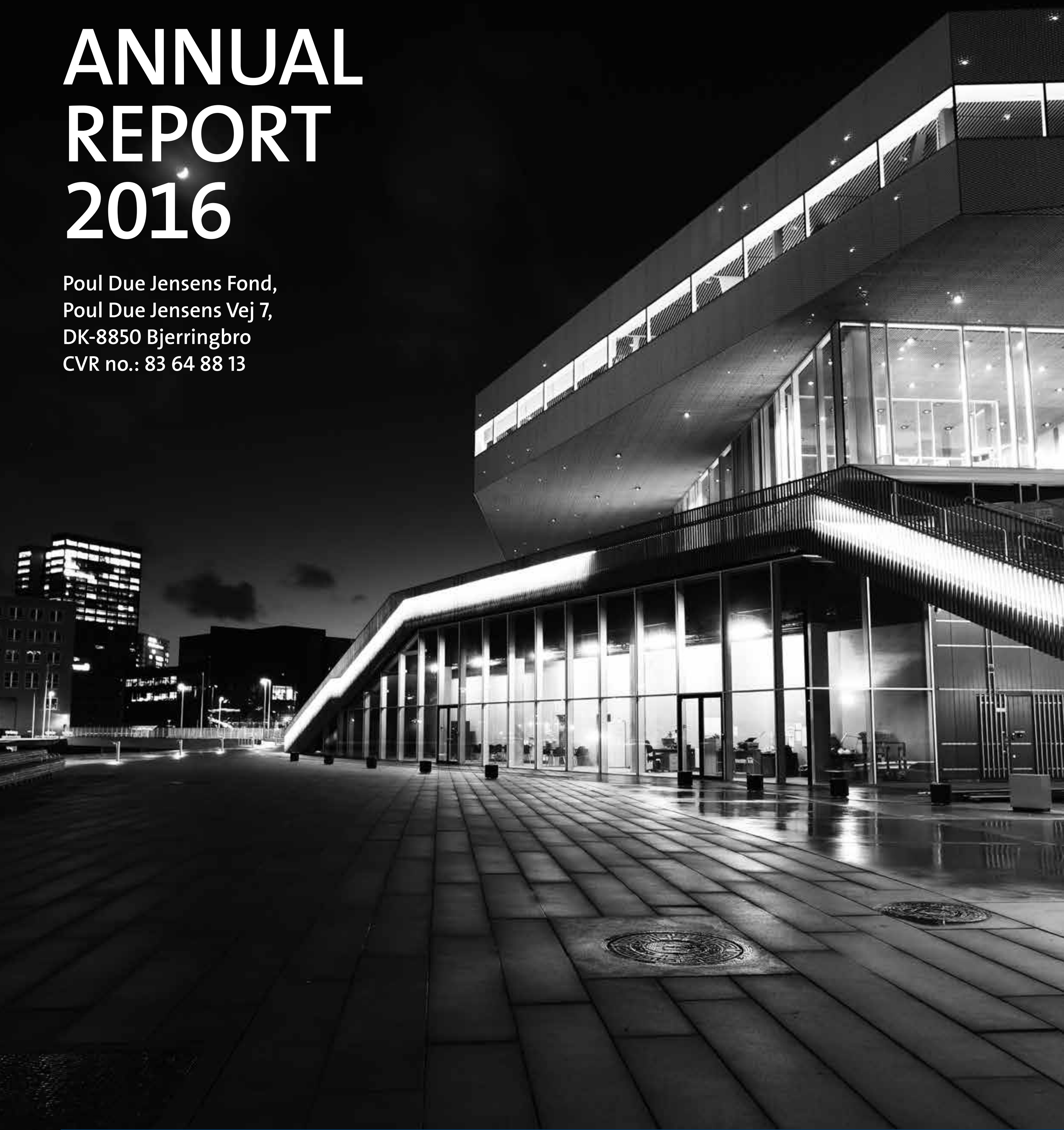
The annual report (01.01.2016-31.12.2016) is presented and approved at the Annual Meeting the 13 March 2017. Conductor: Niels Due Jensen

ANNUAL REPORT 2016

Poul Due Jensens Fond,
Poul Due Jensens Vej 7,
DK-8850 Bjerringbro
CVR no.: 83 64 88 13



be
think
innovate

GRUNDFOS

Contents

MANAGEMENT REPORT

04 Management report, Poul Due Jensens Fond (Grundfos Fonden)

07 Management report, The Grundfos Group

11 Sustainability

14 Key figures and financial ratios, The Grundfos Group

MANAGEMENT'S STATEMENT AND AUDITOR'S REPORT

15 Management's statement

15 Board of Poul Due Jensens Fond

16 Independent auditor's report

18 Board of Grundfos Holding A/S

18 Group Management

CONSOLIDATED ANNUAL ACCOUNTS AND ANNUAL ACCOUNTS

19 The Grundfos Group: Accounting policies

25 Consolidated profit and loss account

26 Consolidated balance sheet

28 Statement of changes in consolidated equity

29 Consolidated cash flow statement

30 Notes to the consolidated accounts

45 Profit and loss account for Poul Due Jensens Fond

46 Balance sheet for Poul Due Jensens Fond

47 Statement of changes in equity for Poul Due Jensens Fond

48 Notes to the accounts of Poul Due Jensens Fond

50 Group structure

51 Ownership

Management report Poul Due Jensens Fond

(Grundfos Fonden)

The Poul Due Jensens Fond (the Foundation) was established in 1975 by the founder of Grundfos, Poul Due Jensen, with the aim of ensuring a financially sound and sustainable development of Grundfos and its affiliated companies.

The Foundation owns 88% of the Grundfos Group. As the majority owner of Grundfos, the Foundation is therefore destined and committed to continuing to own, protect and develop Grundfos. Active ownership of Grundfos is the Foundation's answer to this obligation. Besides its active ownership, the Foundation is also obliged and committed to distributing funds for philanthropic activities for the common good.

Foundation governance

The Board of Directors of Poul Due Jensens Fond consists of 12 members, of whom the Grundfos Group's EU-based employees elect four. Of the remaining eight, four are descendants of the founder and four are external members elected by the Board itself.

Today, these eight members consist of five men and three women. The women thus constitute 37.5%. The Board is aware that this figure is slightly lower than the 40% mentioned in the Act on Commercial Foundations. The election of new external board members as described below will bring the gender balance up to 50% of each sex among the board members who are externally and descendant elected.

Already in 2015, the Foundation Board decided to aim for compliance with the recommendation on board independence as described in the Recommendations on Foundation Governance.

Today, four of the board members hold parallel seats in the Board of Directors or the executive management of Grundfos Holding A/S. In 2016, the Board concluded a recruitment process, aiming to replace two of the current external board members with two new independent board members who do not hold parallel seats in the Board of Directors or the executive management of Grundfos Holding A/S.

New board members ensure compliance

In March 2017, former CEO of ALK Abello, Jens Bager, and Plan International CEO, Anne-Birgitte Albrectsen, will replace the current board members Jens Maaløe, President and CEO of Terma, and Bo Risberg, former CEO of the Hilti Corporation.

Anne-Birgitte Albrectsen brings on board considerable international development experience, previously serving as UN Assistant Secretary General, UNFPA Deputy Executive Director and Ambassador for the Danish Ministry of Foreign Affairs. Jens Bager has strong and relevant business experience from the foundation-owned company ALK Abello, where he served as CEO for a number of years. He also currently serves as chair of the Board in family-controlled Ambu. Bo Risberg and Jens Maaløe will both continue serving on the Board of Grundfos Holding A/S. The Foundation wishes to thank both of them for their contribution over the years.

The swap will bring Poul Due Jensens Fond into compliance with the targeted 14 out of 16 recomendations on Foundation Governance.

- The Comply or Explain reports from 2016 and previously are available at www.grundfosfoundation.com/governance // www.poulduejensensfond.dk/governance

Philanthropic strategy

In 2016, developing a coherent strategy for the philanthropic work has been one of the main objectives of the Foundation Board. Over the year, the Board of Directors has discussed various scenarios in depth and selected three distinct areas where the Foundation should make a difference going forward.

Safe water for the world's poorest

Firstly, the Foundation Board has decided that the Foundation will fund sustainable safe water projects for rural communities in developing countries and for the thousands of people in the world's forgotten refugee camps. The Foundation will not become involved in urban water projects in order to focus on helping the world's most disadvantaged.

Within this area, the Board decided to narrow down the number of partner organisations. We believe that funding fewer and bigger projects in collaboration with experienced partners will have a more noticeable impact on achieving the UN Sustainable Development Goal #6: *By 2030, achieve universal and equitable access to safe and affordable drinking water for all.* To ensure technical quality and follow-up within the projects in the Safe Water Programme, the Foundation decided to employ a dedicated Programme Manager, who joined the Secretariat on 1 January 2017.

To further strengthen relations with the global water community, the Foundation also decided to become a founding member of the Stockholm Water Prize, an important global platform for policy and development within water. In future, the Foundation also plans to participate more actively in World Water Week in collaboration with selected partners, facilitating knowledge sharing between our partners.

Supporting Research & Learning

Secondly, the Foundation Board decided to support strong learning and research environments within the scientific and technical disciplines of interest to Grundfos' research agenda. The focus will be on basic research and the long-term development of the research environments.

The Foundation's Executive Director will oversee the management of the Research & Learning programme with assistance from Grundfos' principal scientist.

Labour market inclusion in Central Jutland

Thirdly, the Foundation Board has decided to support better labour market inclusion for vulnerable groups in the Central Jutland region by engaging in long-term collective impact partnerships with NGOs, public authorities and businesses across the region to catalyse lasting change.

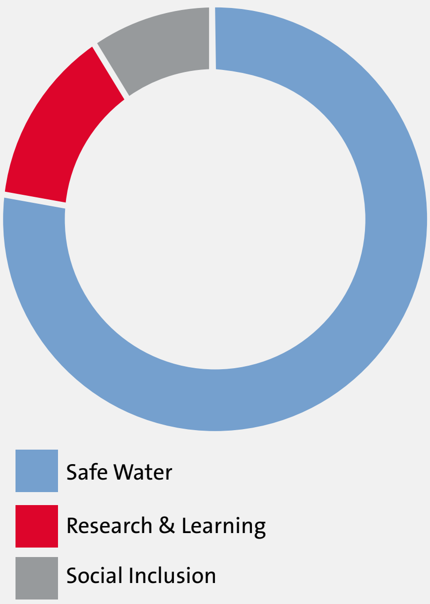
Helping vulnerable people to join the labour market is a central part of the Grundfos DNA. Poul Due Jensen opened the first privately owned sheltered workshop in 1968, based on a core belief that everybody can and wants to contribute. Today, Grundfos still continues to make space for vulnerable groups in the workplace. The Foundation hopes to expand and strengthen not only this thinking across the region, but also the practical execution of projects that increase labour market participation among vulnerable groups.

To ensure partner selection, project development, quality and follow-up within the Social Inclusion Programme, the Foundation also decided to employ a dedicated Programme Manager, who will join the Secretariat in spring 2017.

Philanthropic activities

In 2016, 77% of the Foundation's donations fell within the category called **Safe Water**. Besides establishing physical access to water in rural communities and refugee camps, the Foundation funds capacity development activities in the local communities to ensure sustainability and resilience of the water system.

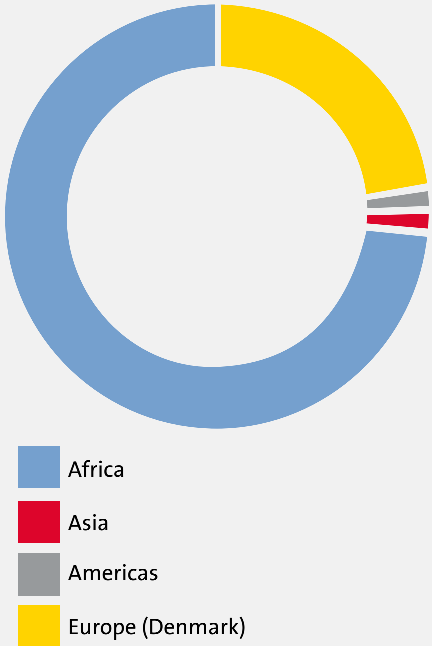
Research & Learning received 13.5% of the grants. The Foundation supports research and learning environments of strategic interest to Grundfos. The category also includes research and employee prizes awarded at the annual Grundfos Prize ceremony.



In the **Social Inclusion** category, the Foundation supported social causes focusing on the inclusion of the most socially vulnerable people in their local communities in Denmark. The aim is to enable people to be or to become constructive members of their local community and of the labour market. Projects in this category are primarily non-political and social causes. This category received 9.5% of the grants.

Donations by geography

In 2016, the donations were mainly committed to projects with beneficiaries in Africa and Denmark.



Of the Foundation's project funds, 73% went to Africa, where we do most of our Safe Water projects. In the Americas (2%) and Asia (2%), the Foundation has also supported Safe Water projects.

In Europe (mainly Denmark), we spent 23%, mainly within Research & Learning and Social Inclusion.

Donations 2016

Organisation	Project number and name	Country	Amount (DKKt)	Period
SAFE WATER				
Seniors without Borders (DK)	Safe water for two schools and their local community	Uganda	1,948	2016-2017
Practical Action (UK)	Safe drinking water – solar energy project for more than 20,000 people	Malawi	3,651	2016-2018
Oxfam GB (UK)	Safe water – replacement of borehole, servicing up to 30,000 people	Jordan	827	2016-2017
Sunlit Future (IN)	Safe and improved water to 28 villages and more than 7,000 people	India	1,350	2016-2017
Water Mission (US)	Safe and affordable drinking water to refugees in Nyarugusu, Mtendeli and Karagwe	Tanzania	37,364	2016-2018
Water Aid (UK)	12 solar-powered water supply systems, reaching more than 50,000 people in rural communities	Mozambique	3,000	2016-2018
Norwegian Church Aid (NO)	Safe water to Marembo Health centre and two nearby communities	Burundi	1,334	2016-2018
Water Mission	Hurricane Matthew Disaster Response	Haiti	1,000	2016
Total			*50,474*	*77%*
SOCIAL RESPONSIBILITY (INCLUSION)				
DGI (DK)	"Friendly" network of sports associations, attracting, retaining and integrating refugees and other vulnerable people	Denmark	637	2016-2017
KIT (DK)	Contact families for refugees – helping to give refugees a better start to their life in Denmark	Denmark	350	2016
Del Maden (Share the Food) (DK)	Share the food – cooling van	Denmark	100	2016
DGI (DK)	Inclusion ambassadors – focus on making it possible for refugees and other vulnerable people to participate in local sports associations	Denmark	2,450	2016-2018
Aarhus 2017 (DK)	Inclusion of vulnerable groups among Aarhus 2017 voluntaries	Denmark	1,000	2016-2017
Dan Church Aid (DK)	WeFood and WeWater	Denmark	1,000	2016-2017
Mødrehjælpen (DK)	Christmas Donation	Denmark	200	2016
Frelsens Hær (DK)	Christmas Donation	Denmark	200	2016
Fonden Børnehjælpsdagen (DK)	Christmas Donation	Denmark	200	2016-2017
Total			*6,137*	*9%*
RESEARCH & INNOVATION				
Naturvidenskabernes Hus (DK)	Inspiring natural science for teachers and students	Denmark	3,000	2017-2019
Aarhus University (DK)	State-of-the-art laboratory for new internationally competitive research group within wireless transceiver applications	Denmark	2,500	2016-2018
Aalborg University (DK)	2016 Grundfos Prize	Denmark	750	2016
Prof. Kim Guldstrand Larsen	2016 Grundfos Prize	Denmark	250	2016
Various Grundfos employees	2016 Poul Due Jensen Innovation Awards and Scholarships	Several countries	410	2016
Unleash (DK)	Gathering 1,000 young global talents, finding new ways to fulfil the UN's 17 sustainable development goals	Denmark	2,000	2017
Total			*8,910*	*14%*
Donations regarding 2016			**65,521**	
Adjustments to previous years			*(1,850)*	
Donations recognised in Equity			**63,671**	

Management report The Grundfos Group

2016 in brief

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

In 2016, it has been one of our top priorities to continue the financial turn-around we started in 2014. Group EBIT totalled DKK 2.2bn, up DKK 191m relative to 2015. However, adjusted for non-performance related items in 2016 and 2015, the underlying increase in EBIT performance relative to 2015 is 25%.

The improved financial performance has been achieved under difficult market conditions. Sales in the first half of 2016 declined relative to 2015, but we have had a strong second half of 2016 with sales up 2.3% over 2015 leading to a full-year growth of 0.5% measured in local currencies and net of divestments.

Our estimate is that we have increased our global market share and remained a leader in the industry both in terms of sales and innovation.

Our 2020 Strategy has gained further traction, and we are satisfied with the progress we are making, although we still have a lot of work ahead of us. We have invested heavily in further strengthening our digitally enabled offerings and touchpoints with customers and partners.

Grundfos' approach to sustainability is intact, and has been strengthened by internal alignment and compliance. Furthermore, we have intensified our visible engagement on the global agenda including the UN Sustainable Development Goals.

Strong performance in a flat market

2016 has shown a continuation of the unstable and weak global economy that also characterised 2015. Although the economy in certain parts of the world regained strength and momentum, many markets are still suffering from slow economic growth, political turmoil and the effects of low energy prices. For Grundfos, this has impacted in particular our market in Russia that continued its decline into 2016, and our project-based business in the Greater Middle East.

In the first half of 2016, we saw a drop in sales of 1.6% compared to 2015 measured in local currencies and net of divestments. However, in the second half we have successfully reversed this trend and realised sales growth of 2.3% leading to a full-year sales growth compared to 2015 of 0.5% in local currencies and net of divestments.

It is our ambition to grow sales more than the overall market growth, thereby solidifying our market position. Based on available market data, we estimate that the overall served market for our offerings in 2016 has shown a small decline in terms of value. Against this background, our modest sales growth means we have increased our global market share. Although Grundfos has an ambition to grow sales stronger than we did in 2016, the sales growth is acceptable in light of the market environment.

Measured in DKK, net turnover in 2016 totalled DKK 24.7bn, which is 0.5% lower than in 2015. Sales in DKK were negatively impacted by currency effects of 0.2%. Further, with effect from 1 October 2015, Grundfos sold the Hilge sanitary business which has had a negative impact of approx. 0.8% on net turnover compared to last year.

Europe, Middle East and Africa (EMEA) still generates the biggest sales volume

Grundfos generates most of its sales in the EMEA region covering Europe (including Russia), the Middle East and Africa.

Germany is our single largest market in Europe. Our high-quality and for many years innovative products have enjoyed a strong market position, in particular within pumps for residential and commercial buildings. In 2016, we again grew sales of our Grundfos branded products although at a modest rate. The German government has introduced a programme that gives house-owners a grant covering up to 30% of the cost of replacing an old pump with a new energy-efficient pump. We are starting to see the positive impacts from this programme, but expect more going into 2017.

In our second largest European market, the UK, we showed a solid growth in turnover across all market segments. We have been successful in establishing a strong collaboration with some of the big British water utilities, offering them solutions and strong project management. In Ireland, we have grown sales by more than 20%.

As expected, Russia continues to be a difficult market, and 2016 has shown a further decline compared to 2015. There are positive signs that the market may have reached its bottom, as the sales development in the second half of 2016 was significantly more positive than first half of the year.

We are staying committed to the Russian market, and throughout 2015 and 2016, we have moved more production to our Russian factory.

The other European markets show a varied picture. Sales in Italy have grown approx. 15%, to a large extent driven by a national subsidy scheme. We have also seen solid growth in countries like Belgium, the Netherlands, Austria, Portugal and Greece. The Nordic countries have generally shown a small decline, and the same goes for France, Poland and South-Eastern Europe, which comprises an area covering Hungary, Romania and Bulgaria.

The Greater Middle East continues to suffer from low energy prices in particular impacting project business. This has meant a drop in sales in 2016. In Africa, we have been successful in expanding our business into new countries, whereas the South African market is slow.

In the HVAC OEM area, we supply pumps to the largest gas boiler manufacturers globally. The HVAC OEM business is under intensified pressure, and we constantly need to focus on costs and product innovation in order to stay competitive.

Our Italian-based DAB business grew more than 10%, and was successful not only in Italy but in a number of countries around the world.

A challenging US market but growth in South America

After a very strong 2015, net turnover in the US market dropped 6% in 2016 due to a number of factors including a decline in the market for submersible pumps, inventory reduction programmes with key distributors and lower export sales. On a positive note, the second half of 2016 showed stronger sales than the first half of the year.

Dieter Sauer, who previously headed our Water Utility business in the US, was appointed new Regional Managing Director with effect from 1 July 2016, and we have also appointed a new Sales General Manager for the US market. We are confident that a new management team will restore growth in the US market. Both Canada and Mexico continued to show solid growth.

We have seen growth in a number of South American markets including Chile, Colombia and Peru. Sales are also growing solidly in Argentina, despite the impact of the dramatic devaluation of the Argentinian peso in late 2015. In Brazil, we have continued adapting our business to secure profitability and a healthy foundation for future growth.

Expansion in Central and Western China pays off

After a slow 2015, we returned to solid growth in the Chinese market, despite a rather low level of activity in the construction sector. Our focus on expanding sales into Central and Western China is paying off. An in-depth understanding of and proximity to the Chinese market is critical to developing the right solutions fast. To meet this, we have allocated the necessary engineering resources to develop products and solutions specifically targeted at the needs and applications in the Chinese market.

Diversity in Asia Pacific, where Water Utility holds big potential

The Asia Pacific region shows growth of more than 2%, with growth rates varying significantly across the region. We are seeing double-digit growth in markets like India, Vietnam and Singapore. Australia and New Zealand are generally stable, whereas the Japanese market has been stagnating.

We have established a regional competence centre to drive our Water Utility sales strategy in the region. First results are positive, as we can more professionally build and execute a pipeline of projects. Similarly, we are driving the build-up of a strong regional service organisation that will provide after sales services and support more professionally than today.

Transformation in Operations

During the year, our Operations covering manufacturing, supply chain, purchasing, and quality has undergone a major transformation. Manufacturing was reorganised into a regional structure ensuring stronger reporting lines and accountabilities and enabling a stronger collaboration with the sales regions.

We have successfully continued our efforts to reduce our material costs (product "cost-out") with a positive 2016 in-year impact of close to DKK 400m on top of the approx. DKK 200m savings generated in 2015. A strong cross-functional collaboration, a clear ambition, and applying new purchasing tools have been key ingredients in our success.

Another strategic initiative is our focus on sales, inventory and operations planning. A close collaboration between sales, business development, supply chain, purchasing, manufacturing and finance secures better forecasting of demand, better capacity planning and improved delivery service. Although this is a multi-year effort, we already now see substantial improvements in our inventories and delivery service for the benefit of our customers.

Delivering products of a superior quality is part of our DNA. After some unsatisfactory quality incidents, management has been focusing its efforts to ensure that we meet the highest quality standards. To head these efforts, Jean-Luc Daudon joined Grundfos on 1 November 2016 as new Vice President of Group Quality. With 22 years of experience in quality management, Jean-Luc Daudon has a strong background to ensure Grundfos' leading position within quality.

Profitability and cash flow increased again

Following the 77% performance increase in earnings before interest and tax (EBIT) in 2015, we have increased our profitability further in 2016. Group EBIT for 2016 totalled DKK 2,230m, which is up DKK 191m relative to 2015. However, adjusted for non-performance-related items in 2016 and 2015, the underlying increase in EBIT performance compared to 2015 is 25%.

EBIT/net turnover (EBIT ratio) ended at 9.0%, which is up 0.8%-points compared to 2015. We have thus taken a step further towards our 2020 target of an EBIT ratio of minimum 10%.

The profit before tax (PBT) totalled DKK 2,270m against DKK 2,043m in 2015, which equates to a 27% increase relative to 2015 when adjusted for non-performance-related items. The PBT/net turnover ratio stands at 9.2%.

The improved profitability and focus on managing working capital resulted in a cash flow from operating activities of DKK 3,252m compared to DKK 2,561m in 2015.

The net investment level totalled DKK 1,039m, resulting in a free cash flow before investments in securities of DKK 2,213m. The Group has placed parts of the free cash flow in securities during the year, in total DKK 1,441m, which brings the net cash flow from operating and investment activities to DKK 772m. When adjusted for purchases of securities, free cash flow has increased 43% compared to last year.

The equity ratio increased from 69.8% to 70.2%, and at the end of 2016 the Group holds net interest bearing deposits of DKK 6.2bn. This ensures that Grundfos remains financially independent.

The financial development in 2016 is in line with the financial outlook stated in the 2015 annual report.

The 2020 Strategy and Group KPIs remain and hold true

Our ongoing efforts to strengthen our competitiveness and organisational capabilities are guided by the 2020 Strategy that was approved in early 2015. The 2020 Strategy is centered around five Group must-win-battles:

- Funding the Journey – lowering our cost base across the business to remain competitive, transparency in value creation and faster and more effective decision-making.

- Supply Chain – make supply chain a competitive advantage, provide a world-class delivery service and use our supply chain as a showcase for sustainable manufacturing.

- Product Leadership – maintain category leadership in eight defined “critical to succeed” product families, increase speed in product development and lower cost base by product cost-out activities in our existing product portfolio. New business models and digitalisation will be components in this battle.

- Service – develop global service offerings as a commercial differentiator with particular focus on the Water Utility segment and become a global spare parts supplier through dedicated regional setups.

- Customer & Collaboration – reinforcing a customer-centric and highly collaborative culture and insisting on empowerment and interdependence simultaneously.

In all of the previously must-win-battles we see solid progress.

Our five most important Group KPIs remain:

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

In 2016, we have replaced our 2020 target for average sales growth with an ambition to grow faster than our served market and thereby maintain or strengthen our global market share. We expect the average market growth for the 2017-2020 period will be 0-3% annually.

The table below shows the 2020 targets and realised figures for 2015 and 2016 for the Grundfos Group (excluding Poul Due Jensens Fond).

KPI	2016	2015	2020 target
Sales growth (organic, excl. currency impact)	0.5%	0.8%	Grow more than served market (0-3%)
Customer loyalty	85	85	86
Employee motivation and satisfaction	70	69	78
Return on Sales (performance EBIT/ net turnover)	9.3%	7.5%	10%
Return on Capital Employed (ROCE)	15.4%	11.9%	17%

Despite the modest 2016 sales growth of 0.5% (excluding the impact from currency and divestments), our estimate is that we have grown more than our served market. In this light, the sales result is acceptable.

We are maintaining our high customer loyalty of 85 and we have increased employee motivation and satisfaction from 69 in 2015 to 70 in 2016. The results are satisfactory although we are well aware that both maintaining customer loyalty at such a high level as well as improving our employee motivation and satisfaction further requires substantial effort.

Our financial turnaround has brought us close to our 2020 ambitions in terms of Return on Sales and ROCE. This is a great achievement by our employees and brings us financial manoeuvrability.

In total, we view the development in our Group KPIs as satisfactory.

R&D is still a cornerstone for our future

Innovative solutions and products are at the very heart of Grundfos.

In 2016 we launched more than 30 new products and solutions onto the market. Most launches were electronic solutions within our Controls programme, however, a significant amount of the new launches also came from the multistage, the wastewater large and the single-stage pump programmes.

In March 2016, we introduced a revolutionary solution for domestic pressure boosting in the market – the SCALA2. The SCALA2 pump is a fully integrated constant pressure boosting system which is easy to install and easy to use and operates at very low noise levels making it suitable for almost all homes. The SCALA2 has been very well received and we are running our production at full capacity to meet demand.

Our R&D functions are primarily located at the company headquarters in Bjerringbro, and cover a wide range of activities such as research into materials, product development and production technologies and methodologies etc. In addition, there are R&D teams located in selected key markets where they benefit from the proximity to the market.

Digitalisation will enable us to remain leaders in our business

We are convinced that digitally enabled offerings and customer-facing activities will be critical for our future competitiveness and the success of our 2020 Strategy. Grundfos was already spearheading digital efforts in the 1990s by being the first company to introduce integrated electronics in our pumps. For more than a decade, we have been offering remote surveillance of our customers´ pumps. As the innovation leader in our industry, we have an ambition to set the standard within digitalisation, also in future.

In 2016 we launched our digital vision. Our basic philosophy is that digitalisation is essentially about making our customers' lives simpler, be it in the more than 100,000 daily touchpoints we have with our customers or in using our offerings. The starting point is a deep understanding of the product application and customer needs. Therefore, our digital efforts are embedded across the entire Grundfos organisation. We have already started several pilot projects on digitally enabled offerings including booster sets that are fully on-line and supported by digitally enabled services. In 2017, we will launch a number of new digitally enabled services.

Sustainability is our business

Sustainability is not a department or a report. For us it describes our mindset and a way of doing business. Sustainability covers financial strength, environmental impact and social responsibility. For many years we have shown that it is possible to do well in business by doing good for the planet. Our products and solutions are vital components in promoting and ensuring energy efficiency and thereby reducing CO_2 emissions and solving global water challenges.

We want to integrate sustainability even more strongly in our daily business. We have therefore chosen to anchor activities previously organised in our quality and sustainability department directly among the Group Management members.

Our focus is on energy efficiency, water management, social responsibility and compliance, and a number of activities have been defined and initiated during the year. Furthermore, we have intensified our corporate engagement in global issues like fighting climate change, promoting energy efficiency, giving people access to clean water and sanitation, reducing water loss and enhancing social inclusion.

We are strong believers and supporters of the 17 UN Sustainable Development Goals (SDGs) to guide us in the future, and our approach and activities will reflect this in the years to come. We will especially use our competencies and ideas to focus on SDG6 Clean Water and Sanitation and SDG13 Climate Action including energy efficiency. More details can be found in the annual report's section on sustainability.

Changes in Group Management

On 1 September 2016, Ernst Lutz joined Grundfos as Group Executive Vice President of Business Development, thereby completing our Group Management team. Ernst Lutz is a Swiss national and has decades of experience from innovation organisations.

He replaced Lars Aagaard who unfortunately had to retire from his Group Management role for health reasons.

In the spring of 2016, Grundfos ran a programme offering shares to the employees. More than 2,000 employees chose to buy shares, and we could welcome more than 1,000 employees as new shareholders in the company, bringing the total number of employee shareholders to more than 6,000. We see the employee share programme as a strong vehicle for strengthening the ties between employees and the company.

Outlook for 2017

We see no significant change to the overall global financial climate. General political uncertainty and potential restrictions in free trade are risks that may negatively impact investment levels across the world.

In addition, we see increased competitive pressures in our industry. This requires us to continue redesigning and optimising our organisation and processes to become even more customer centric, to be even faster and to lower our cost base. Furthermore, we will need to invest substantially in developing new offerings and services for our customers.

Also in 2017, we expect to continue to outgrow the market, but organic growth will still be at a moderate level given the expected zero or low growth in our industry. We forecast a profit level on par with or slightly above our 2016 EBIT.

Sustainability

We see sustainability as a core value, a mindset and a business driver. We define sustainability as the triple bottom line focusing on sound financials, environmental footprint and social impact and responsibility. Grundfos has supported the UN Global Compact principles since 2002. Our strategy targets sustainability through four means of change.

At the same time, we know that sustainability is a journey, not a destination, and what makes a product sustainable is continually changing; there are new and exciting areas such as life cycle thinking that we are continuously working with. We also started working with the UN's Sustainable Development Goals (SDGs) as a business driver, and we remain proactive in setting a wider agenda. We will especially aim our activities towards SDG6 Clean Water and Sanitation and SDG13 Climate Action including energy efficiency. This year, we joined forces with global business leaders on the Business and Sustainable Development Commission.

Water is our passion

We continue to apply our core competency to moving, conserving, cleaning and bringing safe water to the world's most vulnerable. Our World Vision partnership supplied clean water to 300,000 people, and we are continuing our efforts to achieve our aim of 2 million by 2020. Our employee initiative Water2Life brought clean water to 20,000 people in Vietnam. Our partnership with the CEO Water mandate continues to drive sustainability policies and practices, and in 2016 we joined the prestigious 2030 Water Resources Group, which brings together public, private and civil society stakeholders for open discussions about water management, and together develop concrete proposals that can help improve the management of water resources

Action and results are what count

Sustainability is part of the Grundfos DNA. We have published annual sustainability reports since 2001, but we can be better at collecting data and reporting. We must act, but we must also measure. This will be a strong priority in the years to come. Whether it is a small pump providing water to 300 people, or our global carbon footprint, everything counts and everything must be counted.

Organisation

Sustainability is anchored in the Grundfos Group Management; as we define it, sustainability is not a department or a report. All members of Group Management are in their specific areas committed to driving the approach and direction.

For the purpose of this report, we have noted progress under the points corresponding to requirements of §99a and b: Environment, Human Rights, Social Responsibility & Diversity, and Anti-corruption.

Environment

Internal policy and goal: To minimise our environmental footprint throughout the value chain.

Energy and CO_2 - Our commitment is a CO_2 level at or below 2008 levels. In 2016, we reduced emissions by 7.2% relative to 2015, so that our emissions are now 30% less than they were in 2008 across global facilities. Energy use is down 2% from 2015, and 92% of our production companies are ISO 140001 certified to international environmental standards.

Water Management - Our 2008 commitment is a 50% reduction in water consumption by 2025, and an improvement in the quality of discharged water. In 2016, we cut water consumption by 5% compared to 2015 – and we are down more than 36% from 2008 thanks to a range of global initiatives, such as rainwater harvesting. We continue to launch initiatives to improve the quality of discharge water.

Chemical management - We are continually working to reduce, substitute and eliminate the use of hazardous chemicals. With the implementation of a new product chemical compliance IT platform in 2016, we have given our suppliers a smarter and more automated way of documenting compliance with the Grundfos Focus List (listing relevant chemical legislation). The ambition is to roll-in the entire Grundfos product portfolio during 2017 to ensure an agile process and faster response to customers.

Awards and notables 2016 - Our factory in Suzhou, China, won a Green Factory Award for its sustainable design, while Grundfos, Taiwan won an inaugural Carbon Reduction Action Award and a Top Excellence Rank. Grundfos in Jakarta, Indonesia, won an award as " Most Valued Brand ", based on environmental efforts and employee initiatives.

Our ALPHA3 pump won silver at the Austrian Daphne environmental prize for its energy efficiency, and was noted outstanding at the German Plus X Awards. Our new and advanced MGE-motors received an IE5 marking, the highest energy efficiency rating worldwide.

External policy and goal: To minimise our environmental footprint through innovative and energy-efficient products, solutions and business models.

Products - Investment in the development of new energy-efficient products totalled 4.7% of turnover. Supported by Eco-Design guidelines and measures, new circular economy related initiatives and life cycle assessments of our products, we are continuing our journey and moving from energy to resource efficiency in our products and product solutions.

Legal requirements - In 2016, we mapped the current process for monitoring legal requirements of our products to identify gaps and improvement possibilities. In 2017, we will implement a global process for monitoring regulatory requirements for products – not just related to environmental topics, but including all relevant legislation which impacts our products. The framework for a potential process has been presented to the management in the fourth quarter of 2016, with final approval expected in early 2017.

Human rights

Grundfos recognises and acknowledges that corporations have the responsibility to respect human rights. Our commitment to respecting human rights applies to all Grundfos employees in all Grundfos companies. In addition, Grundfos is committed to promoting the development of a culture that supports a respect for human rights. Consequently, we expect business partners, such as suppliers and other parties directly linked to our operations, to adhere to this commitment.

Our commitment to respecting human rights is integrated and communicated across the organisation through our values, our group policies and our Code of Conduct. Nonetheless, we are aware that understanding and managing human rights is a dynamic process, which demands that we continuously seek to improve our governance and processes in order to live up to our commitment and stakeholders' expectations. Our vision is to prevent any negative impact that Grundfos operations could cause, contribute to or be linked to.

After launching our Human Rights Policy in 2014 (http://magazines.grundfos.com/Grundfos/SU/UK/HumanRightsPolicy/), we embarked on a journey to better understand our human rights impact, and initiated a number of initiatives to strengthen our ability to manage our human rights impact.

Key targets include:

- Launch human rights due diligence process in 2015, aiming for completion of five on-site human rights assessments by 2020;

- Revised Code of Conduct launched in 2016 together with an annual Code of Conduct training for all Grundfos employees globally, starting in 2017, where we also aim to launch a third-party whistleblower function;

- Revised Supplier Code of Conduct launched in 2017 and an increase in the number of social supplier audits to 100 by 2017 together with any activities which are needed to achieve 75% compliance for all audited suppliers in the coming years.

Activities are currently progressing as planned. After finalising a global human rights mapping in collaboration with Business for Social Responsibility (BSR) in 2015, we went a step further this year, by completing a more in-depth five-country analysis, also together with BSR. The aim was to compare our current human rights practices with the UN Guiding Principles for Business and Human Rights. The countries were China, India, Mexico, Russia and Denmark. In response to the findings, we have developed a Human Rights Action Plan to address the gaps. We are continuing in 2017 with the first on-site human rights assessment.

The revised Code of Conduct was launched in December 2016. The revised Code of Conduct clearly shows our value-based approach to doing business globally, and it is clear in its message that we expect our employees to behave in accordance with the code. Training is expected to roll out globally for the first time in 2017.

Any suspected breach of the Code of Conduct can be submitted to the Ethics Committee. This can currently be done by email in any employee's native language, by telephoning any of the members of the Ethics Committee, and in all cases it can be done anonymously. In 2016, we received 13 claims relating to breaches of the Code of Conduct. One claim was considered a breach of the Code of Conduct within labour rights. There were also six requests for advice, none of which were breaches of the Code of Conduct.

In 2016, we increased the number of supplier social audits to 15. We also established a strong steering committee with representation from Group Management to drive the significant 2017 supply chain initiatives. Our aim for 2017 is to develop a revised supplier code of conduct and increase the number of on-site social audits from 15 to 100 together with improvements to our follow-up process, including training as well as coordination with our other existing supplier audit initiatives. This will help facilitate our goal of achieving 75% compliance for all audited suppliers in the coming years as an indication of our ability to better understand, follow-up on and improve our supplier base.

In 2016, we also launched our "Grundfos" statement pursuant to the UK Modern Slavery Act to explain our efforts to eradicate slavery and modern trafficking.

Social responsibility

Grundfos has a strong tradition of social responsibility with one simple aim: To make a positive difference.

Diversity - We aim to employ a diverse workforce that reflects society in terms of gender, age and ethnicity. In 2016, non-Danish executives made up almost 40%, thereby achieving our target set for 2017.

With 20% of women in management positions, we are still 5%-points behind our 2017 target of 25%. We are still aiming for the 25% ratio, but we have to accept that it will probably take one or two more years to reach the target than first anticipated. To bring more females into executive positions, a mandate to always include qualified female candidates and non-Danes in executive recruitments has been put in place.

The Board of the Foundation comprises 12 members, of whom the Grundfos Group's European employees elect four. Of the remaining eight members, there are five males and three females. The Board had no aim to change the Board composition in 2016, but is targeting a 50/50 gender split in connection with planned changes to the Board in 2017.

People with reduced work capacity – To get a picture of the current status, we collected performance data from some of the larger and older companies in the Grundfos Group and conducted site visits. Based on this, we set targets and set the direction for our work with people with reduced work capacity. We have now standardised the definition globally as we lift our ambitions to go beyond Denmark and begin the process of establishing a common understanding of the concept and how we wish to move forward. The first step has been a description of the process for employing employees with reduced work capacity. Globally, our ambition is to hire at least 3% employees with reduced work capacity. The figure is currently 2.2%, and the aim is to reach the 3% target in 2020. The target for each specific Grundfos company is set individually and reflects the workforce composition.

Retain employees on long-term sick leave
It is our ambition to ensure an early, dedicated and coordinated follow-up and to help ensure that the sick leave is as short and as active as possible. Currently, 92.7% of our Danish employees who have been on long-term sick leave are retained at Grundfos. In Denmark, we continually coordinate the existing initiatives to ensure that employees

are able to return to work after long-term sick leave. To ensure higher rates of retention, we developed a catalogue of relevant tasks that are appropriate for employees with reduced work capacity, and we have described the process for employing employees after long-term sick leave.

Employee satisfaction - is one of our key performance indicators in our 2020 Strategy. In 2016, the annual Pulse Survey was distributed again in addition to the annual Employee Motivation Survey (EMS). After a positive development in the EMS in April, we saw a decline in the Pulse Survey in October. Despite the decline in the Pulse Survey, we are still aiming to achieve our ambitious 2020 target. The next EMS will be conducted in September 2017.

The EMS provides us with a unique opportunity to work with motivation and leadership as two of the most important levers to ensure the future success of Grundfos. We followed up on the EMS with workshops and a toolbox for managers to enable managers to understand and work with the results of the EMS along two tracks: (a) a team process to improve motivation and performance in the teams, and (b) a personal leadership track to improve leadership competencies.

Based on the work with the EMS, managers created action plans and defined development areas to be discussed in the annual Performance Development Dialogue (PDD). The PDD aims to give (a) a clear assessment of each employee's performance and potential level, and (b) provide clear feedback and engage in a dialogue about development and career opportunities. In 2016, the PDD was completed by 80% of blue-collar workers, and 86% of white-collar workers.

The PDD was supported by a new online tool that makes it easier for managers and employees to manage and document the process for each employee. It was also followed up with workshops and training on how to best utilise the PDD at both the individual employee and organisational levels.

Health and safety - Following a rise in lost time injuries in 2015, new standards and a new approach to health and safety were implemented. This year, the number of injuries per million working hours was 3.27, and the number of lost time injuries was 105 – 34% lower than in 2015. In 2016, 83% of our employees worked in a company that is OHSAS 18001-certified according to international occupational health and safety management standards. In 2016, there was a focus on global networking with a view to learning and sharing knowledge. In Serbia, health and safety professionals from more than 30 Grundfos companies came together to discuss solutions and improvements.

Our global commitment starts at home. At the Grundfos headquarters in Denmark, the canteen serves healthy food; the focus is on seasonal vegetables, and about 30% of the products are organic. This year, the canteen reduced food waste by nearly 40%, or 20 tonnes, compared to 2015, thereby achieving its 2013 goal of a 50% reduction from an estimated 60 tonnes of food waste. The canteen also delivered 6 tonnes of food to socially marginalised people. In partnership with Daka, the kitchen's remaining food waste was used in seven different ways before finally being used as fertiliser on local farms. The canteen's new and ambitious aim is to cut food waste by another 25%.

Anti-corruption

Grundfos wants to be a responsible corporate citizen with a legacy of honest sustainability and transparency. This requires an absolute and ongoing commitment to fight corruption. None of the breaches to the Code of Conduct this year were related to corruption.

In 2016, we rolled out anti-corruption and bribery training for sales as mandatory pass/fail training. This project is ongoing.

In 2016, we also launched an updated Code of Conduct, where several paragraphs are expected to migrate the risk of anticorrupt practices. Our goal for 2017 is to improve knowledge of our code throughout the company globally. To achieve this, we will roll out annual training for all Grundfos employees, as well as carrying out risk analyses to identify any gaps in our compliance programme.

	2016	2015
ENVIRONMENT		
*Operational footprint**		
CO_2 (metric tonnes)	92,518	99,627
Energy consumption (MWh)	299,533	305,657
Water usage (m^3)	417,891	440,271
Products		
Investments in new products (% of turnover)	4.7%	4.5%
HUMAN RIGHTS		
Social audits	15	3
Responsible business conduct - Code of Conduct		
Claims	13	13
Breaches	1	1
SOCIAL RESPONSIBILITY		
*Performance development dialogue (PDD)***		
Blue-collar	80%	47%
White-collar	86%	70%
Diversity		
Female leaders	20%	20%
Non-Danes in key positions	40%	40%
Employees with reduced work capacity in Denmark***	3.8%	4.0%
Employees with reduced work capacity globally	2.2%	-
*Health and safety**		
Injuries (per million working hours)	3.27	4.83
Lost working hours due to injuries (per thousand working hours)	0.39	0.68

*2015 figures adjusted since first reported.

**Based on registrations in the PDD system.

***2016 figures not comparable to 2015.

Key figures and financial ratios The Grundfos Group

Amounts in DKKm

CONSOLIDATED PROFIT AND LOSS ACCOUNT	**2016***	**2015***	**2014**	**2013**	**2012**
Net turnover	24,677	24,800	23,618	23,254	22,590
Operating profit	2,237	1,925	860	1,403	1,801
Earnings before interest and tax (EBIT)	2,230	2,039	861	1,405	1,805
Net financials	40	4	20	70	76
Profit before tax	2,270	2,043	881	1,475	1,881
Consolidated profit after tax	**1,676**	**1,473**	**503**	**1,049**	**1,336**
CONSOLIDATED BALANCE SHEET					
Assets					
Intangible fixed assets	1,011	1,316	1,432	1,566	1,663
Tangible fixed assets	6,755	6,991	7,125	7,002	6,726
Financial fixed assets	1,797	1,551	1,291	1,767	1,853
Current assets	15,215	12,922	11,519	11,075	10,695
Total assets	**24,778**	**22,780**	**21,367**	**21,410**	**20,937**
Liabilities					
Equity	17,397	15,903	14,550	14,347	13,671
Provisions	1,738	1,507	1,343	1,355	1,461
Long-term liabilities	126	143	136	162	760
Short-term liabilities	5,517	5,227	5,338	5,546	5,045
Total liabilities	**24,778**	**22,780**	**21,367**	**21,410**	**20,937**
FINANCIAL RATIOS					
Number of employees at year-end	17,779	17,945	18,878	18,776	17,984
Capital investments, tangible	942	954	1,126	1,496	1,530
Capital investments, intangible	139	281	308	265	433
Total capital investments	1,081	1,235	1,434	1,761	1,963
Research and development costs, incl. capitalised	1,151	1,106	1,293	1,302	1,367
Interest-bearing net accounts receivable/(liabilities)	6,201	4,153	2,653	2,849	2,645
Net cash flow from operating and investment activities	772	1,455	396	274	245
Sales growth	-0.5%	5.0%	1.6%	2.9%	6.7%
Profit before tax as a percentage of net turnover	9.2%	8.2%	3.7%	6.3%	8.3%
Return on equity	10.1%	9.7%	3.5%	7.5%	10.3%
Equity ratio	70.2%	69.8%	68.1%	67.0%	65.3%

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.
Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Finance Society.

*) Changes in accounting policies regarding pensions and distributions as from 2016 have been implemented in the above figures for 2015 and 2016, but not for prior years. The changes are described in further detail under Accounting policies on page 19.
Changes in accounting policies regarding minority interests have been changed for the full period.

Management's statement

As of today, the Board of Directors and the Executive Management have reviewed and approved the 2016 annual report covering the financial year 1 January to 31 December 2016 for Poul Due Jensens Fond.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the Group's and the Parent Foundation's assets, liabilities and financial position as at 31 December 2016 and of their financial performance and the consolidated cash flows for the financial year 1 January to 31 December 2016.

We believe that the management report contains a fair review of the matters covered by the report.

Bjerringbro, 13 March 2017

Executive Director
Christian Hartvig

Board of Poul Due Jensens Fond

From left:
Jens Erik Lysdahl, Member of the Board, Elected by employees. **Bo Risberg,** Member of the Board. **Zsuzsanna Toth,** Member of the Board, Elected by employees. **Torben Ømark Lind,** Member of the Board, Elected by employees. **Ingermarie Due Nielsen,** Member of the Board. **Poul Due Jensen,** Member of the Board. **Niels Due Jensen,** Chairman. **Jens Winther Moberg,** Member of the Board. **Estrid Due Hesselholt,** Member of the Board. **Ingelise Mose Bogason,** Vice Chairman. **Rudolf Martini,** Member of the Board, Elected by employees. **Jens Maaløe,** Member of the Board.

Niels Due Jensen Chairman	**Ingelise Mose Bogason** Vice Chairman	**Bo Risberg** Member of the Board	**Jens Maaløe** Member of the Board
Poul Due Jensen Member of the Board	**Ingermarie Due Nielsen** Member of the Board	**Jens Winther Moberg** Member of the Board	**Estrid Due Hesselholt** Member of the Board
Torben Ømark Lind Member of the Board Elected by employees	**Jens Erik Bjørklund Lysdahl** Member of the Board Elected by employees	**Rudolf Martini** Member of the Board Elected by employees	**Zsuzsanna Tóth** Member of the Board Elected by employees

Independent auditor's report

To the Board of Directors of Poul Due Jensens Fond

Opinion

We have audited the consolidated annual accounts and the annual accounts of Poul Due Jensens Fond for the financial year 1 January – 31 December 2016, which comprise the profit and loss account, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent Foundation, and the consolidated cash flow statement. The consolidated annual accounts and the annual accounts of the Parent Foundation are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts of the Parent Foundation give a true and fair view of the Group's and the Parent Foundation's financial position at 31 December 2016, and of the results of their operations and the consolidated cash flows for the financial year 1 January – 31 December 2016 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 these standards and requirements are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts of the Parent Foundation* 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 annual accounts and the annual accounts of the Parent Foundation

Management is responsible for the preparation of consolidated annual accounts and annual accounts of the Parent Foundation 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 annual accounts and annual accounts of the Parent Foundation that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts of the Parent Foundation

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts of the Parent Foundation 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 exits. 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 annual accounts and the annual accounts of the Parent Foundation.

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 annual accounts and the annual accounts of the Parent Foundation, 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 Foundation'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 annual accounts and the annual accounts of the Parent Foundation, 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 Foundation'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 annual accounts and the annual accounts of the Parent Foundation 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 Parent Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts and the annual accounts of the Parent Foundation, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts of the Parent Foundation 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 annual accounts. 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 report

Management is responsible for the management report.

Our opinion on the consolidated annual accounts and the annual accounts of the Parent Foundation does not cover the management report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated annual accounts and the annual accounts of the Parent Foundation, our responsibility is to read the management report and, in doing so, consider whether the management report is materially inconsistent with the consolidated annual accounts and the annual accounts of the Parent Foundation or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management report is in accordance with the consolidated annual accounts and the annual accounts of the Parent Foundation 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 report.

Aarhus, 13 March 2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Thomas Rosquist Andersen
State Authorised Public Accountant

Thorsten Jørgensen
State Authorised Public Accountant

Board of Grundfos Holding A/S

From left:
Rudolf Martini, Employee Representative. **Jens Maaløe,** Director. **Ingelise Mose Bogason,** Director. **Bo Risberg,** Vice Chairman. **Jens Winther Moberg,** Group Chairman. **Carsten Reinhardt,** Director. **John B. Jacobsen,** Employee Representative. **Kitty Thaarup Herholdt,** Employee Representative. **Niels Erik Olsen,** Director.

Group Management

From left:
Stéphane Simonetta, Group Executive Vice President – Operations. **Ernst Lutz,** Group Executive Vice President – Business Development.
Mikael Geday, Group Executive Vice President – Finance, IT & Legal Affairs. **Mads Nipper,** CEO and Group President.
Poul Due Jensen, Group Executive Vice President – Sales, Marketing & Services. **Henrik M. Christiansen,** Group Senior Vice President – Human Resources.
Kim Nøhr Skibsted, Group Vice President – Communication, Public Affairs & Engagement.

The Grundfos Group: Accounting policies

The Grundfos Group

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

In accordance with changes in the Danish Financial Statements Act, the following changes in accounting policies have been implemented:

- Defined benefit schemes (pension): Actuarial gains or losses, which were previously recognised according to the corridor method, are from 2016 recognised directly in the equity. This change increases profit before tax by DKK 7m in 2016 (2015: DKK 10m). The related tax impact is DKK 1m in 2016 (2015: DKK 2m). Thus the equity at 1 January 2016 has been reduced by DKK 265m net of tax (1 January 2015: DKK 265m).

- From 1 January 2016, the item Minority interests is included as a separate item in the equity.

- Distributions were previously recognised as an expense in the consolidated profit and loss account, but are from 2016 recognised directly in the equity. This change increases the consolidated profit before tax by DKK 64m (2015: DKK 15m). The change has no tax impact.

Comparison figures in the profit and loss account and the balance sheet have been adjusted accordingly. In the five-year key figures, the change regarding pensions and distributions has not been adjusted prior to 2015.

Apart from this, the accounting policies for the annual accounts and 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 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 Poul Due Jensens Fond (Parent Foundation) and the companies (subsidiaries), where the Parent Foundation 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 Foundation and the individual subsidiaries. Adjustments are made for inter-company revenue 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 revenue.

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 revenue 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 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 in accordance with the Group's employee share programme, including the regulation of provisions for coverage of the Foundation's obligation to buy back shares from employees.

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.

Amortisation of Group goodwill
As amortisation of Group goodwill cannot be distributed on functions in order to give a true and fair view, such amortisation is shown as an individual item in the profit and loss account.

Other operating income
Other operating income includes income of a secondary nature in relation to the

Group's primary activities, including gain 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.

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.

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.

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 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

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.

Buy-back obligation relating to employee shares
Provisions are made to cover the obligation that rests with the Group regarding the buy-back of employee shares. The provision made is measured on the basis of future expectations to share prices, considering the long-term development of Group profits, the topicality of the obligation and the market value of the shares.

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, etc.

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.

The Parent Foundation

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 Parent Foundation's profit and loss account.

Other operating expenses

Other operating expenses comprise revenue and expenditure of a secondary nature, including gains from the sale of shares and provisions regarding the buy-back obligation relating to employee shares.

Distributions

Distributions from the Parent Foundation are shown as an equity adjustment in the Parent Foundation.

Investments 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.

Consolidated profit and loss account

1 January – 31 December 2016

Amounts in DKKm

	Note	2016	2015
Net turnover	1, 2	24,677	24,800
Production costs	2, 3	(15,127)	(15,862)
Gross profit		**9,550**	**8,938**
Research and development costs	3, 4	(1,263)	(1,111)
Sales and distribution costs	3, 4	(3,943)	(3,852)
Administrative costs	3, 4	(2,032)	(1,971)
Amortisation of Group goodwill		(75)	(79)
Operating profit		**2,237**	**1,925**
Other operating income		(4)	115
Share of profit, associated companies		(3)	(1)
Earnings before interest and tax		**2,230**	**2,039**
Income from fixed asset investments		23	24
Financial income	5	124	154
Financial costs	2, 6	(107)	(174)
Profit before tax		**2,270**	**2,043**
Tax on profit for the year	7	(594)	(570)
Consolidated profit for the year	8	**1,676**	**1,473**

Consolidated balance sheet

As at 31 December 2016

Amounts in DKKm

ASSETS		Note	2016	2015
	Fixed assets			
	Intangible fixed assets			
	Completed development projects		443	308
	Group goodwill		274	351
	Other intangible fixed assets		215	331
	Development projects in progress		79	326
		9	**1,011**	**1,316**
	Tangible fixed assets			
	Land and buildings		2,980	3,078
	Technical installations and machinery		2,859	2,995
	Other technical installations		258	322
	Tangible fixed assets in progress		658	596
		10	**6,755**	**6,991**
	Financial fixed assets			
	Investments in associated companies		5	8
	Securities		1,042	1,019
	Deferred tax assets	11	690	498
	Other accounts receivable		60	26
		12	**1,797**	**1,551**
	Total fixed assets		**9,563**	**9,858**
	Current assets			
	Inventories	13	**3,661**	**3,762**
	Accounts receivable			
	Trade debtors		4,860	4,475
	Other accounts receivable		1,130	1,034
	Prepayments		235	326
			6,225	**5,835**
	Securities		**1,881**	**459**
	Cash at bank and in hand		**3,448**	**2,866**
	Total current assets		**15,215**	**12,922**
	Total assets		**24,778**	**22,780**

Consolidated balance sheet

As at 31 December 2016

Amounts in DKKm

LIABILITIES	Note	2016	2015
Equity			
Registered capital		505	505
Retained profit		15,306	13,906
Proposed distributions		30	25
Poul Due Jensens Fond's share of equity		**15,841**	**14,436**
Minority interests		1,556	1,467
Total equity		**17,397**	**15,903**
Provisions			
Liabilities under guarantee	14	196	202
Buy-back obligation relating to employee shares	14	424	330
Pension liabilities	14	613	531
Other provisions	14	355	382
Deferred tax liabilities	11	150	62
Total provisions		**1,738**	**1,507**
Liabilities			
Long-term liabilities			
Mortgage debt		72	73
Bank loans		42	56
Other monetary creditors		12	14
	15	**126**	**143**
Short-term liabilities			
Short-term element of long-term liabilities		24	33
Bank overdrafts and loans		20	15
Trade creditors		2,549	2,206
Corporation tax		378	295
Other liabilities		2,376	2,454
Deferred income		170	224
		5,517	**5,227**
Total liabilities		**5,643**	**5,370**
Total equity, provisions and liabilities		**24,778**	**22,780**

Financial instruments	16
Auditors' remuneration	17
Related parties	18
Securities, contingent liabilities, etc.	19
Financial risks	24
Events after the balance sheet date	25

Statement of changes in consolidated equity

1 January – 31 December 2016

Amounts in DKKm

	Registered capital	Retained profit	Proposed distribu-tion	Poul Due Jensens Fond's share of equity	Minority interests	Total equity
Equity 01.01.2015	**505**	**12,687**	**20**	**13,212**	**1,338**	**14,550**
Changes in accounting policies		(243)		(243)	(22)	(265)
Adjusted equity 01.01.2015	**505**	**12,444**	**20**	**12,969**	**1,316**	**14,285**
Profit for the year		1,289	20	1,309	164	1,473
Exchange rate adjustments, affiliated companies, etc.		126		126	11	137
Dividend paid		(4)		(4)	(30)	(34)
Distributions			(15)	(15)	0	(15)
Changes to minority interests		1		1	(1)	0
Changes in actuarial assumptions		(8)		(8)	0	(8)
Reversed value of hedging instruments, opening		160		160	18	178
Reversed tax on equity items, opening		(37)		(37)	(4)	(41)
Recognised value of hedging instruments, closing		(87)		(87)	(10)	(97)
Recognised tax on equity items, closing		22		22	3	25
Equity 31.12.2015	**505**	**13,906**	**25**	**14,436**	**1,467**	**15,903**
Profit for the year		1,429	69	1,498	178	1,676
Exchange rate adjustments, affiliated companies, etc.		(14)		(14)	(2)	(16)
Dividend paid		(9)		(9)	(79)	(88)
Distributions			(64)	(64)	0	(64)
Acquisition of minority interests		(10)		(10)	(26)	(36)
Changes to minority interests		0		0	16	16
Changes in actuarial assumptions		(68)		(68)	(6)	(74)
Reversed value of hedging instruments, opening		87		87	10	97
Reversed tax on equity items, opening		(22)		(22)	(3)	(25)
Recognised value of hedging instruments, closing		21		21	3	24
Recognised tax on equity items, closing		(14)		(14)	(2)	(16)
Equity 31.12.2016	**505**	**15,306**	**30**	**15,841**	**1,556**	**17,397**

Consolidated cash flow statement

1 January – 31 December 2016

Amounts in DKKm

	Note	2016	2015
Consolidated profit after tax		1,676	1,473
Adjustments	20	2,247	1,837
Changes in working capital	21	10	(142)
Cash flow from operating activities before financials		**3,933**	**3,168**
Income from fixed asset investments		23	24
Financial income		123	100
Financial costs		(107)	(169)
Cash flow from ordinary activities		**3,972**	**3,123**
Corporation tax paid		**(720)**	**(562)**
Cash flow from operating activities		**3,252**	**2,561**
Divestments of companies		0	208
Investment in tangible assets		(942)	(954)
Disposal of tangible fixed assets		42	18
Investment in intangible fixed assets		(139)	(281)
Purchase and sale of securities		(1,441)	(97)
Cash flow from investment activities		**(2,480)**	**(1,106)**
Net cash flow from operating and investment activities		**772**	**1,455**
Repayment of liabilities		(15)	(29)
Dividend paid		(88)	(34)
Distributions		(64)	(15)
Divestment of minority interest		16	0
Acquisition of minority interests		(36)	0
Cash flow from financing activities		**(187)**	**(78)**
Change in liquid funds		**585**	**1,377**
Available funds, opening	22	2,863	1,489
Available funds, closing	23	**3,448**	**2,866**

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**	**2016**	**2015**
	Europe (including Russia)	13,723	13,242
	North and South America	4,022	4,253
	Asia	5,664	5,808
	The Middle East/Africa	1,268	1,497
		24,677	**24,800**

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

Note 2	**Result from hedging instruments recognised in the profit and loss account**	**2016**	**2015**
	Foreign exchange rate contracts recognised in net turnover	21	(435)
	Foreign exchange rate contracts recognised in production costs	(6)	98
	Raw material contracts recognised in production costs	(102)	(92)
	Foreign exchange rate contracts recognised in financial costs	(5)	(32)
		(92)	**(461)**

Amounts in DKKm

Note 3	Staff costs	2016	2015
	Total Group payments to employees and the Board of Directors	5,691	5,575
	Pensions	419	437
	Social contributions	708	740
		6,818	**6,752**
	Staff costs are recognised as follows: Production costs	3,042	3,126
	Research and development costs	650	643
	Sales and distribution costs	2,072	1,963
	Administrative costs	1,054	1,020
		6,818	**6,752**
	The staff costs of the year include fees to the Excecutive Director and members of the Board of the Foundation for directorships in the Foundation and other Group units.	11	11
	Of this, fees to the Excecutive Director and members of the Board of Foundation.	5	5
	The Group continued the long-term incentive (LTI) programme targeted at Group Management and other members of senior management that was implemented in 2015. Members of the boards of Poul Due Jensens Fond and Grundfos Holding A/S do not participate in the LTI programme, unless a board member is part of senior management. 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	**17,803**	**18,214**
	Number of employees, closing	**17,779**	**17,945**

Note 4	Depreciation, amortisation and write-downs	2016	2015
	Intangible fixed assets	442	396
	Tangible fixed assets	1,159	1,114
	Gain from sale of fixed assets	(7)	0
		1,594	**1,510**
	Recognised in the profit and loss account under the following items: Production costs	1,005	967
	Research and development costs	306	263
	Sales and distribution costs	108	97
	Administrative costs	100	104
	Group goodwill	75	79
		1,594	**1,510**

The amounts for research and development costs and goodwill include write-downs of DKK 14m.

Amounts in DKKm

Note 5	**Financial income**	**2016**	**2015**
	Value adjustments, etc. from shares	21	49
	Value adjustments, etc. from bonds	7	0
	Interest income from bonds	8	3
	Other financial income	88	102
		124	**154**

Note 6	**Financial costs**	**2016**	**2015**
	Value adjustments, etc. from bonds	0	5
	Other financial costs	107	169
		107	**174**

Note 7	**Tax on profit for the year**	**2016**	**2015**
	Current tax	686	683
	Deferred tax	(68)	(117)
	Change in deferred tax due to changes in tax rates	(2)	(2)
	Adjustment re previous years	(22)	6
	Tax on profit for the year	**594**	**570**
	Restatement of rate of taxation for the year: Danish rate of taxation	22%	24%
	Deviations in tax in foreign companies in relation to Danish tax rate	1%	0%
	Non-deductible amortisation/write-downs on goodwill	1%	1%
	Non-deductible withholding taxes	1%	3%
	Other, including adjustments regarding previous years	1%	0%
	Rate of taxation for the year	**26%**	**28%**

Amounts in DKKm

Note 8	Consolidated profit for the year	2016	2015
	Attributable to: Minority shareholders’ share of profit in subsidiaries	178	164
	Proposed distributions	19	20
	Extraordinary distributions during the year	50	0
	Retained earnings	1,429	1,289
		1,676	**1,473**

Note 9	Intangible fixed assets	Completed develop-ment projects	Group goodwill	Other intangible fixed assets	Develop-ment projects in progress	Total
	Cost Cost 01.01.2016	836	1,164	970	326	3,296
	Exchange rate adjustments	0	(4)	1	0	(3)
	Additions of the year	0	0	52	87	139
	Disposals of the year	(81)	0	(108)	0	(189)
	Transfers	320	0	8	(320)	8
	Cost 31.12.2016	**1,075**	**1,160**	**923**	**93**	**3,251**
	Acc. amortisation/write-downs of the year Acc. amortisation/write-downs 01.01.2016	528	813	639	0	1,980
	Exchange rate adjustments	0	(2)	2	0	0
	Amortisation of the year	185	75	169	0	429
	Write-downs of the year	0	0	(1)	14	13
	Amortisations and write-downs on disposals of the year	(81)	0	(107)	0	(188)
	Transfer	0	0	6	0	6
	Acc. amortisation/write-downs 31.12.2016	**632**	**886**	**708**	**14**	**2,240**
	Accounting value 31.12.2016	**443**	**274**	**215**	**79**	**1,011**
	Accounting value 31.12.2015	**308**	**351**	**331**	**326**	**1,316**

The Group recognises only 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 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 01.01.2016	5,637	11,417	1,340	596	18,990
	Exchange rate adjustments	33	16	6	(3)	52
	Additions of the year	39	269	66	568	942
	Disposals of the year	(41)	(114)	(41)	0	(196)
	Transfers	76	418	8	(503)	(1)
	Cost 31.12.2016	**5,744**	**12,006**	**1,379**	**658**	**19,787**
	Acc. depreciation/write-downs of the year					
	Acc. depreciation/write-downs 01.01.2016	2,559	8,422	1,018	0	11,999
	Exchange rate adjustments	10	0	2	0	12
	Depreciation of the year	204	805	150	0	1,159
	Depreciation and write-downs on disposals of the year	(24)	(79)	(41)	0	(144)
	Transfers	15	(1)	(8)	0	6
	Acc. depreciation/write-downs 31.12.2016	**2,764**	**9,147**	**1,121**	**0**	**13,032**
	Accounting value 31.12.2016	**2,980**	**2,859**	**258**	**658**	**6,755**
	Accounting value 31.12.2015	**3,078**	**2,995**	**322**	**596**	**6,991**

The accounting value of financially leased facilities as at 31.12.2016 amounts to DKK 13m (2015: DKK 11m).

Amounts in DKKm

Note 11	Deferred tax assets/deferred tax liabilities	2016	2015
	Changes in deferred taxes: Deferred tax 01.01.2016	436	180
	Change in accounting policies	0	137
	Exhange rate adjustments	7	8
	Acquisition/sale of companies	0	7
	Changes in tax rates	2	2
	Deferred tax recognised in profit and loss account	68	117
	Deferred tax recognised in equity	27	(15)
	Deferred tax 31.12.2016	**540**	**436**
	Deferred tax broken down: Fixed assets	(171)	(219)
	Current assets	483	428
	Provisions	72	96
	Liabilities	151	126
	Deficit	5	5
		540	**436**
	The above has been recognised in the balance sheet as: Deferred tax assets	690	498
	Deferred tax liabilities	(150)	(62)
		540	**436**

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 revenue 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 portion of the total tax asset, in 2016 DKK 5m (2015: 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 losses carry-forward amounts to approx DKK 150m (2015: 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 01.01.2016	20	1,008	358	158	1,544
	Change in accounting policies	0	0	140	(118)	22
	Adjusted 01.01.2016	**20**	**1,008**	**498**	**40**	**1,566**
	Exchange rate adjustments	0	0	(3)	0	(3)
	Additions of the year	0	75	302	34	412
	Disposals of the year	0	(53)	(107)	(3)	(163)
	Cost 31.12.2016	**20**	**1,031**	**690**	**71**	**1,812**
	Acc. depreciation/write-downs of the year					
	Acc. depreciation/write-downs 01.01.2016	12	(11)	0	14	15
	Revaluations of the year	0	(1)	0	3	2
	Write-downs of the year	3	1	0	(6)	(2)
	Acc. depreciation/write-downs 31.12.2016	**15**	**(11)**	**0**	**11**	**15**
	Accounting value 31.12.2016	**5**	**1,042**	**690**	**60**	**1,797**
	Accounting value 31.12.2015	**8**	**1,019**	**498**	**26**	**1,551**

The market value of securities as at 31.12.2016 amounts to DKK 1,063m (2015: DKK 1,016m).

Note 13	Inventories	2016	2015
	Raw materials and consumables	1,650	1,611
	Work in progress	979	1,013
	Manufactured goods and goods for resale	1,032	1,138
		3,661	**3,762**

Amounts in DKKm

Note 14	Provisions	Liabilities guarantee	Buy-back obligation relating to employee shares	Pension liabilities	Other provisions
	01.01.2016	**202**	**330**	**259**	**370**
	Change in accounting policies	0	0	272	12
	Adjusted 01.01.2016	**202**	**330**	**531**	**382**
	Exchange rate adjustments	1	0	0	4
	Provisions spent during the year	(74)	(16)	(29)	(35)
	Provisions reversed	(9)	0	(28)	(49)
	Provisions of the year	76	110	139	53
	31.12.2016	**196**	**424**	**613**	**355**

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

Buy-back obligation relating to employee shares
The buy-back obligation relating to employee shares will typically not arise before the settlement period for the shares in question expires. The settlement periods expire as follows:

	2016	**2015**
Released	199	219
2017	109	111
2022	116	0
	424	**330**

The buy-back obligation calculated at market value amounts to DKK 445m (2015: DKK 214m).

Other provisions
Other provisions include DKK 29m (2015: DKK 8m) according to a long-term incentive (LTI) programme for senior management in the Group.

Amounts in DKKm

Note 15	**Long-term liabilities**	**2016**	**2015**
	Debt falling due after more than one year but less than five years:		
	Mortgage debt	72	73
	Bank loans	42	56
	Other monetary creditors	12	14
		126	**143**

No debt falling due after more than five years.

Distribution of currencies and interest as at 31.12.2016:

Currency	**2016**	**Average interest rate**
EUR	84	4.7%
GBP	34	5.4%
Other	8	8.3%
Total	**126**	

Note 16 **Financial instruments**

For hedging purposes, the Group has entered into financial contracts covering 1-24 months. On the balance sheet date, financial contracts can be broken down into the following principal items:

	Volume 2016	**Deferred recognition in the profit and loss account before tax 2016**	**Volume 2015**	**Deferred recognition in the profit and loss account before tax 2015**
Currency contracts EUR	1,647	(14)	3,273	1
Currency contracts USD	113	8	512	15
Currency contracts AUD	89	(1)	315	4
Currency contracts, other	386	1	61	0
Interest rate swaps	107	(3)	113	(8)
Raw material contracts (DDKm)	366	28	761	(94)
Electricity contracts (MWh)	260	5	176	(15)
Gas contracts (m^3)	311,000	0	373,000	0
Total		**24**		**(97)**

Amounts in DKKm

Note 17	Auditors' remuneration	2016	2015
	Fee to Deloitte for statutory auditing	12	12
	Fee to Deloitte for other assurance engagements	1	0
	Fee to Deloitte for tax advisory services	11	10
	Fee to Deloitte for other services	6	13
		30	**35**

Amounts in DKKm

Note 18 Related parties

Related parties of Poul Due Jensens Fond comprise key management personnel, including the Executive Board and the Board of Directors of Poul Due Jensens Fond, as well as the Executive Board and the Board of Directors of Grundfos Holding A/S.

In addition, related parties comprise subsidiaries, including Grundfos Holding A/S, associated companies and enterprises in which the above persons have a controlling interest.

Subsidiaries
Poul Due Jensens Fond holds 87.8% (2015: 88.1%) of the share capital and voting rights in Grundfos Holding A/S, and thus exercises a controlling interest.

The Foundation has received DKK 639m (2015: DKK 220m) in dividends from Grundfos Holding A/S in 2016.

In 2016, the Foundation has received DKK 14m (2015: DKK 29m) in interest income from a loan to Grundfos Holding A/S. The loan amounted to DKK 3,244m at the end of 2016 (2015: DKK 2,525m).

In the financial year, the Foundation has purchased services from the Group amounting to DKK 3m (2015: DKK 3m).

In the financial year, the Foundation has sold shares for DKK 122m (2015: DKK 1m) in Grundfos Holding A/S back to Grundfos Holding A/S. The shares have been transferred to employees according to various share programmes.

Transactions with subsidiaries are eliminated in the consolidated accounts.

Key management personnel
In 2016, the key management personnel have received salaries and remuneration etc. totalling DKK 59m (2015: DKK 47m), of which DKK 5m (2015: DKK 5m) has been paid from Poul Due Jensens Fond. Payable remuneration at 31 December 2016 amounts to DKK 21m (2015: DKK 5m).

In 2016, key management personnel have received DKK 75m (2015: DKK 26m) in dividends from Grundfos Holding A/S.

Moreover, no transactions have been carried out with the key management personnel apart from transactions resulting from the employment except for the following:

To associated companies and enterprises in which key management personnel of Poul Due Jensens Fond exercise a controlling interest, the Group has sold goods and services for DKK 7m (2015: DKK 7m) and the Group has purchased goods and services for DKK 9m in 2016 (2015: DKK 14m). As at 31 December 2016, the Group has receivables of DKK 5m (2015: DKK 3m) from these enterprises and payables of DKK 1m (2015: DKK 2m) to these enterprises.

All transactions have been carried out on an arm’s length basis.

Amounts in DKKm

Note 19 Securities, contingent liabilities, etc.

The Group has mortgaged property at a book value of DKK 12m as security for loans, which on the balance sheet date show outstanding debts of DKK 72m.

	2016	2015
Operational leasing contracts and lease obligations for the coming years amount to	781	767

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

The Group has issued performance and payment guarantees of DKK 94m (2015: DKK 92m).

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

Note 20 Adjustments

Adjustments	2016	2015
Depreciation	1,594	1,510
Liabilities under guarantee and other provisions	89	(133)
Gain from sale of fixed assets	7	0
Share of profit, associated companies	3	(1)
Profit from divestment in associated companies	0	(121)
Income from financial fixed assets	(23)	(24)
Unrealised value adjustments on securities	(1)	(31)
Financial income	(123)	(100)
Financial costs	107	169
Tax on profit for the year	594	568
Adjustments	**2,247**	**1,837**

Note 21 Changes in working capital

Changes in working capital	2016	2015
Changes in inventories	95	387
Changes in accounts receivable	(230)	(415)
Change in trade creditors, other liabilities and deferred income	222	(164)
Unrealised exchange rate adjustments	(77)	50
Changes in working capital	**10**	**(142)**

Amounts in DKKm

Note 22	Available funds, opening	2016	2015
	Cash at bank and in hand	2,866	1,503
	Unrealised exchange rate adjustments	(3)	(14)
	Available funds, opening	**2,863**	**1,489**

Note 23	Available funds, closing	2016	2015
	Cash at bank and in hand	3,448	2,866
	Available funds, closing	**3,448**	**2,866**

Amounts in DKKm

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 operative companies are covered centrally, where interest and liquidity risks are also controlled, as well as a significant part of the external covering 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:

	2016	2015
Cash at bank and in hand	3,448	2,866
Securities, current assets	1,881	459
Securities, fixed assets	1,042	1,019
	6,371	**4,344**
The securities portfolio consists of:		
Bonds	2,305	1,218
Shares	618	260
Total	**2,923**	**1,478**

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, while on the other hand the exposure of the bond portfolio – amounting to a total of DKK 2,305m (2015: DKK 1,218m) when expressed by an increase of the interest rate by 1 percentage point – is approx. DKK 66m (2015: approx. DKK 55m). The Group's total borrowing was reduced by DKK 21m in 2016 (2015: DKK 26m).

To reduce the Group's interest rate exposure, a set of general guidelines have 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 107m (2015: DKK 113m).

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 175m (2015: DKK 624m).

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 2016, currency contracts to reduce the foreign exchange risk in connection with the flow of goods amount to DKK 2,370m (2015: DKK 4,362m). Of this, a contract volume of DKK 135m has been recognised for the hedging of balance sheet items as at the balance sheet date (2015: DKK 201m).

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 2016, raw material futures contracts to reduce the raw material risk amount to DKK 366m (2015: DKK 761m).

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.

Profit and loss account for Poul Due Jensens Fond

1 January – 31 December 2016

Amounts in DKKm

	Note	2016	2015
Administrative costs	1	(18)	(15)
Income from investments in affiliated companies		1,490	1,315
Provision for buy-back of employee shares		12	(17)
Financial income	2	14	29
Profit before tax		**1,498**	**1,312**
Tax on profit for the year	3	0	(3)
Profit for the year	4	**1,498**	**1,309**

Balance sheet for Poul Due Jensens Fond

As at 31 December 2016

Amounts in DKKm

ASSETS	**Note**	**2016**	**2015**
Fixed assets			
Financial fixed assets			
Investment in affiliated companies		13,073	12,251
Total fixed assets	5	**13,073**	**12,251**
Current assets			
Accounts receivable			
Accounts receivable from affiliated companies		3,244	2,525
		3,244	**2,525**
Cash at bank and in hand		**7**	**5**
Total current assets		**3,251**	**2,530**
Total assets		**16,324**	**14,781**

LIABILITIES	**Note**	**2016**	**2015**
Equity			
Registered capital		505	505
Net revaluation by the equity method		12,071	11,249
Capital available		3,235	2,657
Proposed distribution		30	25
		15,841	**14,436**
Provisions			
Buy-back obligation relating to employee shares	6	424	330
Total provisions		**424**	**330**
Liabilities			
Short-term liabilities			
Company tax		1	0
Other liabilities		58	15
		59	**15**
Total liabilities		**483**	**345**
Total equity, provisions and liabilities		**16,324**	**14,781**

Related parties	7		

Statement of changes in equity for Poul Due Jensens Fond

1 January – 31 December 2016

Amounts in DKKm

	Registered capital	Reserve equity method	Available capital	Proposed distribution	Total equity
Equity 01.01.2015	**505**	**10,224**	**2,463**	**20**	**13,212**
Changes in accounting policies		(243)			(243)
Adjusted equity 01.01.2015	**505**	**9,981**	**2,463**	**20**	**12,969**
Profit for the year		1,315	(26)	20	1,309
Dividend received		(220)	220		0
Distributions				(15)	(15)
Exchange rate adjustments, affiliated companies, etc.		126			126
Other adjustments		(11)			(11)
Reversed value of hedging instruments in affiliated companies, opening		160			160
Reversed tax on equity items, opening		(37)			(37)
Recognised value of hedging instruments in affiliated companies, closing		(87)			(87)
Recognised tax on equity items, closing		22			22
Equity 31.12.2015	**505**	**11,249**	**2,657**	**25**	**14,436**
Profit for the year		1,490	(61)	69	1,498
Dividend received		(639)	639		0
Distributions				(64)	(64)
Exchange rate adjustments, affiliated companies, etc.		(14)			(14)
Other adjustments		(87)			(87)
Reversed value of hedging instruments in affiliated companies, opening		87			87
Reversed tax on equity items, opening		(22)			(22)
Recognised value of hedging instruments in affiliated companies, closing		21			21
Recognised tax on equity items, closing		(14)			(14)
Equity 31.12.2016	**505**	**12,071**	**3,235**	**30**	**15,841**

Available capital is that part of the equity in the Foundation which can be paid out in accordance with the relevant provisions in the charter of the Foundation.

Notes to the accounts of Poul Due Jensens Fond

As at 31 December 2016

Amounts in DKKm

Note 1	Administrative costs	2016	2015
	Including: Remuneration to the Executive Director and members of the Board of the Foundation for directorships in the Foundation.	5	5

Note 2	Financial income	2016	2015
	Affiliated companies	14	29
	Financial income	**14**	**29**

Note 3	Tax on profit for the year	2016	2015
	Current tax	0	3
	Tax on profit for the year	**0**	**3**

Note 4	Profit for the year	2016	2015
	Proposed profit appropriation: Proposed distributions	19	20
	Extraordinary distributions during the year	50	0
	Brought forward to revaluation reserve by the equity method	1,490	1,315
	Retained profit	(61)	(26)
		1,498	**1,309**

Note 5	Financial fixed assets	Investment in affiliated companies
	Cost Cost 01.01.2016	905
	Additions	0
	Cost 31.12.2016	**905**
	Value adjustments Value adjustments 01.01.2016	11,589
	Change in accounting policies	(243)
	Adjusted value adjustments 01.01.2016	**11,346**
	Profit for the year	1,490
	Dividend received	(639)
	Exchange rate adjustments	(14)
	Other adjustments	(15)
	Value adjustments 31.12.2016	**12,168**
	Accounting value 31.12.2016	**13,073**
	Accounting value 31.12.2015	**12,251**

The accounting value of investments in affiliated companies includes goodwill amounting to DKK 128m (2015: DKK 140m).

Please see page 50 for a list of subsidiaries.

Amounts in DKKm

Note 6	Provisions	Buy-back obligation relating to employee shares
	01.01.2016	**330**
	Provisions spent during the year	(16)
	Provisions of the year	110
	31.12.2016	**424**

Buy-back obligation relating to employee shares

The buy-back obligation relating to employee shares will essentially only arise once the settlement period for the shares in question expires. The settlement periods expire as follows:

	2016	2015
Released	199	219
2017	109	111
2022	116	0
	424	**330**

The buy-back obligations calculated at market value amount to DKK 445m (2015: DKK 214m).

Note 7 **Related parties**

Please see note 18 in the notes to the consolidated accounts where disclosures to the related parties are described.

Group structure

Denmark
Poul Due Jensens Fond

Poul Due Jensens family

Denmark
Grundfos Holding A/S

Employees

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 Financial Shared Services Kft.
Hungary, Grundfos Hungary Manufacturing Ltd.
Hungary, Grundfos South East Europe Kft.
India, Grundfos Pumps India Private Ltd.
Indonesia, Metaun Agung Perdana
Indonesia, PT Grundfos Pompa
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, Chung Suk Co. Ltd.
Korea, Grundfos Pumps Korea Ltd.
Korea, Keum Jung Industrial Co. 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.
Thailand, Grundfos Holding Co. 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

Poul Due Jensens Fond, based in Bjerringbro, Denmark, is the parent company of the Grundfos Group. Poul Due Jensens Fond owns 88.1% of the share capital in Grundfos Holding A/S, while the founder's family owns 10.6% and the employees own 1.3%.

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 – 30%
Better Home ApS, Denmark – 25%

be think innovate

Headquarters
8850 Bjerringbro
Denmark

+45 87 50 14 00
info@grundfos.com

CVR no.: 83 64 88 13

Further information:
www.grundfos.com
www.poulduejensenfoundation.com

2017 / 50404