



Results

First half year 2016/17

1 April 2016 to 30 September 2016

10 November 2016

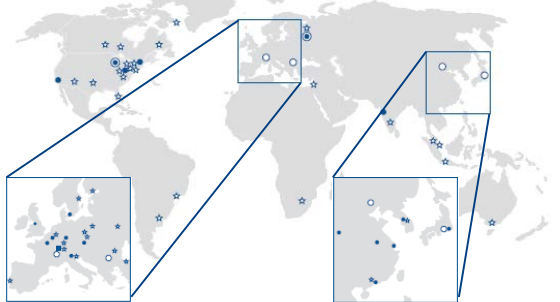
Agenda

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



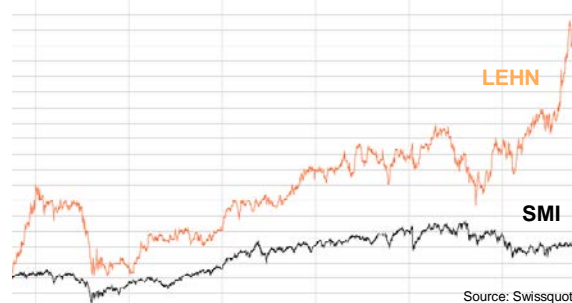
1. Global Market Leader in Current and Voltage Transducers

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



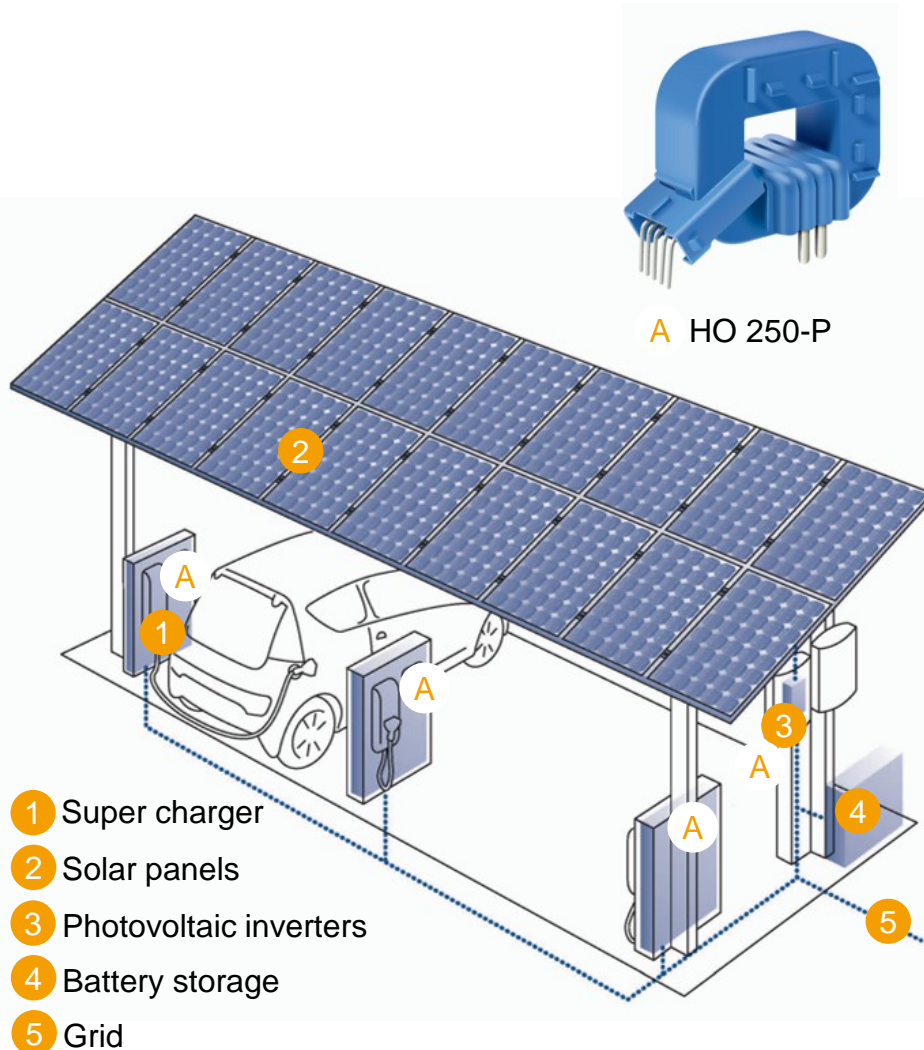
- Market capitalization of CHF 1.25 billion
- Dividend yield >4% in each year since 2009
- Continued sales growth and strong margins

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: Super Charger Station for Electric Vehicles



A super charger (1) operates using several 400V DC chargers in parallel. 1MW would be required from the grid (5) if 10 cars were charged simultaneously. Charging stations therefore often include a photovoltaic plant with solar panels (2) and a battery storage system (4). Stored energy is used to reduce energy peaks and to best use photovoltaic energy.

The chargers use the HO 250-P (A) to measure the DC current while the photovoltaic inverter (3) uses up to 7 transducers, such as CASRs, HLSRs and CTSRs to measure DC, AC and residual currents.

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

1 High voltage battery

2 Charger

3 Motor controller

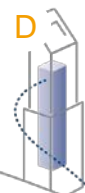
4 Electric motor and transaxle

5 DC/DC converter

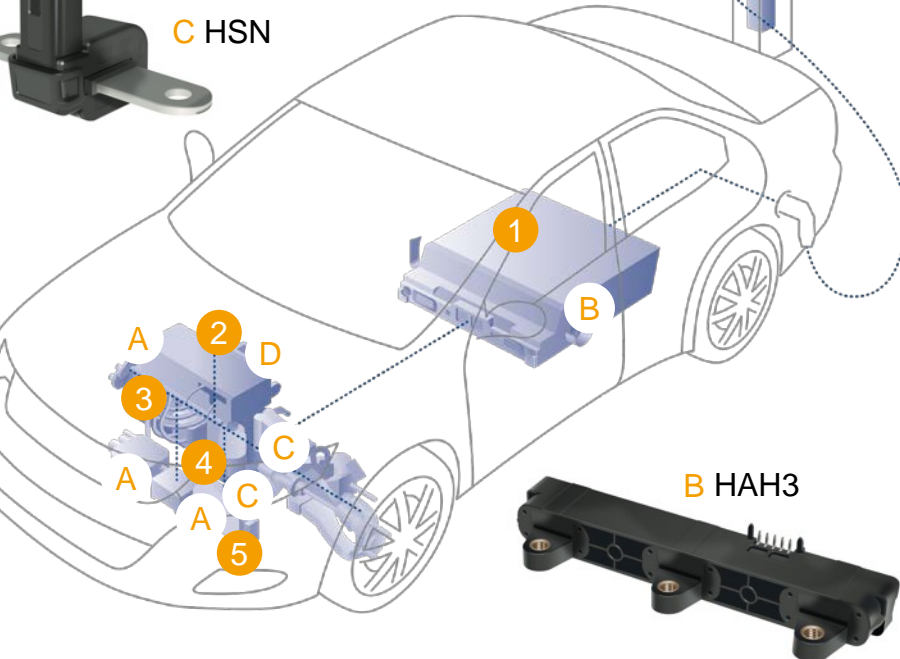
A DHAB V2



D CAB500



C HSN



Battery management

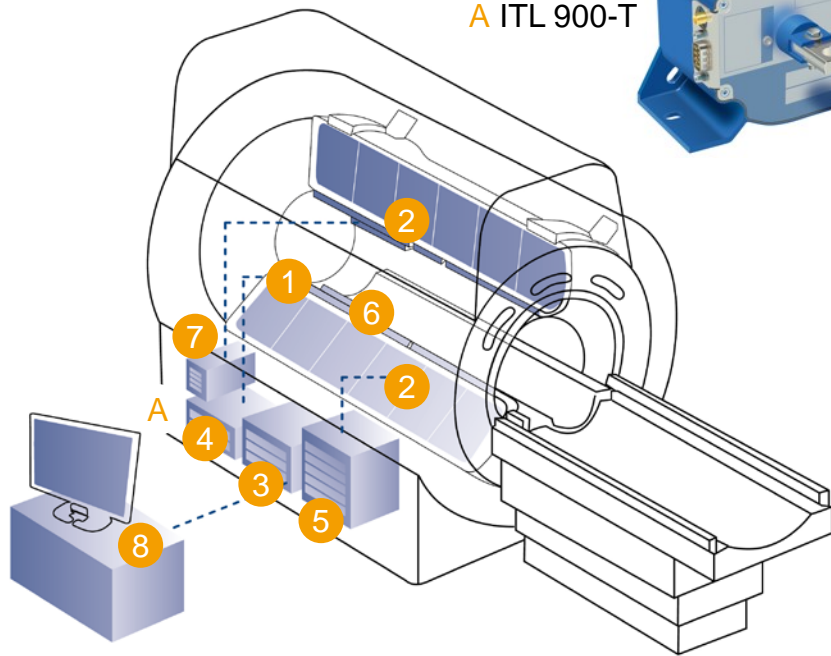
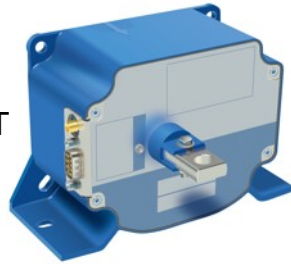
The battery management system (BMS) adjusts the charging process through the combustion engine in a hybrid-electric vehicle or gives the information for external charging of the high-voltage battery (1) in an electric vehicle. CAB (D), DHAB (A) provide all necessary current information at high accuracy 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. LEM Applications: Magnetic Resonance Imaging (MRI)

A ITL 900-T

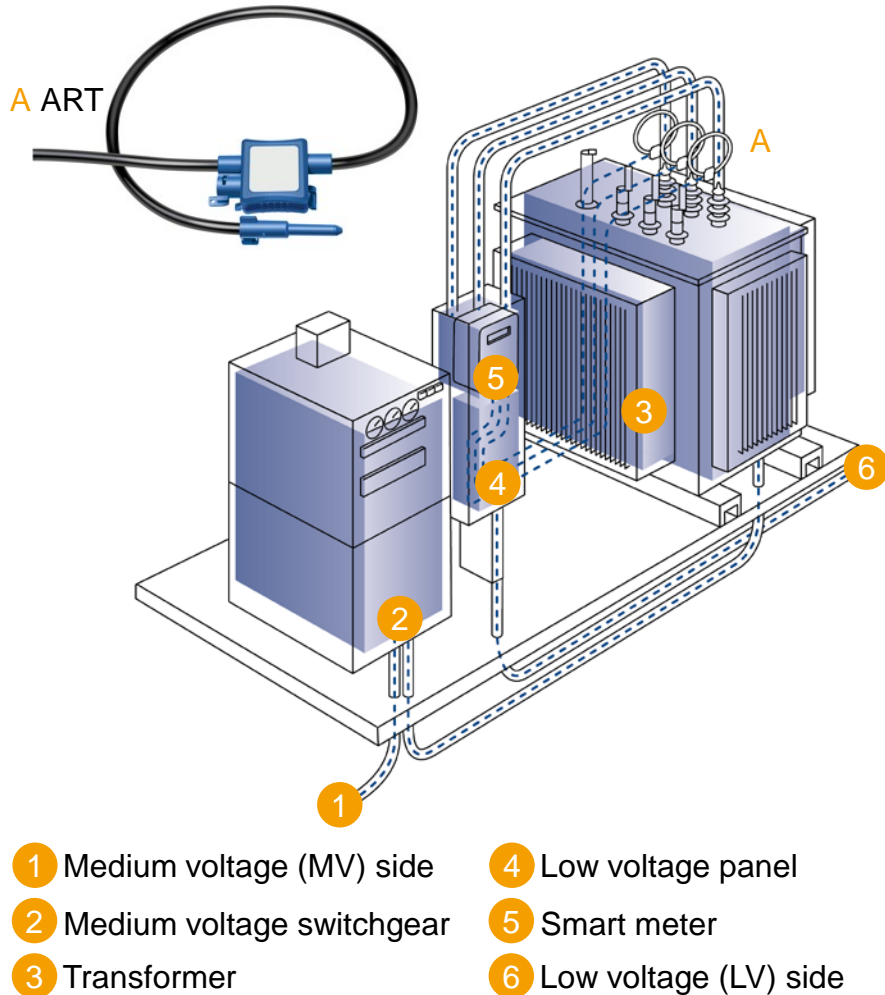


MRI scanners use strong magnetic fields, radio waves, and field gradients to form images of the body. The specific magnetic field is generated by 3 gradient amplifiers (x,y,z) (4) that enhance the current to supply the gradient coils (1). The coils create a precise magnetic field that will need to vary depending on the location.

One LEM ITL 900 transducer (A) is used in each gradient amplifier to measure very accurately the electrical current flowing through the gradient coils, which generate the magnetic field. The accuracy of the current measurement directly influences the quality of the image.

- 1 Gradient coils
- 2 Magnet & shim
- 3 Generator
- 4 Gradient amplifier
- 5 Shim control
- 6 Radio frequency coil
- 7 Radio frequency amplifier
- 8 CPU & display

1. LEM Applications: MV/LV substation

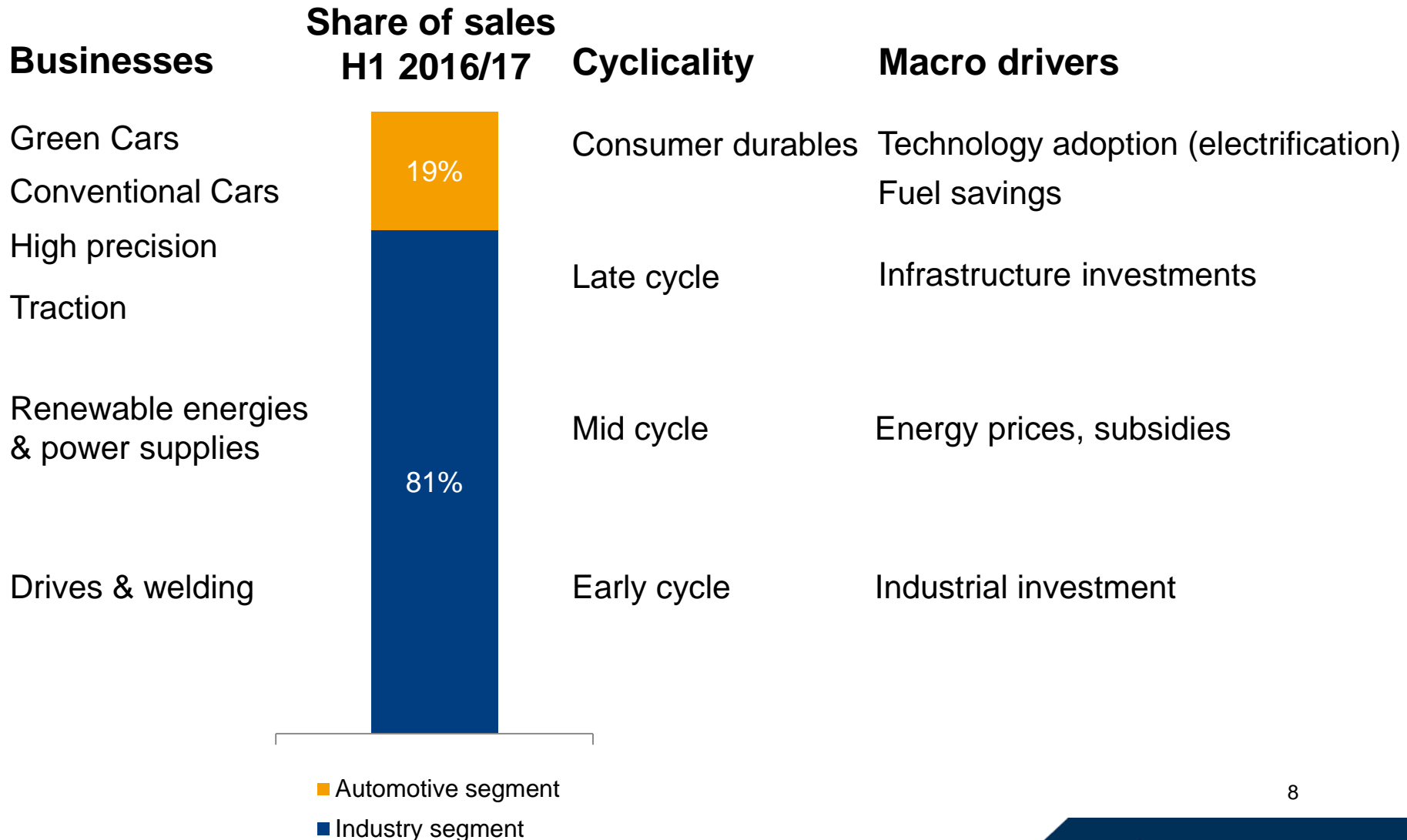


High voltage (HV) is adapted twice along its way to consumers in order to simplify its transmission and also in order to supply applications with the right levels of voltage.

The last adaptation is realized inside a MV/LV substation adapting the voltage from medium voltage (MV) to low voltage (LV).

Within the MV/LV substation, the incoming power flow from the MV side (1) is managed by the MV switchgear (2) before being converted by the transformer (3) into LV (6). The smart meter (5) installed in the LV panel (4) measures the transformer's (3) health with three independent ART (A) current sensors. Its design allows safe commissioning of the smart meter on an operating transformer.

1. Diverse Target Markets – Diversified Businesses



Agenda

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2. Robust Performance

In CHF millions, %

	H1 2016/17	H1 2016/17 vs. H1 2015/16	Q2 2016/17 vs. Q2 2015/16
Orders	132.3	+4.3%	+1.6%
Sales	132.6	+0.8%	-6.2%
EBIT	27.5	+10.6%	-1.8%
Net profit	22.1	+11.6%	+3.8%

- 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 margins
- Launched five new products
- Decision taken to increase significantly investment in R&D

2. Product Launches H1 2016/17 (1/2)

GHS



- LEM's first integrated primary sensor in SO8 IC packaging; surface mounted
- Package and magnetic coupling innovations
- High immunity against external fields
- For low power drives in solar applications



Industry

DVM



- LEM patented insulating digital technology
- Improved accuracy and temperature stability
- 30 % lower profile - 25 % less volume - 54 % lighter
- Low sensitivity to magnetic fields for traction applications



Industry

ART



- LEM patented Rogowski loop technology
- Accuracy class 1 without calibration, rated insulation voltage 1 kV CATIII, electrostatic shield, IP 67
- Flexible, thin, split-core
- For smart grid applications



Industry

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2. Product Launches H1 2016/17 (2/2)

LH



- Proprietary ASIC for Closed Loop Hall effect technology
- High performance, matching fluxgate performance
- High performance in broad temperature range
- Designed for drives and solar markets



Industry

HAH2



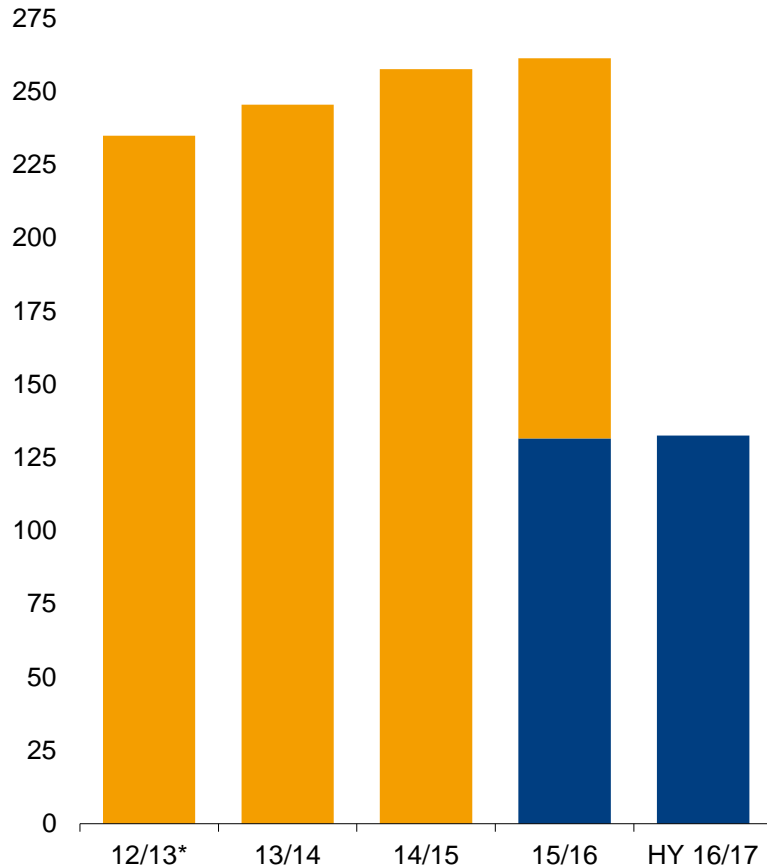
- 2-phase motor control sensor
- High accuracy and speed
- Small, compact, light, easy to integrate
- Customer specific product for hybrid-electric vehicles



Automotive

2. Net Sales

In CHF millions



In CHF millions, %	Sales	H1 vs. H1		Q2 vs. Q2
		as reported	at constant currencies	
Industry	107.0	-3.0%	-4.5%	-10.5%
Automotive	25.6	+20.4%	+18.2%	+15.1%
Total sales	132.6	+0.8%	-0.8%	-6.2%

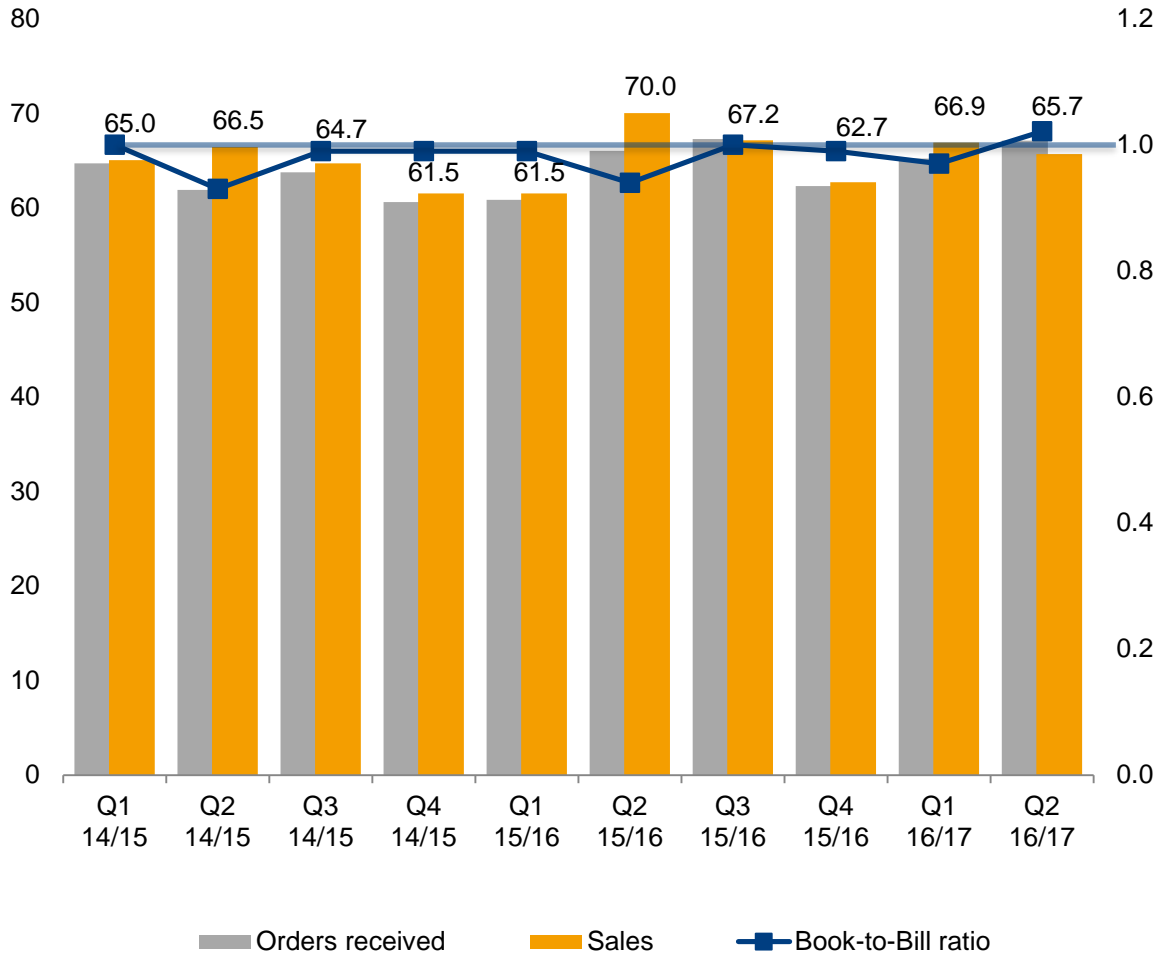
- Weakening Industry and strong growth in Automotive businesses
- Positive currency impact on sales
- Q2 of 2015/16 sales with positive one-off effects due to technical factors (going live of new ERP system)

* Restatement following IAS 19R application (pensions)

2. Quarterly View

In CHF millions

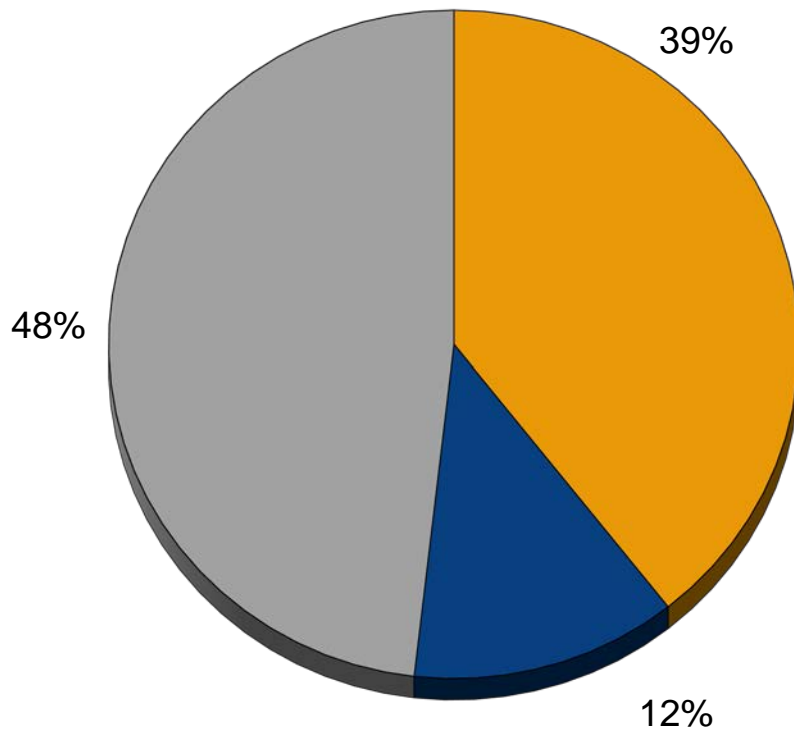
Book-to-bill ratio



- Booking increased by 2.9% Q2 vs. Q1
- Currency impact on sales and bookings
- Market uncertainties and shrinking inventories at customers translating into shorter term bookings
- Book-to-bill ratio stable at around 1 for the past quarters

2. Industry Segment: Regional Markets

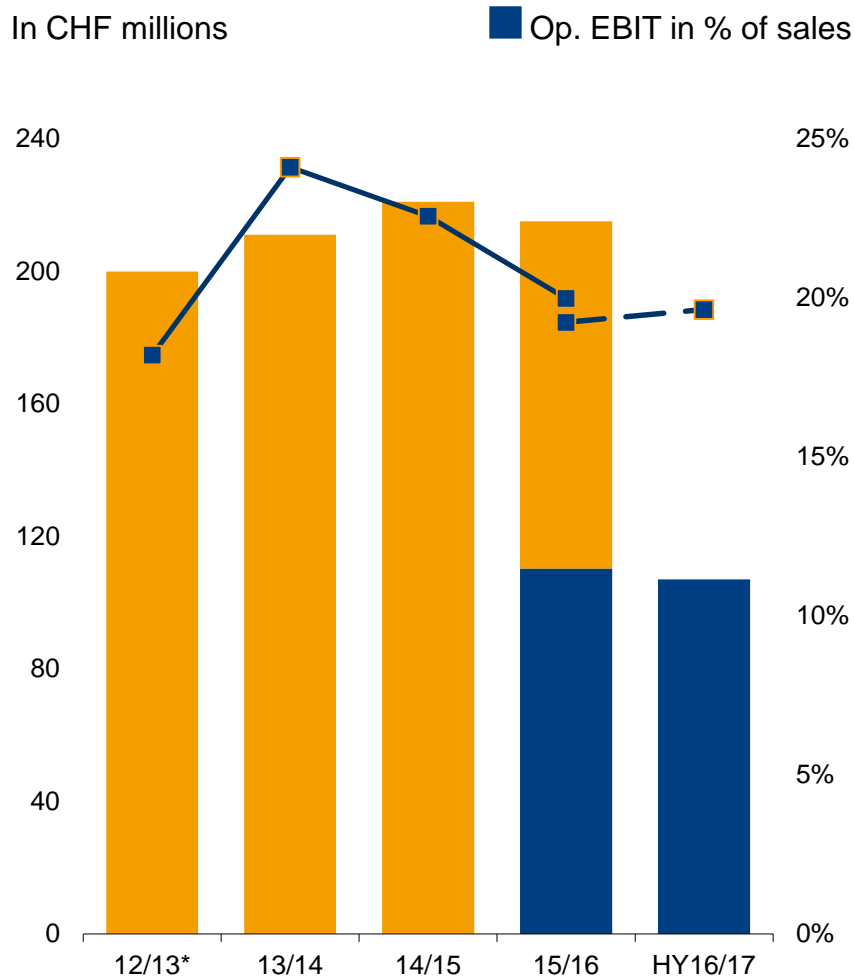
- Europe
- North America
- Asia and RoW



In CHF millions, %	Sales	Growth H1 vs. H1	Growth Q2 vs. Q2
Europe	42.1	-4.9%	-16.9%
N. America	13.4	+6.4%	+4.2%
Asia and ROW	51.5	-3.6%	-8.2%
Total	107.0	-3.0%	-10.5%

- Sales in China and most of Europe slowed
- China the single most important country representing 31% of sales
- Repeated success with recently launched product families; ramp-up of production

2. Industry Segment: Business Development



Businesses and Applications

Drives & welding (growth H1 vs. H1: +11%)

- Robust business in China
- Better market environment in Germany and USA
- Higher sales in all regions

Renewable energies & power supplies (-15%)

- Less pronounced seasonality than previously
- Slowing activity in Europe due to relocation of production capacities to China
- Consolidation in the Chinese market

Traction (-13%)

- Strong sales in Germany and India
- Drop of sales in China
- Stable market share

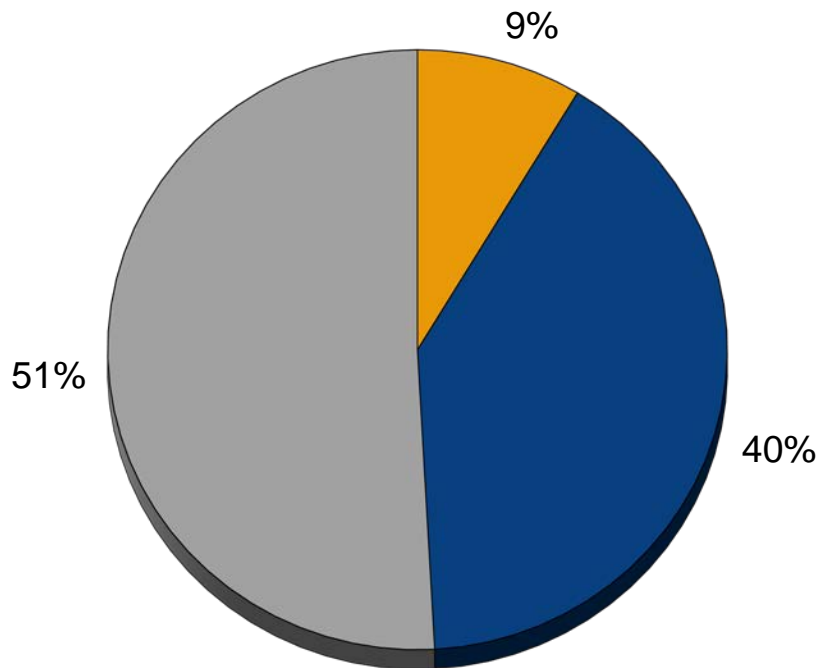
High-precision (-5%)

- Upturn in US medical applications
- HVDC projects in China completed

* Restatement following IAS 19R application (pensions)

2. Automotive Segment: Regional Markets

- Europe
- North America
- Asia and RoW



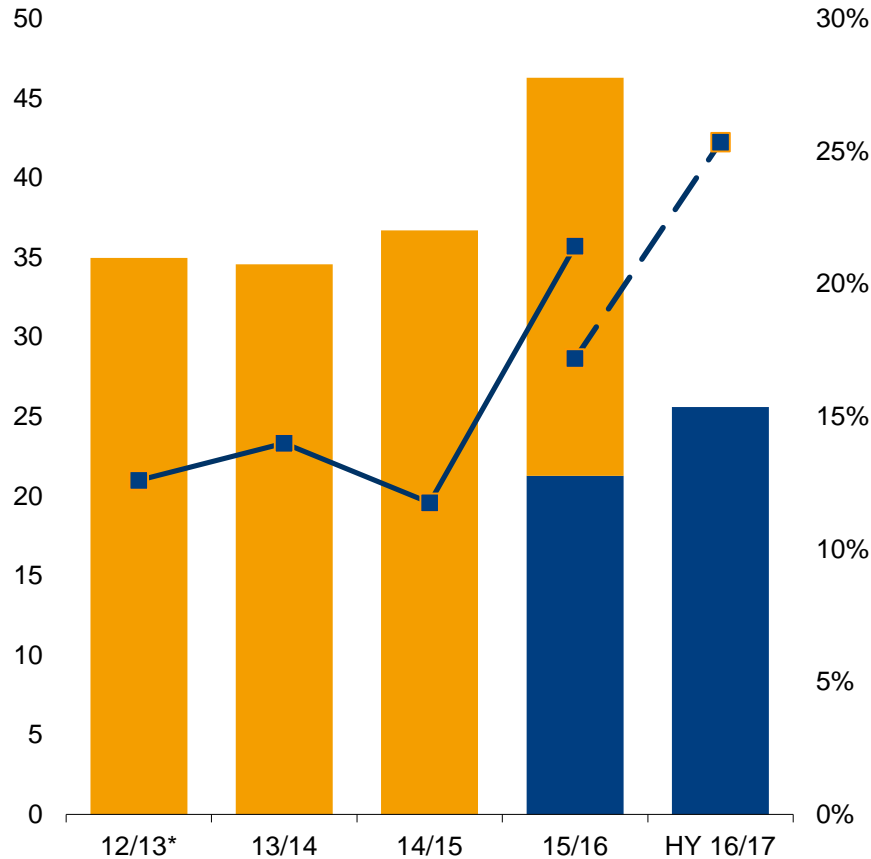
In CHF millions, %	Sales	Growth H1 vs. H1	Growth Q2 vs. Q2
Europe	2.2	+46.7%	+72.2%
N. America	10.4	+4.3%	+3.1%
Asia and RoW	13.0	+32.6%	+19.1%
Total	25.6	+20.4%	+15.1%

- Performance driven by growth of green cars business across all regions
- Managed growth with high product quality and delivery performance
- Won award from customer for overall performance

2. Automotive Segment: Business Development

In CHF millions

■ Op. EBIT in % of sales



Businesses and Applications

Conventional cars (H1 vs. H1: -2%)

- Weaker US market

Green cars (HEV, EV) (+102%)

- Increasing consumer acceptance and government support for green cars to underpin future growth
- LEM well represented in newly launched electric and hybrid-electric vehicles

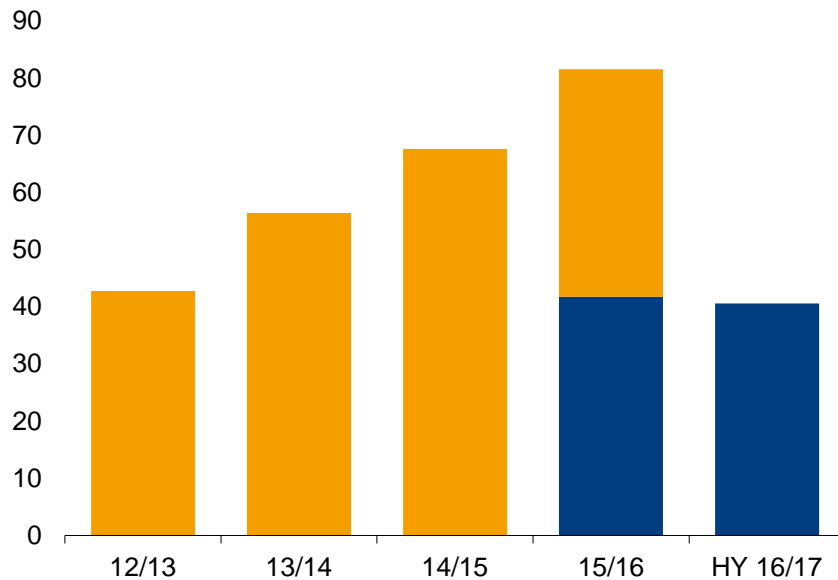
* Restatement following IAS 19R application (pensions)

2. Business Development China

Sales

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

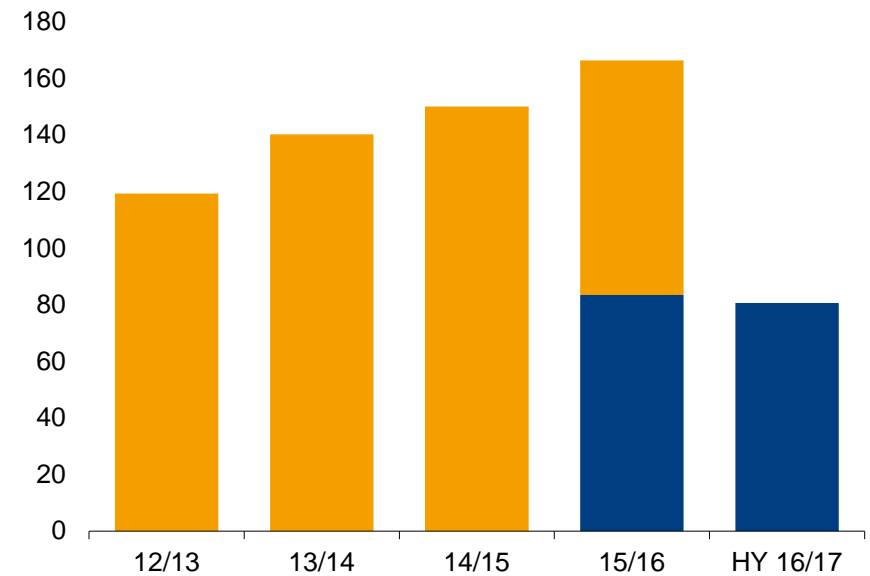
In CHF millions



Production

- LEM China stabilizes its #1 position as largest manufacturing site of the Group (61% of total production, compared to 64% in financial year 2015/16)
- “Made by LEM” quality

In CHF millions



2. Business Development Sofia (Bulgaria)



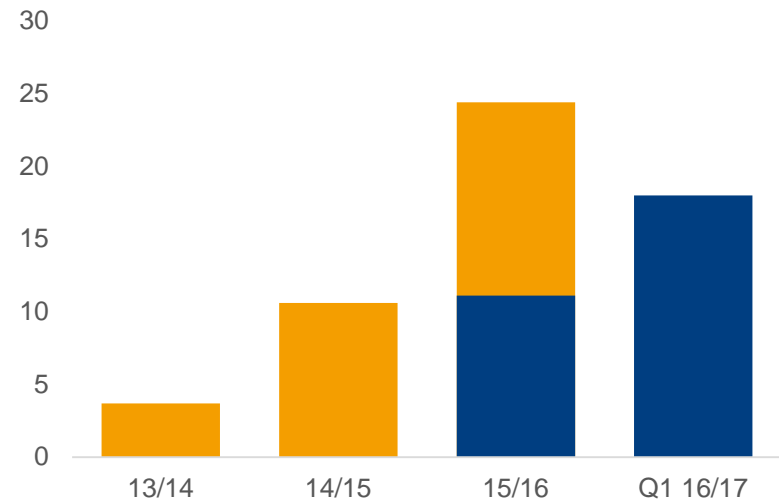
Objectives of the site

- 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 226 FTE
- Introduced a local development team and shared services

In CHF millions



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3. Financial Highlights

- Robust profitability
 - Gross margin of 46.3%
 - EBIT margin of 20.7%
 - Net profit CHF 22.1 million
- Reduced operating expenses
- Free cash flow of CHF 18.5 million
- Equity ratio of 43.1% after dividend payment of CHF 39.9 million in July 2016

3. Balance Sheet Analysis

In CHF millions

	31.3.2016	30.9.2016
Net working capital	42.3	44.1
Fixed assets	39.4	41.1
Noncurrent liabilities	-9.4	-11.5
Net operating assets	72.3	73.7
Net cash / (debt)	13.6	-8.0
Equity	85.9	65.8
Equity ratio	61.3%	43.1%
Days of sales outstanding	69	70
Days of inventory outstanding	72	76
Days of payables outstanding	45	43

3. Income Statement

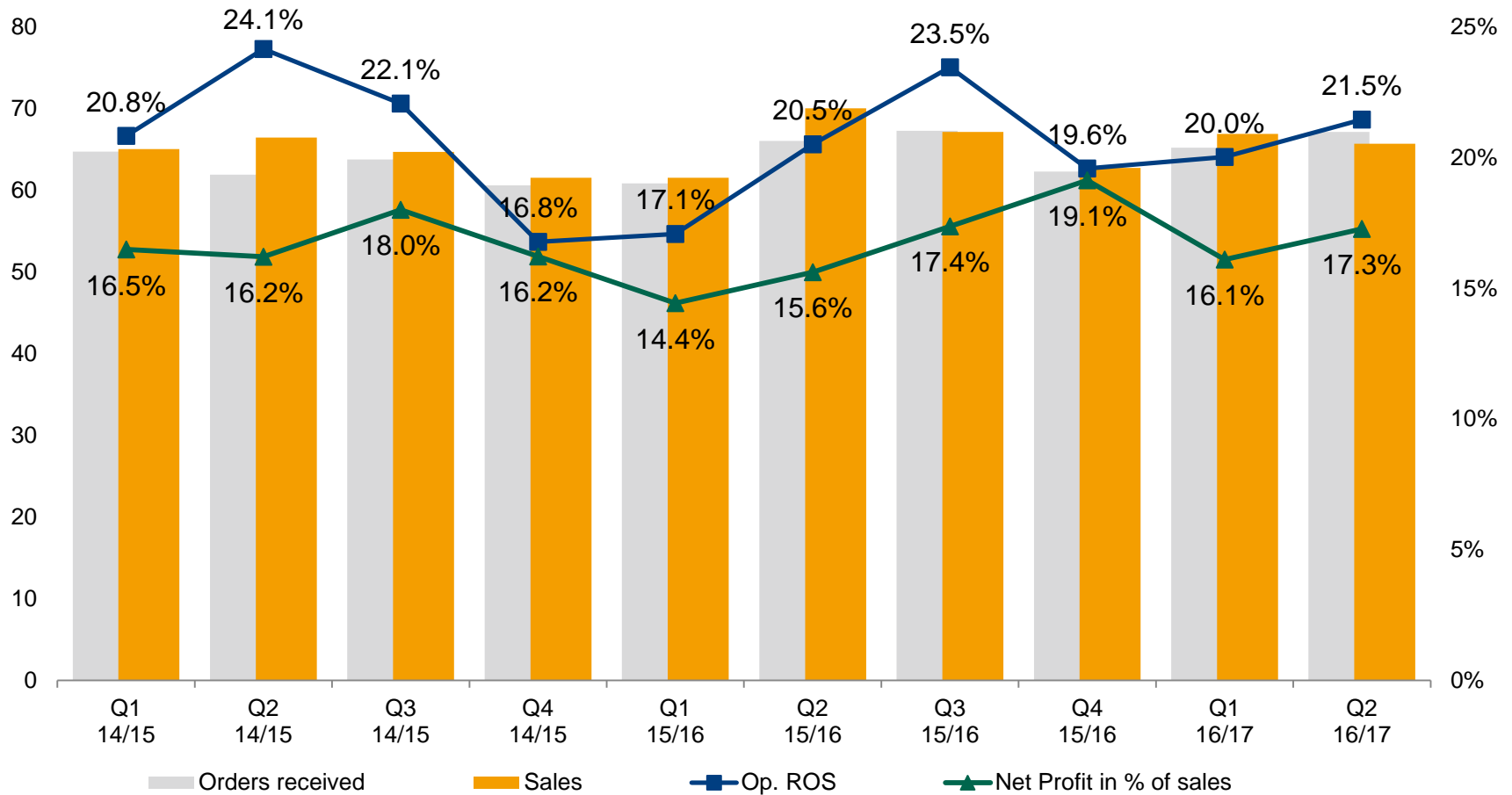
In CHF millions

	H1 2015/16	H1 2016/17	Change	Q2 2015/16	Q2 2016/17	Change
Sales	131.6	132.6	+0.8%	70.0	65.7	-6.2%
Gross margin	45.5%	46.3%	+0.8pt	46.0%	46.8%	+0.9pt
Operating expense	-35.0	-33.9	-3.3%	-17.8	-16.7	-6.5%
EBIT	24.9	27.5	+10.6%	14.4	14.1	-1.8%
Net financial exp.	0.5	-0.1	-	-0.0	-0.1	-
Income tax	-5.5	-5.3	-3.7%	-3.4	-2.7	-21.6%
Net profit	19.8	22.1	+11.6%	10.9	11.4	+3.8%

3. Results by Quarter

In CHF millions

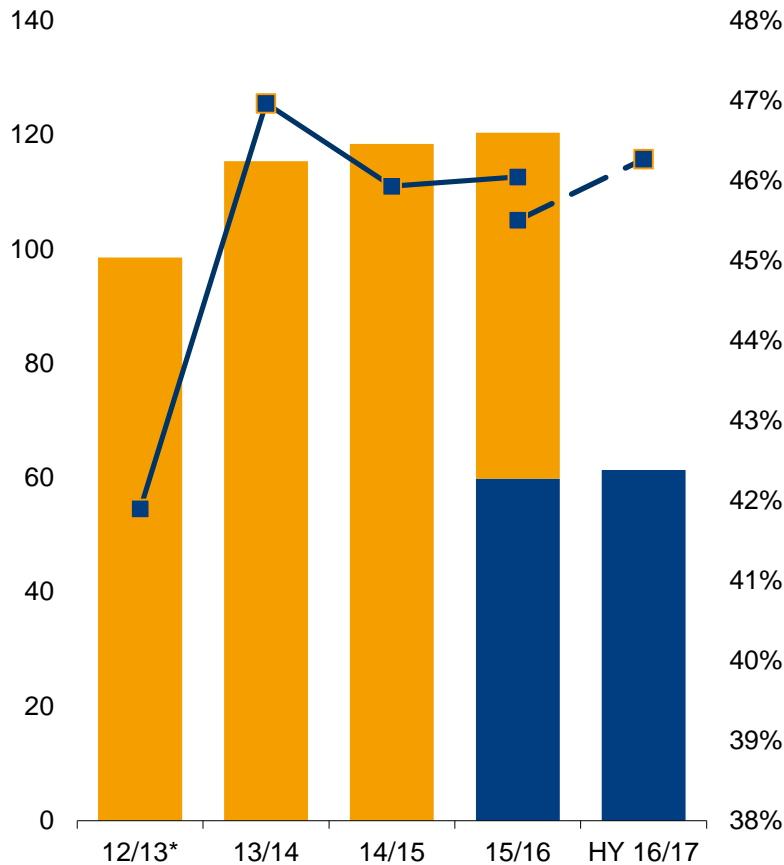
In % of sales



3. Gross Margin

In CHF millions

■ In % of sales



	H1 2015/16	H1 2016/17	Q2 2015/16	Q2 2016/17
Gross margin in CHF millions	59.9	61.4	32.2	30.8
Gross margin in % of sales	45.5%	46.3%	46.0%	46.8%

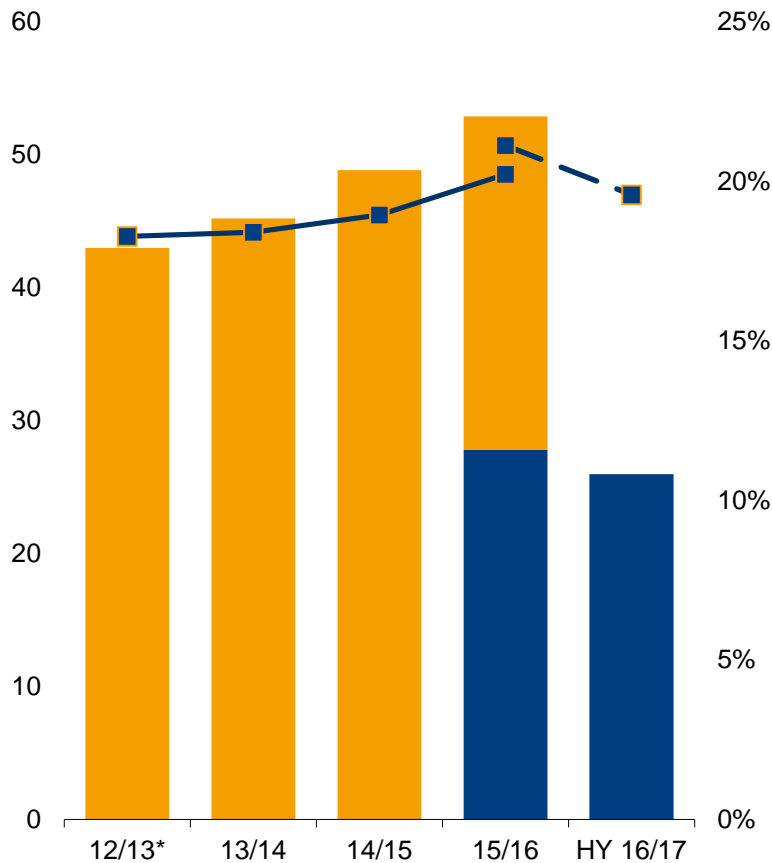
- Positive impacts on gross margin due to relocation to cost-competitive manufacturing sites and optimized sourcing and foreign exchange development
- Continuous price pressure

* Restatement following IAS 19R application (pensions)

3. SG&A

In CHF millions

■ In % of sales

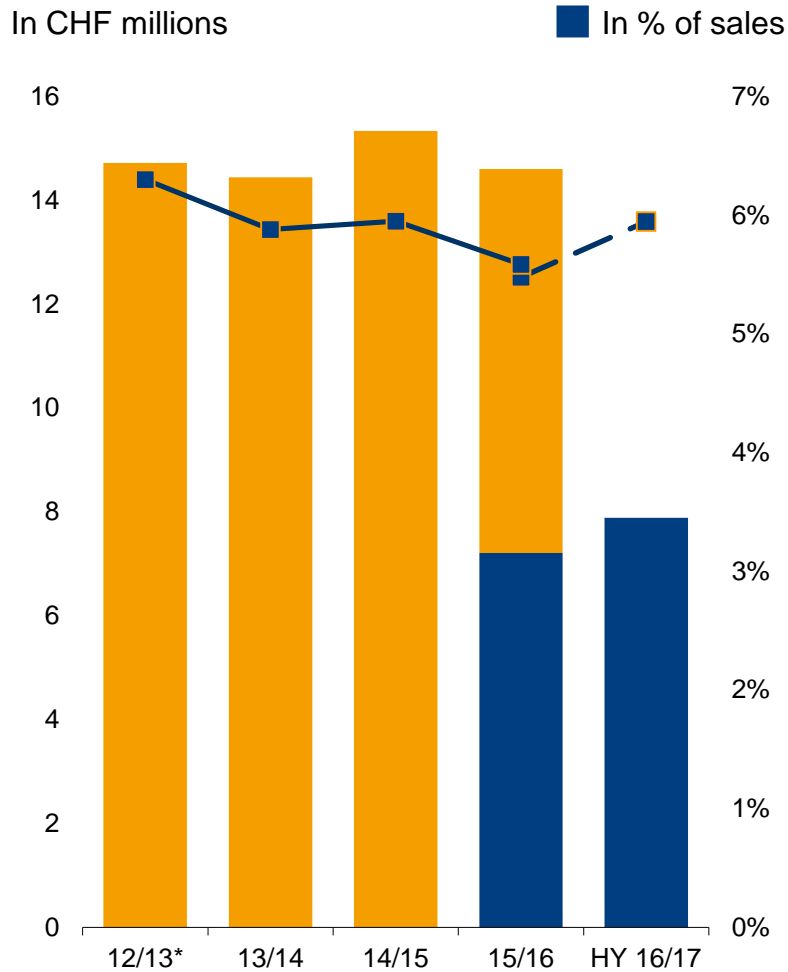


	H1 2015/16	H1 2016/17	Q2 2015/16	Q2 2016/17
SG&A in CHF millions	27.8	26.0	14.3	12.8
SG&A in % of sales	21.1%	19.6%	20.5%	19.5%

- One-off cost in H1 of 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

* Restatement following IAS 19R application (pensions)

3. R&D Expense



	H1 2015/16	H1 2016/17	Q2 2015/16	Q2 2016/17
R&D expense in CHF millions	7.2	7.9	3.5	3.8
R&D expense in % of sales	5.5%	5.9%	5.0%	5.8%

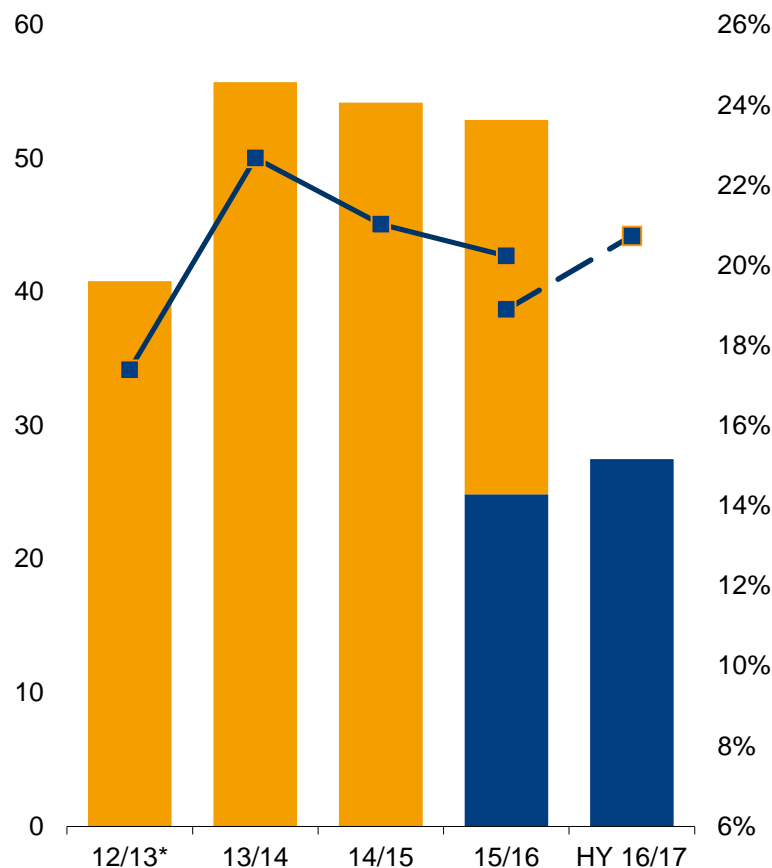
- Ongoing renewal of product range
- Develop new technologies to tap new markets

* Restatement following IAS 19R application (pensions)

3. EBIT

In CHF millions

■ In % of sales



	H1 2015/16	H1 2016/17	Q2 2015/16	Q2 2016/17
EBIT in CHF millions	24.9	27.5	14.4	14.1
EBIT in % of sales	18.9%	20.7%	20.5%	21.5%

- Operational profitability increased
- Continued cost control and productivity improvements
- One-time operating expenses in H1 2015/16

* Restatement following IAS 19R application (pensions)

3. Financial Expense

In CHF millions

	H1 2015/16	H1 2016/17	Q2 2015/16	Q2 2016/17
Exchange effect*	0.5	-0.0	0.1	-0.0
Other financial expense & income	-0.1	-0.0	-0.1	-0.0
Total	0.5	-0.1	-0.0	-0.1

- 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

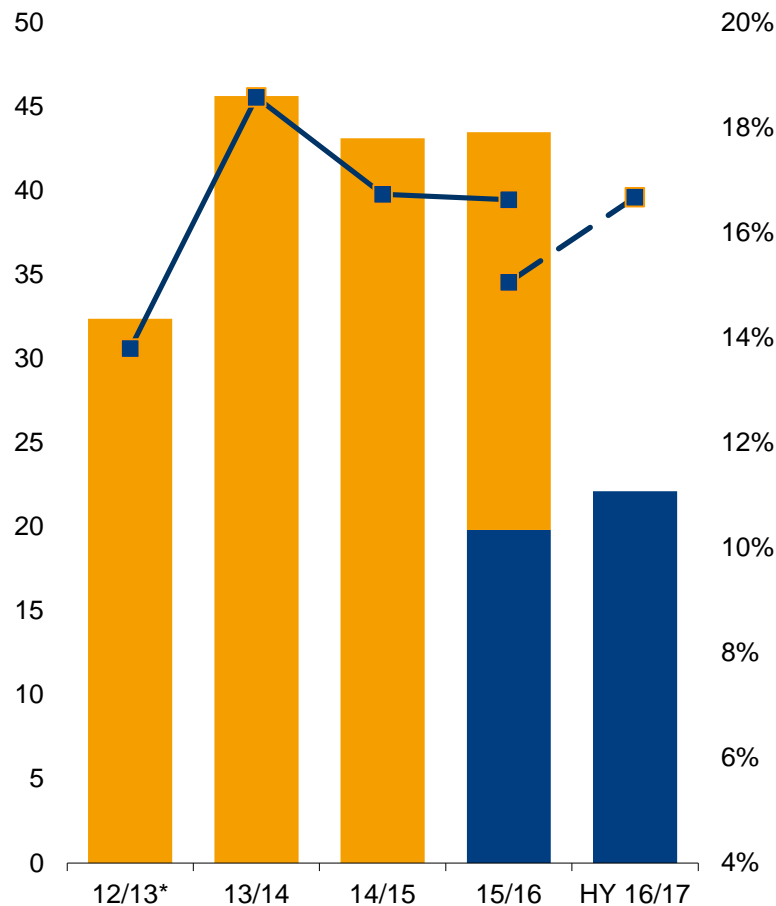
	H1 2015/16	H1 2016/17
Expected income tax rate	19.2%	16.8%
Expected withholding tax rate	2.1%	1.4%
Expected tax rate	21.2%	18.2%
Other differences	0.6%	1.2%
Effective tax rate	21.8%	19.4%

- Lower tax linked to changed composition of revenues and profits

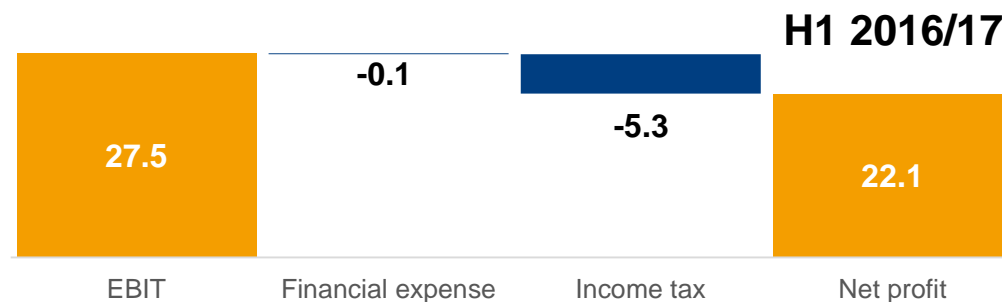
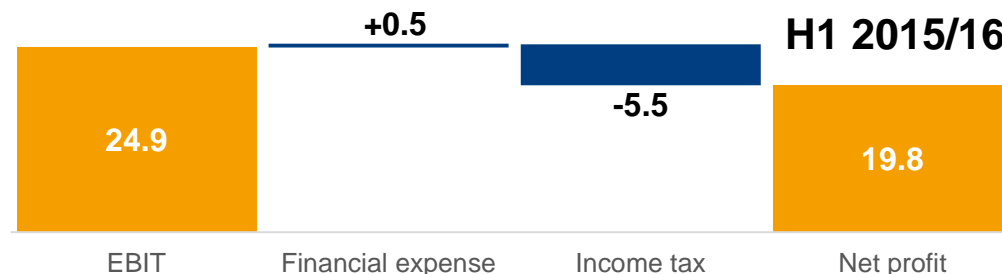
3. Net Profit

In CHF millions

■ In % of sales



	H1 2015/16	H1 2016/17	Q2 2015/16	Q2 2016/17
Net profit in CHF millions	19.8	22.1	10.9	11.4
Net profit in % of sales	15.1%	16.7%	15.6%	17.3%



* Restatement following IAS 19R application (pensions)

3. Cash Flow Statement

In CHF millions

	H1 2015/16	H1 2016/17
Profit before taxes	25.3	27.4
Adjustment for noncash items and taxes paid	-4.8	-1.6
Cash flow from changes in net working capital	-20.0	-2.9
Cash flow from operating activities	0.6	22.9
Cash flow from investing activities	-2.0	-4.4
Free cash flow	-1.4	18.5
Cash flow from financing activities	-6.1	-12.0
Change in cash and cash equivalents	-7.4	6.5
Cash and cash equivalents at the end of the period	13.2	20.1

Agenda

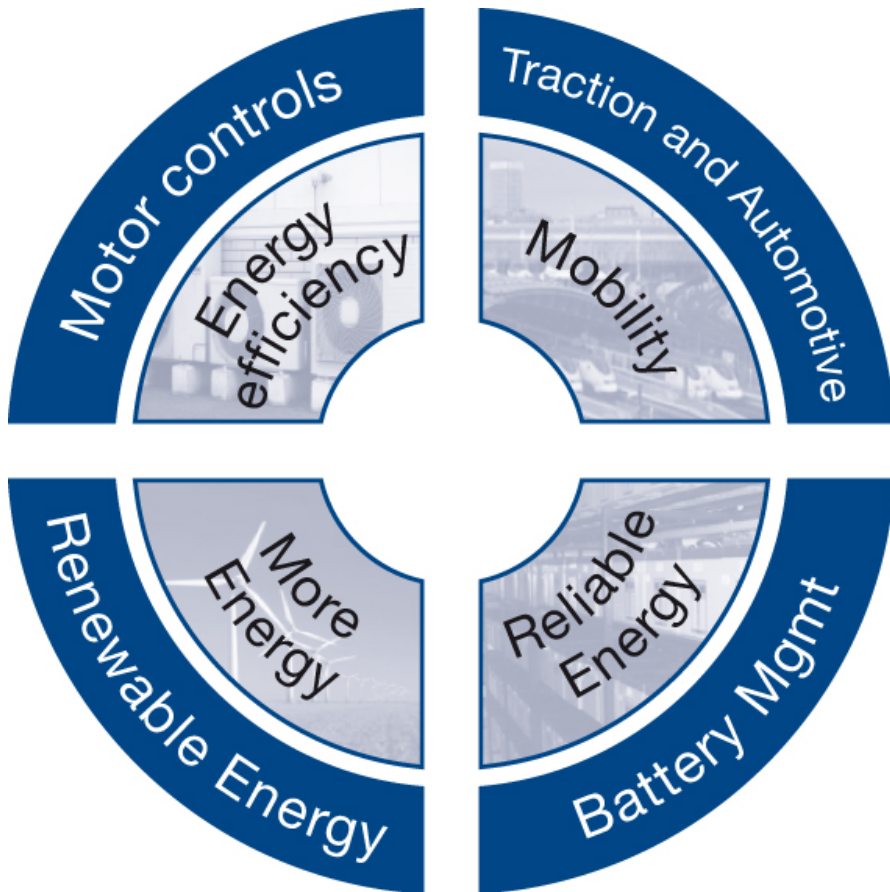
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4. **Strategy and Outlook**



ATO

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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 businesses

4. Executing Strategy

Strategic priorities

Increase technology leadership

- Reinforce multidisciplinary innovation team
- Increase number of product launches
- Constantly improve performance of products

Increase efficiency

- Reduce product cost through cost-competitive sourcing and manufacturing
- Reduce cost of marketing, administration and R&D
- Reduce complexity of organization

Increase production flexibility

- Develop systems to better forecast demand fluctuations
- Improve supply chain management

Achievements in H1 2016/17

- Launched 5 new products
- Increased focus on new technologies
- Decision taken to increase investment in R&D
- Increased production in cost effective sites to 79% of total sales
- Across the board productivity increases
- Started to develop shared services in Sofia
- Maintained high delivery performance
- Added production capacity for successful products
- Initiated program to reduce lead times for complex products

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4. Extend LEM's leadership position and accelerate growth

- Significantly increase investment in R&D
 - Focus on new technologies in areas of ASIC, embedded software, Internet of Things
 - Enhance R&D capacities in Beijing and Sofia
 - Establish new R&D center in the Lyon/Grenoble* (F) high-tech cluster
- Geneva to remain R&D hub

* Decision taken after evaluation of several locations

- Strong in relevant competencies
- High-tech cluster with presence of major players and strong research labs and universities
- Cultural and geographical proximity

4. Outlook

- Expectation for the full financial year 2016/17
 - Sales of CHF 260 – 270 million
 - EBIT margin around 20%
- Sales trends for H2 2016/17
 - Steady development of industry businesses, Automotive businesses to keep the momentum going
 - Seasonality to impact sales in Europe in Q3 (Christmas season) and in China in Q4 (Chinese New Year)
 - Customers to maintain pressure on prices and short term ordering policy

Q&A

Financial Calendar and Contact Details

Financial calendar

The financial year runs from 1 April to 31 March

16 February 2017	Third quarter results 2016/17
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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