



Life Energy Motion

Press release

LEM announces results for 9 months 2020/21: performance continues to improve

Geneva, Switzerland, 04 February 2021 – LEM (SIX: LEHN), a leading global company in electrical measurement for industry and automotive applications, announces 9 months results for 2020/21 (April-December) compared to 2019/20:

- Sales decreased by 7.5% to CHF 218.2 million (CHF 235.8 million); at constant exchange rates, sales decreased by 2.9%
- The company benefits from a diverse global distribution of sales, with China further increasing its share:
 - China CHF 84.8m (38.9% of total)
 - Europe CHF 63.0m (28.9% of total)
 - North America CHF 21.3m (9.7% of total)
 - Rest of World CHF 49.1m (22.5% of total)
- Bookings continued to recover during the third quarter from the significant decline during the early phase of the Covid-19 pandemic, and for 9 months are down 8.0% at CHF 222.3 million (CHF 241.6 million)
- R&D investments of CHF 19.8 million (CHF 21.9 million) were maintained at 9.1% of sales
- EBIT was CHF 43.6 million, decreasing by 6.0% (CHF 46.4 million); however, the EBIT margin improved slightly to 20.0% (19.7%)
- Net profit for the period was down by 30.7% at CHF 36.0 million (CHF 52.0 million); although the comparative period last year was boosted by a one-off positive tax impact of CHF 14.0 million

Frank Rehfeld, Chief Executive Officer, said: “Our business continues to recover from the initial impacts of the Covid-19 pandemic. Sales, orders and profitability all improved in Q3 compared to Q2. The top-line performance was mainly driven by China, renewable energy and the acceleration in demand for electric vehicles, with underlying revenues down only 2.9% in constant currencies for 9 months. We are confident that our teams will continue to lead LEM successfully through this challenging period. The fundamental drivers for our business have become even more pronounced by changes in international economic and social policies. Although there have been some improvements in our order book, our outlook for the full year remains prudent.”

Andrea Borla, Chief Financial Officer, remarked: “We were pleased to continue improving our organisational efficiency, while maintaining R&D investments at 9.1% of sales. The EBIT margin remains solid at 20.0%. We are slightly increasing our full year sales outlook to around CHF 290 million.”



Industry segment: continued recovery in China and Renewables

9 months sales in the Industry segment totalled CHF 165.4 million, down 9.2%. At constant exchange rates, sales decreased by just 4.9%, with a strong FX effect on reported sales from China and North America. Covid-19 continues to impact sales, orders and customer confidence, but Q3 sales stabilised. The mid and long-term drivers for Renewables are growing stronger thanks to major policy and technology shifts. Sales increased by 6.4% in China, our largest market, due mainly to Renewable Energy, and this is particularly encouraging in such a tough competitive market. However, there were significant declines in Europe (-15.3%), North America (-20.0%) and Rest of World (-16.9%). Orders improved again in Q3 and are back to levels seen last financial year, with some encouraging signs in the Drives business.

in CHF millions	2020/21	2019/20	Change	Comments
Businesses				
Drives	69.7	73.6	-5.2%	<ul style="list-style-type: none"> Longer-term investment cycles Asia and USA recovering
Renewable Energy	61.4	60.7	+1.1%	<ul style="list-style-type: none"> China solar demand ahead of Spring season peak Europe improved orders
Traction	28.8	39.5	-27.1%	<ul style="list-style-type: none"> Longer-term investment cycles India and China delays in major orders
High precision	5.5	8.4	-34.9%	<ul style="list-style-type: none"> Budgets switched to Covid needs Lack of investment confidence for test benches & medical equipment
Total Industry	165.4	182.1	-9.2%	

Automotive segment: strong recovery driven by EV demand

9 months sales in the Automotive segment totalled CHF 52.8 million, a decrease of 1.5%. At constant exchange rates, sales improved by 4.1%, which is encouraging given the shutdowns during the first phase of the Covid-19 pandemic. The Q3 sales of CHF 21.3 million (+15.2%) are the highest quarterly sales yet achieved by the business.

China performed very well in Q3, with 9 months sales now up +4.1%, driven by consumer appetite for EVs and the launch of several new vehicles. Europe continued its strong growth (+44.9%), as manufacturers (OEMs) ramped-up their production operations. North America (-31.8%) is impacted by reduced sales of 12V products, which are sold on non-EV cars, while the transition to green cars is progressing at a slower pace than other regions. Rest of World declined slightly by 5.4%, with strong sales in Korea offset by Japan. The order book continued to fill up during Q3, and year to date is up +6.7% as the EV share of the total market continues to accelerate.

in CHF millions	2020/21	2019/20	Change	Comments
Businesses				
Battery Management	31.5	34.9	-9.6%	<ul style="list-style-type: none"> US reduction in 12V demand Demand for High Voltage products increasing
Motor Control	18.8	16.6	+13.3%	<ul style="list-style-type: none"> Strong demand spurred by EV cars
Charging Systems	2.5	2.2	+13.8%	<ul style="list-style-type: none"> Continued momentum for battery electric and hybrid vehicles
Total Automotive	52.8	53.6	-1.5%	





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Profitability improves after first impacts of Covid-19

Gross profit for the 9 months fell by 9.3% to CHF 100.6 million. The gross margin declined by 90 basis points to 46.1% principally due to the impact of Covid-19 on higher air freight costs for delivering products to customers. We continue to execute various efficiency programs.

We remain vigilant with overheads, reducing SG&A costs to 17.6% of sales (18.1%), a decline in absolute terms of 10.2% to CHF 38.3 million (CHF 42.7 million).

We continue with our long-term investment in future applications with R&D at 9.1% of sales (9.3%), although this decreased in absolute terms by 9.6% to CHF 19.8 million (CHF 21.9 million) without impacting our strategic investments.

EBIT was down by 6.0% to CHF 43.6 million (CHF 46.4 million), due to the decline in revenues and gross margin, while our EBIT margin improved slightly to 20.0% (19.7%). This is the third consecutive quarter in which EBIT has improved since the first impact of Covid-19 in January-March 2020.

We posted a net profit for the nine months of CHF 36.0 million, down 30.7% from CHF 52.0 million. However, the same period last year was boosted by a non-recurring positive tax impact of CHF 14.0 million from the sale of technical IP. On a like-for-like basis, this period's net profit of CHF 36.0 million is down 5.2% from CHF 38.0 million, while the net profit margin has improved to 16.5% from 16.1%.

Cautious outlook

Our business has proven agile and resilient in face of the initial impacts of Covid-19, delivering improved performance in Q3. However, there is little visibility on how the pandemic may play out if for example China or other major markets go into further lockdowns, despite the roll-out of vaccination programs. For the full financial year 2020/21, the company remains cautious and now expects sales to decline by about 6% in reported Swiss Francs to around CHF 290 million (CHF 307.9 million for 2019/20). LEM anticipates an EBIT margin close to 20%.

Webcast

Frank Rehfeld, CEO, and Andrea Borla, CFO, will provide a detailed presentation of the 9 months 2020/21 results today at 10:00 CET at a media and investor community webcast.

Listen to live webcast

[LEM Holding SA \(choruscall.com\)](https://www.lem.com/en/investors)

The webcast slides are available in the Investor Relations section of the LEM website (www.lem.com/en/investors), where the webcast will later also be archived.

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UK: +44 (0) 207 107 06 13

USA: +1 (1) 631 570 56 13

Other countries: https://media.choruscall.ch/documents/Attended_DI_numbers.pdf

Financial calendar

The financial year runs from 1 April to 31 March

19 May 2021 Year-end results 2020/21

24 June 2021 Annual General Meeting of Shareholders for the financial year 2020/21

1 July 2021 Dividend ex-date

6 July 2021 Dividend payment date





Life Energy Motion

LEM – Life Energy Motion

A leading company in electrical measurement, LEM engineers the best solutions for energy and mobility, ensuring that our customers' systems are optimized, reliable and safe.

Our 1,500 people in over 15 countries transform technology potential into powerful answers. We develop and recruit the best global talent, working at the forefront of mega trends such as renewable energy, mobility, automation and digitization.

With innovative electrical solutions, we are helping our customers and society accelerate the transition to a sustainable future.

Listed on the SIX Swiss Exchange since 1986, the company's ticker symbol is LEHN.

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Appendix

Consolidated income statement

In CHF thousands	April to December		
	2020/21	2019/20	Change
Sales	218'192	235'789	-7.5%
Cost of goods sold	(117'607)	(124'902)	
Gross margin	100'585	110'887	-9.3%
Gross margin (in %)	46.1%	47.0%	
Sales expense	(19'085)	(21'693)	
Administration expense	(19'248)	(20'979)	
Research & development expense	(19'817)	(21'925)	
Other expense	0	(0)	
Other income	1'188	117	
EBIT	43'623	46'406	-6.0%
EBIT margin (in %)	20.0%	19.7%	
Financial expense	(391)	(457)	
Financial income	124	217	
Foreign exchange effect	112	(889)	
Profit before taxes	43'468	45'278	-4.0%
Income taxes	(7'432)	6'731	
Net profit of the period	36'036	52'008	-30.7%
Net profit margin (in %)	16.5%	22.1%	





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Key Figures

In CHF millions		2020/21					2019/20					Change	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q3 - Q3	9M - 9M	
Orders received													
Industry	47,5	55,7	63,9			71,3	54,8	63,8	64,5	254,3	+0,2%	-12,0%	
Automotive	12,0	20,2	23,1			17,2	17,2	17,5	16,4	68,2	+32,2%	+6,7%	
Total LEM	59,5	75,9	87,0			88,4	72,0	81,2	80,8	322,4	+7,1%	-8,0%	
Book-to-bill ratio													
Industry	0,79	1,06	1,21			1,10	0,92	1,10	1,11	1,06	+10,5%	-3,1%	
Automotive	0,83	1,19	1,08			0,95	1,00	0,94	1,18	1,01	+14,8%	+8,4%	
Total LEM	0,80	1,09	1,17			1,07	0,94	1,06	1,12	1,05	+10,9%	-0,6%	
Sales													
Industry	59,8	52,8	52,8			64,6	59,3	58,2	58,2	240,4	-9,3%	-9,2%	
Automotive	14,5	17,0	21,3			18,0	17,1	18,5	13,9	67,6	+15,2%	-1,5%	
Total LEM	74,3	69,8	74,1			82,6	76,4	76,7	72,2	307,9	-3,4%	-7,5%	
EBIT													
Industry	12,3	12,1	11,4			14,3	13,2	11,5	11,4	50,4	-1,2%	-8,4%	
Automotive	1,0	2,9	3,9			2,4	1,9	3,2	0,5	7,9	+24,5%	+6,7%	
Total LEM	13,3	15,0	15,3			16,7	15,1	14,6	11,9	58,3	+4,3%	-6,0%	
Net profit of the period													
Total LEM	11,1	12,3	12,6			13,9	11,2	26,9	8,7	60,7	-53,0%	-30,7%	

