

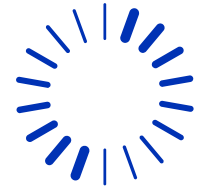


Full Year Results 2019/20

1 April 2019 to 31 March 2020



Agenda



Opening Remarks

Frank Rehfeld

Business Performance

Frank Rehfeld

Financial Results

Andrea Borla

Outlook

Frank Rehfeld

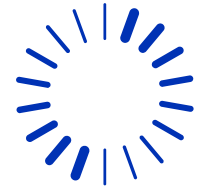
Proposal to Shareholders

Andreas Hürlimann



life
energy
motion

Encouraging performance 2019/20

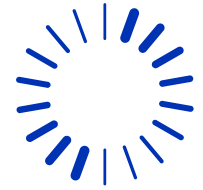


- Steady results, given the tough economic environment
- Sales and profitability in line with guidance
- Robust margins, strong balance sheet, healthy cash flow

- Fundamental prospects remain strong, driven by mega trends
- Electric sensor market growing 8% CAGR

- Continue to invest in R&D, 9.1% of sales; launched ten new products
- Making our organization more agile
- Covid-19 impact well managed operationally to date

Covid-19 impact to date

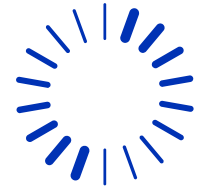


- Three priorities
 - Safety of employees, taking care of families
 - Reliability and responsiveness to customers and suppliers
 - Focus on strategic projects and opportunities

- China closed 3 weeks, returned full capacity end March
- Switzerland, Bulgaria running at full capacity throughout
- Sanitary measures for all sites, home-office experience successful

- Some supply chain bottlenecks
- Q4 orders -1.2%; sales -5.7% mainly due to China shut down

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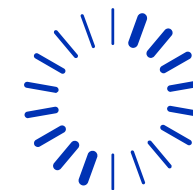
Outlook




Frank Rehfeld

Proposal to Shareholders

Andreas Hürlimann

A leading company in electrical measurement



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

Segments	Automotive			Industry			
	Green		Conventional	Drives & Welding	Renewable energies	Traction	High-Precision
	Motor control	Battery management	Charging systems				

FY 2019/20 Sales
CHF m

67.6

240.4

Δ CHF

-5.3%

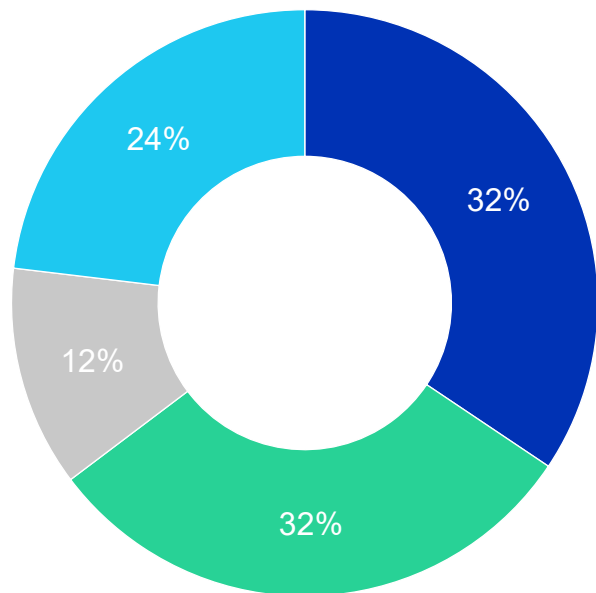
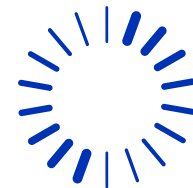
-3.9%

Δ constant currency

-3.9%

-1.3%

Global sales spread balanced by strong RoW



	Sales CHF m	Growth	
		FY 2019/20 vs 2018/19	Q4 2019/20 vs 2018/19
China	98.7	-7.2%	-14.6%
Europe	97.9	-4.1%	-0.4%
North America	37.4	-13.5%	-9.8%
RoW	74.0	+5.8%	-0.1%
Total	307.9	-4.2%*	-5.7%

* -1.9% at constant currency rates

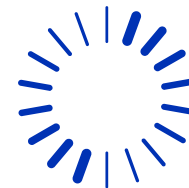
- Close to customers on the ground in all key markets
- Balanced geopolitical and economic exposure
- Better performance in Rest of the World



Industry segment

Industry segment

Sales performance

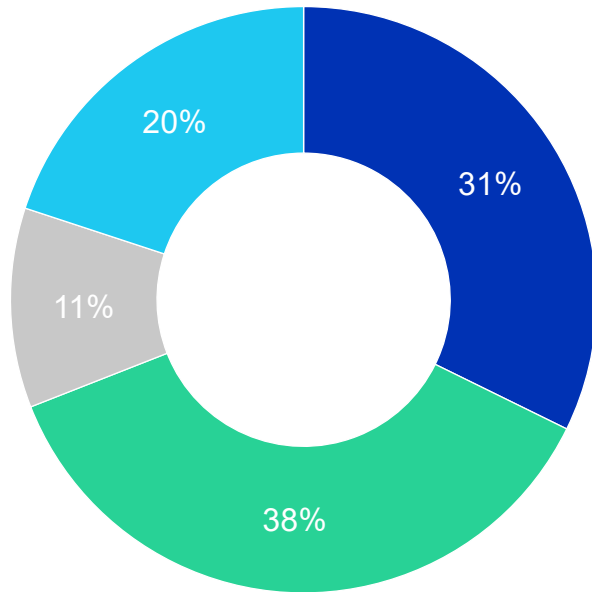
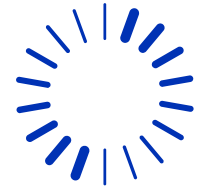


CHF m

Businesses	2019/20	2018/19	Change	Comments
Drives	99.5	113.3	-12.2%	<ul style="list-style-type: none">• China delay of investments• Japan & Germany weak machine tools• Interest in new products
Renewable Energy	78.7	77.0	+2.2%	<ul style="list-style-type: none">• Strong growth in China• Stable Europe & US• Driven by solar and new products
Traction	51.0	48.6	+5.1%	<ul style="list-style-type: none">• Growth in India• Higher investments Eastern Europe & Russia
High precision	11.1	11.3	-2.2%	<ul style="list-style-type: none">• Demand for EV car test benches Japan & Western Europe• New IN product family well received
Total Industry	240.4	250.2	-3.9%	

Industry segment

Regional markets

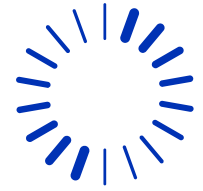


	Sales CHF m	Growth	
		FY 2019/20 vs 2018/19	Q4 2019/20 vs 2018/19
China	73.2	+0.1%	-2.9%
Europe	92.2	-5.6%	-1.4%
North America	26.1	-8.9%	-7.8%
RoW	48.8	-3.8%	-6.5%
Total	240.4	-3.9%*	-3.6%

* -1.3% at constant currency rates

- China largest single country
- Global economic uncertainty persists, particularly in the drives business

Industry next generation products



Drives

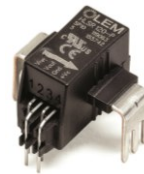


HOF-Analogue

Renewables



LZSR



HLSR with FeSi Core

Traction



DVC 1000-P

High precision



IN 2000-SB



AI-PMUL (Smart grid)


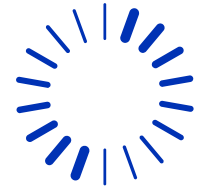


DVC 1000-X



IN 550-S

DC meter for EV fast charging station



The diagram illustrates the internal components of an EV fast charging station. A circular callout on the left, labeled "DC Meter", shows a blue and white electronic device connected to a power source. A line from this callout points to a blue rectangular component within the station's chassis, representing the DC meter. The station itself contains two charging cables, a payment terminal, and a label indicating "AC" and "DC" power sections.

- EV roll out fast charging
 - 15 minutes 80% charge
 - Larger batteries
 - AC/DC onboard chargers minimized or removed
- DC metering mandatory in EU/US, customers pay for power load
- Developed at new Lyon R&D site
- Software, application knowledge, partnership with early adopters

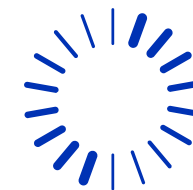


Automotive segment

LEM

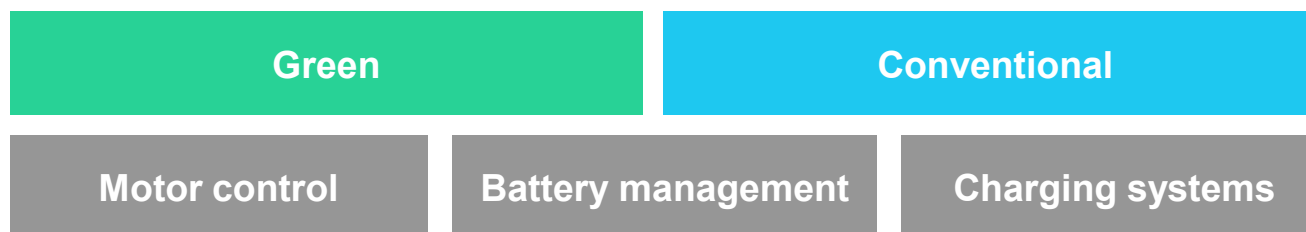
Automotive segment

Sales performance



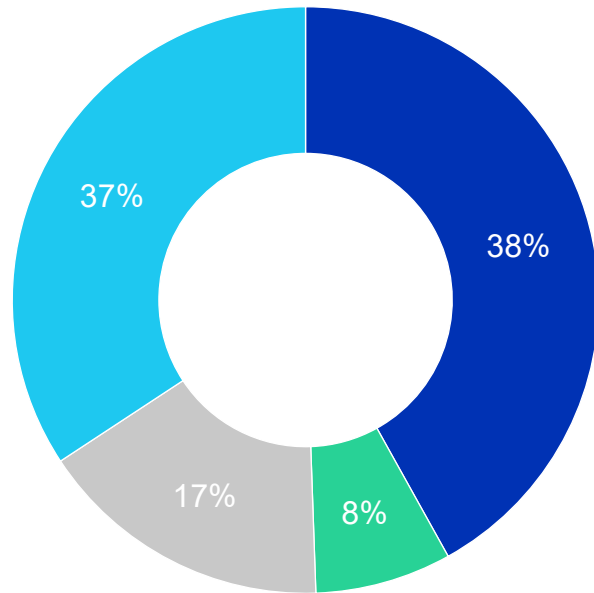
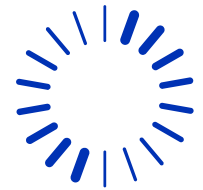
CHF m

Businesses	2019/20	2018/19	Change	Comments
Green	50.2	48.6	+3.4%	<ul style="list-style-type: none">• China influenced by policies, Covid-19• Momentum Europe, Korea, Japan• New motor control, battery management, charging system products developed
Conventional	17.4	22.8	-23.8%	<ul style="list-style-type: none">• Continued switch to new technologies• US major OEMs start to electrify SUVs and pick-ups
Total Automotive	67.6	71.4	-5.3%	



Automotive segment

Regional markets

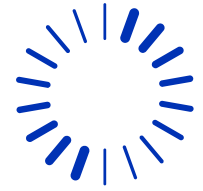


	Sales CHF m	Growth	
		FY 2019/20 vs 2018/19	Q4 2019/20 vs 2018/19
China	25.5	-23.4%	-43.7%
Europe	5.6	+29.6%	+21.4%
North America	11.3	-22.6%	-14.1%
RoW	25.2	+31.1%	+14.4%
Total	67.6	-5.3%*	-13.6%

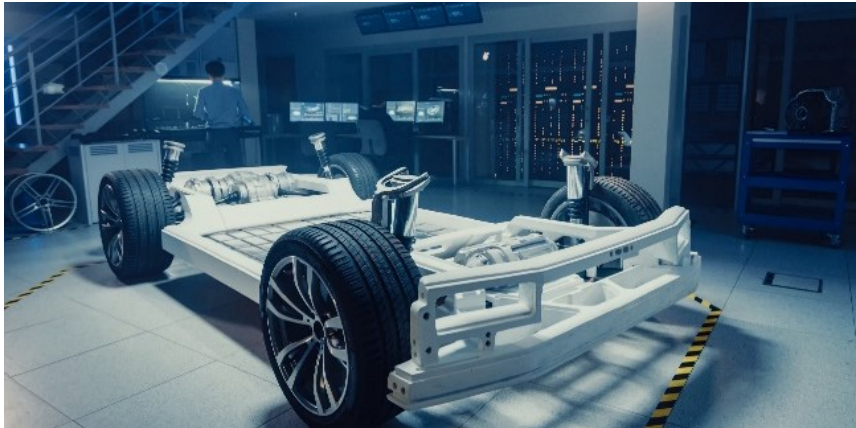
* -3.9% at constant currency rates

- Green car business accounts for 74.3% (up from 68.1%)
- China impacted short-term by government policies
- European manufacturers drive sales from Korean and Japanese suppliers

Automotive next generation products



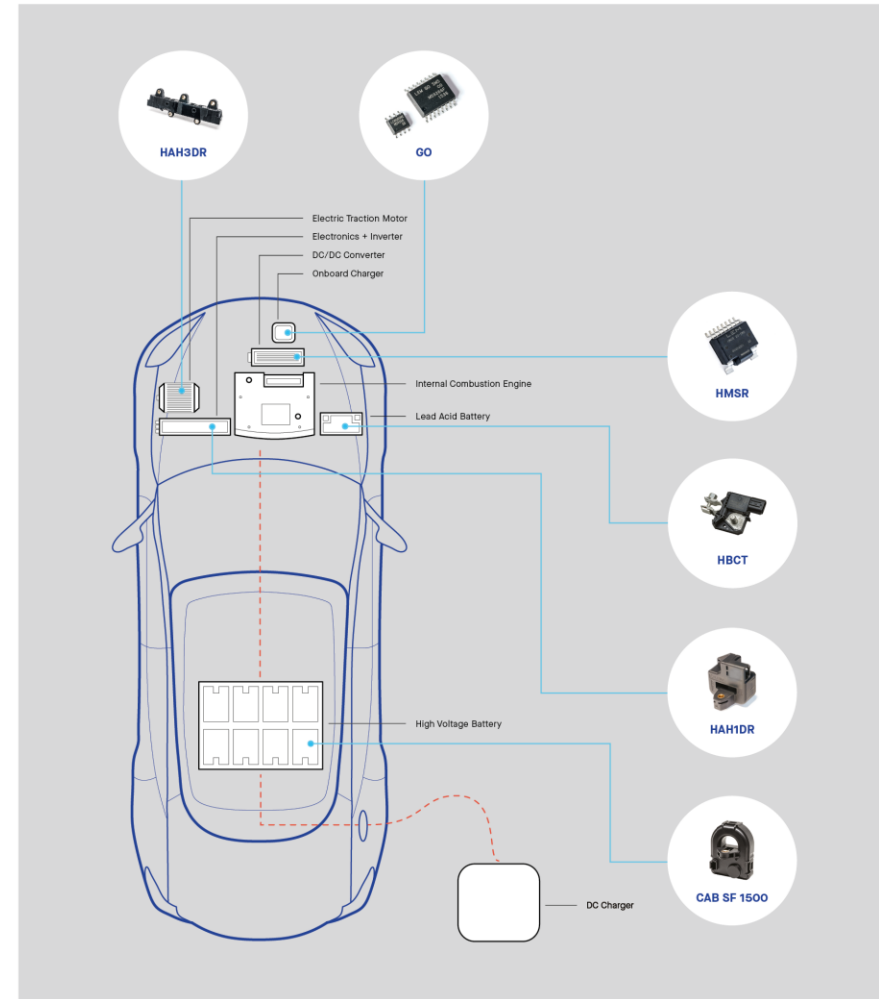
Battery management



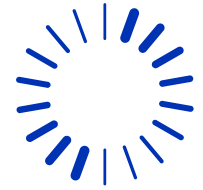
CAB SF 500



CAB SF 1500



Auto sector transformation



- Three drivers for OEMs and suppliers
 - Electrification
 - Connectivity/Autonomous Driving
 - Mobility as a Service

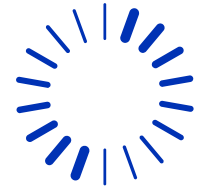
- Linear long-life mechanical platforms need to change to continuous agile product development

- Creativity, innovation, speed, software, and functional safety

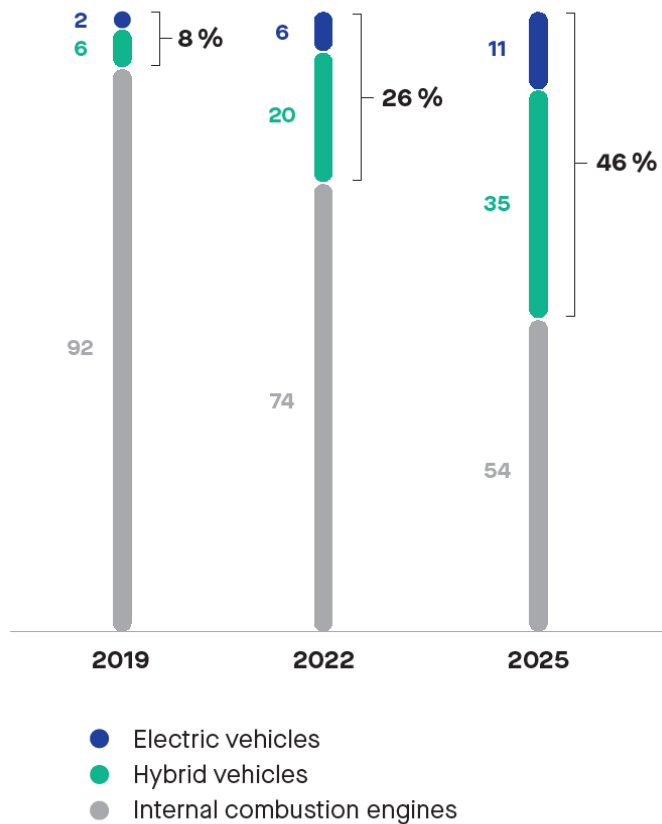
- Clear winners & losers, with new entrants

- Covid-19 accelerates investment & adoption of EVs in long-term

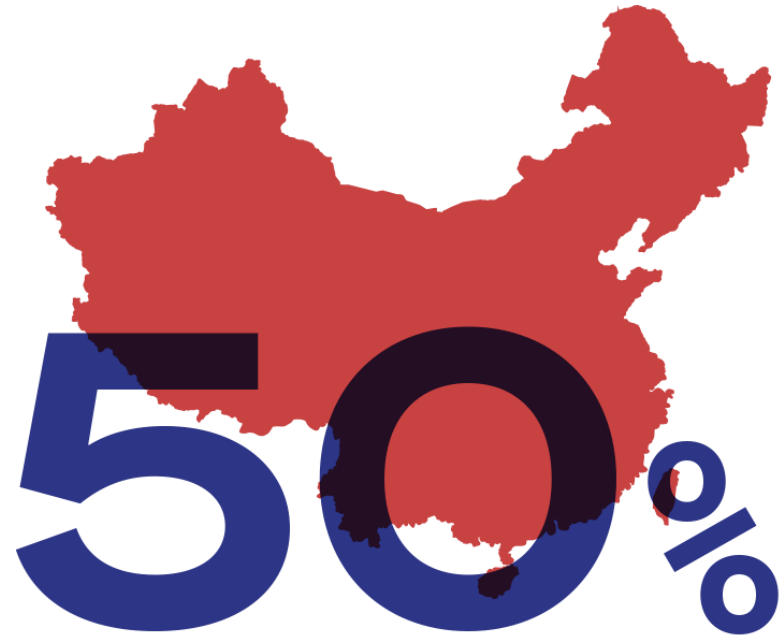
Auto sector transformation



New car production – propulsion share



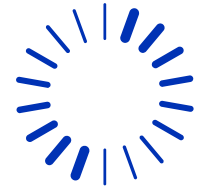
Source: IHS Markit, 2019



“China will play a major role in the electrification of the automotive market, representing 50 % of the annual EV/PHEV car production by 2028.”

Source: Bloomberg NEF

Agenda



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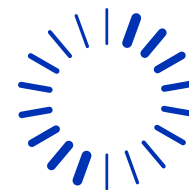
Outlook

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Performance at a glance

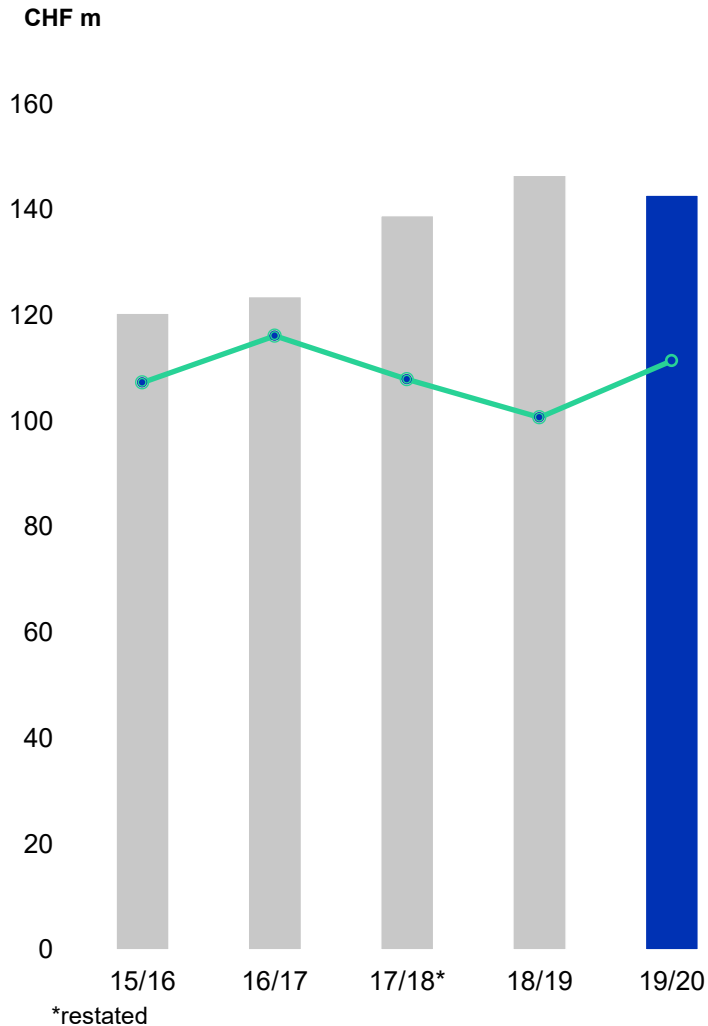
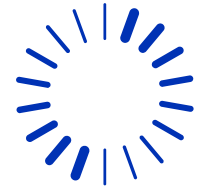


CHF m	FY 2019/20	FY 2019/20 vs 2018/19	Q4 2019/20 vs 2018/19
Orders received	322.4	+0.6%	-1.2%
Sales	307.9	-4.2%*	-5.7%
EBIT	58.3	-10.0%	-15.0%
Net profit	60.7	+15.9%	-35.2%

* -1.9% at constant currency rates

- Sales down only 1.9% constant currencies, benefit of diverse footprint
- Profitability stable, with vigilance over SG&A costs
- Underlying EBIT margin 19.6% in line with guidance
- Record net profit 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

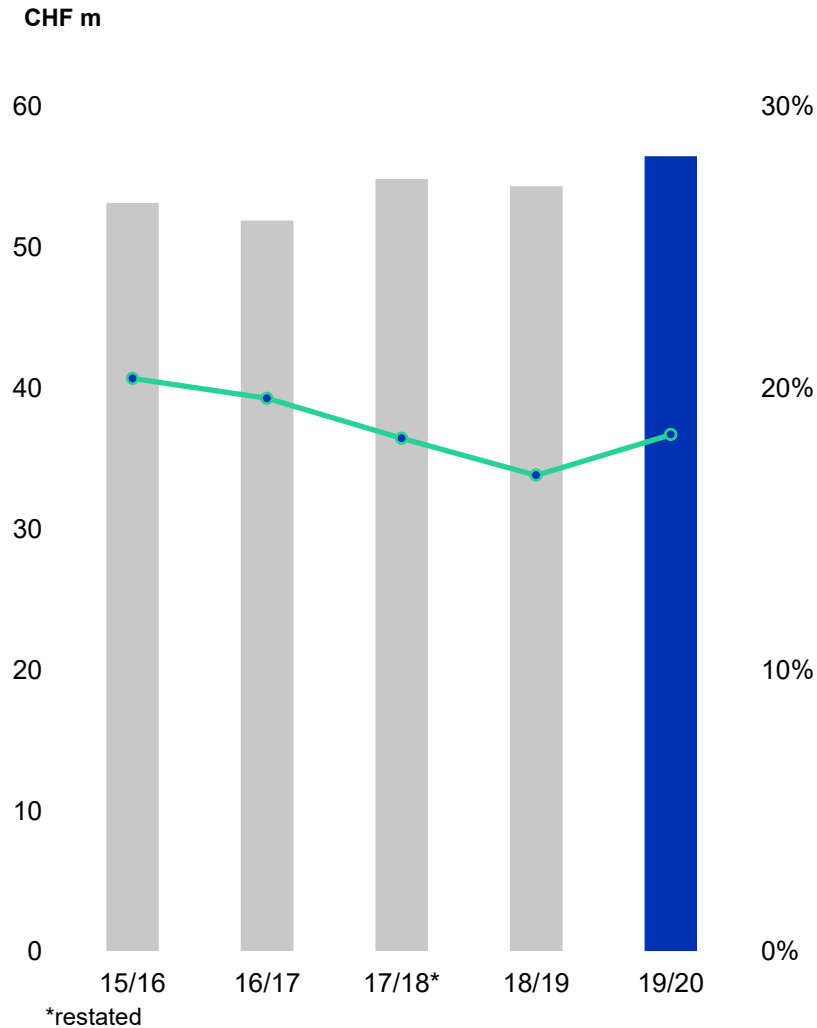
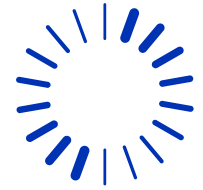
Gross margin



	FY	FY	Q4	Q4
	2019/20	2018/19	2019/20	2018/19
In CHF m	142.7	146.5	31.9	32.8
In % of sales	46.4%	45.6%	44.2%	42.8%

Gross margin up by 80 basis pts:

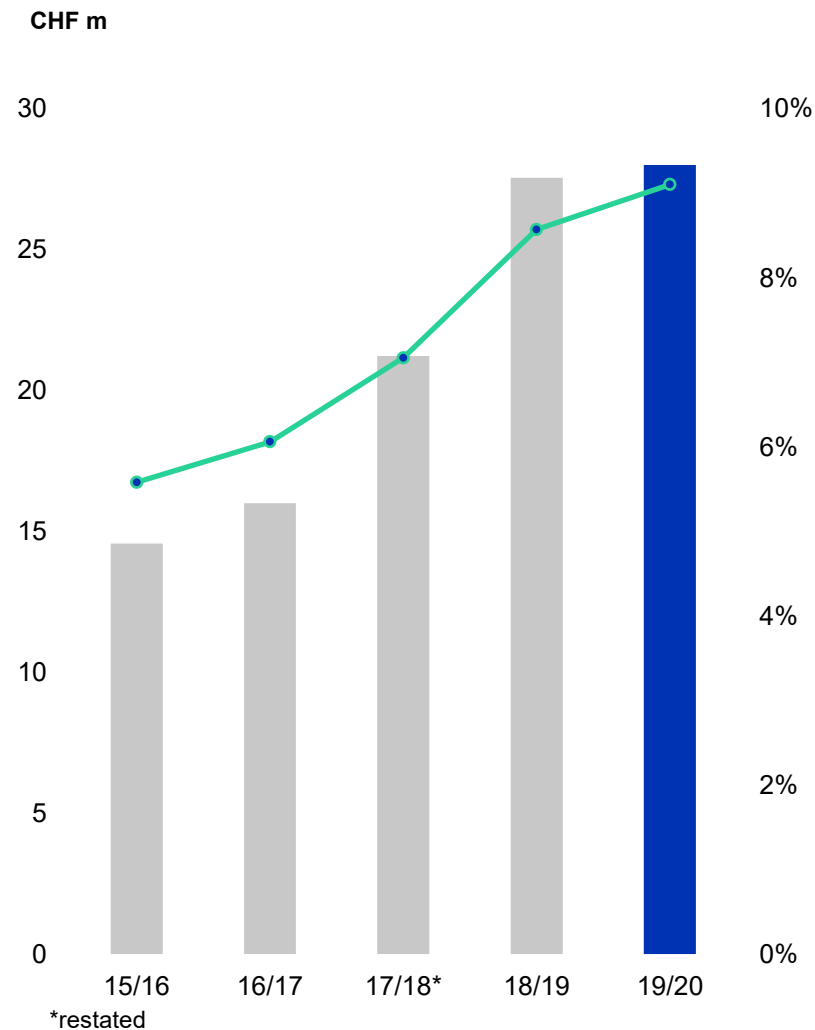
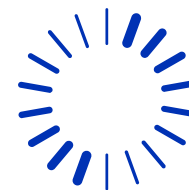
- Efficiency gains in both material and labour
- 79% of sales produced in China and Bulgaria
- Set up of a non recurrent inventory provision (CHF 1.3m) for Automotive ASICS in Q4 2019/20



	FY	FY	Q4	Q4
	2019/20	2018/19	2019/20	2018/19
In CHF m	56.5	54.4	13.8	11.5
In % of sales	18.3%	16.9%	19.2%	15.1%

- Remained vigilant with overheads
- Non-recurring positive items 2018/19
- Non-recurring negative items 2019/20
- Like-for-like decrease CHF 2.0m

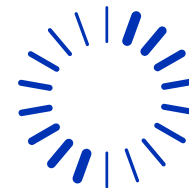
R&D



	FY	FY	Q4	Q4
	2019/20	2018/19	2019/20	2018/19
In CHF m	28.0	27.6	6.1	7.3
In % of sales	9.1%	8.6%	8.5%	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

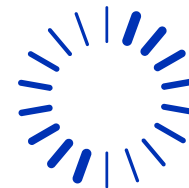
Financial expense



CHF m	FY 2019/20	FY 2018/19	Q4 2019/20	Q4 2018/19
Exchange effect	(2.4)	(2.5)	(1.5)	(1.1)
Other financial expense & income	(0.3)	(0.0)	(0.1)	0.0
Total	(2.7)	(2.5)	(1.6)	(1.1)

- Negative exchange effect of CHF -2.4 million mainly caused by losses on EUR and USD
- Following IFRS 16 implementation, interest costs of financial leases are included (CHF 0.3m)
- Interests costs on 3rd party financing amount to CHF 0.1m only

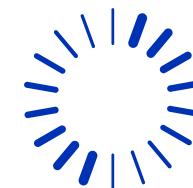
Income taxes



%	FY 2019/20	FY 2018/19
Expected income tax rate	15.8	15.0
Expected withholding tax rate	1.0	1.6
Expected tax rate	16.8	16.6
Other differences	(25.9)	(0.8)
Effective tax rate	(9.1)	15.9

- 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 tax rate was 17.0%, in line with our expectations

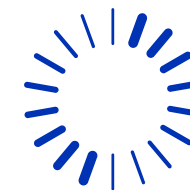
Income statement



CHF m	FY	FY	Change	Q4	Q4
	2019/20	2018/19		2019/20	2018/19
Sales	307.9	321.6	-4.2%	72.2	76.5
Gross margin %	46.4%	45.6%	+0.8%pt	44.2%	42.8%
Operating expenses	(84.4)	(81.7)	+3.3%	(19.9)	(18.7)
EBIT	58.3	64.8	-10.0%	11.9	14.0
EBIT margin %	18.9%	20.1%	-1.2%pt	16.5%	18.3%
Net financial expenses	(2.7)	(2.5)	+5.9%	(1.6)	(1.1)
Income tax	5.1	(9.9)	N/A	(1.7)	0.4
Net profit	60.7	52.4	+15.9%	8.7	13.4
Net profit margin %	19.7%	16.3%	+3.4%pt	12.0%	17.5%

- Excluding the effect from the IP sale, the net profit would have decreased to CHF 46.7m, and the net margin declined to 15.2% compared to FY 2018/19

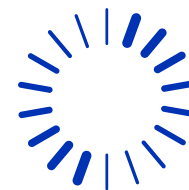
Balance sheet



CHF m	31.3.2020	31.3.2019
Net working capital	7.2	56.2
Fixed assets	114.9	61.9
Noncurrent liabilities	(15.0)	(9.5)
Net operating assets	107.1	108.6
Net cash/(debt)	10.2	4.5
Equity	117.4	113.1
Equity ratio	51.0%	60.5%
Days of sales outstanding	67	75
Days of inventory outstanding	86	92
Days of payables outstanding	43	41

- Balance sheet remains strong and is essentially debt-free
- Equity ratio dropped mainly due to deferred tax assets and new capitalisation of leases (IFRS 16)

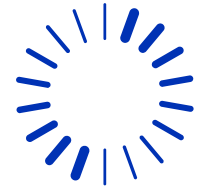
Cash flow



CHF m	FY 2019/20	FY 2018/19
Profit before taxes	55.6	62.3
Adjustment for non-cash items and taxes paid	8.1	0.1
Cash flow from changes in net working capital	9.9	(8.8)
Cash flow from operating activities	73.6	53.5
Cash flow from investing activities	(14.7)	(14.8)
Free cash flow	58.9	38.8
Cash flow from financing activities	(51.3)	(42.8)
Change in cash and cash equivalents	7.6	(4.0)
Cash and cash equivalents at the end of the period	19.2	12.5

- Cash flow from operating activities was CHF 73.6 million (+37.5%), and free cash flow was CHF 58.9 million (+51.8%)
- Better net working capital management and lower taxes paid

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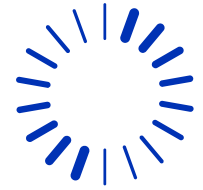
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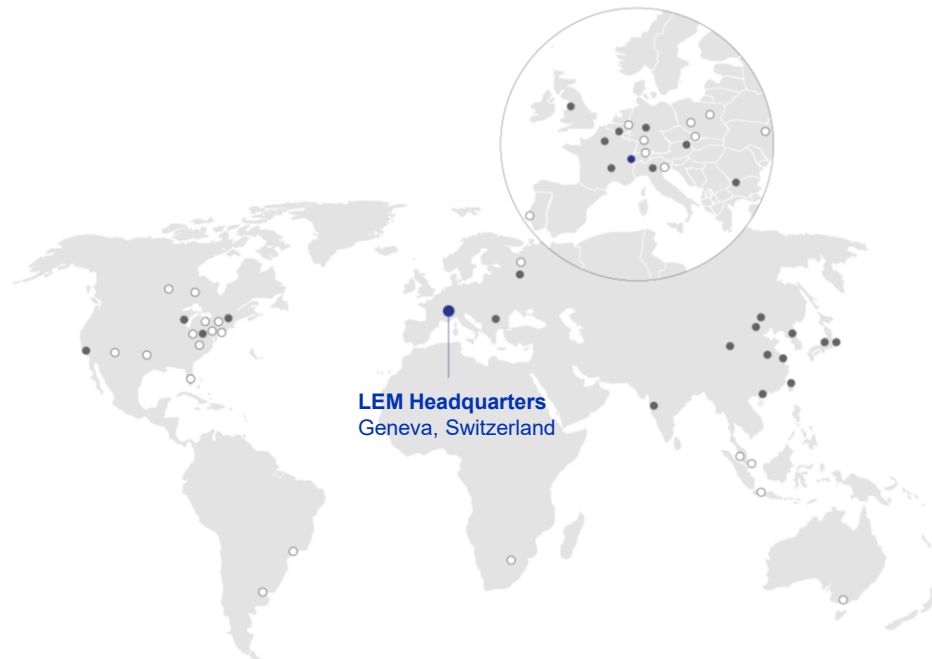
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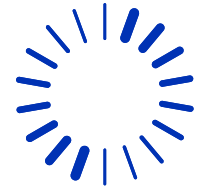
Uncertain outlook



- IMF baseline forecast -3% global GDP 2020, with aftershocks into 2022
- LEM China exports dependent on demand from other markets
- Complex global web of supply chains, little visibility until Q2
- Benefit from steady reliability and diversity across sectors and regions



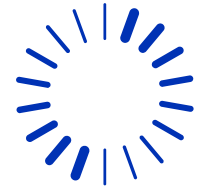
Uncertain outlook



- Robust margins, strong balance sheet, healthy cash flow
- Continued investment in R&D, leveraging new technologies in electric powertrains, smarter sensors, DC metering and charging systems
- Make LEM more agile, increase speed of execution and reduce time to market

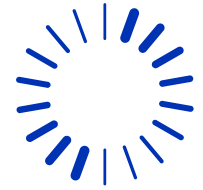
- Focus on matters under own control, ensuring efficiency
- Covid-19 will mean certain drivers for short-term prospects are out of our hands

Accelerating the organization



- Increasing LEM's speed and agility
- Talent and capability development
- Decentralization
- Leadership and empowerment
- Communications and branding

Accelerating the organization

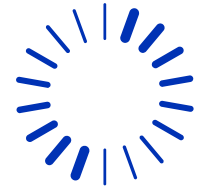


New HQ in Meyrin, Geneva, 2021

- Stronger focus on strategy, standards, innovation, and global sites coordination
- Building appropriate for modern organizational roles & technologies

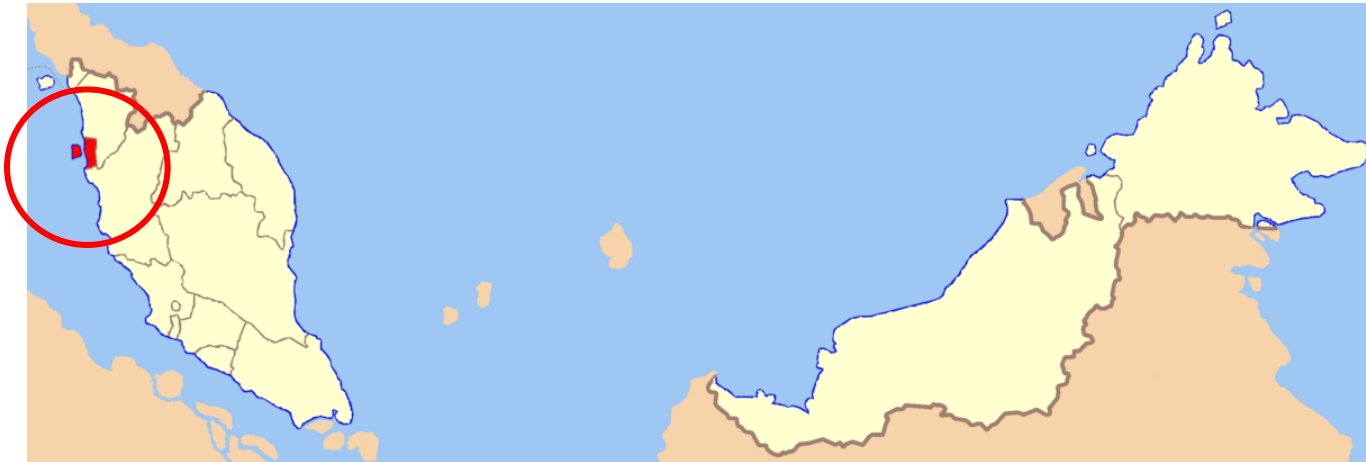


Accelerating the organization

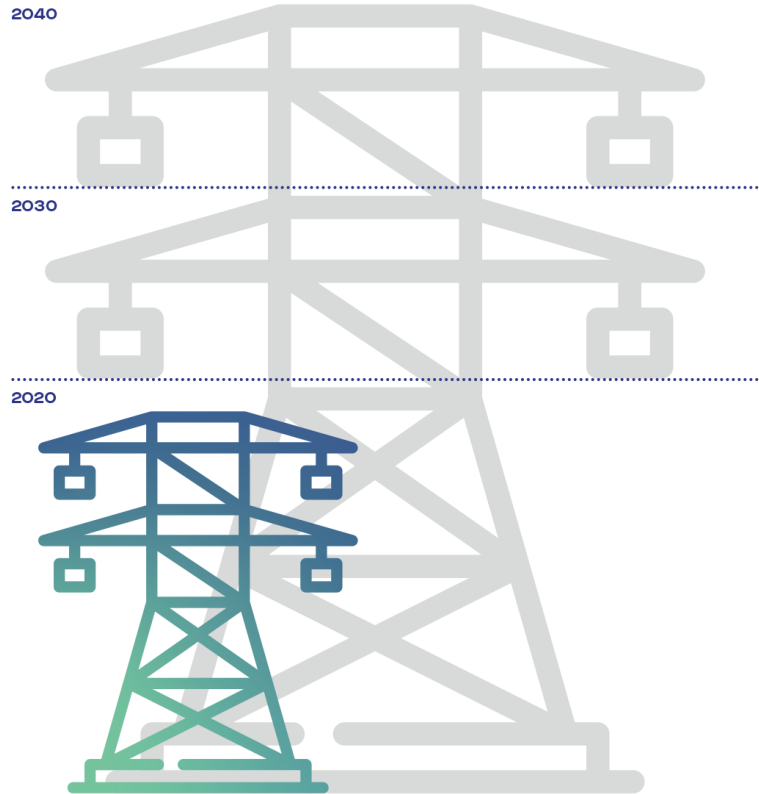
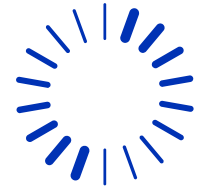


New plant in Malaysia

- New production facility of 5-10,000 sqm in Penang, Malaysia
- To meet growing demand from both industry and automotive clients worldwide; de-risk supply chain; enhance competences
- Expected to open in fiscal year 2021/22, investment of CHF 5-10m



Mega trends drive long-term growth



“Due to a rising global population, the rising use of electronic devices, and urbanization, global electricity production will need to rise by about 50-60 % by 2040.”

Source: International Energy Agency, World Energy Outlook 2017

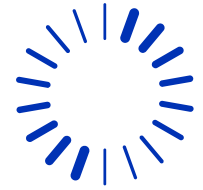
Mega trends drive demand for electrical sensors:

- renewable energy
- reliable energy
- distributed energy
- mobility
- automation
- digitization

Far from being a mature market, the current sensing products are undergoing significant mutations, driven by new applications and technologies.

Based on IHS Markit data and our analysis, the current sensor market is expected to grow from about CHF 2.4 billion in 2019 to CHF 3.9 billion in 2025.

R&D focus



Three main trends drive our investments

- > electrification
- > forward integration
- > miniaturization

Technical focus

- > battery management systems, integrated current sensors
- > embedded software, added functionalities
- > increased knowledge on semiconductor packaging, supply chain and testing
- > launched ten products 2019/20
 - digital integrator product for smart grid
 - semi-conductor product for solar inverters and robotics
 - new DC meter for electric vehicle fast charging stations

Agenda



Opening Remarks

Frank Rehfeld

Business Performance

Frank Rehfeld

Financial Results

Andrea Borla

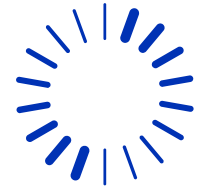
Outlook

Frank Rehfeld

Proposal to Shareholders

Andreas Hürlimann

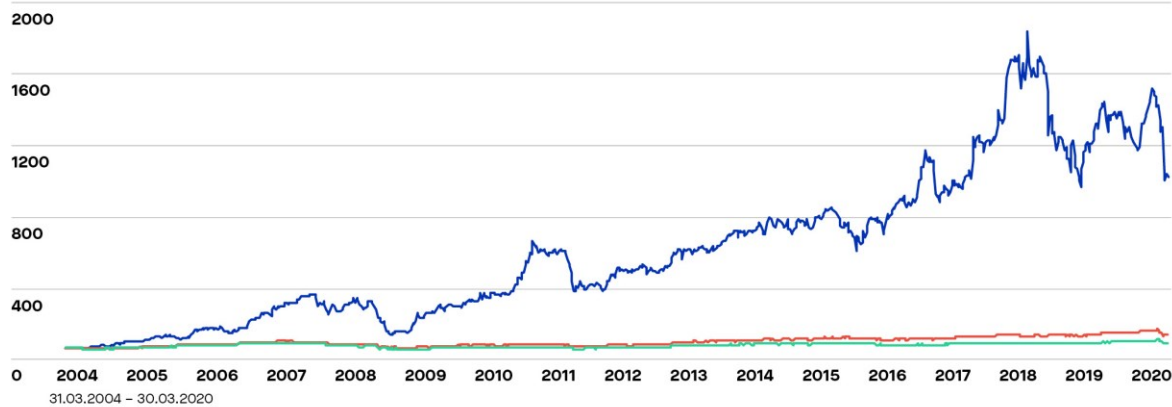
The long-term view



- Share price development (31.03.2004 – 31.03.2020)

Share price development LEM HOLDING SA (LEHN) compared to SMI and SPIEXX

in CHF

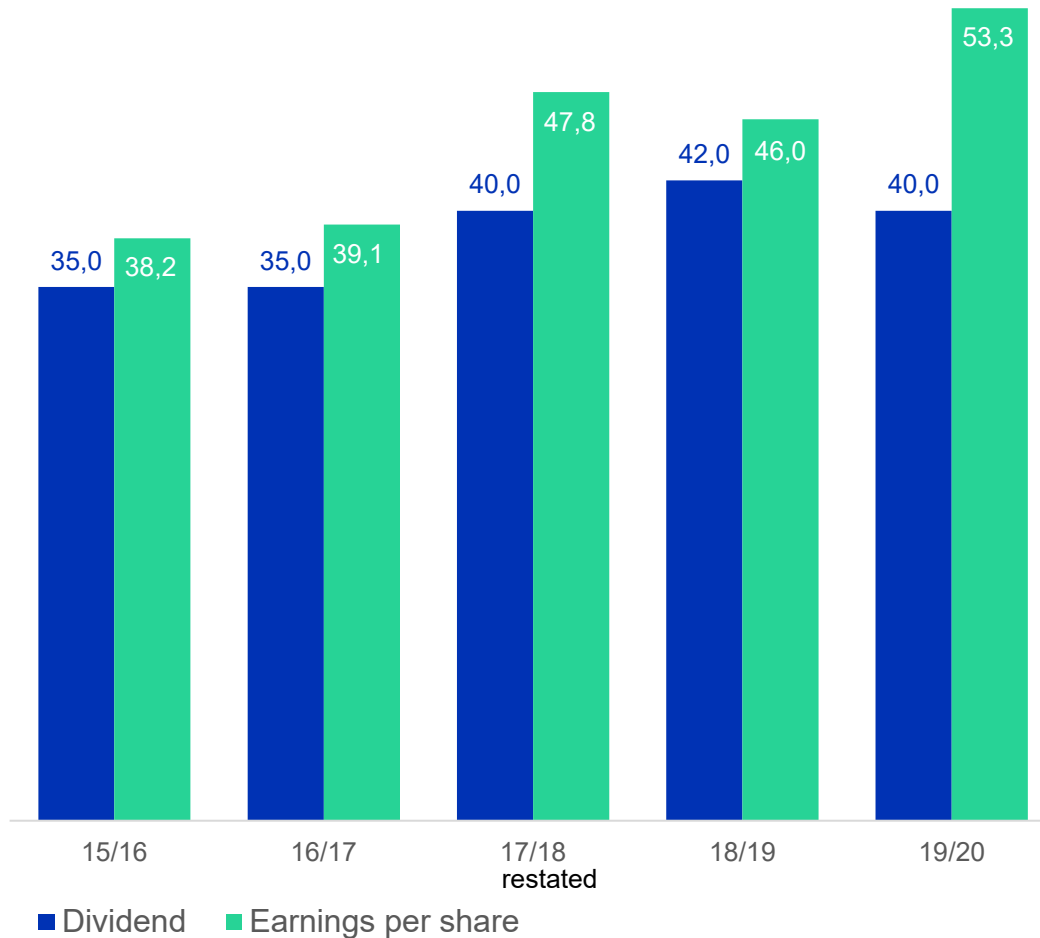
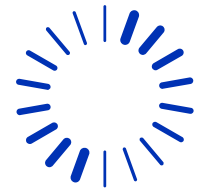


Source: www.six-group.com

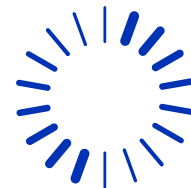
- LEHN
- SMI
- SPIEXX

- Distributed dividends since 2004/05: CHF 436m

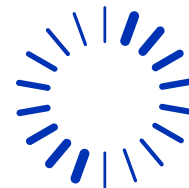
Proposal to shareholders



- Dividend policy of distributing significantly more than 50% of consolidated net profit
- Consideration of financial strength and difficult economic environment
- Proposed ordinary dividend of CHF 40 per share, down from CHF 42
- Payout ratio of 75.1%, down from 91.4%
- Represents a dividend yield of 3.8% (as per 31 March 2020)
- Sign of trust in the Company's future

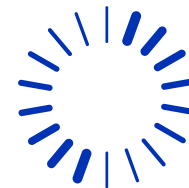


Thank you



Q&A

Financial calendar and contact details



The financial year runs from 1 April to 31 March

9 June 2020	Annual General Meeting 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
4 February 2021	Third-quarter results 2020/21
19 May 2021	Year-end results 2020/21
24 June 2021	Annual General Meeting 2020/21
1 July 2021	Dividend ex-date
6 July 2021	Dividend payment date

For further information

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E-mail: investor@lem.com



life
energy
motion