

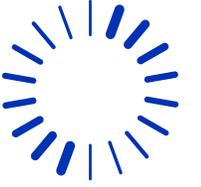


Half Year Results 2023/24

1 April 2023 to 30 September 2023



Agenda



Opening Remarks

Frank Rehfeld

Business Performance

Frank Rehfeld

Financial Results

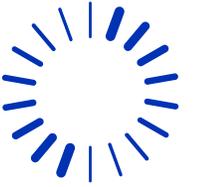
Andrea Borla

Outlook

Frank Rehfeld

LEM with strong performance in HY 2023/24

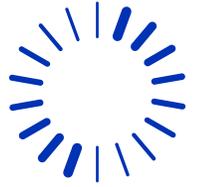
Top line growth and high EBIT margin in heterogeneous markets



- › We are pleased to report a top-line growth of 12.8%, at constant exchange rates, the increase was 22.0%
 - › Q2 with satisfactory growth of 3.4% against a high prior-year base
- › Sales driven mainly by our Track, Renewable Energy and Energy Distribution businesses
- › China challenging due to slow economic growth and declining exports of solar systems; Rest of Asia with strong growth driven by electric and hybrid vehicles
- › EMEA extremely well in all business areas as supply chains normalized; Americas' solid performance in the face of overall subdued investment activity
- › Despite a slightly decreasing gross margin and continued investments and build-up costs, the EBIT margin was maintained at a high 23.1%
- › Starting from the previous year's peak, bookings further normalized

Environmentally friendly developments remain dominant

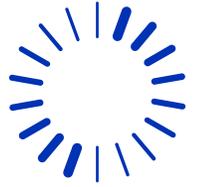
LEM continues to drive innovation



- › LEM benefits from fundamental, environmentally friendly developments in the areas of electrification, renewable energies and e-mobility
- › With our high investments in R&D, LEM continues to drive innovation to extend its technological leadership
- › New R&D center in Sofia, Bulgaria, with a focus on software development
- › New cooperation partner TDK will supply next-generation chips for our integrated current sensors, whose performance parameters will benefit our customers in the automotive and industrial markets in the long term
 - › LEM brings deep expertise, especially in booming segments such as energy storage, motor drives, and solar inverters
 - › Partnering with TDK due to its best-in-class technological performance - including accuracy and noise - as well as reliable supply, automotive quality, and process maturity

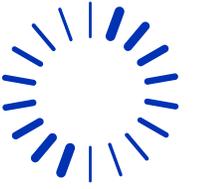
New production site in Penang, Malaysia

Production will start before end of 2023



- > To meet growing demand, LEM is expanding its production capacity with the new plant in Malaysia
- > Main testing base for integrated current sensor (ICS) products for Automation, Automotive and Renewable Energy
- > Number of employees will increase from 40 by end of September to several hundred over the next five years
- > Production will start ahead of schedule, before the end of 2023

Agenda



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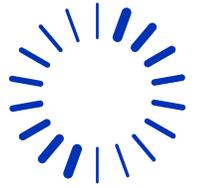
Financial Results

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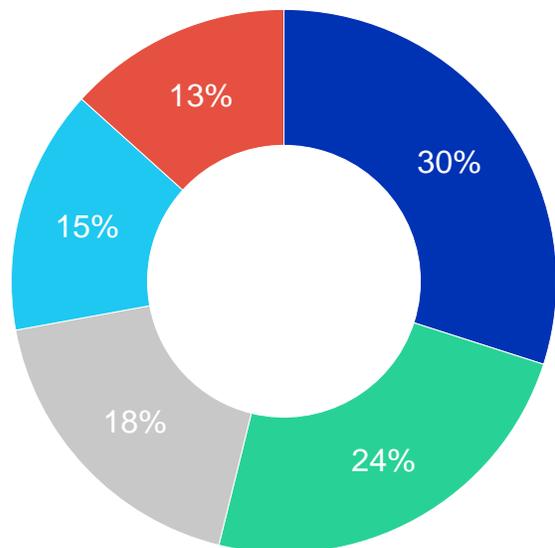
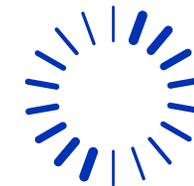
A leading company in electrical measurement



Five Businesses	Automation	Automotive	Renewable Energy	Energy Distribution & High Precision	Track
					

HY 2023/24 Sales CHF m	66.9	53.4	40.8	32.6	29.7
Δ CHF	-0.8%	+6.5%	+22.2%	+16.7%	+54.6%
Δ constant exchange rates	+7.1%	+17.4%	+34.3%	+23.5%	+62.7%

Sales spread by business



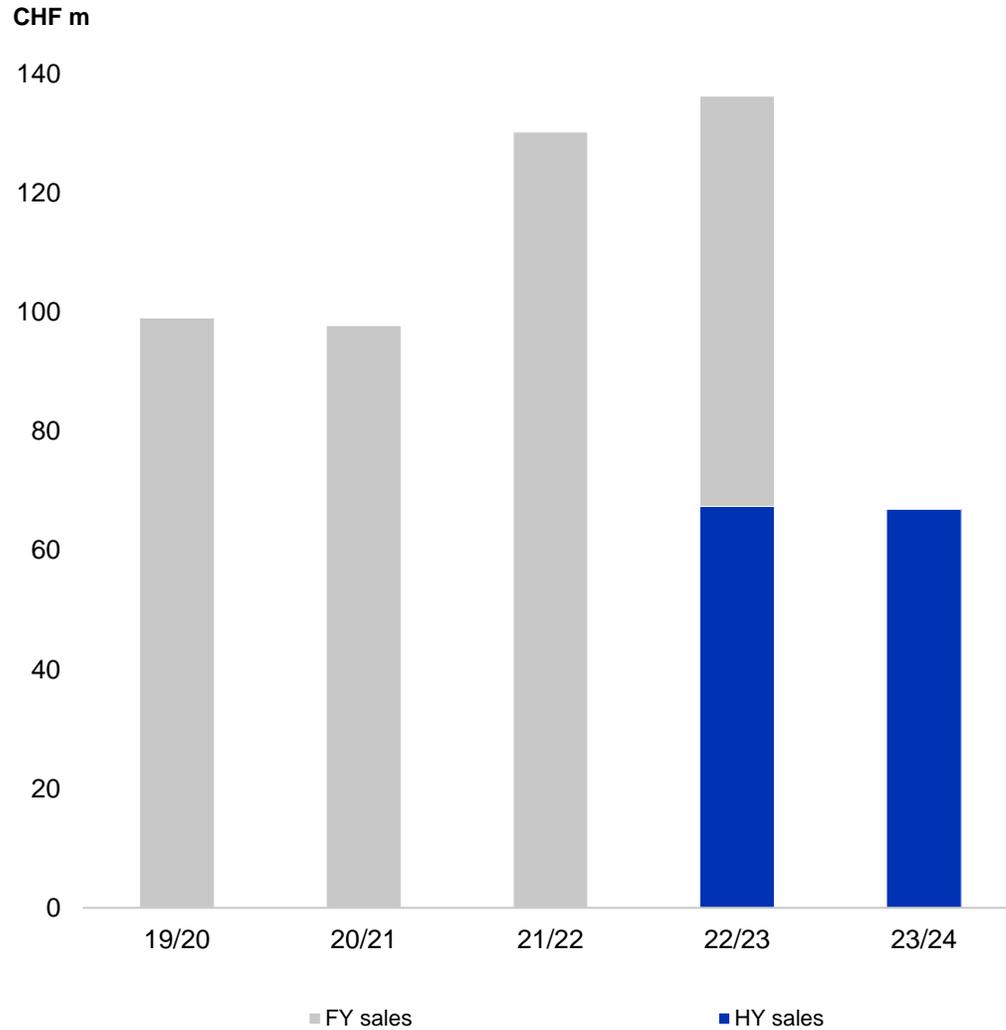
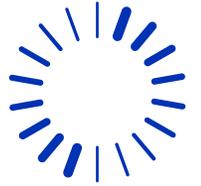
	Sales CHF m	Growth	
		HY 23/24 vs 22/23	Q2 23/24 vs 22/23
Automation	66.9	-0.8%	-11.7%
Automotive	53.4	+6.5%	-8.3%
Renewable Energy	40.8	+22.2%	+10.1%
Energy Distribution & High Precision	32.6	+16.7%	+20.7%
Track	29.7	+54.6%	+56.4%
TOTAL	223.3	+12.8%*	+3.4%

* +22.0% at constant exchange rates

- > Balanced Portfolio
- > Growth led by Track, Renewable Energy & Energy Distribution
- > Automation development offset by negative exchange rate effects
- > Renewable Energy business in China impacted by destocking
- > Anticipation of industry trends is crucial to optimally position LEM

Automation

Drives, robots, tooling machines, elevators, and HVAC

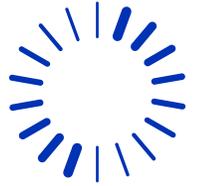


	HY	HY	Q2	Q2
CHF m	2023/24	2022/23	2023/24	2022/23
Sales	66.9	67.4	32.6	36.9

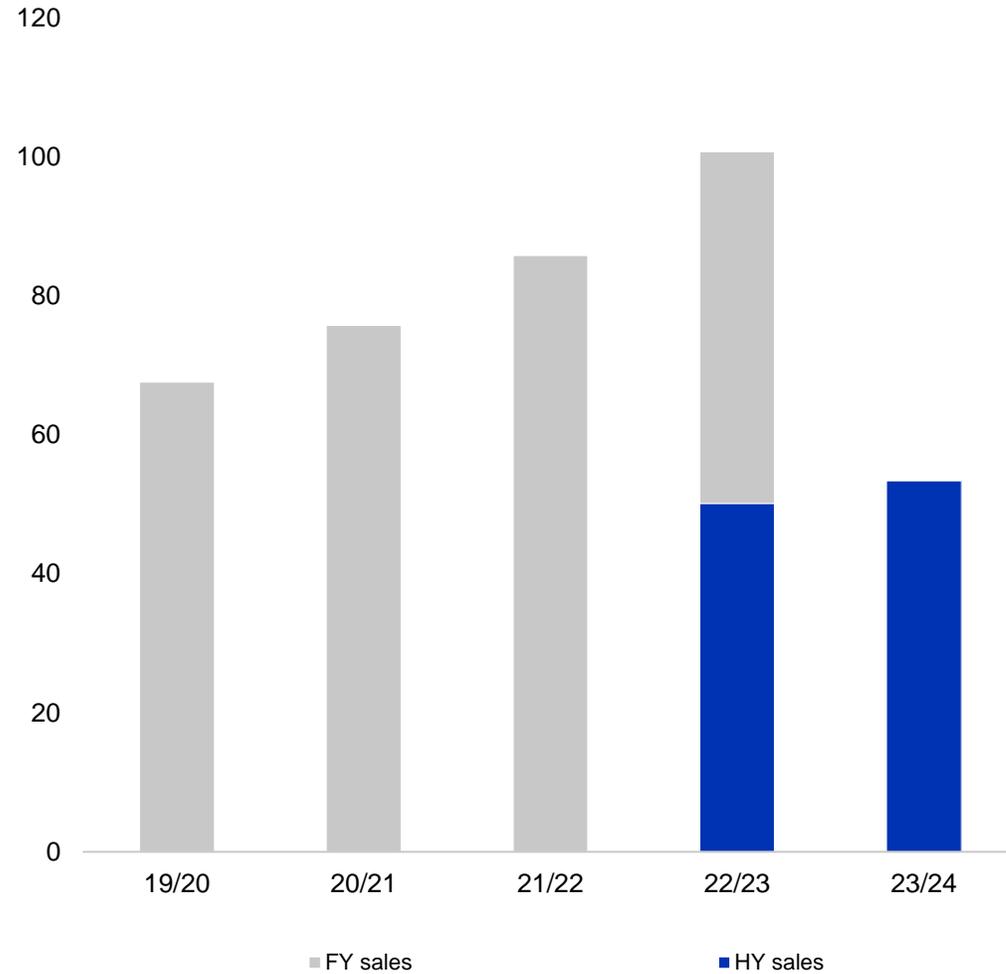
- > Solid development offset by negative currency effects
- > Business driven, among others, by the trend towards sustainable and customer-oriented solutions in manufacturing, especially in EMEA, where LEM is excellently positioned with its products
- > China with slightly weaker sales due to declining exports

Automotive

Battery (EV & CE), motor control, and onboard charging



CHF m

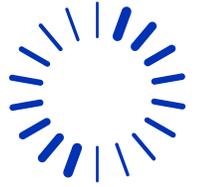


	HY	HY	Q2	Q2
CHF m	2023/24	2022/23	2023/24	2022/23
Sales	53.4	50.1	26.0	28.4

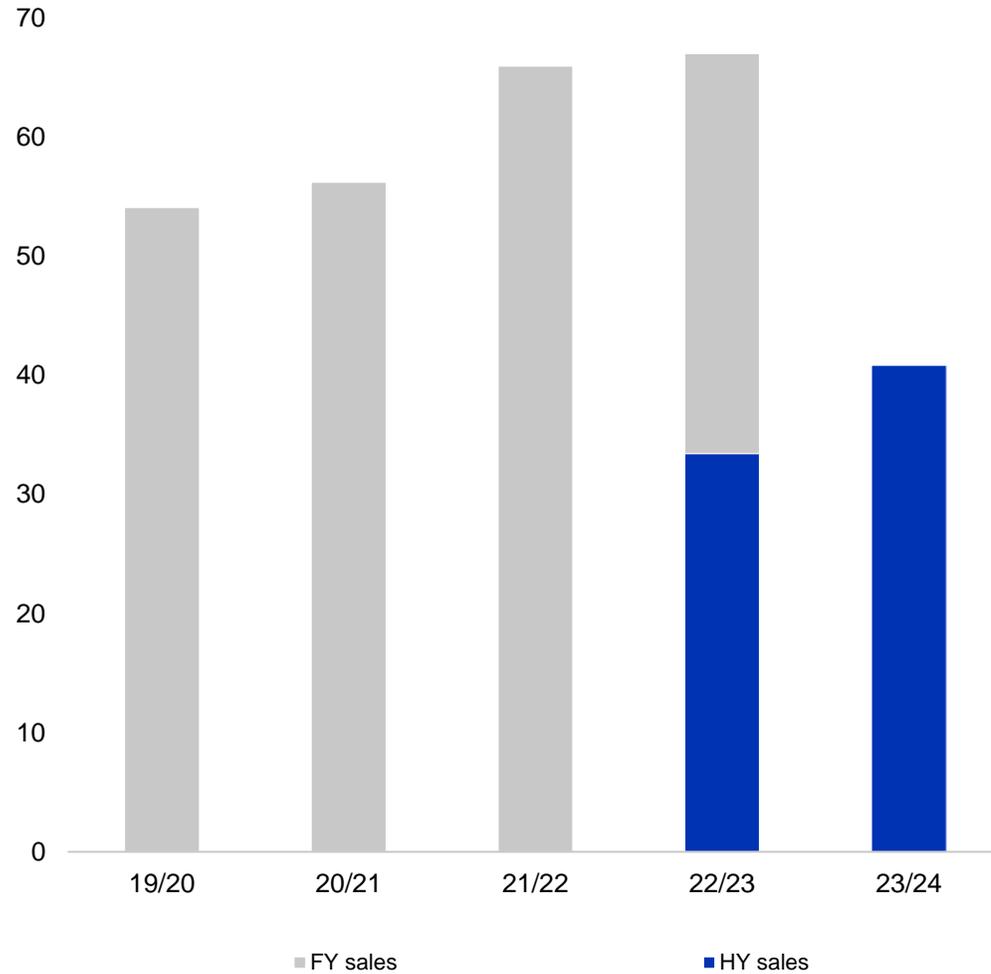
- > Strong demand for battery management systems, engine control and onboard chargers in EMEA and South Korea
- > Most important market China below prior-year period, LEM is working to make up through innovation and price initiatives

Renewable energy

Solar and wind



CHF m

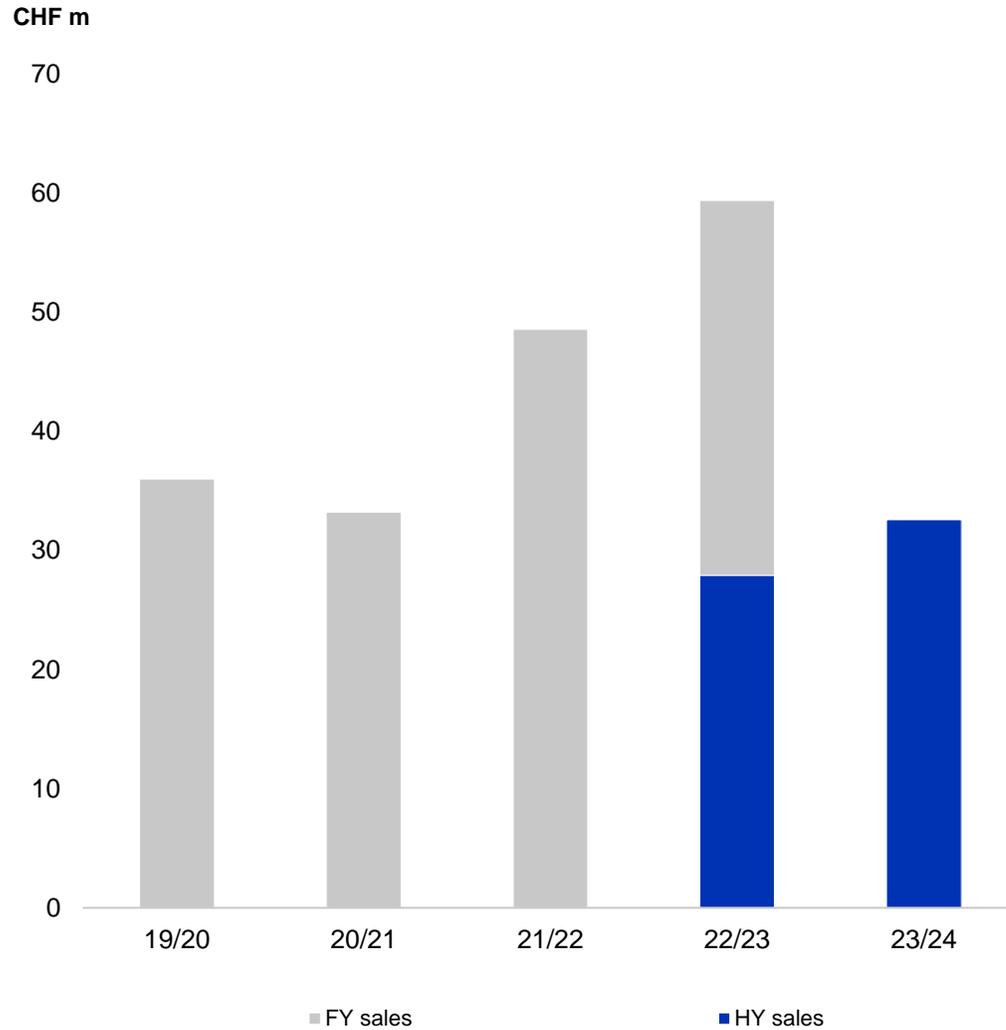
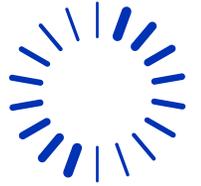


	HY	HY	Q2	Q2
CHF m	2023/24	2022/23	2023/24	2022/23
Sales	40.8	33.4	19.8	18.0

- > Strong demand from EMEA, Americas, Japan and India
- > Declining business in China, where lower exports of solar power generation equipment are underway due to destocking
- > Fundamental growth trend for renewable energies in China intact

Energy distribution and high precision

Charging stations, smart grid, energy storage, and high precision

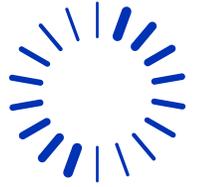


	HY	HY	Q2	Q2
CHF m	2023/24	2022/23	2023/24	2022/23
Sales	32.6	27.9	17.0	14.1

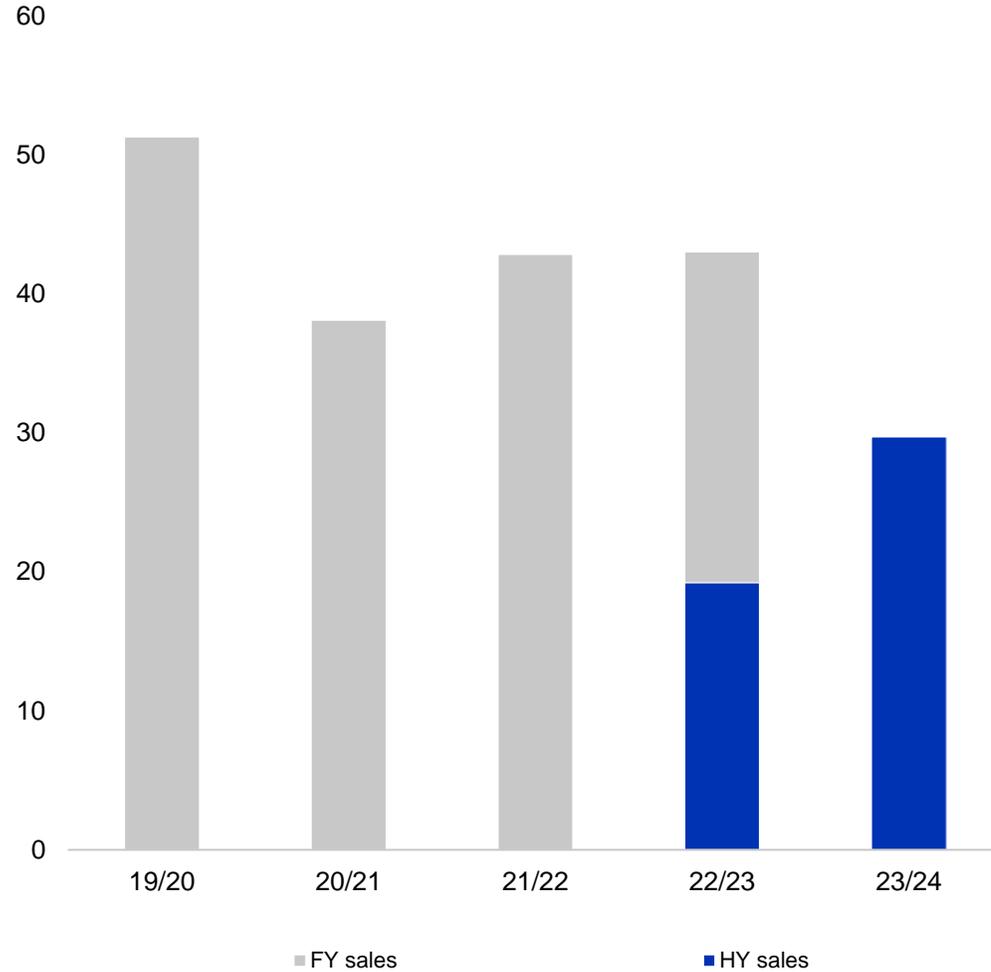
- > Energy Distribution reported robust growth
- > DC Meter for charging stations for electric cars with strong momentum, after substantial orders from major customers in EMEA, smaller charging infrastructure manufacturers also followed suit

Track

Trains, metro, and trackside



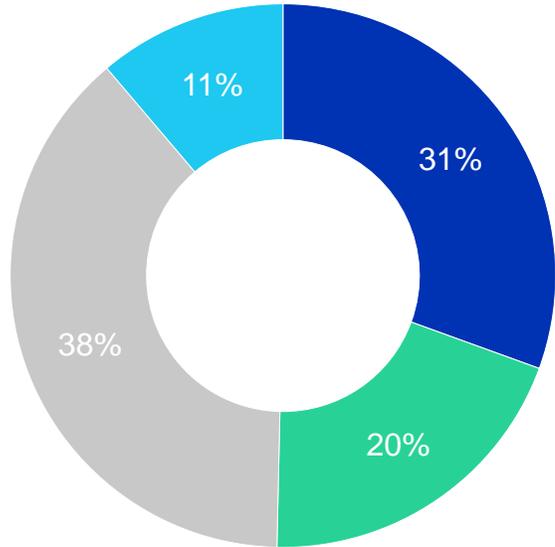
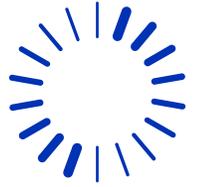
CHF m



	HY	HY	Q2	Q2
CHF m	2023/24	2022/23	2023/24	2022/23
Sales	29.7	19.2	15.6	10.0

- > Starting from a weak prior-year base
- > Renewal of energy meters for locomotives created additional demand in EMEA
- > China returned to its usual growth path with double-digit growth rates as well

Sales spread by region

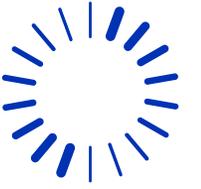


- Balanced exposure
- EMEA and Rest of Asia lead growth
- China challenging due to slow economic growth, declining exports of solar systems, lower sales of products for e-mobility, high price pressure, and significantly negative currency effects
- Close to customers on the ground in all key markets to deliver high quality but cost optimized solutions

	Sales CHF m	Growth	
		HY 23/24 vs 22/23	Q2 23/24 vs 22/23
China	68.2	-16.9%	-36.1%
Rest of Asia	44.2	+30.2%	+25.8%
EMEA	85.9	+47.1%	+52.7%
Americas	25.0	+5.6%	-9.0%
TOTAL	223.3	+12.8%*	+3.4%

* +22.0% at constant exchange rates

Agenda



Opening Remarks

Frank Rehfeld

Business Performance

Frank Rehfeld

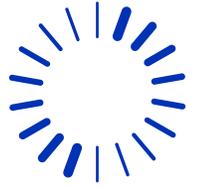
Financial Results

Andrea Borla

Outlook

Frank Rehfeld

Performance at a glance

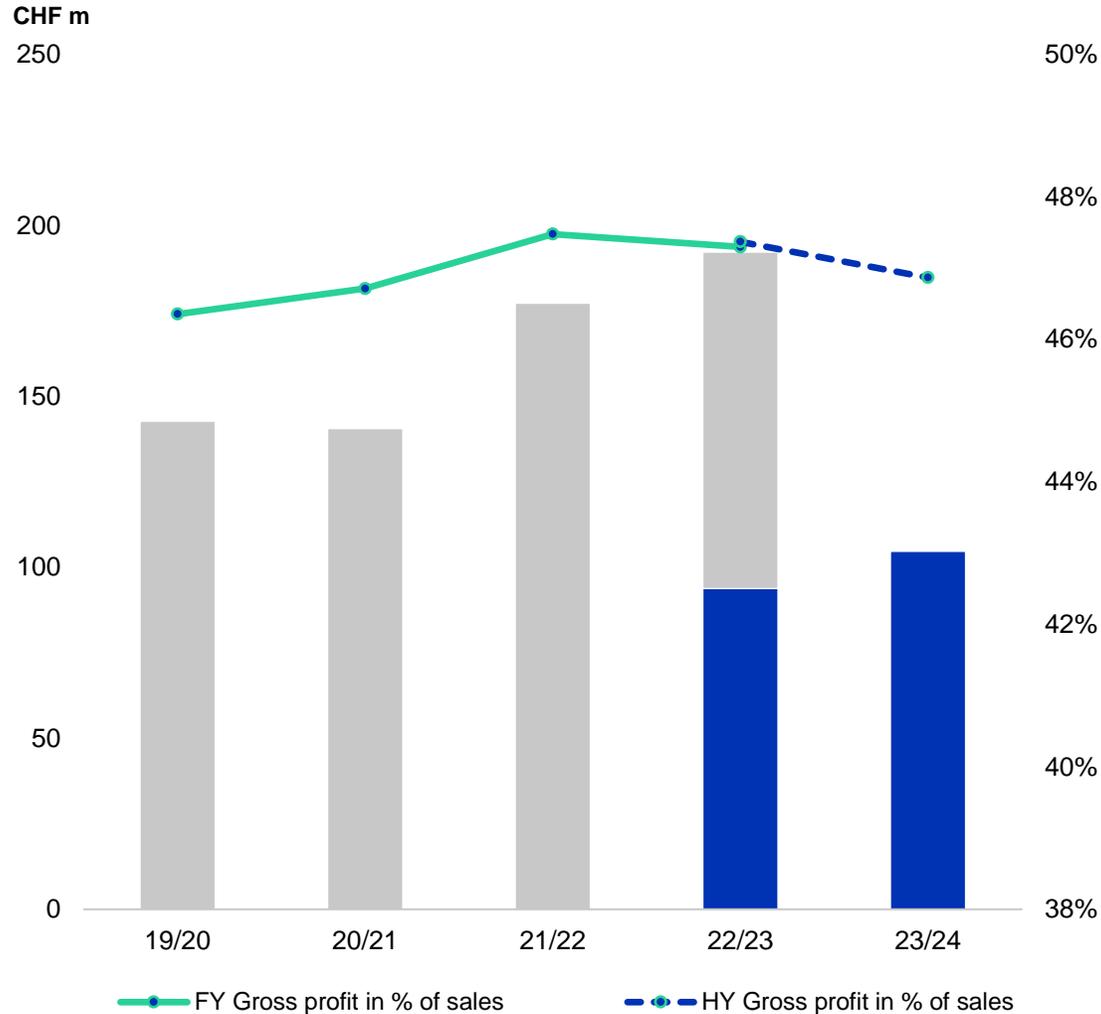
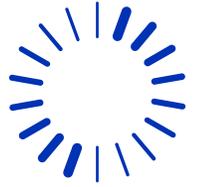


CHF m	HY 2023/24	HY 23/24 vs 22/23	Q2 23/24 vs 22/23
Orders received	141.5	-47.6%	-46.0%
Sales	223.3	+12.8%*	+3.4%
EBIT	51.7	+12.9%	-2.9%
Net profit	43.4	+23.2%	+11.3%

* +22.0% at constant exchange rates

- › Starting from the previous year's peak, bookings further normalized
- › Sales at constant exchange rates climbed 22.0% driven by underlying demand and normalization of supply chains
- › EBIT margin was maintained at a high 23.1%
- › Net profit increased disproportionately due to lower taxes

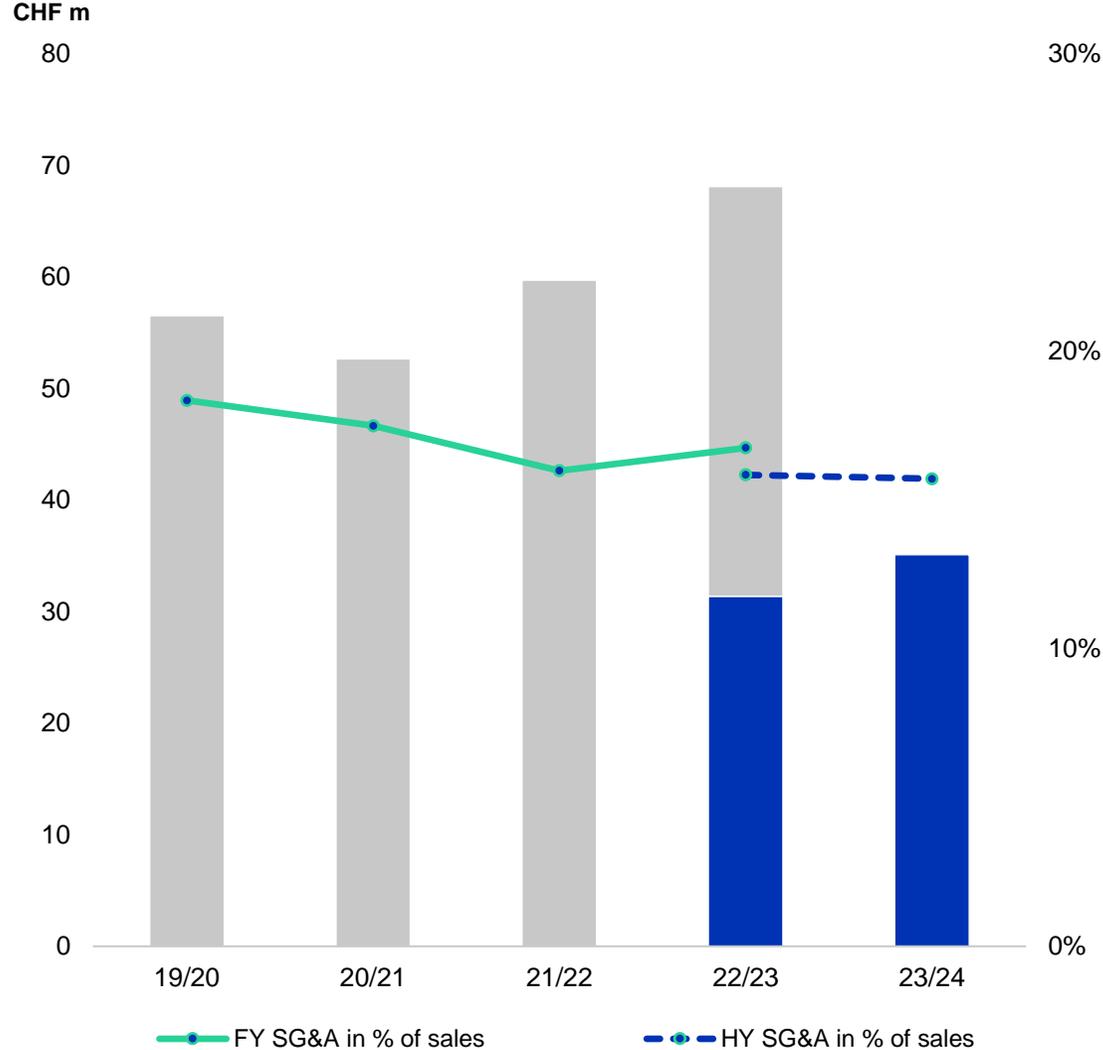
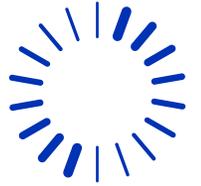
Gross margin



	HY	HY	Q2	Q2
CHF m	2023/24	2022/23	2023/24	2022/23
Gross profit	104.7	93.8	52.9	50.6
<i>In % of sales</i>	<i>46.9%</i>	<i>47.4%</i>	<i>47.7%</i>	<i>47.1%</i>

Gross margin decreased slightly by 50 basis pts:

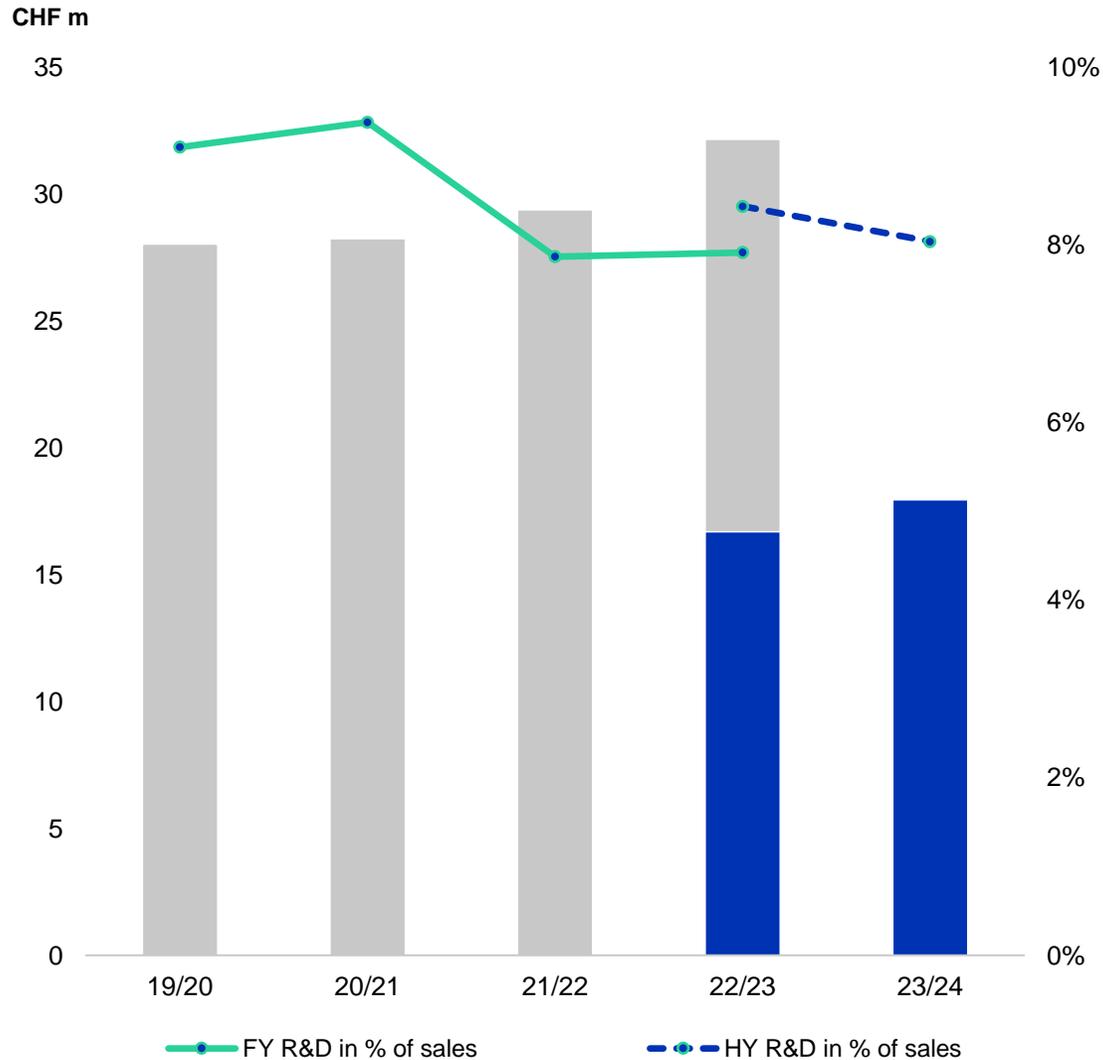
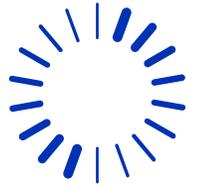
- > Gross margin was 46.1% in the first quarter due to higher costs for electronic components
- > Increased to 47.7% in the second quarter thanks to improved business mix



	HY	HY	Q2	Q2
CHF m	2023/24	2022/23	2023/24	2022/23
SG&A	35.1	31.4	17.8	16.1
<i>In % of sales</i>	15.7%	15.8%	16.1%	15.0%

- > SG&A decreased slightly by 10 basis pts:
 - > Ongoing investments in digitalization projects
 - > Build-up costs for the new production facility in Malaysia

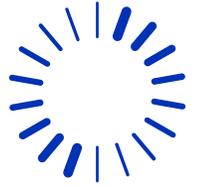
R&D



	HY	HY	Q2	Q2
CHF m	2023/24	2022/23	2023/24	2022/23
R&D	18.0	16.7	9.6	8.2
<i>In % of sales</i>	<i>8.0%</i>	<i>8.4%</i>	<i>8.7%</i>	<i>7.6%</i>

- > R&D investments at unchanged high level of 8.0% of sales
 - > Continued innovation to extend technological leadership
 - > Building new competencies to remain at the forefront of technology
 - > Increased R&D headcount

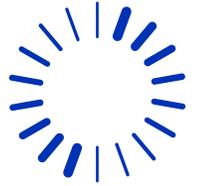
Financial expense



CHF m	HY 2023/24	HY 2022/23	Q2 2023/24	Q2 2022/23
Exchange effect	(1.9)	(2.5)	(0.7)	(1.4)
Other financial expense & income	(1.3)	(0.6)	(0.8)	(0.3)
Total	(3.1)	(3.0)	(1.5)	(1.7)

- › Negative foreign currency effects due to the appreciation of the CHF against major currencies
- › Higher interest rates led to increased interest expenses of CHF 0.7 million

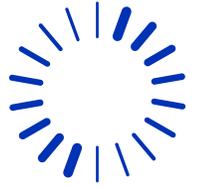
Income taxes



%	HY 2023/24	HY 2022/23
Expected income tax rate	16.1	16.2
Expected withholding tax rate	0.3	1.0
Expected tax rate	16.4	17.2
Effect of changes in tax rate on deferred tax	(5.0)	0.0
Other differences	(0.8)	0.4
Effective tax rate	10.6	17.6

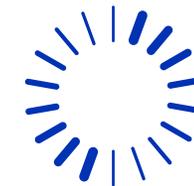
- › Tax rate without one-off at 15.6% would be slightly below last year
- › Effective tax rate 10.6% due to the increase in deferred tax assets as a result of the increase in the Canton of Geneva tax rate from 1 January 2024

Income statement



CHF m	HY	HY	Change	Q2	Q2
	2023/24	2022/23		2023/24	2022/23
Sales	223.3	198.1	+12.8%	111.0	107.3
Gross margin %	46.9%	47.4%	-0.5%pt	47.7%	47.1%
Operating expenses	(53.0)	(48.1)	+10.3%	(27.4)	(24.3)
EBIT	51.7	45.8	+12.9%	25.5	26.3
EBIT margin %	23.1%	23.1%	+0.0%pt	23.0%	24.5%
Net financial expenses	(3.1)	(3.0)	+4.4%	(1.5)	(1.7)
Income tax	(5.1)	(7.5)	-32.0%	(1.2)	(4.0)
Net profit	43.4	35.2	+23.2%	22.9	20.5
Net profit margin %	19.4%	17.8%	+1.7%pt	20.6%	19.1%

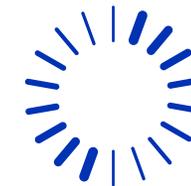
Balance sheet



CHF m	30.9.2023	31.3.2023
Net working capital	84.6	75.4
Non-current assets	163.4	153.9
Non-current liabilities	(40.6)	(39.0)
Net operating assets	207.4	190.3
Net cash/(debt)	(64.4)	(21.8)
Equity	152.7	173.6
Equity ratio	44.1%	53.0%
Days of sales outstanding	71	72
Days of inventory outstanding	92	102
Days of payables outstanding	42	54

- Non-current assets increased, mainly due to new production site in Malaysia and R&D center in Bulgaria (opened in April 2023)
- Net working capital increased as a result of the business activity
- Net debt and equity down seasonally after dividend payment as of July

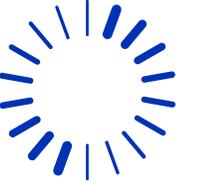
Cash flow



CHF m	HY 2023/24	HY 2022/23
Profit before taxes	48.5	42.7
Adjustment for non-cash items and taxes paid	4.4	3.7
Cash flow from changes in net working capital	(15.6)	(9.7)
Cash flow from operating activities	37.3	36.8
Cash flow from investing activities	(16.8)	(10.6)
Free cash flow	20.4	26.2
Cash flow from financing activities	(16.4)	(19.8)
Change in cash and cash equivalents	4.0	6.4
Cash and cash equivalents at the end of the period	24.7	23.3

- Net working capital higher due to the increase in accounts receivable and the decrease in accounts payable
- Increasing investment due to new Malaysia plant

Agenda



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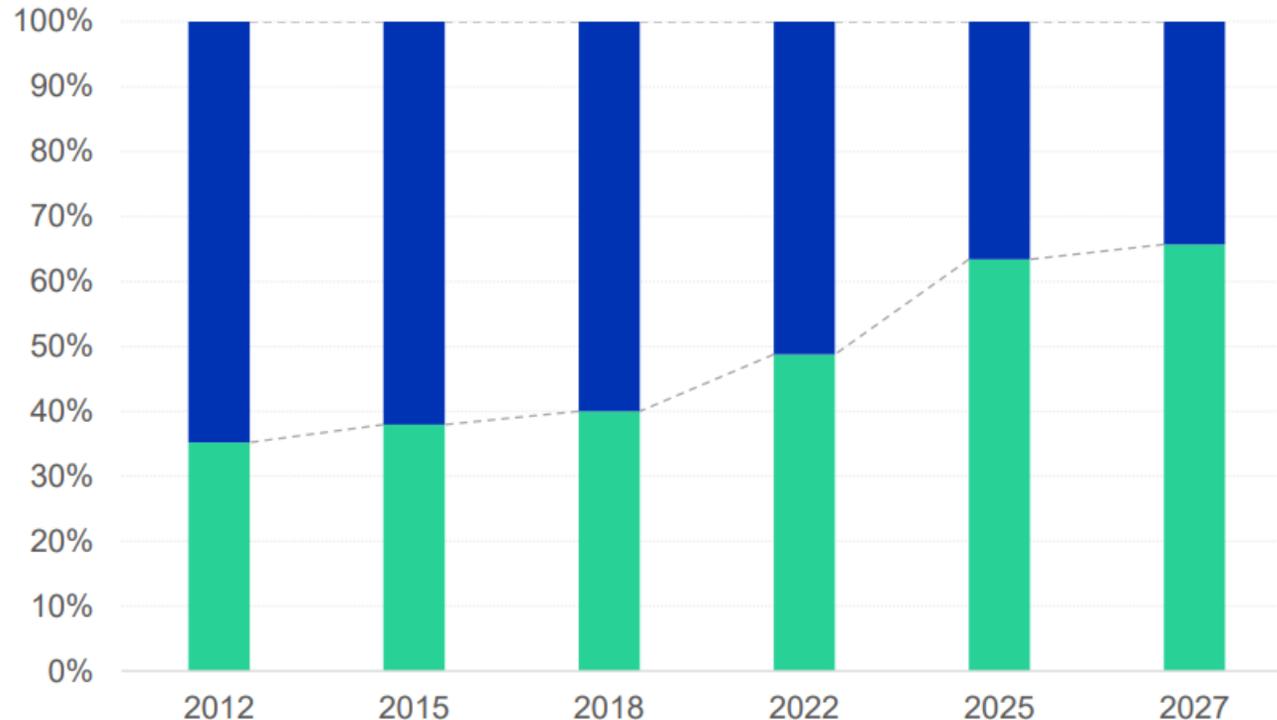
Outlook

Frank Rehfeld

New megatrends drive volume mix



LEM's portfolio mix by revenue

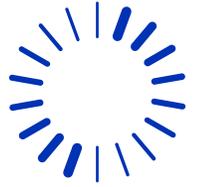


Megatrends business Includes Automotive, Renewable Energy, Smart Grid, Charging Infrastructure

Heritage business Includes Automation, Track, HIP and UPS

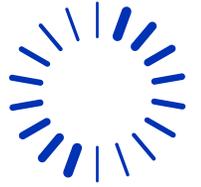
- > More of LEM's revenue is linked to structural megatrends, i.e., electrification and decarbonization
- > This reduces the share of heritage businesses from 65% in 2012 to 34% by 2027
- > New portfolio mix helps limit the impacts of economic recessions

Outlook – Financial Year 2023/24



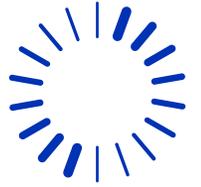
- Order backlog provides solid basis, although customer ordering patterns are becoming more short-term again
- More cautious view on second half of the year due to recessionary environment in relevant markets
- For FY 2023/24, we expect
 - Sales in the range of CHF 420 to 440 million (CHF 406.4 million for 2022/23)
 - EBIT margin above 20%





Q&A

Financial calendar and contact details



The financial year runs from 1 April to 31 March

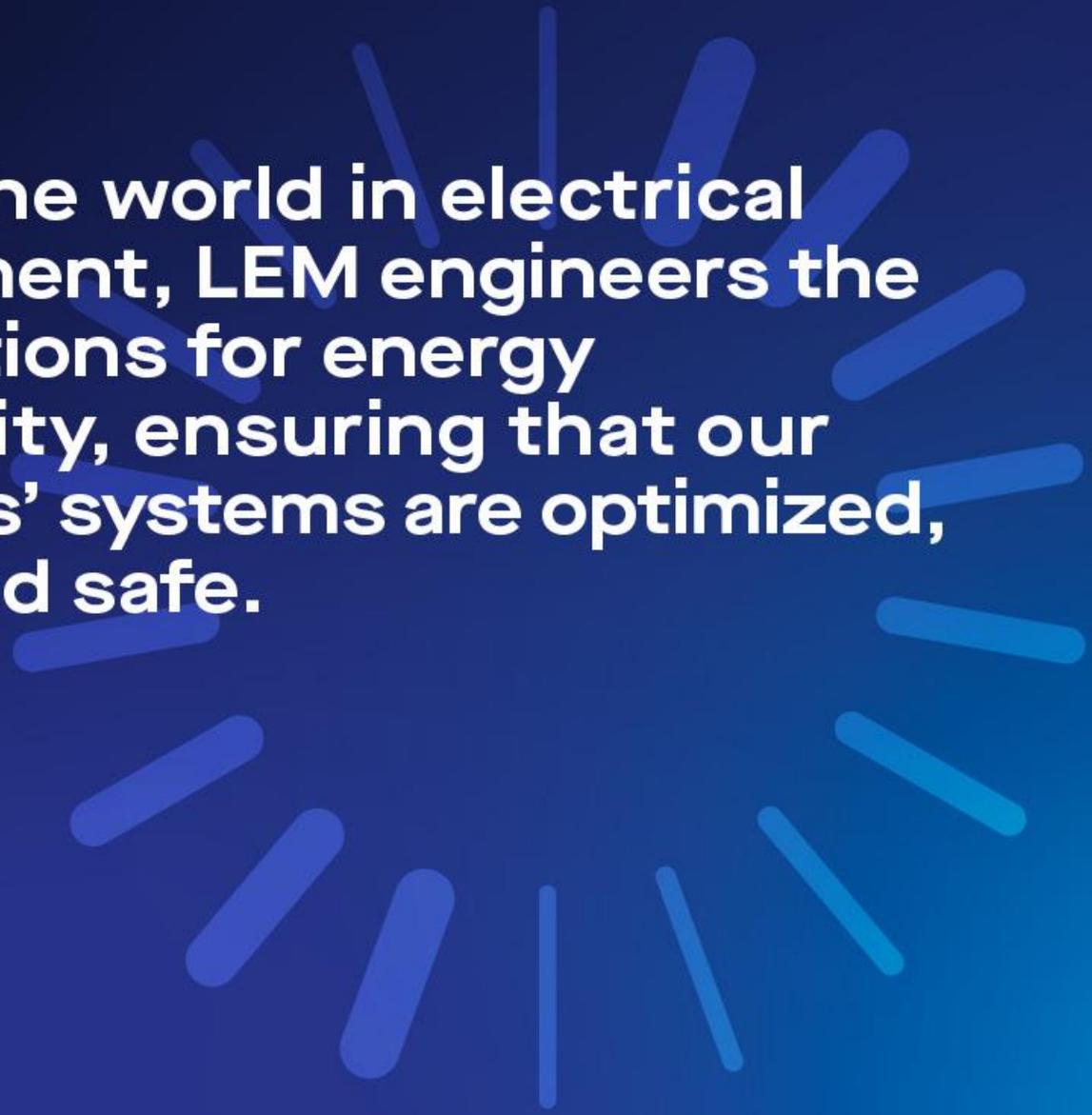
2 February 2024	9 months results 2023/24
28 May 2024	Full year results 2023/24
27 June 2024	Annual General Meeting FY 2023/24
2 July 2024	Dividend ex-date
4 July 2024	Dividend payment date

For further information

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E-mail: investor@lem.com

A decorative graphic consisting of numerous blue brush strokes of varying lengths and orientations, arranged in a circular pattern around the text.

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