

PRESS RELEASE

Half-year results from April to September for the financial year 2018/19

Sustained growth in green cars sales and strong margins

Fribourg, 6 November 2018 – LEM (SIX: LEHN), the market leader in providing innovative and high-quality solutions for measuring electrical parameters, announces first half of 2018/19 results (compared with first half of 2017/18):

- Bookings increased by 5.9% from CHF 156.8 million to CHF 166.0 million; the book-to-bill ratio decreased to 0.98 (1.03)
- Sales increased by 11.0% to CHF 169.0 million (CHF 152.2 million); at constant exchange rates, sales increased by 8.0%
- EBIT increased by 11.6% from CHF 31.9 million to CHF 35.6 million; the EBIT margin was at 21.0% (20.9%)
- Net profit for the period rose by 3.2% to CHF 27.3 million (CHF 26.5 million)

Q2 of 2018/19 compared with Q2 of 2017/18

- Bookings amounted to CHF 80.0 million, an increase of 2.6% (CHF 78.0 million)
- Sales increased by 6.1% from CHF 76.3 million to CHF 80.9 million
- The book-to-bill ratio decreased from 1.02 to 0.99
- EBIT increased by 7.0% to CHF 17.0 million (CHF 15.9 million); the EBIT margin increased from 20.8% to 21.0%
- Net profit for the period rose by 4.7% to CHF 13.8 million (CHF 13.2 million)

“LEM achieved an excellent start to the year 2018/19 with strong, broad-based sales growth in the first quarter. Sales performance in the second quarter was mixed, with sustained growth in our green cars business but a weakening in Industry businesses. Nevertheless, we have increased our market share in all Industry businesses and maintained our strong operating margins throughout the period. Our green cars sales continued to grow at a fast pace in China but the reduction of subsidies for renewable energies of the Chinese government starting in June 2018 affected our Industry sales. Increasing investment in innovation and infrastructure for future growth remained our top priority. We expanded our team at our new R&D site in Lyon and continued to reinforce the Automotive organization to accommodate the current and expected growth of the business”, said Frank Rehfeld, CEO of LEM.

Industry segment: mixed sales development

First-half sales in the Industry segment totaled CHF 131.6 million, up 6.4% on the same period a year earlier. At constant exchange rates, sales increased by 3.3%. After strong sales across all businesses and regions in Q1 of 2018/19, sales growth slowed in Q2 of 2018/19 compared to Q1. LEM's underlying growth drivers automation, renewable energies and energy efficiency remain strong.

While business was robust in Europe and North America, policy changes in China affected Industry sales there. Sales decreased by 6.3% in China after increasing by 27.8% one year ago. Sales in Asia excluding China grew by 13.8%, in Europe by 13.6%, and in North America by 11.1%.

First-half EBIT increased, from CHF 25.9 million in 2017/18 to CHF 28.8 million in 2018/19.

- Sales in the drives & welding business grew by 5.4% compared with the first half of 2017/18. LEM achieved higher sales in all regions except China, where investment sentiment is currently subdued. Other key regions in Asia (Japan, Korea), Europe (Germany, UK), and North America (USA) delivered healthy sales growth across all product categories. LEM won market share.
- Sales in the renewable energies & power supplies business were stable (- 0.1%) compared with the first six months of 2017/18. LEM recorded the anticipated decrease following the reduction of government support for renewable energies in China. At the same time, business performance was strong in Europe, where LEM acquired market share, as well as in India.
- Increased infrastructure investment in all regions supported LEM's traction business, which grew by 16.2%. LEM saw most activity with projects for locomotives for high-speed trains in Asia and freight traffic in Europe and increased the market share.
- Sales in the high-precision business were up by 27.4%. The test & measurement market continued to grow rapidly, driven by robust demand for green cars test benches. LEM capitalized on the introduction of new products and gained market share.

Automotive segment: green cars business moves ahead

In the first half of 2018/19, sales in the Automotive segment totaled CHF 37.4 million, representing an increase of 31.2%. At constant exchange rates, sales increased by 28.2%. Electrification remains the dominant trend in the global car industry with China being the largest market. Competition is intensifying as higher market volumes attract new players from all corners of the electronics and semiconductor industry.

EBIT in the Automotive segment reached CHF 6.7 million, up 13.6% on the first half of 2017/18. The EBIT margin was impacted by the implementation of LEM's investment program into new products and the development of the Automotive organization to keep up with current and expected growth.

- Sales in the green cars business increased strongly by 65.2% compared with the previous year. Sales growth was driven by China, Japan, and Korea. The activities of traditional car makers in Europe and the U.S. also accelerated.
- In the conventional cars business, the expected decline in LEM's sales continued, albeit at a slower pace (-6.8%). All regions were equally affected.



Outlook

Although the current trade disputes have not yet had a significant impact on LEM's business, if they remain unresolved, such new trade barriers or geopolitical tensions will pose a risk to global growth. The renewable energies business may be temporarily weaker but is expected to recover in the future. The persistent uncertainty, however, makes forecasting more difficult for the Industry businesses. LEM's green cars business is set to remain strong.

For the full financial year 2018/19, Management expects sales of around CHF 320 million compared with CHF 301.2 million for the full financial year 2017/18. LEM expects its EBIT margin around 20%.

Media, investors and analyst conference call and webcast

Frank Rehfeld, CEO, and Andrea Borla, CFO, 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: <http://services.choruscall.eu/links/lem181106.html>
The link to the webcast and the presentation slides are available on the LEM website (www.lem.com), where the webcast will later be archived.

Detailed information on the half year 2018/19 results and half-year report

The complete half-year report 2018/19 in accordance with IAS 34 (interim financial reporting) is available www.lem.com > Investors > Financial Reports.

Financial calendar

The financial year runs from 1 April to 31 March

1 February 2019	Third-quarter results 2018/19
22 May 2019	Year-end results 2018/19
27 June 2019	Annual General Meeting of Shareholders for the financial year 2018/19
2 July 2019	Dividend ex-date
4 July 2019	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 1'530 employees worldwide. It has production plants in Beijing (China), Sofia (Bulgaria), Geneva (Switzerland) and Tokyo (Japan), and a dedicated R&D Center in Lyon (France). 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

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Appendix:

Key figures

In CHF millions	2017/18				2018/19		Changes	
Orders received	Q1	Q2	Q3	Q4	Q1	Q2	Q2 to Q2	Q2 to Q1
Industry segment	63.9	58.7	63.1	70.4	68.0	56.6	-3.6%	-16.8%
Automotive segment	14.8	19.4	15.6	13.8	17.9	23.5	+21.1%	+30.9%
Total LEM	78.8	78.0	78.7	84.2	86.0	80.0	+2.6%	-6.9%
Book-to-bill ratio	Q1	Q2	Q3	Q4	Q1	Q2	Q2 to Q2	Q2 to Q1
Industry segment	1.02	0.96	1.11	1.14	0.96	0.93	-3.1%	-3.1%
Automotive segment	1.11	1.27	0.98	0.94	1.04	1.16	-8.6%	+12.2%
Total LEM	1.04	1.02	1.08	1.10	0.98	0.99	-3.3%	+1.3%
Sales	Q1	Q2	Q3	Q4	Q1	Q2	Q2 to Q2	Q2 to Q1
Industry segment	62.6	61.1	56.9	61.6	70.8	60.8	-0.5%	-14.1%
Automotive segment	13.3	15.2	15.9	14.6	17.3	20.1	+32.4%	+16.7%
Total LEM	75.9	76.3	72.8	76.2	88.0	80.9	+6.1%	-8.1%
EBIT	Q1	Q2	Q3	Q4	Q1	Q2	Q2 to Q2	Q2 to Q1
Industry segment	13.3	12.6	11.3	13.9	15.8	13.0	+3.2%	-17.6%
Automotive segment	2.7	3.3	3.3	1.3	2.8	4.0	+21.4%	+44.5%
Total LEM	16.0	15.9	14.6	15.3	18.5	17.0	+7.0%	-8.3%

Consolidated income statement

April to September

In CHF thousands	2018/19	2017/18	Changes
Sales	168'982	152'197	+11.0%
Cost of goods sold	(91'375)	(82'781)	
Gross margin	77'607	69'417	+11.8%
Gross margin (in %)	45.9%	45.6%	
Sales expense	(15'296)	(15'040)	
Administration expense	(13'824)	(12'511)	
Research & development expense	(13'067)	(10'130)	
Other expense	0	0	
Other income	133	135	
EBIT	35'553	31'870	+11.6%
EBIT margin (in %)	21.0%	20.9%	
Financial expense	(112)	(118)	
Financial income	55	45	
Foreign exchange effect	(1'047)	1'514	
Profit before taxes	34'449	33'312	+3.4%
Income taxes	(7'120)	(6'840)	
Net profit	27'329	26'472	+3.2%
Net profit margin (in %)	16.2%	17.4%	