

# An nual Re port 17

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 sustainable company.

# Content

2	Highlights
3	Financial Summary
4	Preface
6	Management Report
12	Reference Project: Room Comfort in the Hongqiao SunnyWorld Centre
18	Corporate Governance
34	Remuneration Report
39	Value Driven Sustainability
40	Ecological Awareness
43	Reference Project: Energy Efficiency at Land O'Lakes
48	Social Responsibility
51	<b>Financial Report</b>
52	Consolidated Financial Statements
56	Notes to the Consolidated Financial Statements
93	Financial Statements of BELIMO Holding AG
102	Information for Investors
104	Five-Year Summary

## Highlights

Sales growth  
in % in CHF

**8.7**

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in % in local currencies

**8.2**

Operating income (EBIT)  
in CHF million

**92.6**

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in % of net sales

**16.0**

Net income  
in CHF million

**77.5**

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in % of net sales

**13.4**

Operating cash flow  
in CHF million

**82.3**

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in % of net sales

**14.2**

Equity ratio  
in %

**84.1**

Actuators shipped  
in million items

**6.3**

Return on  
invested capital  
in %

**23.4**

Research and development  
costs  
in % of net sales

**7.7**

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

**85**

Payout ratio  
in %

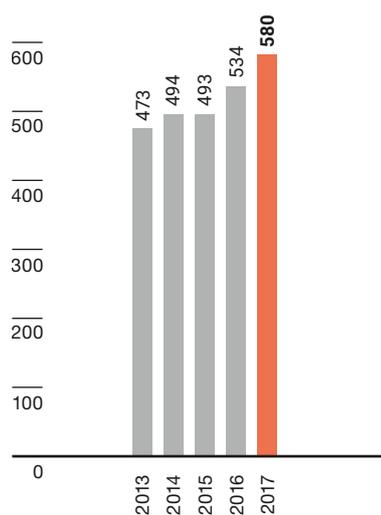
**67.5**

# Financial Summary

	2017	2016	Change
in CHF million			
Net sales	579.9	533.7	8.7%
Operating income before interest, taxes, depreciation, amortization (EBITDA) in percent of net sales	117.4 20.2%	110.3 20.7%	6.4%
Operating income before interest and taxes (EBIT) in percent of net sales	92.6 16.0%	87.0 16.3%	6.5%
Net income in percent of net sales	77.5 13.4%	69.8 13.1%	11.1%
Investments in property, plant and equipment and intangible assets	24.9	15.8	57.8%
Cash flow from operating activities in percent of net sales	82.3 14.2%	90.3 16.9%	-8.8%
Free cash flow in percent of net sales	54.9 9.5%	75.2 14.1%	-27.0%
in CHF			
Earnings per share	126.06	113.51	11.1%
Dividend per share	85.00	75.00	13.3%
Number of employees (FTEs) as at December 31			
	1 532	1 440	6.4%

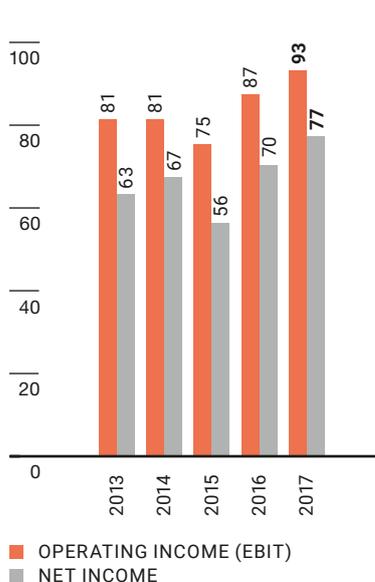
## NET SALES 2013-2017

in CHF million



## INCOME 2013-2017

in CHF million



■ OPERATING INCOME (EBIT)  
■ NET INCOME



### **Dear Shareholders**

Belimo can look back on a good financial year. Sales in Swiss francs increased by 8.7 percent to CHF 579.9 million. In currency-adjusted terms, this equals a growth of 8.2 percent. Belimo increased its expenses on research and development by CHF 6.7 million in order to improve innovative capacity while nevertheless achieving a solid operating income (EBIT) of CHF 92.6 million, corresponding to an EBIT margin of 16.0 percent. Net income rose by 11.1 percent year-on-year to CHF 77.5 million.

Our worldwide employee survey confirmed the pleasing results from 2014, showing that Belimo employees are highly motivated and made the good results of this financial year possible through their great commitment.

Belimo launched a new product range in 2017 with autonomous sensors that guarantee reliable information recording and high data quality. We also introduced the first cloud-enabled application solutions onto the market: the third generation of Belimo Energy Valve™ can now be connected over the Internet to the Belimo Cloud. Thus the operation of the valve is continuously monitored and customers receive regular information about energy and performance data, as well as trend developments. The introduction of the VAV ZoneEase™ actuator, specifically tailored to the needs of the Asian market, was also a milestone for Belimo. The new solution for variable air volume (VAV) applications reduces the overall system costs and simplifies installation and maintenance thanks to the smartphone app and cloud functionality. These products show that the Internet of Things will also open up a new range of opportunities for Belimo.

The global sales and distribution organization was further extended: Belimo acquired the previously independent distribution company in Sweden and integrated it successfully into the Group. The company's market presence in China was also increased significantly towards the end of the year, with additional sales points in major metropolitan areas. Prominent projects such as the Hongqiao SunnyWorld Centre in Shanghai, presented on pages 12 to 17, confirm the success of Belimo's sustainable growth strategy.

The Board of Directors proposes a dividend of CHF 85 per share at the 2018 annual general meeting. Based on the closing price of CHF 4 266 on December 31, 2017, this equates to a return of 2.0 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

The good financial year was shaped by the improvement of innovative capacity and broad growth.

## Europe

Sales in the Europe market region grew by 8.4 percent and in currency-adjusted terms by 8.1 percent. Belimo surpassed general market trends and gained market shares in almost every business area in the reporting year.

### Economic Environment and Markets

The large European economies continued to do well and the HVAC market experienced constant demand.

Belimo recorded excellent sales in Germany, Poland, Italy and the Netherlands in 2017. Despite uncertainties, the positive trend in Germany continued. Demand rose in particular for fire damper actuators. Growth rates increased significantly in Spain, the Czech Republic and Slovakia. Market recovery continued in Russia. Demand in the Middle East remained stable overall, with encouraging development in Saudi Arabia. The Turkey subsidiary, established in 2015, has been successfully established on the market and was developed further. Stabilization is imminent in Switzerland.

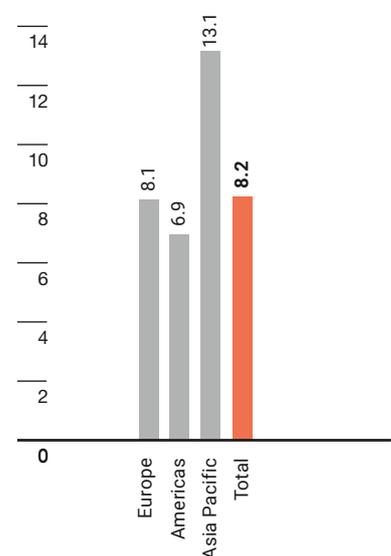
### Customers and Products

Water and fire protection applications experienced the strongest growth in the Europe market region. There was above-average growth in sales of innovative valve solutions. The successful introduction of new sensors complemented the Belimo product range and brought initial success.

Belimo presented its newest innovations at ISH (International Sanitary Systems and Heating Trade Fair) in Frankfurt in March 2017. ISH Frankfurt is the leading international trade fair for building, energy and air conditioning technology.

**SALES GROWTH 2017  
IN LOCAL CURRENCIES**

in percent



## Americas

Sales in the Americas market region grew by 7.9 percent and in currency-adjusted terms by 6.9 percent. With the exception of Brazil, all the major markets contributed to this positive result.

### Economic Environment and Markets

The US economy developed positively, leading to increased investments in non-residential buildings. The Canadian economy also recorded great results for the year, particularly in the western provinces. Growth in Latin American was moderate.

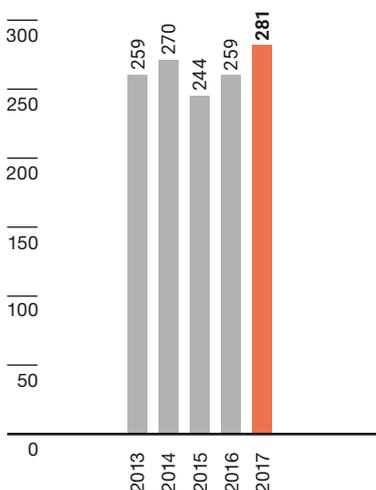
Belimo USA experienced above-average growth compared to the general economy. The Canada subsidiary made a particularly strong contribution to the positive sales developments, with double-digit growth. Market shares were gained in both markets, particularly for damper actuators in the OEM sector. Alongside normal building activities for new buildings, there were also increased investments in upgrading HVAC systems in existing buildings. Building users are increasingly focusing on energy-efficient and improved room climate.

### Customers and Products

The product range was further enhanced with the market introduction of innovative products in the first half of the year. The new butterfly valves generation, the Belimo Energy Valve™ and the new product range of sensors were well received by customers, reflected above all in the incoming orders in the second half of the year.

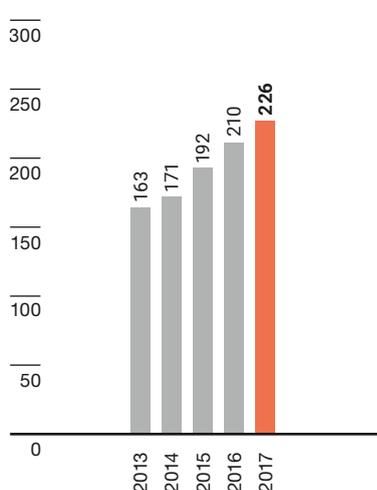
#### NET SALES EUROPE

in CHF million



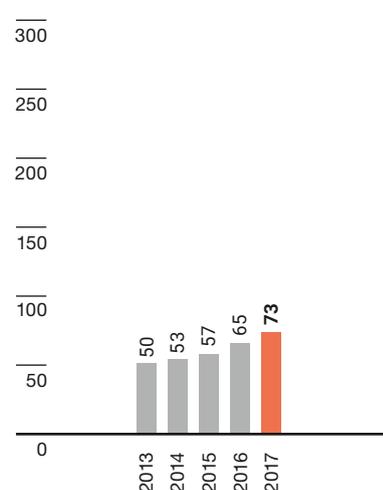
#### NET SALES AMERICAS

in CHF million



#### NET SALES ASIA PACIFIC

in CHF million



Sales of products for air and water applications developed well. In terms of air applications, there was very strong growth for fail-safe actuators. Thanks to the continued expansion of our range with innovative products, the company has also continued to increase market leadership for water applications.

Participation at the most important North American trade show platform, AHR Expo (International Air-Conditioning, Heating, Refrigerating Exposition) in Las Vegas, was a success for Belimo. The company's main innovations were presented to a wide specialist audience.

## Asia Pacific

Sales in the Asia Pacific market region grew by 12.5 percent and in currency-adjusted terms by 13.1 percent.

### Economic Environment and Markets

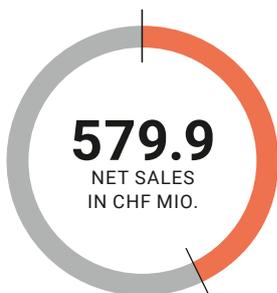
The Asia Pacific region continued to record strong economic growth. This was above expectations in most countries in the region and was also driven by strong domestic demand. Development on the HVAC market was varied.

Belimo China and Australia performed particularly strongly, with high growth contributions. The growth in China is primarily attributable to the company's increased market presence. The markets in South Korea, India and Hong Kong also made major contributions to the strong growth in the region. However, growth slowed in India and remained below expectations in Japan and Malaysia.

Further market shares were gained in the Asia Pacific region, particularly with water applications in the contracting business in China. Expectations were exceeded in Hong Kong, Thailand and South Korea.

### NET SALES BY APPLICATION

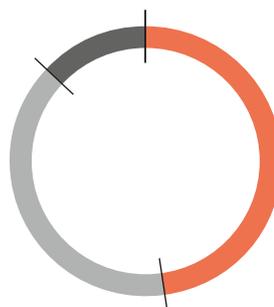
in %



- 43 WATER
- 57 AIR

### NET SALES BY REGION

in %



- 48 EUROPE
- 39 AMERICAS
- 13 ASIA PACIFIC

### Customers and Products

The market introduction of innovative products such as VAV ZoneEase™, the new butterfly valves and the new product range of sensors increased the awareness of Belimo in the region, further developing and reinforcing its position in the industry.

Water applications developed very positively. The main products driving growth in this area were characterized control valves, pressure-independent valves and butterfly valves. Growth in air applications was primarily driven by positive demand for non fail-safe actuators and VAV actuators.

Belimo increased its targeted marketing activities in the region in 2017. For example, it expanded its trade show presence at China Refrigeration in Shanghai and increased awareness of Belimo as a brand and Belimo solutions in the region at sector events, symposia and training sessions.

### Innovation

Research and development capacities were increased during 2017, to ensure sufficient resources are available for existing business and new growth initiatives of Belimo.

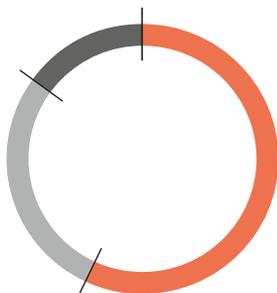
### Damper Actuators and Control Valves

Multiple projects have been running over the past year for new damper actuators for air applications and control valves for water applications. These projects are at different stages of development and will be launched on the market in 2019 and 2020. There has also been major progress in the development of application-specific integrated circuits (ASIC) and motors. This core competency is used as platform technology for most Belimo field devices. The laboratory for water applications in Danbury, CT (USA), was also expanded to allow for the testing of large valve dimensions.

#### EMPLOYEES BY REGION

(FTEs, YEARLY AVERAGE)

in %



- 57 EUROPE
- 28 AMERICAS
- 15 ASIA PACIFIC

#### EMPLOYEES BY FUNCTION

(FTEs, YEARLY AVERAGE)

in %



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

### **Sensors**

Sensor experts have been brought on board to expand our expertise in product management, research and development. A complete product range of air duct and pipe sensors was launched successfully on the market in 2017. Larger flow sensors for water applications with Belimo ultrasonic measurement technology will be added to the product range available on the market in 2018. Further sensor projects have been started and represent an innovative pipeline for future market launches.

### **Performance Devices**

Performance devices are modular products that utilize the synergies between sensors, actuators or valve technologies to create added value for customers. Examples include the Belimo Energy Valve™ control valves and VAV ZoneEase™ damper actuators mentioned in the preface. The platform technology used here, consisting of intelligent edge devices, has also been developed further with various industrial bus interfaces or Internet connection to the Belimo Cloud. The Belimo Cloud allows an open communication via application programming interfaces (API) and therefore data exchange with the application clouds of a wide variety of providers.

### **Asia Pacific**

Products specifically developed for the Asia Pacific market region were introduced onto the market for the first time in 2017. A zone solution based on the new damper actuator VAV ZoneEase™ has already been installed in the new Belimo Shanghai premises as part of a pilot project. This test facility uses Power over Ethernet (PoE) for communication and power supply, which further increases the simplicity of commissioning and maintenance. A further innovation, the Pressure-Independent Flow Limiter Valve (PIFLV), has been added to the product range of pressure-independent control valves. The new valve was specifically developed for use with fan coil units (FCUs), e.g. in hotels, and meets a major need in terms of water applications.

### **Residential**

The development of a system for controlling air and water flows in multi-family houses was driven forward in the reporting year. The solution will be available on the test market in Switzerland in 2018. Multiple test systems have been implemented in Germany and Switzerland in recent years as part of this project. The advantages of the Belimo multi-family house solution comprise increased quality assurance for installation and operation, guaranteeing comfort and energy efficiency.

## 2018 Outlook

The growth in the building technology sector, based on the long-term trends of urbanization, energy efficiency, safety and digitization, is likely to continue worldwide on the basis of positive economic forecasts. Indoor comfort, air quality, the conservation of resources and the protection of lives and assets remain the primary areas of interest.

We expect satisfactory development of private and public building activities in the Europe market region. The strongest growth is expected for the recently acquired subsidiary in Sweden and the newly established subsidiary in Turkey.

Various key indicators for the Americas market region indicate a continued upward trajectory in the US economy despite the eight-year expansion phase. Latin America should also benefit from the positive environment in the global economy, with the exception of a few countries such as Brazil with its challenging market environment.

In the Asia Pacific market region, the trend towards energy- and cost-effectiveness in buildings, and therefore an increased demand for innovative and quality components promise a positive outlook. The implementation of our strategy for a stronger presence in China and the foundation of a subsidiary in Malaysia should also support the constant expansion of our market leadership.

Given the additions to the sensor product range and the market potential generated by the new digital and communicating systems in the Belimo product range, expenses on research and development will remain on a high level in relation to sales in order to improve innovative capacity.

We aim to achieve sustainable and profitable growth as we continue to focus steadily on the robust Belimo values of customer value, operational excellence, solution leadership and a credibility culture.

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.

## Sensors, damper actuators and control valves for a sense of well-being in rooms: intelligent HVAC components deliver excellent air quality for the highest level of room comfort.

State-of-the-art building automation is indispensable in generating good air quality and pleasant temperatures for best possible room climates. But ideal air quality is not the only prerequisite for room comfort – the pressure ratios between supply- and return air must be maintained in rooms and air ducts. Reliable HVAC components from Belimo perfectly harmonize these influencing factors so that ensured room comfort and productivity prevail at all times in different rooms.

Good, comfortable room climates are essential wherever people are; it impacts their productivity and the way they feel. The major factors affecting room climate are indoor air quality, temperature, humidity, and air flow.

### Air quality

When one enters a room, the air freshness is key to one's first impression. The CO<sub>2</sub> concentration, depending on the room occupation, can exceed a value of 1000 ppm (parts per million), and cause tiredness and loss of concentration. Therefore, it is important for rooms having varying occupants to measure and control the CO<sub>2</sub> concentration and increase fresh outdoor air provided to a room whenever needed.

Volatile Organic Compounds (VOCs) are introduced into the air by people and materials in the room, and the odor can be detected by one's sense of smell. The level of VOCs in the room is

### **OPTIMAL ENERGY DISTRIBUTION**

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Pressure-independent valves control the water flow supplied to the heating and cooling coil and are not affected by pressure fluctuations in the hydronic piping system. The valve size is selected based on the maximum required water flow of each circuit; no other selection calculations are necessary. By precisely controlling coil water flow from minimum to maximum, the pressure-independent valve eliminates the need for balancing valves, thus reducing installation and balancing cost. By far, the most significant benefit for the building owner comes in the form of energy savings by eliminating overflow thru the coil. Overflow wastes pumping energy and is the leading cause of the low Delta T syndrome found in hydronic systems. The pressure-independent zone valve from the Belimo ZoneTight™ product family ensures permanent hydronic balancing and constantly delivers the exact amount of water necessary.

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controlled by introducing fresh air and adjusting the air exchange rate of the room.

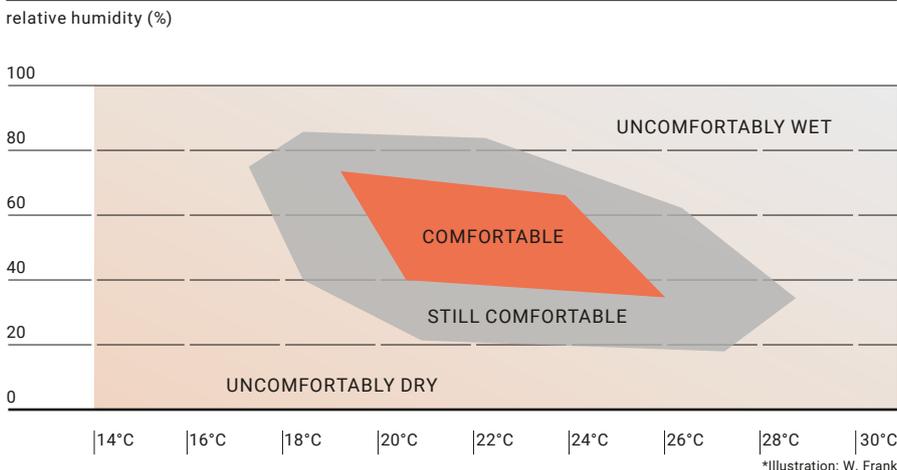
The temperature of the room becomes more noticeably the longer one is in it. During the heating period, temperatures that range from 20 to 22° C (compared to 25 to 26° C in summer) are recommended at floor level. Excessively high or low humidity also has a bearing on well-being, productivity and even health. The relative humidity in a room should thus be between 30 percent and 65 percent as minimum and maximum values, depending on the season.

Another factor in occupant comfort is the velocity of air movement. When drafts are present (often in rooms where ventilation and air conditioning systems are faulty), evaporative cooling increases on human skin and this can be unpleasant for many people. Air velocity is also important for room acoustics. Excessively high air speeds at variable air volume (VAV) boxes and air outlets can cause distracting noise and whistling.

### Room climate and the building automation system

While there are guidelines for indoor air quality (illustration “Room climate and thermal comfort” by W. Frank), the situation variables such as room function, clothing, activity level of those in the room and simply the very personal needs of room occupants vary greatly. The ability to control individual room climates is all the more important. This is where HVAC building automation comes in. Heating and cooling components in the central plant, air handling units, and terminal units for the room are fitted with sensors, damper actuators, and control valves and are networked with the building automation system (BAS). That system controls the air quality (CO<sub>2</sub> concentration and VOCs), temperature, relative humidity, and pressure in rooms, ducts, or pipes accurately and above all with longterm stability. Sensors send the variable reading to the BAS and controllers command actuators and valves to an open, closed, or intermediate position.

#### ROOM CLIMATE AND THERMAL COMFORT



\*Prof. Dr.-Ing. Wolfram Frank  
Professor emeritus at  
Siegen University, Germany,  
Faculty of Technical  
Natural Science, Chair  
in Fluids Engineering

# Health, a sense of well-being, and productivity are dependent upon room climate



**Architects** Foster + Partners | **Location** Shanghai Hongqiao CBD, China | **Project type mixed-use** Offices, hotels, exhibitions, commercial use  
**Site area** 28 000 m<sup>2</sup> | **Office buildings** 60 000 m<sup>2</sup> | **Exhibitions** 3 000 m<sup>2</sup> | **Commercial use** 70 000 m<sup>2</sup>



### Pressure-independent zone control in the Hongqiao SunnyWorld Centre, Shanghai

At first glance, the impressive architecture of the globally illustrious office of Sir Norman Foster + Partners is a striking feature of the state-of-the-art multi-functional Hongqiao SunnyWorld Centre in the heart of the Shanghai Hongqiao CBD district. The building complex is located near the fourth largest Chinese airport and not far from the National Exhibition Center. Over 70 000 square meters of commercial floor space surrounded by international hotels, a highly efficient, flexible office and a residential building has been constructed. The ground floor of which is characterized by vibrant stores, restaurants and plenty of space for public use. A generously appointed, park-like green space in the center of the complex is an attractive spot for residents and passersby to while away their time.

#### About the building

The building complex was designed to make best use of daylight and natural ventilation. The office buildings are aligned to minimize sunlight and provide excellent views. The visual connections between the ground floor and the offices above are designed in the form of triangles. The circular characteristic of the building and the size illustrates the “end point” of the complex. It establishes a perfect ending point to the park with the adjacent canal and city district. A place at which the daily work routine takes place.

#### ROOM COMFORT

Dynamic balancing using pressure-independent control valves is certainly a sensible approach. Savings in energy costs are achieved, while room comfort increases. Besides uniform load distribution, this principle of operation actually prevents annoying flow noises.

## Green building with high-tech design



The building concept includes advanced, intelligent safety systems, smart building automation and leading edge office solutions. By virtue of its energy efficiency, the building complex has been awarded the Platinum LEED certification (Leadership in Energy and Environmental Design) and the comparable Chinese certificate (Three Star Green Building). The international building structures denoted “green buildings” as to the environmental performance of the building and the transformation towards sustainable design ensuring a comfortable living and working environment. LEED certification is based on a rating system to evaluate buildings with regard to their location, energy, water, material and resource demand but also with respect to room comfort and innovative design.



### Pressure-independent zone valve from the Belimo ZoneTight™ product family

The pressure-independent zone valve supplies a specific flow for each degree of ball opening regardless of system pressure fluctuations. The valve performs the function of a balancing valve and control valve in one unit:

- Optimal system performance ensuring room comfort and reliability
- Stable control of variable flow hydronic systems for a lifetime of efficiency
- Tool-less assembly and flow adjustment because actuator and valve snap together quickly and easily
- Time saving automatic and dynamic hydronic balancing

## HVAC installation – room comfort and energy efficiency

A displacement ventilation technology is deployed in the heating, ventilation and air conditioning concept of the building complex. In this process, supply air (outside air) is introduced slowly into the ventilated room through displacement air outlets positioned near the floor. This causes a “fresh air lake” to form near the floor, the air of which flows upwards on warm surfaces – such as those of people. So fresh air is available when it is required without the air volume of the whole room having to be circulated. Displacement ventilation is suited for comfort areas as well as for the ventilation of areas with thermal loads (such as in industry).

Displacement ventilation is very economical due to the lower required air volume and the lower system pressure for building operation and usually also associated with a lower acoustic load (office, lobby). The control of the air supply takes place via VAV actuators, that are preceded by air coolers. These heat exchangers are equipped with zone valves from Belimo. Such pressure-independent valves on the cooling and heating coils were already defined as a prerequisite when planning the SunnyWorld Centre, as this concept ensures a comfortable room climate and a significantly reduced energy consumption at all times.

In public access areas with less strict acoustic requirements (such as entryways, waiting rooms and entrances of elevators), fan coil units (FCUs) are also used for the supply of conditioned fresh air. They are provided with the accurate quantity of water required via pressure-independent zone valves.

### Pressure-independent zone valves from the Belimo ZoneTight™ product family

A total of 2 300 pressure-independent zone valves are deployed across the entire building complex. These control valves assume a central role in the HVAC system because they automatically perform dynamic balancing and continually control the flow rate as required. This guarantees that the exact amount of water required is supplied to each terminal unit water coil found in VAV boxes and FCUs. Additional aspects in the planning and realization of the HVAC installation in this challenging building complex were flexible design capabilities, reliable valve design and products requiring little or no maintenance – all of which were factors convincing the building owner to opt for the Belimo solution.

### Construction industry in China

Given the demographic situation, the geographic size and the rapid rate of urbanization, the construction industry in China is seeing very high growth rates and it is currently the biggest construction industry market in the world. The standard of living and quality expectations of people are increasing with this rapid growth. For example, building and infrastructure standards in cities and towns have been improved markedly to meet these new expectations of the quickly growing middle class. Quality in the construction trade and for buildings has progressed massively and is improving further still. For example, HVAC systems with central water and air conditioning are being deployed more in place of the previously dominant, window mounted air conditioning units or “mini-split” systems that serve multiple rooms. Central HVAC systems not only increase levels of room comfort, but also draw much less energy. This enables the expectation of higher levels of room comfort to be met in addition to the goal of increased sustainability and conservation of resources.



“A sustainable design, best possible room comfort, and a reduction of energy costs and CO<sub>2</sub> emissions were the focuses from the very start of the planning stage. The high-tech products from Belimo are global market leaders in the industry and perfectly suited to these strict HVAC requirements. Belimo does not only offer excellent solutions – it also provides professional support in consultation and product selection.”

Maggie Zheng, Vice General Manager of Royal Service Air-Conditioning Corporation. Royal Service Air-Conditioning Corporation is a high-profile manufacturer of heating, ventilation and air conditioning systems, and is a customer of Belimo.

## 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, 2017.

## 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.

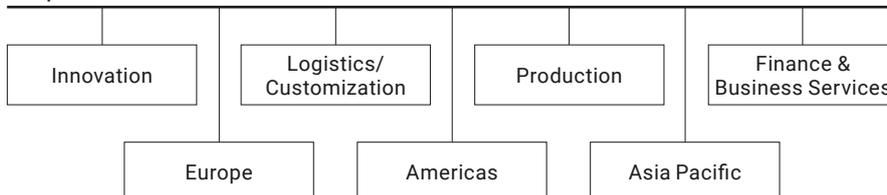
BELIMO Holding AG (the holding company of the Belimo Group) is the only Group company that is listed. The registered office of the Company is in Hinwil, Switzerland. Belimo shares (ISIN CH0001503199) are listed on the Swiss stock exchange SIX Swiss Exchange.

The market capitalization as of December 31, 2017, amounted to CHF 2 624 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 97. Further details on Belimo shares are given on pages 102 and 103. Information regarding the unlisted companies is given in the summary on page 96.

#### Group structure



#### Group divisions



## 1.2 Significant Shareholders

As at December 31, 2017, 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.	18 553	3.02%	18 553	3.02%
Ameriprise Financial, Inc.	21 878	3.56%	21 878	3.56%
The Capital Group Companies, Inc.	30 730	4.99%	30 730	4.99%
Gerda Roner	35 010	5.69%	35 010	5.69%
Group Linsi	118 570	19.28%	118 570	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](http://www.six-exchange-regulation.com).

As at December 31, 2017, BELIMO Holding AG held 0.04 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 93 to 99). The articles of incorporation are available at [www.belimo.com/corporate-governance](http://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:

	2017	2016	2015
in CHF 1 000			
Shareholders' equity as at December 31	262 939	244 934	221 727

### 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 five members as at December 31, 2017.

## 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

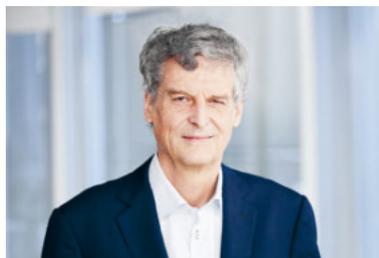
The Board of Directors consists of non-executive members. This means that no member exercised an operational function for the Belimo Group during the three financial years preceding the reporting period.

The Belimo Group maintains business relations with Ergon Informatik AG, with Patrick Burkhalter being chairman of the Board of Directors and shareholder. The order volume was around CHF 5 million in the reporting year. The Board of Directors decides on the scope of cooperation with Ergon Informatik 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 Patrick Burkhalter 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

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**Prof. emer. Dr. Hans Peter Wehrli (1952)**

Swiss citizen  
Dr. oec. publ.

Chairman of the Board of Directors since 1997

**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

**Significant professional post:**

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



**Dr. Martin Zwysig (1965)**

Swiss citizen  
Dr. oec. HSG

Deputy Chairman of the Board of Directors

**Further activities, relationships:**

None

**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



**Prof. Adrian Altenburger (1963)**

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

**Further activities, relationships:**

SIA Swiss Society of Engineers and Architects, Zurich, Vice President and Member of the Board of Directors, President of the Central Committee for Codes and Expert Council for Energy

SNV Swiss Association for Standardization, Winterthur, Vice-Chairman and Member of the Board of Directors

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

**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:**

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

Ochsenkultur AG, Wetzikon, Chairman  
of the Board of Directors

Ergon Informatik AG, Zurich, Chairman  
of the Board of Directors

**Significant professional posts:**

1988–1992 Ergon Informatik AG,  
Zurich, Software developer

1992–2016 Ergon Informatik AG,  
Zurich, Chairman of the Executive  
Committee and Member of the Board  
of Directors



**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 un-  
til 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	since AGM
Hans Peter Wehrli	1995
Adrian Altenburger	2015
Patrick Burkhalter	2014
Martin Hess	2007
Martin Zwysig	2011

### 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. Five meetings and one conference call were held in 2017.

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 2017.

### **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 2017/2018 period of office are:

Dr. Martin Zwysig (Chairman) and Prof. emer. 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 2017 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 2017/2018 period of office:

Martin Hess (Chairman), Prof. Adrian Altenburger and Patrick Burkhalter

### **Appointment Committee**

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

The members for the 2017/2018 period of office are:

Prof. emer. 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

In 2017 three meetings were held.

### 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

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**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 Automation AG,  
Hinwil, BELIMO Aircontrols (USA), Inc.,  
Danbury, various functions  
2007–2010 BELIMO Servomotori S.r.l.,  
Bergamo, Managing Director  
2011–2016 BELIMO Aircontrols (USA),  
Inc., Danbury, Head of Americas  
and Member of the Group Executive  
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 Building Technol-  
ogies, 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 Automation AG,  
Hinwil, BELIMO Automation Handels  
GmbH, Vienna and BELIMO Aircontrols  
(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 Compa-  
ny, Inc., Baltimore, various functions  
2008–2015 Johnson Controls,  
Waynesboro, Vice President, Indus-  
trial Refrigeration, 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 Execu-  
tive Committee since August 2000

**Further activities,  
relationships:**

U. W. Linsi Foundation, Stäfa, Chair-  
man of the Foundation Board

**Significant professional posts:**

1988–2000 BELIMO Automation AG,  
Hinwil, various functions in research  
and development  
2000–2007 BELIMO Automation AG,  
Hinwil, Head of Technology



**Beat Trutmann  
(1954)**

Swiss citizen  
lic. oec. publ.

CFO and Member of the Group  
Executive Committee since  
January 2003

**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  
Executive Committee

#### **4.1 Members of the Group Executive Committee**

The Group Executive Committee comprised a total of six members as at December 31, 2017.

#### **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 of the remuneration report and in the notes to the financial statements of BELIMO Holding AG on page 98 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 giving 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 2017 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 2017/ Media and Financial Analysts Conference	March 12, 2018
Annual General Meeting 2018	April 9, 2018
Dividend Payment	April 13, 2018
Publication of Semiannual Report 2018	August 6, 2018
Publication of Sales 2018	January 24, 2019
Publication of Annual Report 2018/ Media and Financial Analysts Conference	March 11, 2019
Annual General Meeting 2019	April 1, 2019

Further information for shareholders is available at [www.belimo.com/financial-calendar](http://www.belimo.com/financial-calendar).

### 9.3 Contact Investor Relations

BELIMO Holding AG  
 Beat Trutmann, CFO  
 Brunnenbachstrasse 1  
 8340 Hinwil  
 Switzerland  
 Phone +41 43 843 62 65  
 Fax +41 43 843 62 41  
 E-mail [ir@belimo.ch](mailto:ir@belimo.ch)

### 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 2017/2018 period of office:  
Martin Hess (Chairman), Prof. Adrian Altenburger and Patrick Burkhalter

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 two meetings in 2017.

## 2 Remuneration System

### 2.1 Principles

Articles of Incorporation Articles 15, 25<sup>quater</sup>, 25<sup>quinquies</sup> and 25<sup>sexties</sup>

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.

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 2018:

- Consultative vote on the remuneration report 2017
- Approval of the fixed remuneration of the Board of Directors for the financial year 2018
- Approval of the fixed and variable remuneration of the Group Executive Committee for the financial year 2018

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<sup>quinquies</sup>

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<sup>sexties</sup>

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.

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 3, 2017.

	Fixed remuneration			Expense allowance
	Basic remuneration	Social security contributions	Total	
in CHF 1 000				
<b>2017</b>				
Prof. emer. 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
<b>Total</b>	<b>750</b>	<b>36</b>	<b>786</b>	<b>30</b>
<b>Approved remuneration by the annual general meeting 2017</b>			<b>800</b>	
<b>2016</b>				
Prof. emer. Dr. Hans Peter Wehrli, Chairman	244	13	257	6
Dr. Martin Zwysig, Deputy Chairman	119	6	125	6
Prof. Adrian Altenburger, Member	119	6	125	6
Patrick Burkhalter, Member	119	6	125	6
Martin Hess, Member	119	5	124	6
<b>Total</b>	<b>720</b>	<b>36</b>	<b>756</b>	<b>30</b>

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 3, 2017. 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									
<b>2017</b>									
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
<b>Total</b>	<b>1 836</b>	<b>316</b>	<b>153</b>	<b>2 305</b>	<b>1 260</b>	<b>187</b>	<b>1 447</b>	<b>3 752</b>	<b>72</b>
<b>Approved remuneration by the annual general meeting 2017</b>				<b>2 410</b>			<b>1 950</b>	<b>4 360</b>	
<b>2016</b>									
Lars van der Haegen (CEO)	351	71	7	430	270	47	317	746	18
Other members of the Group Executive Committee	1 384	232	214	1 830	854	122	976	2 806	54
<b>Total</b>	<b>1 735</b>	<b>303</b>	<b>221</b>	<b>2 259</b>	<b>1 124</b>	<b>168</b>	<b>1 293</b>	<b>3 552</b>	<b>72</b>

\* Social security and pension plan contributions.

No remuneration other than that disclosed here was assigned. There has been no remuneration to former members of the Group Executive Committee (previous year CHF 82 500).

### 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<sup>bis</sup>

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 2017, 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, 2017.

# 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 2017. 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 2017 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, 21 February 2018

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

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Sustainability is a major part of the corporate strategy and business model of Belimo. Various stakeholder groups are taken into consideration in order to optimize sustainability objectives.

Belimo considers the aim of sustainability to not only be to minimize the negative impact of business processes, but also to increase the positive effects of application. The products manufactured by Belimo facilitate application solutions that create measurable benefits to sustainability. For example, this means saving energy when operating heating, ventilation and air conditioning systems in buildings. The effect of these benefits in practice are shown in the example of the American agricultural cooperative Land O'Lakes on pages 43 to 47.

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

The sustainability of the Belimo Group is oriented towards multiple stakeholder groups, with the aim of creating as much added value for all these groups as possible. Unilateral fulfillment of the interests of one stakeholder group, e.g. shareholders or customers, shall not be at the expense of another stakeholder group, e.g. employees or suppliers. Belimo achieves 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 interactions with suppliers and consultants. Social commitments also show how Belimo implements corporate responsibility in practice.



WE SUPPORT

#### UN GLOBAL COMPACT

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**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.**

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# Ecological Awareness

## Products and Applications

### Sustainability in the Development Process

Environmental responsibility at Belimo already starts with product design. The focus falls on a sustainable and eco-efficient product development process that takes account of the entire useful life. This means minimized power consumption and the conservation of resources, minimized environmental impact at disposal, the use of materials that generate low emissions in the case of fire and the extension of the useful life by applying state-of-the-art technologies. The optimization of current products leads to some considerable savings of material and energy during the production process.

Customers are involved in the development process at an early stage in order to jointly search for innovative solutions and verify ideas that promise success.

At Belimo, the focus falls on a sustainable and eco-efficient product development process that takes account of the entire product life cycle.

### Innovative Application Solutions

Belimo guarantees its customers superior solutions with products that offer more comfort, increased energy efficiency and safety, and are easier to install and maintain.

The optimized operation of HVAC plants is ensured thanks to the following features:

- Minimized power consumption by Belimo actuators for all applications
- Preventing circulation losses thanks to bubble-tight characterized control valve technology in water applications. Belimo highlighted its outstanding competence in this area once again in the reporting year at the Innovation Contest held by Lucerne University of Applied Sciences and Art on the subject of zone valve tightness
- Increasing plant efficiency by making smart use of actuator and sensor technology, such as in the Belimo Energy Valve™ and the ZIP Economizer™

- Easier maintenance and automatic operation optimization through Cloud connections. The newest version of the Energy Valve™ can also measure the glycol content of the heat transfer fluid for frost protection
- Simplified installation of actuators for variable air volume (VAV), thanks to preconfiguration in the Belimo Cloud and subsequent commissioning using a smartphone

Also in 2017, 6.3 million newly installed Belimo actuators helped customers become more energy-efficient, making savings many times higher than the annual electricity consumption of Belimo at its two largest production sites. The following credentials provide tangible evidence of how innovative application solutions have made plants more efficient.

### Further Developing Building Technology

Buildings are responsible for some 40 percent of energy consumption and climate-damaging CO<sub>2</sub> emissions. There is vast potential for savings, which has encouraged legislators around the world to revise the standards and laws that govern the quality of indoor air and the efficiency of heating, ventilation and air conditioning plants. Belimo actively participates to shape these changes and constantly further develops building technology. The Company is an active member of numerous industry 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 are geared toward developing sustainable, energy-efficient building technology as well as corresponding standards.

## Internal Processes and Standards

### Environmental Directives

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

Belimo also adheres to the RoHS II environmental directive, which prohibits the use of substances that are harmful to the environment. Compliance is implemented on the basis of a list of banned substances, which is aligned to products and their areas of application. Suppliers also undertake not to use any of the banned substances in the parts they deliver.

**Materials**

The materials used are carefully selected to ensure that as little damage as possible is caused to the environment. Auxiliary materials such as solvents, resins, paints or lead 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 the one from suppliers based in the United States in accordance with equivalent principles, meaning that all transport packaging consists of ecologically harmless materials and can be recycled. The consistent use of reusable cardboard packaging between the Belimo sites and suppliers saves on packaging materials. Once they have served their purpose they are recycled.

**Procurement**

More than 85 percent of product manufacturing costs at Belimo are incurred by a network of suppliers and partners. They make a major contribution to quality, innovative capacity and sustainability. When it comes to environmental and social standards, the Belimo Group is as demanding on its suppliers as it is on its own internal service providers. The suppliers are involved in the environmental and quality policy of Belimo.

Belimo expects its suppliers to make a clear commitment to sustainability principles. 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.

When it comes to environmental and social standards, the Belimo Group is as demanding on its suppliers as it is on its own internal service providers.

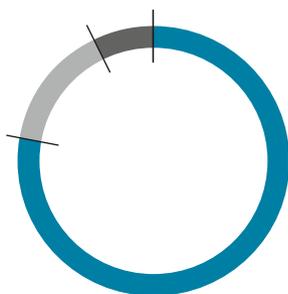
**Production and Logistics**

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. Any components that need to be bought in are delivered by the suppliers to customization centers either directly or in collective shipments, where they are assembled on-site, shortening the transport routes to customers.

Environmental issues are given high priority in the regular review and adjustment of logistics processes. Transport mileage is reduced by means of internal collective shipments within the Company and consolidated direct deliveries to customers. The share of energy-intensive air freight is minimized on an ongoing basis. Standardized reusable packages are increasingly being used for deliveries between Belimo sites, allowing for automatic storage or further processing without having to be repacked.

**PROCUREMENT BY REGION**

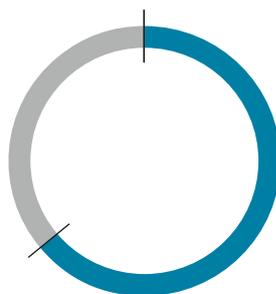
in %



- 78 EUROPE
- 15 ASIA PACIFIC
- 7 AMERICAS

**WASTE MANAGEMENT**

in %



- 64 RECYCLING
- 36 DISPOSAL

### Recycling and Disposal

Waste is sent for recycling whenever possible. It is properly sorted and recycled at internal collection points, allowing more than half of the waste produced to be recycled. In Hinwil, the remaining waste is sent to the nearby waste incineration. Disposal transportation is consolidated.

### 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 premises in Hinwil are continually reviewed and technically modernized for comfort and energy efficiency. For example, the new training and show room in the old main building in Hinwil and the Europe group division office premises have been completely renovated. This includes the installation of Belimo Energy Valves™, zone valves and VAV solutions for the management of water and air flows. The site is gradually switching its lighting over to energy-saving LEDs. An analysis program evaluates environmental and facility data, providing the basis for optimization measures. Eight charging points for electric cars are available at

the main building. The Company has invested in a new photovoltaic system at the Hinwil site, covering a total area of 176 square meters.

The building and logistics expansion in Hinwil was built to meet the latest energy-saving criteria. All storage and retrieval equipment in the automated warehouse and all goods lifts feature energy recovery systems. The internal logistics conveyor belts are all individually controlled and shut down directly after transportation. All new buildings were heavily insulated and buildings below ground water level were balanced at the right temperature by the ground water flow. The warehouse uses energy-saving night cool-down.

The production, logistics and administration building in Danbury has been certified in compliance with the LEED gold standard for sustainable construction.



## Key figures 2013–2017

### Locations Hinwil (Switzerland) and Danbury, CT (USA)

	2017	2016	2015	2014	2013	
Unit						
<b>Environmental indicators</b>						
Number of actuators produced	in million items	6.3	5.9	5.6	5.5	5.1
<b>Utilization</b>						
Paper (A4, A3 sheet) only office						
Copiers, printers	kg per FTE	8.0	11.9	13.8	15.4	12.8
<b>Buildings and total energy consumption</b>						
Electricity	MWh	6 984	7 011	7 360*	5 312*	4 782
Heat energy						
District heating (Hinwil)	MWh	1 306	1 295	1 154	814	1 191
Gas (Danbury)	MWh	1 326	1 464	2 870*	1 547*	973
Water	m³	7 578	9 378	6 930**	8 682	8 647
<b>Recycling and disposal</b>						
Waste for recycling	t	528	498	458	452	340
Waste for incineration	t	224	226	190	165	145
Remaining waste	t	70	64	87	92	65
Hazardous waste (electronics, separated materials)	t	2	2		1	37
Waste water	m³	7 007	8 892	6 490**	8 682	8 647

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

\*\* Water usage for the fire line testing in Danbury as of 2015 not included anymore.

# Knowing where the energy goes



Based in Arden Hills, Minnesota (USA), Land O'Lakes, Inc., is one of the world's largest agricultural cooperatives with over 300 000 agricultural producers in over 60 countries.

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Land O'Lakes, Inc., Arden Hills, Minnesota, was founded in 1921 and is in the agribusiness industry. Today, it is one of America's leading member-owned cooperatives. It has 3 200 direct producer-members and 1 000 member-cooperatives that combine to serve more than 300 000 agricultural producers in more than 60 countries worldwide. Since its inception, Land O'Lakes, Inc., has been committed to environmental stewardship – leveraging sound science and state-of-the-art technologies to improve sustainability and conserve natural resources in its many operations across the globe.  
→ [www.landolakesinc.com](http://www.landolakesinc.com)

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When the cooperative was founded in 1921, the farmers committed to environmental protection and to preserve natural resources sustainably. Land O'Lakes has been following this philosophy ever since throughout all its business operations. Its commitment ranges from internal recycling initiatives to public and private partnerships and energy-efficient operation of production and office buildings. The sustainability concepts are managed by the internal Corporate Sustainability Group, which also initiated the modernization of the heating, ventilation and air conditioning (HVAC) systems at corporate headquarters in Arden Hills, Minnesota (USA), in 2015.

## High energy costs and considerable losses in room comfort

In the buildings at corporate headquarters, it was no longer possible to reach the desired low supply temperatures, based on maximum cooling demands and the required level of pump performance. This was due to the 25-year-old technology. Alongside the out-of-date chillers, another problem was discovered of the air coolers in the air handling units – the water temperature difference (Delta T) between supply and return was generally lower than as required in specifications. In addition to rising electricity costs caused by inefficient pumping, this also led to insufficient heat transfer in the air cooler and therefore considerable losses in room comfort in the building.

The stated objective was to significantly reduce system energy consumption by making the circulating pumps more effective and to therefore achieve a higher level of room comfort in buildings for employees.



### Belimo Energy Valve™

This control valve continuously optimizes the water flow and automatically adjusts it to current climatic conditions. Today, thousands of these smart valves help to reduce the operating costs in buildings and CO<sub>2</sub> emissions.

## Belimo Energy Valve™ – reduced building energy consumption by around 15 percent

After an intensive energy technology review, Land O'Lakes decided to install new chillers and convert its six air handling units using Belimo Energy Valves™. The diagnostic capabilities of the Belimo Energy Valve™ enables to take a precise look at cooling system operations at any time and, in particular, to monitor the specific performance of each individual air handling unit. Building maintenance can then use the designed Delta T manager, a function integrated into the valve software, to ensure compliance with the designed temperature difference. The actual valve data is also used to operate the pumps with variable control at the lowest differential pressure, without impairing the cooling performance required for the air handling units at peak times.

This means that the desired low supply air temperatures can be reached in hot summer months again, as well as achieving energy savings of 15 percent thanks to reduced pump performance.

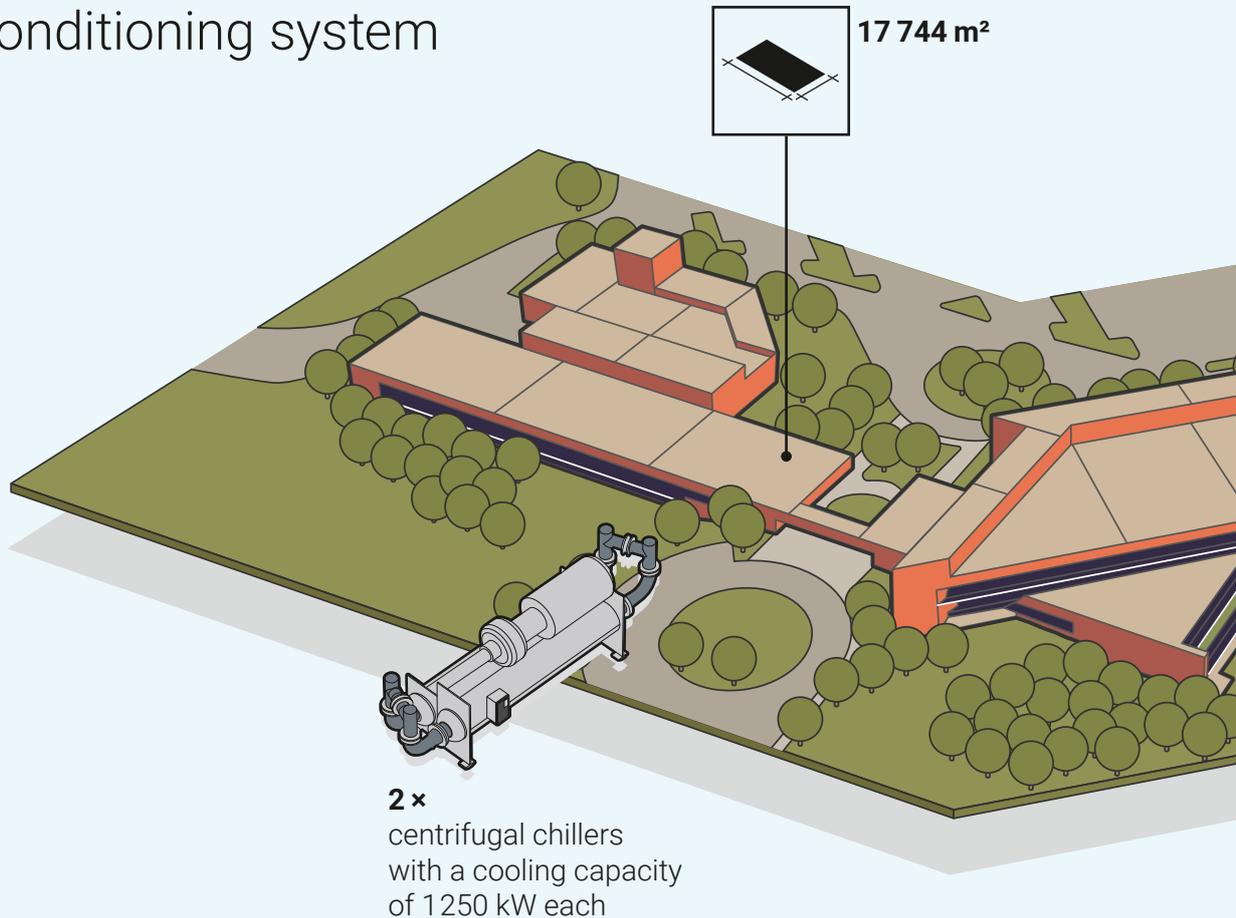


“The installation of Belimo Energy Valves™ was a great jump-start to our sustainability efforts, as only the combination of this valve type and our water-cooled chillers is increasing the cooling performance and efficiency of our chilled water system in a sustainable way.”

Joshua Kline, Lead Mechanical Engineer  
at Land O'Lakes, Inc.

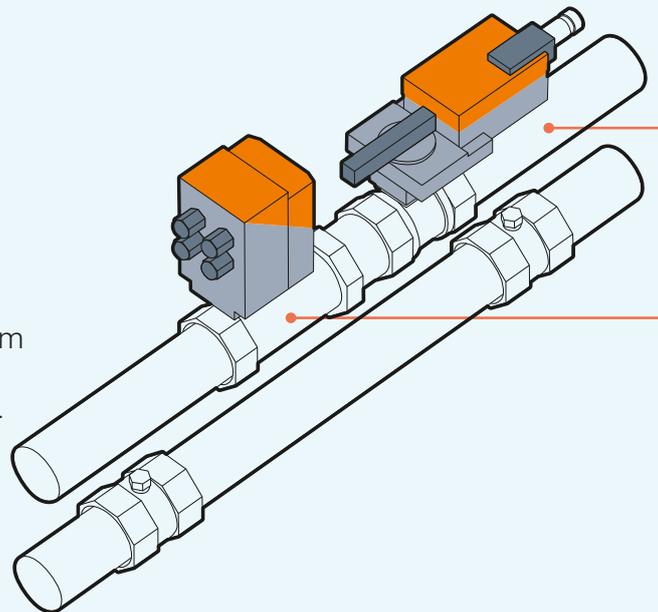
## Land O'Lakes – Targeted Sustainability Initiative

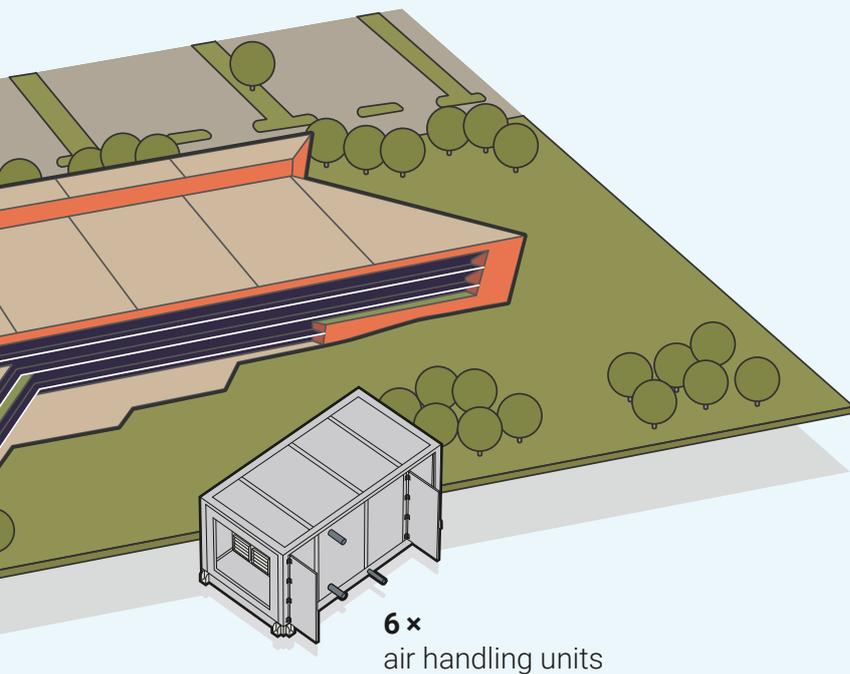
Modernization of heating, ventilation  
and air conditioning system



### Belimo Energy Valve™

Enhanced pump capacity:  
the amount of water that has been  
pumped through the circulatory system  
was reduced by 23.5 million liters  
compared to the previous-year period.





6 ×  
air handling units



Energy monitoring  
via Belimo Cloud

**-15%**

15% energy  
savings

#### LAND O'LAKES RELIES ON BELIMO

Two new centrifugal chillers, each with a cooling capacity of 1250 kilowatts, were installed at Land O'Lakes, Inc., headquarters in 2015. In order to make the HVAC system for a total building floor area of 17 744 square meters as energy-efficient and sustainable as possible when interacting with these high-performance chillers, the out-of-date pneumatic 3-way valves in each of the 6 air handling units were also replaced with pressure-independent 2-way Belimo Energy Valves™. These now allow permanent measurement of supply and return temperatures and volumetric flow, carry out automated hydronic balancing based on these measurements and therefore efficiently control the actual volumetric flow required and the optimum pump performance in the system. Building maintenance can then use the Delta T manager, a function integrated into the valve software, to ensure compliance with a defined temperature difference. The valve data analyzed after conversion of the HVAC system show that the pumps have to supply around 23.5 million liters less water into the HVAC circulatory system in comparison to the same period in the previous year. The Delta T between flow and return has also been brought back towards the intended specified values, ensuring optimum heat transfer and a considerably higher level of effectiveness for the cooling water system in general. The work was carried out by NAC Mechanical and Electrical Services, a Belimo Platinum Contractor.

# Social Responsibility

## Corporate Culture

### Values

The mission statement and code of conduct contain the principles for internal cooperation, conduct at 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 appraisal.

### Society

The success at Belimo is only possible thanks to the engagement of its employees. Our workforce encompasses over 100 different nationalities and a wide range of different cultures. We are particularly proud of our 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, Switzerland), Sonnalde in the Zurcher Oberland region (Switzerland) and Ability Beyond in Danbury, CT (USA). Our many years of cooperation with these organizations are a fixed part of corporate culture at Belimo, offering work to over 100 people; components for actuators, valves and sensors are manufactured for Belimo. The production division in Hinwil has been running an additional pilot project with IWAZ employees since January 2017. The IWAZ employees assemble, check and package actuators on an assembly line.

The success at Belimo is only possible thanks to the engagement of our employees: with various nationalities, from different cultures and a broad range of capabilities and expertise.

Belimo is now also sponsoring Sandra Stöckli as an ambassador for all people with disabilities. The inspiring para-cycling athlete from Jona (Switzerland) shows that anything can be achieved even under the most difficult conditions. She is a handcyclist and successfully participated in the Paralympics in Rio de Janeiro in 2016. She finished fifth in the Berlin Marathon in September 2017.

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 and get some insight of their working.

## 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. The high average length of service of eight years 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 assessments of individual goal achievement, as well as a discussion of appraisals and the corresponding measures to be introduced with employees. A central review of equal pay between women and men has confirmed that there are no significant differences and equal pay is ensured at Belimo.

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

The fourth worldwide employee survey in 2017 confirmed the pleasing results from 2014, indicating a very high level of engagement. Detailed results will be analyzed by the individual teams around the world and used to implement corresponding actions. Belimo is also a popular employer in comparison to other companies.

## BELIMO Automation AG, Hinwil, reached an outstanding 4<sup>th</sup> place at the Swiss Employer Award 2017.

BELIMO Automation AG, Hinwil, was announced as one of the best employers in Switzerland at the Swiss Employer Award 2017, reaching an outstanding 4<sup>th</sup> place in the category "Medium-Sized Companies". The award was based on employee ratings. They were asked questions anonymously on central workplace subjects such as job content, structures and procedures, collaboration, Executive Committee, dealing with changes, management by superiors, employee promotion and remuneration. The benchmarking study on which the Swiss Employer Award is based has become a pioneering tool for Swiss companies. The study is run by the Swiss Employers' Association (SAV), the Swiss Association for Human Resources Management (HR Swiss), the business magazine Bilanz and the icommit Institute in Küsnacht (Zurich), which carries out and assesses the employee survey.

### Training, Personal and Career Development

Belimo helps employees develop their specialist knowledge. Thorough introduction programs ensure that new recruits are fully familiarized with their tasks and responsibilities and the corporate culture. An internal training program enables knowledge and skills to be kept constantly aligned with responsibilities. 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 3-day leadership course with the aim of discussing the values and strategies of the Belimo Group and increasing leadership skills. Belimo offers career path planning for both managers and professional specialists.

### Promoting New Talent

Together with local schools, Belimo helps young people to choose a profession and provides an insight into everyday working life. The Company provides apprenticeships to 22 trainees in six different professional areas at its Hinwil site.

Belimo also offers two places for 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. Belimo has been 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 develop and execute by themselves. All apprentices are involved in this program. The results of this project work are presented at the annual parents' evening. The project order and the organization of the parents' evening are both entirely the responsibility of the apprentices.

### Health and Safety

The first aid teams in Hinwil and Danbury are regularly trained in how to handle various medical emergencies. Expanding the logistics facilities in Hinwil has meant changing the escape routes. The setup is tested regularly in surprise evacuation exercises.

Occupational safety and ergonomics also receive ongoing investment and are reviewed on-site involving external consultants.

The program to promote occupational health includes targeted relaxation and strengthening exercises, training in workplace ergonomics and other activities and talks on specific topics.

The new "Belgusto" staff restaurant began operations at the Hinwil site this year. This new staff restaurant ensures that employees receive healthy food choice with fresh ingredients and freshly cooked menus.



# Financial Report

<b>52</b>	Consolidated Financial Statements
<b>56</b>	Notes to the Consolidated Financial Statements
<b>93</b>	Financial Statements of BELIMO Holding AG
<b>102</b>	Information for Investors
<b>104</b>	Five-Year Summary

# Consolidated Financial Statements

## Consolidated Income Statement

	Note	2017	%*	2016	%*
in CHF 1 000					
Net sales	3	579 853	100.0	533 650	100.0
Other operating income	4	1 285	0.2	1 767	0.3
Material expenses		-238 798	-41.2	-220 797	-41.4
Personnel expenses	5	-157 877	-27.2	-146 354	-27.4
Other operating expenses	6	-67 075	-11.6	-57 987	-10.9
Depreciation and amortization	14, 15	-24 767	-4.3	-23 315	-4.4
<b>Operating income (EBIT)</b>		<b>92 621</b>	<b>16.0</b>	<b>86 964</b>	<b>16.3</b>
Financial income	7	3 238	0.6	539	0.1
Financial expenses	7	-1 427	-0.2	-2 153	-0.4
<b>Financial result</b>		<b>1 811</b>	<b>0.3</b>	<b>-1 614</b>	<b>-0.3</b>
<b>Income before taxes (EBT)</b>		<b>94 432</b>	<b>16.3</b>	<b>85 350</b>	<b>16.0</b>
Income taxes	8	-16 942	-2.9	-15 597	-2.9
<b>Net income</b>		<b>77 490</b>	<b>13.4</b>	<b>69 753</b>	<b>13.1</b>
Attributable to shareholders of BELIMO Holding AG		77 490	13.4	69 753	13.1
<b>Earnings per share in CHF</b>	9	<b>126.06</b>		<b>113.51</b>	

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

\* in percent of net sales

## Consolidated Statement of Comprehensive Income

	Note	2017	2016
in CHF 1 000			
<b>Net income</b>		<b>77 490</b>	<b>69 753</b>
Translation differences		-2 092	1 857
Tax effect	8	23	
<b>Items that are or may be reclassified subsequently to the income statement</b>		<b>-2 069</b>	<b>1 857</b>
Remeasurements of post-employment benefits	19	16 980	-116
Tax effect	8	-2 473	31
<b>Items that will not be reclassified subsequently to the income statement</b>		<b>14 507</b>	<b>-86</b>
<b>Other comprehensive income, net of tax</b>		<b>12 438</b>	<b>1 771</b>
<b>Total comprehensive income</b>		<b>89 928</b>	<b>71 524</b>
Attributable to shareholders of BELIMO Holding AG		89 928	71 524

## Consolidated Balance Sheet

	Note	12.31.2017	12.31.2016
in CHF 1 000			
Cash and cash equivalents	10	113 178	103 670
Trade receivables	11	83 587	74 501
Inventories	12	95 132	80 182
Other assets	13	10 030	8 256
Current tax assets		576	403
<b>Current assets</b>		<b>302 503</b>	<b>267 012</b>
Property, plant and equipment	14	166 029	166 925
Intangible assets	15	17 064	11 751
Financial assets	16	1 596	1 827
Post-employment benefits	19	2 466	
Deferred tax assets	8	2 228	4 354
<b>Non-current assets</b>		<b>189 383</b>	<b>184 857</b>
<b>Assets</b>		<b>491 886</b>	<b>451 869</b>
Trade payables		17 108	16 443
Other liabilities	17	38 250	34 593
Current tax liabilities		3 778	2 500
<b>Current liabilities</b>		<b>59 136</b>	<b>53 536</b>
Non-current financial liabilities	2	1 515	
Provisions	18	5 515	5 491
Post-employment benefits	19	747	14 023
Deferred tax liabilities	8	11 323	9 854
<b>Non-current liabilities</b>		<b>19 100</b>	<b>29 368</b>
<b>Liabilities</b>		<b>78 236</b>	<b>82 904</b>
Share capital	20	615	615
Treasury shares	20	- 262	- 521
Capital reserves	20	23 219	22 629
Retained earnings	20	390 078	346 242
<b>Shareholders' equity</b>		<b>413 650</b>	<b>368 965</b>
<b>Liabilities and shareholders' equity</b>		<b>491 886</b>	<b>451 869</b>

## 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							
<b>As at January 1, 2016</b>	<b>615</b>	<b>-536</b>	<b>22 222</b>	<b>-2 723</b>	<b>317 378</b>	<b>314 655</b>	<b>336 956</b>
Net income					69 753	69 753	69 753
Other comprehensive income, net of tax				1 857	-86	1 771	1 771
<b>Total comprehensive income</b>				<b>1 857</b>	<b>69 667</b>	<b>71 524</b>	<b>71 524</b>
Purchase of treasury shares		-171					-171
Sale of treasury shares		187	407				594
Dividends					-39 937	-39 937	-39 937
<b>As at December 31, 2016</b>	<b>615</b>	<b>-521</b>	<b>22 629</b>	<b>-866</b>	<b>347 108</b>	<b>346 242</b>	<b>368 965</b>
Net income					77 490	77 490	77 490
Other comprehensive income, net of tax				-2 069	14 507	12 438	12 438
<b>Total comprehensive income</b>				<b>-2 069</b>	<b>91 997</b>	<b>89 928</b>	<b>89 928</b>
Sale of treasury shares		259	589				848
Dividends					-46 092	-46 092	-46 092
<b>As at December 31, 2017</b>	<b>615</b>	<b>-262</b>	<b>23 219</b>	<b>-2 935</b>	<b>393 013</b>	<b>390 078</b>	<b>413 650</b>

## Consolidated Statement of Cash Flows

	Note	2017	2016
in CHF 1 000			
Net income		77 490	69 753
Income taxes	8	16 942	15 597
Interest result	7	- 511	- 427
Depreciation of property, plant and equipment	14	19 528	18 529
Amortization of intangible assets	15	5 239	4 786
Gain on sale of property, plant and equipment	14	- 227	- 156
Other non-cash items		1 256	1 432
Change in receivables and other current assets		- 11 231	- 7 788
Change in inventories		- 13 973	322
Change in payables and other current liabilities		4 254	5 338
Change in provisions	18	9	- 577
Income taxes paid		- 16 458	- 16 527
<b>Cash flow from operating activities</b>		<b>82 318</b>	<b>90 282</b>
Investments in property, plant and equipment	14	- 21 182	- 11 567
Investments in intangible assets	15	- 3 737	- 4 229
Sale/(Purchase) of financial assets		59	- 129
Sale of property, plant and equipment		313	255
Interest received	7	635	539
Acquisition of companies minus acquired cash and cash equivalents	2	- 3 549	
<b>Cash flow used in investing activities</b>		<b>- 27 461</b>	<b>- 15 131</b>
Purchase of treasury shares	20		- 171
Sale of treasury shares	20	848	594
Dividends paid	20	- 46 092	- 39 937
Interest paid		- 55	- 46
<b>Cash flow used in financing activities</b>		<b>- 45 299</b>	<b>- 39 560</b>
Translation differences arising from cash and cash equivalents		- 50	392
<b>Change in cash and cash equivalents</b>		<b>9 508</b>	<b>35 983</b>
Cash and cash equivalents at beginning of period		103 670	67 687
<b>Cash and cash equivalents at end of period</b>	10	<b>113 178</b>	<b>103 670</b>

# 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, 2017. 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 to Accounting Policies

The adoption of the amended standards, which became effective in 2017, did not materially affect the consolidated financial statements of the Group.

The following new and revised standards and interpretations were issued, but are not yet effective and have not been applied early in these consolidated financial statements.

**IFRS 15 Revenue from Contracts with Customers:** The new standard for revenue recognition will replace IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. Revenue is currently recognized at the time of delivery, when significant risks and rewards of ownership of the goods have 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. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Belimo has assessed the existing contracts with customers and the general terms and conditions. Performance obligations are satisfied at a point in time. With the current business model the timing of the revenue recognition will 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. Con-

sequently, the accounting for the warranty remains unchanged, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Belimo will adopt the standard for the financial year commencing on January 1, 2018. As a result of the assessment, no impact is expected on the consolidated financial statements of the Group.

**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 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new financial instrument classifications, new rules for hedge accounting and a new impairment model for financial assets.

Belimo has reviewed its financial assets and liabilities. The financial assets currently classified as loans and receivables as well as the financial liabilities valued at amortized costs will be classified as financial instruments at amortized costs. The fair values of forward foreign exchange contracts will be classified as financial instruments at fair value through profit and loss. The new impairment model will have no significant impact on the consolidated financial statements of the Group. In accordance with IFRS 9, the simplified approach for trade receivables will be applied. Belimo will apply the new rules retrospectively as from January 1, 2018. Comparative periods will not be restated, in accordance with the transitional provisions of IFRS 9.

The impact of the other new and revised standards 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
<b>New Standards and Interpretations</b>			
IFRIC 22 Foreign Currency Transactions and Advance Consideration	*	01.01.2018	2018
IFRS 16 Leases	**	01.01.2019	2019
IFRIC 23 Uncertainty over Income Tax Treatments	**	01.01.2019	2019
<b>Amendments of Standards</b>			
Annual Improvements to IFRS 2014–2016 Cycle:			
IAS 28 Investments in Associates and Joint Ventures	*	01.01.2018	2018
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

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

\*\* Belimo is in the process of evaluating the impact this new standard may have on its consolidated financial statements. The effects on the consolidated financial statements cannot yet be predicted with sufficient certainty.

## 1.5 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.

### **1.6 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 July 1, 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 non-current financial liability.

The assets and liabilities recognized as a result of the acquisition are as follows:

	<b>2017 Belimo AB Fair value</b>
in CHF 1 000	
Cash and cash equivalents	646
Trade receivables	830
Inventories	603
Other current assets	114
Intangible assets: non-contractual customer relationships	6 227
Trade payables	- 904
Other current liabilities	- 559
Deferred tax liabilities	- 1 362
<b>Net identifiable assets acquired</b>	<b>5 595</b>
Negative goodwill on acquisition	- 2
<b>Purchase price</b>	<b>5 593</b>
Acquired cash and cash equivalents	- 646
Deferred consideration	- 1 398
<b>Net cash outflow</b>	<b>3 549</b>

The fair value of the acquired trade receivables did not differ from the gross contractual amount.

Identified intangible assets are non-contractual customer relationships. The fair value was determined using the multi-period excess earnings method. A discount rate of 7.5 percent was applied.

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 for the reporting year would have been CHF 581.7 million and CHF 78.1 million, respectively.

There were no changes to the scope of consolidation in the previous year.

### 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 the risks and rewards of ownership of the goods transfer to the customer. Generally, sales are recognized at the time of delivery, as defined in the general terms and conditions and in compliance with generally accepted incoterms.

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.

In the reporting year, the definition of "Shared Services" and "Elimination" has been adjusted. Expenses for the Group Executive Committee and Board of Directors are no longer presented as part of "Elimination" but as "Shared Services". The prior year figures were adjusted accordingly. 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						
<b>2017</b>						
<b>Income statement</b>						
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
<b>Segment profit</b>	<b>237 314</b>	<b>188 891</b>	<b>57 374</b>	<b>-169 511</b>	<b>16 898</b>	<b>330 966</b>
Unallocated other operating income						453
Unallocated material expenses						-238 798
Unallocated financial result						1 811
<b>Income before taxes (EBT)</b>						<b>94 432</b>
Investments in property, plant and equipment and intangible assets	1 028	1 149	1 297	21 445		24 919
<b>Balance sheet as at December 31, 2017</b>						
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
<b>Total assets</b>						<b>491 886</b>
<b>2016</b>						
<b>Income statement</b>						
Net sales to third parties	259 175	209 957	64 518			533 650
Other operating income				1 113		1 113
Operating expenses	-37 792	-31 597	-13 465	-137 472	15 984	-204 341
Depreciation and amortization	-2 171	-3 922	-235	-16 988		-23 315
<b>Segment profit</b>	<b>219 213</b>	<b>174 438</b>	<b>50 818</b>	<b>-153 347</b>	<b>15 984</b>	<b>307 107</b>
Unallocated other operating income						653
Unallocated material expenses						-220 797
Unallocated financial result						-1 614
<b>Income before taxes (EBT)</b>						<b>85 350</b>
Investments in property, plant and equipment and intangible assets	1 302	1 144	172	13 178		15 796
<b>Balance sheet as at December 31, 2016</b>						
Trade receivables	57 169	29 166	14 680		-26 514	74 501
Property, plant and equipment and intangible assets	5 075	53 165	637	119 800		178 676
Unallocated assets						198 692
<b>Total assets</b>						<b>451 869</b>

Net sales development compared to the previous year in the market regions was as follows:

	CHF	Local currencies
Europe	8.4%	8.1%
Americas	7.9%	6.9%
Asia Pacific	12.5%	13.1%
<b>Group</b>	<b>8.7%</b>	<b>8.2%</b>

Overall, movements in exchange rates had an effect of 0.5 percentage points on net sales (previous year +1.4 percentage points). Around 36 percent of net sales were denominated in US dollar, 29 percent in euro, 11 percent in Swiss franc and 24 percent in other currencies.

Europe contributed 48 percent (previous year 49 percent), Americas 39 percent (previous year 39 percent) and Asia Pacific 13 percent (previous year 12 percent) to the total net sales.

The net sales by applications were as follows:

	2017	Share	2016	Share
in CHF 1 000				
Air	329 602	57%	305 911	57%
Water	250 251	43%	227 739	43%
<b>Total</b>	<b>579 853</b>	<b>100%</b>	<b>533 650</b>	<b>100%</b>

In local currencies, net sales of air applications grew by 7.4 percent and net sales of water applications increased by 9.4 percent.

The following table shows information on geographic regions:

	Net sales to third parties		Property, plant and equipment, intangible assets	
	2017	2016	12.31.2017	12.31.2016
in CHF 1 000				
Switzerland	14 742	14 691	111 194	108 819
Germany	64 527	61 336	233	284
USA	180 907	169 888	58 805	63 933
Other regions	319 677	287 735	12 861	5 641
<b>Total</b>	<b>579 853</b>	<b>533 650</b>	<b>183 093</b>	<b>178 676</b>

#### 4 Other Operating Income

Other operating income of CHF 1.3 million (previous year CHF 1.8 million) primarily contains capitalized development costs of CHF 0.8 million (previous year CHF 1.1 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.

	2017	2016
in CHF 1 000		
Wages and salaries	- 120 201	- 112 211
Social security contributions	- 17 368	- 15 907
Expenses related to post-employment defined benefit plans	- 8 613	- 8 290
Contributions to post-employment defined contribution plans	- 3 189	- 2 845
Post-employment benefit expenses	- 11 802	- 11 135
Other personnel expenses	- 8 506	- 7 101
<b>Total</b>	<b>- 157 877</b>	<b>- 146 354</b>

## 6 Other Operating Expenses

	2017	2016
in CHF 1 000		
Travel and representation	- 9 217	- 8 389
Lease expenses and cost of business premises	- 7 527	- 6 982
Consulting	- 8 380	- 7 381
Marketing	- 7 434	- 6 611
IT	- 6 941	- 6 164
External research and development	- 18 475	- 14 763
Other operating expenses	- 9 101	- 7 698
<b>Total</b>	<b>- 67 075</b>	<b>- 57 987</b>

Research and development costs of CHF 44.4 million (previous year CHF 37.7 million) are included mainly in personnel and in external research and development expenses. Thereof, CHF 0.8 million (previous year CHF 1.1 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 as well as gains and losses on hedging instruments. Interest income is recognized in accordance with the effective interest method.

	2017	2016
in CHF 1 000		
Interest income	635	539
Net gain from derivative financial instruments	412	
Foreign exchange gain (net)	2 192	
<b>Financial income</b>	<b>3 238</b>	<b>539</b>
Interest expenses	- 124	- 111
Net loss from derivative financial instruments		- 160
Foreign exchange loss (net)		- 680
Other financial expenses (bank charges)	- 1 302	- 1 202
<b>Financial expenses</b>	<b>- 1 427</b>	<b>- 2 153</b>
<b>Total</b>	<b>1 811</b>	<b>- 1 614</b>

## 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:

	2017	2016
in CHF 1 000		
Income taxes relating to current year	- 17 274	- 17 278
Adjustments from previous years	- 46	78
<b>Current income taxes</b>	<b>- 17 320</b>	<b>- 17 200</b>
<b>Deferred taxes</b>	<b>378</b>	<b>1 603</b>
<b>Income tax recognized</b>	<b>- 16 942</b>	<b>- 15 597</b>
in CHF 1 000		
<b>Income before taxes</b>	<b>94 432</b>	<b>85 350</b>
Expected tax expenses	- 15 118	- 14 136
applicable tax rate	16.0%	16.6%
Non-deductible expenses	- 424	- 426
Tax-exempt income	64	37
Adjustments from previous years	- 46	78
Non-reclaimable withholding taxes	- 423	- 433
Effect of companies with mixed tax rates	- 794	- 723
Change in tax rate	- 192	- 1
Other	- 7	7
<b>Income tax recognized</b>	<b>- 16 942</b>	<b>- 15 597</b>
effective tax rate	17.9%	18.3%

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:

	12.31.2017			12.31.2016		
	Deferred tax			Deferred tax		
	assets	liabilities	net	assets	liabilities	net
in CHF 1 000						
Receivables	187	- 1 308	- 1 121	146	- 1 212	- 1 066
Inventories	431	- 2 148	- 1 718	374	- 2 062	- 1 688
Property, plant and equipment	720	- 5 196	- 4 477	707	- 5 374	- 4 667
Intangible assets		- 2 491	- 2 491		- 1 383	- 1 383
Post-employment benefits	92	- 359	- 267	2 073		2 073
Current liabilities	508		508	439	- 3	436
Provisions	23		23	6		6
Tax losses carried forward and tax credits	448		448	788		788
<b>Total (gross)</b>	<b>2 408</b>	<b>- 11 502</b>	<b>- 9 095</b>	<b>4 535</b>	<b>- 10 035</b>	<b>- 5 500</b>
Set-off of tax	- 180	180		- 181	181	
<b>Total (net)</b>	<b>2 228</b>	<b>- 11 323</b>	<b>- 9 095</b>	<b>4 354</b>	<b>- 9 854</b>	<b>- 5 500</b>

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

	2017	2016
in CHF 1 000		
<b>As at January 1</b>	<b>-5 500</b>	<b>-7 192</b>
Change in scope of consolidation	-1 362	
Recognized in the income statement	378	1 603
Recognized in other comprehensive income	-2 473	31
Translation differences	-138	58
<b>As at December 31</b>	<b>-9 095</b>	<b>-5 500</b>

The Group has CHF 0.4 million (previous year CHF 0.8 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

	2017	2016
Net income in CHF 1 000	77 490	69 753
Average number of outstanding shares	614 691	614 493
<b>Earnings per share in CHF</b>	<b>126.06</b>	<b>113.51</b>

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 their nominal value.

As at December 31, 2017, cash and cash equivalents consisted of cash, postal and bank balances.

## 11 Trade Receivables

Trade receivables are measured at amortized cost which generally corresponds to the nominal value less any allowances for amounts that cannot be collected. The recoverable amount of receivables corresponds to the present value of the estimated future cash flows.

The allowance consists of individual allowances for specifically identified items for which there is objective evidence that the outstanding amount will not be received in full, as well as general allowances for groups of receivables with similar risk profiles. The general allowances cover losses that, in the assessment of management, have occurred, but are not yet known. General allowances are based on historical data on the receivables' payment statistics. As soon as there is sufficient evidence that a receivable will definitely not be paid, the receivable is written off directly or set off against the individual allowance created for this purpose. Previously recognized impairment losses on receivables are reversed if the increase in the recoverable amount can be attributed to an event occurring in a period after the impairment was recognized.

	12.31.2017	12.31.2016
in CHF 1 000		
Trade receivables	85 619	76 264
Allowance	-2 032	-1 763
<b>Total</b>	<b>83 587</b>	<b>74 501</b>

Trade receivables by currency were as follows:

	12.31.2017	12.31.2016
in CHF 1 000		
in CHF	3 605	3 992
in EUR	18 936	17 420
in USD	31 147	28 421
in other currencies	29 900	24 668
<b>Total</b>	<b>83 587</b>	<b>74 501</b>

Trade receivables by market region were as follows:

	12.31.2017	12.31.2016
in CHF 1 000		
Europe	35 676	30 783
Americas	32 242	29 166
Asia Pacific	15 670	14 552
<b>Total</b>	<b>83 587</b>	<b>74 501</b>

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:

	2017	2016
in CHF 1 000		
<b>As at January 1</b>	<b>-1 763</b>	<b>-1 909</b>
Increase	-335	-219
Utilization	74	112
Reversals	59	246
Translation differences	-67	7
<b>As at December 31</b>	<b>-2 032</b>	<b>-1 763</b>

As at December 31, 2017, the individual allowance amounted to CHF 1.1 million (previous year CHF 1.0 million).

The aging and allowance of trade receivables were as follows:

	12.31.2017		12.31.2016	
	Gross	Allowance	Gross	Allowance
in CHF 1 000				
Not due	66 572	-4	60 906	-36
Overdue 1 to 30 days	12 080	-443	9 404	-345
Overdue 31 to 60 days	4 454	-245	3 622	-195
Overdue 61 to 180 days	1 433	-260	1 322	-176
Overdue more than 180 days	1 080	-1 080	1 010	-1 010
<b>Total</b>	<b>85 619</b>	<b>-2 032</b>	<b>76 264</b>	<b>-1 763</b>

Based on past experience, Belimo does not expect any additional defaults.

## 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.

	12.31.2017	12.31.2016
in CHF 1 000		
Raw materials and consumables	50 205	43 207
Work in progress	57	479
Finished goods	44 870	36 496
<b>Total inventories (net)</b>	<b>95 132</b>	<b>80 182</b>
Allowance on raw materials and consumables	-3 241	-3 016
Allowance on finished goods	-4 715	-4 744
<b>Total allowance</b>	<b>-7 956</b>	<b>-7 759</b>

The allowance amounted to 7.7 percent (previous year 8.8 percent) of the gross value of inventories.

Movements in allowance were as follows:

	2017	2016
in CHF 1 000		
<b>As at January 1</b>	<b>-7 759</b>	<b>-7 967</b>
Increase	-2 333	-2 118
Utilization	2 205	2 246
Reversals	5	19
Translation differences	- 75	61
<b>As at December 31</b>	<b>-7 956</b>	<b>-7 759</b>

### 13 Other Assets

Derivative financial instruments are measured at fair value with any changes therein recognized in the financial result. The fair value of forward exchange contracts is the quoted market price at the reporting date or the net present value of the forward contract.

	12.31.2017	12.31.2016
in CHF 1 000		
Value-added taxes and social security credit balances	6 611	4 606
Advance payments	2 883	3 267
Fair value of derivative financial instruments	117	112
Other receivables and accruals	419	271
<b>Total</b>	<b>10 030</b>	<b>8 256</b>

Based on past experience, Belimo does not expect any defaults on other assets.

## 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					
<b>Costs</b>					
<b>As at January 1, 2016</b>	<b>180 101</b>	<b>85 655</b>	<b>19 837</b>	<b>964</b>	<b>286 557</b>
Additions	1 871	6 596	2 606	494	11 567
Disposals		-279	-1 084		-1 363
Reclassifications		825	120	-945	
Translation differences	1 693	356	67	1	2 117
<b>As at December 31, 2016</b>	<b>183 665</b>	<b>93 154</b>	<b>21 546</b>	<b>513</b>	<b>298 878</b>
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
<b>As at December 31, 2017</b>	<b>186 623</b>	<b>99 630</b>	<b>23 616</b>	<b>2 003</b>	<b>311 872</b>
<b>Accumulated depreciation</b>					
<b>As at January 1, 2016</b>	<b>-38 178</b>	<b>-62 624</b>	<b>-13 357</b>		<b>-114 159</b>
Depreciation	-7 108	-8 714	-2 707		-18 529
Disposals		259	1 006		1 264
Translation differences	-250	-237	-41		-528
<b>As at December 31, 2016</b>	<b>-45 536</b>	<b>-71 317</b>	<b>-15 099</b>		<b>-131 952</b>
Depreciation	-7 416	-9 194	-2 918		-19 528
Disposals	408	1 981	2 608		4 998
Translation differences	389	370	-119		640
<b>As at December 31, 2017</b>	<b>-52 155</b>	<b>-78 160</b>	<b>-15 528</b>		<b>-145 843</b>
<b>Carrying amounts</b>					
As at January 1, 2016	141 923	23 031	6 479	964	172 398
<b>As at December 31, 2016</b>	<b>138 129</b>	<b>21 837</b>	<b>6 446</b>	<b>513</b>	<b>166 925</b>
<b>As at December 31, 2017</b>	<b>134 467</b>	<b>21 470</b>	<b>8 088</b>	<b>2 003</b>	<b>166 029</b>

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 2.3 million (previous year CHF 4.5 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					
<b>Costs</b>					
<b>As at January 1, 2016</b>	<b>20 280</b>	<b>11 814</b>	<b>8 194</b>		<b>40 288</b>
Additions	1 536		1 113	1 579	<b>4 229</b>
Disposals	- 59	- 4 841			<b>- 4 900</b>
Translation differences	78	- 28			<b>50</b>
<b>As at December 31, 2016</b>	<b>21 835</b>	<b>6 945</b>	<b>9 307</b>	<b>1 579</b>	<b>39 666</b>
Additions	2 238		831	668	<b>3 737</b>
Disposals	- 2 940		- 1 873		<b>- 4 814</b>
Reclassifications	1 571			- 1 571	
Change in scope of consoli- dation		6 414			<b>6 414</b>
Translation differences	- 110	832			<b>723</b>
<b>As at December 31, 2017</b>	<b>22 593</b>	<b>14 191</b>	<b>8 265</b>	<b>676</b>	<b>45 726</b>
<b>Accumulated amortization</b>					
<b>As at January 1, 2016</b>	<b>- 16 776</b>	<b>- 7 432</b>	<b>- 3 770</b>		<b>- 27 978</b>
Amortization	- 2 151	- 1 251	- 1 385		<b>- 4 786</b>
Disposals	59	4 841			<b>4 900</b>
Translation differences	- 60	9			<b>- 51</b>
<b>As at December 31, 2016</b>	<b>- 18 928</b>	<b>- 3 834</b>	<b>- 5 154</b>		<b>- 27 915</b>
Amortization	- 2 572	- 1 359	- 1 307		<b>- 5 239</b>
Disposals	2 940		1 873		<b>4 814</b>
Translation differences	82	- 403			<b>- 321</b>
<b>As at December 31, 2017</b>	<b>- 18 478</b>	<b>- 5 596</b>	<b>- 4 588</b>		<b>- 28 662</b>
<b>Carrying amounts</b>					
As at January 1, 2016	3 503	4 382	4 424		<b>12 309</b>
<b>As at December 31, 2016</b>	<b>2 907</b>	<b>3 111</b>	<b>4 153</b>	<b>1 579</b>	<b>11 751</b>
<b>As at December 31, 2017</b>	<b>4 116</b>	<b>8 595</b>	<b>3 677</b>	<b>676</b>	<b>17 064</b>

CHF 1.8 million (previous year CHF 1.0 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 1.4 million (previous year CHF 0.6 million).

## 16 Financial Assets

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

Liabilities other than derivative financial instruments are measured at their nominal value. In case of non-derivative financial liabilities, this corresponds generally to their amortized cost. Derivative financial instruments are measured at fair value with any changes therein recognized in the financial result. The fair value of forward exchange contracts is the quoted market price at the reporting date or the net present value of the forward contract.

	12.31.2017	12.31.2016
in CHF 1 000		
Value-added taxes, social security liabilities and accrued expenses	10 055	8 416
Advance payments	158	575
Fair value of derivative financial instruments	54	460
Other liabilities and accrued expenses	27 983	25 141
<b>Total</b>	<b>38 250</b>	<b>34 593</b>

Other liabilities and accrued expenses essentially consist of volume rebates to customers, overtime balances and cost of bonus plans for employees.

## 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 2017	Total 2016
in CHF 1 000				
<b>As at January 1</b>	<b>5 022</b>	<b>469</b>	<b>5 491</b>	<b>6 067</b>
Increase	4 791	331	5 121	3 651
Utilization	-3 682	-250	-3 932	-3 573
Reversals	-1 180		-1 180	-655
Translation differences		16	16	1
<b>As at December 31</b>	<b>4 950</b>	<b>565</b>	<b>5 515</b>	<b>5 491</b>

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:

	12.31.2017	12.31.2016
in CHF 1 000		
Present value of funded obligations	- 251 228	- 235 716
Fair values of plan assets	253 694	222 464
<b>Surplus/(deficit) of funded plans</b>	<b>2 466</b>	<b>- 13 252</b>
Present value of unfunded obligations	- 747	- 771
<b>Total surplus/(deficit) of defined benefit pension plans</b>	<b>1 719</b>	<b>- 14 023</b>
of which recognized as non-current asset	2 466	
of which recognized as non-current liability	- 747	- 14 023

In 2017, the return on plan assets of CHF 19.4 million (previous year CHF 8.3 million) resulted in a surplus of CHF 2.5 million for the Swiss pension plan. The asset ceiling, being the present value of any economic benefits available in the form of reductions in future contributions to the Swiss pension plan, exceeded the surplus. Consequently, the surplus was fully recognized as non-current asset as at December 31, 2017.

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

	2017			2016		
	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						
<b>As at January 1</b>	<b>- 236 487</b>	<b>222 464</b>	<b>- 14 023</b>	<b>- 217 519</b>	<b>204 972</b>	<b>- 12 548</b>
<b>Movements included in the income statement</b>						
Current service costs	- 8 613		- 8 613	- 8 290		- 8 290
Interest result (net)	- 1 401	1 354	- 47	- 1 940	1 874	- 66
<b>Total movements included in the income statement</b>	<b>- 10 014</b>	<b>1 354</b>	<b>- 8 660</b>	<b>- 10 230</b>	<b>1 874</b>	<b>- 8 356</b>
<b>Movements included in other comprehensive income</b>						
Change in demographic assumptions				2 419		2 419
Change in financial assumptions	1 700		1 700	- 9 240		- 9 240
Experience adjustments	- 2 777		- 2 777	317		317
Return on plan assets (excluding interest income)		18 057	18 057		6 388	6 388
<b>Total remeasurement included in other comprehensive income</b>	<b>- 1 077</b>	<b>18 057</b>	<b>16 980</b>	<b>- 6 504</b>	<b>6 388</b>	<b>- 116</b>
Translation differences	- 55		- 55	2		2
<b>Total movements included in other comprehensive income</b>	<b>- 1 132</b>	<b>18 057</b>	<b>16 925</b>	<b>- 6 502</b>	<b>6 388</b>	<b>- 114</b>
<b>Other movements</b>						
Employer contributions		7 401	7 401		6 920	6 920
Employee contributions	- 5 380	5 380		- 5 044	5 044	
Benefits paid from plan assets	962	- 962		2 733	- 2 733	
Benefits paid by the employer	76		76	75		75
<b>Total other movements</b>	<b>- 4 342</b>	<b>11 819</b>	<b>7 477</b>	<b>- 2 236</b>	<b>9 231</b>	<b>6 995</b>
<b>As at December 31</b>	<b>- 251 975</b>	<b>253 694</b>	<b>1 719</b>	<b>- 236 487</b>	<b>222 464</b>	<b>- 14 023</b>

The experience-based adjustments to pension obligations resulted in an actuarial loss of CHF 2.8 million (previous year gain of CHF 0.3 million) on the plan's projected benefit obligations. From 2016 on, Belimo applies the BVG 2015 generation tables for the demographic assumptions of the Swiss pension plan, as a result CHF 2.4 million were recognized as change in demographic assumptions in previous year.

The cash flow for annuity payments and other obligations can be planned reliably. The weighted average duration of the defined benefit obligations is 16.8 years (previous year 17.0 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:

	12.31.2017	12.31.2016
Shares	35.4%	33.2%
Bonds	45.4%	47.1%
Real estate	17.2%	18.1%
Cash and cash equivalents	1.0%	0.6%
Assets held by insurance company	1.0%	1.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

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 2018 amount to CHF 8.2 million.

#### 19.5 Actuarial Assumptions and Sensitivity Analyses

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

	12.31.2017	12.31.2016
Discount rate	0.7%	0.6%
Interest rate used in projecting retirement benefits	1.8%	1.8%
Expected salary increases	2.0%	2.0%
Expected pension increases	0.0%	0.0%
Life expectancy as at age of 65 in years: male/female	22.50/24.54	22.38/24.43

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.

	12.31.2017	12.31.2016
<b>Increase (+)/decrease (-) of the present value of defined benefit obligations</b>		
<b>Discount rate</b>		
Increase by 25 basis points	- 3.2%	- 3.2%
Decrease by 25 basis points	3.4%	3.5%
<b>Interest rate used in projecting retirement benefits</b>		
Increase by 25 basis points	0.4%	0.4%
Decrease by 25 basis points	- 0.4%	- 0.4%
<b>Expected salary increases</b>		
Increase by 50 basis points	0.9%	0.9%
Decrease by 50 basis points	- 0.9%	- 0.9%
<b>Life expectancy</b>		
Increase by 1 year	2.1%	2.1%
Decrease by 1 year	- 2.1%	- 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, 2017, 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
<b>As at January 1, 2016</b>	615 000	-575	<b>614 425</b>
Purchase		-57	<b>-57</b>
Sale		191	<b>191</b>
<b>As at December 31, 2016</b>	615 000	-441	<b>614 559</b>
Sale		219	<b>219</b>
<b>As at December 31, 2017</b>	615 000	-222	<b>614 778</b>

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 46.1 million (CHF 75 per share).

The Board of Directors proposes to the 2018 annual general meeting a dividend distribution of CHF 85 per share, which equates to a payout ratio of 67.5 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 non-current financial liabilities amounting to CHF 1.5 million (deferred consideration acquisition of Belimo AB, Sweden, including accrued interest) equaled to 1.6 years, all other financial liabilities 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							
<b>As at December 31, 2017</b>							
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
<b>Currency exposure</b>	<b>8 616</b>	<b>- 10 553</b>	<b>15 564</b>	<b>3 647</b>	<b>4 278</b>	<b>5 386</b>	<b>33 745</b>
<b>As at December 31, 2016</b>							
Cash and cash equivalents	1 301	483	13 709	1 330	172	817	20 526
Trade receivables	4 028	1 372	12 290	2 161	3 582	3 384	16 283
Other receivables and accruals	94		110	5	11		246
Financial assets			34				
Trade payables		- 7 815	- 4 961		- 11		- 3 938
Other liabilities and accrued expenses qualifying as financial instruments		- 2	- 101				- 2 919
<b>Currency exposure</b>	<b>5 423</b>	<b>- 5 962</b>	<b>21 081</b>	<b>3 496</b>	<b>3 753</b>	<b>4 201</b>	<b>30 197</b>

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

			12.31.2017		12.31.2016	
			Exchange		Exchange	
			gain	loss	gain	loss
in CHF 1 000						
CAD	+/-	5.0%	431	- 431	271	- 271
CHF	-/+	5.0%	528	- 528	298	- 298
EUR	+/-	5.0%	412	- 501	954	- 833
GBP	+/-	5.0%	182	- 182	175	- 175
HKD	+/-	5.0%	214	- 214	188	- 188
PLN	+/-	5.0%	269	- 269	210	- 210
USD	+/-	5.0%	1 011	- 948	- 442	- 811
<b>Total</b>			<b>3 047</b>	<b>- 3 073</b>	<b>1 654</b>	<b>- 2 785</b>

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:

	12.31.2017	12.31.2016
in CHF 1 000		
<b>Foreign currency hedging instruments</b>		
in EUR	6 388	3 278
in USD	14 189	25 881
<b>Total forward foreign exchange contracts</b>	<b>20 577</b>	<b>29 159</b>
<b>Fair values</b>		
positive	117	112
negative	- 54	- 460
<b>Total fair values</b>	<b>63</b>	<b>- 348</b>

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, 2017, mature in 122 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	
	12.31.2017	12.31.2016
in CHF 1 000		
<b>Loans and receivables</b>		
Cash and cash equivalents	113 178	103 670
Trade receivables	83 587	74 501
Other receivables and accruals	419	271
Financial assets	1 596	1 827
<b>Total</b>	<b>198 781</b>	<b>180 269</b>
<b>Financial assets held for trading</b>		
Fair value of derivative financial instruments	117	112
<b>Total</b>	<b>117</b>	<b>112</b>
<b>Financial liabilities valued at amortized cost</b>		
Financial liabilities	1 515	
Trade payables	17 108	16 443
Other liabilities and accrued expenses qualifying as financial instruments	14 025	12 468
<b>Total</b>	<b>32 648</b>	<b>28 911</b>
<b>Financial liabilities held for trading</b>		
Fair value of derivative financial instruments	54	460
<b>Total</b>	<b>54</b>	<b>460</b>

## 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 19.8 percent as at December 31, 2017. 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 71.1 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, 2017	3 101	4 147	451	7 699
As at December 31, 2016	2 547	2 600	551	5 698

The lease terms range between one and ten years. No contingent rent was paid in the reporting year.

## 23 Contingent Liabilities

There were no contingent liabilities as at December 31, 2017.

## 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):

	2017	2016
in CHF 1 000		
Short-term employee benefits	3 999	3 801
Post-employment benefits	539	507
<b>Total</b>	<b>4 538</b>	<b>4 308</b>

Breakdown of remuneration by executive and non-executive members:

	2017	2016
in CHF 1 000		
Board of Directors (non-executive members)	786	756
Group Executive Committee (executive members)	3 752	3 552
<b>Total</b>	<b>4 538</b>	<b>4 308</b>

In total, 6 235 shares were held by related parties (previous year 2 855 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		
	2017	2016	Change	2017	2016	Change
in CHF						
AUD	0.76	0.73	3.7%	0.75	0.73	3.3%
BRL	0.30	0.31	- 5.4%	0.31	0.28	10.4%
CAD	0.78	0.76	2.5%	0.76	0.74	2.5%
CNY	0.15	0.15	1.9%	0.14	0.15	- 3.0%
EUR	1.17	1.07	9.1%	1.10	1.09	1.1%
GBP	1.32	1.26	4.7%	1.26	1.35	- 6.7%
HKD	0.12	0.13	- 5.0%	0.13	0.13	0.1%
INR	0.02	0.02	1.9%	0.02	0.01	2.9%
NOK	0.12	0.12	0.6%	0.12	0.12	1.9%
PLN	0.28	0.24	14.8%	0.26	0.25	2.9%
SEK	0.12			0.11		
TRY	0.26	0.29	- 11.0%	0.27	0.33	- 17.4%
USD	0.98	1.02	- 4.2%	0.99	0.98	0.5%

## 26 Subsidiaries

BELIMO Holding AG held the following subsidiaries:

Company	Function	Shareholding interest and voting right		Currency	Share capital in 1 000	
		12.31.2017	12.31.2016		12.31.2017	12.31.2016
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 Customization (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 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% *		SEK	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

\* Acquired on July 1, 2017

\*\* 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 21, 2018. They are subject to approval by the annual general meeting on April 9, 2018.

No events took place between December 31, 2017, and February 21, 2018, 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 2017 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 52 to 88) give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, 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 95.1 Mio as at 31 December 2017. 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 2017 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 2018 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

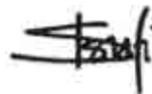
In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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, 21 February 2018

# Financial Statements of BELIMO Holding AG

## Income Statement

	Note	2017	2016
in CHF 1 000			
Dividend income – Group companies		57 047	54 675
License fees – Group companies		6 771	6 336
Other financial income	2.1	5 740	4 798
<b>Revenue</b>		<b>69 557</b>	<b>65 810</b>
Personnel expenses		- 1 128	- 784
Other operating expenses		- 825	- 502
Financial expenses	2.2	- 2 707	- 207
Direct taxes		- 1 058	- 1 189
<b>Expenses</b>		<b>- 5 719</b>	<b>- 2 681</b>
<b>Net income</b>		<b>63 838</b>	<b>63 129</b>

## Balance Sheet

	Note	12.31.2017	12.31.2016
in CHF 1 000			
Cash and cash equivalents		48 719	41 809
Other current receivables – Group companies		30 428	15 124
Other current receivables – Third parties		197	133
<b>Current assets</b>		<b>79 344</b>	<b>57 066</b>
Financial assets – Group companies	2.2	130 404	139 161
Financial assets – Third parties		50	50
Investments – Group companies	2.3	55 632	50 037
<b>Non-current assets</b>		<b>186 086</b>	<b>189 248</b>
<b>Assets</b>		<b>265 430</b>	<b>246 314</b>
Other current liabilities – Third parties		146	468
Deferred income and accrued expenses		730	812
<b>Current liabilities</b>		<b>876</b>	<b>1 280</b>
Non-current interest-bearing liabilities – Third parties	2.4	1 515	
Provisions		100	100
<b>Non-current liabilities</b>		<b>1 615</b>	<b>100</b>
<b>Liabilities</b>		<b>2 491</b>	<b>1 380</b>
Share capital		615	615
Legal capital reserves		9 164	9 164
Legal retained earnings		580	580
Voluntary retained earnings		252 842	235 096
Treasury shares	2.5	– 262	– 521
<b>Shareholders' equity</b>		<b>262 939</b>	<b>244 934</b>
<b>Liabilities and shareholders' equity</b>		<b>265 430</b>	<b>246 314</b>

# Notes to the Financial Statements

## 1 Accounting Policies

### 1.1 General Information

The financial statements of BELIMO Holding AG, Hinwil, 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.

### 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

Other financial income consists mainly of interest income from loans to Group companies.

### 2.2 Financial Assets – Group Companies

In the reporting year BELIMO Aircontrols (USA) Inc. has repaid USD 7.4 million to BELIMO Holding AG.

The measurement of the loans as at December 31, 2017, resulted in unrealized foreign exchange losses of CHF 2.6 million, which were recognized in the financial expenses. In 2016, this measurement resulted in unrealized foreign exchange gains that were not recorded.

## 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	
		12.31.2017	12.31.2016		12.31.2017	12.31.2016
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 Customization (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 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% *		SEK	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

\* Acquired on July 1, 2017

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

H = Holding company

P = Production

D = Distribution

R&D = Research and development

I = Inactive

## 2.4 Non-Current Interest-Bearing Liabilities

The non-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 the accrued interest thereon.

## 2.5 Treasury Shares

	2017		2016	
	Number of shares	Value in CHF 1 000	Number of shares	Value in CHF 1 000
<b>As at January 1</b>	<b>441</b>	<b>521</b>	<b>575</b>	<b>536</b>
Purchase			57	171
Sale	- 219	- 259	- 191	- 187
<b>As at December 31</b>	<b>222</b>	<b>262</b>	<b>441</b>	<b>521</b>

In the reporting year, the average selling price per share was CHF 3 895 (previous year CHF 3 134). In the previous year, the average transaction price of the treasury shares purchased amounted to CHF 3 007. These values corresponded to the fair values.

## 3 Other Information

### 3.1 Full-Time Equivalents

BELIMO Holding AG does not have any employees.

### 3.2 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, 2017.

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.

### 3.3 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.

	12.31.2017	12.31.2016
Number of shares		
<b>Board of Directors</b>		
Prof. Adrian Altenburger	50	50
Patrick Burkhalter	3 565	130
Martin Hess	370	370
Prof. emer. Dr. Hans Peter Wehrli	1 300	1 400
Dr. Martin Zwyszig	25	25
<b>Total Board of Directors</b>	<b>5 310</b>	<b>1 975</b>
<b>Group Executive Committee</b>		
Lukas Eigenmann	200	200
James W. Furlong	45	45
Peter Schmidlin	630	605
Lars van der Haegen	50	30
<b>Total Group Executive Committee</b>	<b>925</b>	<b>880</b>

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.

### 3.4 Significant Shareholders

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

	12.31.2017	12.31.2016
Gerda Roner	5.69%	5.69%
Group Linsi	19.28%	19.28%

### 3.5 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

	12.31.2017
in CHF 1 000	
Balance carried forward from previous year	189 004
Net income	63 838
<b>Available earnings</b>	<b>252 842</b>
<b>Proposed appropriation of available earnings by the Board of Directors</b>	
Dividend of CHF 85 per share*	- 52 275
<b>Balance carried forward</b>	<b>200 567</b>

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

The Board of Directors proposes to the 2018 annual general meeting a dividend of CHF 85 per share.

The dividend is expected to be paid on April 13, 2018.



# 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 2017, 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 93 to 99) for the year ended 31 December 2017 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, 21 February 2018

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

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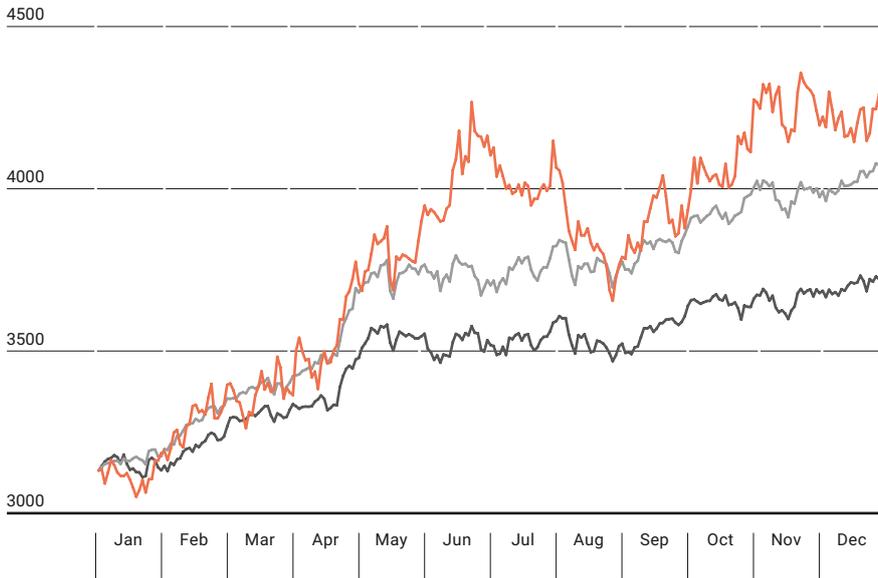
# Information for Investors

## Stock Market Information from 2013 to 2017

	2017	2016	2015	2014	2013
<b>Share capital</b>					
Number of registered shares as at December 31	615 000	615 000	615 000	615 000	615 000
Average number of outstanding shares	614 691	614 493	614 407	613 540	610 372
<b>Information per average outstanding share</b>					
Earnings, in CHF	126	114	92	110	103
Cash flow from operating activities, in CHF	134	147	115	121	116
Operating income (EBIT), in CHF	151	142	121	132	133
Shareholders' equity, in CHF	673	600	548	517	471
<b>Information per registered share</b>					
Dividend, in CHF (as proposed by the Board of Directors for next year)	85	75	65	65	65
Return on dividend as at December 31, in percent	2.0%	2.4%	2.7%	2.8%	2.6%
Payout ratio, in percent of net income	67.5%	66.1%	71.1%	59.5%	63.8%
Price-earnings ratio as at December 31	33.9	27.1	26.8	21.1	24.2
<b>Stock market prices in CHF</b>					
High	4 380	3 408	2 458	2 576	2 475
Low	3 021	2 221	1 950	2 153	1 763
Year-end	4 266	3 078	2 450	2 310	2 460
<b>Market capitalization in CHF million</b>					
High	2 694	2 096	1 512	1 584	1 522
Low	1 858	1 366	1 199	1 324	1 084
Year-end	2 624	1 893	1 507	1 421	1 513
In percent of shareholders' equity as at December 31	634%	513%	447%	448%	526%
<b>Average daily trading volume</b>					
In number of shares	331	356	566	415	364

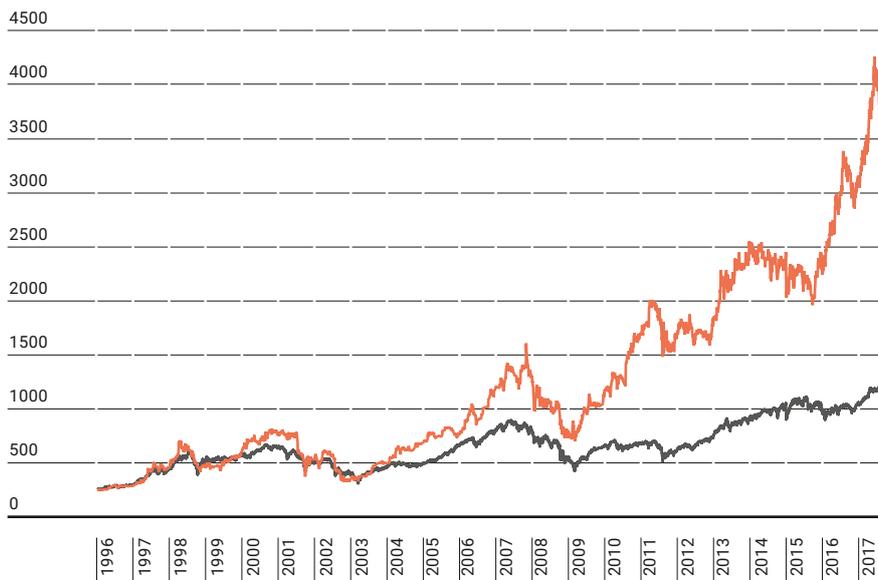
**PERFORMANCE SINCE JANUARY 1, 2017**

in CHF



**PERFORMANCE SINCE IPO**

in CHF



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

# Five-Year Summary

## Five-Year Summary of the Belimo Group

	2017	2016	2015	2014	2013
in CHF 1 000 (unless indicated otherwise)					
<b>Income statement</b>					
Net sales	579 853	533 650	493 299	493 919	472 859
Operating income (EBITDA) in percent of net sales	117 388 20.2%	110 280 20.7%	95 818 19.4%	99 603 20.2%	98 535 20.8%
Operating income (EBIT) in percent of net sales	92 621 16.0%	86 964 16.3%	74 630 15.1%	81 250 16.5%	81 318 17.2%
Personnel expenses in percent of net sales	157 877 27.2%	146 354 27.4%	139 573 28.3%	132 136 26.8%	125 199 26.5%
Research and development in percent of net sales	44 423 7.7%	37 721 7.1%	34 653 7.0%	32 415 6.6%	30 573 6.5%
Operating expenses in percent of net sales	224 952 38.8%	204 341 38.3%	192 877 39.1%	189 967 38.5%	180 261 38.1%
Depreciation and amortization in percent of net sales	24 767 4.3%	23 315 4.4%	21 188 4.3%	18 352 3.7%	17 217 3.6%
Net income in percent of net sales	77 490 13.4%	69 753 13.1%	56 229 11.4%	67 193 13.6%	62 609 13.2%
<b>Cash flow</b>					
Cash flow from operating activities in percent of net sales	82 318 14.2%	90 282 16.9%	70 371 14.3%	74 080 15.0%	70 574 14.9%
Free cash flow in percent of net sales	54 857 9.5%	75 151 14.1%	37 038 7.5%	18 546 3.8%	34 921 7.4%
Investments in property, plant and equipment and intangible assets	24 919	15 796	34 031	55 141	36 676
Dividend distribution	46 092	39 937	39 936	39 908	36 606
<b>Balance sheet</b>					
Total assets	491 886	451 869	413 041	424 514	369 991
Cash and cash equivalents in percent of total assets	113 178 23.0%	103 670 22.9%	67 687 16.4%	92 345 21.8%	104 482 28.2%
Current assets in percent of total assets	302 503 61.5%	267 012 59.1%	224 542 54.4%	246 235 58.0%	238 299 64.4%
Net working capital in percent of net sales	243 366 42.0%	213 477 40.0%	177 072 35.9%	173 408 35.1%	194 537 41.1%
Non-current assets in percent of total assets	189 383 38.5%	184 857 40.9%	188 499 45.6%	178 279 42.0%	131 692 35.6%
Current liabilities in percent of total assets	59 136 12.0%	53 536 11.8%	47 470 11.5%	72 826 17.2%	43 761 11.8%
Non-current liabilities in percent of total assets	19 100 3.9%	29 368 6.5%	28 615 6.9%	34 769 8.2%	38 769 10.5%
Shareholders' equity in percent of total assets	413 650 84.1%	368 965 81.7%	336 956 81.6%	316 919 74.7%	287 461 77.7%
<b>Key figures</b>					
Net sales year-on-year growth, in percent	8.7%	8.2%	-0.1%	4.5%	6.4%
Net sales in local currencies year-on-year growth, in percent	8.2%	6.8%	3.6%	6.6%	6.4%
Return on equity (ROE), in percent	19.8%	19.8%	17.2%	22.2%	23.4%
Return on invested capital (ROIC), in percent	23.4%	23.8%	20.8%	23.4%	29.7%
Quick ratio, in percent	344.8%	342.1%	297.6%	227.3%	381.6%
Days sales outstanding (DSO)	50.3	49.1	50.6	46.7	43.2
Inventory period	132	131	138	129	125
Equity-to-fixed-assets ratio, in percent	228.5%	215.5%	193.9%	197.3%	247.7%
Number of employees (FTEs, yearly average)	1 483	1 416	1 387	1 357	1 278
Net sales per employee	391	377	356	364	370
Number of actuators shipped, in million items	6.3	5.9	5.6	5.6	5.3

# Publications and Agenda

Publication of Annual Report 2017/ Media and Financial Analysts Conference	March 12, 2018
Annual General Meeting 2018	April 9, 2018
Dividend Payment	April 13, 2018
Publication of Semiannual Report 2018	August 6, 2018
Publication of Sales 2018	January 24, 2019
Publication of Annual Report 2018/ Media and Financial Analysts Conference	March 11, 2019
Annual General Meeting 2019	April 1, 2019

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