

Ad hoc announcement pursuant to Art. 53 LR

Hinwil (Switzerland), EMBARGOED UNTIL March 4, 2024, 06:00 a.m. CET

Ad hoc Announcement of the Belimo Group

Belimo Pursues Its Growth Path in a Demanding Environment

Belimo achieved strong results and continued to deliver on its growth strategy despite complex economic conditions.

Belimo pursued its long-term growth and investment strategy unwaveringly and successfully throughout 2023. Thanks to highly engaged employees and a strong network of suppliers, Belimo was able to master the year's challenges exceptionally well. In line with its strategy, the Group welcomed almost 100 additional new talents during the year under review. To sustain future business, CHF 76.0 million, equivalent to 8.9% of net sales, was invested in research and development, amongst other things for the most advanced platform for building automation field devices. A platform that will allow for a seamless design, installation, and commissioning experience across the product range offering, as the field devices will become more integrated and require consistent interfaces in the evolving building automation architecture.

The most significant challenges came from a demanding economic environment leading to a slowdown of business momentum in the construction industry. Nevertheless, Belimo saw net sales grow 7.2% in local currencies and 1.4% to CHF 858.8 million in Swiss francs (2022: CHF 846.9 million). Earnings before interest and taxes (EBIT) amounted to CHF 152.5 million (2022: CHF 152.4 million), and the EBIT margin was stable at 17.8% (2022: 18.0%). Owing to a one-time tax effect of CHF 17.1 million, net income rose by 11.5% to CHF 136.8 million (2022: CHF 122.7 million), and earnings per share came to CHF 11.14 (2022: CHF 9.99).

Operating cash flow increased to CHF 157.0 million (2022: CHF 112.9 million), positively affected by a decline in net working capital in the reporting period. In the previous year, net working capital was increased to maintain superior lead times in an environment of global supply chain shortages. Free cash flow amounted to CHF 135.9 million (2022: CHF 91.2 million), including a divestment of term deposits of CHF 25.0 million (2022: net divestment of CHF 35.0 million).

At the 2024 Annual General Meeting, the Board of Directors is proposing a dividend of CHF 8.50 per share and is submitting a proposal amending the Articles of Incorporation to both implement the revised Swiss Code of Obligations and to take account of current best practices.

Net Sales by Market Regions

in CHF 1'000	2023				2022			
	Net sales	% ²⁾	Growth in CHF	Growth in local currencies	Net sales	% ²⁾	Growth in CHF	Growth in local currencies
EMEA	375'920	44%	2.2%	6.4%	367'902	43%	-2.0%	4.7%
Americas	373'813	44%	1.5%	7.7%	368'261	43%	26.4%	21.3%
Asia Pacific	109'053	13%	-1.5%	8.2%	110'737	13%	12.5%	11.4%
Total¹⁾	858'785	100%	1.4%	7.2%	846'900	100%	10.7%	11.9%

¹⁾ due to rounding, amounts presented do not add up precisely to the totals provided

²⁾ in % of total net sales

EMEA. The EMEA market region registered net sales of CHF 375.9 million in 2023. This corresponds to an increase of 6.4% in local currencies (2.2% in Swiss francs) compared to the previous year, mainly driven by the successful implementation of price increases. As the year progressed, the consequences of interest rate hikes and the war in Ukraine increasingly restricted avenues of growth within the European construction industry. On the other hand, on the product side, Belimo's pressure-independent valves performed particularly well, seeing a rise in demand stemming among other things from an increasing focus on energy savings and substantial progress in the original equipment manufacturer (OEM) business with data centers throughout the EMEA region.

Americas. The Americas market region reported CHF 373.8 million in sales in 2023, corresponding to an increase of 7.7% in local currencies (1.5% in Swiss francs). This includes a price increase implemented in 2023, which contrasts with two bigger price increases enforced in 2022. Belimo was able to retain most of the market shares it had gained in the region during 2022, a year marked by the severe supply chain disruption experienced by competitors. This success was made possible by a high level of operational excellence and resulting fast lead times along with a sales force that provides outstanding customer value based on extensive heating, ventilation, and air conditioning (HVAC) application know-how.

Asia Pacific. The Asia Pacific market region reported CHF 109.1 million in sales in 2023, corresponding to an increase of 8.2% in local currencies (-1.5% in Swiss francs). The HVAC market experienced a slowdown in China owing to liquidity issues and further economic challenges. India's HVAC business saw significant growth, driven by promising sectors such as data centers, infrastructure, and the pharmaceutical and hospitality sectors, coupled with a heightened emphasis on energy efficiency, indoor air quality, and eco-friendly certified buildings. The Southeast Asian market likewise grew, mainly fueled by new construction ventures, with growing interest in renovation and upgrades.

Net Sales by Business Lines

in CHF 1'000	2023				2022			
	Net sales	% ²⁾	Growth in CHF	Growth in local currencies	Net sales	% ²⁾	Growth in CHF	Growth in local currencies
Damper Actuators	404'788	47%	-4.5%	1.1%	423'803	50%	4.6%	6.6%
Control Valves	417'490	49%	6.1%	12.0%	393'492	46%	16.2%	16.5%
Sensors and Meters	36'507	4%	23.3%	31.0%	29'605	3%	36.3%	38.5%
Total¹⁾	858'785	100%	1.4%	7.2%	846'900	100%	10.7%	11.9%

¹⁾ due to rounding, amounts presented do not add up precisely to the totals provided

²⁾ in % of total net sales

Applications. The business line Control Valves could gain significant market share, posting growth of 12.0% in local currencies. This confirms Belimo's successful efforts as innovation leader in this application field. Additionally, Sensors and Meters gained further traction, registering an increase of 31.0% in local currencies. Damper Actuators, on the other hand, grew only slightly by 1.1% in local currencies. Destocking by OEM customers and the slowed-down business momentum in the new construction industry adversely affected sales.

Outlook. In 2024, the Group anticipates solid demand for its field devices in both new construction and the renovation of existing structures. Sales growth, measured in local currencies, is projected to be at the lower end of its guided growth corridor. Additionally, the EBIT margin is likely to be influenced by foreign exchange fluctuations and sustained high levels of research and development, along with ongoing investments in future advancements.

The non-residential building market faces challenging investment decisions amid global economic uncertainty, signs of recession, and higher interest rates. Nevertheless, even if these higher rates slow new construction activity, refurbishment projects are expected to pick up, albeit with some delay. This potential shift presents Belimo with additional growth opportunities.

As the market leader in energy-efficient HVAC field devices, Belimo is strongly positioned to leverage these changes in the market. The ongoing urbanization and climate change trends are fueling demand for improved indoor air quality and energy efficiency in building automation, offering prospects for growth outpacing general GDP trends. The Group remains committed to its long-term growth strategy, continuing to invest in strategic initiatives and expanding its capacity, mainly in the logistics area, leading to an elevated capital expenditure level in the coming years.

Key Figures of the Belimo Group for the 2023 Financial Year

in CHF 1'000 (unless indicated otherwise)	2023	2022	Change
Net sales	858'785	846'900	+1.4%
Earnings before interest, taxes, depreciation, and amortization (EBITDA) in percent of net sales	188'312 21.9%	189'033 22.3%	-0.4%
Earnings before interest, taxes (EBIT) in percent of net sales	152'466 17.8%	152'363 18.0%	+0.1%
Net income in percent of net sales	136'845 15.9%	122'698 14.5%	+11.5%
Cash-effective investments in property, plant and equipment and intangible assets	47'043	54'698	-14.0%
Cash flow from operating activities in percent of net sales	156'966 18.3%	112'861 13.3%	+39.1%
Free cash flow in percent of net sales	135'882 15.8%	91'202 10.8%	+49.0%
Return on equity (ROE)	26.0%	23.8%	
Return on invested capital (ROIC)	26.6%	24.9%	
Earnings per share, in CHF	11.14	9.99	+11.5%
Dividend per share, in CHF	8.50 ¹⁾	8.50	+0.0%
Number of employees (FTEs) as at December 31	2'260	2'163	+4.4%
Total CO ₂ savings of Belimo devices, in million tons of CO ₂ e	7.7	8.4	-8.5%

¹⁾ Proposal to the Annual General Meeting on March 25, 2024.

The Belimo Group is the global market leader in the development, production, and sales of field devices for the energy-efficient control of heating, ventilation, and air-conditioning systems. The focus of our core business is on damper actuators, control valves, sensors and meters. In 2023, the Company reported sales of CHF 859 million and over 2'300 employees. Information about the Company and its products is available at www.belimo.com. The shares of BELIMO Holding AG have been traded on the SIX Swiss Exchange since 1995 (BEAN).

Link to the Annual Report 2023: <https://report.belimo.com/>

At 8.30 a.m. CET, an Earnings Call on the 2023 Financial Statements will be held in English today.

At 10:30 a.m. CET, a German-language Media and Financial Analysts Conference on the 2023 Financial Statements will be held at the Hotel Metropol in Zurich. Please register to either or both events by using this [link](#).

Contact Dr. Markus Schürch, CFO +41 43 843 61 72

Agenda Media and Financial Analysts Conferences on the 2023
Financial Statements March 4, 2024
Annual General Meeting 2024 March 25, 2024
Dividend Payment April 2, 2024
Publication of the Semiannual Report 2024 July 22, 2024