Life Energy Motion

Ad hoc announcement pursuant to Art. 53 LR

LEM with weak first half in 2024/25

Geneva, 11 November 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 half of 2024/25 (April-September):

- Sales declined 29.9% to CHF 156.5 million (H1 2023/24: CHF 223.3 million); at constant exchange rates, the decrease was 29.0%. In sequential terms, Q2 2024/25 sales were down 6.6% compared to Q1 2024/25.

- LEM recorded significant sales declines in the EMEA region of 37.9%, in Rest of Asia of 42.7% and in the Americas of 29.4%, while China was down 11.7%.

- Overall, bookings decreased by 9.7% compared to the previous year's level to CHF 127.9 million (CHF 141.5 million); the book-to-bill ratio was 0.82.

- EBIT was down by 72.6% to CHF 14.2 million (CHF 51.7 million); the EBIT margin stood at 9.1%. Net profit for the period fell to CHF 8.6 million, resulting in a net profit margin of 5.5% (CHF 43.4 million; 19.4%).

- Cash flow from operating activities amounted to CHF -2.7 million (CHF 37.3 million) as a result of the lower profit level and an increase in net working capital.

- LEM currently expects the business environment to remain subdued. Therefore, the company expects sales in the range of CHF 290 to 310 million for the full year 2024/25 and a high single-digit EBIT margin. Considering this outlook, LEM has launched the performance improvement program "Fit for Growth", which will review the organizational structure and related operating expenses, as well as indirect operational costs.

Frank Rehfeld, Chief Executive Officer, said: "The global electronics industry is experiencing significant headwinds. Therefore, the result in the first half of 2024/25, while certainly disappointing looking at our overall growth ambitions, was not unexpected. The slowdown in the electronics industry, weak EV sales in Europe and North America, and persistently high inventories in some of our key industries did not leave us unaffected. However, we have used the time to further develop the company. With the acceleration of our innovation process through our new and expanded R&D centers in Munich and Shanghai, the expansion and flexibilization of our production footprint through the Penang site, our greater customer proximity and the cost initiatives we have implemented, LEM is in a very good position. As a one-stop shop with the largest and broadest product portfolio in the industry, we are ready to continue to benefit from the fundamental, environmentally friendly trends in the areas of electrification, renewable energies and e-mobility as soon as the businesses pick up again."

Andrea Borla, Chief Financial Officer, commented: "The significant decline in the EBIT margin is the result of the 29.9% decline in sales and the associated under-absorption of fixed costs, as well as a less favorable product and geographic mix. At present, we see no signs of a recovery in our markets in the second half of 2024/25. For this reason, our guidance for the full year is significantly below the previous year, and we are going to intensify our work to improve our overall cost position."

Sales by business

in CHF millions		**H1 2024/25**	**H1 2023/24**	**Change**
Business	**Scope**			
Automation	drives, robots, tooling machines, elevators, HVAC	45.2	66.9	-32.4%
Automotive	battery (EV & CE), motor control, onboard charging	39.8	53.4	-25.3%
Renewable Energy	solar, wind	25.5	40.8	-37.6%
Energy Distribution & High Precision	charging stations, smart grid, energy storage, high precision	23.7	32.6	-27.3%
Track	trains, metro, trackside	22.4	29.7	-24.7%
Total		**156.5**	**223.3**	**-29.9%**

Automation

The Automation business was affected by the difficult economic environment in Europe and the low investment activity of customers, who still have high inventories that are only slowly returning to normal levels. In China, the business grew slightly compared to the same period last year.

Automotive

Performance in the Automotive business varied significantly from region to region. In China, LEM's most important market, the company was able to increase sales, largely due to market share gains with Chinese OEMs as well as general market growth. While exports by Chinese manufacturers slowed, LEM profited from the stronger position in the domestic market. In Europe, LEM was able to slightly grow in an overall contracting market thanks to new projects for battery management and inverter applications being ramped up. Demand in the Rest of Asia and Americas regions severely suffered from weak demand, delayed launches of new car platforms and high inventory levels.

Renewable Energy

The business saw a sharp decline due to the slow provision of solar capacities and still high inventories originating from China. This in turn led to a weak export business from China. The local Chinese market developed satisfactorily, and LEM gained market share as its customers profit from the consolidation in the market. LEM observed an increase in project activities related to stable power supply for high-performance data centers.

Energy Distribution & High Precision

The DC meter business for charging stations recorded a significant decrease in Europe, due to a slowdown of the installation speed, price pressure and the loss of market share by some LEM customers. In the US, the deployment of charging stations is only progressing slowly. By contrast, LEM saw strong demand for DC meters from Chinese charging station manufacturers exporting to Europe and the US. Demand for smart grid products was restrained due to the low level of investment, while high-precision solutions performed steadily.

Track

The business, which is characterized by long investment cycles, has returned to its normal level after a strong prior-year period where backlogs accelerated business growth. It was still supported by the periodic retrofit business for renewing energy meters for locomotives in several smaller EU countries, where governments are investing counter-cyclically in rail infrastructure. In China, Track recorded a stable overall business performance.

Sales by region

in CHF millions		H1 2024/25	H1 2023/24	Change
Region	**Scope**			
China		60.2	68.2	-11.7%
Rest of Asia	Japan, South Korea, India, South-East Asia	25.4	44.2	-42.7%
EMEA	Europe, Middle East & Africa	53.4	85.9	-37.9%
Americas	NAFTA & Latin America	17.6	25.0	-29.4%
Total		**156.5**	**223.3**	**-29.9%**

China

The stabilization in China, which was noticeable in the first quarter of 2024/25, continued during the second quarter. In particular, the Automation, Automotive and DC meter businesses grew. The Renewable Energies business benefited from strong exports in the first quarter, but high inventory levels at customers slowed growth in the second quarter. Thanks to the measures taken to improve flexibility, cost efficiency and customer proximity, LEM has acquired promising new customers and projects.

Rest of Asia

The other Asian markets, particularly Korea and Japan, experienced a broad-based downturn. Automation suffered from the general economic weakness and high inventory levels, while weak exports and delayed launches of new platforms slowed down the Automotive business. The Indian market was stable overall.

EMEA

LEM's business in Europe weakened significantly compared to the strong first semester 2023/24 that profited from backlogs from the times of the semiconductor supply crisis. Automation suffered from the general decline in demand of capital investments because of the difficult economic environment. Renewable Energy recorded a significant decline due to the slow expansion of solar capacity and the still high inventories. The slower-than-expected expansion of charging capacity also reduced demand for DC meters.

Americas

In the Americas, LEM experienced the cautious investment behavior of customers in the Automation business, where weak end customer demand kept inventories high. Demand also declined in the Automotive business.

Pressure on margins
Gross profit for the first half-year 2024/25 declined by 34.1% to CHF 69.0 million (CHF 104.7 million). The gross profit margin decreased from 46.9% to 44.1%. This is primarily due to the less favorable product and geographic mix, as well as the under-absorption of production fixed costs due to the lower volume.

SG&A costs increased by 3.7% to CHF 36.4 million (CHF 35.1 million), mainly due to investments in digitalization and build-up costs for the new production facility in Malaysia. LEM continued its investment in future applications. R&D costs rose by 2.9% to CHF 18.5 million (CHF 18.0 million), mainly due to new and expanded R&D centers.

EBIT was down by 72.6% to CHF 14.2 million (CHF 51.7 million); the EBIT margin stood at 9.1%. Net profit for the period fell to CHF 8.6 million, resulting in a net profit margin of 5.5% (CHF 43.4 million; 19.4%).

Outlook and mid-term financial ambitions
LEM currently expects the business environment to remain subdued. Therefore, the company expects sales in the range of CHF 290 to 310 million for the full year 2024/25 and a high single-digit EBIT margin.

Considering this outlook, LEM has launched the performance improvement program "Fit for Growth", which will review the organizational structure and related operating expenses, as well as indirect operational costs. A full update on the program's outcome will be provided no later than the announcement of the 2024/25 full-year results.

LEM aims to grow at least as fast as the market, targeting growth in the low double digits. Even so, the goal of reaching CHF 600 million in sales has been postponed by two years, now expected by 2029/30, with an EBIT margin of around 20% to be achieved at that level of sales.

Conference call and audio webcast
Frank Rehfeld, CEO, and Andrea Borla, CFO, will explain the 2024/25 half-year results and provide an outlook for the current financial year today at 10:30 CET at a media and investor conference call and audio webcast. Furthermore, Thomas Mellano, who will lead LEM's finance organization on an interim basis starting 12 November 2024, will introduce himself.

To participate in the **conference call**, you can register here. After registration, you will receive a confirmation by e-mail with individual dial-in data. As a participant in the telephone conference, you can follow the presentation here (please mute the browser sound).

The presentation will be broadcast as a **live audio webcast**. To access, please use this link. Questions can be asked via the chat function. A replay will be available on the same day at this link.

Download link
The ad hoc announcement, Half-Year Report and presentation are available in the Investor Relations section of the LEM website (www.lem.com/en/investors).

Financial calendar
The financial year runs from 1 April to 31 March.

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.
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LEM
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Appendix

Consolidated income statement

In CHF thousands	April to September 2024/25	2023/24	Change
Sales	156'550	223'341	-29.9%
Cost of goods sold	(87'516)	(118'665)	
Gross profit	**69'033**	**104'675**	**-34.1%**
Gross profit margin (in %)	44.1%	46.9%	
Sales expenses	(14'428)	(14'836)	
Administration expenses	(21'957)	(20'260)	
Research & development expenses	(18'483)	(17'958)	
Other income	16	42	
Operating profit	**14'181**	**51'664**	**-72.6%**
Operating profit margin (in %)	9.1%	23.1%	
Financial expenses	(1'978)	(1'478)	
Financial income	131	213	
Foreign currency exchange effect	(2'296)	(1'885)	
Profit before taxes	**10'038**	**48'514**	**-79.3%**
Income taxes	(1'460)	(5'119)	
Net profit	**8'578**	**43'395**	**-80.2%**
Net profit margin (in %)	5.5%	19.4%	

Key Figures

in CHF millions	2024/25					2023/24					Change	
Orders received	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q2 - Q2	6M - 6M
Total LEM	**65.1**	**62.7**				**81.0**	**60.5**	**46.4**	**55.3**	**243.3**	**+3.7%**	**-9.7%**
Book-to-bill ratio	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q2 - Q2	6M - 6M
Total LEM	**0.80**	**0.83**				**0.72**	**0.55**	**0.50**	**0.62**	**0.60**	**+52.3%**	**+28.9%**
Sales	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q2 - Q2	6M - 6M
Automation	23.6	21.6				34.3	32.6	27.5	25.6	120.0	-33.7%	-32.4%
Automotive	19.9	19.9				27.4	26.0	23.7	21.5	98.6	-23.4%	-25.3%
Renewable Energy	14.1	11.4				21.0	19.8	16.4	13.5	70.8	-42.7%	-37.6%
Energy Distribution & High Precision	12.2	11.5				15.6	17.0	12.5	15.8	60.9	-32.6%	-27.3%
Track	11.1	11.2				14.2	15.6	13.2	12.7	55.5	-27.8%	-24.7%
Total LEM	**81.0**	**75.6**				**112.3**	**111.0**	**93.3**	**89.2**	**405.8**	**-31.9%**	**-29.9%**
EBIT	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q2 - Q2	6M - 6M
Total LEM	**7.5**	**6.7**				**26.2**	**25.5**	**17.6**	**11.8**	**81.1**	**-73.8%**	**-72.6%**
Net profit	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q2 - Q2	6M - 6M
Total LEM	**4.8**	**3.8**				**20.5**	**22.9**	**12.0**	**9.9**	**65.3**	**-83.4%**	**-80.2%**