Life Energy Motion

Half Year Results 2024/25

1 April 2024 to 30 September 2024

Agenda

Opening Remarks	**Frank Rehfeld**
Business Performance	Frank Rehfeld
Financial Results	Andrea Borla
Introduction Interim CFO	Thomas Mellano
Outlook & Mid-Term Ambitions	Frank Rehfeld

LEM with weak first half in 2024/25

Significant sales declines in all markets led to a setback in margins

- LEM experienced a 29.9% top-line decline largely influenced by sluggish market conditions; at constant exchange rates the decrease was 29.0%
- China confirmed stabilization trends despite a weak economy due to growth in Automation, Automotive and DC meter business; Rest of Asia with a broad-based downturn, worsened by high inventory in Automation and delayed Automotive platform launches
- EMEA weakened significantly compared to the strong first semester; Americas with weak performance in the face of overall subdued investment activity
- The significant decline in sales led to an EBIT margin setback to 9.1% due to the associated under-absorption of fixed costs, as well as a less favorable product and geographic mix
- We expect a subdued business environment in the second half of 2024/25, with full-year sales between CHF 290 and 310 million and a high single-digit EBIT margin
- Considering the outlook, LEM has launched the "Fit for Growth" performance improvement program to review the organizational structure, operating expenses, and indirect costs

Environmentally friendly trends to continue

LEM continues to drive innovation

- LEM benefits from fundamental, environmentally friendly trends in the areas of electrification, renewable energies and e-mobility
- With our high investments in R&D, LEM continues to drive innovation to strengthen and expand its technological leadership
- New and expanded R&D centers in Munich, Germany, and Shanghai, China, to accelerate our innovation process
- The new Penang site enables the extension and flexibilization of our production footprint

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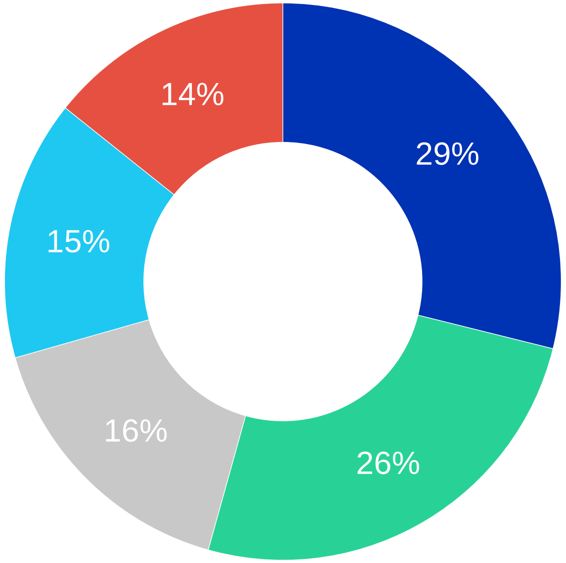
A leading company in electrical measurement

Five Businesses	Automation	Automotive	Renewable Energy	Energy Distribution & High Precision	Track
					
HY 2024/25 Sales CHF m	45.2	39.8	25.5	23.7	22.4
Δ CHF	-32.4%	-25.3%	-37.6%	-27.3%	-24.7%
Δ constant exchange rates	-31.5%	-24.4%	-36.5%	-26.6%	-24.1%

Sales distribution by business



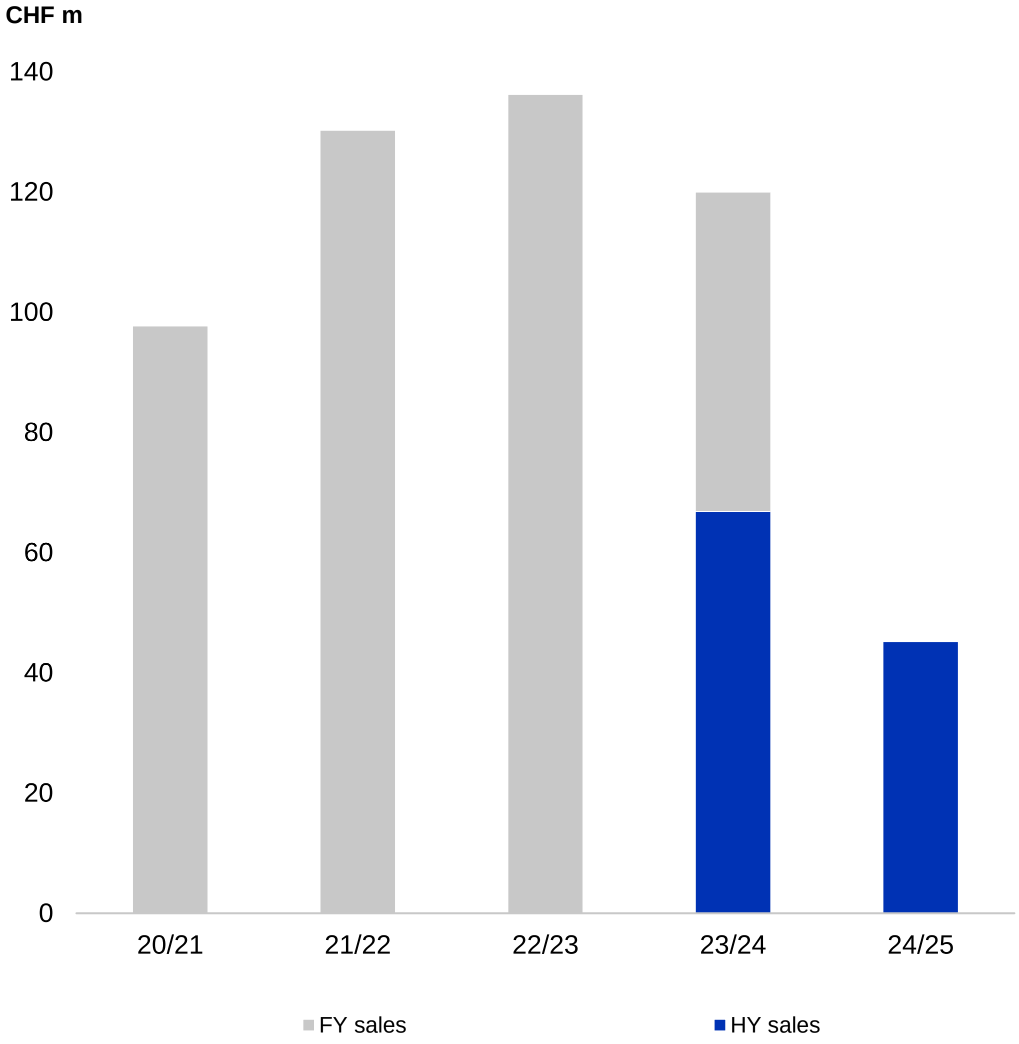
	Sales CHF m	Growth HY 24/25 vs 23/24	Growth Q2 24/25 vs 23/24
Automation	45.2	-32.4%	-33.7%
Automotive	39.8	-25.3%	-23.4%
Renewable Energy	25.5	-37.6%	-42.7%
Energy Distribution & High Precision	23.7	-27.3%	-32.6%
Track	22.4	-24.7%	-27.8%
TOTAL	**156.5**	**-29.9%***	**-31.9%**

* -29.0% at constant exchange rates

- All business segments experienced a significant decline to a comparable extent
- The reason was the global electronics industry facing significant headwinds
- Automation affected by the difficult economic environment, low investment activity and high inventory levels
- Automotive with heterogeneous end markets, partly driven by customer specific achievements and market share gains
- Renewable Energy end markets remain subdued

Automation

Drives, robots, tooling machines, elevators, and HVAC

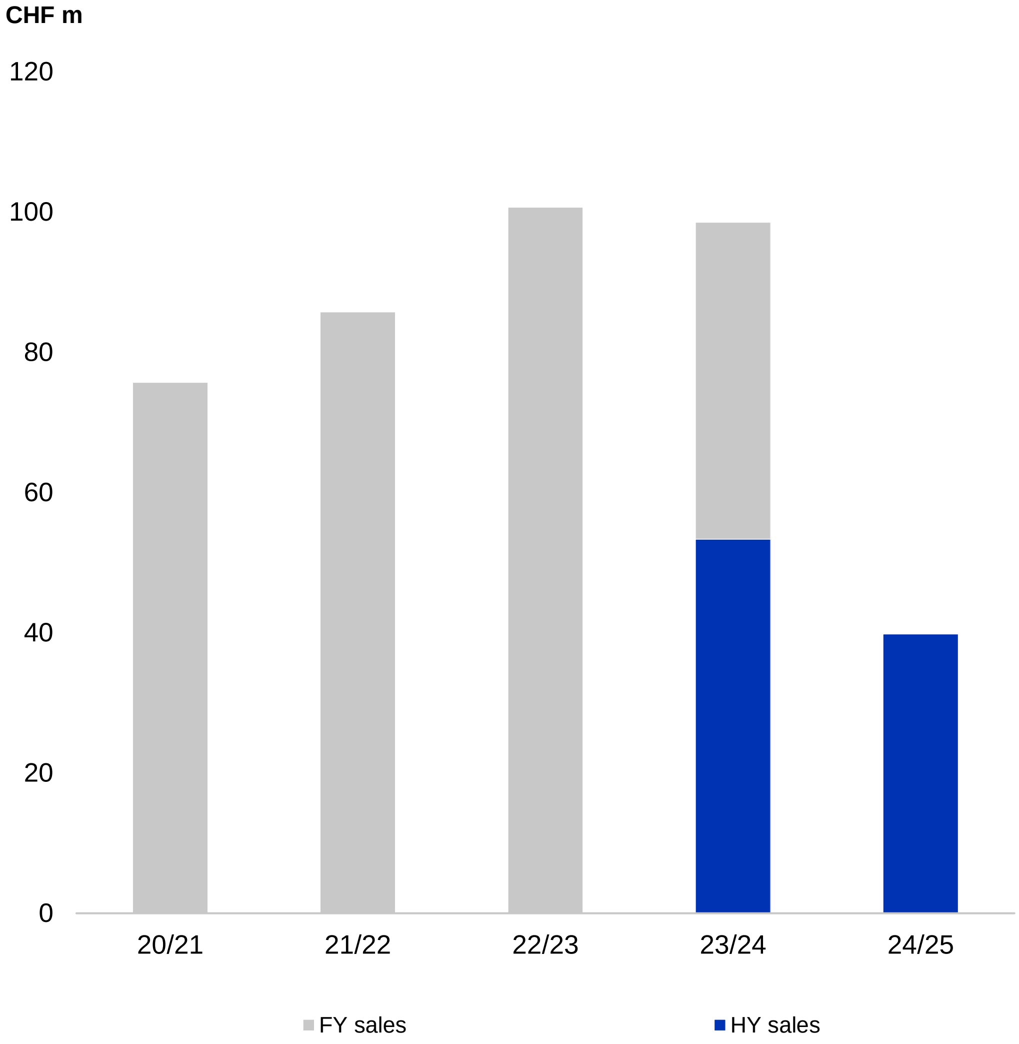


CHF m	**HY 2024/25**	HY 2023/24	**Q2 2024/25**	Q2 2023/24
Sales	**45.2**	66.9	**21.6**	32.6

- Business 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
- China with slightly improved sales compared to the same period last year

Automotive

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

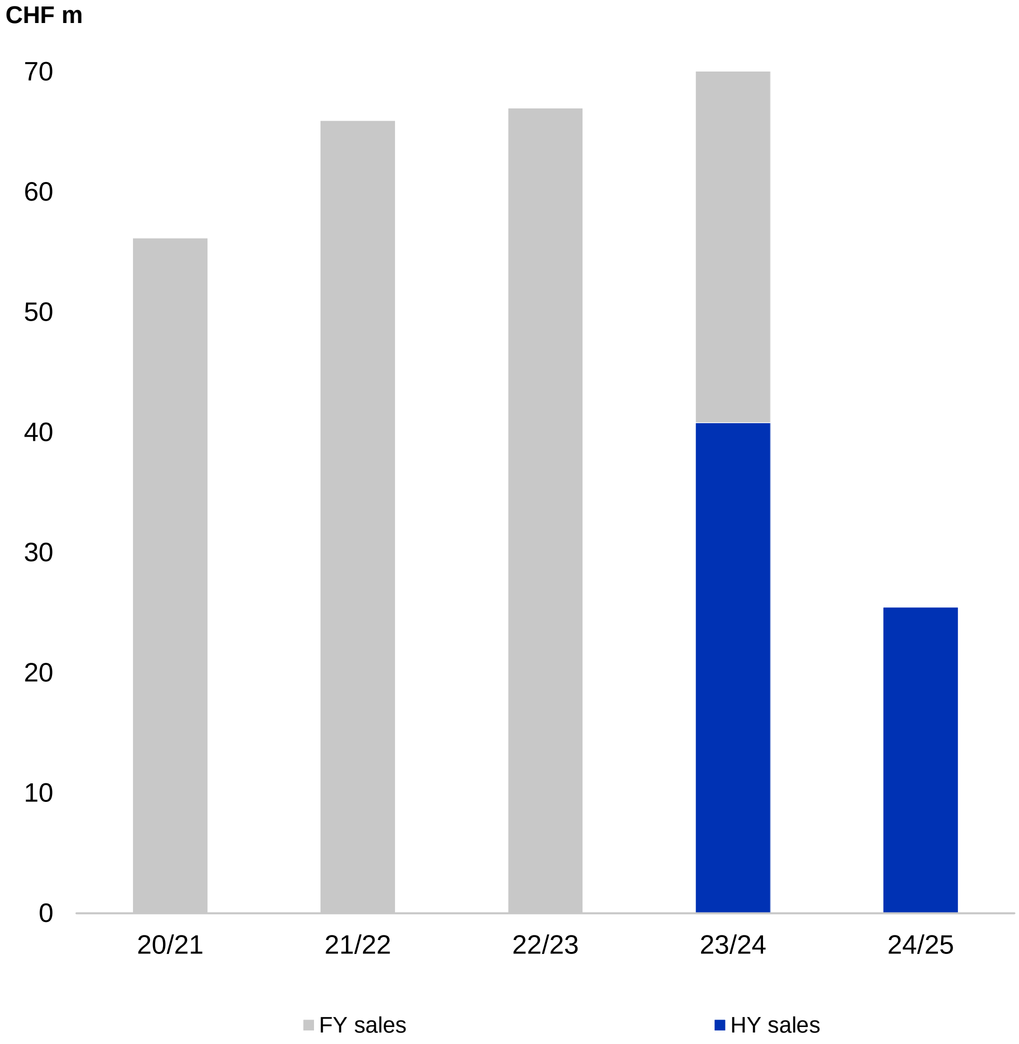


CHF m	**HY 2024/25**	HY 2023/24	**Q2 2024/25**	Q2 2023/24
Sales	**39.8**	53.4	**19.9**	26.0

- Most important market, China, above prior-year period due to market share gains with Chinese OEMs and general market growth
- New projects for battery management and inverter applications drove slight growth in Europe, despite an overall contracting market
- Demand in the Rest of Asia and Americas regions severely suffered from weak end customer demand

Renewable energy

Solar and wind

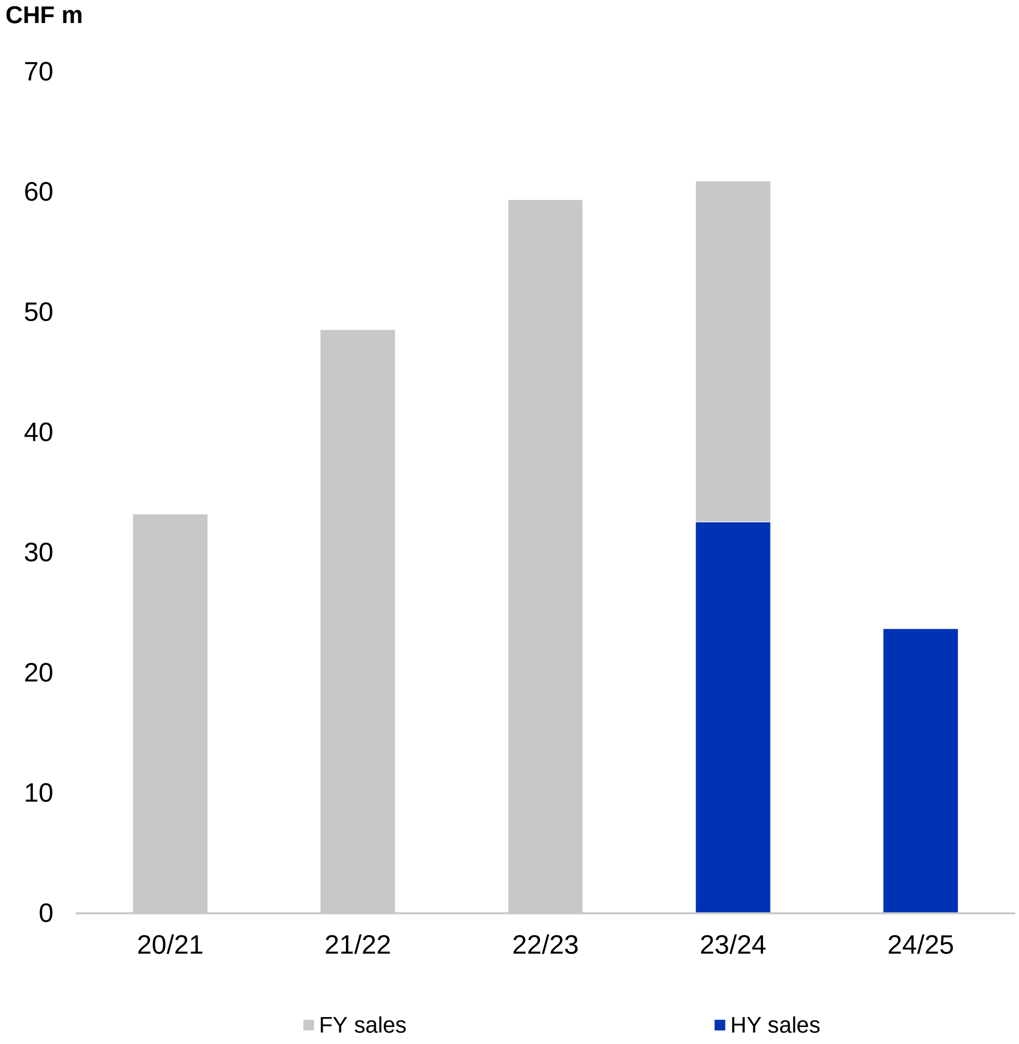


CHF m	**HY 2024/25**	HY 2023/24	**Q2 2024/25**	Q2 2023/24
Sales	**25.5**	40.8	**11.4**	19.8

- Weak demand due to the sluggish rollout of solar capacities and global inventories remaining high
- Declining exports in China were partly offset by satisfactory local market growth, where LEM gained market share
- LEM observed an increase in project activities related to stable power supply for high-performance data centers

Energy distribution and high precision

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

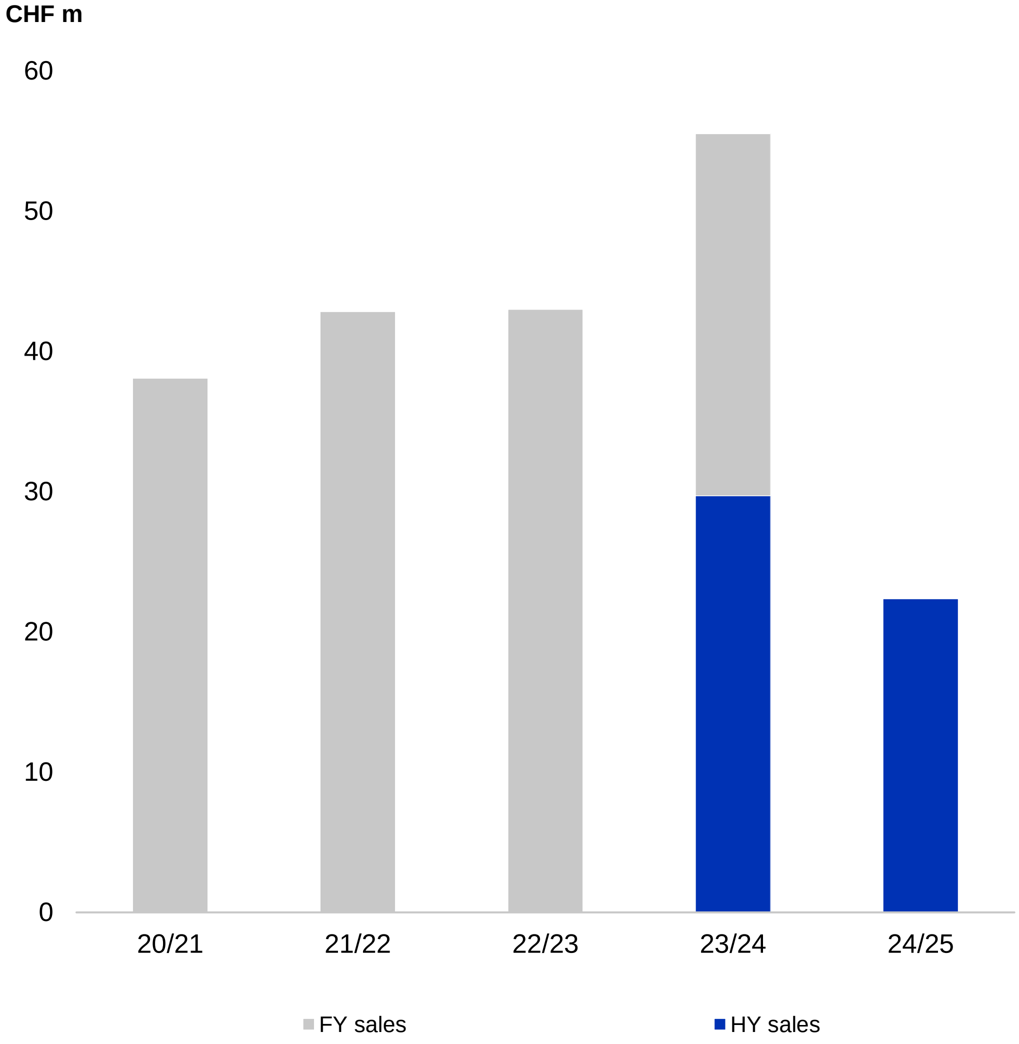


CHF m	**HY 2024/25**	HY 2023/24	**Q2 2024/25**	Q2 2023/24
Sales	**23.7**	32.6	**11.5**	17.0

- DC Meter business recorded weak demand in Europe, due to a slowdown of the installation speed, price pressure and the loss of market share by some LEM customers
- 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
- High-precision solutions performed steadily

Track

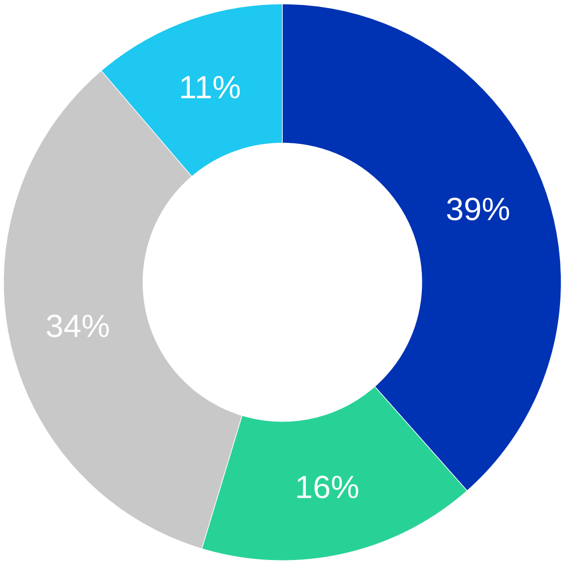
Trains, metro, and trackside



CHF m	**HY 2024/25**	HY 2023/24	**Q2 2024/25**	Q2 2023/24
Sales	**22.4**	29.7	**11.2**	15.6

- Returning to normal levels after a strong prior-year period
- Business was supported by retrofitting energy meters for locomotives in smaller EU countries with counter-cyclical rail investments
- China recorded a stable overall business performance

Sales distribution by region



	Sales CHF m	Growth HY 24/25 vs 23/24	Growth Q2 24/25 vs 23/24
China	60.2	-11.7%	+0.4%
Rest of Asia	25.4	-42.7%	-50.4%
EMEA	53.4	-37.9%	-42.6%
Americas	17.6	-29.4%	-30.1%
TOTAL	**156.5**	**-29.9%***	**-31.9%**

* -29.0% at constant exchange rates

- China's stabilization continued into Q2, whereby measures to enhance flexibility, cost efficiency, and customer proximity empowered LEM to acquire new customers and projects
- Other Asian markets faced a downturn, impacted by economic weakness and high inventories. Automotive slowed by weak exports and delayed platform launches. The Indian market was stable
- EMEA and the Americas were impacted by a strong prior-year base, a challenging economic environment, cautious investment behavior, and high inventories

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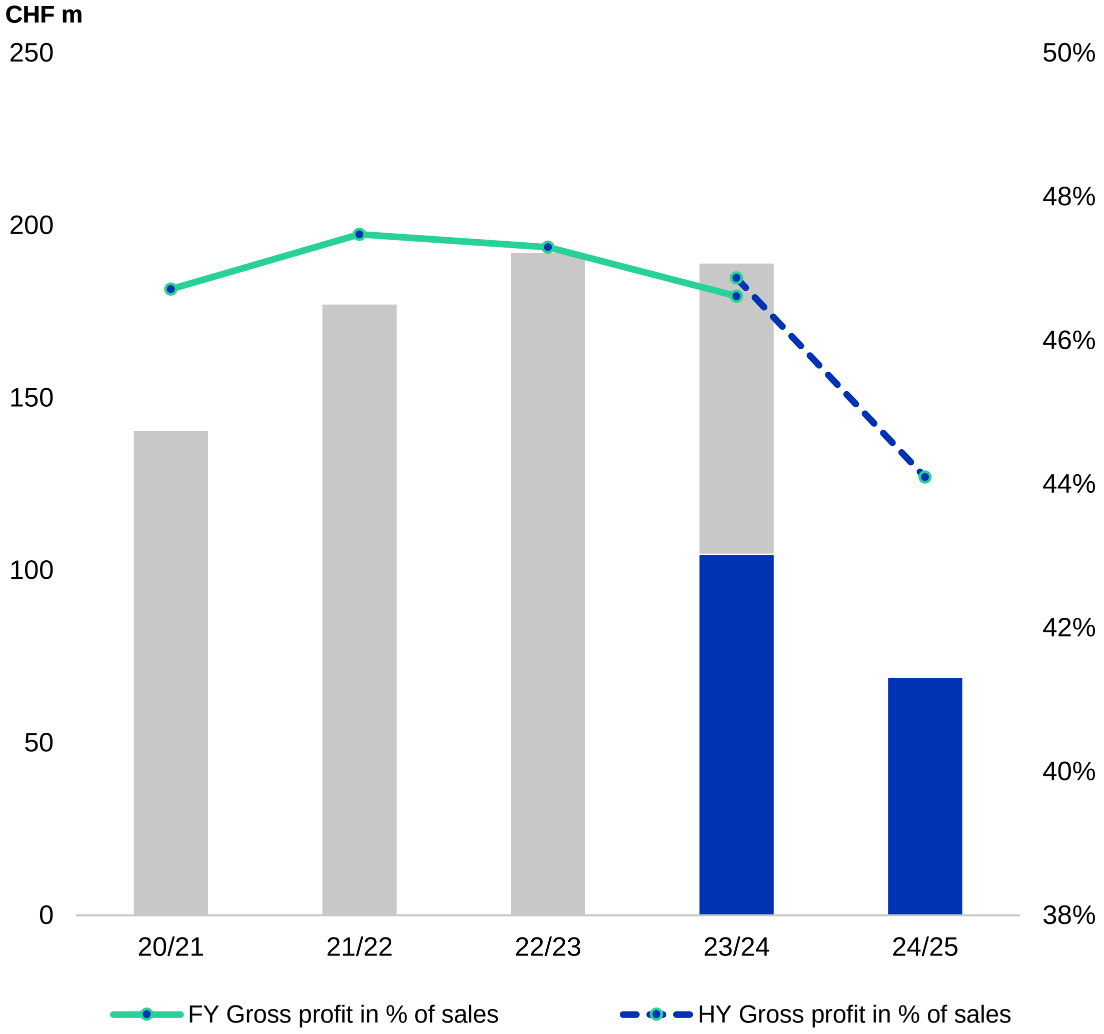
Performance at a glance

CHF m	HY 2024/25	HY 24/25 vs 23/24	Q2 24/25 vs 23/24
Orders received	127.9	-9.7%	+3.7%
Sales	156.5	-29.9%*	-31.9%
EBIT	14.2	-72.6%	-73.8%
Net profit	8.6	-80.2%	-83.4%

* -29.0% at constant exchange rates

- Bookings decreased by 9.7% with signs of stabilization at a low level in the second quarter.
- Sales declined by 29.9% driven by underlying weak demand and persistently high inventories
- EBIT margin declined to a disappointing 9.1% due to under-absorption of fixed costs, a less favorable product mix, and geographic factors

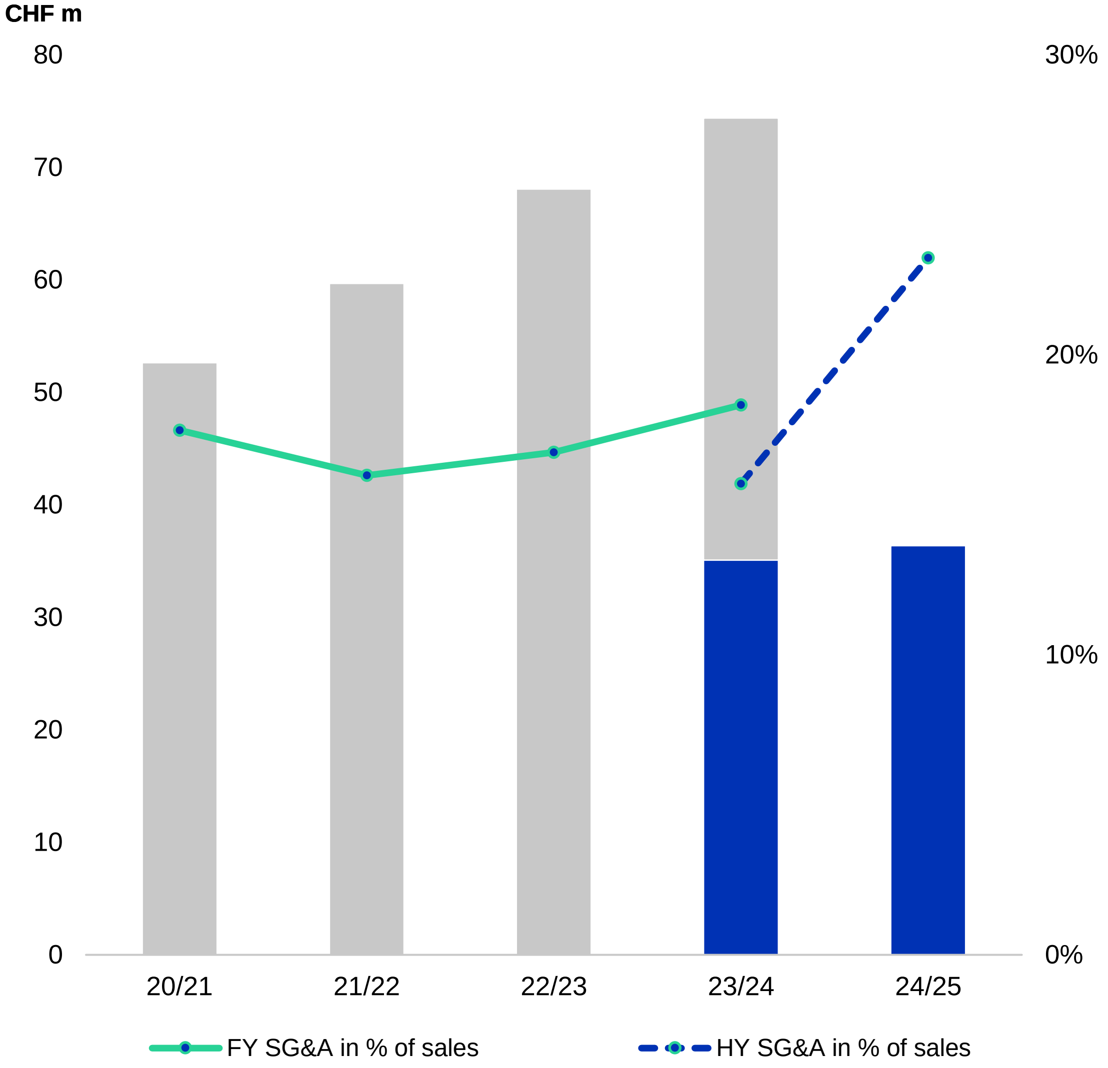
Gross margin



CHF m	HY **2024/25**	HY 2023/24	**Q2 2024/25**	Q2 2023/24
Gross profit	69.0	104.7	33.0	52.9
In % of sales	*44.1%*	*46.9%*	*43.7%*	*47.7%*

- Gross margin decreased by 280 basis pts:
  - Less favorable product and geographic mix
  - Under-absorption of production fixed costs from lower volume

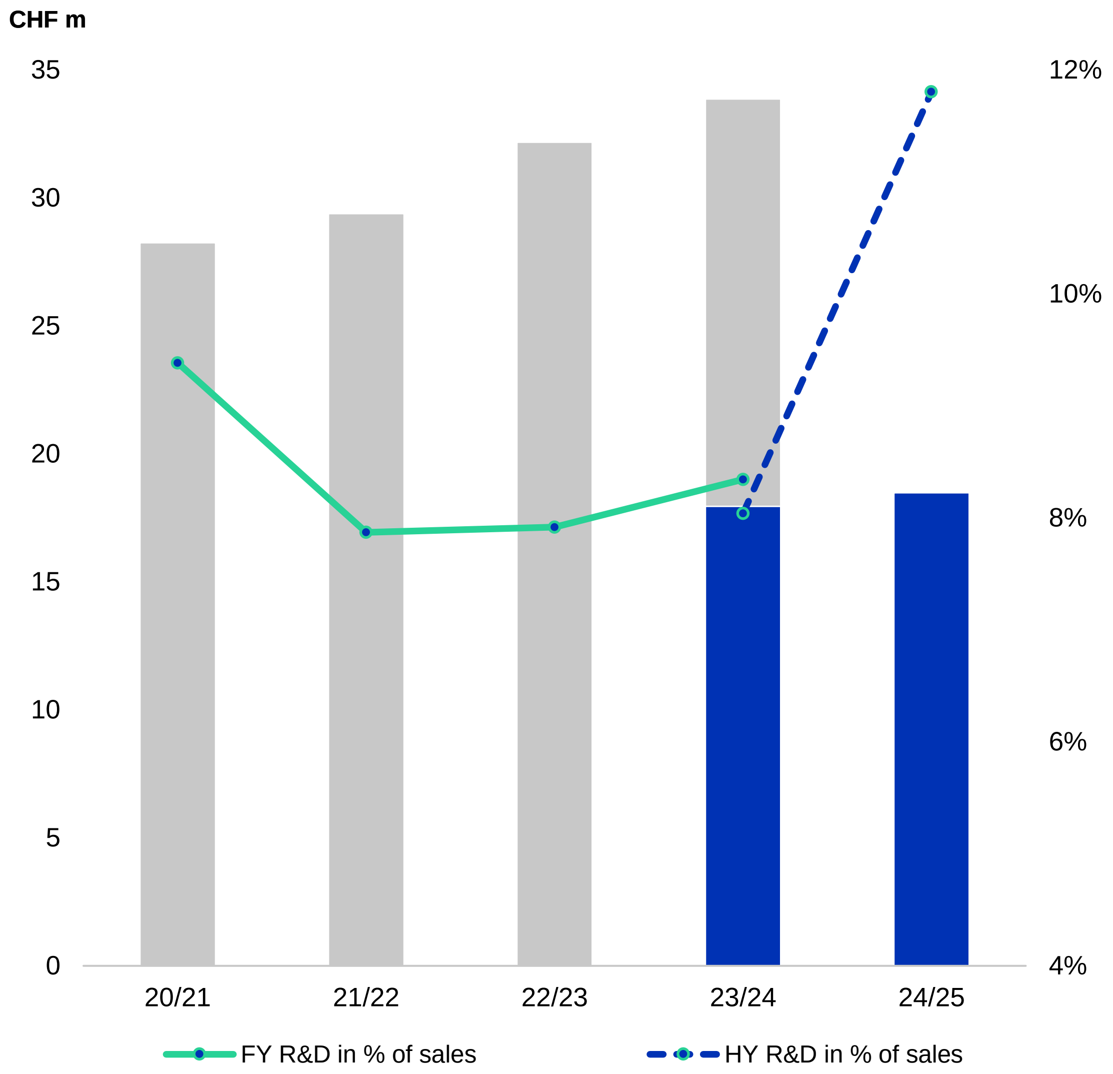
SG&A



CHF m	HY 2024/25	HY 2023/24	Q2 2024/25	Q2 2023/24
SG&A	36.4	35.1	17.8	17.8
In % of sales	*23.2%*	*15.7%*	*23.6%*	*16.1%*

- SG&A increased by 750 basis pts:
  - Ongoing investments in digitalization projects and future applications
  - Build-up costs for the new production facility in Malaysia

R&D



CHF m	**HY 2024/25**	HY 2023/24	**Q2 2024/25**	Q2 2023/24
R&D	18.5	18.0	8.6	9.6
In % of sales	*11.8%*	*8.0%*	*11.3%*	*8.7%*

- R&D investments at an elevated level of 11.8% of sales
  - Investments in new and expanded R&D centers
  - Continued innovation to extend technological leadership
  - Building new competencies to remain at the forefront of technology

Financial expense

CHF m	**HY 2024/25**	HY 2023/24	**Q2 2024/25**	Q2 2023/24
Exchange effect	(2.3)	(1.9)	(1.0)	(0.7)
Other financial expense & income	(1.8)	(1.3)	(1.3)	(0.8)
Total	**(4.1)**	**(3.1)**	**(2.3)**	**(1.5)**

- Negative foreign currency effects due to the appreciation of the CHF against major currencies
- Higher level of debts and local China financing led to an increase of interest expenses by CHF 0.5 million

Income taxes

%	**HY 2024/25**	HY 2023/24
Expected income tax rate	11.9	16.1
Expected withholding tax rate	2.0	0.3
Expected tax rate	**13.9**	**16.4**
Effect of changes in tax rate on deferred tax	0.3	(5.0)
Other differences	0.3	(0.8)
Effective tax rate	**14.5**	**10.6**

- No non-recurring elements for the first half-year HY 2024/25 resulting in a tax rate of 14.5%
- Last year’s effective tax rate would have amounted to 15.6% when excluding non-recurring elements

Income statement

CHF m	**HY 2024/25**	HY 2023/24	Change	**Q2 2024/25**	Q2 2023/24
Sales	156.5	223.3	-29.9%	75.6	111.0
Gross profit margin %	*44.1%*	*46.9%*	*-2.8%pt*	*43.7%*	*47.7%*
Operating expenses	(54.9)	(53.0)	+3.5%	(26.4)	(27.4)
EBIT	**14.2**	**51.7**	**-72.6%**	**6.7**	**25.5**
EBIT margin %	*9.1%*	*23.1%*	*-14.1%pt*	*8.9%*	*23.0%*
Net financial expenses	(4.1)	(3.1)	+31.5%	(2.3)	(1.5)
Income tax	(1.5)	(5.1)	-71.5%	(0.6)	(1.2)
Net profit	**8.6**	**43.4**	**-80.2%**	**3.8**	**22.9**
Net profit margin %	*5.5%*	*19.4%*	*-14.0%pt*	*5.0%*	*20.6%*

Balance sheet

CHF m	30.9.2024	31.3.2024
Net working capital	**94.5**	**76.5**
Non-current assets	180.3	172.6
Non-current liabilities	(105.9)	(38.8)
Net operating assets	**168.8**	**210.2**
Net cash/(debt)	(113.1)	(43.1)
Equity	**126.1**	**176.7**
Equity ratio	35.4%	51.3%
Days of sales outstanding	84	76
Days of inventory outstanding	145	110
Days of payables outstanding	40	47

- Net working capital increased by CHF 18 million due to inventory and accounts receivable increases
- Non-current liabilities increased due to local China financing to reduce FX exposure
- Net debt increase resulting from dividend payout in July 2024 and negative free cash flow

Cash flow

CHF m	HY 2024/25	HY 2023/24
Profit before tax	**10.0**	**48.5**
Adjustment for non-cash items and taxes paid	5.3	4.4
Cash flow from changes in net working capital	(18.0)	(15.6)
Cash flow from operating activities	**(2.7)**	**37.3**
Cash flow from investing activities	(8.9)	(16.8)
Free cash flow	**(11.6)**	**20.4**
Cash flow from financing activities	7.0	(16.4)
Change in cash and cash equivalents	(4.6)	4.0
Cash and cash equivalents at the end of the period	**18.6**	**24.7**

- Cash flow from operating activities is negative due to low profit level before tax and net working capital increase
- Investments decreased by CHF 8 million due to Malaysia site construction, reflected in last year's cash flow

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Introduction Interim CFO Thomas Mellano

Starting in his new role as of November 12, 2024

- Extensive experience in internationally operating mid-sized companies
- Eight years as CFO, overseeing Finance, IS and HR
- Specialized in finance organization transformation, strategy and planning

Professional Experience

LEM, Switzerland

- July 2024-today: VP of Finance
- Jan. 2024-July 2024: Responsible for Group Treasury
- Apr. 2023-Dec. 2023: Responsible for Consolidation / Reporting

IOTA GROUP, Switzerland

- 2019-2023: Group Finance Director

5àsec, Switzerland

- 2015-2018: Group Finance Director

Devanlay / Lacoste, France

- 2013-2015: Head of Consolidation and International Accounting
- 2011-2012: Head of International Accounting

Deloitte, France

- 1998- 2005: Various management functions

Education

- ICS Bégué, French chartered accountant

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Outlook – Financial Year 2024/25

- Bookings declined again, with signs of stabilization at a low level in the second quarter, and LEM therefore expects the business environment to remain subdued
- For FY 2024/25, we expect
  - Sales in the range of CHF 290 to 310 million (CHF 405.8 million for 2023/24) and an EBIT margin in the high single digits
- Considering the outlook, LEM has launched the "Fit for Growth" performance improvement program to review the organizational structure, operating expenses, and indirect costs. A full update on the program's outcome will be provided no later than the announcement of the 2024/25 full-year results

Mid-Term Financial Ambitions

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

Q&A

Financial calendar and contact details

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 FY 2024/25
1 July 2025	Dividend ex-date
3 July 2025	Dividend payment date

For further information

Andrea Borla, CFO (until 11 November 2024)

Phone: +41 22 706 12 50

E-mail: investor@lem.com

Thomas Mellano, interim CFO (from 12 November 2024)

Phone: +41 22 706 11 36

E-mail: investor@lem.com

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.