



Results

First half year 2015/16

1 April 2015 to 30 September 2015

11 November 2015



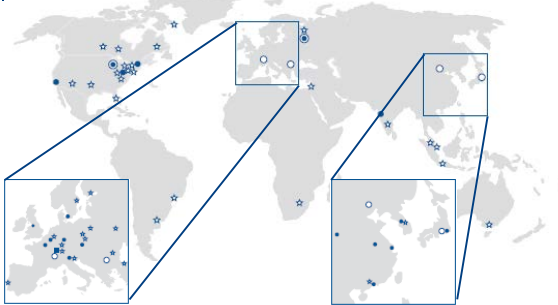
Agenda

1. **LEM at a Glance**
2. Highlights and Business Review
3. Financial Review
4. Strategy and Outlook



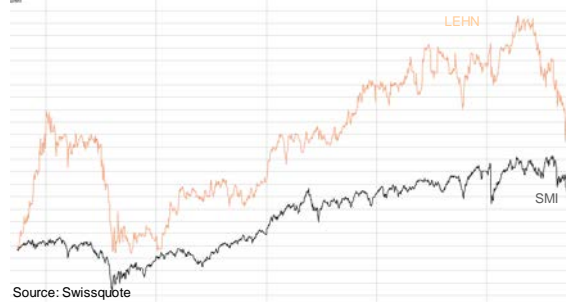
1. Global Market Leader in Current and Voltage Transducers

Market Position



- Global market share of 50% in Industry
- Benchmark in service and product quality
- 4 production sites in Europe and Asia
- Sales of CHF 257.8 million in 2014/15

Performance



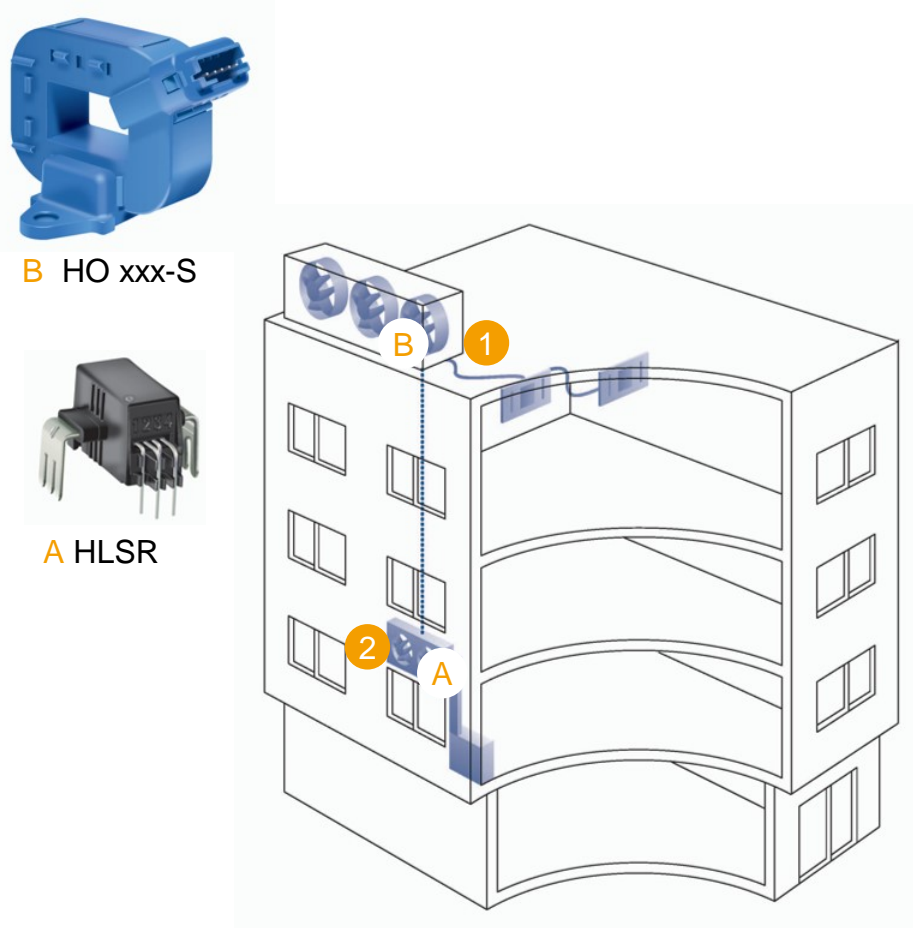
- Continued sales growth and strong margins
- Dividend yield >5% in each year since 2009

Perspectives



- Reinforced investment in innovation
- Solid growth perspectives due to underlying trends
- Strong foothold in China
- EBIT margin target of 15 to 20%

1. LEM Applications: Air Conditioner



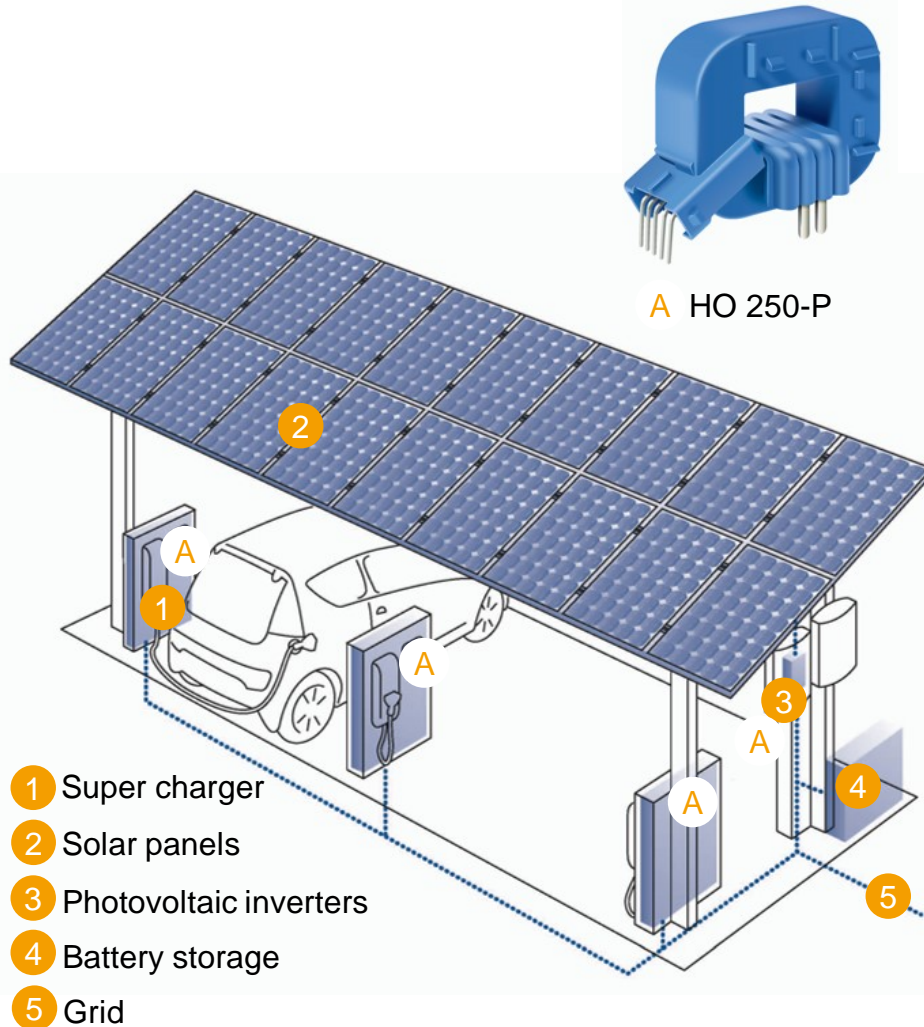
In central air conditioning (1) (and increasingly residential system (2)), the air is cooled by blowing it over an evaporator filled with a refrigerant. Then the refrigerant is pumped into a condenser where it releases the heat. A pump or compressor is used to move the refrigerant, and a motor runs the compressor.

Inverters control the motors, which drive the pumps and fans. Robust current measurement devices like the HLSR models (A) or HO xxx-S models (B) are used to reach the desired temperature quicker while consuming less electricity and operating more quietly.

① Central air-conditioning system

② Room air conditioner

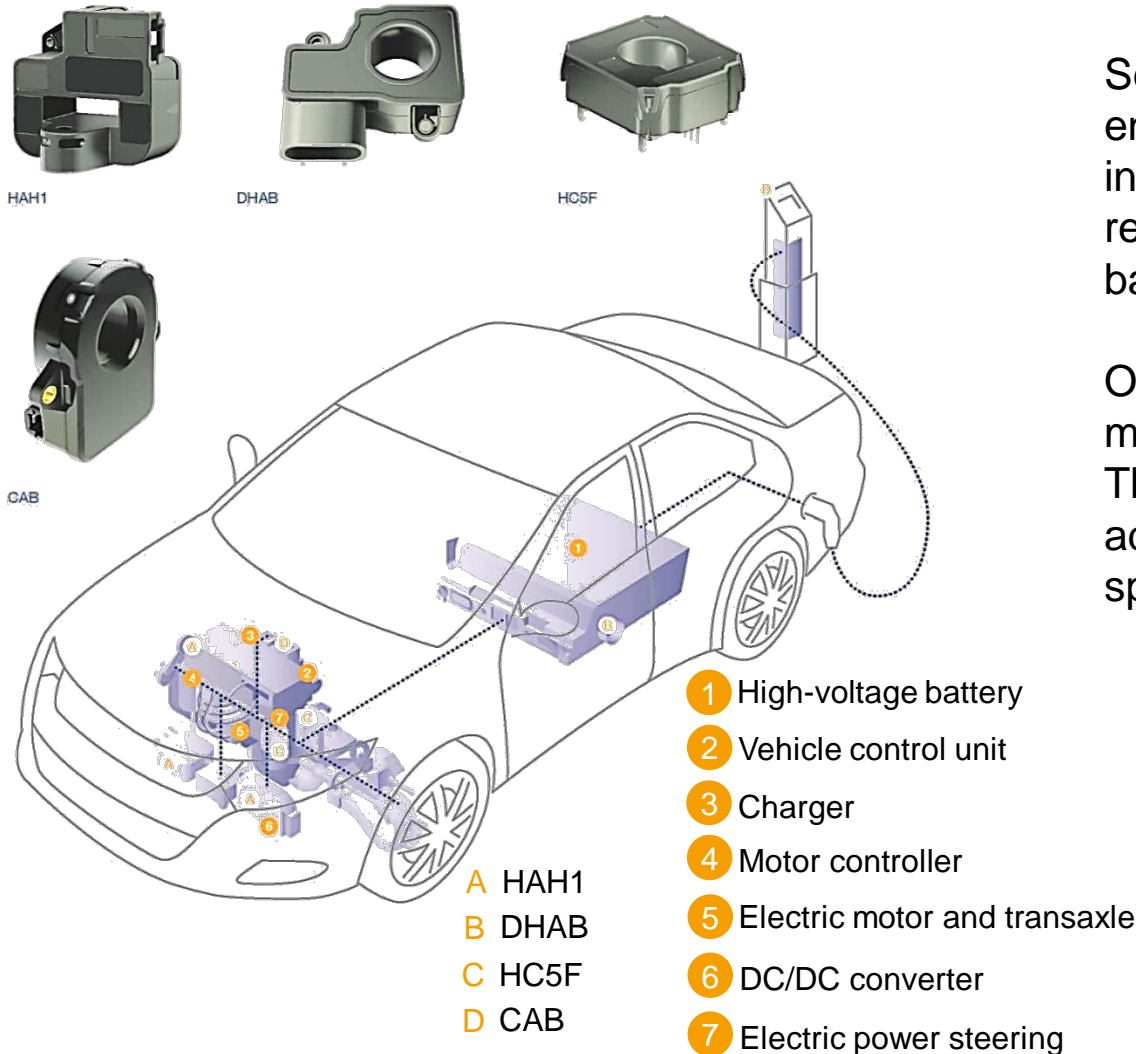
1. LEM Applications: Super Charger Station for Electric Vehicles



A super charger (1) operates using several 400V DC chargers in parallel. 1MW would be required from the grid (5) if 10 cars were charged simultaneously. Charging stations therefore often include a photovoltaic plant with solar panels (2) and a battery storage system (4). Stored energy is used to reduce energy peaks and to best use photovoltaic energy.

The chargers use the HO 250-P (A) to measure the DC current while the photovoltaic inverter (3) uses up to 7 transducers, such as CASRs, HLSRs and CTSRs to measure DC, AC and residual currents.

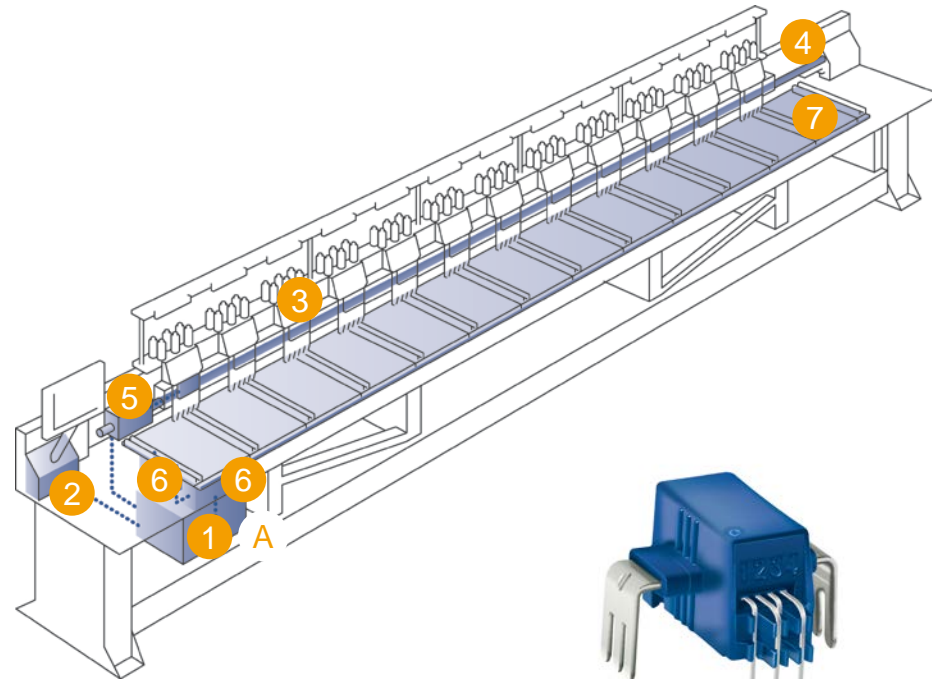
1. LEM Applications: Electric Plug-in Car



Sensors (DHAB) measure the units of energy available to be consumed. This information helps to calculate the remaining distance that can be driven based on the current battery charge.

Other sensors (HAH1) are used to manage the converter and/or inverter. The information provided is used to adjust the drive performance to the speed required by the driver.

1. LEM Applications: Sewing Machine/Embroidery Machine



- 1 Servo drives
- 2 Control unit
- 3 Head
- 4 Main axis
- 5 Motor
- 6 Linear motors
- 7 Working table



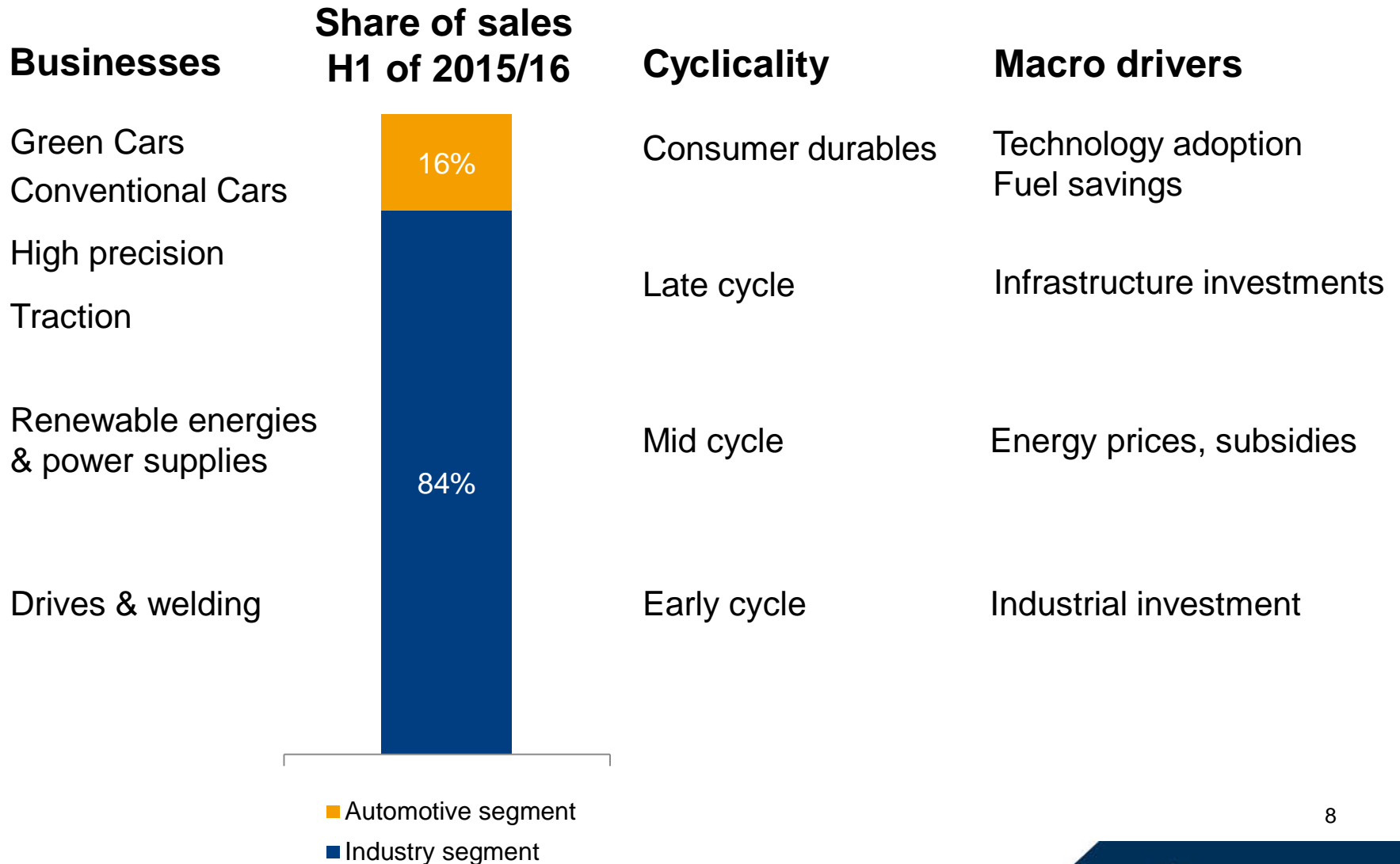
A HLSR 10-P

Full servo control allows for speed and precision in industrial sewing/embroidery machines.

Accuracy and speed of the table movements, as well as the correct, accurate and regulated rotation speed of the main axis for the needles are directly linked to the currents provided to the motor (5) through a servo drive (1). The working table (7) is moving in horizontal X and Y directions thanks to linear motors (6) controlled by two position servo drives (1).

Current transducers (A) are used in each servo drive to measure two of its three phase output AC currents. Their accuracy, high performance, high temperature working environment, low temperature drift contribute to a very stable, quick, reactive, reliable and precise system.

1. Diverse Target Markets – Diversified Businesses



Agenda

1. LEM at a Glance
- 2. Highlights and Business Review**
3. Financial Review
4. Strategy and Outlook



2. Business regains momentum in Q2 of 2015/16

In CHF millions, %	H1 2015/16	H1 2015/16 vs. H1 2014/15	Q2 2015/16 vs. Q1 2015/16
Orders	126.9	+0.2%	+8.5%
Sales	131.6	+0.1%	+13.8%
EBIT	24.9	-16.0%	+36.7%
Net profit	19.8	-7.8%	+23.2%

- Strong Swiss franc weighs on sales and margins
- Continued progress in China
- US and Europe supported by steadier economic environment
- Appointments of new CFO, General Managers for Automotive and Industry
- One-off cost and balance sheet impact due to going-live of new ERP systems and organizational changes

2. Innovation Road Map

New product: LF 2010



- Proprietary ASIC for closed loop Hall Effect technology
- High performance, matching fluxgate performance
- High immunity against surrounding perturbations
- For drives, renewable energies and traction applications

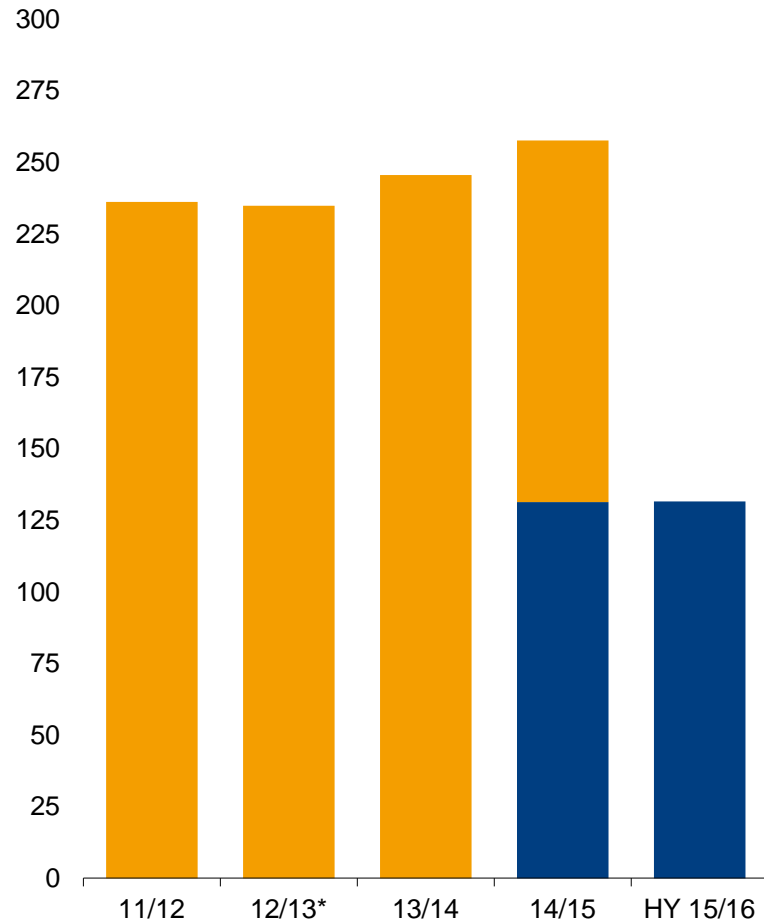


Industry

- Introduced at least 15 derivatives of recently launched products, mostly custom-built for specific customer applications
- Secured six patents
- Solid pipeline of new products to be launched in H2 2015/16

2. Net Sales

In CHF millions

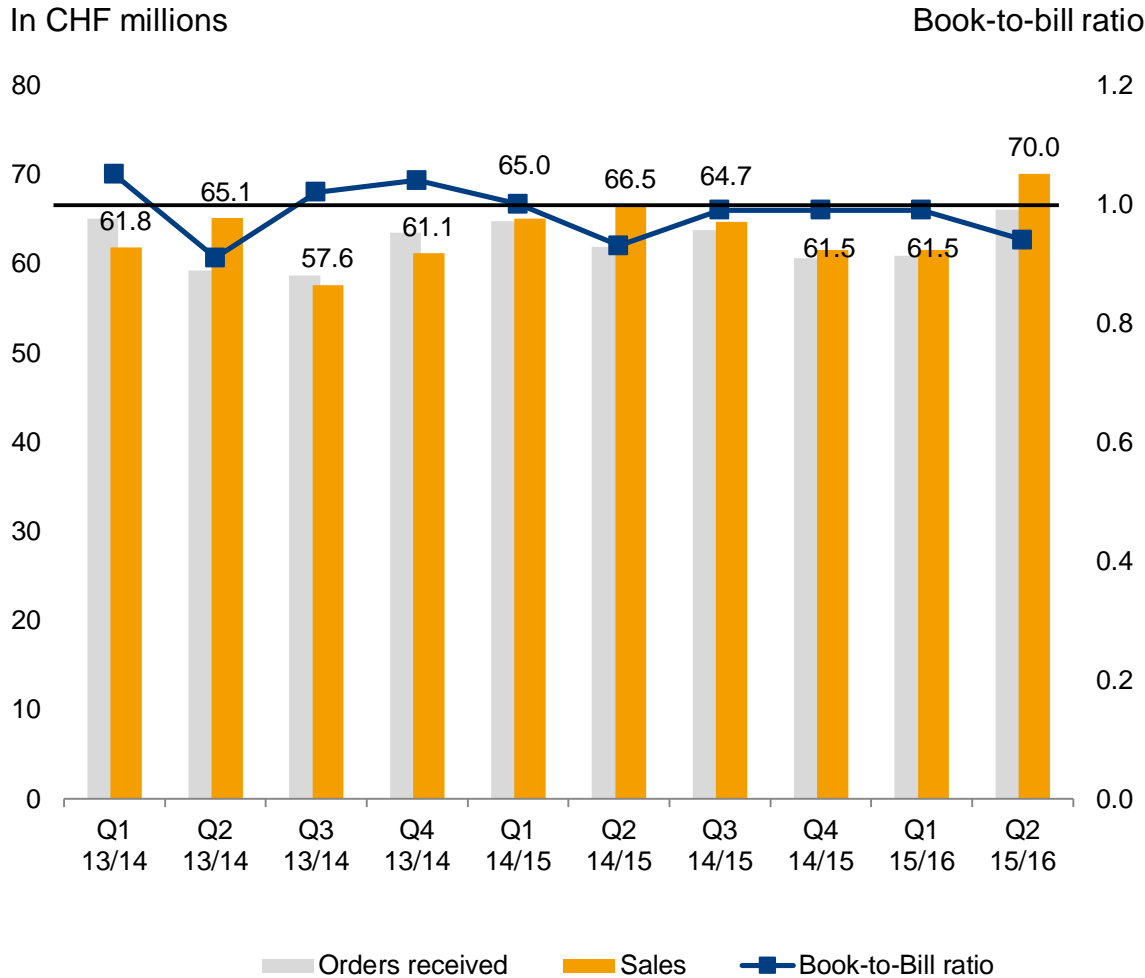


In CHF millions, %	Sales	H1 vs. H1		Q2 vs. Q1
		as reported	at constant currencies	
Industry	110.3	-2.9%	+1.5%	+11.7%
Automotive	21.3	+18.5%	+15.3%	+25.6%
Total sales	131.6	+0.1%	+3.4%	+13.8%

- Pick-up of sales in Q2 after slow Q1 2015/16 and Q4 2014/15
- Continued sales growth in China
- Stronger growth in Automotive segment
- Negative currency impact

* Restatement following IAS 19R application (pensions)

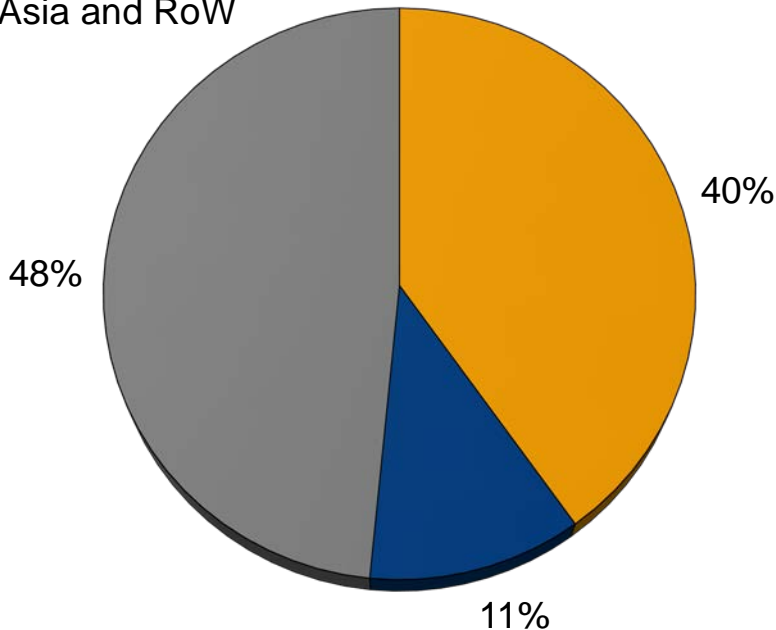
2. Quarterly View



- Sales increased faster than bookings in Q2
- Currency impact on sales and bookings
- Market uncertainties translated into shorter term bookings
- Book-to-bill ratio stable at around 1 for the past quarters

2. Industry Segment: Regional Markets

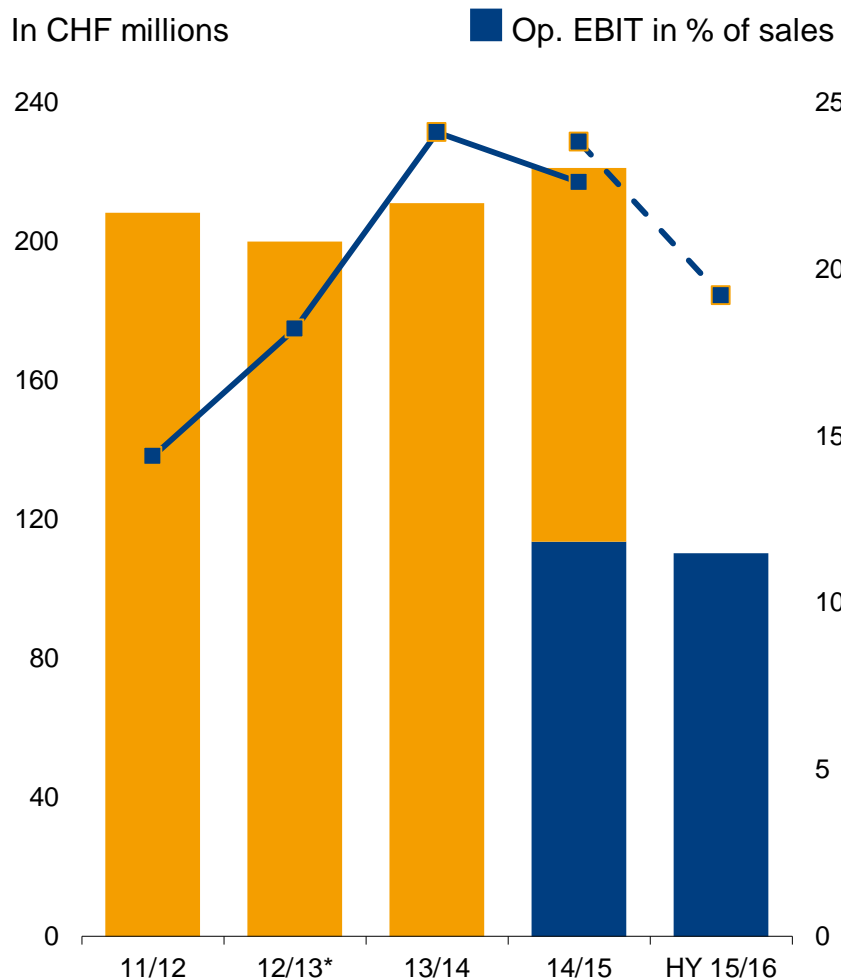
- Europe
- North America
- Asia and RoW



In CHF millions, %	Sales	Growth H1 vs. H1	Growth Q2 vs. Q1
Europe	44.3	-8.8%	+26.4%
N. America	12.6	+6.1%	+9.0%
Asia and RoW	53.4	+0.6%	+1.4%
Total	110.3	-2.9%	+11.7%

- Strong growth in China
- Recovery in Europe and US in Q2
- China the biggest single country
- Ongoing design-in projects with recently launched product families

2. Industry Segment: Business Development



Businesses and Applications

Drives & welding (growth H1 vs. H1: -9%)

- Lower industrial investments
- Won projects with new products
- Maintained market share

Renewable energies & power supplies (+8%)

- Growing investments in renewable energies in China and India
- Stabilization in North America and market share wins in Europe

Traction (-7%)

- Stabilization after period with strong growth
- Solid performance in China
- Little infrastructure investments in Europe

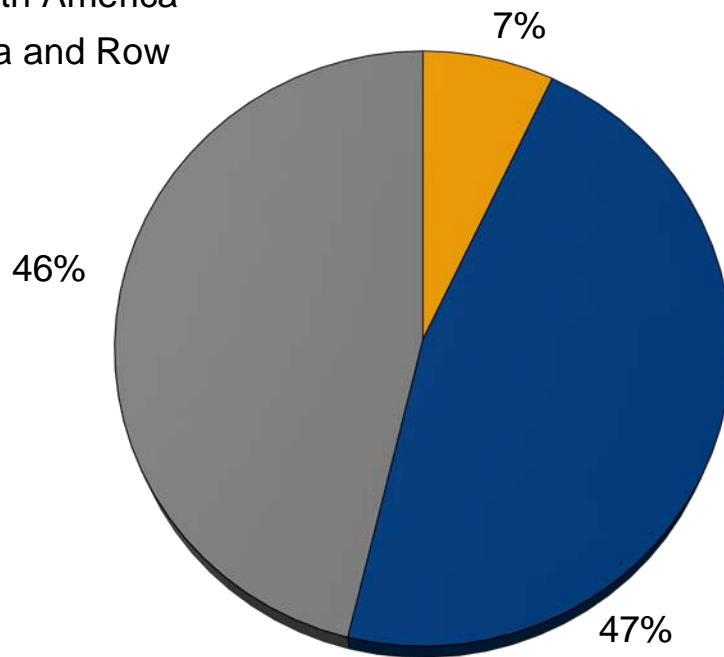
High-precision (+6%)

- Good HVDC business in China
- Seasonal uptick in Europe and North America

*Restatement following IAS 19R application (pensions)

2. Automotive Segment: Regional Markets

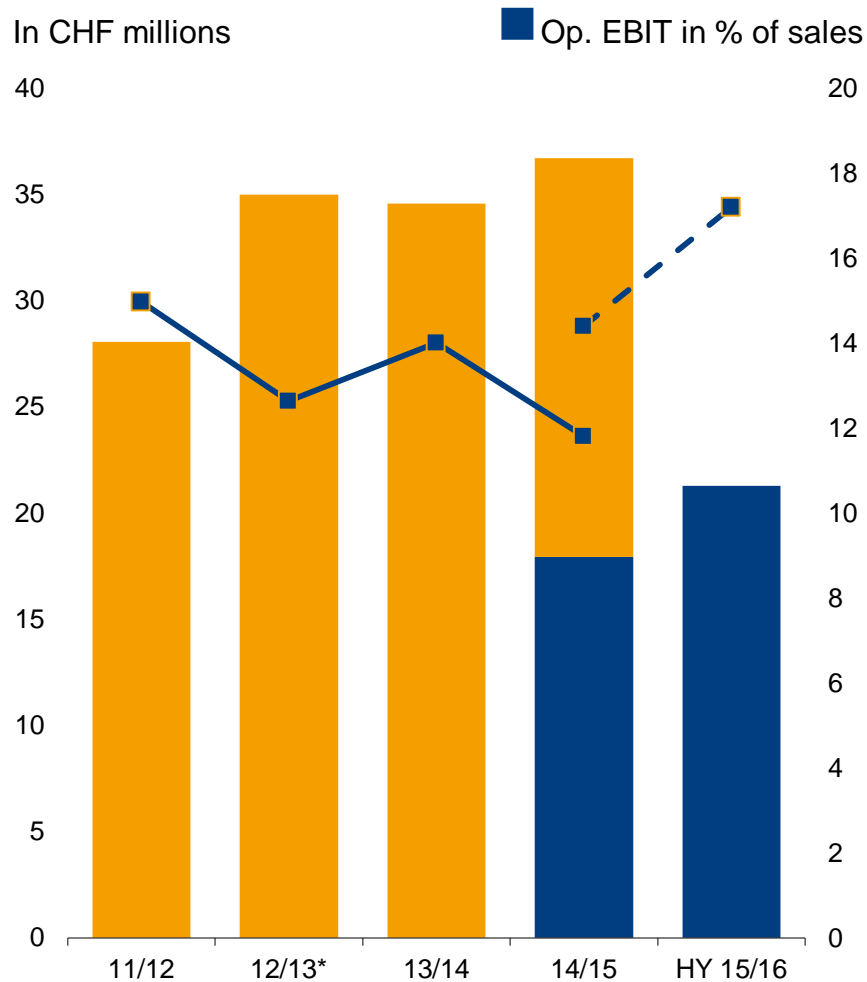
- Europe
- North America
- Asia and Row



In CHF millions, %	Sales	Growth H1 vs. H1	Growth Q2 vs. Q1
Europe	1.5	+26.6%	-11.8%
N. America	9.9	+9.4%	+15.7%
Asia and RoW	9.8	+28.2%	+44.5%
Total	21.3	+18.5%	+25.6%

- Focus on Asian and North American markets
- Benefitted from growth of US vehicle production
- New projects with Chinese car manufacturers

2. Automotive Segment: Business Development



Businesses and Applications

Conventional cars (H1 vs. H1: +14%)

- Development in line with the market; stable market share
- Support from growing US vehicle production

Green cars (HEV, EV) (+39%)

- Benefitted from Chinese government support for green cars
- Won new projects with Chinese car manufacturers
- Promising opportunities for new products developed

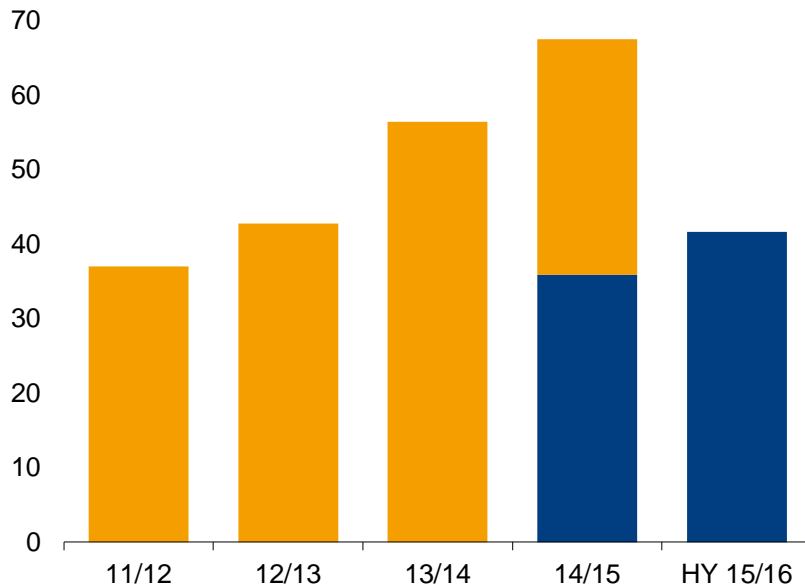
* Restatement following IAS 19R application (pensions)

2. Business Development Beijing (China)

Sales

- Market share of over 50%
- Most important country with 32% of total sales

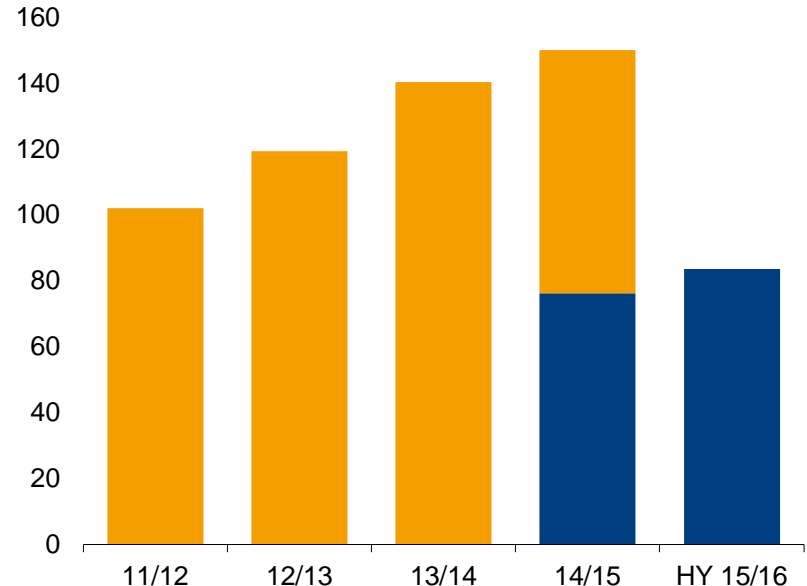
In CHF millions



Production

- LEM China increased its #1 position as largest manufacturing site of the Group (63% of total production, compared to 58% in financial year 2014/15)
- “Made by LEM” quality

In CHF millions



2. Business Development in Sofia (Bulgaria)

- Objectives of the site
 - Diversify LEM's cost-competitive production
 - Increase production capacity close to European customers
 - Increase natural hedge of operations
 - Absorb major part of LEM's future growth
- Achievements
 - 11 Production lines relocated from Japan and Switzerland to Bulgaria
 - Headcount increased to 146 FTE
 - Production represents 8.5% of global output in Q2 of 2015/16
 - Introduced a local development team to support production



Agenda

1. LEM at a Glance
2. Highlights and Business Review
- 3. Financial Review**
4. Strategy and Outlook



LA 130/150-P

3. Financial Highlights

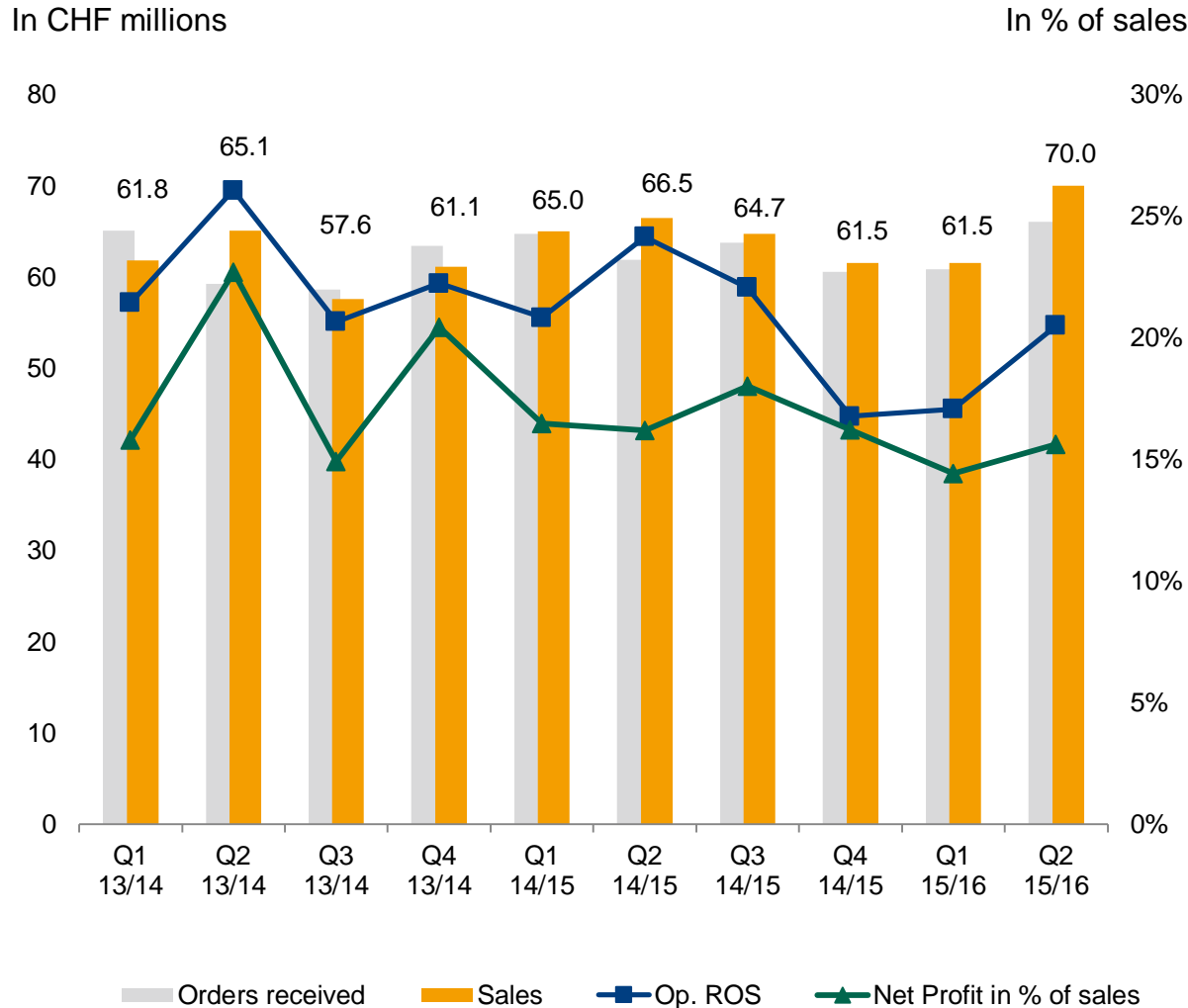
- Robust profitability despite impact of strong Swiss franc
 - Gross margin 45.5% (46.3% in H1 of 2014/15)
 - EBIT margin 18.9% (22.5% in H1 of 2014/15)
 - Net profit CHF 19.8 million (CHF 21.5 million in H1 of 2014/15)
- Improved key figures in Q2 vs. Q1
- One-time operating expenses for ERP introduction and organizational changes
- Temporarily negative cash flow as consequence of
 - Temporary increase in accounts receivable following strong Q2 sales, going-live of new ERP system, and changes in European organization
 - Payment of taxes

3. Income Statement

In CHF millions

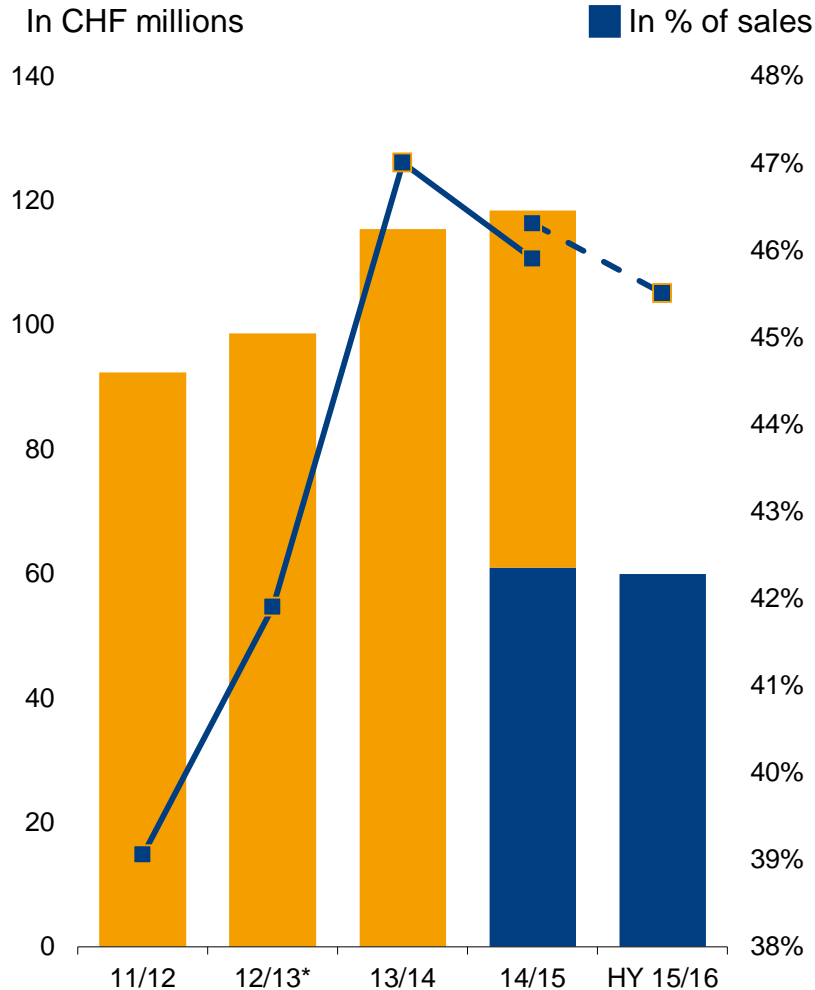
	H1 2014/15	H1 2015/16	Change	Q1 2015/16	Q2 2015/16	Change
Sales	131.5	131.6	+0.1%	61.5	70.0	+13.8%
Gross margin	46.3%	45.5%	-0.8pt	45.0%	46.0%	+1.0pt
Operating expense	-31.3	-35.0	+11.8%	-17.2	-17.8	+3.9%
EBIT	29.6	24.9	-16.0%	10.5	14.4	+36.7%
Net financial exp.	-1.8	+0.5	N/A	+0.5	-0.0	N/A
Income tax	-6.3	-5.5	-12.1%	-2.1	-3.4	+61.1%
Net profit	21.5	19.8	-7.8%	8.9	10.9	+23.2%

3. Results by Quarter



- Q2 of 2015/16 margin improvement due to volume leverage and easing currency pressure
- CHF 3.6 million foreign exchange impact on EBIT margin in H1 of 2015/16
- Q1 and Q2 of 2015/16 vs. Q4 of 2014/15 lower net profit margin due to non-renewal of one-off tax effects in Q4

3. Gross Margin

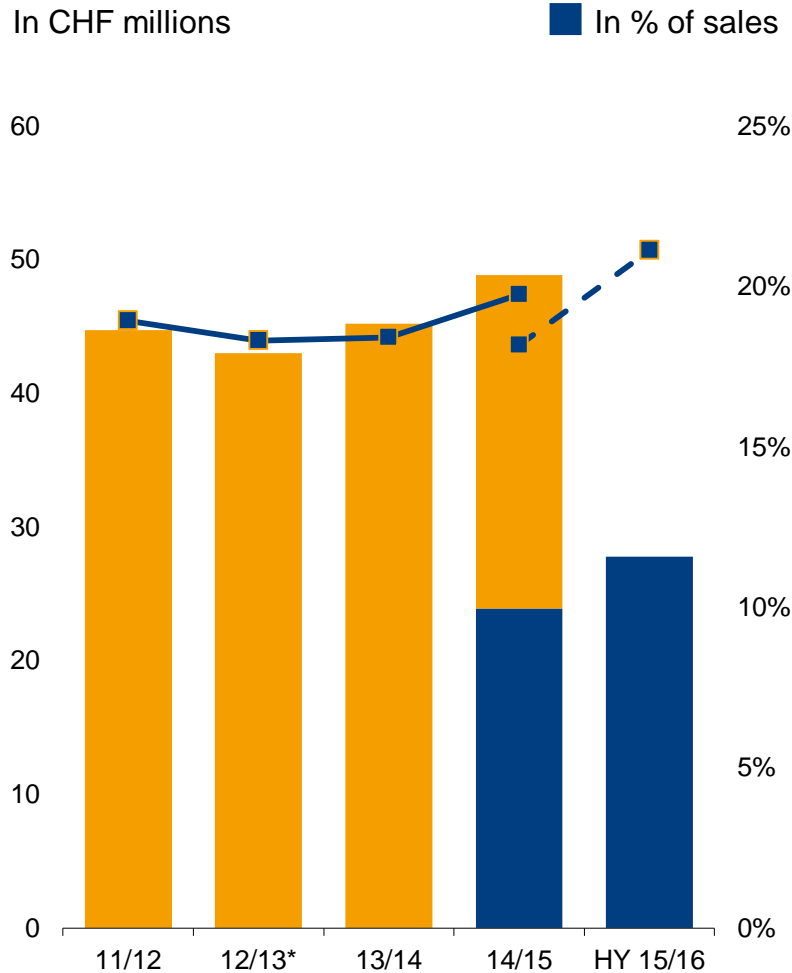


	H1 2014/15	H1 2015/16	Q1 2015/16	Q2 2015/16
Gross margin in CHF millions	60.9	59.9	27.7	32.2
Gross margin in % of sales	46.3%	45.5%	45.0%	46.0%

- Decrease of gross margin due to adverse foreign exchange impact
- Positive impacts on gross margin due to focus on
 - Raw material sourcing
 - Internal productivity
 - Relocation to cost-competitive manufacturing sites

* Restatement following IAS 19R application (pensions)

3. SG&A

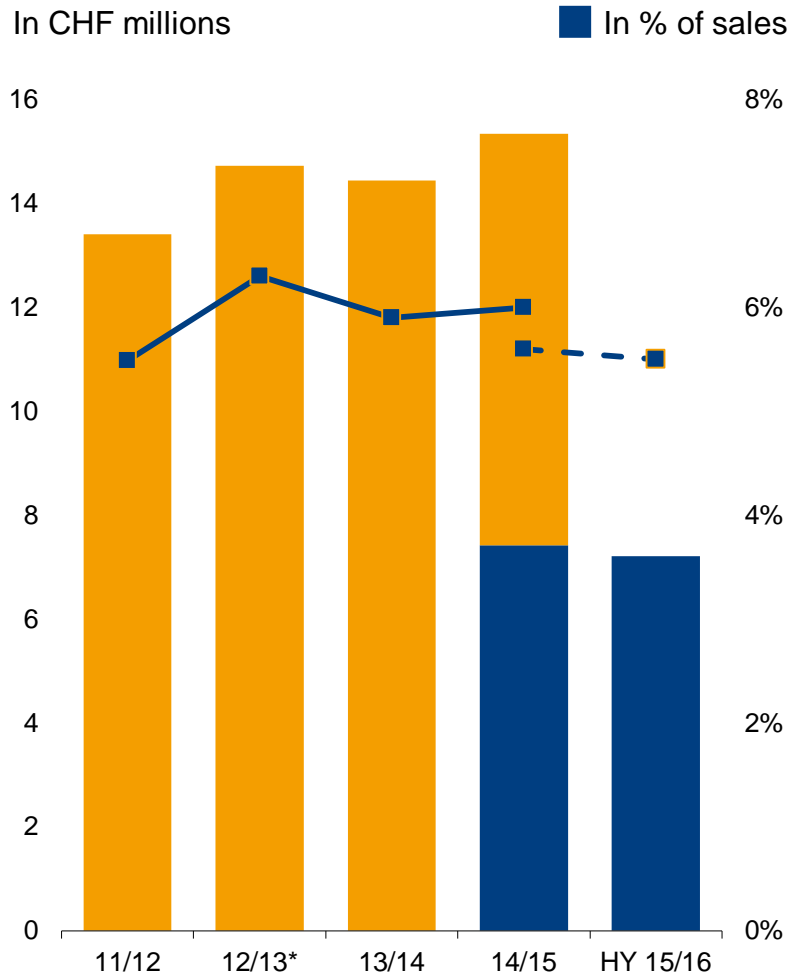


	H1 2014/15	H1 2015/16	Q1 2015/16	Q2 2015/16
SG&A in CHF millions	23.9	27.8	13.5	14.3
SG&A in % of sales	18.2%	21.1%	21.9%	20.5%

- Higher sales and administration expense due to
 - Organizational changes
 - Introduction of new ERP
 - Build-up of European logistics and distribution platform

*Restatement following IAS 19R application (pensions)

3. R&D Expense

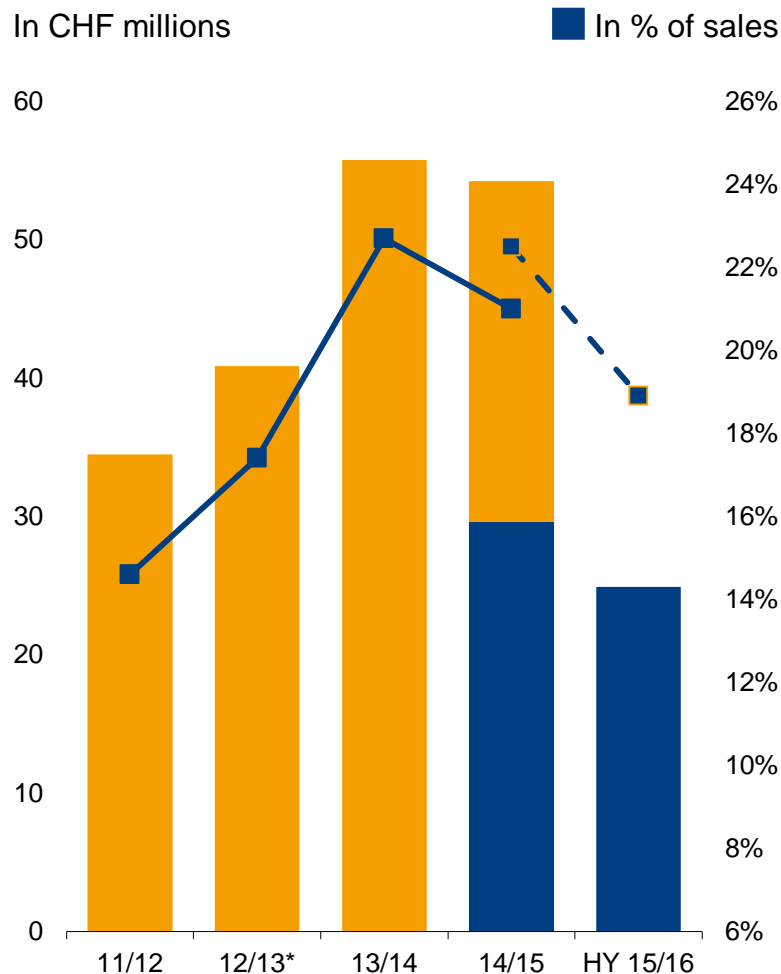


	H1 2014/15	H1 2015/16	Q1 2015/16	Q2 2015/16
R&D expense in CHF millions	7.4	7.2	3.7	3.5
R&D expense in % of sales	5.6%	5.5%	6.0%	5.0%

- Maintained high investment in R&D for both segments
- Ongoing renewal of product range with focus on optimized cost, higher accuracy, easier integration into customers' systems and new functions

*Restatement following IAS 19R application (pensions)

3. EBIT



	H1 2014/15	H1 2015/16	Q1 2015/16	Q2 2015/16
EBIT in CHF millions	29.6	24.9	10.5	14.4
EBIT in % of sales	22.5%	18.9%	17.1%	20.5%

- Adverse foreign exchange impact; easing in Q2 of 2015/16
- One-time operating expenses
- Continued cost control and high gross margins
- Profitability within target range of 15 to 20%

* Restatement following IAS 19R application (pensions)

3. Financial Expense

In CHF millions

	H1 2014/15	H1 2015/16	Q1 2015/16	Q2 2015/16
Exchange effect*	-1.9	+0.5	+0.5	+0.1
Other financial expense & income	+0.1	-0.1	+0.0	-0.1
Total	-1.8	+0.5	+0.5	-0.0

- Exchange effect in Q2 positive (revaluation of EUR and devaluation of CNY)
- Foreign exchange hedging policy (unchanged)
 - EUR: 100% of net exposure 12 months forward
 - USD: 100% of net exposure 12 months forward

* The line "exchange effect" in the financial result is mainly due to currency volatility during the time between booking and settling a receivable/payable. Over and above this line, foreign exchange rates impact every P&L line through the rate at which each transaction is booked and at which it is consolidated into CHF.

3. Income Taxes

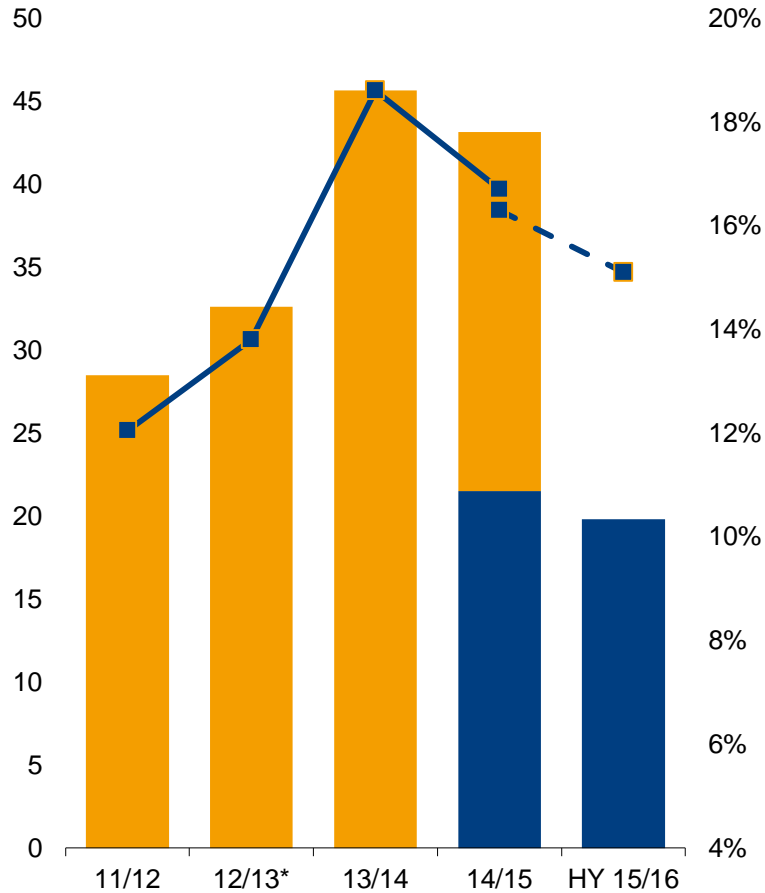
	H1 2014/15	H1 2015/16
Expected income tax rate	19.7%	19.2%
Expected withholding tax rate	2.6%	2.1%
Expected tax rate	22.3%	21.2%
Other differences	0.3%	0.6%
Effective tax rate	22.6%	21.8%

- Tax rates showing positive impact of transfer to Bulgaria
- Reduction of withholding taxes on dividends from China

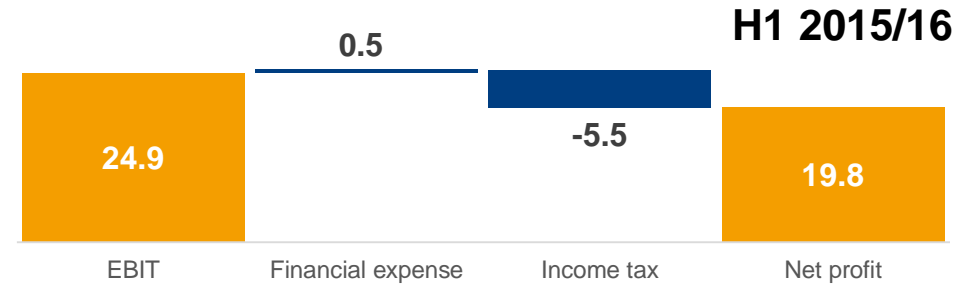
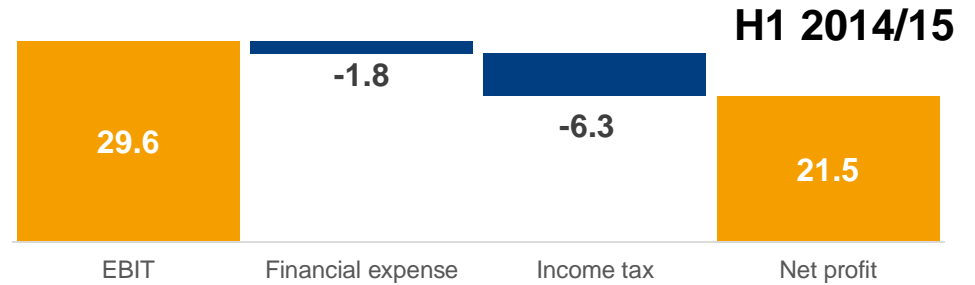
3. Net Profit

In CHF millions

■ In % of sales



	H1 2014/15	H1 2015/16	Q1 2015/16	Q2 2015/16
Net profit in CHF millions	21.5	19.8	8.9	10.9
Net profit in % of sales	16.3%	15.1%	14.4%	15.6%



* Restatement following IAS 19R application (pensions)

3. Balance Sheet Analysis

In CHF millions	31.3.2015	30.9.2015
Net working capital	37.9	58.4
Fixed assets	39.9	39.5
Noncurrent liabilities	-6.8	-8.4
Net operating assets	71.0	89.5
Net cash / (debt)	20.9	-26.8
Equity	91.9	62.6
Equity ratio	65.1%	40.0%
Days of sales outstanding	66	84
Days of inventory outstanding	72	66
Days of payables outstanding	28	39

3. Cash Flow Statement

In CHF millions	H1 2014/15	H1 2015/16
Profit before taxes	27.8	25.3
Adjustment for noncash items and taxes paid	4.0	-4.8
Cash flow from changes in net working capital	-6.6	-20.0
Cash flow from operating activities	25.2	0.6
Cash flow from investing activities	-3.6	-2.0
Free cash flow	21.6	-1.4
Cash flow from financing activities	-33.6	-6.1
Change in cash and cash equivalents	-12.0	-7.4
Cash and cash equivalents at the end of the period	13.3	13.2

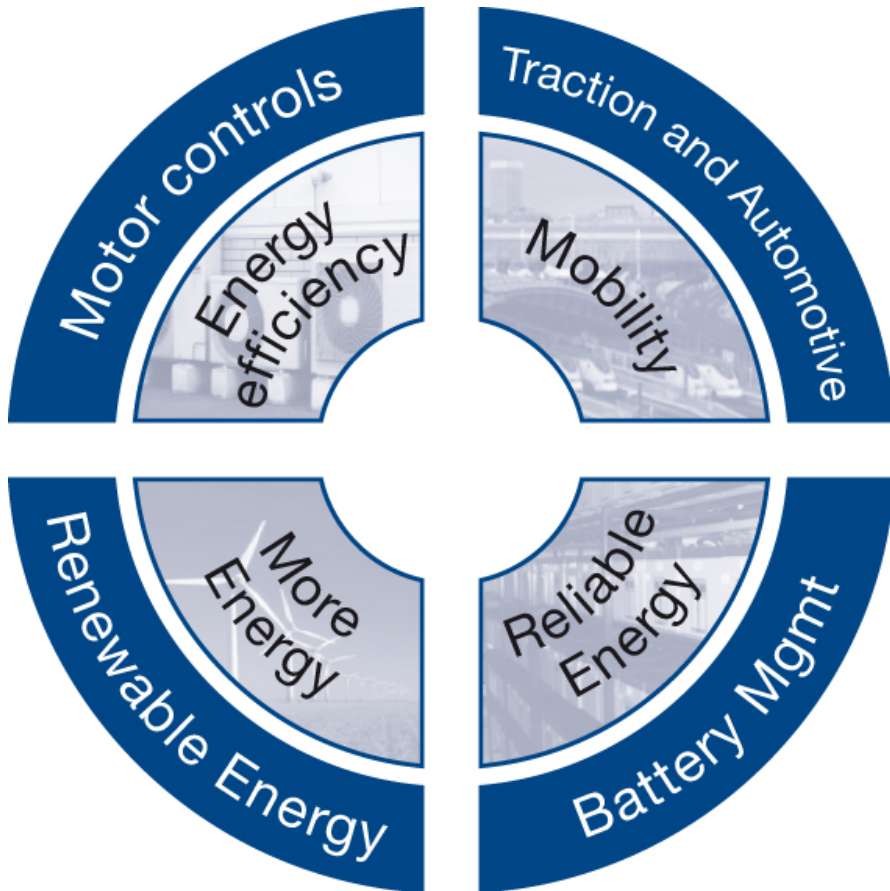
32

Agenda

1. LEM at a Glance
2. Highlights and Business Review
3. Financial Review
4. **Strategy and Outlook**



4. Market Factors and Strategy



- We firmly believe in our strategic direction and the 4 drivers for our business remain unchanged
- We will continue to capitalize on the drivers of LEM's markets through
 - pure play components company
 - diversification across geographies and businesses

4. Executing Strategy

Strategic priorities

Increase technology leadership

- Reinforce multidisciplinary innovation team
- Increase number of product launches
- Constantly improve performance of products

Increase efficiency

- Reduce product cost through cost-competitive sourcing and manufacturing
- Reduce complexity of organization

Increase production flexibility

- Develop systems to better forecast demand fluctuations
- Improve supply chain management

Achievements in H1 2015/16

- Launched 1 new product and a series of custom built derivatives
- Started development team in Sofia
- Closer cooperation with customers

- Increased activities in Sofia
- Simplified supply chain and reduced number of key suppliers

- Ongoing deployment of integrated flexible supply-chain model
- Maintained high level of flexibility and on-time delivery

4. Outlook

- For H2 of 2015/16 we expect
 - No major change in the global economic environment
 - Normal seasonal decline because of holiday seasons and lower solar infrastructure investments during winter months
- Financial year 2015/16 outlook
 - Volume growth (in number of transducers) in both segments
 - Sales of CHF 250 – 260 million
 - EBIT margin to be within the target range of 15 to 20%
- International currency fluctuations remain a challenge
 - Continuous reevaluation of all processes to determine their optimal location

Q&A

Financial Calendar and Contact Details

Financial calendar

16 February 2016	Third quarter 2015/16 results
9 June 2016	Year-end 2015/16 results
30 June 2016	Ordinary General Meeting of the Shareholders for the year 2015/16
5 July 2016	Dividend ex-date
7 July 2016	Dividend payment date

For further information

Andrea Borla, CFO

Phone: +41 22 706 12 50

Email: investor@lem.com