



Life Energy Motion

Ad hoc announcement pursuant to Art. 53 LR – Press release

LEM announces results for Q1 2022/23: solid sales performance, increased order book and robust profitability

Geneva, Switzerland, 28 July 2022 – LEM (SIX: LEHN), a leading global company in electrical measurement for renewable energy, automation, power network and e-mobility applications, announces first quarter results for 2022/23 (April-June) compared to 2021/22:

- Bookings increased by 8.0% to CHF 158.1 million (CHF 146.4 million)
- Sales decreased by 2.7% to CHF 90.7 million (CHF 93.3 million); at constant exchange rates, sales decreased by 2.3%
- The company benefits from a diverse global distribution of sales, led by China and EMEA:
 - China CHF 37.6 m (41.5 % of total)
 - Rest-of-Asia CHF 15.1 m (16.6 % of total)
 - EMEA CHF 28.0 m (30.8% of total)
 - Americas 10.1 m (11.1 % of total)
- R&D investments of CHF 8.5 million (CHF 7.6 million), or 9.4% of sales
- EBIT decreased by 8.2% to CHF 19.5 million (CHF 21.2 million); the EBIT margin declined to 21.5% (22.7%)
- Net profit for the period was down by 15.1% at CHF 14.7 million (CHF 17.3 million)

Frank Rehfeld, Chief Executive Officer, said: “We are pleased with our top-line and bottom-line performance this quarter, which was achieved despite the significant lockdowns in Shanghai and continued global supply chain issues. Sales improved notably in our Automotive and Energy Distribution/High Precision businesses. China performed better than expected, while the Americas is now on an upward trajectory thanks to the adoption of electric vehicles and its associated infrastructure.

We welcome Dr. Verena Vescoli who has been appointed as Chief Technology Officer and as a member of the Executive Committee with effect from 01 November. In this new role for LEM, she will drive innovation, define the technology roadmap and standards for LEM, steer the worldwide R&D organization of around 200 employees, and manage external development resources and relationships with strategic partners.”

Andrea Borla, Chief Financial Officer, remarked: “Profitability remains robust, enabling us to continue investing in talent and R&D programs. Our global order book remains very strong, as our customers continue to commit orders over longer time horizons. However, it is frustrating that we cannot fulfil many requests due to supplier constraints. This leads us to remain cautious about our sales momentum, bearing in mind the risks of further lockdowns and the prospect of a global recession.”





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Performance by businesses

in CHF millions		2022/23 Q1	2021/22 Q1	Change
Businesses	Scope			
Automation	drives, robots, tooling machines, elevators, HVAC	30.5	33.3	-8.5%
Automotive	battery (EV & CE), motor control, onboard charging	21.8	20.1	+8.4%
Renewable Energy	solar, wind	15.4	17.0	-9.2%
Energy Distribution & High Precision	charging stations, smart grid, energy storage, high precision	13.8	12.4	+11.2%
Track	trains, metro, trackside	9.3	10.5	-11.8%
Total		90.7	93.3	-2.7%

Automation

Sales were impacted negatively by continued supply chain issues, and the lockdowns in Shanghai in particular. This business is mainly driven by the manufacturing investment cycle and there is still good demand for small and medium power applications, including tooling machines and HVAC (Heating, Ventilation, and Air Conditioning) as well as end-consumer products, such as heat pumps. We continue to receive very positive feedback about our new product family of ICSs for small drives and robotics.

Automotive

The fundamental demand for EV solutions continues, and our bookings remain significantly higher than the rate at which we can deliver products. The lockdowns in Shanghai and general supply chain shortages impacted all our portfolio across battery management, motor control and charging system. New sector players in China continue to outperform the more established OEMs.

Renewable Energy

Sales were impacted negatively by continued supply chain issues, and the lockdowns in Shanghai in particular. Fundamentally the future prospects for this business are strong, due to government policies and commercial investment, with increasing concerns about dependency on fossil fuels.

Energy Distribution & High Precision

The infrastructure investment for e-mobility is driving the successful rollout of our new DC meter and we are encouraged by growing customer interest. Demand in the test and measurement sector for batteries and EVs as well as medical equipment increased sales of our High Precision sensors. Our most recent product line, the IN family, is being well received.

Track

Our Traction business, with its project-based long investment horizons, has been impacted by supply chain issues. However, the order book remains strong.



Performance by regions

in CHF millions		2022/23 Q1	2021/22 Q1	Change
Regions	Scope			
China		37.6	36.5	+3.0%
Rest-of-Asia	Japan, South-Korea, India, South-East Asia	15.1	16.7	-9.6%
EMEA	Europe, Middle East & Africa	28.0	31.7	-11.7%
Americas	NAFTA & Latin America	10.1	8.4	+19.8%
Total		90.7	93.3	-2.7%

China

Overall sales performance (+3% in reported Swiss francs) was better than expected, despite the major impact on supply chains from the Covid lockdowns in Shanghai during April and May. The EV market both domestically and for export are still forecast to grow significantly. The Renewable Energy business continues to benefit from domestic investment and from the shift to CO2 neutral policies in many countries – Chinese solar inverter companies account for 80% of global supply. The Automation business has cooled down recently. The order book is still at record levels, and the biggest challenge remains that of managing the supply chain and allocating delivered products across different customers. The risk of further lockdowns remains.

Rest-of-Asia

Supply chain problems were mainly behind the 9.6% decline in sales across the region. Japan performed well in both the Automotive and Automation businesses, although reported sales were impacted by the weak Yen. South Korea was down in the Automotive business, while India was adversely hit by supply problems for the Traction business.

EMEA

Sales were adversely impacted by supply chain issues for the Renewable Energy business and by our decision to cease all operations in Russia during April. There was also a switch in the production of our metering applications to our new headquarters in Geneva, which needed some time to ramp-up during the quarter. The DC meter product is being successfully rolled out from Germany across Western Europe.

Americas

This quarter's strong performance (+19.8%) reflects the bottoming out of the transition from the old 12V battery products to our range of products for the EV market which is beginning to accelerate. Nevertheless, we could have sold more, and remain hampered by supplier constraints. Our order book is robust, based on Automation, Renewable Energy and smart grid applications, plus we are now designed-in with several key players for the upcoming roll out of our DC meter in the US.

Profitability remains robust

Gross profit was up by 1.5% at CHF 43.3 million (CHF 42.7 million), while the gross margin improved again to 47.7%. This is 200 basis points better than in the prior year, due mainly to a better product mix and the impact of price increases.

SG&A costs were up by 9.9% to CHF 15.3 million (CHF 13.9 million) and accounted for 16.9% of sales (14.9%). This increase reflects external consulting support for several key initiatives and investments in the new headquarters in Geneva. We continue with our long-term investment in future applications and in additional talent, with R&D up in absolute terms by 12.1% to CHF 8.5 million (CHF 7.6 million), or 9.4% of sales (8.1%).





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EBIT for this quarter declined by 8.2% to CHF 19.5 million from CHF 21.2 million, mainly due to the increased SG&A costs and investment in R&D. Our reported EBIT margin was down at 21.5% compared with 22.7%.

The negative impact of foreign exchange translations on the quarter was CHF 1.0 million, up from CHF 0.2 million last year, mainly due to the Euro depreciation. The Group tax expenses of CHF 3.5 million represent a tax rate of 19.3%.

Net profit for the quarter was CHF 14.7 million, down 15.1% from CHF 17.3 million last year, reflecting the factors which drove EBIT lower. This quarter's net profit margin thereby decreased to 16.2% compared with 18.5%.

Changes in Executive Committee

We are pleased to advise the appointment of Dr. Verena Vescoli as Chief Technology Officer, who will join the company and become a member of the Executive Committee on 01 November. Verena brings over 20 years of experience in leading R&D teams across industry and academia. She previously worked for ams OSRAM AG, a global leader in optical solutions headquartered in Austria and Germany, and for AVL List GmbH, specialized in the development, simulation and testing of powertrain systems. Dr. Vescoli holds a Ph.D. in Solid State Physics from ETH Zürich, a Master of Science in Physics from the University of Franche-Comté, France, and a Bachelor of Science in Physics from Karl Franzens University and Technical University of Graz, Austria.

It is with regret that we announce the departure of Rebecca Cullinan from LEM at the end of September. Rebecca held the role of Senior Vice President Industry from 2019 to 2022 and more recently that of SVP Asia and Operations. We wish her well in her new endeavours. In the ad-interim her responsibilities on the Executive Committee will be shared by Andrea Borla and Rodolphe Boschet.

Financial calendar

The financial year runs from 1 April to 31 March

8 November 2022	Half year results 2022/23 and Capital Markets Day at new HQ in Geneva
6 February 2023	9 months results 2022/23
25 May 2023	Full year results 2022/23
29 June 2023	Annual General Meeting of Shareholders for the financial year 2022/23
4 July 2023	Dividend ex-date
6 July 2023	Dividend payment date

LEM – Life Energy Motion

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

Our 1,600 people in over 15 countries transform technology potential into powerful answers. We develop and recruit the best global talent, working at the forefront of mega trends such as renewable energy, mobility, automation and digitization.

With innovative electrical solutions, we are helping our customers and society accelerate the transition to a sustainable future.

Listed on the SIX Swiss Exchange since 1986, the company's ticker symbol is LEHN.

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Appendix

Consolidated income statement

In CHF thousands	April to June		
	2022/23	2021/22	Change
Sales	90'723	93'272	-2.7%
Cost of goods sold	(47'451)	(50'619)	
Gross margin	43'271	42'652	+1.5%
Gross margin (in %)	47.7%	45.7%	
Sales expense	(6'673)	(6'956)	
Administration expense	(8'629)	(6'969)	
Research & development expense	(8'510)	(7'588)	
Other expense	(0)	(0)	
Other income	25	77	
EBIT	19'484	21'216	-8.2%
EBIT margin (in %)	21.5%	22.7%	
Financial expense	(325)	(104)	
Financial income	63	141	
Foreign exchange effect	(1'024)	(205)	
Profit before taxes	18'198	21'048	-13.5%
Income taxes	(3'517)	(3'761)	
Net profit of the period	14'681	17'287	-15.1%
Net profit margin (in %)	16.2%	18.5%	

Key Figures

In CHF millions	2022/23					2021/22					Change	
Orders received	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1 - Q1	Q1 - Q4
Total LEM	158.1					146.4	153.7	136.7	139.5	576.4	+8.0%	+13.3%
Book-to-bill ratio	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1 - Q1	Q1 - Q4
Total LEM	1.74					1.57	1.70	1.49	1.42	1.54	+11.0%	+22.3%
Sales	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1 - Q1	Q1 - Q4
Automation	30.5					33.3	32.1	31.2	33.7	130.3	-8.5%	-9.6%
Automotive	21.8					20.1	20.0	22.5	23.3	85.8	+8.4%	-6.4%
Renewable Energy	15.4					17.0	16.7	15.7	16.5	66.0	-9.2%	-6.5%
Energy Distribution & High Precision	13.8					12.4	10.7	12.2	13.2	48.6	+11.2%	+4.5%
Track	9.3					10.5	10.9	10.2	11.3	42.8	-11.8%	-17.8%
Total LEM	90.7					93.3	90.4	91.8	97.9	373.4	-2.7%	-7.4%
EBIT	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1 - Q1	Q1 - Q4
Total LEM	19.5					21.2	20.9	22.0	24.2	88.4	-8.2%	-19.5%
Net profit of the period	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1 - Q1	Q1 - Q4
Total LEM	14.7					17.3	17.9	18.5	18.6	72.4	-15.1%	-21.3%

