

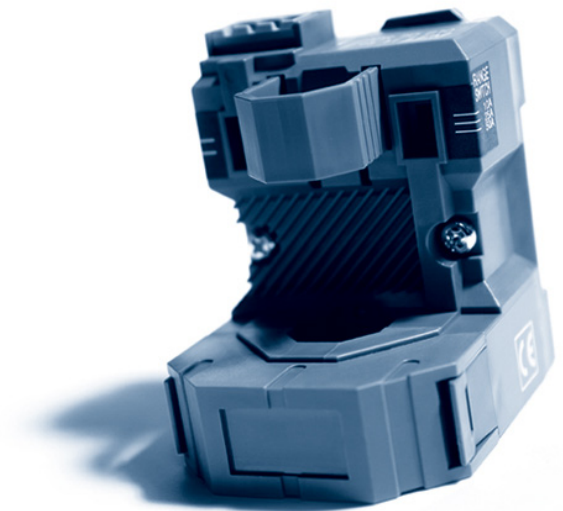


3<sup>rd</sup> Quarter Results  
2011/12

14 February 2012

# Agenda

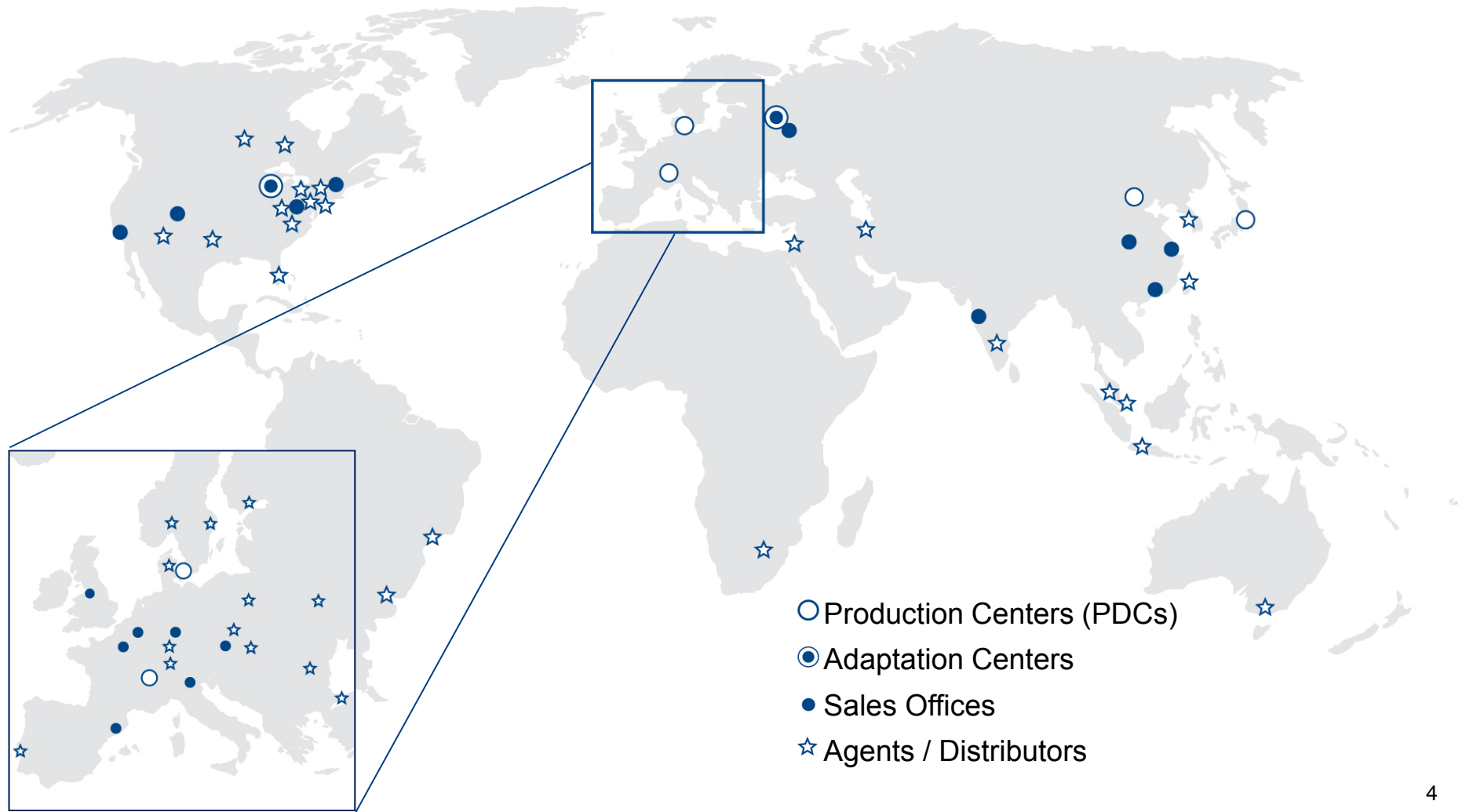
1. LEM at a Glance
2. Business Review
3. Financial Review
4. Outlook



# 1. About LEM

- LEM is the global market leader in providing innovative and high quality solutions for measuring electrical parameters.
- The current and voltage transducers are used in a broad range of industrial and automotive markets.
- LEM is a high growth global company with approximately 1'100 employees. Production plants are in Beijing (China), Geneva (Switzerland), Machida (Japan) and Copenhagen (Denmark). With regional sales offices close to the clients locations, LEM provides a seamless service.
- LEM is listed on the SIX Swiss Exchange since 1986 and has a market cap of CHF 439 million per 31.12.2011.

# 1. LEM Production & Logistics World-Wide



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# 1. LEM at a Glance - Businesses

## Industry segment

### Drives & welding

- Motor drives
- Welding
- Miscellaneous

### Renewable energies & power supplies

- Solar
- Wind
- UPS
- Battery monitoring, process control, energy metering

### Traction

- On-board applications
- Trackside
- Energy monitoring

### High precision

- Medical scanner
- Test & measurement

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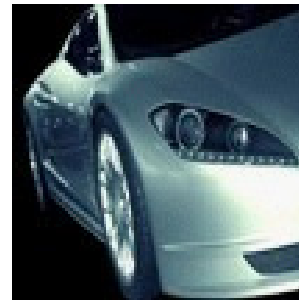
## Automotive segment

### Conventional cars

- Lead battery management
  - Start/stop application

### Green cars (HEV, EV)

- Battery pack management
  - Electric motor control



## 2. Highlights and Business Review



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## 2. Highlights Q3 of 2011/12

	9 months 2011/12 (in CHF millions)	9 months 2011/12 to 9 months 2010/11	Q3 to Q2 2011/12
Orders received	127.8	-52.3%	+5.6*%
Sales	180.5	-17.5%	-5.0%
Operational EBIT	26.1	-43.2%	-8.5%
Net earnings	20.7	-24.3%	-27.7%

\* After adjustments for cancellations of CHF 14 million in Q2 of 2011/12

- Economic environment adversely impacts LEM's businesses; stabilization in Q3
  - Continued weakness of the drives & welding business
  - Continued weakness of the renewable energies business
  - Customers' inventory corrections ending
  - Pick-up in automotive businesses
- Restructuring measures fully achieved savings targets
- Focus on cost and capacity management

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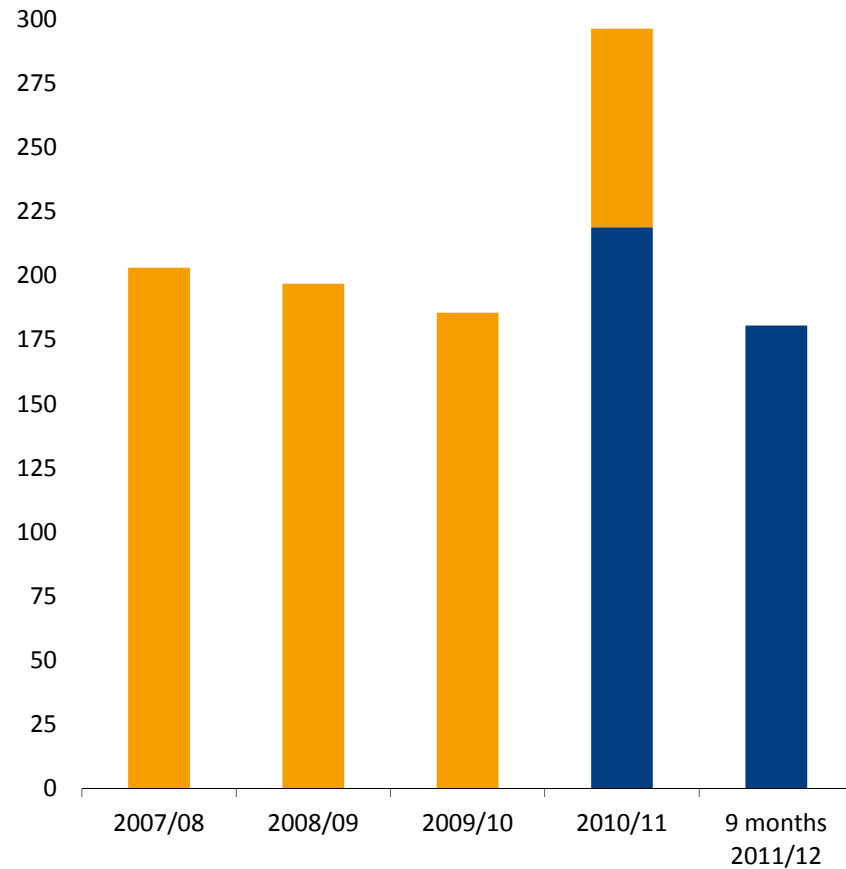
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## 2. Net Sales

In CHF millions



	Sales (in CHF million)	Growth 9M to 9M	Growth Q3 to Q2
Total Sales	180.5	-17.5%	-5.0%
Industry	161.0	-20.4%	-7.0%
Automotive	19.5	16.9%	11.0%

- Limited visibility of industry businesses
- Good performance of automotive businesses
- Constant currencies growth for 9 month of 2011/12 of -7.1%

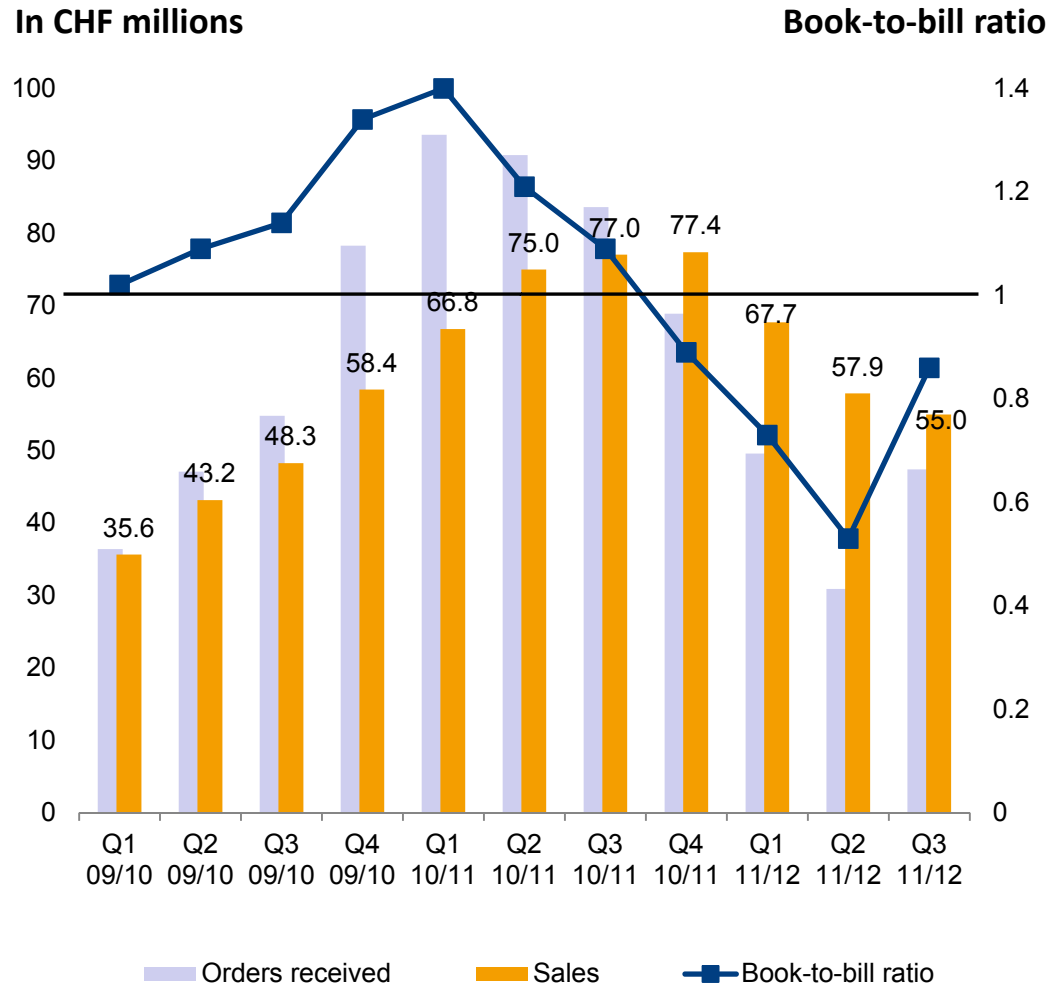
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## 2. Quarterly View

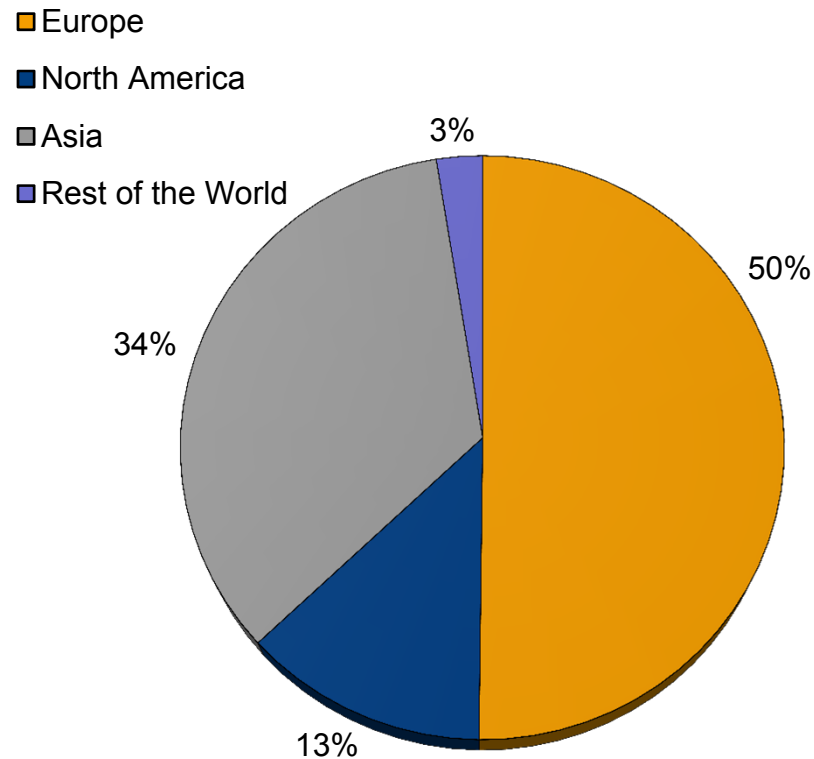


- Uncertainty in worldwide economy
- Customers' inventory corrections ending
- Stabilization of bookings
- Cancellation of orders received of CHF 10.5 million in Q1 and CHF 14.0 million in Q2 of 2011/12
- Q3 book-to-bill ratio 0.86

## 2. Cost and Capacity Management Update

- Economic weakness impacts mainly industry businesses while automotive businesses continue to grow
- On 22 September LEM 2011 announced a step-up of cost reduction measures
  - Reduction of worldwide headcount to below 1'100 employees
  - Restructuring cost of CHF 0.7 million; quarterly savings of CHF 1.1 million fully applicable from Q4 2011/12
- All savings targets have been fully achieved
  - Restructuring cost as planned, recorded in Q2 of 2011/12
  - Operating expenses declined in Q3 vs. Q2 of 2011/12 by 8.6%
  - Global headcount reduced to 1'100 employees
- Continued investment in LEM's future
  - R&D spend increases by 5.3% in Q3 vs. Q2 of 2011/12
- LEM expects to remain profitable while keeping its ability to benefit from a rebound

## 2. Industry Segment: Regional Markets

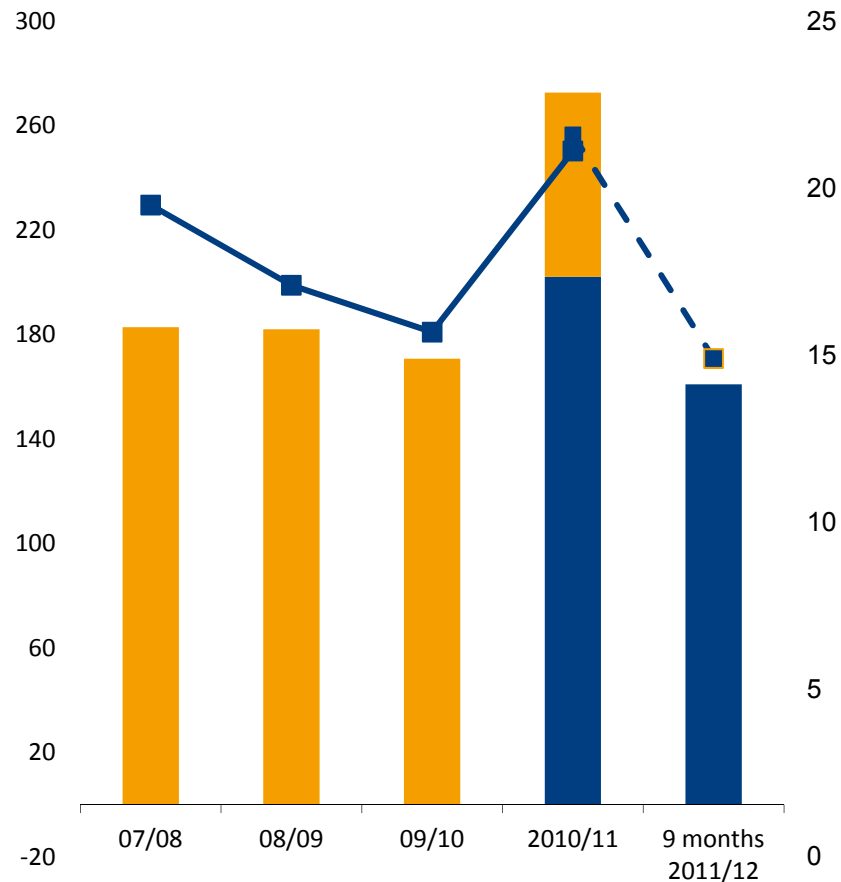


	Sales (in CHF million)	Growth 9M to 9M	Growth Q3 to Q2
Europe	80.8	-25.4%	-16.4%
N. America	20.5	-3.6%	16.5%
Asia	55.6	-19.5%	-2.3%
ROW	4.1	15.1%	14.5%
<b>Total</b>	<b>161.0</b>	<b>-20.4%</b>	<b>-7.0%</b>

- Europe remains the most important market
- North America shows first signs of recovery

## 2. Industry Segment: Business Development

In CHF millions ■ Op. EBIT in % of sales



### Businesses and Applications in Q3

#### Drives & welding

Weak demand and continued inventory corrections of customers in Europe and Asia

#### Renewable energies & power supplies

Weak business due to reduction of inventories in our customers' supply chain  
Increase of activities in US and Asian solar markets

#### Traction

Delays of major projects in China

#### High precision

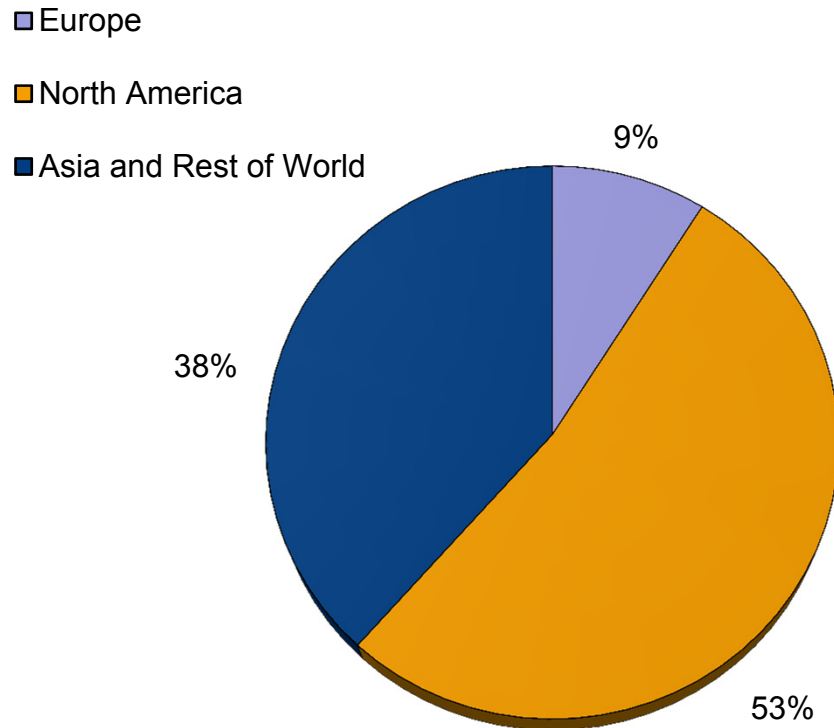
Stable sales

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## 2. Automotive Segment: Regional Markets



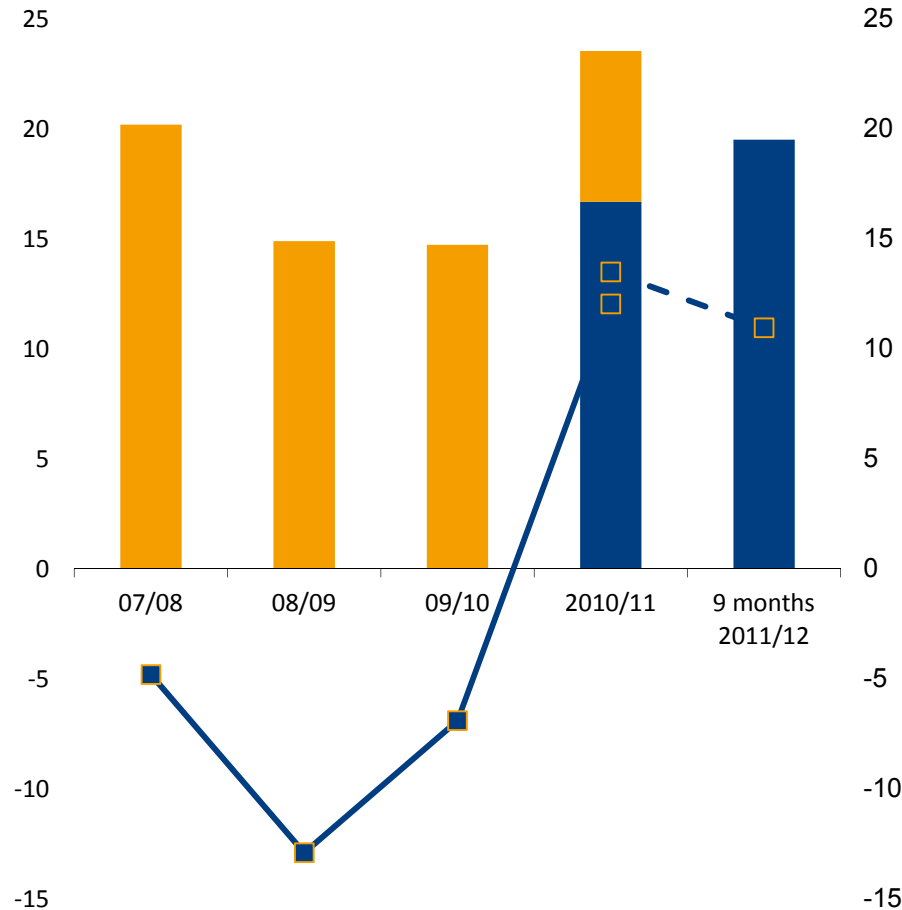
	Sales (in CHF million)	Growth 9M to 9M	Growth Q3 to Q2
Europe	1.8	-14.6%	16.2%
N. America	10.3	17.0%	13.3%
Asia and ROW	7.5	27.9%	7.0%
<b>Total</b>	<b>19.5</b>	<b>16.9%</b>	<b>11.0%</b>

- Growth with existing and new customers
- North America the largest market, but Asia catching up fast
- Start of production of new platforms

## 2. Automotive Segment: Business Development

In CHF millions

Op. EBIT in % of sales



### Businesses and Applications in Q3

#### Conventional cars

Won new contracts with new start/stop application

#### Green cars (HEV, EV)

Positive trend due to market growth and a series of new car launches  
Majority of green cars projects planned or in production globally are equipped with LEM transducers

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## 2. Business Development - China

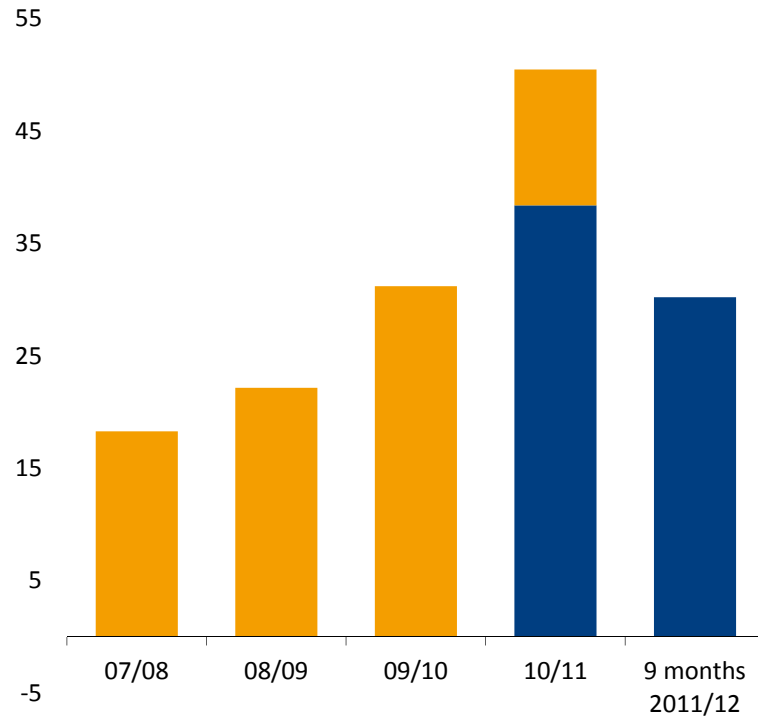
### Sales

- Market share over 50%
- Sales impacted by slowing activity specially in solar, wind and traction

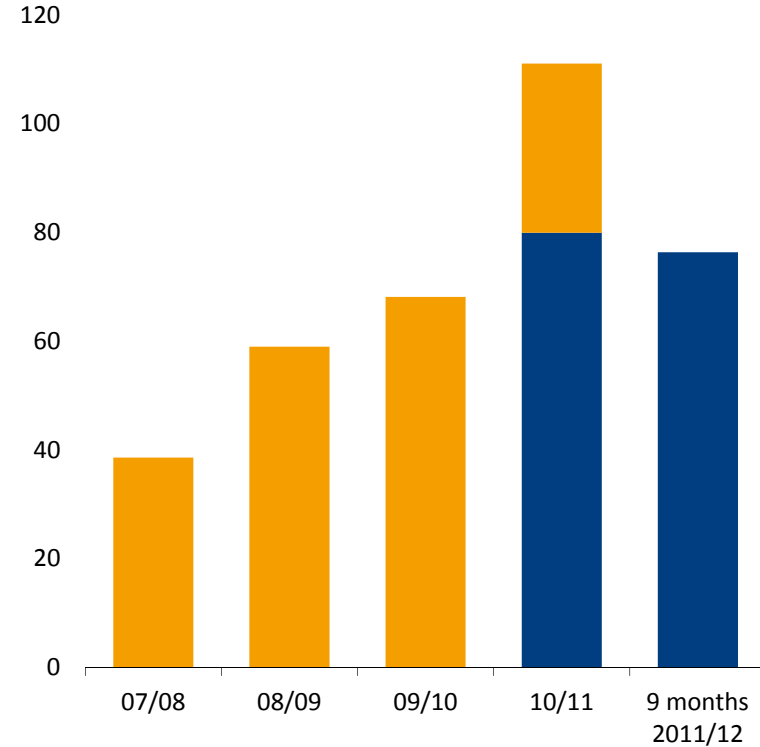
### Production

- LEM China expands its #1 position as largest manufacturing site of the Group
- “Made by LEM” quality

In CHF millions



In CHF millions



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### 3. Financial Review



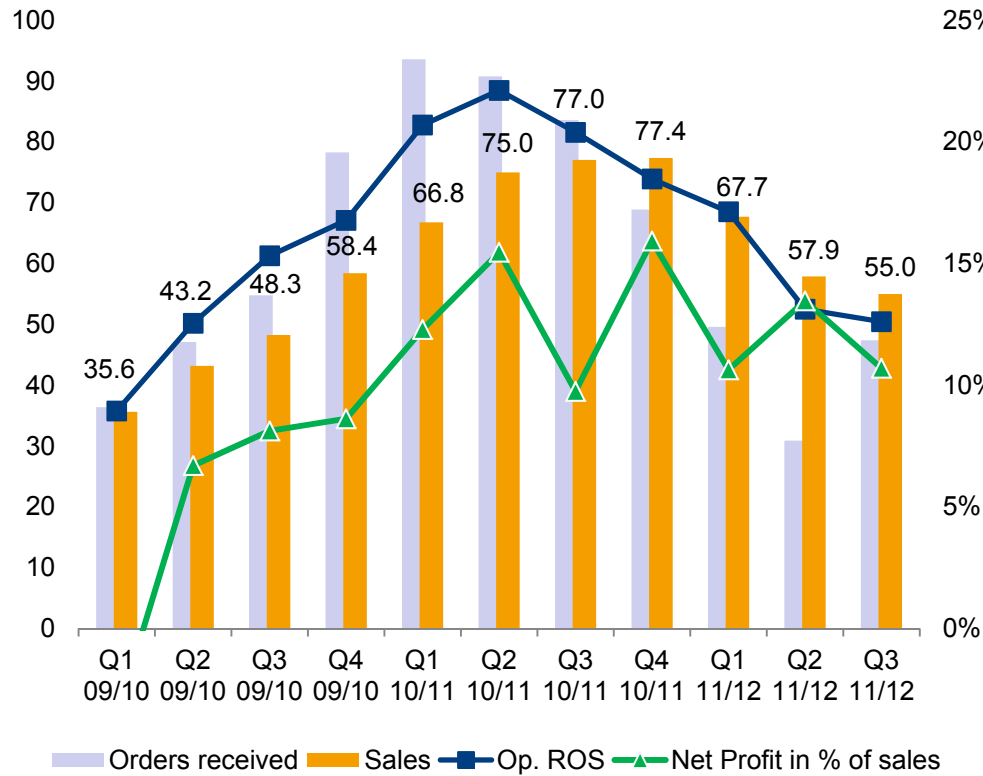
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# 3. Results by Quarter

In CHF millions

% of sales



- Stabilization of orders and sales on low level
- Operational EBIT margin of 12.6% in Q3 of 2011/12 maintained despite lower sales
- Cost saving targets achieved

### 3. Income Statement

In CHF thousands	9 months 2010/11	9 months 2011/12	Change	Q2 2011/12	Q3 2011/12	Change
<b>Sales</b>	<b>218'824</b>	<b>180'491</b>	<b>-17.5%</b>	<b>57'852</b>	<b>54'980</b>	<b>-5.0%</b>
Gross margin	43.2%	42.0%	-1.2%pt	42.6%	41.0%	-1.6%pt
Operating Cost	-48'650	-49'699	2.2%	-17'029	-15'569	-8.6%
<b>Operational EBIT</b>	<b>45'985</b>	<b>26'140</b>	<b>-43.2%</b>	<b>7'594</b>	<b>6'946</b>	<b>-8.5%</b>
Additional SOP income / costs	-4'958	636	N/A	740	17	N/A
<b>EBIT</b>	<b>41'027</b>	<b>26'777</b>	<b>-34.7%</b>	<b>8'334</b>	<b>6'964</b>	<b>-16.4%</b>
Financial expense (net)	-4'268	-872	-79.6%	1'177	290	N/A
Income tax	-9'441	-5'226	-44.6%	-1'696	-1'603	-5.5%
<b>Net profit</b>	<b>27'318</b>	<b>20'678</b>	<b>-24.3%</b>	<b>7'816</b>	<b>5'651</b>	<b>-27.7%</b>

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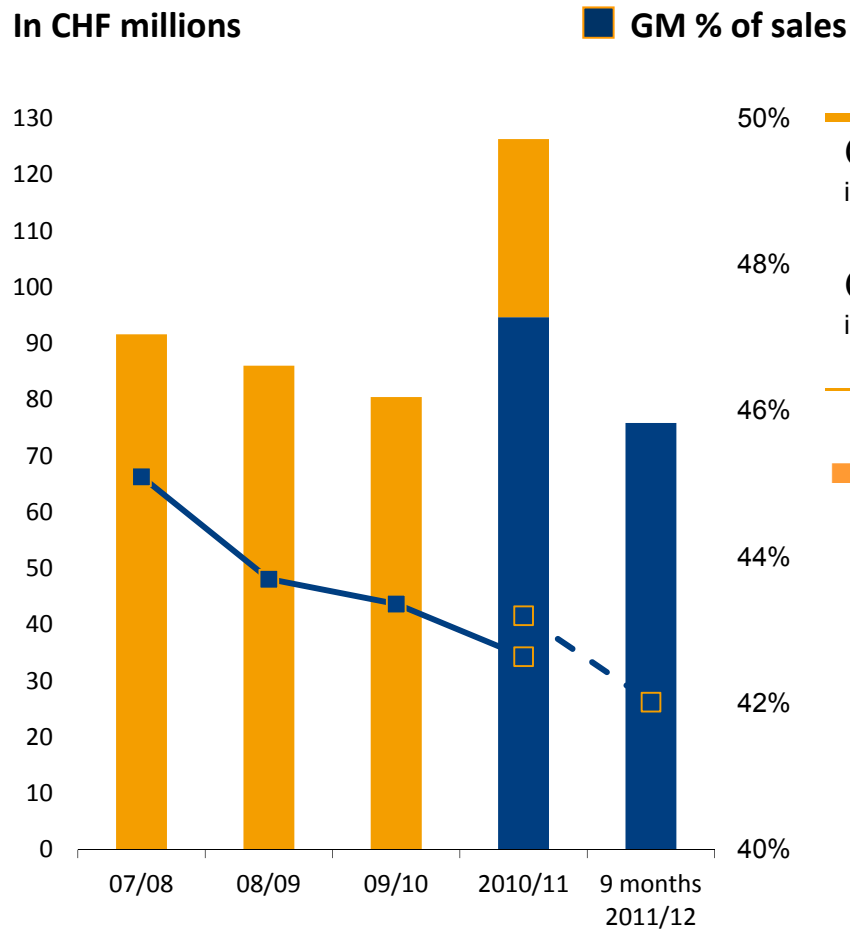
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# 3. Gross Margin Development

In CHF millions



	9M 2010/11	9M 2011/12	Q2 2011/12	Q3 2011/12
Gross margin in CHF million	94.6	75.8	24.6	22.5
Gross margin in % of sales	43.2%	42.0%	42.6%	41.0%

Q3 of 2011/12 gross margin continues to be adversely impacted by:

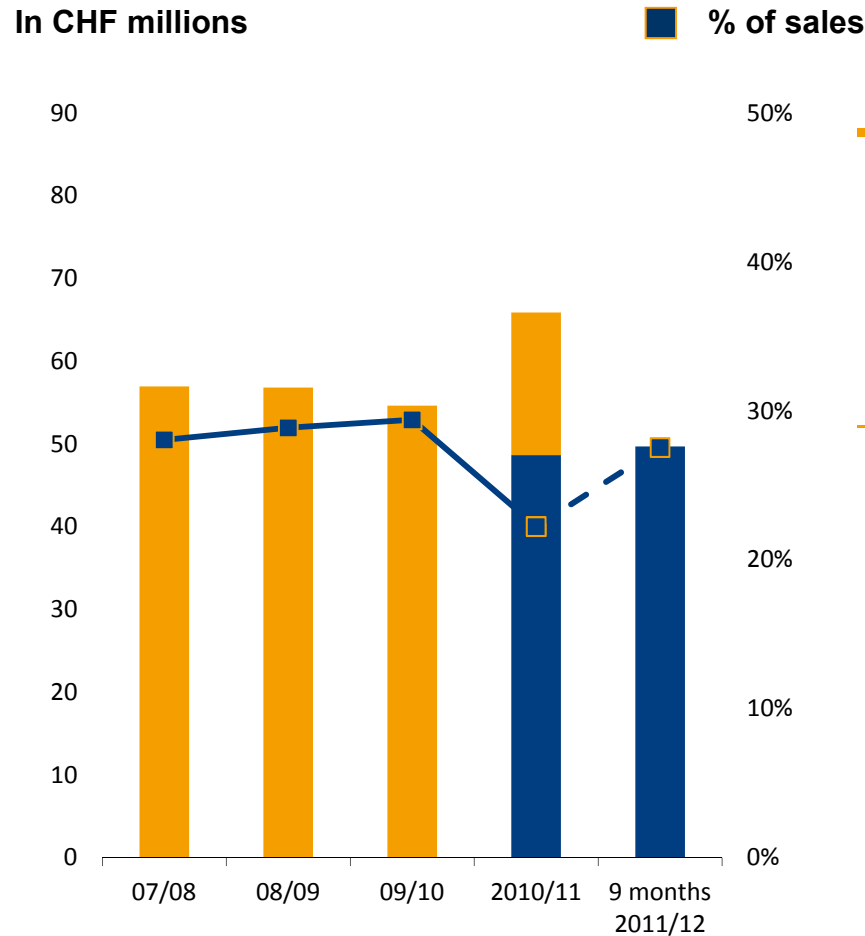
- Foreign exchange rates
- Competitive price pressure
- Lower volumes / leverage on fixed manufacturing cost

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# 3. Operating Expenses



	9M 2010/11	9M 2011/12	Q2 2011/12	Q3 2011/12
Operating expenses in CHF million	48.7	49.7	17.0	15.6
Operating expenses in % of sales	22.2%	27.5%	29.4%	28.3%

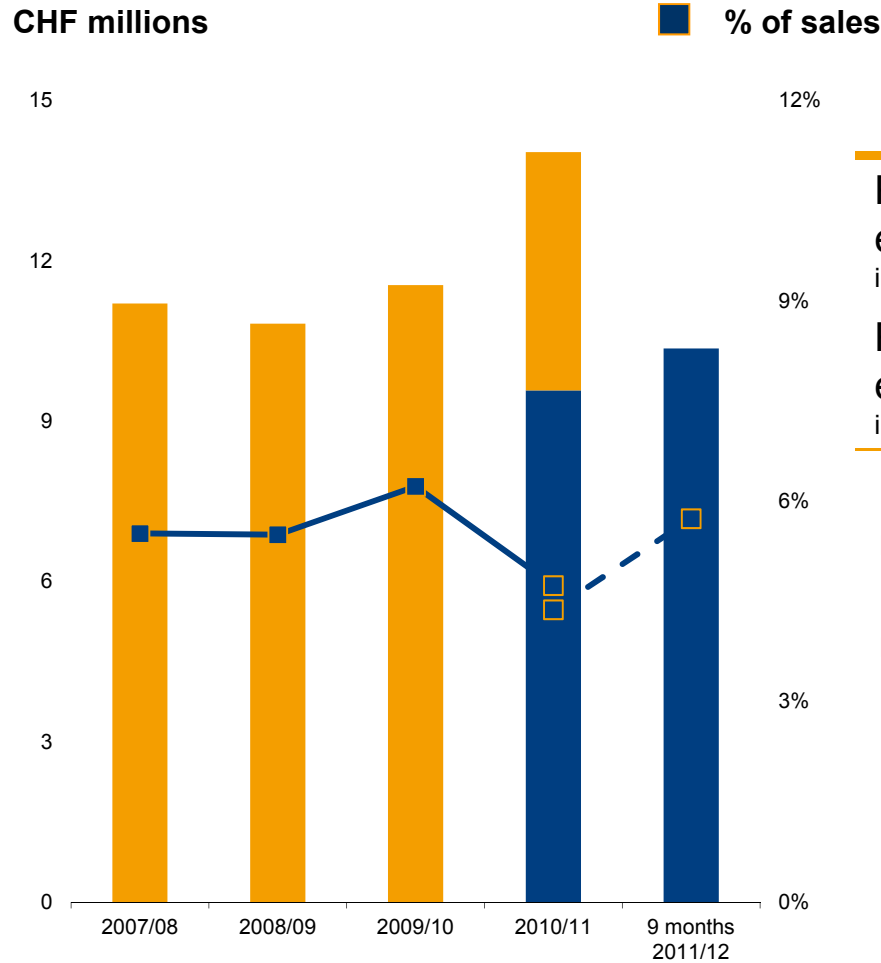
- Q2 of 2011/12 includes restructuring cost of CHF 0.7 million
- Excluding restructuring cost operating expenses in Q2 of 2011/12 were already 5% lower than in Q1 of 2011/12
- All savings targets in Q3 of 2011/12 achieved

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# 3. R&D Expenses

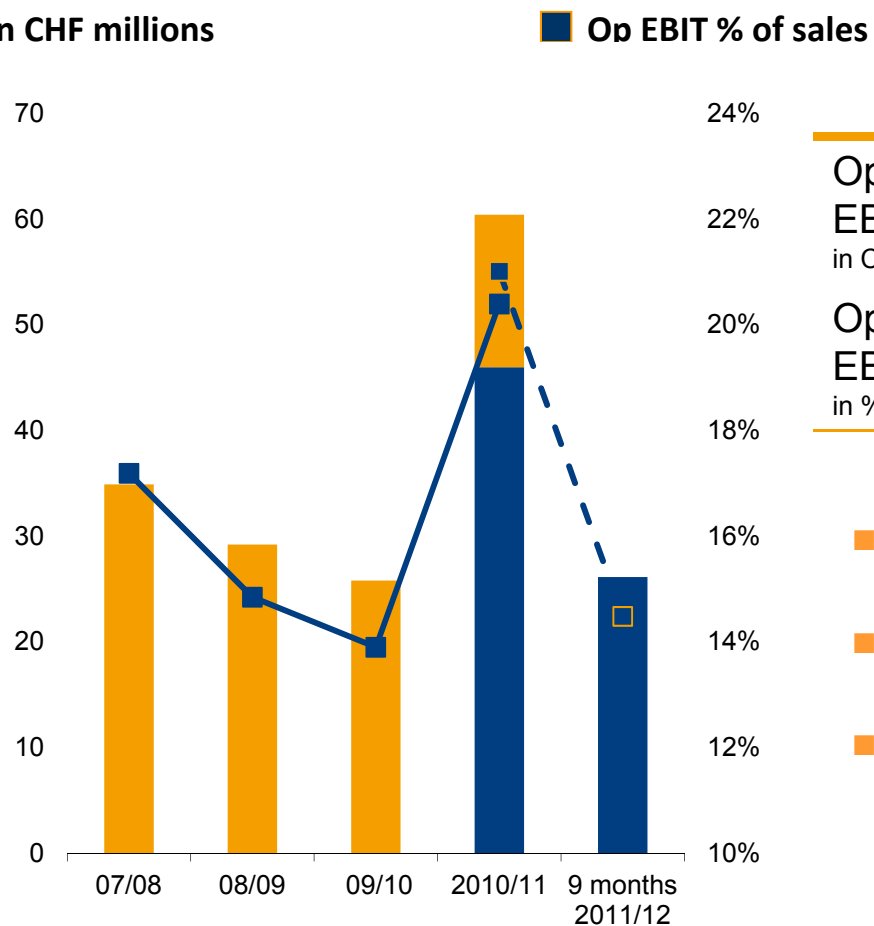


	9M 2010/11	9M 2011/12	Q2 2011/12	Q3 2011/12
R&D expenses in CHF million	9.6	10.4	3.2	3.4
R&D expenses in % of sales	4.4%	5.7%	5.6%	6.2%

- R&D exempted from restructuring exercise
- Increased R&D efforts as an investment into the future

# 3. Operational EBIT

In CHF millions



	9M 2010/11	9M 2011/12	Q2 2011/12	Q3 2011/12
Operational EBIT in CHF million	46.0	26.1	7.6	6.9
Operational EBIT in % of sales	21.0%	14.5%	13.1%	12.6%

- Excluding additional SOP cost/income
- Exceptionally good profitability in 2010/11
- Lower sales impact operational EBIT



### 3. Legacy SOP Programs Expire per 31.03.2012

- LEM's legacy stock option plans (SOP) are cash settled; their cost is driven by the share price development (31.3.2011: CHF 570; 30.12.2011: CHF 385)
- Valuation according to IFRS; time value of option decreases over time
- Significant reduction of volatility in 2011/12; ended per 31.03.2012
- Currently LEM has no further option based compensation programs

	31.03.2008	31.03.2009	31.03.2010	31.03.2011	30.09.2011	31.12.2011	31.03.2012
# outstanding options	70'457	66'207	40'794	4'952	3'876	3'876	0 max.
			Closure of	SOP 5			SOP 6

### 3. Financial Expense

	9M 2010/11	9M 2011/12	Q2 2011/12	Q3 2011/12
Exchange effect*	-3'910	-676	1'274	359
Other financial expense + income	-359	-195	-97	-69
<b>Total</b>	<b>-4'268</b>	<b>-872</b>	<b>1'177</b>	<b>290</b>

- Q2 of 2011/12 exchange effect mainly driven by EUR and USD appreciation following the SNB intervention
- Q3 of 2011/12 exchange effect driven by further appreciation of USD
- Foreign exchange hedging policy
  - In general: 50% of net exposure on a rolling 3-9 month basis
  - Euro: 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.

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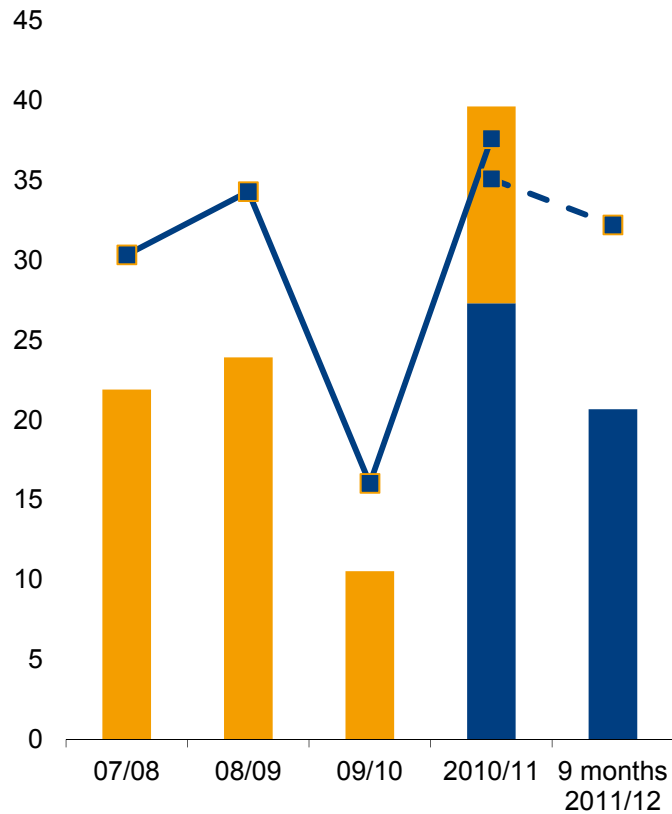
### 3. Income Taxes

In CHF thousands	9M 2010/11	9M 2011/12	Q2 2011/12	Q3 2011/12
EBT	36'759	25'905	9'511	7'254
Income taxes	-9'441	-5'226	-1'696	-1'603
<b>Effective tax rate</b>	<b>25.7%</b>	<b>20.2%</b>	<b>17.8%</b>	<b>22.1%</b>
In %	9M 2010/11	9M 2011/12	Q2 2011/12	Q3 2011/12
Expected income tax rate	22.8%	20.0%	19.1%	20.4%
Expected withholding tax rate	2.9%	2.4%	4.7%	1.7%
<b>Expected tax rate</b>	<b>25.7%</b>	<b>22.4%</b>	<b>23.8%</b>	<b>22.1%</b>
Adjustments in respect of previous periods' income tax		-2.2%	-6.0%	
<b>Effective tax rate</b>	<b>25.7%</b>	<b>20.2%</b>	<b>17.8%</b>	<b>22.1%</b>

- Reduction/increase of the expected tax rate with increasing/decreasing volumes in low tax entities

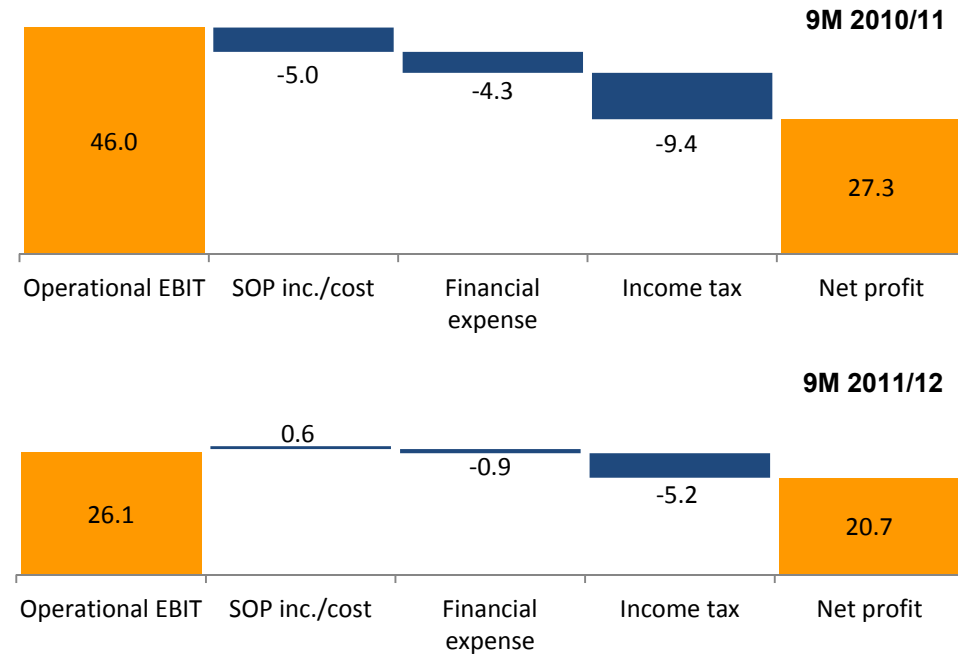
# 3. Net Profit

In CHF millions



■ % of sales

	9M 2010/11	9M 2011/12	Q2 2011/12	Q3 2011/12
Net profit in CHF million	27.3	20.7	7.8	5.7
Net profit in % of sales	12.5%	11.5%	13.5%	10.3%



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### 3. Financial Highlights in Q3 of 2011/12 - Summary

- Stabilization of bookings and sales
  
- Profitability
  - Gross margin of 41.0%
  - Cost reduction plan on track – fully achieved savings targets
  - Operational EBIT margin of 12.6%
  - Tax rate on low 20%-level
  - Net profit of CHF 5.7 million for the quarter, CHF 20.7 million for 9 months
  
- Increased the investment in R&D

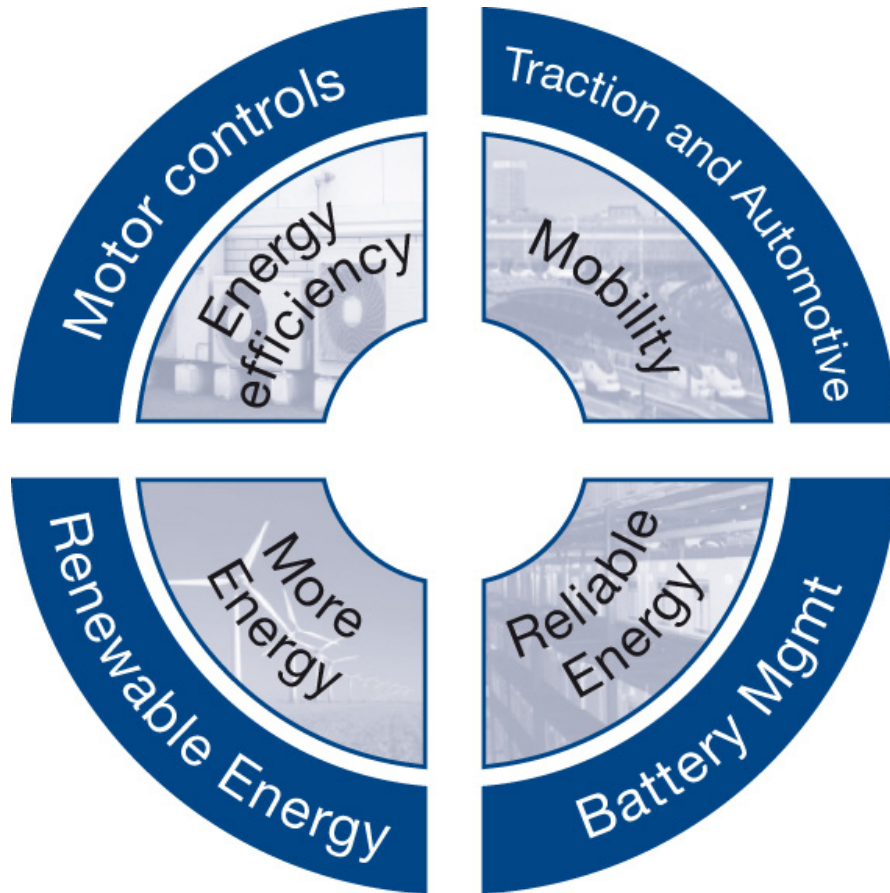
## 4. Outlook



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## 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 markets



## 4. Outlook

For Q4 of 2011/12 we expect a stabilization, but it is too early to forecast a trend reversal:

- Slight slow-down of sales in the Industry segment
- Continue the growth in the Automotive segment

For the financial year 2011/12

- Sales forecasted to be CHF 225 to 235 million
- Operational EBIT expected to be about CHF 31 million

# 5. Financial Calendar and Contact Details

## Financial calendar

6 June 2012	Year-end 2011/12 results and media and analyst conference
28 June 2012	Ordinary shareholder's meeting for the year 2011/12
4 July 2012	Dividend ex-date
9 July 2012	Dividend payment date

## For further information

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