

015

# Highlights 2015

## **Sales.**

Growth of 3.6 percent in local currencies; same level as previous year in Swiss francs.

## **Operating income (EBIT).**

CHF 74.6 million or 15.1 percent of sales.

## **Net income.**

CHF 56.2 million or 11.4 percent of sales.

## **Operating cash flow.**

CHF 70.4 million or 14.3 percent of sales.

## **Investments.**

Completion of the logistics expansion building in Hinwil (Switzerland).

## **Equity ratio.**

81.6 percent.

## **Return on invested capital.**

20.8 percent.

## **Dividend.**

CHF 65 per share (proposal to Annual General Meeting).  
Payout ratio 71.1 percent of net income.

## **Actuators shipped.**

5.6 million.

## **Innovative capacity.**

Research and development costs 7.0 percent of sales.

## **Strengthening the sales organization.**

Subsidiary incorporated in Turkey.

## **The pictures**

This year's Annual Report shows pictures of the Belimo logistics and production site in Hinwil (headquarters, Switzerland) where Belimo made major investments in recent years.

# Content

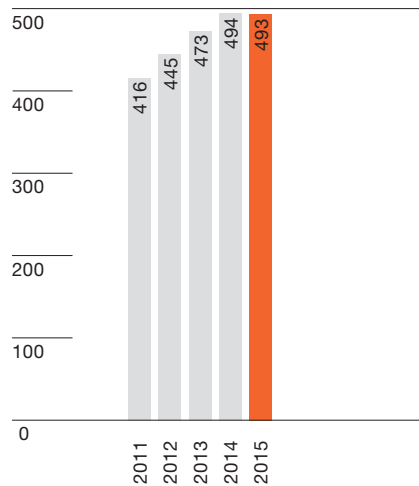
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# Financial summary

in CHF million	2015	2014	Change
Net sales	493.3	493.9	-0.1%
Operating income before interest, taxes, depreciation, amortization (EBITDA) in percent of net sales	95.8 19.4%	99.6 20.2%	-3.8%
Operating income before interest and taxes (EBIT) in percent of net sales	74.6 15.1%	81.3 16.5%	-8.1%
Net income in percent of net sales	56.2 11.4%	67.2 13.6%	-16.3%
Investments	34.0	55.1	-38.3%
Cash flow from operating activities	70.4	74.1	-5.0%
Free cash flow	37.0	18.5	99.7%
in CHF			
Earnings per share	91.52	109.52	-16.4%
Dividend per share	65.00	65.00	
Number of employees (FTE's) as at December 31			
	1 409	1 388	1.5%

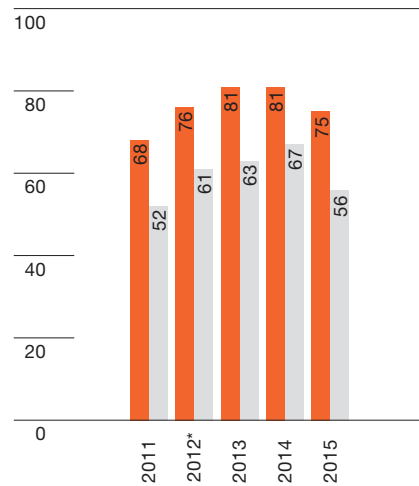
## Sales 2011–2015

in CHF million



## Income 2011–2015

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 past year was very challenging for the Swiss economy. The unexpected abandonment of the minimum exchange rate of CHF 1.20 per euro and the subsequent strong appreciation of the Swiss franc had a negative impact on the sales growth and profitability of the Belimo Group.

Under these circumstances it is pleasing that sales in Swiss francs could be held on previous year level and, adjusted for currencies, grew by 3.6 percent to CHF 493.3 million. If calculated at previous year's exchange rates, sales would come to CHF 511.8 million.

The Europe market region was hit with a decline in sales of 0.9 percent on a currency-adjusted basis, due in part to the market situation in Russia, while sales in the Americas and Asia/Pacific rose by 9.7 percent and 7.2 percent respectively.

Thanks to continuous investments in efficiency-increasing measures over the past few years, a healthy operating income (EBIT) of CHF 74.6 million, which equates to an EBIT margin of 15.1 percent, was reached. At CHF 56.2 million, net income however was below previous year due to negative currency effects.

The expansion of the logistics building at the Hinwil site, which was completed at the end of 2015, provides the basis for future growth and will further improve processing efficiency in manufacturing and distribution.

Belimo founded a subsidiary in Turkey, which commenced operations on January 1, 2016. The founding of this company allows Belimo to further intensify efforts in the Turkish market.

Lars van der Haegen, formerly Head of Americas and member of the Group Executive Committee, took over from Dr. Jacques Sanche as CEO with effect from July 1, 2015. As from March 1, 2016, James W. Furlong is the new Head of Americas and member of the Group Executive Committee. His many years of professional experience in the heating, ventilation and air conditioning industry will be key in further developing the Americas market.

The procurement and sales markets will continue to be influenced by uncertain currency and market trends. Belimo will meet these challenges using the specialized expertise of its employees as well as a distinct growth strategy.

Belimo is positioning itself as an innovative market and technology leader. In the year under review the successfully introduced new generation of fire damper actuators, pressure-independent control valves and compact zone valves support this objective. We are also expecting additional sales growth from the strengthening of the sensor business.

# Preface

The Board of Directors proposes to the Annual General Meeting a dividend of CHF 65 per share. At the closing price of CHF 2450 on December 31, 2015, this corresponds to a return of 2.7 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 constructive cooperation. I would also like to thank all our employees for the motivated manner in which they have overcome the various challenges they faced, as well as the Group Executive Committee for their unswerving 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

# Report of the Group Executive Committee



Lars van der Haegen  
CEO

In 2015, Belimo increased sales in local currencies by 3.6 percent while maintaining sales in Swiss francs at the same level as the previous year. The Americas and Asia/Pacific achieved higher sales in the second half-year compared to the first, while Europe stagnated. The operating margin was a healthy 15.1 percent. The negative financial result prevented the achievement of a better net income margin, which was with 11.4 percent below previous year.

## Europe

Sales in the Europe market region fell by 9.7 percent, or 0.9 percent on a currency-adjusted basis. This trend can be mainly attributed to the happenings surrounding the euro and the economic situation in Eastern Europe. Overall, market share could be expanded.

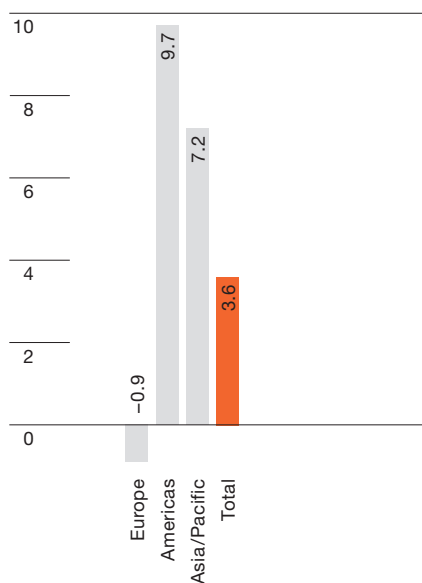
### Economic environment and markets

Growth in individual countries varied significantly based on the respective investment activity. The low oil price resulted in restrained investment activity in the Middle East and in the decline in the Central European heating market as investments in alternative energy solutions were scaled back. The political instability and currency devaluation in Russia had a significant negative impact on the HVAC market.

Belimo performed convincingly in particular in Poland and France. Poland benefited from robust market growth and the increasing number of production facilities relocating from Western to Eastern Europe. In France, Belimo was awarded a number of major projects with zone applications, among them the “Le Nuovo” office building, equipped with more than 2600 6-way valves. The markets in the United Kingdom and Italy made a considerable contribution to growth. In Italy, market share in the contracting business was expanded by improved support for consulting engineers.

Sales growth 2015  
in local currencies

in percent



The developments in Russia resulted in a considerable local decline in sales for Belimo, but also had an impact on Western European countries, where exports to Russia and Central Asia fell sharply. Austria and Germany suffered in particular from the declining heating market. The Middle East enjoyed moderate growth due to a worse economic environment. The Swiss market was affected by the strength of the Swiss franc against the euro and was hit by a drop in sales.

### Customers and products

Sales of water applications grew on a year-by-year basis. The new products for zone applications and the new valves for pressure-independent applications in particular recorded encouraging growth. Sales of air applications fell short of the previous year's figure as a result of the decline experienced in the heating sector and the situation in Russia. The OEM customer segment was particularly affected by this development. The launched fire damper actuators were very well accepted on the market.

On the ISH, one of the world's leading trade fairs for building, energy and air conditioning systems, held in Frankfurt, Germany, Belimo presented the pressure-independent characterized control valve (PIQCV) and the new fire damper actuators to a wide audience.

## Americas

Sales in the Americas market region grew by 12.3 percent, or 9.7 percent on a currency-adjusted basis. Every market contributed to this positive result.

### Economic environment and markets

The United States economy continued its positive trend, while growth in Canada slowed down as investments in oil extraction tumbled. In return, a weaker Canadian dollar ensured higher exports. There was also continued investment in sectors other than oil. In Latin America, Mexico enjoyed further growth, while the economy in Brazil found itself in bad shape.

Modernization of plants and strong demand for energy-efficient HVAC systems lead to above-average growth in the sector. This is supported by legislative measures as well as by market-based instruments, such as building certification programs. Another factor in the above-average market growth was digitization. This technology simplifies the measuring and optimizing of air and water flows in buildings and accordingly increases comfort and operational safety.

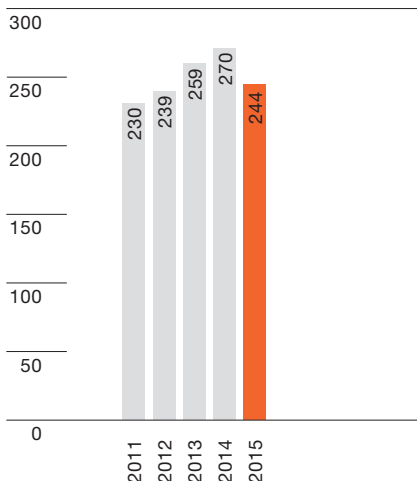
Belimo enjoyed strong growth in all regions. Above-average growth was recorded in the contracting business in the United States. Canada and Latin America made a significant contribution to the sales increase with double digit growth rates. A large number of challenging major projects were again awarded, including the 326-meter-tall “Salesforce Tower” in San Francisco, which will be the tallest building on the west coast of North America after completion.

### Customers and products

Sales of water applications developed very well thanks to the greater focus on OEM customers and a number of major plant engineering contracts. Sales of pressure-independent control valves also increased sharply; for example, Belimo Energy Valves™ were installed in the new building for the “School of Medicine and Biomedical Sciences” at the State University of New York in Buffalo in the United States as well as in the new “Rogers Place” ice hockey stadium in Edmonton, Canada, which will be completed in 2016. Sales of the new ZoneTight™ zone valve product range were above expectations.

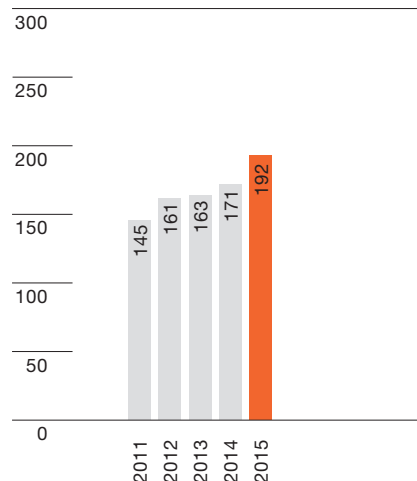
### Net sales Europe

in CHF million



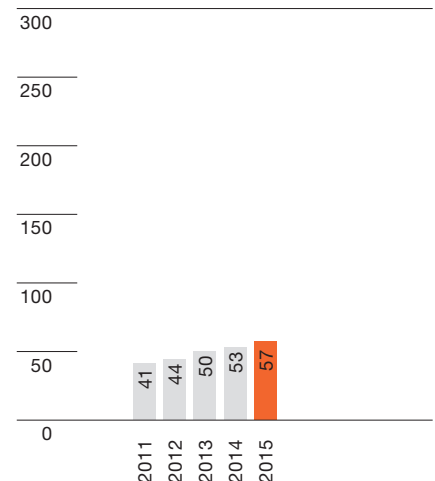
### Net sales Americas

in CHF million



### Net sales Asia/Pacific

in CHF million





# Report of the Group Executive Committee

The contracting customer segment recorded the best performance, while the OEM business grew only modestly on a high level after several years of strong growth.

## Asia/Pacific

Sales in the Asia/Pacific region increased by 9.0 percent, or 7.2 percent on a currency-adjusted basis.

### Economic environment and markets

Economic growth in China slowed considerably, with the economies of Australia and South Korea also suffering a decline. Southeast Asian countries in particular suffered from the strengthened US dollar, which had a negative effect on investment activities.

Despite the rapid economic slowdown in China, and India performing below expectations, satisfactory growth was achieved. In China, Belimo recorded strong growth in the OEM business, mainly as a result of entering the market for the control of volumetric air flows in server rooms. Sales of damper actuators increased in the rail industry.

Solid growth was also recorded in Japan, as several projects were won. In Hong Kong and Macau, sales exceeded expectations, as there was an increase in project activities after an extremely difficult previous year.

Belimo was confronted with a noticeable drop in investment activity throughout South-East Asia due to weak currencies. South Korea and the Philippines recorded disappointing results. South Korea suffered from the outbreak of the MERS epidemic, which visibly diminished investor confidence.

### Customers and products

Water applications grew stronger than air applications, which was mainly attributable to Belimo Energy Valves™ and electronic pressure-independent characterized control valves. Among air applications, fire protection products and VAV systems recorded good growth rates, whereas sales of products without spring-returns stagnated.

The OEM business was the most important growth driver, particularly in China and India. The contracting business suffered from the weakness of the Chinese market and had to settle for moderate growth as a result of the decreasing number of commercial construction projects.

There was a marked increase in demand for Belimo Energy Valves™ and electronic pressure-independent valves from data center operators.

## Innovation

In 2015, Belimo successfully launched the new generation of fire damper actuators with the patented Safety Position Lock™ function on the European market. This function reliably keeps the fire dampers in the safety position in the event of fire and is built-in as standard. The development project has been completed and the gradual customer changeover to the new product range is going well.

Also in focus in 2015 was the introduction of the compact Belimo ZoneTight™ zone valves. This product range allows for energy-efficient room and zone

Sales 2015 by application



■ Air 58%  
■ Water 42%

Sales 2015 by region



■ Europe 49%  
■ Americas 39%  
■ Asia/Pacific 12%

control in tight spaces. It has many advantages, such as up to 95 percent less power consumption by the actuators than competing products. The product range also includes fail-safe actuators, which, thanks to the built-in electrical energy storage device (SuperCap technology), can still drive open or close in the event of a power outage.

Pressure-independent zone valves ensure that end devices (heating and cooling elements) are constantly supplied with the precise amount of water required. This feature forms the basis for optimal room comfort, a high level of energy efficiency and simpler planning and installation. As the trend of using pressure-independent valves is picking up speed, Belimo launched the pressure-independent 6-way zone valve. The combination of existing components (actuator, valve, flow sensor) and logic allowed for a rapid market launch.

Another innovation is the so-called bypass damper actuator that is used in the American residential construction sector. Based on the Belimo Shared Logic platform, this device optimizes air flows in a fully automated process in line with the changing pressure conditions in the air duct system.

The Belimo Energy Valve™ product range was expanded with a version for higher pressure levels, which is used in tall buildings and special facilities. The further development of the product range is being pursued intensively. Direct web integration helps ensure that plants can be operated in an energy-efficient manner. Furthermore, the information gained by means of integrated data logging is used by Belimo as an important source for the improvement of energy-saving algorithms.

Digitization and the Internet of Things are employed throughout the “Apartimentum” pilot project, a multi-family house in Hamburg, Germany. Each room is provided with fresh air, heated or cooled as needed to ensure individual comfort and well-being. The cloud-based technology ensures a high level of comfort, simple commissioning, energy efficiency and operational safety.

## Outlook

The fundamental trend toward urbanization is continuing. The cities of the future will be more versatile, more networked, better places to live and greener in every respect. This will lead to high-density construction and investment in new and existing buildings. Buildings consume approximately 40 percent of the energy we use. The amendment of standards and laws concerning indoor air quality and efficiency of heating, ventilation and air conditioning systems is worldwide in full progress and will support the changes.

The successful market launch of the fire damper actuators and zone valves that took place in the year under review will further be pushed. Additionally, Belimo will for the first time launch a newly developed actuator and valve combination for larger flows. This innovation will strengthen the market position of Belimo for central heating and cooling plants.

Digitization will remain the focus of product and software development. The outstanding market acceptance of the Belimo Energy Valve™ proves its additional benefits for customers. Cloud services are being tested and further developed in pilot systems. As digital communication and the seamless integration of HVAC actuator and sensor technology in building automation systems are becoming more important, new sensors are constantly being added to the Belimo product

### Employees 2015 by region



- Europe 57%
- Americas 29%
- Asia/Pacific 14%

### Employees 2015 by function



- Assembly, logistics 46%
- Sales, marketing and distribution 32%
- Research, development 11%
- Administration, management 11%

# Report of the Group Executive Committee

range, for example the ultrasonic flow meters that have been available for a few months now.

In the Europe market region uncertainty regarding the future development of the euro and the performance of the Russian economy remains. On the other hand, the expansion of the sales and logistics organization in the Middle East, Turkey and other countries should have a positive impact.

In the Americas market region, the United States economy should further grow. The outlook for Canada and Mexico is currently also positive, while development is uncertain in Brazil.

Despite growth slowing in Asia/Pacific, particularly in China, infrastructure projects will continue to make up a large share of the gross national product and will present opportunities for us to improve our market position.

Worldwide needs concerning room comfort, indoor air quality, energy efficiency and CO<sub>2</sub> reduction require more actuators and thereby help Belimo generate constant growth and ensure solid results.

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.

# Logistics and distribution



## Logistics and production sites in Hinwil and Danbury

Belimo made significant investments over recent years in its sites at Hinwil (Switzerland, headquarters) and Danbury (CT, USA). In Hinwil it has constructed logistics buildings with automated warehouses, which went into operation at the start of 2016. The newly built production, logistics and administration building in Danbury was occupied at the end of 2014. The investment of around CHF 95 million lays the basis for future growth and ensures better use of production areas as well as a more efficient and cost-effective flow of materials between receipt, assembly and shipping.

### Hinwil



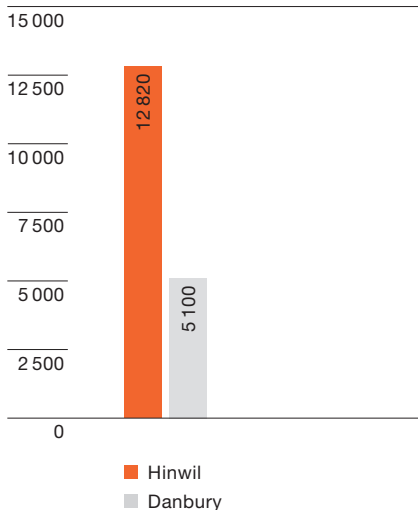
The core of the expansion project is the logistics extension and the optimization of production and transshipment areas at the Hinwil production site. A two-storey logistics building, an automated high-bay warehouse and an automated small components warehouse were added to the existing premises. The optimized processes allow higher flexibility at a lower logistics unit cost.

A logistical special feature is that half-pallets can also be automatically stored, repacked and transported. The assembly cells are supplied from the warehouses several times a day. This means intermediate storage on the shop floor can be reduced. The space freed up in the existing buildings can now be used for offices and production.

Deliveries from suppliers now come in re-usable cardboard packaging. This is good for the environment and permits the redistribution processes to be automated. Automated conveyor belts, transverse shuttles and goods lifts keep the materials flowing rapidly. Once the system is up and running, manual transport of goods will fall by over 40 percent. The rapid and efficient flow of materials ensures that the manufacturing cells are kept supplied on a continuous basis and the set-up is ergonomic. As a result, smooth customer supply and a high level of supply capability are guaranteed.

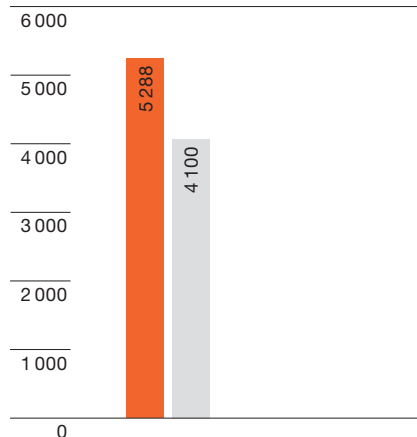
#### Additional logistics/production area

in m<sup>2</sup>



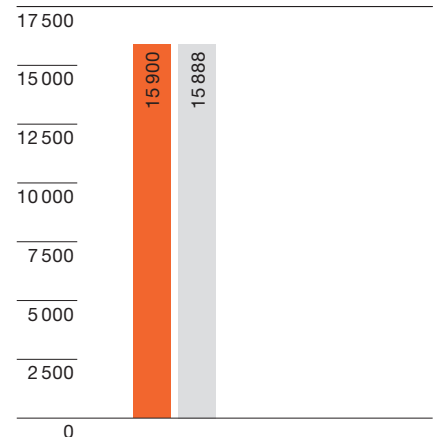
#### High-bay warehouse

Number of pallets



#### Small components warehouse

Number of boxes



# Logistics and distribution

A robot takes over goods from the high-bay warehouse and stacks the packages on half-pallets which then move on to assembly and delivery. The robot also acts as an interface between the warehouses and automatically keeps the small components warehouse supplied.

Deliveries are prepared in the new shipping area. Over 70 percent of goods reach employees directly via conveyor technology and are then packed in the packing area ready to be shipped. The process is further visually supported by a light display. The number of manual transfer procedures can be cut by more than 40 percent. Goods for export are declared to customs digitally and notified to the carrier directly.

Information technology was also brought fully up-to-date as part of the project. All logistics facilities are now managed and monitored centrally by a materials flow computer. Goods flows are optimized and delivered on a time-controlled schedule.

## Danbury



In the Danbury building completed in 2014, all logistics processes have been redefined and, in some cases, automated. Production and customizing was re-arranged and gradually switched over to lean manufacturing principles.

The automated small components warehouse forms the core of the intralogistics system. Prepared goods move via a conveyor system directly to the assembly benches for customizing. Larger quantities are transported in the traditional manner directly on pallets and half-pallets from the manual high-bay warehouse to the assembly areas.

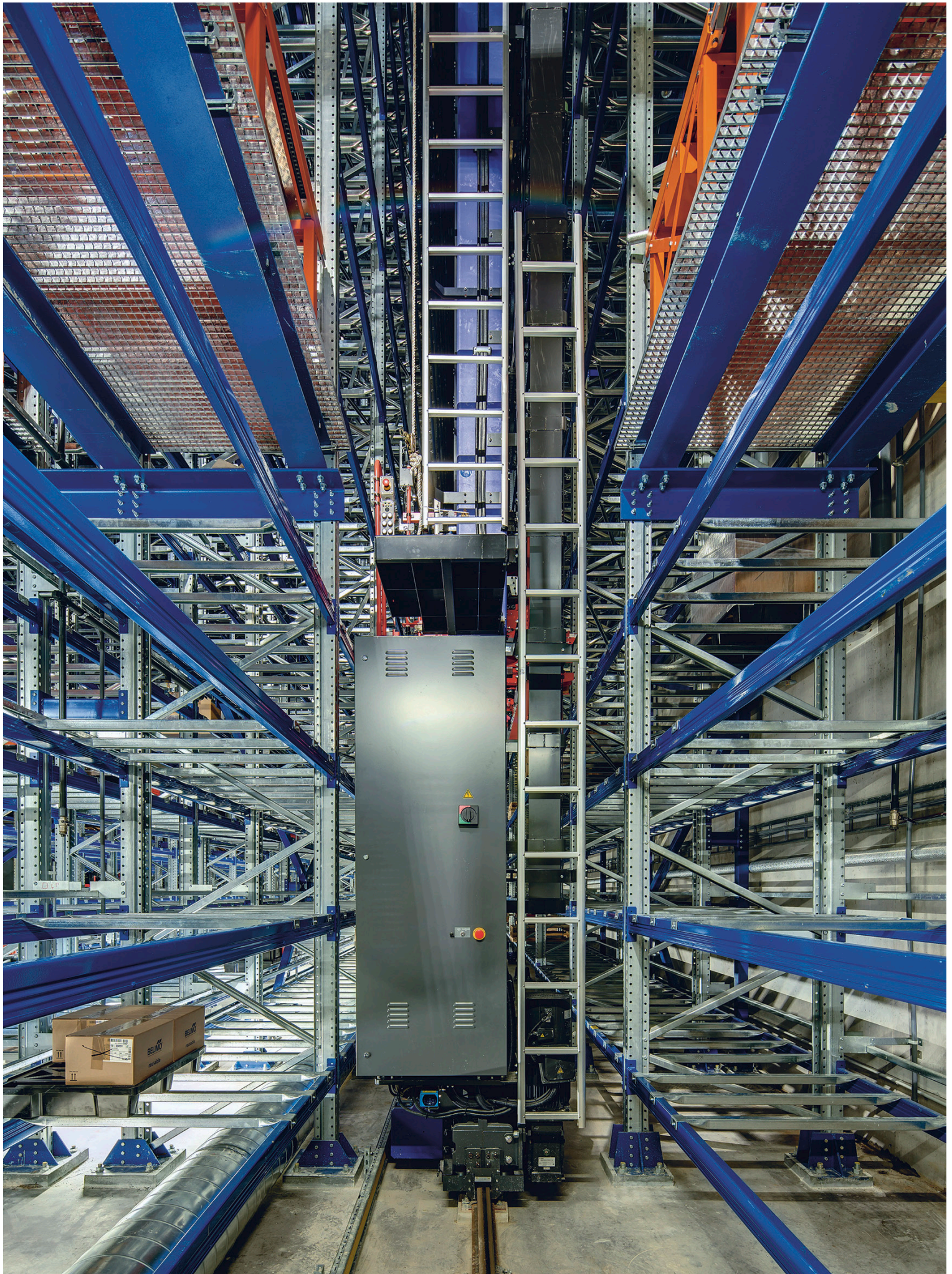
After assembly, many of the assembled combinations are transported by the conveyor system to the packing area along with the finished articles for packing and shipping.



Expansion Building high-bay warehouse



Operating unit small components warehouse



Operating unit high-bay warehouse





Picking area shipping: boxes to pallets



Picking area large shipping orders



Box conveyor



Picking-area high-bay warehouse



Conveyor system with Belimo Box

# 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 34 to 37.

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, 2015.

## 1 Group structure and shareholders

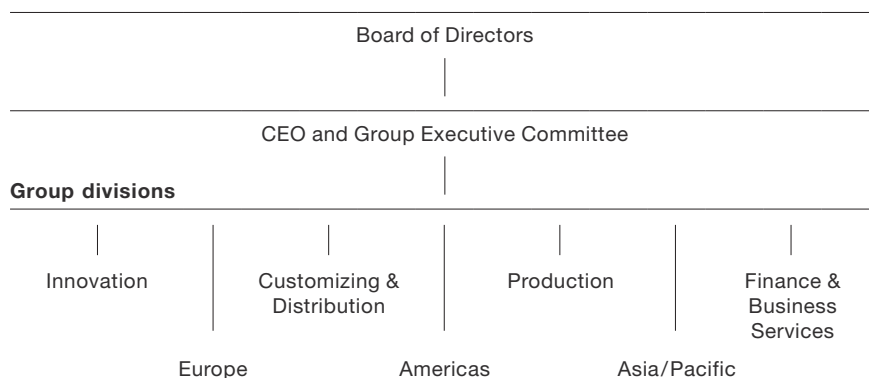
### 1.1 Group structure

The Belimo Group is organized into Markets (Europe, Americas, Asia/Pacific), Innovation, 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, 2015, amounted to CHF 1507 million. With the exception of BELIMO Holding AG, no Group companies hold Belimo shares. The Belimo shares held by BELIMO Holding AG are disclosed on page 90. Further details on Belimo shares are given on pages 94 and 95. Information regarding the unlisted companies is given in the summary on page 89.

#### Group structure



## 1.2 Significant shareholders

As at December 31, 2015, 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
Ameriprise Financial, Inc.	22 405	3.64%	22 405	3.64%
The Capital Group Companies, Inc.	30 730	4.997%	30 730	4.997%
Werner Roner	35 000	5.69%	35 000	5.69%
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 [www.six-exchange-regulation.com](http://www.six-exchange-regulation.com).

As at December 31, 2015, BELIMO Holding AG held 0.09 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](http://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:

in CHF 1 000	2015	2014	2013
Shareholders' equity as at December 31	221 727	209 709	190 968

### 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, 2015.

### **3.2 Further activities and relationships**

Personal details and further activities and relationships of the individual members of the Board of Directors are shown on page 23.

### **Independence of the non-executive members**

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

The members of the Board of Directors and the companies they represent have no material business relationships 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 maximum two exceptions per member in specific cases.



# Corporate Governance

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## Board of Directors

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### 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

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### Adrian Altenburger (1963)

Swiss

HVAC engineer HTL/MAS Arch. ETH/SIA

Further activities and relationships:

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

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

ASHRAE American Society of Heating, Refrigerating and Air Conditioning Engineers, Member of the Technical Committee 9.9

Significant professional posts:

1999–2015 Amstein + Walthert AG, Zurich, Partner, Member of the Group Executive Committee and Board of Directors

Since 2015 University of Applied Sciences and Arts – School of Engineering & Architecture, Lucerne, Head of degree program and department Building Technology

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### Patrick Burkhalter (1962)

Swiss

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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

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### 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 2013 and Chairman of the Executive Committee until 2012 of HEFTI. HESS. MARTIGNONI. Aarau AG, Aarau

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### Dr. Martin Zwyssig (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

2008–2014 Ascom Holding AG, Baar, Group CFO

Since 2014 Autoneum Holding AG, Winterthur, Group CFO

# Corporate Governance



## **Members of the Board of Directors**

Dr. Martin Zwysig, Deputy Chairman

Prof. Dr. Hans Peter Wehrli, Chairman

Patrick Burkhalter, Member

Martin Hess, Member

Adrian Altenburger, Member

The acceptance of a maximum of four mandates in the ultimate strategic management bodies or on the ultimate boards of non-listed companies which do not belong to the Belimo Group is permissible for a member of the Board of Directors as long as the exercise of the obligations to BELIMO Holding AG of the member of the Board of Directors is not impaired.

### 3.4 Election and term of office

According to the Articles of Incorporation the Board of Directors is made up of at least three and no more than seven members, who are elected individually by the Annual General Meeting for a term of office of one year, which ends with the next ordinary Annual General Meeting. On reaching 70 years of age, members of the Board of Directors may be elected for a term of office one final time.

Details of first election to the Board of Directors are given in the following table:

Member	since AGM
Hans Peter Wehrli	1995
Adrian Altenburger	2015
Patrick Burkhalter	2014
Martin Hess	2007
Martin Zwysig	2011

### 3.5 Internal organization

The Board of Directors is the 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 permanent committees during the year under review: 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. Nine meetings were held in 2015 (including conference calls).

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 information 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-conferences, conference calls or by way of circulation provided that no member requests a verbal discussion at a meeting. The individual members are required to step out of the meeting if matters are discussed that affect them or persons or legal entities related to them. The Board members receive a complete copy of the minutes, with the other participants receiving an excerpt detailing the agenda items/resolutions of relevance to them.

In addition to Board meetings, the Board of Directors holds regular meetings with the Group Executive Committee.

### **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 2015/2016 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 2015 with the CEO, CFO and the statutory auditors.

## **Remuneration Committee**

Information on the composition and duties of the Remuneration Committee are disclosed in the Remuneration Report on pages 34 to 37.

## **Appointment Committee**

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

The following members have been elected for the 2015/2016 period of office: Prof. Dr. Hans Peter Wehrli (Chairman), Patrick Burkhalter and Martin Hess

Duties:

- Selecting suitable candidates for membership of the Board of Directors, submitting motions to the Board of Directors for proposal to the Annual General Meeting
- Selecting suitable candidates to fill positions on the Group Executive Committee

Two meetings were held in 2015.

## **3.6 Regulation of authority**

The regulation of authority between the Board of Directors and the Group Executive Committee, which is headed by the CEO, is laid down in the organizational regulations (corporate schedule of responsibilities) of BELIMO Holding AG, in accordance with the Articles of Incorporation of BELIMO Holding AG. 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 comprised a total of five members as of December 31, 2015.

### **4.2 Further activities and relationships**

Personal details and further activities and relationships of the individual members of the Group Executive Committee are shown on page 29.

### **4.3 Mandates**

No member of the Group Executive Committee may hold more than two additional mandates in the ultimate strategic management bodies or on the ultimate Boards of listed companies which do not belong to the Belimo Group. The Board of Directors may allow in maximum two exceptions per member in specific cases.

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## Group Executive Committee

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### Lars van der Haegen (1968)

Swiss

MBA

CEO since July 2015 and from July 2015 to February 2016 temporary Head of Americas

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

2011–2015 BELIMO Aircontrols (USA), Inc., Danbury, Head of Americas and Member of the Group Executive Committee

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### 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 Technologies, Hong Kong, various functions

2005–2009 Carel Asia, Hong Kong, Managing Director

2009–2012 Carel Electronic Suzhou, China, CEO

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### 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

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### 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

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### 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



**Members of the Group Executive Committee**

Lukas Eigenmann, Head of Europe

Lars van der Haegen, CEO

Beat Trutmann, CFO

Gary Economides, Head of Asia/Pacific

Peter Schmidlin, Head of Innovation



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.

## **5 Remuneration, participations and loans**

Details on the principles of the remuneration system, the granted remuneration, participations and loans to current and former members of the Board of Directors and the Group Executive Committee are provided on pages 34 to 37 in the Remuneration Report and in the notes of the financial statements of BELIMO Holding AG on pages 90 and 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 34 to 37 in the Remuneration Report.

## **8 Statutory auditors**

### **8.1 Period of appointment and period of office of the auditor in charge**

KPMG AG, Badenerstrasse 172, Zurich, has been the Group auditor of the Belimo Group and the statutory auditor of BELIMO Holding AG since 2004. The 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 0.4 million to the Belimo Group in 2015 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.

### **8.4 Sources of information for the external audit**

Each year at least one Audit Committee meeting takes place, at which, in addition to other matters, the annual financial statements are discussed. The comprehensive audit report from the statutory auditors forms the basis for the discussion of the audit proceedings and the annual financial statements. Two meetings took place in the year under review. In each case the statutory auditors supplied the participants with written points for discussion beforehand.

## 9 Information policy

### 9.1 Principles

BELIMO Holding AG and the Belimo Group pursue an open, active and transparent information policy with all stakeholders. Each year a Summary Annual Report, an Annual Report including a Remuneration Report and a Semiannual Report are published. At least one conference for the media and financial analysts takes place at the time of publication of the annual financial statements.

### 9.2 Agenda

Publication of Annual Report 2015/ Media and financial analysts conference	March 21, 2016
Annual General Meeting 2016	April 25, 2016
Dividend payment	April 29, 2016
Publication of Semiannual Report 2016	August 3, 2016
Publication of 2016 preliminary results	February 9, 2017
Publication of Annual Report 2016/ Media and financial analysts conference	March 13, 2017
Annual General Meeting 2017	April 3, 2017

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

### 9.3 Contact Investor Relations

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Beat Trutmann, CFO  
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CH-8340 Hinwil  
Phone +41 43 843 62 65  
Fax +41 43 843 62 41  
E-Mail [ir@belimo.ch](mailto:ir@belimo.ch)

### 9.4 Publicity principles/Avoidance of insider offences

BELIMO Holding AG publishes information that is relevant to the share price in accordance with the ad hoc publicity guidelines of the Swiss stock exchange SIX Swiss Exchange Ltd.

# 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 2015/2016 period of office: Martin Hess (Chairman), Adrian Altenburger and Patrick Burkhalter

The Remuneration Committee is entrusted with the following duties, subject to the power of the Annual General Meeting:

- Submitting proposals to the Board of Directors for the definition of principles, performance targets and assessment criteria for fixed and variable remuneration within the framework of the statutory provisions and those of the Articles of Incorporation
- Submitting proposals to the Board of Directors for the determination of the overall amounts of the fixed remuneration of the members of the Board of Directors and the fixed and variable remuneration of the members of the Group Executive Committee to be placed to the Annual General Meeting for approval
- Monitoring of compliance with the principles for remuneration pursuant to the Law, the Articles of Incorporation, regulations and decisions of the Annual General Meeting
- Submitting the Remuneration Report for the attention of the Board of Directors and the Annual General Meeting

The Remuneration Committee held two meetings in 2015.

## 2 Remuneration system

### 2.1 Principles

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

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

# Remuneration Report

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<sup>quinquies</sup>

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<sup>sexties</sup>

The members of the Group Executive Committee receive a fixed basic remuneration for their activities, as well as a performance and success-related remuneration, which are paid out 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 target agreement; if the targets are exceeded, the bonus can be increased up to a maximum of 1.33 times the target bonus.

# Remuneration Report

For new members of the Group Executive Committee appointed after the Annual General Meeting, the maximum amount shall be increased pro rata temporis to a maximum of one and a half times the proportion for a comparable function contained in the maximum amount approved.

## 3 Remunerations

### 3.1 Board of Directors

The amount of remuneration for the Board of Directors (non-executive members) was as follows. The total remuneration is within the amount of CHF 0.8 million approved by the Annual General Meeting on April 20, 2015.

in CHF 1 000	Basic remuneration	Pension contributions	Total 2014	Expense allowance
Prof. Dr. Hans Peter Wehrli, Chairman	244	13	257	6
Patrick Burkhalter, Member	119	6	125	6
Martin Hess, Member	119	5	124	6
Walter Linsi, Member	119	5	124	6
Dr. Martin Zwyszig, Deputy Chairman	119	6	125	6
<b>Total</b>	<b>720</b>	<b>35</b>	<b>755</b>	<b>30</b>

in CHF 1 000	Basic remuneration	Pension contributions	Total 2015	Expense allowance
Prof. Dr. Hans Peter Wehrli, Chairman	244	13	257	6
Adrian Altenburger, Member (since AGM 2015)*	79	4	83	4
Patrick Burkhalter, Member	119	6	125	6
Martin Hess, Member	119	5	124	6
Walter Linsi, Member (until AGM 2015)*	40	2	41	2
Dr. Martin Zwyszig, Deputy Chairman	119	6	125	6
<b>Total</b>	<b>720</b>	<b>36</b>	<b>756</b>	<b>30</b>

\* Adrian Altenburger was elected to the Board of Directors at the Annual General Meeting on April 20, 2015. At the same time, Walter Linsi left the Board.

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

No remuneration other than that disclosed here was assigned. There has been no remuneration to past members of the Board of Directors.

# Remuneration Report

## 3.2 Group Executive Committee

The amount of remuneration for the Group Executive Committee was as follows. The total remuneration is within the amount of CHF 4.5 million approved by the Annual General Meeting on April 20, 2015 (of which CHF 2.5 million is fixed and CHF 2.0 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 Lars van der Haegen, CEO (previous year Dr. Jacques Sanche, CEO).

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

\* As at December 31, 2014, there were seven members on the Group Executive Committee (including the CEO).

in CHF 1 000	Basic remuneration	Bonus	Pension contributions	Other remuneration components	Total 2015	Expense allowance
Lars van der Haegen (CEO)	309	203	84	11	607	9
Other members of the Group Executive Committee	1 619	933	404	85	3 041	84
<b>Total*</b>	<b>1 928</b>	<b>1 135</b>	<b>489</b>	<b>96</b>	<b>3 649</b>	<b>93</b>

\* Lars van der Haegen took over as CEO from Dr. Jacques Sanche on July 1, 2015. As at December 31, 2015, there were five members on the Group Executive Committee (including the CEO). The Global Product Management division was decentralized at the end of June 2015. As of July 1, 2015, Lars van der Haegen is being temporary Head of Americas.

No remuneration other than that disclosed here was assigned. There has been no remuneration to past members of the Group Executive Committee.

## 3.3 Related parties

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

## 3.4 Credits and loans

Articles of Incorporation Article 25<sup>bis</sup>

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

In 2015, no credits or loans were granted to present or past members of the senior management or related parties, and there were none outstanding as at December 31, 2015.

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

We have audited the remuneration report of BELIMO Holding AG for the year ended December 31, 2015. 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 34 to 37 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, 2015, 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

Zurich, February 23, 2016



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.



## Products and applications

### Sustainability in the development process

Environmental thinking already starts with product design. 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.

### Innovative application solutions

Belimo secures an edge for its customers by providing them with products that offer more comfort and increased energy efficiency and safety, and are simpler to install and maintain.

Belimo solutions enable optimal performance of HVAC facilities, thanks to the following features:

- Minimal power consumption
- Prevention of circulation losses with seal-tight characterized control valve technology
- Smart applications raise plant efficiency

The following examples show how innovative application solutions have made facilities more efficient:

- The “BC Place Stadium” in Vancouver (BC, Canada) had 880 spring-return actuators installed that came from a discontinued product line of another manufacturer. The operator of the stadium was therefore looking for an alternative solution; for reasons of space, it had to be compact, easy to install and as energy-efficient as possible. The operator opted for the Belimo damper actuator, which uses 104 kWh less electricity per year than the previous solution. This equates to an annual energy saving of 91.5 MWh for the entire retrofit project.
- The seal-tight ball valve technology prevents circulation losses through leakages. This allows the valve to minimize energy losses and helps cut operating costs.  
When the “Crown Plaza” hotel in Belgrade (Serbia) was refurbished, 500 motorized 6-way characterized control valves formed a major part of the new, energy-efficient HVAC plant with cooling ceilings. The innovative design of the valve prevents simultaneous heating and cooling. The two circulation systems can be controlled separately and accurately. Guests can cool or heat their rooms as they wish, depending on the ambient temperature. When the guest leaves the room the actuator sets the valve in a neutral position and shuts down water circulation in the heat exchanger completely. This smart interaction between seal-tight characterized control valves and control units means the rooms are kept at the right temperature in a way that is energy-efficient without them becoming too cold in winter or too hot in summer.
- The electronic pressure-independent valve EPIV combines measuring, controlling, balancing and shutting in one ready-to-install unit. The valve unit automatically ensures correct hydraulic balancing and flow under all conditions.

EPIV's air bubble tight closing ball valve technology prevents energy losses in water circuits.

The "DonauSplash" indoor swimming pool in Tulln (Austria) replaced its entire plant as part of a total refurbishment and installed EPIVs. Around 30m<sup>3</sup> of water is circulated every hour to maintain the right temperature in the different swimming areas. The EPIVs' built-in sensors monitor the flow on an ongoing basis, and if there is a change in pressure the integrated control brings it back to the target value automatically. When the refurbishment was planned, the annual energy saving was calculated to be 5000 kWh.

- The Belimo Energy Valve™ simultaneously measures energy flows and optimizes water flows. This means that it is able to identify and reduce waste of energy in buildings, as numerous awards and successful use in buildings all over the world testify.

The usually short payback period for the Belimo Energy Valve™, estimated CO<sub>2</sub> reduction as well as numerous other key figures can be calculated in a model and thus help customers make decisions.

The University of Miami medical campus (FL, USA) had repeatedly upgraded its facilities but was unable to run them efficiently. The aging "Rosenberg" building in particular was using more water than was required for energy exchange. With the help of eleven Belimo Energy Valves™, the problems could be identified, localized and eliminated. Optimal control meant that the quantity of water being circulated was significantly reduced and the various zones provided with the exact output required. The efficiency of the facility was particularly improved by reducing the pump performance; this alone saved over USD 50 000 per year for the building.

### **Further developing building technology**

The "Umwelt Arena Spreitenbach" (Switzerland) realizes with the support of Belimo the world's first energy self-sufficient, purely solar-powered multi-family house that meets stringent environmental and energy standards and needs no external energy supply.

The Swiss research and innovation building "NEST" (Next Evolution in Sustainable 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.

## **Internal processes and standards**

### **Environmental directives**

The Hinwil site adheres to the international environmental management system ISO 14001. The United States sites were also certified in 2015.

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.

### **Materials**

The materials used are carefully selected to ensure that as little damage as possible is caused to the environment. Auxiliary materials such as solvents, resins, paints or lead are not used at all, or only in very small quantities.

# Ecological awareness

The suppliers of cardboard packaging for the Hinwil site implement the RESY guidelines in their production activities, so all transport packaging consists of ecologically harmless materials and can be recycled. The consistent use of reusable cardboard packaging between Belimo and suppliers saves on packaging materials.

## Procurement

More than 80 percent of the costs of manufacturing of Belimo products are incurred by a network of suppliers and partners. They make a major contribution to quality, innovative capacity and sustainability. When it comes to environmental and social standards, Belimo is as demanding on itself as it is on suppliers. They are involved in the environmental and quality policy.

Belimo expects its suppliers to make a clear commitment to sustainability principles. These requirements are set out in the code of conduct for suppliers and reflect what is in internal guidelines. The code of conduct has been signed by more than one hundred suppliers, which equates to around 90 percent of the procurement volume. Both new and existing suppliers are regularly audited on site, for compliance with the code of conduct amongst other things.

## Production and logistics

The transfer of knowledge and technology between production locations ensures safe, efficient and resource-saving production processes. On almost every continent, the final assembly of the valve-actuator combinations takes place on site. Components procured locally are delivered by suppliers directly to customizing centers to be assembled, shortening the transport routes to customers.

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, and energy-intensive air freight is minimized on an ongoing basis. Standardized large packages are increasingly being used between Belimo sites allowing for automatic storage or further processing without having to be repacked.

## Recycling and disposal

Waste is sent for recycling whenever possible. Internal collection points ensure the waste is properly sorted and recycled. These measures allow more than half of the waste produced to be recycled. The remaining waste is sent to the nearby waste incineration plant. Disposal transportation is consolidated.

## Energy-efficient premises

The logistics expansion in Hinwil was built to meet the latest energy-saving criteria. All storage and retrieval equipment in the automated warehouse and all goods lifts feature energy recovery systems. The internal logistics conveyor belts are all individually controlled and shut down when not in use. The logistics expansion was additionally insulated so as to minimize temperature fluctuations caused by the cold ground water.

In addition, seven charging points for electric cars that can be used by customers and employees are offered at the main building.

The energy for heating the office, production and logistics facilities in Hinwil comes from the neighboring waste incineration plant in the form of district heating.

## Procurement by region



■ Europe 74%  
■ Asia/Pacific 18%  
■ Americas 8%

## Waste management



■ Recycling 62%  
■ Disposal 38%

# Ecological awareness

The premises in Hinwil are continually reviewed and adapted for comfort and energy efficiency. An analysis program collects environmental and energy data which is used as a basis for optimization measures.

The new production, logistics and administration building in Danbury has been built in compliance with the LEED standards for sustainable construction. The Sparks site has already been awarded gold certification, and Danbury is now aiming to achieve this as well.

## Key figures 2011 – 2015

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

	Unit	2015	2014	2013	2012	2011
<b>Environmental indicators</b>						
Number of actuators produced	in million items	5.6	5.5	5.1	4.8	4.6
<b>Utilization</b>						
Paper (A4, A3 sheet) only office						
Copiers, printers	kg per FTE	13.8	15.4	12.8	13.9	15.2
Buildings and total energy consumption						
Electricity	MWh	7 360*	5 312*	4 782	4 275	4 383
Heat energy						
District heating (Hinwil)	MWh	1 154	814	1 191	1 199	986
Gas (Danbury)	MWh	2 870*	1 547*	973	1 040	924
Mains water	m <sup>3</sup>	6 930**	8 682	8 647	8 486	8 098
<b>Recycling and disposal</b>						
Waste for recycling	t	458	452	340	377	353
Waste for incineration	t	190	165	145	116	108
Remaining waste	t	87	92	65	70	96
Hazardous waste (electronics, separated materials)	t		1	37	32	28
Sanitary water	m <sup>3</sup>	6 490**	8 682	8 647	8 486	8 098

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

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

# Social responsibility

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

## Corporate culture

### Values

The mission statement and code of conduct contain the principles for internal cooperation, conduct at the workplace 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 the applicable laws or ethical standards.

New employees learn about the values and quality standards during their introduction to the Company. The individual employee's long-term ability to internalize and put those values into practice is also part of the annual employee appraisal.

### Company

In Hinwil, assembly and packaging work is given to workshops for the disabled. The location in Danbury provides more than 45 disabled people with jobs. Belimo received the "Business Leadership Award" from the "Ability Beyond" organization for its many years of pioneering work with disabled people.

Belimo supports the "United Way of Western Connecticut" organization, which helps families and households in difficulties. On the "United Way Day of Action", employees in the United States have the opportunity to use a working day to perform voluntary work.

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 to their workplace for an entire day.

## Sustainable personnel policy

### Employees

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 equally valued by employees and the Company itself. In Hinwil, around 30 percent of employees work on a part-time basis.

Belimo works at all levels with a performance and behavioral appraisal system. This includes regular assessments of individual goal achievement, as well as a discussion of appraisals and the corresponding measures to be introduced with employees. 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 remuneration system allows employees to participate in the Company's success.

The process for the employee survey carried out in 2014 was continued in 2015 for all group divisions, as the actions identified were implemented. Most of the improvements targeted fall under the heading "Organization & Processes".

## **Training, personal and career development**

Belimo helps employees develop their specialist knowledge. Thorough introduction programs ensure that new recruits are fully familiarized with their tasks and responsibilities and the corporate culture. An internal training program provides the opportunity to keep knowledge and skills constantly aligned with responsibilities. Employees' personal development is supported. Time spent abroad at one of the Company's other locations is considered an opportunity for professional and personal development and brings added value for the Company.

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

## **Promoting new talent**

Belimo promotes new talent and provides apprenticeships to 21 trainees in six different professional areas. An extra apprenticeship place has been created for a young athlete who competes on the luge. Since August 2015, she has been completing her two years of practical experience at Belimo as part of her vocational training to become a commercial administrator. This will allow her to work towards her sporting goal of competing at the 2018 Olympics while simultaneously laying the foundations for her professional career.

For the first time, a trainee spent seven weeks in Danbury as part of her commercial training. This deployment abroad helped her to improve her English and gain experience in a different cultural environment. Based on the positive experiences, the exchange will be continued and expanded to cover technical trainees.

Belimo holds a parents' evening every year, which provides parents with an insight into the Company and the work performed by their sons and daughters. As part of this evening, the trainees present their apprenticeship project. In 2015, they looked at the logistics expansion and made a short film about it.

## **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 repeatedly receives training on the handling of various medical emergencies. The approximately 35 specially trained individuals are located in all parts of the buildings. In sensitive areas, emergency boards provide information and first aid kits are available in the event of accidents.

The Hinwil and Danbury sites are continually investing in occupational safety and ergonomics. This is being reviewed on site involving external consultants. A robotic palletizer has been acquired at Hinwil, so some of the heavy manual re-packing work will no longer be necessary in future.

The BelimoVital program to promote occupational health includes targeted relaxation and strengthening exercises, training in workplace ergonomics and other specific activities. Campaigns like "Bike to Work" and running events are very popular.

These offerings improve the satisfaction, health and motivation of employees.

# Financial Report

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# Consolidated financial statements

## Balance sheet

in CHF 1 000	Note	12.31.2015	12.31.2014
Cash and cash equivalents	4	67 687	92 345
Securities	5	159	21
Trade accounts receivable	6	67 521	67 333
Income tax receivable		674	717
Other accounts receivable and accruals	7	7 819	7 742
Inventories	8	80 682	78 077
<b>Current assets</b>		<b>224 542</b>	<b>246 235</b>
Property, plant and equipment	9	172 398	159 704
Intangible assets	10	12 309	12 933
Financial assets	5	983	1 072
Deferred tax assets	11	2 809	4 570
<b>Non-current assets</b>		<b>188 499</b>	<b>178 279</b>
<b>Assets</b>		<b>413 041</b>	<b>424 514</b>
Current financial liabilities	12		20 000
Trade accounts payable	13	13 774	14 850
Income tax payable		2 080	4 550
Other liabilities and deferrals	14	31 616	33 426
<b>Current liabilities</b>		<b>47 470</b>	<b>72 826</b>
Deferred tax liabilities	11	10 000	10 381
Provisions	15	6 067	6 275
Post-employment benefits	16	12 548	18 113
<b>Non-current liabilities</b>		<b>28 615</b>	<b>34 769</b>
<b>Liabilities</b>		<b>76 085</b>	<b>107 595</b>
Share capital	17	615	615
Treasury shares	17	-536	-564
Capital reserves	17	22 222	22 184
Retained earnings	17	314 655	294 684
<b>Shareholders' equity</b>		<b>336 956</b>	<b>316 919</b>
<b>Liabilities and shareholders' equity</b>		<b>413 041</b>	<b>424 514</b>



# Consolidated financial statements

## Income statement

in CHF 1 000	Note	2015	%*	2014	%*
Net sales	18	493 299	100.0	493 919	100.0
Other operating income	19	2 044	0.4	893	0.2
Material expenses		-206 648	-41.9	-205 243	-41.6
Personnel expenses	20	-139 573	-28.3	-132 136	-26.8
Other operating expenses	21	-53 304	-10.8	-57 831	-11.7
Depreciation and amortization	9, 10	-21 188	-4.3	-18 352	-3.7
<b>Operating income (EBIT)</b>		<b>74 630</b>	<b>15.1</b>	<b>81 250</b>	<b>16.5</b>
Financial income	22	540	0.1	2 532	0.5
Financial expenses	22	-7 664	-1.6	-2 026	-0.4
<b>Financial result</b>		<b>-7 124</b>	<b>-1.4</b>	<b>506</b>	<b>0.1</b>
<b>Income before taxes (EBT)</b>		<b>67 506</b>	<b>13.7</b>	<b>81 756</b>	<b>16.6</b>
Income taxes	23	-11 277	-2.3	-14 563	-2.9
<b>Net income</b>		<b>56 229</b>	<b>11.4</b>	<b>67 193</b>	<b>13.6</b>
Attributable to shareholders of BELIMO Holding AG		56 229	11.4	67 193	13.6
<b>Earnings per share in CHF</b>	24	<b>91.52</b>		<b>109.52</b>	

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

\* in percent of net sales

## Statement of comprehensive income

in CHF 1 000	Note	2015	2014
<b>Net income</b>		<b>56 229</b>	<b>67 193</b>
Translation differences		-1 553	7 440
<b>Items to be reclassified subsequently to the income statement</b>		<b>-1 553</b>	<b>7 440</b>
Revaluation of post-employment benefits	16	6 217	-16 429
Tax effect	11	-987	2 419
<b>Items not to be reclassified subsequently to the income statement</b>		<b>5 231</b>	<b>-14 010</b>
<b>Other comprehensive income after taxes</b>		<b>3 678</b>	<b>-6 570</b>
<b>Total comprehensive income</b>		<b>59 907</b>	<b>60 623</b>
Attributable to shareholders of BELIMO Holding AG		59 907	60 623

# 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
<b>As at January 1, 2014</b>	<b>615</b>	<b>-3 856</b>	<b>16 733</b>	<b>-8 610</b>	<b>282 579</b>	<b>273 969</b>	<b>287 461</b>
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
<b>Other comprehensive income after taxes</b>				<b>7 440</b>	<b>-14 010</b>	<b>-6 570</b>	<b>-6 570</b>
Net income					67 193	67 193	67 193
<b>Total comprehensive income</b>				<b>7 440</b>	<b>53 183</b>	<b>60 623</b>	<b>60 623</b>
Purchase of treasury shares		-37					-37
Sale of treasury shares		3 328	5 451				8 779
Dividends					-39 908	-39 908	-39 908
<b>As at December 31, 2014</b>	<b>615</b>	<b>-564</b>	<b>22 184</b>	<b>-1 170</b>	<b>295 854</b>	<b>294 684</b>	<b>316 919</b>
Translation differences				-1 553		-1 553	-1 553
Revaluation of post-employment benefits					6 217	6 217	6 217
Tax effect					-987	-987	-987
<b>Other comprehensive income after taxes</b>				<b>-1 553</b>	<b>5 231</b>	<b>3 678</b>	<b>3 678</b>
Net income					56 229	56 229	56 229
<b>Total comprehensive income</b>				<b>-1 553</b>	<b>61 460</b>	<b>59 907</b>	<b>59 907</b>
Sale of treasury shares		28	38				66
Dividends					-39 936	-39 936	-39 936
<b>As at December 31, 2015</b>	<b>615</b>	<b>-536</b>	<b>22 222</b>	<b>-2 723</b>	<b>317 378</b>	<b>314 655</b>	<b>336 956</b>

# Consolidated financial statements

## Cash flow statement

in CHF 1 000	Note	2015	2014
Net income		56 229	67 193
Income taxes	23	11 277	14 563
Interest result	22	457	-62
Depreciation of property, plant and equipment	9	16 597	13 458
Amortization of intangible assets	10	4 591	4 894
Income from the sale of property, plant and equipment	9	-228	-185
Other non-cash items		-110	-292
Change in accounts receivable and other current assets		103	-10 240
Change in inventories		-3 291	-8 602
Change in accounts payable and other current liabilities		-1 830	9 521
Change in provisions	15	-178	-4
Income tax paid		-13 246	-16 165
<b>Cash flow from operating activities</b>		<b>70 371</b>	<b>74 080</b>
Investments in property, plant and equipment	9	-29 434	-53 126
Investments in intangible assets	10	-4 597	-2 015
Sale/(Purchase) of financial assets and securities		57	-131
Sale of property, plant and equipment		261	230
Interest received	22	380	717
Payment of residual purchase price for acquisition from earlier periods	2		-1 208
<b>Cash flow from investing activities</b>		<b>-33 333</b>	<b>-55 534</b>
Purchase of treasury shares	17		-37
Sale of treasury shares	17	66	8 779
Dividend distribution	17	-39 936	-39 908
Interest paid		-695	-730
Repayment of current financial liabilities	12	-20 000	
<b>Cash flow from financing activities</b>		<b>-60 565</b>	<b>-31 896</b>
Translation differences arising from cash and cash equivalents		-1 131	1 213
<b>Net cash decrease</b>		<b>-24 658</b>	<b>-12 137</b>
Cash and cash equivalents at beginning of period		92 345	104 482
<b>Cash and cash equivalents at end of period</b>	4	<b>67 687</b>	<b>92 345</b>

# 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, 2015.

### 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

The consolidated financial statements have been prepared in Swiss francs (CHF) and are rounded to the nearest thousand. Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount. The consolidated financial statements are 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 at which 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 Change in presentation of income statement

Belimo re-assessed the presentation of the consolidated income statement and has implemented certain reclassifications. The changes in inventory which have been presented as a separate line item in the past are now included in material expenses. The cost of inventories mainly comprises material costs and only to a minor extent other cost components. The amount of the net change in finished goods is disclosed in note 8 Inventories. Due to materiality reasons capitalized own services are presented within other operating income and not as a separate line item anymore. The prior year figures have been restated.

### 1.5 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 have not yet entered into force and have not been applied to these consolidated financial statements early.

# Notes to the consolidated financial statements

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 the following table merely represents an initial assessment on the part of the Group Executive Committee.

Standard	Entry into force	Planned application
<b>New standards</b>		
IFRS 15 Revenue from Contracts with Customers	***	1.1.2018
IFRS 9 Financial Instruments	***	1.1.2018
<b>Amendments of standards</b>		
IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	*	1.1.2016
IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	*	1.1.2016
Annual Improvements to IFRSs 2012–2014 Cycle	**	1.1.2016
IAS 1: Disclosure Initiative	**	1.1.2016

\* 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.

## 1.6 Consolidation methods

### 1.6.1 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.

### 1.6.2 Acquisition accounting

The consolidation of capital at the time of acquisition is based on the acquisition method. The purchase price of an acquisition is calculated from the sum of the fair value of the assets transferred, the liabilities incurred and the equity instruments issued by the Group. Pre-existing relationships are effectively settled with the acquisition and are 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

## **1.6.3 Eliminations**

Assets, liabilities, income and expenses are recognized on a one hundred 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.

## **1.7 Currency translation**

### **1.7.1 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 denominated 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.

### **1.7.2 Foreign Group companies**

Financial statements of foreign Group companies denominated in foreign currencies are translated into Swiss francs 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.

## **1.8 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.

## **1.9 Property, plant and equipment**

### **1.9.1 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.

### **1.9.2 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.

# Notes to the consolidated financial statements

## 1.9.3 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.

## 1.9.4 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, 50 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.

## 1.10 Intangible assets

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

### 1.10.1 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 1.15 Impairment test).

### 1.10.2 Research and development

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

# Notes to the consolidated financial statements

Other development costs are charged as expenses in the income statement. Capitalized development costs are carried at cost less accumulated amortization and impairments (see 1.15 Impairment test).

## **1.10.3 Other intangible assets**

Other intangible assets are carried at cost less accumulated amortization and impairments (see 1.15 Impairment test).

## **1.10.4 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 at which they are incurred.

## **1.10.5 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.

## **1.11 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 the settlement date.

## **1.12 Accounts receivable**

Accounts receivable are carried at their amortized historical cost which is 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 there are objective indications that the outstanding amount will not be received in full, as well as general allowances for groups of receivables with similar risk profiles. The general allowances cover losses that, in the 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.



# Notes to the consolidated financial statements

## **1.13 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.

## **1.14 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.

## **1.15 Impairment test**

### **1.15.1 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 affecting net income.

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.

### **1.15.2 Calculation of recoverable amount**

The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. To determine the value in use, the estimated future cash flows are discounted using a pre-tax 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.

### **1.15.3 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.

# Notes to the consolidated financial statements

## **1.16 Shareholders' equity**

### **1.16.1 Share capital**

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

### **1.16.2 Treasury shares**

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

### **1.16.3 Dividends**

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

## **1.17 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.

## **1.18 Post-employment benefits**

### **1.18.1 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.

### **1.18.2 Defined benefit plans**

The present value of the defined benefit obligation and the fair value of the plan assets are determined annually by independent insurance experts 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 maturities approximating to the terms of the related defined benefit obligation.

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.

## **1.19 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.

## **1.20 Trade accounts payable and other current liabilities**

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

## **1.21 Sales and realization of revenue**

Sales are recognized after the 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.

# Notes to the consolidated financial statements

## **1.22 Financial result**

The financial result is composed primarily of interest expenses 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.

## **1.23 Leasing**

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

## **1.24 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**

BELIMO Turkey Otomasyon A.Ş. was founded on September 4, 2015, in Istanbul, Turkey. In the previous year, there were no changes to the scope of consolidation. The retained portion of the purchase price for BELIMO Servomotoren B.V., acquired in 2012, was settled in the previous year (CHF 1.3 million inclusive interest).

## **3 Segment reporting**

Belimo develops, produces and distributes actuator solutions and valve systems for 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.

# Notes to the consolidated financial statements

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 geographically 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, Americas, Asia/Pacific.** Distribution and sale of Belimo products in the respective market region.

**Shared Services.** 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. 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
<b>2014</b>						
<b>Income statement</b>						
Net sales to third parties	270 359	170 914	52 646			493 919
Other operating income				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
<b>Segment profit</b>	<b>229 202</b>	<b>142 387</b>	<b>41 275</b>	<b>-135 270</b>	<b>8 455</b>	<b>286 049</b>
Non-allocated other operating income						443
Non-allocated material expenses						-205 243
Non-allocated financial result						506
<b>Income before taxes (EBT)</b>						<b>81 756</b>
Investments	733	21 732	295	32 382		55 141
<b>Balance sheet as at December 31, 2014</b>						
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
<b>Total assets</b>						<b>424 514</b>
<b>2015</b>						
<b>Income statement</b>						
Net sales to third parties	244 029	191 902	57 368			493 299
Other operating income				1 752		1 752
Personnel and other operating expenses	-35 563	-28 499	-12 042	-125 577	8 804	-192 877
Depreciation and amortization	-2 208	-3 643	-269	-15 067		-21 188
<b>Segment profit</b>	<b>206 258</b>	<b>159 759</b>	<b>45 057</b>	<b>-138 893</b>	<b>8 804</b>	<b>280 986</b>
Non-allocated other operating income						292
Non-allocated material expenses						-206 648
Non-allocated financial result						-7 124
<b>Income before taxes (EBT)</b>						<b>67 506</b>
Investments	1 557	2 420	284	29 770		34 031
<b>Balance sheet as at December 31, 2015</b>						
Trade accounts receivable (net)	48 156	28 096	11 459		-20 190	67 521
Property, plant and equipment and intangible assets	6 079	54 567	702	123 358		184 707
Non-allocated assets						160 813
<b>Total assets</b>						<b>413 041</b>

# Notes to the consolidated financial statements

in CHF 1 000	2015	Share	2014	Share
<b>Sales by application</b>				
Air	286 138	58%	299 330	61%
Water	207 161	42%	194 589	39%
<b>Total</b>	<b>493 299</b>	<b>100%</b>	<b>493 919</b>	<b>100%</b>

## Information on geographic regions

in CHF 1 000	Net sales to third parties		Property, plant and equipment, intangible assets	
	2015	2014	12.31.2015	12.31.2014
Switzerland	16 827	17 663	112 122	96 457
Germany	56 113	63 939	413	395
USA	155 164	136 604	65 710	67 451
Other regions	265 195	275 713	6 461	8 333
<b>Total</b>	<b>493 299</b>	<b>493 919</b>	<b>184 707</b>	<b>172 637</b>

## 4 Cash and cash equivalents

in CHF 1 000	12.31.2015	12.31.2014
in CHF	24 678	33 548
in EUR	10 631	18 633
in USD	20 338	16 603
in other currencies	12 040	12 042
<b>Bank and postal accounts, cash on hand</b>	<b>67 687</b>	<b>80 827</b>
in CHF		3 100
in EUR		8 418
<b>Term deposits</b>		<b>11 518</b>
<b>Total</b>	<b>67 687</b>	<b>92 345</b>

Bank and postal accounts earned an average interest of 0.12 percent and term deposits earned an average interest of 0.52 percent.

## 5 Securities and financial assets

Securities held for trading consist exclusively of forward foreign exchange contracts with residual terms of up to 306 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.

# Notes to the consolidated financial statements

## 6 Trade accounts receivable

in CHF 1 000	12.31.2015	12.31.2014
Trade accounts receivable	69 430	69 230
Allowances	-1 909	-1 898
<b>Total</b>	<b>67 521</b>	<b>67 333</b>

Trade accounts receivable break down into the following currencies:

in CHF 1 000	12.31.2015	12.31.2014
in CHF	2 486	4 499
in EUR	15 939	16 259
in USD	28 447	26 186
in other currencies	20 649	20 389
<b>Total</b>	<b>67 521</b>	<b>67 333</b>

Trade accounts receivable break down into the following regions:

in CHF 1 000	12.31.2015	12.31.2014
Europe	28 067	29 781
Americas	28 096	26 342
Asia/Pacific	11 358	11 210
<b>Total</b>	<b>67 521</b>	<b>67 333</b>

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 50.6 days (previous year 46.7 days).

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

in CHF 1 000	Individual allowances		General allowances	
	2015	2014	2015	2014
<b>Balance as at January 1</b>	<b>-1 234</b>	<b>-1 504</b>	<b>-664</b>	<b>-577</b>
Change	-49	259	-38	-81
Translation differences	63	11	13	-5
<b>Balance as at December 31</b>	<b>-1 221</b>	<b>-1 234</b>	<b>-688</b>	<b>-664</b>

As at December 31, 2015, individual allowances were at CHF 1.2 million (previous year CHF 1.2 million). In the year under review, new individual allowances were formed, amounting to CHF 0.3 million (previous year CHF 0.3 million).

# Notes to the consolidated financial statements

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

in CHF 1 000	12.31.2015		12.31.2014	
	Gross	Allowances	Gross	Allowances
Not due	55 397		55 176	
1 to 30 days overdue	8 270	-300	8 931	-310
31 to 180 days overdue	4 542	-389	3 890	-354
<b>Total</b>	<b>68 210</b>	<b>-688</b>	<b>67 996</b>	<b>-664</b>

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	12.31.2015	12.31.2014
Value-added taxes and social security credit balances	4 871	4 971
Advance payments	1 925	1 890
Other receivables and accruals qualifying as financial instruments	1 024	880
<b>Total</b>	<b>7 819</b>	<b>7 742</b>

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.

## 8 Inventories

in CHF 1 000	12.31.2015	12.31.2014
Raw materials and supplies	46 132	44 715
Work in progress	257	376
Finished goods	34 293	32 987
<b>Total inventories (net)</b>	<b>80 682</b>	<b>78 077</b>
Impairment on raw materials and supplies	-3 430	-3 908
Impairment on finished goods	-4 537	-3 561
<b>Total impairments</b>	<b>-7 967</b>	<b>-7 469</b>

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 138 days (previous year 129 days).

Depending on the inventory period, any write-down of inventories is based on Group-wide guidelines. Impairments amount to 9.0 percent (previous year 8.7 percent) of the gross value of inventories, of which CHF 2.4 million were charged to income in the year under review (previous year CHF 2.0 million).

The net increase in inventory on finished goods was CHF 1.3 million (previous year CHF 5.5 million).



# Notes to the consolidated financial statements

## 9 Property, plant and equipment

in CHF 1 000	Land, buildings	Tools, machinery	Furniture, fixtures	Advance payments, assets under con- struction	Total
<b>Purchase costs</b>					
<b>As at January 1, 2014</b>	<b>97 240</b>	<b>80 959</b>	<b>20 440</b>	<b>22 829</b>	<b>221 468</b>
Additions	24 774	10 891	4 126	13 334	<b>53 126</b>
Disposals	-259	-11 470	-5 200		<b>-16 929</b>
Reclassifications	20 304	1 311	15	-21 630	
Translation differences	5 224	1 191	593	435	<b>7 442</b>
<b>As at December 31, 2014</b>	<b>147 282</b>	<b>82 882</b>	<b>19 975</b>	<b>14 969</b>	<b>265 108</b>
Additions	18 420	6 983	3 137	894	<b>29 434</b>
Disposals	-279	-4 725	-2 572		<b>-7 576</b>
Reclassifications	14 465	530	-96	-14 899	
Translation differences	213	-15	-608	1	<b>-409</b>
<b>As at December 31, 2015</b>	<b>180 101</b>	<b>85 655</b>	<b>19 837</b>	<b>964</b>	<b>286 557</b>
<b>Depreciation</b>					
<b>As at January 1, 2014</b>	<b>-29 847</b>	<b>-61 926</b>	<b>-15 952</b>		<b>-107 725</b>
Depreciation	-2 976	-7 806	-2 676		<b>-13 458</b>
Disposals	259	11 470	5 155		<b>16 884</b>
Translation differences	-134	-646	-324		<b>-1 104</b>
<b>As at December 31, 2014</b>	<b>-32 699</b>	<b>-58 908</b>	<b>-13 797</b>		<b>-105 404</b>
Depreciation	-5 618	-8 423	-2 555		<b>-16 597</b>
Disposals	269	4 720	2 554		<b>7 544</b>
Translation differences	-131	-12	441		<b>298</b>
<b>As at December 31, 2015</b>	<b>-38 178</b>	<b>-62 624</b>	<b>-13 357</b>		<b>-114 159</b>
<b>Carrying amounts</b>					
As at January 1, 2014	67 392	19 032	4 489	22 829	<b>113 743</b>
<b>As at December 31, 2014</b>	<b>114 584</b>	<b>23 974</b>	<b>6 178</b>	<b>14 969</b>	<b>159 704</b>
<b>As at December 31, 2015</b>	<b>141 923</b>	<b>23 031</b>	<b>6 479</b>	<b>964</b>	<b>172 398</b>

The reclassifications of advance payments and assets under construction mainly concern the expansion building in Hinwil, which was completed in the year under review.

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

Commitments for investments in property, plant and equipment amounted to CHF 3.0 million (previous year CHF 20.0 million).

# Notes to the consolidated financial statements

## 10 Intangible assets

in CHF 1 000	Software and other intangible assets	Customer relationships	Internally generated intangible assets	Total
<b>Purchase costs</b>				
<b>As at January 1, 2014</b>	<b>16 563</b>	<b>16 779</b>	<b>5 992</b>	<b>39 334</b>
Additions	1 566		450	<b>2 015</b>
Disposals	-41			<b>-41</b>
Translation differences	154	-364		<b>-210</b>
<b>As at December 31, 2014</b>	<b>18 240</b>	<b>16 415</b>	<b>6 442</b>	<b>41 097</b>
Additions	2 527	317	1 752	<b>4 597</b>
Disposals	-490	-3 307		<b>-3 797</b>
Translation differences	2	-1 612		<b>-1 609</b>
<b>As at December 31, 2015</b>	<b>20 280</b>	<b>11 814</b>	<b>8 194</b>	<b>40 288</b>
<b>Amortization</b>				
<b>As at January 1, 2014</b>	<b>-13 478</b>	<b>-8 623</b>	<b>-1 358</b>	<b>-23 458</b>
Amortization	-1 860	-1 913	-1 121	<b>-4 894</b>
Disposals	41			<b>41</b>
Translation differences	-84	231		<b>147</b>
<b>As at December 31, 2014</b>	<b>-15 381</b>	<b>-10 305</b>	<b>-2 478</b>	<b>-28 164</b>
Amortization	-1 887	-1 414	-1 291	<b>-4 591</b>
Disposals	490	3 307		<b>3 797</b>
Translation differences	1	980		<b>980</b>
<b>As at December 31, 2015</b>	<b>-16 776</b>	<b>-7 432</b>	<b>-3 770</b>	<b>-27 978</b>
<b>Carrying amounts</b>				
As at January 1, 2014	3 085	8 156	4 634	<b>15 875</b>
<b>As at December 31, 2014</b>	<b>2 860</b>	<b>6 110</b>	<b>3 963</b>	<b>12 933</b>
<b>As at December 31, 2015</b>	<b>3 503</b>	<b>4 382</b>	<b>4 424</b>	<b>12 309</b>

CHF 1.2 million (previous year CHF 0.5 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.

Commitments for investments in intangible assets amounted to CHF 0.1 million (previous year CHF 0.3 million).

# Notes to the consolidated financial statements

## 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	12.31.2015 net	Tax assets	Tax liabilities	12.31.2014 net
Accounts receivable	169	-994	-825	133	-991	-858
Inventories	324	-1 970	-1 646	338	-1 590	-1 252
Property, plant and equipment	221	-5 554	-5 333	381	-5 581	-5 201
Intangible assets	0	-1 656	-1 656	14	-2 056	-2 042
Current liabilities	186	-193	-7	1 096	-276	820
Provisions	43		43	27		27
Post-employment benefits	1 743		1 743	2 629		2 629
Loss carry-forwards and tax credits	490		490	67		67
<b>Total tax assets/(liabilities)</b>	<b>3 176</b>	<b>-10 367</b>	<b>-7 192</b>	<b>4 684</b>	<b>-10 495</b>	<b>-5 811</b>
Offsetting	-367	367		-114	114	
<b>Deferred tax assets/(liabilities) (net)</b>	<b>2 809</b>	<b>-10 000</b>	<b>-7 192</b>	<b>4 570</b>	<b>-10 381</b>	<b>-5 811</b>

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

in CHF 1 000	2015	2014
<b>Deferred tax liabilities (net) as at January 1</b>	<b>-5 811</b>	<b>-9 147</b>
Deferred income taxes recognized in the income statement	-388	794
Deferred income taxes recognized in other comprehensive income	-987	2 419
Translation differences	-7	123
<b>Deferred tax liabilities (net) as at December 31</b>	<b>-7 192</b>	<b>-5 811</b>

The Group has the following deferred tax assets relating to utilizable tax loss carry-forwards and tax credits. There were no unrecognized deferred taxes on loss carry-forwards.

in CHF 1 000	Expiry 2-5 years	No expiry	12.31.2015	12.31.2014
Deferred tax assets on tax loss carry-forwards and tax credits with capitalized tax effect	28	462	<b>490</b>	<b>67</b>

# Notes to the consolidated financial statements

## 12 Financial liabilities

The bank debt of CHF 20.0 million denominated in Swiss francs with an effective interest rate of 3.2 percent was fully settled in the year under review (previous year bank debt of CHF 20.0 million with an effective interest rate of 3.1 percent).

In the previous year, the fair value of the financial liabilities was CHF 20.4 million.

The framework agreements with a credit limit of CHF 70 million in total are not subject to any covenants. No tranches were drawn down in the year under review.

## 13 Trade accounts payable

Trade accounts payable break down into the following currencies:

in CHF 1 000	12.31.2015	12.31.2014
in CHF	4 755	5 470
in EUR	4 312	5 000
in USD	3 700	3 090
in other currencies	1 007	1 289
<b>Total</b>	<b>13 774</b>	<b>14 850</b>

## 14 Other liabilities and deferrals

in CHF 1 000	12.31.2015	12.31.2014
Derivative financial instruments	348	370
Value-added taxes, social security liabilities and deferrals	8 003	7 627
Advance payments	431	677
Other liabilities and deferrals qualifying as financial instruments	22 834	24 752
<b>Total</b>	<b>31 616</b>	<b>33 426</b>

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

# Notes to the consolidated financial statements

## 15 Provisions

in CHF 1 000	Warranties	Others	Total 2015	Total 2014
<b>As at January 1</b>	<b>5 856</b>	<b>419</b>	<b>6 275</b>	<b>6 285</b>
Increase	4 126	76	4 202	4 149
Utilization	-3 656		-3 656	-4 142
Reversals	-723		-723	-10
Translation differences		-30	-30	-6
<b>As at December 31</b>	<b>5 602</b>	<b>465</b>	<b>6 067</b>	<b>6 275</b>

Provisions for warranties are calculated on the basis of returns in the past and generally cover a warranty 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.

## 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 99.7 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 reviewed at least once a year. An additional post-employment benefit plan at a collective foundation in Switzerland exists for the Group Executive Committee.

# Notes to the consolidated financial statements

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

In the year under review, the Foundation Board of the post-employment benefit plan of BELIMO Automation AG concluded amendments to the existing plan. As of January 1, 2016, a reduced conversion rate will be applied, and simultaneously the retirement credits shall be increased and a one-time credit to the retirement assets will be distributed. The past service costs of CHF –0.5 million were calculated as the difference between the defined benefit obligations under the new and the previous plan. In the previous year, there were no amendments to the plan.

in CHF 1 000	12.31.2015	12.31.2014
<b>Defined benefit obligations</b>		
Present value of defined benefit obligations from plans with funded status	216 769	208 812
Fair values of plan assets	–204 972	–191 603
<b>Deficit of plans with funded status</b>	<b>11 797</b>	<b>17 209</b>
Present value of defined benefit obligations from plans with unfunded status	751	904
<b>Recognized net defined benefit obligations in the balance sheet</b>	<b>12 548</b>	<b>18 113</b>

in CHF 1 000	2015	2014
<b>Cost recognized in income</b>		
Current service costs	7 836	5 868
Past service costs	–540	
<b>Total service costs</b>	<b>7 296</b>	<b>5 868</b>
Interest result defined benefit (net)	141	–63
<b>Total costs of defined benefit obligations in the income statement</b>	<b>7 437</b>	<b>5 805</b>

in CHF 1 000	2015	2014
<b>Revaluation of defined benefit</b>		
Change in demographical assumptions	96	
Change in financial assumptions	–4 729	–27 323
Change in empirical value	5 608	213
Return on plan assets (excluding interest income)	5 242	10 681
<b>Total recognized revaluation in the other comprehensive income</b>	<b>6 217</b>	<b>–16 429</b>

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	2015	2014
<b>Present value of defined benefit obligations as at January 1</b>	<b>209 717</b>	<b>171 498</b>
Past service costs	-540	
Current service costs	7 836	5 868
Interest costs	2 285	3 817
Employee contributions	4 644	4 444
Direct benefits paid by employer	-74	-81
Benefits paid from plan assets	-5 285	-2 924
Actuarial (gains)/losses	-975	27 111
Translation differences	-89	-16
<b>Present value of defined benefit obligations as at December 31</b>	<b>217 519</b>	<b>209 717</b>

The cash flow for annuity payments and other obligations can be planned reliably. The weighted average maturity of the defined benefit obligations is 16.8 years (previous year 17.2 years). The investment strategy ensures the availability of liquidity at all times.

Change to plan assets:

in CHF 1 000	2015	2014
<b>Available plan assets at fair values as at January 1</b>	<b>191 603</b>	<b>169 322</b>
Interest income	2 144	3 880
Employer contributions	6 623	6 200
Employee contributions	4 644	4 444
Benefits paid	-5 285	-2 924
Return on plan assets (excluding interest income)	5 242	10 681
<b>Available plan assets at fair values as at December 31</b>	<b>204 972</b>	<b>191 603</b>

## 16.4 Investment portfolio

Composition of the pension scheme's plan assets:

	12.31.2015	12.31.2014
Shares	34.1%	34.4%
Bonds	48.0%	48.3%
Real estate	16.0%	15.9%
Cash and cash equivalents	0.8%	1.4%
Assets held by insurance company	1.1%	
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

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 2016 amount to CHF 6.7 million.

# Notes to the consolidated financial statements

## 16.5 Actuarial assumptions and sensitivity analyses

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

	12.31.2015	12.31.2014
<b>Applied actuarial assumptions Switzerland</b>		
Discount rate	0.9%	1.1%
Interest rate to extrapolate retirement benefits	1.8%	2.0%
Expected salary development	2.0%	2.0%
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.

	12.31.2015	12.31.2014
<b>Increase (+)/decrease (-) of the present value of defined benefit obligations</b>		
<b>Discount rate</b>		
Increase by 25 basis points	-3.1%	-3.8%
Decrease by 25 basis points	3.3%	4.0%
<b>Salary development</b>		
Increase by 50 basis points	0.9%	1.0%
Decrease by 50 basis points	-1.0%	-1.1%
<b>Interest rate to extrapolate retirement benefits</b>		
Increase by 25 basis points	0.4%	1.0%
Decrease by 25 basis points	-0.4%	-1.0%



# Notes to the consolidated financial statements

## 17 Share capital and reserves

### 17.1 Share capital

As at December 31, 2015, the nominal value of the share capital was divided into 615 000 registered shares (fully paid). Each share has a nominal value of CHF 1.00.

	Issued shares	Treasury shares	Total shares in circulation
<b>As at January 1, 2014</b>	615 000	-4 199	<b>610 801</b>
Purchase		-15	<b>-15</b>
Sale		3 609	<b>3 609</b>
<b>As at December 31, 2014</b>	615 000	-605	<b>614 395</b>
Sale		30	<b>30</b>
<b>As at December 31, 2015</b>	615 000	-575	<b>614 425</b>

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 requirements 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 the year under review, BELIMO Holding AG paid a dividend of CHF 39.9 million (CHF 65 per share).

The Board of Directors proposes to the 2016 Annual General Meeting a dividend of CHF 65 per share, which equates to a payout ratio of 71.1 percent. No dividends are paid on treasury shares.

# Notes to the consolidated financial statements

## 17.7 Significant shareholders

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

	12.31.2015	12.31.2014
Montanaro Asset Management Ltd.		3.18%
Ameriprise Financial, Inc.	3.64%	3.88%
The Capital Group Companies, Inc.	4.997%	9.98%
Werner Roner	5.69%	5.69%
Group Linsi	19.28%	19.28%

## 18 Net sales

Net sales of CHF 493.3 million were achieved, with around 37 percent in US dollar, 30 percent in euro, 11 percent in Swiss franc and 22 percent in other currencies.

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

	CHF	Local currencies
Europe	-9.7%	-0.9%
Americas	12.3%	9.7%
Asia/Pacific	9.0%	7.2%
<b>Group</b>	<b>-0.1%</b>	<b>3.6%</b>

In local currencies, net sales of air applications grew by 0.2 percent and net sales of water applications were up 8.9 percent.

Europe contributed with 49 percent (previous year 55 percent), Americas with 39 percent (35 percent) and Asia/Pacific with 12 percent (10 percent) to the Group net sales. The devaluation of the euro and the growth in Americas were the main reasons for the changes compared to prior year.

Overall, movements in exchange rates had an effect on net sales of -3.7 percentage points (previous year -2.1 percentage points).

# Notes to the consolidated financial statements

## 19 Other operating income

Other operating income of CHF 2.0 million (previous year CHF 0.9 million) primarily contains capitalized development costs of CHF 1.8 million (previous year CHF 0.4 million).

## 20 Personnel expenses

in CHF 1 000	2015	2014
Wages and salaries	-107 681	-103 439
Social security	-14 993	-13 710
Defined benefit plans	-7 296	-5 868
Defined contribution plans	-2 507	-2 562
Post-employment benefit expenses	-9 803	-8 430
Other personnel expenses	-7 096	-6 557
<b>Total</b>	<b>-139 573</b>	<b>-132 136</b>

Personnel expenses accounted for 28.3 percent of net sales (previous year 26.8 percent).

## 21 Other operating expenses

in CHF 1 000	2015	2014
Travel and representation	-7 130	-7 890
Rent and cost of business premises	-7 575	-10 063
Consulting	-6 968	-6 278
Marketing	-5 167	-6 387
IT	-5 883	-5 929
Other expenses	-20 583	-21 283
<b>Total</b>	<b>-53 304</b>	<b>-57 831</b>

Other operating expenses accounted for 10.8 percent of net sales (previous year 11.7 percent).

Research and development costs of CHF 34.7 million (previous year CHF 32.4 million) are included mainly in personnel and in other expenses. Thereof, CHF 1.8 million (previous year CHF 0.4 million) were capitalized.

# Notes to the consolidated financial statements

## 22 Financial result

in CHF 1 000	2015	2014
Interest income	380	755
Net income from securities held for trading (derivatives)	161	
Foreign currency gain (net)		1 777
<b>Financial income</b>	<b>540</b>	<b>2 532</b>
Interest expenses	-836	-693
Net expenses from securities held for trading (derivatives)		-366
Foreign currency loss (net)	-5 799	
Other financial expenses (bank charges)	-1 029	-968
<b>Financial expenses</b>	<b>-7 664</b>	<b>-2 026</b>
<b>Total</b>	<b>-7 124</b>	<b>506</b>

The foreign currency loss mainly incurred on cash and cash equivalents, trade accounts receivable and payables.

## 23 Income taxes

The effective tax rate was 16.7 percent (previous year 17.8 percent). Tax expenses can be broken down as follows:

in CHF 1 000	2015	2014
Income taxes relating to current result	-11 717	-15 779
Adjustments from earlier periods	828	423
<b>Current income taxes</b>	<b>-10 889</b>	<b>-15 356</b>
<b>Deferred taxes</b>	<b>-388</b>	<b>794</b>
<b>Income tax recognized</b>	<b>-11 277</b>	<b>-14 563</b>

in CHF 1 000	2015	2014
<b>Income before taxes</b>	<b>67 506</b>	<b>81 756</b>
Expected tax expenses	-11 350	-13 926
applicable tax rate	16.8%	17.0%
Non-deductible expenses	-323	-338
Tax-exempt income	30	181
Tax income from earlier periods	828	423
Non-reclaimable withholding taxes	-213	-221
Effect of companies with mixed tax rates	-247	-573
Change in tax rate	-1	-118
Other	0	9
<b>Income tax recognized</b>	<b>-11 277</b>	<b>-14 563</b>
effective tax rate	16.7%	17.8%

The applicable weighted tax rate was 16.8 percent (previous year 17.0 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

	2015	2014
Net income in CHF 1 000	56 229	67 193
Average number of outstanding shares	614 407	613 540
<b>Earnings per share in CHF</b>	<b>91.52</b>	<b>109.52</b>

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 in 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.

### 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.

# Notes to the consolidated financial statements

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	
	12.31.2015	12.31.2014
Cash and cash equivalents	67 687	92 345
Securities	159	21
Trade accounts receivable	67 521	67 333
Other receivables and accruals qualifying as financial instruments	1 024	880
Financial assets	983	1 072
<b>Total</b>	<b>137 374</b>	<b>161 651</b>

## 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 euro and US dollar.

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 being that the risks can be managed more easily.

In order to hedge the remaining net positions, Group Treasury enters into forward foreign currency hedging transactions. It is mainly the euro and US dollar that are hedged. These currencies regularly have a surplus of incoming payments.

# Notes to the consolidated financial statements

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
<b>As at December 31, 2014</b>								
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
<b>Currency exposure</b>	<b>1 716</b>	<b>4 511</b>	<b>-8 099</b>	<b>29 420</b>	<b>2 536</b>	<b>2 446</b>	<b>5 332</b>	<b>31 689</b>
<b>As at December 31, 2015</b>								
Cash and cash equivalents	315	1 216	4	5 610	1 748	8	22	14 539
Trade accounts receivable	768	3 068	425	12 958	2 214	2 778	3 296	12 301
Other receivables	1	115		10	6	15		178
Financial assets								30
Trade accounts payable	-19		-8 280	-3 866		-6		-3 252
Other payables			-1 016	-2				-3 343
<b>Currency exposure</b>	<b>1 065</b>	<b>4 400</b>	<b>-8 866</b>	<b>14 710</b>	<b>3 967</b>	<b>2 794</b>	<b>3 318</b>	<b>20 453</b>

A five percent change of the mentioned currencies against the Swiss franc as of December 31, 2015, would have the following impact on the income statement, taking into account the existing hedging transactions. This analysis assumes that all other variables are held constant. In the previous year, the change in exchange rates used for the sensitivity analysis was derived from the maximum rate fluctuation in 2014 divided by two.

Effect in CHF 1 000	Exchange gain	Exchange loss
<b>As at December 31, 2014</b>		
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
<b>Total</b>	<b>1 934</b>	<b>-2 580</b>
<b>As at December 31, 2015</b>		
AUD +/- 5.0%	53	-53
CAD +/- 5.0%	220	-220
EUR +/- 5.0%	218	-278
GBP +/- 5.0%	198	-198
HKD +/- 5.0%	140	-140
PLN +/- 5.0%	166	-166
USD +/- 5.0%	-349	336
<b>Total</b>	<b>647</b>	<b>-719</b>

# Notes to the consolidated financial statements

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

in CHF 1 000	12.31.2015	12.31.2014
<b>Foreign currency hedging transactions</b>		
in EUR	9 715	6 634
in USD	27 295	10 057
<b>Total forward foreign exchange contracts</b>	<b>37 011</b>	<b>16 691</b>
<b>Replacement values</b>		
positive	159	21
negative	-348	-370
<b>Total replacement values</b>	<b>-189</b>	<b>-349</b>

Forward foreign exchange contracts are the only financial instruments held by Belimo that are measured at fair value. In the fair value hierarchy according to IFRS 13, these 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.

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 as at December 31, 2015, mature in 306 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 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.

### Market value sensitivity analysis for fixed-rate financial instruments

Belimo does not hold any fixed-rate financial assets or liabilities which are classified at fair value through net income.

### Cash flow sensitivity analysis for variable-rate financial instruments

Belimo has no material exposure to the interest-related cash flow risk.

### 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.



# Notes to the consolidated financial statements

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
<b>As at December 31, 2014</b>				
<b>Non-derivative financial liabilities</b>				
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
<b>Subtotal</b>	<b>59 602</b>	<b>60 117</b>	<b>33 614</b>	<b>26 503</b>
<b>Derivative financial instruments</b>				
Foreign currency hedging transactions	349			
Outflow		–17 059	–17 059	
Inflow		16 691	16 691	
<b>Total</b>	<b>59 952</b>	<b>59 749</b>	<b>33 246</b>	<b>26 503</b>
<b>As at December 31, 2015</b>				
<b>Non-derivative financial liabilities</b>				
Trade accounts payable	13 774	13 774	13 774	
Other payables	22 834	22 834	16 655	6 180
<b>Subtotal</b>	<b>36 609</b>	<b>36 609</b>	<b>30 429</b>	<b>6 180</b>
<b>Derivative financial instruments</b>				
Foreign currency hedging transactions	189			
Outflow		–37 338	–30 196	–7 141
Inflow		37 011	29 900	7 110
<b>Total</b>	<b>36 797</b>	<b>36 282</b>	<b>30 133</b>	<b>6 149</b>

# 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	
	12.31.2015	12.31.2014
<b>Loans and receivables</b>		
Cash and cash equivalents	67 687	92 345
Trade accounts receivable	67 521	67 333
Other receivables and accruals qualifying as financial instruments	1 024	880
Financial assets	983	1 072
<b>Total</b>	<b>137 215</b>	<b>161 630</b>
<b>Financial assets held for trading</b>		
Securities (foreign currency hedging transactions)	159	21
<b>Total</b>	<b>159</b>	<b>21</b>
<b>Financial liabilities valued at amortized cost</b>		
Current financial liabilities		20 000
Trade accounts payable	13 774	14 850
Other liabilities and deferrals qualifying as financial instruments	22 834	24 752
<b>Total</b>	<b>36 609</b>	<b>59 602</b>
<b>Financial liabilities held for trading</b>		
Other liabilities (foreign currency hedging transactions)	348	370
<b>Total</b>	<b>348</b>	<b>370</b>

## 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 17.2 percent as at December 31, 2015. The objective is to maintain or increase this ratio. Furthermore, the Board of Directors strives to achieve a continuous payout ratio. However, it may diverge from this policy based on the economic outlook at any particular time or because of planned future investment activities. In the past five years, the payout ratio has been between 59.5 percent and 71.1 percent.

Belimo can buy or sell treasury shares on the market. Its current holdings of treasury shares are not earmarked for any specific purpose and can be sold on the market at any time.

There are no employee participation programs in force.

# Notes to the consolidated financial statements

## 26 Leasing

Lease agreements exist for the business premises and vehicles used by Group companies. These agreements are classified as operating leases. The terms range between one and eight 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 as at December 31, 2014	3 819	3 680	120	<b>7 618</b>
Lease agreements as at December 31, 2015	2 324	2 677	129	<b>5 130</b>

No contingent rent was paid in the year under review.

## 27 Contingent liabilities

There were no contingent liabilities as at December 31, 2015.

## 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 was made up as follows (see Remuneration Report, pages 34 to 37):

in CHF 1 000	2015	2014
Basic remuneration, bonus and other remuneration components	3 880	3 890
Pension contributions	525	553
<b>Total</b>	<b>4 405</b>	<b>4 443</b>

Breakdown of remuneration by executive and non-executive members:

in CHF 1 000	2015	2014
Board of Directors (non-executive members)	756	755
Group Executive Committee (executive members)	3 649	3 688
<b>Total</b>	<b>4 405</b>	<b>4 443</b>

In total, 2767 shares were held by related parties (previous year 121 422 shares). No shares were granted to related parties or companies during the reporting period.

# Notes to the consolidated financial statements

## 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 and the interest rate to extrapolate retirement benefits 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. 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 year under review. 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 a 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		
	2015	2014	Change	2015	2014	Change
AUD	0.72	0.81	-10.6%	0.72	0.83	-12.3%
BRL	0.25	0.37	-31.7%	0.30	0.39	-22.9%
CAD	0.72	0.85	-16.2%	0.75	0.83	-8.9%
CNY	0.15	0.16	-4.3%	0.15	0.15	3.2%
EUR	1.08	1.20	-10.0%	1.07	1.22	-12.5%
GBP	1.47	1.54	-4.7%	1.46	1.50	-2.7%
HKD	0.13	0.13	0.3%	0.12	0.12	5.1%
INR	0.02	0.02	-4.1%	0.01	0.01	0.3%
NOK	0.11	0.13	-15.4%	0.12	0.15	-18.1%
PLN	0.25	0.28	-9.6%	0.26	0.29	-12.4%
TRY	0.34			0.34		
USD	0.99	0.99	0.2%	0.95	0.91	5.1%

# Notes to the consolidated financial statements

## 31 Subsidiary companies

The following companies were owned by BELIMO Holding AG:

Company	Function	Shareholding interest and voting right		Currency	Share capital in 1 000	
		12.31.2015	12.31.2014		12.31.2015	12.31.2014
BELIMO Actuators Pty. Ltd. (Mulgrave, Melbourne, Australia)	D	100%	100%	AUD	10	10
BELIMO Automation Handelsgesellschaft m.b.H. (Vienna, Austria)	D	100%	100%	EUR	36	36
BELIMO Brasil – Comércio de Automação Ltda. (São Paulo, Brazil)	D	100%	100%	BRL	211	211
BELIMO Aircontrols (CAN), Inc. (Mississauga, Canada)	D	100%	100%	CAD	95	95
BELIMO Actuators Ltd. (Hong Kong, People's Republic of China)	D	100%	100%	HKD	10	10
BELIMO Actuators (Shanghai) Trading Ltd. (Shanghai, People's Republic of China)	P, D	100%	100%	CNY	13 940	13 940
BELIMO Customization (Shanghai) Co. Ltd. (Shanghai, People's Republic of China)	I	100%	100%	CNY	765	765
BELIMO Finland Oy (Helsinki, Finland)	D	100%	100%	EUR	100	100
BELIMO SARL (Courtry, France)	D	100%	100%	EUR	80	80
BELIMO Stellantriebe Vertriebs GmbH (Stuttgart, Germany)	D	100%	100%	EUR	205	205
BELIMO Automation UK Ltd. (Shepperton, Great Britain)	D	100%	100%	GBP	0.1	0.1
BELIMO Actuators (India) Pve Ltd. (Mumbai, Republic of India)	D	100%	100%	INR	773	773
BELIMO Italia S.r.l. (Grassobbio, Italy)	D	100%	100%	EUR	47	47
BELIMO Servomotoren B.V. (Vaassen, Netherlands)	D	100%	100%	EUR	18	18
BELIMO Automation Norge A/S (Oslo, Norway)	D	100%	100%	NOK	501	501
BELIMO Silowniki S.A. (Warsaw, Poland)	D	100%	100%	PLN	500	500
BELIMO Ibérica de Servomotores S.A. (Madrid, Spain)	D	100%	100%	EUR	301	301
BELIMO Automation AG (Hinwil, Switzerland)	P, D, R&D	100%	100%	CHF	500	500
BELIMO Turkey Otomasyon A.Ş. (Istanbul, Turkey)	D	100%*		TRY	1 000	
BELIMO Automation FZE (Dubai, United Arab Emirates)	D	100%	100%	USD	273	273
BELIMO Aircontrols (USA), Inc. (Danbury, United States of America)	D, H	100%	100%	USD	200	200
BELIMO Customization (USA), Inc. (Danbury, United States of America)	P	100%**	100%**	USD	45	45
BELIMO Technology (USA), Inc. (Danbury, United States of America)	R&D	100%**	100%**	USD	30	30

\* Founded September 4, 2015.

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

H = Holding company

P = Production

D = Distribution

R&D = Research and development

I = Inactive

# Notes to the consolidated financial statements

## 32 Events after the balance sheet date

The consolidated financial statements were approved for publication by the Board of Directors on February 23, 2016. They are subject to approval by the Annual General Meeting on April 25, 2016.

There were no significant events after the balance sheet date that could impact the book value of the assets or liabilities or that should be disclosed 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 46 to 84 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, 2015.

### *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, 2015, 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 23, 2016

# Financial statements of BELIMO Holding AG

## Balance sheet

in CHF 1 000	Note	12.31.2015	12.31.2014*
Cash and cash equivalents		32 355	59 060
Other current receivables – Group companies		6 052	1 001
Other current receivables – Third parties		184	81
<b>Current assets</b>		<b>38 591</b>	<b>60 142</b>
Financial assets – Group companies	2.1	135 899	103 958
Financial assets – Third parties		50	50
Investments – Group companies	2.2	48 237	47 902
<b>Non-current assets</b>		<b>184 186</b>	<b>151 910</b>
<b>Assets</b>		<b>222 777</b>	<b>212 052</b>
Other current liabilities – Group companies			562
Other current liabilities – Third parties		355	377
Deferred income and accrued expenses		595	1 304
<b>Current liabilities</b>		<b>950</b>	<b>2 243</b>
Provisions		100	100
<b>Non-current liabilities</b>		<b>100</b>	<b>100</b>
<b>Liabilities</b>		<b>1 050</b>	<b>2 343</b>
Share capital		615	615
Legal capital reserves		9 164	9 164
Legal retained earnings		580	580
Voluntary retained earnings		211 904	199 914
Treasury shares	2.3	-536	-564
<b>Shareholders' equity</b>		<b>221 727</b>	<b>209 709</b>
<b>Liabilities and shareholders' equity</b>		<b>222 777</b>	<b>212 052</b>

\* Aligned to the new reporting requirements of the Swiss Law on Accounting and Financial Reporting.



# Financial statements of BELIMO Holding AG

## Income statement

in CHF 1 000	Note	2015	2014*
Dividend income – Group companies		46 041	46 382
License fees – Group companies		5 438	7 237
Other financial income	2.4	3 164	8 670
<b>Revenue</b>		<b>54 643</b>	<b>62 289</b>
Personnel expenses		-795	-776
Other operating expenses		-466	-536
Financial expenses		-894	-559
Direct taxes		-562	-1 205
<b>Expenses</b>		<b>-2 717</b>	<b>-3 076</b>
<b>Net income</b>		<b>51 926</b>	<b>59 213</b>

\* Aligned to the new reporting requirements of the Swiss Law on Accounting and Financial Reporting.

# Notes to the financial statements

## 1 Principles

### 1.1 General information

The financial statements of BELIMO Holding AG, Hinwil, are prepared according to the principles of the Swiss Law on Accounting and Financial Reporting. The new financial reporting legislation issued on January 1, 2013, was applied the first time to these financial statements. It leads primarily to changes in presentation and additional disclosures. To ensure comparability, the previous year figures were aligned to the new legislation.

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.

### 1.2 Financial assets

Financial assets include long-term loans. Loans granted in foreign currencies are translated at the rate at the balance sheet date, whereby unrealized losses are recorded but unrealized gains are not recognized.

### 1.3 Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expense.

### 1.4 Foregoing a cash flow statement and additional disclosures in the notes

As BELIMO Holding AG has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS), it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement in accordance with the law.

## 2 Information on balance sheet and income statement items

### 2.1 Financial assets – 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.

The valuation of the loans as at December 31, 2015, and 2014, resulted in unrealized gains that were not recognized.

# Notes to the financial statements

## 2.2 Investments – Group companies

The following companies were owned by BELIMO Holding AG:

Company	Function	Shareholding interest and voting right		Currency	Share capital in 1000	
		12.31.2015	12.31.2014		12.31.2015	12.31.2014
BELIMO Actuators Pty. Ltd. (Mulgrave, Melbourne, Australia)	D	100%	100%	AUD	10	10
BELIMO Automation Handelsgesellschaft m.b.H. (Vienna, Austria)	D	100%	100%	EUR	36	36
BELIMO Brasil – Comércio de Automação Ltda. (São Paulo, Brazil)	D	100%	100%	BRL	211	211
BELIMO Aircontrols (CAN), Inc. (Mississauga, Canada)	D	100%	100%	CAD	95	95
BELIMO Actuators Ltd. (Hong Kong, People s Republic of China)	D	100%	100%	HKD	10	10
BELIMO Actuators (Shanghai) Trading Ltd. (Shanghai, People s Republic of China)	P, D	100%	100%	CNY	13 940	13 940
BELIMO Customization (Shanghai) Co. Ltd. (Shanghai, People s Republic of China)	I	100%	100%	CNY	765	765
BELIMO Finland Oy (Helsinki, Finland)	D	100%	100%	EUR	100	100
BELIMO SARL (Courtry, France)	D	100%	100%	EUR	80	80
BELIMO Stellantriebe Vertriebs GmbH (Stuttgart, Germany)	D	100%	100%	EUR	205	205
BELIMO Automation UK Ltd. (Shepperton, Great Britain)	D	100%	100%	GBP	0.1	0.1
BELIMO Actuators (India) Pve Ltd. (Mumbai, Republic of India)	D	100%	100%	INR	773	773
BELIMO Italia S.r.l. (Grassobbio, Italy)	D	100%	100%	EUR	47	47
BELIMO Servomotoren B.V. (Vaassen, Netherlands)	D	100%	100%	EUR	18	18
BELIMO Automation Norge A/S (Oslo, Norway)	D	100%	100%	NOK	501	501
BELIMO Silowniki S.A. (Warsaw, Poland)	D	100%	100%	PLN	500	500
BELIMO Ibérica de Servomotores S.A. (Madrid, Spain)	D	100%	100%	EUR	301	301
BELIMO Automation AG (Hinwil, Switzerland)	P, D, R&D	100%	100%	CHF	500	500
BELIMO Turkey Otomasyon A.Ş. (Istanbul, Turkey)	D	100%*		TRY	1 000	
BELIMO Automation FZE (Dubai, United Arab Emirates)	D	100%	100%	USD	273	273
BELIMO Aircontrols (USA), Inc. (Danbury, United States of America)	D, H	100%	100%	USD	200	200
BELIMO Customization (USA), Inc. (Danbury, United States of America)	P	100%**	100%**	USD	45	45
BELIMO Technology (USA), Inc. (Danbury, United States of America)	R&D	100%**	100%**	USD	30	30

\* Founded September 4, 2015.

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

H = Holding company

P = Production

D = Distribution

R&D = Research and development

I = Inactive

## 2.3 Treasury shares

	2015		2014	
	Number of shares	Value in CHF 1 000	Number of shares	Value in CHF 1 000
<b>Balance as at January 1</b>	<b>605</b>	<b>564</b>	<b>4 199</b>	<b>3 856</b>
Purchase			15	37
Sale	-30	-28	-3 609	-3 328
<b>Balance as at December 31</b>	<b>575</b>	<b>536</b>	<b>605</b>	<b>564</b>

In the year under review, no shares were purchased. In the previous year, the average transaction price of purchased treasury shares was CHF 2435. The selling price per share was CHF 2209 (previous year CHF 2433). These values corresponded to the fair values.

## 2.4 Other financial income

Other financial income consists mostly of interest income from loans to Group companies. In the previous year, other financial income included the gain of treasury shares sale (CHF 5.5 million).

## 3 Other information

### 3.1 Full-time equivalents

BELIMO Holding AG does not have any employees.

### 3.2 Covenants, contingent liabilities and collaterals for third-party liabilities

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

There were no contingent liabilities as at December 31, 2015.

The company is part of the Belimo value-added tax group in Switzerland and is jointly and severally liable for its value-added tax liabilities to the tax authorities.

### 3.3 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.

	12.31.2015 Number of shares	12.31.2014 Number of shares
<b>Board of Directors</b>		
Adrian Altenburger	50	*
Patrick Burkhalter	130	130
Martin Hess	370	370
Walter Linsi	*	10 187
Prof. Dr. Hans Peter Wehrli	1 400	1 400
Dr. Martin Zwyssig	25	25
<b>Total Board of Directors</b>	<b>1 975</b>	<b>12 112</b>

# Notes to the financial statements

	12.31.2015	12.31.2014
	Number of shares	Number of shares
<b>Group Executive Committee</b>		
Lukas Eigenmann	200	200
Dr. Jacques Sanche	*	110
Peter Schmidlin	572	547
Lars van der Haegen	20	10
Felix Winter	*	50
<b>Total Group Executive Committee</b>	<b>792</b>	<b>917</b>

\* No related party at the corresponding balance sheet date (see Corporate Governance, notes 3 and 4).

None of the members of the Board of Directors or Group Executive Committee hold conversion or option rights and no shares or options were allocated.

### 3.4 Significant shareholders

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

	12.31.2015	12.31.2014
Werner Roner	5.69%	5.69%
Group Linsi	19.28%	19.28%

### 3.5 Events after the balance sheet date

There were no significant events after the balance sheet date that could impact the book value of the assets or liabilities or that should be disclosed here.

# Appropriation of available earnings

in CHF 1 000	12.31.2015	12.31.2014*
Balance carried forward from previous year	159 979	140 701
Net income	51 926	59 213
<b>Voluntary retained earnings</b>	<b>211 904</b>	<b>199 914</b>
Treasury shares	-536	-564
<b>Available earnings</b>	<b>211 368</b>	<b>199 350</b>
Dividend of CHF 65 per share**	-39 975	-39 936
<b>Balance carried forward available earnings</b>	<b>171 393</b>	<b>159 414</b>
Treasury shares	536	564
<b>Balance carried forward</b>	<b>171 929</b>	<b>159 979</b>

\* Aligned to the new reporting requirements of the Swiss Law on Accounting and Financial Reporting.  
 \*\* Shares held by BELIMO Holding AG at the time of dividend distribution are not entitled to dividends.

The Board of Directors proposes to the 2016 Annual General Meeting a dividend of CHF 65 per share.

The dividend is expected to be paid on April 29, 2016.

# 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, 2015.

### *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, 2015, 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 23, 2016

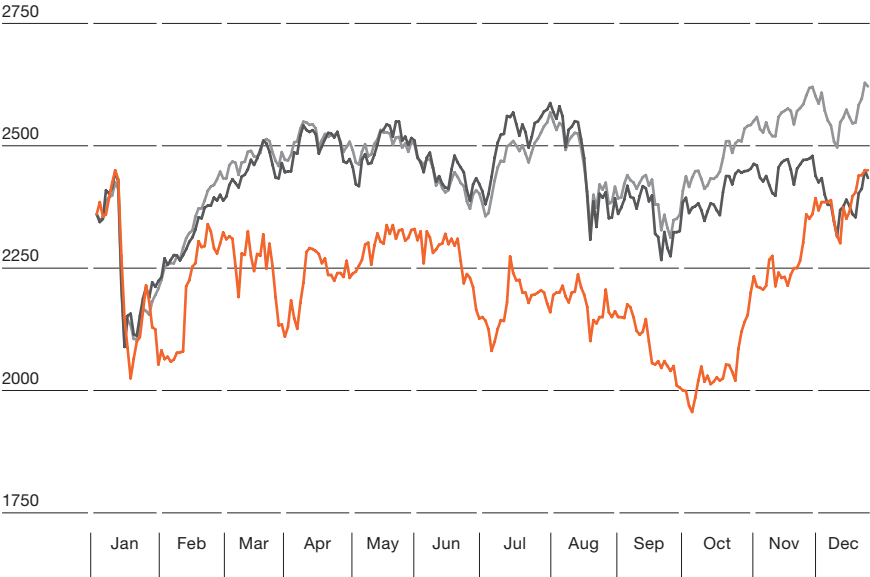
# Information for investors

## Performance since January 1, 2015, 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



# Information for investors

## Stock market information from 2011 to 2015

	2015	2014	2013	2012 restated*	2011
<b>Share capital</b>					
Number of registered shares as at December 31	615 000	615 000	615 000	615 000	615 000
Average number of outstanding shares	614 407	613 540	610 372	609 761	609 342
<b>Information per registered share</b>					
Earnings, in CHF	92	110	103	99	85
Cash flow from operating activities, in CHF	115	121	116	136	94
Operating income (EBIT), in CHF	121	132	133	124	111
Shareholders' equity, in CHF	548	517	471	406	379
Dividend, in CHF (as proposed by the Board of Directors for next year)	65	65	65	60	50
Return on dividend as at December 31, in percent	2.7%	2.8%	2.6%	3.4%	2.9%
Payout ratio, in percent of net income	71.1%	59.5%	63.8%	60.9%	59.6%
Price-earnings ratio as at December 31	26.8	21.1	24.2	17.9	20.2
<b>Stock market prices in CHF</b>					
High	2 458	2 576	2 475	1 870	2 000
Low	1 950	2 153	1 763	1 559	1 445
Year-end	2 450	2 310	2 460	1 763	1 695
<b>Market capitalization in CHF million</b>					
High	1 512	1 584	1 522	1 150	1 230
Low	1 199	1 324	1 084	959	889
Year-end	1 507	1 421	1 513	1 084	1 042
In percent of shareholders' equity as at December 31	447%	448%	526%	437%	452%
<b>Average daily trading volume</b>					
In number of shares	566	415	364	359	365

\* 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)	2015	2014	2013	2012 restated*	2011
<b>Income statement</b>					
Net sales	493 299	493 919	472 859	444 623	415 983
Operating income (EBITDA) in percent of net sales	95 818 19.4%	99 603 20.2%	98 535 20.8%	91 137 20.5%	81 789 19.7%
Operating income (EBIT) in percent of net sales	74 630 15.1%	81 250 16.5%	81 318 17.2%	75 540 17.0%	67 787 16.3%
Personnel expenses in percent of net sales	139 573 28.3%	132 136 26.8%	125 199 26.5%	117 662 26.5%	109 894 26.4%
Research and development in percent of net sales	34 653 7.0%	32 415 6.6%	30 573 6.5%	27 344 6.1%	27 564 6.6%
Operating expenses in percent of net sales	192 877 39.1%	189 967 38.5%	180 261 38.1%	166 944 37.5%	157 682 37.9%
Depreciation and amortization in percent of net sales	21 188 4.3%	18 352 3.7%	17 217 3.6%	15 596 3.5%	14 002 3.4%
Net income in percent of net sales	56 229 11.4%	67 193 13.6%	62 609 13.2%	60 612 13.6%	51 556 12.4%
<b>Cash flow</b>					
Cash flow from operating activities in percent of net sales	70 371 14.3%	74 080 15.0%	70 574 14.9%	82 818 18.6%	57 359 13.8%
Free cash flow in percent of net sales	37 038 7.5%	18 546 3.8%	34 921 7.4%	60 513 13.6%	41 313 9.9%
Investments (gross)	34 031	55 141	36 676	19 864	16 466
Dividend distribution	39 936	39 908	36 606	30 494	33 509
<b>Balance sheet</b>					
Total assets	413 041	424 514	369 991	345 922	304 920
Cash and cash equivalents in percent of total assets	67 687 16.4%	92 345 21.8%	104 482 28.2%	105 371 30.5%	75 327 24.7%
Current assets in percent of total assets	224 542 54.4%	246 235 58.0%	238 299 64.4%	230 511 66.6%	202 358 66.4%
Net working capital in percent of net sales	177 072 35.9%	173 408 35.1%	194 537 41.1%	185 926 41.8%	163 994 39.4%
Non-current assets in percent of total assets	188 499 45.6%	178 279 42.0%	131 692 35.6%	115 411 33.4%	102 562 33.6%
Current liabilities in percent of total assets	47 470 11.5%	72 826 17.2%	43 761 11.8%	44 586 12.9%	38 363 12.6%
Non-current liabilities in percent of total assets	28 615 6.9%	34 769 8.2%	38 769 10.5%	53 493 15.5%	35 802 11.7%
Shareholders' equity in percent of total assets	336 956 81.6%	316 919 74.7%	287 461 77.7%	247 843 71.6%	230 755 75.7%
<b>Key figures</b>					
Net sales year-on-year growth, in percent	-0.1%	4.5%	6.4%	6.9%	-2.4%
Net sales in local currencies year-on-year growth, in percent	3.6%	6.6%	6.4%	5.4%	9.6%
Return on equity (ROE), in percent	17.2%	22.2%	23.4%	25.3%	23.3%
Return on invested capital (ROIC), in percent	20.8%	23.4%	29.7%	29.8%	28.4%
Quick ratio, in percent	297.6%	227.3%	381.6%	365.8%	342.2%
Days sales outstanding (DSO)	50.6	46.7	43.2	43.7	45.9
Inventory period	138	129	125	130	134
Fixed-assets-to-equity ratio, in percent	193.9%	197.3%	247.7%	261.1%	259.9%
Number of employees (FTE's, yearly average)	1 387	1 357	1 278	1 209	1 141
Net sales per employee	356	364	370	368	364
Number of actuators shipped, in million items	5.6	5.6	5.3	4.9	4.5

\* 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**

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