

PRESS RELEASE

Q1 results for the financial year 2018/19 (1 April to 30 June 2018)

LEM reports strong sales and robust margins

Fribourg, 31 July 2018 – LEM (SIX: LEHN), the market leader in providing innovative and high-quality solutions for measuring electrical parameters, announces Q1 of 2018/19 results (compared with Q1 of 2017/18):

- **Bookings increased by 9.1% from CHF 78.8 million to CHF 86.0 million; the book-to-bill ratio decreased to 0.98 (1.04)**
- **Sales reached CHF 88.0 million, an increase of 16.0% (CHF 75.9 million); at constant exchange rates, sales increased by 10.4%**
- **EBIT improved by 16.1% from CHF 16.0 million to CHF 18.5 million; the EBIT margin was at 21.1% (21.0%)**
- **Net profit for the period rose by 1.8% to CHF 13.5 million (CHF 13.3 million)**

“We achieved a good quarter with strong sales and robust margins. And, our order book remains strong. The green cars business again proved to be the growth driver of the Group. The industry-wide shortage of electronics components only had limited effect on our delivery capability. We continued to execute our growth strategy by strengthening our R&D activity and the launch of several new products. We focused on the development of our Automotive organization and added production capacities and sales resources in our growth markets. On the other hand, we expect that the introduction of new US-tariffs and the reduction of government support for renewable energy in China will affect our business in the future”, said Frank Rehfeld, CEO of LEM.

Industry segment: solid sales growth in all regions and businesses

Positive economic sentiment translated into continued sales growth. Compared to Q1 of 2017/18, sales in the Industry segment increased by 13.1% to CHF 70.8 million in Q1 of 2018/19; at constant exchange rates the sales increase was 7.2%. LEM recorded the strongest sales growth in Europe (+21.6%) and Asia excluding China (+19.2%). Sales in China remained stable after sales jumped by 37.0% one year ago. Sales in North America increased by 13.7%. Asia was the most important region, accounting for 49.1% of Industry sales (China alone accounted for 33.1%), followed by Europe with 38.8% and North America with 10.2% of Industry sales.

Sales in the drives & welding business were up by 11.2%. Ongoing strong demand for automation and robotics application drove the sales development. After a strong year, growth in the renewable energies & power supply business slowed to 5.9%. Solar energy was strong in Europe but weakened in China, where LEM expects a slow-down in the coming quarters. Increased infrastructure investments in all regions supported LEM's traction business, which grew by 29.9%. Sales in the high-precision business increased by 24.4% due to strong demand for test benches for green cars and batteries.



The EBIT margin of the Industry segment improved to 22.3% compared with 21.3% in Q1 of 2017/18.

Automotive segment: increased green cars activity in Europe and USA

In Q1 of 2018/19, sales in the Automotive segment totaled CHF 17.3 million, representing an increase of 29.8% on Q1 of 2017/18. At constant exchange rates, sales grew by 25.4%. Sales growth reached 66.0% in China and 45.2% in Asia excluding China. Sales in Europe increased by 39.2%. Automotive sales in North America decreased by 12.7% due to the ongoing weakness in LEM's biggest conventional cars market.

LEM's green cars business grew by 86.0%. The strong sales growth in China continued, and European and US car manufacturers increasingly launch battery-electric and hybrid-electric platforms. As expected, LEM's conventional cars business slowed in all regions; sales decreased by 14.5%.

The EBIT of the Automotive segment reached CHF 2.8 million, up 4.0% on Q1 of 2017/18. The EBIT margin was 16.0%, compared with 20.0% one year ago. The EBIT margin was affected by LEM's increased investment in R&D, sales and production capacities.

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

LEM – At the heart of power electronics

LEM is the market leader in providing innovative and high quality solutions for measuring electrical parameters. Its core products - current and voltage transducers - are used in a broad range of applications in drives & welding, renewable energies & power supplies, traction, high precision, conventional and green cars businesses. LEM's strategy is to exploit the intrinsic strengths of its core business, and to develop opportunities in existing and new markets with new applications. LEM is a mid-size, global company with approximately 1'550 employees worldwide. It has production plants in Beijing (China), Sofia (Bulgaria), Geneva (Switzerland) and Tokyo (Japan), and a dedicated R&D Center in Lyon (France). With regional sales offices near its customers' locations, the Company is able to offer a seamless service around the globe. LEM has been listed on the SIX Swiss Exchange since 1986; the company's ticker symbol is LEHN.

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Appendix:

Key figures

In CHF millions	2017/18				2018/19	Changes	
Orders received	Q1	Q2	Q3	Q4	Q1	Q1 to Q1	Q1 to Q4
Industry segment	63.9	58.7	63.1	70.4	68.0	+6.4%	-3.4%
Automotive segment	14.8	19.4	15.6	13.8	17.9	+20.9%	+29.9%
Total LEM	78.8	78.0	78.7	84.2	86.0	+9.1%	+2.1%
Book-to-bill ratio	Q1	Q2	Q3	Q4	Q1	Q1 to Q1	Q1 to Q4
Industry segment	1.02	0.96	1.11	1.14	0.96	-5.9%	-15.9%
Automotive segment	1.11	1.27	0.98	0.94	1.04	-6.9%	+10.1%
Total LEM	1.04	1.02	1.08	1.10	0.98	-5.9%	-11.6%
Sales	Q1	Q2	Q3	Q4	Q1	Q1 to Q1	Q1 to Q4
Industry segment	62.6	61.1	56.9	61.6	70.8	+13.1%	+14.9%
Automotive segment	13.3	15.2	15.9	14.6	17.3	+29.8%	+18.0%
Total LEM	75.9	76.3	72.8	76.2	88.0	+16.0%	+15.5%
EBIT	Q1	Q2	Q3	Q4	Q1	Q1 to Q1	Q1 to Q4
Industry segment	13.3	12.6	11.3	13.9	15.8	+18.5%	+13.3%
Automotive segment	2.7	3.3	3.3	1.3	2.8	+4.0%	+109.3%
Total LEM	16.0	15.9	14.6	15.3	18.5	+16.1%	+21.6%

Consolidated income statement

April to June			
In CHF thousands	2018/19	2017/18	Changes
Sales	88'049	75'905	+16.0%
Cost of goods sold	(48'235)	(40'983)	
Gross margin	39'814	34'922	+14.0%
Gross margin (in %)	45.2%	46.0%	
Sales expense	(7'735)	(7'643)	
Administration expense	(7'119)	(6'696)	
Research & development expense	(6'509)	(4'696)	
Other expense	0	0	
Other income	97	89	
EBIT	18'548	15'977	+16.1%
EBIT margin (in %)	21.1%	21.0%	
Financial expense	(45)	(28)	
Financial income	28	13	
Foreign exchange effect	(1'150)	670	
Profit before taxes	17'381	16'632	+4.5%
Income taxes	(3'894)	(3'382)	
Net profit	13'487	13'251	+1.8%
Net profit margin (in %)	15.3%	17.5%	