

Hinwil, March 11, 2019, 07:00 a.m.

Press release of the Belimo Group

Belimo increases profitability and innovative capacity

Belimo is looking back at a successful financial year: Sales in Swiss francs increased by 10.8 percent to CHF 642.4 million, corresponding to a growth of 9.6 percent when adjusted for currencies. The Group has succeeded in achieving an operating income (EBIT) of CHF 109.8 million, which equates to an EBIT margin of 17.1 percent. Net income rose with respect to the comparison period by 11.3 percent to CHF 86.2 million.

Return on equity (ROE) was 20.2 percent, while the return on invested capital (ROIC) was 27.9 percent. Cash flow from operating activities increased by 38.4 percent to CHF 113.9 million. Free cash flow amounted to CHF 94.3 million. For a strong continuation of its growth strategy, Belimo invested again a substantial amount of CHF 47.2 million in research and development during the reporting period, compared to CHF 44.4 million in 2017.

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

Europe. Sales in the largest market region of the Belimo Group grew by 12.9 percent, or 9.5 percent on a currency-adjusted basis. Almost all of the European markets exhibited above-average growth. Belimo experienced double-digit growth in Switzerland, Poland, Great Britain, France and Norway. Water applications benefited significantly from the expansion of the product range. With respect to air applications, Belimo was able to win new Original Equipment Manufacturers (OEMs), and sales in the contracting business also experienced gratifying growth, thanks to a stronger market presence.

Americas. In the Americas market region, Belimo increased its sales, in comparison with the previous year, by 7.3 percent and in currency-adjusted terms by 8.4 percent. Except for Mexico, all of the American markets contributed to this positive result. The ongoing trend of upgrading existing buildings with energy-saving HVAC systems (heating, ventilation and air conditioning), in addition to a stable demand in connection with new construction projects, had a positive effect on the HVAC market in North America. Belimo also profited from investments in data centers in both the US and Canada. Thanks to its outstanding customer service, combined with a wide product range, Belimo was able to gain new customers in the market region.

Asia Pacific. In the Asia Pacific market region, Belimo registered an outstanding sales growth of 13.4 percent, or 13.8 percent in currency-adjusted terms. The increase in sales in China contributed the most to the positive sales growth for Belimo in Asia Pacific. Belimo was also able to record solid sales growth in the HVAC markets in Hong Kong, India and Australia. The share of sales for water and air applications was largely balanced in the region. In China, damper actuators, pressure-independent control valves and butterfly valves were the main sales drivers.

Net sales by market regions

in CHF 1,000	2018	%	Growth in local currencies in %	2017	%
Europe	317,200	49	9.5	280,834	48
Americas	242,885	38	8.4	226,460	39
Asia Pacific	82,283	13	13.8	72,559	13
Group	642,368	100	9.6	579,853	100

Net sales by applications

in CHF 1,000	2018	%	Growth in local currencies in %	2017	%
Air	365,442	57	9.4	329,602	57
Water	276,926	43	9.8	250,251	43
Total	642,368	100	9.6	579,853	100

Growth Strategy and Innovation. Belimo also continued to pursue its growth strategy in 2018 with the four strategic initiatives “Damper Actuators and Control Valves,” “Sensors,” “Performance Devices” and “Asia Pacific” and pressed ahead with its research and development activities accordingly.

Damper Actuators and Control Valves. A new, more compact generation of smoke control actuators has been developed in the reporting year. A newly developed Universal VAV controller for variable air volume control in more sensitive applications such as hospitals will also soon be launched on the market. Furthermore, one of the largest damper actuators PM with a torque of 160 Newton meters for use in the rapidly growing segment of data centers, among others, was launched during the reporting year.

Sensors. The duct and pipe sensor product range launched in 2017 experienced gratifying growth. Additional capacities for sensor research and development were set up during the reporting year and the product range has been broadened. Within the context of the development of an extensive room sensor offering, an initial product range will be launched on the market in 2019.

Performance Devices. The combination of sensor, actuator and valve technologies with corresponding application logic are optimally suitable for simplifying system integration in building automation for our customers. Examples include the Belimo ZoneEase™ damper actuators and the Belimo Energy Valve™ control valves. Performance Devices communicate not only via various industry bus interfaces but also via Internet with the Belimo Cloud. Thanks to the evaluation of this data, valuable findings have been gathered for our customers. At the same time, several patents could be filed during the reporting year for the application of the Belimo Energy Valve™.

Asia Pacific. The expenses for the innovations that are focused on the Asian market and their market development were increased further during the reporting year. Moreover, the so-called “cluster” strategy with sales organizations in Chinese metropolitan areas is taking hold. This is impressively demonstrated by the gratifying sales growth in China. The opening of a subsidiary in Kuala Lumpur (Malaysia) in the fall of 2018 brings with it improvements in terms of both customer service and logistics.

Outlook. The global demand for comfort, energy efficiency and safety is expected to develop at rates exceeding average economic growth. Belimo views itself as being optimally positioned with its innovations, and remains confident of being able to make a decisive contribution to these trendsetting topic areas.

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

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

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

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

Key figures of the Belimo Group for the 2018 financial year

in CHF 1,000 (unless indicated otherwise)	2018	2017	Change in %
Net sales	642,368	579,853	10.8
Operating income (EBIT) in percent of net sales	109,839 17.1%	92,621 16.0%	18.6
Net income in percent of net sales	86,209 13.4%	77,490 13.4%	11.3
Cash flow from operating activities in percent of net sales	113,938 17.7%	82,318 14.2%	38.4
Free cash flow in percent of net sales	94,261 14.7%	54,857 9.5%	71.8
Earnings per share, in CHF	140.22	126.06	11.2
Dividend per share, in CHF	100.00*	85.00	17.6
Investments in property, plant and equipment and intangible assets	20,491	24,919	-17.8
Research and development in percent of net sales	47,248 7.4%	44,423 7.7%	6.4
Number of employees as at December 31 (FTEs)	1,640	1,532	7.1

* Proposal to the annual general meeting on April 1, 2019.

The Belimo Group is a leading global manufacturer of innovative actuator, valve, and sensor solutions for heating, ventilation, and air conditioning systems. The Company reported sales of CHF 642 million in 2018 and has over 1,700 employees. Information about the Company and its products is available on the Internet at www.belimo.com.

The shares of BELIMO Holding AG have been traded on the SIX Swiss Exchange since 1995 (BEAN).

There will be a media and financial analysts conference on the 2018 financial statements at the WIDDER HOTEL in Zurich today, starting at 10:00 a.m.

Link to the Annual Report 2018: www.belimo.com/financial-reports

Contact	Markus Schürch, CFO	Tel. +41 43 843 62 32
Agenda	Publication of Annual Report 2018/ Media and Financial Analysts Conference	March 11, 2019
	Annual General Meeting 2019	April 1, 2019
	Dividend Payment	April 5, 2019
	Publication of Semiannual Report 2019	August 5, 2019
	Publication of Sales 2019	January 23, 2020
	Publication of Annual Report 2019/ Media and Financial Analysts Conference	March 9, 2020
	Annual General Meeting 2020	March 30, 2020