



Life Energy Motion

Press release - Ad hoc announcement pursuant to Art. 53 LR

LEM announces results for H1 2021/22: strong momentum despite supply chain challenges

Geneva, Switzerland, 08 November 2021 – LEM (SIX: LEHN), a leading global company in electrical measurement for industry and automotive applications, announces first half results for 2021/22 (April-September) compared to 2020/21:

- Sales increased by 27.5% to CHF 183.7 million (CHF 144.1 million); at constant exchange rates, sales improved by 25.4%
- The company benefits from a diverse global distribution of sales, with China and Europe further increasing their share:
 - China CHF 69.9m (38.1% of total)
 - Europe CHF 57.2m (31.1% of total)
 - North America CHF 16.9m (9.2% of total)
 - Rest of World CHF 39.7m (21.6% of total)
- Bookings more than doubled to CHF 300.2 million (CHF 135.3 million)
- R&D up by 17.3% to CHF 15.2 million (CHF 13.0 million), but declined to 8.3% of sales
- EBIT improved by 48.6% to CHF 42.1 million (CHF 28.3 million); the EBIT margin increased to 22.9% (19.7%)
- Net profit for the period rose by 50.4% to CHF 35.2 million (CHF 23.4 million)

Frank Rehfeld, Chief Executive Officer, said: “We are pleased to report our strong start to the year has continued through the second quarter despite the supply chain challenges, benefitting from the diversity of our business across sectors and regions. The return of demand and investment confidence amongst our customers is particularly evident in our Drives and Renewable Energy businesses, the latter boosted by the rollout of our innovative DC meter product with the new electric vehicle charging infrastructure across Europe. This pace of electrification is driving the good performance of our Automotive segment.

However, our sales performance could actually have been better, as we continue to be hampered by supply chain bottlenecks, which are not only related to the well reported issues of semiconductors. These challenges are reflected in our global bookings which improved for the 5th consecutive quarter, with customers firmly committing to orders over longer time horizons.”

Andrea Borla, Chief Financial Officer, remarked: “Our strong EBIT performance is a result of the top-line sales growth and continued vigilance over costs, while we still are investing significantly in R&D. However, caution must be exercised in extrapolating our first half growth rates to the future, as we know that supply chain issues will impact our business for several quarters to come, while trade disputes and geopolitical tensions remain as headwinds for investment confidence.”





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Industry segment: strong performance reflects investment and demand

H1 sales in the Industry segment totaled CHF 143.6 million, up 27.5%. At constant exchange rates, sales improved by 25.4%. All our businesses and regions continue to benefit from the return of investment confidence and customer demand. In particular our Drives business indicates strong investment in the production of tooling machines and end-consumer products, such as heat pumps. Renewable Energy is a more variable business and continues to grow due to increasing governmental policies for sustainable power generation. The infrastructure investment for e-mobility is driving the successful rollout of our new DC meter. With the demand in the test and measurement sector for batteries and EVs, sales of our High Precision sensors are also doing well.

Europe (+34.4%), China (+20.3%) and Rest of World (+32.7%) benefited from the jump in demand across Drives, Renewables, and High Precision. Even Traction, which saw train operators postponing their orders during the first pandemic wave, is slowly recovering. Europe has recovered from its lowest point last year and has regained its status as our largest market. North America (+20.9%) benefited from the demand for Drives and also for Renewables. Global orders nearly doubled for the half year, as lead times continue to be affected by supply chain bottlenecks, and we requested customers to firmly commit to orders over longer time horizons.

in CHF millions	2021/22	2020/21	Change	Comments
Businesses				
Drives	65.4	46.8	+39.8%	<ul style="list-style-type: none"> • Growth in multiple industrial and consumer sectors • Manufacturing capacity investment in semiconductors
Renewable Energy	52.1	41.4	+26.1%	<ul style="list-style-type: none"> • China solar driven by infrastructure • Europe boosted by DC meter
Traction	21.4	20.8	+3.1%	<ul style="list-style-type: none"> • Rail traffic first signs of recovery
High precision	4.6	3.7	+25.4%	<ul style="list-style-type: none"> • Demand for test and measurement products picked up
Total Industry	143.6	112.6	+27.5%	

Automotive segment: EV momentum continues to be impacted by supply chain issues

H1 sales in the Automotive segment totaled CHF 40.1 million, an increase of 27.3%. At constant exchange rates, sales improved by 25.4% compared to H1 last year during the pandemic shutdowns. Our products have been designed in for several EVs which entered production in 2020 and our sales this half year would have been even stronger, except for the continued supply chain issues. These are affecting semiconductors and many other components in our Battery Management business and will also impact our portfolio going forward. Our bookings nearly tripled compared with H1 2020/21, reflecting the strong fundamental demand for EV solutions and our customers' commitments to orders over longer time horizons. Various forecasts suggest cuts to global vehicle output in 2021, but EVs should maintain their growth in market share.

Our largest market China grew impressively by 58.7%, driven by consumer appetite for EVs and the launch of several new vehicles. The pace of electrifications continues to grow in Europe (+28.4%), as manufacturers (OEMs) produced more EVs to achieve their CO₂ emissions targets. North America showed a positive growth (+12.7%) compared with H1 last year, but it is still transitioning to green cars at a slower pace than other regions. Rest of World declined slightly by 1.0% due to shortages of semiconductors, this general lower growth rate reflecting a higher sales base, as these markets had been less impacted by the pandemic in H1 2020/21.





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in CHF millions	2021/22	2020/21	Change	Comments
Businesses				
Battery Management	20.7	18.9	+9.5%	<ul style="list-style-type: none">• Supply chain bottlenecks• Significant drop in US 12V demand
Motor Control	17.5	11.3	+54.8%	<ul style="list-style-type: none">• Strong demand spurred by EV cars
Charging Systems	1.9	1.3	+49.0%	<ul style="list-style-type: none">• Continued momentum for battery electric and hybrid vehicles
Total Automotive	40.1	31.5	+27.3%	

Improved profitability

Gross profit for the half year rose by 30.6% to CHF 85.6 million (CHF 65.5 million), principally due to higher sales volumes compared to H1 last year. The gross margin improved by 110 basis points to 46.6%, supported by various efficiency programs.

We remain vigilant with overheads, so while SG&A costs were up by 12.0% to CHF 28.4 million (CHF 25.3 million) to support the extra market demand compared with last year, they declined to 15.4% of sales (17.6%).

We continue with our long-term investment in future applications with R&D up in absolute terms by 17.3% to CHF 15.2 million (CHF 13.0 million), although this decreased to 8.3% of sales (9.0%).

EBIT for this half year improved by 48.6% to CHF 42.1 million (CHF 28.3 million), mainly due to the increase in revenue. Consequently, our EBIT margin rose by 320 basis points to 22.9% (19.7%).

Free cash flow was lower at CHF 5.1 million (CHF 7.8 million), impacted by the non-recurrent tax payment of CHF 26.6 million following the IP transfer completed in March 2020.

We posted a net profit for the half year of CHF 35.2 million, up 50.4% from CHF 23.4 million last year, reflecting the improved EBIT. The net profit margin was 19.2% compared with 16.2% in the same period last year.

Outlook

Our businesses have demonstrated much resilience in coming through the worst impacts of the pandemic, and we continue to benefit from the fundamental drivers of electrification, renewable energy and mobility. However, we still face headwinds from shortages and supply chain issues for components such as semiconductors, and from the ramifications of ongoing trade disputes. For the full financial year 2021/22, the company currently expects sales in the range of CHF 340 - 350 million (CHF 301.0 million for 2020/21), with an EBIT margin above 20%.





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Conference call and webcast

Frank Rehfeld, CEO, and Andrea Borla, CFO, will provide a presentation of the half year 2021/22 results today at 10:00 CET at a media and investor community webcast and conference call.

Listen to live webcast

<https://78449.choruscall.com/dataconf/productusers/lem/mediaframe/47048/indexl.html>

The press release, Financial Half Year Report, webcast slides, and the link to the webcast are available in the Investor Relations section of the LEM website (www.lem.com/en/investors), where the recorded webcast will later also be archived.

Dial-In Numbers

Switzerland & Europe: +41 (0)58 310 50 00

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

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.

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Appendix

Consolidated income statement

In CHF thousands	April to September		
	2021/22	2020/21	Change
Sales	183'665	144'078	+27.5%
Cost of goods sold	(98'066)	(78'557)	
Gross margin	85'600	65'521	+30.6%
Gross margin (in %)	46.6%	45.5%	
Sales expense	(14'109)	(12'823)	
Administration expense	(14'251)	(12'495)	
Research & development expense	(15'216)	(12'972)	
Other income	90	1'113	
EBIT	42'114	28'344	+48.6%
EBIT margin (in %)	22.9%	19.7%	
Financial expense	(226)	(186)	
Financial income	177	85	
Foreign exchange effect	(329)	109	
Profit before taxes	41'736	28'351	+47.2%
Income taxes	(6'551)	(4'955)	
Net profit of the period	35'185	23'395	+50.4%
Net profit margin (in %)	19.2%	16.2%	





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Key Figures

In CHF millions		2021/22					2020/21					Change	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q2 - Q2	6M - 6M	
Orders received													
Industry	110.8	101.3				47.5	55.7	63.9	100.8	267.8	+82.0%	+105.6%	
Automotive	35.7	52.4				12.0	20.2	23.1	38.9	94.2	+159.6%	+173.7%	
Total LEM	146.4	153.7				59.5	75.9	87.0	139.7	362.0	+102.7%	+121.8%	
Book-to-bill ratio													
Industry	1.51	1.44				0.79	1.06	1.21	1.68	1.19	+36.4%	+61.2%	
Automotive	1.78	2.62				0.83	1.19	1.08	1.70	1.24	+120.6%	+115.0%	
Total LEM	1.57	1.70				0.80	1.09	1.17	1.69	1.20	+56.4%	+74.0%	
Sales													
Industry	73.2	70.4				59.8	52.8	52.8	59.9	225.2	+33.4%	+27.5%	
Automotive	20.1	20.0				14.5	17.0	21.3	22.9	75.7	+17.7%	+27.3%	
Total LEM	93.3	90.4				74.3	69.8	74.1	82.8	301.0	+29.6%	+27.5%	
EBIT													
Industry	19.2	18.5				12.3	12.1	11.4	13.6	49.4	+52.0%	+54.3%	
Automotive	2.0	2.4				1.0	2.9	3.9	3.6	11.5	-16.2%	+13.1%	
Total LEM	21.2	20.9				13.3	15.0	15.3	17.3	60.9	+38.9%	+48.6%	
Net profit of the period													
Total LEM	17.3	17.9				11.1	12.3	12.6	19.6	55.6	+45.9%	+50.4%	

