ANNUAL REPORT 2017

Grundfos Holding A/S,
Poul Due Jensens Vej 7,
DK-8850 Bjerringbro
CVR no.: 31 85 83 56

The annual report (01.01.2017-31.12.2017) is presented and approved at the Annual Meeting on 20 April 2018. Conductor: Andreas F. Brandt

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GRUNDFOS

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MANAGEMENT'S REPORT

This report covers the annual result of the Grundfos Group, Grundfos Holding A/S and affiliated companies. To read the majority owners' annual report, please visit the Poul Due Jensens Fond website, thepoulduejensen-foundation.com.

Key achievements

Grundfos is a global leader in advanced pump solutions and a trendsetter in water technology.

2017 has been a strong year for Grundfos. Our solid sales growth is outperforming the market, we further strengthened our profitability and cash flow, we safeguarded our world-class customer loyalty and we have executed a number of initiatives that lay the foundation for bringing even better offerings and service to our customers. Our pump solutions have a significant positive impact on the UN Sustainable Development Goals #6 (water) and #13 (climate) by securing safe and reliable water for people and by reducing energy consumption.

After two years of modest sales growth in 2015 and 2016, sales grew in 2017 by 5.3% measured in local currencies. Net turnover reached a record high of DKK 25.6bn.

Our earnings before interest and tax (EBIT) increased to DKK 2,346m, corresponding to 9.2% of net turnover. Moreover, free cash flow improved in 2017.

Every year we conduct an extensive customer satisfaction and loyalty survey. The 2017 survey confirmed that loyalty among our customers meets the best performing companies globally. We are grateful for this, and we will continue to work hard to earn the loyalty of existing and future customers.

Based on our 2020 Strategy, we have in 2017 invested substantial resources in initiatives that will secure our future competitiveness. Our global service organisation is now operational and ready to bring innovative service offerings of a high quality to our global customer base. We have an ambition to offer the best digital customer experience and the best digitally crafted services to the market. We are investing massively in digital tools and platforms to support this. We are working closely with our customers to enable their digital platforms, and our customers are recognising our efforts.

Sales and market development

Net turnover reached DKK 25.6bn compared to DKK 24.7bn in 2016.

Measured in local currencies, sales have grown 5.3% in 2017. Due to an unfavourable currency development, growth in DKK was 3.9%.

We see growth across several markets and within most of our products and solutions categories – both in terms of sales value and sales volume.

Based on an estimated global market growth in 2017 of approx. 2-3%, Grundfos has gained further global market share.

Strong performance in China

On the back of a solid 2016, we have accelerated even further in 2017, resulting in very satisfactory double-digit growth in China. We continue to expand our geographical presence. Grundfos now has sales offices across the entire country to support a growing sales force and a highly capable network of distributors.

We are participating in China's efforts to reduce energy consumption, to improve air quality and to secure safe and reliable water access and disposal. China has embarked on a major conversion to heating households with gas. The installation of gas boilers in many Chinese homes has led to a sharp increase in demand for circulator pumps. Using our global supply chain capabilities, we have been able to meet this demand.

In 2017, we successfully launched a number of new pump solutions developed specifically for the Chinese market. China is one of our most important growth markets globally, and we will continue to invest in developing our market position.

Europe, Greater Middle East and Africa (EMEA)

Although most of the European markets are mature, we still delivered sales growth across Europe. The UK/Ireland, the Mediterranean countries, Benelux and several Central European countries are showing a solid sales development.

After some difficult years, we now see the Russian market picking up with strong growth. Grundfos is continuously investing in the Russian market, e.g. by localising production. Moreover, we are also seeing double-digit growth in Kazakhstan and the Ukraine.

Our strong market position in the Greater Middle East has been maintained despite a slow-down in projects. In Africa, we have also in 2017 increased our sales substantially.

Our HVAC OEM business, which supplies pumps to gas boiler manufacturers, had good traction in 2017. In this highly competitive market, Grundfos has for many years been successful in delivering a superior value proposition in our pump solutions and in our partnerships with customers.

Our DAB branded business which operates globally, demonstrated solid growth in 2017.

Big potential in the Americas

The USA is a critical market for Grundfos, where we see a big potential for new innovative pump solutions and services. In 2017, we ramped up our efforts to develop pump solutions targeted especially at the US market. Despite challenges in parts of our US business, we came out of 2017 with a modest sales growth. The standard product range in particular performed strongly, with double-digit growth. Similarly, we saw satisfactory sales development in both Canada and Mexico.

In South America, we are maintaining the growth trajectory from previous years. Argentina, Chile, Columbia and Peru are all showing very healthy sales growth, whereas the Brazilian market environment remains difficult.

Positive development in Asia-Pacific

Sales grew in most of the Asia-Pacific countries including markets like Australia, Japan, India and Korea. Grundfos is a key pump supplier to the Asian-based machine tool manufacturers, and we benefited from a positive development in this application. The Asian countries hold considerable potential with their need for solutions within the water utility sector. Here we are targeting several markets with customised solutions and dedicated sales teams.

Profitability and cash flow

Earnings before interest and tax (EBIT) in 2017 totalled DKK 2,346m, which is up DKK 98m on 2016.

Adjusted for non-performance-related items, i.e. restructuring costs and a discount given under our employee share programme, the Group's "performance EBIT" totalled DKK 2,535m. This is an improvement of DKK 232m on 2016, and translates into a 9.9% performance EBIT/net turnover.

With a positive net financial income, profit before tax (PBT) landed at DKK 2,415m, which is DKK 141m higher than in 2016.

Cash flow from operating activities ended at DKK 3,049m. Net investments for the year totalled DKK 835m, resulting in a free cash flow (before purchase and sale of securities) of DKK 2,214m, which is an improvement of DKK 145m relative to 2016.

The Grundfos Group enjoys a strong financial position. At the end of 2017, the Group has a net interest-bearing deposit of DKK 4.4bn. The equity ratio at the end of 2017 stands at 58.5%. Financial independence is one of our six company values, and our financial position allows for significant investments without compromising this freedom.

The growth in net turnover and profitability in 2017 exceeded the expectations set out in our 2016 annual report.

Strategy 2020 is working

Together with our company values and purpose, Grundfos' Strategy 2020 sets the overall direction, priorities and ambition for us towards 2020. Strategy 2020 is centred around five Group must-win-battles: Funding the Journey, End-to-end Supply Chain, Product and Solution Leadership, Service and, Customer & Collaboration.

Across our must-win-battles, in 2017 we identified selected initiatives to give the highest priority to, for example, Service, Digital transformation, Sales, Inventory and Operations Planning (SIOP), Manufacturing and distribution footprint and Twice as fast in time to market. We are happy to see strong traction in all these high-priority initiatives.

Growing our service business

Going forward, advanced service offerings and digitally enabled services will bring significant value to our customers in terms of stable operations, lower costs, "peace of mind" and actionable insights that can improve our customers' business. We foresee that a substantial share of our offerings will involve combining our pump solutions with services.

For this reason, we have established a global service organisation. At the end of 2017, our global service organisation is now operational and ready to take the next steps in bringing the most value-adding service offerings to our customers. We are already seeing the first results in the form of solid growth in service revenues in 2017.

Digital transformation is a must

Digital enablement across our entire business will be critical for us to remain leaders in our industry. Digitally enabled services will bring superior value propositions to our customers. Digitalisation will help us to provide the best customer experience. Within Grundfos, digital tools will support learning and knowledge-sharing, they will optimise and automate processes, and help us to reduce time to market in developing new products and solutions.

We are investing massively in the digital transformation of all parts of our business. New digital services are being tested with selected customers. An entirely new platform for bringing digital services to our customers has gone live. Major steps have been taken in further improving a seamless and easy-to-use digital buying experience. And we are supplying our distributors' e-commerce platforms with reliable and consistent product master data in order to be the best possible partner for them.

Virtual reality tools are used for training. We are developing our "factory of the future" with communication on the shop floor being digitised, which enables fast problem-solving and better machine utilisation. Software robots are automating processes. Advanced simulation tools are being widely used to reduce development time and to optimise production layouts. And not least, we have over many years invested in a coherent global IT platform that is enabling us to scale fast.

Innovation

As an innovation leader in our industry, it is our ambition to take full advantage of all the benefits new technology can bring to our customers, partners and Grundfos itself. In the future, a substantial part of our offerings will integrate products and digitally enabled services, and we foresee that a significant share of our turnover will be generated from services that bring superior customer value.

More than 1,300 people are engaged in our global functions within R&D and innovation. The main innovation centres are located in Bjerringbro, Denmark, but we have a strong presence across the world including China, the USA, Hungary and India.

Operations excellence

A key initiative under our Strategy 2020 is the optimisation of our operations footprint, covering both manufacturing and distribution. The aim is to improve delivery service to our customers and to reduce costs. In March 2017, we announced plans to transfer production lines in Switzerland, France and the UK to Hungary, Serbia and China.

As regards distribution in Europe, we are consolidating the various distribution centres into one central European distribution centre located in the Netherlands. We expect to see benefits both in terms of shortened delivery times, increased availability and reduced costs.

In Asia, we have successfully consolidated production sites in Korea, and we have opened new production sites in the Gujarat province in north-western India and in Tianjin in northern China

Over the past three years, Grundfos has successfully focused on reducing material costs. We have further professionalised our purchasing function. By collaborating closely across our functions within R&D, product management, purchasing, production and finance, and by working with our suppliers, we have delivered substantial savings. In addition, we have launched a programme with the aim of significantly reducing spend on indirect costs. This will free up resources to invest in our future competitiveness.

Our continued efforts within Sales, Inventory and Operations Planning (SIOP) have strengthened our ability to meet customer demand, and have in parallel optimised our entire supply chain.

Committed to sustainability

Our commitment to driving sustainable development in our own company and beyond is a particular mindset and the way in which we want to conduct our business. We are strong supporters of and are very engaged in the 17 UN Sustainable Development Goals, focusing primarily on those goals where we truly can make a difference with our competencies, products and solutions. We firmly believe that doing business and doing good can go hand in hand with a strong focus on achieving results with Sustainable Development Goals #6 (water) and #13 (climate). Sustainability is embedded in our overall 2020 strategy.

Social responsibility remains a strong focus area, and in 2017 we further strengthened our global activities aimed at providing relevant job opportunities for people with reduced work capacity. We have also launched initiatives aimed at equipping people with limited access to the labour market with relevant skills and competencies.

Group Key Performance Indicators (KPIs)

Our five most important KPIs are:

- Average sales growth
- Customer loyalty
- Employee motivation and satisfaction
- Return on Sales (performance EBIT/net turnover)
- Return on Capital Employed (ROCE)

With a 5.3% sales growth in 2017, we exceeded the targeted average sales growth.

Our Return on Sales ambition is measured on EBIT, and adjusted for non-performance-related items. In the year, we improved the performance EBIT ratio to 9.9%, bringing us close to our 2020 target. In terms of ROCE, we are already meeting our 2020 ambition.

We have improved our customer loyalty score one point to 86, thereby meeting our 2020 ambition. The score of 86 represents customer loyalty on a par with the best companies globally.

On employee motivation and satisfaction, we remain at a score of 70. The score is acceptable, but we still have an ambition to substantially increase motivation and satisfaction among our colleagues.

Outlook for 2018

For 2018, we forecast continued sales growth (measured in local currencies) in the range 3-5%. Based on this we expect an increase in EBIT in the range of 10-20%. As a globally operating company, we see a number of financial risks including restric-

The table below shows the 2020 ambition and the figures which have been realised for 2016 and 2017 for the Grundfos Group.

KPI	2016	2017	2020 ambition
Sales growth (excl. currency impact)	0.5%	5.3%	Avg. 3%*
Customer loyalty	85	86	86
Employee motivation and satisfaction	70	70	78
Return on Sales (performance EBIT/net turnover)	9.3%	9.9%	10%
Return on Capital Employed (ROCE)	15.4%	17.6%	17%

**Grow more than served market.*

tions on free trade and unfavourable currency developments.

Management's report on the Parent Company

Grundfos Holding A/S is the Parent Company of the Grundfos Group and holds the shares of all the other Grundfos Group companies – either directly or indirectly. The company's activities include the majority of the Group's R&D functions as well as group functions involving coordination, planning and management. In this capacity, Grundfos Holding A/S performs a number of overarching functions and services. Grundfos Holding A/S had 1,563 employees at the end of 2017.

In 2017, net turnover of Grundfos Holding A/S totalled DKK 3.3bn (2016: DKK 3.3bn), and the operating profit amounted to DKK 0.4bn (2016: 0.5bn).

According to the equity method, income from the other Group companies amounted to DKK 1.3bn (2016: 1.1bn).

Profit after tax increased from DKK 1.7bn in 2016 to DKK 1.8bn in 2017.

The balance sheet shows an equity of DKK 15.2bn (2016: DKK 14.5bn), corresponding to an equity ratio of 62.0% (2016: 66.2%).

SUSTAINABILITY

At Grundfos, we believe that doing business and doing good can go hand in hand, and we aspire to be a company which conducts its business in an ever more sustainable way. We have supported the UN's Global Compact principles since 2002, and will continue to do so, in particular focusing on achieving results with the Sustainable Development Goals #6 (water) and #13 (climate). Sustainability is embedded in our overall 2020 Strategy.

Water is our passion

Water is an issue close to our hearts. Together with our partners, we apply our core competencies to provide sustainable water solutions wherever they are needed.

For example, Water2Life is a programme initiated by our employees that seeks to provide clean water to some of the world's most vulnerable communities; it inculcates a sustainable mindset within the company. This year, we wrapped up our project in Vietnam where we helped 28,000 people gain access to safe water thanks to small, privately operated waterworks. We also launched a new project in Honduras to supply clean water to local hospitals and schools.

The Grundfos Lifelink water solutions, which represent our commitment to providing customised, sustainable water solutions to low-income communities in the developing world, continued to build partnerships to achieve this aim. In 2017, we partnered with the global humanitarian organisation ADRA International, with whom we will work closely to provide access to clean water for 1.5 million people over the next five years. Together with World Vision Kenya and the Stone Family Foundation, we provided water for 20,000 people in rural Kenya. In 2016 and 2017, our partnership with World Vision International delivered safe water to more than 700,000 people in eight countries. We also partnered with the Danish Refugee Council, providing water solutions to the Bidi Bidi refugee camp in Uganda.

Action and results are what counts

In 2016, we set out to improve our data collection and our reporting. This continued in 2017, and we are working towards meeting the Global Reporting Initiative's sustainability reporting standard in our Sustainability Report 2017, which will be published later this year (2018).

Environment

We aim to minimise our environmental footprint throughout the value chain.

Energy-efficiency is at the heart of every Grundfos pump solution. We are grateful that we can contribute to global water and energy challenges by offering solutions that use as little energy as possible. As in previous years, we have calculated the electricity savings of all our high-efficiency circulator pumps sold in the EU. This shows that from 2005 to 2017, we saved an estimated 6.6 billion kWh, or the equivalent of the annual electricity consumption of four million EU citizens.

During 2017, we allocated 4.5% of our turnover to developing new solutions.

Energy and CO_2: We have pledged never to emit more CO_2 than we did in 2008. Our main thrust in achieving this commitment is to optimise energy use across our sites, with a focus on using our own technology to become more energy-efficient. We invested more than DKK 26m in environmental projects across our facilities. Noteworthy projects include the installation of LED lighting, energy-efficient Grundfos motors and drives, the Grundfos Dynafilter, heat pumps, and PV solar.

Driven by a significant increase in production volume, and despite our energy-efficiency improvements, our energy consumption for 2017 increased by 6.4% to a total of 317 GWh. This resulted in a 10.6% increase in CO_2 emissions. On a Group level, we are still 23% below our 2008 CO_2 emissions.

Water: We are rapidly moving towards our 2025 target of reducing our water consumption by 50%.

Our main strategy to achieve this is to improve water-efficiency, boost water recycling and harvest more rainwater. As with energy consumption, our water consumption in 2017 increased by 2.4% as a result of increased production volumes. But at Group level, we are currently 34% below 2008's figures.

Circular economy: Our campaign to reduce our environmental impact includes accelerating our efforts within the circular economy to optimise resource recovery. Through our take-back system in Denmark, we collected 6,260 kg of end-of-use circulators in 2017, which our flex department dismantled in a responsible manner. This was 20% less than in 2016; however the decrease was expected due to our efforts to refine the scheme, which we plan to scale up across Europe in the coming years.

Product life cycle: This year we began making recycling information available. Different products are manufactured with different amounts of recycled materials, but typically all the aluminium and 90% of the cast iron in Grundfos products are derived from recycled materials. Other percentages include stainless steel 60%, copper 50% and polymer materials 0-10%. Most of our packaging material (wood, paper) can be 100% recycled.

Following up on our efforts the previous year, we continued implementing a global process to monitor regulatory requirements for our products – not only those that apply to environmental standards, but all relevant legislation that impacts our product solutions.

We are continuing the roll-out of a new chemical compliance IT platform for our products on a global basis to facilitate faster responses to customers. Our goal is to provide certificates of Product Chemical Compliance for all standard and special variant products.

Human rights

Our commitment to people is the foundation of our work with human rights. Human rights are an essential part of our Code of Conduct, and of our Suppliers Code of Conduct and we use the United Nations Guiding Principles for Business and Human Rights (UNGP) as a guidance for our work with human rights.

Our human rights due diligence programme started with the launch of the Grundfos Human Rights Policy in 2014. It includes a continuous assessment of potential and existing adverse impacts in different areas of the business, covering our own operations and those of selected business partners. With the support of Business for Social Responsibility (BSR), a global network dedicated to building a just and sustainable world, we assessed potential impacts globally in 2015. In the following year, we assessed gaps in five countries – selected according to human rights risks and the number of employees – between our systems and the requirements of the UNGP. In 2017, we conducted a pilot local human rights impact assessment in China, the first of five on-site assessments targeted for completion by 2020. After each on-site assessment, we determine which findings are specific to the local site and which we should address globally. Our main focus in the coming years will be to address the gaps identified as we move forward with the assessments.

After revising our Code of Conduct in 2016, we launched the Code of Conduct Training in 2017. More than 85% of Grundfos employees took part worldwide.

In line with our targets for 2017, we launched the third-party whistleblower function. We expect an increasing number of reports through the system as we work to raise awareness of it. We received 52 complaints through the system in 2017. Of these, three were considered breaches of the Code of Conduct within the areas of conflict of interest, bookkeeping and accounts and compliance with laws and regulations.

In our supply chain, we have dramatically increased the number of sustainability audits, going from 15 in 2016 to 97 in 2017. Our main goal today is to close the gaps identified as well as continuing to conduct additional audits.

Social responsibility

Occupational Health and safety: We take care of our employees, and ensure a healthy and safe workplace. We continually aim to reduce the number, as well as the severity, of injuries. One way we strengthened safety leadership was by including the issue in our Operations Convention, a forum in which our top 100 operations division leaders participate. We encouraged knowledge-sharing, and focused on activating our occupational health and safety community by, among other things, establishing expert teams and strengthening our global, regional and local organisation.

One of the key activities of the year was the Grundfos Safety Week, which was held in April. More than 40 companies participated and, during the week, more than 400 safety walks — a dialogue between managers and employees aimed at improving safety performance during everyday work routines — were carried out.

Despite the increased focus on occupational health and safety in 2017, there is still room for improvement. The number of reported lost-time injuries per million working hours increased from 3.30 to 4.23, or 28% higher than in 2016. The sharper focus on the issue has improved transparency, and created a better understanding of why reporting is important in preventing injuries.

Increased demand for Grundfos products means company activity levels are at a historic high, but we refuse to regard this as an excuse for higher injury rates, and we are determined to reverse the injury trend. We have prepared a safety incident management system to be launched in 2018, which will enhance our ability to identify risks and prevent injuries.

Inclusive workforce: Grundfos has a longstanding tradition of responsible action and behaviour in the communities within which it operates, a tradition first cultivated by our founder, Poul Due Jensen. One of our salient initiatives is preventing people from being excluded from the job market due to health-related or social issues. We do this by providing jobs for employees with reduced work capacity. To date, 2.86% of the workforce in all countries comprises employees in this category. We expect to grow this number to 3% by 2020.

Employees on long-term sick leave can expect Grundfos to initiate an early and focused effort to enable them to return to work, if necessary by adjusting job requirements to accommodate health-related limitations. In 2017, 91.4% of employees in Mexico, China, Serbia, Hungary, Germany, Denmark and the Netherlands who were on sick leave for more than 14 consecutive calendar days were able to return to work afterwards.

Drawing on our experience in these countries, we have developed global standards to ensure a healthy return to work at Grundfos after sick leave, and to assess employees for employment with reduced work capacity. By the end of 2018, all companies in Grundfos are expected to be operating in accordance with the same standards.

In Denmark, about 15,800 hours were spent on labour training programmes, 46 people qualified as skilled workers through apprentice programmes, and 12 unskilled employees progressed to skilled level. As part of a refugee integration initiative, eight refugees were recruited to a two-year training programme focused at integration and equipping them for a future on the Danish job market. Four of them will go on to train as skilled industrial operators in 2018.

Diversity: Grundfos achieved its target of increasing the proportion of non-Danes in key positions – the target for 2017 was 40%, and we ended up with 41%. However, we did not meet the target we had set of increasing the proportion of women in leadership positions to 25%. Despite our efforts in such key processes as recruitment, succession, talent and development initiatives, we ended up with 20%.

This led us to review our diversity approach and focus. National diversity has improved, and we will strive to do even better. But gender diversity obviously requires intensified focus.

We have given our revised policy a title: Commitment. We want more women in leadership positions because we truly believe that innovation depends on the input of highly qualified people with different backgrounds. A diversity of competencies, cultures, generations, genders, races and religions drives invention and high performance.

These are our new gender diversity targets:

- 25% of leadership posts filled by women in 2020 (2017 status: 20%)
- 15% of seats in the Extended Leadership Team (ELT) filled by women in 2020 (2017 status: 0%)

Our gender diversity ambitions are part and parcel of processes such as employer branding, recruitment, succession and talent and development initiatives. To give muscle to the ambitions, top management is engaging in dialogue about the issue and we are evaluating a series of new initiatives. These will be prioritised and approved during the first quarter of 2018, leading to a revised action plan.

The Grundfos Holding A/S board has nine directors, of whom three are employee representatives. Of the remaining six, five are men. The Board intends to increase the number of female directors among these six to two by 2020. No directors were replaced in 2017. We are always on the lookout for qualified candidates, and expect to fulfil the targeted number of female directors by 2020.

Employee satisfaction: Employee motivation and satisfaction is a key performance indicator in our Strategy 2020. In 2017, we saw a record-breaking participation rate of 95% in the annual survey. The satisfaction level overall is at 70, and the loyalty rate is at 79. These results give management on all levels a solid foundation in their efforts to improve their organisation and leadership.

The survey gives factual insights as to where we as leaders and teams can, and should, take action to make Grundfos an even greater place to work. Major takeaways from the survey are that the company has a strong feedback culture, and employees are confident there is solid leadership and a strong culture of collaboration and accountability. The survey rated 46% of our leadership population as “strong leaders” – the highest possible rating – which is an impressive result. The main challenges that emerged concerned perceptions of our ability to manage change, learning opportunities and customer-centricity.

The overall motivation and satisfaction level met the group target for 2017, and saw an improvement of two points compared to the results of the pulse survey in 2016 (based on a sample). In the coming years, we are determined to maintain a strong focus on people engagement. Not just to come closer to our ambitious 2020 target, but because our employees and their morale are crucial for our future success.

Anti-corruption: Ethics and integrity are the foundation of everything we do, and we have zero tolerance for corruption. The Code of Conduct and the Grundfos values are the basis for managing our business. Apart from introducing the third-party whistleblower system, we also initiated a thorough global corruption risk assessment in 2017, which will be completed in the beginning of 2018. This will be followed by an action plan to strengthen our anti-corruption measures as needed. In 2017, there was one breach of the Code of Conduct, which related to a conflict of interests.

In 2016, we rolled out basic anti-bribery courses for Sales and Service as mandatory pass/fail training. Our 2017 global Code of Conduct training highlighted prevention of corruption – including bribery, facilitation payments and conflict of interests – along with human rights and non-discriminatory practices.

An anti-corruption section formed part of the 97 audits carried out so far in our supplier sustainability audit programme. The research into policy, training and reporting of incidents is used to evaluate the supplier.

KEY FIGURES AND FINANCIAL RATIOS

Amounts in DKKm

CONSOLIDATED PROFIT AND LOSS ACCOUNT	2017	2016*	2015*	2014	2013
Net turnover	25,634	24,677	24,800	23,618	23,254
Operating profit	2,351	2,255	1,969	934	1,446
Earnings before interest and tax (EBIT)	2,346	2,248	2,083	935	1,448
Net financials	69	26	(25)	(7)	64
Profit before tax	2,415	2,274	2,058	928	1,512
Consolidated profit after tax	**1,755**	**1,680**	**1,491**	**553**	**1,084**
CONSOLIDATED BALANCE SHEET					
Assets					
Intangible fixed assets	628	884	1,176	1,280	1,402
Tangible fixed assets	6,229	6,755	6,991	7,125	7,002
Financial fixed assets	1,435	1,797	1,551	1,291	1,765
Current assets	17,697	15,208	12,919	11,511	11,070
Total assets	**25,989**	**24,644**	**22,637**	**21,207**	**21,239**
Liabilities					
Equity	15,200	14,503	13,577	12,410	12,617
Provisions	1,245	1,314	1,177	981	998
Long-term liabilities	20	126	143	136	162
Short-term liabilities	9,524	8,701	7,740	7,680	7,462
Total liabilities and equity	**25,989**	**24,644**	**22,637**	**21,207**	**21,239**
FINANCIAL RATIOS					
Number of employees at year-end	18,596	17,777	17,942	18,875	18,776
Capital investments, tangible	768	942	954	1,126	1,496
Capital investments, intangible	143	139	281	308	265
Total capital investments	911	1,081	1,235	1,434	1,761
Research and development costs, incl. capitalised	1,162	1,151	1,106	1,293	1,302
Interest-bearing net accounts receivable/(liabilities)	4,388	2,950	1,617	292	924
Net cash flow from operating and investment activities before impact from purchase and sale of securities	2,214	2,069	1,603	(95)	364
Sales growth	3.9%	-0.5%	5.0%	1.6%	2.9%
Sales growth in local currencies	5.3%	0.5%	0.8%	5.6%	4.5%
EBIT as a percentage of net turnover	9.2%	9.1%	8.4%	4.0%	6.2%
Return on equity	11.8%	12.0%	11.5%	4.4%	8.6%
Equity ratio	58.5%	58.8%	60.0%	58.5%	59.4%

DEFINITION OF KEY FIGURES:

Sales growth: Yearly change in consolidated net turnover.
Return on equity: Consolidated profit as a percentage of the average equity.
Equity ratio: Equity at year-end as a percentage of total assets.
Net cash flow from operating and investment activities before impact from purchase and sale of securities: Net cash flow from operating and investments added cash flow effect from the purchase and sale of securities.
Financial highlights are defined and calculated in accordance with “Recommendations & Ratios 2015” issued by the Danish Finance Society.

*) Changes in accounting policies regarding pensions have been implemented in the above figures for 2015 and 2016, but not for prior years.
Changes in accounting policies regarding minority interests have been changed for the full period.

GROUP MANAGEMENT

From left:
Henrik M. Christiansen, Group Senior Vice President – Human Resources. **Stéphane Simonetta,** Group Executive Vice President – Operations.
Poul Due Jensen, Group Executive Vice President – Sales, Marketing & Service.
Mads Nipper, Group President, CEO. **Mikael Geday,** Group Executive Vice President – Finance, IT & Corporate Affairs.
Ernst Lutz, Group Executive Vice President – Business Development.

BOARD OF DIRECTORS

From left:
Rudolf Martini, Member of the Board, elected by employees. **Bo Risberg,** Vice Chairman. **Kitty Thaarup Herholdt,** Member of the Board, elected by employees.
John B. Jacobsen, Member of the Board, elected by employees. **Ingelise Mose Bogason,** Member of the Board. **Jens Winther Moberg,** Chairman.
Carsten Reinhardt, Member of the Board. **Niels Erik Olsen,** Member of the Board. **Jens Maaløe,** Member of the Board.

MANAGEMENT'S STATEMENT

STATEMENT BY THE BOARD OF DIRECTORS AND GROUP MANAGEMENT ON THE ANNUAL REPORT

Today, the Board of Directors and Group Management have reviewed and approved the Annual Report of Grundfos Holding A/S for the financial year 1 January – 31 December 2017.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Financial Statements of the Parent Company give a true and fair view of the financial position at 31 December 2017, the results of the Group's and Parent Company's operations, and consolidated cash flows for the financial year 2017.

In our opinion, Management's Report includes a true and fair account of the development in the operations and financial circumstances of the results for the year, and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Bjerringbro, 28 February 2018

REGISTERED GROUP MANAGEMENT

Mads Nipper
Group President, CEO

Mikael Andreas Holm Geday
Group Executive Vice President

Stéphane Laurent Gilles Simonetta
Group Executive Vice President

Poul Due Jensen
Group Executive Vice President

Ernst Lutz
Group Executive Vice President

BOARD OF DIRECTORS

Jens Winther Moberg
Chairman

Bo Risberg
Vice Chairman

Jens Maaløe
Member of the Board

Ingelise Mose Bogason
Member of the Board

Niels Erik Olsen
Member of the Board

Carsten Joachim Reinhardt
Member of the Board

Rudolf Martini
Member of the Board, elected by employees

John Bjerregaard Jacobsen
Member of the Board, elected by employees

Kitty Thaarup Herholdt
Member of the Board, elected by employees

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Grundfos Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Grundfos Holding A/S for the financial year 1 January – 31 December 2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2017, and of the results of their operations and the consolidated cash flows for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management's report

Management is responsible for the management's report.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management's report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management's report and, in doing so, consider whether the management's report is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management's report provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management's report is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management's report.

Aarhus, 28 February 2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Thomas Rosquist Andersen
State-Authorised Public Accountant
MNE no 31482

Lars Siggaard Hansen
State-Authorised Public Accountant
MNE no 32208

CONSOLIDATED PROFIT AND LOSS ACCOUNT

1 JANUARY – 31 DECEMBER 2017

Amounts in DKKm

	Note	2017	2016
Net turnover	1, 2	25,634	24,677
Production costs	2, 3	(15,611)	(15,127)
Gross profit		**10,023**	**9,550**
Research and development costs	3, 4	(1,324)	(1,260)
Sales and distribution costs	3, 4	(4,132)	(3,943)
Administrative costs	3, 4	(2,216)	(2,092)
Operating profit		**2,351**	**2,255**
Other operating income/(cost)		0	(4)
Share of profit, associated companies		(5)	(3)
Earnings before interest and tax (EBIT)		**2,346**	**2,248**
Income from fixed asset investments		25	23
Financial income	5	234	124
Financial costs	2, 6	(190)	(121)
Profit before tax		**2,415**	**2,274**
Tax on profit for the year	7	(660)	(594)
Consolidated profit for the year	8	**1,755**	**1,680**

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2017

Amounts in DKKm

ASSETS	Note	2017	2016
Fixed assets			
Intangible fixed assets			
Completed development projects		337	443
Group goodwill		86	147
Other intangible fixed assets		182	215
Development projects in progress		23	79
	9	**628**	**884**
Tangible fixed assets			
Land and buildings		2,816	2,980
Technical installations and machinery		2,422	2,859
Other technical installations		463	258
Tangible fixed assets in progress		528	658
	10	**6,229**	**6,755**
Financial fixed assets			
Investments in associated companies		0	5
Securities		931	1,042
Deferred tax assets	11	444	690
Other accounts receivable		60	60
	12	**1,435**	**1,797**
Total fixed assets		**8,292**	**9,436**
Current assets			
Inventories	13	**4,105**	**3,661**
Accounts receivable			
Trade debtors		4,728	4,860
Other accounts receivable		1,212	1,130
Prepayments		164	235
		6,104	**6,225**
Securities		**4,304**	**1,881**
Cash at bank and in hand		**3,184**	**3,441**
Total current assets		**17,697**	**15,208**
Total assets		**25,989**	**24,644**

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2017

Amounts in DKKm

LIABILITIES	Note	2017	2016
Equity			
Share capital		381	381
Retained profit		13,935	13,281
Proposed dividend		875	825
Grundfos Holding's share of equity		**15,191**	**14,487**
Minority interests		9	16
Total equity		**15,200**	**14,503**
Provisions			
Liabilities under guarantee	14	165	196
Pension liabilities	14	462	613
Other provisions	14	490	355
Deferred tax liabilities	11	128	150
Total provisions		**1,245**	**1,314**
Liabilities			
Long-term liabilities			
Mortgage debt		0	72
Bank loans		14	42
Other creditors		6	12
	15	**20**	**126**
Short-term liabilities			
Short-term element of long-term liabilities		13	24
Bank overdrafts and loans		13	20
Trade creditors		2,553	2,547
Debt to affiliated companies		3,985	3,244
Corporation tax		315	377
Other liabilities		2,450	2,319
Deferred income		195	170
		9,524	**8,701**
Total liabilities		**9,544**	**8,827**
Total equity, provisions and liabilities		**25,989**	**24,644**

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STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

1 JANUARY – 31 DECEMBER 2017

Amounts in DKKm

	Share capital	Retained profit	Proposed dividend	Grundfos Holding's share of equity	Minority interests	Total equity
Equity 01.01.2016	**381**	**12,443**	**725**	**13,549**	**26**	**13,575**
Profit for the year		855	825	1,680	0	1,680
Exchange rate adjustments, affiliated companies, etc.		(13)		(13)		(13)
Dividend paid			(725)	(725)		(725)
Acquisition of minority interests		(10)		(10)	(26)	(36)
Changes to minority interests		0		0	16	16
Changes in actuarial assumptions		(74)		(74)		(74)
Reversed value of hedging instruments, opening		97		97		97
Reversed tax on equity items, opening		(25)		(25)		(25)
Recognised value of hedging instruments, closing		24		24		24
Recognised tax on equity items, closing		(16)		(16)		(16)
Equity 31.12.2016	**381**	**13,281**	**825**	**14,487**	**16**	**14,503**
Profit for the year		883	875	1,758	(3)	1,755
Exchange rate adjustments, affiliated companies, etc.		(431)		(431)	(1)	(432)
Dividend paid			(825)	(825)		(825)
Changes to minority interests		3		3	(3)	0
Changes in actuarial assumptions		108		108		108
Reversed value of hedging instruments, opening		(24)		(24)		(24)
Reversed tax on equity items, opening		16		16		16
Recognised value of hedging instruments, closing		111		111		111
Recognised tax on equity items, closing		(12)		(12)		(12)
Equity 31.12.2017	**381**	**13,935**	**875**	**15,191**	**9**	**15,200**

CONSOLIDATED CASH FLOW STATEMENT

1 JANUARY – 31 DECEMBER 2017

Amounts in DKKm

	Note	2017	2016
Consolidated profit after tax		1,755	1,680
Adjustments	20	2,125	2,135
Changes in working capital	21	(142)	(12)
Cash flow from operating activities before financials		**3,738**	**3,803**
Income from financial fixed assets		25	23
Financial income		123	123
Financial costs		(190)	(121)
Cash flow from ordinary activities		**3,696**	**3,828**
Corporation tax paid		**(647)**	**(720)**
Cash flow from operating activities		**3,049**	**3,108**
Investment in tangible assets		(768)	(942)
Disposal of tangible fixed assets		76	42
Investment in intangible fixed assets		(143)	(139)
Purchase and sale of securities		(2,313)	(1,441)
Cash flow from investment activities		**(3,148)**	**(2,480)**
Net cash flow from operating and investment activities		**(99)**	**628**
Proceeds from borrowings		748	710
Repayment of liabilities		(125)	(15)
Dividend paid		(825)	(725)
Divestment of minority interest		0	16
Acquisition of minority interests		0	(36)
Cash flow from financing activities		**(202)**	**(50)**
Change in liquid funds		**(301)**	578
Available funds, opening	22	3,485	2,863
Available funds, closing	23	**3,184**	**3,441**

Individual items in the cash flow statement cannot be directly deduced from the consolidated profit and loss account and the consolidated balance sheet.

NOTES TO THE CONSOLIDATED ACCOUNTS

Amounts in DKKm

Note 1	Net turnover	2017	2016
	Europe (including Russia)	13,969	13,723
	North and South America	4,098	4,022
	Asia	6,187	5,664
	The Middle East/Africa	1,380	1,268
		25,634	**24,677**

The Grundfos Group's activities lie solely within the segment of the manufacture and sale of pump solutions. Therefore, net turnover has only been divided according to geographical markets.

Note 2	Result from hedging instruments recognised in the profit and loss account	2017	2016
	Foreign exchange rate contracts recognised in net turnover	53	21
	Foreign exchange rate contracts recognised in production costs	(9)	(6)
	Raw material contracts recognised in production costs	54	(102)
	Foreign exchange rate contracts recognised in financial costs	0	(5)
		98	**(92)**

Amounts in DKKm

Note 3	Staff costs	2017	2016
	Total Group payments to employees and the Board of Directors	5,867	5,795
	Pensions	400	419
	Social contributions	596	598
		6,863	**6,812**
	Staff costs are recognised as follows: Production costs	2,999	3,040
	Research and development costs	717	649
	Sales and distribution costs	2,093	2,071
	Administrative costs	1,054	1,052
		6,863	**6,812**
	The staff costs of the year include fees to the Group Management and the Board of Directors of Grundfos Holding A/S for directorships in Grundfos Holding A/S		
	Board of Directors	7	7
	Registered Group Management	58	43
		65	**50**
	The Group continued the long-term incentive (LTI) programme implemented in 2015, and targeted at Group Management and other members of senior management. The Board of Directors of Grundfos Holding A/S do not participate in the LTI programme. Under the LTI programme, participants may receive shares in Grundfos Holding A/S based on the Group meeting certain targets for profit growth and return on capital employed. Shares granted will be vested to the participants in the four years following the year they were earned.		
	Average number of full-time employees	18,241	17,800
	Number of employees, closing	18,596	17,777

Note 4	Depreciation, amortisation and write-downs	2017	2016
	Intangible fixed assets	400	430
	Tangible fixed assets	1,115	1,159
	Gain from sale of fixed assets	(46)	(7)
		1,469	**1,582**
	Recognised in the profit and loss account under the following items: Production costs	922	1,003
	Research and development costs	296	306
	Sales and distribution costs	92	108
	Administrative costs	159	165
		1,469	**1,582**

The amounts for research and development costs and goodwill include write-downs of DKK 53m (2016: DKK 14m).

Amounts in DKKm

Note 5	Financial income	2017	2016
	Value adjustments, etc. from shares	85	21
	Value adjustments, etc. from bonds	26	7
	Interest income from bonds	24	8
	Other financial income	99	88
		234	**124**

Note 6	Financial costs	2017	2016
	Value adjustments, etc. from bonds	0	0
	Interest affiliated company	11	14
	Other financial costs	179	107
		190	**121**

Note 7	Tax on profit for the year	2017	2016
	Current tax	545	686
	Deferred tax	122	(68)
	Change in deferred tax due to changes in tax rates	62	(2)
	Adjustment regarding previous years	(69)	(22)
	Tax on profit for the year	**660**	**594**
	Reconciliation of taxation rate for the year: Danish rate of taxation	22%	22%
	Deviations in tax in foreign companies in relation to Danish tax rate	0%	1%
	Non-deductible amortisation/write-downs on goodwill	0%	1%
	Non-deductible withholding taxes	1%	1%
	Other, including adjustments regarding previous years	1%	1%
	Changes in tax rates	3%	0%
	Rate of taxation for the year	**27%**	**26%**

Amounts in DKKm

Note 8	Consolidated profit for the year	2017	2016
	Attributable to: Minority shareholders' share of profit in subsidiaries	(3)	0
	Proposed distributions	875	825
	Retained earnings	883	855
		1,755	**1,680**

Note 9	Intangible fixed assets	Completed develop-ment projects	Group goodwill	Other intangible fixed assets	Develop-ment projects in progress	Total
	Cost Cost 01.01.2017	1,075	919	923	93	3,010
	Exchange rate adjustments	0	(2)	(17)	0	(19)
	Additions of the year	0	0	106	37	143
	Disposals of the year	(405)	(340)	(274)	(19)	(1,038)
	Transfers	88	0	10	(88)	10
	Cost 31.12.2017	**758**	**577**	**748**	**23**	**2,106**
	Acc. amortisation/write-downs of the year Acc. amortisation/write-downs 01.01.2017	632	772	708	14	2,126
	Exchange rate adjustments	0	(1)	(15)	0	(16)
	Amortisation of the year	177	28	142	0	347
	Write-downs of the year	17	32	(1)	5	53
	Amortisations and write-downs on disposals of the year	(405)	(340)	(274)	(19)	(1,038)
	Transfer	0	0	6	0	6
	Acc. amortisation/write-downs 31.12.2017	**421**	**491**	**566**	**0**	**1,478**
	Accounting value 31.12.2017	**337**	**86**	**182**	**23**	**628**
	Accounting value 31.12.2016	**443**	**147**	**215**	**79**	**884**

The Group only recognises development projects which generate new saleable products that meet a certain criteria for profitability. Project progress is assessed regularly during the development phase in accordance with the Group's "Decision Point Model". Development projects in progress are related to the core pump business. After sales release, where amortisation commences, it is assessed annually for each project if there is an indication of impairment. If this is the case, a more thorough impairment test is carried out for such projects. In case of impairment, the project in question is written down to its recoverable amount.

Amounts in DKKm

Note 10	Tangible fixed assets	Land and buildings	Technical installa-tions and machinery	Other technical installa-tions	Tangible fixed assets in progress	Total
	Cost					
	Cost 01.01.2017	5,744	12,006	1,379	658	19,787
	Exchange rate adjustments	(177)	(154)	(45)	(10)	(386)
	Additions of the year	51	228	349	140	768
	Disposals of the year	(12)	(240)	(110)	(3)	(365)
	Transfers	184	70	(8)	(257)	(11)
	Cost 31.12.2017	**5,790**	**11,910**	**1,565**	**528**	**19,793**
	Acc. depreciation/write-downs of the year					
	Acc. depreciation/write-downs 01.01.2017	2,764	9,147	1,121	0	13,032
	Exchange rate adjustments	(80)	(156)	(38)	0	(274)
	Depreciation of the year	210	776	129	0	1,115
	Depreciation and write-downs on disposals of the year	0	(207)	(95)	0	(302)
	Transfers	80	(72)	(15)	0	(7)
	Acc. depreciation/write-downs 31.12.2017	**2,974**	**9,488**	**1,102**	**0**	**13,564**
	Accounting value 31.12.2017	**2,816**	**2,422**	**463**	**528**	**6,229**
	Accounting value 31.12.2016	**2,980**	**2,859**	**258**	**658**	**6,755**

The accounting value of financially leased facilities as at 31.12.2017 amount to DKK 9m (2016: DKK 13m).

Amounts in DKKm

Note 11

Deferred tax assets/deferred tax liabilities	2017	2016
Changes in deferred taxes: Deferred tax, opening	540	436
Exchange rate adjustments	(31)	7
Changes in tax rates	(62)	2
Deferred tax recognised in profit and loss account	(122)	68
Deferred tax recognised in equity	(9)	27
Deferred tax, closing	**316**	**540**
Deferred tax broken down: Fixed assets	(70)	(171)
Current assets	234	483
Provisions	(41)	72
Liabilities	167	151
Tax loss carry-forward	26	5
	316	**540**
The above has been recognised in the balance sheet as: Deferred tax assets	444	690
Deferred tax liabilities	(128)	(150)
	316	**540**

The Group recognises deferred tax assets, including the tax value of loss carry-forwards, where Management assesses that the tax assets may be utilised in the foreseeable future or offset against positive taxable income. The assessment is made annually and is based on budgets and business plans for future years, including planned business initiatives. Key parameters are expected turnover and EBIT development considering the expected allocation on future taxable income based on the transfer pricing policy in place. The majority of the tax assets are related to ordinary and recurring temporary differences, while tax loss carry-forwards represent only a small proportion of the total tax asset, in 2017 DKK 26m (2016: DKK 5m). Tax assets related to carry-forward losses are only recognised if they are expected to be utilised within three years. Unrecognised tax assets related to tax loss carry-forwards amount to approx. DKK 110m (2016: DKK 150m).

Amounts in DKKm

Note 12	Financial fixed assets	Invest-ments in associated companies	Securities	Deferred tax assets	Other accounts receivable	Total
	Cost					
	Cost 01.01.2017	20	1,031	690	71	1,812
	Exchange rate adjustments	0	(5)	(26)	(5)	(36)
	Additions of the year	0	8	64	7	79
	Disposals of the year	0	(101)	(284)	0	(385)
	Cost 31.12.2017	**20**	**933**	**444**	**73**	**1,470**
	Value adjustments					
	Value adjustments 01.01.2017	15	(11)	0	11	15
	Revaluations of the year	0	13	0	5	18
	Write-downs of the year	5	0	0	(3)	2
	Value adjustments 31.12.2017	**20**	**2**	**0**	**13**	**35**
	Accounting value 31.12.2017	**0**	**931**	**444**	**60**	**1,435**
	Accounting value 31.12.2016	**5**	**1,042**	**690**	**60**	**1,797**

The market value of securities as at 31.12.2017 amounts to DKK 964m (2016: DKK 1,063m).

Note 13	Inventories	2017	2016
	Raw materials and consumables	1,731	1,650
	Work in progress	1,295	979
	Manufactured goods and goods for resale	1,079	1,032
		4,105	**3,661**

Amounts in DKKm

Note 14	Provisions	Liabilities under guarantee	Pension liabilities	Other provisions
	01.01.2017	**196**	**613**	**355**
	Exchange rate adjustments	(10)	(36)	(14)
	Provisions spent during the year	(93)	(44)	(81)
	Provisions reversed	(6)	(108)	(11)
	Provisions of the year	78	37	241
	31.12.2017	**165**	**462**	**490**

Liabilities under guarantee
The ordinary guarantee on products sold covers a period of 24 months.

Other provisions
Other provisions include DKK 31m (2016: DKK 29m) according to a long-term incentive (LTI) programme for senior management in the Group.

Note 15	Long-term liabilities	2017	2016
	Debt falling due after more than one year but less than five years: Mortgage debt	0	72
	Bank loans	14	42
	Other monetary creditors	6	12
		20	**126**

No debt falling due after more than five years.

Distribution of currencies and interest as at 31.12.2017:

Currency	2017	Average interest rate
EUR	6	4.9%
GBP	7	5.9%
Other	7	8.0%
Total	**20**	

Amounts in DKKm

Note 16 Financial instruments

For hedging purposes, the Group has entered into financial contracts covering 1-12 months. On the balance sheet date, financial contracts can be broken down into the following principal items:

	Volume 2017	Deferred recognition in the profit and loss account before tax 2017	Volume 2016	Deferred recognition in the profit and loss account before tax 2016
Currency contracts EUR	4,025	52	1,647	(14)
Currency contracts USD	916	(24)	113	8
Currency contracts SGD	490	1	261	(4)
Currency contracts AUD	341	2	89	(1)
Currency contracts, other	145	2	125	5
Interest rate swaps	8	(2)	107	(3)
Raw material contracts (DKKm)	416	59	366	28
Electricity contracts (MWh)	170	13	260	5
Gas contracts (m^3)	311,000	0	311,000	0
Total		**103**		**24**

Note 17 Auditors' remuneration

	2017	2016
Fee to Deloitte for statutory auditing	12	12
Fee to Deloitte for other assurance engagements	0	1
Fee to Deloitte for tax advisory services	8	11
Fee to Deloitte for other services	5	6
	25	**30**

Note 18 Related parties

Related parties of Grundfos Holding A/S comprise the parent foundation, Poul Due Jensens Fond, and the Board of Directors of Grundfos Holding A/S.

Transactions with related parties are only disclosed in the annual report if they are not on arm's length terms. Transactions between Grundfos Holding A/S and related parties are on arm's length terms.

Amounts in DKKm

Note 19	Securities, contingent liabilities, etc.	2017	2016
	Operational leasing contracts and lease obligations for the coming years amount to	703	781

No legal proceedings are in progress, nor have any other claims been filed against the Group, which, in Group Management's opinion, may have material influence on the Group's financial position.

The Group has issued performance and payment guarantees of DKK 109m (2016: DKK 94m).

The Group is under no material contractual obligations to acquire assets.

Note 20	Adjustments	2017	2016
	Depreciation	1,515	1,589
	Liabilities under guarantee and other provisions	51	(17)
	Gain from sale of fixed assets	(46)	(7)
	Share of profit, associated companies	5	3
	Income from financial fixed assets	(25)	(23)
	Unrealised value adjustments on securities	9	(1)
	Financial income	(234)	(124)
	Financial costs	190	121
	Tax on profit for the year	660	594
	Adjustments	**2,125**	**2,135**

Note 21	Changes in working capital	2017	2016
	Changes in inventories	(444)	95
	Changes in accounts receivable	209	(242)
	Change in trade creditors, other liabilities and deferred income	150	179
	Unrealised exchange rate adjustments	(57)	(44)
	Changes in working capital	**(142)**	**(12)**

Note 22	Available funds, opening	2017	2016
	Cash at bank and in hand	3,441	2,860
	Exchange rate adjustments	44	3
	Available funds, opening	**3,485**	**2,863**

Amounts in DKKm

Note 23	Available funds, closing	2017	2016
	Cash at bank and in hand	3,184	3,441
	Available funds, closing	**3,184**	**3,441**

Note 24 Financial risks

As a result of the Group's international activities, group profit and equity are influenced by a number of financial risks. Foreign exchange risks in the operating companies are covered centrally, where interest and liquidity risks are also controlled, as well as a significant part of the external coverage of the Group's financial positions.

The use of financial instruments is determined by instructions from the Board of Directors and Group Management.

Liquidity risks:
Financial independence is a main concern of the Group, and the Group therefore always seeks to maintain an adequate cash reserve. In addition to unused borrowing facilities, these items may be calculated as follows:

	2017	2016
Cash at bank and in hand	3,184	3,441
Securities, current assets	4,304	1,881
Securities, fixed assets	931	1,042
	8,419	**6,364**
The securities portfolio consists of:		
Bonds	4,166	2,305
Shares	1,069	618
Total	**5,235**	**2,923**

Interest rate risk
The Group's interest rate risk is primarily related to bank deposits, bonds and loans. Bank deposits have a short investment horizon, whereas the exposure of the bond portfolio – amounting to a total of DKK 4,166m (2016: DKK 2,305m) when expressed as an increase of the interest rate by 1 percentage point – is approx. DKK 105m (2016: approx. DKK 66m). The Group's total borrowing was reduced by DKK 125m in 2017 (2016: DKK 21m).

To reduce the Group's interest rate exposure, a set of general guidelines has been adopted for the Group's borrowing and use of interest rate instruments. Derivative financial instruments applied to reduce the interest rate risk totalled DKK 8m (2016: DKK 107m).

Foreign exchange risk
It is group policy that group operating companies mainly raise loans in their local currencies. This ensures that the foreign exchange risk of the group balance sheet is reduced to the net assets. When appropriate, loans are raised in a foreign currency and subsequently converted to the local currency using financial instruments.

Forward exchange contracts used in connection with foreign exchange swaps amount to DKK 120m (2016: DKK 175m).

The Group's policy is to secure the currency exchange rates for the most essential flow of goods. The most important currencies are the euro, the US dollar and the Australian dollar. At the end of 2017, currency contracts to reduce the foreign exchange risk in connection with the flow of goods amount to DKK 6,318m (2016: DKK 2,370m). Of this, a contract volume of DKK 401m has been recognised for the hedging of balance sheet items as at the balance sheet date (2016: DKK 135m).

Amounts in DKKm

Note 24 **Financial risks – continued**

Raw material risk

The Group's policy is to fix prices for the manufacturing companies' use of the most important industrial metals. At the end of 2017, raw material futures contracts to reduce the raw material risk amount to DKK 416m (2016: DKK 366m).

Credit risk

The maximum credit risk includes the balance sheet items regarding the Group's trade debtors, securities and bank receivables. The Group's trade debtors comprise a large number of customers, and the Group's risk in that connection is not considered unusually high.

The credit risk is reduced on cash reserves in financial institutions, forward exchange contracts and other derivative financial instruments by selecting financial business partners with a high credit rating.

Note 25 **Events after the balance sheet date**

No events have occurred after the balance sheet date that may materially impact the Group's financial position.

GRUNDFOS HOLDING A/S GROUP: ACCOUNTING POLICIES

The consolidated annual accounts are presented in accordance with the provisions of the Danish Financial Statements Act for large class C companies.

2017 is the first year for preparing consolidated annual accounts for Grundfos Holding A/S. The accounting policies for the consolidated annual accounts remain unchanged in comparison with last year.

General information about recognition and measurement

Assets are recognised in the balance sheet when it is likely that future economic benefits accrue to the Group and the value can be measured reliably.

Liabilities are recognised in the balance sheet when they are probable and can be measured reliably.

Assets and liabilities are measured at cost at the initial recognition. Subsequently, assets and liabilities are measured for the individual items as described below.

Certain financial assets and liabilities are measured at amortised cost, whereby a constant redemption yield is recognised for the term. Amortised cost is calculated as initial cost minus any instalments and plus/minus the accumulated amortisation of the difference between cost and nominal amount.

At recognition and measurement, allowance is made for profits, losses and risks that appear before the consolidated annual accounts are presented and that confirm or deny conditions that were present on the balance sheet date.

Income is recognised in the profit and loss account as it is realised, including the value adjustment of financial assets and liabilities, which are measured at market value or amortised cost. In addition, costs incurred in order to achieve the earnings of the year, including depreciation, write-downs, provisions and reversals following accounting estimates of amounts which have previously been recognised in the profit and loss account, are recognised.

Consolidation policies

The consolidated annual accounts comprise Grundfos Holding A/S (Parent Company) and the companies (subsidiaries) where the Parent Company directly or indirectly owns more than 50% of the voting shares or in another way has a dominant participation. Companies in which the Group owns between 20% and 50% of the voting shares and has a significant position are considered associated companies.

The consolidated annual accounts are prepared as a consolidation of the accounts of the Parent Company and the individual subsidiaries. Adjustments are made for intercompany turnover and expenditure, shareholdings, intragroup balances and dividends, as well as unrealised internal income and loss. The accounts used for the consolidation are prepared in accordance with the Group's accounting policies.

Newly acquired subsidiaries are recognised in the profit and loss account as from the date of acquisition.

When acquiring new companies, the acquisition method is used, upon which the identified assets and liabilities in the newly acquired companies are measured at market value at the date of acquisition. Provisions are made for planned and published reorganisation in the acquired company in connection with the acquisition. Positive balances are recognised as Group goodwill in the year of acquisition. Any negative balances (badwill) are recognised as turnover.

When subsidiaries are sold, they cease to be recognised in the profit and loss account at the time of transfer, and earnings or losses at the time of sale are recognised in the profit and loss account. Earnings or losses are specified as the difference between the sale total and the accounting value of the net assets sold, including non-depreciated goodwill and estimated costs for sale or phasing out.

Minority interests

The items of subsidiaries are fully recognised in the consolidated annual accounts. The minority interests' pro rata share of the profit and equity of the subsidiaries is adjusted annually and recorded as separate items in the equity. Goodwill acquired from minority shareholders after 1 January 2016 is recognised directly in equity.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange differences that arise between the rate at the transaction date and the rate at the payment date are recognised in the profit and loss account.

Accounts receivable and debts in foreign currencies are translated into Danish kroner at the exchange rate on the balance sheet date. Realised and unrealised exchange rate adjustments are included in the profit and loss account.

The profit and loss accounts of foreign subsidiaries are translated into Danish kroner at the average exchange rate of the individual months. The balance sheets of foreign subsidiaries are translated at the exchange rate of the balance sheet date.

Exchange rate adjustments of the net assets of the subsidiaries at the beginning of the financial year are recognised directly in the equity. This also applies to exchange rate differences following the translation of the profit and loss account of each month at the average exchange rate to the exchange rate of the balance sheet date.

Foreign exchange rate adjustments of balances which are considered part of the total investment in companies with a different functional currency than Danish kroner are recognised directly in the equity.

Subsidiaries in countries affected by high inflation rates have been adjusted to eliminate the effect of inflation.

Derivative financial instruments
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at market value. Positive and negative market values of derivative financial instruments are included in other accounts receivable and other liabilities, respectively.

Changes in the market value of derivative financial instruments that secure the market value of recognised assets or liabilities are recognised in the profit and loss account in the same item as changes in the value of the hedged asset or the hedged liability.

Changes in the market value of derivative financial instruments that secure future assets or liabilities are recognised directly in the equity. Income and costs regarding such hedging transactions are transferred from the equity at the realisation of the hedged items and are recognised in the same item as the hedged item.

As regards other derivative financial instruments, which are not hedging instruments, changes are continuously recognised in the profit and loss account at market value.

Public grants
R&D grants are recognised as turnover in the profit and loss account under R&D costs, thus offsetting the costs they compensate.

Grants for the purchase of assets and development projects that are capitalised are offset in the cost of the assets to which the grants are given.

Profit and loss account

Net turnover
Net turnover is recognised in the profit and loss account, provided that delivery and the passing of risk to the buyer have taken place before the end of the year, and provided that the income can be reliably calculated and is expected. Net turnover is measured exclusive of VAT, duties, returns and discounts that are directly connected with the sale.

Contracted work-in-progress is entered under net turnover subject to the percentage-of-completion method so that the net turnover corresponds to the sales value of the work carried out in the financial year.

Production costs
Production costs comprise payroll costs, cost of sales as well as indirect costs, including salaries, amortisation, depreciation and write-downs which are incurred in order to realise the net turnover for the year.

Research and development costs
R&D costs are costs that relate to the Group's R&D activities, including salaries and depreciation.

Research costs are recognised in the profit and loss account in the year they are incurred.

Development costs incurred for the maintenance and optimisation of existing products or production processes are recognised in the profit and loss account. Costs for the development of new products are recognised in the profit and loss account, unless the criteria for recognition in the balance sheet are met for the individual development project.

Sales and distribution costs
Sales and distribution costs include costs relating to the sale and distribution of the Group's products, including salaries for sales staff, advertising and exhibition expenses, depreciation, etc.

Administrative costs
Administrative costs comprise costs of the administrative functions, staff, management, etc., including salaries, depreciation and amortisation of Group goodwill.

Staff costs
Staff costs include the Group's total costs of wages, salaries, pensions and other social insurance costs. Staff costs also include costs in accordance with the Group's employee share programme.

Costs of wages, salaries, pensions, etc. are distributed across functions in accordance with the functions primarily executed by the relevant employees. Costs relating to the employee share programme are distributed across functions in relation to the distribution of other staff costs.

Other operating income
Other operating income includes income of a secondary nature in relation to the Group's primary activities, including gains from the sale of companies.

Share of profit, associated companies
The Group's share of profits after tax in associated companies is recognised in the profit and loss account by the equity method.

Income from fixed asset investments
In addition to dividends and interest yields, this item comprises estimated gains or losses on investments.

Financials
Financials comprise interest received and interest paid, realised and unrealised capital losses and capital gains on securities, and exchange rate adjustments of financials in foreign currencies.

Tax on profit for the year
The anticipated tax on the taxable income of the year in the individual companies is charged to the profit and loss account, adjustment being made for timing differences in relation to the provided deferred tax. The portion of the tax expense attributable to items directly in the equity, however, is recognised in the equity.

Changes in deferred tax as a consequence of changed tax rates are recognised in the profit and loss account except for items recognised directly in equity.

All Danish subsidiaries are taxed jointly. The current Danish corporation tax is distributed among the jointly taxed companies in relation to their taxable income (full distribution with refunds regarding tax-related deficits).

Withholding taxes regarding repatriation of dividend from foreign subsidiaries are charged as expenditure in the year in which the dividend is generated.

Balance sheet

Intangible fixed assets

Development projects

Development projects on clearly defined and identifiable products, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or use the product in question, are recognised as intangible assets. Other development costs are recognised as costs in the profit and loss account as incurred.

Capitalised development projects are measured at cost less accumulated amortisation or at the recoverable amount, whichever is lower.

Cost includes wages, salaries, services and amortisation that are directly and indirectly attributable to the company's development activities.

After completion of the development work, capitalised development projects are amortised by the straight-line method over the anticipated economic life of the asset.

The amortisation period is five years.

Group goodwill

Group goodwill is recognised at first recognition in the balance sheet at cost as described under consolidation policies.

Group goodwill is amortised according to the straight-line method over the anticipated economic life. In the case of strategic acquisitions, and where the economic life so warrants, the amortisation period for Group goodwill is up to 20 years.

Other intangible fixed assets

Other intangible fixed assets are measured at cost less accumulated amortisation and write-downs.

Amortisation on other intangible fixed assets is made according to the straight-line method over the anticipated economic life of the asset, which – based on individual assessments – is up to five years.

Tangible fixed assets

Land and buildings are measured at cost less accumulated depreciation and write-downs. Land is not depreciated.

Technical installations and machinery as well as other installations are measured at cost less accumulated depreciation and write-downs. The cost price comprises the purchase price, expenses directly connected to the acquisition and expenses for the preparation of the asset until the time when the asset is ready for use. Tangible fixed assets produced in-house are recorded at initial cost, including a proportion of the indirect production costs. No interest is included in the cost.

Tangible fixed assets are depreciated on a straight-line basis to the estimated residual value using the estimated useful technical and economical lives of the assets. The useful life of large assets is determined individually, whereas the useful life of other assets is determined for groups of similar assets. The estimated useful lives are:

Buildings .... 20-40 years
Technical installations
and machinery .... 3-10 years
Other technical installations .... 3-10 years

Financially leased assets are capitalised and depreciated by the straight-line method over the useful life of the leased asset.

Value in the use of intangible and tangible fixed assets

The accounting value of intangible and tangible fixed assets is reviewed in general to determine whether there is any indication of impairment in addition to that expressed by amortisation or depreciation.

If this is the case, the recoverable amount of the asset is determined, and writing down is performed to the recoverable amount provided that it is lower than the accountable amount.

The recoverable amount of the asset is determined as the value of the net sales price and the capital price, whichever is higher.

Financial fixed assets

Investments in associated companies are measured by the equity method in the balance sheet at the pro rata share of the companies' equity with the addition of goodwill.

Listed bonds are measured at amortised cost, as the intention is to keep them until maturity.

Listed shares are measured at market value.

Inventories

Inventories are measured at cost in accordance with the FIFO principle or net realisable value, whichever is lower.

The cost of goods for resale, raw materials and consumables includes the purchase price with the addition of delivery costs. The cost of manufactured goods and work in progress includes expenses for raw materials, consumables and direct wages as well as indirect production costs.

Indirect production costs include a proportion of the capacity costs incurred which have led to the current position and condition of goods in progress and manufactured goods. The indirect production costs calculated include costs of operation, maintenance and depreciation relating to production facilities, as well as administration and factory management.

Obsolete goods, including slow-moving goods, are written down. The net realisable value of inventories is calculated as the estimated selling price less cost of completion and expenses incurred to make the sale.

Accounts receivable
Accounts receivable are measured at amortised cost less writing down to meet the risk of losses based on individual assessments. The loss potential of minor receivables is estimated on the basis of their age.

Contracted work in progress is measured at sales value of the completed part of the contracts as at the balance sheet date.

Prepayments recognised under assets include costs incurred relating to the following accounting year. Prepayments are measured at cost.

Securities (current assets)
Securities include bonds and shares measured at market value.

Realised and unrealised capital losses and realised and unrealised capital gains are included in the profit and loss account under financials.

Provisions

Liabilities under guarantee
Provisions made to cover liabilities under guarantee are recognised on the basis of previous years' experience concerning claims raised within the guarantee period.

Pension liabilities
The Group has made pension agreements with a considerable number of its employees. The majority of the agreements are for defined contribution schemes, whereas defined benefit schemes have been agreed for employees in a few companies.

In connection with contribution schemes, the Group makes regular payments to independent pension companies. The Group has no obligations apart from these payments.

Defined benefit schemes, organised in independent pension funds, are characterised by the employees being entitled to a certain annual benefit in connection with retirement (e.g. a share of the employee's exit salary). Such pension liabilities are calculated for the Group by actuarially discounting pension liabilities to the net present value, which is calculated on the basis of assessments of the future development in, among other things, interest, inflation, mortality and disablement. The actuarially calculated net present value less assets attached to the scheme is recognised in the balance sheet under pension liabilities.

Gains and losses incurred as a consequence of changes in the basis for the calculation of the pension liability or in the calculation of the assets attached to the scheme are recognised in the profit and loss account.

Actuarial gains and losses incurred as a consequence of changes in the assumptions applied when calculating the discounted value of the pension liability or the assets attached to the scheme are recognised directly in the equity.

Provisions are made during the employment period to cover other minor pension liabilities – relating to benefit schemes – resting with the Group.

Other provisions
These provisions include other obligations, including anniversary lump sums, legal disputes, unhedged insurance risks, share-based long-term incentive programme etc. Obligations related to the share-based long-term incentive programme are measured according to the graded vesting principle.

Deferred tax
Deferred tax is measured by the balance sheet liability method of all temporary differences between the accounting and tax value of assets and liabilities. For consolidation purposes, deferred tax is calculated on the eliminated unrealised internal profit margins. Deferred tax liabilities relating to investments in affiliated companies are not calculated.

Deferred tax assets are recognised in the balance sheet provided that they are likely to reduce tax payments within a short period of time.

Deferred tax is measured on the basis of tax rules and tax rates that – based on current legislation on the balance sheet date – will be in force when the deferred tax is expected to be converted into current tax.

Financial liabilities
Mortgage debt and debt owed to banks, etc. is valued at the time of borrowing at the received net yield less borrowing costs. In subsequent periods, the financial liabilities are recognised at amortised cost.

Financial liabilities also include the capitalised outstanding liability on financial lease contracts.

Other liabilities, including trade creditors, other debts etc. are measured at amortised cost.

Deferred income recognised under liabilities includes income received relating to the following accounting year. Deferred income is measured at cost.

Cash flow statement

The cash flow statement is prepared by the indirect method based on consolidated profit after tax, and shows cash flows from operating, investment and financing activities as well as the Group's available funds at opening and closing.

Cash flow from operating activities is specified as the profit for the year adjusted for non-cash operating items, changes in the working capital, and corporation tax paid.

Cash flow from investment activities includes the purchase and sale of intangible and tangible fixed assets, and fixed asset investments, including the purchase and sale of companies.

Cash flow from financing activities includes the raising and repaying of long-term liabilities, short-term bank loans and the payment of dividends.

Available funds include cash resources.

PROFIT AND LOSS ACCOUNT FOR GRUNDFOS HOLDING A/S (PARENT COMPANY)

1 JANUARY – 31 DECEMBER 2017

Amounts in DKKm

	Note	2017	2016
Net turnover	1	3,309	3,253
Production costs	2	(142)	(82)
Gross profit		**3,167**	**3,171**
Research and development costs	2	(1,155)	(1,109)
Sales and distribution costs	2	(496)	(506)
Administrative costs	2	(1,070)	(999)
Operating profit		**446**	**557**
Other operating income		0	0
Income from investments in affiliated companies		1,272	1,133
Earnings before interest and tax		**1,718**	**1,690**
Income from fixed asset investments		7	0
Financial income	3	268	178
Financial costs	4	(106)	(19)
Profit before tax		**1,887**	**1,849**
Tax on profit for the year	5	(129)	(169)
Profit for the year	6	**1,758**	**1,680**

BALANCE SHEET FOR GRUNDFOS HOLDING A/S (PARENT COMPANY)

AS AT 31 DECEMBER 2017

Amounts in DKKm

ASSETS	Note	2017	2016
Fixed assets			
Intangible fixed assets Completed development projects		296	421
Other intangible fixed assets		327	151
Development projects in progress		23	47
Other intangible fixed assets in progress		1	37
	7	**647**	**656**
Tangible fixed assets Technical installations and machinery		96	95
Other technical installations		270	61
Tangible fixed assets in progress		34	289
	8	**400**	**445**
Financial fixed assets Investments in affiliated companies		13,946	13,626
Accounts receivable from affiliated companies		3,094	3,139
Securities		657	0
Other accounts receivable		27	30
	9	**17,724**	**16,795**
Total fixed assets		**18,771**	**17,896**
Current assets			
Inventories	10	**11**	**15**
Receivables Accounts receivable from affiliated companies		1,235	1,869
Corporation tax		71	0
Other accounts receivable		40	104
Prepayments	11	39	58
		1,385	**2,031**
Securities		**4,304**	**1,879**
Cash at bank and in hand		**32**	**48**
Total current assets		**5,732**	**3,973**
Total assets		**24,503**	**21,869**

BALANCE SHEET FOR GRUNDFOS HOLDING A/S (PARENT COMPANY)

AS AT 31 DECEMBER 2017

Amounts in DKKm

LIABILITIES	Note	2017	2016
Equity			
Share capital		381	381
Reserve development projects		69	56
Reserve equity method		4,474	4,172
Retained profit		9,392	9,053
Proposed dividend		875	825
Total equity		**15,191**	**14,487**
Provisions			
Liabilities under guarantee	12	0	0
Other provisions	13	82	53
Deferred tax liabilities	14	138	132
Total provisions		**220**	**185**
Liabilities			
Short-term liabilities			
Bank overdrafts and loans		1	2
Trade creditors		140	254
Debt to affiliated companies		8,658	6,702
Corporation tax		0	30
Other liabilities		293	209
		9,092	**7,197**
Total liabilities		**9,092**	**7,197**
Total equity, provisions and liabilities		**24,503**	**21,869**

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STATEMENT OF CHANGES IN EQUITY FOR GRUNDFOS HOLDING A/S (PARENT COMPANY)

1 JANUARY – 31 DECEMBER 2017

Amounts in DKKm

	Share capital	Reserve develop-ment projects	Reserve equity method	Retained profit	Proposed dividend	Total equity
Equity 01.01.2016	**381**	**0**	**3,850**	**8,593**	**725**	**13,549**
Dividend paid					(725)	(725)
Transfer				0	0	0
Profit for the year		56	366	433	825	1,680
Exchange rate adjustment			(50)			(50)
Other equity adjustments			6			6
Exchange rate adjustment, designated loans				35		35
Tax on exchange rate adjustment, designated loans				(8)		(8)
Equity 31.12.2016	**381**	**56**	**4,172**	**9,053**	**825**	**14,487**
Dividend paid					(825)	(825)
Transfer				0	0	0
Profit for the year		13	416	454	875	1,758
Exchange rate adjustment			(283)			(283)
Other equity adjustments			169			169
Exchange rate adjustment, designated loans				(148)		(148)
Tax on exchange rate adjustment, designated loans				33		33
Equity 31.12.2017	**381**	**69**	**4,474**	**9,392**	**875**	**15,191**

The share capital consists of 38,090,911 shares of DKK 10 each, in total DKK 380,909,110.

NOTES TO THE ACCOUNTS OF GRUNDFOS HOLDING A/S (PARENT COMPANY)

Amounts in DKKm

Note 1	Net turnover	2017	2016
	Inter-company services	3,309	3,253
		3,309	**3,253**

Note 2	Staff costs	2017	2016
	Salaries and wages	977	878
	Pensions	71	70
	Social contributions	13	12
		1,061	**960**

The staff costs of the year include the following fees to the Group Management and members of the Board of Directors of Grundfos Holding A/S for directorships in this company.

	Board of Directors	7	7
	Registered Group Management	58	43
		65	**50**

The Group continued the long-term incentive (LTI) programme implemented in 2015, and targeted at Group Management and other members of senior management. The Board of Directors of Grundfos Holding A/S do not participate in the LTI programme.

Under the LTI programme, participants may receive shares in Grundfos Holding A/S based on the Group meeting certain targets for profit growth and return on capital employed. Shares granted will be vested to the participants in the four years following the year they were earned.

	Average number of full-time employees	1,502	1,397
	Number of full-time employees, closing	1,563	1,432

Note 3	Financial income	2017	2016
	Value adjustment etc. from bonds	26	7
	Interest income from bonds	24	8
	Value adjustment etc. from shares	86	21
	Exchange-rate adjustments, other	0	9
	Financial income, affiliated companies	128	121
	Other financial income	4	12
		268	**178**

Amounts in DKKm

Note 4	Financial costs	2017	2016
	Value adjustment etc. from bonds	0	0
	Forward contracts	77	3
	Exchange-rate adjustments, other	14	0
	Financial costs, affiliated companies	14	16
	Other financial costs	1	0
		106	**19**

Note 5	Tax on profit for the year	2017	2016
	Current tax	144	237
	Deferred tax	6	(67)
	Adjustment re previous years	(28)	(21)
	Withholding taxes paid abroad	7	20
	Tax on profit for the year	**129**	**169**
	Restatement of rate of taxation for the year: Danish rate of taxation	22%	22%
	Adjustment previous years	(1%)	(1%)
	Withholding taxes paid abroad	0%	1%
	Non-deductible expenses/non-taxable income	(14%)	(13%)
	Other adjustments	0%	0%
		7%	**9%**

Deferred tax primarily relates to fixed assets.

Note 6	Profit for the year	2017	2016
	Attributable to: Reserve for development projects	13	56
	Brought forward to revaluation reserve by the equity method	416	366
	Proposed dividend	875	825
	Retained profit	454	433
		1.758	**1,680**

Amounts in DKKm

Note 7	Intangible fixed assets	Completed develop-ment projects	Other intangible fixed assets	Develop-ment projects in progress	Other intangible fixed assets in progress	Total
	Cost					
	Cost 01.01.2017	1,032	562	61	37	1,692
	Additions of the year	0	241	37	0	278
	Disposals of the year	(406)	(382)	(19)	(1)	(808)
	Transfers	56	67	(56)	(35)	32
	Cost 31.12.2017	**682**	**488**	**23**	**1**	**1,194**
	Acc. amortisation/write-downs of the year					
	Acc. amortisation/write-downs 01.01.2017	611	411	14	0	1,036
	Amortisation of the year	164	132	0	0	296
	Write-downs of the year	17	0	5	0	22
	Amortisations and write-downs on disposals of the year	(406)	(382)	(19)	0	(807)
	Acc. amortisation/write-downs 31.12.2017	**386**	**161**	**0**	**0**	**547**
	Accounting value 31.12.2017	**296**	**327**	**23**	**1**	**647**
	Accounting value 31.12.2016	**421**	**151**	**47**	**37**	**656**

Grundfos Holding A/S only recognises development projects which generate new saleable products that meet a certain criterion for profitability. Project progress is assessed regularly during the development phase in accordance with the Group's "Decision Point Model". Development projects in progress are related to core pump business. After sales release, where amortization commences, project progress is assessed annually for each project, if there is indication of impairment. If this is the case, a more thorough impairment test is carried out for such projects. In case of impairment, the project in question is written down to its recoverable amount.

The amount for write-downs of completed development projects and development projects in progress amounts to DKK 22m (2016: 14m).

Amounts in DKKm

Note 8	Tangible fixed assets	Technical installations and machinery	Other technical installations	Tangible fixed assets in progress	Total
	Cost				
	Cost 01.01.2017	354	386	289	1.029
	Additions of the year	17	23	32	72
	Disposals of the year	0	(106)		(106)
	Transfers	7	248	(287)	(32)
	Cost 31.12.2017	**378**	**551**	**34**	**963**
	Acc. depreciation/write-downs of the year				
	Acc. depreciation/write-downs 01.01.2017	259	325	0	584
	Depreciation of the year	23	55	0	78
	Depreciation and write-downs on disposals of the year	0	(99)	0	(99)
	Acc. depreciation/write-downs 31.12.2017	**282**	**281**	**0**	**563**
	Accounting value 31.12.2017	**96**	**270**	**34**	**400**
	Accounting value 31.12.2016	**95**	**61**	**289**	**445**

Amounts in DKKm

Note 9	Financial fixed assets	Invest-ments in affiliated companies	Accounts receivable affiliated companies	Securities	Other accounts receivable	Total
	Cost					
	Cost 01.01.2017	11,108	3,139	0	30	14,277
	Exchange rate adjustments	0	(148)	0	(3)	(151)
	Additions of the year	18	125	702	0	845
	Disposals of the year	0	(22)	(44)	0	(66)
	Cost 31.12.2017	**11,126**	**3,094**	**658**	**27**	**14,905**
	Value adjustments					
	Value adjustments 01.01.2017	2,518	0	0	0	2,518
	Profit for the year	1,272	0	0	0	1,272
	Dividend received	(856)	0	0	0	(856)
	Revaluations of the year	0	0	(1)	0	(1)
	Other adjustments	(114)	0	0	0	(114)
	Value adjustments 31.12.2017	**2,820**	**0**	**(1)**	**0**	**2,819**
	Accounting value 31.12.2017	**13,946**	**3,094**	**657**	**27**	**17,724**
	Accounting value 31.12.2016	**13,626**	**3,139**	**0**	**30**	**16,795**

The accounting value of investments in affiliated companies does not include goodwill.

The market value of securities as at 31.12.2017 amounts to DKK 669m (2016: DKK 0m).

Note 10	Inventories	2017	2016
	Work in progress	11	15
	Manufactured goods and goods for resale	0	0
		11	**15**

Note 11 **Prepayments**

Prepayments include IT costs, sponsorship, marketing costs, membership fee and insurance.

Amounts in DKKm

Note 12	Liability under guarantee	2017	2016
	Liability under guarantee 01.01.2017	0	3
	Transfer to affiliated company	0	(3)
	Liability under guarantee 31.12.2017	**0**	**0**

Note 13	Other provisions	2017	2016
	Other provisions 01.01.2017	53	35
	Changes for the year	29	18
	Other provisions 31.12.2017	**82**	**53**

Other provisions include jubilee provisions and provisions according to a global share-based programme for senior management in the Group.

Note 14	Deferred tax	2017	2016
	Deferred tax 01.01.2017	132	210
	Transfer to affiliated company	0	(11)
	Deferred tax recognised in profit and loss account	6	(67)
	Deferred tax 31.12.2017	**138**	**132**

Deferred tax is mainly related to tangible and intangible fixed assets.

Note 15 Financial instruments

For hedging purposes, Grundfos Holding A/S has entered into financial contracts covering 1-12 months. The contracts are transferred to affiliated companies and hence the net exposure in Grundfos Holding A/S is zero.

Amounts in DKKm

Note 16 Related parties

Related parties with a controlling interest in Grundfos Holding A/S are the Company's parent foundation, Poul Due Jensens Fond, and the Board of Grundfos Holding A/S.

Transactions with related parties are only disclosed in the annual report if they are not on arm's length terms. Transactions between Grundfos Holding A/S and related parties are on arm's length terms.

Note 17 Securities, contingent liabilities, etc.

Lease commitments: Accumulated payments on operating lease contracts due within the next six years amount to a maximum of DKK 24m (2016: DKK 36m).

The Company has provided security for debts and leasing liabilities in subsidiaries. The total liability amounts to DKK 9m at 31.12.2017 (2016: DKK 44m).

The Company has provided security for facilities in subsidiaries. The total corporate guarantee amounts to DKK 299m at 31.12.2017 (2016: DKK 426m), of which DKK 39m utilised at 31.12.2017 (2016: DKK 53m).

In addition to this, the Company has issued letters of intent to support bank debt of DKK 27m at 31.12.2017 (2016: DKK 62m).

The Company has issued performance and payment guarantees of DKK 19m (2017: DKK 19m).

The Danish group enterprises participate in a Danish joint taxation arrangement with Grundfos Holding A/S serving as the administration company and are therefore jointly and severally liable from the financial year 2013 for the total income tax and from 1 July 2012 also for obligations, if any, to withhold tax on interest, royalties and dividends for the jointly taxed enterprises. The total net liability to the Danish tax authorities is recognised in the financial statements of Grundfos Holding A/S.

Note 18 Events after the balance sheet date

No events have occurred after the balance sheet date that may materially impact the Company's financial position.

GRUNDFOS HOLDING A/S (PARENT COMPANY): ACCOUNTING POLICIES

The annual accounts are presented in accordance with the provisions of the Danish Financial Statements Act for large class C companies.

In pursuance of section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. Referring to section 96(3) of the Danish Financial Statements Act, the Company also does not disclose the fee paid to the auditors appointed by the general meeting.

The accounting policies for the annual accounts remain unchanged in comparison with last year.

General information about recognition and measurement

Assets are recognised in the balance sheet when it is likely that future economic benefits accrue to the Company and the value can be measured reliably.

Liabilities are recognised in the balance sheet when they are probable and can be measured reliably.

Assets and liabilities are measured at cost at the initial recognition. Subsequently, assets and liabilities are measured for the individual items as described below.

Certain financial assets and liabilities are measured at amortised cost, whereby a constant redemption yield is recognised for the term. Amortised cost is calculated as initial cost minus any instalments and plus/minus the accumulated amortisation of the difference between cost and nominal amount.

At recognition and measurement, allowance is made for profits, losses and risks that appear before the consolidated annual accounts are presented and that confirm or deny conditions that were present on the balance sheet date.

Income is recognised in the profit and loss account as it is realised, including the value adjustment of financial assets and liabilities, which are measured at market value or amortised cost. In addition, costs incurred in order to achieve the earnings of the year, including depreciation, write-downs, provisions and reversals following accounting estimates of amounts which have previously been recognised in the profit and loss account, are recognised.

Mergers

The merger method is applied in connection with inter-company mergers. The difference between the amount paid for the acquiree and the equity value of the acquiree is recognised directly in the equity of the acquirer at the beginning of the financial year in which the transaction takes place.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange differences that arise between the rate at the transaction date and the rate at the payment date are recognised in the profit and loss account.

Accounts receivable and debts in foreign currencies are translated into Danish kroner at the exchange rate on the balance sheet date. Realised and unrealised exchange rate adjustments are included in the profit and loss account.

Foreign exchange rate adjustments of balances which are considered part of the total investment in companies with a different functional currency than Danish kroner are recognised directly in the equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at market value. Positive and negative market values of derivative financial instruments are included in other accounts receivable and other liabilities, respectively.

Changes in the market value of derivative financial instruments that secure the market value of recognised assets or liabilities are recognised in the profit and loss account in the same item as changes in the value of the hedged asset or the hedged liability.

Changes in the market value of derivative financial instruments that secure future assets or liabilities are recognised directly in the equity. Income and costs regarding such hedging transactions are transferred from the equity at the realisation of the hedged items and are recognised in the same item as the hedged item.

As regards other derivative financial instruments, which are not hedging instruments, changes are continuously recognised in the profit and loss account at market value.

Public grants

R&D grants are recognised as turnover in the profit and loss account under R&D costs, thus offsetting the costs they compensate.

Grants for the purchase of assets and development projects that are capitalised are offset in the cost of the assets to which the grants are given.

Profit and loss account

Net turnover

Net turnover includes all management, development and group services to companies in the Grundfos Group invoiced during the year, and before 2016 also sale of products to OEM customers less returns and discounts directly associated with the sale.

Production costs

Production costs comprise costs relating to the Company's general production and logistics activities, including salaries and depreciation. Before 2016, the item also includes cost of sales relating to the OEM business.

Research and development costs

Research and development costs are costs that relate to the Company´s R&D activities, including salaries and depreciation.

Research costs are recognised in the profit and loss account in the year they are incurred.

Development costs incurred for the maintenance and optimisation of existing products or production processes are recognised in the profit and loss account. Costs for the development of new products are recognised in the profit and loss account, unless the criteria for recognition in the balance sheet are met for the individual development project.

Sales and distribution costs

Sales and distribution costs include costs relating to the sale and distribution of the Company's products and services, including salaries for sales staff, advertising and exhibition expenses, depreciation, etc.

Administrative costs

Administrative costs comprise costs of the administrative functions, staff, management, etc., including salaries and depreciation.

Staff costs

Staff costs include the Group's total costs of wages, salaries, pensions and other social insurance costs. Staff costs also include costs related to the employees of the Company who participate in the Group's employee share programme.

Costs of wages, salaries, pensions, etc. are distributed across functions in accordance with the functions primarily executed by the relevant employees. Costs relating to the employee share programme are distributed across functions in relation to the distribution of other staff costs.

Other operating income

Other operating income includes income of a secondary nature in relation to the Group's primary activities.

Income from investments in affiliated companies

Income from investments in affiliated companies is recognised in accordance with the equity method, which means that the pro rata share of the affiliated companies' profit following the elimination of internal margins is recognised in the Company's profit and loss account.

Income from fixed asset investments

In addition to dividends and interest yields, this item comprises estimated gains or losses on investments.

Financials

Financials comprise interest received and interest paid, realised and unrealised capital losses and capital gains on securities, and exchange rate adjustments of financials in foreign currencies.

Tax on profit for the year

The anticipated tax on the taxable income of the year in the individual companies is charged to the profit and loss account, adjustment being made for timing differences in relation to the provided deferred tax. The portion of the tax expense attributable to items directly in the equity, however, is recognised in the equity.

Changes in deferred tax as a consequence of changed tax rates are recognised in the profit and loss account except for items recognised directly in equity.

The Company is jointly taxed with wholly owned Danish subsidiaries. The current Danish corporation tax is distributed among the jointly taxed companies in relation to their taxable income (full distribution with refunds regarding tax-related deficits).

Withholding taxes regarding repatriation of dividend from foreign subsidiaries are charged as expenditure in the year in which the dividend is generated.

Balance sheet

Intangible fixed assets

Development projects

Development projects on clearly defined and identifiable products, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or use the product in question, are recognised as intangible assets. Other development costs are recognised as costs in the profit and loss account as incurred.

Capitalised development projects are measured at cost less accumulated amortisation or at the recoverable amount, whichever is lower.

Costs include wages, salaries, services and amortisation that are directly and indirectly attributable to the company's development activities.

After completion of the development work, capitalised development projects are amortised by the straight-line method over the anticipated economic life of the asset.

The amortisation period is five years.

Other intangible fixed assets

Other intangible fixed assets are measured at cost less accumulated amortisation and write-downs.

Amortisation on other intangible fixed assets is made according to the straight-line method over the anticipated economic life of the asset, which – based on individual assessments – is up to five years.

Tangible fixed assets

Technical installations and machinery as well as other installations are measured at cost less accumulated depreciation and write-downs. The cost price comprises the purchase price, expenses directly connected to the acquisition and expenses for the preparation of the asset until the time when the asset is ready for use. Tangible fixed assets produced in-house are recorded at initial cost, including a proportion of the indirect production costs. No interests are included in the cost.

Tangible fixed assets are depreciated on a straight-line basis to the estimated residual value using the estimated useful technical and economical lives of the assets. The useful life of large assets is determined individually, whereas the useful life of other assets is determined for groups of similar assets. The estimated useful lives are:

Buildings..20-40 years
Technical installations
and machinery .... 3-10 years
Other technical installations .... 3-10 years

Value in the use of intangible and tangible fixed assets

The accounting value of intangible and tangible fixed assets is reviewed in general to determine whether there is any indication of impairment in addition to that expressed by amortisation or depreciation.

If this is the case, the recoverable amount of the asset is determined, and writing down is performed to the recoverable amount provided that it is lower than the accountable amount.

The recoverable amount of the asset is determined as the value of the net sales price and the capital price, whichever is higher.

Financial fixed assets

Investment in affiliated companies

Investments in affiliated companies are measured by the equity method at the pro rata owned share of the companies' equity. This means that investments are measured at the pro rata share of the enterprises' equity plus unamortised goodwill and plus or less unrealised intra-group profits or losses.

Net revaluation of investments in affiliated companies is brought forward under the equity to the revaluation reserve by the equity method to the extent that the accounting value exceeds the original cost.

Securities

Listed bonds are measured at amortised cost, as the intention is to keep them until maturity.

Inventories

Inventories are measured at cost in accordance with the FIFO principle or net realisable value, whichever is lower.

The cost of goods for resale, raw materials and consumables includes the purchase price with the addition of delivery costs. The cost of manufactured goods and work in progress includes expenses for raw materials, consumables and direct wages as well as indirect production costs.

Indirect production costs include a proportion of the capacity costs incurred which have led to the current position and condition of goods in progress and manufactured goods. The indirect production costs calculated include costs of operation, maintenance and depreciation relating to production facilities, as well as administration and factory management.

Obsolete goods, including slow-moving goods, are written down. The net realisable value of inventories is calculated as the estimated selling price less cost of completion and expenses incurred to make the sale.

Accounts receivable

Accounts receivable are measured at amortised cost less writing down to meet the risk of losses based on individual assessments. The loss potential of minor receivables is estimated on the basis of their age.

Prepayments recognised under assets include costs incurred relating to the following accounting year. Prepayments are measured at cost.

Securities (current assets)

Securities include bonds and shares measured at market value.

Realised and unrealised capital losses and realised and unrealised capital gains are included in the profit and loss account under financials.

Equity

Proposed dividend for the financial year is recognised as a separate item in equity.

Provisions

Liabilities under guarantee

Provisions made to cover liabilities under guarantee are recognised on the basis of previous years' experience concerning claims raised within the guarantee period.

Other provisions

These provisions include other obligations, including anniversary lump sums, share-based long-term incentive programme etc. Obligations related to the share-based long-term incentive programme are measured according to the graded vesting principle.

Deferred tax

Deferred tax is measured by the balance sheet liability method of all temporary differences between the accounting and tax value of assets and liabilities. For consolidation purposes, deferred tax is calculated on the eliminated unrealised internal profit margins. Deferred tax liabilities relating to investments in affiliated companies are not calculated.

Deferred tax assets are recognised in the balance sheet provided that they are likely to reduce tax payments within a short period of time.

Deferred tax is measured on the basis of tax rules and tax rates that – based on current legislation on the balance sheet date – will be in force when the deferred tax is expected to be converted into current tax.

Financial liabilities

Bank loans etc. are valued at the time of borrowing at the received net yield less borrowing costs. In subsequent periods, the financial liabilities are recognised at amortised cost.

Other liabilities, including trade creditors, other debts etc. are measured at amortised cost.

Deferred income recognised under liabilities includes income received relating to the following accounting year. Deferred income is measured at cost.

GROUP STRUCTURE

Denmark
Grundfos Holding A/S

Other Group companies

Argentina, Bombas Grundfos de Argentina S.A.
Austria, Grundfos Pumpen Vertrieb G.m.b.H.
Australia, BKB Aqua Engineering Pty. Ltd.
Australia, BKB Building Solutions Pty. Ltd.
Australia, DAB Pumps Oceania Pty. Ltd.
Australia, Grundfos Australia Holding Pty. Ltd.
Australia, Grundfos Pumps Pty. Ltd.
Belgium, Grundfos Bellux S.A.
Brazil, Bombas Grundfos do Brasil Ltda.
Bulgaria, Grundfos Bulgaria EOOD
Canada, Grundfos Canada Inc.
Chile, Bombas Grundfos Chile S.A.
China, DAB Pumps (Qingdao) Co. Ltd.
China, Grundfos (China) Holding Co. Ltd.
China, Grundfos Pumps (Chongqing) Co. Ltd.
China, Grundfos Pumps (Hong Kong) Ltd.
China, Grundfos Pumps (Shanghai) Co. Ltd.
China, Grundfos Pumps (Suzhou) Ltd.
China, Grundfos Pumps (Wuxi) Ltd.
Columbia, Grundfos Columbia S.A.S.
Croatia, Grundfos Sales Croatia d.o.o.
Czech Republic, Grundfos Sales Czechia and Slovakia s.r.o.
Denmark, Grundfos A/S
Denmark, Grundfos BioBooster A/S
Denmark, Grundfos DK A/S
Denmark, Grundfos Finance A/S
Denmark, Grundfos LIFELINK A/S
Denmark, Grundfos Operations A/S
Denmark, Grundfos US ApS
Denmark, Sintex A/S
Egypt, Grundfos Holding Egypt LLC
Egypt, Grundfos Egypt LLC
Egypt, Grundfos Service Egypt LLC
Finland, OY Grundfos Environment Finland AB
Finland, OY Grundfos Pumput AB
France, Pompes Grundfos Distribution S.A.S.
France, Pompes Grundfos S.A.S.
Germany, Biral GmbH
Germany, DAB Pumpen Deutschland GmbH
Germany, Deutsche Vortex GmbH & Co. KG
Germany, Europump GmbH
Germany, Grundfos GmbH
Germany, Grundfos Pumpenfabrik GmbH
Germany, Grundfos Verwaltung GmbH
Germany, Grundfos Water Treatment GmbH
Ghana, Grundfos Pumps Ghana Ltd.
Greece, Grundfos Hellas A.E.B.E.
Hungary, DAB Pumps Hungary Kft.
Hungary, Grundfos Shared Services Kft.
Hungary, Grundfos Hungary Manufacturing Ltd.
Hungary, Grundfos South East Europe Kft.
India, Grundfos Pumps India Private Ltd.
Indonesia, PT Grundfos Pompa
Indonesia, PT Kerjasama International Perdagangan Dan Logistik
Ireland, Grundfos (Ireland) Ltd.
Italy, DAB Pumps S.p.A.
Italy, DWT Holding S.p.A.
Italy, Grundfos Pompe Italia S.r.l.
Italy, Isia S.p.A.
Japan, Grundfos Pumps K.K.
Kazakhstan, Grundfos Kazakhstan LLP
Kenya, Grundfos Kenya Ltd.
Korea, Grundfos Pumps Korea Ltd.
Latvia, GRUNDFOS Pumps Baltic SIA
Malaysia, Grundfos Pumps SDN. BHD
Mexico, Bombas Grundfos de Mexico Manufacturing S.A. de C.V.
Mexico, Bombas Grundfos de Mexico S.A. de C.V.
Mexico, DAB Pumps de Mexico S.A. de C.V.
Mexico, Grundfos Mexico Servicios S.A. de C.V.
Mexico, Peerless Pump Mexico S.A. de C.V.
Netherlands, Biral Pompen B.V.
Netherlands, DAB Pumps B.V.
Netherlands, Grundfos Distribution Service B.V.
Netherlands, Grundfos Nederland B.V.
New Zealand, Grundfos Pumps NZ Ltd.
Norway, Grundfos Norge AS

Peru, Grundfos de Peru S.A.C.
Philippines, Grundfos IS Support & Operations Centre Philippines Inc.
Philippines, Grundfos Pumps (Philippines) Inc.
Poland, DAB Pumps Poland Sp.Z.o.o.
Poland, Grundfos Pompy Sp.Z.o.o.
Portugal, Bombas Grundfos (Portugal) S.A.
Romania, SC Grundfos Pompe Romania SRL
Russia, OOO Grundfos Istra
Russia, OOO DWT Group
Russia, OOO Grundfos
Saudi Arabia, Grundfos Saudi Arabia Company Limited
Serbia, Grundfos Srbija d.o.o.
Singapore, Grundfos (Singapore) Pte. Ltd.
Slovenia, Grundfos Ljubljana d.o.o.
South Africa, Alldos (Pty) Ltd.
South Africa, DWT Pumps Motors and Electronics Ltd.
South Africa, Grundfos (Pty) Ltd.
Spain, Bombas Grundfos España S.A.
Spain, DAB Pumps Iberica S.L.
Sweden, Grundfos AB
Switzerland, Grundfos Arnold AG
Switzerland, Biral AG
Switzerland, Grundfos Corporate Purchase AG
Switzerland, Grundfos Holding AG
Switzerland, Grundfos Handels AG
Switzerland, Grundfos Insurance Management AG
Switzerland, Grundfos Pumpen AG
Taiwan, Grundfos Pumps (Taiwan) Ltd.
Thailand, Grundfos (Thailand) Ltd.
Turkey, Grundfos Pompa Sanayi ve Ticaret Ltd. Sti.
Ukraine, TOV Grundfos Ukraine
United Arab Emirates, Grundfos Gulf Distribution FZE
United Kingdom, DAB Pumps Ltd.
United Kingdom, Grundfos Service Ltd.
United Kingdom, Grundfos Manufacturing Ltd.
United Kingdom, Grundfos Pumps Ltd.
United Kingdom, Grundfos Watermill Ltd.
USA, Enaqua
USA, Grundfos CBS Inc.
USA, Grundfos Americas Corporation
USA, Grundfos Pumps Corporation
USA, Grundfos Pumps Manufacturing Corporation
USA, Grundfos US Holding Corporation
USA, Sterling Fluid Systems LLC (USA)
(DBA Peerless Pump Company)
USA, DAB Pumps Inc.
USA, SFS (USA) Holding Inc.
USA, Grundfos Water Utility Inc.
Vietnam, Grundfos Vietnam Company Ltd.

OWNERSHIP

Grundfos Holding A/S, based in Bjerringbro, Denmark, is the Parent Company of the Grundfos Holding A/S Group. Poul Due Jensens Fond owns 87.6% of the share capital in Grundfos Holding A/S, while the founder's family owns 10.6% and the employees own 1.8%.

Grundfos Holding A/S directly or indirectly owns the entire share capital in all subsidiaries, except for the following:

Grundfos Pumps Services Company Limited, Saudi Arabia – 75%

Associated companies:
Bjerringbro Savværk Holding A/S, Denmark – 20%
Better Home ApS, Denmark – 25%
KnowHowZ A/S, Denmark – 21%

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