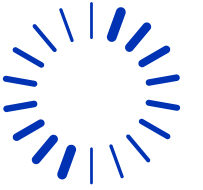


Half Year Results 2021/22

1 April 2021 to 30 September 2021



Agenda



Opening Remarks

Frank Rehfeld

Business Performance

Frank Rehfeld

Financial Results

Andrea Borla

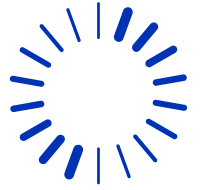
Outlook

Frank Rehfeld

life
energy
motion



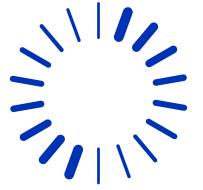
Strong momentum despite supply chain issues



- › Strong start into the year has continued through Q2, benefitting from the diversity of business across sectors and regions and leading to record sales and profitability in the first semester
 - › Demand and investment confidence particularly evident in Drives and Renewable Energy businesses
 - › Rollout of DC meter boosted Renewable Energy business: new electric vehicle charging infrastructure gets established across Europe
 - › Pace of electrification is driving the good performance of Automotive segment
- › Material shortages, such as packaging, plastics, resistors, transistors, and amplifiers
- › Biggest challenge for many sectors is semiconductors
 - › Wafer manufacturing – geopolitical risks, long term capital investment
 - › Processing/cutting/testing/packaging – Covid restrictions South East Asia
- › Challenges are reflected in our global bookings which improved for the 5th consecutive quarter

Global manufacturing

Upturn remains constrained by supply chain disruptions and input shortages



J.P.Morgan Global Manufacturing PMI™

sa, >50 = improvement since previous month

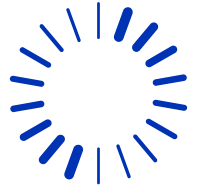


Sources: J.P.Morgan, IHS Markit.

- Manufacturing production and new orders both rose for the 15th successive month in September 2021
- Efforts to raise production further were stymied by severe supply-chain and logistic disruptions
- The past 6 months have seen supplier lead times lengthen to the greatest extent in the survey history

Semiconductors shortages

Impact on LEM businesses is varied



Industry segment

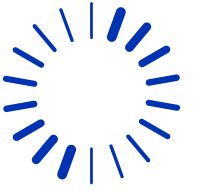
- › Drives and Renewable Energy
 - › Limited choice of suppliers
 - › Supplier costs passed through to customers
- › Large product portfolio gives choice and options for customers
- › Market leadership, quality + reliability premium
- › Long-term relationships, collaborative solutions with key customers
 - › Weekly meetings
 - › Transparency, allocation
 - › Designed-in products
 - › Commitment to orders over longer time frame

Automotive segment

- › Whole sector impacted – OEMs, Tier 1 suppliers, subcontractors
- › Battery Management is most affected
 - › Microcontrollers critical component
 - › Designed-in, highly complex
 - › Difficult to switch suppliers – up to 2 years validation process
- › Motor control – some choice of suppliers
- › Customers
 - › All in the same situation
 - › All wanting to grow, but hampered by this bottleneck
 - › Commitment to orders over longer time frame

Supply chain prognosis

LEM reliability and agility to find solutions

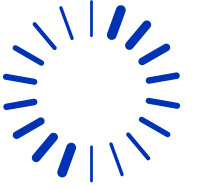


- › Continue to trouble-shoot and find alternatives
- › Continue to collaborate with customers and suppliers for long-term solutions

- › Further develop semiconductor capabilities over the coming 3 years
 - › Design, Packaging, Testing
- › Ultimate bottleneck for all players is wafer manufacturing capacity

- › Demand is strong across all our businesses
 - › We invest into further production capacity
- › Sales growth hampered throughout 2022

Agenda



Opening Remarks

Frank Rehfeld

Business Performance

Frank Rehfeld

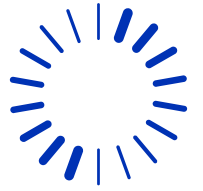
Financial Results




Andrea Borla

Outlook

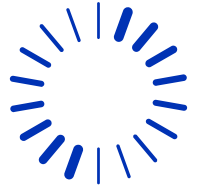
Frank Rehfeld

A leading company in electrical measurement

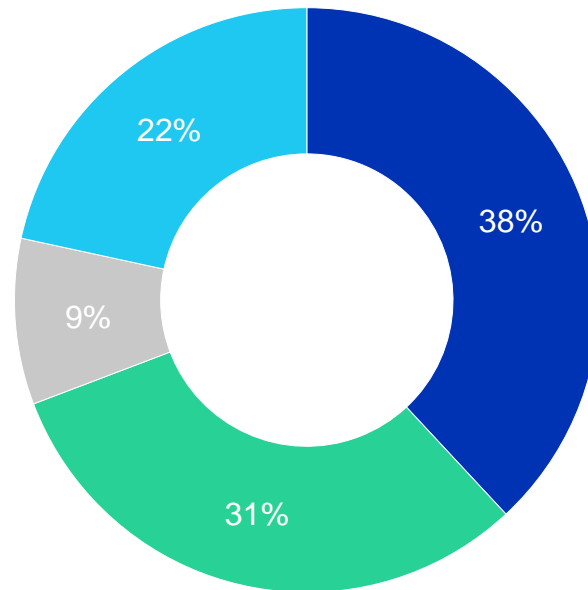


Core applications	Motor Drives			Power Storage, Generation, Conversion			Energy Measurement	
								
Segments	Automotive			Industry				
	Motor control	Battery management	Charging systems	Drives & Welding	Renewable energies	Traction	High-Precision	
H1 2021/22 Sales CHF m	40.1			143.6				
Δ CHF	+27.3%			+27.5%				
Δ constant currency	+25.4%			+25.4%				

Global sales spread



- > China and Europe increased their share
- > Balanced exposure
- > Close to customers on the ground in all key markets



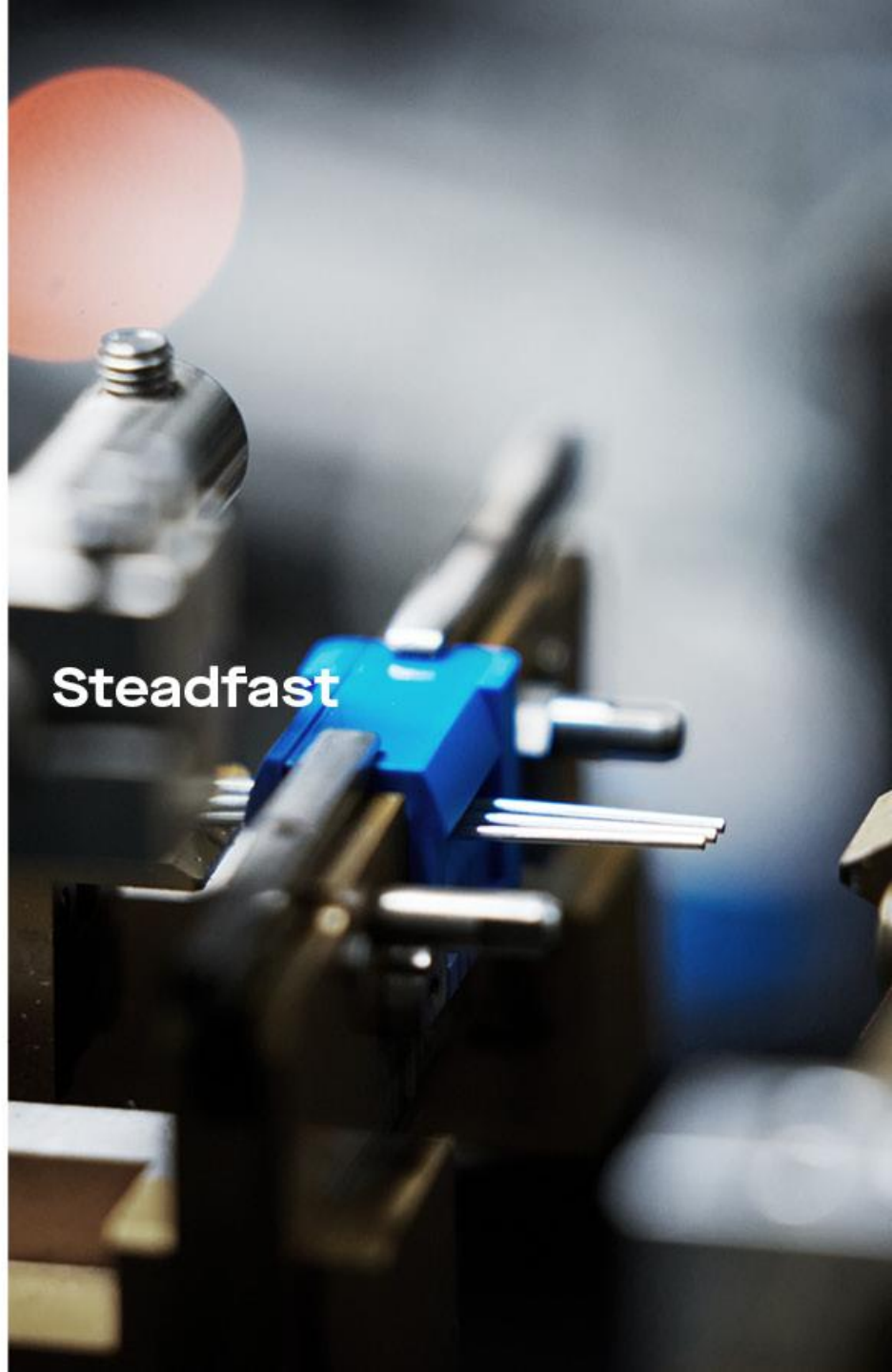
	Sales CHF m	Growth	
		HY 21/22 vs 20/21	Q2 21/22 vs 20/21
China	69.9	+29.0%	+27.9%
Europe	57.2	+33.9%	+36.5%
North America	16.9	+19.0%	+23.2%
RoW	39.7	+20.3%	+26.4%
Total	183.7	+27.5%*	+29.6%

* +25.4% at constant currency rates



Industry segment performance

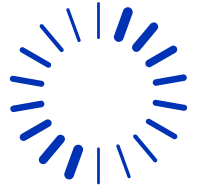
Powerful



Steadfast

Industry segment

Sales performance

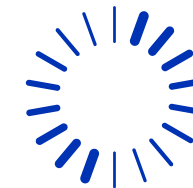


CHF m

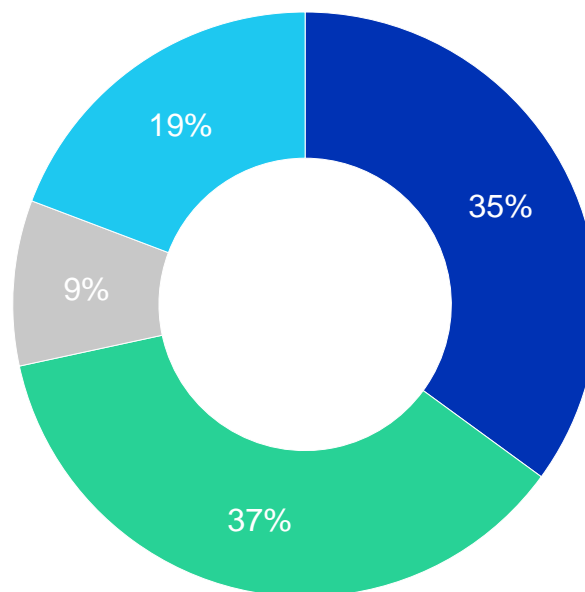
Businesses	2021/22	2020/21	Change	Comments
Drives	65.4	46.8	+39.8%	<ul style="list-style-type: none">• Growth in multiple industrial and consumer sectors• Manufacturing capacity investment in semiconductors
Renewable Energy	52.1	41.4	+26.1%	<ul style="list-style-type: none">• China solar driven by infrastructure• Europe boosted by DC meter
Traction	21.4	20.8	+3.1%	<ul style="list-style-type: none">• Rail traffic first signs of recovery
High precision	4.6	3.7	+25.4%	<ul style="list-style-type: none">• Demand for test and measurement products picked up
Total Industry	143.6	112.6	+27.5%	

Industry segment

Regional markets



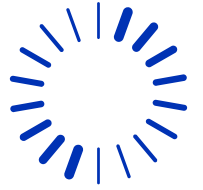
- > All regions benefit from return of investment confidence and customer demand
- > Europe recovered from lowest point last year and regained status as largest market



	Sales CHF m	Growth	
		HY 21/22 vs 20/21	Q2 21/22 vs 20/21
China	50.3	+20.3%	+23.9%
Europe	52.5	+34.4%	+40.4%
North America	13.1	+20.9%	+32.7%
RoW	27.6	+32.7%	+39.6%
Total	143.6	+27.5%*	+33.4%

* +25.4% at constant currency rates

Industry next generation products



Drives



Renewables



Traction



Smart Grid



IN-200



HOB



LWSR



CDSR



HTRS



ARH

Automotive segment performance



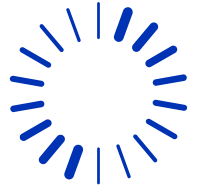
Dynamism

Persistence



Automotive segment

Sales performance



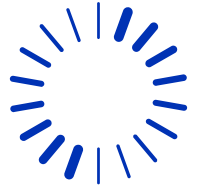
CHF m

Businesses	2021/22	2020/21	Change	Comments
Battery Management	20.7	18.9	+9.5%	<ul style="list-style-type: none">• Supply chain bottlenecks• Significant drop in US 12V demand
Motor Control	17.5	11.3	+54.8%	<ul style="list-style-type: none">• Strong demand spurred by EV cars
Charging Systems	1.9	1.3	+49.0%	<ul style="list-style-type: none">• Continued momentum for battery electric and hybrid vehicles
Total Automotive	40.1	31.5	+27.3%	

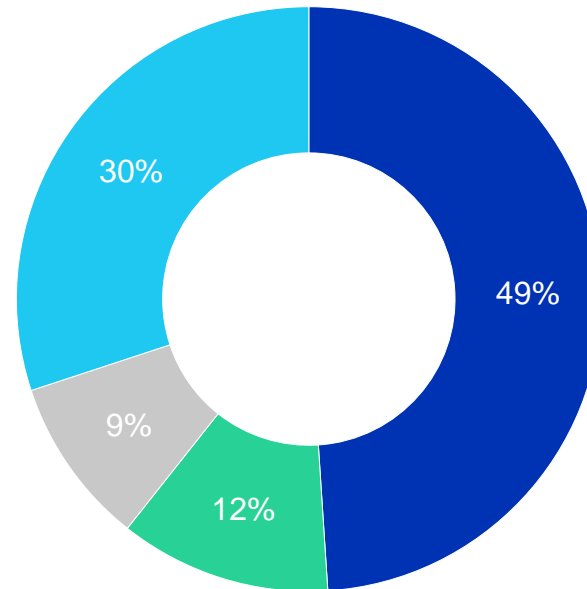
- › Our products have been designed in for several EVs which entered production in 2020
- › Sales this half year would have been even stronger, except for the continued supply chain issues
- › Bookings nearly tripled compared with H1 2020/21

Automotive segment

Regional markets



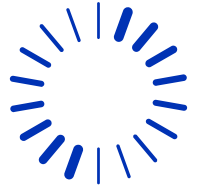
- > China sales up due to consumer demand for EVs and the launch of several new vehicles
- > Europe grew, as manufacturers produced more EVs to achieve CO₂ emissions targets
- > North America with positive growth, but still transitioning to green cars at a slower pace
- > RoW declined slightly by 1.0% due to shortages of semiconductors and higher sales base last year



	Sales CHF m	Growth	
		HY 21/22 vs 20/21	Q2 21/22 vs 20/21
China	19.6	+58.7%	+38.8%
Europe	4.7	+28.4%	+5.5%
North America	3.7	+12.7%	+0.5%
RoW	12.0	-1.0%	+2.9%
Total	40.1	+27.3%*	+17.7%

* +25.4% at constant currency rates

Automotive next generation products



Battery management



HSBBV

Motor control



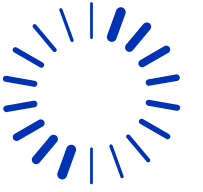
HST

Charging systems



CDT Series

Agenda



Opening Remarks

Frank Rehfeld

Business Performance

Frank Rehfeld

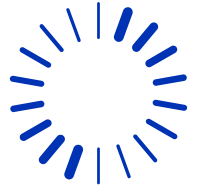
Financial Results

Andrea Borla

Outlook

Frank Rehfeld

Performance at a glance

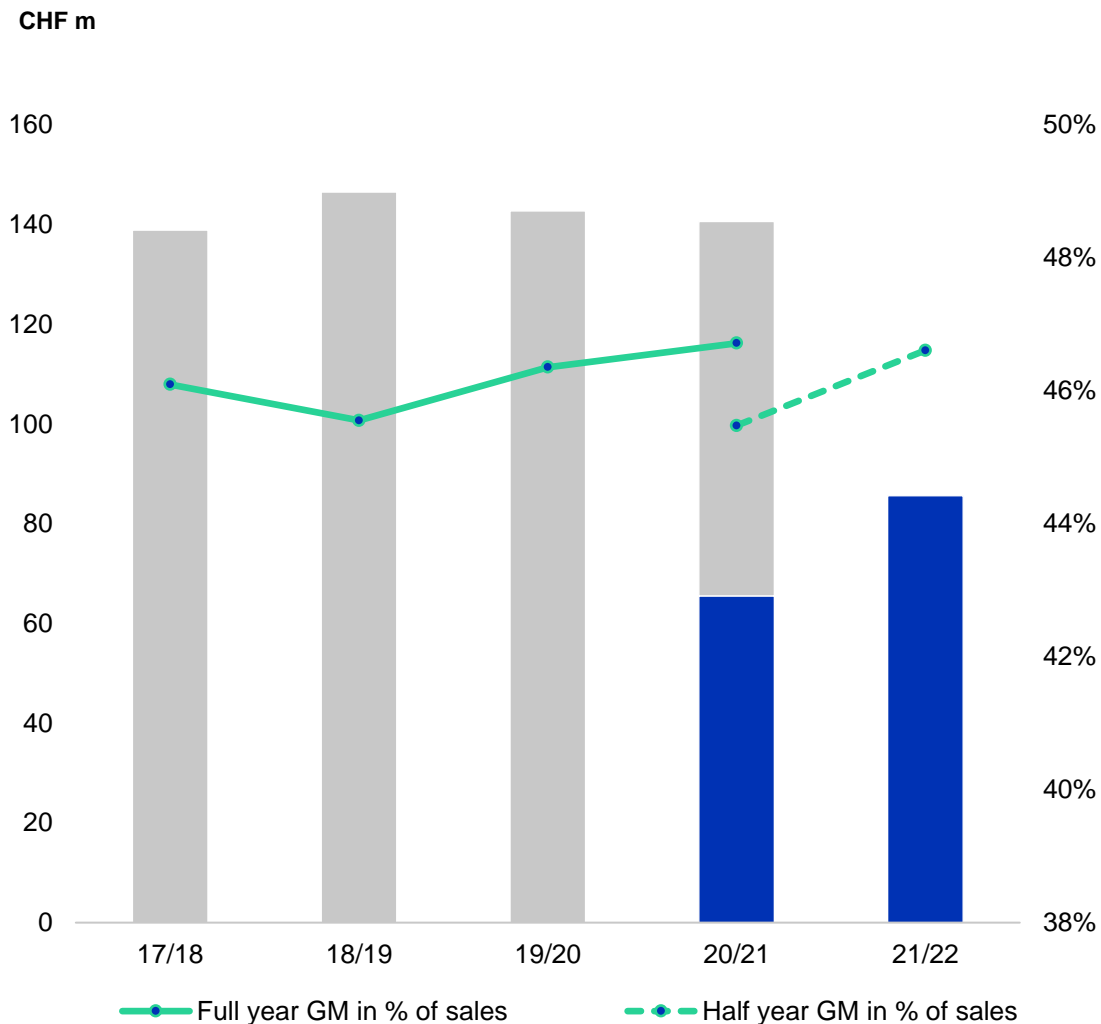
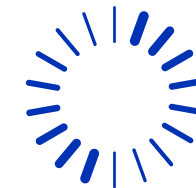


CHF m	HY 2021/22	HY 21/22 vs 20/21	Q2 21/22 vs 20/21
Orders received	300.2	+121.8%	+102.7%
Sales	183.7	+27.5%*	+29.6%
EBIT	42.1	+48.6%	+38.9%
Net profit	35.2	+50.4%	+45.9%

* +25.4% at constant currency rates

- › Global orders improved for the 5th consecutive quarter
- › Sales at constant exchange rates improved by 25.4%
- › EBIT and net profit improved mainly due to the increase in revenue

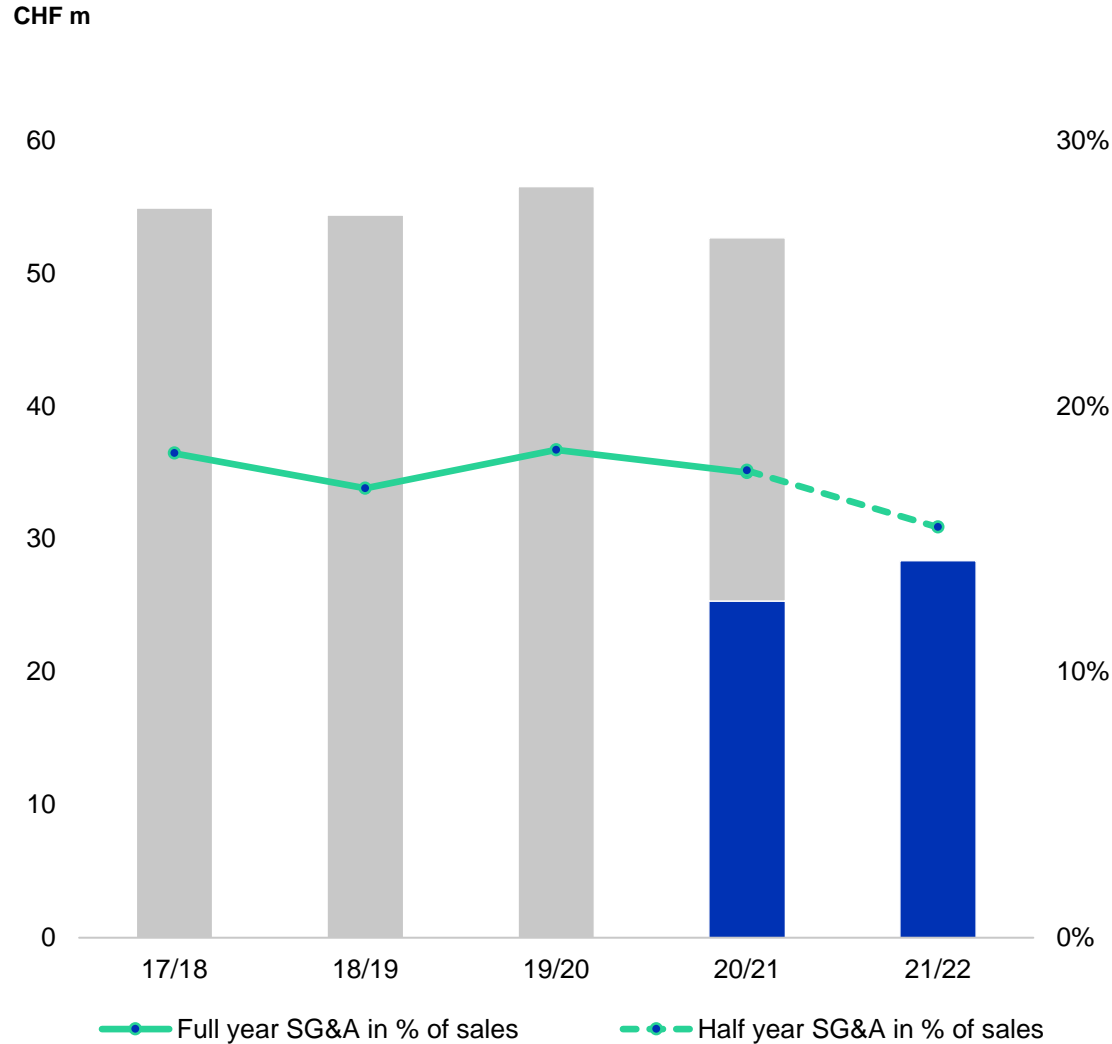
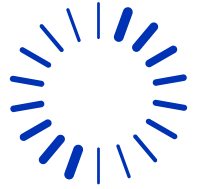
Gross margin



	HY 2021/22	HY 2020/21	Q2 2021/22	Q2 2020/21
In CHF m	85.6	65.5	42.9	32.5
In % of sales	46.6%	45.5%	47.5%	46.5%

Gross margin increased by 110 basis pts:

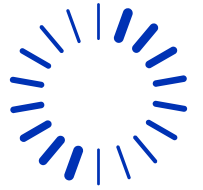
- > Higher sales volumes
- > Ongoing efficiency programs
- > 80% of sales produced in China and Bulgaria



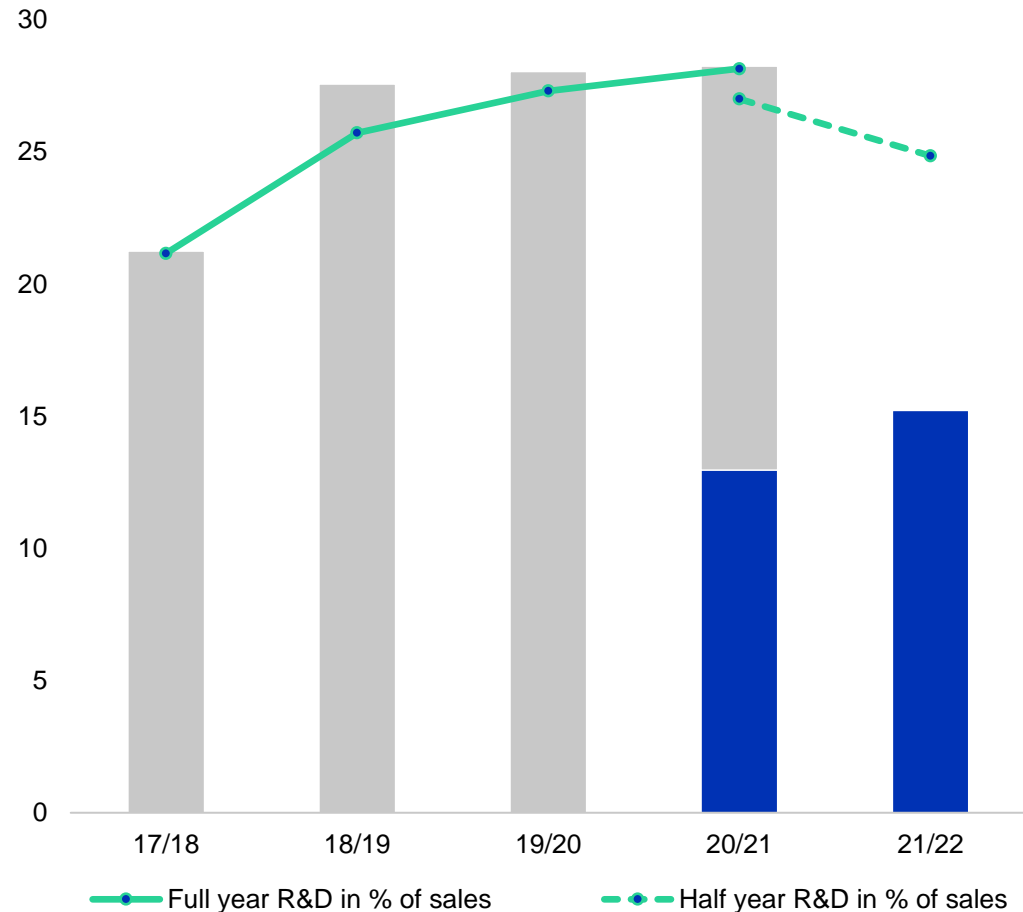
	HY 2021/22	HY 2020/21	Q2 2021/22	Q2 2020/21
In CHF m	28.4	25.3	14.4	12.1
In % of sales	15.4%	17.6%	16.0%	17.3%

- > Costs increased in absolute terms to support extra demand
- > ... but in relative terms fell to 15.4% of sales

R&D



CHF m

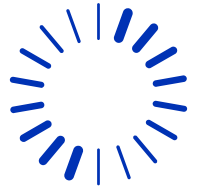


10%
8%
6%
4%
2%
0%

	HY 2021/22	HY 2020/21	Q2 2021/22	Q2 2020/21
In CHF m	15.2	13.0	7.6	6.3
In % of sales	8.3%	9.0%	8.4%	9.0%

- > R&D increased in absolute terms by 17.3%
- > Investment continues to bear fruit with additional new products launched successfully
- > Long-term strategy ensures targeted new technologies and applications for customers

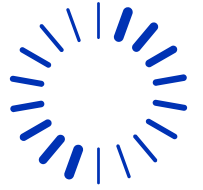
Financial expense



CHF m	HY 2021/22	HY 2020/21	Q2 2021/22	Q2 2020/21
Exchange effect	(0.3)	0.1	(0.1)	(0.1)
Other financial expense & income	(0.0)	(0.1)	(0.1)	(0.0)
Total	(0.4)	0.0	(0.2)	(0.2)

- › Limited foreign exchange impact
- › USD, EUR and JPY cash flows are hedged
- › Interest costs relate mainly to expenses on lease liabilities

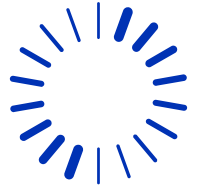
Income taxes



%	HY 2021/22	HY 2020/21
Expected income tax rate	15.1	15.5
Expected withholding tax rate	1.7	1.6
Expected tax rate	16.9	17.1
Other differences	(1.2)	0.4
Effective tax rate	15.7	17.5

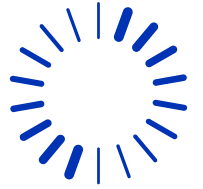
- › Effective tax rate lower due to favorable geographic profit mix and tax credits from R&D center in France
- › LEM China benefits from the HNTE (High & New-Technology Enterprise) reduced tax rate of 15%
- › Withholding taxes mainly on dividends paid from China to Switzerland

Income statement



CHF m	HY	HY	Change	Q2	Q2
	2021/22	2020/21		2021/22	2020/21
Sales	183.7	144.1	+27.5%	90.4	69.8
Gross margin %	46.6%	45.5%	+1.1%pt	47.5%	46.5%
Operating expenses	(43.5)	(37.2)	+17.0%	(22.1)	(17.4)
EBIT	42.1	28.3	+48.6%	20.9	15.0
EBIT margin %	22.9%	19.7%	+3.3%pt	23.1%	21.6%
Net financial expenses	(0.4)	0.0	n/a	(0.2)	(0.2)
Income tax	(6.6)	(5.0)	+32.2%	(2.8)	(2.6)
Net profit	35.2	23.4	+50.4%	17.9	12.3
Net profit margin %	19.2%	16.2%	+2.9%pt	19.8%	17.6%

Balance sheet

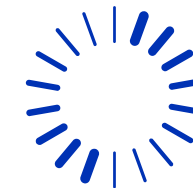


CHF m	30.9.2021	31.3.2021
Net working capital	60.5	25.8
Fixed assets	119.4	122.6
Noncurrent liabilities	(11.3)	(14.9)
Net operating assets	168.6	133.5
Net cash/(debt)	(45.4)	(1.6)
Equity	123.3	131.9
Equity ratio	44.9%	49.9%
Days of sales outstanding	72	74
Days of inventory outstanding	85	108
Days of payables outstanding	39	48

Equity ratio dropped to 45% due to the dividend payment in July 2021, but improved by 5%pts compared to 30 September 2020

Net debt increased to CHF 45.4m mainly due to the dividend financing (CHF 47.9m) and the IP tax payment (CHF 26.6m)

Cash flow

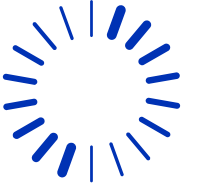


CHF m	HY 2021/22	HY 2020/21
Profit before taxes	41.7	28.4
Adjustment for non-cash items and taxes paid	(21.9)	(1.9)
Cash flow from changes in net working capital	(8.0)	(12.0)
Cash flow from operating activities	11.9	14.4
Cash flow from investing activities	(6.8)	(6.6)
Free cash flow	5.1	7.8
Cash flow from financing activities	(1.0)	(10.5)
Change in cash and cash equivalents	4.1	(2.7)
Cash and cash equivalents at the end of the period	26.7	16.4

Free cash flow:

- lower at CHF 5.1 million (CHF 7.8 million)
- impacted by a non-recurrent tax payment of CHF 26.6 million following the IP transfer completed in March 2020

Agenda



Opening Remarks

Frank Rehfeld

Business Performance

Frank Rehfeld

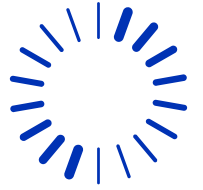
Financial Results

Andrea Borla

Outlook

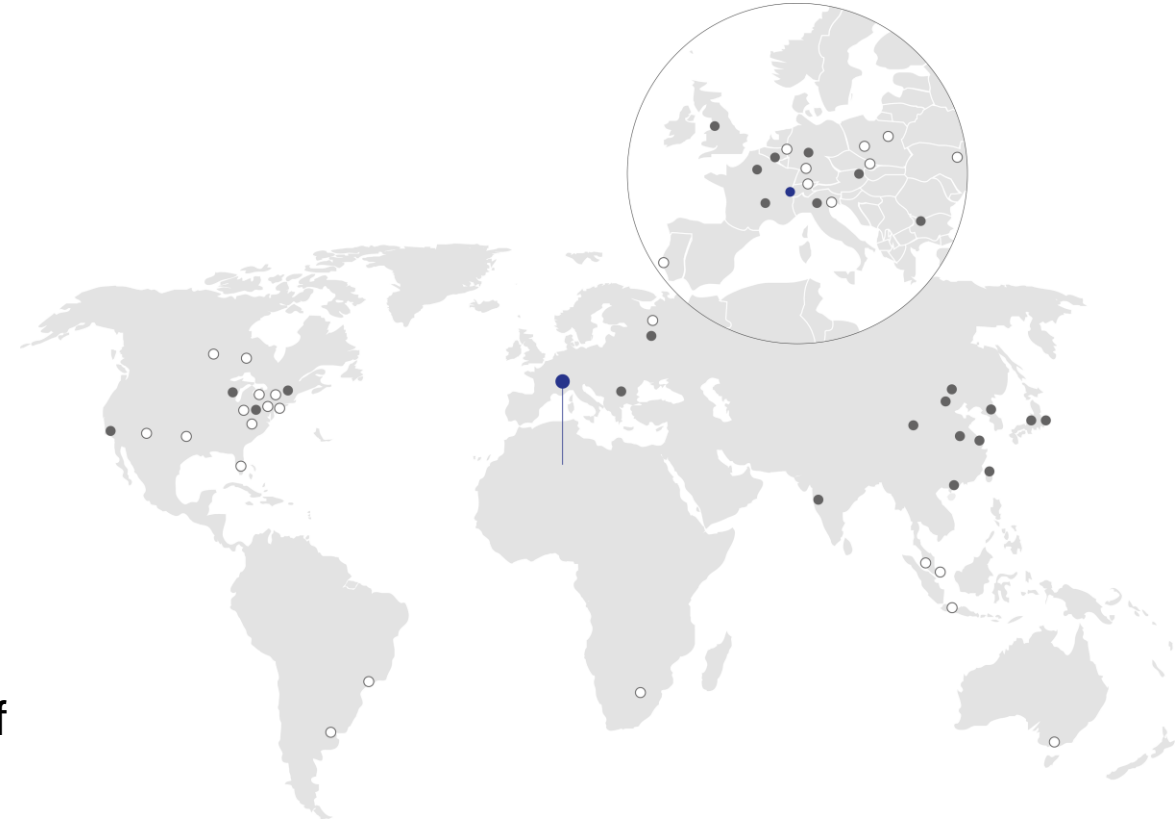
Frank Rehfeld

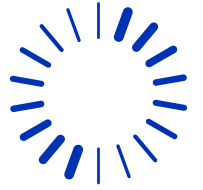
Outlook – Financial Year 2021/22



- Our businesses have demonstrated resilience in coming through the worst impacts of the pandemic
- We continue to benefit from the fundamental drivers of electrification, renewable energy and mobility
- Long term growth prospects give us great confidence

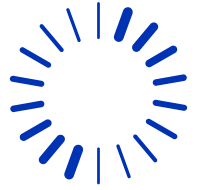
- Short term we still face headwinds from
 - shortages and supply chain issues for components such as semiconductors
 - and from the ramifications of ongoing trade disputes
- For the full FY 2021/22, we expect sales in the range of CHF 340 – 350 million (CHF 301.0 million for 2020/21), with an EBIT margin above 20%





Q&A

Financial calendar and contact details



The financial year runs from 1 April to 31 March

4 February 2022	Third-quarter results 2021/22
24 May 2022	Year-end results 2021/22
30 June 2022	Annual General Meeting FY 2021/22
5 July 2022	Dividend ex-date
7 July 2022	Dividend payment date

For further information

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E-mail: investor@lem.com



Leading the world in electrical measurement, LEM engineers the best solutions for energy and mobility, ensuring that our customers' systems are optimized, reliable and safe.