



Life Energy Motion

Ad hoc announcement pursuant to Art. 53 LR

LEM with significant sales decline in Q1 2024/25 – first signs of stabilization in China

Geneva, 26 July 2024 – LEM (SIX: LEHN), a global leader in electrical measurement for automation, e-mobility, renewable energy, power network and railroad applications, announces its results for the first quarter 2024/25 (April-June):

- Sales declined 27.9% to CHF 81.0 million (Q1 2023/24: CHF 112.3 million); at constant exchange rates, the decrease was 26.9%.
- LEM recorded significant sales declines in the EMEA region of 32.3%, in Rest of Asia of 33.8% and in the Americas of 28.8%. China was down 20.3% year-on-year but showed first signs of stabilization due to improved bookings in the Automotive and Renewable Energy businesses.
- Compared to the previous year's level, bookings decreased to CHF 65.1 million (CHF 81.0 million); the book-to-bill ratio was 0.80. Nevertheless, bookings increased over the last three quarters.
- EBIT decreased by 71.4% to CHF 7.5 million (CHF 26.2 million); the EBIT margin stood at 9.3%. Net profit fell to CHF 4.8 million, resulting in a net profit margin of 5.9% (CHF 20.5 million; 18.3%).
- LEM expects business in Q2 2024/25 to be on a similar level as in Q1 2024/25. Based on feedback from customers and projects wins, sales should pick up during the second half of the financial year.

Frank Rehfeld, Chief Executive Officer, said: "LEM operates in markets where the investment climate has deteriorated significantly due to the economic downturn. This trend intensified with the ongoing reduction in inventories. Structurally, a further shift of the renewable energy and automotive industries towards Asia can be observed, which is intensifying price competition in all regions. Thanks to the cost initiatives introduced and the acceleration of the innovation process with joint developments with leading customers, LEM won important projects in various industries and markets that will become visible in our future sales. We were able to further develop our business and will continue to benefit from fundamental, environmentally friendly trends in the increasingly competitive areas of electrification, renewable energies and e-mobility."

Andrea Borla, Chief Financial Officer, commented: "The first quarter, with a decrease in sales of 27.9% and an EBIT margin of 9.3%, is the worst result in the recent history of LEM. Sentiment has not yet improved in our end markets, but the various measures introduced have shown initial measurable success. Furthermore, the sequential increase in incoming orders over the last three quarters is encouraging, albeit at a low level."





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Sales by business

in CHF millions		Q1 2024/25	Q1 2023/24	Change
Business	Scope			
Automation	drives, robots, tooling machines, elevators, HVAC	23.6	34.3	-31.1%
Automotive	battery (EV & CE), motor control, onboard charging	19.9	27.4	-27.2%
Renewable Energy	solar, wind	14.1	21.0	-32.9%
Energy Distribution & High Precision	charging stations, smart grid, energy storage, high precision	12.2	15.6	-21.5%
Track	trains, metro, trackside	11.1	14.2	-21.3%
Total		81.0	112.3	-27.9%

Automation

The business contracted in a difficult economic environment and was also slowed down by the ongoing reduction in stock levels as well as the rescheduling of certain orders. In China, where sales initially started to weaken during the current cycle, there were first signs of stabilization.

Automotive

The Automotive business showed weak sales momentum overall. In China, the most important market, a significant part of our business depends on exports, and this had been negatively impacted. However, LEM was able to grow in line with the domestic market thanks to the cost initiatives implemented and the increased customer focus. LEM won new business in China, e.g. from a leading EV manufacturer, and regained market share. Demand in the Rest of Asia region suffered from weak demand and high inventory levels. Europe performed well with new projects for battery management being ramped up.

Renewable Energy

The business recorded a decline across the board, with signs of stabilization in China due to stable domestic demand and the reduction of inventories at manufacturers and distributors. LEM was able to maintain its market share due to better customer proximity and competitive pricing. Thanks to an accelerated innovation process and co-developments with customers, important projects were won. The remaining regions were characterized by high inventories and project postponements.

Energy Distribution & High Precision

The DC meter business for charging stations recorded a significant decrease, driven by a slowdown of the installation speed and due to some of LEM customers losing market share in Europe. The development of the US charging infrastructure also stagnated. Only in China did LEM see an increased demand for DC meters from manufacturers of charging stations for export to Europe and the USA. Products for smart grids developed more cautiously due to a generally lower level of investment.

Track

The business, which is characterized by long investment cycles, has returned to its usual growth path. It was still supported by the regular retrofit business for the replacement of energy meters for locomotives in several smaller EU countries, with more to follow. Track also recorded stable growth in China and India.



Sales by region

in CHF millions		Q1 2024/25	Q1 2023/24	Change
Region	Scope			
China		31.8	39.8	-20.3%
Rest of Asia	Japan, South Korea, India, South-East Asia	13.6	20.5	-33.8%
EMEA	Europe, Middle East & Africa	26.7	39.4	-32.3%
Americas	NAFTA & Latin America	9.0	12.6	-28.8%
Total		81.0	112.3	-27.9%

China

The environment in China showed signs of stabilization in the first quarter of 2024/25, particularly in the Automation and Renewable Energies businesses. Sales growth compared to Q4 2023/24 reached 40%. Thanks to the measures taken to improve flexibility, cost efficiency and customer proximity, LEM was able to acquire promising new customers and projects in the automotive, solar and energy distribution industries, which will support growth in the coming quarters. Track also performed well.

Rest of Asia

The other Asian markets, particularly Korea and Japan, experienced a broad-based downturn due to the general economic weakness, weak exports and high inventory levels. The Indian market was stable. The new production site in Penang enables LEM to supply the Asian markets as well as the USA and Europe from Asia and has brought further production lines into operation.

EMEA

Europe experienced a broad-based slowdown in demand, which was exacerbated in part by high inventories in the DC meter and solar industries and in the automation business in general. Orders were postponed and some canceled in those areas. In the Automotive segment, starting from a low base, LEM was able to benefit from the start of production for major orders and acquired two large orders for battery management systems. Overall, there was a high level of design-in activity with customers for new platforms in all business areas.

Americas

The Americas region was not immune to the generally subdued investment activity that has persisted since the second quarter of 2023/24. This led to order postponements in the Automation business and increasing price pressure in the Automotive business. On a positive note, the region will benefit from a large order for battery management from a European car manufacturer in the second half of the year.





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Profitability under pressure

Gross profit for the first quarter of 2024/25 dropped by 30.5% to CHF 36.0 million (CHF 51.8 million). The gross profit margin decreased from 46.1% to 44.4%. The main reasons were a negative product and geographical mix and the under absorption of production fixed costs due to the lower volume.

SG&A costs increased by 7.6% to CHF 18.6 million (CHF 17.3 million). This increase was due to LEM's investments in digitalization, such as the go live of the new ERP system in several sites, and build-up costs for the new production facility in Malaysia. LEM continued its investment in future applications. R&D costs increased by 19.2% to CHF 9.9 million (CHF 8.3 million) due to new and expanded R&D centers.

EBIT decreased by 71.4% to CHF 7.5 million (CHF 26.2 million); the EBIT margin stood at 9.3%. Net profit fell to CHF 4.8 million, resulting in a net profit margin of 5.9% (CHF 20.5 million; 18.3%).

Outlook

LEM expects business in Q2 2024/25 to be on a similar level as in Q1 2024/25. Based on feedback from customers and projects wins, sales should pick up during the second half of the financial year.

Financial calendar

The financial year runs from 1 April to 31 March

11 November 2024	Half year results 2024/25
7 February 2025	9 months results 2024/25
27 May 2025	Full year results 2024/25
26 June 2025	Annual General Meeting for the financial year 2024/25
1 July 2025	Dividend ex-date
3 July 2025	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 1'800 people in 17 countries transform technology potential into powerful answers. We develop and recruit the best global talent, working at the forefront of megatrends such as renewable energy, mobility, automation and digitization. With innovative electrical solutions, we are helping our customers and society accelerate the transition to a more sustainable future.

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

www.lem.com

Investor contact

Andrea Borla, Chief Finance Officer
+41 22 706 1250
investor@lem.com

Media contact

Dynamics Group
Thomas Balmer, +41 79 703 87 28, tba@dynamicsgroup.ch
Christian Wolf, +41 79 457 72 05, cwo@dynamicsgroup.ch



Appendix

Consolidated income statement

In CHF thousands	April to June		
	2024/25	2023/24	Change
Sales	80'963	112'344	-27.9%
Cost of goods sold	(44'980)	(60'593)	
Gross profit	35'984	51'752	-30.5%
Gross profit margin (in %)	44.4%	46.1%	
Sales expenses	(6'783)	(7'012)	
Administration expenses	(11'792)	(10'257)	
Research & development expenses	(9'928)	(8'327)	
Other income	11	8	
Operating profit	7'491	26'164	-71.4%
Operating profit margin (in %)	9.3%	23.3%	
Financial expenses	(668)	(579)	
Financial income	73	104	
Foreign currency exchange effect	(1'259)	(1'209)	
Profit before taxes	5'638	24'481	-77.0%
Income taxes	(862)	(3'936)	
Net profit	4'776	20'544	-76.8%
Net profit margin (in %)	5.9%	18.3%	





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Key Figures

in CHF millions		2024/25					2023/24					Change	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1 - Q1	Q1 - Q4	
Orders received													
Total LEM	65.1					81.0	60.5	46.4	55.3	243.3	-19.7%	+17.7%	
Book-to-bill ratio													
Total LEM	0.80					0.72	0.55	0.50	0.62	0.60	+11.5%	+29.7%	
Sales													
Automation	23.6					34.3	32.6	27.5	25.6	120.0	-31.1%	-8.0%	
Automotive	19.9					27.4	26.0	23.7	21.5	98.6	-27.2%	-7.4%	
Renewable Energy	14.1					21.0	19.8	16.4	13.5	70.8	-32.9%	+4.4%	
Energy Distribution & High Precision	12.2					15.6	17.0	12.5	15.8	60.9	-21.5%	-23.0%	
Track	11.1					14.2	15.6	13.2	12.7	55.5	-21.3%	-12.1%	
Total LEM	81.0					112.3	111.0	93.3	89.2	405.8	-27.9%	-9.2%	
EBIT													
Total LEM	7.5					26.2	25.5	17.6	11.8	81.1	-71.4%	-36.3%	
Net profit of the period													
Total LEM	4.8					20.5	22.9	12.0	9.9	65.3	-76.8%	-51.7%	

