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Press Release Belimo Group Semiannual Report 2011

Belimo posts strong currency-adjusted growth with robust margins

Belimo, a leading, innovative global technology company producing electrical actuator solutions for heating, ventilation and air conditioning systems, posted pleasing growth on a currency-adjusted basis in the first half-year. However, growth in Swiss francs was impacted by the strengthening of the Swiss franc over a considerable period now.

Sales in the first half of 2011 came to CHF 216.0 million, equivalent to year-on-year growth of 3.2 percent, and 14.5 percent in local currencies.

The operating margin before interest and taxes (EBIT) was 18.5 percent (same period 2010 19.5 percent). Despite the adverse currency situation, the margin remained at a high level, mainly due to natural hedging. The currency losses resulted in a decline in net profit, which was down by 16.1 percent to CHF 26.4 million (same period 2010 CHF 31.5 million).

In local currencies, the year-on-year growth was 10.9 percent for Europe, 18.7 percent for the Americas and 19.2 percent for Asia/Pacific. Converted into Swiss francs, the breakdown of sales by market regions was 54 percent for Europe, 36 percent for the Americas and 10 percent for Asia/Pacific. In local currencies, sales of air applications were up by 13.9 percent and sales of water applications by 15.4 percent.

Europe

The European market region benefited from the partial economic upswing in the Group's major markets, posting growth of 10.9 percent on a currency-adjusted basis. Virtually all subsidiaries reported higher sales than a year ago. The highest turnover market Germany contributed significantly to the good result. The largest contributions to growth in local currencies came from France and Finland, with over 30 percent. The rest of Central Europe and the Middle East were also successful.

In contrast to the trend in previous years, air applications reported stronger growth than water applications. Developments in standard actuators and volumetric flow applications (VAV) were particularly positive. Water applications saw good growth, with the ongoing strong demand for 6-way valves proving a major success factor. Additions to the range with large control valve nominal diameters and electronic pressure-independent control valves (EPIV) encountered strong interest in the markets.

Americas

Given the only slow recovery in the markets, the growth in sales on a currency-adjusted basis of 18.7 percent achieved in the first six months was remarkable. Growth was slightly higher in the US than in Canada. Latin America was also a contributor to growth.

Belimo gained market share with additional volumes from existing OEM customers and was also able to grow strongly in the contracting business thanks to the success of existing and new customers. Overall, sales of water applications slightly outperformed those of air applications. Last year's market launch of the electronic pressure-independent control valve (EPIV) continued to prove very successful.

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Asia/Pacific

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

Sales of water applications increased by a slightly larger margin than those of air applications. Contracting business registered pleasing growth and outperformed OEM business in the first six months. Significant contributions to growth came from volumetric flow applications (VAV) and the newly launched spring-return actuators, with results well exceeding expectations.

Net sales by region

in CHF 1,000	1st half 2011	Share in %	Growth in local cur- rencies in %	1st half 2010	Share in %
Europe	117,109	54	10.9	115,496	55
Americas	77,941	36	18.7	74,452	36
Asia/Pacific	20,956	10	19.2	19,374	9
Total	216,006	100	14.5	209,322	100

Net sales by application

in CHF 1,000	1st half 2011	Share in %	Growth in local cur- rencies in %	1st half 2010	Share in %
Air	134,829	62	13.9	131,576	63
Water	81,177	38	15.4	77,746	37
Total	216,006	100	14.5	209,322	100

Innovation

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

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

Belimo enlarged its decentralized intelligence platform (Belimo Shared Logic). Actuators with safety functions are about to be launched in the market and will extend the spectrum of possible applications.

Outlook

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

Demand in the most important European markets appears to be intact. New products will help to boost sales. In Americas we see no signs of a slowdown yet and forecasts point to a slight pickup in the construction of new utility buildings. In the Asia/Pacific region, we are hoping for acceleration in growth in both India and China.

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

Belimo Group key figures

in CHF 1,000 (unless specified otherwise)	1st half 2011	1st half 2010	Change in %
Net sales	216,006	209,322	3.2
Operating income (EBIT) in percent of net sales	40,063 18.5%	40,835 19.5%	-1.9
Net income in percent of net sales	26,440 12.2%	31,501 15.0%	-16.1
Cash flow from operating activities in percent of net sales	30,218 14.0%	43,341 20.7%	-30.3
Free cash flow in percent of net sales	25,055 11.6%	38,253 18.3%	-34.5
Earnings per share in CHF	43.40	51.98	-16.5
Investments	5,671	5,704	-0.6
Employees (FTEs, six-month average)	1,120	1,057	5.9

The Belimo Group is a leading global manufacturer of innovative electrical actuator solutions for heating, ventilation and air-conditioning systems. The Group generated sales of CHF 426 million in 2010 and employs more than 1,100 people. Information regarding the company and its products is available at www.belimo.com/investorrelations.

The shares of BELIMO Holding AG have been traded on the SIX Swiss Exchange since 1995 (BEAN).

[Link to Semiannual Report 2011 \(PDF\)](#)

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