

Visitor Day For Analysts

September 4th, 2019



BELIMO Holding AG

Agenda



- **Welcoming Remarks**
- **Semiannual Report / Outlook**
- **Deep-Dive Sustainability**
- **Wrap Up / Q&A-Session**
- **Aperitif Riche**
- **Visit Experience Center / Production**

Lars van der Haegen

Markus Schürch

Guest Speakers

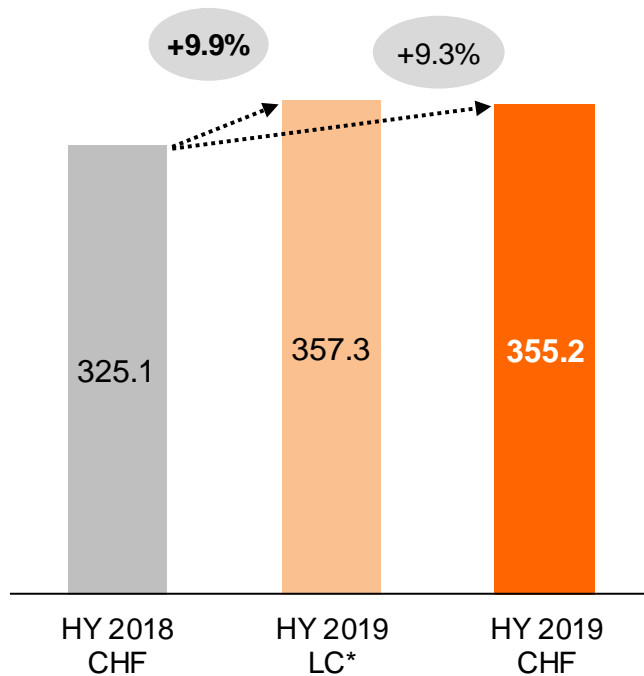
all

Financial Highlights 1st Half 2019



Net Sales

in CHF million

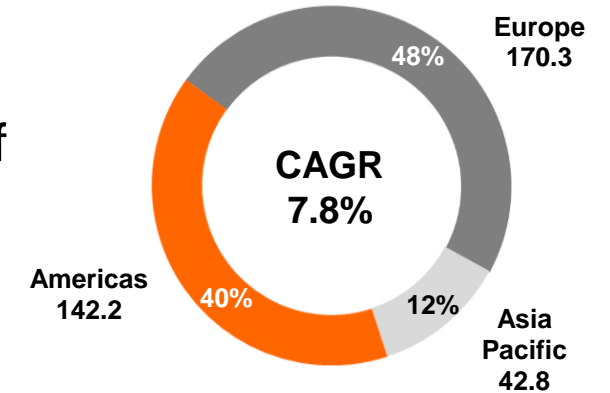


* adjusted at previous year rates

- Very strong sales growth: in the 1st half 2019 net sales grew by 9.3% to a **record high** of CHF 355.2 million.
- Currency-adjusted, this corresponds to an **above-average growth** of 9.9%.

Net Sales by Market Region

in CHF million

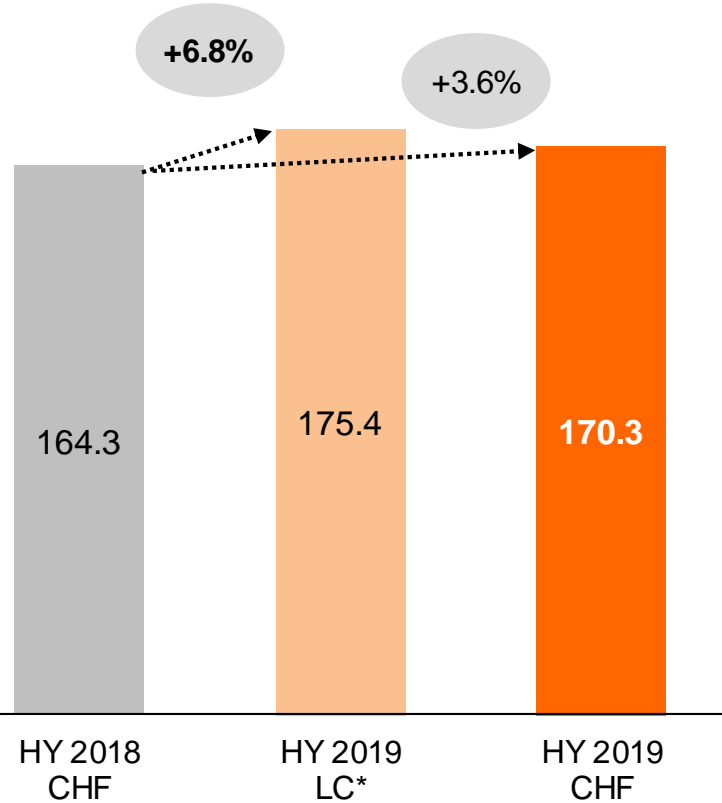


Strong Growth in all Regions - Sales Development in the Market Regions 1st Half 2019

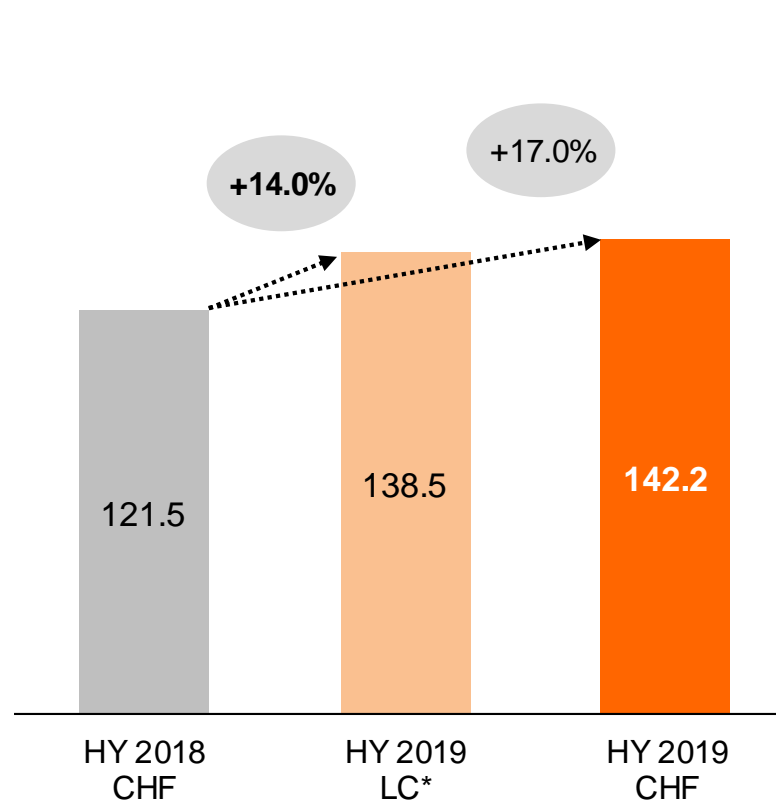


in CHF million

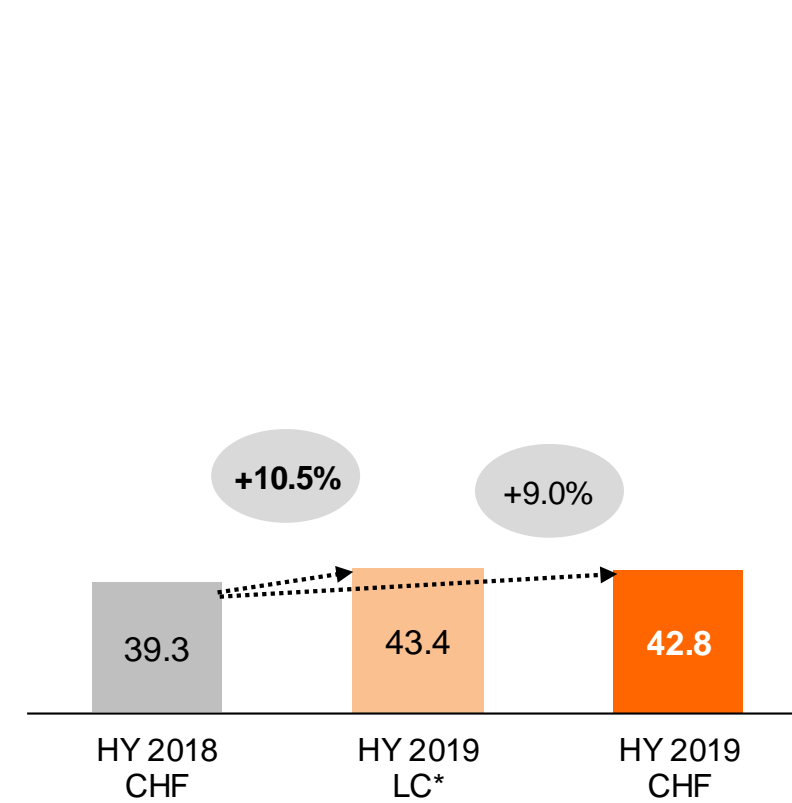
Europe



Americas



Asia Pacific

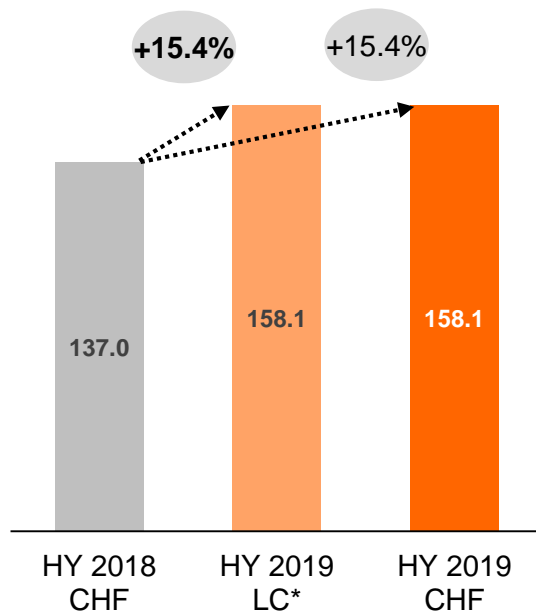


* adjusted at previous year rates

Gaining Market Share in Water Applications

Net Sales in Water Applications

in CHF million

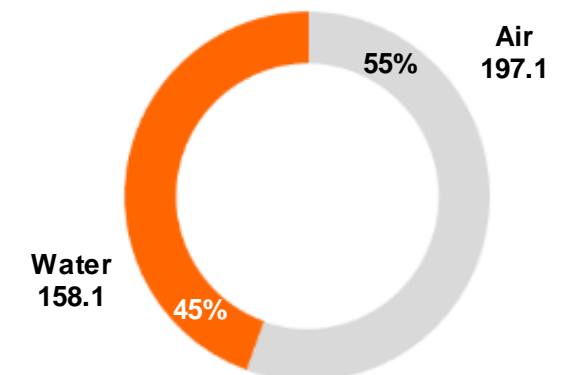


* adjusted at previous year rates

- High growth in the **water business** in 1st Half 2019; net sales **growth of 15.4 percent** (LC*).
- Growth above market based on **market share gains**.
- Water applications now account for **45% of net sales** (PY: 42%).

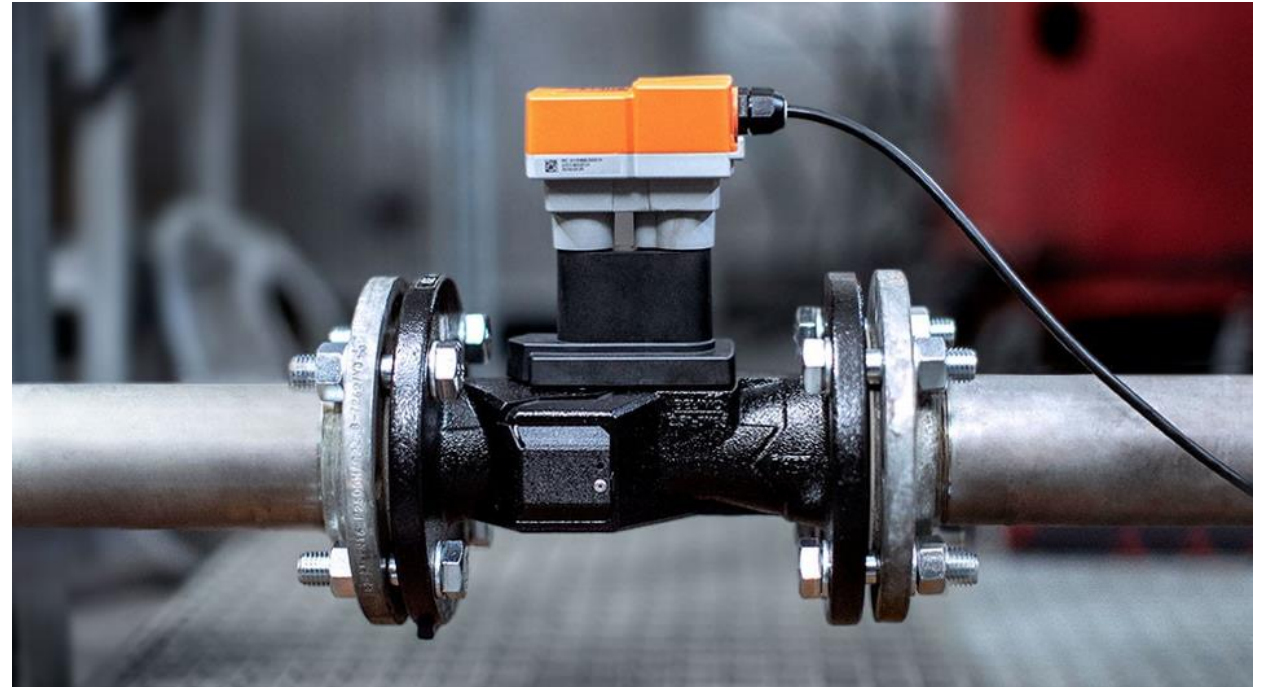
Net Sales by Application

in CHF million



Sensor Range

- Satisfied with **rapidly growing sensor business**, growth according to plan.
- **Sensor product range** expanded.
- **Ultrasonic flow sensors** now in 11 sizes available.
- Market launch of **new room sensor offering**.



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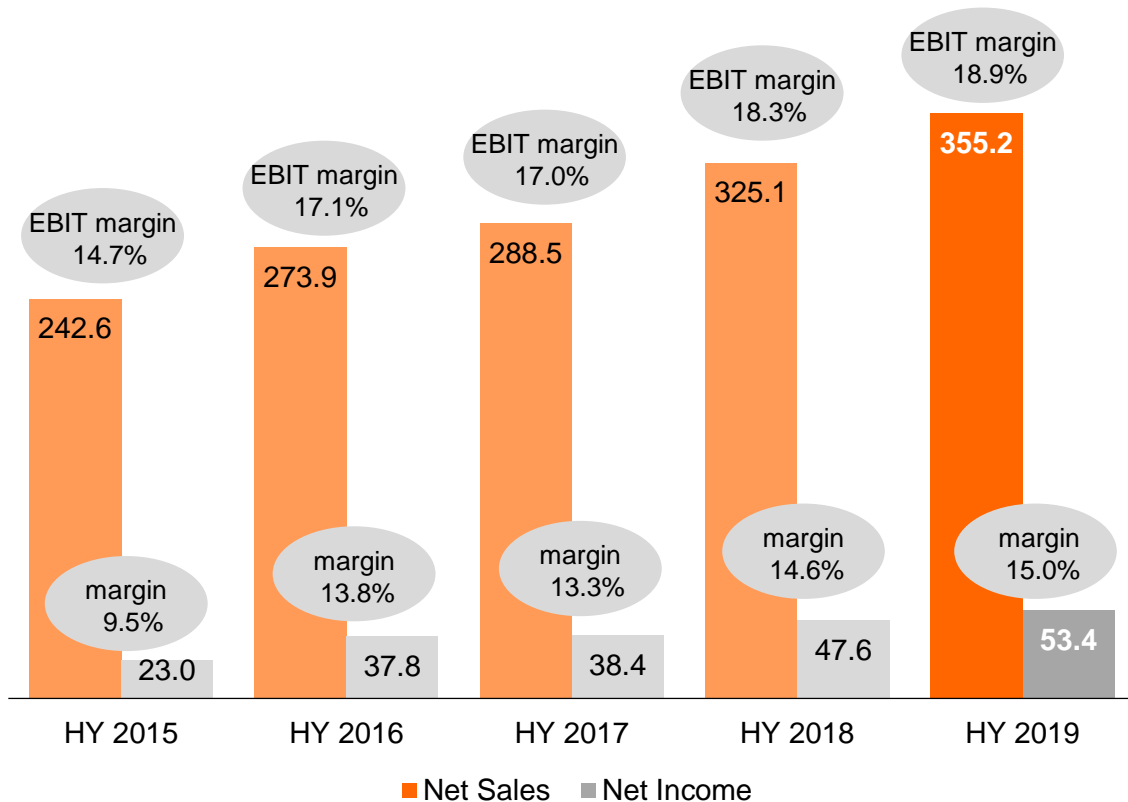
Guest Speakers

all

Key Financials 1st Half 2019 – EBIT Margin and Net Income



in CHF million

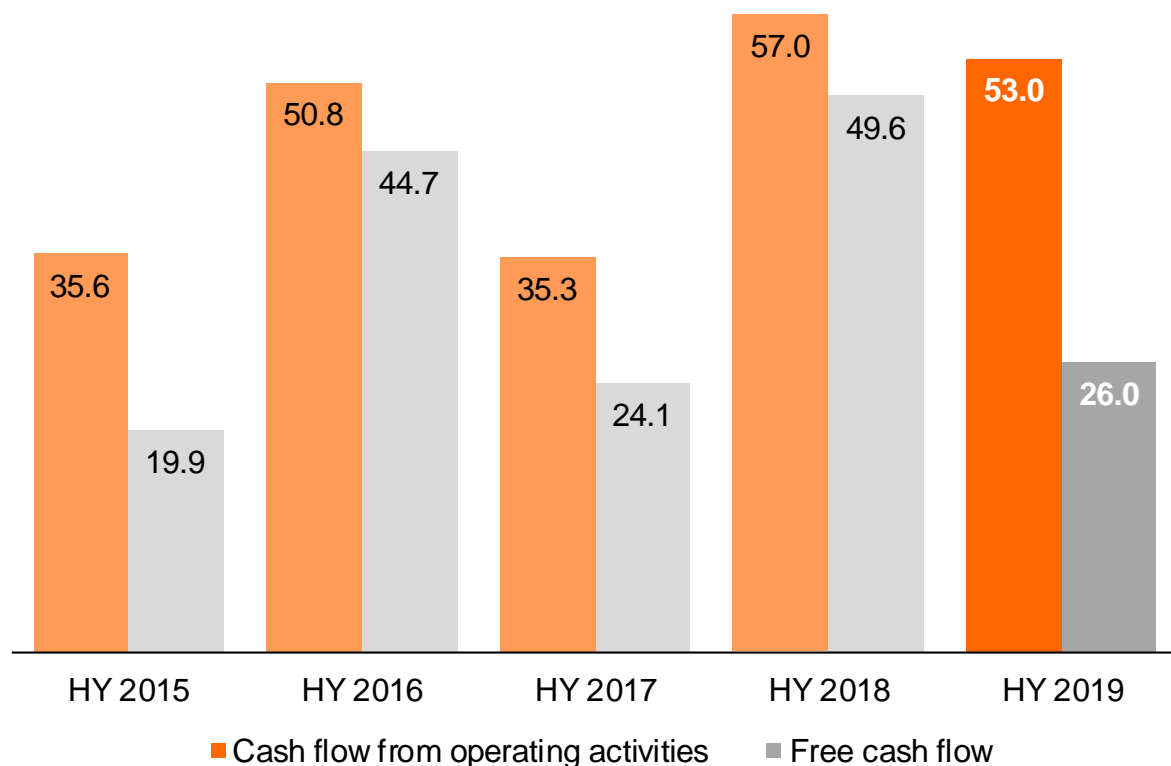


- Our **EBIT margin increased** to 18.9% and amounted to CHF 67.1 million (PY 18.3%).
- Increase based on **better contribution margin**: pricing, material, Fx as well as growth.
- Net income increased** by 12.2% to CHF 53.4 million in line with EBIT and ahead of sales.

Cash Flow 1st Half 2019



in CHF million



- High **cash flow** from operating activities: CHF 53.0 million (-7.0%). Increase of net working capital due to sales growth.
- Reduced **free cash flow** CHF 26.0 million (-47.7%) mainly due to a term deposit (CHF 10.0 million) and higher investments in property, plant and equipment.

Overall Outlook 2nd Half 2019 / 2020

- Overall, we see ourselves **excellently positioned**
- **Market trends benefit us** also in a potentially weakening market environment in 2nd half 2019/2020
- This gives us further chances to increase market share by **acting counter-cyclical**
- **Confident** about 2nd half of 2019; sales in the **range of 1st Half** for 2nd Half 2019
- **Good start** into 3rd Quarter



Expectations for the Market Regions



- **Europe:** expecting average business development for second half 2019
- **Americas:** strong US economy continues to promise a good second half of 2019
- **Asia Pacific:** good sales growth in the region, although slightly below expectations

Financial Outlook 2nd Half 2019 – Risks

- EBIT margin expected to trend lower than in 1st Half 2019 due to **higher cost** (growth strategy) / some **Fx impact**
- Overall, **solid EBIT margin** and ahead of 2018
- Persisting risk factors for the rest of FY2019 are:
 - Possible escalation of the **trade dispute** between the USA and China
 - **Currency risks**, which could have a negative impact on the margin (already showing)



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Analyst Day @ Belimo

THE ROLE OF BUILDINGS IN A SUSTAINABLE ENERGY SYSTEM

IET INSTITUTE FOR
ENERGY TECHNOLOGY

Prof. Dr. Markus Friedl
IET Institute for Energy Technology
Hinwil, 4 September 2019

 **HSR**
HOCHSCHULE FÜR TECHNIK
RAPPERSWIL
FHO Fachhochschule Ostschweiz



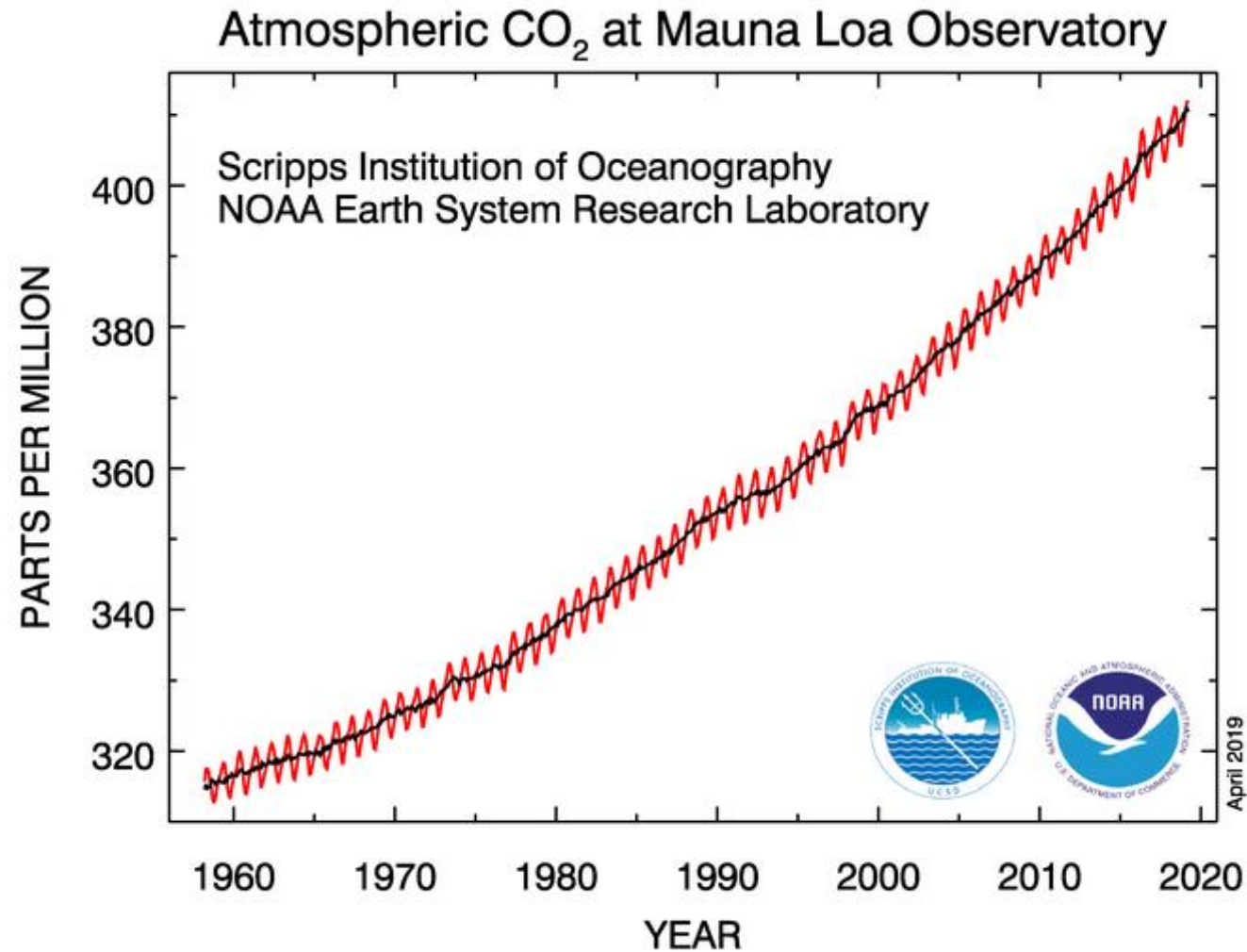


HSR

HOCHSCHULE FÜR TECHNIK
RAPPERSWIL

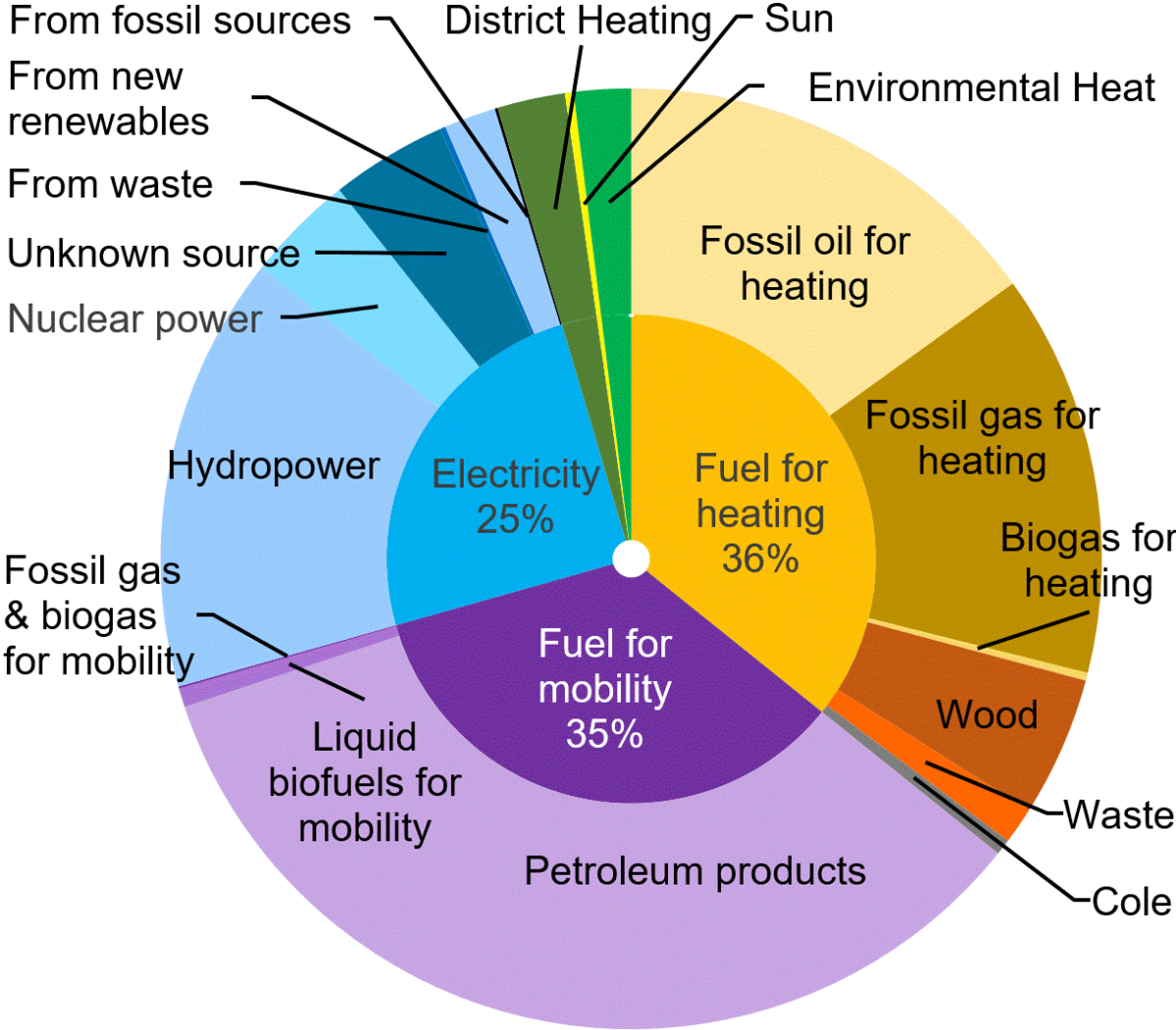
FHO Fachhochschule Ostschweiz

CO₂-Konzentration → Climate Warming



Quelle: Mauna Loa Observatory Hawaii, www.esrl.noaa.gov

Energy End Use in Switzerland in 2017



70 % of Switzerland's energy is of fossil origin → not sustainable

Source: Own calculations based on statistics from the Swiss Federal Office of Energy and the Swiss Association of Gas



INSTITUTE FOR
ENERGY TECHNOLOGY



Prof. Dr. Markus
Friedl



Prof. Dr. Benno
Bucher



Prof. Dr. Henrik
Nordborg

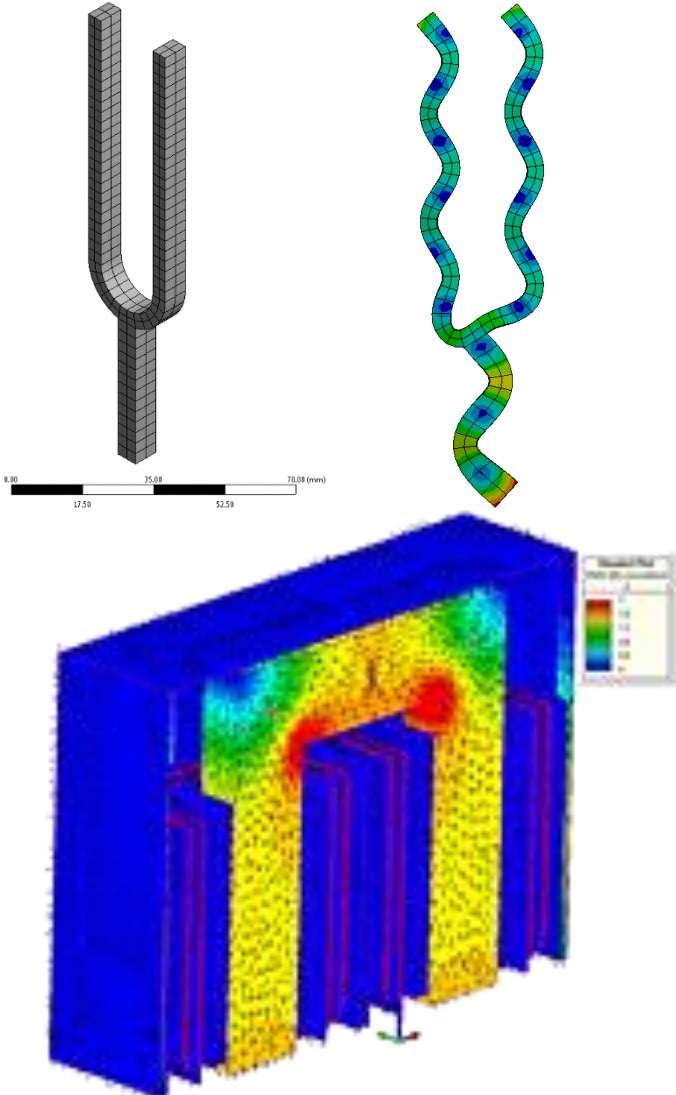
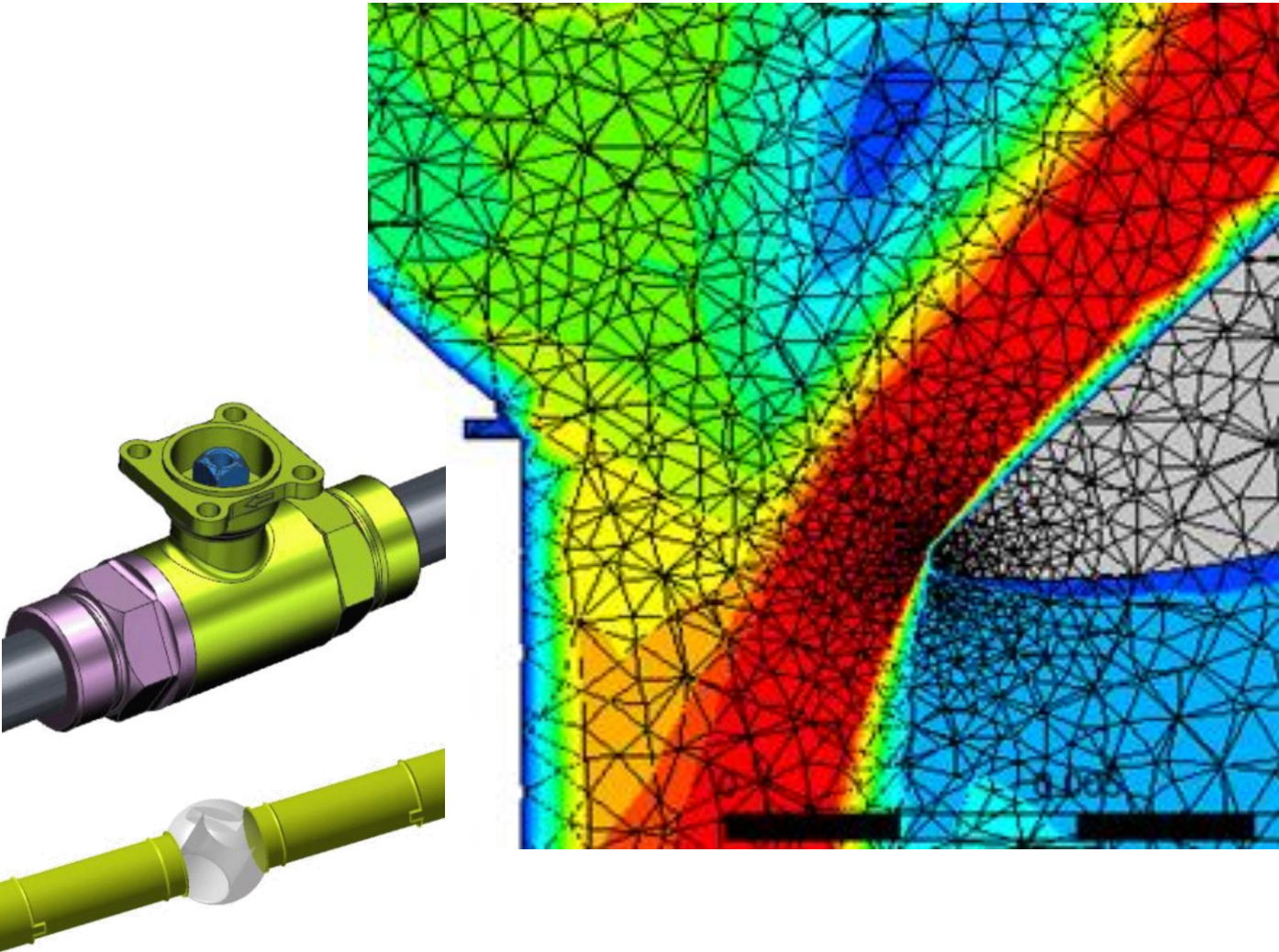


Prof. Dr. Jasmin
Smajic



Prof. Carsten
Wemhöner

Thermodynamics and Fluid Dynamics, CFD, FEM & CEM




Power-to-Gas @ IET



The Tiny Swiss Company That Thinks It Can Help Stop Climate Chan...

suggest that the earth's capacity for CO₂ sequestration could be in the range of 25 trillion metric tons; burying, say, five billion metric tons of CO₂ a year is therefore within the realm of possibility.



A pilot project at a Swiss university that uses Climeworks equipment to make methane out of airborne CO₂. Luca Locatelli for The New York Times

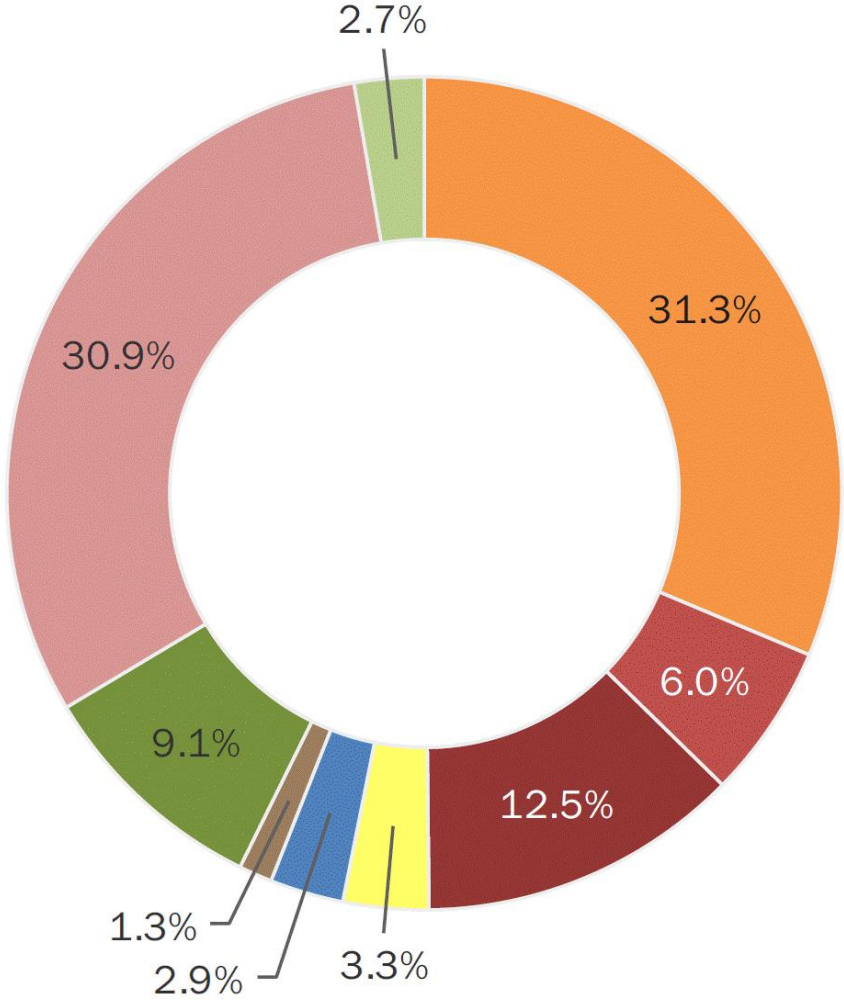
In an imaginary, zero-carbon future, the revenue prospects for air-capture companies would probably be enormous. "If we get to \$100

Power-to-Gas @ IET



Source: kurzschuss photography gmbh / Damian Imhof

Usage of Energy in Switzerland from 2010 to 2017

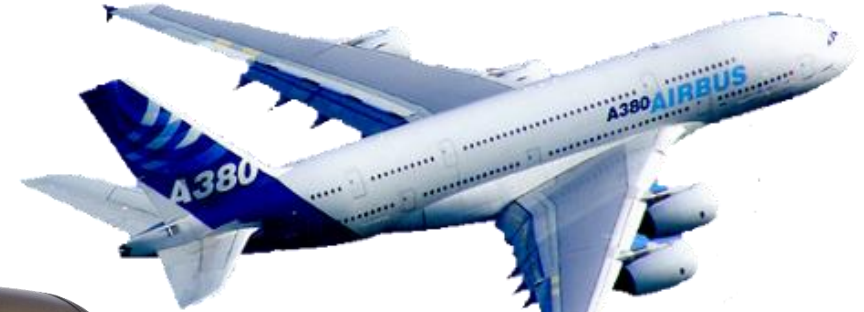


- Raumwärme
- Warmwasser
- Prozesswärme
- Beleuchtung
- Klima, Lüftung & Haustechnik
- Information & Kommunikation, Unterhaltung
- Antriebe, Prozesse
- Mobilität Inland
- sonstige

46 % of Switzerland's energy use is in building technology.

Source: Swiss Federal Office of Energy, 2018

Which one is easiest to defossililise?



Which one is easiest to defossililise?

- Buildings are easiest to supply with renewable energy.
- Equipment can be heavy, voluminous and has lowest safety requirements.
- Buildings can be connected to centralised infrastructure, which is very efficient.



Energy Autarky



Bildquelle: René Schmid Architekten

- No connections to
 - Electricity Grid
 - Gas Grid
- Located in Brütten
- Built by Umwelt Arena

Energy Autarky → Using the Grids



Bildquelle: Umwelt Arena

- Connections to
 - Electricity Grid
 - Gas Grid
- Located in Leimbach
- Built by Umwelt Arena

- Multi energy vectors
- Usage depending on the availability of energy forms

Buzzwords Related to Building Technology

- Building Information Modelling (BIM)
- Digitalization / Digitization
- Internet of Things
- Big Data
- Artificial Intelligence
- Machine Learning
- Data Security
- Privacy
- Smart Home
- Acceptance
- Climate Change
- Efficiency
- Prosumer
- Renewable Energy
 - Solar Energy
 - Photovoltaic (PV)
 - Solar Thermal Energy
 - Building Integrated PV (BiPV)
 - Environmental Heat
- Energy Storage
- Multiple Energy Vectors
- Building Standards:
 - Net Zero Energy
 - Minergie A, Minergie P
 - Autarky
- Performance Gap
- Renovation Market
- Increased Wealth
- More Living Space
- Urbanization
- Rising Middle Class
- Escape from Poverty
- Demand for Comfort
- Population Growth
- Increased Demand for Building Technology
- Increased Cooling Demand
- Population Ageing

Implications for Building Technology:

- **More building technology**
- **Smaller energy flows**
- **More distribution by air versus water**
- **More local energy production and energy storage**
- **More cooling**
- **More complex systems**

Future expectations from building technology components:

- **Defossilisation goes together with digitization**
- **The performance gap has to be closed**
- **Planners and Users have to be supported in efficient use of energy.**
- **Link between passive elements (e.g. sun blinds, windows open and closed) and active elements (e.g. air conditioning)**

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All



There IS NO Planet B
Let's change for climate sake!

STOP CLIMATE CHANGE OR FIRE

THE END IS NIGH

IF YOU DON'T ACT LIKE ADULTS THEN WE WILL

i'm missing my maths test for this!!

SAVE OUR FUTURE

DENIAL IS NOT A POLICY

WHY AREN'T YOU PANICKING

KEEP OUR PLANET CLEAN

END THE DRG ON CL ACTIO

The Environment is CHANGING But We're Not

STOP ADANI COAL KILLS

CHANGE THE PROCESS WITH THE CLIMATE

It's getting HOT AC MO

THIS IS THE CLIMATE COLLECTION

YOU FOR DUMB

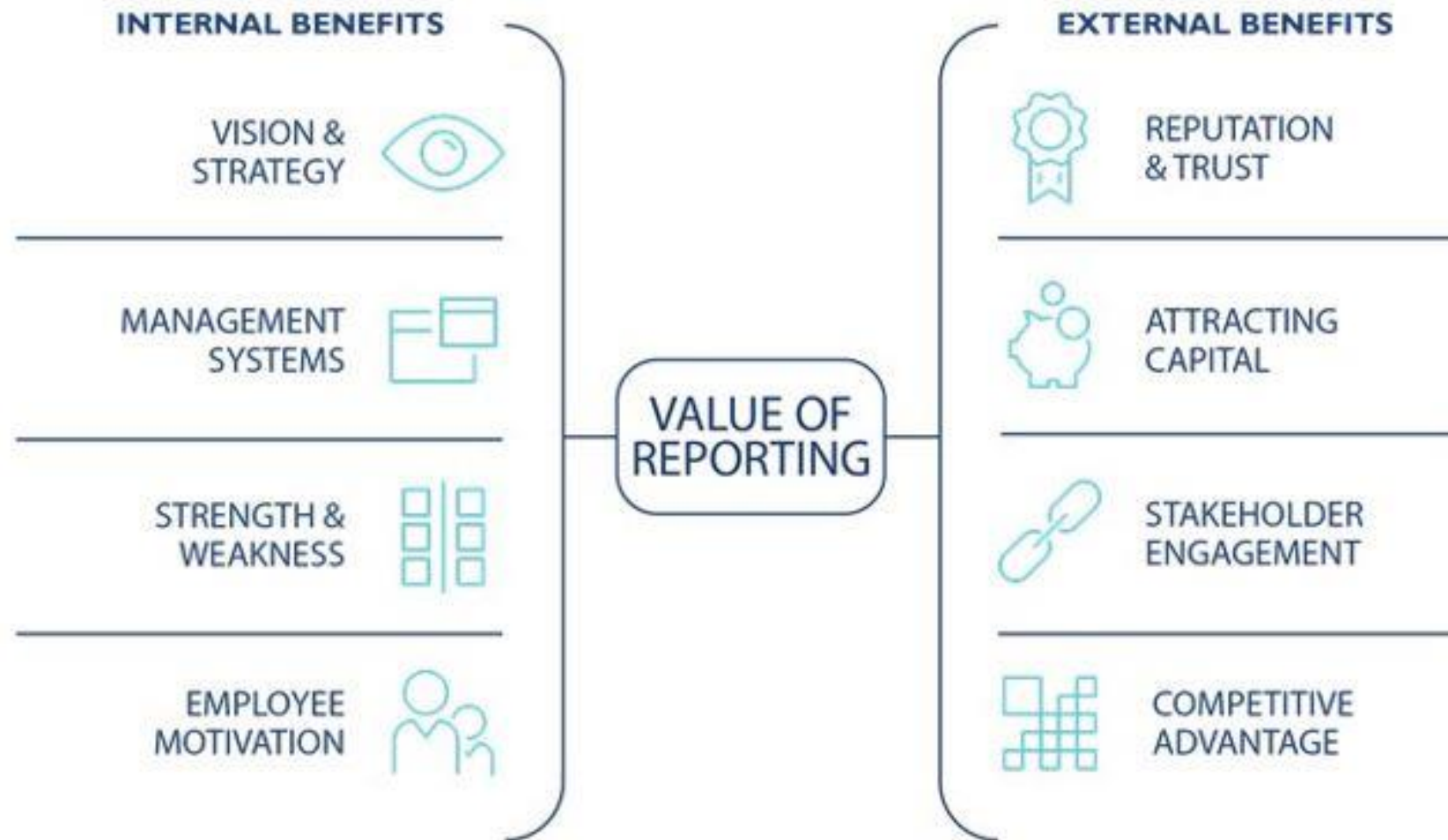
CLIMATE CHANGE

Contributions to Societal Goals

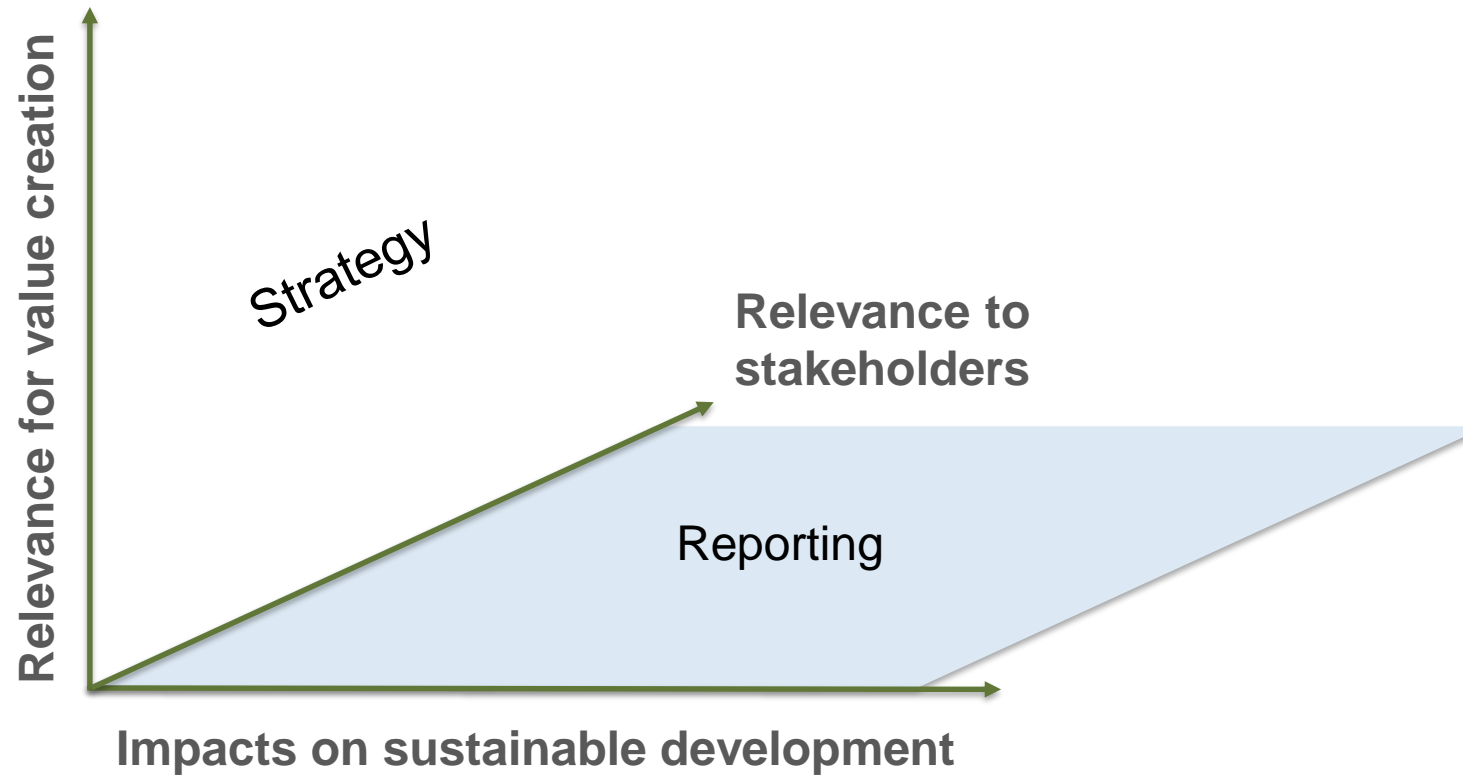
SUSTAINABLE DEVELOPMENT GOALS



Benefits of Sustainability Reporting



Three Dimensions of a Materiality Assessment



GRI's Impact Worldwide



Source: GRI 2017.

Key Elements of a GRI Report



GRI Content Index			
GRI Standard <i>[include the title and publication year for each of the GRI Standards used to prepare the report]</i>	Disclosure <i>[include the number and title for each disclosure made]</i>	Page number(s) and/or URL(s)	Omission <i>[see GRI 101: Foundation for information on reasons for omission]</i>
GRI 101: Foundation 2016 <i>[GRI 101 does not include any disclosures]</i>			
General Disclosures <i>[the list of general disclosures made, based on whether the report has been prepared in accordance with the Core or Comprehensive option]</i>			
GRI 102: General Disclosures 2016	102-1 Name of the organization	Page 3	<i>[this disclosure cannot be omitted]</i>
	102-2 Activities, brands, products, and services	Pages 4-5 and corporate website [direct hyperlink]	<i>[this disclosure cannot be omitted]</i>
	" "	" "	" "
Material topics <i>[the list of material topics included in the report, as reported in Disclosure 102-47. The reporting organization is required to include any material topics reported on which are not covered by the GRI Standards]</i>			
Emissions <i>[example of topic covered by the topic-specific Standards]</i>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Page 20	<i>[this disclosure cannot be omitted]</i>
	103-2 The management approach and its components	Page 21	—
	" "	" "	" "
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 22	—
	305-2 Energy indirect (Scope 2) GHG emissions	" "	Information unavailable for 305-2 <i>[description of the steps being taken to obtain the data and the expected timeframe for doing so]</i>
	" "	" "	" "

■ General disclosures →

■ Management approaches →

■ Topic-specific disclosures →

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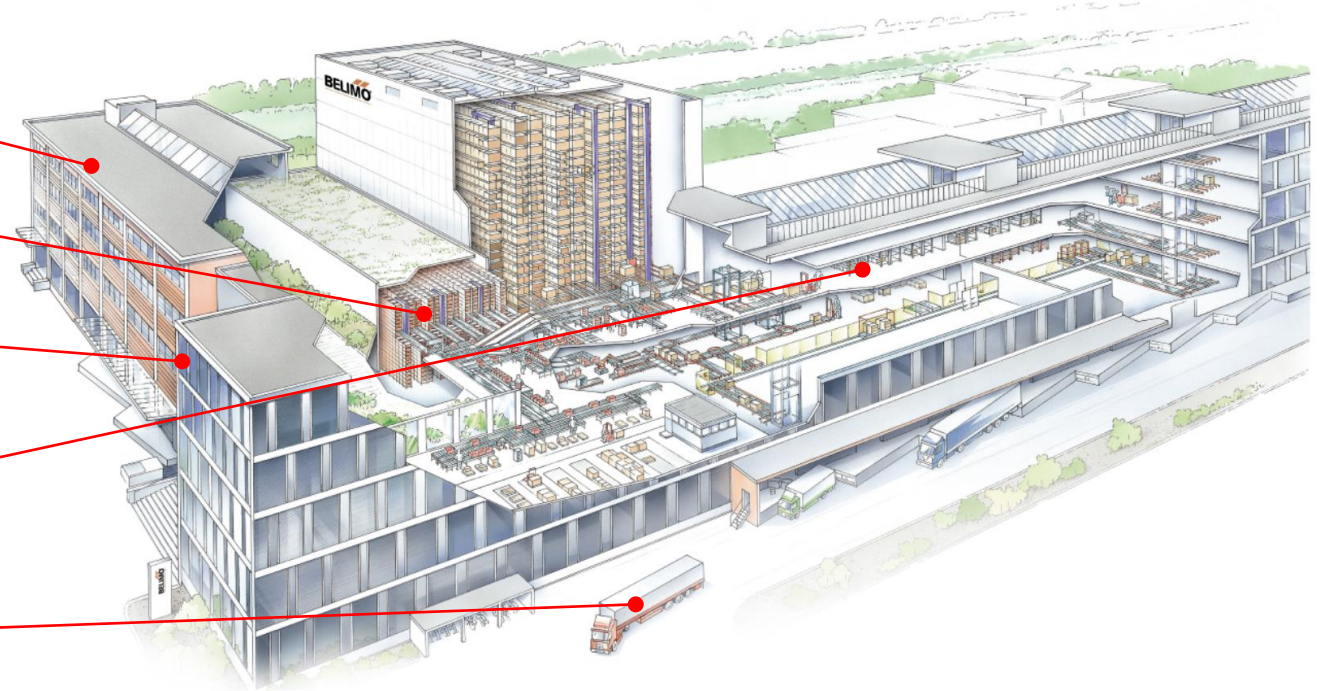
Lars van der Haegen

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Sustainability Report 2019

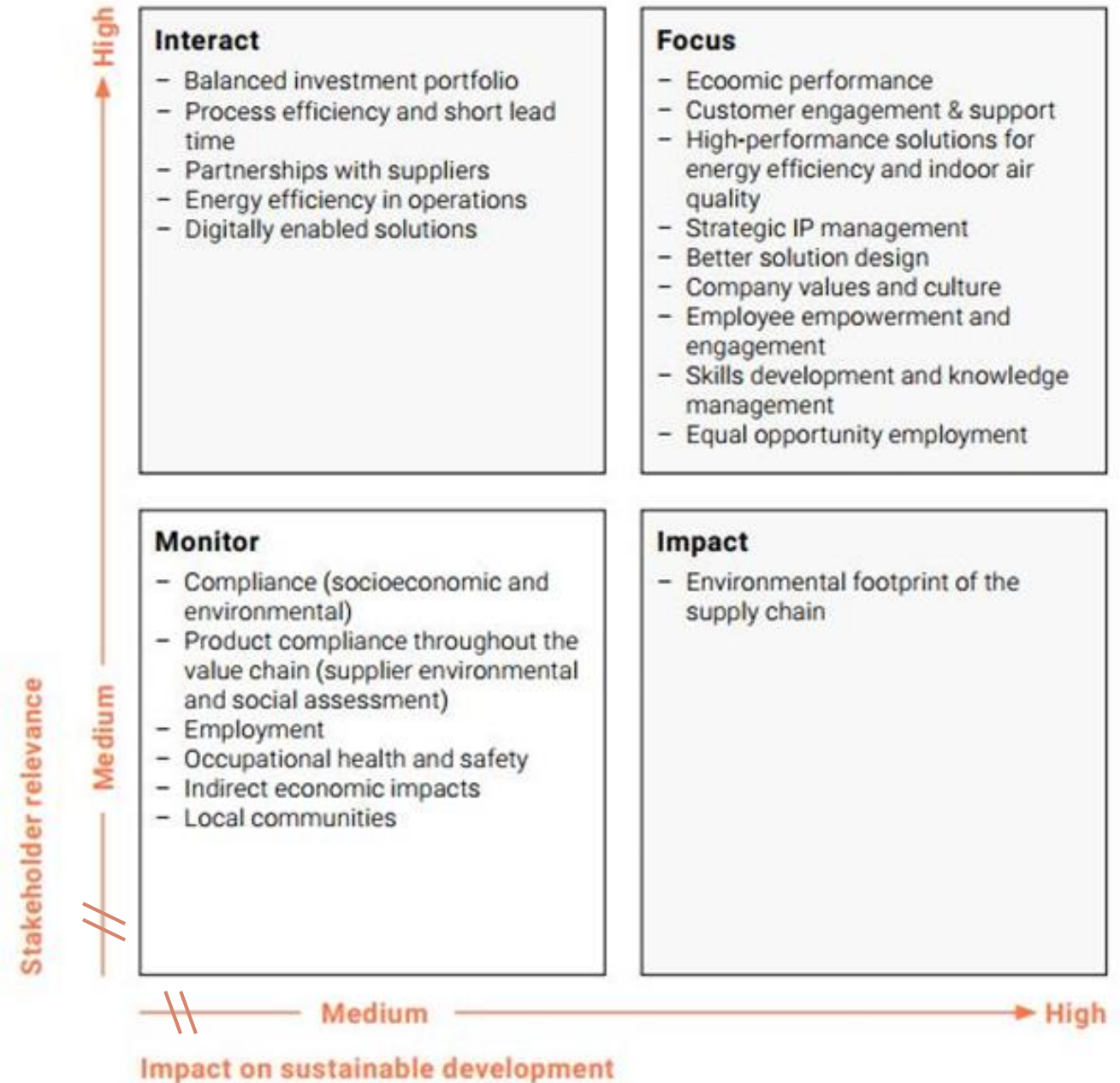
Sustainability @ Belimo – a Selection of our Materiality Topics:

- Economic Performance
- Company Values & Culture
- High-Performance Solutions
- Strategic IP Management
- Partnership with Suppliers

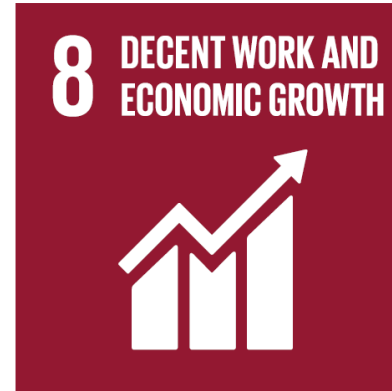


Sustainability Report 2019

- Our Materiality Map:

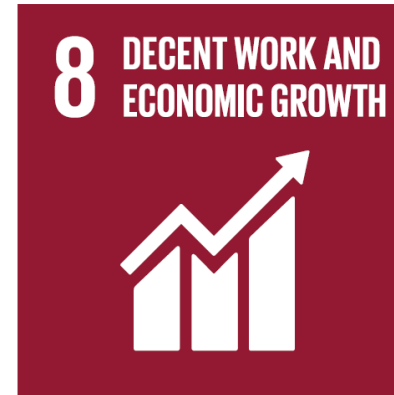


Our Impact: SDG Contributions



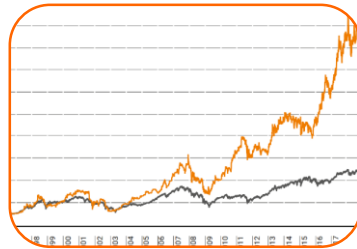
Our Impact: SDG Contributions

- Our Main SDG Contribution: High-Performance Solutions for Energy Efficiency and Indoor Air Quality, impacting **SDG 3, 11 and 13**



Sustainability Report 2019

- Reporting along Five Key Themes in an “Integrated” Reporting Structure



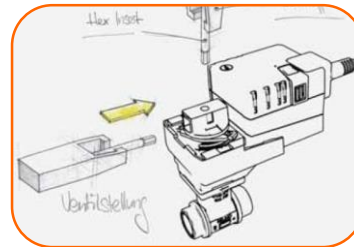
Performance



Credibility
Culture



Customer
Value



Solution
Leadership



Operational
Excellence

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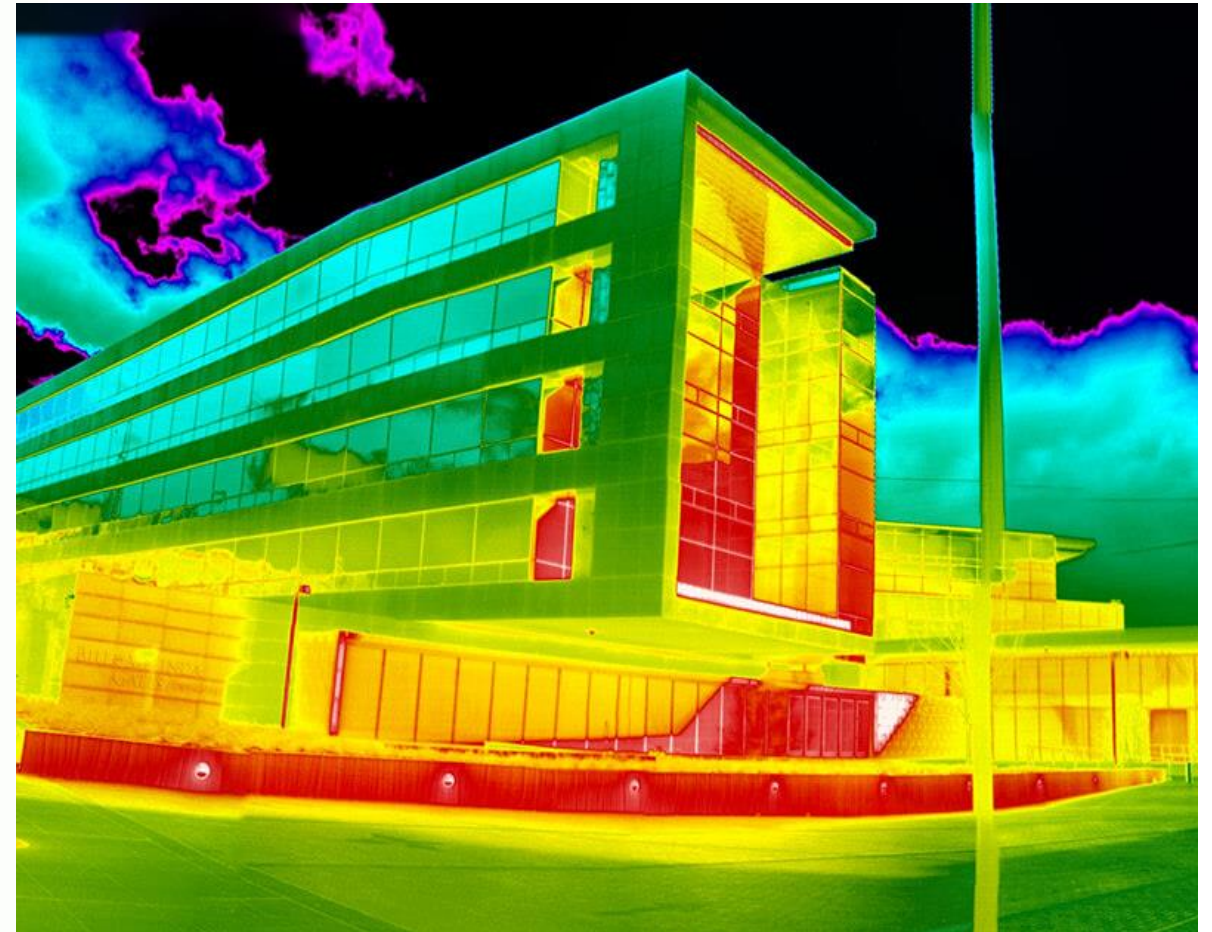
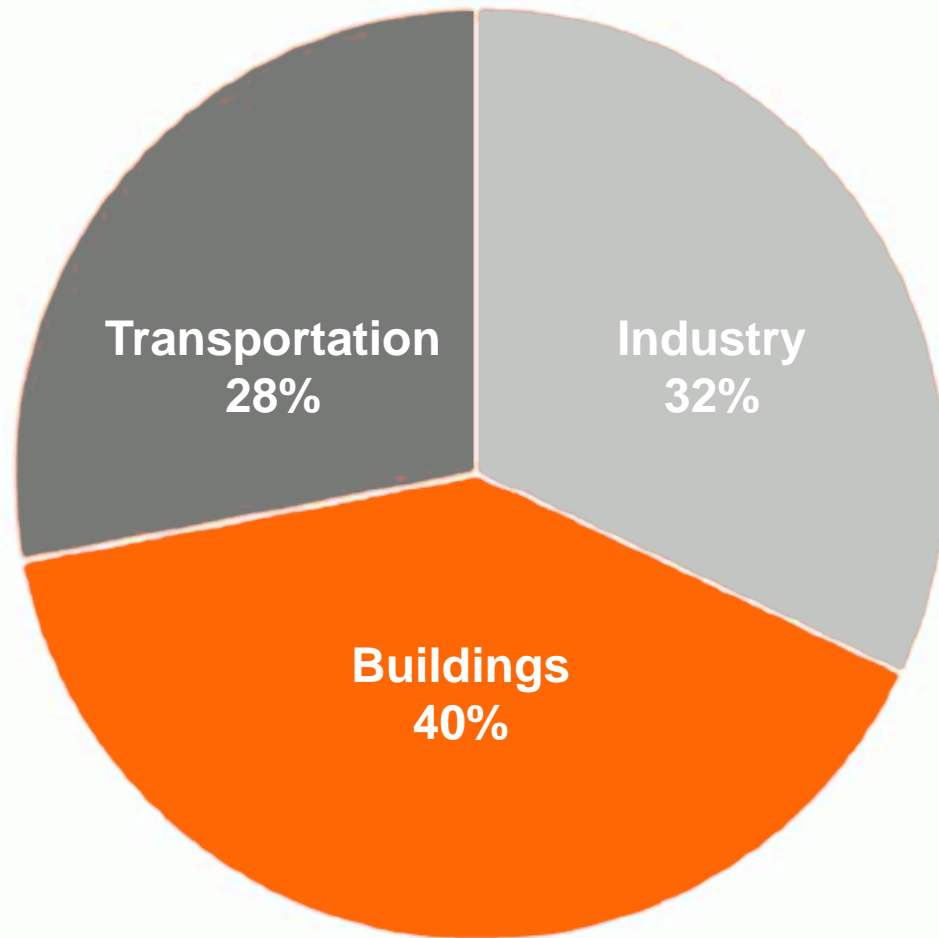
Adrian Stauer

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Buildings consume 40% of the world's energy



CO₂ Impact of Belimo Field Devices



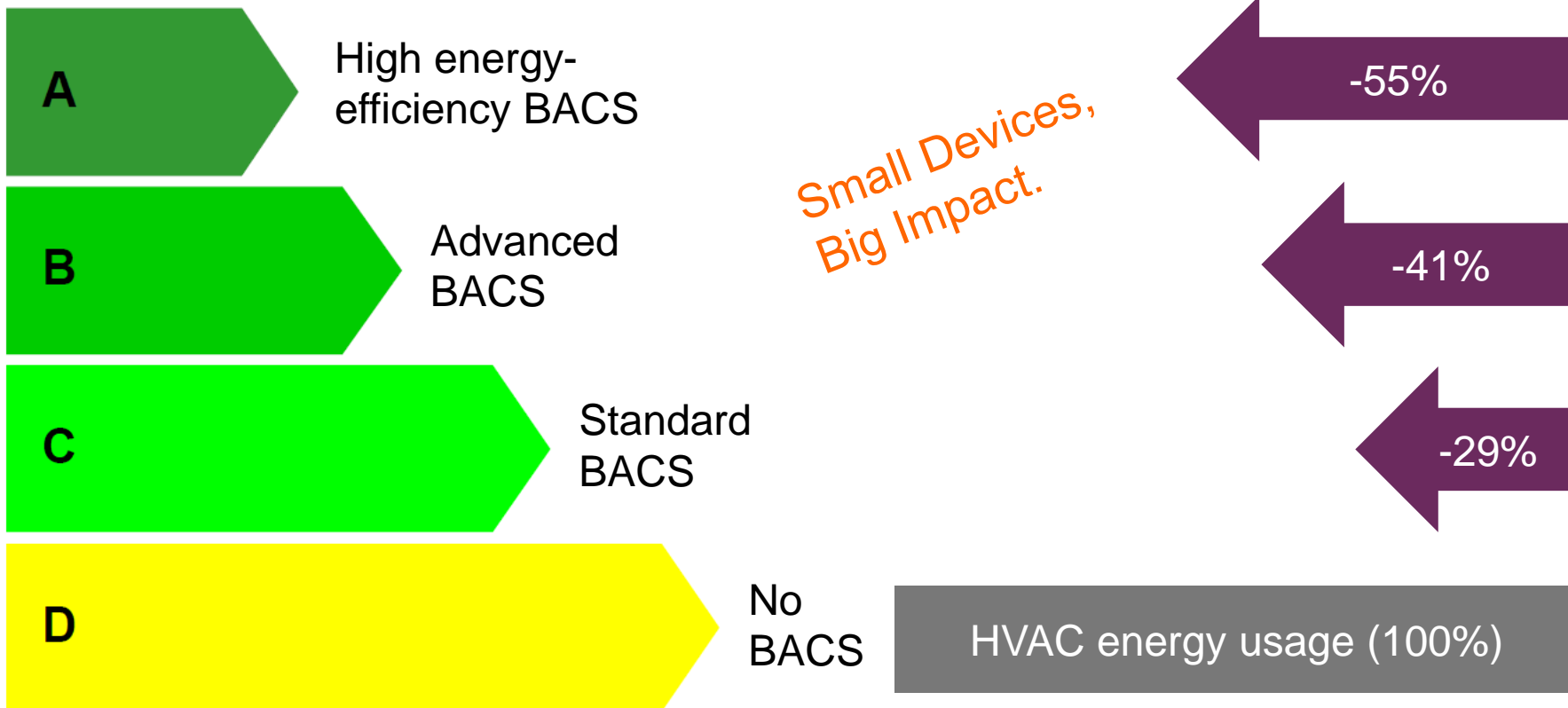
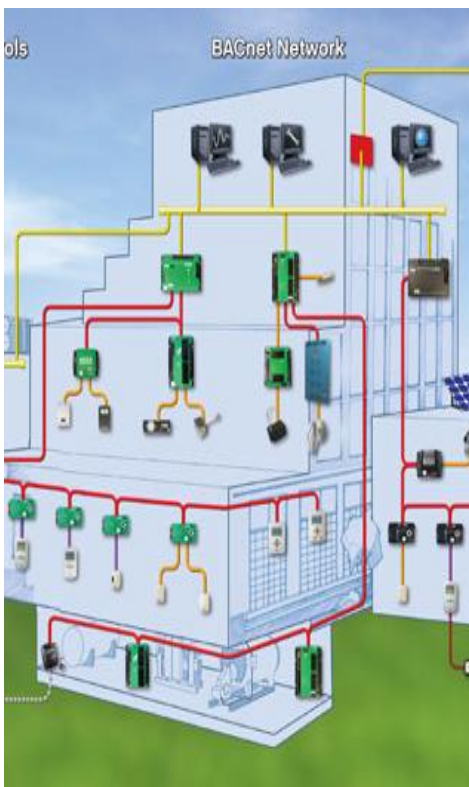
BACS – a key lever to improve HVAC energy efficiency



EN15232

Type of BACS / HVAC Controls:

Expected energy-saving in HVAC-system:



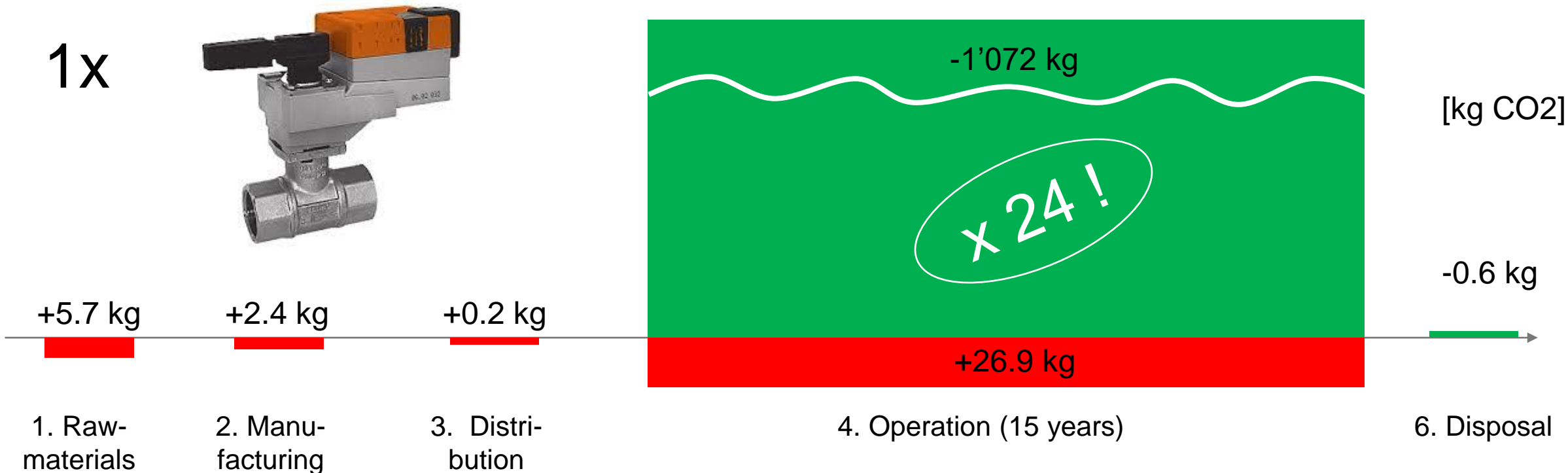
CO₂ balance of a Belimo field-device



1x



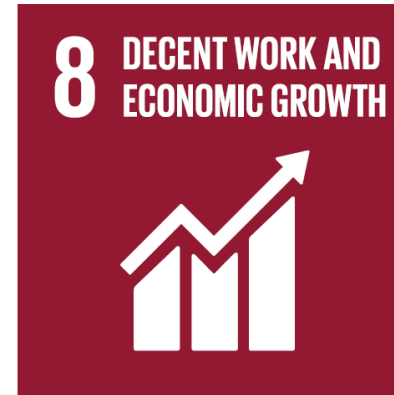
5. Energy-saving in HVAC-application



6.7 mio pcs (2018) → 6.9 mio tons CO₂ avoided

Quantifying our Leverage on Energy-Savings

- Belimo contributes to **SDG 3, 11 and 13** by saving totally more than 6 million tons of CO2 in 2018 through its field devices



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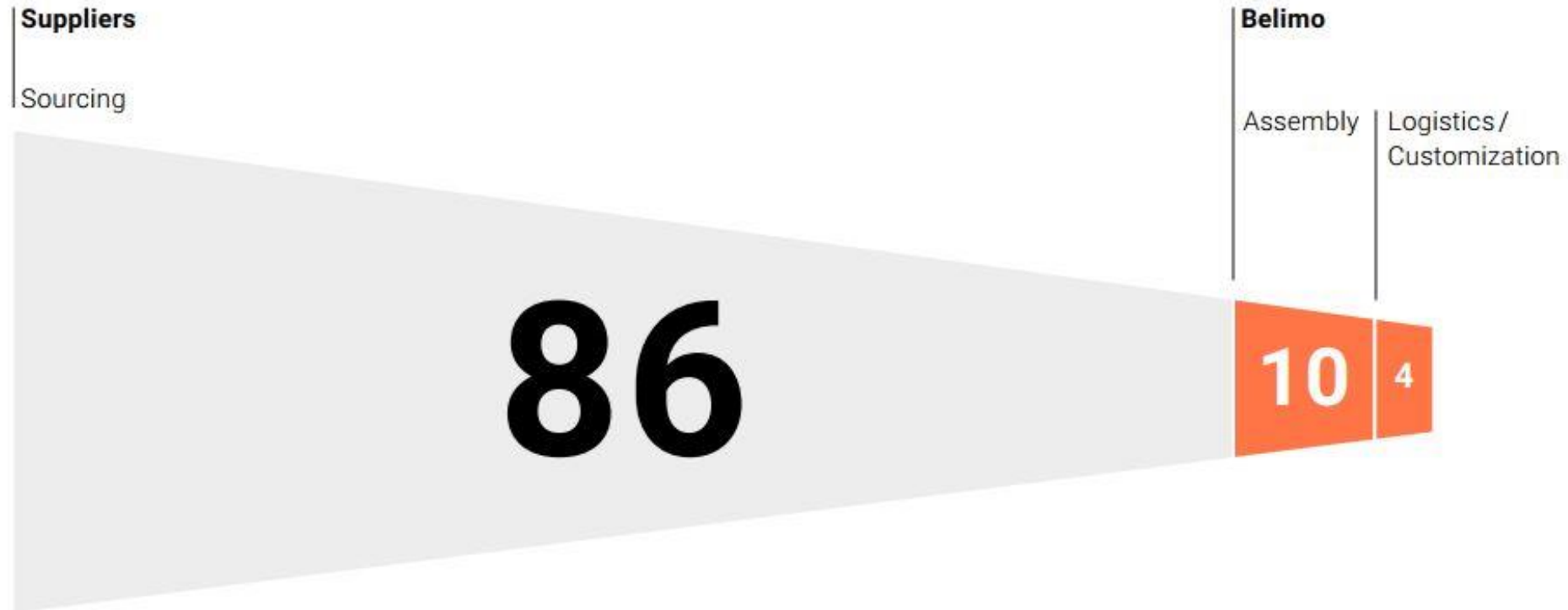
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The Importance of the Supply Chain in our Business Model



Focus on Final Assembly, Testing and Customizing

In % of production costs



The Importance of the Supply Chain in our Business Model



ISO 14001 Certified Suppliers

In %

A-Supplier



B-Supplier



C-Supplier

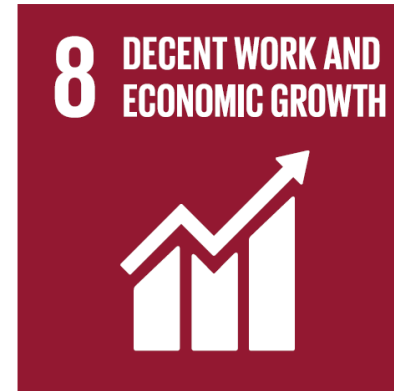


Sustainable Supply Chain:

- Regular on-site visits and audits ensuring compliance with our requirements
- Code of Conduct signed by more than 400 suppliers (> 97% of procurement volume)
- Localized sourcing reducing transport
- Single source strategy; relationships characterized by trust, honesty and operational excellence
- Reusable FSC-labelled packaging / recyclable pallets

The Importance of the Supply Chain in our Business Model

- Belimo contributes to **SDG 12** by:
- upholding sustainable procurement practices
- localized sourcing
- minimizing waste
- optimizing logistics
- applying environmental management standards at its main production sites



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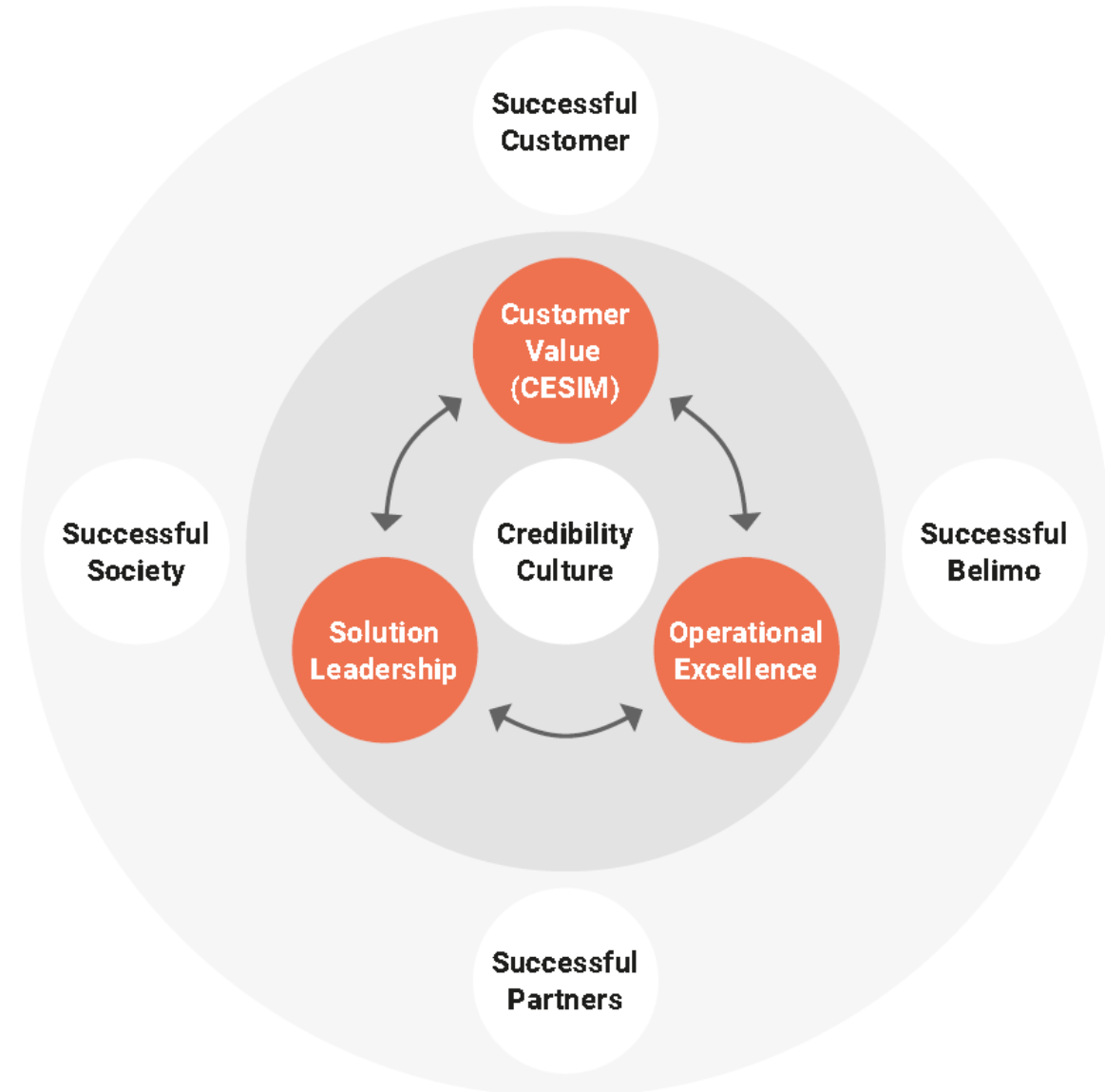
Lars van der Haegen

All

Our Credibility Culture

How We Get “Together to the Top”:

- Continued communication of Vision, Mission and Values as well as Quality Standards
- Leadership Trainings
- New Employee Trainings (over a period of 2 weeks in Hinwil)
- High employee tenure / engagement scores



Our Credibility Culture

- With its sustained economic growth story and the continuous creation of new decent workplaces **Belimo contributes to SDG 8**



- Other contributions are the empowerment of employees, the fostering of their skills as well as offering equal opportunity employment.



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Guest Speakers
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Q&A-Session



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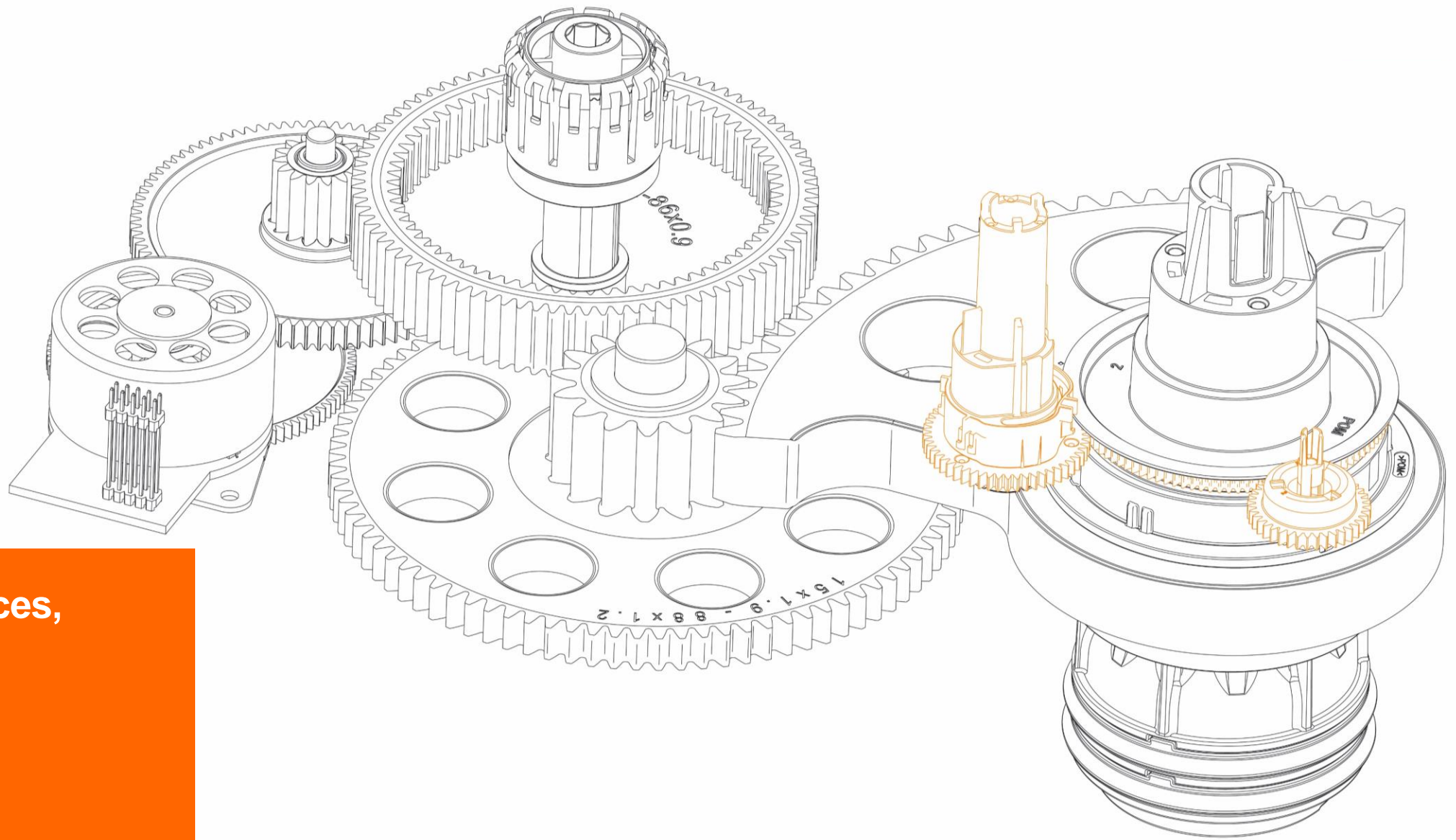
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Lars van der Haegen
Markus Schürch
Guest Speakers
all

Organisation

- Please take your belongings to the experience center and leave them there





Small Devices,
Big Impact