

PRESS RELEASE

**Q3 and first nine months results from April to December for the financial year
2017/18**

LEM reports continued growth

Fribourg, 8 February 2018 – LEM (SIX: LEHN), the market leader in providing innovative and high quality solutions for measuring electrical parameters, announces first nine months of 2017/18 results (compared with first nine months of 2016/17):

- **Bookings amounted to CHF 235.5 million, an increase of 17.7% (CHF 200.0 million)**
- **Sales increased by 13.8% to CHF 225.0 million (CHF 197.8 million); at constant exchange rates sales increased by 13.7%**
- **The book-to-bill ratio improved to 1.05 (1.01)**
- **EBIT increased by 11.6% to CHF 46.5 million (CHF 41.7 million); the EBIT margin decreased to 20.6% (21.1%)**
- **Net profit for the period rose by 16.5% to CHF 38.1 million (CHF 32.7 million)**

Q3 of 2017/18 compared with Q3 of 2016/17:

- **Bookings amounted to CHF 78.7 million, an increase of 16.2% (CHF 67.7 million)**
- **Sales increased by 11.8% to CHF 72.8 million (CHF 65.1 million)**
- **The book-to-bill ratio increased to 1.08 (1.04)**
- **EBIT increased by 3.1% to CHF 14.6 million (CHF 14.1 million); the EBIT margin decreased to 20.0% (21.7%)**
- **Net profit for the period rose by 9.7% to CHF 11.6 million (CHF 10.6 million)**

“We have been taking advantage of a strong global economy so far this year. Increased investment in capital goods drove the demand in our Industry businesses. At the same time, the green cars boom in China and Korea supported our Automotive businesses. We continue to develop our production footprint and strengthen the Automotive organization to meet growing demand. Constant price pressure from customers affected our margins. Still, we maintained operating margins above 20% thanks to efficiency improvements in production, sales and administration, while at the same time significantly increasing our R&D activities. We see increased interest in our new product family with integrated primaries for eco drives and growing green cars activity in Europe”, said François Gabella, CEO of LEM.

Industry segment: taking advantage of a strong global economy

Sales in the Industry segment totaled CHF 180.6 million in the first nine months of 2017/18, up 13.2% on the same period a year earlier. At constant exchange rates, sales increased by 12.8%.

The strong global economic environment supported all Industry businesses. Sales grew by 21% in China, by 10% in Asia excluding China and by 12% in Europe. Sales performance in North America was mixed (-2%) due to strong drives business but weaker renewables business in the US.

EBIT increased from CHF 32.4 million for the first nine months of 2016/17 to CHF 37.3 million in 2017/18. The EBIT margin increased from 20.3% to 20.6%.

- Sales in the drives & welding business grew by 9% compared with the first nine months of 2016/17. Sales growth was strongest in China, Japan and Germany. Growth was driven by strong demand from automation and robotics industries.
- Sales in the renewable energies & power supplies business increased by 16% on the first nine months of 2016/17. Continued demand from solar energy in China and Europe supported the performance. The Solar business in the US remains weak due to inverter manufacturers moving away from the US to Europe and Asia.
- LEM's traction business grew by 22%. The Company achieved strong sales with light rail and locomotive projects in India and China, track-side projects (safety and maintenance) in Europe and China and energy metering in Europe.
- Sales in the project-driven high-precision business were up by 4%. Activity in China slowed, with no repeat of last year's HVDC projects. The test & measurement market picked up, mainly driven by higher demand for green cars test benches.

Automotive segment: green cars business continues on its growth path

Sales in the Automotive segment for the first nine months of 2017/18 reached CHF 44.4 million, up 16.1% on the same period of 2016/17. At constant exchange rates, sales increased by 17.4%. Strong green cars growth in all regions contrasted with a declining US conventional cars business.

LEM is constantly increasing manufacturing capacities to meet increasing demand as well as its R&D, marketing and sales resources worldwide to seize emerging opportunities. LEM expects increasing competitive pressure as the growing green cars market attracts players inside and outside the Automotive industry.

EBIT for the first nine months of 2017/18 remained stable at CHF 9.2 million.

- LEM benefitted from the power train electrification trend in the global car industry. Sales in the green cars business increased by 70% on the previous year. Growth was driven by the Company's strong market position in the fast growing Chinese and Korean markets. LEM now sees a strong commitment from large car manufacturers in Europe and the US to launch new electric or hybrid-electric vehicle platforms.
- In the conventional cars business, sales decreased as expected by 17%. LEM experienced a weaker US business due the ongoing technological shift.



Outlook

Management expects the positive global economic environment to remain a supporting factor. The green cars business is set to remain strong, but volatile development is to be expected as this business has not yet reached maturity.

With the increasing share of sales in China (35% of Group sales), LEM expects a stronger seasonal impact in its fourth financial quarter (Chinese New Year).

For the full financial year 2017/18, LEM forecasts sales of CHF 290 to 300 million compared with CHF 264.5 million for full-year 2016/17. LEM expects the EBIT margin to come in at around 20%.

Media, investors and analyst conference call and webcast

François Gabella, CEO, and Andrea Borla, CFO, will provide a detailed presentation of the Q3 and first nine months of 2017/18 results today at 10:00 CET at a media, investors and analyst conference call.

Dial in details are:

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The conference call will simultaneously be webcast. Please follow the instructions in the following link: <http://services.choruscall.eu/links/lem180208.html>
The link to the webcast and the presentation slides are available on the LEM website (www.lem.com), where the webcast will later be archived.

Financial calendar

The financial year runs from 1 April to 31 March

23 May 2018	Year-end results 2017/18
28 June 2018	Annual General Meeting of Shareholders for the year 2017/18
3 July 2018	Dividend ex-date
5 July 2018	Dividend payment date

LEM – At the heart of power electronics

LEM is the market leader in providing innovative and high quality solutions for measuring electrical parameters. Its core products - current and voltage transducers - are used in a broad range of applications in drives & welding, renewable energies & power supplies, traction, high precision, conventional and green cars businesses. LEM's strategy is to exploit the intrinsic strengths of its core business, and to develop opportunities in existing and new markets with new applications. LEM is a mid-size, global company with approximately 1'520 employees worldwide. It has production plants in Beijing (China), Geneva (Switzerland), Sofia (Bulgaria) and Tokyo (Japan), and a dedicated R&D Center in Lyon (France). With regional sales offices near its customers' locations, the Company is able to offer a seamless service around the

globe. LEM has been listed on the SIX Swiss Exchange since 1986; the company's ticker symbol is LEHN.

www.lem.com

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Appendix:

Key figures

In CHF millions	2016/17				2017/18			Change	
Orders received	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3 to Q3	Q3 to Q2
Industry segment	52.7	53.5	55.4	58.1	63.9	58.7	63.1	+13.8%	+7.5%
Automotive segment	12.5	13.6	12.3	13.0	14.8	19.4	15.6	+27.1%	-19.6%
Total LEM	65.2	67.1	67.7	71.2	78.8	78.0	78.7	+16.2%	+0.8%
Book-to-bill ratio	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3 to Q3	Q3 to Q2
Industry segment	0.96	1.03	1.06	1.06	1.02	0.96	1.11	+5.0%	+15.4%
Automotive segment	1.05	1.00	0.97	1.09	1.11	1.27	0.98	+0.9%	-22.9%
Total LEM	0.97	1.02	1.04	1.07	1.04	1.02	1.08	+4.0%	+5.6%
Sales	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3 to Q3	Q3 to Q2
Industry segment	54.9	52.1	52.5	54.8	62.6	61.1	56.9	+8.4%	-6.8%
Automotive segment	12.0	13.6	12.6	12.0	13.3	15.2	15.9	+25.9%	+4.3%
Total LEM	66.9	65.7	65.1	66.8	75.9	76.3	72.8	+11.8%	-4.6%
EBIT	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3 to Q3	Q3 to Q2
Industry segment	10.6	10.4	11.4	11.5	13.3	12.6	11.3	-0.7%	-10.2%
Automotive segment	2.8	3.7	2.7	2.6	2.7	3.3	3.3	+19.2%	-0.5%
Total LEM	13.4	14.1	14.1	14.1	16.0	15.9	14.6	+3.1%	-8.2%

Consolidated income statement

	April to December		
In CHF thousands	2017/18	2016/17	Var. (in %)
Sales	224 998	197 753	+13.8%
Cost of goods sold	(122 075)	(104 833)	
Gross margin	102 922	92 920	+10.8%
Gross margin (in %)	45.7%	47.0%	
Sales expense	(22 534)	(20 358)	
Administration expense	(18 705)	(19 213)	
Research & development expense	(15 448)	(11 846)	
Other expense	0	(0)	
Other income	226	147	
EBIT	46 461	41 650	+11.6%
EBIT margin (in %)	20.6%	21.1%	
Financial expense	(205)	(147)	
Financial income	85	52	
Foreign exchange effect	1 714	(674)	
Profit before taxes	48 055	40 881	+17.5%
Income taxes	(10 002)	(8 205)	
Net profit of the period	38 053	32 676	+16.5%
Net profit margin (in %)	16.9%	16.5%	