Semiannual Report

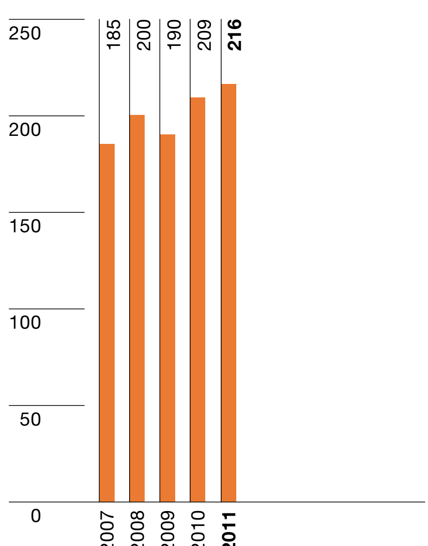
011

BELIMO

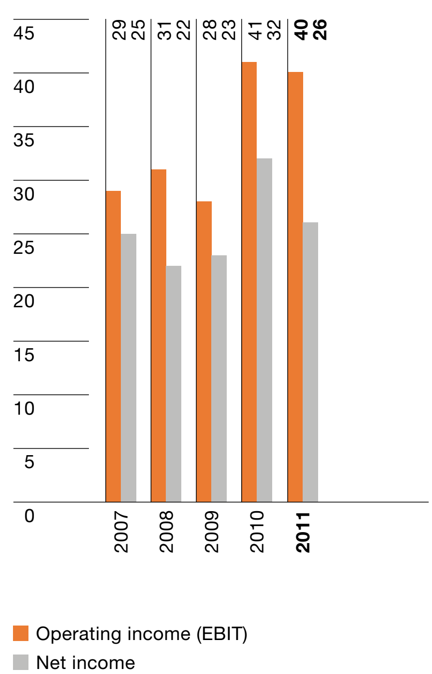
Financial summary

in CHF million	1st half 2011	1st half 2010	Change
Net sales	216.0	209.3	3.2 %
Operating income before interest, taxes, depreciation, amortization (EBITDA)	47.0	47.5	−1.1 %
in percent of net sales	21.7 %	22.7 %	
Operating income before interest and taxes (EBIT)	40.1	40.8	−1.9 %
in percent of net sales	18.5 %	19.5 %	
Net income	26.4	31.5	−16.1 %
in percent of net sales	12.2 %	15.0 %	
Investments	5.7	5.7	−0.6 %
Cash flow from operating activities	30.2	43.3	−30.3 %
in percent of net sales	14.0 %	20.7 %	
Free cash flow	25.1	38.3	−34.5 %
in percent of net sales	11.6 %	18.3 %	
in CHF			
Earnings per share	43.40	51.98	−16.5 %
Employees (FTEs, six-month average)	1 120	1 057	5.9 %

Sales 1st half 2007 – 2011
in CHF million



Income 1st half 2007 – 2011
in CHF million



Strong currency-adjusted growth, robust margins

Dear Shareholder

Business developed very positively for the Belimo Group in the first half-year. Despite the persistent strengthening of the Swiss franc against all the major currencies, sales increased by 3.2 percent to CHF 216.0 million. Belimo posted growth of 14.5 percent on a currency-adjusted basis.

Growth was significant in all three market regions. The Americas performed particularly strongly, with year-on-year growth of 18.7 percent on a currency-adjusted basis. Europe and Asia/Pacific grew by 10.9 and 19.2 percent respectively on a currency-adjusted basis. Converted into Swiss francs, the breakdown of sales by market region was 54 percent for Europe, 36 percent for the Americas and 10 percent for Asia/Pacific.

Earnings before interest and taxes (EBIT) came to CHF 40.1 million in the first half-year, which was on a par with the previous year level. This corresponds to an operating margin of 18.5 percent (same period in 2010 19.5 percent). The Group managed to limit the negative effect of the adverse currency situation on the margin by means of natural hedging (income and expenses in the same currency).

The resulting foreign currency losses, particularly from the valuation of balance sheet items, produced a decline in net profit, which was down by 16.1 percent to CHF 26.4 million (same period 2010 CHF 31.5 million). Free cash flow fell by 34.5 percent to CHF 25.1 million. Earnings per share were CHF 43.40 (same period 2010 CHF 51.98).

The company has net liquidity of some CHF 37 million and an equity ratio of 70.2 percent.

Europe

The European market region benefited from the partial economic upswing in the Group's major markets, posting growth of 10.9 percent on a currency-adjusted basis. Virtually all subsidiaries reported higher sales than a year ago.

The highest turnover market Germany contributed significantly to the good result. The largest contributions to growth in local currencies came from France and Finland, with over 30 percent. The rest of Central Europe and the Middle East were also successful.

In contrast to the trend in previous years, air applications reported stronger growth than water applications. Developments in standard actuators and volumetric flow applications (VAV) were particularly positive. Water applications saw good growth, with the ongoing strong demand for 6-way valves proving a major success factor.

Some first projects were won in the Middle East with the new actuators for large butterfly valves. Additions to the range with large control valve nominal diameters and electronic pressure-independent control valves (EPIV) encountered strong interest in the markets.

Americas

Given the only slow recovery in the markets, the growth in sales on a currency-adjusted basis of 18.7 percent achieved in the first six months was remarkable.

For the first time US construction industry figures showed an increase again in building permits compared with the same period last year. Most capital expenditure was in the institutional area (schools, hospitals), while in the utility buildings sector the emphasis was on big data centers.

The development in energy prices intensified the trend towards saving energy and as a result an increasing number of building refurbishment contracts were executed.

Belimo gained market share with additional volumes from existing OEM customers and was also able to grow strongly in the contracting business thanks to the success of existing and new customers. This included the delivery of the first actuators for the One World Trade Center in New York, the future highest building in the US.

Growth was slightly higher in the US than in Canada. Latin America was also a contributor to growth.

Overall, sales of water applications slightly outperformed those of air applications. Last year's market launch of the electronic pressure-independent control valve (EPIV) continued to prove very successful.

Asia/Pacific

The Asia/Pacific market region posted growth of 19.2 percent on a currency-adjusted basis and succeeded in expanding its market share throughout the region. The strongest growth was visible in India and North-East Asia, while China, South-East Asia and the Pacific region performed in line with expectations.

Sales of water applications increased by a slightly larger margin than those of air applications. Contracting business registered pleasing growth and outperformed OEM business in the first six months.

Significant contributions to growth came from volumetric flow applications (VAV) and the newly launched spring-return actuators, with results well exceeding expectations.

The set-up of the new customizing and distribution center in India is progressing on schedule and will be able to go into operation in the second half of 2011. The expansion of our presence in India will improve the range of our products that are locally available as well as delivery times.

Innovation

The range of energy-saving safety actuators was extended with an actuator for large air dampers. Belimo now offers spring-return actuators with a torque of 30 Nm. This makes more compact application solutions possible with easier installation.

Belimo has a full range of air volumetric flow controllers that are now being equipped with a new volumetric flow sensor. This sensor element is also suitable for smaller air volumes that are becoming increasingly important in the context of energy efficiency. The accelerated calibration process is easier for OEM customers to handle.

Belimo enlarged its decentralized intelligence platform (Belimo Shared Logic). Actuators with safety functions are about to be launched in the market and will extend the spectrum of possible applications. Enlargements were also made to the related software tool. Findings from the operation of pilot plants and positive client feedback confirm the success of our solutions and are leading to further improvements in the expansion of our product range.

Outlook

Economic developments in our major markets should have a positive impact on construction activity. The growing significance of energy efficiency in buildings will additionally stimulate renovation of HVAC systems. We remain convinced that we can continue to grow in major local markets.

Demand in the most important European markets appears to be intact. The uncertainty triggered by the debt crisis and the resulting austerity regimes are likely to have little influence on our business for the time being. New products will help to boost sales.

In Americas we see no signs of a slowdown yet and forecasts point to a slight pickup in the construction of new utility buildings. Thanks to a stronger, more client-facing organization, further growth is possible in South America.

In the Asia/Pacific region, we are hoping for acceleration in growth in both India and China.

Although our operating margin is relatively robust, we see the greatest uncertainty in the currency development, which could considerably impact the Group's results in Swiss francs. The focus thus remains on the development of costs.

We appreciate your trust in Belimo.

Sincerely
BELIMO Holding AG

Hans Peter Wehrli
Chairman of the Board of Directors

Jacques Sanche
CEO

Consolidated financial statements

Balance sheet, condensed

in CHF 1 000	06.30.2011	12.31.2010
Cash and cash equivalents	57 082	67 342
Trade accounts receivable	60 751	50 471
Inventories	67 632	63 605
Other current assets	5 667	5 300
Current assets	**191 132**	**186 718**
Property, plant and equipment	85 855	88 012
Intangible assets	9 756	9 968
Other non-current assets	1 544	1 502
Non-current assets	**97 155**	**99 482**
Assets	**288 287**	**286 200**
Current financial liabilities		40
Trade accounts payable	16 700	11 542
Income tax payable	4 857	3 541
Other liabilities and deferrals	28 618	23 571
Current liabilities	**50 175**	**38 694**
Non-current financial liabilities	20 000	20 000
Other non-current liabilities	15 819	15 515
Non-current liabilities	**35 819**	**35 515**
Liabilities	**85 994**	**74 209**
Share capital	615	615
Reserves	201 678	211 376
Shareholders' equity	**202 293**	**211 991**
Liabilities and shareholders' equity	**288 287**	**286 200**

Consolidated financial statements

Income statement

in CHF 1 000	1st half 2011	1st half 2010
Net sales	216 006	209 322
Changes in inventory	1 994	393
Other operating income	100	155
Capitalized own services	933	564
Material expenses	–91 713	–84 084
Personnel expenses	–55 172	–54 498
Operating expenses	–25 182	–24 354
Depreciation and amortization	–6 903	–6 663
Operating income (EBIT)	**40 063**	**40 835**
Financial income	407	223
Financial expenses	–7 942	–2 413
Financial result	**–7 535**	**–2 190**
Income before taxes (EBT)	**32 528**	**38 645**
Income taxes	–6 088	–7 144
Net income	**26 440**	**31 501**
Earnings per share in CHF	**43.40**	**51.98**

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

Statement of comprehensive income

in CHF 1 000	1st half 2011	1st half 2010
Net income	**26 440**	**31 501**
Translation differences	–2 591	–470
Other comprehensive income after taxes	**–2 591**	**–470**
Total comprehensive income	**23 849**	**31 031**

Statement of changes in equity, condensed

in CHF 1 000	Share capital	Treasury shares	Capital reserves	Retained earnings	Shareholders' equity
At January 1, 2010	**615**	**–7 341**	**12 101**	**168 601**	**173 976**
Total comprehensive income				**31 031**	**31 031**
Purchase of treasury shares		–2			–2
Dividends				–24 239	–24 239
At June 30, 2010	**615**	**–7 343**	**12 101**	**175 393**	**180 766**
At January 1, 2011	**615**	**–4 692**	**14 602**	**201 466**	**211 991**
Total comprehensive income				**23 849**	**23 849**
Purchase of treasury shares		–38			–38
Dividends				–33 509	–33 509
At June 30, 2011	**615**	**–4 730**	**14 602**	**191 806**	**202 293**

Cash flow statement, condensed

in CHF 1 000	1st half 2011	1st half 2010
Cash flow from operating activities	**30 218**	**43 341**
Cash flow from investing activities	**–5 163**	**–5 088**
Free cash flow	**25 055**	**38 253**
Cash flow from financing activities	**–33 960**	**–24 695**
Translation differences arising from cash and cash equivalents	–1 355	–812
Net cash (decrease)/increase	**–10 260**	**12 746**
Cash and cash equivalents at beginning of period	67 342	36 574
Cash and cash equivalents at end of period	**57 082**	**49 320**

Notes

1 Principles of Group accounting

BELIMO Holding AG (hereinafter referred to as Belimo or the Group) has its registered office in Hinwil, Switzerland.

The unaudited consolidated interim financial statements for the first half of 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34 Interim Financial Reporting.

These consolidated financial statements have been prepared in Swiss francs (CHF), rounded to the nearest thousand. The same accounting principles, estimates and assumptions were applied as in the consolidated annual financial statements for 2010. The new or revised standards (see consolidated financial statements for 2010) have not had a significant influence on Belimo's semiannual report for 2011.

2 Changes to the scope of consolidation

There has been no change to the scope of consolidation since January 1, 2011, nor were there any changes in the 2010 financial year.

3 Segment reporting

The Group develops, produces and distributes actuator solutions for regulating and controlling heating, ventilation and air conditioning systems. All actuators are made from comparable materials and manufactured using similar processes.

Under IFRS 8, the reportable operating segments are determined using the management approach. External segment reporting is thus based on the Group's internal organization and management structure as well as the internal financial reporting to the Chief Operating Decision Maker. Belimo's Chief Operating Decision Maker is the Board of Directors of BELIMO Holding AG.

	Europe		Americas	
in CHF 1 000	1st half 2011	1st half 2010	1st half 2011	1st half 2010
Income statement				
Net sales to third parties	117 109	115 496	77 941	74 452
Capitalized own services				
Personnel and operating expenses	–16 993	–17 058	–11 120	–11 977
Depreciation and amortization	–943	–1 138	–428	–451
Segment profit	**99 173**	**97 301**	**66 393**	**62 024**
Non-allocated changes in inventory				
Non-allocated other operating income				
Non-allocated material expenses				
Non-allocated financial result				
Income before taxes (EBT)				

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 centrally 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, customization, distribution as well as 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, operating expenses and amortization and depreciation 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.

Additional information can be found in the tables.

Asia/Pacific		**Shared Services**		**Total reportable Segments**		**Elimination**		**Total**	
1st half 2011	**1st half 2010**	**1st half 2011**	**1st half 2010**	**1st half 2011**	**1st half 2010**	**1st half 2011**	**1st half 2010**	**1st half 2011**	**1st half 2010**
20 956	19 374			216 006	209 322			216 006	209 322
		933	564	933	564			933	564
−4 399	−3 949	−51 365	−49 269	−83 877	−82 253	3 523	3 401	−80 354	−78 852
−107	−111	−5 425	−4 964	−6 903	−6 663			−6 903	−6 663
16 450	**15 315**	**−55 858**	**−53 669**	**126 158**	**120 970**	**3 523**	**3 401**	**129 681**	**124 371**
								1 994	393
								100	155
								−91 713	−84 084
								−7 535	−2 190
								32 528	**38 645**

4 Sales

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

	CHF	Local currencies
Europe	1.4 %	10.9 %
Americas	4.7 %	18.7 %
Asia/Pacific	8.2 %	19.2 %
Group	**3.2 %**	**14.5 %**

Market shares in net sales are 54 percent for Europe (same period 2010 55 percent), 36 percent for the Americas (36 percent) and 10 percent for Asia/Pacific (9 percent).

Movements in exchange rates had an overall effect on sales of –11.3 percentage points (same period 2010 –3.2 percentage points).

in CHF 1 000	1st half 2011	Share	1st half 2010	Share
Sales by application				
Air	134 829	62 %	131 576	63 %
Water	81 177	38 %	77 746	37 %
Total	**216 006**	**100 %**	**209 322**	**100 %**

In local currencies, sales of air applications grew by 13.9 percent and sales of water applications were up 15.4 percent.

5 Financial result

The financial result of CHF –7.5 million (same period 2010 CHF –2.2 million) mainly consists of foreign currency losses which particularly arose from the valuation of balance sheet items in EUR, USD and CAD.

6 Earnings per share

	1st half 2011	1st half 2010
Net income in CHF 1 000	26 440	31 501
Average number of outstanding shares	609 260	605 968
Earnings per share in CHF	**43.40**	**51.98**

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

In the first half of 2011, 20 shares were bought back (same period 2010 two shares).

7 Contingent liabilities

There were no contingent liabilities as of June 30, 2011 and December 31, 2010.

8 Events after the balance sheet date

The consolidated interim financial statements were approved for publication by the Board of Directors on July 27, 2011.

No other events occurred between June 30, 2011 and July 27, 2011 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.

Publications and agenda

January 25, 2012	Publication of preliminary results for 2011
March 12, 2012	Media information session/ Publication of 2011 Annual Report
April 2, 2012	Annual General meeting 2012

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

Investor Relations
BELIMO Holding AG
Beat Trutmann, CFO, Member of the Group Executive Committee
Brunnenbachstrasse 1
CH-8340 Hinwil, Switzerland

Phone +41 43 843 62 65
Fax +41 43 843 62 41
E-mail ir@belimo.ch

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BELIMO Holding AG
Brunnenbachstrasse 1
CH-8340 Hinwil
Phone +41 43 843 61 11

www.belimo.com

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