



Life Energy Motion

Press release

LEM announces results for Q1 2021/22: performance driven by continued rebound in global economy

Geneva, Switzerland, 28 July 2021 – LEM (SIX: LEHN), a leading global company in electrical measurement for industry and automotive applications, announces first quarter results for 2021/22 (April-June) compared to 2020/21:

- Sales increased by 25.5% to CHF 93.3 million (CHF 74.3 million); at constant exchange rates, sales improved by 24.2%
- The company benefits from a diverse global distribution of sales, with China and Europe further increasing their share:
 - China CHF 36.2m (38.8% of total)
 - Europe CHF 29.5m (31.6% of total)
 - North America CHF 7.8m (8.3% of total)
 - Rest of World CHF 19.9m (21.3% of total)
- R&D up by 13.9% to CHF 7.6 million (CHF 6.7 million), but declined to 8.1% of sales
- EBIT improved by 59.6% to CHF 21.2 million (CHF 13.3 million); the EBIT margin increased to 22.7% (17.9%)
- Net profit for the period rose by 55.4% to CHF 17.3 million (CHF 11.1 million)

Frank Rehfeld, Chief Executive Officer, said: “We are very happy about the strong global rebound in our performance. This quarter’s growth in sales and orders compared with Q1 last year should, however, be taken in the context of the severe impacts of the pandemic in 2020. If we compare Q1 with Q4, it is still encouraging to see sales growth of 12.7% as all geographic regions benefited from a rebound in economic activity and a return of confidence. It is particularly pleasing to see the Industry segment boosted by our Drives business, which is a strong indicator of demand and investment in manufacturing capacity across multiple industrial and consumer sectors. Our Automotive segment performance reflects the pace of electrification, particularly in Europe, as manufacturers produced more electric vehicles to achieve their CO₂ emissions targets.

Our global order book improved for the 4th consecutive quarter, reflecting fundamental demand, lengthened lead times due to supply chain bottlenecks, and requests to customers to firmly commit to orders over longer time horizons. We continue to benefit from the diversity of our business across sectors and regions, with balancing investment cycles and customer demand, and exposure to both mature industries and novel technologies.”

Andrea Borla, Chief Financial Officer, remarked: “The top-line sales performance this quarter fed through to substantial gains in profitability across all metrics. We maintained good control over costs, while continuing to increase R&D investments. However, caution must be exercised in extrapolating this exceptional growth to future quarters. Many uncertainties remain about how new variants of Covid-19 will impact society, and there are also strong headwinds caused by supply chain shortages and ongoing trade disputes.”





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Industry segment: strong performance across all regions, led by Drives

Q1 sales in the Industry segment totalled CHF 73.2 million, up 22.3%. At constant exchange rates, sales improved by 20.8%. This strong performance across all geographic regions reflects the bounce-back in the global economy as measures against the pandemic have become effective and confidence has returned. In particular the improvement in our Drives business indicates demand and investment in manufacturing capacity across multiple industrial and consumer sectors, whose investment cycles are long and likely to endure for several quarters. Renewable Energy is a more variable business and quicker to turn, while it continues to grow due to increasing governmental policies for sustainable economies. Europe (+29.2%), China (+17.1%) and Rest of World (+26.2%) benefited from the jump in demand across Drives, Renewables and High Precision. However the decline in our Traction business reflects how train operators in various countries have postponed their orders during the pandemic as public transport was much less used, and the investment cycles take longer to pick up. North America (+10.1%) benefited from the demand for Drives, but less from Renewables. Global orders more than doubled for the quarter, as lead times lengthened due to supply chain bottlenecks and we requested customers to firmly commit to orders over longer time horizons. The global lack of manufacturing capacity is an indicator of future demand for our Drives products.

in CHF millions	2021/22	2020/21	Change	Comments
Businesses				
Drives	33.4	25.4	+31.6%	<ul style="list-style-type: none"> • Growth in multiple industrial and consumer sectors • Manufacturing capacity investment
Renewable Energy	26.8	21.0	+27.5%	<ul style="list-style-type: none"> • China solar driven by infrastructure • Europe boosted by DC meter
Traction	10.5	11.3	-7.0%	<ul style="list-style-type: none"> • Rail traffic impacted by Covid-19
High precision	2.5	2.1	+16.8%	<ul style="list-style-type: none"> • Medical scanners in demand post Covid
Total Industry	73.2	59.8	+22.3%	

Automotive segment: strong fundamental EV growth impacted by supply chain issues

Q1 year sales in the Automotive segment totalled CHF 20.1 million, an increase of 38.7%. At constant exchange rates, sales improved by 38.5% compared to Q1 last year with the shutdowns during the first phase of the Covid-19 pandemic. With the acceleration of the deployment of EV platforms by carmakers, our products have been designed in for several vehicles which entered production in 2020. However, there are severe supply chain problems in semi-conductors and many other components which are already impacting our Battery Management business and will also impact our portfolio going forward. We can see this in the 12.4% decline of sales in Q1 vs Q4 last year. However, our order book nearly tripled compared with Q1 2020, reflecting the strong fundamental demand for EV solutions, plus we have asked customers for firm commitments over longer time horizons in light of supply chain issues.

Our largest market China grew impressively by 84.5%, driven by consumer appetite for EVs and the launch of several new vehicles. The pace of electrifications continues to grow in Europe (+63.9%), as manufacturers (OEMs) produced more EVs to achieve their CO₂ emissions targets. North America showed a positive growth (+36.6%) compared with Q1 last year, but it is still transitioning to green cars at a slower pace than other regions. Rest of World declined slightly by 4.3%, with strong sales in Korea offset by Japan. The lower growth rate compared to other regions is owing to a higher sales base, as both markets had been less impacted by the pandemic in Q1 2020.





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in CHF millions	2021/22	2020/21	Change	Comments
Businesses				
Battery Management	10.7	8.8	+22.1%	<ul style="list-style-type: none"> Increased demand for High Voltage products and new product launches Significant drop in US 12V demand
Motor Control	8.4	5.1	+64.7%	<ul style="list-style-type: none"> Strong demand spurred by EV cars
Charging Systems	1.0	0.6	+59.9%	<ul style="list-style-type: none"> Continued momentum for battery electric and hybrid vehicles
Total Automotive	20.1	14.5	+38.7%	

Improved profitability

Gross profit for the quarter rose by 29.0% to CHF 42.7 million, principally due to sales volumes as well as lower air freight costs for customers compared to Q1 last year. The gross margin improved by 120 basis points to 45.7% and we continued to execute various efficiency programs.

We remain vigilant with overheads, so while SG&A costs were up by 5.2% to CHF 13.9 million (CHF 13.2 million) to support the extra market demand, they declined to 14.9% of sales (17.8%).

We continue with our long-term investment in future applications with R&D up in absolute terms by 13.9 % to CHF 7.6 million (CHF 6.7 million), although this decreased to 8.1% of sales (9.0%).

EBIT for this quarter improved by 59.6% to CHF 21.2 million (CHF 13.3 million), mainly due to the increase in revenue. Consequently, our EBIT margin rose by 480 basis points to 22.7% (17.9%). Compared to Q4 last year, these increases were less significant, with EBIT up by 22.8% and the EBIT margin up by 180 basis points.

We posted a net profit for the quarter of CHF 17.3 million, up 55.4% from CHF 11.1 million last year, reflecting the improved EBIT. The net profit margin was 18.5% compared with 15.0% in Q1 and 23.6 % in Q4 last year.

Financial calendar

The financial year runs from 1 April to 31 March

8 November 2021	Half-year results 2021/22
4 February 2022	Third-quarter results 2021/22
24 May 2022	Full-year results 2021/22
30 June 2022	Annual General Meeting of Shareholders for the financial year 2021/22
5 July 2022	Dividend ex-date
7 July 2022	Dividend payment date

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.

www.lem.com





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Contact: Investment community

Andrea Borla, Chief Financial Officer

Phone: +41 22 706 1250

Email: investor@lem.com

Contact: Media

Cabinet Privé de Conseils s.a. (CPC)

Nick Miles, miles@cpc-pr.com, mobile +41 79 678 76 26

Michael Füglistner, fuglistner@cpc-pr.com, mobile +41 78 839 07 62



Appendix

Consolidated income statement

In CHF thousands	April to June		
	2021/22	2020/21	Change
Sales	93 272	74 316	+25.5%
Cost of goods sold	(50 619)	(41 248)	
Gross margin	42 652	33 068	+29.0%
Gross margin (in %)	45.7%	44.5%	
Sales expense	(6 956)	(6 659)	
Administration expense	(6 969)	(6 580)	
Research & development expense	(7 588)	(6 665)	
Other expense	(0)	(0)	
Other income	77	132	
EBIT	21 216	13 295	+59.6%
EBIT margin (in %)	22.7%	17.9%	
Financial expense	(104)	(86)	
Financial income	141	15	
Foreign exchange effect	(205)	258	
Profit before taxes	21 048	13 482	+56.1%
Income taxes	(3 761)	(2 355)	
Net profit of the period	17 287	11 126	+55.4%
Net profit margin (in %)	18.5%	15.0%	





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Key Figures

In CHF millions	2021/22					2020/21					Change	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1 - Q1	Q1 - Q4
Orders received												
Industry	110.8					47.5	55.7	63.9	100.8	267.8	+133.3%	+9.9%
Automotive	35.7					12.0	20.2	23.1	38.9	94.2	+197.5%	-8.3%
Total LEM	146.4					59.5	75.9	87.0	139.7	362.0	+146.2%	+4.8%
Book-to-bill ratio												
Industry	1.51					0.79	1.06	1.21	1.68	1.19	+90.7%	-10.1%
Automotive	1.78					0.83	1.19	1.08	1.70	1.24	+114.5%	+4.6%
Total LEM	1.57					0.80	1.09	1.17	1.69	1.20	+96.2%	-7.0%
Sales												
Industry	73.2					59.8	52.8	52.8	59.9	225.2	+22.3%	+22.3%
Automotive	20.1					14.5	17.0	21.3	22.9	75.7	+38.7%	-12.4%
Total LEM	93.3					74.3	69.8	74.1	82.8	301.0	+25.5%	+12.7%
EBIT												
Industry	19.2					12.3	12.1	11.4	13.6	49.4	+56.6%	+40.6%
Automotive	2.0					1.0	2.9	3.9	3.6	11.5	+94.6%	-44.0%
Total LEM	21.2					13.3	15.0	15.3	17.3	60.9	+59.6%	+22.8%
Net profit of the period												
Total LEM	17.3					11.1	12.3	12.6	19.6	55.6	+55.4%	-11.6%

