and Relationships

Personal details and further activities and relationships of the individual members of the Group Executive Committee are shown on pages 28 to 29.

4.3 Mandates

No member of the Group Executive Committee may hold more than two additional mandates in the ultimate strategic management bodies or on the ultimate boards of listed companies which do not belong to the Belimo Group. The Board of Directors may allow in maximum two exceptions per member in specific cases.

The acceptance of a maximum of four mandates in the ultimate strategic management bodies or on the ultimate boards of non-listed companies which do not belong to the Belimo Group is permissible for a member of the Group Executive Committee as long as the exercise of the obligations to the Belimo Group of the member of the Group Executive Committee is not impaired.

4.4 Management Contracts

There are no management contracts with companies or individuals outside the Belimo Group.

5 Remuneration, Participations and Loans

Details on the principles of the remuneration system, the granted remuneration, participations and loans to current and former members of the Board of Directors and the Group Executive Committee are provided on pages 34 to 37 in the remuneration report and in the notes to the financial statements of BELIMO Holding AG on page 100 of this annual report.

6 Shareholders' Rights of Influence

6.1 Limitation of Voting Rights and Proxies

Each share entered in the share register as a voting share at the date determined in advance by the Board of Directors entitles the holder to one vote at the annual general meeting.

Every shareholder may have his/her shares represented at the annual general meeting by a proxy appointed in writing or by the independent voter representative provided for by law. The proxy needs not to be a shareholder. The independent voter representative is elected by the annual general meeting for the term of office of one year including the subsequent annual general meeting. The Board of Directors may issue procedural rules for participation, representation and give instructions. Shareholders can issue their proxy and instructions to the independent voter representative electronically. The independent voter representative is obliged to exercise the voting rights that he represents as per the instructions. The general instruction to vote in accordance with the Board of Directors is deemed to be a valid instruction for exercising the right to vote.

See the provisions under note 2.6 of this corporate governance section regarding limitations on the transferability of shares and nominee registrations.

6.2 Quorum as per Articles of Incorporation

The annual general meeting resolves and elects with the absolute majority of votes cast, insofar as the law does not compulsorily specify otherwise. In case of a tie, the chairman of the meeting shall have the casting vote. If the absolute majority is not reached in a first election round, the relative majority shall be decisive in the second round. Resolutions based on article 704 of the Swiss Code of Obligations require at least two-thirds of the votes represented and the absolute majority of the nominal values of the shares represented.

6.3 Convening the Annual General Meeting

The annual general meeting is convened in accordance with the Swiss Code of Obligations by being announced once in the Swiss Official Gazette of Commerce, and, for information purposes, by written invitation to the registered shareholders. The provisions do not contain any rules that diverge from the law.

6.4 Including Items in the Agenda for the Annual General Meeting

Voting shareholders representing shares with a nominal value of at least CHF 10 000 may request to include an additional item in the agenda of the annual general meeting. Such requests shall be submitted in writing to the chairman of the Board of Directors at latest 45 days prior to the annual general meeting.

6.5 Entry in the Share Register

For administrative reasons, the share register is closed for about ten days before an annual general meeting (the exact date will be determined by the Board of Directors of BELIMO Holding AG and is published in the invitation to the annual general meeting).

7 Change in Control and Defensive Measures

7.1 Obligation to Make an Offer to Buy Shares

The articles of incorporation do not contain any provisions with respect to opting out or opting up.

7.2 Change of Control Clauses

Information on change of control clauses for members of the Board of Directors and Group Executive Committee is on pages 34 to 37 of the remuneration report.

8 Statutory Auditors

8.1 Period of Appointment and Period of Office of the Auditor in Charge

KPMG AG, Badenerstrasse 172, Zurich, has been the Group auditor of the Belimo Group and the statutory auditor of BELIMO Holding AG since 2004. The statutory auditors are elected by the annual general meeting for one financial year. The auditor in charge since 2013 is Jürg Meisterhans. In compliance with the term of office regulations stipulated by the Swiss Code of Obligations, a new lead auditor will be in charge for the 2020 financial year at the latest.

8.2 Audit Fee

KPMG invoiced a total of CHF 0.5 million to the Belimo Group in 2018 for services related to the audit of the financial statements of BELIMO Holding AG, the Group and the Group companies audited by it.

8.3 Additional Fees

Fees amounting to CHF 0.3 million were paid to KPMG for other services such as consulting and tax advice.

8.4 Sources of Information for the External Audit

Each year, at least one audit committee meeting takes place at which, in addition to other matters, the annual financial statements are discussed. The comprehensive audit report from the statutory auditors forms the basis for the discussion of the audit proceedings and the annual financial statements. Two meetings took place in the year under review. In each case, the statutory auditors supplied the participants with written points for discussion beforehand.

9 Information Policy

9.1 Principles

BELIMO Holding AG and the Belimo Group pursue an open, active and transparent information policy with all stakeholders. Each year, a summary annual report, an annual report including a remuneration report and a semiannual report are published. At least one conference for the media and financial analysts takes place at the time of publication of the annual financial statements.

9.2 Agenda

Publication of Annual Report 2018/ Media and Financial Analysts Conference	March 11, 2019
Annual General Meeting 2019	April 1, 2019
Dividend Payment	April 5, 2019
Publication of Semiannual Report 2019	August 5, 2019
Publication of Sales 2019	January 23, 2020
Publication of Annual Report 2019/ Media and Financial Analysts Conference	March 9, 2020
Annual General Meeting 2020	March 30, 2020

Further information for shareholders is available at:
www.belimo.com/financial-calendar

9.3 Contact Investor Relations

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9.4 Publicity Principles/Avoidance of Insider Offences

BELIMO Holding AG publishes information that is relevant to the share price in accordance with the ad hoc publicity guidelines of the Swiss stock exchange SIX Swiss Exchange.

Remuneration Report

The remuneration report describes the principles of the remuneration system of Belimo and includes information about the remuneration of the Board of Directors and the Group Executive Committee. The content and extent are in compliance with the Ordinance Against Excessive Compensation in Listed Companies, the articles of incorporation of BELIMO Holding AG, the Directive Corporate Governance of the Swiss stock exchange SIX Swiss Exchange and the principles of the Swiss Code of Best Practice of *economiesuisse*.

1 Remuneration Committee

Articles of Incorporation Articles 15 and 24

The remuneration committee comprises at least two non-executive, independent members of the Board of Directors. A member is considered as independent if he or she has never, or at least not for the past three years, been a member of the Group Executive Committee and has no, or only minimal, business relationship with the Company.

The members of the remuneration committee are elected individually by the annual general meeting for a term of office of one year until the next ordinary annual general meeting.

The following members have been elected for the 2018/2019 period of office: Martin Hess (Chairman), Prof. Adrian Altenburger and Sandra Emme

The remuneration committee is entrusted with the following duties, subject to the power of the annual general meeting:

- Submitting proposals to the Board of Directors for the definition of principles, performance targets and assessment criteria for fixed and variable remuneration within the framework of the statutory provisions and those of the articles of incorporation
- Submitting proposals to the Board of Directors for the determination of the overall amounts of the fixed remuneration of the members of the Board of Directors and the fixed and variable remuneration of the members of the Group Executive Committee to be placed to the annual general meeting for approval
- Monitoring of compliance with the principles for remuneration pursuant to the law, the articles of incorporation, regulations and decisions of the annual general meeting
- Submitting the remuneration report for the attention of the Board of Directors and the annual general meeting

The remuneration committee held three meetings in 2018.

2 Remuneration System

2.1 Principles

Articles of Incorporation Articles 15, 25^{quater}, 25^{quinquies} and 25^{sexties}

Belimo offers market-oriented and performance-related remuneration in order to recruit and retain senior management members with the required capabilities and personal characteristics. The remuneration system is designed in the way that their interests are in line with those of the Company. The basic elements of the remuneration are designed in a simple and comprehensible way.

Remuneration Report

The annual general meeting approves with binding effect the maximum overall remuneration for the current financial year for the Board of Directors and the Group Executive Committee. If the annual general meeting withholds its approval, the Board of Directors may submit new proposals for approval at the same annual general meeting. If the Board of Directors makes no new proposals or if the annual general meeting likewise declines the new proposals, the Board of Directors must convene a new general meeting within three months.

The remuneration report of the Board of Directors is approved by the subsequent annual general meeting by consultative vote.

The following agenda items are being voted at the annual general meeting 2019:

- Consultative vote on the remuneration report 2018
- Approval of the fixed remuneration of the Board of Directors for the financial year 2019
- Approval of the fixed and variable remuneration of the Group Executive Committee for the financial year 2019

With the members of the Board of Directors and the Group Executive Committee, temporary and permanent employment contracts may be concluded. The maximum duration of the temporary contracts is one year. Renewal is permitted.

In principle, prohibitions against competition may be agreed for the period after termination of a contract. As compensation for such a prohibition against competition, remuneration may be paid for a maximum period of two years. This amount may not exceed the last fixed annual remuneration.

There are no agreements with special conditions for the members of the Board of Directors or the Group Executive Committee, such as special severance payments or special clauses in case of change of control over the Company. Employment contracts with members of the Group Executive Committee have a notice period of a maximum of twelve months.

2.2 Board of Directors

Articles of Incorporation Article 25^{quinquies}

The members of the Board of Directors receive a fixed basic remuneration, which is paid out, and an expense allowance for their activities. Supplements may be paid for membership of committees or for the performance of special tasks.

2.3 Group Executive Committee

Articles of Incorporation Article 25^{sexties}

The members of the Group Executive Committee receive a fixed basic remuneration for their activities, as well as a performance and success-related remuneration, which are paid out. The success-related remuneration for the CEO may in maximum amount to 120 percent and for the other members of the Group Executive Committee to 100 percent of the equivalent fixed annual remuneration, according to the articles of incorporation.

Payment of up to 50 percent of the variable remuneration is dependent on the achievement of the financial targets operating income (EBIT) and sales growth, with the rest being dependent on the achievement of personal performance targets. All targets are in line with the long-term interest of the Company.

Remuneration Report

The amount of the target bonus, which is paid when all set targets have been reached, amounts to between 70 and 90 percent of fixed remuneration for the CEO and between 40 and 70 percent for the other members of the Group Executive Committee. If the targets set are partially reached, the bonus is lower, as set out in the target agreement; if the targets are exceeded, the bonus can be increased up to a maximum of 1.33 times the target bonus.

For new members of the Group Executive Committee appointed after the annual general meeting, the maximum amount shall be increased pro rata temporis to a maximum of one and a half times the proportion for a comparable function contained in the maximum amount approved.

3 Remunerations

3.1 Board of Directors

The amount of remuneration for the Board of Directors (non-executive members) was as follows. The total remuneration is within the amount approved by the annual general meeting on April 9, 2018.

	Fixed remuneration			Expense allowance
	Basic remuneration	Social security contributions	Total	
in CHF 1 000				
2018				
Prof. em. Dr. Hans Peter Wehrli, Chairman	254	15	269	6
Dr. Martin Zwysig, Deputy Chairman	124	9	133	6
Prof. Adrian Altenburger, Member	124	9	133	6
Patrick Burkhalter, Member	124	9	133	6
Sandra Emme, Member*	83	6	89	4
Martin Hess, Member	124	7	131	6
Total	833	55	888	34
Approved remuneration by the annual general meeting 2018			900	
2017				
Prof. em. Dr. Hans Peter Wehrli, Chairman	254	13	267	6
Dr. Martin Zwysig, Deputy Chairman	124	6	130	6
Prof. Adrian Altenburger, Member	124	6	130	6
Patrick Burkhalter, Member	124	6	130	6
Martin Hess, Member	124	5	129	6
Total	750	36	786	30

* Sandra Emme was elected to the Board of Directors at the Annual General Meeting on April 9, 2018.

No additional remuneration was made available for activities carried out in a board committee.

No remuneration other than that disclosed here was assigned. There has been no remuneration to former members of the Board of Directors.

3.2 Group Executive Committee

The amount of remuneration for the Group Executive Committee was as follows. The total remuneration is within the amount approved by the annual general meeting on April 9, 2018. The remuneration is based on the accrual principle of accounting.

The highest remuneration paid to a member of the Group Executive Committee was to Lars van der Haegen, CEO.

	Fixed remuneration				Variable remuneration			Total remuneration	Expense allowance
	Basic remuneration	Pension contributions*	Other remuneration	Total	Bonus	Pension contributions*	Total		
in CHF 1 000									
2018									
Lars van der Haegen (CEO)	390	89	7	486	392	78	470	956	18
Other members of the Group Executive Committee	1 539	296	176	2 011	1 057	176	1 233	3 244	60
Total**	1 929	385	183	2 497	1 449	254	1 703	4 200	78
Approved remuneration by the annual general meeting 2018				2 520			1 980	4 500	
2017									
Lars van der Haegen (CEO)	380	76	7	463	330	57	387	850	18
Other members of the Group Executive Committee	1 456	240	146	1 842	930	130	1 060	2 902	54
Total	1 836	316	153	2 305	1 260	187	1 447	3 752	72

* Social security and pension plan contributions.

** As of September 1, 2018, for the purpose of handing over CFO position, this includes seven members of the Group Executive Committee.

No remuneration other than that disclosed here was assigned. There has been no remuneration to former members of the Group Executive Committee.

3.3 Related Parties

During the year under review, no further remuneration was assigned to related parties of present or past members of the Board of Directors or the Group Executive Committee.

3.4 Credits and Loans

Articles of Incorporation Article 25^{bis}

Credits and loans to members of the Board of Directors and the Group Executive Committee may only be granted in justified exceptional cases and only at market conditions. The total amount of such credits and loans shall not exceed CHF 200 000 per member.

In 2018, no credits or loans were granted to present or former members of the senior management or related parties, and there were none outstanding as at December 31, 2018.

Report of the Statutory Auditor

To the General Meeting of BELIMO Holding AG, Hinwil

We have audited the accompanying remuneration report of BELIMO Holding AG for the year ended 31 December 2018. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the sections “3 Remunerations” on pages 36 to 37 of the annual report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor’s Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.


Opinion

In our opinion, the remuneration report for the year ended 31 December 2018 of BELIMO Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

KPMG AG



Jürg Meisterhans
Licensed Audit Expert
Auditor in Charge



Dr. Shqiponja Isufi
Licensed Audit Expert

Zurich, 20 February 2019

KPMG AG, Badenerstrasse 172, PO Box, CH-8036 Zurich

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Sustainability Report

- 40** Value Driven Sustainability
- 41** Ecological Awareness
- 44** Reference Project: Belimo ZoneEase™ VAV – Menara Prudential
- 46** Reference Project: Belimo Energy Valve™ – Scharmoin Mountain Restaurant
- 48** Reference Project: Butterfly valve with PR series actuator – University of Oregon
- 50** Social Responsibility

Sustainability is a major part of the corporate strategy and business model. Belimo involves its stakeholders in order to optimize sustainability objectives.

Belimo not only associates sustainability with the goal of minimizing the negative effects of business processes, but also of increasing the positive effects in the application. The products manufactured by Belimo facilitate application solutions that create measurable sustainability benefits. This consists, for example, in saving energy with heating, ventilation and air-conditioning systems (HVAC) in commercial buildings. The potential is enormous: buildings are responsible for some 40 percent of worldwide energy consumption and climate-damaging CO₂ emissions.

The products manufactured by Belimo facilitate application solutions that make a measurable contribution to sustainability.

The smart control of HVAC systems has a big impact on the energy efficiency of buildings. With its products and as a member of the UN Global Compact, Belimo makes an active contribution to sustainable development – in line with the objectives of the United Nations. The application examples on pages 44 to 49 show how Belimo solutions prove themselves in practice.

Sustainability at Belimo is also geared to several stakeholder groups and aims to create added value for all these groups. Meeting the interests of a stakeholder group, such as shareholders or customers, must not be at the expense of other stakeholder groups, such as employees or suppliers. Belimo achieved attractive and sustainable returns for shareholders. Customers appreciate the reliable and innovative application solutions and high product quality. Further strengths include consulting and service expertise throughout all customer relationship phases and partnership inter-

actions with suppliers and consultants. Social commitments also show how Belimo implements corporate responsibility in practice.



WE SUPPORT

UN GLOBAL COMPACT

Belimo has been a member of the UN Global Compact since 2013 and is committed to environmental protection, responsible working practices, human rights and protection against corruption. The United Nations Global Compact is the largest international initiative for responsible company management. Over 13 000 companies and organizations across 170 countries have already joined the initiative.

Products and Applications

Sustainability in the Development Process

Environmental responsibility at Belimo already starts with product design. The focus is on a sustainable and eco-efficient product development process that takes into account the entire useful life and customers' compliance requirements. This means optimization of used materials, taking into account the recognized guidelines and standards, minimum power consumption of the actuators during operation, increased service life due to the application of state-of-the-art technologies as well as low pollution levels during disposal. The optimization of current products leads to some considerable material and energy savings during production.

As part of the company-wide CESIM (Comfort, Energy, Safety, Installation and Maintenance) method approach for developing products and solution concepts

With its customer-oriented method CESIM, Belimo focuses, among other things, on greater comfort and energy savings.

in the field of building technology, the various customer segments and partners are involved in the development process at an early stage. This allows Belimo, together with its stakeholders, to find and verify innovative approaches and ideas.

With its customer-oriented method CESIM, Belimo focuses, among other things, on greater comfort and energy savings and, with smart devices, ensures both optimum indoor air quality and higher energy efficiency. In addition, the method guarantees safety for people and animals as well as protection of property while ensuring easy installation and commissioning of its products with low maintenance requirements. In 2018, numerous employees worldwide were trained in CESIM.

Innovative Application Solutions

The following product features ensure a solution benefit for Belimo customers for optimum operation of HVAC systems:

- Precise measurement of room climate and energy flows using Belimo sensors

- Minimum power consumption of Belimo actuators for all applications
- Prevention of circulation losses in water applications thanks to tight-closing characterized control valve technology and fast reactions of Belimo actuators when opening and closing
- Increased plant efficiency through intelligent use of actuator and sensor technology. Examples are the Belimo Energy Valve™ or the ZIP Economizer™
- Simplified installation of actuators for variable volumetric flows thanks to preconfiguration in the Belimo Cloud and subsequent commissioning via smartphone
- Easier maintenance and automatic operational optimization thanks to cloud connections

Also in 2018, 6.7 million produced Belimo actuators helped customers become more energy-efficient. The savings achieved are many times greater than the annual energy consumption of Belimo at its two largest production sites. The credentials on the following pages provide detailed proof of how innovative application solutions have made plants more efficient.

Further Developing Building Technology

The enormous savings potential in the building sector has prompted legislators worldwide to continuously adapt the standards and laws on indoor air quality and efficiency of HVAC systems. Belimo actively participates to shape these changes and constantly further develops building technology. The Company is an active member of numerous professional associations including REHVA (Federation of European Heating, Ventilation and Air Conditioning Associations) and ASHRAE (American Society of Heating, Refrigerating and Air-Conditioning Engineers). These organizations aim to develop sustainable, energy-efficient building technology and corresponding standards.

Internal Processes and Standards

Environmental Norms

The Belimo sites in Hinwil (Switzerland), Danbury (Connecticut, USA), and Sparks (Nevada, USA) apply the international environmental management standard ISO 14001 and also undergo regular audits by the Swiss Association for Quality and Management Systems (SQS).

Guidelines and regulations such as RoHS and REACH regulate the use of critical materials. The constantly increasing requirements are continuously analyzed and the findings flow into the processes and products. Compliance is implemented on the basis of a list of

banned substances. Suppliers are also obliged to comply with these requirements.

Materials

The careful selection of the materials used is aimed at minimizing the environmental impact. Auxiliary materials such as solvents, resins, paints or lead and chromium are not used at all, or only in very small quantities.

Cardboard packaging from suppliers based in the European Union is produced in accordance with the recycling symbols (RESY) guidelines and in the USA according to equivalent principles. This means that all transport packaging consists of ecologically harmless materials and can be recycled. Through the consistent use of reusable cardboard packaging between Belimo locations and suppliers, packaging material is saved and recycled at the end of its useful life.

Procurement

More than 85 percent of product manufacturing costs at Belimo are incurred in a network of suppliers and partners. They make a major contribution to quality, innovative capacity and sustainability. The suppliers are involved in the environmental and quality policy of Belimo.

When it comes to environmental and social standards, the Belimo Group makes the same demands on its suppliers as it does on its own internal service providers. These requirements are set out in the code of conduct for suppliers and reflect the content of internal guidelines.

The code of conduct has been signed by more than 300 suppliers, which equates to around 90 percent of the procurement volume. Both new and existing suppliers are regularly audited on-site.

Belimo demands its suppliers to make a clear commitment to principles of sustainability and social responsibility.

Production and Logistics

The transfer of knowledge and technology between production locations ensures safe, efficient and resource-saving production processes. In all markets, the final assembly of the valve-actuator combinations takes place on-site.

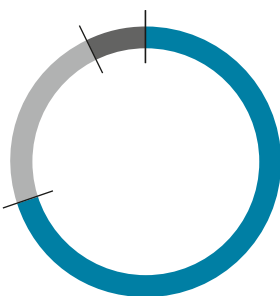
Ecological aspects are given high priority in the regular review and adjustment of logistics processes. The consolidation of deliveries from suppliers, internal transfers within the Company and direct deliveries to customers reduce transport distances. The switch to a new provider of integrated logistics solutions will lead to further optimization of logistics processes. Standardized reusable packages are increasingly being used for deliveries between Belimo sites, allowing for automatic storage or further processing without any need for repackaging.

Recycling and Disposal

If possible, waste is recycled and professionally separated or disposed of at internal collection points. This allows more than half of the waste to be recycled. In Hinwil, the non-recyclable remainder is sent to the neighboring waste incineration plant. Disposal transportation is consolidated.

PROCUREMENT BY REGION

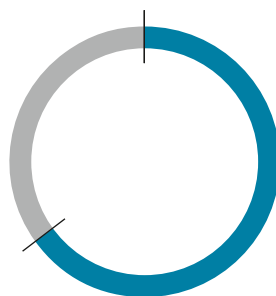
in %



- 70 EUROPE
- 23 ASIA PACIFIC
- 7 AMERICAS

WASTE MANAGEMENT

in %



- 65 RECYCLING
- 35 DISPOSAL

Energy-Efficient Premises

The office, production and logistics facilities in Hinwil are heated from the nearby waste incineration plant, which is connected to the district heating network.

The comfort and energy efficiency of the Hinwil premises are continuously monitored and technically modernized. An analysis evaluates environmental and facility data, providing the basis for deciding on optimization projects.

A new project aims to increase comfort, energy efficiency and safety by means of technical building measures. The integration of Belimo components is intended to increase energy and load transparency. A rough concept was drawn up, and the first stage will be implemented in 2019.

The existing photovoltaic plant in Hinwil is being expanded in stages. In 2018, the decision was taken to extend it by a further 464 square meters (5 000 square feet) to a total area of 640 square meters (6 890 square feet). The solar project will increase solar power production from 29.3 MWh/year to around 118 MWh/year. 100 percent of the electricity produced is consumed in-house.

Eight charging points for electric cars are available at the main building. The site is gradually switching its lighting over to energy-saving LEDs.

The loading ramps have been provided with facade cladding, insulation and gates. This has significantly improved the climate in the logistics sector and increased the energy efficiency of the building.

The buildings in Danbury and Sparks (USA) as well as Grassobbio (Italy) are certified according to the LEED gold standard for sustainable construction.



Key Figures 2014–2018

Locations Hinwil (Switzerland) and Danbury (Connecticut, USA)

		2018	2017	2016	2015	2014
Environmental indicators						
Actuators produced	in million items	6.7	6.3	5.9	5.6	5.5
Buildings and total energy consumption						
Electricity	MWh	7 603	6 984	7 011	7 360*	5 312*
Heat energy						
District heating (Hinwil)	MWh	1 239	1 306	1 295	1 154	814
Gas (Danbury)	MWh	1 516	1 326	1 464	2 870*	1 547*
Water	m³	7 863	7 578	9 378	6 930**	8 682
Recycling and disposal						
Waste						
For recycling	metric tons	686	528	498	458	452
For incineration	metric tons	230	224	226	190	165
Remaining waste	metric tons	95	70	64	87	92
Hazardous waste (electronics, separated materials)	metric tons	1	2	2	–	1
Waste water	m³	7 269	7 007	8 892	6 490**	8 682

* Double occupancy because of the new buildings (logistics expansion Hinwil; production, logistics and administration building Danbury).

** Water consumption for testing the fire protection system in Danbury no longer included from 2015.



© Broadway Malyan

Belimo ZoneEase™ VAV brings comfort and energy efficiency in buildings such as the Menara Prudential to a whole new level.

VAV (Variable Air Volume) systems permit easy implementation of energy-efficient Demand-Controlled Ventilation Systems (DCV) and thereby offer comfort and energy efficiency. However, inadequate commissioning and calibration processes often lead to contrary results. This



Belimo ZoneEase™ VAV
Specially developed for the Asian market.



is reflected, for example, in excessive noise emissions and unnecessarily high energy consumption.

That is why Belimo ZoneEase™ VAV for the Asian market has been developed: an innovative solution for room and zone ventilation in large building complexes, which has now also been installed in the Menara Prudential in Kuala Lumpur (Malaysia).

The brand-new 27-storey building with an office area of 51 018 square meters (around 550 000 square feet) is certified according to the LEED gold standard for sustainable construction. It features a number of energy-efficient and green construction measures – a perfect fit for the 540 Belimo ZoneEase™ VAV that have been supplied to the project.



Less Energy – more comfort

Integrated in DCV systems, modern VAV systems control operation of air conditioning as required all the way into the room – not as much as possible, but just as much as needed, according to the design principle of the Belimo ZoneEase™ VAV. Thus, energy consumption and operating costs can be considerably cut by lowering the rotation speed of the fans. Less flow noise and the reduction of unpleasant draughts additionally increase room comfort.

A simple commissioning process, increased connectivity and data transparency together with Cloud connection also improve the user experience for the system integrator. A low level of project complexity, reduced downtime and cost efficiency round off the product benefits.



This video illustrates the operating principles of Belimo ZoneEase™ VAV.



Trimmed for Efficient Comfort



© Ralph Feiner

The Belimo Energy Valve™ ensures operation with optimum energy consumption and heat supply even at lofty heights.



The Scharmoin Mountain Restaurant in the ski district Lenzerheide (Switzerland) is located at 1 900 meters (6 234 feet) above sea level. To ensure optimal energy operation at this altitude, the mountain railway operators decided to integrate the building technology into their control system. The Belimo Energy Valve™ is ideal for this.

The challenge: the entire heat energy supply was to be housed in the Scharmoin Mountain Restaurant, but from there it was also to supply the adjacent railway operations building.


In addition to the ventilation and heating control, the lighting, blind and shading regulation, which are controlled via the position of the sun, have also been integrated into the control



Knowing Where the Energy Goes

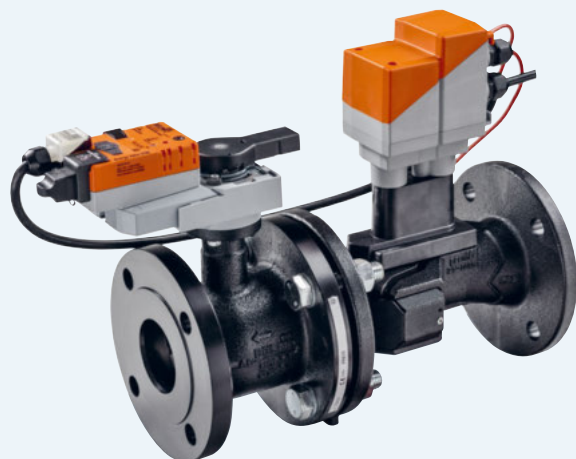
Another Belimo Energy Valve™ is installed in the supply line from the boiler to the distribution bar and measures the current heating load and energy consumption of the system. Based on this continuous load analysis, the pellet boiler is controlled according to requirements. The boiler therefore only produces as much energy as is actually needed. Two built-in storage tanks of 3 000 liters (792.5 US gallons) each act as buffers. This controlled operation of the boiler reduces switching cycles to a minimum, which further increases its efficiency.

At the beginning of the heating season, the operator was concerned that the pellet store, with its capacity of 150 metric tons (330 693 US pounds), would be too small. However, only 10 metric tons (22 046 US pounds) were consumed per month, so that the pellets lasted for one and a half seasons. Thanks to Belimo Energy Valve™, noticeable savings potential was identified and implemented.

 This video gives an overview of the diverse advantages of the Belimo Energy Valve™.

system. The entire system is thus operated as automatically as possible from the management center in the valley station. A further advantage is that owners can track the function and energy requirements of the system in real time.

Various characterized control valves and globe valves from Belimo are installed in the heating distribution system and integrated into the control system via a bus interface. A Belimo Energy Valve™ is installed in the district heating pipeline from the mountain restaurant to the railway operations building. This allows the current energy data to be recorded, the output to be controlled and, if necessary, limited.

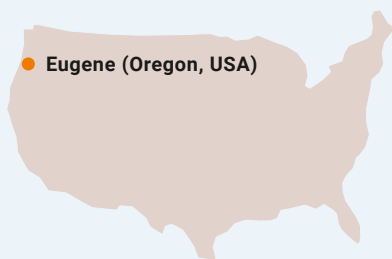


Belimo Energy Valve™
The new Belimo Energy Valve™ indicates where energy is wasted.

A Perfect Climate for Top Performance



By retrofitting butterfly valves at the University of Oregon, Belimo is contributing to top sporting performance.



The University of Oregon in Eugene (Oregon, USA) is considered the birthplace of the sports manufacturer Nike. It is not surprising therefore that the university boasts the Hatfield-Dowlin complex, one of the most state-of-the-art sports facilities in the world. In order to also set standards in the operation of the building complex, the University of Oregon has committed itself to the continuous improvement of building efficiency and user comfort.


For this purpose, the sports complex's chilled water plant has two 1.8 megawatt (500-ton) chillers and two cooling towers that provide chilled water to ten air handling units that serve the 13 200-square-meter (142 000 square feet) facility. Depending on outside air temperature and cooling demand, the plant is capable of operating in different modes. When the outside air temperature is at or below 17.2 degree

Celsius (63.0 degree Fahrenheit), the complex utilizes a free cooling loop. In this mode, cooling is achieved through use of a waterside economizer in conjunction with cooling towers.

When free cooling is not sufficient to meet demand, one or both of the chillers can be brought online. The solution of Belimo for the Hatfield-Dowlin complex involved retrofitting six butterfly valves (two DN 150/6" valves and

four DN 200/8" valves) with state-of-the-art PR series actuators.

Switching between modes is achieved through the opening and closing of butterfly valves, which provide ideal training conditions in the facility in both hot and cold weather. This clears the way for the athletes to break the next record.

 This video presents the new generation of butterfly valves and PR series actuators.



Butterfly valve with PR series actuator
Offers easy installation, high flexibility and excellent durability.

CUSTOMER BENEFITS

- Intelligent, self-adjusting valve design for efficient switching between building modes so that cooling can be matched with outside air temperature and building occupancy
 - Easy installation due to lower overall height and reduced weight of the actuator
 - Quick programming adjustments to running time and provides fast diagnostics with Near Field Communication (NFC) actuator with a smartphone
 - Up to 80 percent energy saving with patented brushless direct current (DC) motor technology
 - Reduced transformer and wiring costs
-

Social Responsibility

Corporate Culture

Values

The Belimo mission statement and code of conduct contain the principles for internal cooperation, conduct in the workplace and interaction with customers, suppliers, competitors and other stakeholders. The values of trust and credibility also mean that employees get in touch with the appropriate contact person in the event of perceived violations of the applicable laws or ethical standards.

New employees learn about the values and quality standards during their introduction to the Company. The individual employee's long-term ability to internalize and put those values into practice is also part of the annual employee performance appraisal interview.

Society

The success of Belimo is only possible thanks to the shared commitment of its employees. Our workforce encompasses over 100 different nationalities and a wide range of different cultures. The Company is particularly proud of its colleagues with disabilities, who achieve outstanding performance every day and support our manufacturing processes despite difficult conditions. They include members of the Swiss residential and employment center for people with restricted mobility IWAZ in Wetzikon (Switzerland), Sonnalhalde in the Zurich Oberland region (Switzerland) and Ability Beyond in Danbury (Connecticut, USA). Our many years of cooperation with these organizations are an established part of corporate culture at Belimo, providing work for more than 100 people. Components for Belimo actuators, valves or sensors are manufactured there. The production division in Hinwil has been running an additional pilot project with IWAZ employees since January 2017, involving assembling, testing and packaging actuators on an assembly line.

The success of Belimo is only possible thanks to the shared commitment of its employees from different countries and cultures – with a wide range of skills and experience.

Belimo is sponsoring Sandra Stöckli as an ambassador for all persons with disabilities. The para-cycling athlete from Rapperswil-Jona (Switzerland) shows that anything can be achieved even under the most difficult conditions.

Belimo conducts yearly visiting days for children of employees at its sites around the world. The daughters and sons accompany their parents for a whole day, gaining some insight into their work.

Sustainable Personnel Policy

Employees

Belimo values cultural diversity and assists employees from other countries with their integration, for example by providing free lessons in the local language. A high average length of service of nine years at its Hinwil headquarters underlines the extent of employee loyalty and their identification with the Company. The part-time working models offered are equally valued by employees and the Company itself. In Hinwil, around 30 percent of the employees have chosen this model.

Belimo works at all levels with a performance and behavioral appraisal system. This includes regular status reports on the achievement of individual goals, employee performance appraisals and appropriate measures. Belimo attaches great importance to ensuring that women and men receive equal pay for work of equal value. Special attention is also paid to gender equality in salary adjustments. A review in Hinwil confirmed that there are no significant gender differences and that wage equality is ensured.

A competence analysis is carried out every two years for employees at higher levels in the company hierarchy. This is based on the Belimo competence model and supports individual development planning. The remuneration system allows employees to participate in the Company's success.

Employee Survey

Belimo conducts worldwide employee surveys every three years. Employees are asked questions anonymously on central workplace subjects such as job content, structures and procedures, collaboration, the Executive Committee, dealing with changes, management by superiors, employee promotion and remuneration. Detailed results will be analyzed by the individual teams around the world and used to implement corresponding actions.

Belimo achieved an excellent fourth place at the Swiss Employer Awards 2017.

The 2017 employee survey met with a response rate of 92 percent and an engagement score of 8.8 percent (see chart below). On a scale from 1 (lowest rating) to 10 (highest rating), this value describes the extent to which the topics of identification, motivation and commitment are present among employees. Belimo is with reason a popular employer – as confirmed by excellent rankings in the Swiss Employer Award benchmarking initiative, in which Belimo participates every three years in accordance with the survey.

Training, Personal and Career Development

Belimo helps employees develop their specialist knowledge. Comprehensive induction programs ensure that new employees are efficiently inducted in their field of work and the corporate culture. An internal training program enables knowledge and skills to be continuously adapted to the tasks at hand. Employees' personal development is supported. Time spent abroad at one of the Company's other locations is considered an opportunity for professional and personal development and brings added value for the Company.

Managers around the world regularly complete training courses on leadership issues. For example, all managers go through a three-day leadership course aimed at discussing Belimo values and strategies and enhancing leadership skills. Belimo offers career path planning for both managers and professional specialists.

Promoting New Talent

Together with local schools, Belimo helps young people in Hinwil to choose a profession and provides an insight into everyday working life. This offer attracts a lot of interest in the region and has therefore been further expanded.

The STEM initiative in Danbury aims to stimulate children's curiosity and interest in Science, Technology, Engineering and Mathematics. In workshops, representatives of local Belimo management use practical examples to show the children how these disciplines are applied in product development and ultimately how energy-efficient HVAC systems make a contribution to the environment.

Belimo provides apprenticeships to 22 trainees in six different professional areas at its Hinwil site. Belimo also offers places for selected apprentices looking to combine their basic vocational training with a career in top-level sport. This requires a flexible education program that fits working hours around their physical training and competitions. For this, Belimo is recognized by Swiss Olympic as a competitive sports-friendly apprenticeship company.

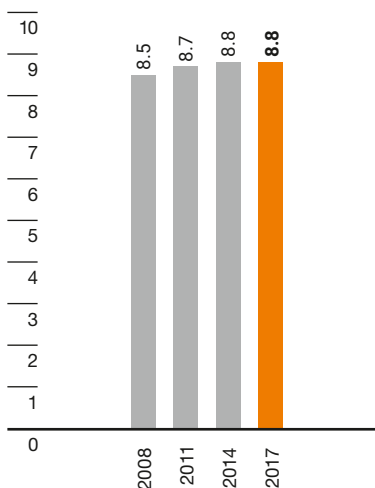
As part of the promotion of new talent, all apprentices are given a project order each year that they must plan and carry out by themselves with a specified budget. All apprentices are involved in this program. The result of this project work is presented at the annual parents' evening. The project order and the organization of the parents' evening are both entirely the responsibility of the apprentices.

The apprentices complete their training with a final examination, in 2018 some even obtaining awards. Belimo offers them employment opportunities even after they have completed their training. This is often used to bridge the time until further study or military service.

In order to ensure optimal training and supervision, vocational trainers are regularly trained.

EMPLOYEE ENGAGEMENT

Scale from 1 (lowest rating) to 10 (highest rating)



Health and Safety

The first-aid teams in Hinwil and Danbury are regularly trained in how to handle various medical emergencies. The safety concept is regularly reviewed with evacuation exercises without notice.

Continuous investments are also made in occupational safety and ergonomics which are reviewed on-site with the involvement of external consultants.

The program to promote occupational health includes targeted relaxation and strengthening exercises, training in workplace ergonomics as well as other topic-specific activities and lectures.

The staff restaurants BELGUSTO in Hinwil and Belimo Bistro in Danbury offer employees the opportunity to eat healthily and at low prices.

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Consolidated Financial Statements

Consolidated Income Statement

	Note	2018	%*	2017	%*
in CHF 1 000					
Net sales	3	642 368	100.0	579 853	100.0
Other operating income	4	1 257	0.2	1 285	0.2
Material expenses		-266 127	-41.4	-238 798	-41.2
Personnel expenses	5	-171 195	-26.7	-157 877	-27.2
Other operating expenses	6	-71 304	-11.1	-67 075	-11.6
Depreciation and amortization	14, 15	-25 160	-3.9	-24 767	-4.3
Operating income (EBIT)		109 839	17.1	92 621	16.0
Financial income	7	644	0.1	3 238	0.6
Financial expenses	7	-5 574	-0.9	-1 427	-0.2
Financial result		-4 930	-0.8	1 811	0.3
Income before taxes (EBT)		104 909	16.3	94 432	16.3
Income taxes	8	-18 700	-2.9	-16 942	-2.9
Net income		86 209	13.4	77 490	13.4
Attributable to shareholders of BELIMO Holding AG		86 209	13.4	77 490	13.4
Earnings per share in CHF	9	140.22		126.06	

There are no options or other instruments that could have a dilutive effect.

* in percent of net sales

Consolidated Statement of Comprehensive Income

	Note	2018	2017
in CHF 1 000			
Net income		86 209	77 490
Translation differences		-1 605	-2 092
Tax effect	8	-51	23
Items that are or may be reclassified subsequently to the income statement		-1 655	-2 069
Remeasurements of post-employment benefits	19	-7 734	16 980
Tax effect	8	1 187	-2 473
Items that will not be reclassified subsequently to the income statement		-6 546	14 507
Other comprehensive income, net of tax		-8 202	12 438
Total comprehensive income		78 008	89 928
Attributable to shareholders of BELIMO Holding AG		78 008	89 928

Consolidated Balance Sheet

	Note	12.31.2018	12.31.2017 restated*
in CHF 1 000			
Cash and cash equivalents	10	155 138	113 178
Trade receivables	11	87 173	83 587
Inventories	12	97 903	95 132
Other assets	13	7 793	10 030
Current tax assets		274	576
Current assets		348 281	302 503
Property, plant and equipment	14	163 119	166 029
Intangible assets	15	14 893	17 064
Financial assets	16	1 812	1 596
Post-employment benefits	19		2 466
Deferred tax assets	8	2 947	2 228
Non-current assets		182 771	189 383
Assets		531 052	491 886
Trade payables		18 409	17 108
Other liabilities	17	41 297	38 250
Current financial liabilities	2	1 463	
Current provisions	18	4 920	4 345
Current tax liabilities		5 000	3 778
Current liabilities		71 089	63 481
Non-current financial liabilities	2		1 515
Non-current provisions	18	1 226	1 170
Post-employment benefits	19	7 258	747
Deferred tax liabilities	8	11 617	11 323
Non-current liabilities		20 101	14 755
Liabilities		91 190	78 236
Share capital	20	615	615
Treasury shares	20	- 67	- 262
Capital reserves	20	23 814	23 219
Retained earnings	20	415 500	390 078
Shareholders' equity		439 862	413 650
Liabilities and shareholders' equity		531 052	491 886

* see note 1.4

Consolidated Statement of Changes in Equity

	Share capital	Treasury shares	Capital reserves	Translation differences	Other retained earnings	Total retained earnings	Shareholders' equity
in CHF 1 000							
As at January 1, 2017	615	-521	22 629	-866	347 108	346 242	368 965
Net income					77 490	77 490	77 490
Other comprehensive income, net of tax				-2 069	14 507	12 438	12 438
Total comprehensive income				-2 069	91 997	89 928	89 928
Sale of treasury shares		259	589				848
Dividends					-46 092	-46 092	-46 092
As at December 31, 2017	615	-262	23 219	-2 935	393 013	390 078	413 650
Impact from changes to accounting policies					-330	-330	-330
As at January 1, 2018	615	-262	23 219	-2 935	392 683	389 748	413 320
Net income					86 209	86 209	86 209
Other comprehensive income, net of tax				-1 655	-6 546	-8 202	-8 202
Total comprehensive income				-1 655	79 663	78 008	78 008
Sale of treasury shares		195	596				791
Dividends					-52 256	-52 256	-52 256
As at December 31, 2018	615	-67	23 814	-4 590	420 090	415 500	439 862

Consolidated Statement of Cash Flows

	Note	2018	2017
in CHF 1 000			
Net income		86 209	77 490
Income taxes	8	18 700	16 942
Interest result	7	- 470	- 511
Depreciation of property, plant and equipment	14	19 145	19 528
Amortization of intangible assets	15	6 015	5 239
Gain on sale of property, plant and equipment	14	- 151	- 227
Other non-cash items		513	1 256
Change in receivables and other current assets		- 1 801	- 11 231
Change in inventories		- 3 456	- 13 973
Change in payables and other current liabilities		5 011	4 254
Change in provisions	18	642	9
Income taxes paid		- 16 421	- 16 458
Cash flow from operating activities		113 938	82 318
Investments in property, plant and equipment	14	- 16 160	- 21 182
Investments in intangible assets	15	- 4 331	- 3 737
(Purchase)/Sale of financial assets		- 20	59
Sale of property, plant and equipment		306	313
Interest received	7	528	635
Acquisition of companies minus acquired cash and cash equivalents	2		- 3 549
Cash flow used in investing activities		- 19 677	- 27 461
Sale of treasury shares	20	791	848
Dividends paid	20	- 52 256	- 46 092
Interest paid		- 67	- 55
Cash flow used in financing activities		- 51 533	- 45 299
Translation differences arising from cash and cash equivalents		- 768	- 50
Change in cash and cash equivalents		41 960	9 508
Cash and cash equivalents at beginning of period		113 178	103 670
Cash and cash equivalents at end of period	10	155 138	113 178

Notes to the Consolidated Financial Statements

1 General

1.1 Corporate Information

The Belimo Group (hereinafter referred to as “Belimo” or “the Group”) is a leading global manufacturer of innovative electrical actuator solutions, valve systems and sensors for heating, ventilation and air conditioning systems. The shares of BELIMO Holding AG have been traded on the SIX Swiss Exchange since 1995 (BEAN). The registered office is in Hinwil (Switzerland).

1.2 Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

1.3 Basis of Preparation

The reporting date for BELIMO Holding AG, all of its subsidiaries and for these consolidated financial statements is December 31, 2018. The consolidated financial statements are presented in Swiss francs (CHF), rounded to the nearest thousand. Due to rounding, amounts presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount. The consolidated financial statements are prepared on the historical cost basis, with the exception of the derivative financial instruments, which are stated at fair value. The consolidated financial statements are published exclusively in English.

The presentation of consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments in applying accounting policies. This may have an effect on the reported income, expenses, assets, liabilities and contingent liabilities. In the event that such estimates and assumptions made in good faith by management at the time at which the financial statements are prepared subsequently differ from the actual circumstances, the original estimates and assumptions will be adjusted accordingly in the reporting period during which the circumstances change.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the notes (see notes 8 Income Taxes, 18 Provisions and 19 Post-Employment Benefits).

1.4 Changes in presentation

Belimo analyzed the provisions and reevaluated its presentation. Provisions with a probable outflow of resources within twelve months are now reported as current item in the consolidated balance sheet. In addition, the disclosure of raw materials and finished goods was reassessed and amended, with no impact on total net inventories. The previous year’s amounts were restated as follows.

	Reported	Restatement	Restated
Balance Sheet			
Current liabilities	59 136	4 345	63 481
Non-current liabilities	19 100	- 4 345	14 755
Inventories			
Raw materials and consumables	50 205	- 3 173	47 032
Finished goods	44 870	3 173	48 043

1.5 Changes to Accounting Policies

Effective new and amended standards and interpretations

Belimo has initially applied IFRS 15 and IFRS 9 from January 1, 2018 with no substantial impact on the Group's financial statements. Due to the transition methods chosen by Belimo in applying these standards, comparative information has not been restated. A number of other amended standards and interpretations became also effective on January 1, 2018, but they did not have any impact on these consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers: The new standard for revenue recognition replaced IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. Revenue was previously recognized at the time of delivery, when significant risks and rewards of ownership of the goods had been transferred to the customer. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer.

Belimo has assessed the existing contracts with customers and the general terms and conditions. Performance obligations are satisfied at a point in time. Due to the current business model, the timing of the revenue recognition did not change under IFRS 15 compared to IAS 18. Warranty conditions solely provide a customer with assurance that the related product complies with agreed-upon specifications. Consequently, the accounting for the warranty remained unchanged, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. As a result, there were no impacts on the consolidated financial statements of the Group. Belimo applied the modified retrospective approach for the adoption of IFRS 15.

IFRS 9 Financial Instruments: The new standard sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It replaced IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduced new financial instrument classifications, new rules for hedge accounting and a new impairment model for financial assets.

The financial assets of Belimo classified as loans and receivables as well as the financial liabilities valued at amortized costs in the past are now classified as financial instruments at amortized costs. The fair values of forward foreign exchange contracts are classified as financial instruments at fair value through profit and loss. Belimo applied the simplified approach for trade receivables. The transition impact of CHF 0.3 million, mainly related to trade receivables that were not yet due, was recognized at January 1, 2018 in retained earnings.

New and amended standards and interpretations issued but not yet effective

A number of new and revised standards and interpretations get effective on January 1, 2019 or later and earlier application is permitted. Belimo has not early adopted these standards.

One of those standards, IFRS 16 Leases, is expected to have a material impact on the Group's financial statements in the period of initial application.

IFRS 16 Leases: The new standard replaces IAS 17 Leases and IFRIC 4 determining whether an arrangement contains a lease. Under IAS 17, operating lease expenses are recognized on a straight-line basis over the term of the lease. Only timing differences between actual lease payments and the linearized expenses are recognized as assets or liabilities. IFRS 16 introduces a single, on-balance sheet lease accounting model. A lessee recognizes a right-of-use asset, that represents the right to use the underlying asset, and a lease liability, that corresponds to the obligation to make lease payments. The right-of-use asset is subsequently depreciated using the straight-line method. The lease liability corresponds initially to the present value of the unpaid lease payments. It is measured at amortized costs. In the event of a

change of future lease payments the lease liability and the right-of-use asset are remeasured.

The nature of expenses related to leases change from operating expenses under IAS 17 to depreciation charges for the right-of-use asset and interest expenses on the lease liability under IFRS 16.

Belimo will adopt IFRS 16 as from January 1, 2019. In accordance with the transitional provisions, the modified retrospective approach will be applied. Comparative periods will not be restated. At transition, the right-of-use asset will be measured at an amount equal to the lease liability, adjusted by any prepaid or accrued lease payments. As an exemption short-term leases and leases of low-value items do not have to be recognized in the balance sheet. Belimo has assessed the estimated impact that the initial application of IFRS 16 will have on its consolidated financial statements. The right-of-use asset and the lease liability are expected to amount to CHF 12.9 million on January 1, 2019. This impact may change until the Group presents its first financial statements that include the date of initial application.

The impact of the other new and revised standards and interpretations on the consolidated financial statements of Belimo has not yet been systematically analyzed. This means that the expected impact as disclosed at the bottom of the following table merely represents an initial assessment from management.

		Effective date	Planned application
New Standards and Interpretations			
IFRIC 23 Uncertainty over Income Tax Treatments	*	01.01.2019	2019
Amendments of Standards			
Annual Improvements to IFRS 2015–2017 Cycle:			
IFRS 3 Business Combinations	*	01.01.2019	2019
IFRS 11 Joint Arrangements	*	01.01.2019	2019
IAS 12 Income Taxes	*	01.01.2019	2019
IAS 23 Borrowing Costs	*	01.01.2019	2019
IAS 19 Employee Benefits – Plan Amendment, Curtailment or Settlement	*	01.01.2019	2019
IAS 28 Investments in Associates and Joint Ventures	*	01.01.2019	2019
Amendments to References to Conceptual Framework in IFRS Standards	*	01.01.2020	2020
Definition of a Business (Amendments to IFRS 3)	*	01.01.2020	2020
Definition of Material (Amendments to IAS 1 and IAS 8)	*	01.01.2020	2020

* No or no significant impact is expected on the consolidated financial statements of Belimo.

1.6 Basis of Consolidation

Scope of Consolidation

The consolidated financial statements include all companies that are controlled either directly or indirectly by BELIMO Holding AG (subsidiaries). Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the company and is able to affect those returns through its power over the company.

Subsidiaries that are acquired or sold during the course of the year are consolidated with effect from the date on which control commences and deconsolidated with a gain or loss included in the income statement from the date on which control is lost.

Eliminations

Assets, liabilities, income and expenses are recognized on a 100 percent basis using the full consolidation method. Intercompany income and expenses and intercompany receivables and payables are eliminated. Any unrealized profits arising from intercompany transactions are eliminated, affecting net income. Unrealized losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

1.7 Currency Translation

Transactions in Foreign Currency

Transactions in a foreign currency are translated into the functional currency at the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Any foreign currency gains or losses resulting from transactions and from the translation of balance sheet items denominated in foreign currencies are recognized in the income statement. Non-monetary assets and liabilities measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign Operations

Financial statements of foreign operations are translated into Swiss francs as follows: for the balance sheet, at the exchange rates at the reporting date; for the income statement, the statement of comprehensive income and the statement of cash flows, at the average exchange rate. Any translation differences arising from the translation of the balance sheets, income statements and the statements of comprehensive income are recognized in other comprehensive income with no effect on the income statement. This also applies to loans that are part of a net investment in a foreign operation. The cumulative amount in the translation reserve is transferred to the income statement at the date of the loss of control over the foreign operation.

2 Changes to the Scope of Consolidation

On March 1, 2018, BELIMO Automation Malaysia SDN. BHD. was founded.

In the financial year 2017, Belimo acquired all shares of Belimo AB, a company distributing Belimo products in Sweden. Total purchase price amounted to CHF 5.6 million of which CHF 4.2 million were settled in cash. The remainder, deferred consideration of CHF 1.4 million, due in 2019, was recognized as financial liability. The net asset acquired included cash and cash equivalents of CHF 0.6 million, other current asset of CHF 1.5 million, intangible assets of CHF 6.2 million and liabilities of CHF 2.8 million.

The acquired business contributed net sales of CHF 4.2 million and net income of CHF 1.3 million to the Group for the period from July 1, to December 31, 2017. If the acquisition had occurred on January 1, 2017, consolidated pro-forma net sales and net income 2017 would have been CHF 581.7 million and CHF 78.1 million, respectively.

3 Segment Reporting

The reportable operating segments are determined using the management approach: external segment reporting is based on the Group's internal organization and management structure, as well as the internal financial reporting to the Chief Operating Decision Maker – the Board of Directors of BELIMO Holding AG.

Sales are measured net of sales tax, credits for returns and discounts and are recognized when control of the goods transfers to the customer. Due to the current business model, the performance obligations are satisfied at a point in time. Generally, sales are recognized upon shipment or upon delivery, as defined in the general terms and conditions and in compliance with generally accepted incoterms. Performance obligations in contracts with customers have a duration of one year or less. Warranty conditions solely provide a customer with assurance that the related product complies with agreed-upon specifications. Consequently, the accounting for the warranty is in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Payment terms are adapted to the local market conditions. For the major part of the revenue recognition payment terms of 1 to 60 days are applied.

Belimo develops, produces and distributes actuator solutions, valve systems and sensors for controlling heating, ventilation and air conditioning systems. All products are made from comparable materials and manufactured using similar processes.

The Group has four reportable operating segments which constitute its strategic divisions. With a view to maintaining a market presence in close proximity to its customers, the three geographical strategic Group divisions "Europe," "Americas" and "Asia Pacific" are run by regional managers. The organization of the strategic Group division "Shared Services" is subdivided and managed centrally as a cost center by the Swiss company. No sales are therefore allocated to this segment.

The activities of the reportable segments are as follows:

Europe, Americas, Asia Pacific. Distribution and sale of Belimo products in the respective market region.

Shared Services. Research and development activities, production, logistics, customizing, the functions finance and administration as well as the expenses for the Group Executive Committee and the Board of Directors.

The performance of the geographic segments is measured using the cost-sales ratio (operating expenses, depreciation and amortization as a percentage of sales). Material expenses cannot be reliably allocated to the segments due to the Group's principal structure. As a result of the group-wide application of a principal structure, the central production and sales company in Switzerland is the main risk carrier. The opportunities and risks of the sales companies are limited to their local market risk.

With regard to segment assets, only trade receivables, property, plant and equipment as well as intangible assets are allocated. The liabilities are only reported in full in the internal financial reporting and are not allocated to the reportable segments.

	Europe	Americas	Asia Pacific	Shared Services	Elimination	Total
in CHF 1 000						
2018						
Income statement						
Net sales to third parties	317 200	242 885	82 283			642 368
Other operating income				679		679
Operating expenses	- 45 402	- 35 487	- 17 777	- 160 456	16 623	- 242 499
Depreciation and amortization	- 2 733	- 3 649	- 482	- 18 296		- 25 160
Segment profit	269 065	203 749	64 024	- 178 073	16 623	375 388
Unallocated other operating income						578
Unallocated material expenses						- 266 127
Unallocated financial result						- 4 930
Income before taxes (EBT)						104 909
Investments in property, plant and equipment and intangible assets	1 073	1 243	1 102	17 073		20 491
Balance sheet as at December 31, 2018						
Trade receivables	66 283	35 192	15 074		- 29 376	87 173
Property, plant and equipment and intangible assets	8 389	46 083	2 203	121 336		178 012
Unallocated assets						265 867
Total assets						531 052
2017						
Income statement						
Net sales to third parties	280 834	226 460	72 559			579 853
Other operating income				831		831
Operating expenses	- 41 204	- 33 636	- 14 918	- 152 091	16 898	- 224 952
Depreciation and amortization	- 2 315	- 3 933	- 268	- 18 251		- 24 767
Segment profit	237 314	188 891	57 374	- 169 511	16 898	330 966
Unallocated other operating income						453
Unallocated material expenses						- 238 798
Unallocated financial result						1 811
Income before taxes (EBT)						94 432
Investments in property, plant and equipment and intangible assets	1 028	1 149	1 297	21 445		24 919
Balance sheet as at December 31, 2017						
Trade receivables	72 636	32 242	15 772		- 37 062	83 587
Property, plant and equipment and intangible assets	10 700	48 172	1 682	122 539		183 093
Unallocated assets						225 206
Total assets						491 886

Net sales growth by market regions was as follows:

	CHF	Local currencies
Europe	12.9%	9.5%
Americas	7.3%	8.4%
Asia Pacific	13.4%	13.8%
Group	10.8%	9.6%

Overall, movements in exchange rates had an effect of 1.2 percentage points on net sales (previous year +0.5 percentage points). Around 35 percent of net sales were denominated in US dollar, 30 percent in euro, 10 percent in Swiss franc and 25 percent in other currencies.

Europe contributed 49 percent (previous year 48 percent), Americas 38 percent (previous year 39 percent) and Asia Pacific 13 percent (previous year 13 percent) to the total net sales.

The net sales by applications were as follows:

	2018	Share	2017	Share
in CHF 1 000				
Air	365 442	57%	329 602	57%
Water	276 926	43%	250 251	43%
Total	642 368	100%	579 853	100%

In local currencies, net sales of air applications grew by 9.4 percent and net sales of water applications increased by 9.8 percent.

The following table shows information on geographic regions:

	Net sales to third parties		Property, plant and equipment, intangible assets	
	2018	2017	12.31.2018	12.31.2017
in CHF 1 000				
Germany	71 467	64 527	223	233
Central Eastern Europe	50 407	43 643	159	139
Italy	20 873	18 391	571	589
France	19 608	16 917	215	248
Switzerland	18 801	14 742	110 101	111 194
Others	136 044	122 614	7 221	9 367
Europe	317 200	280 834	118 490	121 770
USA	193 845	180 907	56 462	58 805
Canada	39 445	35 767	153	169
Others	9 596	9 787	143	24
Americas	242 885	226 460	56 757	58 998
China	38 325	30 354	1 466	1 757
Others	43 959	42 205	1 299	568
Asia Pacific	82 283	72 559	2 765	2 325
Total	642 368	579 853	178 012	183 093

4 Other Operating Income

Other operating income of CHF 1.3 million (previous year CHF 1.3 million) primarily contains capitalized development costs of CHF 0.7 million (previous year CHF 0.8 million).

5 Personnel Expenses

In the case of defined contribution plans, the expenses recognized in the income statement correspond to the contributions paid by the employer.

	2018	2017
in CHF 1 000		
Wages and salaries	- 131 139	- 120 201
Social security contributions	- 18 491	- 17 368
Expenses related to post-employment defined benefit plans	- 9 294	- 8 613
Contributions to post-employment defined contribution plans	- 3 635	- 3 189
Post-employment benefit expenses	- 12 929	- 11 802
Other personnel expenses	- 8 636	- 8 506
Total	- 171 195	- 157 877

6 Other Operating Expenses

	2018	2017
in CHF 1 000		
Travel and representation	- 9 103	- 9 217
Lease expenses and cost of business premises	- 8 048	- 7 527
Consulting	- 8 076	- 8 380
Marketing	- 8 753	- 7 434
IT	- 7 798	- 6 941
External research and development	- 19 002	- 18 475
Other operating expenses	- 10 525	- 9 101
Total	- 71 304	- 67 075

Research and development costs of CHF 47.2 million (previous year CHF 44.4 million) are included mainly in personnel and in external research and development expenses. Thereof, CHF 0.7 million (previous year CHF 0.8 million) were capitalized.

7 Financial Result

The financial result is composed primarily of interest expenses on borrowings based on the effective interest method, interest income, foreign exchange gains and losses, bank charges as well as gains and losses on hedging instruments. Interest income is recognized in accordance with the effective interest method.

	2018	2017
in CHF 1 000		
Interest income	588	635
Net gain from derivative financial instruments	57	412
Foreign exchange gain (net)		2 192
Financial income	644	3 238
Interest expenses	- 118	- 124
Foreign exchange loss (net)	- 3 919	
Other financial expenses (bank charges)	- 1 537	- 1 302
Financial expenses	- 5 574	- 1 427
Total	- 4 930	1 811

8 Income Taxes

Income taxes include current and deferred income taxes. Normally, income taxes are recognized in the income statement unless they relate to an item which is recognized in other comprehensive income or directly in equity.

Current income taxes are determined with regard to taxable profit, based on the tax rates in force as of the reporting date, including tax expenses for previous periods.

Deferred taxes are calculated using the balance sheet liability method on all temporary differences between the tax basis and the IFRS carrying amounts. No deferred taxes are recognized for the following temporary differences: initial recognition of assets or liabilities in a transaction that neither affects taxable nor accounting profit and investments in subsidiaries if it is probable that the temporary differences will not be reversed in the foreseeable future. Deferred tax assets, including the tax benefits from deductible tax losses carried forward, are only recognized if it is probable that the temporary differences or losses carried forward can be offset against future taxable profits.

Estimates are required to determine the total liabilities for current and deferred taxes. There are transactions and calculations for which the final tax assessment is uncertain by the end of the reporting period. Where the actual outcome of final tax assessments or tax audits of such matters differs from the amounts that were initially recognized, such differences may materially impact the income tax and deferred tax positions in the period in which such a determination is made.

Income tax expenses consist of the following:

	2018	2017
in CHF 1 000		
Income taxes relating to current year	- 18 627	- 17 274
Adjustments from previous years	690	- 46
Current income taxes	- 17 937	- 17 320
Deferred taxes	- 763	378
Income tax recognized	- 18 700	- 16 942
in CHF 1 000		
Income before taxes	104 909	94 432
Expected tax expenses	- 17 330	- 15 118
applicable tax rate	16.5%	16.0%
Non-deductible expenses	- 375	- 424
Tax-exempt income	85	64
Adjustments from previous years	690	- 46
Non-reclaimable withholding taxes	- 541	- 423
Effect of companies with mixed tax rates	- 1 285	- 794
Change in tax rate	63	- 192
Other	- 7	- 7
Income tax recognized	- 18 700	- 16 942
effective tax rate	17.8%	17.9%

Some Group companies are taxed at different rates depending on the source of income. The effect of these mixed tax rates is presented as a separate item in the reconciliation above.

The deferred tax assets and liabilities were attributable to the following balance sheet items:

	12.31.2018			12.31.2017		
	Deferred tax			Deferred tax		
	assets	liabilities	net	assets	liabilities	net
in CHF 1 000						
Receivables	191	- 1 416	- 1 224	187	- 1 308	- 1 121
Inventories	483	- 2 654	- 2 170	431	- 2 148	- 1 718
Property, plant and equipment	270	- 5 993	- 5 723	720	- 5 196	- 4 477
Intangible assets		- 1 863	- 1 863		- 2 491	- 2 491
Post-employment benefits	1 084		1 084	92	- 359	- 267
Current liabilities	420		420	508		508
Provisions	6		6	23		23
Tax losses carried forward and tax credits	800		800	448		448
Total (gross)	3 255	- 11 924	- 8 669	2 408	- 11 502	- 9 095
Set-off of tax	- 308	308		- 180	180	
Total (net)	2 947	- 11 617	- 8 669	2 228	- 11 323	- 9 095

The following table summarizes the movements in the net deferred tax position:

	2018	2017
in CHF 1 000		
As at January 1	-9 095	-5 500
Change in scope of consolidation		-1 362
Recognized in the income statement	-763	378
Recognized in other comprehensive income	1 187	-2 473
Translation differences	1	-138
As at December 31	-8 669	-9 095

The Group has CHF 0.8 million (previous year CHF 0.4 million) deferred tax assets relating to utilizable tax losses carried forward and tax credits, all of them without expiry. There were no unrecognized deferred taxes on losses carried forward.

9 Earnings per Share

	2018	2017
Net income in CHF 1 000	86 209	77 490
Average number of outstanding shares	614 834	614 691
Earnings per share in CHF	140.22	126.06

There are no options or other instruments that could have a dilutive effect.

10 Cash and Cash Equivalents

Cash and cash equivalents are measured at amortized cost. While they are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial and therefore no valuation allowance has been recognized.

As at December 31, 2018, cash and cash equivalents consisted of cash, postal and bank balances.

11 Trade Receivables

Trade receivables are initially recognized at the transaction price. Belimo holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost. Loss allowances are always measured at an amount equal to lifetime expected credit losses. The Group uses an allowance matrix to determine the expected credit loss. The loss rates are based on actual credit loss experience over recent years, amended by current conditions and the Group's view of economic conditions. For specifically identified trade receivables with an objective default evidence individual allowances are recognized. The gross carrying amount of trade receivable assets is written off when the Group has no reasonable expectations of recovering a financial assets in its entirety or a portion thereof.

	12.31.2018	12.31.2017
in CHF 1 000		
Trade receivables	89 557	85 619
Allowance	-2 385	-2 032
Total	87 173	83 587

Trade receivables by currency were as follows:

	12.31.2018	12.31.2017
in CHF 1 000		
in CAD	5 276	5 482
in CHF	4 534	3 605
in CNY	5 423	6 982
in EUR	19 027	18 936
in PLN	5 191	4 569
in USD	33 840	31 147
in other currencies	13 881	12 868
Total	87 173	83 587

Trade receivables by market region were as follows:

	12.31.2018	12.31.2017
in CHF 1 000		
Europe	36 982	35 676
Americas	35 192	32 242
Asia Pacific	14 998	15 670
Total	87 173	83 587

There were no cluster risks. The receivables in the Americas related mainly to the United States.

Movements in allowance for doubtful trade receivables were as follows:

	2018	2017
in CHF 1 000		
As at December 31, 2017	-2 032	
Impact from changes to accounting policies	- 330	
As at January 1	-2 361	-1 763
Increase	- 643	- 335
Utilization	527	74
Reversals	34	59
Translation differences	58	- 67
As at December 31	-2 385	-2 032

The aging and allowance of trade receivables were as follows:

	12.31.2018			12.31.2017	
	Default rate	Gross	Allowance	Gross	Allowance
in CHF 1 000					
Not due	0.5%	63 647	- 336	62 929	
Overdue 1 to 30 days	3.0%	17 762	- 533	14 785	- 444
Overdue 31 to 60 days	5.0%	4 684	- 234	4 857	- 243
Overdue 61 to 180 days	10.0%	2 424	- 242	1 926	- 224
Total trade receivables measured using the provision matrix		88 517	-1 345	84 498	- 911
Individual allowances	100.0%	1 040	-1 040	1 121	- 1 121
Total		89 557	-2 385	85 619	-2 032

12 Inventories

Items of inventory are measured at the lower of cost of acquisition or production costs and net realizable value. The net realizable value is the expected average selling price less the expected costs of completion and the estimated costs necessary to make the sale.

Purchased inventories are measured at acquisition cost, internally generated products at cost of production. These latter costs include direct material and production costs and directly attributable overhead expenses. The overhead production expenses are calculated on the basis of normal capacity of production facilities. Inventories are measured on the basis of average prices. Based on a range analysis, items with a slow rate of turnover are written down by 20 to 100 percent.

	12.31.2018	12.31.2017 restated*
in CHF 1 000		
Raw materials and consumables	49 390	47 032
Work in progress	455	57
Finished goods	48 058	48 043
Total inventories (net)	97 903	95 132
Allowance on raw materials and consumables	-2 752	-3 241
Allowance on finished goods	-5 927	-4 715
Total allowance	-8 679	-7 956

* see note 1.4

Finished goods remained nearly unchanged (previous year increase of CHF 8.4 million). The allowance amounted to 8.1 percent (previous year 7.7 percent) of the gross value of inventories.

Movements in allowance were as follows:

	2018	2017
in CHF 1 000		
As at January 1	-7 956	-7 759
Increase	-4 495	-2 333
Utilization	3 533	2 205
Reversals	111	5
Translation differences	129	-75
As at December 31	-8 679	-7 956

13 Other Assets

Derivative financial instruments are measured at fair value through profit or loss with any changes therein recognized in the financial result. Other receivables and accruals qualifying as financial instruments are recognized at amortized costs. While they are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial and therefore no valuation allowance has been recognized.

	12.31.2018	12.31.2017
in CHF 1 000		
Non-income tax receivables	4 283	6 611
Advance payments and deferred expenses	3 192	2 883
Fair value of derivative financial instruments	121	117
Other receivables	197	419
Total	7 793	10 030

14 Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Significant parts of an item of property, plant and equipment with different useful lives are accounted for separately. Subsequent expenditure is capitalized if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Expenditure for maintenance and repair is recognized in the income statement. Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, or the shorter lease term.

The estimated useful lives applied by the Group are as follows:

Land, buildings	Land	Unlimited
	Buildings (components with different useful lives)	10–60 years
Tools, machinery	Transportation equipment, tools and machinery, workshop and warehouse facilities	5–9 years
	Tools at suppliers and testing equipment	3–5 years
Furniture, fixtures and movable equipment	Furniture and fixtures	2–8 years
	Leasehold improvements	5–10 years
	Motor vehicles, office machinery and IT equipment	2–5 years

The expected residual value, if not immaterial, is reviewed annually. If there is any impairment indication at the reporting date, the recoverable amount is estimated. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. To determine the value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. An impairment loss is recognized in the income statement, if the carrying amount of an asset or of the cash-generating unit to which the asset belongs exceeds the recoverable amount.

	Land, buildings	Tools, machinery	Furniture, fixtures, movable equipment	Advance payments, assets under con- struction	Total
in CHF 1 000					
Costs					
As at January 1, 2017	183 665	93 154	21 546	513	298 878
Additions	6 035	8 605	4 565	1 976	21 182
Disposals	-408	-1 982	-2 693		-5 084
Reclassifications	65	418		-484	
Translation differences	-2 735	-565	198	-2	-3 104
As at December 31, 2017	186 623	99 630	23 616	2 003	311 872
Additions	3 303	8 847	3 230	780	16 160
Disposals	-22	-3 120	-2 173	-28	-5 344
Reclassifications	643	1 201	81	-1 926	
Translation differences	509	26	-390	-9	136
As at December 31, 2018	191 055	106 584	24 364	820	322 823
Accumulated depreciation					
As at January 1, 2017	-45 536	-71 317	-15 099		-131 952
Depreciation	-7 416	-9 194	-2 918		-19 528
Disposals	408	1 981	2 608		4 998
Translation differences	389	370	-119		640
As at December 31, 2017	-52 155	-78 160	-15 528		-145 843
Depreciation	-7 045	-9 133	-2 967		-19 145
Disposals	22	3 078	2 088		5 189
Translation differences	-113	-20	229		95
As at December 31, 2018	-59 292	-84 235	-16 178		-159 704
Carrying amounts					
As at January 1, 2017	138 129	21 837	6 446	513	166 925
As at December 31, 2017	134 467	21 470	8 088	2 003	166 029
As at December 31, 2018	131 763	22 349	8 186	820	163 119

There were no impairment losses. The sale of property, plant and equipment resulted in a gain of CHF 0.2 million (previous year CHF 0.2 million).

Commitments for investments in property, plant and equipment amounted to CHF 1.7 million (previous year CHF 2.3 million).

15 Intangible Assets

The Group's intangible assets comprise acquired software, acquired non-contractual customer relationships, as well as internally generated intangible assets. Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. They are amortized on a straight-line basis over their estimated useful lives from the time at which they become available for use.

The estimated useful lives applied by the Group are as follows:

Software, other intangible assets	2–5 years
Customer relationships	3–9 years
Internally generated intangible assets	2–5 years

Internally generated intangible assets include capitalized development costs. Development costs incurred to obtain new or substantially improved products and processes are capitalized if the resulting products and processes are technically and commercially feasible and if it is probable that they will generate future economic benefits. In addition, the Group must intend and have sufficient resources available to complete the development and to use or sell the asset. Development costs previously recognized as expenses are not recognized as assets in subsequent periods. Capitalized development costs of projects that have not yet been completed are not amortized but subject to an annual impairment test. Research costs incurred to gain new basic or technological knowledge and understanding are recognized in the income statement.

Subsequent expenditure in intangible assets is capitalized if it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses are recognized in the income statement when they are incurred.

The carrying amounts of intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. The impairment process is similar to the one described in note 14 Property, Plant and Equipment.

	Software, other intangible assets	Customer relation- ships	Internally generated intangible assets	Advance payments	Total
in CHF 1 000					
Costs					
As at January 1, 2017	21 835	6 945	9 307	1 579	39 666
Additions	2 238		831	668	3 737
Disposals	- 2 940		- 1 873		- 4 814
Reclassifications	1 571			- 1 571	
Change in scope of consolidation		6 414			6 414
Translation differences	- 110	832			723
As at December 31, 2017	22 593	14 191	8 265	676	45 726
Additions	3 315		679	337	4 331
Disposals	- 317		- 3 701		- 4 018
Reclassifications	631			- 631	
Translation differences	15	- 751		1	- 736
As at December 31, 2018	26 237	13 440	5 243	383	45 304
Accumulated amortization					
As at January 1, 2017	- 18 928	- 3 834	- 5 154		- 27 915
Amortization	- 2 572	- 1 359	- 1 307		- 5 239
Disposals	2 940		1 873		4 814
Translation differences	82	- 403			- 321
As at December 31, 2017	- 18 478	- 5 596	- 4 588		- 28 662
Amortization	- 3 046	- 1 793	- 1 176		- 6 015
Disposals	317		3 701		4 018
Translation differences	- 12	260			248
As at December 31, 2018	- 21 219	- 7 129	- 2 063		- 30 411
Carrying amounts					
As at January 1, 2017	2 907	3 111	4 153	1 579	11 751
As at December 31, 2017	4 116	8 595	3 677	676	17 064
As at December 31, 2018	5 018	6 311	3 180	383	14 893

CHF 0.1 million (previous year CHF 1.8 million) of internally generated intangible assets (capitalized development costs) are not yet available for use and have not been amortized yet.

The conducted impairment tests did not show any need for impairment.

Commitments for investments in intangible assets amounted to CHF 1.8 million (previous year CHF 1.4 million).

16 Financial Assets

Financial assets are measured at amortized costs. While they are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial and therefore no valuation allowance has been recognized.

Non-current financial assets primarily comprise deposits relating to lease agreements for the business premises of various Group companies as well as loans to finance Belimo distribution companies.

17 Other Liabilities

Financial liabilities other than derivative financial instruments included in other liabilities are recognized at amortized costs. Derivative financial instruments are measured at fair value through profit and loss, with any changes therein recognized in the financial result.

	12.31.2018	12.31.2017
in CHF 1 000		
Liabilities to employees	17 516	15 612
Accrued volume rebates to customers	11 952	10 518
Non-income tax payables	4 941	5 391
Social security liabilities	2 350	1 915
Fair value of derivative financial instruments	1	54
Other liabilities and accrued expenses	4 536	4 760
Total	41 297	38 250

18 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, an outflow of resources embodying economic benefits is probable and the amount of the obligation can be reliably estimated. They are discounted if the effect is material.

Provisions are measured at the reporting date based on the best estimate of the future outflow of economic benefits. Depending on the development and outcome of the events, claims may arise which are lower or higher than the recognized provision or which are not or only partially covered by a corresponding insurance benefit. The actual payments may therefore differ from the provisions.

	Warranties	Others	Total 2018	Total 2017
in CHF 1 000				
As at January 1	4 950	565	5 515	5 491
Increase	4 723	87	4 810	5 121
Utilization	- 3 418		- 3 418	- 3 932
Reversals	- 500	- 250	- 750	- 1 180
Translation differences		- 10	- 10	16
As at December 31	5 755	391	6 146	5 515
of which current provisions	4 920		4 920	4 345
of which non-current provisions	835	391	1 226	1 170

Provisions for warranties were calculated on the basis of returns in the past and generally cover a warranty period of five years. Other provisions included, in particular, estimated costs for pending legal proceedings, the outcome of which was unknown at the time of preparing the financial statements.

19 Post-Employment Benefits

The present value of the defined benefit obligation and the fair value of the plan assets are determined annually by independent actuaries for each plan and are recognized as a net defined benefit asset/liability. The present value of the defined benefit obligation is calculated using the projected unit credit method. The discount rate is based on the interest rate of high quality corporate bonds with terms approximating to the terms of the related defined benefit obligation.

Defined benefit expenses recognized in the income statement include current service costs (service costs in the reporting period) and past service costs (gains/losses from plan amendments and curtailments). The net interest result (multiplication of the net defined benefit asset/liability with the discount rate) is recognized in the financial result. Remeasurements of the net defined benefit asset/liability which comprise actuarial gains and losses on the defined benefit obligation and the return on plan assets, excluding amounts included in the net interest result are recognized in other comprehensive income and are not reclassified subsequently to the income statement. Asset surpluses are considered only to the extent of possible future reimbursement or reduction of contributions in accordance with IFRIC 14.

The calculation of the net defined benefit asset/liability is based on partially long-term actuarial assumptions. These can differ from the actual future results. The discount rate and the life expectancy are material assumptions for the actuarial calculation.

19.1 General

In addition to state social security schemes, some Group companies offer additional post-employment benefit plans, covering approximately half of all employees. Under some of these post-employment benefit plans, employees must make contributions, which are supplemented by corresponding employer contributions. The funding is made in accordance with local legal and fiscal requirements. Employees receive benefits in the event of death, disability or retirement. The most significant post-employment benefit plans exist in Switzerland, accounting for 99.7 percent of the defined benefit obligation and 100 percent of the plan assets.

19.2 Post-Employment Benefit Plan of BELIMO Automation AG

Swiss pension schemes are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) and their implementing regulations. The BVG defines the minimum insured salary, the minimum retirement credits, as well as the interest rate applied to these credits and the conversion rate. On the basis of these legal provisions and the plan structure, the employer is exposed to actuarial risks such as investment risk, interest rate risk and the risk of disability, as well as the risk of longevity. The employee and employer contributions are defined by the board of trustees. In the case of a statutory underfunding, measures for its elimination must be taken. Possible measures could be an adjustment to the conversion rate or restructuring contributions from both the employer and the employees.

The Swiss pension plan of Belimo is organized via an autonomous foundation. The plan is classified as a defined benefit plan in accordance with IAS 19 and as a defined contribution plan in accordance with the BVG. The most senior management body is the board of trustees, which is composed of an equal number of employee and employer representatives. It is legally obliged to act in the interests of the plan participants. The board of trustees is responsible for defining the investment strategy, effecting changes to the post-employment benefit plan regulations and determining the funding of pension plan benefits. The investment strategy is reviewed at least once a year. An additional post-employment benefit plan at a collective foundation in Switzerland exists for the Group Executive Committee.

Employer contributions to the pension scheme are defined in the applicable regulations as a fixed percentage of the insured salaries and include both savings and risk components. Retirement benefits are determined on the basis of the retirement assets held at the time of retirement. The insured individual can choose between a life-long annuity and a lump-sum payment. The annuity is calculated by multiplying the retirement savings capital by the conversion rate as defined in the regulations. The annual retirement contributions and interest thereon are credited to the retirement savings capital. When employees leave the company, their retirement savings capital is transferred to the pension scheme of the new employer or a vested benefits plan.

19.3 Details of Calculations

In the reporting year as well as in the previous year, there were no amendments to the plan.

The net defined benefit asset/liability relates to funded and unfunded plans as follows:

	12.31.2018	12.31.2017
in CHF 1 000		
Present value of funded obligations	- 255 583	- 251 228
Fair values of plan assets	248 993	253 694
(Deficit)/surplus of funded plans	- 6 591	2 466
Present value of unfunded obligations	- 668	- 747
Total (deficit)/surplus of defined benefit pension plans	- 7 258	1 719
of which recognized as non-current asset		2 466
of which recognized as non-current liability	- 7 258	- 747

In 2018, the return on plan assets of negative CHF 14.1 million (previous year positive CHF 19.4 million) resulted in a deficit of CHF 6.6 million for the Swiss pension plan recognized as non-current liability as at December 31, 2018 (previous year non-current asset of CHF 2.5 million).

The movements in the net defined benefit asset/liability were as follows:

	2018			2017		
	Defined benefit obligations	Fair value of plan assets	Net defined benefit asset/(liability)	Defined benefit obligations	Fair value of plan assets	Net defined benefit asset/(liability)
in CHF 1 000						
As at January 1	- 251 975	253 694	1 719	- 236 487	222 464	- 14 023
Movements included in the income statement						
Current service costs	- 9 294		- 9 294	- 8 613		- 8 613
Interest result (net)	- 1 618	1 670	52	- 1 401	1 354	- 47
Total movements included in the income statement	- 10 912	1 670	- 9 242	- 10 014	1 354	- 8 660
Movements included in other comprehensive income						
Change in demographic assumptions						
Change in financial assumptions	10 201		10 201	1 700		1 700
Experience adjustments	- 2 101		- 2 101	- 2 777		- 2 777
Return on plan assets (excluding interest income)		- 15 834	- 15 834		18 057	18 057
Total remeasurement included in other comprehensive income	8 100	- 15 834	- 7 734	- 1 077	18 057	16 980
Translation differences	26		26	- 55		- 55
Total movements included in other comprehensive income	8 126	- 15 834	- 7 707	- 1 132	18 057	16 925
Other movements						
Employer contributions		7 893	7 893		7 401	7 401
Employee contributions	- 5 735	5 735		- 5 380	5 380	
Benefits paid from plan assets	4 165	- 4 165		962	- 962	
Benefits paid by the employer	79		79	76		76
Total other movements	- 1 490	9 462	7 972	- 4 342	11 819	7 477
As at December 31	- 256 251	248 993	- 7 258	- 251 975	253 694	1 719

The experience-based adjustments to pension obligations resulted in an actuarial loss of CHF 2.1 million (previous year loss of CHF 2.8 million) on the plan's projected benefit obligations.

The cash flow for annuity payments and other obligations can be planned reliably. The weighted average duration of the defined benefit obligations is 16.4 years (previous year 16.8 years). The investment strategy ensures the availability of liquidity at all times.

19.4 Investment Portfolio

The major categories of plan assets are as follows:

	12.31.2018	12.31.2017
Shares	32.4%	35.4%
Bonds	47.3%	45.4%
Real estate	17.6%	17.2%
Cash and cash equivalents	1.3%	1.0%
Assets held by insurance company	1.4%	1.0%
Total	100.0%	100.0%

The shares and bonds have quoted market prices on an active market. Real estate includes listed real estate funds and shares of real estate companies investing in residential and office properties. The Group does not use any pension scheme assets.

The expected employer contributions for 2019 amount to CHF 8.1 million.

19.5 Actuarial Assumptions and Sensitivity Analyses

The following were the principal actuarial assumptions applied for the calculation of the post-employment benefits:

	12.31.2018	12.31.2017
Discount rate	0.95%	0.65%
Interest rate used in projecting retirement benefits	1.75%	1.75%
Expected salary increases	2.00%	2.00%
Expected pension increases	0.00%	0.00%
Life expectancy as at age of 65 in years: male/female	22.61/24.65	22.50/24.54

The following sensitivity analysis shows the impact of a reasonably possible change in the principal actuarial assumptions on the present value of the defined benefit obligations at the reporting date. Each change was analyzed separately. Interdependencies were not taken into account.

	12.31.2018	12.31.2017
Increase (+)/decrease (-) of the present value of defined benefit obligations		
Discount rate		
Increase by 25 basis points	- 3.0%	- 3.2%
Decrease by 25 basis points	3.2%	3.4%
Interest rate used in projecting retirement benefits		
Increase by 25 basis points	0.4%	0.4%
Decrease by 25 basis points	- 0.4%	- 0.4%
Expected salary increases		
Increase by 50 basis points	0.8%	0.9%
Decrease by 50 basis points	- 0.9%	- 0.9%
Life expectancy		
Increase by 1 year	2.0%	2.1%
Decrease by 1 year	- 2.0%	- 2.1%

20 Share Capital and Reserves

Shares are a component of equity, as they are not redeemable and there is no dividend guarantee. Each share entered in the share register as a voting share at the date determined in advance by the Board of Directors entitles the holder to one vote at the annual general meeting.

Purchased shares (purchase price and directly attributable transaction costs) are classified as treasury shares and deducted as a negative item from equity.

As at December 31, 2018, the share capital was divided into 615 000 registered shares (fully paid). Each share has a nominal value of CHF 1.00.

	Issued shares	Treasury shares	Total outstanding shares
As at January 1, 2017	615 000	-441	614 559
Sale		219	219
As at December 31, 2017	615 000	-222	614 778
Sale		165	165
As at December 31, 2018	615 000	-57	614 943

The capital reserves mainly correspond to the premium resulting from the capital increase at the time of the initial public offering in 1995 and the gains from the sale of treasury shares.

Translation differences contain the accumulated foreign exchange differences arising from the translation of the financial statements of foreign Group companies and intercompany loans which form part of a net investment in a foreign operation.

Other retained earnings include the remeasurements of the post-employment benefits and their tax effect as well as accumulated retained earnings.

The amount available for dividend distribution is based on the available distributable retained earnings of BELIMO Holding AG determined in accordance with the legal requirements of the Swiss Code of Obligations. Dividends are reported as liabilities as soon as they are approved by the annual general meeting.

In the reporting year, BELIMO Holding AG paid a dividend of CHF 52.3 million (CHF 85 per share).

The Board of Directors proposes to the 2019 annual general meeting a dividend distribution of CHF 100 per share, which equates to a payout ratio of 71.3 percent. No dividends are paid on treasury shares.

21 Financial Risk Management

21.1 General

Due to the nature of its activities, Belimo is exposed to a number of financial risks: credit risk, market risk (foreign currency and interest rate risk) and liquidity risk.

Financial risk management is based on guidelines issued by the Board of Directors concerning the objectives, principles, tasks and responsibilities of financial management. The Board of Directors has assigned the Group Treasury to monitor financial risks. Group Treasury regularly reports to the Group Executive Committee and the Board of Directors on existing risks.

The risk management policies are established to identify and to analyze the risks to which the Group is exposed, to define appropriate limits, to establish controls and to monitor the risks and compliance with limits. Risk management policies and processes are reviewed regularly to reflect changes in market conditions and in the Group's activities.

21.2 Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The credit risk of Belimo mainly arises from trade receivables and cash and cash equivalents.

Belimo invests its cash and cash equivalents worldwide in deposit accounts held mainly with major, creditworthy Swiss, German and English banks. These deposits generally have terms of less than three months. Transactions involving derivative financial instruments are also entered into only with major financial institutions, and Belimo does not have significant open positions with any of these.

The credit risk from trade receivables is limited, since the Group's customer base is broad and spread over a variety of geographical areas. Credit risk is mainly influenced by the specific characteristics of each individual customer. The risk assessment includes an analysis of the creditworthiness, taking into account a variety of factors such as past financial history. Credit limits are set according to regional aspects. Certain new customers are only supplied against payment in advance.

The maximum default risk is the carrying amount of the individual assets as of the reporting date (see table in note 21.5 Categories of Financial Instruments). There are no guarantees or similar obligations that could lead to an increase in the risk beyond the carrying amounts.

21.3 Liquidity Risk

It is the aim of Belimo to have sufficient liquidity and unused credit lines available at all times so that it can meet its financial obligations when due, both under normal and stressed conditions.

Liquidity is centrally managed and controlled by Group Treasury. The subsidiaries are adequately financed by intercompany loans to meet their ongoing commitments.

Within the credit lines provided by the framework agreements of CHF 57 million, Belimo can draw down loans at fixed rates for various terms, based on its short- and medium-term liquidity needs. Belimo aims to preserve maximum flexibility in its liquidity planning through flexible use of the general credit lines and by staggering the maturity dates of the individual amounts.

Inflows and outflows from foreign currency hedging instruments depend on exchange rate movements and may not occur.

At the reporting date, the contractual maturities of the financial liabilities (including interest payments) were due within 12 months.

21.4 Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will have an impact on the Group's income or the value of the financial instruments held by the Group. Monitoring and controlling these risks ensures that the exposure does not exceed a certain level.

Foreign Currency Risk

The Group's international operations expose it to foreign currency risks. These risks arise from transactions that are denominated in currencies other than the functional currency of the respective Group companies, particularly from the purchase and sale of goods. Such transactions are mainly denominated in euro and US dollar.

In order to limit the risks arising from movements in exchange rates for merchandise transactions, Belimo primarily aims to achieve natural hedging by matching cash inflows and outflows in a specific currency as far as possible. Invoices between Group companies are mainly denominated in the currency of the company receiving the invoice. Foreign Group companies procure almost all their goods from the Swiss central production and distribution company BELIMO Automation AG and invoice their sales to third parties mainly in local currency. Foreign currency risks thus almost exclusively affect the Swiss company which facilitates the management of these risks.

In order to hedge the remaining net positions, Group Treasury enters into forward foreign exchange contracts mainly for the euro and the US dollar. There is regularly a surplus of cash inflows for these currencies.

The following table shows the main foreign exchange risk exposure for financial instruments whose currency differ from the functional currency of the Group company holding them.

	CAD	CHF	EUR	GBP	HKD	PLN	USD
in CHF 1 000							
As at December 31, 2018							
Cash and cash equivalents	4 509	615	9 545	1 733	76	4 684	22 299
Trade receivables	4 918	1 730	15 325	3 364	2 653	6 153	12 729
Other receivables and accruals	74		1				382
Financial assets			8	4	38		17
Trade payables		- 12 413	- 5 243	- 8	- 246		- 3 912
Other liabilities and accrued expenses qualifying as financial instruments		- 176	- 790		- 85		- 2 884
Currency exposure	9 501	- 10 244	18 846	5 093	2 437	10 837	28 630
As at December 31, 2017							
Cash and cash equivalents	3 888	645	5 818	993	264	194	20 301
Trade receivables	4 658	1 059	14 931	2 650	3 998	5 192	20 524
Other receivables and accruals	70		12		16		412
Financial assets			7	4	8		10
Trade payables		- 12 225	- 4 612		- 8		- 4 297
Other liabilities and accrued expenses qualifying as financial instruments		- 32	- 593				- 3 205
Currency exposure	8 616	- 10 553	15 564	3 647	4 278	5 386	33 745

The currency-related sensitivity of these currencies is shown in the following table:

		12.31.2018		12.31.2017	
		Exchange		Exchange	
		gain	loss	gain	loss
in CHF 1 000					
CAD	+/- 5.0%	475	- 475	431	- 431
CHF	-/+ 5.0%	513	- 513	528	- 528
EUR	+/- 5.0%	618	- 590	412	- 501
GBP	+/- 5.0%	255	- 255	182	- 182
HKD	+/- 5.0%	122	- 122	214	- 214
PLN	+/- 5.0%	542	- 542	269	- 269
USD	+/- 5.0%	817	- 719	1 011	- 948
Total		3 341	- 3 215	3 047	- 3 073

This analysis assumes that all other variables are held constant and takes into account hedging transactions. In the previous year the same assumptions were applied.

At the reporting date, the following foreign currency hedging instruments were held:

	12.31.2018	12.31.2017
in CHF 1 000		
Foreign currency hedging instruments		
in EUR	6 772	6 388
in USD	13 318	14 189
Total forward foreign exchange contracts	20 090	20 577
Fair values		
positive	121	117
negative	-1	-54
Total fair values	120	63

Forward foreign exchange contracts are the only financial instruments held by Belimo that are measured at fair value. In the fair value hierarchy according to IFRS 13, these measurements are allocated to level 2. They are not based on quoted prices in active markets, but are derived directly or indirectly from observable inputs.

The positive fair values are included in other assets, the negative fair values in other liabilities. The changes in fair values recognized in the income statement are included in the financial result (see note 7 Financial Result). The foreign currency hedging instruments as at December 31, 2018, mature in 86 days or less.

Interest Rate Risk

The interest rate risk includes the risk that changes in interest rates have an impact on future cash flows (cash flow interest rate risk) and the risk that changes in interest rates affect the fair value of financial instruments (fair value interest rate risk). The interest-bearing financial assets and liabilities held by the Group mainly relate to cash and cash equivalents. Therefore, Belimo has no material exposure to a cash flow interest rate risk.

21.5 Categories of Financial Instruments

The following table shows the carrying amounts of all financial instruments by category:

	Carrying amounts	
	12.31.2018	12.31.2017
in CHF 1 000		
Financial assets held to collect measured at amortized cost		
Cash and cash equivalents	155 138	113 178
Trade receivables	87 173	83 587
Other receivables	197	419
Financial assets	1 812	1 596
Total	244 319	198 781
Financial assets measured at fair value through profit or loss		
Fair value of derivative financial instruments	121	117
Total	121	117
Financial liabilities measured at amortized cost		
Financial liabilities	1 463	1 515
Trade payables	18 409	17 108
Other liabilities and accrued expenses qualifying as financial instruments	16 488	14 025
Total	36 360	32 648
Financial liabilities measured at fair value through profit or loss		
Fair value of derivative financial instruments	1	54
Total	1	54

21.6 Capital Management

Belimo aims to maintain an equity ratio that is in line with its strategy and stable over time, in order to secure the confidence of investors, creditors and other market players and strengthen the future development of its business activities. This entails refinancing that is adapted to the asset structure, and an equity-to-liability ratio that is adequate to the level of risk.

The Board of Directors monitors the shareholder structure and the return on equity. The company strives for a diversified and international shareholder base. The return on equity (defined as net income as a proportion of the average equity held) was 20.2 percent as at December 31, 2018 (previous year 19.8 percent). The objective is to maintain or increase this ratio. Furthermore, the Board of Directors strives to achieve a continuous payout ratio. However, it may diverge from this policy based on the economic outlook at any particular time or because of planned future investment activities. In the past five years, the payout ratio has been between 59.5 and 71.3 percent.

Belimo can buy or sell treasury shares on the market. Its current holdings of treasury shares are not earmarked for any specific purpose and can be sold on the market at any time.

22 Leases

The Group leases business premises and vehicles. These lease agreements are classified as operating leases. Payments for operating leases are recognized in the income statement on a straight-line basis over the lease term.

The future minimum lease payments are payable as follows:

	Less than 1 year	1-5 years	More than 5 years	Total
in CHF 1 000				
As at December 31, 2018	3 408	5 319	929	9 656
As at December 31, 2017	3 101	4 147	451	7 699

No contingent rent was paid in the reporting year.

23 Contingent Liabilities

There were no contingent liabilities as at December 31, 2018.

24 Related Parties

Related parties include the members of the Group Executive Committee and the Board of Directors as well as individuals or companies related to them (see corporate governance, notes 3 and 4) and the Group's post-employment benefit plans.

The remuneration of the Board of Directors and Group Executive Committee consists of the following (see remuneration report, pages 34 to 37):

	2018	2017
in CHF 1 000		
Short-term employee benefits	4 394	3 999
Post-employment benefits	694	539
Total	5 088	4 538

Breakdown of remuneration by executive and non-executive members:

	2018	2017
in CHF 1 000		
Board of Directors (non-executive members)	888	786
Group Executive Committee (executive members)	4 200	3 752
Total	5 088	4 538

In total, 6 360 shares were held by related parties (previous year 6 235 shares). No shares were granted to related parties during the reporting period.

25 Foreign Exchange Rates

The consolidated financial statements are based on the following year-end and average exchange rates (rounded):

	Year-end rates			Average rates		
	2018	2017	Change	2018	2017	Change
in CHF						
AUD	0.69	0.76	- 8.9%	0.74	0.75	- 2.6%
BRL	0.25	0.30	- 13.9%	0.27	0.31	- 11.6%
CAD	0.72	0.78	- 7.2%	0.76	0.76	- 0.1%
CNY	0.14	0.15	- 4.2%	0.15	0.14	2.1%
EUR	1.13	1.17	- 3.7%	1.16	1.10	5.0%
GBP	1.25	1.32	- 4.8%	1.31	1.26	3.8%
HKD	0.13	0.12	0.6%	0.12	0.13	- 1.6%
INR	0.01	0.02	- 7.5%	0.01	0.02	- 4.2%
MYR	0.24			0.24		
NOK	0.11	0.12	- 4.6%	0.12	0.12	1.2%
PLN	0.26	0.28	- 6.4%	0.27	0.26	5.6%
SEK	0.11	0.12	- 7.3%	0.11	0.11	- 1.2%
TRY	0.19	0.26	- 27.8%	0.21	0.27	- 21.6%
USD	0.98	0.98	0.8%	0.98	0.99	- 1.0%

26 Subsidiaries

BELIMO Holding AG held the following subsidiaries:

Company	Function	Shareholding interest and voting right		Currency	Share capital in 1 000	
		12.31.2018	12.31.2017		12.31.2018	12.31.2017
BELIMO Actuators Pty. Ltd. (Mulgrave, Melbourne, Australia)	D	100%	100%	AUD	10	10
BELIMO Automation Handelsgesellschaft m.b.H. (Vienna, Austria)	D	100%	100%	EUR	36	36
BELIMO Brasil – Comércio de Automação Ltda. (São Paulo, Brazil)	D	100%	100%	BRL	6 718	6 718
BELIMO Aircontrols (CAN), Inc. (Mississauga, Canada)	D	100%	100%	CAD	95	95
BELIMO Actuators Ltd. (Hong Kong, People's Republic of China)	D	100%	100%	HKD	10	10
BELIMO Actuators (Shanghai) Trading Ltd. (Shanghai, People's Republic of China)	P, D	100%	100%	CNY	13 940	13 940
BELIMO Automation (Shanghai) Co. Ltd. (Shanghai, People's Republic of China)	I	100%	100%	CNY	765	765
BELIMO Finland Oy (Helsinki, Finland)	D	100%	100%	EUR	100	100
BELIMO SARL (Courtry, France)	D	100%	100%	EUR	80	80
BELIMO Stellantriebe Vertriebs GmbH (Stuttgart, Germany)	D	100%	100%	EUR	205	205
BELIMO Automation UK Ltd. (Shepperton, Great Britain)	D	100%	100%	GBP	0.1	0.1
BELIMO Actuators (India) Pve Ltd. (Mumbai, Republic of India)	D	100%	100%	INR	773	773
BELIMO Italia S.r.l. (Grassobbio, Italy)	D	100%	100%	EUR	47	47
BELIMO Automation Malaysia SDN. BHD. (Kuala Lumpur, Malaysia)	D	100% *		MYR	1 900	
BELIMO Servomotoren B.V. (Vaassen, Netherlands)	D	100%	100%	EUR	18	18
BELIMO Automation Norge A/S (Oslo, Norway)	D	100%	100%	NOK	501	501
BELIMO Silowniki S.A. (Warsaw, Poland)	D	100%	100%	PLN	500	500
BELIMO Ibérica de Servomotores S.A. (Madrid, Spain)	D	100%	100%	EUR	301	301
Belimo AB (Nacka, Sweden)	D	100%	100%	SEK	1 000	1 000
BELIMO Automation AG (Hinwil, Switzerland)	P, D, R&D	100%	100%	CHF	500	500
Belimo Turkey Otomasyon A.Ş. (Istanbul, Turkey)	D	100%	100%	TRY	1 000	1 000
BELIMO Automation FZE (Dubai, United Arab Emirates)	D	100%	100%	USD	273	273
BELIMO Aircontrols (USA), Inc. (Danbury, United States of America)	D, H	100%	100%	USD	200	200
BELIMO Customization (USA), Inc. (Danbury, United States of America)	P	100% **	100% **	USD	45	45
BELIMO Technology (USA), Inc. (Danbury, United States of America)	R&D	100% **	100% **	USD	30	30

* Incorporated on March 1, 2018

** Investment held by BELIMO Aircontrols (USA), Inc.

H = Holding company

P = Production

D = Distribution

R&D = Research and development

I = Inactive

27 Events after the Reporting Date

The consolidated financial statements were authorized for issue by the Board of Directors on February 20, 2019. They are subject to approval by the annual general meeting on April 1, 2019.

No events took place between December 31, 2018, and February 20, 2019, that would require adjustments to the carrying amounts of the assets or liabilities in these consolidated financial statements or would need to be disclosed here.

Statutory Auditor's Report

To the General Meeting of BELIMO Holding AG, Hinwil

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of BELIMO Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2018 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 54 to 90) give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters



Inventory valuation



Revenue recognition

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Inventory valuation

Key Audit Matter

Inventory forms a significant part of the Group's assets, amounting to CHF 97.9 Mio as at 31 December 2018. The valuation of self-made products is underlying management judgements with regards to planned production capacities which impacts standard costs.

The provision for slow moving items is set up based on historical experience and management's judgement on reversals of such provisions based on projected future sales and usages of such items. This judgement directly affects the carrying value of inventories

Our response

Our audit procedures in this area included, amongst others:

- We challenged the Group's calculation of production costs for self-made products. This includes the allocation of overhead production costs by comparing the parameters used for the calculation to underlying actual data and an evaluation of underlying labour costs by comparing actual rates to budget rates and the deviations thereof.
- We evaluated the Group's historical experience on slow moving inventory items and compared them to the amounts used for the calculation of the slow moving provision and evaluated consistency of application.
- We evaluated the Group's controls on profit margins by sample testing key controls for operating effectiveness. We have discussed such analyses with management

For further information on inventory valuation refer to the following:

- Note 12 to the consolidated financial statements



Revenue recognition

Key Audit Matter

Revenue is the basis to evaluate the course of business of the Group and is thus a focus area of internal target setting and external third party expectations. These expectations create potential pressure on management to achieve the set targets, which leads to an increased risk in revenue recognition. The correct application of the accrual principle comprises significant risks in revenue recognition.

Our response

We have analysed the processes set up to ensure a correct application of the accrual principle. We have identified internal controls with regards to revenue recognition and have tested operating effectiveness of selected controls applying a sampling method. Furthermore, we have, amongst others, performed the following audit procedures:

- Evaluation of the accrual principle as of 31 December 2018 by comparing invoices to delivery papers and evaluating incoterms.
- Evaluation of profit margins and deviation analyses for significant product groups and geographical markets, identifying deviations to prior year and to our expectations. We have discussed such analyses with management.
- Assessing completeness and accuracy of recognition of revenue deductions by evaluating credit notes issued in 2019 on the one hand, and by applying retrospective procedures evaluating

charge-backs actually paid out compared to prior year on the other hand.

For further information on revenue recognition refer to the following:

– Note 3 to the consolidated financial statements

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements


In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG



Jürg Meisterhans
Licensed Audit Expert
Auditor in Charge



Dr. Shqiponja Isufi
Licensed Audit Expert

Zurich, 20 February 2019

KPMG AG, Badenerstrasse 172, PO Box, CH-8036 Zurich

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Financial Statements of BELIMO Holding AG

Income Statement

	Note	2018	2017
in CHF 1 000			
Dividend income – Group companies		64 181	57 047
License fees – Group companies		7 456	6 771
Other financial income	2.1	8 081	5 740
Revenue		79 718	69 557
Personnel expenses		- 911	- 1 128
Other operating expenses		- 748	- 825
Financial expenses	2.1	- 69	- 2 707
Direct taxes		- 1 694	- 1 058
Expenses		- 3 421	- 5 719
Net income		76 297	63 838

Balance Sheet

	Note	12.31.2018	12.31.2017
in CHF 1 000			
Cash and cash equivalents		81 327	48 719
Other current receivables – Group companies	2.2	15 665	30 428
Other current receivables – Third parties		154	197
Current assets		97 147	79 344
Financial assets – Group companies		136 449	130 404
Financial assets – Third parties		50	50
Investments – Group companies	2.3	56 131	55 632
Non-current assets		192 630	186 086
Assets		289 777	265 430
Current interest-bearing liabilities – Third parties	2.4	1 463	
Other current liabilities – Third parties		10	146
Deferred income and accrued expenses		1 030	730
Current liabilities		2 503	876
Non-current interest-bearing liabilities – Third parties	2.4		1 515
Provisions		100	100
Non-current liabilities		100	1 615
Liabilities		2 603	2 491
Share capital		615	615
Legal capital reserves		9 164	9 164
Legal retained earnings		580	580
Voluntary retained earnings		276 883	252 842
Treasury shares	2.5	- 67	- 262
Shareholders' equity		287 174	262 939
Liabilities and shareholders' equity		289 777	265 430

Notes to the Financial Statements

1 Accounting Policies

1.1 General Information

The financial statements of BELIMO Holding AG, Hinwil (Switzerland), are prepared according to the policies of the Swiss Law on Accounting and Financial Reporting. While the consolidated financial statements provide information regarding the economic situation of the Group as a whole, the information contained in these financial statements refers solely to the parent company.

These financial statements are presented in Swiss francs (CHF), rounded to the nearest thousand. Due to rounding, amounts presented throughout this report may not add up precisely to the totals provided.

1.2 Financial Assets

Financial assets include long-term loans. Loans denominated in foreign currencies are translated at the rate at the reporting date, whereby unrealized losses are recorded, but any unrealized gains are not recognized.

1.3 Treasury Shares

At the acquisition date, treasury shares are recognized at acquisition cost and deducted from shareholders' equity. In case of a resale, the gain or loss is recognized in the income statement as financial income or financial expense.

1.4 Foregoing a Statement of Cash Flows and Additional Disclosures in the Notes

As BELIMO Holding AG has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS), it has decided to refrain from presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a statement of cash flows in accordance with the law.

2 Information on Items in the Income Statement and Balance Sheet

2.1 Other Financial Income and Financial Expenses

Other financial income mainly contains interest income on loans to Group companies and foreign exchange gains of CHF 3.0 million. In 2017, foreign exchange losses of CHF 2.6 million were recognized as financial expenses.

2.2 Other current receivables – Group Companies

In the reporting year, BELIMO Automation AG has repaid CHF 15.6 million to BELIMO Holding AG.

2.3 Investments – Group Companies

BELIMO Holding AG held the following subsidiaries:

Company	Function	Shareholding interest and voting right		Currency	Share capital in 1 000	
		12.31.2018	12.31.2017		12.31.2018	12.31.2017
BELIMO Actuators Pty. Ltd. (Mulgrave, Melbourne, Australia)	D	100%	100%	AUD	10	10
BELIMO Automation Handelsgesellschaft m.b.H. (Vienna, Austria)	D	100%	100%	EUR	36	36
BELIMO Brasil – Comércio de Automação Ltda. (São Paulo, Brazil)	D	100%	100%	BRL	6 718	6 718
BELIMO Aircontrols (CAN), Inc. (Mississauga, Canada)	D	100%	100%	CAD	95	95
BELIMO Actuators Ltd. (Hong Kong, People's Republic of China)	D	100%	100%	HKD	10	10
BELIMO Actuators (Shanghai) Trading Ltd. (Shanghai, People's Republic of China)	P, D	100%	100%	CNY	13 940	13 940
BELIMO Automation (Shanghai) Co. Ltd. (Shanghai, People's Republic of China)	I	100%	100%	CNY	765	765
BELIMO Finland Oy (Helsinki, Finland)	D	100%	100%	EUR	100	100
BELIMO SARL (Courtry, France)	D	100%	100%	EUR	80	80
BELIMO Stellantriebe Vertriebs GmbH (Stuttgart, Germany)	D	100%	100%	EUR	205	205
BELIMO Automation UK Ltd. (Shepperton, Great Britain)	D	100%	100%	GBP	0.1	0.1
BELIMO Actuators (India) Pve Ltd. (Mumbai, Republic of India)	D	100%	100%	INR	773	773
BELIMO Italia S.r.l. (Grassobbio, Italy)	D	100%	100%	EUR	47	47
BELIMO Automation Malaysia SDN. BHD. (Kuala Lumpur, Malaysia)	D	100% *		MYR	1 900	
BELIMO Servomotoren B.V. (Vaassen, Netherlands)	D	100%	100%	EUR	18	18
BELIMO Automation Norge A/S (Oslo, Norway)	D	100%	100%	NOK	501	501
BELIMO Silowniki S.A. (Warsaw, Poland)	D	100%	100%	PLN	500	500
BELIMO Ibérica de Servomotores S.A. (Madrid, Spain)	D	100%	100%	EUR	301	301
Belimo AB (Nacka, Sweden)	D	100%	100%	SEK	1 000	1 000
BELIMO Automation AG (Hinwil, Switzerland)	P, D, R&D	100%	100%	CHF	500	500
Belimo Turkey Otomasyon A.Ş. (Istanbul, Turkey)	D	100%	100%	TRY	1 000	1 000
BELIMO Automation FZE (Dubai, United Arab Emirates)	D	100%	100%	USD	273	273
BELIMO Aircontrols (USA), Inc. (Danbury, United States of America)	D, H	100%	100%	USD	200	200
BELIMO Customization (USA), Inc. (Danbury, United States of America)	P	100% **	100% **	USD	45	45
BELIMO Technology (USA), Inc. (Danbury, United States of America)	R&D	100% **	100% **	USD	30	30

* Incorporated on March 1, 2018

** Investment held by BELIMO Aircontrols (USA), Inc.

H = Holding company

P = Production

D = Distribution

R&D = Research and development

I = Inactive

2.4 Current Interest-Bearing Liabilities

The current interest-bearing liabilities comprise the deferred consideration of the purchase price of Belimo AB, Sweden, which has been acquired on July 1, 2017, and accrued interest thereon (previous year non-current interest-bearing liabilities).

2.5 Treasury Shares

	2018		2017	
	Number of shares	Value in CHF 1 000	Number of shares	Value in CHF 1 000
As at January 1	222	262	441	521
Sale	- 165	- 195	- 219	- 259
As at December 31	57	67	222	262

In the reporting year, the average selling price per share was CHF 4 838 (previous year CHF 3 895). These values corresponded to the fair values.

3 Other Information

3.1 Net Release of Hidden Reserves

In 2018, hidden reserves of CHF 4.2 million were released to income.

3.2 Full-Time Equivalents

BELIMO Holding AG does not have any employees.

3.3 Covenants, Contingent Liabilities and Collaterals for Third-Party Liabilities

The framework agreements with a credit limit of CHF 57 million in total (on which either BELIMO Holding AG or BELIMO Automation AG may draw) are not subject to any covenants.

There were no contingent liabilities as at December 31, 2018.

The company is part of the Belimo value-added tax group in Switzerland and is jointly and severally liable for its value-added tax liabilities to the tax authorities.

3.4 Shares held by the Members of the Board of Directors and the Group Executive Committee

The following shares were held by the members of the Board of Directors and the Group Executive Committee as well as their related parties.

	12.31.2018	12.31.2017
Number of shares		
Board of Directors		
Prof. Adrian Altenburger	50	50
Patrick Burkhalter	3 565	3 565
Sandra Emme*	20	
Martin Hess	420	370
Prof. em. Dr. Hans Peter Wehrli	1 300	1 300
Dr. Martin Zwysig	25	25
Total Board of Directors	5 380	5 310
Group Executive Committee		
Lukas Eigenmann	200	200
James W. Furlong	60	45
Peter Schmidlin	630	630
Beat Trutmann	20	
Lars van der Haegen	70	50
Total Group Executive Committee	980	925

* 2017 no related party at the corresponding reporting date (see corporate governance, notes 3 and 4).

No shares or options were granted to the members of the Board of Directors or Group Executive Committee and none of the members held conversion or option rights.

3.5 Significant Shareholders

The following shareholders and shareholder groups owned more than five percent of the voting rights:

	12.31.2018	12.31.2017
Gerda Roner		5.69%
Group Linsi	19.28%	19.28%

3.6 Events after the Reporting Date

No events took place after the reporting date that would require adjustments to the carrying amounts of the assets or liabilities in these financial statements or would need to be disclosed here.

Appropriation of Available Earnings

	12.31.2018
in CHF 1 000	
Balance carried forward from previous year	200 586
Net income	76 297
Available earnings	276 883
Proposed appropriation of available earnings by the Board of Directors	
Dividend of CHF 100 per share*	- 61 500
Balance carried forward	215 383

* Shares held by BELIMO Holding AG at the time of dividend distribution are not entitled to dividends.

The Board of Directors proposes to the 2019 annual general meeting a dividend of CHF 100 per share.

The dividend is expected to be paid on April 5, 2019.



Statutory Auditor's Report

To the General Meeting of BELIMO Holding AG, Hinwil

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BELIMO Holding AG, which comprise the balance sheet as at 31 December 2018, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 95 to 101) for the year ended 31 December 2018 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG



Jürg Meisterhans
Licensed Audit Expert
Auditor in Charge



Dr. Shqiponja Isufi
Licensed Audit Expert

Zurich, 20 February 2019

KPMG AG, Badenerstrasse 172, PO Box, CH-8036 Zurich

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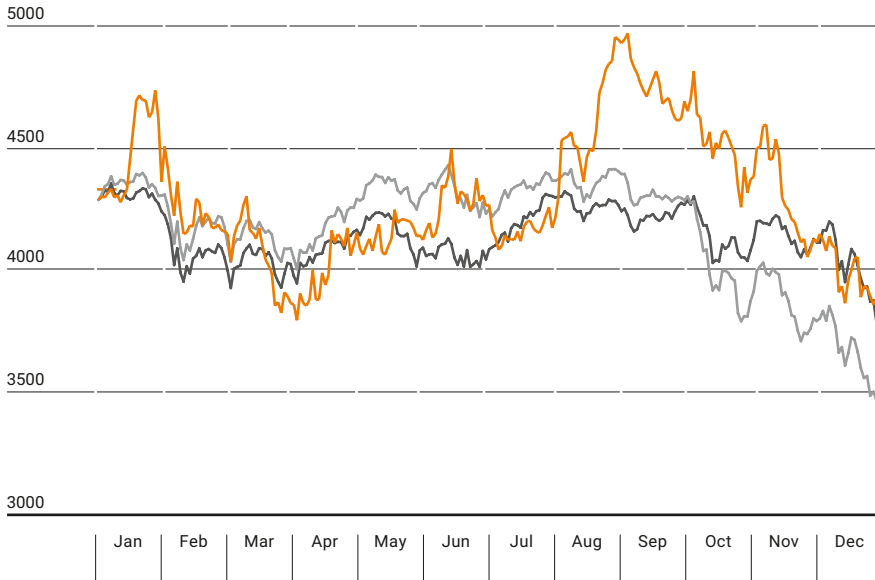
Information for Investors

Stock Market Information from 2014 to 2018

	2018	2017	2016	2015	2014
Share capital					
Number of registered shares as at December 31	615 000	615 000	615 000	615 000	615 000
Average number of outstanding shares	614 834	614 691	614 493	614 407	613 540
Information per average outstanding share					
Earnings, in CHF	140	126	114	92	110
Cash flow from operating activities, in CHF	185	134	147	115	121
Operating income (EBIT), in CHF	179	151	142	121	132
Shareholders' equity, in CHF	715	673	600	548	517
Information per registered share					
Dividend, in CHF (as proposed by the Board of Directors for next year)	100	85	75	65	65
Return on dividend as at December 31, in percent	2.5%	2.0%	2.4%	2.7%	2.8%
Payout ratio, in percent of net income	71.3%	67.5%	66.1%	71.1%	59.5%
Price-earnings ratio as at December 31	28.1	33.9	27.1	26.8	21.1
Stock market prices in CHF					
High	4 995	4 380	3 408	2 458	2 576
Low	3 750	3 021	2 221	1 950	2 153
Year-end	3 940	4 266	3 078	2 450	2 310
Market capitalization in CHF million					
High	3 072	2 694	2 096	1 512	1 584
Low	2 306	1 858	1 366	1 199	1 324
Year-end	2 423	2 624	1 893	1 507	1 421
In percent of shareholders' equity as at December 31	551%	634%	513%	447%	448%
Average daily trading volume					
In number of shares	424	331	356	566	415

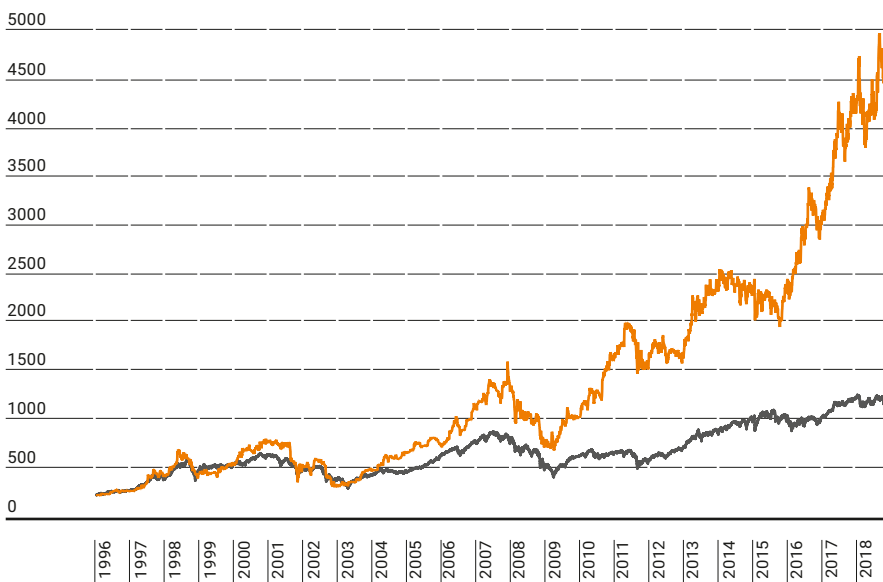
PERFORMANCE SINCE JANUARY 1, 2018

in CHF



PERFORMANCE SINCE IPO

in CHF



- BELIMO REGISTERED SHARE (ISIN: CH0001503199)
- SMCi (SWISS MIDDLE CAP INDEX), ADJUSTED
- SPI (SWISS PERFORMANCE INDEX), ADJUSTED

Five-Year Summary

Five-Year Summary of the Belimo Group

	2018	2017 restated*	2016	2015	2014
in CHF 1 000 (unless indicated otherwise)					
Income statement					
Net sales	642 368	579 853	533 650	493 299	493 919
Operating income (EBITDA) in percent of net sales	134 999 21.0%	117 388 20.2%	110 280 20.7%	95 818 19.4%	99 603 20.2%
Operating income (EBIT) in percent of net sales	109 839 17.1%	92 621 16.0%	86 964 16.3%	74 630 15.1%	81 250 16.5%
Personnel expenses in percent of net sales	171 195 26.7%	157 877 27.2%	146 354 27.4%	139 573 28.3%	132 136 26.8%
Research and development in percent of net sales	47 248 7.4%	44 423 7.7%	37 721 7.1%	34 653 7.0%	32 415 6.6%
Operating expenses in percent of net sales	242 499 37.8%	224 952 38.8%	204 341 38.3%	192 877 39.1%	189 967 38.5%
Depreciation and amortization in percent of net sales	25 160 3.9%	24 767 4.3%	23 315 4.4%	21 188 4.3%	18 352 3.7%
Net income in percent of net sales	86 209 13.4%	77 490 13.4%	69 753 13.1%	56 229 11.4%	67 193 13.6%
Cash flow					
Cash flow from operating activities in percent of net sales	113 938 17.7%	82 318 14.2%	90 282 16.9%	70 371 14.3%	74 080 15.0%
Free cash flow in percent of net sales	94 261 14.7%	54 857 9.5%	75 151 14.1%	37 038 7.5%	18 546 3.8%
Investments in property, plant and equipment and intangible assets	20 491	24 919	15 796	34 031	55 141
Dividend distribution	52 256	46 092	39 937	39 936	39 908
Balance sheet					
Total assets	531 052	491 886	451 869	413 041	424 514
Cash and cash equivalents in percent of total assets	155 138 29.2%	113 178 23.0%	103 670 22.9%	67 687 16.4%	92 345 21.8%
Current assets in percent of total assets	348 281 65.6%	302 503 61.5%	267 012 59.1%	224 542 54.4%	246 235 58.0%
Net working capital in percent of net sales	166 667 25.9%	161 610 27.9%	138 240 25.9%	134 429 27.3%	130 560 26.4%
Non-current assets in percent of total assets	182 771 34.4%	189 383 38.5%	184 857 40.9%	188 499 45.6%	178 279 42.0%
Current liabilities in percent of total assets	71 089 13.4%	63 481 12.9%	53 536 11.8%	47 470 11.5%	72 826 17.2%
Non-current liabilities in percent of total assets	20 101 3.8%	14 755 3.0%	29 368 6.5%	28 615 6.9%	34 769 8.2%
Shareholders' equity in percent of total assets	439 862 82.8%	413 650 84.1%	368 965 81.7%	336 956 81.6%	316 919 74.7%
Key figures					
Net sales year-on-year growth, in percent	10.8%	8.7%	8.2%	-0.1%	4.5%
Net sales in local currencies year-on-year growth, in percent	9.6%	8.2%	6.8%	3.6%	6.6%
Return on equity (ROE), in percent	20.2%	19.8%	19.8%	17.2%	22.2%
Return on invested capital (ROIC), in percent	27.9%	23.4%	23.8%	20.8%	23.4%
Quick ratio, in percent	347.6%	321.2%	342.1%	297.6%	227.3%
Days sales outstanding (DSO)	49.1	50.3	49.1	50.6	46.7
Inventory period	131	132	131	138	129
Equity-to-fixed-assets ratio, in percent	251.7%	226.2%	215.5%	193.9%	197.3%
Number of employees (FTEs, yearly average)	1 591	1 483	1 416	1 387	1 357
Net sales per employee	404	391	377	356	364
Actuators shipped, in million items	6.7	6.3	5.9	5.6	5.6

* see note 1.4

Publications and Agenda

Publication of Annual Report 2018/ Media and Financial Analysts Conference	March 11, 2019
Annual General Meeting 2019	April 1, 2019
Dividend Payment	April 5, 2019
Publication of Semiannual Report 2019	August 5, 2019
Publication of Sales 2019	January 23, 2020
Publication of Annual Report 2019/ Media and Financial Analysts Conference	March 9, 2020
Annual General Meeting 2020	March 30, 2020

Credits

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