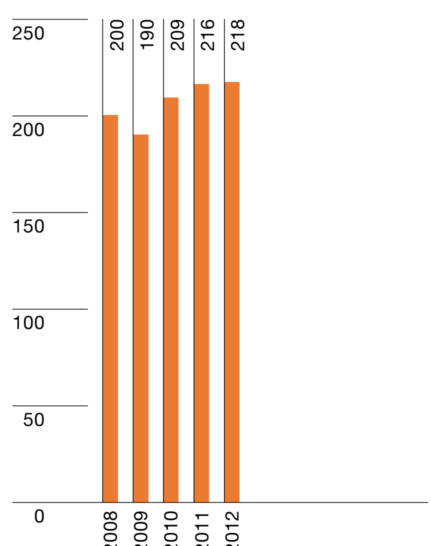
Semiannual Report

2012

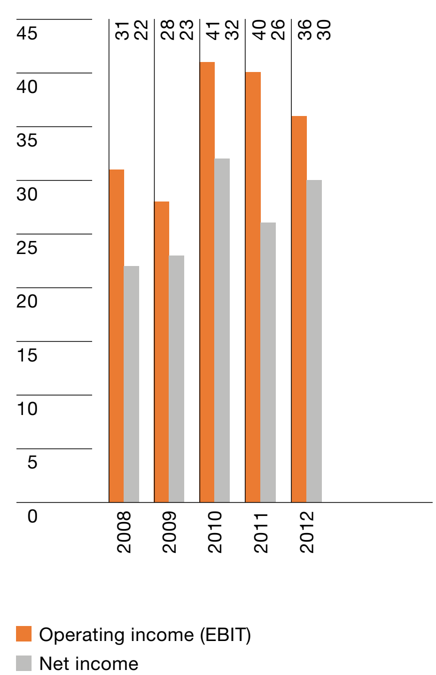
Financial summary

in CHF million	1st half 2012	1st half 2011	Change
Net sales	217.5	216.0	0.7%
Operating income before interest, taxes, depreciation, amortization (EBITDA)	43.4	47.0	–7.6%
in percent of net sales	19.9%	21.7%	
Operating income before interest and taxes (EBIT)	36.0	40.1	–10.2%
in percent of net sales	16.5%	18.5%	
Net income	29.6	26.4	12.1%
in percent of net sales	13.6%	12.2%	
Investments	12.4	5.7	118.3%
Cash flow from operating activities	41.1	30.2	36.0%
in percent of net sales	18.9%	14.0%	
Free cash flow	29.5	25.1	17.7%
in percent of net sales	13.6%	11.6%	
in CHF			
Earnings per share	48.61	43.40	12.0%
Number of employees (FTEs, six-month average)	1 187	1 120	6.0%

Sales 1st half 2008–2012
in CHF million



Income 1st half 2008–2012
in CHF million



Convincing profit on varied regional growth

Dear Shareholder

The operating activities of the Belimo Group have been affected by the challenging economic environment and subjected to strong regional fluctuations. In total, sales increased by a modest 0.7 percent to CHF 217.5 million. Belimo posted growth of 3.5 percent on a currency-adjusted basis.

While Europe and the Americas recorded satisfactory currency-adjusted year-on-year growth of 4.5 and 2.6 percent respectively, Asia/Pacific showed disappointing results with a currency-adjusted growth of 0.8 percent. Converted into Swiss francs, the breakdown of sales by market region was 54 percent for Europe, 36 percent for the Americas and 10 percent for Asia/Pacific.

Earnings before interest and taxes (EBIT) for the first half-year amounted to CHF 36.0 million, which equates to an operating margin of 16.5 percent (comparison period 2011 18.5 percent). As a result of more stable foreign exchange rates, net income increased by 12.1 percent to CHF 29.6 million (comparison period 2011 CHF 26.4 million). Free cash flow rose by 17.7 percent to CHF 29.5 million. Earnings per share were CHF 48.61 (comparison period 2011 CHF 43.40).

The company had net liquidity of some CHF 54 million and an equity ratio of 72.7 percent.

Europe

Sales in the European market region for the first half-year stood exactly at the prior-year level, with growth of 4.5 percent on a currency-adjusted basis. Business performances varied greatly from region to region. While Central Europe proved to be robust, parts of Northern and Southern Europe were affected by the challenging economic situation.

The good order situation in Germany, the strongest European market in terms of sales, helped create solid growth. Several major projects were awarded, particularly in the contracting segment. Large projects involving characterized control valves in water applications helped to achieve excellent growth. Examples of such projects include the Triton-Haus in Frankfurt and the Hammerbrookhöfe in Hamburg. The Austrian market developed well in the heating sector, and Belimo secured a number of large projects. The Polish market enjoyed strong growth. This can be attributed to investments in connection with the European Football Championships and the acquisition of new customers. Sales in the Southern European countries continued to be adversely affected by the debt crisis.

The products for water and variable volumetric flow applications reported very solid growth.

Americas

Sales in the Americas market region grew by 1.5 percent, on a currency-adjusted basis 2.6 percent. In light of the slowly recovering construction industry in the United States and the strong growth in the previous year, this is a satisfactory result.

The first half-year was mixed for North America. While the United States saw cautious growth, Canada performed below expectations. In contrast, sales in Latin America were up sharply.

The trend toward saving energy led to increased investment in HVAC solutions for new and existing buildings. Around one third of commercial and institutional new-build projects are so-called Green Buildings, which guarantee lower operating costs.

Sales increased with OEM customers as well as in the contracting segment.

Sales of water applications outperformed those of air applications. Since being launched into the market last year, the EF spring-return actuator has shown extremely positive development. Customer reactions to the newly launched Energy Valve™ have also been excellent. For example, this valve was used in the sensitive clean room application at the Butantan biomedical research institute in São Paulo, Brazil.

In Danbury (USA), property close to the current location was purchased. Over the next two years, a new building will be constructed on this piece of land to allow further growth.

Asia/Pacific

Sales growth in the Asia/Pacific market region was disappointing with 1.4 percent, and only 0.8 percent on a currency-adjusted basis.

Sales of water applications increased while sales of air applications fell slightly. The only market where the air applications segment recorded better year-on-year results was China, primarily due to sales of conventional actuators. China, the strongest sales market in Asia/Pacific, was adversely affected by the restrictive lending policies of banks, causing delays in several major projects. Sales in the Hong Kong and South Korean market regions grew solidly, but the other markets experienced slower economic growth. Customer reactions to new application solutions were encouraging.

Innovation

The Energy Valve™ was the first product in the market to be launched with built-in sensor technology and integrated intelligence. The product combines state-of-the-art electronics and software with up-to-date application expertise from the building energy technology sector. Thanks to this control valve, customers are able to save energy and therefore also save on operating costs and investments. At the same time, the product is environmentally friendly and increases operational safety.

Data communication is becoming increasingly important in building technology. Last year, the Shared Logic platform was modified to include additional standard bus systems, which were used for the first time in the Energy Valve™.

Belimo is gradually introducing the latest generation of integrated electronic circuits (ASIC) into products, which will ensure increased functionality while keeping costs low.

Group Executive Committee

Matthias Haas, Head of Asia/Pacific and Member of the Group Executive Committee, left Belimo in the middle of 2012. Gary Economides has been named his successor. He possesses profound specialist knowledge and many years of professional experience. He will take over on November 1, 2012 and be stationed in Hong Kong.

Outlook

Economic prospects in Europe are still uncertain. The euro crisis and cost-cutting measures could have a negative impact on investments in construction, particularly in the Southern European countries.

Construction activity in the United States is forecast to continue rising, but Belimo is not expecting to benefit from the positive effects until next year.

In the Asia/Pacific region the economic trend could be rather modest. The regulations of the Chinese government concerning energy savings in particular should mean that construction activity will intensify. In light of this and major projects scheduled for completion, Belimo is hoping for growth in the second half-year.

Issues such as urbanization and energy efficiency will continue to be relevant and may lead to increased investments in building technology. Thanks to its innovative products, Belimo sees further potential for profitable growth.

We appreciate your trust in Belimo.

Sincerely
BELIMO Holding AG

Hans Peter Wehrli
Chairman of the Board of Directors

Jacques Sanche
CEO

Consolidated financial statements

Balance sheet

in CHF 1 000	06.30.2012	12.31.2011
Cash and cash equivalents	73 937	75 327
Securities	26	81
Trade accounts receivable	63 737	51 393
Income tax receivable	267	386
Other accounts receivable and accruals	4 218	5 970
Inventories	66 558	69 201
Current assets	**208 743**	**202 358**
Property, plant and equipment	94 325	88 876
Intangible assets	11 085	11 340
Financial assets	1 578	1 643
Deferred tax assets	687	703
Non-current assets	**107 675**	**102 562**
Assets	**316 418**	**304 920**
Current financial liabilities		35
Trade accounts payable	16 974	8 691
Income tax payable	5 863	3 423
Other liabilities and deferrals	27 830	26 214
Current liabilities	**50 667**	**38 363**
Non-current financial liabilities	20 000	20 000
Deferred tax liabilities	10 327	10 458
Provisions	4 853	4 689
Post-employment benefits	624	655
Non-current liabilities	**35 804**	**35 802**
Liabilities	**86 471**	**74 165**
Share capital	615	615
Treasury shares	–4 204	–4 204
Capital reserves	15 095	15 095
Retained earnings	218 441	219 249
Shareholders' equity	**229 947**	**230 755**
Liabilities and shareholders' equity	**316 418**	**304 920**

Consolidated financial statements

Income statement

in CHF 1 000	1st half 2012	1st half 2011
Net sales	217 541	216 006
Changes in inventory	–459	1 994
Other operating income	51	100
Capitalized own services	678	933
Material expenses	–91 257	–91 713
Personnel expenses	–57 235	–55 172
Operating expenses	–25 936	–25 182
Depreciation and amortization	–7 401	–6 903
Operating income (EBIT)	**35 982**	**40 063**
Financial income	876	407
Financial expenses	–702	–7 942
Financial result	**174**	**–7 535**
Income before taxes (EBT)	**36 156**	**32 528**
Income taxes	–6 511	–6 088
Net income	**29 645**	**26 440**
Earnings per share in CHF	**48.61**	**43.40**

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

Statement of comprehensive income

in CHF 1 000	1st half 2012	1st half 2011
Net income	**29 645**	**26 440**
Translation differences	41	–2 591
Other comprehensive income after taxes	**41**	**–2 591**
Total comprehensive income	**29 686**	**23 849**

Statement of changes in equity, condensed

in CHF 1 000	Share capital	Treasury shares	Capital reserves	Retained earnings	Shareholders' equity
At January 1, 2011	**615**	**–4 692**	**14 602**	**201 466**	**211 991**
Total comprehensive income				**23 849**	**23 849**
Purchase of treasury shares		–38			–38
Dividends				–33 509	–33 509
At June 30, 2011	**615**	**–4 730**	**14 602**	**191 806**	**202 293**
At January 1, 2012	**615**	**–4 204**	**15 095**	**219 249**	**230 755**
Total comprehensive income				**29 686**	**29 686**
Dividends				–30 494	–30 494
At June 30, 2012	**615**	**–4 204**	**15 095**	**218 441**	**229 947**

Cash flow statement, condensed

in CHF 1 000	1st half 2012	1st half 2011
Cash flow from operating activities	**41 084**	**30 218**
Cash flow from investing activities	**–11 591**	**–5 163**
Free cash flow	**29 493**	**25 055**
Cash flow from financing activities	**–30 846**	**–33 960**
Translation differences arising from cash and cash equivalents	–37	–1 355
Net cash decrease	**–1 390**	**–10 260**
Cash and cash equivalents at beginning of period	75 327	67 342
Cash and cash equivalents at end of period	**73 937**	**57 082**

The cash flow from investing activities includes CHF 7.1 million for the purchase of property in Danbury (USA).

Notes

1 Group accounting principles

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

The unaudited consolidated interim financial statements for the first half of 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34 Interim Financial Reporting.

These consolidated financial statements have been prepared in Swiss francs (CHF), rounded to the nearest thousand. The same accounting principles, estimates and assumptions were applied as in the consolidated annual financial statements 2011. The revised standards (see consolidated financial statements for 2011) have not had a significant influence on Belimo's semiannual report for 2012.

2 Changes to the scope of consolidation

There were no changes to the scope of consolidation since January 1, 2012 or in the 2011 financial year.

3 Segment reporting

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

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

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

	Europe		Americas	
in CHF 1 000	1st half 2012	1st half 2011	1st half 2012	1st half 2011
Income statement				
Net sales to third parties	117 160	117 109	79 139	77 941
Capitalized own services				
Personnel and operating expenses	–17 151	–16 993	–13 038	–11 120
Depreciation and amortization	–953	–943	–447	–428
Segment profit	**99 056**	**99 173**	**65 654**	**66 393**
Non-allocated changes in inventory				
Non-allocated other operating income				
Non-allocated material expenses				
Non-allocated financial result				
Income before taxes (EBT)				

“Europe”, “Americas” and “Asia/Pacific” are run by regional managers. The organization of the strategic Group Division “Shared Services” is subdivided and managed centrally as a cost center by the Swiss company. No sales are therefore credited to this segment in the segment reporting.

The activities of the reportable segments are as follows:

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

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

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

Shared Services. Comprises research and development activities, production, 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, operating expenses and amortization and depreciation as a percentage of sales). Material expenses cannot be reliably allocated to the segments due to the Group’s principal structure. As a result of the Group-wide application of a principal structure, the central production and sales company in Switzerland is the main risk carrier. The opportunities and risks of the sales companies are limited to their local market risk.

Additional information can be found in the tables.

Asia/Pacific		**Shared Services**		**Total reportable Segments**		**Elimination**		**Total**	
1st half 2012	**1st half 2011**	**1st half 2012**	**1st half 2011**	**1st half 2012**	**1st half 2011**	**1st half 2012**	**1st half 2011**	**1st half 2012**	**1st half 2011**
21 242	20 956			217 541	216 006			217 541	216 006
		678	933	678	933			678	933
−4 683	−4 399	−52 225	−51 365	−87 096	−83 877	3 926	3 523	−83 171	−80 354
−143	−107	−5 858	−5 425	−7 401	−6 903			−7 401	−6 903
16 416	**16 450**	**−57 405**	**−55 858**	**123 722**	**126 158**	**3 926**	**3 523**	**127 647**	**129 681**
								−459	1 994
								51	100
								−91 257	−91 713
								174	−7 535
								36 156	**32 528**

4 Sales

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

	CHF	Local currencies
Europe	0.0%	4.5%
Americas	1.5%	2.6%
Asia/Pacific	1.4%	0.8%
Group	**0.7%**	**3.5%**

Market shares in net sales did not change year-on-year. In Europe it was 54 percent, 36 percent for the Americas and 10 percent for Asia/Pacific.

Movements in exchange rates had an overall effect on sales of –2.8 percentage points (comparison period 2011 –11.3 percentage points).

in CHF 1 000	1st half 2012	Share	1st half 2011	Share
Sales by application				
Air	133 831	62%	134 829	62%
Water	83 710	38%	81 177	38%
Total	**217 541**	**100%**	**216 006**	**100%**

In local currencies, sales of air applications grew by 2.3 percent and sales of water applications were up 5.4 percent.

5 Financial result

The financial result amounts to CHF 0.2 million (comparison period 2011 CHF –7.5 million). In the previous year, the financial result mainly consisted of foreign currency losses which particularly arose from the valuation of balance sheet items in EUR, USD and CAD.

6 Earnings per share

	1st half 2012	1st half 2011
Net income in CHF 1 000	29 645	26 440
Average number of outstanding shares	609 887	609 260
Earnings per share in CHF	**48.61**	**43.40**

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

In the first half of 2012 no shares were traded (comparison period 2011 retirement of 20 shares).

7 Contingent liabilities

There were no contingent liabilities as of June 30, 2012 and December 31, 2011.

8 Events after the balance sheet date

The consolidated interim financial statements were approved for publication by the Board of Directors on July 26, 2012.

No other events occurred between June 30, 2012 and July 26, 2012 that would have caused an adjustment to the carrying amounts of the Group's assets and liabilities or that the Group is required to disclose here.

Publications and agenda

February 14, 2013	Publication of 2012 preliminary results
March 11, 2013	Media information session/ Publication of 2012 Annual Report
April 8, 2013	Annual General Meeting 2013

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

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

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

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.

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

www.belimo.com

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