



PRESS RELEASE

Half year results from April to September for the FY 2007/08

Continued growth, profit doubles

Plan-les-Ouates, 6 November, 2007 – LEM announces continued and profitable growth for the first half of the FY 2007/08. Sales amounted to CHF 98.5 million which is an increase of 11% compared to the first half of the last FY (CHF 88.6 million). The operating profit - EBIT has grown by 60% to CHF 18 million (CHF 11.2 million) and net earnings have doubled to CHF 12.3 million (CHF 6.2 million).

Orders received increased by 18% to CHF 109.1 million (CHF 92.3 million). The gross margin developed favorably increasing by 4.7 percentage points reaching 45.7% compared to the 41.0% in the first half of last year.

“Not only have we continued to achieve sustained growth but we have managed to grow profitably. The drivers for this are threefold: the continuation of the successful transfer of some production lines to China, the low cost sourcing programs and the overall exchange rates being in our favor. We are very pleased to see the results of our efforts in these areas and remain confident to be able to keep delivering.” says Paul Van Iseghem, President & CEO of LEM.

The **Industrial Segment** is the main growth driver for LEM. Sales remain positive reaching CHF 88.1 million which is an increase of 14% compared to the first half of 2006/07 (CHF 77.6 million). The EBIT is in trend with the profitable growth and has increased by 63% to reach CHF 17.7 million.

The main growth has been seen in the market of **Traction** with an increase of 25%. This is due to the current investments in transportation, as well in the industrialized countries as in the fast developing countries.

The new focus on the **Energy & Automation** market has experienced an increase in sales of 64% from the first half of last year. These numbers however are still growing from a small base.

Sales in the **Industry** market have been solid with 10% increase. The main market remains the electric motor drives where adding a control to this motor can reduce the energy consumption by up to 30%. The renewable energies represent another market which continues to gain further importance and we have seen a 25% increase in our sales. LEM plays an important role in the generation and conversion of energy produced by wind turbines and solar panels.

The **Automotive Segment** has been impacted by the slowdown in production of the US car manufacturers. The first half of 2007/08 shows a negative growth of -5% which is a total sales of CHF 10.4 million (CHF 11.0 million). However the last months show that improvement is on the horizon. Several new contracts with manufacturers in USA and China have been gained and production for this new business will commence in 2008.



The efforts to transfer some key products to **China** have been successful and production has increased close to 3.5-fold over the last 6 months whilst at the same time growing sales in the market by 18% to CHF 9.9 million. The LEM plant in Beijing has achieved the ISO certifications 9001, 14001 and this September TS16949 for Automotive production. We deliver the same “Made by LEM” quality as all over the world.

The **BRIC** (Brazil, Russia, India and China) countries continue to develop well. Sales have increased by 15% being driven by Industrial applications.

The **capital reduction**, which was approved during the last shareholders’ meeting, has become effective as of the 27 September, 2007.

Mr Ueli Wampfler has been elected as a new **member of the Board of Directors** during the last shareholders’ meeting.

The **Outlook** remains quite positive; we see a continued but slower growth between 6 and 8% over the year after the high growth of last year. The increase in net earnings will be substantial, and is expected to be above 45% for the year. For the Automotive segment, sales will be about the same as last year, however with a positive EBIT. We expect to see an increase in sales towards the end of the year.

Appendix:

Consolidated Income Statement	April to September	
In CHF thousands	2006/07	2007/08
Sales	88,602	98,513
Cost of goods sold	(52,305)	(53,455)
Gross margin	36,297	45,058
	41.0%	45.7%
Sales expense	(10,276)	(11,050)
Administration expense	(10,312)	(11,290)
Research & development expense	(4,650)	(5,071)
Other expense	(176)	(13)
Other income	359	331
Earnings before interests and taxes (EBIT)	11,242	17,965
ROS in %	12.7%	18.2%
Financial Expense (net)	(612)	108
Earnings before taxes	10,630	18,073
Income taxes	(4,405)	(5,755)
Net earnings	6,225	12,317



in CHF million

	2006/07				2007/08		2006/07	2007/08	Variances	
Orders received	Q1	Q2	Q3	Q4	Q1	Q2	1HY	1HY	HY to HY	Q2 to Q2
Industrial	39.5	42.3	42.2	44.8	45.1	52.8	81.8	98.0	20%	25%
Automotive	5.6	4.9	5.0	6.0	4.4	6.7	10.5	11.1	6%	36%
LEM total	45.1	47.2	47.2	50.8	49.6	59.5	92.3	109.1	18%	26%
Sales	Q1	Q2	Q3	Q4	Q1	Q2	1HY	1HY	HY to HY	Q2 to Q2
Industrial	37.9	39.6	39.4	46.3	45.4	42.6	77.6	88.1	14%	8%
Automotive	5.7	5.4	5.0	5.2	4.5	6.0	11.0	10.4	-5%	11%
LEM total	43.6	45.0	44.5	51.5	49.9	48.6	88.6	98.5	11%	8%
EBIT	Q1	Q2	Q3	Q4	Q1	Q2	1HY	1HY	HY to HY	Q2 to Q2
Industrial	5.2	5.7	5.4	9.4	9.5	8.2	10.8	17.7	63%	44%
Automotive	0.2	0.2	0.1	(0.6)	0.1	0.2	0.4	0.3	-34%	21%
LEM total	5.4	5.8	5.5	8.8	9.6	8.4	11.2	18.0	60%	43%

The complete financial report in accordance with IAS-34 (interim financial reporting) is available on www.lem.com.

LEM – At the heart of power electronics

LEM is the global leader in providing innovative and high quality solutions for measuring electrical parameters. Its current and voltage transducers are used in a broad range of applications in industrial, traction, energy & automation and automotive markets. LEM is a high growth global company with approximately 900 employees worldwide. It has production plants in Geneva (Switzerland), Machida (Japan), Beijing (China) and regional sales offices close to its customer's locations. LEM has been listed on the SWX Swiss Exchange since 1986; the company's ticker symbol is LEHN.

For further information please contact:

Ageeth Walti
CFO
Phone: (+41) 22 706 1220
Email: awa@lem.com
www.lem.com