



RESULTS

3RD QUARTER AND NINE MONTHS OF 2016/17

1 APRIL 2016 TO 31 DECEMBER 2016



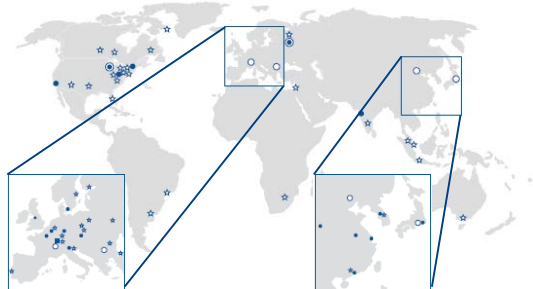
Agenda

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



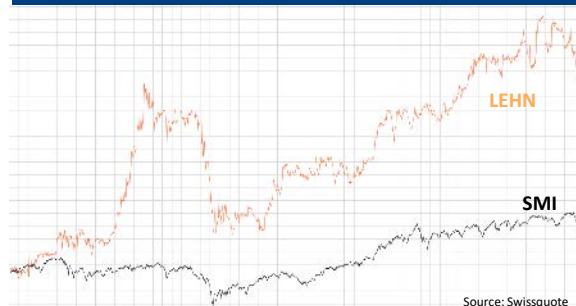
1. Global Market Leader in Current and Voltage Transducers

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 261.5 million in 2015/16

Performance



- Market capitalization of CHF 1 billion
- Dividend yield >4% in each year since 2009
- Continued sales growth and strong margins

Perspectives



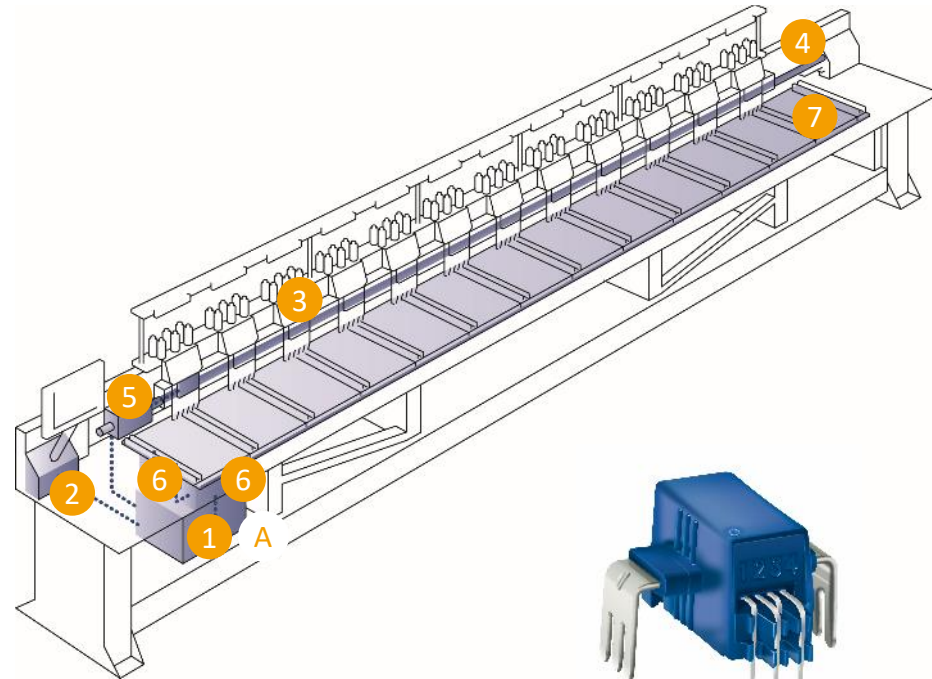
- Reinforced investment in innovation
- Solid growth perspectives due to underlying trends
- Strong foothold in China
- EBIT margin target of 15 to 20%

1. LEM Applications: Sewing Machine/Embroidery Machine

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.



A HLSR 10-P

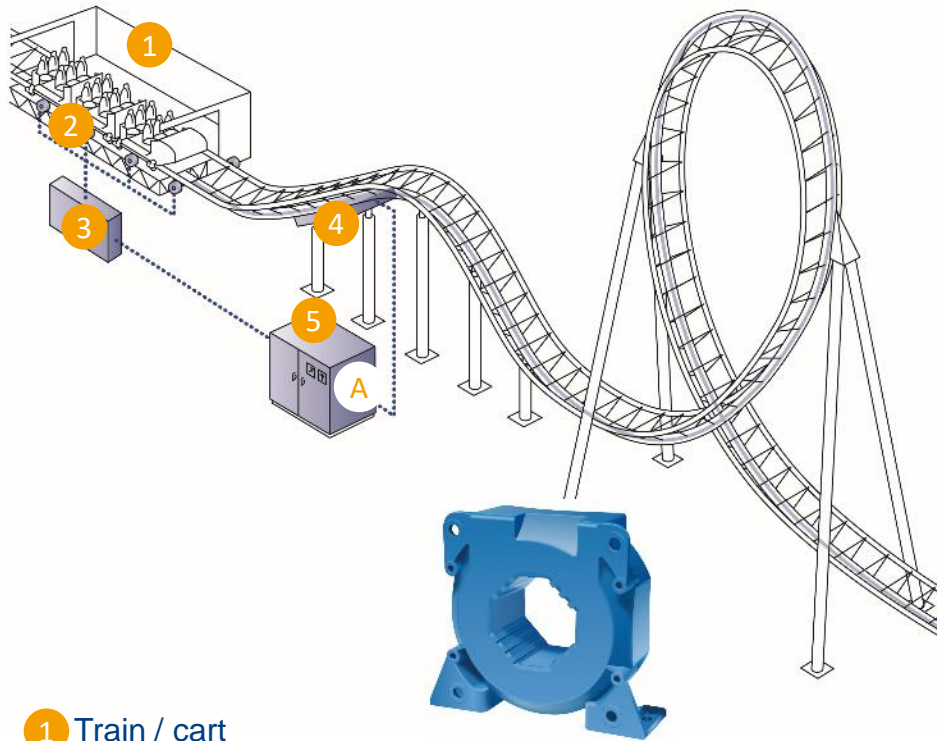
- 1 Servo drives
- 2 Control unit
- 3 Head
- 4 Main axis
- 5 Motor
- 6 Linear motors
- 7 Working table

1. LEM Applications: Roller Coaster

Roller coasters use less and less traditional chain lift. The ride is maintained by gravity.

The initial acceleration energy is provided via one or several linear motors (4), catapults, or other mechanisms replacing hydraulic or pneumatic power. In case of linear motors the propulsion of the carts (1) along the track at various stages is managed using electromagnetic fields that require high currents.

These electrical linear motors enable the various torques and accelerations in time and duration. The motors are controlled by electrical drives via the currents supplied. The current transducers (A) give the feedback to the control loop (5) in order to ensure the right accelerations independently of the load and friction of the train.



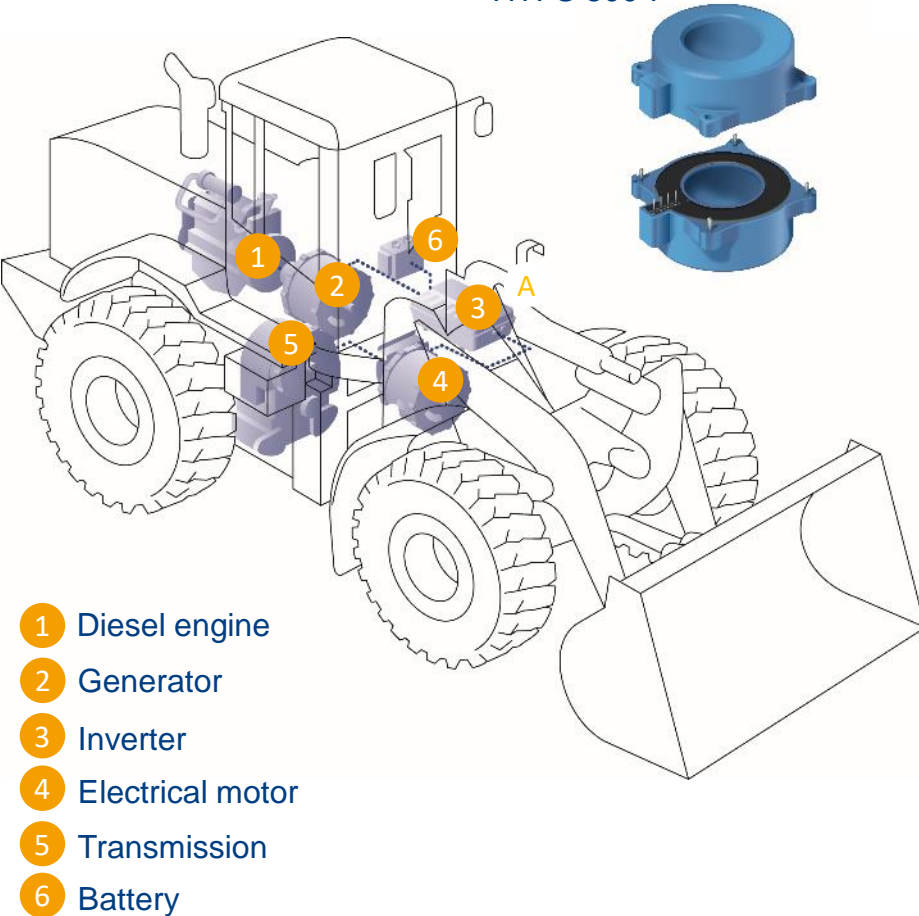
A LF 1005-S

- 1 Train / cart
- 2 Drive tire
- 3 Inverter for drive tire
- 4 Linear motor
- 5 Inverter for linear motor and control unit

1. LEM Applications: Hybrid Loader

A hybrid loader boosts fuel economy by up to 25%, increases the system performance and is half as loud as a conventional loader.

A HTFS 800-P

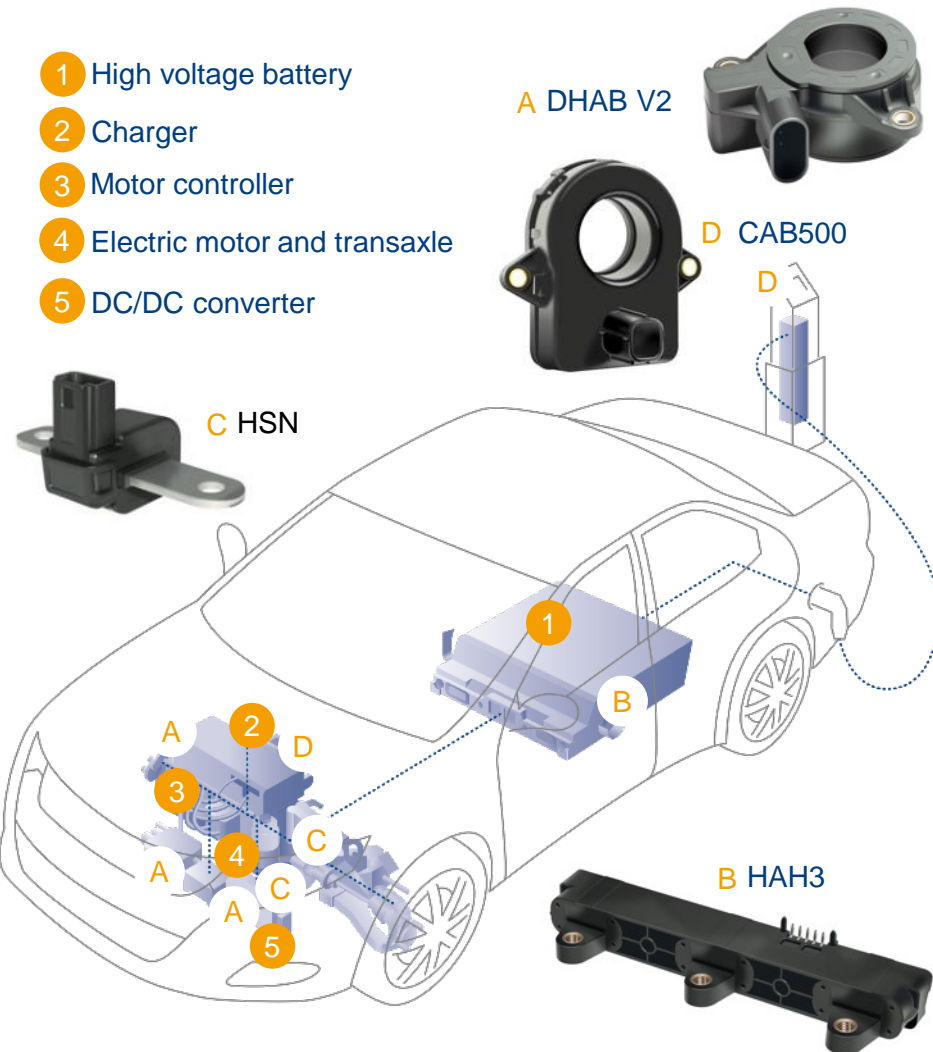


The special internal combustion engine (1) drives an AC generator (2) for the bucket moves. The generator converts the engine's mechanical energy into electrical energy, which is converted by the inverter (3) to supply the electrical motor (4) to drive the transmission and the wheels.

The currents are measured with current transducers (A) to control the inverter. The accuracy of the current measurements allows to maximize the motor torque and overall motor efficiency. The transducers also enable the control system to sense over-current situations signaling a potential defect.

1. LEM Applications: Hybrid-electric vehicles / electric vehicles

- 1 High voltage battery
- 2 Charger
- 3 Motor controller
- 4 Electric motor and transaxle
- 5 DC/DC converter



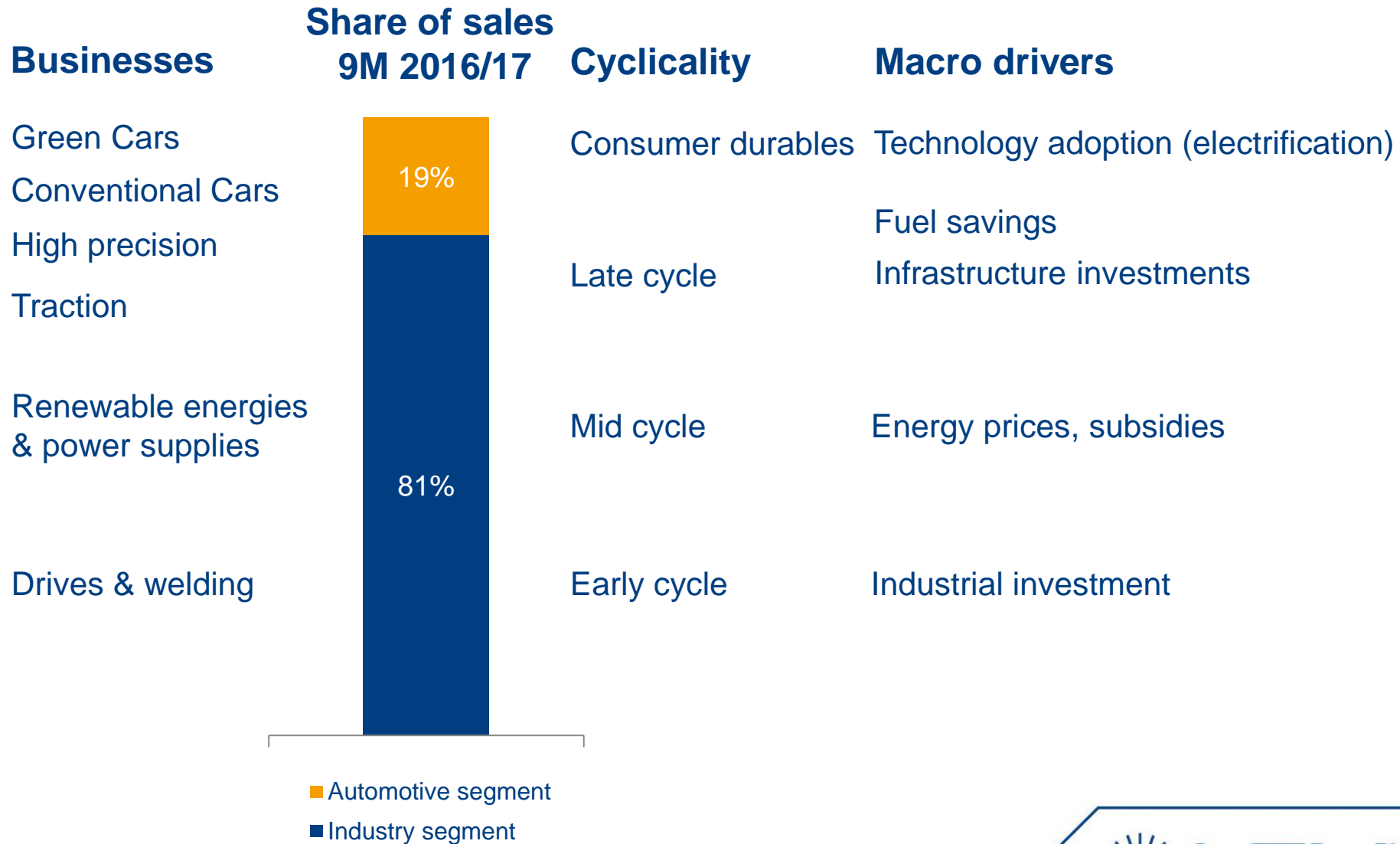
Battery management

The battery management system (BMS) adjusts the charging process through the combustion engine in a hybrid-electric vehicle or gives the information for external charging of the high-voltage battery (1) in an electric vehicle. CAB (D), DHAB (A) provide all necessary current information at high accuracy level to the BMS to improve the efficiency of the charging process.

Motor control

The motor controller (3) takes power from the batteries and delivers it to the electric motor (4). The accelerator pedal gives the signals. HAH3 (B), HSN (C) are integrated in the inverter modules (5) and provide current signals at very high speed in order to assure a smooth and jerk-free acceleration.

1. Diverse Target Markets – Diversified Businesses



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2. Volatile Business Sentiment

In CHF millions, %	9M 2016/17	9M 2016/17 vs. 9M 2015/16	Q3 2016/17 vs. Q3 2015/16
Orders	200.0	+3.0%	+0.6%
Sales	197.8	-0.5%	-3.0%
EBIT	41.7	+2.5%	-10.2%
Net profit	32.7	+3.8%	-9.5%

- In total stable sales, but mixed underlying sales performance

By business

- + Drives & welding, green cars
- Traction, renewable energies

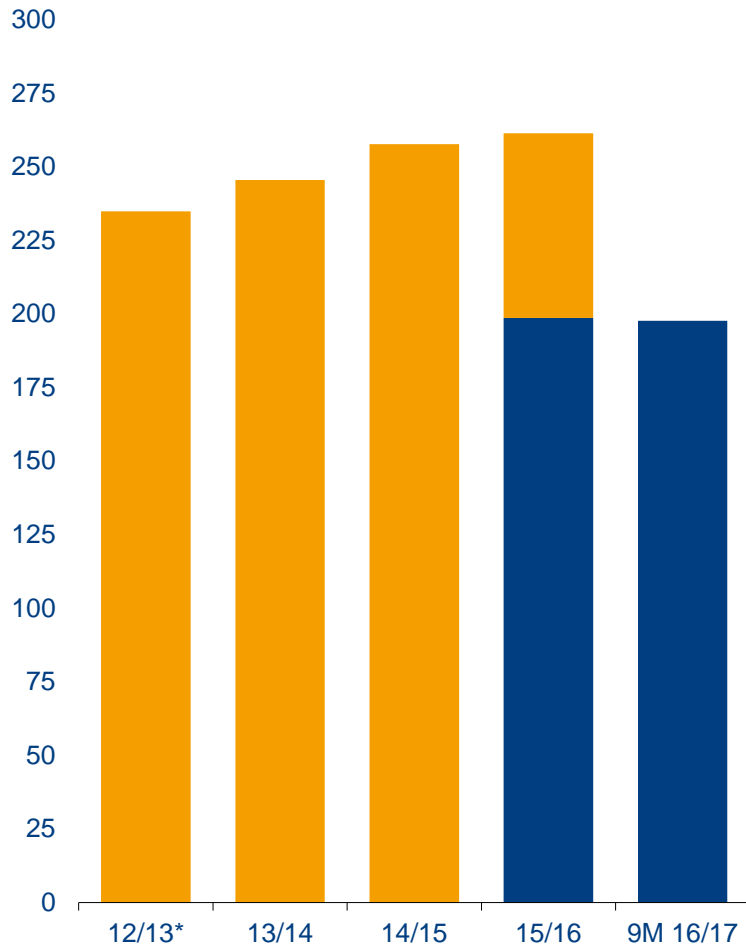
By regions

- North America, rest of Asia
- China, Europe

- Maintained robust operating margins
- Increased production capacities for new products
- New R&D center in Lyon to be operational in April 2017

2. Net Sales

In CHF millions



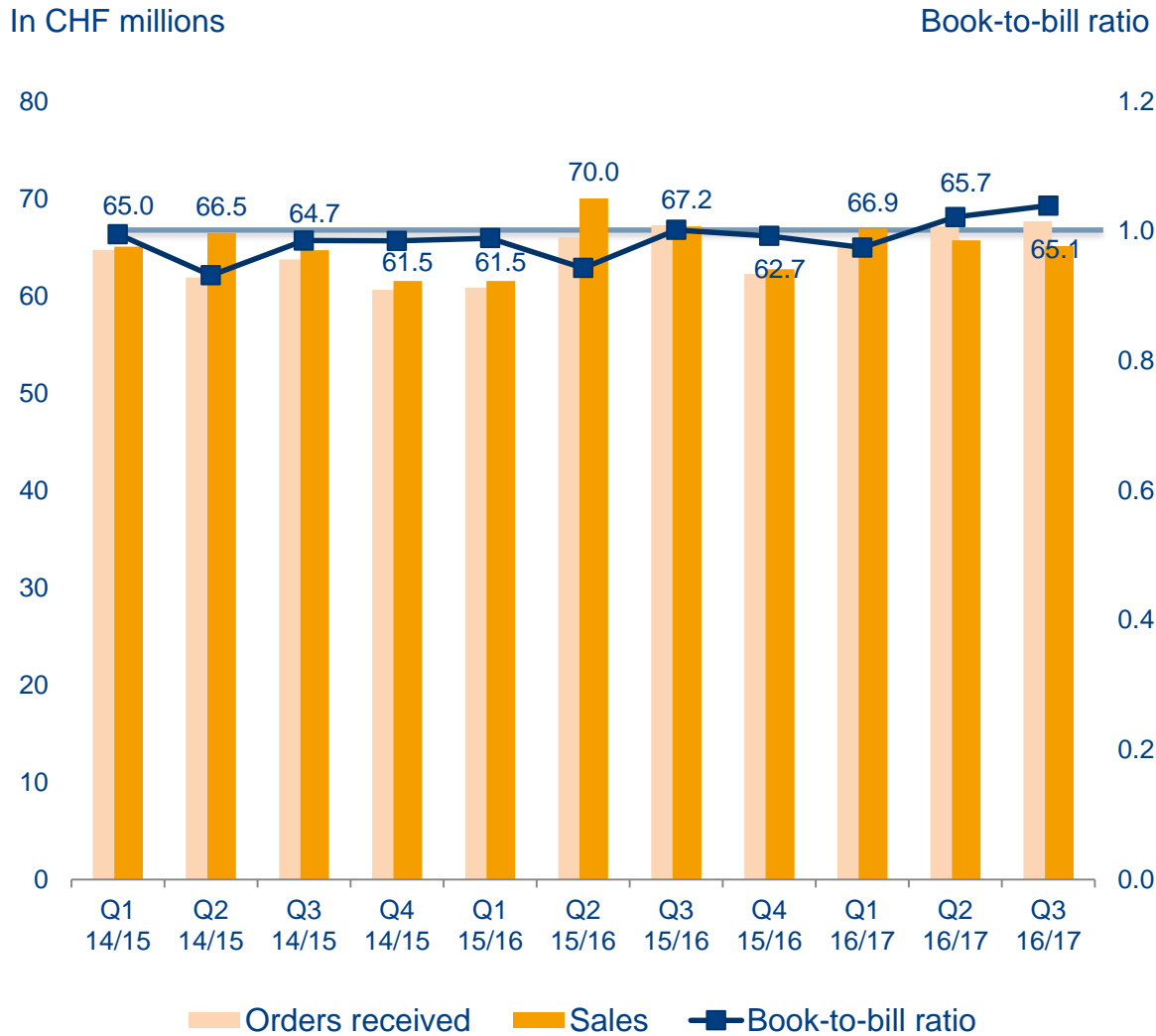
* Restatement following IAS 19R application (pensions)

In CHF millions, %

	Sales	9M vs. 9M		Q3 vs. Q3
		as reported	at constant currencies	
Industry	164.5	-3.0%	-3.5%	-3.0%
Automotive	34.3	+11.5%	+10.3%	-3.0%
Total	198.7	-0.5%	-1.1%	-3.0%

- Weakening Industry and strong growth in Automotive businesses
- Important regional differences
- Little currency impact on sales

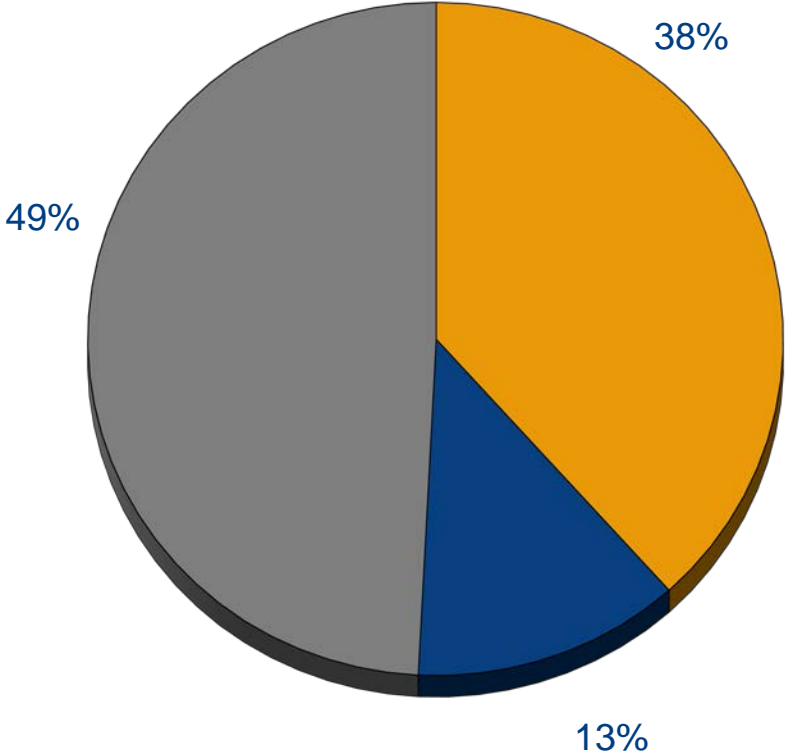
2. Quarterly View



- Book-to-bill ratio increased to 1.04 in Q3 of 2016/17
- Market uncertainties and shrinking inventories at customers translating into shorter term bookings

2. Industry Segment: Regional Markets

- Europe
- North America
- Asia and RoW



In CHF millions, %	Sales	Growth 9M vs. 9M	Growth Q3 vs. Q3
Europe	61.2	-6.0%	-8.2%
N. America	19.9	+10.4%	+19.6%
Asia and ROW	78.5	-3.5%	-3.5%
Total	159.5	-3.0%	-3.0%

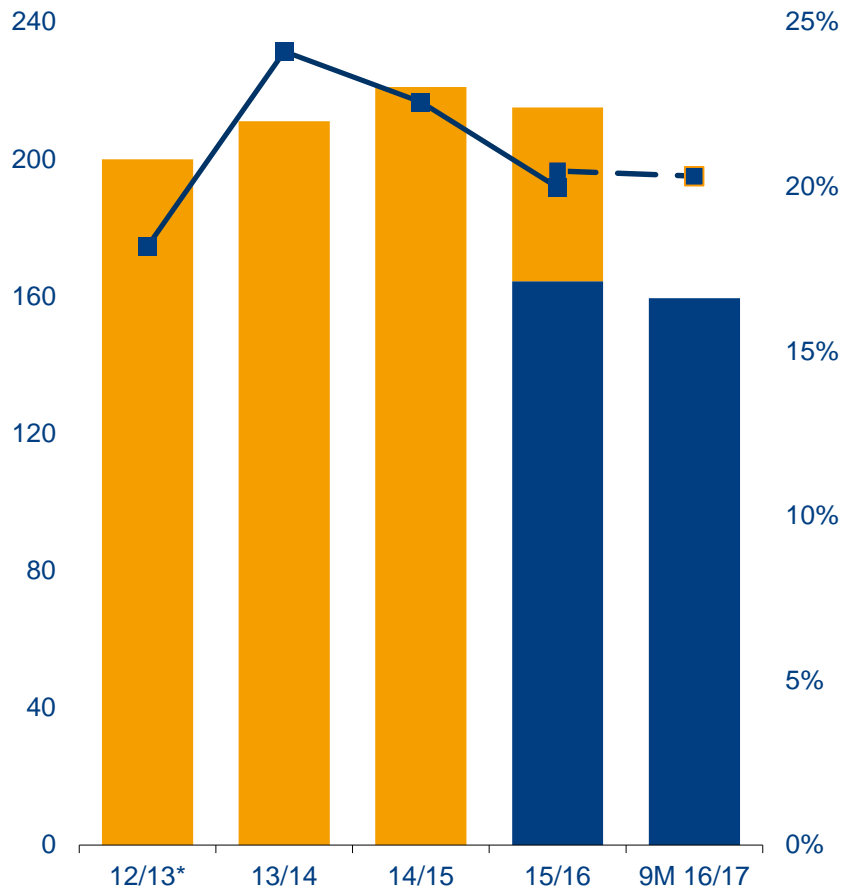
- Sales in China and most of Europe slowed
- China the single most important country representing 31% of sales
- Strong recovery in North America



2. Industry Segment: Business Development

In CHF millions

■ Op. EBIT in % of sales



* Restatement following IAS 19R application (pensions)

Businesses and Applications

Drives & welding (growth 9M vs. 9M: +9%)

- Sales growth across all regions
- Better market environment in Germany and USA
- Won market share thanks to new products

Renewable energies & power supplies (-12%)

- Slowing business in all regions
- Consolidation in the Chinese solar panel and inverter market
- Increased activity in smart grid applications

Traction (-13%)

- Lower rail infrastructure investments globally
- Delayed investments in Chinese high speed trains and export projects

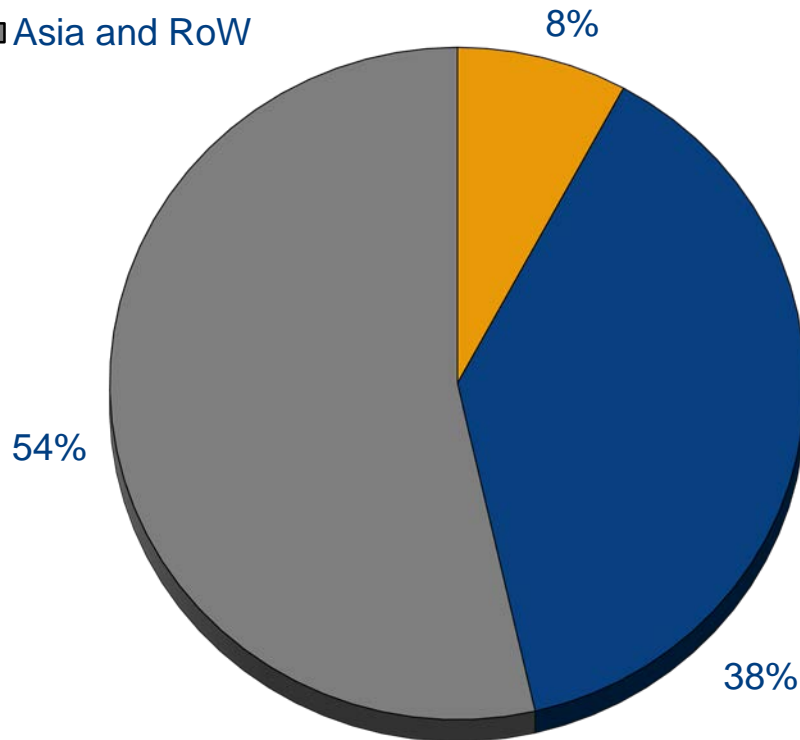
High-precision (-3%)

- Growth in US medical applications
- HVDC projects in China completed; no follow-up projects



2. Automotive Segment: Regional Markets

- Europe
- North America
- Asia and RoW



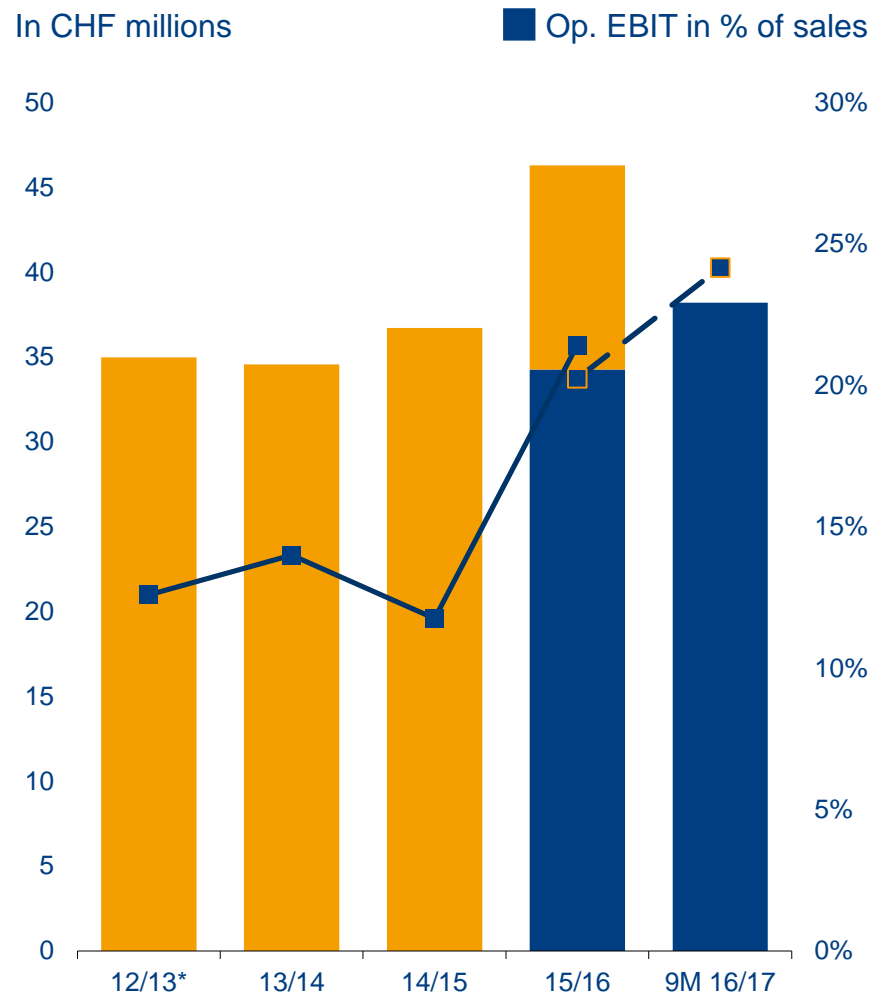
In CHF millions, %

	Sales	Growth 9M vs. 9M	Growth Q3 vs. Q3
Europe	3.0	+22.5%	-15.4%
N. America	14.7	-4.8%	-21.2%
Asia and RoW	20.5	+25.3%	+14.1%
Total	38.2	+11.5%	-3.0%

- Performance driven by growth of green cars business across all regions
- Won award from customer for overall performance
- Increasing competitive pressure in a growing market

2. Automotive Segment: Business Development

In CHF millions



■ Op. EBIT in % of sales

Businesses and Applications

Conventional cars (9M vs. 9M: -7%)

- Weaker US market

Green cars (HEV, EV) (+64%)

- Reduction of government subsidies in China slowing growth rates
- Increasing consumer acceptance and government support for green cars to underpin future growth
- LEM well represented in newly launched electric and hybrid-electric vehicles

* Restatement following IAS 19R application (pensions)

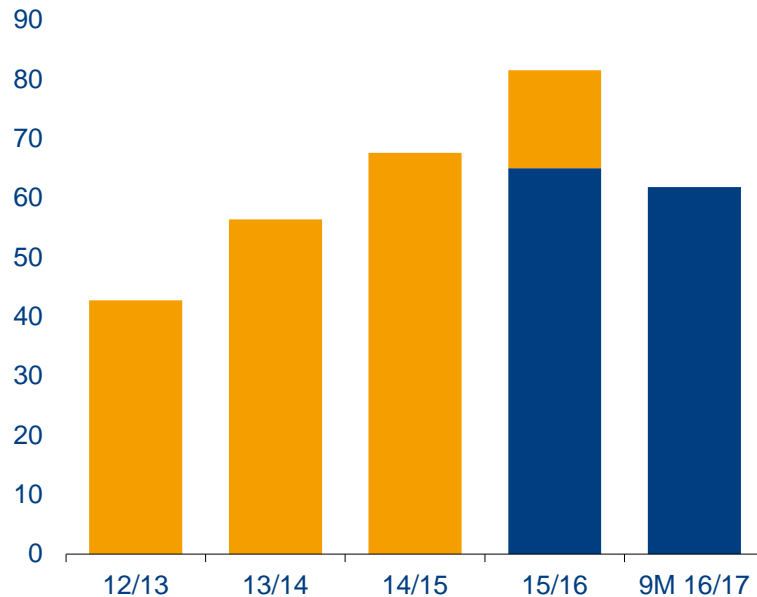


2. Business Development China

Sales

- Market share of over 50%
- Most important market with 31% of total sales

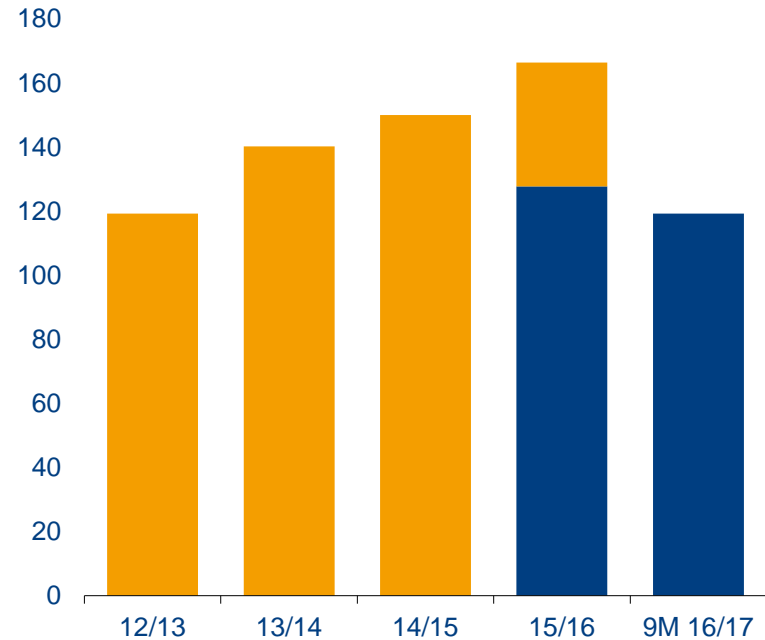
In CHF millions



Production

- LEM China stabilizes its #1 position as largest manufacturing site of the Group (60% of total production, compared to 64% in financial year 2015/16)
- “Made by LEM” quality

In CHF millions



2. Business Development Bulgaria



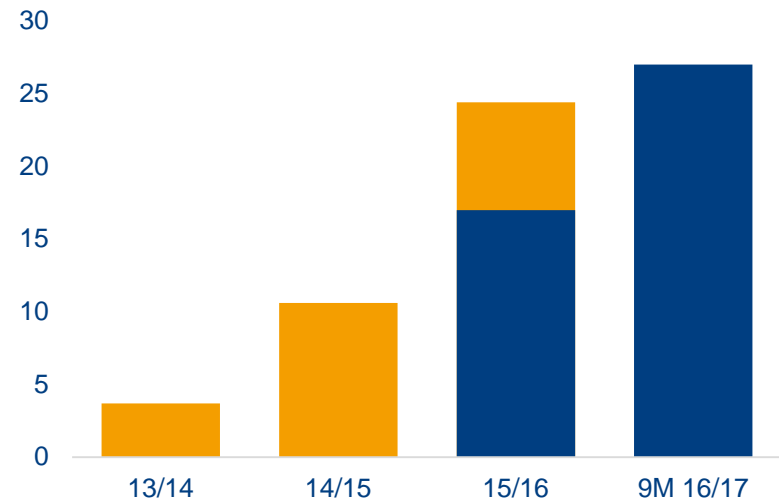
Objectives of the site

- 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

Production

- 15 production lines relocated from Japan and Switzerland to Bulgaria
- Headcount at 225 FTE
- Introduced a local development team and shared services

In CHF millions



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3. Financial Highlights

- Robust profitability
 - Gross margin of 47.0%
 - EBIT margin of 21.1%
 - Net profit CHF 32.7million
- Stable operating expenses despite investments in future growth

3. Income Statement

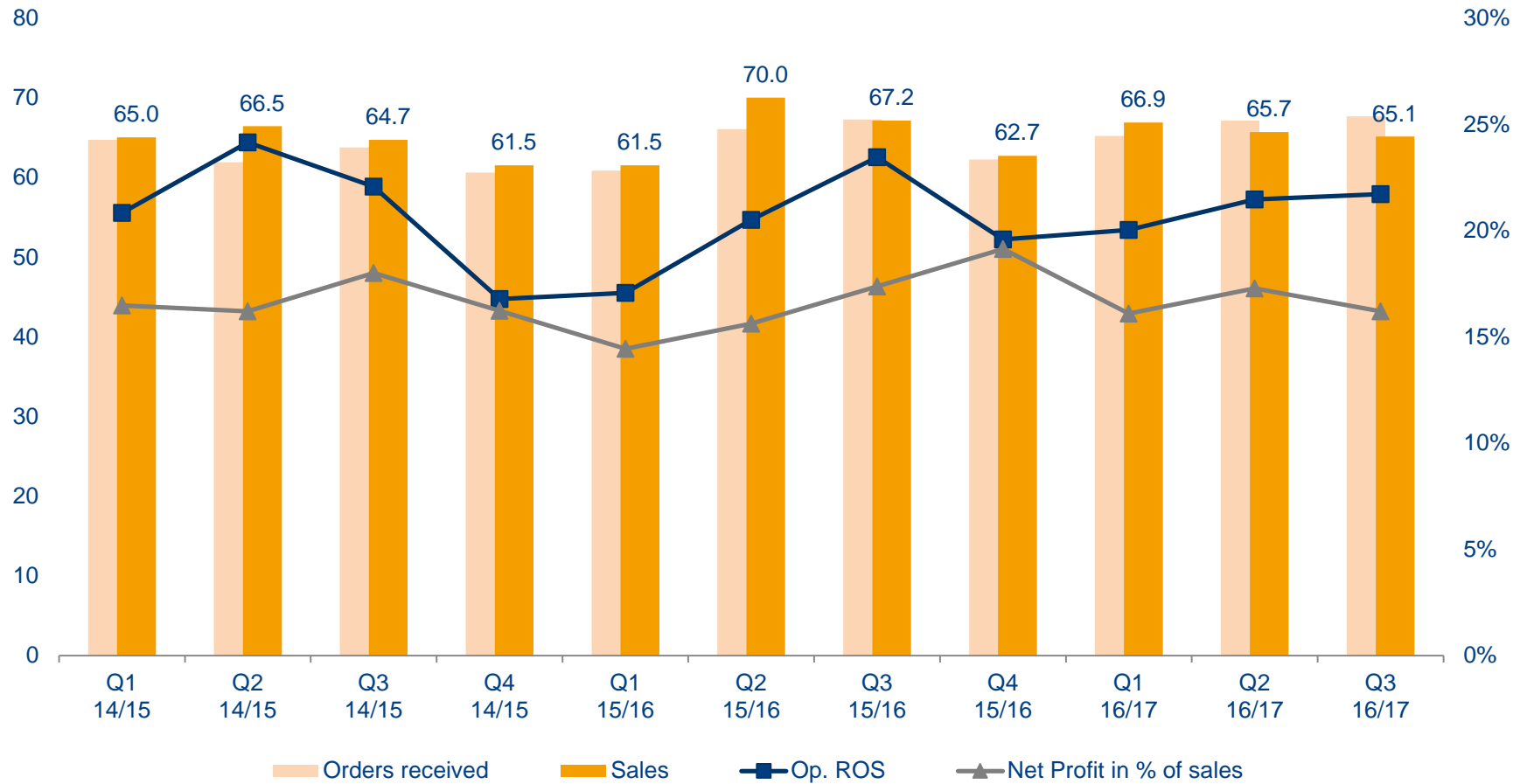
In CHF millions

	9M 2015/16	9M 2016/17	Change	Q3 2015/16	Q3 2016/17	Change
Sales	198.7	197.8	-0.5%	67.2	65.1	-3.0%
Gross margin	46.2%	47.0%	+0.8pt	47.6%	48.4%	+0.8pt
Operating expense	-51.2	-51.3	+0.1%	-16.2	-17.4	+7.5%
EBIT	40.6	41.7	+2.5%	15.8	14.1	-10.2%
Net financial exp.	-0.8	-0.8	-6.0%	-1.3	-0.7	-45.2%
Income tax	-8.3	-8.2	-1.4%	-2.8	-2.9	+3.1%
Net profit	31.5	32.7	+3.8%	11.7	10.6	-9.5%

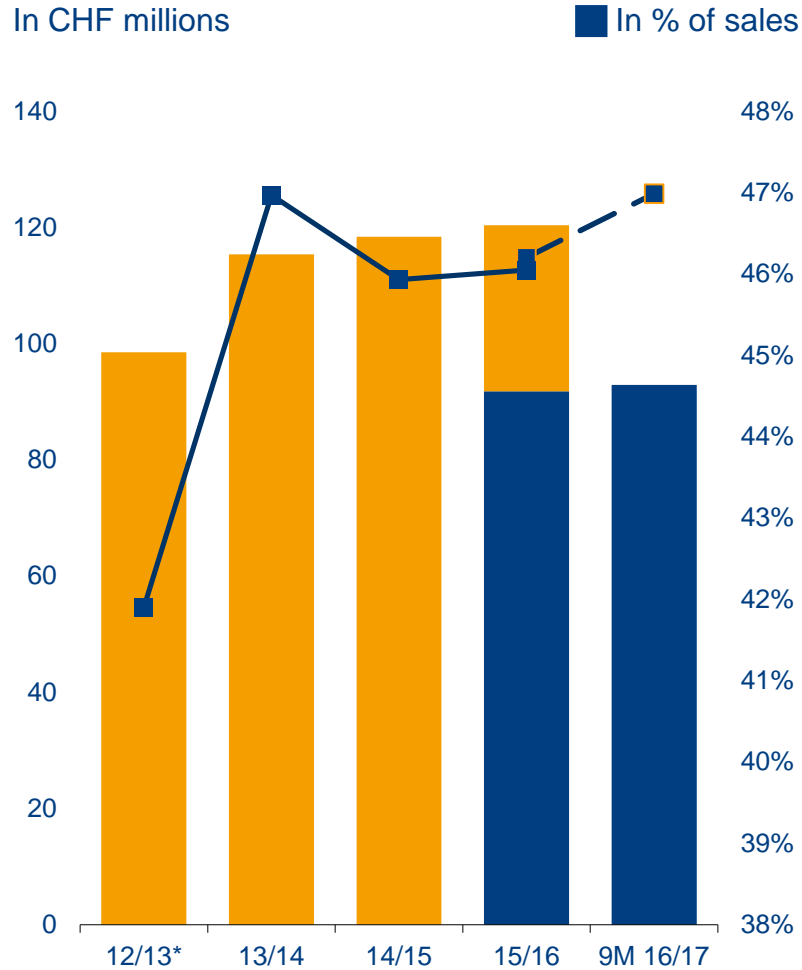
3. Results by Quarter

In CHF millions

In % of sales



3. Gross Margin



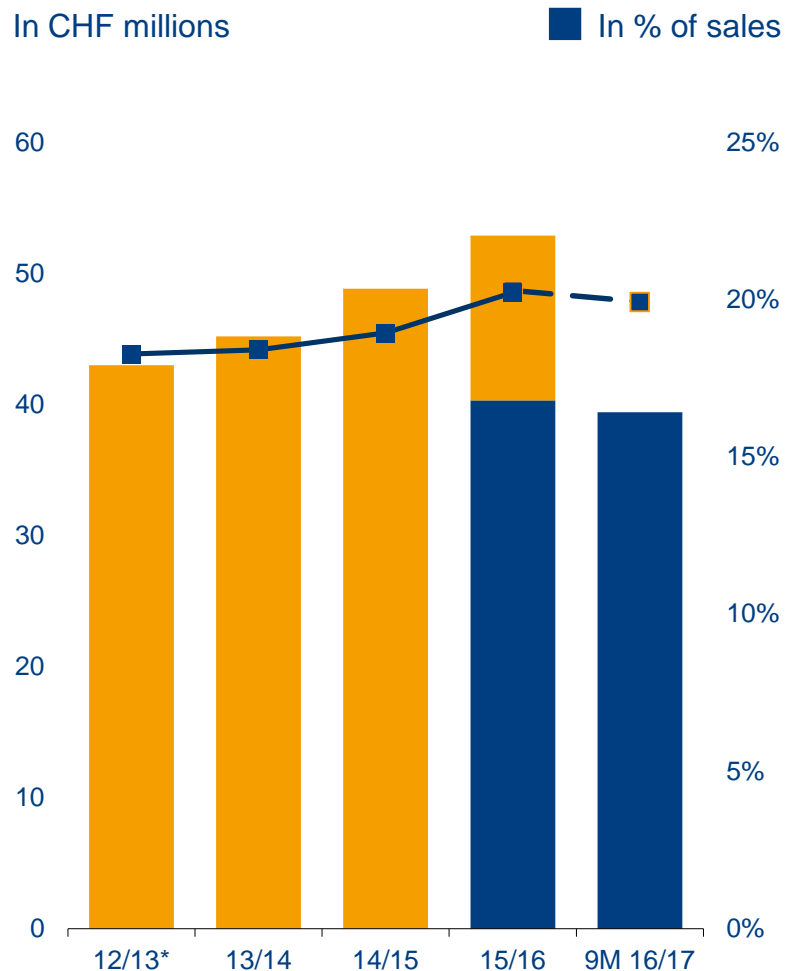
	9M 2015/16	9M 2016/17	Q3 2015/16	Q3 2016/17
Gross margin in CHF millions	91.8	92.9	31.9	31.6
Gross margin in % of sales	46.2%	47.0%	47.6%	48.4%

- Positive impacts on gross margin due to relocation to cost-competitive manufacturing sites and optimized sourcing and foreign exchange development
- Continuous price pressure

* Restatement following IAS 19R application (pensions)



3. SG&A



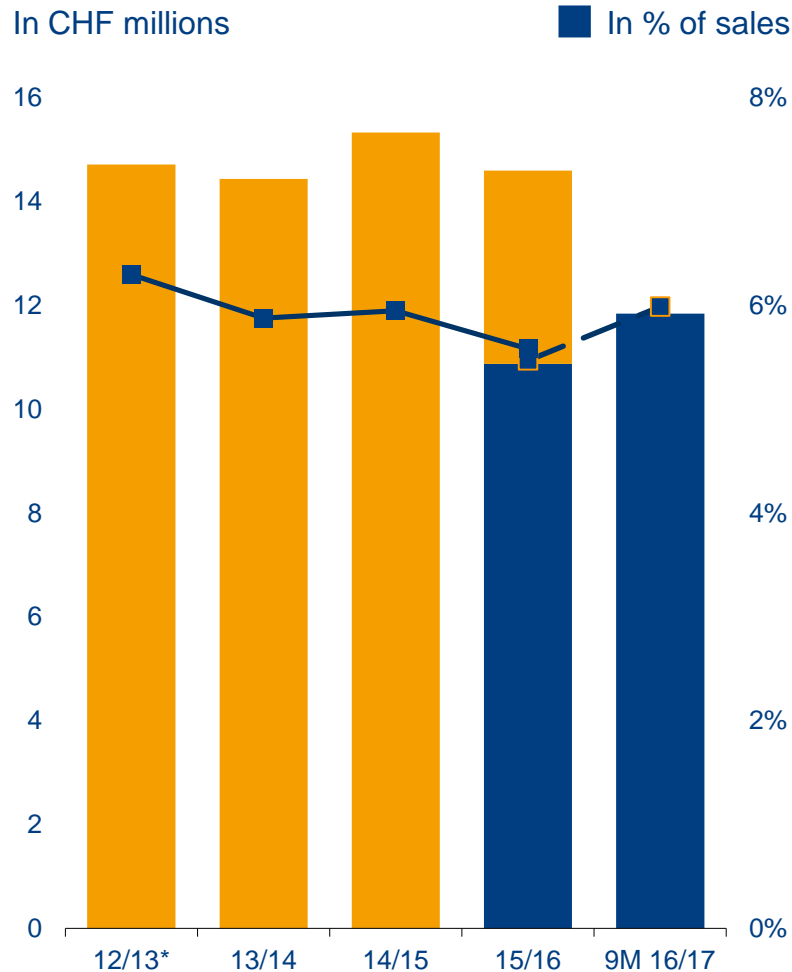
	9M 2015/16	9M 2016/17	Q3 2015/16	Q3 2016/17
SG&A in CHF millions	40.3	39.4	12.5	13.5
SG&A in % of sales	20.3%	19.9%	18.7%	20.7%

- One-off cost in 2015/16 due to organizational changes, introduction of new ERP release, build-up of European logistics and distribution platform
- Ongoing recruitment in Beijing and Sofia and set-up of new R&D center in Lyon in 2016/17

* Restatement following IAS 19R application (pensions)



3. R&D Expense



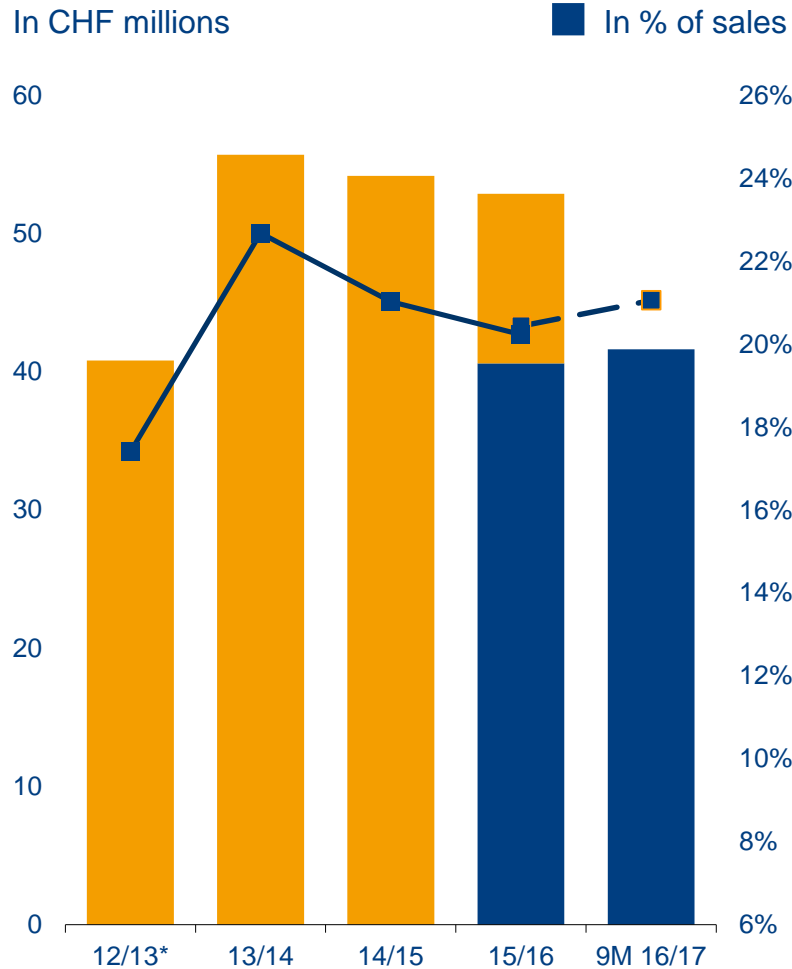
	9M 2015/16	9M 2016/17	Q3 2015/16	Q3 2016/17
R&D expense in CHF millions	10.9	11.8	3.7	4.0
R&D expense in % of sales	5.5%	6.0%	5.5%	6.1%

- Ongoing renewal of product range
- Develop new technologies to tap new markets
- Increase investment in R&D for both segment with start of new R&D center in Lyon in April 2017

* Restatement following IAS 19R application (pensions)



3. EBIT



	9M 2015/16	9M 2016/17	Q3 2015/16	Q3 2016/17
EBIT in CHF millions	40.6	41.7	15.8	14.1
EBIT in % of sales	20.4%	21.1%	23.5%	21.7%

- Robust operating margins maintained
- Continued cost control and productivity improvements
- One-time operating expenses in 2015/16 and 2016/17

* Restatement following IAS 19R application (pensions)



3. Financial Expense

In CHF millions

	9M 2015/16	9M 2016/17	Q3 2015/16	Q3 2016/17
Exchange effect*	-0.6	-0.7	-1.1	-0.7
Other financial expense & income	-0.2	-0.1	-0.2	-0.1
Total	-0.8	-0.8	-1.3	-0.7

- Exchange effect impacted by negative valuation of USD currency hedges
- Foreign exchange hedging policy (unchanged)
 - EUR: 100% of net exposure 12 months forward
 - USD: 100% of net exposure 12 months forward

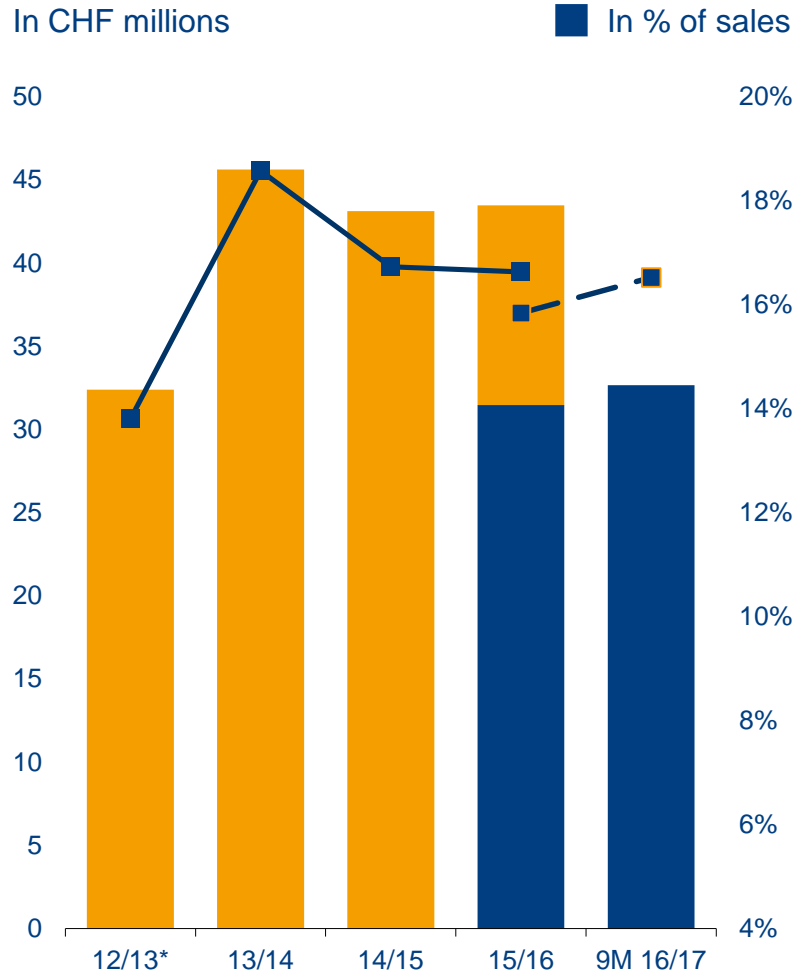
* The line "exchange effect" in the financial result is mainly due to currency volatility during the time between booking and settling a receivable/payable. Over and above this line, foreign exchange rates impact every P&L line through the rate at which each transaction is booked and at which it is consolidated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

3. Income Taxes

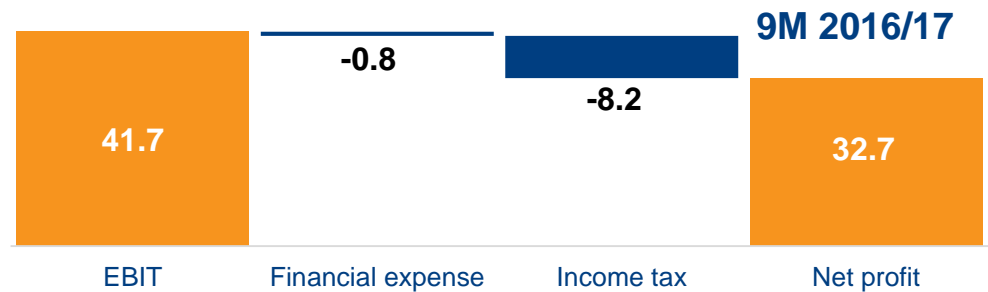
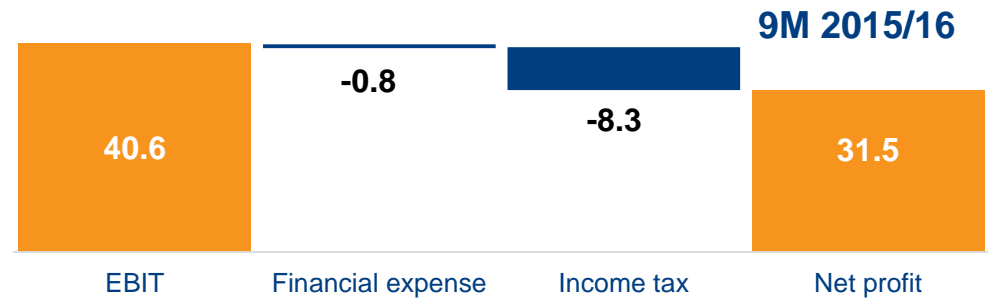
	9M 2015/16	9M 2016/17
Expected income tax rate	19.6%	18.1%
Expected withholding tax rate	2.0%	1.2%
Expected tax rate	21.6%	19.4%
Other differences	-0.7%	0.7%
Effective tax rate	20.9%	20.1%

- Lower tax rate linked to changed composition of revenues and profits

3. Net Profit



	9M 2015/16	9M 2016/17	Q3 2015/16	Q3 2016/17
Net profit in CHF millions	31.5	32.7	11.7	10.6
Net profit in % of sales	15.8%	16.5%	17.4%	16.2%



* Restatement following IAS 19R application (pensions)

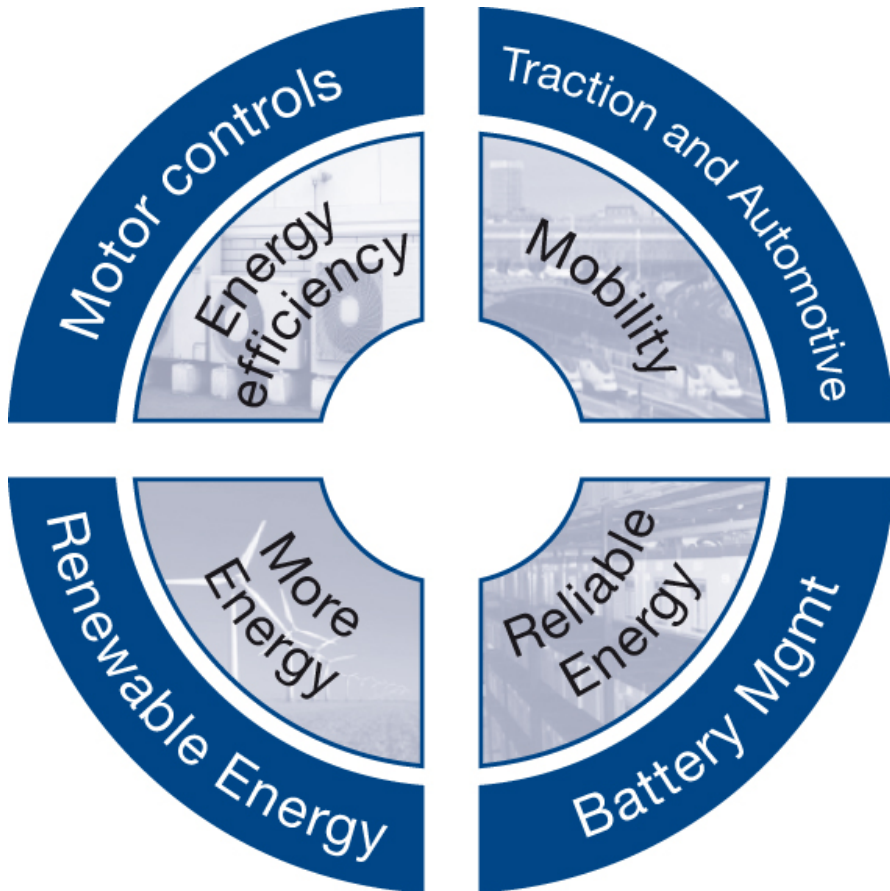
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ATO

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. Outlook

- Expectation for the full financial year 2016/17
 - Sales of CHF 260 – 270 million
 - EBIT margin above 20%
- Sales trends for remainder of 2016/17
 - Seasonality to impact sales in China in Q4 (Chinese New Year)
 - Customers to maintain pressure on prices and short term ordering policy



LEM[®]

At the heart of power electronics.

The background is a collage of four images: a large industrial tank, a modern glass skyscraper, a high-speed train, and a car's interior. The text 'Q&A' is overlaid on the train image.

Q&A

Financial Calendar and Contact Details

Financial calendar

The financial year runs from 1 April to 31 March

23 May 2017*	Year-end results 2016/17
29 June 2017*	Ordinary General Meeting of Shareholders for the financial year 2016/17
4 July 2017*	Dividend ex-date
6 July 2017*	Dividend payment date

* New dates

For further information

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