



RESULTS

1ST QUARTER 2017/18

1 APRIL 2017 TO 30 JUNE 2017

3 August 2017

Agenda

1. **LEM at a Glance**
2. Highlights and Business Review
3. Financial Review
4. Market Factors and Strategy



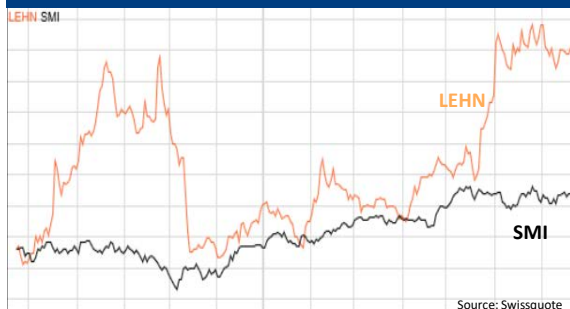
1. Global Market Leader in Current and Voltage Transducers

Market Position



- Global market share of 50+% in Industry
- Benchmark in service and product quality
- 4 production sites and 4 R&D centers in Europe and Asia
- Sales of CHF 264.5 million in 2016/17

Performance



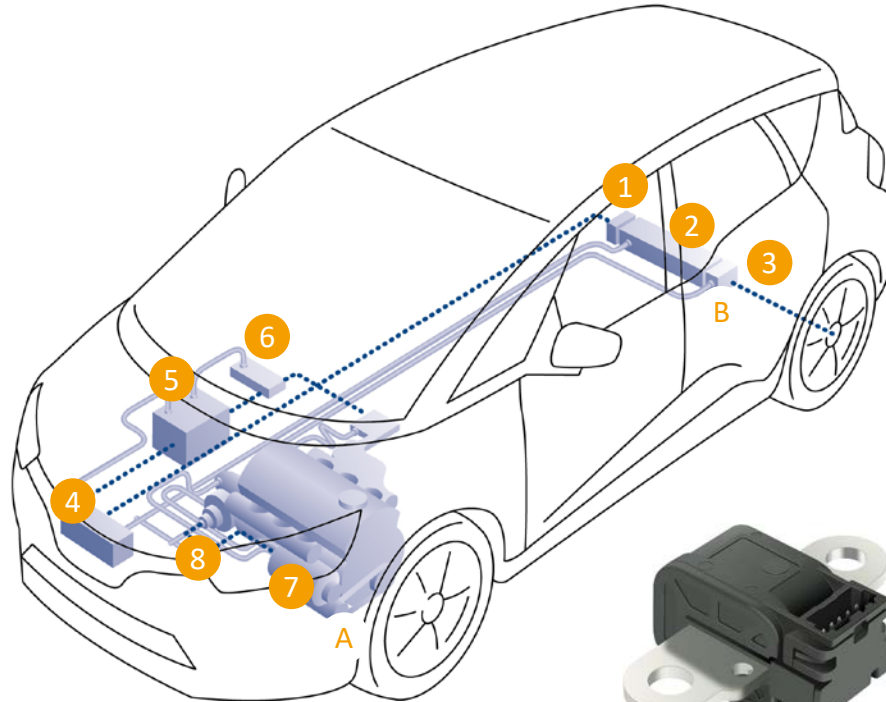
- Market capitalization of CHF 1.4 billion
- Dividend yield >3.5% in each year since 2009
- Continued sales growth and strong margins

Perspectives



- Reinforced investment in innovation
- Solid growth perspectives due to underlying trends
- Strong foothold in China

1. Application: Mild Hybrid Car



- 1 AC/DC converter
- 2 Lithium-ion battery
- 3 Battery controller
- 4 DC/DC converter
- 5 12-volt battery
- 6 12-volt electrical distribution center
- 7 Electric motor/generator
- 8 Electric supercharger



A HSN



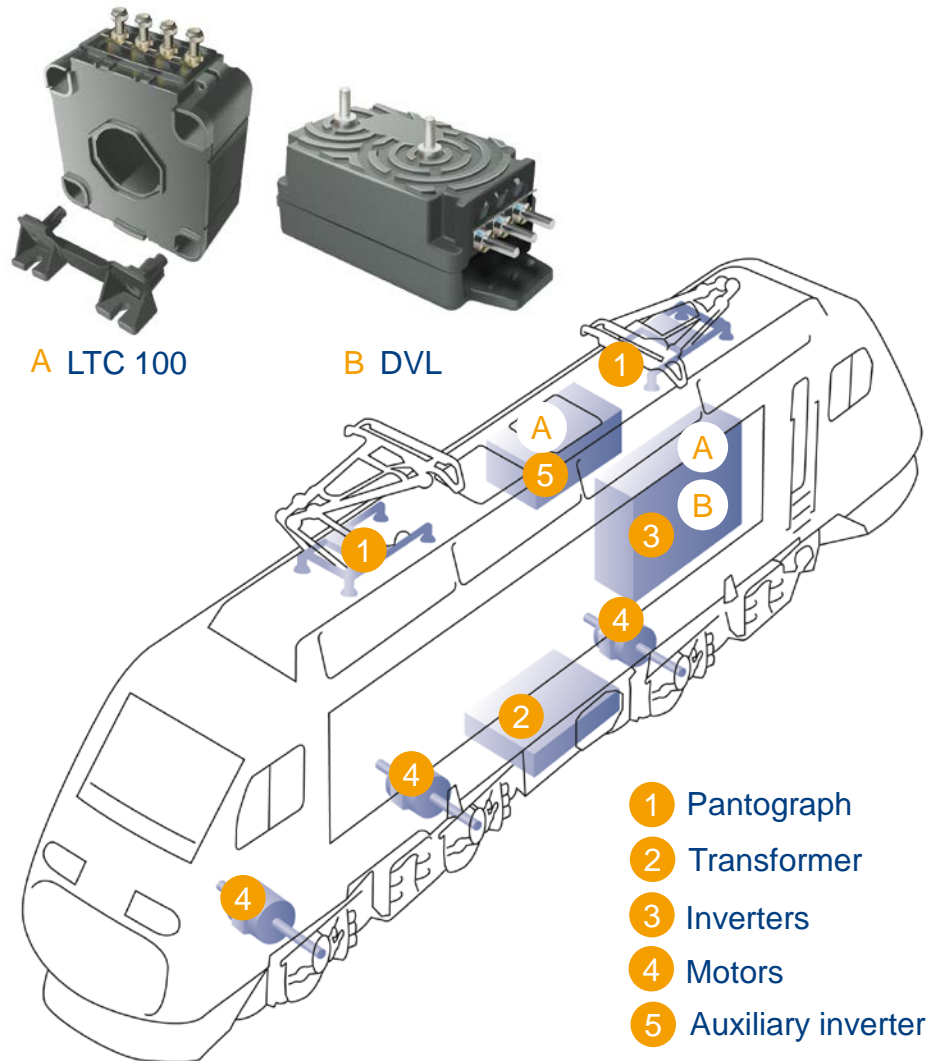
B CAB

Mild hybrids are internal combustion engines equipped with an electric drive. They employ regenerative brake and some level of power assist to the internal combustion engine.

Mild hybrids provide the benefits of hybrid technologies, with less of the cost-weight penalty of a full hybrid series-parallel drivetrain.

In electrical mode, LEM's HSN families control the power transmitted by the inverter to the electrical motor. CAB families monitor the transfer of the generated energy to the battery pack while driving and braking with best-in-class accuracy. LEM's transducers are compact, easy to integrate and their superior accuracy allows the system to contribute to reduce vehicle emission and improves the hybrid car's electrical range.

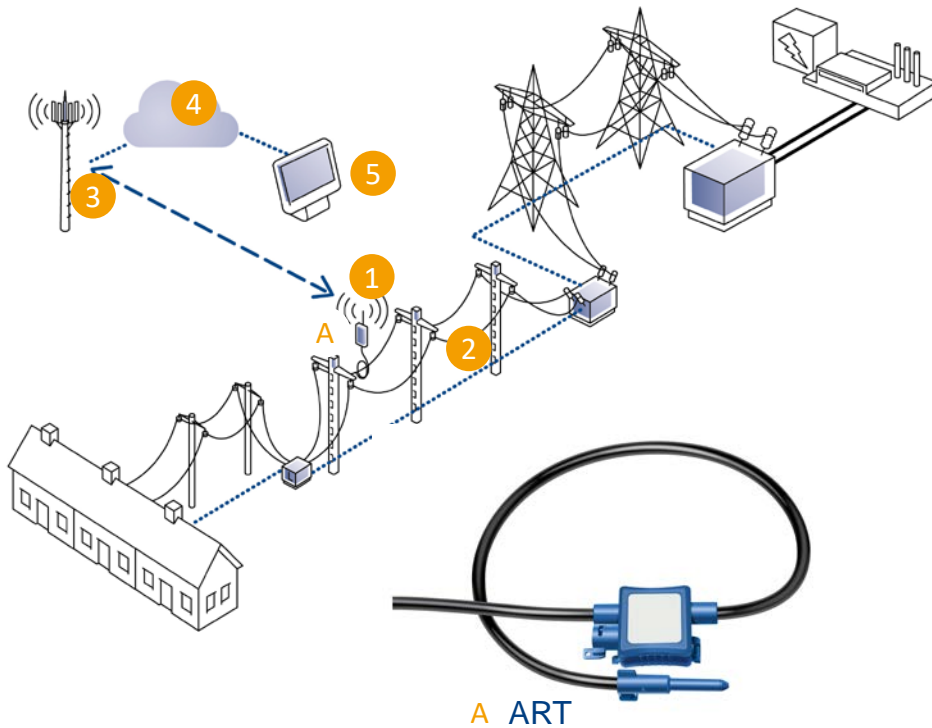
1. Application: Locomotive



Inverters are used to transform the energy into the right voltage and current to drive the motors. Voltage and current transducers are used to measure the current and the voltage on the secondary side of the transformer and on the DC-side. Special differential transducers are implemented at the secondary side of the transformer to detect any leakage current flowing in the train.

Additional inverters are used for heating, air-conditioning and ventilation. Transducers are used to measure the motor currents in order to optimize their efficiency.

1. Application: Smart Grid Medium Voltage Line Monitoring



- 1 Ammeter
- 2 MV power line
- 3 Telecom relay
- 4 Cloud and database
- 5 Energy management

With new Internet of Things telecom networks, monitoring overhead power lines is made possible. Thanks to an ammeter, installed between two poles, the grid operator can visualize in real-time the current flow in order to optimize the power line capacity to distribute more electricity.

The wireless ammeter sends data over a telecom relay to a secured database in the cloud. The energy management platform can regulate, alert and notify the maintenance team if needed.

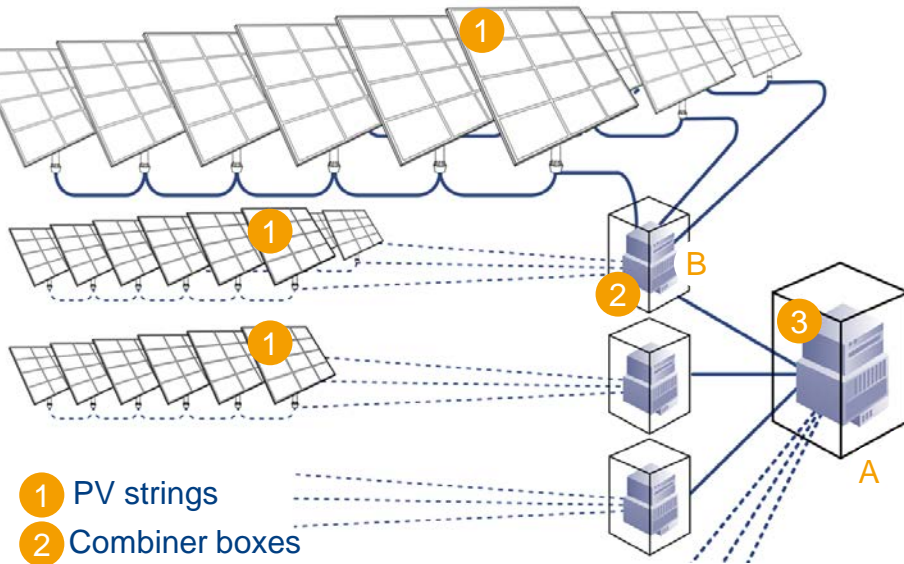
The ammeter uses the rogowski coil ART to measure the current, detects line aging depending on the level of current, and helps prioritizing line capacity and regular maintenance.

1. Application: Solar plant

In solar plants, the generated electricity is fed into the grid. Current transducers in the inverter control the energy flow to the grid.

The performance of the overall installation is monitored in order to maximize its efficiency. The inverters used for the conversion of the power to the grid ensure this efficiency.

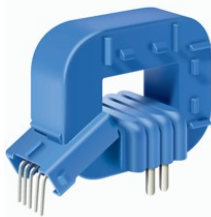
To detect a defective solar panel, the current produced by each PV string is controlled and compared in combiner boxes where PV strings are connected. Preventive maintenance can then be realized on specific panels in case of lack of balance between strings.



- 1 PV strings
- 2 Combiner boxes
- 3 Inverter

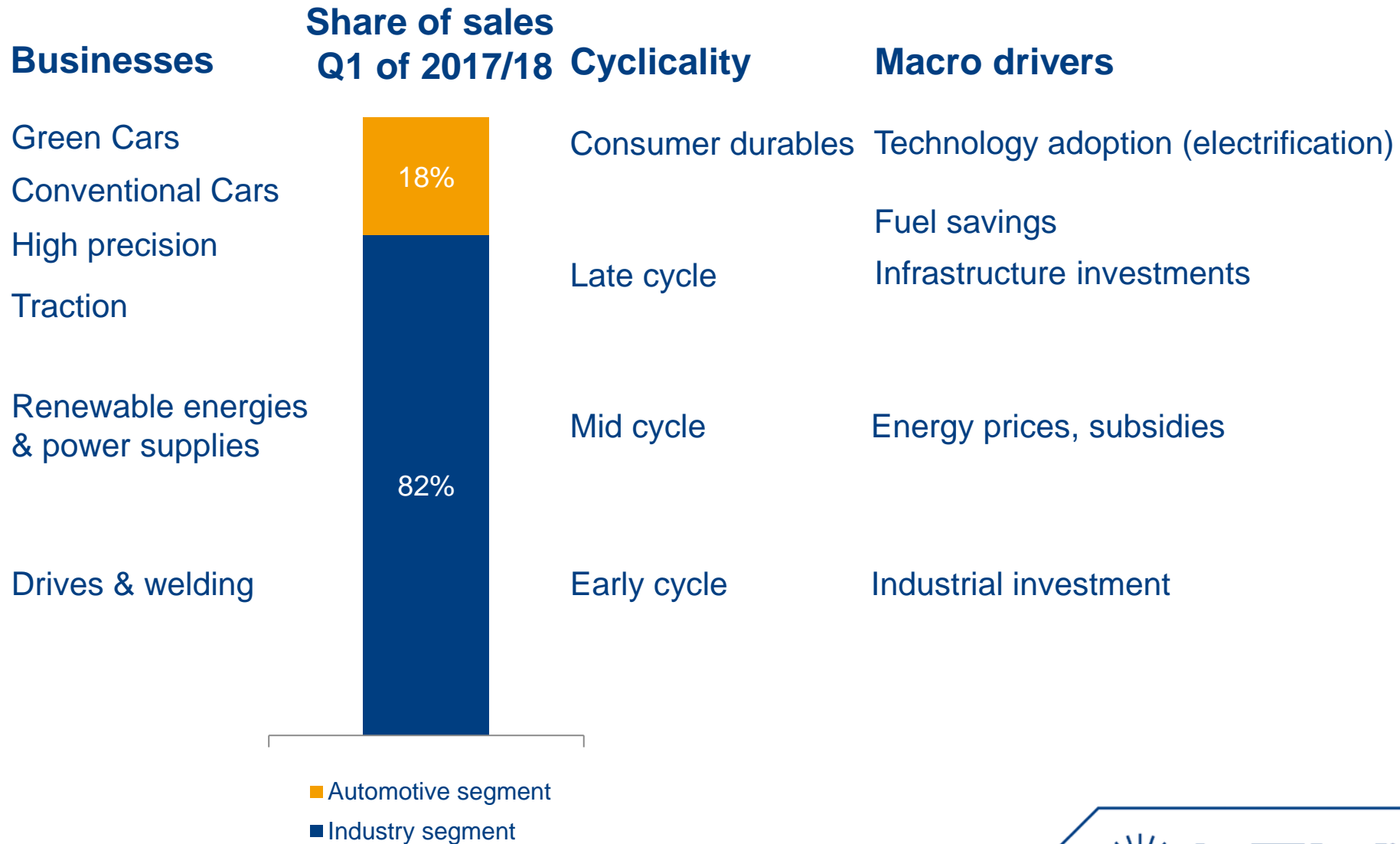


A LF xx10 models



B HO xx-P models

1. Diverse Target Markets – Diversified Businesses



Agenda

1. LEM at a Glance
- 2. Highlights and Business Review**
3. Financial Review
4. Market Factors and Strategy

ATO



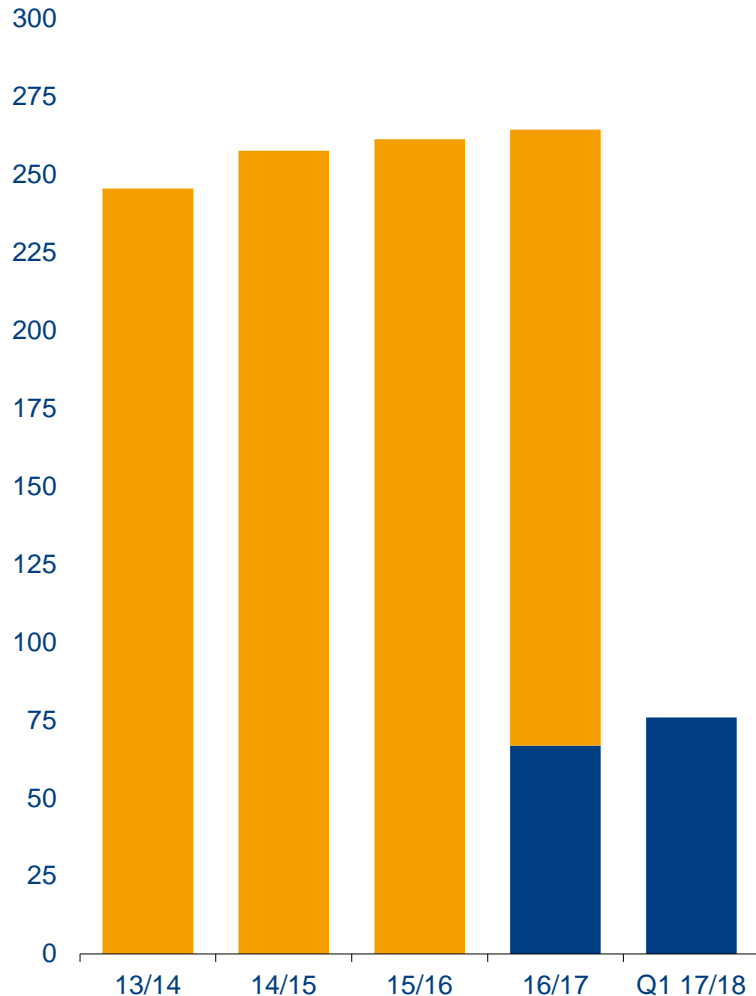
2. Increased Sales and Profit

In CHF millions, %	Q1 2017/18	Q1 2017/18 vs. Q1 2016/17
Orders	78.8	+20.8%
Sales	75.9	+13.4%
EBIT	16.0	+19.2%
Net profit	13.3	+23.0%

- Improving market conditions
- Strong sales growth in China
- Seasonal sales peak in the renewable energies business
- Maintained high profitability
- Ongoing strategy implementation
 - Adding production lines in Sofia and Beijing
 - Adding R&D capacities in all locations

2. Net Sales

In CHF millions



In CHF millions, %

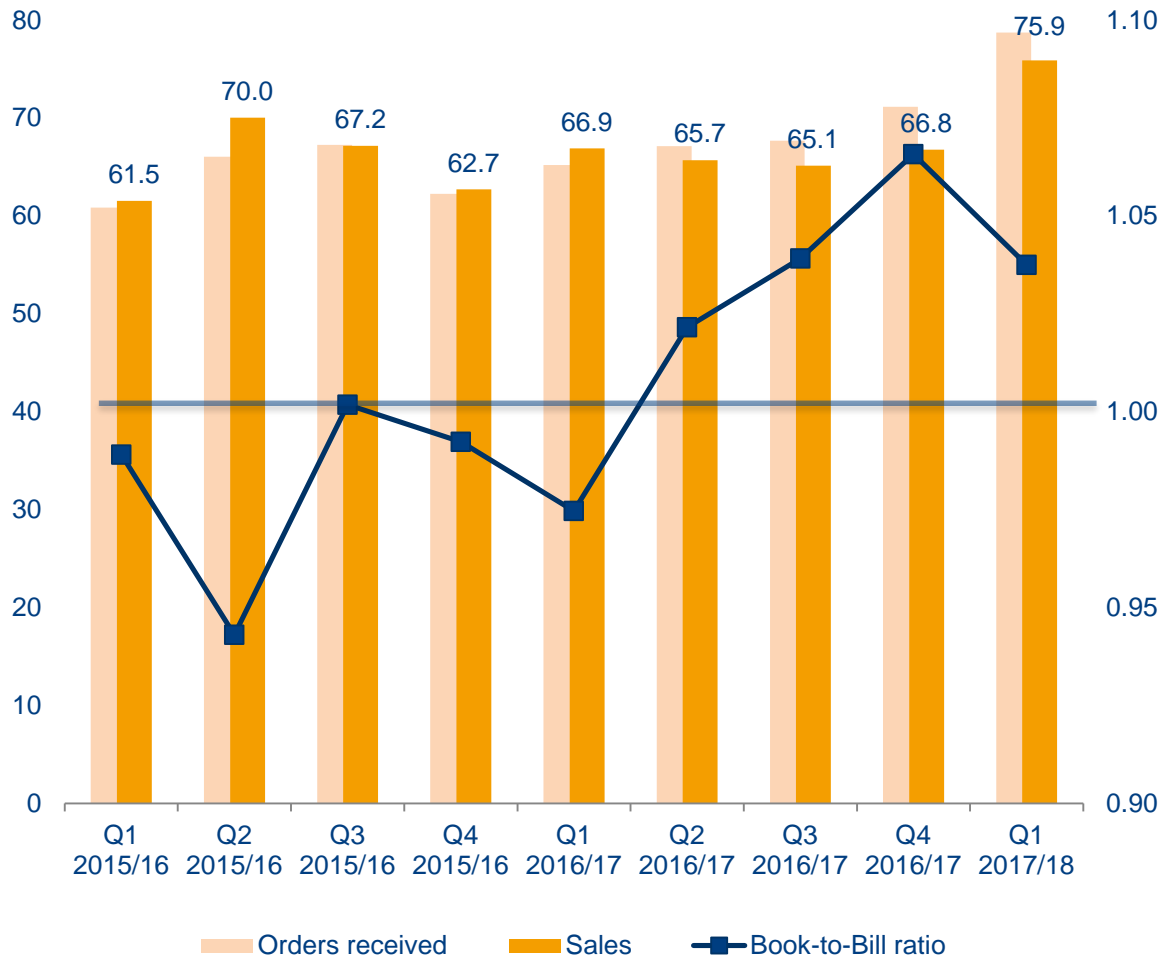
	Sales	Q1 vs. Q1	
		as reported	at constant currencies
Industry	62.6	+14.0%	+15.9%
Automotive	13.3	+10.9%	+11.5%
Total	75.9	+13.4%	+15.1%

- Positive economic sentiment translated into sales growth
- Asia, particularly China, driving sales growth in most businesses
- High seasonal sales for solar installations
- Negative currency impact on sales

2. Quarterly View

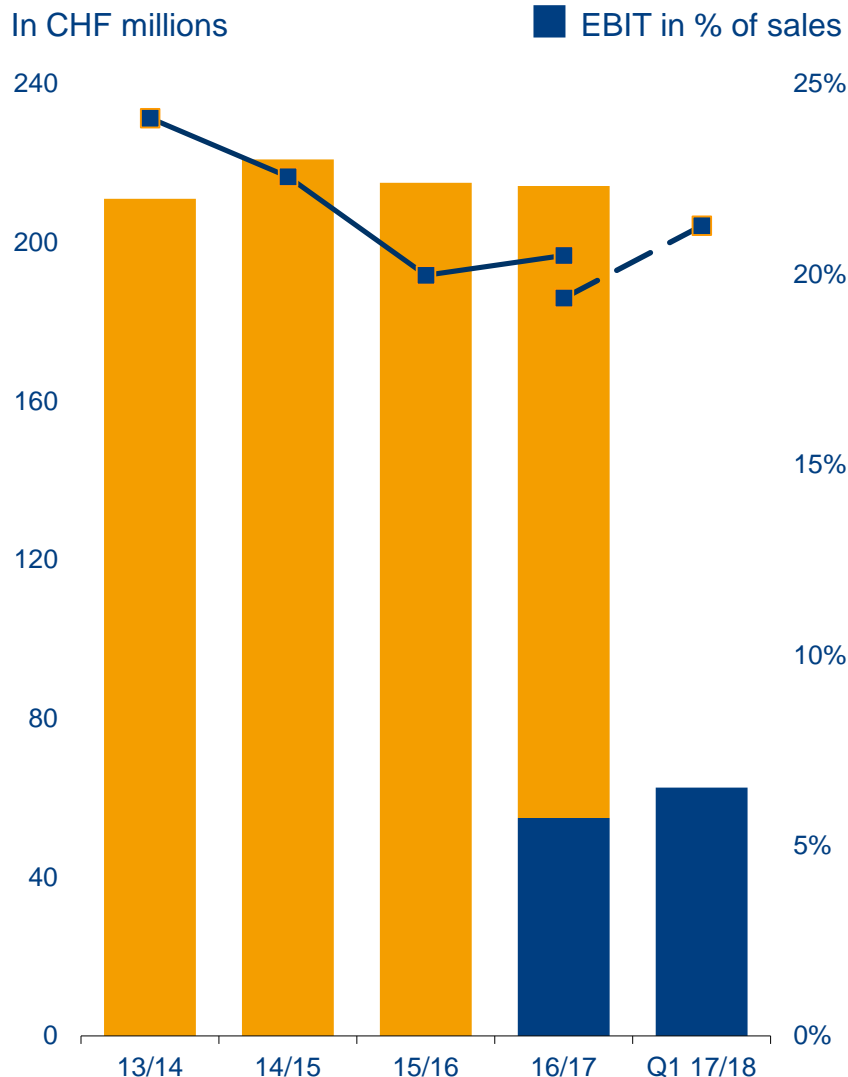
In CHF millions

Book-to-bill ratio



- 4th consecutive quarter with book-to-bill ratio higher than 1
- Uptrend of book-to-bill ratio pointing to continued positive market conditions
- Low inventories at customers translate into short-term bookings

2. Industry Segment: Business Development



Businesses and Applications

Drives & welding (growth Q1 vs. Q1: +8%)

- Better economic sentiment in most regions
- Increased investment in automation in China

Renewable energies & power supplies (+30%)

- Seasonal sales peak in solar
- High feed-in tariffs for Chinese solar energy producer (15% reduction on 1 July 2017) inflated sales

Traction (+9%)

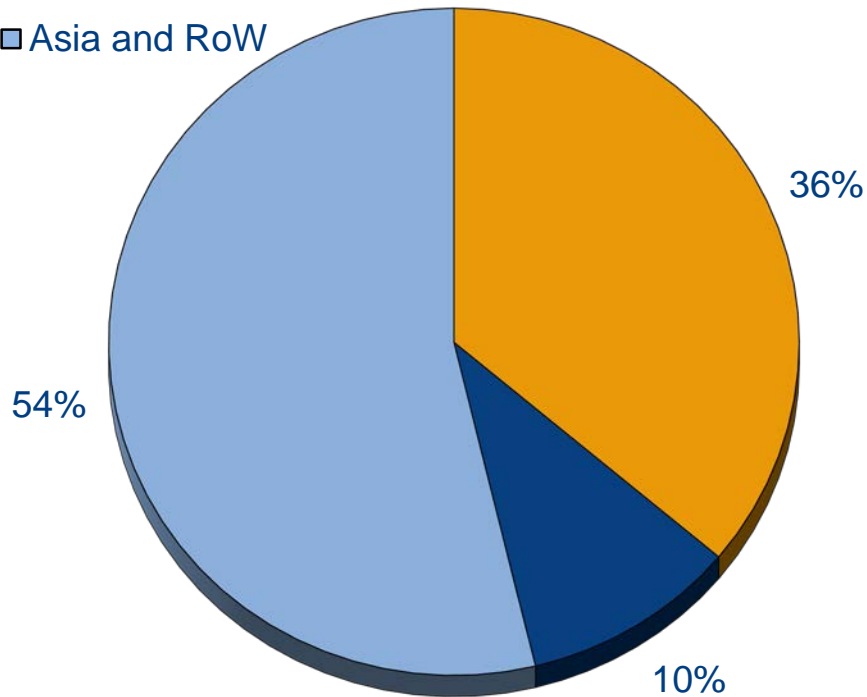
- Individual short term projects support growth
- Implementation of metering projects in Europe

High-precision (-4%)

- HVDC projects in China completed; no follow-up projects
- Stable test & measurement and medical markets

2. Industry Segment: Regional Markets

- Europe
- North America
- Asia and RoW



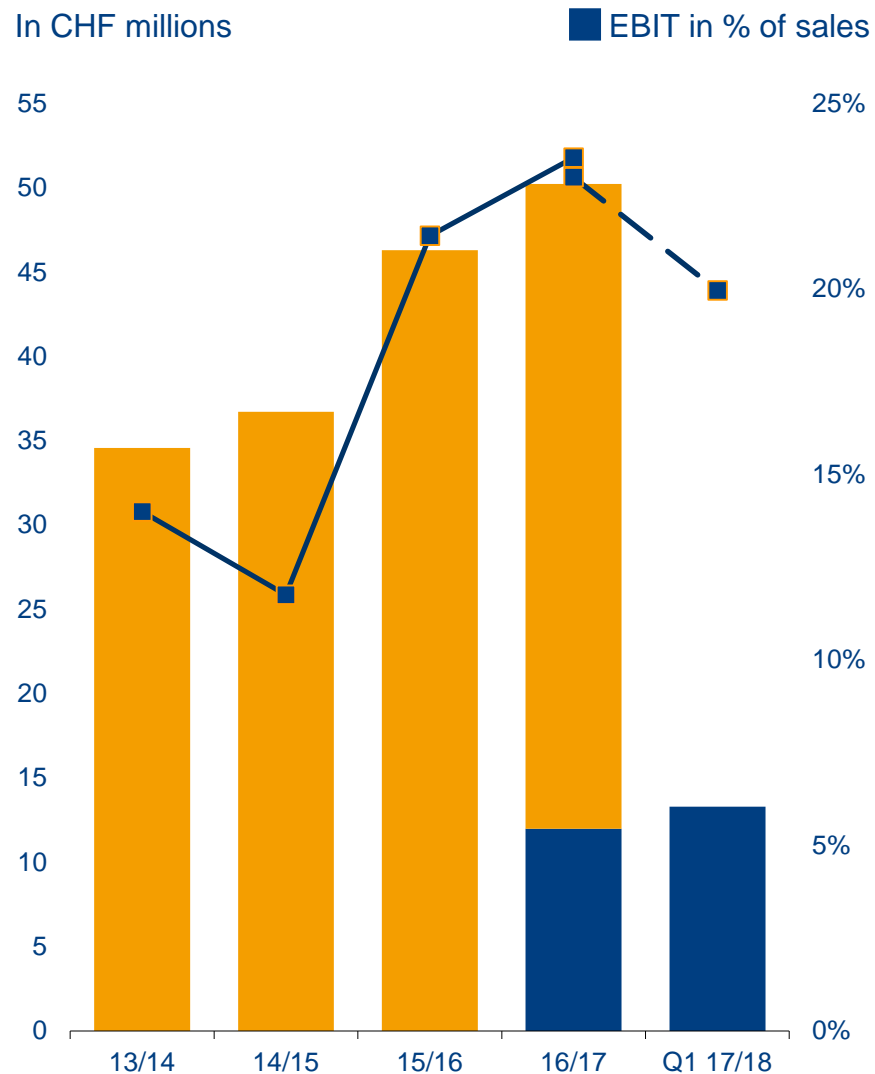
In CHF millions, %

	Sales	Growth Q1 vs. Q1
Europe	22.6	+4.9%
N. America	6.3	-3.2%
Asia and ROW	33.7	+25.5%
Total	62.6	+14.0%

- Strong growth in China and in the rest of Asia
- China the single most important country representing 37% of sales

2. Automotive Segment: Business Development

In CHF millions



Businesses and Applications

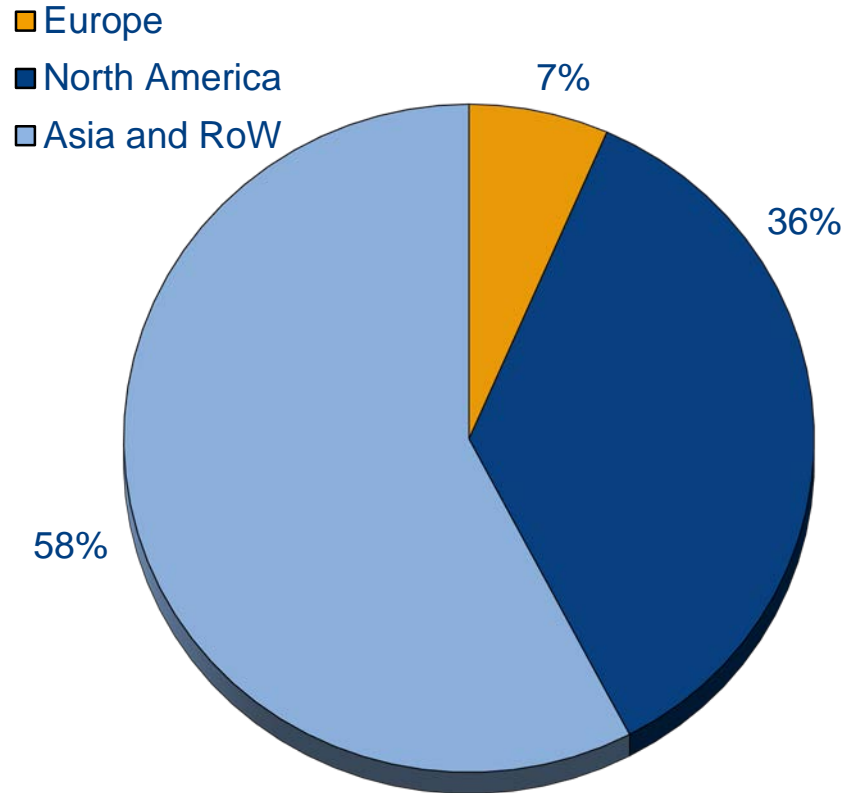
Conventional cars (growth Q1 vs. Q1 : -6%)

- Weaker business in all regions, as expected

Green cars (HEV, EV) (+44%)

- Strong commitment to green cars from automakers around the world
- Increasing consumer acceptance and government support globally for green cars to underpin future growth
- Increasing attractiveness of the market lures new competitors and affects margins

2. Automotive Segment: Regional Markets



In CHF millions, %

	Sales	Growth Q1 vs. Q1
Europe	0.9	-12.6%
N. America	4.8	-2.4%
Asia and RoW	7.7	+25.4%
Total	13.3	+10.9%

- Performance driven by growth of green cars business in Asia
- Conventional cars business slowing in all regions

2. Business Development Bulgaria



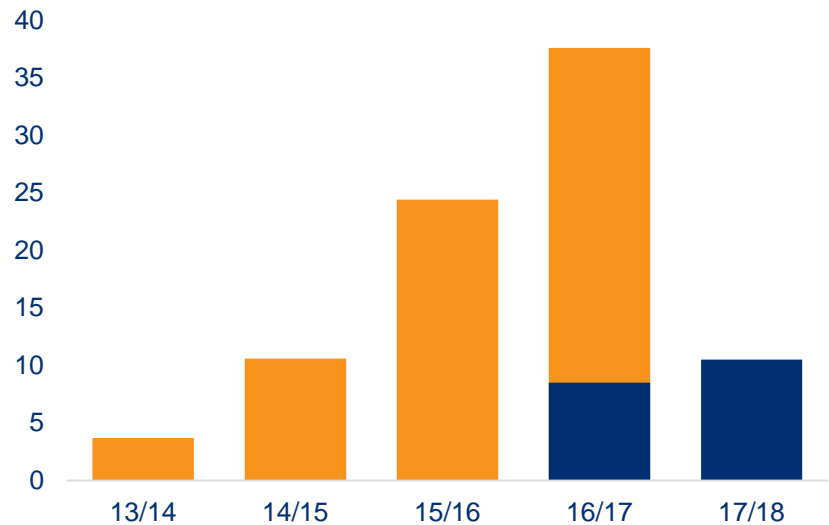
Objectives of the site

- Diversify LEM's cost-competitive production
- Increase production capacity close to European customers
- Increase natural hedge of operations
- Absorb major part of LEM's future growth
- Develop shared services for LEM Group and build a local development team

Production

- 18 production lines
- 256 FTE
- 14% of total production (14% in financial year 2016/17)

In CHF millions

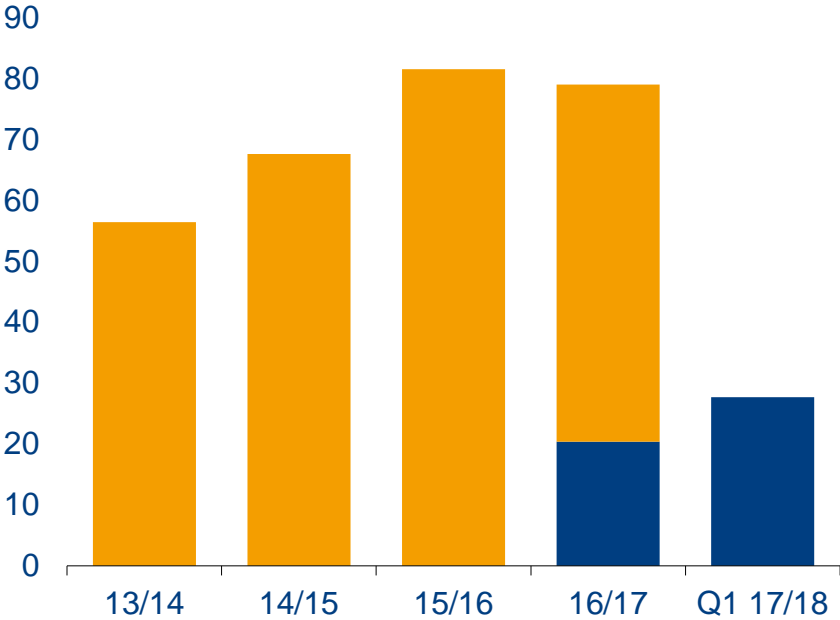


2. Business Development China

Sales

- Market share of over 50%
- Most important market with 36% of total sales

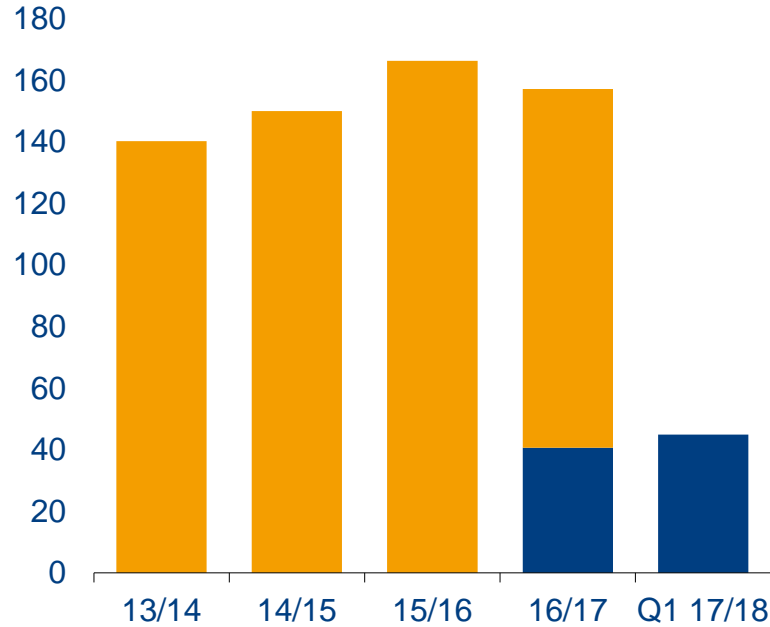
In CHF millions



Production

- LEM China is the largest manufacturing site of the Group: 59% of total production (59% in financial year 2016/17)
- “Made by LEM” quality

In CHF millions



Agenda

1. LEM at a Glance
2. Highlights and Business Review
- 3. Financial Review**
4. Market Factors and Strategy



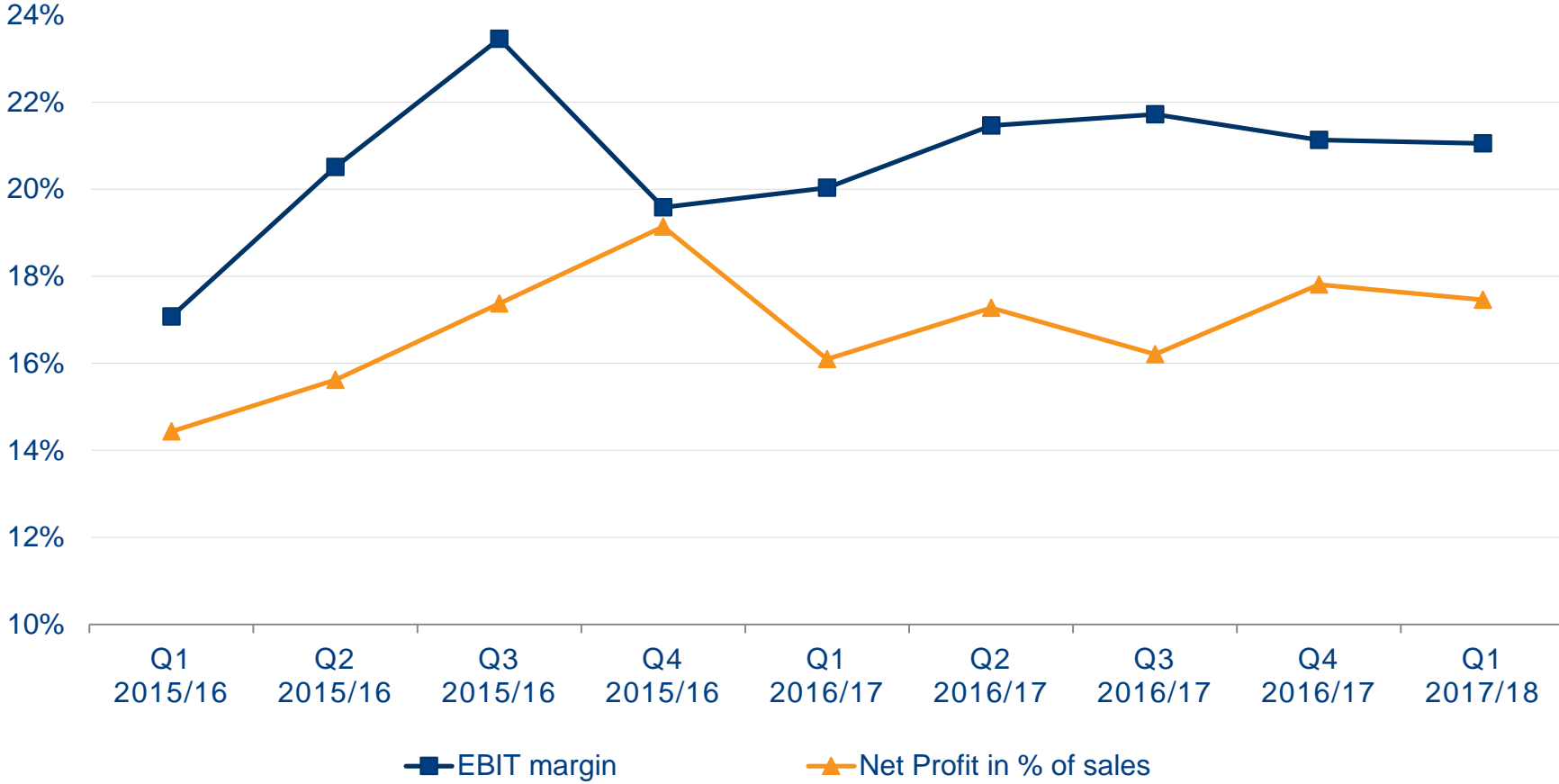
3. Income Statement

In CHF millions

	FY 2016/17	Q1 2016/17	Q1 2017/18	Change
Sales	264.5	66.9	75.9	+13.4%
Gross margin	46.7%	45.7%	46.0%	+0.3pt
Operating expense	-67.8	-17.2	-18.9	+10.2%
EBIT	55.8	13.4	16.0	+19.2%
Net financial exp.	-0.8	0.0	0.7	NM
Income tax	-10.4	-2.6	-3.4	+27.7%
Net profit	44.6	10.8	13.3	+23.0%

3. Results by Quarter

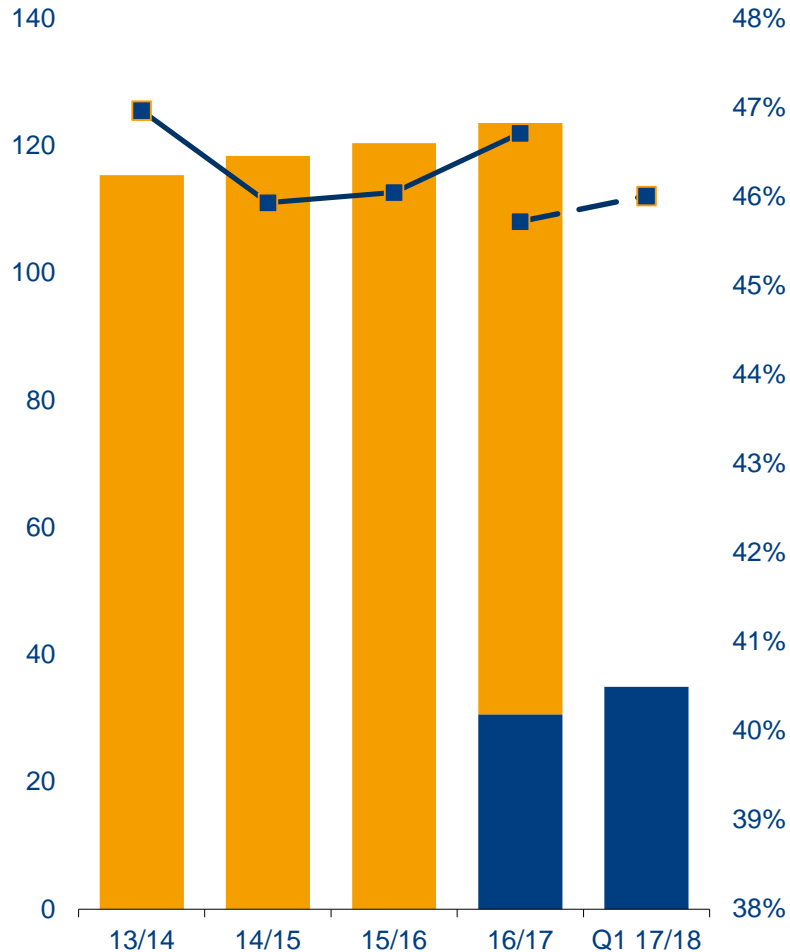
In % of sales



3. Gross Margin

In CHF millions

■ In % of sales



FY
2016/17

Q1
2016/17

Q1
2017/18

Gross margin
in CHF millions

123.6

30.6

34.9

Gross margin
in % of sales

46.7%

45.7%

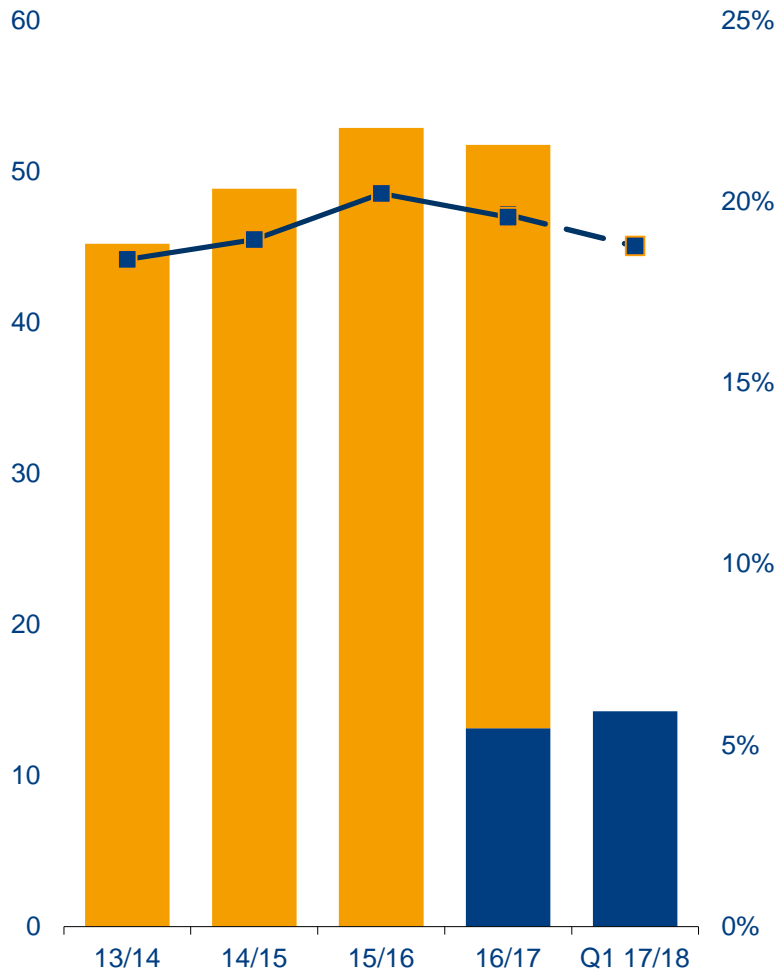
46.0%

- Ongoing efficiency improvements
- Continuous price pressure

3. SG&A

In CHF millions

■ In % of sales



	FY 2016/17	Q1 2016/17	Q1 2017/18
SG&A in CHF millions	51.8	13.1	14.2
SG&A in % of sales	19.6%	19.6%	18.8%

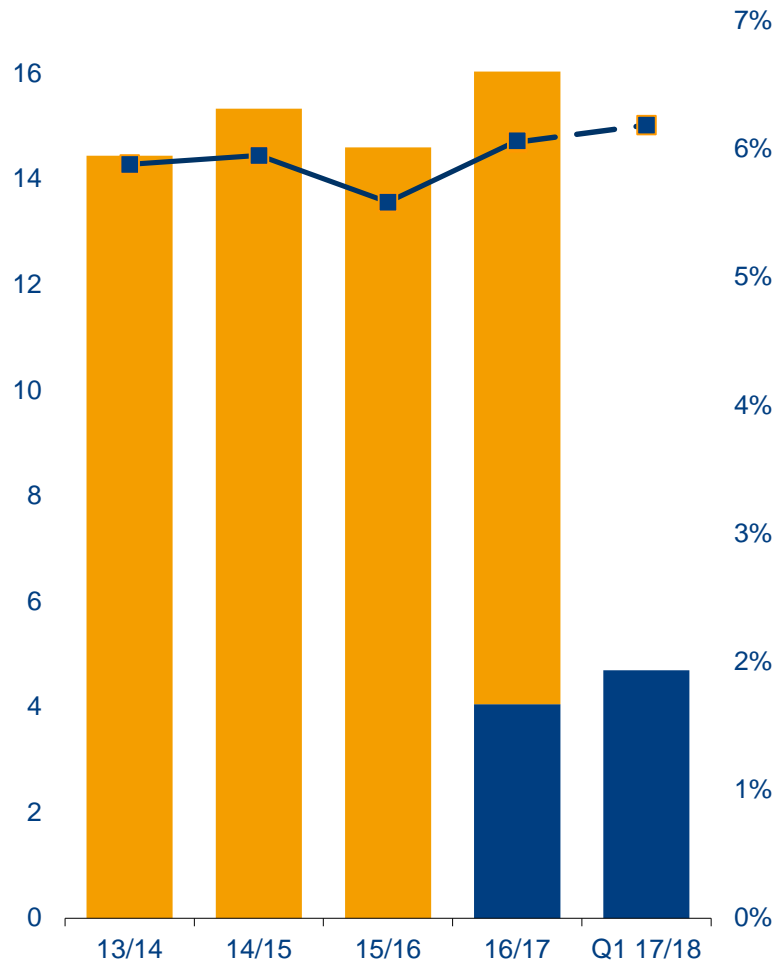
- Cost savings thanks to process improvements and cost control
- SG&A as a percentage of sales in long term average
- Ongoing recruitment in Beijing and Sofia



3. R&D Expense

In CHF millions

■ In % of sales



	FY 2016/17	Q1 2016/17	Q1 2017/18
R&D expense in CHF millions	16.0	4.0	4.7
R&D expense in % of sales	6.1%	6.1%	6.2%

- Ongoing renewal of product range
- Acquire new technologies to address new markets
- Increase investment in R&D for both segment with start of new R&D center in Lyon in April 2017



3. Financial Expense

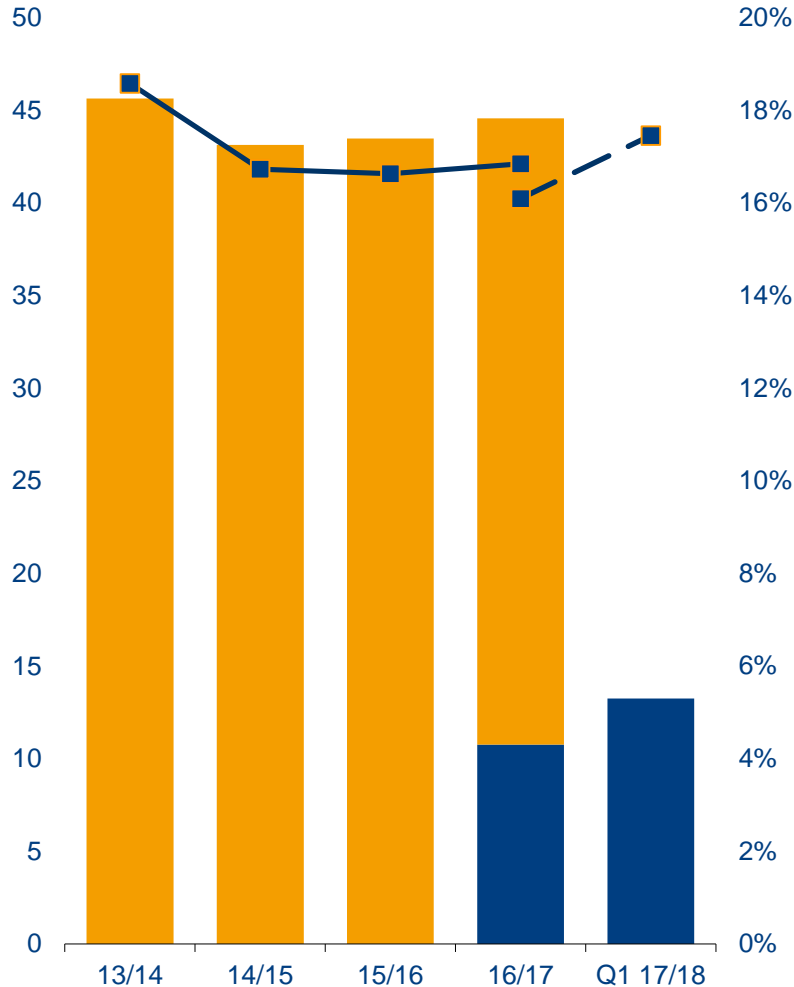
In CHF millions

	FY 2016/17	Q1 2016/17	Q1 2017/18
Exchange effect	-0.6	+0.0	+0.7
Other financial expense & income	-0.1	+0.0	-0.0
Total	-0.8	+0.0	+0.7

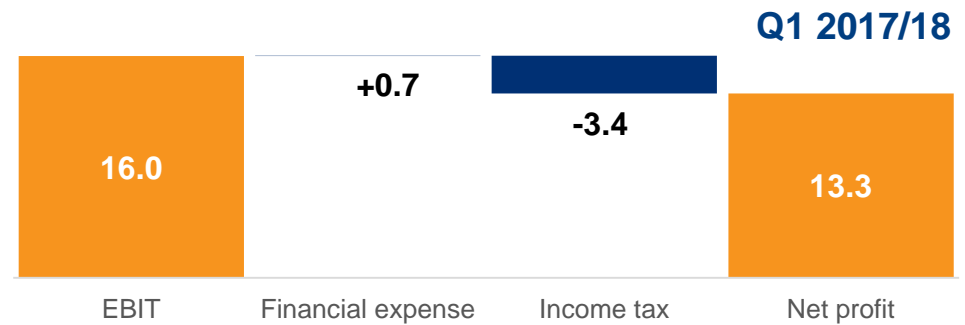
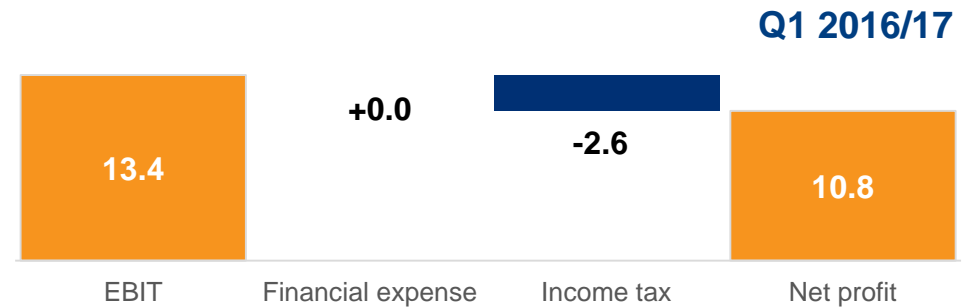
- Exchange effect impacted by positive valuation of USD currency hedges
- Foreign exchange hedging policy unchanged for EUR, USD and JPY

3. Net Profit

In CHF millions

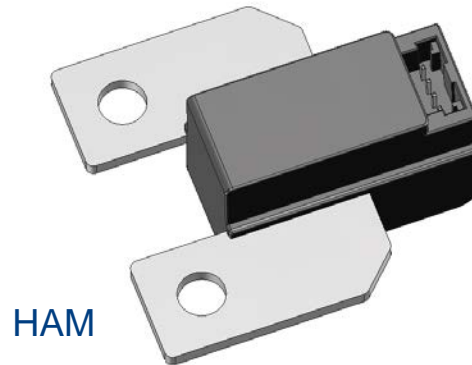


	FY 2016/17	Q1 2016/17	Q1 2017/18
Net profit in CHF millions	44.6	10.8	13.3
Net profit in % of sales	16.8%	16.1%	17.5%

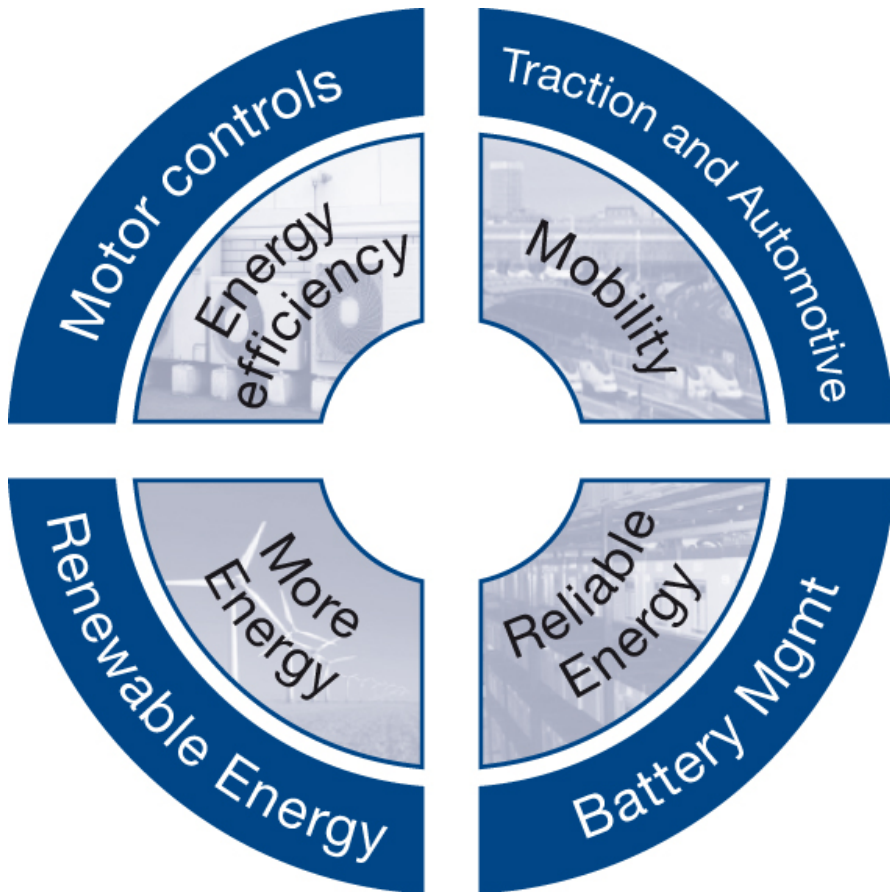


Agenda

1. LEM at a Glance
2. Highlights and Business Review
3. Financial Review
- 4. Market Factory and Strategy**



4. Market Factors and Strategy



- We firmly believe in our strategic direction and the 4 drivers for our business remain unchanged
- We will continue to capitalize on the drivers of LEM's markets through
 - pure play components company
 - diversification across geographies and businesses

Financial Calendar and Contact Details

Financial calendar

The financial year runs from 1 April to 31 March

9 November 2017	Half-year results 2017/18
8 February 2018	Third quarter results 2017/18
23 May 2018	Year-end results 2017/18
28 June 2018	Annual General Meeting of Shareholders for the year 2017/18
3 July 2018	Dividend ex-date
5 July 2018	Dividend payment date

For further information

Andrea Borla, CFO

Phone: +41 22 706 12 50

E-mail: investor@lem.com