



## PRESS RELEASE

### 9 month results for the FY 2008/09 from April to December

#### Slower growth due to the recession

**Plan-les-Ouates, 10 February, 2009 – LEM, the market leader in providing innovative and high quality solutions for measuring electrical parameters, announces good top line growth for the first nine months of the FY 2008/09:**

- Sales reached CHF 156 million and increased by 5.1% compared to same period of the last FY (CHF 149 million). At constant exchange rates, sales growth was 9.0 %
- The gross margin decreased to 44.8% (45.4 %)
- Operational EBIT (pro forma) reached CHF 25.4 million (CHF 27.0 million)
- EBIT after Stock Option Plan (SOP) charges was CHF 30.4 million up by 43.5%
- Net earnings increased by 48.4% to CHF 21.6 million (CHF 14.5 million)

Based on the share price development from CHF 270 at the end of the FY2007/08 to CHF 132 at the end of Q3 2008/09, the additional build up of provisions for the SOP of CHF 5.8 million of last year were reversed to a release of CHF 5.0 million. Hence the EBIT was improved from CHF 21.2 million to CHF 30.4 million.

Paul Van Iseghem, President & CEO of LEM, commented the results as follows: "The 9 months result is the consequence of the two first quarters with record sales, as well as the effects of the various efficiency improvement programs to continuously support our gross margin and net profit. But it also includes a third quarter with a drastic economic slowdown that started to impact our sales and profitability. We acted quickly and on November 19 we announced measures to adjust our cost base to the current weak market situation by reducing our headcount on a global basis. The Automotive and Industry markets are being impacted most. The Traction and Energy & Automation markets are still showing considerable growth. Our global presence and the early adjustment measures are helping us to reduce the impact of the economic environment. We expect to exceed our earlier outlook in terms of sales, but sales and operational EBIT will remain below last years results."

Growth in the **Industrial Segment** continued with sales reaching CHF 143.8 million, which is an increase of 8.1% compared to the same period of 2007/08 (CHF 133.0 million). The operational EBIT decreased by 3.6% and reached CHF 26.3 million.

Sales in the **Industry** market were rather stable and increased by 3.3% compared to the same period last year. The **Traction** market performed exceptionally well with an increase of 22%. The accelerated investments in the infrastructure and our global market coverage led to this increase. The **Energy & Automation** market continued to develop well and sales were up by 56% from the same period last year. These numbers however are still growing from a small base.



The **Automotive Segment**, which only accounts for 8% of total sales, was heavily impacted by the weak performance of the car market, especially the North American market and not just in the last quarter. The 9 months of 2008/09 showed a drop in sales of 20.5% to CHF 12.4 million (CHF 15.6 million). The operational EBIT was CHF -0.9 million.

The **BRIC** (Brazil, Russia, India and China) countries developed well above the global average. Sales increased by 14.6% compared to the previous half year. Growth continued to be particularly high in China and Brazil.

### Restructuring update

The previously announced capacity adjustment measures have been completed and will result in annual savings of CHF 2 million. The total cost incurred or provisioned in Q3 2008/09 amounted to CHF 300'000. In addition we have commenced a short-time working program in Geneva, which will temporarily put 160 employees on 4 day weeks for the next 2 months. This measure is renewable. A similar measure has been implemented in Japan.

### Outlook

We expect sales to be above the CHF 190 million outlook of November 2008 for the full year 2008/09 (CHF 203 million in 2007/08). However both sales and operational EBIT are forecasted to remain under last years' results. We expect the operational EBIT in the fourth quarter to be positive.

Appendix:

	April to December	
	2008/09	2007/08
	TCHF	TCHF
Sales	156,146	148,517
Cost of goods sold	(86,261)	(81,119)
<b>Gross margin</b>	<b>69,886</b>	<b>67,398</b>
Sales expense	(18,389)	(16,793)
Administration expense	(18,102)	(16,477)
Research & development expense	(8,147)	(7,602)
Other expense	(34)	(17)
Other income	230	457
<b>Operational EBIT (pro forma) *</b>	<b>25,443</b>	<b>26,966</b>
Additional SOP (costs)/income	4,960	(5,782)
<b>EBIT</b>	<b>30,403</b>	<b>21,184</b>
Financial expense	(401)	(708)
Financial income	199	217
Exchange effect	(1,120)	484
<b>Earnings before taxes</b>	<b>29,080</b>	<b>21,177</b>
Income taxes	(7,520)	(6,647)
<b>Net earnings</b>	<b>21,560</b>	<b>14,530</b>



Orders received	2007/08				2008/09			2007/08	2008/09	Variation to PY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	YTD Q3	YTD Q3	
<b>Industrial Segment</b>	45.1	52.8	49.0	49.6	54.1	48.8	36.0	146.9	138.9	-5.5%
<b>Automotive Segment</b>	4.4	6.7	4.9	4.3	4.0	4.6	3.1	16.0	11.7	-26.7%
<b>Total LEM</b>	49.6	59.5	53.9	53.8	58.1	53.3	39.2	162.9	150.6	-7.6%

Sales	2007/08				2008/09			2007/08	2008/09	Variation to PY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	YTD Q3	YTD Q3	
<b>Industrial Segment</b>	45.4	42.6	44.9	49.8	51.2	50.6	41.9	133.0	143.8	8.1%
<b>Automotive Segment</b>	4.5	6.0	5.1	4.7	4.3	4.9	3.2	15.5	12.4	-20.3%
<b>Total LEM</b>	49.9	48.6	50.0	54.5	55.5	55.5	45.1	148.5	156.1	5.1%

Operational EBIT (pro forma)*	2007/08				2008/09			2007/08	2008/09	Variation to PY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	YTD Q3	YTD Q3	
<b>Industrial Segment</b>	9.5	8.2	9.6	8.3	12.2	9.5	4.6	27.3	26.3	-3.6%
<b>Automotive Segment</b>	0.1	0.2	-0.6	-0.6	-0.2	-0.1	-0.6	-0.3	-0.9	
<b>Total LEM</b>	9.6	8.4	9.0	7.7	12.0	9.4	4.1	27.0	25.4	-5.7%

EBIT	2007/08				2008/09			2007/08	2008/09	Variation to PY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	YTD Q3	YTD Q3	
<b>Industrial Segment</b>	9.5	8.2	4.5	9.6	10.1	11.5	9.1	22.2	30.7	38.2%
<b>Automotive Segment</b>	0.1	0.2	-1.3	-0.5	-0.4	0.1	-0.1	-1.0	-0.3	
<b>Total LEM</b>	9.6	8.4	3.2	9.1	9.6	11.6	9.0	21.2	30.4	43.5%

\* Before changes in the conditions of the Stock Option Plans.

### 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 SIX Swiss Exchange since 1986; the company's ticker symbol is LEHN.

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