



Life Energy Motion

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

LEM announces results for 9 months 2022/23: continued sales growth despite challenging Covid situation in China

Geneva, Switzerland, 6 February 2023 – LEM (SIX: LEHN), a leading global company in electrical measurement for renewable energy, automation, power network and e-mobility applications, announces 9 months results for 2022/23 (April-December) compared to 2021/22:

- Bookings decreased by 17.1% to CHF 362.2 million (CHF 436.9 million)
- Sales increased by 9.5% to CHF 301.6 million (CHF 275.5 million); at constant exchange rates, sales increased by 12.5%
- The company benefits from a diverse global distribution of sales, led by China and EMEA:
 - China CHF 122.0 m (40.5% of total)
 - Rest-of-Asia CHF 51.9 m (17.2% of total)
 - EMEA CHF 90.8 m (30.1% of total)
 - Americas CHF 36.9 m (12.2% of total)
- R&D investments of CHF 24.8 million (CHF 22.5 million), or 8.2% of sales
- EBIT increased by 6.5% to CHF 68.3 million (CHF 64.2 million); the EBIT margin decreased to 22.7% (23.3%)
- Net profit for the period increased to CHF 55.3 million (CHF 53.7 million)

Frank Rehfeld, Chief Executive Officer, said: “We are pleased to report a solid quarter, with Q3 sales of CHF 103.5 million, again exceeding the CHF 100 million threshold. This result was driven mainly by our Automotive and Energy Distribution businesses. In November, China suffered from lockdowns, and in December, the end of China’s zero-covid policy led to a surge in Covid cases amongst our employees. Both affected our production capacity. Nevertheless, within three weeks our Chinese team returned to full production, which shows their strength and commitment. The Americas’ strong performance was led by the accelerating adoption of electric vehicles and our solutions for drives.”

Andrea Borla, Chief Financial Officer, remarked: “This quarter was marked by top-line growth and healthy profitability. Our order book continues to drop to more normal levels after the disruptions of the past two years. Although we still face supply chain challenges, we confirm our forecast of CHF 390 to 400 million in full year sales.”



Performance by businesses

in CHF millions		2022/23 9M	2021/22 9M	Change
Businesses	Scope			
Automation	drives, robots, tooling machines, elevators, HVAC	101.8	96.6	+5.4%
Automotive	battery (EV & CE), motor control, onboard charging	75.3	62.5	+20.5%
Renewable Energy	solar, wind	50.3	49.5	+1.6%
Energy Distribution & High Precision	charging stations, smart grid, energy storage, high precision	42.8	35.3	+21.2%
Track	trains, metro, trackside	31.4	31.6	-0.6%
Total		301.6	275.5	+9.5%

Automation

Sales performance for Automation grew favorably, and even better with adjusted exchange rate effects. Business was mainly driven by the manufacturing investment cycle and strong demand for small and medium power applications.

Automotive

Driven by battery management and motor control, the Automotive business in Q3 again showed robust sales after a record Q2. As customers had been placing orders with longer time horizons, bookings are now slowing down. Fundamental demand for EVs remains strong, as indicated by a book-to-bill ratio of over 1.0 for the quarter.

Renewable Energy

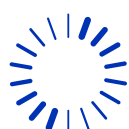
Sales increased slightly, although there are still bottlenecks for components. The prospects for Renewable Energy remain strong, as key markets accelerate due to favorable government policies and a foreseeable easing of the supply chain constraints.

Energy Distribution & High Precision

Investments in e-mobility continue driving customer interest in our DC Meter products, mainly due to acquisition of new customers and growing demand in Europe and the US. Flexible Rogowski coils for energy distribution management contributed considerably to the business growth. The IN family, which offers high precision solutions for test benches in the EV market, continues to develop strongly.

Track

Our traction business, with its project-based long investment horizons, continues to be impacted by component shortages. At constant currencies, growth was still positive, and the order book has increased considerably.



Performance by regions

in CHF millions		2022/23 9M	2021/22 9M	Change
Regions	Scope			
China		122.0	107.9	+13.1%
Rest-of-Asia	Japan, South-Korea, India, South-East Asia	51.9	50.2	+3.5%
EMEA	Europe, Middle East & Africa	90.8	91.1	-0.4%
Americas	NAFTA & Latin America	36.9	26.3	+40.4%
Total		301.6	275.5	+9.5%

China

Sales performance continued to increase. The EV market, both domestically and for export, continued to develop in a positive manner. Our Renewable Energy business performed well, but we were still not able to fully satisfy the demand for solar and electric storage devices. The Automation business remained stable, serving mostly local demand.

Rest-of-Asia

Sales increased slightly, whereas orders decreased as they reverted to more normal, pre-pandemic levels. Japan performed well in the Automotive business, and new EV and hybrid launches drove strong sales in the Automotive business in South Korea. In India, where Automotive business is growing, Track was nearly flat due to component shortages.

EMEA

While sales were adversely impacted by foreign exchange rates, Q3 showed solid bookings and successful sales of the DC Meter product in Germany and the rest of Western Europe. Track sales showed solid performance on the quarter, owing to strong demand for our Energy Metering solutions in Germany. The fundamental megatrends driving our businesses continue to gain momentum in Europe, as it develops renewable energy sources to diversify supply and ensure energy security.

Americas

Q3 showed strong sales in the Automotive and Automation businesses and was positively impacted by final orders for a planned phase-out of certain products. Our DC Meter has been certified in the US and Canada for use in EV charging infrastructure. Our order book continues to grow and benefit from the US government's commitment to sustainable energies.

Profitability remains robust

Gross profit was up by 9.8% at CHF 142.8 million (CHF 130.1 million), while the gross margin improved slightly to 47.4%. This is 20 basis points better than in the prior year, mainly due to sales price increases being offset by purchase price increases.

SG&A costs were up by 14.7% to CHF 49.9 million (CHF 43.6 million) and accounted for 16.6% of sales (15.8%). This increase reflects our digitalization projects (investment in software and hardware), external consulting support for several key initiatives, and recruitment of additional talent. We continue with our long-term investment in future applications, with R&D up in absolute terms by 10.0% to CHF 24.8 million (CHF 22.5 million), or 8.2% of sales (8.2%).

EBIT increased by 6.5% to CHF 68.3 million from CHF 64.2 million, primarily due to improved sales. Our reported EBIT margin was down at 22.7% compared with 23.3%.





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The negative impact of foreign exchange translations on the first 9 months was CHF 2.1 million, same as last year, mainly due to depreciation of the EUR. The Group tax expenses of CHF 10.1 million represent a tax rate of 15.4%.

Net profit for the first 9 months increased to CHF 55.3 million, while the net profit margin decreased to 18.3% compared with 19.5%.

Outlook

Our businesses have shown to be successful as they continue to benefit from the fundamental drivers of decarbonization, electrification, automation, and mobility. Growth remains restrained by shortages, mostly of semiconductor components. We remain aware of the risk of potential recessions in key markets. For the full financial year 2022/23, the company currently expects sales from CHF 390 to 400 million (CHF 373.4 million for 2021/22), with an EBIT margin above 20%.

Changes in Executive Committee

After a long career as Senior Vice President Automotive and after leading the implementation of a highly successful growth strategy, Rainer Bos has left the senior management team of LEM as of December 2022. We are pleased to advise the appointment of three new members to our leadership team.

- Bastien Musy has been promoted to Senior Vice President Europe & Americas and joined the Executive Management team. He was formerly Vice President Global Product Management, Head Product Management Automotive and Head of Special Projects at LEM.
- John McLuskie joined the Executive Management team as Senior Vice President Asia. Based in Shanghai, he has served most recently as President of GKN Automotive China.
- Uwe Gerber joined the Executive Management team as Senior Vice President Operations. Previously, he was Chief Operations Officer at Schaltbau Bode in Kassel, Germany.

The planned extension of the Executive Committee is now complete. With diverse nationalities and cultures, experience and expertise, this team is well prepared to lead the organization and to achieve our ambitions.

Conference call and webcast

Frank Rehfeld, CEO, and Andrea Borla, CFO, will provide a presentation of the 9 months 2022/23 results today at 10:00 CET at a media and investor community audio webcast and conference call.

Listen to live audio webcast

<https://event.choruscall.com/mediaframe/webcast.html?webcastid=TbqA00QE>

The press release, webcast slides, and the link to the audio webcast are available in the Investor Relations section of the LEM website (www.lem.com/en/investors), where the recorded webcast will later also be archived.

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Other countries: https://services3.choruscall.ch/NUMBERS/Attended_Dial_In_Numbers.pdf





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Financial calendar

The financial year runs from 1 April to 31 March

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 megatrends such as renewable energy, mobility, automation and digitization.

With innovative electrical solutions, we are helping our customers and society accelerate the transition to a more sustainable and affordable 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 December		
	2022/23	2021/22	Change
Sales	301'607	275'462	+9,5%
Cost of goods sold	(158'781)	(145'358)	
Gross margin	142'826	130'104	+9,8%
Gross margin (in %)	47,4%	47,2%	
Sales expense	(21'214)	(21'592)	
Administration expense	(28'735)	(21'969)	
Research & development expense	(24'753)	(22'508)	
Other income	226	120	
EBIT	68'350	64'155	+6,5%
EBIT margin (in %)	22,7%	23,3%	
Financial expense	(1'202)	(367)	
Financial income	285	220	
Foreign exchange effect	(2'090)	(2'098)	
Profit before taxes	65'343	61'910	+5,5%
Income taxes	(10'064)	(8'186)	
Net profit of the period	55'279	53'724	+2,9%
Net profit margin (in %)	18,3%	19,5%	





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Key Figures

LEM Group	2022/23					2021/22					Change	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q3 - Q3	9M - 9M
Orders received												
Total LEM	158,1	112,0	92,1			146,4	153,7	136,7	139,5	576,4	-32,6%	-17,1%
Book-to-bill ratio												
Total LEM	1,74	1,04	0,89			1,57	1,70	1,49	1,42	1,54	-40,3%	-24,3%
Sales												
Automation	30,5	36,9	34,4			33,3	32,1	31,2	33,7	130,3	+10,3%	+5,4%
Automotive	21,8	28,4	25,2			20,1	20,0	22,5	23,3	85,8	+12,2%	+20,5%
Renewable Energy	15,4	18,0	16,8			17,0	16,7	15,7	16,5	66,0	+7,0%	+1,6%
Energy Distribution & High Precision	13,8	14,1	14,9			12,4	10,7	12,2	13,2	48,6	+22,0%	+21,2%
Track	9,3	10,0	12,2			10,5	10,9	10,2	11,3	42,8	+19,8%	-0,6%
Total LEM	90,7	107,3	103,5			93,3	90,4	91,8	97,9	373,4	+12,8%	+9,5%
EBIT												
Total LEM	19,5	26,3	22,6			21,2	20,9	22,0	24,2	88,4	+2,5%	+6,5%
Net profit of the period												
Total LEM	14,7	20,5	20,1			17,3	17,9	18,5	18,6	72,4	+8,3%	+2,9%

