

Preface



Prof. Dr. Hans Peter Wehrli
Chairman of the Board of Directors

Dear Shareholders

Belimo can look back at a successful year. Sales in Swiss francs increased 8.2 percent to CHF 533.7 million. In currency-adjusted terms, this equals organic growth of 6.8 percent. In local currencies, the Europe market region grew by 5.3, the Americas by 7.1 and Asia/Pacific by 12.1 percent. As expected, the higher growth seen in the first half-year of 2016 could not be continued in the second half.

The strategy of a strong regional presence combined with positioning as an innovative global market and technology leader will continue to generate sustainable growth in the future. For example, customers using the innovative Belimo Energy Valve™ achieve long-term economic and environmental benefits (energy efficiency).

Other growth drivers include the expansion of the sensor business and the opportunities that digitization offers for Belimo.

Not only sales growth, but also continuous investments in efficiency improvements over the past few years contributed to a solid operating income (EBIT) of CHF 87.0 million and an EBIT margin of 16.3 percent. Net income rose by 24.1 percent year-on-year to CHF 69.8 million. Currency effects had a negative impact on the net income of previous year.

The Board of Directors proposes to the annual general meeting a dividend of CHF 75 per share. Based on the closing price of CHF 3078 on December 31, 2016, this equates to a return of 2.4 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 2016, organic growth amounted to 8.2 percent in Swiss francs and 6.8 percent in local currencies. The operating income margin was encouraging at 16.3 percent.

Europe

Sales in the Europe market region grew by 6.2 percent and in currency-adjusted terms by 5.3 percent. In spite of weaker growth in the second half-year, Belimo surpassed general market trends and gained market shares.

Economic Environment and Markets

Although the large European economies did well, the individual countries in Europe saw very different growth trends. The low oil price resulted in restrained investment activity in the Middle East, and political uncertainty in Turkey had a negative impact on sales development. Except for the devaluation of the British pound, Brexit did not have any noticeable effect in the reporting year. Overall, demand in the heating, ventilation and air conditioning sector was stable in the European market.

Germany, the United Kingdom, Italy, the Netherlands and Poland made excellent contributions to growth. Russia saw a trend reversal and renewed growth. Germany gained market share with innovative products for water applications in particular. Demand rose in the United Kingdom for fire damper actuators. Italy posted growth across all business areas. The market in the Netherlands recovered, which resulted in encouraging growth. The contracting business in particular improved considerably. Poland benefited from relocations of production facilities from Western to Eastern Europe as well as from a strong economy. While lively construction activity in the Arab Emirates resulted in solid growth, project delays meant that the expectations for Saudi Arabia were not met. Switzerland suffered from a decline in the commercial building sector, the ongoing trend towards the outsourcing of activities abroad as well as the effects of the strong Swiss franc.

Customers and Products

Water applications saw excellent growth. Particularly sales of the new products for zone and pressure-independent applications developed better than average. For air applications the market reacted very well to the new product range of fire damper actuators. Actuators for general applications also demonstrated robust growth.

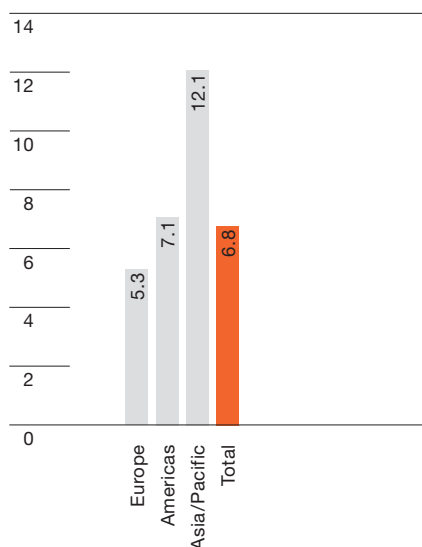
Both the OEM and contracting business showed stable development.

Belimo took part with great success in the Mostra Convegno Expocomfort (MCE), an international trade fair in Milan, Italy.

In South Africa, the country's largest shopping mall, the "Mall of Africa" was built. With the Belimo Energy Valves™ installed in this mall, the HVAC systems can be operated in a highly energy-efficient manner.

Sales growth 2016
in local currencies

in percent



Americas

Sales in the Americas market region grew by 9.4 percent and in currency-adjusted terms by 7.1 percent. All markets contributed to this positive result.

Economic Environment and Markets

The economy in the United States continued to gain momentum as 2016 progressed, aided by lower rates of unemployment and increases in consumer spending and housing investment. The Canadian economy also experienced a strong rebound in the latter half of the year driven from a pickup in energy export activities. Most countries in Latin America remained in recession throughout the year due to the region's continued adjustment to low commodity prices. The HVAC market in the United States and Canada fared better than the general economy. Among other things, it benefited from continued interest on the part of facility owners to invest in energy-saving HVAC system upgrades in existing buildings.

The United States and Canada contributed substantially to the strong sales growth, which in addition to the good economic situation could also be attributed to high sales and marketing performance as well as short delivery times.

Overall, the market share of damper actuators and control valves increased.

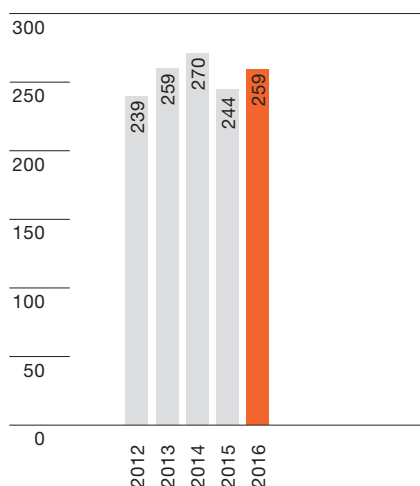
Customers and Products

Products for air and water applications demonstrated healthy increases. The higher growth of the latter is a reflection of the continued success with innovative products for water applications.

Both the OEM and contracting business also posted good growth. The growth in the OEM business was driven primarily by strong sales of fire protection and safety products. The contracting business benefited most significantly from growth in the sale of pressure-independent valves and characterized control valves.

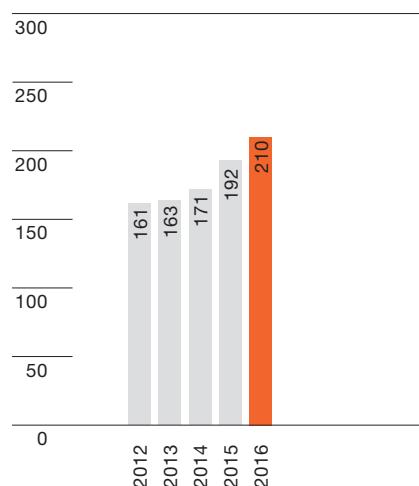
Net sales Europe

in CHF million



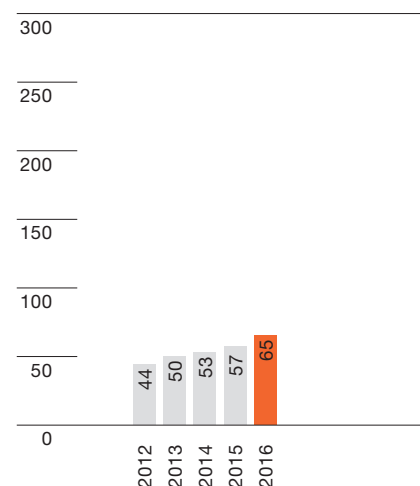
Net sales Americas

in CHF million



Net sales Asia/Pacific

in CHF million



Report of the Group Executive Committee

The zero-leakage ZoneTight™ zone valves for narrow spaces introduced in 2015 were very well received by customers and contributed significantly to the sales growth in 2016. The market launch of the new butterfly valves started at the end of 2016.

Belimo took part in the international Air-Conditioning, Heating, Refrigerating Exposition (AHR Expo 2016) in Orlando, United States.

In Las Vegas, United States, the “Mandalay Bay Resort and Casino” was retro-fitted with Belimo Energy Valves™. This project shows how much energy can be saved thanks to this pressure-independent valve in large hotel and casino complexes.

Sales 2016 by application



■ Air 57%
■ Water 43%

Asia/Pacific

Sales in the Asia/Pacific market region grew by 12.5 percent and in currency-adjusted terms by 12.1 percent.

Economic Environment and Markets

The economic growth in most countries in the Asia/Pacific region was rather slow, which also affected the HVAC market. However, growth was supported by the increasing number of environmentally friendly new buildings and the implementation of energy-saving regulations in the region.

As a result, Belimo has achieved good growth in the entire region in spite of the difficult market environment. Performance was particularly good in India, which benefited from government investments in infrastructure. In China, the contracting business and regional sales in Southern China developed very positively. Railway, data centers and commercial buildings provided good business opportunities. The South Korean market recovered from a project slowdown in 2015 and important projects could be realized.

Market share remained stable in general. China saw improvements in the markets for data centers and commercial buildings, and in India, the market share improved for both air and water applications.

Customers and Products

Sales share of water applications has increased. Pressure-independent valves, butterfly valves and characterized control valves were the main growth contributors. Air applications showed a moderate growth.

The OEM and contracting business both performed equally well and generated solid growth throughout the region. After a rather slow previous year, the contracting business in China improved substantially.

Belimo considerably intensified its efforts in 2016 to reach end users, facility managers, owners and planners. The Company actively engaged with industry associations and strengthened its marketing activities targeting these important and influential decision-makers. Efforts in these areas will be continued in 2017.

In Macao, China, Belimo was awarded the project for the “Grand Lisboa Palace” casino, hotel and entertainment complex, the largest such complex to date. This project is scheduled to be finished in 2017 and is one of the first major projects using pressure-independent valves in the Asia/Pacific region.

Sales 2016 by region



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

Innovation

Belimo will soon introduce the third generation of the Belimo Energy Valve™. This represents a consistent further development based on the latest technical possibilities. The integrated cloud function is the most important innovation. For its use the energy valve is connected to the internet via ethernet, which allows an automatic optimization of operations. The Belimo Cloud is going online for the first time with this product, which is an important milestone for Belimo.

Employees 2016 by region



- Europe 56%
- Americas 30%
- Asia/Pacific 14%

To continuously improve the comfort and efficiency of heating, ventilation and air conditioning systems, a network of sensors is needed to record and analyze the data using decentralized logic or cloud technologies. A product range of sensors for air and water applications will be launched in 2017. These sensors can measure parameters such as temperature, humidity, air quality, pressure and volumetric flow.

The electronic pressure-independent 6-way zone valve from the Belimo Zone-Tight™ product family combines the benefits of two established Belimo valves in a single product: the efficiency of the electronic pressure-independent valve (EPIV) and the ease of installation of the 6-way characterized control valve (CCV). All actuator settings can be done comfortably wireless via the Belimo assistant app.

Employees 2016 by function



- Assembly, logistics 45%
- Sales, marketing and distribution 32%
- Research, development 12%
- Administration, management 11%

The new butterfly valves and PR actuators offer the most intelligent, energy-efficient and reliable high flow solution. The focus of this series are ease of installation thanks to less overall height and reduced weight, bus communication with sensor connections and high energy savings compared to similar products.

VAV ZoneEase™ was developed for the Asian market. This is a zone solution for demand controlled variable air volume applications. This intelligent damper actuator features a three-part interaction concept with wireless operation via smartphone, a self-explanatory service tool and a comprehensive PC tool with graphic trend diagrams.

Outlook

The long-term trends of urbanization, energy efficiency, safety and digitization that are affecting building technology will continue and are being effectively leveraged by Belimo to promote growth. Digitization will change the system architecture and processes of building automation. Digital communication with damper actuators, control valves and sensors will gain in importance, allowing their efficient integration in building automation. This development is clearly reflected in the features of the named products that are currently being launched on the market.

In the Europe market region, the development of the economy as well as private and public building activities is expected to remain satisfactory in countries most important to Belimo. The strongest growth is expected in Central and Eastern Europe.

Expectations are positive for the Americas market region. Based on various key indicators the economy in the United States appears to be moving in an upward trajectory. The Canadian economy is also forecasted to remain strong. The Brazilian economy is predicted to begin improving again in 2017.

Report of the Group Executive Committee

In the Asia/Pacific market region, the trend towards the optimization of operating costs in buildings and the growing demand for innovative and high-quality components promise a positive outlook.

Given the strengthening of the sensor product range and the opportunities offered to Belimo by digitization, expenses for research and development will be increased in relation to sales in order to improve innovative capacity.

Belimo is aiming for sustainable and profitable growth with its strategy of a strong regional presence and the constant expansion of its market leadership through innovation.

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.