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Press Release Belimo Group Semiannual Report 2010

Belimo reports accelerated pace of growth and increased profitability

The Belimo Group, global leader in the field of actuator solutions for regulating and controlling heating, ventilation and air conditioning systems, can look back on a strong first half-year. Increased sales and market gains were reported in all key markets, despite cautious forecasts due to the recession and continuing partly unfavorable market conditions.

Sales in the first half of 2010 were CHF 209.3 million, which is equivalent to year-on-year growth of 10.1 percent. On a currency-adjusted basis sales were up 13.3 percent.

Operating margin before interest and taxes (EBIT) amounted to 19.5 percent (same period 2009 14.8 percent). The continuing impact of the recession-related cost saving measures implemented the previous year and the hitherto only modest increase in material and freight costs had a correspondingly positive effect on profitability. Net income improved by 38.4 percent to CHF 31.5 million despite the adverse impact of the weakening euro.

Measured in local currencies, the change year-on-year was 14.8 percent for Europe, 8.2 percent for the Americas and 26.6 percent for Asia/Pacific. Converted into Swiss francs, sales by market region amounted to 55 percent in Europe, 36 percent in the Americas and 9 percent in Asia/Pacific.

In local currencies, sales of air applications grew by 12.2 percent and sales of water applications were up 15.2 percent.

Europe

The European market region recovered quickly from the downturn in 2009, with all European subsidiaries reporting growth. Particularly noteworthy is the contribution to growth from Germany, the UK and Switzerland as well as the recovery in sales volumes from major OEM customers. In Southern Europe, where markets are stable or enjoying a modest upswing, significant growth in sales was recorded.

Business in water applications developed at a rapid pace, growing almost twice as fast as the air applications business. Above all countries in Central Europe posted impressive performance, achieving double-digit growth. On a currency-adjusted basis, overall growth in water applications in Europe was well over 20 percent.

Americas

In an environment that continued to be marked by a negative market trend, the level of sales growth achieved in the first half-year was impressive.

USA and Canada achieved comparable growth, while in Latin America sales more than doubled.

Gains in market share were achieved in the OEM business. In the contracting business, growth was attributable mainly to large customers. There was a clear improvement in the replacement and retrofit business via dealers. Overall, sales growth from water applications slightly outperformed that from air applications.

Asia/Pacific

Belimo achieved currency-adjusted growth in the Asia/Pacific of around 27 percent and performed much better than the market for commercial buildings. China, Hong Kong and Australia accounted for the strongest growth, but Japan, Malaysia and India also performed well.

Air applications enjoyed higher growth than water applications. Air applications posted a strong increase above all for actuators for volumetric flow controllers as well as fire protection and smoke control applications. Valves and valve actuators for air conditioning systems contributed primarily to the increase in water applications.

in CHF 1'000	1st half 2010	Share in %	1st half 2009	Share in %
Europe	115'496	55	102'616	54
Americas	74'452	36	71'673	38
Asia/Pacific	19'374	9	15'769	8
Total	209'322	100	190'058	100

in CHF 1'000	1st half 2010	Share in %	1st half 2009	Share in %
Air applications	131'576	63	119'795	63
Water applications	77'746	37	70'263	37
Total	209'322	100	190'058	100

Innovation

The fully revamped range of energy-saving spring actuators is in the process of being launched on the market. In addition, a new area of application for SuperCap safety actuators (electronic energy storage device for safety function) was developed within a short space of time in close collaboration with customers. This is a new area of application for Belimo and has been developing extremely well.

In the field of water applications, a new valve with electronic flow sensor technology (EPIV, Electronic Pressure Independent Valve) was successfully launched. The product offers added convenience, energy savings and optimum operation. Belimo continues to systematically expand its range of water applications, including the 6-way valve which is being further developed for other markets and applications.

Outlook

Despite a number of uncertainties, the construction industry is showing signs of recovery, and market growth is expected in all regions. However, the various markets are subject to different factors, with fire protection or building sustainability as potential growth drivers. The rollout of new products, notably the new generation of spring actuators, will also contribute to sales growth.

Raw material prices are expected to rise, and delivery bottlenecks for components cannot be ruled out.

The Board of Directors and Group Executive Committee are confident about the Belimo Group's short- and long-term development thanks to its innovative product portfolio and continuous improvements in the value chain. The very encouraging first half-year results form a solid basis for the full year.

Belimo Group key figures

<i>in CHF 1'000</i>	1st half 2010	1st half 2009	Change in %
Net sales	209'322	190'058	10.1
Operating income before interest, taxes, depreciation and amortization (EBITDA) in percent of net sales	47'498 22.7%	34'813 18.3%	36.4
Operating income before interest and taxes (EBIT) in percent of net sales	40'835 19.5%	28'199 14.8%	44.8
Net income in percent of net sales	31'501 15.0%	22'766 12.0%	38.4
Investments	5'704	5'910	-3.5
Cash flow from operating activities	43'341	39'805	8.9
Free cash flow	38'253	33'923	12.8
Earnings per share in CHF	51.98	37.59	38.3
Employees (FTEs, six-month average)	1'057	1'073	-1.5

The Belimo Group is a leading global manufacturer of innovative actuator solutions for heating, ventilation and air-conditioning systems. The Group generated sales of CHF 386 million in 2009 and employs more than 1'100 people. Information regarding the company and its products is available on the Internet at www.belimo.com/investorrelations.

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

[Link to Semiannual Report 2010 \(PDF – 107 kb\)](#)

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Key dates	Publication of the preliminary results for 2010	February 2011
	Annual results media information session	March 14, 2011
	Annual General Meeting	April 4, 2011