



Life Energy Motion

Ad hoc announcement pursuant to Art. 53 LR

LEM with solid performance for full year 2023/24 in weakening markets

Geneva, 28 May 2024 – LEM (SIX: LEHN), a global leader in electrical measurement for automation, e-mobility, renewable energy, power network and railroad applications, announces its results for the full year of 2023/24 (April-March):

- LEM maintained sales at prior year level with CHF 405.8 million (full year 2022/23: CHF 406.4 million). At constant exchange rates, sales increased by 7.2%.
- LEM achieved the strongest growth in the EMEA region with 22.6% and Rest of Asia reached 15.9%. Americas decreased 5.0% while China was down 24.2% year-on-year due to the economic slowdown. At constant currencies, growth in Rest of Asia was 26.0%, while the decline in China was only 15.3%.
- Starting from the previous year's peak, bookings further normalized to CHF 243.3 million (CHF 465.2 million); the book-to-bill ratio was 0.60.
- EBIT declined by 12.1% to CHF 81.1 million (CHF 92.2 million); the EBIT margin amounted to 20.0%. Net profit decreased to CHF 65.3 million, resulting in a net profit margin of 16.1% (CHF 75.3 million; 18.5%).
- Operating cash flow amounted to CHF 74.4 million (CHF 87.0 million).
- The Board of Directors proposes a dividend of CHF 50 per share, representing a payout ratio of 87.3%.
- Dr. Libo Zhang proposed as new member of the Board of Directors.
- Sustainability strategy driven forward and first standalone Sustainability Report published.
- LEM expects market development to be moderate in the current financial year. The main reason for some headwind is that it will still take time for customers to reduce their inventories, particularly in the Renewable Energy and Automation markets. Based on forecasts from customers, LEM expects the situation to improve during the second half of 2024/25.

Frank Rehfeld, Chief Executive Officer, said: "LEM operates in markets in which the currency was devaluated against the CHF. The growth of more than 7% in constant currencies confirms the opportunities in our markets, however, remains below our ambition. In 2023/24, we saw two different trends in the two half-year periods, which were characterized by both cyclical and structural developments. We were able to successfully develop our businesses and benefit from fundamental, environmentally friendly trends in the increasingly competitive areas of electrification, renewable energies and e-mobility. These megatrends will remain dominant in the future. In addition to our usual high level of investment in R&D, we further expanded our research and development capacities and opened two new R&D centers in Munich, Germany and Sofia, Bulgaria, and expanded the site in Shanghai, China, to also host R&D activities. The pleasing result was reflected in the launch of 11 new products from our expanded R&D pipeline."



Andrea Borla, Chief Financial Officer, commented, "The fourth quarter showed a significant decline in order intake of 46.3%, in sales of 14.8% and an EBIT margin of 13.2%, which was negatively impacted by 3-percentage-points due to severance costs. The measures introduced to increase our agility and improve our cost positions were stepped up and have shown initial success but will only take full effect over a longer period of time. However, the fundamental growth drivers remain intact."

Sales by business

in CHF millions		2023/24	2022/23	Change	Change at constant exchange rates
Business	Scope				
Automation	drives, robots, tooling machines, elevators, HVAC	120.0	136.3	-11.9%	-5.5%
Automotive	battery (EV & CE), motor control, onboard charging	98.6	100.7	-2.1%	+6.8%
Renewable Energy	solar, wind	70.8	67.0	+5.6%	+14.8%
Energy Distribution & High Precision	charging stations, smart grid, energy storage, high precision	60.9	59.4	+2.6%	+8.2%
Track	trains, metro, trackside	55.5	43.0	+29.1%	+35.4%
Total		405.8	406.4	-0.1%	+7.2%

Automation

The business largely developed in line with the global economic trend. The first half of the year was relatively solid. Among other factors, the automation business benefited from the trend towards sustainable and customer-oriented solutions in manufacturing, particularly in EMEA. In the second half of the year, the automation business slowed down in more difficult economic conditions as well as due to high inventories. In China, sales weakened slightly due to declining exports.

Automotive

Sales in the Automotive business showed moderate growth year-on-year with weaker momentum in the second half of the year. Growth was driven by good sales in EMEA and South Korea. In contrast, sales in China, the single most important market, declined against the backdrop of an increasingly competitive environment. However, the cost initiatives introduced, and the enhanced customer focus began to show the desired improvements.

Renewable Energy

Renewable Energy recorded a good overall business performance, albeit with regional variations. The business saw strong demand from EMEA, Americas, Japan and India in the first half of the financial year. This compensated for declining business in China, where exports of solar energy generation equipment have slowed down, and destocking was taking place at Chinese manufacturers and their distributors. Starting from this good level in EMEA, Americas, Japan and India, there was a slowdown from the third quarter onwards. Demand in domestic installations declined seasonally, while customers in Europe also had high stock levels. Price pressure was noticeable in both China and Europe.



Energy Distribution & High Precision

Energy Distribution & High Precision achieved steady growth in an increasingly competitive environment that also affected OEMs. The DC meter for charging stations continued to sell very well, although growth slowed significantly in the second half of the year. Products for smart grid developed solidly due to the favorable growth rates in these markets, although customers were rather reluctant to invest at the end of the financial year. The testing and measurement business for laboratory equipment performed well in the first half of the year due to good demand from the e-mobility sector, which invested in the development of batteries. The second half of the year was weaker, which is in line with the general slowdown in e-mobility. In medical technology, the first half of the year was also good, followed by a slowdown in the second half of the year.

Track

Starting from a weak prior-year base, the Track business achieved a jump in sales. Momentum was exceptionally high in the first half of the financial year, settling into solid growth in the second half. The renewal of energy meters for locomotives in various EU countries generated additional demand in EMEA. Track also recorded robust growth in China, supported by a positive market environment.

Sales by region

in CHF millions		2023/24	2022/23	Change	Change at constant exchange rates
Region	Scope				
China		119.7	157.9	-24.2%	-15.3%
Rest of Asia	Japan, South Korea, India, South-East Asia	82.3	71.0	+15.9%	+26.0%
EMEA	Europe, Middle East & Africa	156.5	127.7	+22.6%	+26.7%
Americas	NAFTA & Latin America	47.3	49.8	-5.0%	+1.9%
Total		405.8	406.4	-0.1%	+7.2%

China

LEM was confronted with a difficult environment on the Chinese market, which was also reflected in a significant decline in sales. This was due to slow economic growth, declining exports of solar inverters, lower sales of products for e-mobility and significantly negative currency effects. LEM also saw some market share loss in the highly competitive e-mobility and renewable energy sectors. Increased speed and competitive pressure are the biggest challenges in China. In this environment, LEM implemented measures to become more agile, focusing on greater customer proximity, increased local R&D and strengthened regional decision-making.

Rest of Asia

The other Asian markets, particularly Korea and Japan, recorded a broad-based upturn and solid business, partially offsetting the decline in China. In sensors for electric and hybrid vehicles, LEM achieved strong growth in South Korea and to a lesser extent in Japan. Automation and renewable energy solutions were also performing well in Japan. In India, there was good demand from the infrastructure sector for track and energy distribution solutions, as well as for solar and wind power generation products. LEM's customers today are having increased focus on the resilience of their suppliers and are looking for dual sourcing options. To meet these needs, LEM has expanded its manufacturing capabilities with a new production facility in Penang, Malaysia. The new production site





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enables LEM to supply the Asian markets as well as the USA and Europe from Asia. The site is also well positioned in proximity to major semiconductor manufacturers.

EMEA

Business in EMEA went extremely well, driven by strong demand in all business areas and a normalization of supply chains. LEM was able to reduce order backlogs in the first half of the year, after which the market weakened noticeably. DC Meters saw a jump in sales due to extensive investments in the expansion of charging infrastructure. Automotive, Renewable Energy and Track also performed well.

Americas

The Americas region delivered a decent performance in the face of overall subdued investment activity from the second quarter onwards and a negative currency impact. One focus in the reporting period was on expanding the sales and field service team to broaden the customer base and accelerate growth, particularly in e-mobility.

Profitability maintained at a high level

Gross profit for the financial year 2023/24 decreased by 1.6% to CHF 189.2 million (CHF 192.2 million). The gross profit margin decreased slightly from 47.3% to 46.6% and was in line with the long-term average. The gross margin was impacted by higher costs for electronic components, provisions for slow moving stocks and positively influenced by the improved business mix.

SG&A costs were 9.3% higher at CHF 74.4 million (CHF 68.1 million) due to LEM's investments in digitalization projects, such as the first successful launches of the new ERP system, and build-up costs for the new production facility in Malaysia. In addition, severance costs resulted from the layoff of 40 employees. Overall, SG&A costs as a percentage of sales increased to 18.3% (16.8%). LEM continued its investments in future applications and opened two new R&D centers in Germany and Bulgaria, expanded the R&D site in China and increased the headcount overall by 30 engineers. This build-up is reflected in the increase in R&D costs by 5.3% to CHF 33.9 million or 8.3% of sales (CHF 32.2 million; 7.9%).

The EBIT declined by 12.1%, from CHF 92.2 million to CHF 81.1 million. The EBIT margin was down from 22.7% to 20.0% due to the increased SG&A and R&D expenses.

Financial expenses increased from CHF 1.3 million to CHF 2.8 million due to an increase in interest rates and higher average debt. Exchange rate effects due to the Swiss franc appreciation had a negative impact of CHF 3.3 million (CHF 1.9 million).

The effective tax rate was 12.9% due to the increase in deferred tax assets as a result of the increase in the Canton of Geneva tax rate from 1 January 2024 and the sale of an IP in China. Without these one-off effects, the tax rate would have been at 15.5%.

Net profit decreased from CHF 75.3 million to CHF 65.3 million, mainly due to the lower operating result, while lower taxes had a slightly supportive effect. As a result, the net profit margin decreased to 16.1% (18.5%).

The Board of Directors will propose to the Annual General Meeting on June 27, 2024 that a dividend of CHF 50 per share be distributed for the 2023/24 financial year.





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Dr. Libo Zhang to be elected as new member of the Board of Directors

Furthermore, the Board of Directors will propose to the Annual General Meeting the election of Dr. Libo Zhang as member of the Board of Directors. Dr. Libo Zhang is an independent Board Professional and Corporate Finance Advisor. Among other mandates, she is a member of the Board of Directors of the Swiss technology group VAT. Previously, Ms. Zhang was CFO of the automotive manufacturer Borgward Group AG in Germany and of FFG Europe & Americas, a worldwide specialist in the tooling machine industry. She has many years of experience in management positions in the areas of finance, controlling and commercial processes in international industrial companies. Ms. Zhang is German citizen and holds a PhD in Economics and an MBA from Georg-August University in Göttingen, Germany. The Board of Directors is convinced that with her background, know-how and experience Ms. Zhang will be a very valuable contributor to the future of LEM.

Sustainability strategy driven forward

Over the financial year 2023/24, LEM is proud to report a strong improvement on Sustainability to continue helping customers and society accelerate the transition to a sustainable future. Solid foundations have been grounded to build up the LEM sustainability strategy. On the governance side, a dedicated team has been created with clear roles, responsibilities, and accountabilities throughout the organization. The ESG topics on which LEM will focus have been identified and KPIs for measuring target achievement have been defined. Furthermore, concrete actions were implemented to improve LEM's ESG posture and reduce its carbon footprint such as management remuneration linked to Scope 1 and 2 emission reduction. Detailed information can be found in the standalone Sustainability Report published for the first time.

Outlook

LEM expects market development to be moderate in the current financial year. The main reason for some headwind is that it will still take time for customers to reduce their inventories, particularly in the Renewable Energy and Automation markets. Based on forecasts from customers, LEM expects the situation to improve during the second half of 2024/25.

Investor, analyst and media conference

Andreas Hürlimann, Chairman of the Board of Directors, Frank Rehfeld, CEO, and Andrea Borla, CFO, will explain the 2023/24 full-year results and provide an outlook for the current financial year today at 10:30 am CET at a conference for investors, analysts and media at the Widder Hotel in Zurich.

Conference call and audio webcast

The conference for investors, analysts and the media will be broadcast via conference call and audio webcast.

To participate in the conference call, please register via this [link](#). You will then receive a confirmation e-mail with individual dial-in data. As a participant in the conference call, you can follow the presentation [here](#).

To access the audio webcast, please use this [link](#). Questions can be asked via the chat function. A recording of the webcast will be available 2 hours after the call from LEM's website or using the same [link](#).





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Download link

The ad hoc announcement, Annual Report and presentation are available in the Investor Relations section of the LEM website (www.lem.com/en/investors), where the webcast recording will later also be archived.

Financial calendar

The financial year runs from 1 April to 31 March

27 June 2024	Annual General Meeting for the financial year 2023/24
2 July 2024	Dividend ex-date
4 July 2024	Dividend payment date
26 July 2024	First quarter results 2024/25
11 November 2024	Half year results 2024/25
7 February 2025	9 months results 2024/25
27 May 2025	Full year results 2024/25
26 June 2025	Annual General Meeting for the financial year 2024/25
1 July 2025	Dividend ex-date
3 July 2025	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 1'800 people in 17 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 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 March		
	2023/24	2022/23	Change
Sales	405'777	406'350	-0.1%
Cost of goods sold	(216'614)	(214'156)	
Gross profit	189'163	192'194	-1.6%
Gross profit margin (in %)	46.6%	47.3%	
Sales expenses	(29'513)	(29'124)	
Administration expenses	(44'881)	(38'950)	
Research & development expenses	(33'866)	(32'174)	
Other income	153	234	
Operating profit	81'058	92'180	-12.1%
Operating profit margin (in %)	20.0%	22.7%	
Financial expenses	(3'181)	(1'719)	
Financial income	422	392	
Foreign currency exchange effect	(3'326)	(1'928)	
Profit before tax	74'972	88'925	-15.7%
Income taxes	(9'645)	(13'585)	
Net profit	65'327	75'340	-13.3%
Net profit margin (in %)	16.1%	18.5%	





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Key Figures

in CHF millions		2023/24					2022/23					Change	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q4 - Q4	FY - FY	
Orders received													
Total LEM	81.0	60.5	46.4	55.3	243.3	158.1	112.0	92.1	103.0	465.2	-46.3%	-47.7%	
Book-to-bill ratio													
Total LEM	0.72	0.55	0.50	0.62	0.60	1.74	1.04	0.89	0.98	1.14	-36.9%	-47.6%	
Sales													
Automation	34.3	32.6	27.5	25.6	120.0	30.5	36.9	34.4	34.5	136.3	-25.6%	-11.9%	
Automotive	27.4	26.0	23.7	21.5	98.6	21.8	28.4	25.2	25.4	100.7	-15.3%	-2.1%	
Renewable Energy	21.0	19.8	16.4	13.5	70.8	15.4	18.0	16.8	16.7	67.0	-19.3%	+5.6%	
Energy Distribution & High Precision	15.6	17.0	12.5	15.8	60.9	13.8	14.1	14.9	16.6	59.4	-4.2%	+2.6%	
Track	14.2	15.6	13.2	12.7	55.5	9.3	10.0	12.2	11.6	43.0	+9.0%	+29.1%	
Total LEM	112.3	111.0	93.3	89.2	405.8	90.7	107.3	103.5	104.7	406.4	-14.9%	-0.1%	
EBIT													
Total LEM	26.2	25.5	17.6	11.8	81.1	19.5	26.3	22.6	23.8	92.2	-50.6%	-12.1%	
Net profit													
Total LEM	20.5	22.9	12.0	9.9	65.3	14.7	20.5	20.1	20.1	75.3	-50.7%	-13.3%	

