

## PRESS RELEASE

### Half year results from April to September for the financial year 2015/16

#### LEM's business regained momentum in Q2 of 2015/16

Fribourg, 11 November 2015 – LEM (SIX: LEHN), the market leader in providing innovative and high quality solutions for measuring electrical parameters, announces sales of CHF 131.6 million, an EBIT of CHF 24.9 million and net profit of CHF 19.8 million for the first half of 2015/16 (1 April to 30 September 2015).

#### First half of 2015/16 compared with first half of 2014/15:

- Bookings amounted to CHF 126.9 million, increasing by 0.2% (CHF 126.6 million)
- Sales increased by 0.1% to CHF 131.6 million; at constant exchange rates sales increased by 3.4%
- Gross margin was at 45.5% (46.3%)
- EBIT decreased by 16.0% to CHF 24.9 million; the EBIT margin reached 18.9% (22.5%)
- Net profit for the period was CHF 19.8 million, a decrease of 7.8% (CHF 21.5 million)

#### Q2 of 2015/16 compared with Q1 of 2015/16:

- Bookings amounted to CHF 66.0 million, an increase of 8.5% (CHF 60.9 million)
- Sales jumped by 13.8% to CHF 70.0 million (CHF 61.5 million)
- The book-to-bill ratio softened to 0.94 (0.99)
- EBIT increased by 36.7% to CHF 14.4 million; the EBIT margin was at 20.5% (17.1%)
- Net profit for the period increased by 23.2% to CHF 10.9 million (CHF 8.9 million)

“After a slowdown in Q4 of financial year 2014/15 and Q1 of 2015/16, our business regained momentum in Q2 of 2015/16. Yet, the strength of the Swiss franc versus most other currencies weighed on sales and margins. In addition, competitive pressure and therefore price pressure remained intense. In China we recorded progress in the increasingly important renewable energies, green cars and traction businesses. This sustained performance is the result of our products' technology and quality, and linked to strong presence with local production as well as customer service. We observed a recovery in Europe and North America, supported by a steadier economic environment. Several ongoing design-in projects underline solid interest in our new products”, said François Gabella, CEO of LEM.

#### Industry segment – importance of Chinese markets

First-half sales in the Industry segment totaled CHF 110.3 million, down 2.9% on the same period a year earlier. At constant exchange rates, sales increased by 1.5%. Seasonal effects in the renewable energies business and continued growth in China

supported LEM's sales development. After a slow start into the financial year, activities in Europe and North America picked up across all businesses. LEM started several design-in projects with its newly launched product families, which will help the Group to further increase production output. Production of solar product families was stepped up.

First-half EBIT decreased by 21.5%, from CHF 27.0 million in 2014/15 to CHF 21.2 million in 2015/16, mainly resulting from currency effects and price pressure. Sales growth was strongest in China (+13%). North America recovered (+6%) but sales performance in Europe (–9%) and Asia excluding China (–18%) was slow. Asia remained the most important region with 47% of sales; China, with 32% of sales, was the single most important country.

- Sales in the drives & welding business slowed by 9% compared with the first half of 2014/15. Lower machine construction in China, because of lower industrial activity in China and worldwide, slowed LEM's sales in most regions. LEM maintained its market share.
- Sales in renewable energies & power supplies business increased by 8% on the first six months of 2014/15. High investments in solar and wind farms led to continued growth in China and India. In Japan, however, subsidies expired, which caused a sharp decline. LEM achieved stabilization in North America and market share wins in Europe.
- The traction business stabilized after a period of strong growth. The favorable trend in China continued thanks to Chinese rail companies winning market share at home and abroad. Infrastructure investments in Europe remained subdued. Sales decreased by 7%.
- LEM recorded a positive trend in the high-precision business with sales growth of 6%. Seasonality in the test & measurement market in Asia and North America as well as good HVDC business in China contributed to the positive result.

#### **Automotive segment – growth in all regions**

Sales in the Automotive segment reached CHF 21.3 million, up 18.5% on the same period in 2014/15. At constant exchange rates, they increased by 15.3%. After a slow start into the year, sales picked up in the second quarter with an increase of 25.6% on the first quarter of 2015/16. The EBIT margin improved thanks to volume growth, the currency situation (stronger USD) and a favorable product mix. Half-year EBIT jumped to CHF 3.7 million compared with CHF 2.6 million in the first half of 2014/15.

- In the conventional cars business, sales increased by 14%. LEM grew in line with the market and kept its market share. The strong growth in US vehicle production provided tailwind.
- Sales in the green cars business jumped by 39% on the previous year. LEM benefitted from government support for green cars in China. LEM won new projects with Chinese car manufacturers, and started new hybrid car projects in the US. Promising business opportunities with US and Korean manufacturers were identified for the new product families.



## Outlook

Management expects a steady economic situation in Europe and the US while the Chinese economic growth is set to slow. International currency fluctuations, particularly the strong Swiss franc, will remain a challenge. LEM has been addressing this challenge in the regular review of its international footprint for several years.

Normal seasonal decline is anticipated in the second half of the financial year 2015/16 because of the holiday seasons in China and in the rest of the world as well as lower solar infrastructure investments during the winter months. For the full financial year 2015/16, Management forecasts sales of CHF 250–260 million; this compares with CHF 257.8 million for full-year 2014/15 (achieved in a more favorable foreign exchange environment than 2015/16). LEM expects the EBIT margin to be within the target range of 15% to 20%.

## Media, investors and analyst conference call and webcast

François Gabella, CEO, Heinz Stübi, interim CFO until 31 October 2015, and Andrea Borla, CFO as from 1 November 2015, will provide a detailed presentation of the half year results today at 10:00 CET at a media, investors and analyst conference call.

Dial in details are:

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The conference call will simultaneously be webcast. Please follow the instructions in the following link: [services.choruscall.eu/links/lem151111.html](http://services.choruscall.eu/links/lem151111.html)

The link to the webcast and the presentation slides are available on the LEM website ([www.lem.com](http://www.lem.com)), where the webcast will later be archived.

## Detailed information on the half year 2015/16 results and half-year report

The complete half-year report 2015/16 in accordance with IAS 34 (interim financial reporting) is available on [www.lem.com](http://www.lem.com)>Investor Relations>Financial Reports.

## Financial calendar

*The financial year runs from 1 April to 31 March*

16 February 2016	Third quarter results 2015/16
9 June 2016	Year-end results 2015/16
30 June 2016	Ordinary General Meeting of the Shareholders for the year 2015/16
5 July 2016	Dividend ex-date
7 July 2016	Dividend payment date



### **LEM – At the heart of power electronics**

LEM is the market leader in providing innovative and high quality solutions for measuring electrical parameters. Its core products - current and voltage transducers - are used in a broad range of applications in drives & welding, renewable energies & power supplies, traction, high precision, conventional and green cars businesses. LEM's strategy is to exploit the intrinsic strengths of its core business, and to develop opportunities in existing and new markets with new applications. LEM is a mid-size, global company with approximately 1'350 employees worldwide. It has production plants in Beijing (China), Geneva (Switzerland), Sofia (Bulgaria) and Machida (Japan). With regional sales offices near its customers' locations, the company is able to offer a seamless service around the globe. LEM has been listed on the SIX Swiss Exchange since 1986; the company's ticker symbol is LEHN.

[www.lem.com](http://www.lem.com)

### **For further information please contact**

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## Appendix:

### Key figures

In CHF millions	2014/15				2015/16		Change	
Orders received	Q1	Q2	Q3	Q4	Q1	Q2	Q2 to Q2	Q2 to Q1
Industry segment	56.2	52.1	55.0	51.0	50.9	52.8	+1.2%	+3.8%
Automotive segment	8.5	9.8	8.8	9.6	10.0	13.3	+36.0%	+32.6%
Total LEM	64.7	61.9	63.8	60.6	60.9	66.0	+6.7%	+8.5%
Book-to-bill ratio	Q1	Q2	Q3	Q4	Q1	Q2	Q2 to Q2	Q2 to Q1
Industry segment	1.00	0.91	0.98	0.99	0.98	0.91	±0.0%	-7.1%
Automotive segment	0.99	1.04	1.00	0.96	1.06	1.12	+7.7%	+5.7%
Total LEM	1.00	0.93	0.99	0.99	0.99	0.94	+1.1%	-5.1%
Sales	Q1	Q2	Q3	Q4	Q1	Q2	Q2 to Q2	Q2 to Q1
Industry segment	56.5	57.1	56.0	51.5	52.1	58.2	+2.0%	+11.7%
Automotive segment	8.6	9.4	8.8	10.0	9.4	11.8	+26.1%	+25.6%
Total LEM	65.0	66.5	64.7	61.5	61.5	70.0	+5.4%	+13.8%
EBIT	Q1	Q2	Q3	Q4	Q1	Q2	Q2 to Q2	Q2 to Q1
Industry segment	12.6	14.4	13.2	9.7	9.2	12.1	-16.4%	+31.8%
Automotive segment	1.0	1.6	1.1	0.6	1.4	2.3	+42.1%	+70.0%
Total LEM	13.5	16.0	14.3	10.3	10.5	14.4	-10.5%	+36.7%

## Consolidated income statement

	April to September	
	2015/16	2014/15
In CHF thousands		
Sales	131 567	131 497
Cost of goods sold	(71 696)	(70 579)
<b>Gross margin</b>	<b>59 872</b>	<b>60 918</b>
Sales expense	(13 801)	(11 783)
Administration expense	(14 085)	(12 454)
Research & development expense	(7 206)	(7 414)
Other expense	(4)	(1)
Other income	94	332
<b>EBIT</b>	<b>24 871</b>	<b>29 598</b>
Financial expense	(107)	(73)
Financial income	46	131
Foreign exchange effect	533	(1 879)
<b>Profit before taxes</b>	<b>25 342</b>	<b>27 777</b>
Income taxes	(5 525)	(6 287)
<b>Net profit of the period</b>	<b>19 818</b>	<b>21 491</b>