

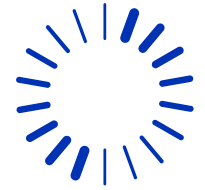


# 9 Months Results 2020/21

1 April 2020 to 31 December 2020



# Agenda



**Opening Remarks**

**Frank Rehfeld**

Business Performance

Frank Rehfeld

Financial Results

Andrea Borla

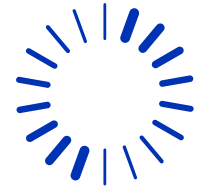
Outlook

Frank Rehfeld



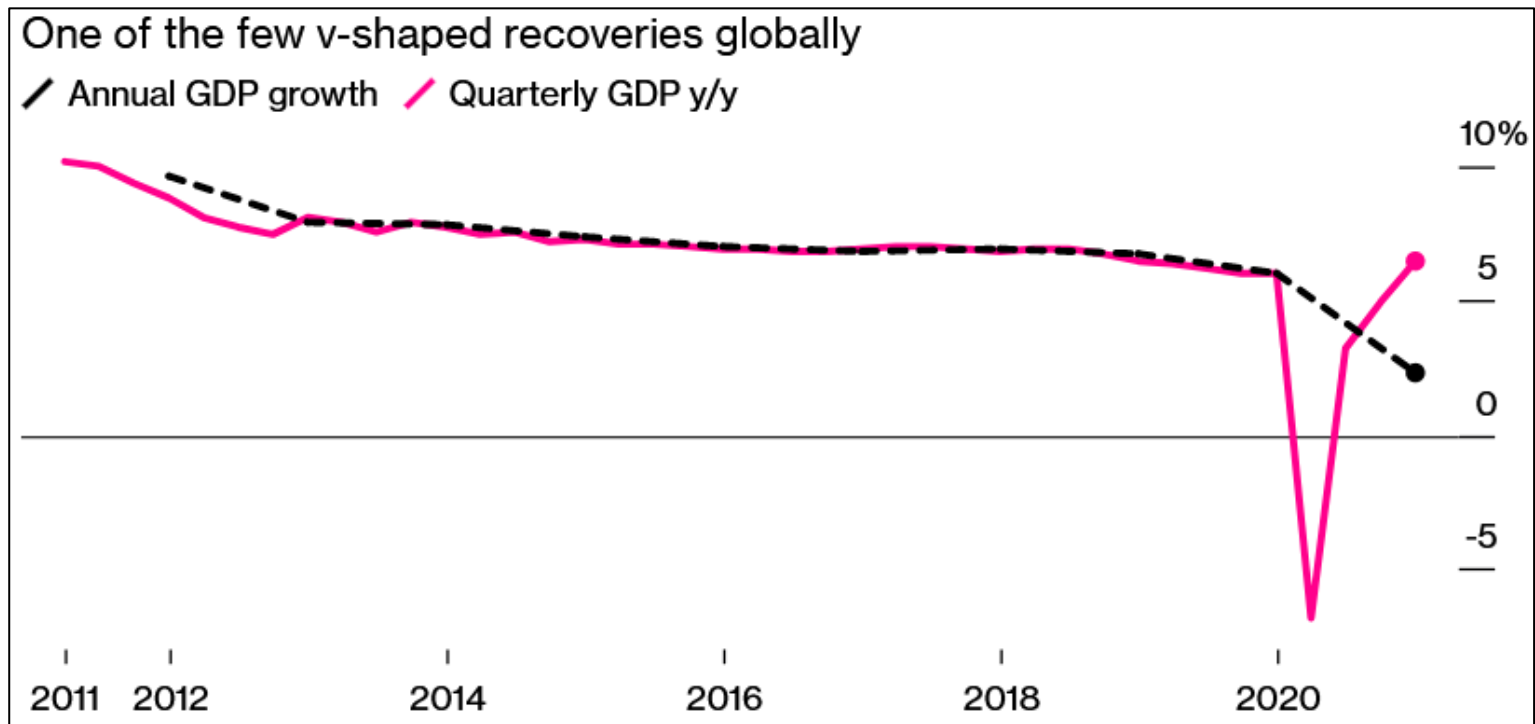
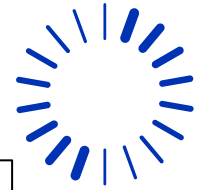
**life**  
**energy**  
**motion**

# Recovery continues



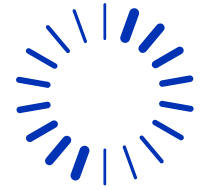
- Business continues to recover from initial impacts of Covid-19
- Sales, orders and profitability all improved in Q3 compared to Q2
- Top-line performance was mainly driven by China, renewable energy and the acceleration in demand for electric vehicles
- Underlying revenues down only 2.9% in constant currencies for 9M
- Continued efficiency and solid EBIT margin of 20%
- The fundamental drivers for our business have become even more pronounced by changes in international economic and social policies

# China's growth beats estimates



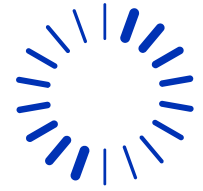
- Economy back to pre-pandemic growth rates in 2020Q4
- GDP up 6.5% Q4 on Q4, up 2.3% FY on FY
- Driven by Covid-19 measures and investment stimulus

# Organizational update



- Supply chain bottlenecks remain challenging
- Orders up 7.1% Q3 on Q3, but down 8.0% 9M on 9M
- China and Bulgaria running at full capacity since April
- Switzerland production working at 100% since November
- Sanitary measures for all sites, home-office experience successful
- Strategic investments continue, with delay due to Covid-19
  - Malaysia plant now scheduled to open in fiscal year 2022/23
  - Geneva HQ now scheduled to open mid-2022

# Agenda



Opening Remarks

Frank Rehfeld

**Business Performance**

**Frank Rehfeld**

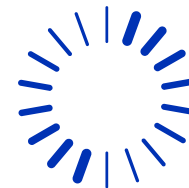
Financial Results




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

**9M 2020/21 Sales**  
CHF m

52.8

165.4

**Δ CHF**

-1.5%

-9.2%

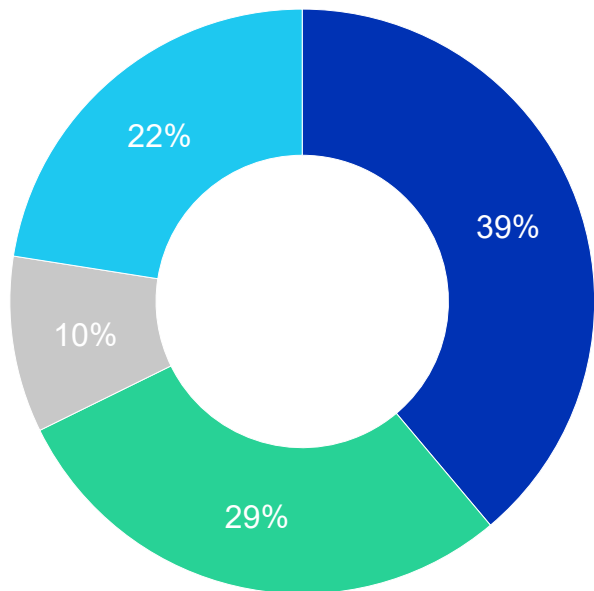
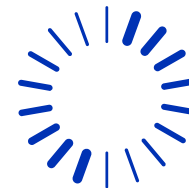
**Δ constant currency**

+4.1%

-4.9%



# Global sales spread



	Sales CHF m	Growth	
		9M 20/21 vs 19/20	Q3 20/21 vs 19/20
China	84.8	+5.7%	+20.1%
Europe	63.0	-11.6%	-12.2%
North America	21.3	-23.5%	-15.8%
RoW	49.1	-13.0%	-18.3%
<b>Total</b>	<b>218.2</b>	<b>-7.5%*</b>	<b>-3.4%</b>

\* -2.9% at constant currency rates

- China a record share of 38.9%
- Balanced geopolitical and economic exposure
- Close to customers on the ground in all key markets

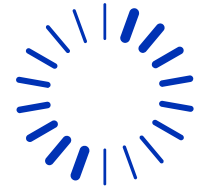


# Industry segment

LEM

# Industry segment

## Sales performance

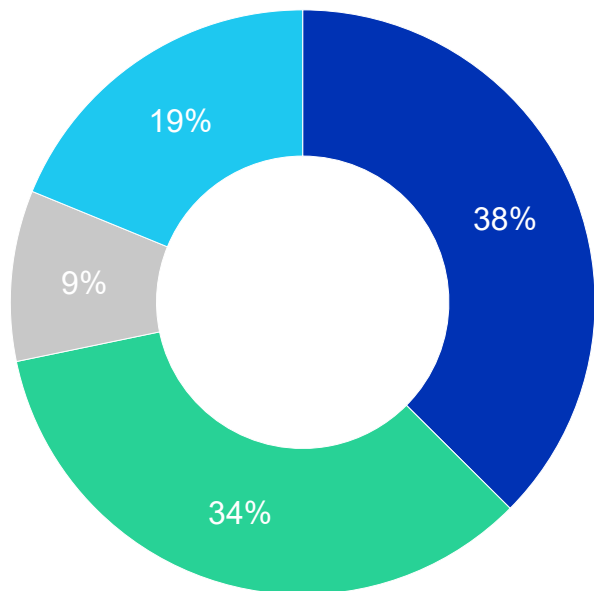
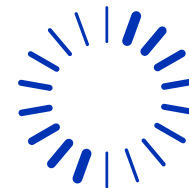


CHF m

<b>Businesses</b>	<b>2020/21</b>	<b>2019/20</b>	<b>Change</b>	<b>Comments</b>
Drives	69.7	73.6	-5.2%	<ul style="list-style-type: none"><li>• Longer-term investment cycles</li><li>• Asia and USA recovering</li></ul>
Renewable Energy	61.4	60.7	+1.1%	<ul style="list-style-type: none"><li>• China solar demand ahead of Spring season peak</li><li>• Europe improved orders</li></ul>
Traction	28.8	39.5	-27.1%	<ul style="list-style-type: none"><li>• Longer-term investment cycles</li><li>• India and China delays in major orders</li></ul>
High precision	5.5	8.4	-34.9%	<ul style="list-style-type: none"><li>• Budgets switched to Covid needs</li><li>• Lack of investment confidence for test benches &amp; medical equipment</li></ul>
<b>Total Industry</b>	<b>165.4</b>	<b>182.1</b>	<b>-9.2%</b>	

# Industry segment

## Regional markets

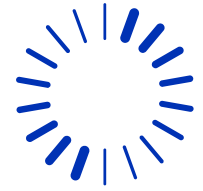


	Sales CHF m	Growth	
		9M 20/21 vs 19/20	Q3 20/21 vs 19/20
China	61.9	+6.4%	+10.2%
Europe	56.7	-15.3%	-17.5%
North America	15.6	-20.0%	-19.1%
RoW	31.1	-16.9%	-19.2%
<b>Total</b>	<b>165.4</b>	<b>-9.2%*</b>	<b>-9.3%</b>

\* -4.9% at constant currency rates

- Largest market China continues to grow due to renewable energy
- Strong FX effect on reported sales from China and North America

# Industry next generation products



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## Renewables



For smart grids



Rogowski coil integrator AI-P1A



ARU B100 T125

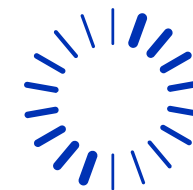


# Automotive segment

LEM

# Automotive segment

## Sales performance



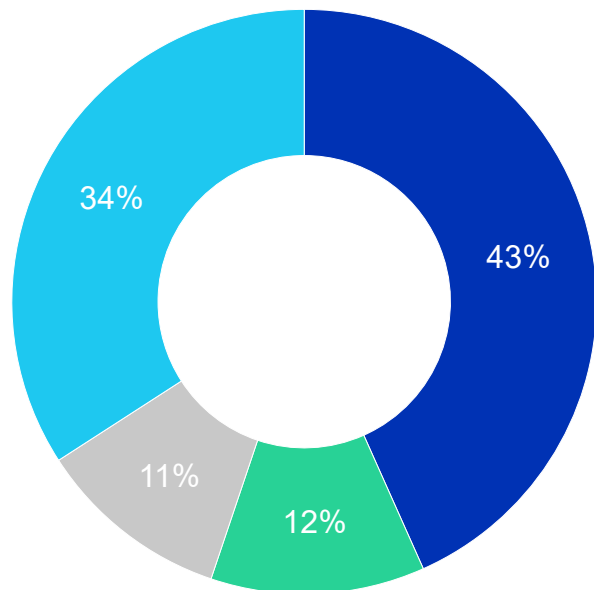
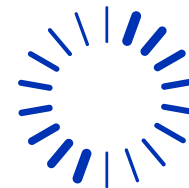
CHF m

<b>Businesses</b>	<b>2020/21</b>	<b>2019/20</b>	<b>Change</b>	<b>Comments</b>
Battery Management	31.5	34.9	-9.6%	<ul style="list-style-type: none"><li>• US reduction in 12V demand</li><li>• Demand for High Voltage products increasing</li></ul>
Motor Control	18.8	16.6	+13.3%	<ul style="list-style-type: none"><li>• Strong demand spurred by EV cars</li></ul>
Charging Systems	2.5	2.2	+13.8%	<ul style="list-style-type: none"><li>• Continued momentum for battery electric and hybrid vehicles</li></ul>
<b>Total Automotive</b>	<b>52.8</b>	<b>53.6</b>	<b>-1.5%</b>	

- The Q3 sales of CHF 21.3 million (+15.2%) are the highest quarterly sales yet achieved by the business

# Automotive segment

## Regional markets



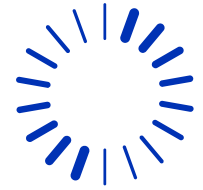
	Sales CHF m	Growth	
		9M 20/21 vs 19/20	Q3 20/21 vs 19/20
China	22.9	+4.1%	+44.9%
Europe	6.3	+44.9%	+55.5%
North America	5.7	-31.8%	-8.2%
RoW	18.0	-5.4%	-16.6%
<b>Total</b>	<b>52.8</b>	<b>-1.5%*</b>	<b>+15.2%</b>

\* +4.1% at constant currency rates

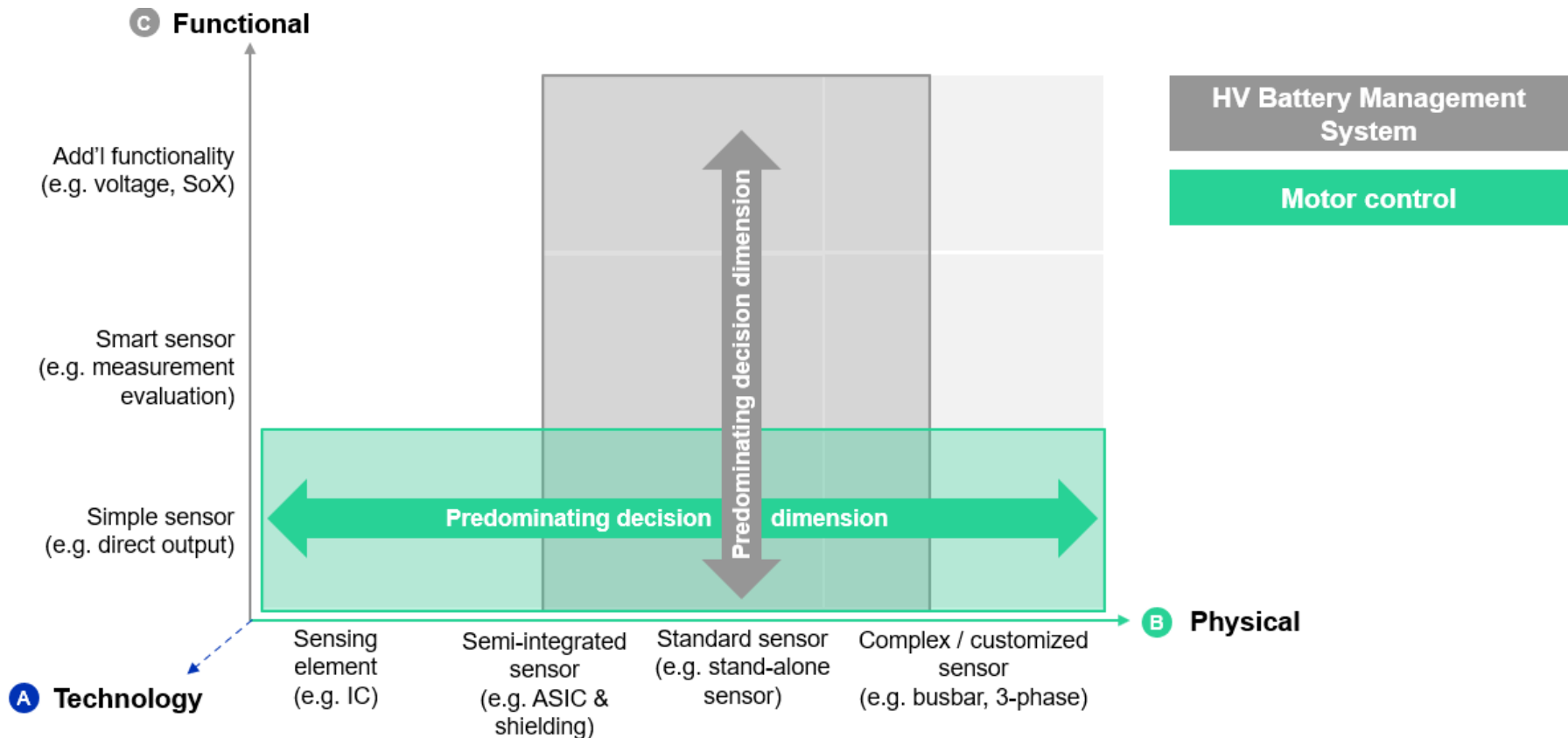
- China performed very well in Q3, driven by consumer appetite for EVs and launch of several new vehicles
- Europe grew due to OEMs continuing to ramp-up production operations
- North America reduced sales of 12V products and slow transition to green cars
- RoW up due to strong Korea offset by weaker Japan sales



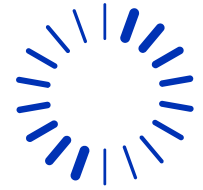
# Integration dimensions of the current sensing function



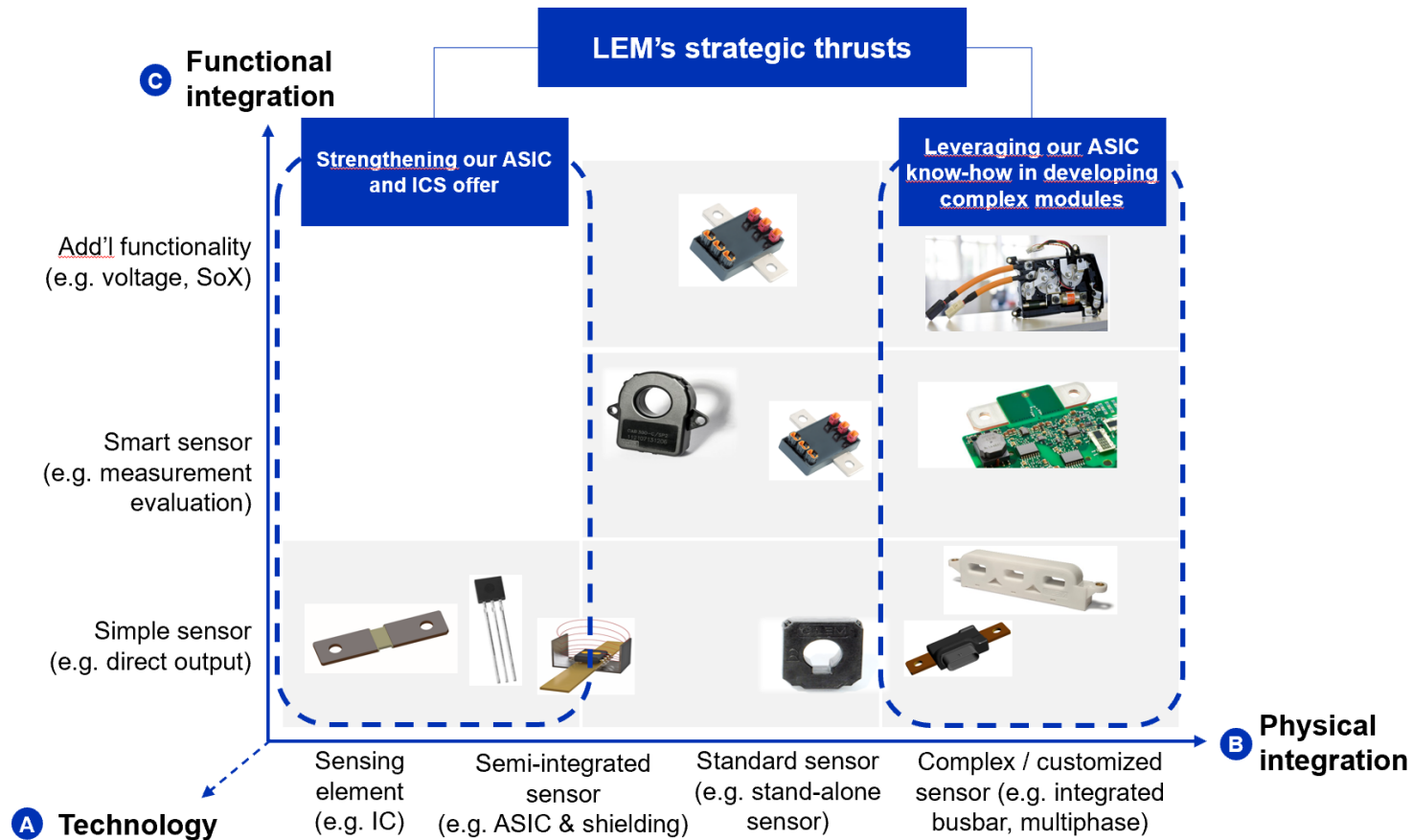
- > Battery management: functional integration
- > Motor control: physical integration



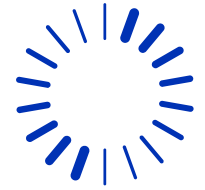
# Driving forces on current sensing technologies



- > Battery management: functional integration
- > Motor control: physical integration



# Agenda



Opening Remarks

Frank Rehfeld

Business Performance

Frank Rehfeld

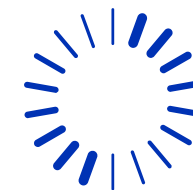
**Financial Results**

**Andrea Borla**

Outlook

Frank Rehfeld

# Performance at a glance

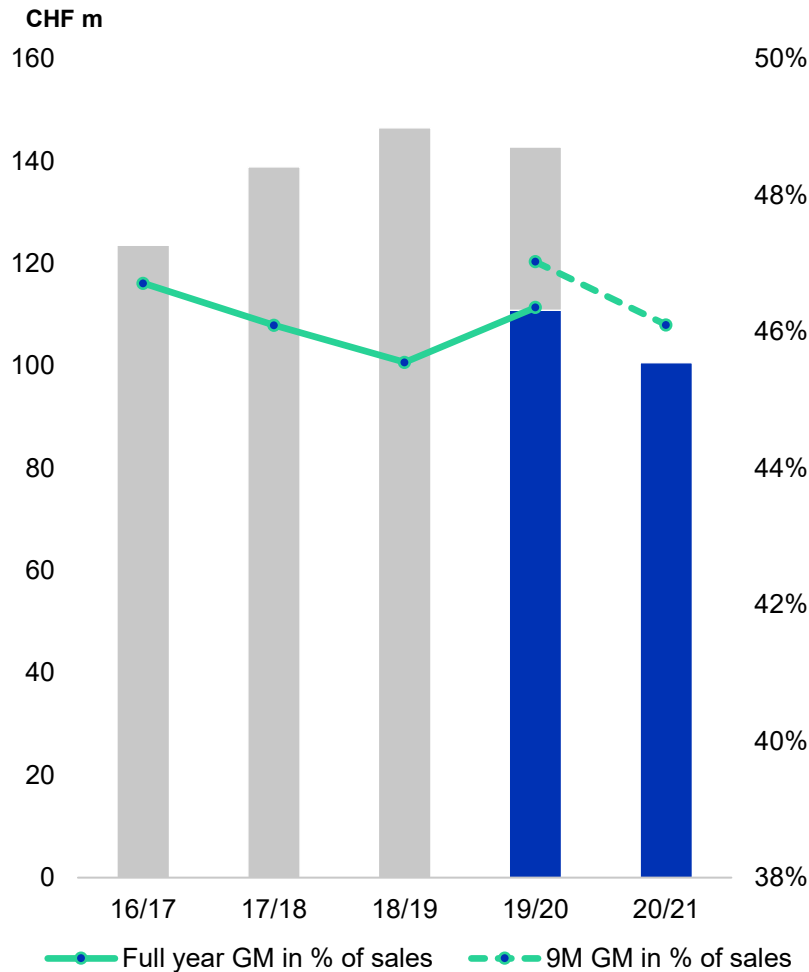
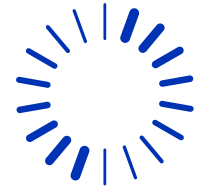


CHF m	9M 2020/21	9M 2020/21 vs 2019/20	Q3 2020/21 vs 2019/20
<b>Orders received</b>	222.3	-8.0%	+7.1%
<b>Sales</b>	218.2	-7.5%*	-3.4%
<b>EBIT</b>	43.6	-6.0%	+4.3%
<b>Net profit</b>	36.0	-30.7%	-53.0%

\* -2.9% at constant currency rates

- Orders in Q3 CHF 87.0m, strongest quarter since Q1 2019/20
- Sales down 2.9% at constant currencies, benefit of diverse footprint
- EBIT holds up well with continued organisational efficiency
- Net profit 9M 2019/20 boosted by CHF 14.0m tax impact from IP sale
- Net profit like for like CHF 36.0m vs. CHF 38.0m

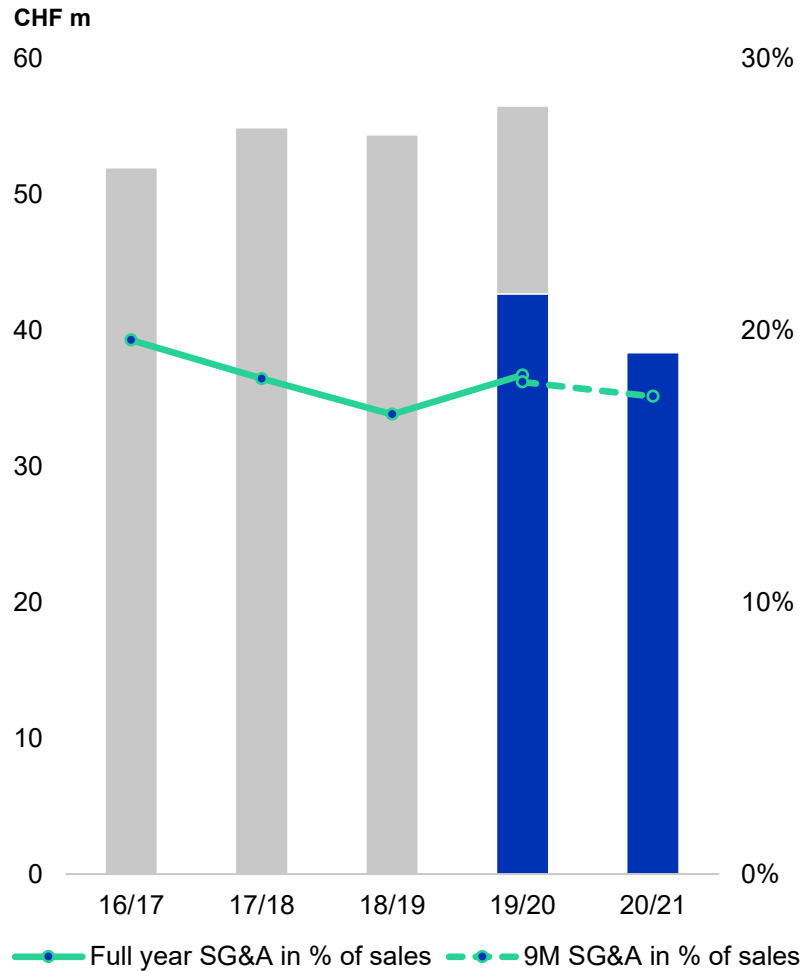
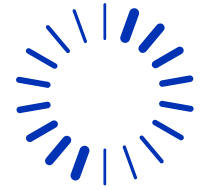
# Gross margin



	9M	9M	Q3	Q3
	2020/21	2019/20	2020/21	2019/20
In CHF m	100.6	110.9	35.1	36.6
In % of sales	46.1%	47.0%	47.3%	47.6%

Gross margin declined by 90 basis pts:

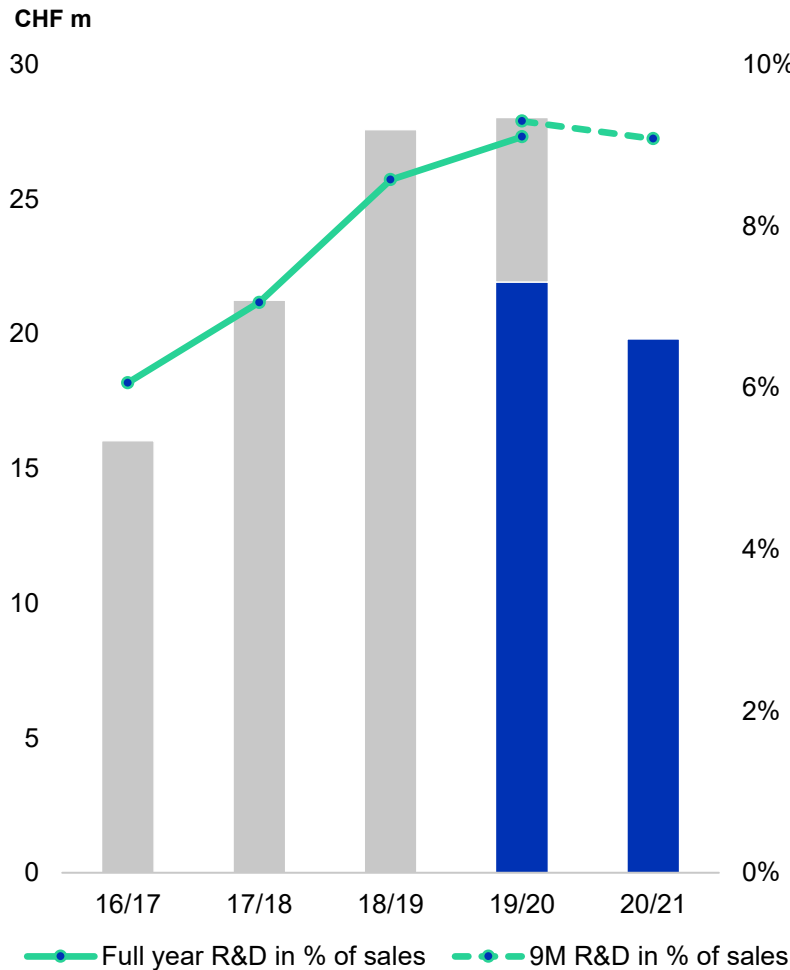
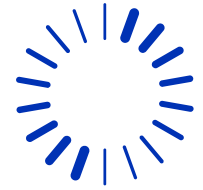
- Higher air freight costs due to Covid-19
- Partially compensated by efficiency programs
- 84% of sales produced in China and Bulgaria



	9M	9M	Q3	Q3
	2020/21	2019/20	2020/21	2019/20
In CHF m	38.3	42.7	13.0	14.3
In % of sales	17.6%	18.1%	17.6%	18.7%

- Continued organisational efficiency
- SG&A costs fell to 17.6% of sales
- Sanitary crisis effects (eg. limited travel, government subsidies)

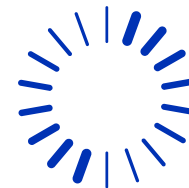
# R&D



	9M	9M	Q3	Q3
	2020/21	2019/20	2020/21	2019/20
In CHF m	19.8	21.9	6.8	7.6
In % of sales	9.1%	9.3%	9.2%	9.9%

- Reduced R&D outsourcing
- Products such as HMSR and DC Meter in early sales launch phase
- Continued long-term investment in future applications

# Financial expense

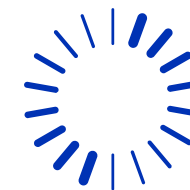


CHF m	9M 2020/21	9M 2019/20	Q3 2020/21	Q3 2019/20
Exchange effect	0.1	(0.9)	0.0	0.3
Other financial expense & income	(0.3)	(0.2)	(0.2)	0.0
<b>Total</b>	<b>(0.2)</b>	<b>(1.1)</b>	<b>(0.2)</b>	<b>0.3</b>

- No major foreign exchange impacts
- USD, EUR and JPY cash flows are hedged
- Interest costs relate mainly to expenses on lease liabilities



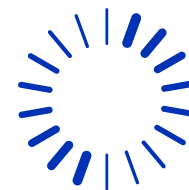
# Income taxes



%	9M 2020/21	9M 2019/20
Expected income tax rate	15.3	-14.8
Expected withholding tax rate	1.7	0.7
<b>Expected tax rate</b>	<b>16.9</b>	<b>-14.1</b>
Other differences	0.2	-0.8
<b>Effective tax rate</b>	<b>17.1</b>	<b>-14.9</b>

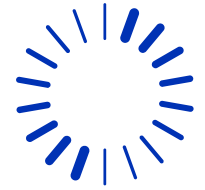
- 9M 2019/20 benefitted from a one-time effect tax impact of CHF 14.0m due to sale of IP; like for like effective tax rate stable at 17.1%
- LEM China benefits from the HNTE (High & New-Technology Enterprise) reduced tax rate of 15%
- Withholding taxes mainly on dividends paid from China to Switzerland

# Income statement



CHF m	9M	9M	Change	Q3	Q3
	2020/21	2019/20		2020/21	2019/20
Sales	218.2	235.8	-7.5%	74.1	76.7
Gross margin %	46.1%	47.0%	-0.9%pt	47.3%	47.6%
Operating expenses	(57.0)	(64.5)	-11.7%	(19.8)	(21.9)
<b>EBIT</b>	<b>43.6</b>	<b>46.4</b>	<b>-6.0%</b>	<b>15.3</b>	<b>14.6</b>
EBIT margin %	20.0%	19.7%	+0.3%pt	20.6%	19.1%
Net financial expenses	(0.2)	(1.1)	n/a	(0.2)	0.3
Income tax	(7.4)	6.7	n/a	(2.5)	12.0
<b>Net profit</b>	<b>36.0</b>	<b>52.0</b>	<b>-30.7%</b>	<b>12.6</b>	<b>26.9</b>
Net profit margin %	16.5%	22.1%	-5.5%pt	17.1%	35.1%

# Agenda



Opening Remarks

Frank Rehfeld

Business Performance

Frank Rehfeld

Financial Results

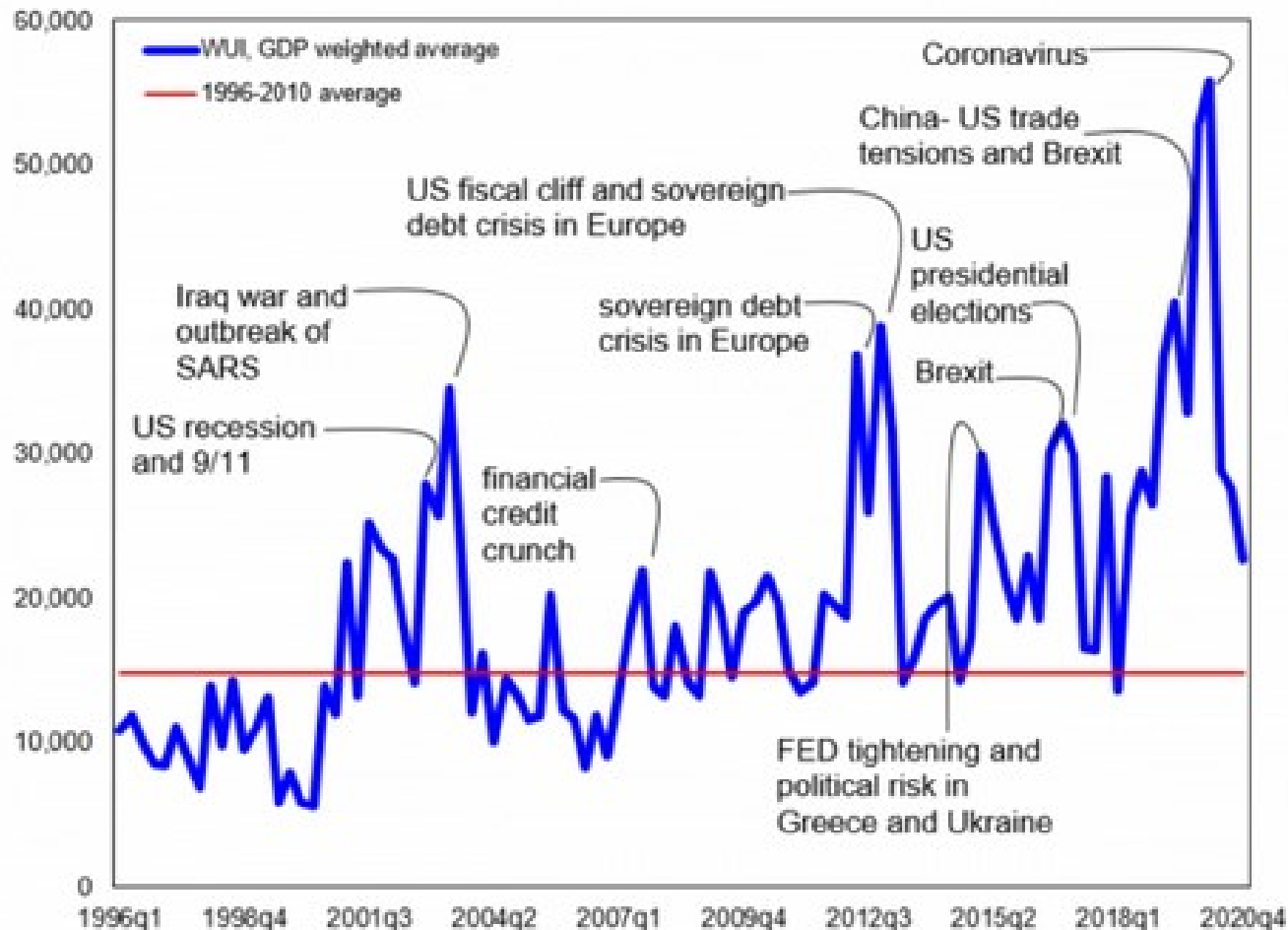
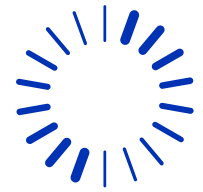
Andrea Borla

**Outlook**

**Frank Rehfeld**

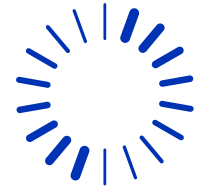
# Global uncertainty remains high

## World Uncertainty Index

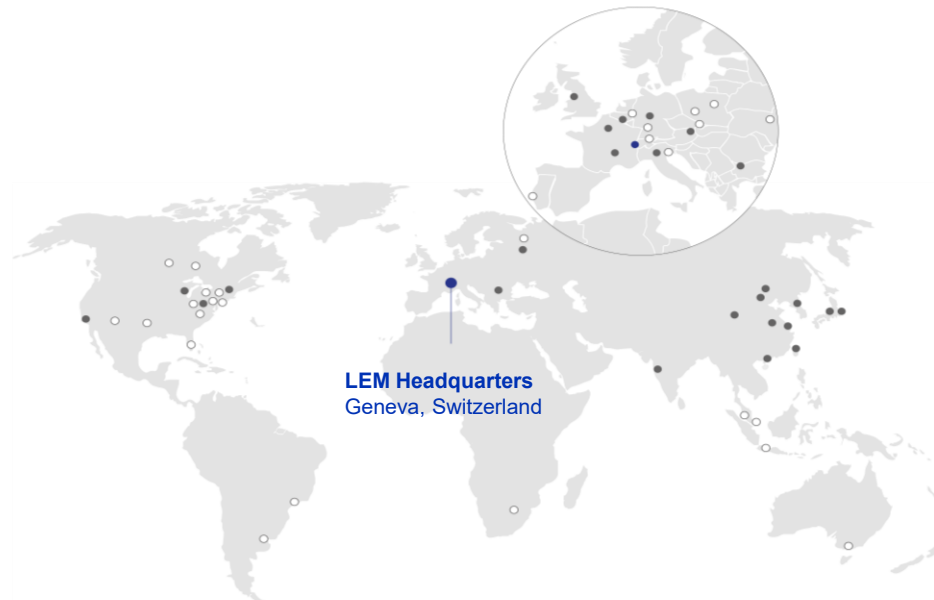


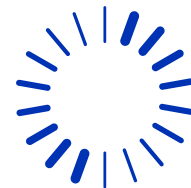
> Index Q4 2020 remains 50% above its average 1996-2010

# Cautious outlook – Full Year 2020-21



- Our business has proven agile and resilient in face of the initial impacts of Covid-19, delivering improved performance in Q3
- Little visibility on how the pandemic may play out if China or other major markets go into further lockdowns, despite the roll-out of vaccination programs
- For the full financial year 2020/21, the company now expects sales to decline by about 6% in reported Swiss Francs to around CHF 290 million (CHF 307.9 million for 2019/20)
- LEM anticipates an EBIT margin close to 20%



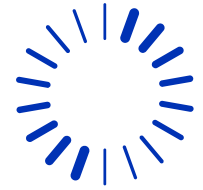


# Q&A



**life**  
**energy**  
**motion**

# Financial calendar and contact details



**The financial year runs from 1 April to 31 March**

19 May 2021	Year-end results 2020/21
24 June 2021	Annual General Meeting 2020/21
1 July 2021	Dividend ex-date
6 July 2021	Dividend payment date

**For further information**

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Phone: +41 22 706 12 50  
E-mail: [investor@lem.com](mailto:investor@lem.com)