



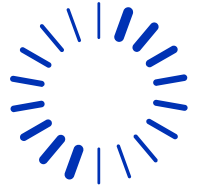
Life Energy Motion

9 Months Results 2019/20

1 April 2019 to 31 December 2019



Agenda



Opening Remarks

Frank Rehfeld

Business Performance

Frank Rehfeld

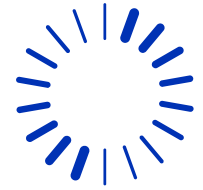
Financial Results

Andrea Borla

Outlook

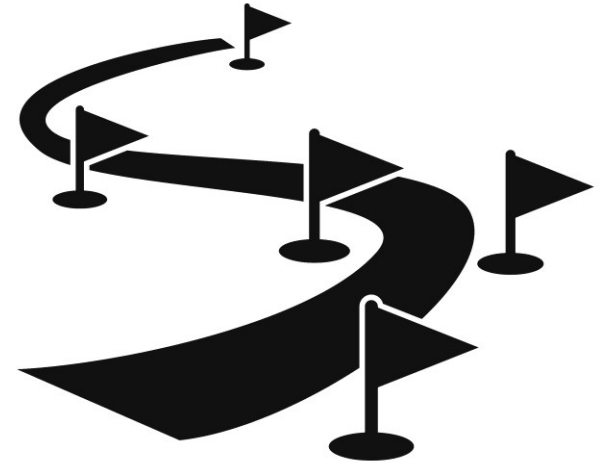
Frank Rehfeld

Frank Rehfeld, CEO, Opening Remarks

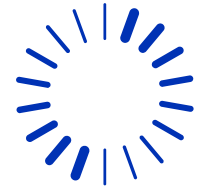


Performance in line with full year guidance

- Sales performance in Q3 slightly increased compared to Q3 last year
- Business remains strong and profitable, with improving gross margin, stable SG&A and continued growth in R&D investments
- On track with our full year outlook
- LEM is anticipating and adapting
 - Changing roles at Geneva HQ
 - New HQ building
 - New manufacturing facility in Malaysia



Accelerating the organization



Geneva HQ

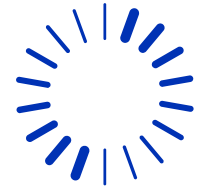
- Stronger focus on strategy, standards, innovation, and global sites coordination
- 21 job losses with one-off charge of CHF 1.5 million

New plant in Malaysia

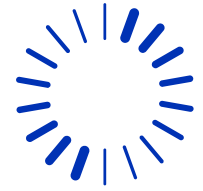
- New production facility of 5-10,000 sqm in Penang, Malaysia
- To meet growing demand from both industry and automotive clients worldwide
- Expected to open in fiscal year 2021/2022, investment of CHF 5-10m



New HQ in Meyrin, Geneva, in 2021

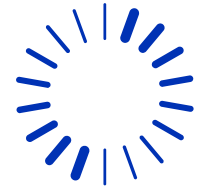


New HQ in Meyrin, Geneva, 2021



- New campus “The Hive” in Meyrin, Geneva
 - Excellent amenities, transport links
 - Neighbours such as Hewlett Packard
- New custom-built 7,000 sqm building
 - Collaboration, R&D and innovation
 - 250 employees, out of 1,500 worldwide
- February 2020 construction; Q3 2021 completion
- Investment of around CHF 10 million

Agenda



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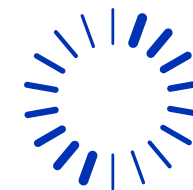
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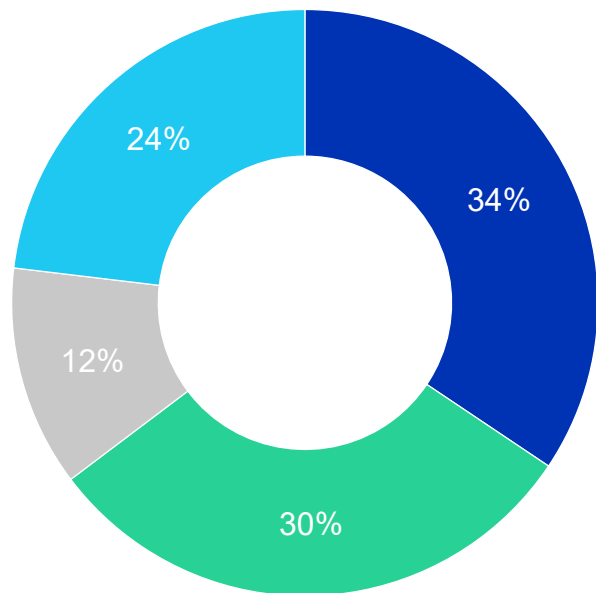
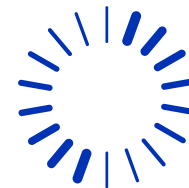
A leading company in electrical measurement



Core applications	Motor Drives	Power Storage, Generation, Conversion	Energy Measurement
			

Businesses	Automotive		Industry			
	Green cars	Conventional cars	Drives & Welding	Renewable energies	Traction	High-Precision
2019/20 Sales (CHF m)	53.6		182.1			
9M vs. 9M	-2.9%		-4.1%			

Global sales spread balanced by strong RoW



	Growth		
	Sales CHF m	9M 2019/20 vs 2018/19	Q3 2019/20 vs 2018/19
China	80.2	-5.3%	-6.3%
Europe	71.3	-5.4%	+3.5%
North America	27.8	-14.7%	-12.4%
RoW	56.5	+7.8%	+16.2%
Total	235.8	-3.8%*	+0.8%

* -1.9% at constant currency rates

- Close to customers on the ground in all key markets
- Balanced geopolitical and economic exposure
- Better performance in Rest of the World

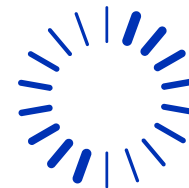


Industry segment

LEM

Industry Segment

Sales Performance

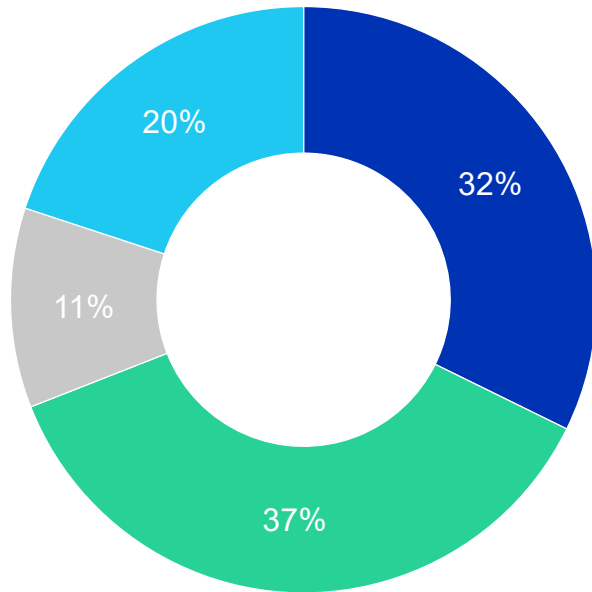
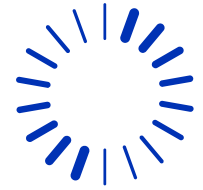


CHF m

Businesses	9M 2019/20	9M 2018/19	Change	Comments
Drives	73.6	86.4	-14.9%	<ul style="list-style-type: none">• Global reluctance to invest in production such as welding and robotics linked to auto sector• China, Japan, W. Europe sluggish demand
Renewable Energy	60.7	58.2	+4.2%	<ul style="list-style-type: none">• Strongest in China, India & Japan• Driven by solar
Traction	39.5	36.5	+8.3%	<ul style="list-style-type: none">• Investments helped by government policies• Major deliveries in China, India & Asia
High precision	8.4	8.7	-3.5%	<ul style="list-style-type: none">• Market fundamentals remain good• Adoption of new products subject to investment confidence
Total Industry	182.1	189.9	-4.1%	

Industry Segment

Regional Markets



Growth

	Sales CHF m	9M 2019/20 vs 2018/19	Q3 2019/20 vs 2018/19
China	58.2	+1.0%	-0.5%
Europe	67.0	-7.1%	+0.9%
North America	19.5	-9.2%	-15.7%
RoW	37.4	-2.9%	+7.8%
Total	182.1	-4.1%*	-0.1%

* -1.9% at constant currency rates

- H1 decline has flattened out during Q3
- Global economic uncertainty persists, particularly in the drives business

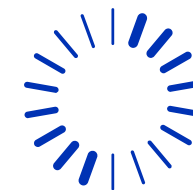
A futuristic, high-speed automotive scene. The background is a tunnel of light trails in shades of blue and white, creating a sense of rapid motion. In the foreground, the side profile of a dark-colored car is visible, including the side mirror and door handle. The overall aesthetic is sleek and modern.

Automotive segment

LEM

Automotive Segment

Sales Performance

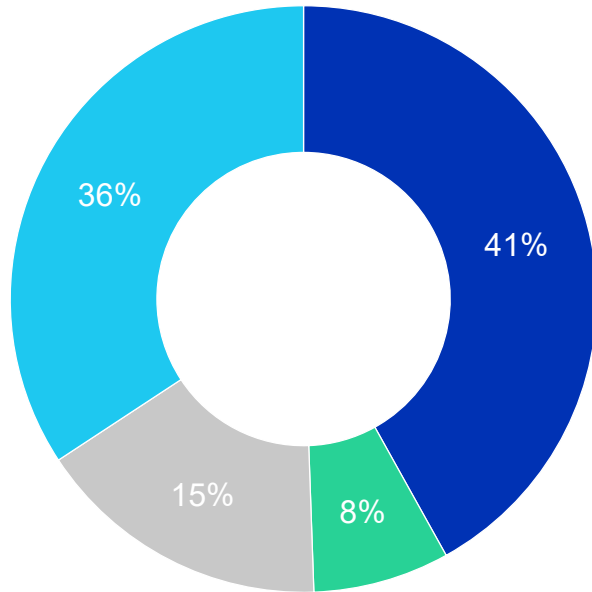
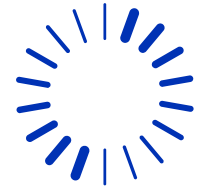


CHF m

Businesses	9M 2019/20	9M 2018/19	Change	Comments
Green	40.5	37.7	+7.2%	<ul style="list-style-type: none">• China influenced by policies, weaker economy, and insourcing by Tier 1 suppliers• New motor control, battery management and charging system products developed
Conventional	13.2	17.5	-24.7%	<ul style="list-style-type: none">• Continued switch to new technologies• US market led by green start-ups and the major OEMs are starting to electrify SUVs and pick-ups
Total Automotive	53.6	55.2	-2.9%	

Automotive Segment

Regional Markets



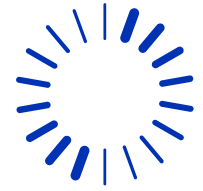
Growth

	Sales CHF m	9M 2019/20 vs 2018/19	Q3 2019/20 vs 2018/19
China	22.0	-18.7%	-18.2%
Europe	4.3	+32.3%	+54.1%
North America	8.3	-25.2%	-4.0%
RoW	19.1	+37.5%	+35.0%
Total	53.6	-2.9%*	+3.8%

* -2.0% at constant currency rates

- The H1 decline has flattened out during Q3
- Green car business accounts for 75.4% (up from 68.3%)
- European manufacturers drive sales from Korean and Japanese suppliers

Agenda



Opening Remarks

Frank Rehfeld

Business Performance

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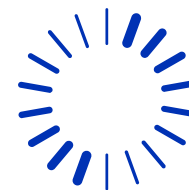
Financial Results

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Outlook

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Performance at a Glance

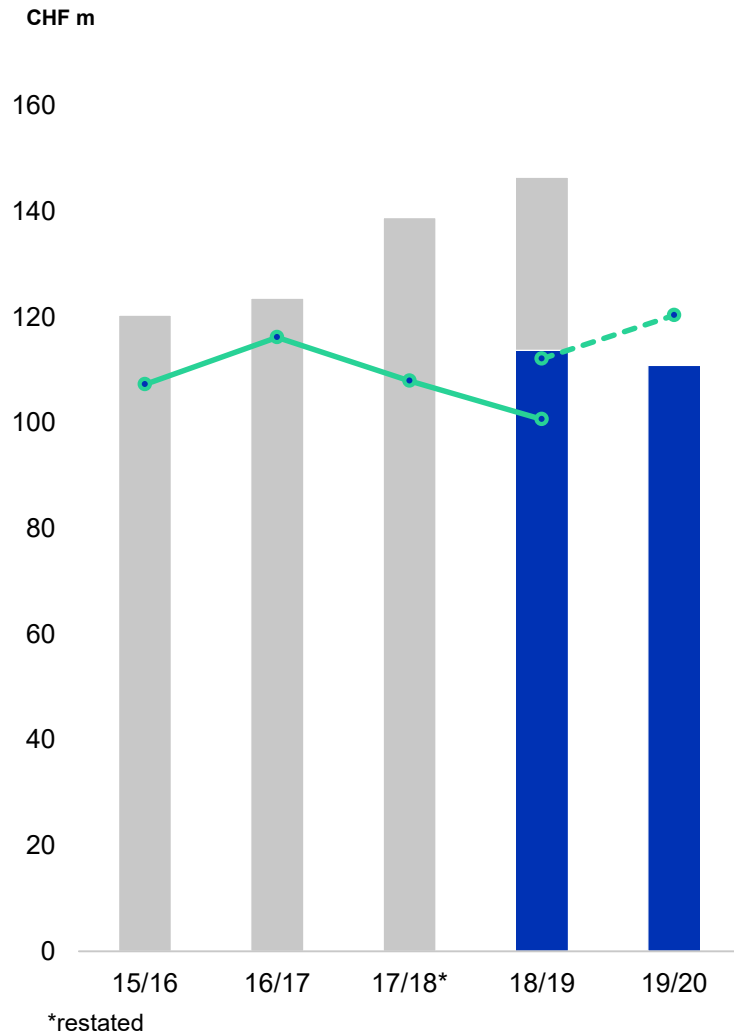
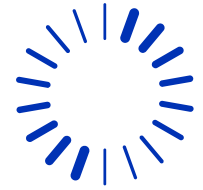


CHF m	9M 2019/20	9M 2019/20 vs 2018/19	Q3 2019/20 vs 2018/19
Orders	241.6	+1.2%	+11.8%
Sales	235.8	-3.8%*	+0.8%
EBIT	46.4	-8.6%	-3.8%
Net profit	52.0	+33.5%	+131.2%

* -1.9% at constant currency rates

- Sales impacted by challenging economic environment
- Profitability stable, with vigilance over SG&A costs
- EBIT margin 19.7% despite R&D increase of CHF 1.6m (9.3% of sales)
- Net profit increase reflects non-recurring tax impact of CHF 14.0m due to sale of technical IP from LEM Intellectual Property SA based in Fribourg to LEM International SA based in Geneva and to LEM China

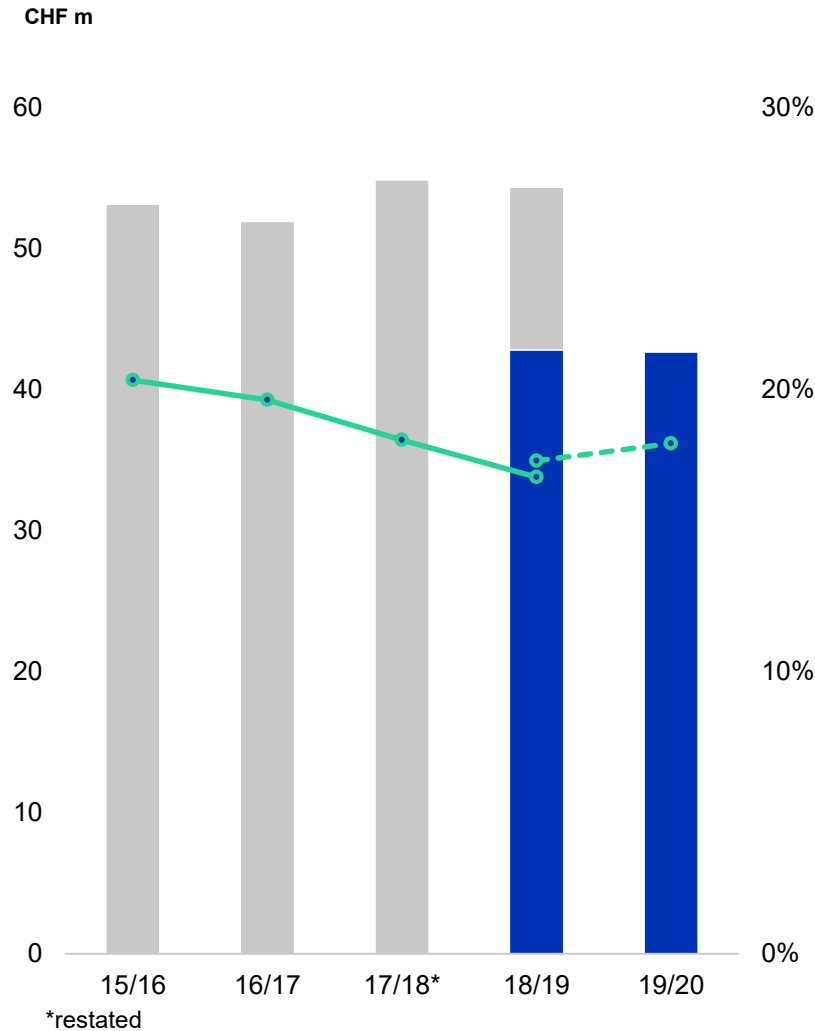
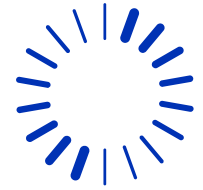
Gross Margin



	9M 2019/20	9M 2018/19	Q3 2019/20	Q3 2018/19
Gross margin CHF m	110.9	113.7	36.6	36.1
Gross margin in % of sales	47.0%	46.4%	47.6%	47.5%

Gross margin up by 60 basis pts:

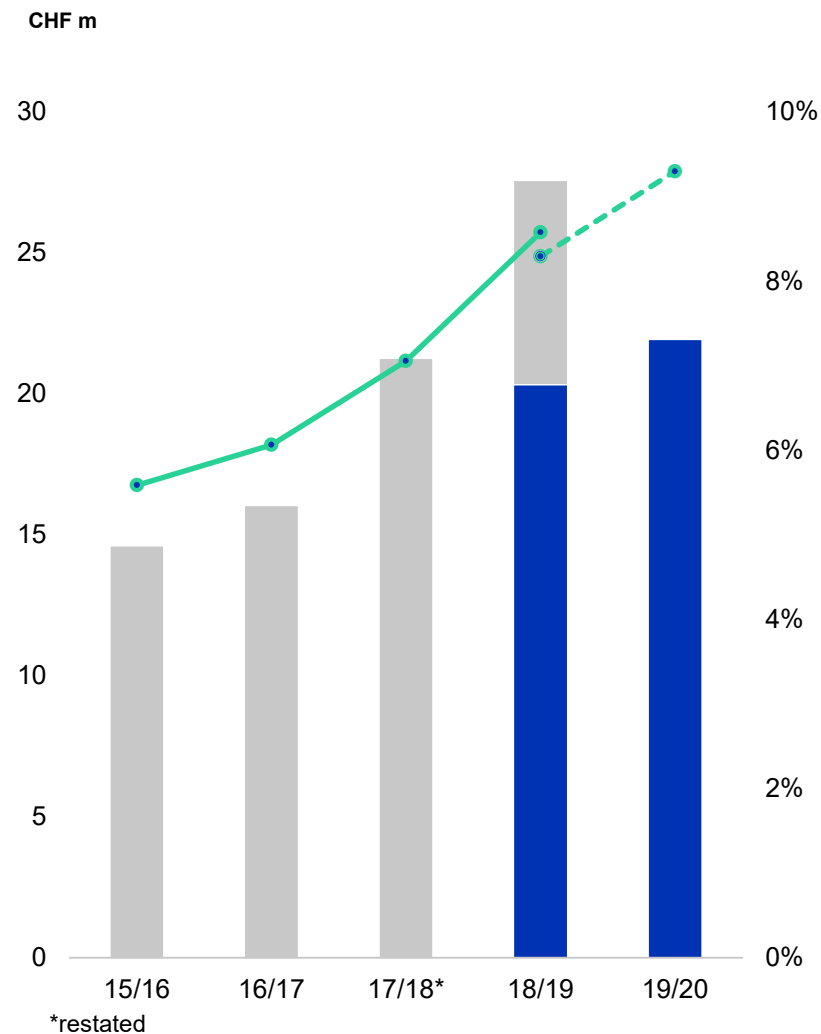
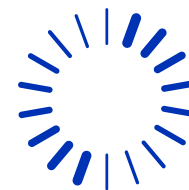
- Efficiency gains in both material and labour
- Continued to shift production to cost-effective locations
- 79% of sales produced in China and Bulgaria



	9M 2019/20	9M 2018/19	Q3 2019/20	Q3 2018/19
SG&A CHF m	42.7	42.8	14.3	13.7
SG&A in % of sales	18.1%	17.5%	18.7%	18.0%

- Remained vigilant with overheads
- Maintained SG&A same as last year

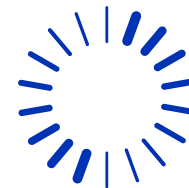
R&D



	9M 2019/20	9M 2018/19	Q3 2019/20	Q3 2018/19
R&D expense CHF m	21.9	20.3	7.6	7.3
R&D expense in % of sales	9.3%	8.3%	9.9%	9.5%

- R&D expenses increased due to higher headcounts and third party collaboration
- Products in early launch phase
- Continued long-term investment in future applications

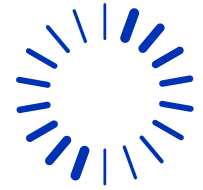
Financial Expense



CHF m	9M 2019/20	9M 2018/19	Q3 2019/20	Q3 2018/19
Exchange effect	(0.9)	(1.4)	0.3	(0.4)
Other financial expense & income	(0.2)	(0.1)	0.0	(0.0)
Total	(1.1)	(1.5)	0.3	(0.4)

- Negative exchange effect of CHF -0.9 million mainly caused by losses on EUR and USD

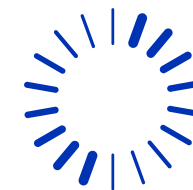
Income Taxes



%	9M 2019/20	9M 2018/19
Expected income tax rate	-14.8%	20.0%
Expected withholding tax rate	0.7%	1.1%
Expected tax rate	-14.1%	21.1%
Other differences	-0.8%	-0.2%
Effective tax rate	-14.9%	20.9%

- IP re-organisation generated one-off positive tax impact of CHF 14.0 million
- Excluding effects from the IP sale and other minor non-recurrent elements, the YTD tax rate was 17.2%, in line with our expectations

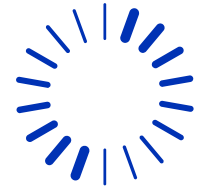
Income Statement



CHF m	9M 2019/20	9M 2018/19	Change	Q3 2019/20	Q3 2018/19
Sales	235.8	245.1	-3.8%	76.7	76.1
Gross margin (in %)	47.0%	46.4%	+0.6%pt	47.6%	47.5%
Operating expense	(64.5)	(63.0)	+2.4%	(21.9)	(20.9)
EBIT	46.4	50.8	-8.6%	14.6	15.2
EBIT margin (in %)	19.7%	20.7%	-1.0%pt	19.1%	20.0%
Net financial exp.	(1.1)	(1.5)	-23.8%	0.3	(0.4)
Income tax	6.7	(10.3)	n/a	12.0	(3.2)
Net profit	52.0	39.0	+33.5%	26.9	11.6
Net profit margin (in %)	22.1%	15.9%	+6.2%pt	35.1%	15.3%

- Excluding the effect from the IP sale, the net profit would have slightly decreased to CHF 38.0m, with an improved net margin of 16.1% compared to 9M 2018/19

Agenda



Opening Remarks

Frank Rehfeld

Business Performance

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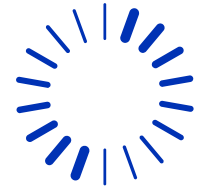
Financial Results

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Outlook

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Outlook

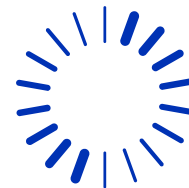


- Challenging economic environment continues to impact top line sales performance for coming months
- Sales performance in H2 of 2019/20 to be in line with H2 of 2018/19
- Full financial year 2019/20 guidance remains the same:
 - Sales of around CHF 310 million (CHF 321.6 million)
 - Underlying EBIT margin to remain close to 20%*

Long-term outlook remains confident

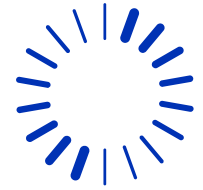
- Fundamentals remain strong, driven by mega trends of energy efficiency, mobility and automation
- Investments in R&D are delivering new products with positive feedback

*Excluding one-off Geneva HQ charge of CHF 1.5 million



Q&A

Financial Calendar and Contact Details



The financial year runs from 1 April to 31 March

19 May 2020	Full year results 2019/20
9 June 2020	Annual General Meeting of Shareholders FY 2019/20
16 June 2020	Dividend ex-date
18 June 2020	Dividend payment date
29 July 2020	First quarter results 2020/21
3 November 2020	Half year results 2020/21

For further information

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