



Results

1st Quarter 2018/19

1 April 2018 to 30 June 2018

Agenda

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



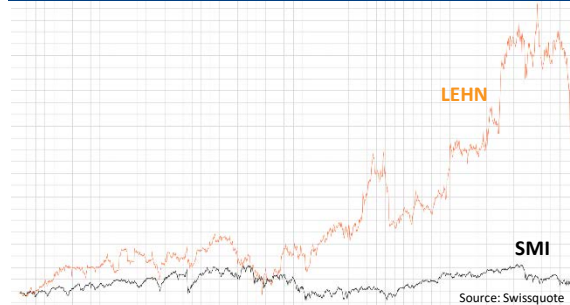
1. Global Market Leader

Market Position



- Global market share of 50+% in Industry
- Strong market position in the green cars business
- 4 production sites in Europe and Asia
- Benchmark in service and product quality

Performance



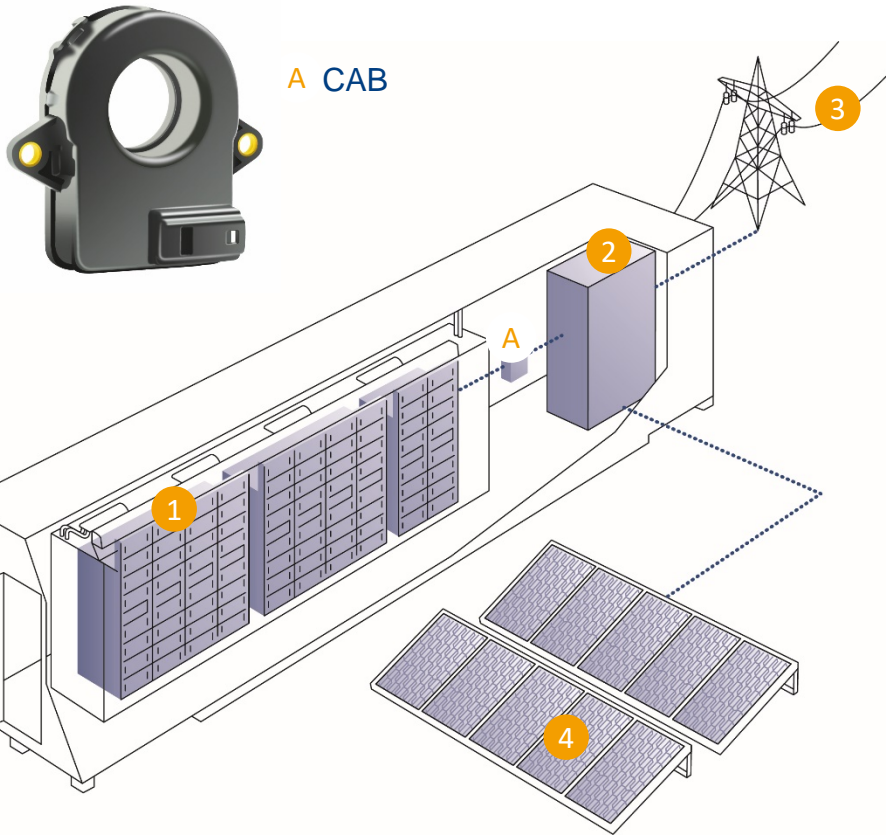
- Sales of CHF 301.2m in 2017/18
- Continued sales growth and strong margins
- High and steady dividend payout-ratio

Perspectives



- Solid growth perspectives due to underlying trends
- Reinforced investment in innovation
- Strong foothold in China and the rest of Asia

1. Application: Stationary Battery



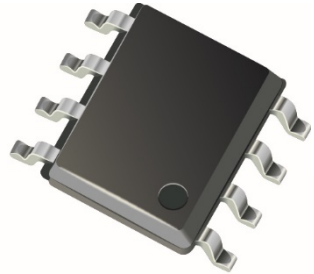
- 1 Battery
- 2 Inverter
- 3 Grid
- 4 Photovoltaic plant

Utility-scale battery storage is used to stabilize the grid in remote areas with distributed energy resources.

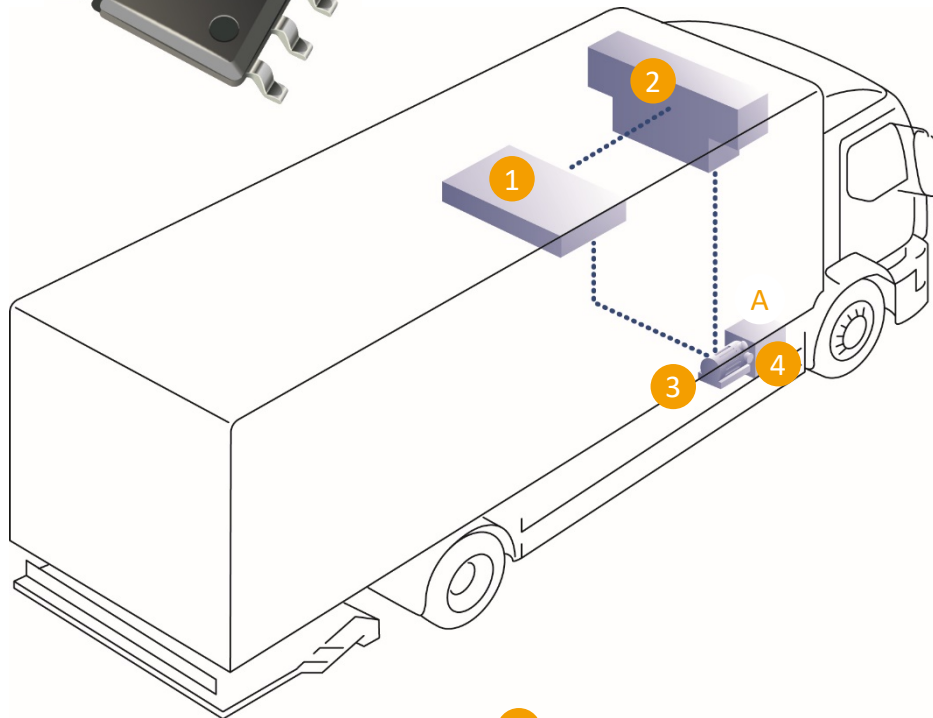
The control, protection, and state of charge calculation of the battery require an accurate measurement of the current into or out of the battery. The biggest challenge is with small standby currents that are very difficult to measure. Accumulated over a long period of time, these small currents may bias the state of charge estimation.

LEM's CAB 500 provides excellent accuracy for both large and small currents. This allows for an accurate state of charge calculation, which improves the performance, working life, and reliability of the battery.

1. Application: Refrigerator Truck



A GO



- 1 Evaporator
- 2 Front mount condenser
- 3 Compressor
- 4 Controller

The refrigerated truck is used to store and deliver fresh goods like fruits, vegetables, or meat. Its electricity-powered refrigeration unit is rooftop mounted and driven by the vehicle's battery.

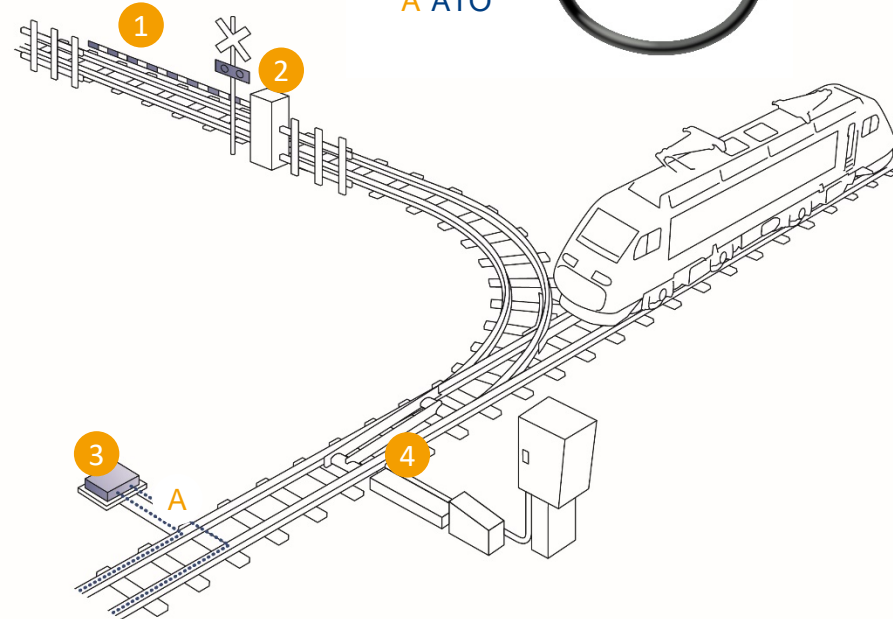
The refrigeration system has to be highly efficient, i.e. energy efficient, quick to cool, and reliable. This requires good control of the compressor's motor, where current measurement is a key parameter.

LEM's GO is an economical, compact, reliable, and accurate current measurement solution for refrigeration and air conditioning applications.

1. Application: Track Circuit Monitoring



A ATO



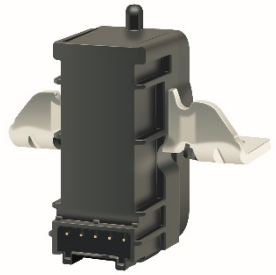
- 1 Crossing gate
- 2 Lamp monitoring
- 3 Track circuit monitoring
- 4 Point machine

A track circuit detects the presence of a train on a rail block. It typically has power applied to each rail and a relay wired across them. When no train is present, the relay is energized. When a train approaches, its axles connect the rails. The current to the track relay drops and the relay is de-energized.

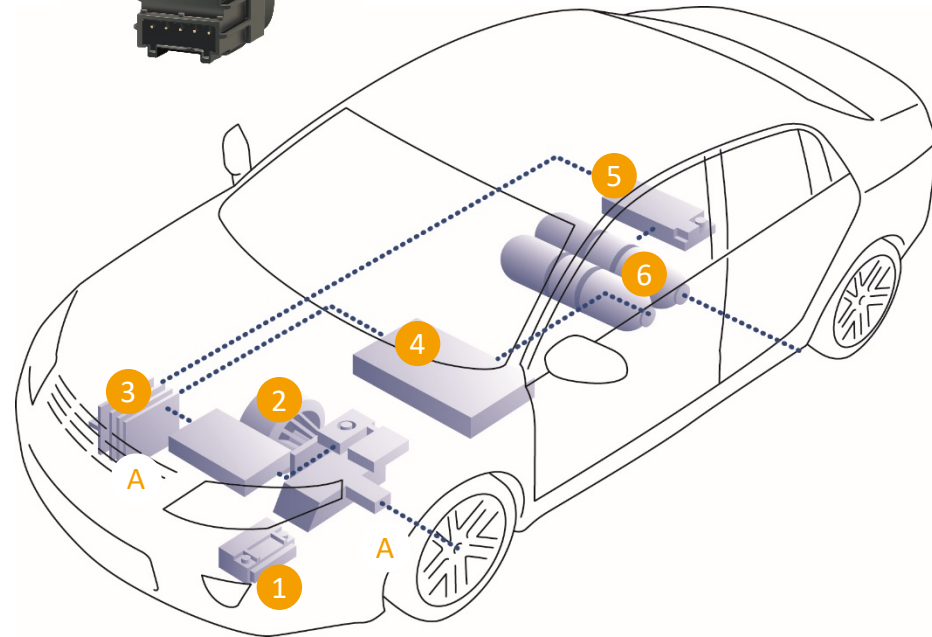
The condition-monitoring system identifies deterioration in track circuit performance and alerts to allow maintenance before failure. It provides early-stage detection of rail head or wheel contamination, ballast or insulation problems, and track circuit equipment faults. This reduces the downtime of a railway line.

Since existing signaling systems cannot be modified without costly recertification, LEM's ATO, with its nonintrusive and easy setup, is an ideal solution for retrofit purposes on track circuit monitoring systems.

1. Application: Fuel Cell Car



A HAM



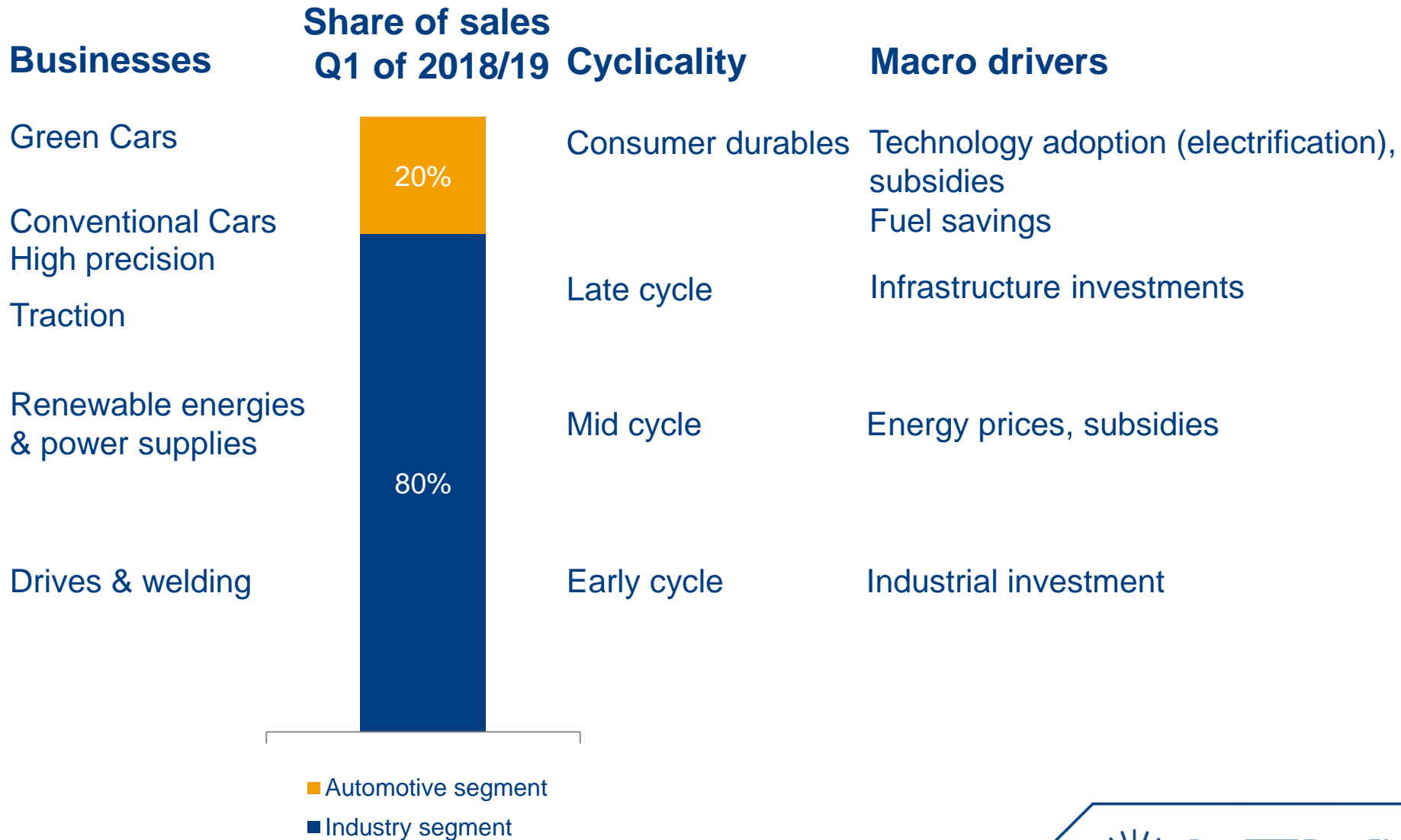
- 1 Battery 12 V
- 2 Electric traction motor
- 3 DC-DC converter
- 4 Fuel-cell stack
- 5 Battery pack
- 6 Fuel tank (hydrogen)

Fuel cell electric vehicles (FCEVs) use a propulsion system similar to electric vehicles, where energy is stored as hydrogen converted to electricity by the fuel cell. The power converter regulates the power between the fuel cell and the electric drive.

In order to adapt the power between the fuel cell and the electric drive, the converter monitors current and voltage from energy storage elements (fuel cell, battery pack) to respond to the powertrain's power needs.

LEM's HAM measurement frequency is considerably higher than standard sensors. This is important for power electronics based on silicon carbide or gallium nitride technologies with increased efficiency and switching frequency. Thus, HAM is highly suitable for technologies used in fuel cell power converters.

1. Diverse Target Markets – Diversified Businesses



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ATO

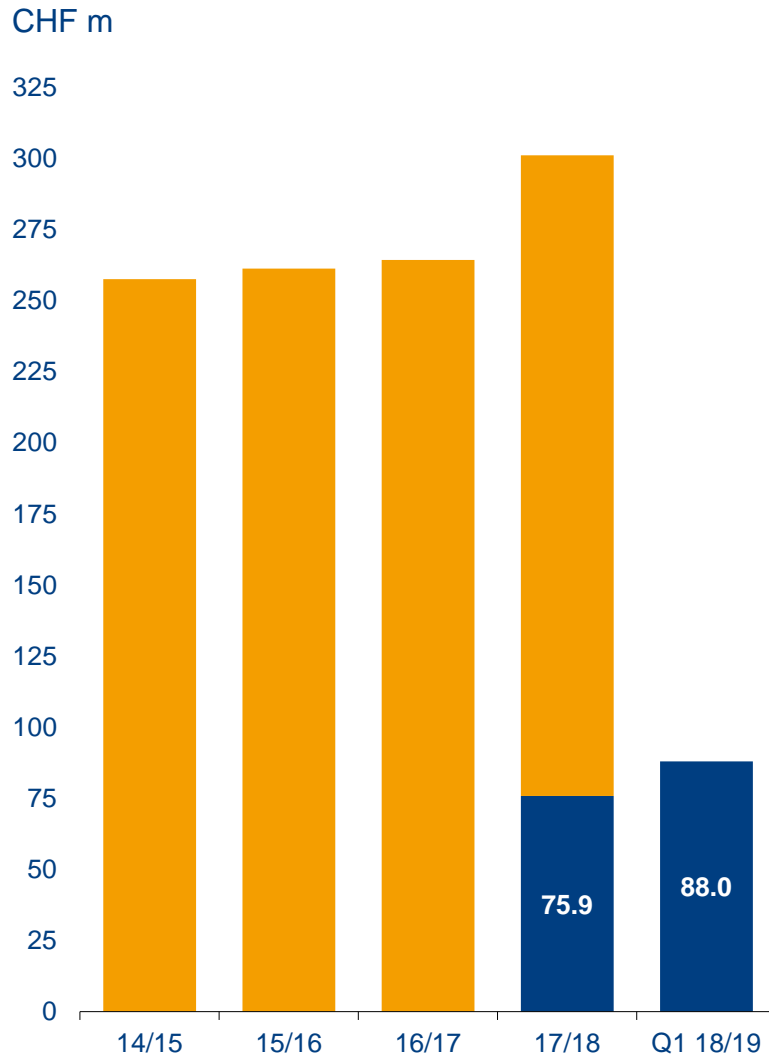


2. Strong Sales and Robust Margins

CHF m, %	Q1 2018/19	Q1 2018/19 vs. Q1 2017/18
Orders	86.0	+9.1%
Sales	88.0	+16.0%
EBIT	18.5	+16.1%
Net profit	13.5	+1.8%

- Positive economic momentum in Q1 2018/19
- All businesses but the conventional cars contributed to sales growth
- Robust operating margins
- Ongoing strategy execution with focus on innovation and development of Automotive organization
- Increasing risks: introduction of new US-tariffs and reduction of government support for renewable energy in China

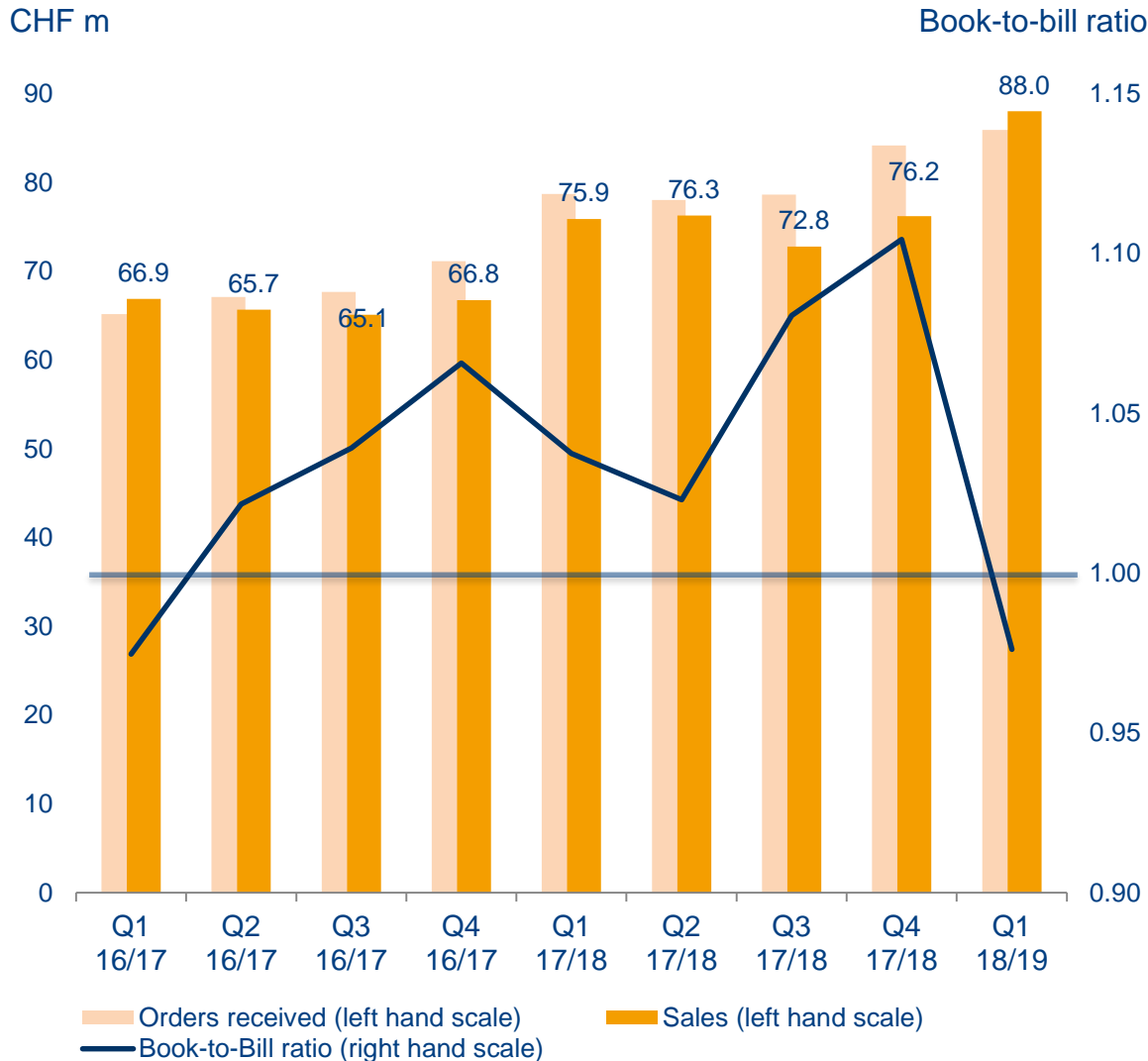
2. Net Sales



CHF m, %	Sales	Q1 vs. Q1	
		as reported	at constant currencies
Industry	70.8	+13.1%	+7.2%
Automotive	17.3	+29.8%	+25.4%
Total	88.0	+16.0%	+10.4%

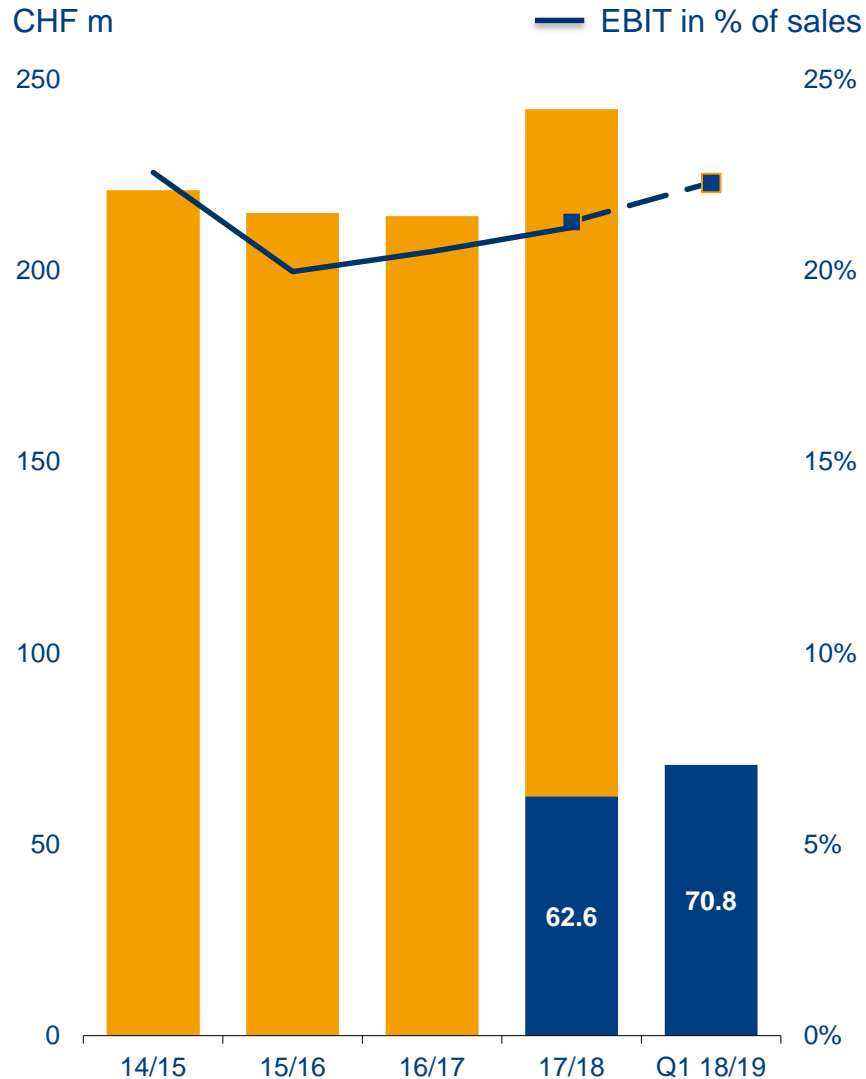
- Positive economic sentiment translated into record sales
- Sales growth in all regions and in most businesses
- Positive currency impact on sales

2. Quarterly View



- Orders increased by 9.1% - slower than sales growth of 16.0%
- Book-to-bill ratio dropped to 0.98 in Q1 of 18/19
- Book-to-bill ratio below 1 for the first time since 7 quarters

2. Industry Segment: Business Development



Businesses and Applications

Drives & welding (Q1 vs. Q1: +11.2%)

- Robust growth in most regions, driven by automation and robotics applications
- Stable sales in China

Renewable energies & power supplies (+5.9%)

- High demand from solar in Europe
- Weakened sales in China due to reduced government support for renewable energy
- Pipeline of Smart-Grid projects

Traction (+29.9%)

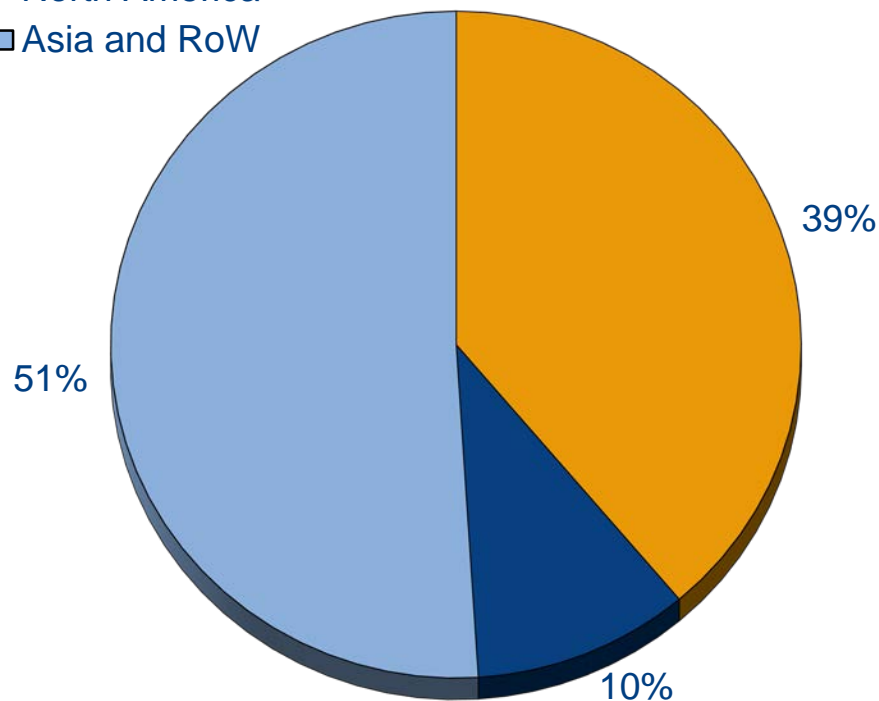
- Increased infrastructure investments in all regions

High-precision (+24.4%)

- Growth in test & measurement market, mainly for green cars and battery test benches

2. Industry Segment: Regional Markets

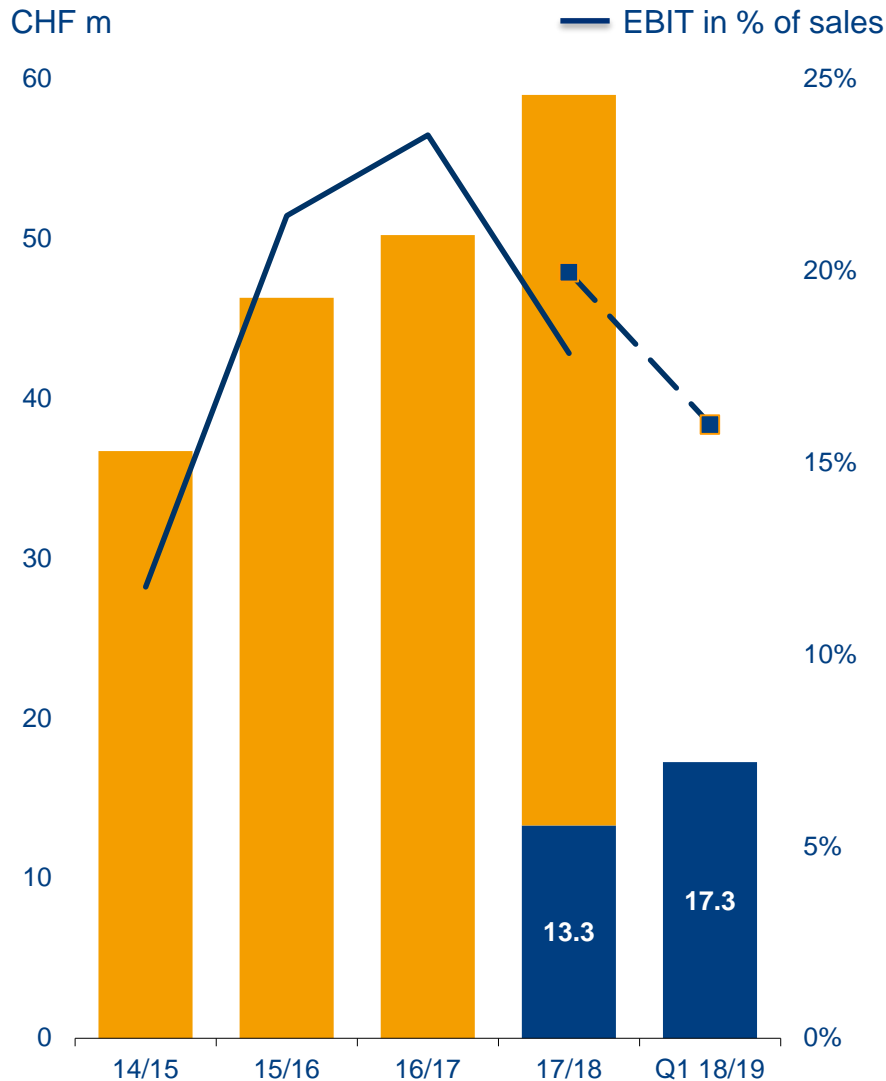
- Europe
- North America
- Asia and RoW



CHF m, %	Sales	Growth Q1 vs. Q1
Europe	27.5	+21.6%
N. America	7.2	+13.7%
Asia and RoW	36.1	+7.2%
Total	70.8	+13.1%

- Slowing sales in China after strong sales growth in 2017/18
- Strongest growth in Germany and Eastern Europe
- China the single most important country representing 33.1% of sales
- Orders increased by 6.4%

2. Automotive Segment: Business Development



Businesses and Applications

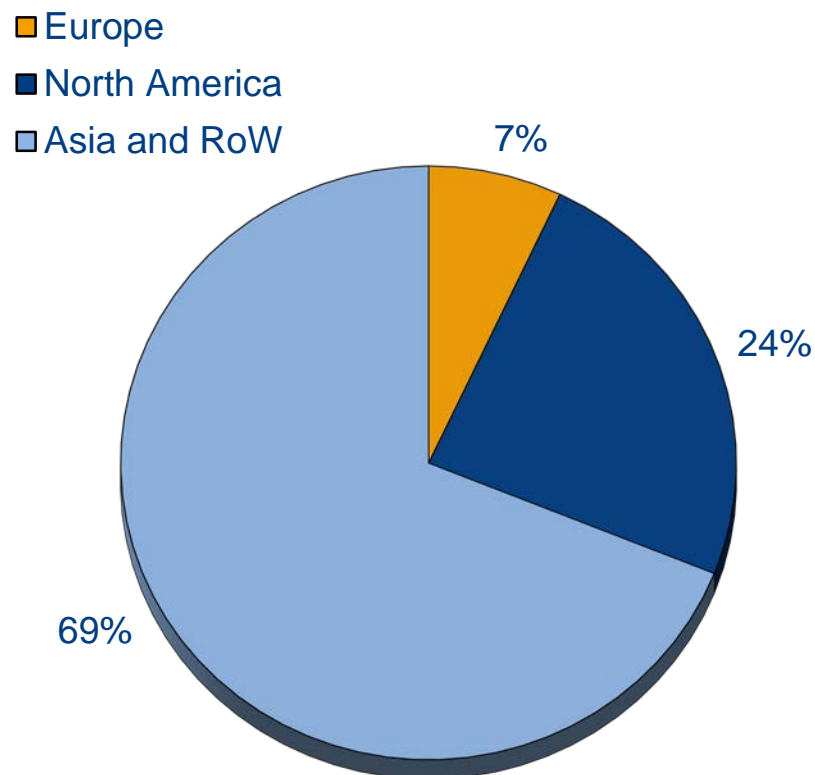
Green cars (HEV, EV) (Q1 vs. Q1: +86.0%)

- Asian green cars market growing fast
- Leading market position in China
- Increasing activity from US and European car manufacturers
- Increasing consumer acceptance and government support globally for green cars to underpin future growth

Conventional cars (-14.5%)

- Weaker US business linked to ongoing technology change

2. Automotive Segment: Regional Markets

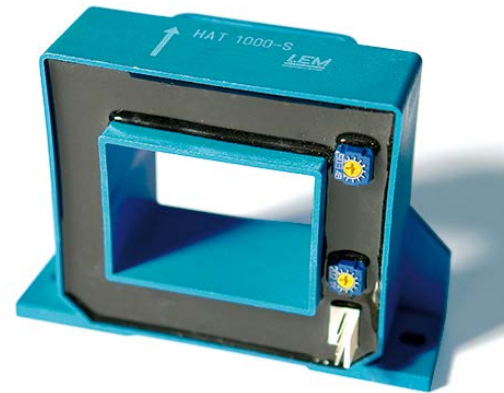


CHF m, %	Sales	Growth Q1 vs. Q1
Europe	1.2	+39.2%
N. America	4.1	-12.7%
Asia and RoW	11.9	+55.1%
Total	17.3	+29.8%

- Sales numbers reflect destination of product shipment, not OEM
- Performance driven by green cars business growth across all regions
- Strongest growth in China, Korea and Japan
- Ongoing development of Automotive organization

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HAT

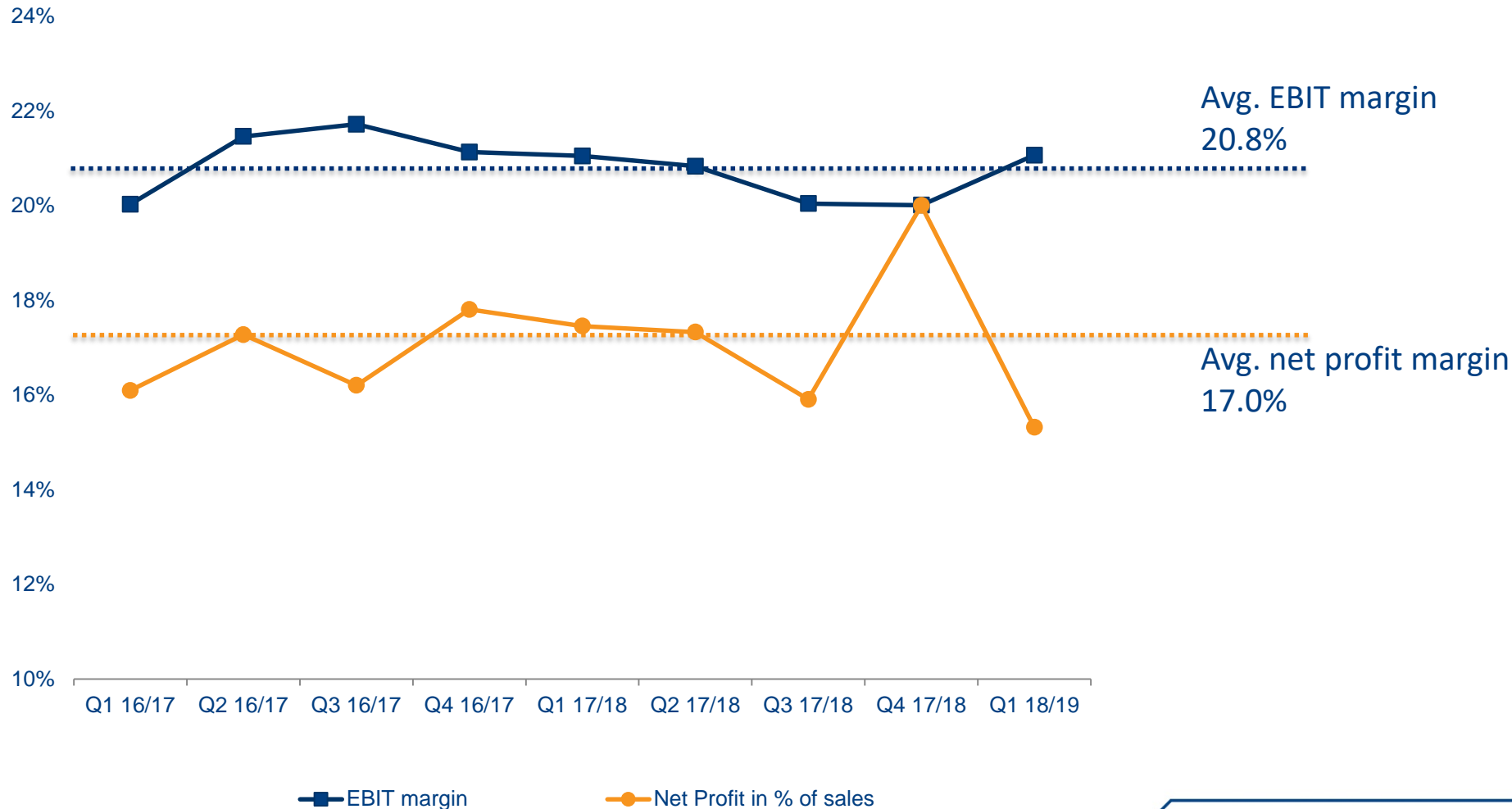
3. Income Statement

CHF m

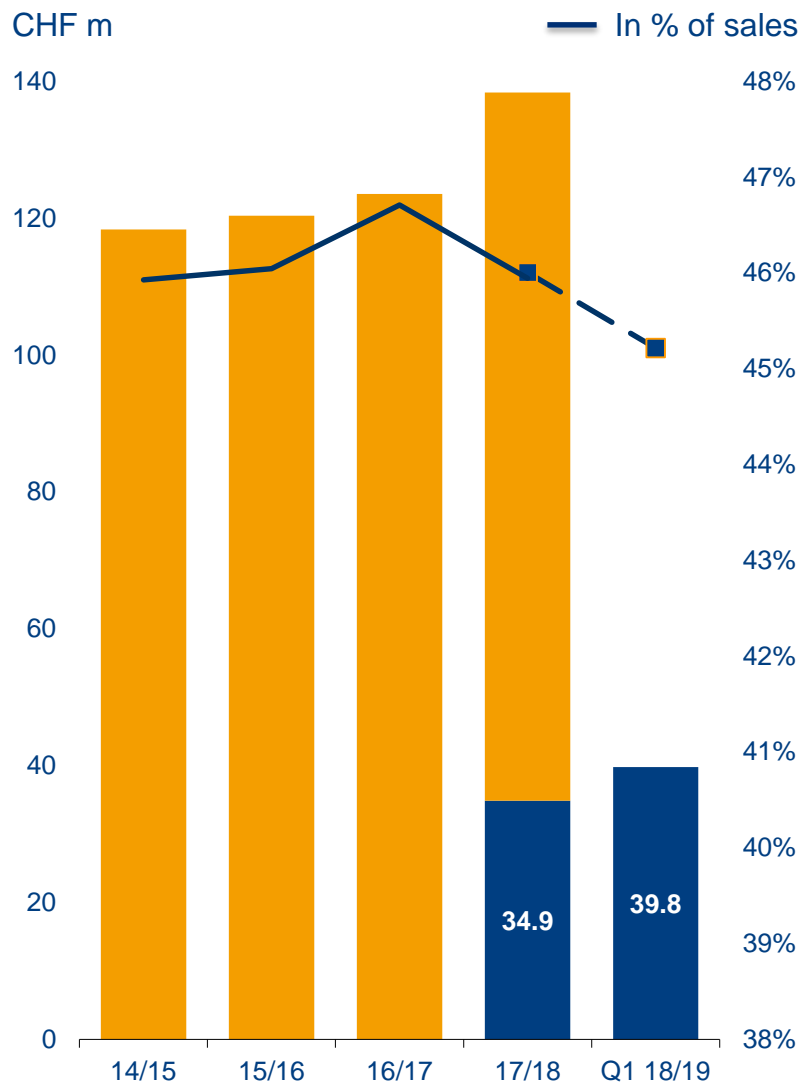
	FY 2017/18	Q1 2017/18	Q1 2018/19	Change
Sales	301.2	75.9	88.0	+16.0%
Gross margin	45.9%	46.0%	45.2%	-0.8pt
Operating expense	-76.7	-18.9	-21.3	+12.3%
EBIT	61.7	16.0	18.5	+16.1%
<i>EBIT margin</i>	20.5%	21.0%	21.1%	+0.1pt
Net financial exp.	1.2	0.7	-1.2	NM
Income tax	-9.6	-3.4	-3.9	+15.1%
Net profit	53.3	13.3	13.5	+1.8%
<i>Net profit margin</i>	17.7%	17.5%	15.3%	-2.2pt

3. Results by Quarter

In % of sales



3. Gross Margin

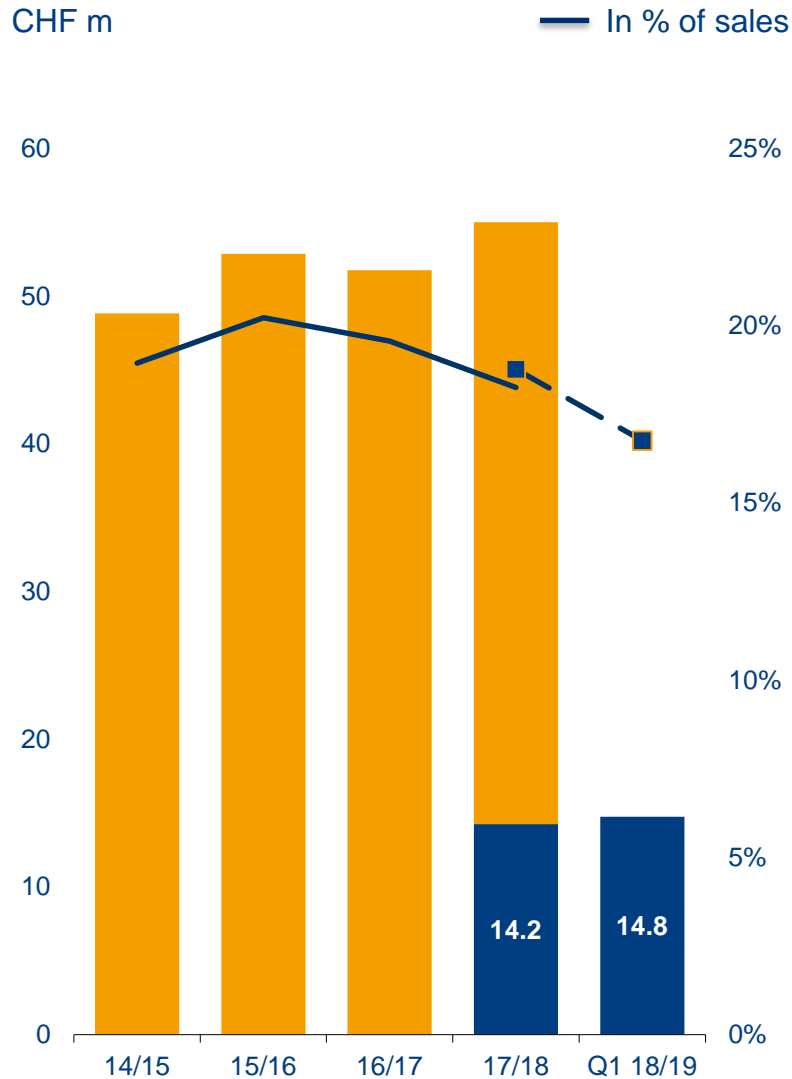


	FY 2017/18	Q1 2017/18	Q1 2018/19
Gross margin CHF m	138.4	34.9	39.8
Gross margin in % of sales	45.9%	46.0%	45.2%

- Price pressure and changing product mix negatively affected the gross margin
- Increasing share of cost competitive production and efficiency improvements counteracted negative effects



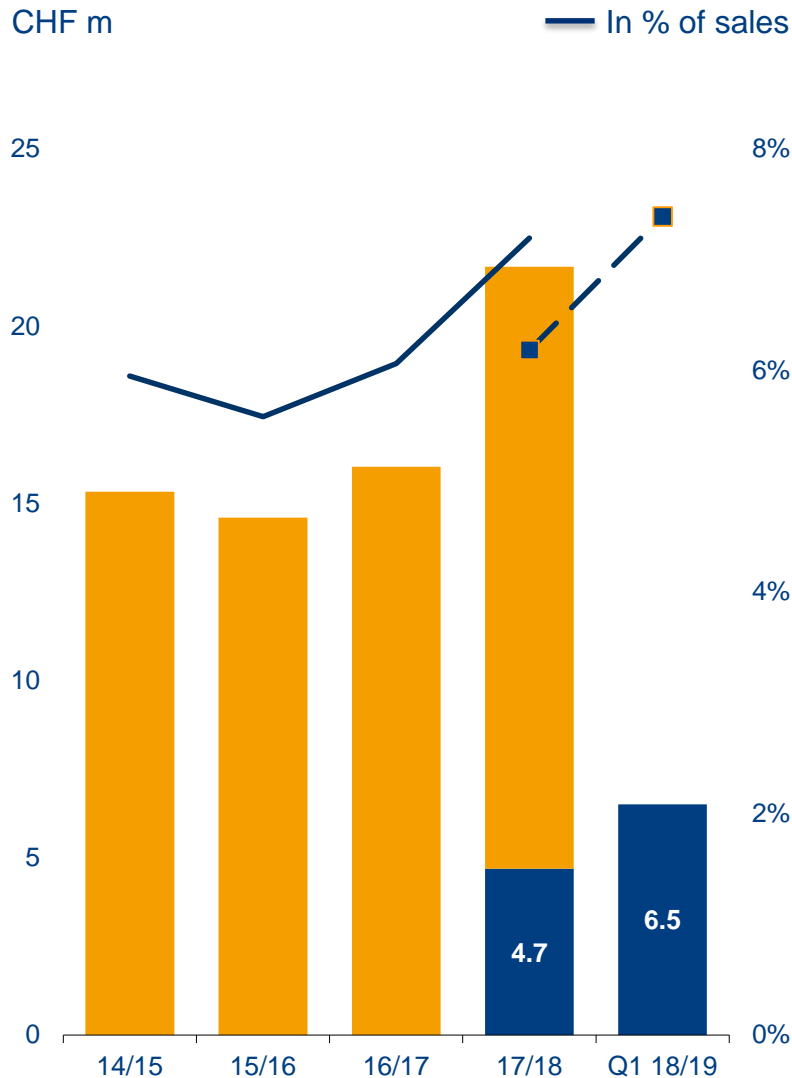
3. SG&A



	FY 2017/18	Q1 2017/18	Q1 2018/19
SG&A CHF m	55.0	14.2	14.8
SG&A in % of sales	18.3%	18.8%	16.8%

- Cost management through process improvements and cost control
- SG&A in percent of sales dropped by 2.0%pt

3. R&D Expense



	FY 2017/18	Q1 2017/18	Q1 2018/19
R&D expense CHF m	21.7	4.7	6.5
R&D expense in % of sales	7.2%	6.2%	7.4%

- R&D expenses increased by 38.6%, reflecting the strategy to strengthen technology leadership
- Acquire new technologies to address new markets
- Ongoing renewal of product portfolio



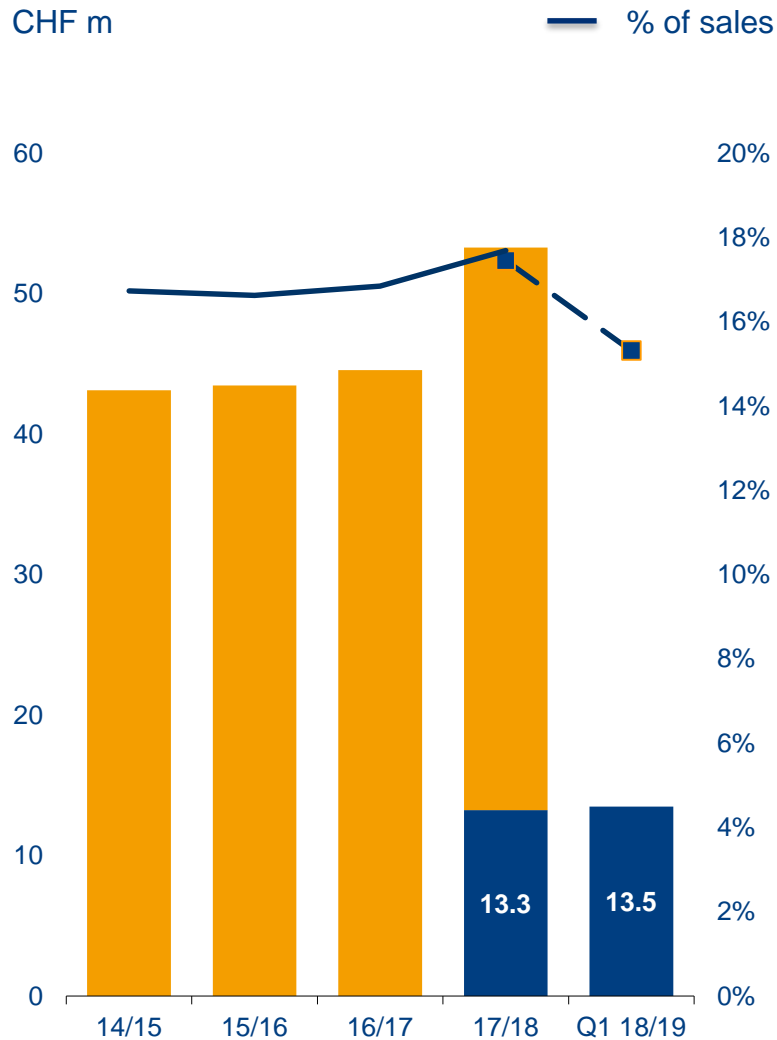
3. Financial Expense

CHF m

	FY 2017/18	Q1 2017/18	Q1 2018/19
Exchange effect	+1.3	+0.7	-1.2
Other financial expense & income	-0.2	-0.0	-0.0
Total	+1.2	+0.7	-1.2

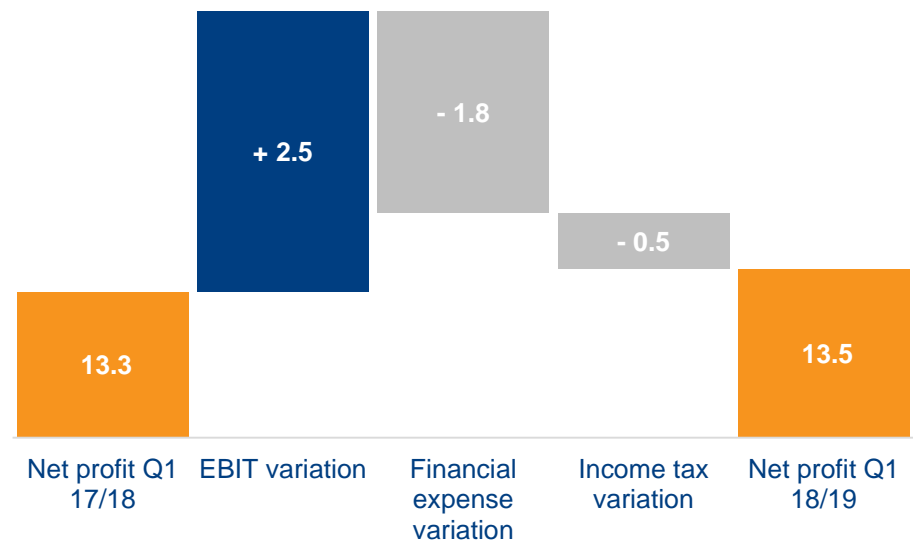
- Exchange effect mainly driven by appreciation of USD generating foreign exchange losses on hedging positions

3. Net Profit



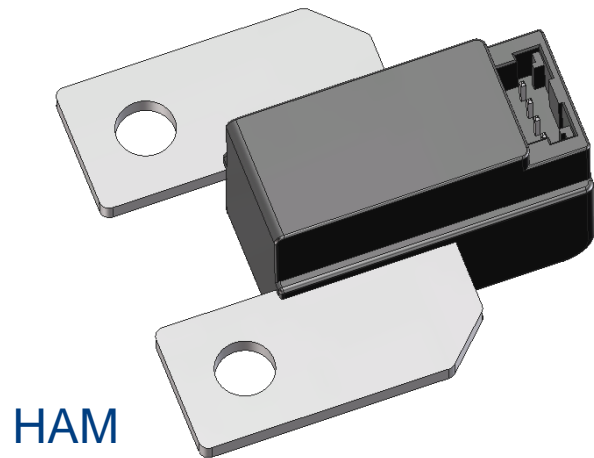
	FY 2017/18	Q1 2017/18	Q1 2018/19
Net profit CHF m	53.3	13.3	13.5
Net profit in % of sales	17.7%	17.5%	15.3%

Net profit transition

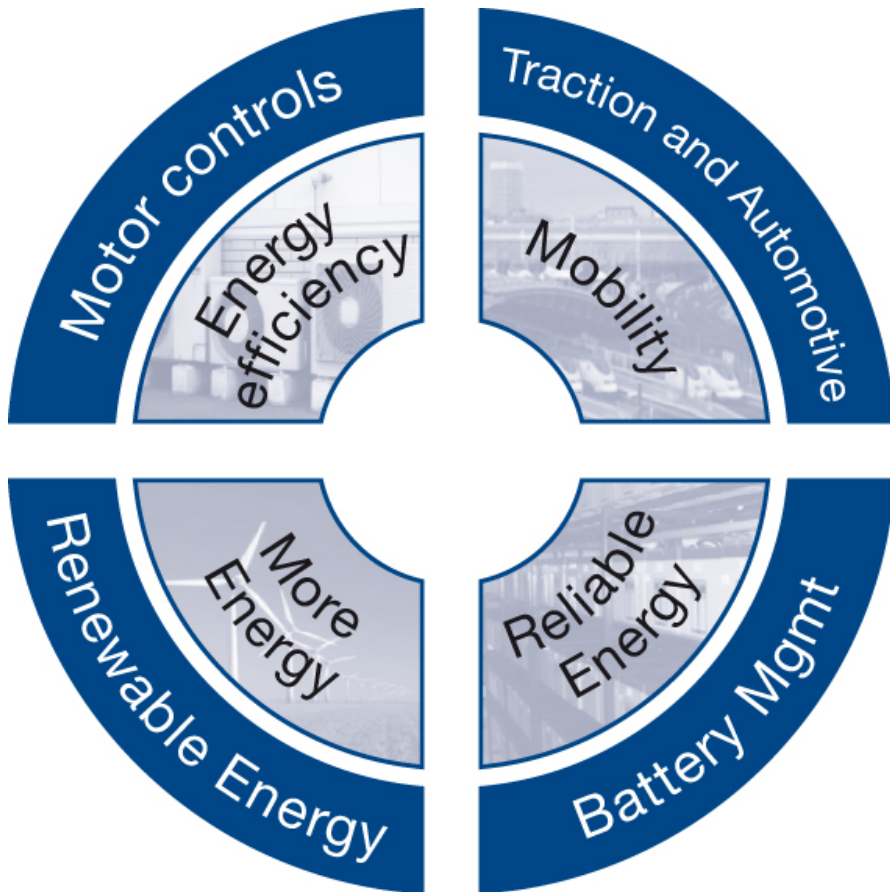


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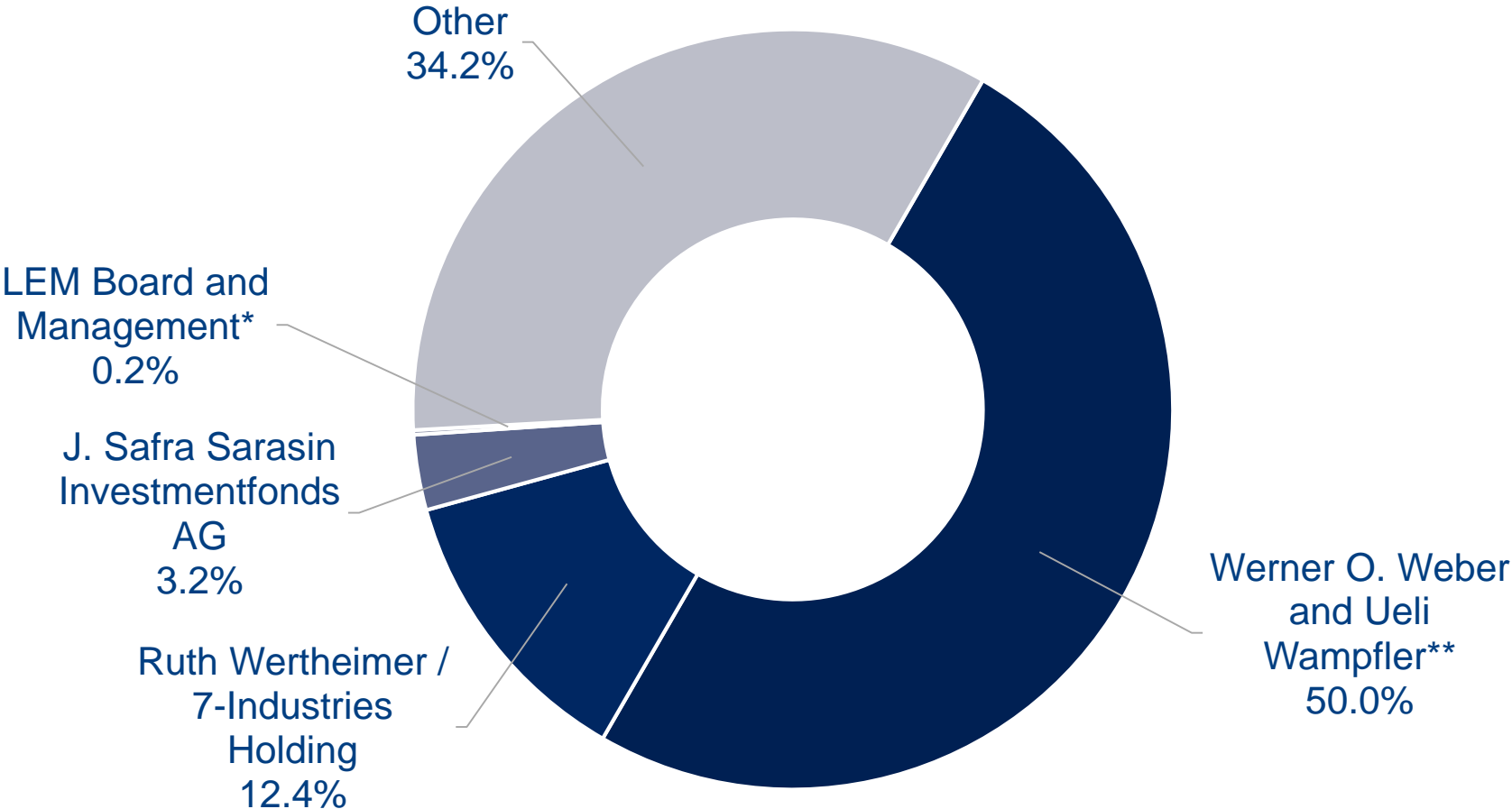


4. Market Factors and Strategy



- 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

Shareholder Structure per 30 June 2018



* Excludes shareholdings of Ueli Wampfler and Werner C. Weber

** Opting out clause introduced in LEM's articles of incorporation by the shareholders' meeting on 25 June 2010



Financial Calendar and Contact Details

Financial calendar

The financial year runs from 1 April to 31 March

6 November 2018	Half-year results 2018/19
1 February 2019	Third-quarter results 2018/19
22 May 2019	Year-end results 2018/19
27 June 2019	Annual General Meeting of Shareholders for 2018/19
2 July 2019	Dividend ex-date
4 July 2019	Dividend payment date

For further information

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