

014

Highlights 2014

Sales growth.

6.6 percent in local currencies and 4.5 percent in Swiss francs.

Operating income (EBIT).

CHF 81.3 million or 16.5 percent of sales.

Net income.

CHF 67.2 million or 13.6 percent of sales.

Operating cash flow.

CHF 74.1 million or 15.0 percent of sales.

Investments.

Moving into the new production, logistics and administration building in Danbury (CT, USA).
Start of construction on the logistics expansion building in Hinwil (Switzerland).

Equity ratio.

74.7 percent.

Return on invested capital.

23.4 percent.

Dividend.

CHF 65 per share (proposal to Annual General Meeting).
Payout ratio 59.5 percent.

Actuators shipped.

5.6 million.

Innovative capacity.

Research and development costs 6.6 percent of sales.
Development of new product ranges in fire protection and zone applications.

The pictures

1975 – 2015

40 years Belimo

This year's Annual Report focuses on the fortieth anniversary of Belimo.
The series of pictures illustrates the Belimo success with:

Products, People and Organization.

Content

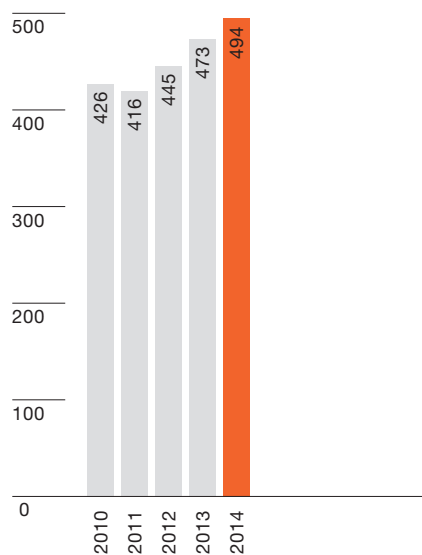
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Financial summary

in CHF million	2014	2013	Change
Net sales	493.9	472.9	4.5%
Operating income before interest, taxes, depreciation, amortization (EBITDA) in percent of net sales	99.6 20.2%	98.5 20.8%	1.1%
Operating income before interest and taxes (EBIT) in percent of net sales	81.3 16.5%	81.3 17.2%	-0.1%
Net income in percent of net sales	67.2 13.6%	62.6 13.2%	7.3%
Investments	55.1	36.7	50.3%
Cash flow from operating activities	74.1	70.6	5.0%
Free cash flow	18.5	34.9	-46.9%
in CHF			
Earnings per share	109.52	102.57	6.8%
Dividend per share	65.00	65.00	0.0%
Number of employees (FTE's) at December 31	1 388	1 314	5.6%

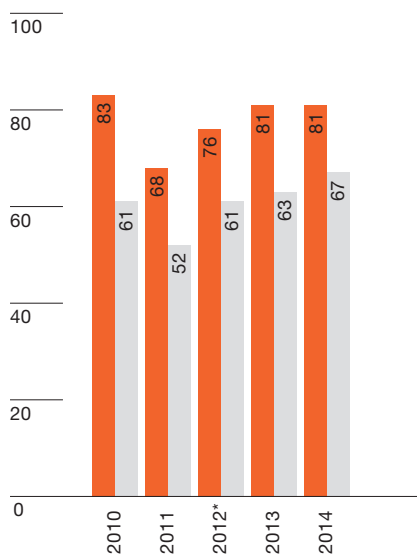
Sales 2010–2014

in CHF million



Income 2010–2014

in CHF million



* Restatement due to the revised accounting standard IAS 19 Employee Benefits.

■ Operating income (EBIT)
■ Net income

Preface



Prof. Dr. Hans Peter Wehrli
Chairman of the Board of Directors

Dear Shareholders

The Belimo Group strengthened its position in the market for heating, ventilation and air-conditioning systems in 2014. Sales rose by 4.5 percent to CHF 493.9 million. On a currency-adjusted basis, Europe grew by 5.0, the Americas by 8.3 and Asia/Pacific by 9.3 percent. Operating income (EBIT) amounted to CHF 81.3 million and net income to CHF 67.2 million.

Belimo made major innovations in the fire protection and valve product ranges.

The new building in Danbury (CT, USA) was occupied on schedule. It fully meets the requirements of a production, logistics and administration building and will enable another step forward in growth.

In the reporting year, construction started on schedule for the logistics building expansion at the site in Hinwil. This expansion will improve processing efficiency in manufacturing and distribution.

Belimo celebrates its 40th anniversary in the current year. The company founders Walter Burkhalter, Anton Heinrich Hütte, Ludwig Linsi, Walter Linsi, Werner Roner and Karl Stocker built their business idea on a clear strategy and focused on a niche in the HVAC market. The invention of the direct coupled damper motor was the first step to becoming a technology leader in actuator solutions to measure, meter and control air and water flows in HVAC systems. This idea was the basis for a globally leading company, which expanded to new markets in the Americas (1988) and Asia (1997). Belimo became a successful public company with its initial public offering in 1995.

After serving almost eight years as CEO, Jacques Sanche will be leaving Belimo. The Board of Directors and the members of the Group Executive

Committee would like to thank him for his dedication, his cooperative manner and the valuable contributions he has made to Belimo's growth. The Board of Directors has appointed Lars van der Haegen, head of Americas and member of the Group Executive Committee, to be his successor. He brings a lot of market experience to the position, and is taking office on July 1, 2015. This succession will help support Belimo's continuity of sustainable development.

The uncertain development of foreign currencies is currently impacting procurement and sales markets. As a global operating company, Belimo must constructively face these challenges. We are confident that we will achieve further profitable growth.

The Board of Directors proposes to the Annual General Meeting a dividend of CHF 65 per share. At the closing price of CHF 2310 on December 31, 2014, this corresponds to a return of 2.8 percent per share.

On behalf of the Board of Directors of BELIMO Holding AG, I would like to thank our customers and suppliers for the close cooperation. I would also like to thank our employees whose high average length of service underlines the extent of identification with the company. In addition, I am grateful to the Group Executive Committee for its commitment.

I also thank our shareholders for the trust in BELIMO Holding AG.

A handwritten signature in black ink, appearing to read 'Wehrli', followed by a horizontal line.

Hans Peter Wehrli
Chairman of the Board of Directors

1975 – 2015

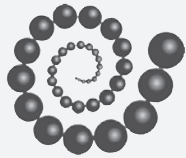
40 years Belimo

1975

BELIMO
AUTOMATION



Foundation of BELIMO Automation AG in Gossau ZH, Switzerland, by Walter Burkhalter, Anton Heinrich Hütte, Ludwig Linsi, Walter Linsi, Werner Roner and Karl Stocker.



The founders applied the bottleneck-oriented strategy (EKS).

1976



First delivery of direct coupled damper motors. As worldwide innovation the actuator is mounted directly on the damper spindle. This reduced the installation time by two-thirds.

1977



Market entry in Europe with the foundation of the first distribution company in Germany.

1978

1979



Belimo moves from Gossau ZH to Wetzikon ZH because of shortage of space due to the rapid growth.

1980



On the peak of success of the first model series Belimo introduces an improved generation of direct coupled damper actuators.

0.1

Million actuators since foundation

1981

50

Employees

1982

1983

Implementation of electronic data processing.

1984



A new generation of spring return actuators for safety dampers is launched.

Introduction of the volumetric flow controllers.

1985

1986

1

Million actuators since foundation

1987

1988



Move into the new building in Hinwil ZH (5100 m²) in addition to the existing locations.

Introduction of a stronger motorized direct coupled damper motor (30 Nm).



Market entry in the Americas with the foundation of a subsidiary in the United States.

1989

1990

250

Employees

1991

50

Million sales in CHF

1992



Introduction of the brushless direct current motor. Actuators contain a microprocessor for the first time.

1993

5

Million actuators since foundation

1994

The Belimo Group prepared its first consolidated financial statements.

100

Million sales in CHF

1995



The product ranges of safety actuators and volumetric flow controllers were renewed. The tight connection between mechanics and electronics results in attractive products.

Initial public offering on the Swiss stock exchange.

1996



Expansion of the product range with a small actuator.

First Belimo homepage www.belimo.com.

1997



Market entry in Asia/Pacific with the foundation of a subsidiary in Hong Kong.

10

Million actuators since foundation

1998

Decision on and positioning for the entry into the water application field.

1999



Launch of the Belimo characterized control valve (CCV) with specifically developed characterizing disk.

500

Employees

2000



Globe valve actuators are brought to market.

Introduction of the mission statement "Together to the top".

200

Million sales in CHF

2001



Adoption of multifunctional technology (MFT) in important standard products. The actuators are able to communicate through the Belimo proprietary MP-Bus.

2002



Move into the new production and administration building at today's headquarters in Hinwil, ZH (extension of the building constructed in 1988) (23 800 m²). Consolidation of all Swiss locations.

2003



Launch of the pressure-independent characterized control valve (PICCV).

2004

2005



The new generation of actuators without safety position is introduced within the following three years.

Extension of product guarantee period to five years.

Change of accounting principles from Swiss GAAP FER to the International Financial Reporting Standards (IFRS).

2006

30

Million actuators since foundation

2007



Launch of a small compact actuator.

1000

Employees

2008

400

Million sales in CHF

2009

New building of a sales, training and distribution center in Sparks (Nevada, US) (1700 m²).



The introduction of the 6-way valves enables heating and cooling with only one valve.

2010

The new electronic pressure-independent valves (EPIV) build the basis for higher transparency in flow rates.

2011

The safety actuators were expanded with a strong spring return actuator (30 Nm) for big air dampers.

50

Million actuators since foundation

2012



The launched Belimo Energy Valve™ with built-in sensor technology and integrated intelligence enables energy-efficient operation of plants in all seasons.

2013



With the quick compact valve (QCV) Belimo brings the reliable characterized control valve technology to the zones.



The new generation of globe actuators is introduced.

2014



The Belimo Energy Valves™ and the electronic pressure-independent valves (EPIV) are given small diameters and a fail-safe function. The proprietary developed ultrasound sensor for flow rate measuring is used for the first time.

1456

Employees

494

Million sales in CHF



Move to the newly built production, logistics and administration building in Danbury (Connecticut, USA) (18 300 m²).

2015

Planned operation start of the logistics building expansion at headquarters in Hinwil ZH.



Introduction of new fire protection actuators.



Introduction of the new product range of pressure-independent quick compact valves (PIQCV) for zone applications.

Report of the Group Executive Committee



Dr. Jacques Sanche
CEO

Belimo increased sales in Swiss francs by 4.5 percent and in local currencies by 6.6 percent in 2014. The second half-year was strong for the Americas and also Asia/Pacific showed growth while Europe moved in a downward direction. Operating income was on previous year level, despite high one-off costs for the new building in Danbury (CT, USA). Net income also rose thanks to the financial result.

Europe

Sales in the Europe market region grew by 4.3 percent, or 5.0 percent on a currency-adjusted basis. Growth in the main European markets slowed considerably in the second half-year.

Economic environment and markets

The development on the markets was affected by construction activity, along with the trend towards greater energy efficiency in buildings. Construction activity slowed in the second half-year, while there was greater demand for solutions that help increase energy efficiency. This offset the drop in construction activity in some countries.

Belimo saw mixed growth in the European countries. Growth contribution was strong in the United Arab Emirates, France, Switzerland, Poland and Italy. In many of these countries there was an increase in project business in particular. In London, United Kingdom, an order was received for the office building “Sea Containers House”. The selection of the Emirates to host Expo 2020 is generating new investments in Dubai, and in Saudi Arabia the government is spending to expand the country’s infrastructure.

Austria saw a drop in momentum in the second half-year. The market for boiler

manufacturers, which is important for this region, experienced a steep decline as the low price of oil means that investments in alternative heating systems were scaled back. Growth in Germany slowed as exports were below expectations. Overall, however, the country made a positive contribution to growth. Russia continued to suffer from the ruble’s devaluation, and remained below expectations, as did the Ukraine.

Customers and products

Water applications posted solid growth. Customers in France, the Netherlands and Switzerland in particular contributed to the good performance. This growth was largely enabled thanks to new products for zone applications and new solutions for hydraulic balancing of plants. The trend for products for air applications was in line with expectations.

OEMs exporting to Russia were hit quite hard due to the current economic situation, which also had an impact on Belimo. Both OEM and the contracting business saw sales development at similar rates.

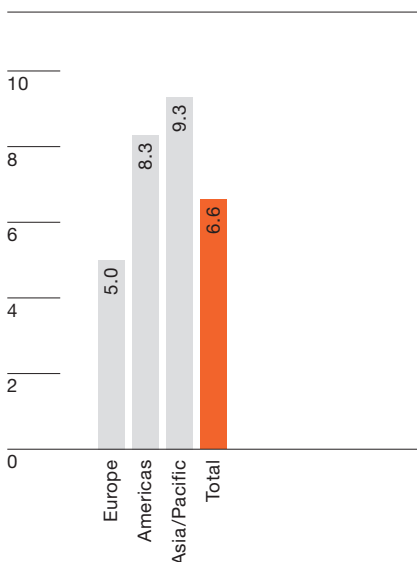
At the “Mostra Convegno” (MCE) international trade fair in Italy new products for zone applications were introduced, and they were well received by industry representatives.

Americas

Sales in the Americas market region grew by 4.6 percent, or 8.3 percent on a currency-adjusted basis. The entire region picked up in the second half-year in particular.

The production, logistics and administration building in Danbury (CT, USA) was completed and started operations on schedule.

Sales growth 2014 in local currencies in percent



Economic environment and markets

The strong demand for energy-efficient facilities is having a positive impact on the HVAC market. In the United States there has been an increase in investments in previously lagging segments such as schools and public authorities. In Canada, the market for new buildings and retrofits performed well. In Latin America, the two largest markets Brazil and Mexico performed in line with expectations.

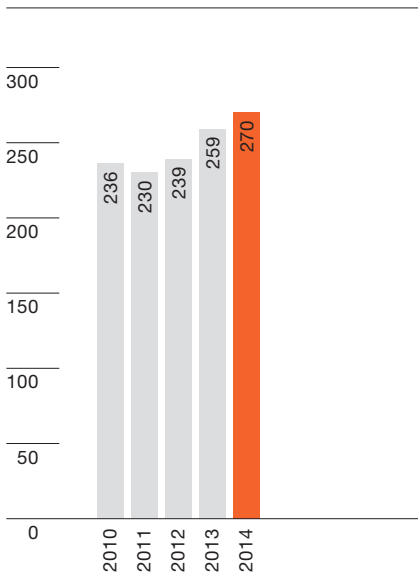
Belimo posted solid growth in all markets and received orders for several major projects, including the new office building “Rufus 2.0” in downtown Seattle (WA, USA). The subsidiary in Brazil developed excellently. The Mexican market also posted solid growth, thanks in particular to the trend toward energy saving. In Tijuana, for example, the LEED Platinum Project “Torre Cosmopolitan” had Belimo Energy Valves™ installed.

Customers and products

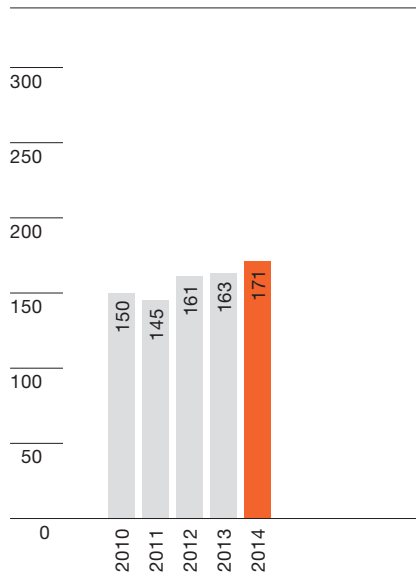
In total, air applications grew stronger than water applications. This is due to the fact that the OEM business performed much better than the contracting business. OEM sales were largely made up of air damper actuators. The OEM customer segment expanded very strongly due to the gain in market share and new customers. The growth in the contracting business picked up over the course of the year.

New valves with smaller diameters were added to the product ranges of Belimo Energy Valves™ and electronic pressure-independent valves (EPIV). Sales were up sharply with these innovative products. The retrofit product range was supplemented with a large globe valve actuator, which with a universal coupling can be installed on existing globe valves of various manufacturers.

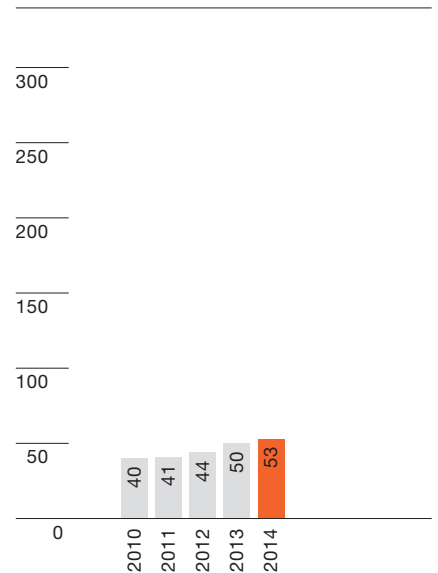
Net sales Europe
in CHF million



Net sales Americas
in CHF million



Net sales Asia/Pacific
in CHF million



Asia/Pacific

Sales in the Asia/Pacific market region grew by 5.1 percent, or 9.3 percent on a currency-adjusted basis.

Economic environment and markets

The region's economy remained under pressure in the second half-year. The instable political situation in Hong Kong, Taiwan and Thailand had a negative impact on the market performance in this region. Investments were postponed in most parts of the region, as governments wanted to avoid over investment. This cut back on spending prevented South Korea in particular from posting higher growth. Australia, in contrast, remained at a high level, with new construction projects and retrofits. The construction industry in China did not perform as well as the overall economy due to government anti-corruption measures and the real estate bubble.

Belimo posted good growth in Australia and the Philippines thanks to several major projects it received, including the "Governor Phillip Tower" in Sydney. But the good trend there was not enough to offset the performance in South Korea, Malaysia and Singapore. The contracting business in China was also below expectations due to the reduced number of building projects. Investments in China's railway infrastructure, however, have generated steady demand. India also performed well, generating good sales opportunities in public transportation.

Market share varied by region and product application. Market share for water applications in China and India increased, while the market share for air applications expanded primarily due to variable volumetric flow controllers.

Customers and products

In total, water applications grew more strongly than air applications. Belimo Energy Valves™ were installed in numerous buildings. In South Korea a major order for electronic pressure-independent valves (EPIV) was executed. Growth was achieved for air applications in China and India.

The OEM business performed very well. Belimo was the leading supplier in China of railway HVAC systems and for tunnel ventilation. The contracting business developed in line with expectations.

Innovation

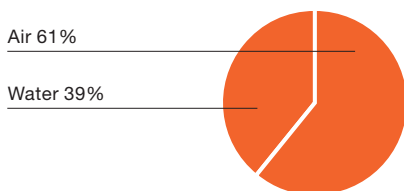
A major portion of the variable volumetric flow controllers (VAV) were equipped with the wireless technology near field communication (NFC). Before the device is connected to electricity, all the key settings can be made with the convenience of a smartphone app.

Belimo Energy Valves™ and electronic pressure-independent valves (EPIV) were given small diameters and a safety function. Software functionality was significantly expanded. The proprietary ultrasound sensor for water flow rates is being used for the first time in this product range, giving a noticeable improvement in accuracy at a much lower cost. Thus the technology of Belimo Energy Valves™ and EPIV are entering the world of small valves.

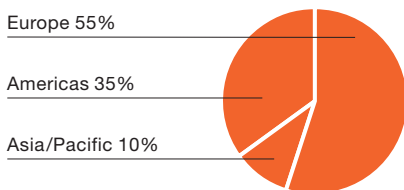
The product range of fire protection actuators has been largely redeveloped and produced with modern methods. A new, patented locking function provides additional security in case of fire.

Intensive work is also under way to expand the large-volume and global zone solutions. New pressure-dependent and pressure-independent valves and a complete range of actuators will be brought to the market.

Sales 2014 by application



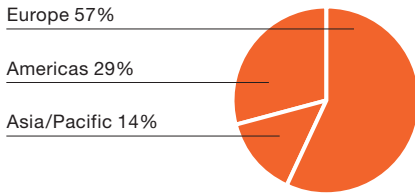
Sales 2014 by region



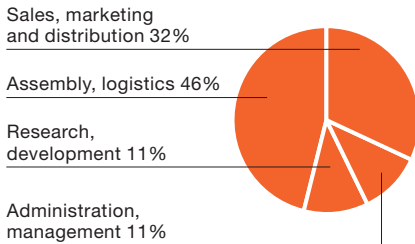
At the new Belimo building in Danbury (CT, USA) a much larger water laboratory was built. Thus a very good infrastructure is now available for developing valves and conducting quality control.

Although the growth momentum is slowing in Asia/Pacific, there is potential in China and India in particular, as spending on infrastructure in these countries should continue. High growth rates are also targeted for Indonesia and Thailand.

Employees 2014 by region



Employees 2014 by function



Outlook

About 95 percent of Belimo's sales are driven by exports. More than two-thirds of these sales are billed in the local currency of the customer. In other regions Belimo can bill in Swiss francs, but it must charge prices that the market can bear. To partially compensate for this, Belimo purchases material in foreign currencies. Nevertheless, many costs are still in Swiss francs, especially for the workforce and the facility in Hinwil, as well as costs for some selected, high-quality providers.

As a result, Belimo is heavily dependent on the exchange rate. The Swiss franc's appreciation has a major impact on sales and profitability. Currency surges as in January 2015 cannot immediately be offset. The key is to progressively adjust to the new situation so as not to jeopardize the company's long-term success.

The performance of Europe's economy is difficult to forecast. The uncertainties in Eastern Europe and the drop in income from the oil and gas business are leading to noticeable cuts in investments in key regions. Belimo expects to gain market share from the new products that it plans to launch in 2015.

The strong economy and the increase in spending on construction should carry on in the United States. Despite lower energy costs, investments in building automation are likely to continue unabated. Belimo expects to see ongoing growth in South America, with the focus on Mexico and Brazil.

The Internet of Things will also change the HVAC industry. VAV-NFC and the Belimo Energy Valve™ demonstrate the benefits for customers. Cloud services will also give users additional benefits going forward. Digital communications with respect to actuators is becoming increasingly more important as well. Belimo is looking at these changes as opportunities and is designing new solutions for customers based on these technologies.

At the end of 2015 the new logistics building in Hinwil will be operational. This will lay the foundation for Belimo's continued growth in the future. Knowledge and added value will remain under one roof, ensuring that cooperation can be rapid and flexible.

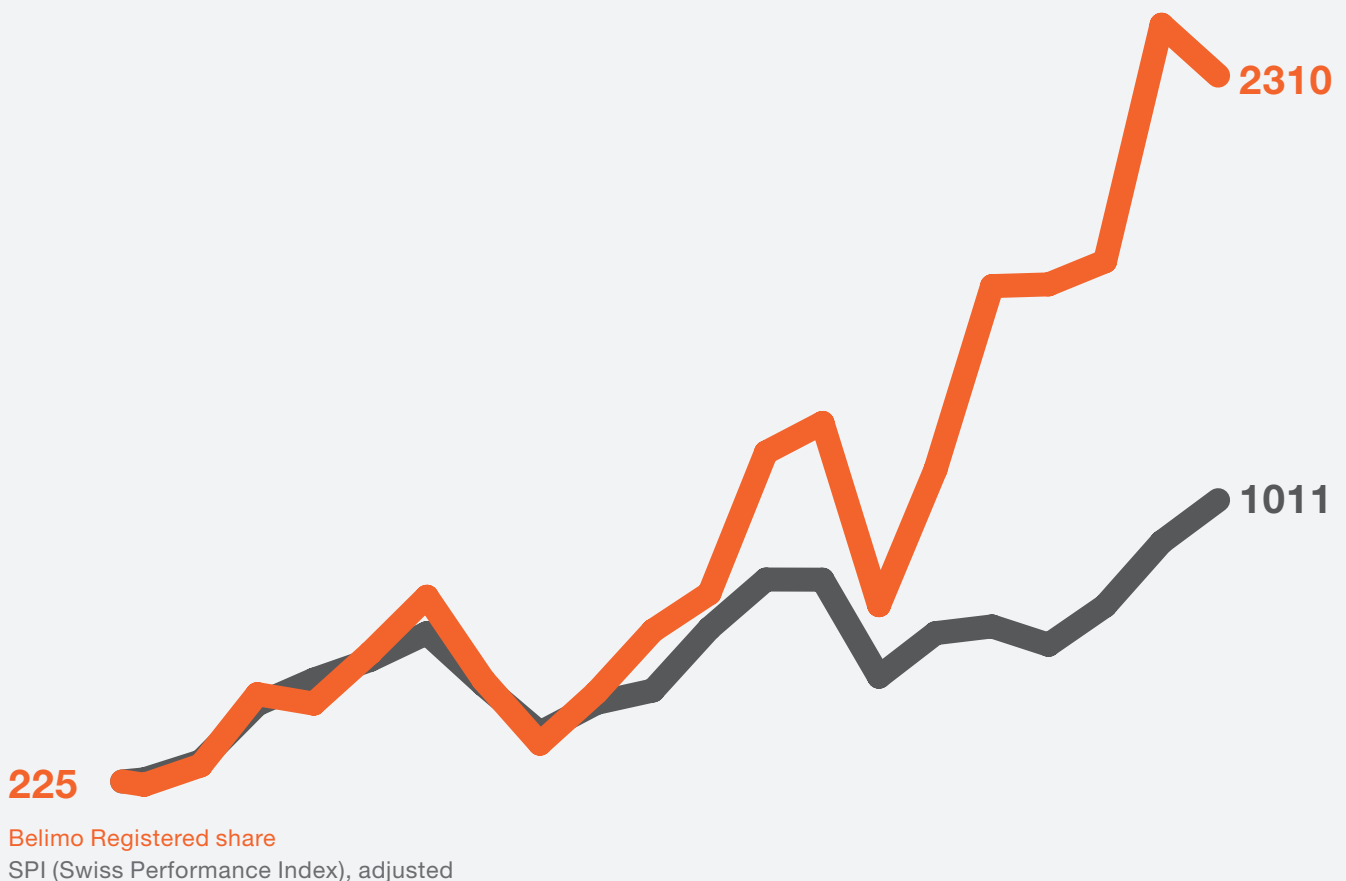
Report of the Group Executive Committee

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.

Organization

Market capitalization and accounting



Belimo became a public company in 1995. This move underscored the founders' commitment to securing the independence of the company and provided a sensible solution to the issue of succession. November 10, 1995, marked the first day of trading for the Belimo share on the Zurich stock exchange, now the SIX Swiss Exchange Ltd. The issue price per share was CHF 225. Over time, the value of the share increased more than tenfold, at times exceeding CHF 2500 per share. The initial public offering also had far-reaching implications for the company's organizational structure and accounting. In preparation for becoming a public company, Belimo compiled its first consolidated financial statements in 1994. Disclosure requirements were still relatively modest at that time. By 2005 at the latest, with

the changeover to the international financial reporting standards, the level of complexity of financial reporting increased significantly.

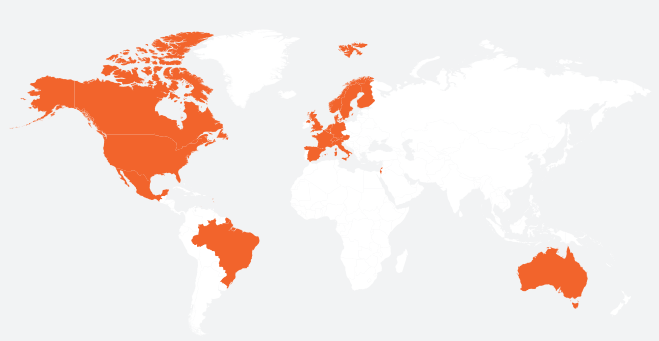
- 1994** Consolidation on the basis of Swiss GAAP FER
- 2005** Change to IFRS (International Financial Reporting Standards)
- 150** million CHF market capitalization on going public on November 10, 1995
- 1421** million CHF market capitalization as at December 31, 2014
- 350** million CHF dividend distributions since 1996

Organization

Geographic expansion



1984



1994



2004



2014

Belimo has been a major player at a global level for some time. This path to success was not without its hurdles, however. Developing the distribution network, for example, presented a particular challenge: not only did reliable partners have to be found, but language and cultural barriers had to be overcome as well. Belimo was nevertheless able to consistently invest in the expansion of its distribution organization. A milestone for the company's market entry in Europe was the foundation of the first distribution company in Germany in 1977. Belimo opened further offices in

Europe in the nineties. The foundation of subsidiaries in the United States and Canada in 1988 marked Belimo's entry into the important American market. Entry into the Asian market followed at the end of the nineties, and the company has continued to expand its presence ever since. Belimo now has subsidiaries in 18 countries and is represented in more than 70 countries through its distribution companies.

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 Ltd., in particular the Directive Corporate Governance 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 based on the Ordinance Against Excessive Compensation in Listed Companies and the Articles of Incorporation of BELIMO Holding AG in the Remuneration Report on pages 28 to 31.

The information contained in this Corporate Governance report is based on the corporate organization, regulations and Articles of Incorporation that were in effect on December 31, 2014.

1 Group structure and shareholders

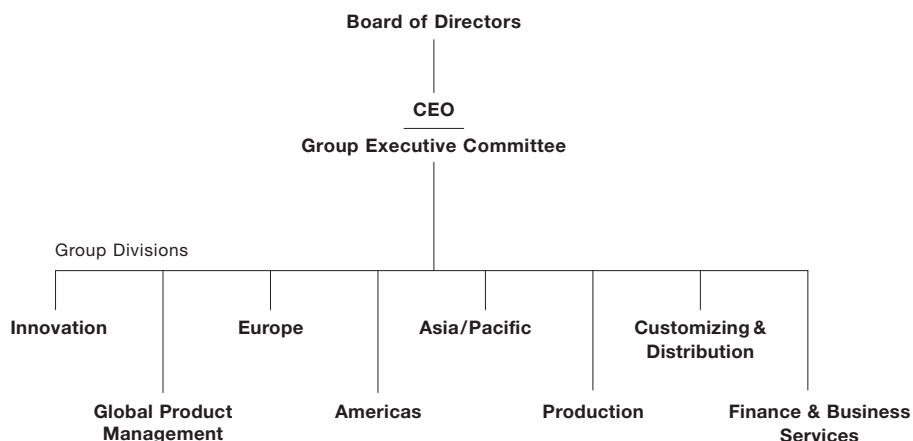
1.1 Group structure

The Belimo Group is organized into Markets (Europe, Americas, Asia/Pacific), Innovation, Global Product Management, Production, Customizing & Distribution, 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 number CH0001503199) are listed on the Swiss stock exchange SIX Swiss Exchange Ltd.

The market capitalization as of December 31, 2014, amounted to CHF 1421 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 pages 89 and 90. Further details on Belimo shares are given on pages 96 and 97. Information regarding the unlisted companies is given in the summary on pages 88 and 89.

Group structure



1.2 Significant shareholders

As at December 31, 2014, 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
Montanaro Asset Management Ltd.	19 544	3.18%	19 544	3.18%
Ameriprise Financial, Inc.	23 841	3.88%	23 841	3.88%
Werner Roner	35 000	5.69%	35 000	5.69%
The Capital Group Companies, Inc.	61 374	9.98%	30 750	5.00%
Group Linsi	118 580	19.28%	118 580	19.28%

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

As at December 31, 2014, BELIMO Holding AG held 0.10 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 86 to 92). The Articles of Incorporation are available on the Internet at www.belimo.com/investorrelations.

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:

at	in CHF 1 000
December 31, 2012	170 735
December 31, 2013	190 968
December 31, 2014	210 273

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 a single 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.

Through the use 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 of December 31, 2014.

3.2 Further activities and relationships

Personal details and further activities and relationships of the individual members of the Board of Directors are as follows:

Prof. Dr. Hans Peter Wehrli (1952)

Swiss

Dr. oec. publ.

Chairman of the Board of Directors since 1997

Further activities and 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

Patrick Burkhalter (1962)

Swiss

Further activities and relationships:

U. W. Linsi Foundation, Stäfa, Member of the Foundation Board
Ochsenkultur AG, Wetzikon, Chairman of the Board of Directors

Significant professional posts:

1988 – 1992 Ergon Informatik AG, Zurich, Software developer

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

Martin Hess (1948)

Swiss
El.-Ing. HTL/SIA

Further activities and relationships:
Ernst Schweizer AG, Metallbau,
Hedingen, Deputy Chairman of the
Board of Directors

Significant professional posts:
Chairman of the Board of Directors
until 2014 and Chairman of the
Executive Committee until 2012 of
HEFTI. HESS. MARTIGNONI. Aarau AG,
Aarau

Walter Linsi (1944)

Swiss

Further activities and relationships:
U. W. Linsi Foundation, Stäfa,
Member of the Foundation Board

Significant professional posts:
Co-founder of Belimo
Head of Technology and Member of
the Group Executive Committee until
1999

Dr. Martin Zwyszig (1965)

Swiss
Dr. oec. HSG

Deputy Chairman of the Board of
Directors

Further activities and relationships:
None

Significant professional posts:
2003–2008 Schaffner Holding AG,
Luterbach, Group CFO
2008–2013 Ascom Holding AG, Baar,
Group CFO
Since 2014 Autoneum Holding AG,
Winterthur, Group CFO

Independence of the non-executive members

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

The members of the Board of Direc-
tors and the companies they repre-
sent have no material business rela-
tionships with the Belimo Group.

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 maxi-
mum two exceptions per member in
specific cases.

The acceptance of a maximum of
four mandates in the ultimate strate-
gic management bodies or on the ul-
timate 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 Incorpor-
ation 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 ordi-
nary 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
Patrick Burkhalter	2014
Martin Hess	2007
Walter Linsi	1977
Martin Zwyszig	2011

Board of Directors



Martin Hess, Member
Patrick Burkhalter, Member
Prof. Dr. Hans Peter Wehrli, Chairman
Dr. Martin Zwyssig, Deputy Chairman
Walter Linsi, Member

3.5 Internal organization

The Board of Directors is the most senior 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 perma-

nent committees during the reporting year: the Audit Committee and the Remuneration Committee. The Appointment Committee is convened when required.

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.

Workings of the Board of Directors

The Board of Directors holds at least five ordinary meetings per year. The dates of its ordinary meetings and of 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 were held in 2014.

The agenda for meetings is drawn up by the Chairman in cooperation with the CEO. Any Board member may request that an item be placed on 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. In order that the Board of Directors receives adequate infor-

mation on which to base its decisions, other employees or third parties may also be invited to attend meetings.

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 video- or tele-conference 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.

Composition/workings 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 following members have been elected for the 2014/2015 period of office: Dr. Martin Zwysig (Chairman) and Prof. 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 in 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 2014 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 28 and 31.

Appointment Committee

The Appointment Committee comprises at least two members of the Board of Directors.

The following members have been elected for the 2014/2015 period of office: Prof. Dr. Hans Peter Wehrli (Chairman), Patrick Burkhalter and Walter Linsi

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

Four meetings were held in 2014.

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 and the Belimo Group, in accordance with the Articles of Incorporation of BELIMO Holding AG. This describes 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 in writing and/or verbally 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.

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

4.1 Members of the Group Executive Committee

The Group Executive Committee comprises seven members.

4.2 Further activities and relationships

Personal details and further activities and relationships of the individual members of the Group Executive Committee are as follows:

Dr. Jacques Sanche (1965)

Canadian/Swiss
Dr. oec. HSG

CEO since August 2007

Further activities and relationships:
Schweiter Technologies AG, Horgen,
Member of the Board of Directors

Significant professional posts:
2000 – 2004 Oertli Service AG,
Schwerzenbach, and Vescal AG,
Vevey, Managing Director
2004 – 2007 WMH TOOL GROUP,
Chicago, USA, CEO and WMH Walter
Meier Holding AG, Stäfa, Member
of the Group Executive Committee

Gary Economides (1970)

Australian
MBA

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

Further activities and relationships:
None

Significant professional posts:
1998 – 2005 Siemens Building Tech-
nologies, Hong Kong, various func-
tions
2005 – 2009 Carel Asia, Hong Kong,
Managing Director
2009 – 2012 Carel Electronic Suzhou,
China, CEO

Lukas Eigenmann (1961)

Swiss
Electronic technician, TS

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

Further activities and 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

Peter Schmidlin (1963)

Swiss
Dipl. El.-Ing. ETH

Head of Innovation and Member of the Group Executive Committee since August 2000

Further activities and relationships:
U. W. Linsi Foundation, Stäfa,
Chairman 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
lic. oec. publ.

CFO and Member of the Group Executive Committee since January 2003

Further activities and 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

Lars van der Haegen (1968)

Swiss
MBA

Head of Americas and Member of the Group Executive Committee since January 2011

Further activities and 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

Felix Winter (1965)

Swiss
Executive MBA HSG

Head of Global Product Management and Member of the Group Executive Committee since November 2011

Further activities and relationships:
None

Significant professional posts:
1995 – 2002 BELIMO Automation AG,
Hinwil, various positions
2002 – 2003 Kieback & Peter AG,
Baar, Executive Management
2004 – 2005 Geberit International AG,
Jona, Head of product line Supply
Systems
2005 – 2011 Stäubli AG, Horgen,
Managing Director Connectors &
Robotics and Connectors Business
Development Manager International

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 BELIMO Holding AG 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.

Group Executive Committee



Lars van der Haegen, Head of Americas
Beat Trutmann, CFO
Gary Economides, Head of Asia/Pacific
Felix Winter, Head of Global Product Management
Dr. Jacques Sanche, CEO
Peter Schmidlin, Head of Innovation
Lukas Eigenmann, Head of Europe

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 28 to 31 in the Remuneration Report and in the notes of the financial statements of BELIMO Holding AG on pages 90 to 91 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 need not 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 limits on the transferability of shares and nominee entries.

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 Putting an item on the agenda for the Annual General Meeting

Voting shareholders representing shares with a nominal value of at least CHF 10 000 may request that an item be put on 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 28 to 31 in the Remuneration Report.

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.

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. In addition, KPMG also audited the Remuneration Report for the first time in the year under review. The auditor in charge since 2013 is Jürg Meisterhans. The statutory auditors are selected each year by the Annual General Meeting for one financial year.

8.2 Audit fee

KPMG invoiced a total of CHF 0.5 million to the Belimo Group in 2014 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 0.2 million were paid to KPMG for other services such as consulting and tax advice.

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

March 23, 2015
Presentation of the annual financial statements 2014

April 20, 2015
Annual General Meeting 2015

April 24, 2015
Dividend payment

August 4, 2015
Semiannual Report 2015

February 10, 2016
Publication of 2015 preliminary results

March 21, 2016
Presentation of the annual financial statements 2015

April 25, 2016
Annual General Meeting 2016

Further information for shareholders is available at www.belimo.com/investorrelations.

9.3 Contact Investor Relations

BELIMO Holding AG
Beat Trutmann, CFO
Brunnenbachstrasse 1
CH-8340 Hinwil
Phone +41 43 843 62 65
Fax +41 43 843 62 41
E-Mail 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 Ltd.

Products

Air applications



1976



2005

In 1976, the ideas of the founding members culminated in the direct coupled damper motor that revolutionized damper adjustment in air-conditioning systems. Until that point, aligning the linear movement of an actuator with the 90° rotary movement of a damper blade was an arduous process requiring linkage, joints and damper crank arms. In contrast, Belimo's direct coupled damper motor could be mounted directly on the damper spindle and fastened with a spindle clamp. This vastly simplified plug-in principle quickly caught on, paving the way for success and constant growth. Just four years later, Belimo manufactured its one hundred thousandth direct coupled damper motor. Over the first three decades, Belimo rounded off its prod-

uct range by developing families of products offering individual enhancements. These were standardized with the launch of the new Generation 2005. Since then, actuators have been based on modular base components, which makes it possible to provide flexible and timely solutions for specific customer wishes thanks to simplified combination options.

1976 1 family of actuators

2014 > 20 families of actuators

Remuneration Report

The Remuneration Report describes the principles of Belimo's remuneration system 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 Ltd. 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 2014/2015 period of office: Prof. Dr. Hans Peter Wehrli (Chairman), Martin Hess and Walter Linsi

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 pro-

visions and those of the Articles of Incorporations

- 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 Incorporations, 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 2014.

2 Remuneration system

2.1 Principles

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

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

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 advisory vote.

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

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

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

2.2 Board of Directors

Articles of Incorporation
Article 25^{quinquies}

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

2.3 Group Executive Committee

Articles of Incorporation
Article 25^{sexties}

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

Payment of up to 50 percent of the variable remuneration is dependent on financial targets (EBIT and sales growth) being achieved, 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 80 percent of fixed remuneration for the CEO and between 60 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 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.

Remuneration Report

3 Remunerations

3.1 Board of Directors

The amount of remuneration for the Board of Directors (non-executive members) for the reporting year was as follows. The total remuneration is within the amount of CHF 0.8 million approved by the Annual General Meeting on April 14, 2014.

No additional remuneration was made for activities carried out in a Board Committee.

No remunerations other than the ones disclosed here were assigned in 2014.

in CHF 1 000	Basic remuneration	Pension contributions	Total 2014	Expense allowance	Total 2013	Expense allowance
Prof. Dr. Hans Peter Wehrli, Chairman	244	13	257	6	257	6
Werner Buck, Deputy Chairman (until AGM 2014)*					124	6
Patrick Burkhalter, Member (since AGM 2014)*	119	6	125	6		
Martin Hess, Member	119	5	124	6	125	6
Walter Linsi, Member	119	5	124	6	124	6
Dr. Martin Zwyszig, Deputy Chairman	119	6	125	6	125	6
Total	720	35	755	30	755	30

* Patrick Burkhalter was elected to the Board of Directors at the Annual General Meeting on April 14, 2014. At the same time Werner Buck left the Board.

3.2 Group Executive Committee

The amount of remuneration for the Group Executive Committee for the reporting year was as follows. The total remuneration is within the amount of CHF 4.1 million approved by the Annual General Meeting on April 14, 2014 (of which CHF 2.3 million is fixed and CHF 1.8 million is variable). The remuneration is based on the accrual principle of accounting.

The highest remuneration paid to a member of the Group Executive Committee was to Dr. Jacques Sanche (CEO).

No remunerations other than the ones disclosed here were assigned in 2014.

in CHF 1 000	Basic remuneration	Bonus	Pension contributions	Other remuneration components	Total 2014	Expense allowance	Total 2013	Expense allowance
Dr. Jacques Sanche (CEO)	367	295	126	7	795	18	803	18
Other members of the Group Executive Committee	1 560	859	392	82	2 893	72	2 911	72
Total	1 927	1 154	518	89	3 688	90	3 714	90

3.3 Related parties

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

3.4 Credits and loans

Articles of Incorporation Article 25^{bis}

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

In 2014 neither credits and loans were granted to present or past members of the senior management or related parties, nor were there some outstanding as at December 31, 2014.

Report of the Statutory Auditor to the General Meeting of Shareholders of BELIMO Holding AG, Hinwil

We have audited the remuneration report of BELIMO Holding AG for the year ended December 31, 2014. 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 section “3 Remunerations” on pages 30 and 31 of the remuneration 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 December 31, 2014, 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



Jan Brönnimann
Licensed Audit Expert

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Organization

Production



At Belimo, production comprises procurement, production planning and assembly. All production processes are analyzed according to the principles of lean management and improved on an ongoing basis. Employees at all hierarchical levels can submit suggestions for improvements as part of Belimo's team optimization process. Efficient material supply, waste-free assembly based on reliable processes, quality assured steps in value creation and standardized testing procedures form the basis for the quality and on-time delivery of Belimo products. Ergonomic workstations,

relief exercises, workplace exchanges organized by teams in order to avoid monotony in work routines and regular training courses ensure a pleasant and organized work environment. This enables employees to deliver extraordinary performance.

Ecological awareness, social responsibility

We want to sustainably increase the value of the company for the benefit of our shareholders. We are committed to the environment and to the efficient use of resources.



Ecological awareness

Environment and energy

The energy for heating the offices and production facilities in Hinwil comes from the neighboring waste incineration plant.

The premises in Hinwil are continually reviewed and adapted in regard to comfort and energy efficiency. Since 2014 there has been a tool in use for monitoring environmental and energy key figures.

The new production, logistics and administration building in Danbury (CT, USA) is now completed and started operations. The building was constructed in compliance with the LEED standards for sustainable construction. The next step is to achieve certification.

Innovation

Environmental thinking starts right with product design and development. The focus is on sustainable and eco-efficient product development that looks at the entire product life cycle. This means minimal use of power and resources, low-impact waste disposal, the use of materials that generate low emissions in the event of fire and longer product life cycles through the use of modern technology. Optimizing existing products leads to some considerable savings in material and energy during the production process.

Customers are involved early on in the development process with a view to finding innovative approaches together and verifying promising ideas. Belimo secures an edge for its customers by providing them solutions that offer more comfort and greater energy efficiency and safety, and are simpler to install and maintain.

The Swiss research and innovation building NEST (Next Evolution in Sus-

tainable Building Technologies) is a joint project between industry, research and the public sector supported by Belimo. Therein, not only forms of living and working, but also the energy flows and utility engineering of tomorrow's houses are being researched.

Products

The high functionality of the products enables optimal performance of HVAC systems. The power consumption of the actuators is reduced by means of energy-optimizing algorithms.

The following products and solutions promise higher value for customers coupled with lower energy consumption:

- **Optimized characterized control valve.** This technology prevents creeping circulation losses with air bubble-tight closing valves.
- **Belimo Energy Valve™.** The simultaneous measurement of energy flows and optimization of the flow rate make it possible to reduce energy waste in the building. This has been proven by the successful use in buildings around the world. Belimo has also received numerous awards for the Belimo Energy Valve™.
- **Valve actuator for butterfly valves.** In addition to non-linear gears, new types of gears for large butterfly valves are in development for reliable operation using a smaller motor.
- **Actuators for zone applications.** Compared to thermal actuators, the new actuators for zone applications consume less energy in standby mode and have a longer useful life.

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 quan-

tities. All packaging is made of materials that are not harmful to the environment. Reusable containers and cardboard are increasingly used instead of plastic packaging.

Environmental directives

Belimo adheres to the RoHS 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.

Since certification in early 2014 Belimo has applied the international environmental management system ISO 14001.

Procurement

More than 80 percent of the added value comes from suppliers. Belimo therefore places the same high demands on them as on itself. They are involved in the environment and quality policy. Adherence to specifications is checked by our goods-in department by means of direct tests and by inspecting the requested test reports and declarations.

The code of conduct for suppliers has been signed by more than hundred suppliers, which equates to around 90 percent of the procurement volume. Both new and existing suppliers are regularly audited on site, amongst others also aspects of the code of conduct.

Procurement is done for the most part in Europe.

Production and logistics

Through the transfer of knowledge and technology between production locations, safe, efficient and resource-saving production processes are ensured. Thanks to an optimized soft-

ware download, actuators can increasingly be produced centrally using the same means of production equipment and completed locally on site in accordance with the customer's needs. This saves resources along the entire logistics chain.

The regular review and adjustment of logistics processes also addresses environmental issues. Transport mileage is reduced by means of collective shipments and consolidated direct deliveries to customers. Final assembly is offered locally on site in almost all continents, meaning considerably shortened transport routes to customers. Energy-intensive air freight is minimized on an ongoing basis.

Recycling and disposal

Waste is sent for recycling whenever possible. The internal collection points help to ensure its proper disposal. These measures enable the recycling of more than half of the waste produced. The remaining waste is sent to the nearby waste incineration plant. Disposal transportation is consolidated.

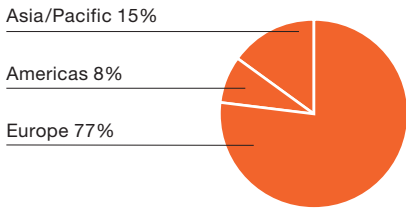
Social responsibility

Corporate culture

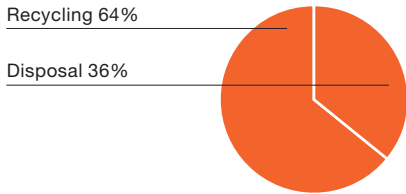
The mission statement and code of conduct present the principles for internal cooperation, behavior on the job and interaction with suppliers and competitors. The values of trust and credibility also mean that employees get in touch with the appropriate contact person in the event of perceived violations of either applicable laws or ethical standards.

New employees learn about 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.

Procurement in percent from



Waste Management



We treat each other with respect and stand up for each other.



In Hinwil, assembly and packaging work is given to workshops for the disabled. The location in Danbury (CT, USA) provides more than 45 disadvantaged people with jobs. Belimo received the Business Leadership Award for its long standing pioneer engagement with disadvantaged people from the organization Ability Beyond.

Belimo supports various regional sporting and cultural events.

On the United Way Day of Action, employees in the United States have the opportunity to use a working day to perform voluntary work for the common good.

Each year, Belimo holds a National Future Careers Day in Switzerland, and a Bring Your Child to Work Day in the United States. This gives employees' children the opportunity to accompany their parents at work for an entire day.

Employees with personal, social or health problems are offered access to free advisory services.

Sustainable personnel policy

Belimo values cultural diversity and assists employees from other countries with their integration, for example by providing free German lessons. 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 are valued both by employees and the company itself. In Hinwil, around 30 percent of employees work on a part-time basis.

Management is firmly committed to the production sites in Switzerland and the United States, as evidenced, amongst others, by the high level of investment in both locations.

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 with employees and appropriate measures. For employees in higher positions, a competence analysis is carried out every two years. This is based on the Belimo competence model and supports individual development planning. The system of remuneration lets employees participate in the company's success.

Internal information events are held on a regular basis. The special preparatory courses for employees nearing retirement are very popular.

The third worldwide employee survey conducted in 2014 confirmed the good result in the area of engagement from the 2011 survey. Detailed results are analyzed and measures derived worldwide in the individual teams. Also in comparison with other companies, Belimo is a popular employer. Belimo took part for the first time in the renowned Swiss Employer Award, achieving second place in the category "1000+ employees".

Training, personal and career development

Belimo helps employees develop their specialist knowledge. Thorough induction programs ensure that new recruits are fully familiarized with their tasks and responsibilities and the corporate culture. The internal training program has been revised. Employees' personal development is supported. Time spent abroad at one of the company's other locations is considered as opportunity for professional and personal development and brings added value for the company.

Managers around the world regularly complete training courses on leadership issues.

In addition to managerial positions,

Belimo also offers careers for professional specialists. Development prospects in both cases are treated equally. Professional specialists can prepare themselves for future challenges with defined development plans.

Encouraging new talent

Belimo encourages new talent and offers traineeships to 21 trainees in six different professional areas. Trainees with good performance reviews can stay for at least another six months after completing their traineeships to gain professional experience.

Each year, a member of the Group Executive Committee or a Head of Group Division and the trainees' mentors hold a parents' evening for the parents and trainees. This provides the parents with an insight into the company and the work performed by their sons and daughters. Thereby the trainees present their traineeship project. In 2014 they made a short movie about their traineeships.

In order to ensure optimal education and support for new talents, the mentors attend regular training sessions.

Health and safety

All employees are aware of the possible dangers in their jobs and know how to prevent accidents. The first-aid team in Hinwil has repeatedly received training on the handling of various medical emergencies. The approximately 35 specially trained individuals are represented in all parts of the buildings. In sensitive areas, emergency boards provide information and first aid kits are available for the event of accidents.

In connection with the new construction in Danbury (CT, USA) the emergency procedures were adjusted and investments in job safety were made. A review of workplace ergonomics

was made by external specialists. The design of open-plan offices in Hinwil is also being optimized on an ongoing basis.

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

The Bike to Work campaign in Hinwil has become very popular. In June 2014, 104 participants cycled more than 21 100 kilometers. In the United States, 137 participants in the King of the Hill Marathon completed a set distance either individually or in teams. Belimo provides financial support for these initiatives.

These offerings improve satisfaction, health and motivation of employees.

Ecological awareness, social responsibility

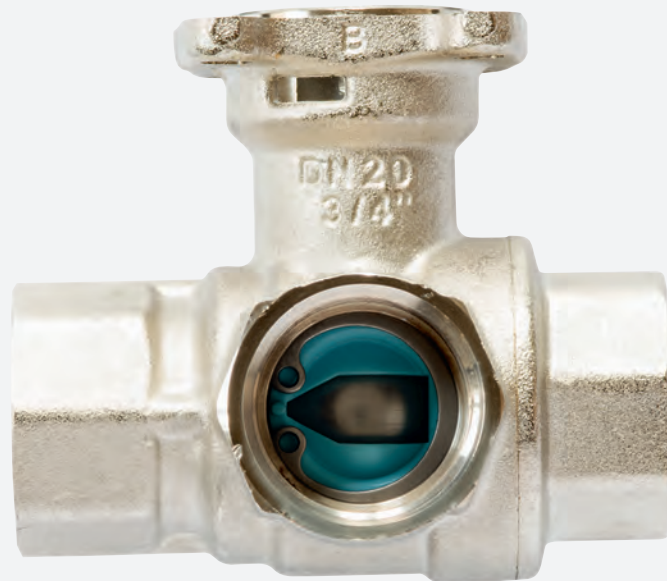
Key figures 2010–2014

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

	Unit	2014	2013	2012	2011	2010
Key personnel figures						
Number of employees (average)		1021	970	916	878	838
Female employees	as % of number of employees	47	47	47	47	50
FTEs (average)		959	905	854	821	780
Days off due to sickness	absences as % of total working days	3.0	2.8	2.9	3.5	3.2
Accident rate (occupational and non-occupational)	absences as % of total working days	0.4	0.6	0.3	0.3	0.5
Environmental indicators						
Number of actuators produced	in million items	5.5	5.1	4.8	4.6	4.3
Utilization						
Paper (A4, A3 sheet) only office						
Copiers, printers	kg per FTE	15.4	12.8	13.9	15.2	13.0
Buildings and total energy consumption						
Electricity	MWh	5 312	4 782	4 275	4 383	3 812
Heat energy						
District heating (own building)	MWh	814	1 191	1 199	986	1 159
Gas	MWh	1 547	973	1 040	924	814
Mains water	m ³	8 682	8 647	8 486	8 098	9 144
Recycling and disposal						
Waste for recycling	t	452	340	377	353	370
Waste for incineration	t	165	145	116	108	104
Remaining waste	t	92	65	70	96	91
Hazardous waste (electronics, separated materials)	t	1	37	32	28	29
Sanitary water	m ³	8 682	8 647	8 486	8 098	9 144

Products

Water applications



In 1998, Belimo decided to extend its product range to include motorized water final control elements, thereby positioning itself as a fully integrated provider of actuators in HVAC systems. This resulted in the new water application field. A globe valve actuator was specially developed for the launch of the new application, offering a universal fit for different types of valves and extending Belimo's plug-in principle to water applications. An innovative characterized control valve was offered for cold and warm water control in air-conditioning and heating systems. Unlike simple open/close ball valves, the Belimo characterized control valve was equipped with a unique characterizing disk, ensuring first-class control features and making it the first fully fledged, cost-effective alternative to the commonly used

globe valves. The pressure-independent characterized control valve was launched in 2003. The electronic version followed a few years later with a flow sensor that formed the basis for the electronic pressure-independent control valve and the Belimo Energy Valve™. The latter set yet another standard in building energy technology, enabling customers to make better use of their systems' power reserves and operate plants more efficiently.

1998 4 valve families

2014 >10 valve families

Consolidated financial statements of the Belimo Group

Balance sheet

in CHF 1 000	Note	12.31.2014	12.31.2013
Cash and cash equivalents	4	92 345	104 482
Securities	5	21	22
Trade accounts receivable	6	67 333	56 823
Income tax receivable		717	422
Other accounts receivable and accruals	7	7 742	7 340
Inventories	8	78 077	69 210
Current assets		246 235	238 299
Property, plant and equipment	9	159 704	113 743
Intangible assets	10	12 933	15 875
Financial assets	5	1 072	912
Deferred tax assets	11	4 570	1 162
Non-current assets		178 279	131 692
Assets		424 514	369 991
Current financial liabilities	12	20 000	1 264
Trade accounts payable	13	14 850	7 927
Income tax payable		4 550	5 045
Other liabilities and deferrals	14	33 426	29 525
Current liabilities		72 826	43 761
Non-current financial liabilities	12		20 000
Deferred tax liabilities	11	10 381	10 308
Provisions	15	6 275	6 285
Post-employment benefits	16	18 113	2 176
Non-current liabilities		34 769	38 769
Liabilities		107 595	82 530
Share capital	17	615	615
Treasury shares	17	-564	-3 856
Capital reserves	17	22 184	16 733
Retained earnings	17	294 684	273 969
Shareholders' equity		316 919	287 461
Liabilities and shareholders' equity		424 514	369 991

Income statement

in CHF 1 000	Note	2014	2013
Net sales	18	493 919	472 859
Changes in inventory		5 543	3 127
Other operating income	19	443	289
Capitalized own services	19	450	915
Material expenses		-210 786	-198 394
Personnel expenses	20	-132 136	-125 199
Other operating expenses	21	-57 831	-55 062
Depreciation and amortization	9, 10	-18 352	-17 217
Operating income (EBIT)		81 250	81 318
Financial income	22	2 532	927
Financial expenses	22	-2 026	-5 862
Financial result		506	-4 935
Income before taxes (EBT)		81 756	76 383
Income taxes	23	-14 563	-13 774
Net income		67 193	62 609
Attributable to shareholders of BELIMO Holding AG		67 193	62 609
Earnings per share in CHF	24	109.52	102.57

There are no options or other instruments that could cause dilution.

Statement of comprehensive income

in CHF 1 000	Note	2014	2013
Net income		67 193	62 609
Translation differences		7 440	-1 244
Items to be reclassified subsequently to the income statement		7 440	-1 244
Revaluation of post-employment benefits	16	-16 429	15 519
Tax effect		2 419	-2 261
Items not to be reclassified subsequently to the income statement		-14 010	13 258
Other comprehensive income after taxes		-6 570	12 014
Total comprehensive income		60 623	74 623
Attributable to shareholders of BELIMO Holding AG		60 623	74 623

Consolidated financial statements

Statement of changes in equity

in CHF 1 000	Share capital	Treasury shares	Capital reserves	Translation differences	Other retained earnings	Total retained earnings	Shareholders' equity
At January 1, 2013	615	-4 277	15 554	-7 366	243 318	235 951	247 843
Translation differences				-1 244		-1 244	-1 244
Revaluation of post-employment benefits					15 519	15 519	15 519
Tax effect					-2 261	-2 261	-2 261
Other comprehensive income after taxes				-1 244	13 258	12 014	12 014
Net income					62 609	62 609	62 609
Total comprehensive income				-1 244	75 867	74 623	74 623
Purchase of treasury shares		-345					-345
Sale of treasury shares		767	1 179				1 946
Dividends					-36 606	-36 606	-36 606
At December 31, 2013	615	-3 856	16 733	-8 610	282 579	273 969	287 461
Translation differences				7 440		7 440	7 440
Revaluation of post-employment benefits					-16 429	-16 429	-16 429
Tax effect					2 419	2 419	2 419
Other comprehensive income after taxes				7 440	-14 010	-6 570	-6 570
Net income					67 193	67 193	67 193
Total comprehensive income				7 440	53 183	60 623	60 623
Purchase of treasury shares		-37					-37
Sale of treasury shares		3 328	5 451				8 779
Dividends					-39 908	-39 908	-39 908
At December 31, 2014	615	-564	22 184	-1 170	295 854	294 684	316 919

Cash flow statement

in CHF 1 000	Note	2014	2013
Net income		67 193	62 609
Income taxes	23	14 563	13 774
Interest result	22	-62	36
Depreciation of property, plant and equipment	9	13 458	12 270
Amortization of intangible assets	10	4 894	4 947
Income from the sale of property, plant and equipment	9	-185	-131
Other non-cash items		-292	1 192
Change in accounts receivable and other current assets		-10 240	-6 090
Change in inventories		-8 602	-3 138
Change in accounts payable and other current liabilities		9 521	-945
Change in provisions	15	-4	1 371
Income tax paid		-16 165	-15 321
Cash flow from operating activities		74 080	70 574
Investments in property, plant and equipment	9	-53 126	-34 134
Investments in intangible assets	10	-2 015	-2 542
Purchase of financial assets and securities		-131	-37
Sale of property, plant and equipment		230	149
Interest received	22	717	911
Payment of residual purchase price for acquisition from earlier periods	2	-1 208	
Cash flow from investing activities		-55 534	-35 653
Purchase of treasury shares	17	-37	-345
Sale of treasury shares	17	8 779	1 946
Dividend distribution	17	-39 908	-36 606
Interest paid	22	-730	-668
Cash flow from financing activities		-31 896	-35 673
Translation differences arising from cash and cash equivalents		1 213	-137
Net cash decrease		-12 137	-889
Cash and cash equivalents at beginning of period		104 482	105 371
Cash and cash equivalents at end of period	4	92 345	104 482

Notes to the consolidated financial statements

1 Group accounting principles

1.1 General

The Belimo Group (hereinafter referred to as Belimo or the Group) is a leading global manufacturer of innovative electrical actuator solutions and valve systems for heating, ventilation and air-conditioning systems. The shares of BELIMO Holding AG have been traded on the SIX Swiss Exchange Ltd. since 1995 (BEAN). The registered office is in Hinwil, Switzerland. The balance sheet date for BELIMO Holding AG and all of its subsidiaries and for the consolidated financial statements is December 31, 2014.

1.2 Declaration 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

These consolidated financial statements have been prepared in Swiss francs (CHF), rounded to the nearest thousand. They are based on the acquisition cost method, with the exception of the following assets and liabilities which are stated at fair value: derivative financial instruments and securities held for trading.

The presentation of accounts in accordance with IFRS requires that management make estimates and assumptions and exercise discretion in applying accounting principles. This may influence the income, expenses, assets, liabilities and contingent liabilities as reported at the balance sheet date. In the event that such estimates and assumptions made in good faith by management at the time the accounts 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.

Material assumptions made by the management in applying IFRS that have a material impact on the consolidated financial statements, and estimates where there is a considerable risk of material adjustments being required in the following year, are set out in note 29 Material estimates and assumptions.

1.4 Changes to accounting principles

The introduction of the amended standards and interpretations had no material influence on the consolidated financial statements.

The following new and revised standards and interpretations were approved but are not yet in force and have not been applied to these consolidated financial statements early.

The impact of the 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 this table merely represents an initial assessment on the part of the Group Executive Committee.

Standard		Entry into force	Planned application
New Standards			
IFRS 15 Revenue from Contracts with Customers	***	1.1.2017	2017
IFRS 9 Financial Instruments	***	1.1.2018	2018
Amendments of Standards			
Annual Improvements to IFRSs 2010–2012 Cycle	**	7.1.2014	2015
Annual Improvements to IFRSs 2011–2013 Cycle	**	7.1.2014	2015
IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	*	1.1.2016	2016
IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	*	1.1.2016	2016
Annual Improvements to IFRSs 2012–2014 Cycle	***	1.1.2016	2016
IAS 1: Disclosure Initiative	**	1.1.2016	2016

* No or no significant impact is expected on Belimo's consolidated financial statements.

** Primarily changes in presentation and additional disclosures in Belimo's consolidated financial statements are expected.

*** The effects on Belimo's consolidated financial statements cannot yet be predicted with sufficient certainty.

1.5 Consolidation methods

1.5.1 Scope of consolidation

The consolidated financial statements cover all companies that are controlled either directly or indirectly by BELIMO Holding AG. Control over a company is deemed to exist if Belimo is subject to fluctuating returns as a result of its exposure to the company or where it holds rights to this company and is able to influence these returns by exercising its power of control over the company. These companies are fully consolidated.

Group companies that are acquired or sold during the course of the year are consolidated with effect from the date on which control is assumed and deconsolidated affecting net income from the date on which control is relinquished.

1.5.2 Acquisition accounting

The consolidation of capital at the time of acquisition is based on the purchase method. The purchase price of an acquisition is calculated from the sum of the fair value of the assets acquired, the liabilities assumed and the equity instruments issued by the Group. Pre-existing relationships are effectively settled with the acquisition and therefore measured separately with the purchase method. Transaction costs incurred in connection with an acquisition are recognized in net income. Goodwill from an acquisition is recognized as an asset. It corresponds to the excess of the sum of the purchase price, share of non-controlling interests in the acquiree and the fair value of the equity share previously held less the balance of the assets, liabilities and contingent liabilities measured at fair value. For each transaction there is a choice of how to measure non-controlling interests. They can be measured either at fair value or at the share of non-controlling interests in the fair value of the net assets acquired. In the event of negative goodwill, the remaining surplus is recognized in income as soon as the fair value of the net assets acquired has been reassessed. Goodwill is tested for impairment at least once a year, or more frequently if events or changes in circumstances indicate that it might be impaired.

Notes to the consolidated financial statements

1.5.3 Eliminations

Assets, liabilities, income and expenses are recognized on a 100 percent basis using the full consolidation method. Intercompany expenses and income and intercompany receivables and payables are offset against each other. Any interim profits earned on intercompany transactions are eliminated affecting net income. Unrealized losses on intercompany transactions are similarly eliminated, unless there is proof of impairment.

1.6 Currency translation

1.6.1 Transactions in foreign currency

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

1.6.2 Foreign Group companies

Financial statements of foreign Group companies denominated in foreign currencies are translated into CHF as follows: for the balance sheet, at the exchange rates applicable on the balance sheet date; for the income statement, the statement of comprehensive income and the cash flow statement, at the average exchange rate. Any translation differences arising from the different translation of the balance sheets, income statements and the statements of comprehensive income are offset directly against retained earnings with no effect on net income. This similarly applies to loans that meet the definition of equity. The cumulative translation differences are transferred to the income statement at the time of the loss of control over the Group company.

1.7 Derivative financial instruments

Derivative financial instruments are initially recognized and measured at fair value. Subsequent measurement is also at fair value, with any resulting gains or losses being posted to the financial result.

The fair value of forward exchange contracts is the stock market price on the balance sheet date or the net present value of the forward contract.

1.8 Property, plant and equipment

1.8.1 Measurement of property, plant and equipment

Items of property, plant and equipment are carried in the balance sheet at purchasing or production cost less cumulative depreciation and any impairments.

Components of property, plant and equipment with varying useful lives are carried and depreciated separately.

1.8.2 Leasing of property, plant and equipment

Property, plant and equipment that is financed with long-term leasing agreements is carried in the balance sheet if the risks and rewards associated with ownership essentially pass to Belimo upon the signing of the agreement.

Measurement is at the lower of fair value and the net present value of the minimum lease payments less cumulative depreciation and any impairments.

1.8.3 Subsequent expenses

Subsequent investments are included in the carrying amount of an item of property, plant and equipment if it can be expected that Belimo will derive economic benefits from them in future. Actual maintenance and repair costs are charged to net income.

1.8.4 Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis over the period of the estimated useful life, or leasing term if shorter. Land is not depreciated. The estimated useful lives are defined for the Group as follows:

Administrative and production buildings (using the component approach: buildings contain components with differing useful lives and these are depreciated accordingly over 10, 15, 25 or 60 years)	10–60 years
Furniture and fixtures, workshop and warehouse facilities	5–10 years
Motor vehicles, office machinery and IT equipment	2–5 years
Leasehold improvements	5–10 years
Transportation equipment, tools and machinery	5–9 years
Tools at suppliers and testing equipment	3–5 years

The presumed residual value, if not immaterial, is reviewed annually.

1.9 Intangible assets

The Group's intangible assets comprise bought-in software, non-contractual customer relationships that have been acquired, as well as internally generated intangible assets.

1.9.1 Goodwill

Goodwill is carried at acquisition cost less any impairment. Goodwill is allocated to the cash-generating units and is not amortized but tested for impairment on an annual basis (see 1.14 Impairment test).

1.9.2 Research and development

Research costs incurred for the acquisition of new basic or technological knowledge and understanding are charged to income.

Development costs incurred to obtain new or significantly improved products and processes are capitalized if the resulting products and processes are technically and commercially feasible and if it is likely that there will be some future economic benefit. In addition, the Group must intend and have sufficient resources available to complete the implementation and use or sell the asset. Development projects are managed based on a standard process and their

Notes to the consolidated financial statements

feasibility is continually monitored. The process involves various phases and different milestones. Development projects can be interrupted at any time if the continuation of the project, its feasibility or economic benefit is deemed to be unrealistic. Capitalized development costs include material costs, direct labor costs and directly attributable general overheads, if they are attributable to preparing the asset for use. 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.

The capitalized costs are included in internally generated intangible assets (see 10 Intangible assets).

Other development costs are charged as expenses in the income statement. Capitalized development costs are carried at cost less accumulated amortization and impairments (see 1.14 Impairment test).

1.9.3 Other intangible assets

Other intangible assets are carried at cost less accumulated amortization and impairments (see 1.14 Impairment test).

1.9.4 Subsequent expenses

Subsequent investments are capitalized if it is likely that the future economic benefit will increase. All other expenses are charged directly to income at the time they are incurred.

1.9.5 Amortization

Intangible assets are amortized on a straight-line basis over their estimated useful life, unless this period is indeterminate. Goodwill and intangible assets with an indeterminate useful life are not amortized but subject to an annual impairment test. Intangible assets with a determinable useful life are amortized from the time at which they become available for use.

The estimated useful life for software and internally generated intangible assets is two to five years, for customer relationships between three and nine years.

Belimo currently has no intangible assets with an indeterminate useful life.

1.10 Securities

Securities held for trading form part of current assets and are measured at fair value, with any change in value being recognized in the financial result. The fair value of securities held for trading is the market price as of the balance sheet date. Ongoing buy and sell transactions are recognized on the basis of the trade date, not settlement date.

1.11 Accounts receivable

Accounts receivable are carried at their amortized historical costs, generally their nominal value less any allowances for accounts receivable that cannot be collected.

The recoverable amount of accounts receivable corresponds to the net present value of the estimated future cash flows.

The allowance is made up of individual allowances for specifically identified items for which objective indications exist that the outstanding amount will not be received in full, and general allowances for groups of receivables with similar risk profiles. The general allowances cover losses that, in the estimation of the Group Executive Committee, will occur but are not yet known. General allowances are based on historical data on the receivables' payment statistics.

As soon as there are sufficient indications that an account receivable will definitely not be paid, the receivable is charged off directly or offset against the individual allowance created for this purpose.

Impairments relating to accounts receivable are reversed if the increase in the recoverable amount can be attributed to an incident that occurred in a period following recognition of the impairment loss.

1.12 Inventories

Inventory items are carried at the lower of cost of acquisition or production or net realizable value. The net realizable value is the expected average selling price less expected completion costs and costs to sell.

Purchased products are measured at cost of acquisition, self-made 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 production capacities. Inventories are measured on the basis of moving average prices.

1.13 Cash and cash equivalents

Cash and cash equivalents are stated at their nominal value. These consist of cash, postal and bank balances and term deposits with a term of up to three months as from the acquisition date.

1.14 Impairment test

1.14.1 Approach

The carrying amounts of property, plant and equipment as well as intangible assets are assessed at least once per year. If there are indications of a permanent loss in value, a calculation of the recoverable amount is carried out.

In the case of goodwill, other intangible assets with an indeterminate useful life and intangible assets that are not yet available for use, the recoverable amount is calculated annually, even in the absence of any indication in a loss in value.

If the carrying amount of an asset or of the cash-generating unit to which the asset belongs exceeds the recoverable amount, the value is adjusted and recognized in income.

Notes to the consolidated financial statements

Value adjustments relating to a cash-generating unit or a group of cash-generating units are carried out first on goodwill and then pro rata on the other assets in the cash-generating unit or group.

1.14.2 Calculation of recoverable amount

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. To determine the value in use, the estimated future cash flows are discounted using a pre-tax rate that reflects the risks specific to the asset. If an asset does not generate any cash flows that are predominately independent, the recoverable amount is determined for the cash-generating unit to which that asset belongs.

1.14.3 Reversal of an impairment

There is no reversal of impairment for goodwill. Impairments on other assets are reversed if the estimates used to calculate the recoverable amount have changed, and if the impairment has been reduced or no longer exists.

The increase in the carrying amount is limited to the amount that would have resulted had no impairment been recognized for the asset in the previous years.

1.15 Shareholders' equity

1.15.1 Share capital

Shares are a component of equity, as they are not redeemable and there is no dividend guarantee.

1.15.2 Treasury shares

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

1.15.3 Dividends

Dividends are reported as liabilities as soon as they are approved by the Annual General Meeting.

1.16 Financial liabilities

Financial liabilities are carried upon initial recognition at fair value less directly attributable transaction costs. Subsequent recognition is at amortized cost, and any differences between the carrying amount and the repayment amount are recognized in the financial result using the effective interest method over the period during which the borrowed funds are utilized.

1.17 Post-employment benefits

1.17.1 Defined contribution plans

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

1.17.2 Defined benefit plans

The present value of the defined benefit obligation and the fair value of the plan assets are determined annually for each plan and are carried as a net pension 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 prime corporate bonds with close to the same maturities as the liabilities. These are determined annually by independent insurance experts.

In the post-employment benefit expenses, current service costs (service costs in the period under review) and past service costs (gains/losses from plan changes and curtailments) are charged to net income immediately. The net interest result (multiplication of the net pension liability with the discount rate) is recognized in the financial result. The revaluation of post-employment benefits (actuarial gains and losses on the defined benefit obligation and income on the plan assets, if not already taken into account in the interest component) is recognized immediately in other comprehensive income with no effect on net income.

1.18 Provisions

Provisions are made if as a result of a prior event the Group has a present obligation, an outflow of funds is likely and the amount can be reliably determined. Provisions are discounted if the effect is material.

1.19 Trade accounts payable and other current liabilities

These liabilities are carried at their amortized cost, generally their nominal value.

1.20 Sales and realization of revenue

Sales are recognized after deduction of sales tax, credits for returns and discounts at the time at which the risks and rewards arising from the goods sold pass to the client. Normally sales are realized at the time of delivery, as defined in the general terms and conditions and in compliance with generally accepted Incoterms.

1.21 Financial result

The financial result is composed primarily of interest payments on borrowed capital based on the effective interest method, interest income, dividend income, foreign currency gains and losses and gains and losses on hedging instruments.

Interest income is recognized in accordance with the effective interest method through the income statement. Dividend income is recognized in income on the due date.

Notes to the consolidated financial statements

1.22 Leasing

Payments for operating leases are charged directly to income on a straight-line basis over the lease term.

1.23 Income taxes

Income taxes include current and deferred income taxes. Normally, income taxes are charged to income unless they are linked to an item that is recognized in other comprehensive income or directly in equity.

Current income taxes are charged on taxable income, based on the tax rates in force as of the balance sheet date, including tax expenses for previous periods.

Deferred taxes are calculated using the balance sheet liability method on all temporary differences between the tax balance sheet values and the IFRS values. No deferred taxes are recognized for the following temporary differences: initial recognition of goodwill, assets or liabilities in conjunction with a transaction that does not affect either taxable income or the year's net income, and investments in subsidiaries if it is likely that the temporary differences will not be realized in the foreseeable future.

Deferred tax assets including the tax benefits from deductible losses carried forward are only taken into account if it is likely that the temporary differences or losses carried forward can be offset against future taxable profits.

2 Changes to the scope of consolidation

There were no changes to the scope of consolidation in the reporting and previous year. In 2012, Belimo acquired all shares of the distribution company BELIMO Servomotoren B.V., which is domiciled in the Netherlands. The contractually agreed retained portion of the purchase price and its accumulated interest of totally CHF 1.3 million was settled in the reporting year.

3 Segment reporting

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

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.

The Group has four reportable operating segments which constitute its strategic divisions. With a view to maintaining a market presence in close proximity to customers, the three geographic 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 central-

ly as a cost center by the Swiss company. No sales are therefore credited to this segment in the segment reporting.

The activities of the reportable segments are as follows:

Europe. Comprises distribution and sale of Belimo products in the European market.

Americas. Comprises distribution and sale of Belimo products in the American market.

Asia/Pacific. Comprises distribution and sale of Belimo products in the Asia/Pacific market.

Shared Services. Comprises research and development activities, production, customizing, distribution as well as the areas of global product management, finance and administration.

Expenses for the Group Executive Committee and the Board of Directors are listed under "Elimination".

The performance of the geographic segments is measured using the cost-sales ratio (personnel expenses, other operating expenses and 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 accounts receivable, property, plant and equipment and intangible assets are allocated. No other assets are allocated. The liabilities are only reported in full in the internal financial reporting and are not allocated to the reportable segments.

Notes to the consolidated financial statements

in CHF 1 000	Europe	Americas	Asia/Pacific	Shared Services	Elimination	Total
2013						
Income statement						
Net sales to third parties	259 303	163 461	50 095			472 859
Capitalized own services				915		915
Personnel and other operating expenses	-36 481	-24 595	-9 899	-116 285	6 999	-180 261
Depreciation and amortization	-2 733	-1 029	-372	-13 083		-17 217
Segment profit	220 089	137 837	39 824	-128 453	6 999	276 296
Non-allocated changes in inventory						3 127
Non-allocated other operating income						289
Non-allocated material expenses						-198 394
Non-allocated financial result						-4 935
Income before taxes (EBT)						76 383
Investments	894	18 469	270	17 043		36 676
Balance sheet at December 31, 2013						
Trade accounts receivable (net)	50 168	21 463	7 614		-22 422	56 823
Property, plant and equipment and intangible assets	9 651	30 389	644	88 935		129 618
Non-allocated assets						183 550
Total assets						369 991
2014						
Income statement						
Net sales to third parties	270 359	170 914	52 646			493 919
Capitalized own services				450		450
Personnel and other operating expenses	-38 482	-26 900	-11 080	-121 961	8 455	-189 967
Depreciation and amortization	-2 675	-1 627	-291	-13 759		-18 352
Segment profit	229 202	142 387	41 275	-135 270	8 455	286 049
Non-allocated changes in inventory						5 543
Non-allocated other operating income						443
Non-allocated material expenses						-210 786
Non-allocated financial result						506
Income before taxes (EBT)						81 756
Investments	733	21 732	295	32 382		55 141
Balance sheet at December 31, 2014						
Trade accounts receivable (net)	65 687	26 342	11 450		-36 146	67 333
Property, plant and equipment and intangible assets	7 512	55 750	705	108 670		172 637
Non-allocated assets						184 544
Total assets						424 514

in CHF 1 000	2014	Share	2013	Share
Sales by application				
Air	299 330	61%	287 584	61%
Water	194 589	39%	185 275	39%
Total	493 919	100%	472 859	100%

Information on geographic regions

The bulk of Belimo's business activity takes place in the United States and other regions. Sales and non-current assets are allocated to the regions.

in CHF 1 000	2014	2013
Sales to third parties		
Switzerland	17 663	15 555
Germany	63 939	63 829
USA	136 604	129 998
Other regions	275 713	263 477
Total	493 919	472 859

	12.31.2014	12.31.2013
Non-current assets		
Switzerland	96 457	83 934
Germany	395	277
USA	67 451	34 897
Other regions	8 333	10 510
Total	172 637	129 618

4 Cash and cash equivalents

in CHF 1 000	12.31.2014	12.31.2013
in CHF	33 548	19 299
in EUR	18 633	15 719
in USD	16 603	10 284
in other currencies	12 042	23 050
Bank and postal accounts, cash on hand	80 827	68 352
in CHF	3 100	30 000
in EUR	8 418	6 130
Term deposits	11 518	36 130
Total	92 345	104 482

Bank and postal accounts earned an average interest of 0.18 percent and term deposits earned an average interest of 0.51 percent.

Notes to the consolidated financial statements

5 Securities and financial assets

Securities held for trading consist exclusively of forward foreign exchange contracts with residual terms of up to 152 days (see 25 Financial risk management).

Non-current financial assets primarily comprise deposits relating to lease agreements for the business premises of various Group companies.

6 Trade accounts receivable

in CHF 1 000	12.31.2014	12.31.2013
Trade accounts receivable	69 230	58 904
Allowances	-1 898	-2 081
Total	67 333	56 823

Trade accounts receivable break down into the following currencies:

in CHF 1 000	12.31.2014	12.31.2013
in CHF	4 499	3 350
in EUR	16 259	16 823
in USD	26 186	20 676
in other currencies	20 389	15 975
Total	67 333	56 823

Trade accounts receivable break down into the following regions:

in CHF 1 000	12.31.2014	12.31.2013
Europe	29 781	27 956
Americas	26 342	21 463
Asia/Pacific	11 210	7 405
Total	67 333	56 823

The increase in receivables is primarily attributable to sales growth. There are no cluster risks. The receivables in the Americas relate mainly to the United States. The average days sales outstanding (DSO) for trade accounts receivable is 46.7 days (previous year 43.2 days).

Allowances for uncollectible receivables changed as follows in the year under review:

in CHF 1 000	Individual allowances		General allowances	
	2014	2013	2014	2013
Balance at January 1	-1 504	-1 150	-577	-522
Change	259	-354	-81	-58
Translation differences	11	0	-5	3
Balance at December 31	-1 234	-1 504	-664	-577

At December 31, 2014, individual allowances were at CHF 1.2 million (previous year CHF 1.5 million). These allowances refer mainly to three customers in Europe and one customer in the United States. At the balance sheet date, it is considered unlikely that any future payments will be received in connection with these receivables. Accordingly, they have been written off in full. In the year under review, new individual allowances were formed amounting to CHF 0.3 million (previous year CHF 0.4 million).

The age structure of the receivables that were not subject to individual allowances was as follows at the balance sheet date:

in CHF 1 000	12.31.2014		12.31.2013	
	Gross	Allowances	Gross	Allowances
Not due	55 176		45 417	
1 to 30 days overdue	8 931	-310	7 884	-268
31 to 180 days overdue	3 890	-354	4 099	-308
Total	67 996	-664	57 400	-577

The receivables that are not due and that were not subject to individual allowances are primarily receivables arising from long-standing customer relationships. On the basis of empirical values, Belimo does not anticipate any additional defaults.

7 Other accounts receivable and accruals

in CHF 1 000	12.31.2014	12.31.2013
Value-added taxes and social security credit balances	4 971	5 337
Advance payments	1 890	1 649
Other receivables and accruals qualifying as financial instruments	880	354
Total	7 742	7 340

Other accounts receivable include mainly reclaimable value-added taxes. On the basis of empirical values, Belimo does not anticipate any defaults in relation to value-added taxes and other accounts receivable.

Notes to the consolidated financial statements

8 Inventories

in CHF 1 000	12.31.2014	12.31.2013
Raw materials and supplies	44 715	41 333
Work in progress	376	433
Finished goods	32 987	27 443
Total inventories (net)	78 077	69 210
Impairment on raw materials and supplies	-3 908	-3 173
Impairment on finished goods	-3 561	-4 429
Total impairments	-7 469	-7 602

Finished goods are carried at the lower of production cost or net disposal value, less estimated costs to sell. The average inventory period during the year under review amounted to 129 days (previous year 125 days).

Depending on the inventory period, any write-down of inventories is based on Group-wide guidelines. Impairments amount to 8.7 percent (previous year 9.9 percent) of the gross value of inventories, of which CHF 2.0 million were charged to income in the reporting year (previous year CHF 2.9 million).

9 Property, plant and equipment

in CHF 1 000	Land, buildings	Tools, machinery	Furniture, fixtures	Advance payments, assets under con- struction	Total
Purchase costs					
At January 1, 2013	97 476	71 971	20 153	1 743	191 343
Additions	77	9 732	2 257	22 068	34 134
Disposals		-524	-1 619		-2 143
Reclassifications		99		-99	
Translation differences	-313	-320	-351	-883	-1 866
At December 31, 2013	97 240	80 959	20 440	22 829	221 468
Additions	24 774	10 891	4 126	13 334	53 126
Disposals	-259	-11 470	-5 200		-16 929
Reclassifications	20 304	1 311	15	-21 630	
Translation differences	5 224	1 191	593	435	7 442
At December 31, 2014	147 282	82 882	19 975	14 969	265 108
Depreciation					
At January 1, 2013	-27 481	-55 497	-15 091		-98 069
Depreciation	-2 388	-7 127	-2 755		-12 270
Disposals		509	1 617		2 126
Translation differences	22	189	277		488
At December 31, 2013	-29 847	-61 926	-15 952		-107 725
Depreciation	-2 976	-7 806	-2 676		-13 458
Disposals	259	11 470	5 155		16 884
Translation differences	-134	-646	-324		-1 104
At December 31, 2014	-32 699	-58 908	-13 797		-105 404
Carrying amounts					
At January 1, 2013	69 995	16 474	5 063	1 743	93 274
At December 31, 2013	67 392	19 032	4 489	22 829	113 743
At December 31, 2014	114 584	23 974	6 178	14 969	159 704
Insurance value					
At December 31, 2014					249 615

The additions of advance payments and assets under construction refer primarily to the expansion building in Hinwil. The reclassifications mainly concern the new production, logistics and administration building in Danbury (CT, USA), which was completed in the reporting year.

There were no impairments during the year under review. The sale of property, plant and equipment resulted in net income of CHF 0.2 million (previous year CHF 0.1 million).

Obligations for investments in property, plant and equipment amounted to CHF 20.0 million (previous year CHF 31.1 million). This includes CHF 18.0 million for the expansion building in Hinwil.

Notes to the consolidated financial statements

10 Intangible assets

in CHF 1 000	Software	Customer relationships	Internally generated intangible assets	Total
Purchase costs				
At January 1, 2013	15 794	16 640	5 077	37 510
Additions	1 627		915	2 542
Disposals	-829			-829
Translation differences	-29	139		111
At December 31, 2013	16 563	16 779	5 992	39 334
Additions	1 566		450	2 015
Disposals	-41			-41
Translation differences	154	-364		-210
At December 31, 2014	18 240	16 415	6 442	41 097
Amortization				
At January 1, 2013	-12 132	-6 708	-537	-19 378
Amortization	-2 193	-1 933	-821	-4 947
Disposals	829			829
Translation differences	18	19		37
At December 31, 2013	-13 478	-8 623	-1 358	-23 458
Amortization	-1 860	-1 913	-1 121	-4 894
Disposals	41			41
Translation differences	-84	231		147
At December 31, 2014	-15 381	-10 305	-2 478	-28 164
Carrying amounts				
At January 1, 2013	3 661	9 931	4 540	18 132
At December 31, 2013	3 085	8 156	4 634	15 875
At December 31, 2014	2 860	6 110	3 963	12 933

There were no impairments during the period under review.

CHF 0.5 million (previous year CHF 1.2 million) of internally generated intangible assets (capitalized development costs) cannot yet be used and have not been amortized yet. The conducted impairment tests did not show any need for impairment.

Obligations for investments in intangible assets amounted to CHF 0.3 million (previous year CHF 0.3 million).

11 Deferred tax assets and liabilities

The deferred tax assets and liabilities can be allocated to the following balance sheet items:

in CHF 1 000	Tax assets	Tax liabilities	12.31.2014 net	Tax assets	Tax liabilities	12.31.2013 net
Accounts receivable	133	991	858	109	731	621
Inventories	338	1 590	1 252	332	1 535	1 202
Property, plant and equipment	381	5 581	5 201	253	5 447	5 194
Intangible assets	14	2 056	2 042	18	2 645	2 626
Current liabilities	1 096	276	-820	327	205	-123
Provisions	27		-27	33		-33
Post-employment benefits	2 629		-2 629	290		-290
Loss carry-forwards	67		-67	52		-52
Total tax assets/liabilities	4 684	10 495	5 811	1 415	10 562	9 147
Offsetting	-114	-114		-253	-253	
Deferred tax assets/liabilities (net)	4 570	10 381	5 811	1 162	10 308	9 147

Deferred taxes were recognized for all loss carry-forwards.

The net liabilities of deferred taxes decreased by CHF 3.3 million (previous year increase of CHF 1.3 million). Thereof, income of CHF 0.8 million was recognized in the income statement (previous year CHF 1.0 million) and a reduction of CHF 2.4 million in other comprehensive income (previous year increase of CHF 2.3 million).

The Group has the following utilizable loss carry-forwards:

in CHF 1 000	No expiry	12.31.2014	12.31.2013
Loss carry-forwards with capitalized tax effect	221	221	177

Notes to the consolidated financial statements

12 Financial liabilities

in CHF 1 000	Maturity in 1 year	In 1–5 years	12.31.2013	Effective interest rate
Bank debts		20 000	20 000	3.1%
Current financial liabilities	1 264		1 264	2.5%
Total	1 264	20 000	21 264	3.0%
thereof interest-bearing	1 226	20 000	21 226	
thereof non interest-bearing	38		38	

in CHF 1 000	Maturity in 1 year	In 1–5 years	12.31.2014	Effective interest rate
Bank debts	20 000		20 000	3.1%
Total	20 000		20 000	3.1%

All bank debts were granted in CHF. The retained portion of the purchase price for BELIMO Servomotoren B.V. (NL) in EUR as well as its accumulated interest were settled in the year under review.

The framework agreements with a credit limit of CHF 70 million in total are not subject to any covenants. The interest rates for the individual tranches are fixed. No additional tranches were drawn down in the reporting year.

The fair value of the financial liabilities was CHF 20.4 million (previous year CHF 21.9 million).

13 Trade accounts payable

Trade accounts payable break down into the following currencies:

in CHF 1 000	12.31.2014	12.31.2013
in CHF	5 470	1 534
in EUR	5 000	2 638
in USD	3 090	2 447
in other currencies	1 289	1 309
Total	14 850	7 927

14 Other liabilities and deferrals

in CHF 1 000	12.31.2014	12.31.2013
Derivative financial instruments	370	5
Value-added taxes, social security liabilities and deferrals	7 627	7 896
Advance payments	677	336
Other liabilities and deferrals qualifying as financial instruments	24 752	21 286
Total	33 426	29 525

Other liabilities and deferrals qualifying as financial instruments essentially consist of sales bonuses to customers, overtime credits and bonus plans for employees.

15 Provisions

in CHF 1 000	Warranties	Others	Total 2014	Total 2013
At January 1	5 866	419	6 285	4 909
Increase	4 132	16	4 149	6 067
Utilization	-4 142		-4 142	-4 542
Reversals		-10	-10	-153
Translation differences		-6	-6	5
At December 31	5 856	419	6 275	6 285

A probable outflow of funds in an average of one to five years' time is assumed for provisions.

Provisions for warranties are calculated on the basis of actual returns in the past and generally cover a warranty and accommodating period of five years.

Other provisions include, in particular, estimated costs for pending legal proceedings, the outcome of which is unclear at the time of preparing the accounts. Belimo regards its current provisions as being sufficient for its needs.

16 Post-employment benefits

16.1 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 financial contributions, which are supplemented by corresponding employer contributions. The financing 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 99.6 percent of defined benefit obligation and 100 percent of plan assets.

16.2 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 Foundation Board. In the case of an underfunding, measures for its elimination must be taken. Possible measures could be an adjustment in 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 classed 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 Foundation Board, which is composed of equal numbers of employee and employer representatives. It is legally obliged to act in the interests of the plan participants. The Foundation Board is responsible for defining the investment strategy, effecting changes to the post-employment benefit plan regulations and determining the financing of pension plan benefits. The investment strategy is defined when required, but at least once a year. An additional post-employment benefit plan at a collective foundation in Switzerland exists for members of senior management.

The employer's 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 elements. 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 annuity and a lump-sum payment. The annuity is calculated by multiplying the retirement assets by the conversion rate defined in the regulations. The annual retirement credits and interest are credited to the retirement assets. When employees leave the company, their retirement assets are transferred to the pension scheme of the new employer or a vested benefits plan.

16.3 Explanation of calculations

There were no amendments to the plan in the year under review. In the previous year, the definition of the insured salary was changed, with the result that the bonus component is now included in the insured salary. This plan change gave rise to past service costs of CHF 1.0 million.

in CHF 1 000	12.31.2014	12.31.2013
Defined benefit obligations		
Present value of defined benefit obligations from plans with funded status	208 812	170 633
Fair values of plan assets	-191 603	-169 322
Deficit of plans with funded status	17 209	1 311
Present value of defined benefit obligations from plans with unfunded status	904	865
Recognized defined benefit obligations in the balance sheet	18 113	2 176

in CHF 1 000	2014	2013
Cost recognized in income		
Current service costs	5 868	6 049
Past service costs		1 011
Total service costs	5 868	7 060
Interest result defined benefit (net)	-63	257
Total costs of defined benefit obligations in the income statement	5 805	7 317

in CHF 1 000	2014	2013
Revaluation of defined benefit		
Change in financial assumptions	-27 323	6 057
Change in empirical value	213	2 616
Return on plan assets (excluding interest income)	10 681	6 847
Total recognized revaluation in the other comprehensive income	-16 429	15 519

The change in the financial assumptions is primarily due to adjustments to the discount rate.

Notes to the consolidated financial statements

Change to defined benefit obligations:

in CHF 1 000	2014	2013
Present value of defined benefit obligations at January 1	171 498	169 069
Past service costs		1 011
Current service costs	5 868	6 049
Interest costs	3 817	3 384
Employee contributions	4 444	4 135
Direct benefits paid by employer	-81	-82
Benefits paid from plan assets	-2 924	-3 412
Actuarial losses/(gains)	27 111	-8 672
Translation differences	-16	16
Present value of defined benefit obligations at December 31	209 717	171 498

The cash flow for annuity payments and other obligations can be planned reliably. The weighted average maturity of the defined benefit obligations is 17.2 years (previous year 15.7 years). The investment strategy ensures the availability of liquidity at all times.

Change to plan assets:

in CHF 1 000	2014	2013
Available plan assets at fair values at January 1	169 322	152 650
Interest income	3 880	3 127
Employer contributions	6 200	5 975
Employee contributions	4 444	4 135
Benefits paid	-2 924	-3 412
Return on plan assets (excluding interest income)	10 681	6 847
Available plan assets at fair values at December 31	191 603	169 322

16.4 Investment portfolio

Composition of the pension scheme's plan assets:

	12.31.2014	12.31.2013
Shares	34.4%	35.2%
Bonds	48.3%	48.5%
Real estate	15.9%	14.7%
Cash and cash equivalents	1.4%	1.6%
Total	100.0%	100.0%

The shares and bonds have quoted market prices on an active market. The real estate is made up of residential and office properties and consists of listed real estate funds and shares. The Group does not use any pension scheme assets.

The expected employer contributions for 2015 amount to CHF 6.4 million.

16.5 Actuarial assumptions and sensitivity analyses

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

	12.31.2014	12.31.2013
Applied actuarial assumptions Switzerland		
Discount rate	1.1%	2.3%
Interest rate to extrapolate retirement benefits	2.0%	2.5%
Expected salary development	2.0%	2.5%
Expected pension increases	0.0%	0.0%

The following sensitivity analysis shows the impact of a realistic change in the material 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.

	12.31.2014	12.31.2013
Increase (+)/decrease (-) of the present value of defined benefit obligations		
Discount rate		
Increase by 25 basis points	-3.8%	-3.3%
Decrease by 25 basis points	4.0%	3.5%
Salary development		
Increase by 50 basis points	1.0%	0.8%
Decrease by 50 basis points	-1.1%	-0.9%
Interest rate to extrapolate retirement benefits		
Increase by 25 basis points	1.0%	0.9%
Decrease by 25 basis points	-1.0%	-0.9%

Notes to the consolidated financial statements

17 Share capital and reserves

17.1 Share capital

At December 31, 2014, the nominal value of the share capital was divided into 615 000 registered shares (fully paid), each with a nominal value of CHF 1.00.

	Issued shares	Treasury shares	Total shares in circulation
At January 1, 2013	615 000	-4 893	610 107
Purchase		-158	-158
Sale		852	852
At December 31, 2013	615 000	-4 199	610 801
Purchase		-15	-15
Sale		3 609	3 609
At December 31, 2014	615 000	-605	614 395

Each registered share entitles the holder to attend the Annual General Meeting of BELIMO Holding AG. 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.

17.2 Treasury shares

The amount of treasury shares represents the acquisition value of the purchased shares.

17.3 Capital reserves

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.

17.4 Translation differences

This item contains the accumulated translation differences from the translation of the foreign Group companies and Group loans.

17.5 Limit on profit distribution

The amount available for dividend distribution is based on the available distributable retained earnings of BELIMO Holding AG determined in accordance with the legal provisions of the Swiss Code of Obligations.

17.6 Other retained earnings

Other retained earnings include the revaluation of the post-employment benefits and their tax effect as well as the dividend and net income.

In 2014, BELIMO Holding AG paid a dividend of CHF 39.9 million (CHF 65 per share).

The Board of Directors proposes to the 2015 Annual General Meeting a dividend of CHF 65 per share, which equates to a payout ratio of 59.5 percent. No dividends are paid on treasury shares.

17.7 Significant shareholders

The following shareholders and shareholder groups hold three percent or more of the share capital:

	12.31.2014	12.31.2013
Montanaro Asset Management Ltd.	3.18%	3.65%
Ameriprise Financial, Inc.	3.88%	4.07%
Werner Roner	5.69%	5.69%
The Capital Group Companies, Inc.	9.98%	9.98%
Group Linsi	19.28%	19.28%

18 Sales

Sales of CHF 493.9 million were achieved, with around 33 percent in USD, 32 percent in EUR, 14 percent in CHF and 21 percent in other currencies.

Year-on-year sales developed in the geographical markets as follows:

	CHF	Local currencies
Europe	4.3%	5.0%
Americas	4.6%	8.3%
Asia/Pacific	5.1%	9.3%
Group	4.5%	6.6%

In local currencies, sales of air applications grew by 6.1 percent and sales of water applications were up 7.4 percent.

Market shares in total sales did not change year-on-year. In Europe it is 55, in the Americas 35 and in Asia/Pacific 10 percent.

Overall, movements in exchange rates had an effect on sales of -2.1 percentage points (previous year no significant effect).

Notes to the consolidated financial statements

19 Other operating income and capitalized own services

Other operating income of CHF 0.4 million (previous year CHF 0.3 million) primarily includes revenue from the sale of advertising and marketing materials to Belimo trade distributors.

Development costs of CHF 0.4 million (previous year CHF 0.9 million) were capitalized.

20 Personnel expenses

in CHF 1 000	2014	2013
Wages and salaries	-103 439	-96 857
Social security	-13 710	-12 819
Defined benefit plans	-5 868	-7 060
Defined contribution plans	-2 562	-2 353
Post-employment benefit expenses	-8 430	-9 413
Other personnel expenses	-6 557	-6 110
Total	-132 136	-125 199

Personnel expenses accounted for 26.8 percent of net sales (previous year 26.5 percent).

21 Other operating expenses

in CHF 1 000	2014	2013
Travel and representation	-7 890	-7 269
Rent and cost of business premises	-10 063	-8 014
Consulting	-6 278	-6 150
Marketing	-6 387	-5 238
IT	-5 929	-5 665
Other expenses	-21 283	-22 726
Total	-57 831	-55 062

Other operating expenses accounted for 11.7 percent of net sales (previous year 11.6 percent).

Research and development costs of CHF 32.4 million (previous year CHF 30.6 million) are included mainly in personnel and in other expenses. Thereof, CHF 0.4 million (previous year CHF 0.9 million) were capitalized.

22 Financial result

in CHF 1 000	2014	2013
Interest income	755	927
Foreign currency gain (net)	1 777	
Financial income	2 532	927
Interest expenses	-693	-963
Net expenses from securities held for trading (derivatives)	-366	-277
Foreign currency loss (net)		-3 694
Other financial expenses (bank charges)	-968	-928
Financial expenses	-2 026	-5 862
Total	506	-4 935

23 Income taxes

The effective tax rate during the year under review was 17.8 percent (previous year 18.0 percent). Tax expenses can be broken down as follows:

in CHF 1 000	2014	2013
Income taxes relating to current result	-15 779	-15 230
Adjustments from earlier periods	423	416
Current income taxes	-15 356	-14 813
Deferred taxes	794	1 039
Income tax recognized	-14 563	-13 774

in CHF 1 000	2014	2013
Income before taxes	81 756	76 383
Expected tax expenses	-13 926	-13 161
applicable tax rate	17.0%	17.2%
Non-deductible expenses	-338	-340
Tax-exempt income	181	9
Tax income from earlier periods	423	416
Non-reclaimable withholding taxes	-221	-255
Effect of companies with mixed tax rates	-573	-548
Change in tax rate	-118	66
Other	9	39
Income tax recognized	-14 563	-13 774
effective tax rate	17.8%	18.0%

The applicable weighted tax rate is 17.0 percent (previous year 17.2 percent).

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

Notes to the consolidated financial statements

24 Earnings per share

	2014	2013
Net income in CHF 1 000	67 193	62 609
Average number of outstanding shares	613 540	610 372
Earnings per share in CHF	109.52	102.57

There are no options or other instruments that could cause dilution.

25 Financial risk management

25.1 General

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

Financial risk management is based on guidelines issued by Belimo's Board of Directors concerning the aims, principles, tasks and approval authorities of financial management. The Board of Directors holds supreme responsibility for the company's financial risk management. It has assigned the duty of constantly monitoring financial risks to Belimo's Group Treasury. The Group Executive Committee and the Board of Directors receive regular information about existing risks.

The principles established for risk management are aimed at identifying and analyzing the risks to which the Group is exposed, defining appropriate limits, establishing controls and monitoring the risks and compliance with limits. The risk management principles and processes applied are reviewed regularly to accommodate changes in market conditions and the Group's activities.

The following sections give an overview of the extent of the individual risks, how these risks are hedged, and the Group's capital management. Further information on financial risks is also provided in other parts of the notes (see the Financial Statements of BELIMO Holding AG, note 9 Risk assessment pursuant to Article 663b No. 12 of the Swiss Code of Obligations, page 91).

25.2 Default risk

Default risk refers to the financial losses if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Belimo's default risk mainly arises from trade accounts receivable 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. Generally speaking, these deposits have terms of less than three months.

Transactions involving derivative financial instruments are also only entered into with major financial institutions, and Belimo does not have material open positions with any of these.

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

The maximum default risk is the carrying value of the individual financial assets. There are no guarantees or similar obligations that could lead to an increase in the risk beyond the carrying amounts. The maximum default risk as of the balance sheet date was as follows:

in CHF 1 000	Carrying amounts	
	12.31.2014	12.31.2013
Cash and cash equivalents	92 345	104 482
Securities (foreign currency hedging transactions)	21	22
Trade accounts receivable	67 333	56 823
Other receivables and accruals qualifying as financial instruments	880	354
Financial assets	1 072	912
Total	161 651	162 593

25.3 Market risk

Market risk refers to changes in market prices such as exchange rates, interest rates and stock prices which could have an impact on the income from and market value of the financial instruments held by Belimo. Monitoring and controlling these risks ensures that they do not exceed a certain level.

25.3.1 Foreign exchange risk

The Belimo Group's international strategy means that it is exposed to foreign exchange risks. These financial risks arise from transactions that take place in currencies other than the functional currency of the company in question, particularly those relating to the purchase and sale of goods. Such transactions are conducted mainly in EUR and USD.

The Group's bank debts are not subject to any foreign exchange risks as these loans were all taken out by the Swiss companies in their functional currency, the CHF.

In order to limit the risks arising from foreign exchange fluctuations in merchandise transactions, Belimo aims to employ natural hedging as the primary strategy, seeking to keep cash inflows and outflows in a specific currency in balance as far as possible. Invoices between Group companies are mainly issued 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 issue their sales invoices to third parties mainly in local currency. Exchange rate risks thus affect the Swiss company almost exclusively, with the result that the risks can be managed more easily.

Notes to the consolidated financial statements

In order to hedge the remaining net positions, Group Treasury selectively enters into forward foreign currency hedging transactions. Mainly the EUR and USD are hedged. These currencies regularly have a surplus of incoming payments.

The following table shows the foreign exchange risks from financial instruments whose currency differs from the functional currency of the Group company holding them.

in CHF 1 000	AUD	CAD	CHF	EUR	GBP	HKD	PLN	USD
At December 31, 2013								
Cash and cash equivalents	3 381	10 688	343	15 238	1 268	94	744	6 137
Trade accounts receivable	570	2 829	441	13 134	1 969	2 023	2 491	14 160
Other receivables				9		6		130
Financial assets								35
Trade accounts payable			-5 766	-2 283				-1 349
Other payables		-111	-847	-245				-772
Current financial liabilities				-1 264				
Currency exposure	3 951	13 406	-5 829	24 588	3 237	2 123	3 235	18 340
At December 31, 2014								
Cash and cash equivalents	925	870	2	22 441	603	122	1 925	8 764
Trade accounts receivable	807	3 707	501	11 384	1 953	2 327	3 407	26 953
Other receivables				14				229
Financial assets								31
Trade accounts payable	-16	-65	-7 560	-4 412	-11	-3		-2 517
Other payables			-1 042	-7	-8			-1 772
Currency exposure	1 716	4 511	-8 099	29 420	2 536	2 446	5 332	31 689

A realistic change in exchange rates against the CHF for the mentioned currencies as of December 31, 2014, would have the following effects on the income statement, taking into account the existing hedging transactions. The exchange rate change was derived from the maximum rate fluctuation in the reporting period divided by two. This analysis assumes that all other variables remain the same, particularly interest rates. The analysis for the previous year was performed on the basis of the same assumptions.

Effect in CHF 1 000			Exchange gain	Exchange loss
At December 31, 2013				
AUD	+/-	12.6%	500	-500
CAD	+/-	6.8%	914	-914
EUR	+/-	1.2%	241	-230
GBP	+/-	2.1%	69	-69
HKD	+/-	4.7%	99	-99
PLN	+/-	2.2%	72	-72
USD	+/-	4.7%	868	-868
Total			2 761	-2 751
At December 31, 2014				
AUD	+/-	3.9%	66	-66
CAD	+/-	4.1%	185	-185
EUR	+/-	1.5%	349	-311
GBP	+/-	3.0%	75	-75
HKD	+/-	6.0%	147	-147
PLN	+/-	3.5%	188	-188
USD	+/-	5.9%	924	-1 609
Total			1 934	-2 580

At the balance sheet date, the following foreign currency hedging transactions were outstanding:

in CHF 1 000	12.31.2014	12.31.2013
Foreign currency hedging transactions		
in EUR	6 634	6 762
in USD	10 057	
Total forward foreign exchange contracts	16 691	6 762
Replacement values		
positive	21	22
negative	-370	-5
Total replacement values	-349	16

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 valuations are assigned to level 2. They are not based on listed prices in active markets, but are derived from directly or indirectly observed input factors.

Notes to the consolidated financial statements

The positive replacement values are included in securities, the negative values in other liabilities. The changes in replacement values recognized in net income are contained in the financial result (see 22 Financial result).

The foreign currency hedging transactions at December 31, 2014, mature in 152 days or less.

25.3.2 Interest rate risk

The interest rate risk includes an interest-related cash flow risk and an interest-related risk of a change in market value. The interest-bearing financial assets and liabilities held by the Group relate to cash and cash equivalents, bank debts, other financial liabilities and, to an insignificant extent, rental deposit accounts. Interest rates on cash and cash equivalents are subject to change at short notice, after three months at the latest.

Further information on the interest rate profile is available in note 12 Financial liabilities.

Market value sensitivity analysis for fixed-rate financial instruments

Belimo does not hold any fixed-rate financial assets (rental deposit accounts and term deposits) or liabilities (bank debts, other financial liabilities) which are classified at fair value through net income. These financial instruments are valued at amortized cost. A change in the market interest rate for these positions would therefore have no effect on net income for the year.

Cash flow sensitivity analysis for variable-rate financial instruments

Belimo is exposed to an interest-related cash flow risk in variable-rate cash and cash equivalents and variable-rate liabilities to banks. An increase or reduction in the interest rate by 50 basis points would have an insignificant impact on consolidated net income. This analysis assumes that all other factors remain the same (particularly foreign exchange rates).

25.4 Liquidity risk

It is Belimo's aim to have sufficient liquidity reserves and unutilized credit lines available at all times so that it can meet its financial obligations when due, both under normal circumstances and when conditions are tight.

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

Within the framework credit limits of CHF 70 million, Belimo can raise loans at fixed rates for various periods, depending on the company's short- and medium-term liquidity requirements. Belimo aims to preserve maximum flexibility in its liquidity planning through flexible use of the general credit limits and by staggering the maturity dates of the individual amounts.

Inflows and outflows from foreign currency hedging transactions are dependent on exchange rate movements and may not occur.

The following table shows the contractual maturities (including interest) of the financial liabilities held by Belimo:

in CHF 1 000	Carrying amounts	Total contractual cash flows	Up to 6 months	6–12 months	1–5 years
At December 31, 2013					
Non-derivative financial liabilities					
Bank debts	20 000	21 129	308	308	20 513
Trade accounts payable	7 927	7 927	7 927		
Current financial liabilities	1 264	1 290		1 290	
Other payables	21 286	21 286	15 196	6 090	
Subtotal	50 478	51 633	23 432	7 688	20 513
Derivative financial instruments					
Foreign currency hedging transactions	-16				
Outflow		-6 750	-6 750		
Inflow		6 762	6 762		
Total	50 462	51 645	23 444	7 688	20 513
At December 31, 2014					
Non-derivative financial liabilities					
Bank debts	20 000	20 515	309	20 206	
Trade accounts payable	14 850	14 850	14 850		
Other payables	24 752	24 752	18 455	6 297	
Subtotal	59 602	60 117	33 614	26 503	
Derivative financial instruments					
Foreign currency hedging transactions	349				
Outflow		-17 059	-17 059		
Inflow		16 691	16 691		
Total	59 952	59 749	33 246	26 503	

Notes to the consolidated financial statements

25.5 Categories of financial instruments

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

in CHF 1 000	Carrying amounts	
	12.31.2014	12.31.2013
Loans and receivables		
Bank current accounts and term deposits	92 345	104 482
Loans and trade accounts receivable	67 333	56 823
Other receivables and accruals qualifying as financial instruments	880	354
Financial assets	1 072	912
Total	161 630	162 571
Financial assets held for trading		
Securities (foreign currency hedging transactions)	21	22
Total	21	22
Financial liabilities valued at amortized cost		
Bank debts	20 000	20 000
Trade accounts payable	14 850	7 927
Current financial liabilities		1 264
Other liabilities and deferrals qualifying as financial instruments	24 752	21 286
Total	59 602	50 478
Financial liabilities held for trading		
Other liabilities (foreign currency hedging transactions)	370	5
Total	370	5

25.6 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 reflects 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 22.2 percent at December 31, 2014. The objective is to maintain or increase this. 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 55.1 percent and 63.8 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.

No employee participation programs are in force.

26 Leasing

Lease agreements exist for the business premises and vehicles used by Group companies. These agreements are classed as operating leases. The terms range between one and eleven years.

The due dates of the future minimum lease payments are as follows:

in CHF 1 000	Up to 1 year	1-5 years	Over 5 years	Total
Lease agreements at December 31, 2013	3 397	4 528	71	7 996
Lease agreements at December 31, 2014	3 819	3 680	120	7 618

No contingent rent was paid in the year under review.

27 Contingent liabilities

There were no contingent liabilities at December 31, 2014.

Notes to the consolidated financial statements

28 Related parties

Related parties include the members of the Group Executive Committee and the Board of Directors as well as persons or companies related to them (see Corporate Governance, notes 3 and 4), significant shareholders and companies controlled or significantly influenced by them (see 17.7 Significant shareholders) and the Group's post-employment benefit plans.

The remuneration of the Board of Directors and Group Executive Committee in the reporting period was made up as follows (see Remuneration Report, pages 28 to 31):

in CHF 1 000	2014	2013
Basic remuneration, bonus and other remuneration components	3 890	3 928
Pension contributions	553	541
Total	4 443	4 469

Breakdown of remuneration by executive and non-executive members:

in CHF 1 000	2014	2013
Board of Directors (non-executive members)	755	755
Group Executive Committee (executive members)	3 688	3 714
Total	4 443	4 469

Shares held by related parties totaled 121 422 (previous year 121 685 shares). No shares were granted to related parties or companies during the reporting period.

29 Material estimates and assumptions

29.1 Post-employment benefits

The calculation of the post-employment benefit liability (see 16 Post-employment benefits) is partially based on long-term actuarial assumptions. These can differ from the effective future development. The discount rate, the interest rate to extrapolate retirement benefits and life expectancy are material assumptions for the actuarial calculation.

29.2 Income taxes

The Group is subject to income tax at the level of the holding company and its subsidiaries. Extensive estimates are required to determine the worldwide provision for current and deferred tax obligations. There are transactions and calculations for which the ultimate tax liability is uncertain in the reporting period. Where final tax assessments or tax audits of such matters differ from the amounts that were initially recorded, such differences may materially impact the income tax and deferred tax provisions in the period in which such determination is made.

29.3 Provisions

Provisions are calculated for various events. They are recognized based on the best estimate of the outflow of funds at the balance sheet date. 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.

30 Foreign exchange rates

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

in CHF	Year-end rates			Average rates		
	2014	2013	Change	2014	2013	Change
AUD	0.81	0.79	2.1%	0.83	0.91	-9.5%
BRL	0.37	0.38	-2.0%	0.39	0.44	-10.6%
CAD	0.85	0.84	2.2%	0.83	0.91	-8.8%
CNY	0.16	0.15	8.2%	0.15	0.15	-2.4%
EUR	1.20	1.23	-1.9%	1.22	1.23	-1.0%
GBP	1.54	1.47	5.0%	1.50	1.45	3.4%
HKD	0.13	0.11	11.4%	0.12	0.12	-2.3%
INR	0.02	0.01	8.5%	0.01	0.02	-7.4%
NOK	0.13	0.15	-9.0%	0.15	0.16	-8.2%
PLN	0.28	0.30	-4.9%	0.29	0.29	-0.9%
USD	0.99	0.89	11.4%	0.91	0.93	-2.3%

Notes to the consolidated financial statements

31 Subsidiary companies

At December 31, 2014, and 2013, the following companies were owned by BELIMO Holding AG:

Company	Function	Percentage held	Currency	Share capital in 1000
BELIMO Actuators Pty. Ltd. (Mulgrave, Melbourne, Australia)	D	100%	AUD	10
BELIMO Brasil – Comércio de Automação Ltda. (São Paulo, Brazil)	D	100%	BRL	211
BELIMO Actuators Ltd. (Hong Kong, People's Republic of China)	D	100%	HKD	10
BELIMO Actuators (Shanghai) Trading Ltd. (Shanghai, People's Republic of China)	P, D	100%	CNY	13 940
BELIMO Customization (Shanghai) Co. Ltd. (Shanghai, People's Republic of China)	I	100%	CNY	765
BELIMO Stellantriebe Vertriebs GmbH (Stuttgart, Germany)	D	100%	EUR	205
BELIMO Finland Oy (Helsinki, Finland)	D	100%	EUR	100
BELIMO SARL (Courtry, France)	D	100%	EUR	80
BELIMO Automation UK Ltd. (Shepperton, Great Britain)	D	100%	GBP	0.1
BELIMO Actuators (India) Pve Ltd. (Mumbai, Republic of India)	D	100%	INR	773
BELIMO Servomotori S.r.l. (Bergamo, Italy)	D	100%	EUR	47
BELIMO Aircontrols (CAN), Inc. (Mississauga, Canada)	D	100%	CAD	95
BELIMO Servomotoren B.V. (Vaassen, Netherlands)	D	100%	EUR	18
BELIMO Automation Norge A/S (Oslo, Norway)	D	100%	NOK	501
BELIMO Automation Handelsgesellschaft m.b.H. (Vienna, Austria)	D	100%	EUR	36
BELIMO Silowniki S.A. (Warsaw, Poland)	D	100%	PLN	500
BELIMO Automation AG (Hinwil, Switzerland)	P, D, R&D	100%	CHF	500
BELIMO Ibérica de Servomotores S.A. (Madrid, Spain)	D	100%	EUR	301
BELIMO Automation FZE (Dubai, United Arab Emirates)	D	100%	USD	273
BELIMO Aircontrols (USA), Inc. (Danbury, United States of America)	D, H	100%	USD	200
BELIMO Customization (USA), Inc. (Danbury, United States of America)	P	100%*	USD	45
BELIMO Technology (USA), Inc. (Danbury, United States of America)	R&D	100%*	USD	30

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

H = Holding company
P = Production
D = Distribution
R&D = Research and development
I = Inactive

32 Events after the balance sheet date

The consolidated financial statements were approved for publication by the Board of Directors on February 25, 2015. They are subject to approval by the Annual General Meeting on April 20, 2015.

On January 15, 2015, the Swiss National Bank announced the discontinuation of the minimum exchange rate of 1.20 Swiss franc per Euro. As consequence the Swiss franc appreciated considerably against the main currencies. This event after the balance sheet date had no impacts on the consolidated financial statements 2014.

The Belimo Group's international strategy means that it is exposed to foreign exchange risks. Financial risk management for foreign currencies is described in note 25, pages 73 to 76. In addition, the announcement by the Swiss National Bank has led to a lower level of interest rates, which may have an impact on the discounting of the post-employment benefit liability. Discount rate sensitivities are disclosed in note 16 on page 67.

It is not possible at this stage to make a reliable estimate of the financial impact on the 2015 financial year. It essentially depends on future currency and interest rate movements.

No other events occurred between December 31, 2014, and February 25, 2015, that would have caused an adjustment to the carrying amounts of the Group's assets and liabilities or that the Group is required to disclose here.

Report of the Statutory Auditor to the General Meeting of Shareholders of BELIMO Holding AG, Hinwil

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements on pages 40 to 83 of BELIMO Holding AG, which comprise the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes for the year ended December 31, 2014.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2014, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and 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



Jan Brönnimann
Licensed Audit Expert

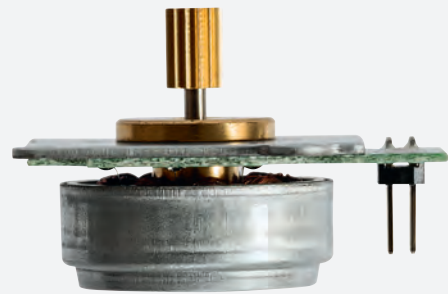
Zurich, February 25, 2015

Products

Motor technology



1976



2003

The motor forms the core element of every Belimo actuator. This is just as true today as it was 40 years ago. Something that has significantly changed is the motor technology. In the seventies, Belimo's actuators were produced with brush motors. This was in line with the technology of the time and had the advantage that the motors could be controlled using simple logic. With the growing success of actuators the number of applications increased as well, and with them expectations in terms of lifetime and control options. The introduction of brushless motors in the nineties made it possible for Belimo to satisfy these demands and establish itself as the technical market leader. Early

2000, Belimo introduced brushless motors with no sensor elements, which further enhanced the reliability and quality of the motors. Thanks to continual research, Belimo's innovative motor technology is ready to generate added value for customers also in the future.

Financial statements of BELIMO Holding AG

Balance sheet

in CHF 1 000	Note	12.31.2014	12.31.2013
Cash, cash equivalents and securities	4	59 645	80 592
Accounts receivable from Group companies		1 001	31
Accounts receivable from third parties		60	65
Accrued income			70
Current assets		60 706	80 758
Securities		50	50
Investments in Group companies	2	47 902	47 902
Loans to Group companies	6	103 958	65 703
Non-current assets		151 910	113 655
Assets		212 616	194 413
Accounts payable to Group companies		562	1 154
Current financial liabilities	5		1 264
Accounts payable to third parties		377	12
Accrued liabilities		1 304	915
Current liabilities		2 243	3 345
Provisions		100	100
Non-current liabilities		100	100
Liabilities		2 343	3 445
Share capital		615	615
General legal reserves		9 744	9 744
Reserve for treasury shares	4	564	3 856
Retained earnings		140 137	119 914
Net income		59 213	56 839
Available earnings		199 350	176 753
Shareholders' equity		210 273	190 968
Liabilities and shareholders' equity		212 616	194 413

Income statement

in CHF 1 000	Note	2014	2013
Income from investments in Group companies		46 382	51 900
License fees		7 237	6 100
Financial income		8 670	3 958
Revenue		62 289	61 958
Personnel expenses		-776	-768
Other expenses		-536	-513
Financial expenses		-559	-2 302
Exchange losses on loans to Group companies	6		-906
Taxes		-1 205	-630
Expenses		-3 076	-5 119
Net income		59 213	56 839

Notes to the financial statements

1 General information

The financial statements of BELIMO Holding AG are prepared in compliance with Swiss corporate law. While the consolidated financial statements provide information regarding the economic situation of the Group as a whole, the information contained in BELIMO Holding AG's financial statements concerns the parent company alone. The available earnings reported in these financial statements provide the basis for the decision to be made by the shareholders concerning the distribution of dividends.

2 Subsidiary companies

At December 31, 2014, and 2013, the following companies were owned by BELIMO Holding AG:

Company	Function	Percentage held	Currency	Share capital in 1 000
BELIMO Actuators Pty. Ltd. (Mulgrave, Melbourne, Australia)	D	100%	AUD	10
BELIMO Brasil – Comércio de Automação Ltda. (São Paulo, Brazil)	D	100%	BRL	211
BELIMO Actuators Ltd. (Hong Kong, People's Republic of China)	D	100%	HKD	10
BELIMO Actuators (Shanghai) Trading Ltd. (Shanghai, People's Republic of China)	P, D	100%	CNY	13 940
BELIMO Customization (Shanghai) Co. Ltd. (Shanghai, People's Republic of China)	I	100%	CNY	765
BELIMO Stellantriebe Vertriebs GmbH (Stuttgart, Germany)	D	100%	EUR	205
BELIMO Finland Oy (Helsinki, Finland)	D	100%	EUR	100
BELIMO SARL (Courtry, France)	D	100%	EUR	80
BELIMO Automation UK Ltd. (Shepperton, Great Britain)	D	100%	GBP	0.1
BELIMO Actuators (India) Pve Ltd. (Mumbai, Republic of India)	D	100%	INR	773
BELIMO Servomotori S.r.l. (Bergamo, Italy)	D	100%	EUR	47
BELIMO Aircontrols (CAN), Inc. (Mississauga, Canada)	D	100%	CAD	95
BELIMO Servomotoren B.V. (Vaassen, Netherlands)	D	100%	EUR	18
BELIMO Automation Norge A/S (Oslo, Norway)	D	100%	NOK	501
BELIMO Automation Handelsgesellschaft m.b.H. (Vienna, Austria)	D	100%	EUR	36
BELIMO Silowniki S.A. (Warsaw, Poland)	D	100%	PLN	500
BELIMO Automation AG (Hinwil, Switzerland)	P, D, R&D	100%	CHF	500
BELIMO Ibérica de Servomotores S.A. (Madrid, Spain)	D	100%	EUR	301

Company	Function	Percentage held	Currency	Share capital in 1000
BELIMO Automation FZE (Dubai, United Arab Emirates)	D	100%	USD	273
BELIMO Aircontrols (USA), Inc. (Danbury, United States of America)	D, H	100%	USD	200
BELIMO Customization (USA), Inc. (Danbury, United States of America)	P	100%*	USD	45
BELIMO Technology (USA), Inc. (Danbury, United States of America)	R&D	100%*	USD	30

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

H = Holding company
P = Production
D = Distribution
R&D = Research and development
I = Inactive

3 Warranties, guarantees and pledges given in favor of third parties

The framework agreements with a credit limit of CHF 70 million in total (on which either BELIMO Holding AG or BELIMO Automation AG may draw) are not subject to any covenants.

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.

4 Cash and cash equivalents, securities, reserve for treasury shares

The cash, cash equivalents and securities include cash and cash equivalents of CHF 59.0 million and treasury shares of CHF 0.6 million, which were reported in the balance sheet at acquisition cost.

The reserve for treasury shares amounts to CHF 0.6 million and corresponds to the acquisition cost of the acquired shares.

Reserve for treasury shares

	2014		2013	
	Number of shares	Value in CHF 1000	Number of shares	Value in CHF 1000
Balance at January 1	4 199	3 856	4 893	4 277
Purchase	15	37	158	345
Sale	-3 609	-3 328	-852	-767
Balance at December 31	605	564	4 199	3 856

Notes to the financial statements

The average transaction price of the treasury shares purchased in the reporting period was CHF 2435.17 (previous year CHF 2186.35), and the selling price per share was CHF 2432.50 (previous year CHF 2284.18). These values corresponded to the fair values.

5 Financial liabilities

The current financial liabilities reported in the previous year comprised the retained portion of the purchase price from the acquisition of BELIMO Servomotoren B.V. (NL) in 2012 as well as its accumulated interest. This liability of CHF 1.3 million was settled in the reporting year.

6 Loans to Group companies

The loans granted by BELIMO Holding AG to Group companies in the United States and Switzerland were increased in the course of the building investments.

Valuation of the loans as of December 31, 2014, resulted in an unrealized gain that was not recognized (previous year expense of CHF 0.9 million recorded).

7 Participations of the members of the Board of Directors and the Group Executive Committee

The following table shows the participations of the members of the Board of Directors and the Group Executive Committee as well as their related parties.

Participations

	12.31.2014 Number of shares	12.31.2013 Number of shares
Board of Directors		
Werner Buck	**	424
Patrick Burkhalter	130	**
Martin Hess	370	348
Walter Linsi*	10 187	10 187
Prof. Dr. Hans Peter Wehrli	1 400	1 400
Dr. Martin Zwyssig	25	25
Total Board of Directors	12 112	12 384
Group Executive Committee		
Lukas Eigenmann	200	191
Dr. Jacques Sanche	110	110
Peter Schmidlin	547	547
Lars van der Haegen	10	10
Felix Winter	50	50
Total Group Executive Committee	917	908

* Walter Linsi is a member of the registered shareholder group Linsi, which holds a total of 118 580 voting shares.

** No related party in the reporting period or in the previous year (see Corporate Governance, notes 3 and 4).

Shares and options

No shares or options were allocated, and no conversion or option rights are outstanding.

8 Significant shareholders

The following shareholders and shareholder groups hold three percent or more of the share capital:

	12.31.2014	12.31.2013
Montanaro Asset Management Ltd.	3.18%	3.65%
Ameriprise Financial, Inc.	3.88%	4.07%
Werner Roner	5.69%	5.69%
The Capital Group Companies, Inc.	9.98%	9.98%
Group Linsi	19.28%	19.28%

9 Risk assessment

BELIMO Holding AG carried out a company-wide risk assessment in the reporting period, using systematic risk management methodology. This was implemented on the basis of group workshops and individual interviews and was divided into three phases:

Risk identification and evaluation, causes and action analysis and implementation of the actions defined. The Board of Directors is responsible for risk management, the Group Executive Committee for its operational implementation. The results of the risk assessment were discussed with and approved by the Board of Directors.

Appropriation of available earnings

in CHF 1 000	12.31.2014	12.31.2013
Balance carried forward from previous year	136 845	119 493
Change in reserve for treasury shares	3 292	421
Available distributable balance carried forward	140 137	119 914
Net income	59 213	56 839
Available earnings	199 350	176 753
Dividend of CHF 65 per share (previous year CHF 65)	-39 975	-39 975
Unpaid dividends on treasury shares*		67
Balance carried forward	159 375	136 845

* No dividends are paid on the shares held by BELIMO Holding AG. On the ex-dividend day, BELIMO Holding AG held 1030 treasury shares.

The Board of Directors proposes to the 2015 Annual General Meeting a dividend of CHF 65 per share.

The dividend is expected to be paid on April 24, 2015.

Report of the Statutory Auditor to the General Meeting of Shareholders of BELIMO Holding AG, Hinwil

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements on pages 86 to 92 of BELIMO Holding AG, which comprise the balance sheet, income statement and notes for the year ended December 31, 2014.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment

of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2014, comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and 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



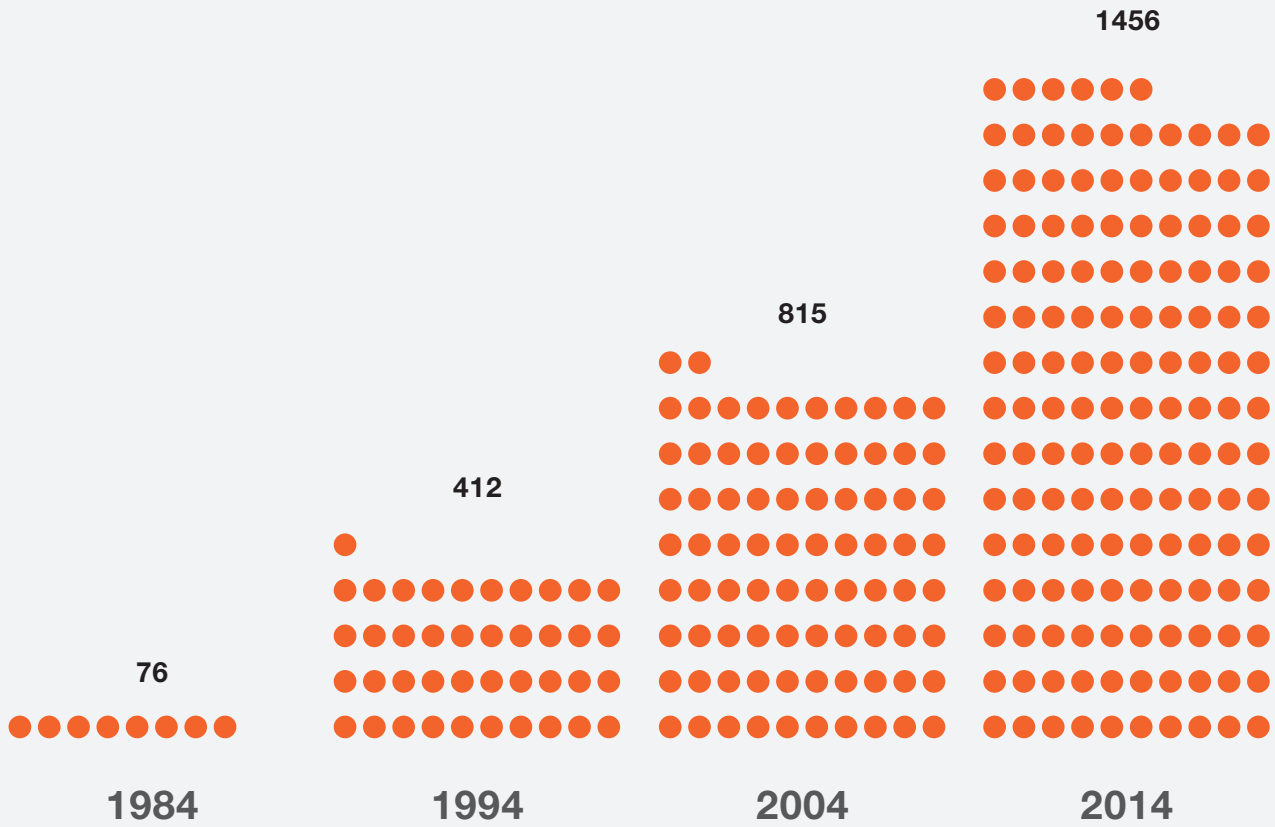
Jürg Meisterhans
Licensed Audit Expert
Auditor in Charge



Jan Brönnimann
Licensed Audit Expert

Zurich, February 25, 2015

People Employees



From 4 to 1456 employees in 40 years. This corresponds to an average increase of 36 employees per year. Average length of service at Belimo is eight years (in Switzerland) which is regarded as a major success. Belimo cares about its people: its corporate culture, a sustainable personnel policy, further development and the health of each and every individual are key aspects of management. The global employee survey conducted recently shows a high level of commitment and loyalty, which confirms the efforts at management level. In addition, in 2014 Belimo achieved second

place in the category “1000+ employees” of the Swiss Employer Award.

4 employees at foundation
1456 employees at year-end 2014

People

Values and quality



We strive for mutual success.

(Belimo mission statement)



Thanks to its rigorous focus on the requirements of the market and its successful innovations, Belimo has been setting the standards in heating, ventilation and air-conditioning systems with its actuator solutions and valve systems since 1975. Customers' wishes are addressed and satisfied rapidly and flexibly, and personal support is ensured around the world. Each actuator undergoes a standardized quality assurance procedure prior to shipping. Our expertise combined with the high demands we place on quality allow us to offer a five-year guarantee over our

entire product range. The values we embody – respect, trust, honesty and tolerance – make Belimo a credible partner for all stakeholders.

“Operational Excellence ensures that the products we deliver are top-quality, extremely reliable and competitively priced. Quality, deadlines and costs are our priorities.”

(Belimo mission statement)

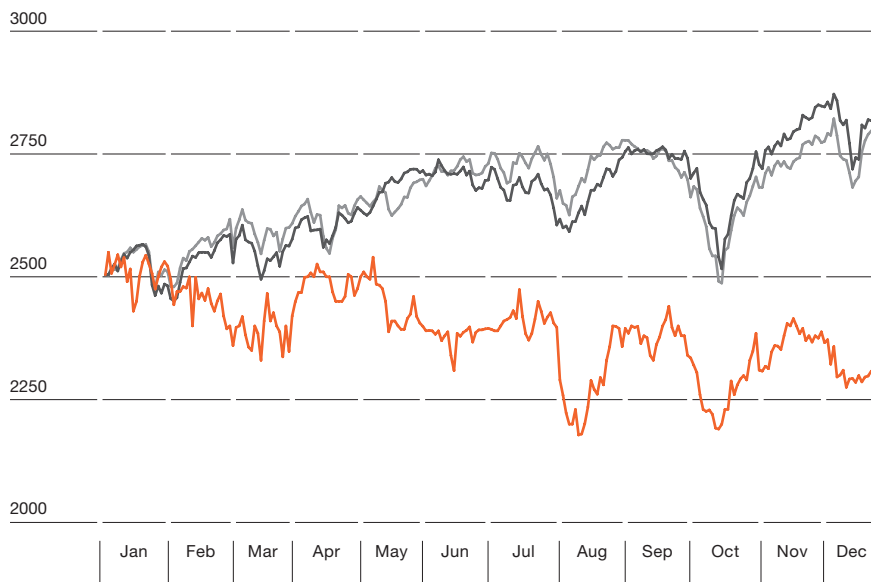
Information for investors

Performance since January 1, 2014, in CHF

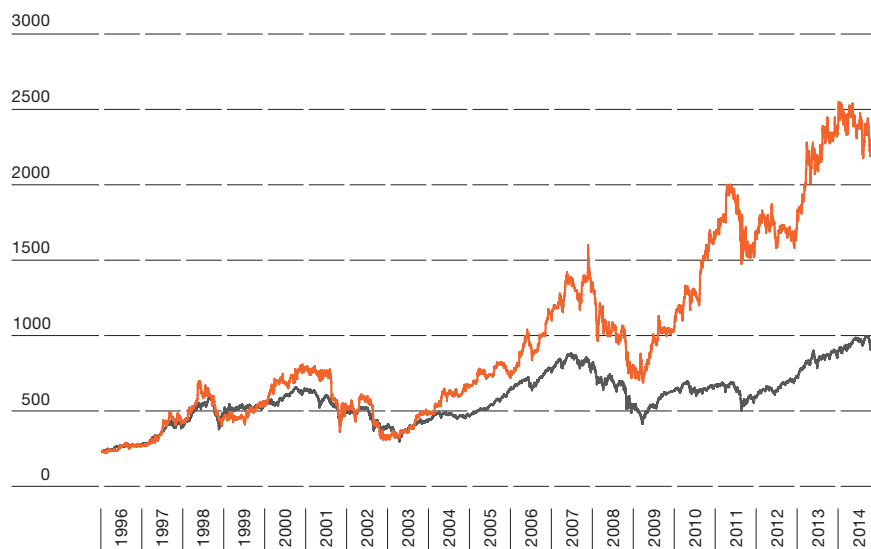
— Belimo Registered share

— SMCI (Swiss Middle Cap Index), adjusted

— SPI (Swiss Performance Index), adjusted



Performance since IPO, in CHF



Opting out: see Corporate Governance, note 7.1

Limitation of transferability: see Corporate Governance, note 2.6

ISIN number: CH0001503199

Stock market information from 2010 to 2014

	2014	2013	2012 restated*	2011	2010
Share capital					
Number of registered shares at December 31	615 000	615 000	615 000	615 000	615 000
Average number of outstanding shares	613 540	610 372	609 761	609 342	606 762
Information per registered share					
Earnings, in CHF	110	103	99	85	101
Cash flow from operating activities, in CHF	121	116	136	94	110
Operating income (EBIT), in CHF	132	133	124	111	137
Shareholders' equity, in CHF	517	471	406	379	349
Dividend, in CHF (as proposed by the Board of Directors for next year)	65	65	60	50	55
Return on dividend at December 31, in percent	2.8%	2.6%	3.4%	2.9%	3.3%
Payout ratio, in percent of net income	59.5%	63.8%	60.9%	59.6%	55.1%
Price-earnings ratio at December 31	21.1	24.2	17.9	20.2	16.9
Stock market prices in CHF					
High	2 576	2 475	1 870	2 000	1 718
Low	2 153	1 763	1 559	1 445	1 100
Year-end	2 310	2 460	1 763	1 695	1 690
Market capitalization in CHF million					
High	1 584	1 522	1 150	1 230	1 057
Low	1 324	1 084	959	889	677
Year-end	1 421	1 513	1 084	1 042	1 039
In percent of shareholders' equity at December 31	448%	526%	437%	452%	490%
Average daily trading volume					
In number of shares	415	364	359	365	590

* Restatement due to the revised accounting standard IAS 19 Employee Benefits.

Five-year summary

Five-year summary of the Belimo Group

in CHF 1 000 (unless indicated otherwise)	2014	2013	2012 restated*	2011	2010
Income statement					
Net sales	493 919	472 859	444 623	415 983	426 399
Operating income (EBITDA) in percent of net sales	99 603 20.2%	98 535 20.8%	91 137 20.5%	81 789 19.7%	96 573 22.6%
Operating income (EBIT) in percent of net sales	81 250 16.5%	81 318 17.2%	75 540 17.0%	67 787 16.3%	83 217 19.5%
Personnel expenses in percent of net sales	132 136 26.8%	125 199 26.5%	117 662 26.5%	109 894 26.4%	109 305 25.6%
Research and development in percent of net sales	32 415 6.6%	30 573 6.5%	27 344 6.1%	27 564 6.6%	25 218 5.9%
Operating expenses in percent of net sales	189 967 38.5%	180 261 38.1%	166 944 37.5%	157 682 37.9%	156 194 36.6%
Depreciation and amortization in percent of net sales	18 352 3.7%	17 217 3.6%	15 596 3.5%	14 002 3.4%	13 356 3.1%
Net income in percent of net sales	67 193 13.6%	62 609 13.2%	60 612 13.6%	51 556 12.4%	61 344 14.4%
Cash flow					
Cash flow from operating activities in percent of net sales	74 080 15.0%	70 574 14.9%	82 818 18.6%	57 359 13.8%	66 726 15.6%
Free cash flow in percent of net sales	18 546 3.8%	34 921 7.4%	60 513 13.6%	41 313 9.9%	52 798 12.4%
Investments (gross)	55 141	36 676	19 864	16 466	15 130
Dividend distribution	39 908	36 606	30 494	33 509	24 239
Balance sheet					
Total assets	424 514	369 991	345 922	304 920	286 200
Cash and cash equivalents in percent of total assets	92 345 21.8%	104 482 28.2%	105 371 30.5%	75 327 24.7%	67 342 23.5%
Current assets in percent of total assets	246 235 58.0%	238 299 64.4%	230 511 66.6%	202 358 66.4%	186 718 65.2%
Net working capital in percent of net sales	173 408 35.1%	194 537 41.1%	185 926 41.8%	163 994 39.4%	148 024 34.7%
Non-current assets in percent of total assets	178 279 42.0%	131 692 35.6%	115 411 33.4%	102 562 33.6%	99 482 34.8%
Current liabilities in percent of total assets	72 826 17.2%	43 761 11.8%	44 586 12.9%	38 363 12.6%	38 694 13.5%
Non-current liabilities in percent of total assets	34 769 8.2%	38 769 10.5%	53 493 15.5%	35 802 11.7%	35 515 12.4%
Shareholders' equity in percent of total assets	316 919 74.7%	287 461 77.7%	247 843 71.6%	230 755 75.7%	211 991 74.1%
Key figures					
Net sales year-on-year growth, in percent	4.5%	6.4%	6.9%	-2.4%	10.5%
Net sales in local currencies year-on-year growth, in percent	6.6%	6.4%	5.4%	9.6%	14.7%
Return on equity (ROE), in percent	22.2%	23.4%	25.3%	23.3%	31.8%
Return on invested capital (ROIC), in percent	23.4%	29.7%	29.8%	28.4%	36.1%
Quick ratio, in percent	227.3%	381.6%	365.8%	342.2%	315.1%
Days sales outstanding (DSO)	46.7	43.2	43.7	45.9	42.9
Inventory period	129	125	130	134	127
Fixed-assets-to-equity ratio, in percent	197.3%	247.7%	261.1%	259.9%	248.8%
Number of employees (FTE's, yearly average)	1 357	1 278	1 209	1 141	1 075
Net sales per employee	364	370	368	364	397
Number of actuators shipped, in million items	5.6	5.3	4.9	4.5	4.3

* Restatement due to the revised accounting standard IAS 19 Employee Benefits.

The Belimo Mission

Belimo is the global market leader in the development, production and marketing of actuator solutions for controlling heating, ventilation and air conditioning systems. Actuators and control valves make up the company's core business.

Belimo's aim is to be a trusted partner across the globe for its customers, offering them the added value they expect. Research and market-relevant innovation as well as rapid and customized execution are key. Commitment, credibility and reliability characterize our behaviour.

Belimo delivers more than just products. We support our customers with innovative, efficient and energy-optimizing solutions and bring success to both our customers and ourselves. We are close to our customers throughout the world, we speak their language and we understand them. Everything we do gives them the reassurance that they have chosen the very best.

Credits

Concept/editing: BELIMO Holding AG, Hinwil
Design/composition: Daniel Stähli, dast Visuelle Kommunikation, Zurich
Photography: Marc Latzel, Zurich

The Annual Report is published in German and English.
In case of discrepancies the German version shall prevail.

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