

LEM - A global leader in its core Components Business

Half Year Results 2007/08
November 6, 2007



At the heart of power electronics



Agenda

- 1. LEM at a glance**
- 2. Business Review** **Paul Van Iseghem**
3. Financial Review Ageeth Walti
4. Outlook Paul Van Iseghem



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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 applications in industrial, traction, energy & automation and automotive markets.
- LEM is a high growth global company with approximately 900 employees. It has production plants in Geneva (Switzerland), Machida (Japan), Beijing (China) and regional sales offices close to its clients locations.
- LEM is listed on the SWX Swiss Exchange since 1986. Sales of CHF +184 million (FY 2006/7)

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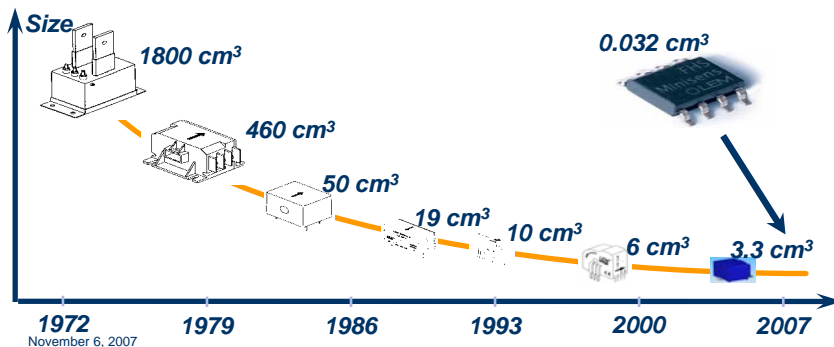
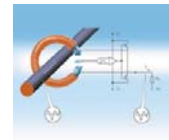
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1. LEM at a glance products & technologies

- Contact free measurement of current and voltage by magnetic induction
- From 10'000 Amp to 0.01 Amp



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1. LEM at a glance global footprint



★ **Production Centers:**
 Geneva, Switzerland 340 employees
 Beijing, China 300 employees
 Tokyo, Japan 150 employees

★ **Adaptation Centers:**
 Milwaukee, USA 25 employees
 Tver, Russia 85 employees

Direct sales, agents, reps and distributors, worldwide

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1. LEM at a glance markets served

Traditional Markets

• Industry



- All areas of reliable current measurement
- Motor drives, power conversion AC/DC, power supplies, UPS, welding, medical scanners, new energies, leakage current

New Markets

• Automotive



- Battery Management in SUV, HEV
- Motor Control



• Traction & Trackside

- on-board applications, inverters
- Trackside and energy monitoring



• Energy & Automation

- Process control
- Battery Monitoring, Energy Metering

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2. Highlights Half Year 2007/08

- 11% increase in sales to CHF 98.5 million
- 60% EBIT increase to CHF 18.0 million
- 100% net earnings increase to CHF 12.3 million
- Gross margin improves from 41.0% to 45.7%
 - Transfer of production to China
 - Global low cost sourcing project
 - Favorable exchange rates
- Successful transfer of production of key products to China
 - Quality “Made by LEM”
- Creation of LEM International
 - Adapt the structure to the growth in Asia and role of corporate management

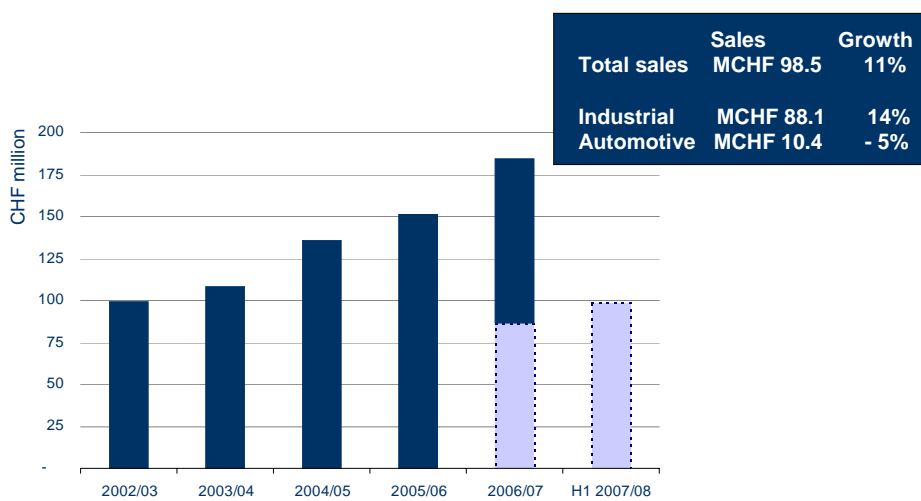
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2. Net Sales – Half Year

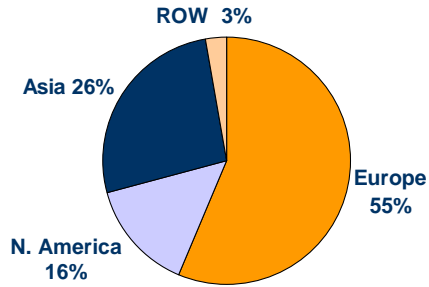


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2. Industrial Segment: regional markets



Sales growth rates HY on HY:

- Europe 20%
- N. America 0%
- Asia 9%
- ROW 33%
- Total growth 14%

Total sales CHF 88.1 million for H1 2007/08

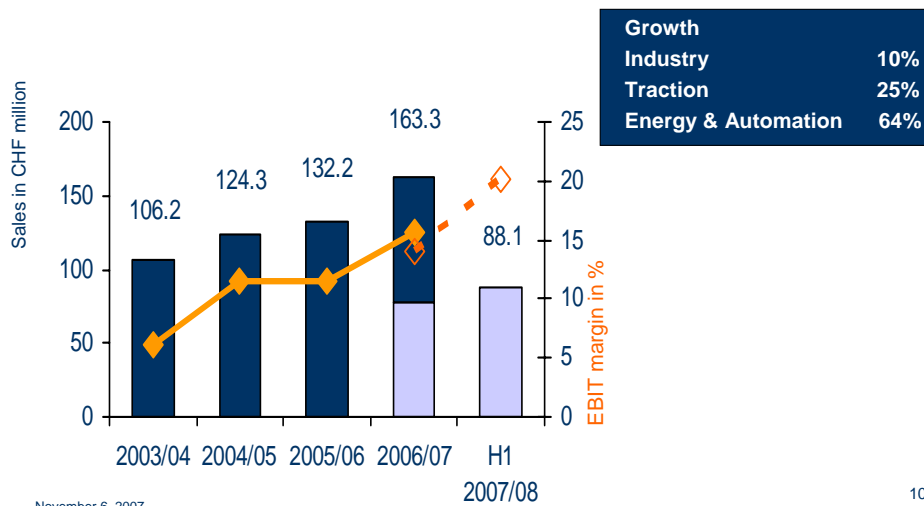
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2. Industrial Segment: business development



Growth	
Industry	10%
Traction	25%
Energy & Automation	64%

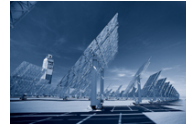
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2. Industrial Segment: business development



Highlights:

- Industry:
 - Motor drives – new major customers acquired
 - Renewable energies - increase of sales for wind and solar by 25%
- Traction:
 - EM4T product to measure energy consumption performing well
 - High sales in Europe and BRIC countries
- Energy & Automation
 - MacroComponents main driver are the factory automation applications where we could gain new business in Europe

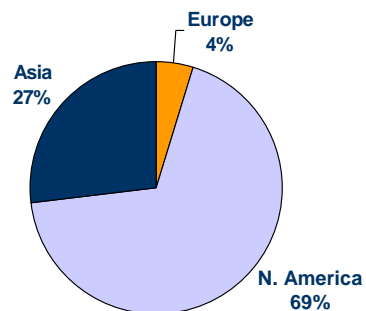
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2. Automotive Segment: regional markets



Sales growth rates HY on HY:

- Europe 32%
- N. America -3%
- Asia -15%
- Total growth -5%

Total sales CHF 10.4 million for H1 2007/08

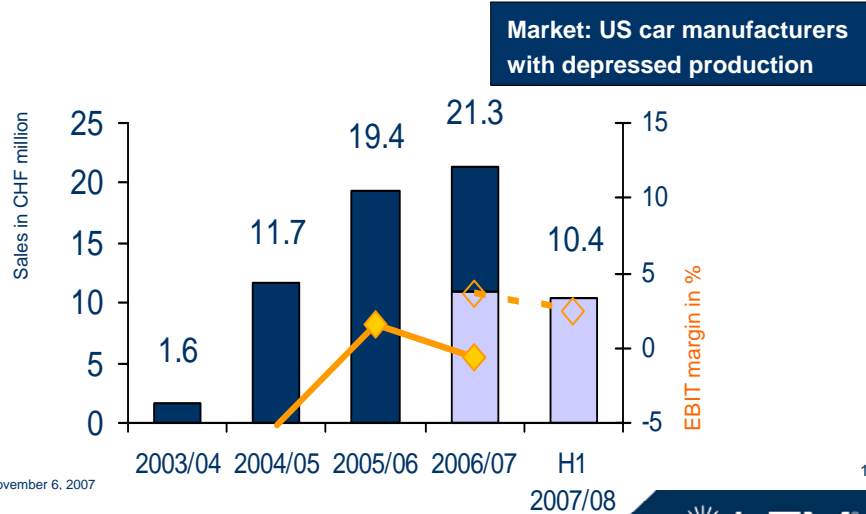
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2. Automotive Segment: business development



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2. Automotive Segment: business development



Highlights:

- Battery Management in the car – for SUV, HEV
 - Is the key area of focus for LEM
 - We concentrate on the “basic” transducer, integrated into the car’s electronics
- Motor Control – additional areas identified involving electric motors, EPS, braking and new applications as HEV, fuel cells
- New contracts for US and China manufacturers, production to start in 2008 and 2010

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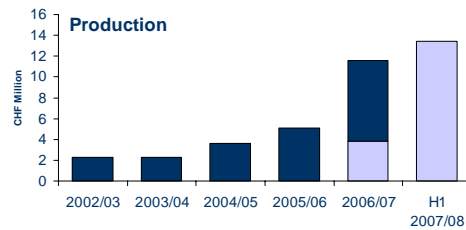
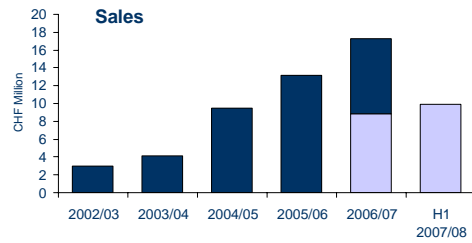
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2. China development

- Sales
 - Continued sales growth of 18%
- Production
 - Production volume increased 3.5 fold
 - Transfer of key products to China
 - “Made by LEM” quality



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3. Profit and Loss

CHF million	HY 1 2006/07	HY 1 2007/08	Growth
Sales	88.6	98.5	+ 11%
Gross margin in %	41.0	45.7	
Operating costs	25.0	27.0	
EBIT	11.2	18.0	+ 60%
Net financial expenses	(0.6)	0.1	
Income taxes	(4.4)	(5.8)	
Tax rate	41.4%	31.8%	
Net earnings	6.2	12.3	+ 98%

Continuous profitable growth

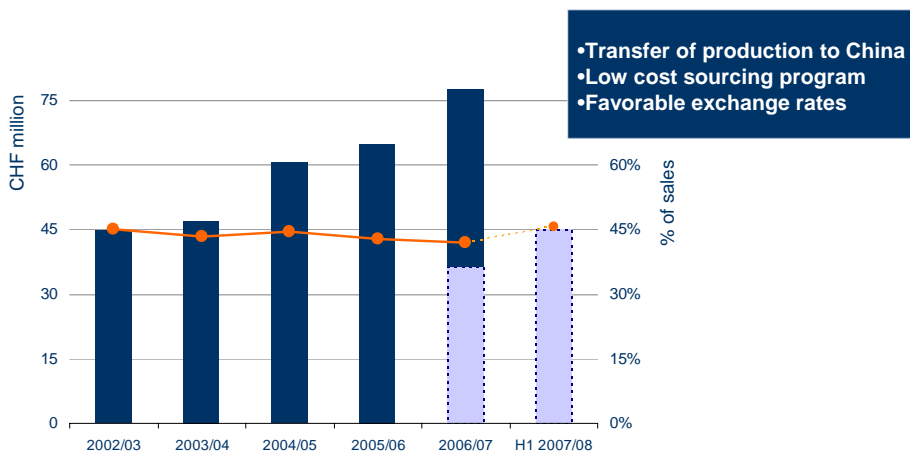
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3. Gross margin development



Gross margin increases to 45.7% from 41.0%

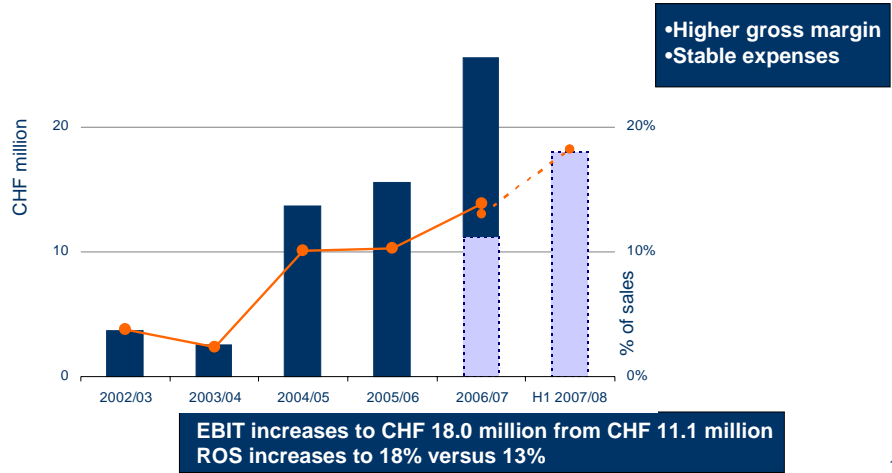
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3. EBIT development



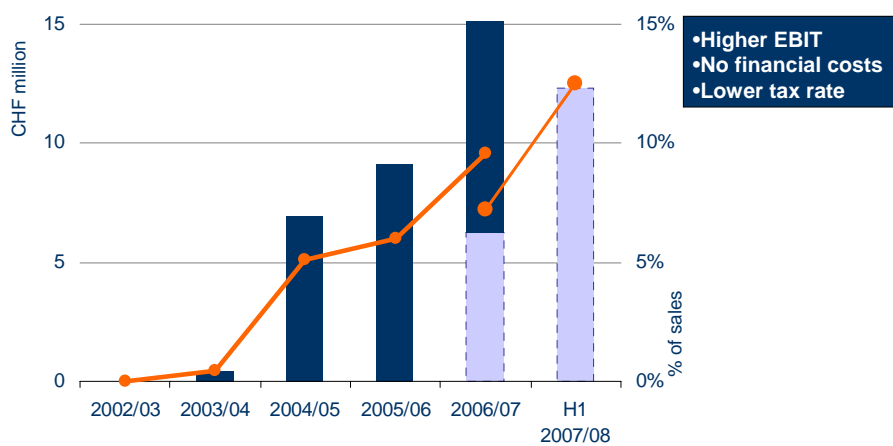
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3. Net earnings



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3. Financial result and taxes

- Financial results
 - Favorable exchange rates (EUR) were main driver for financial income of CHF 0.1 million in H1 2007/08 (PY -0.6 million)

- Taxes
 - Tax rate of 31.8% in HY 2007/08 (PY 41.4%) was positively influenced by
 - Closing of tax investigation in France
 - Improved tax mix

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3. Balance Sheet

CHF million	31.03.07	30.09.07
Total current assets	85.7	78.8
Total non-current assets	22.4	23.4
Total assets	108.1	102.2
Total short term liabilities	39.7	32.3
Total long term liabilities	3.6	3.9
Equity	64.8	65.9
Total liabilities and equity	108.1	102.2
Equity ratio	60%	65%
Net financial assets	12.2	11.7

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No material change

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3. Cash flow

CHF million	HY 1 2006/07	HY 1 2007/08
Net earnings from operations	6.2	12.3
Cash flow from operating activities	2.3	8.5
Cash flow from investing activities	-3.0	-3.6
Free cash flow	-0.8	4.9
Cash flow from financing activities	-13.4	-11.3
Change in cash and cash equivalents	-14.2	-6.4

Positive free cash flow of CHF 4.9 million

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Summary financial results for H1 2007/08

- Continuous profitable growth
- Healthy balance sheet
- Positive free cash flow

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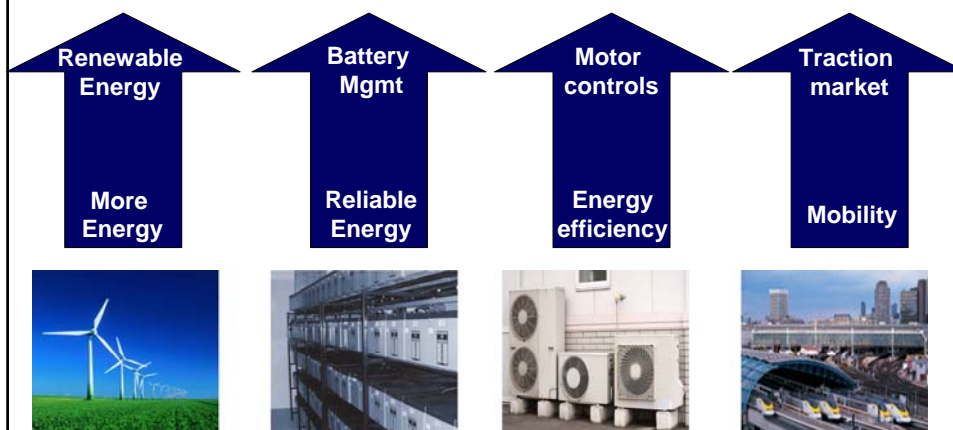
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4. Market factors providing strong tailwind



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4. Technology

- Flagship products
 - The seeding of the market is progressing well for
 - Minisens
 - Sentinel
 - Wi-LEM
 - Results of the design-in process normally takes time
- The next products to be launched this year
 - Transducer for surface mounted automatic assembly in the Industry market (white goods)
 - Transducer for battery charge and discharge monitoring for the Energy & Automation market



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4. Outlook (1/2)

The Outlook remains positive

- The increase in profitability, net earnings, will be substantial and is expected to be above 45% for the year.
- We see a growth between 6 and 8% over the year after the high growth of last 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.

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6. Outlook (2/2)

In the mid-term, LEM is ideally positioned to take maximum advantage of fundamental growth drivers:

- Strong new product pipeline as engine for future growth by substantially increasing the total available market TAM
- Need for more energy, more savings, more renewable energy
- Increasing electrical and electronic management of various functions in the car and of the (hybrid) electrical vehicle

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4. Financial calendar and contact details

Financial calendar

7 February	2008	3th quarter results
5 June	2008	Full year results
27 June	2008	Annual Shareholders' Meeting

For further information

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