

PRESS RELEASE

Q1 results for the financial year 2016/17 (1 April to 30 June 2016)

LEM reports 8.7% sales growth and an EBIT margin of 20.0%

Fribourg, 11 August 2016 – LEM (SIX: LEHN), the market leader in providing innovative and high quality solutions for measuring electrical parameters, announces Q1 of 2016/17 results (compared with Q1 of 2015/16):

- **Bookings amounted to CHF 65.2 million, an increase of 7.2% (CHF 60.9 million)**
- **Sales increased by 8.7% to CHF 66.9 million (CHF 61.5 million); at constant exchange rates sales increased by 6.1%**
- **The book-to-bill ratio reduced to 0.97 (0.99)**
- **EBIT increased by 27.5% to CHF 13.4 million (CHF 10.5 million); the EBIT margin increased to 20.0% (17.1%)**
- **Net profit for the period rose by 21.3% to CHF 10.8 million (CHF 8.9 million)**

“In the first quarter of the new financial year 2016/17, we recorded sales growth in all regional markets. Activity in the drives & welding business rebounded after several sluggish quarters while the green cars business continued on its growth path. Our profitability remained on a high level. We advanced our strategy execution, especially in innovation. Our new products were well received by the markets and we built capacities to meet growing demand. We launched digital output versions of HO and HLSR open-loop Hall Effect current transducers, giving us a leading edge in drives and renewable energies markets. Still, we notice increasing economic uncertainty, which translates in customers avoiding long-term orders. Also, exchange rate volatility remains high”, said François Gabella, CEO of LEM.

Industry segment: resilient growth

Compared to Q1 of 2015/16, sales in the Industry segment increased by 5.4% to CHF 54.9 million in Q1 of 2016/17. At constant exchange rates, sales increased by 2.8%. LEM customers showed increasing interest in the Company’s development support. Stronger industrial activity led to more demand from machinery and automation producers. Sales in China slowed by 7% but all other major markets delivered higher sales. Sales growth in Asia excluding China was up 20%, Europe increased by 10% and North America by 9%. Asia was the most important regional market, accounting for 49% of Industry sales (China alone accounted for 31%), followed by Europe with 39% and North America with 12%. Businesses delivered mixed sales performances: The drives & welding business and the high-precision business showed positive momentum with sales growth of 18% and 26% respectively. However, the renewable energies & power supplies business slowed by 6% resulting in a less pronounced seasonal pickup than in previous years. The traction business dropped by 7%. The EBIT margin came in at 19.4% compared with 17.6% in Q1 of 2015/16.



Automotive segment: increasing acceptance for green cars supports growth

In Q1 of 2016/17, sales in the Automotive segment totaled CHF 12.0 million, representing an increase of 27.1% on Q1 of 2015/16. At constant exchange rates, sales grew by 24.2%. LEM recorded increased activity and sales growth in all regional markets. Numerous enquiries and projects for hybrid, electric and 48 V technology placed growing strain on the Company's development capacities. LEM secured the first project for a fuel cell platform using its new HAM transducer. The green cars business contributed the majority of the sales growth (+150%) while the conventional cars business remained relatively stable (+2%). Sales growth reached 36% in China, 73% in Asia excluding China, 24% in Europe and 6% in North America. The EBIT margin was 23.0% in Q1 of 2016/17, compared with 14.4% one year ago.

Financial calendar

The financial year runs from 1 April to 31 March

10 November 2016	Half-year results 2016/17
16 February 2017	Third quarter results 2016/17
1 June 2017	Year-end results 2016/17
22 June 2017	Ordinary General Meeting of Shareholders for the year 2016/17
30 June 2017	Dividend ex-date
4 July 2017	Dividend payment date

LEM – At the heart of power electronics

LEM is the market leader in providing innovative and high quality solutions for measuring electrical parameters. Its core products - current and voltage transducers - are used in a broad range of applications in drives & welding, renewable energies & power supplies, traction, high precision, conventional and green cars businesses. LEM's strategy is to exploit the intrinsic strengths of its core business, and to develop opportunities in existing and new markets with new applications. LEM is a mid-size, global company with approximately 1'400 employees worldwide. It has production plants in Beijing (China), Geneva (Switzerland), Sofia (Bulgaria) and Tokyo (Japan). With regional sales offices near its customers' locations, the company is able to offer a seamless service around the globe. LEM has been listed on the SIX Swiss Exchange since 1986; the company's ticker symbol is LEHN.

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Appendix:

Key figures

In CHF millions	2015/16					2016/17	Change	
Orders received	Q1	Q2	Q3	Q4	Q1	Q1 to Q1	Q1 to Q4	
Industry segment	50.9	52.8	53.2	50.8	52.7	+3.6%	+3.7%	
Automotive segment	10.0	13.3	14.1	11.5	12.5	+25.2%	+9.0%	
Total LEM	60.9	66.0	67.3	62.3	65.2	+7.2%	+4.7%	
Book-to-bill ratio	Q1	Q2	Q3	Q4	Q1	Q1 to Q1	Q1 to Q4	
Industry segment	0.98	0.91	0.98	1.00	0.96	-2.0%	-4.0%	
Automotive segment	1.06	1.12	1.08	0.96	1.05	-0.9%	+9.4%	
Total LEM	0.99	0.94	1.00	0.99	0.97	-2.0%	-2.0%	
Sales	Q1	Q2	Q3	Q4	Q1	Q1 to Q1	Q1 to Q4	
Industry segment	52.1	58.2	54.2	50.7	54.9	+5.4%	+8.3%	
Automotive segment	9.4	11.8	13.0	12.0	12.0	+27.1%	-0.4%	
Total LEM	61.5	70.0	67.2	62.7	66.9	+8.7%	+6.7%	
EBIT	Q1	Q2	Q3	Q4	Q1	Q1 to Q1	Q1 to Q4	
Industry segment	9.2	12.1	12.5	9.3	10.6	+16.3%	+14.4%	
Automotive segment	1.4	2.3	3.3	3.0	2.8	+103.6%	-7.6%	
Total LEM	10.5	14.4	15.8	12.3	13.4	+27.5%	+9.1%	

Consolidated income statement

	April to June	
	2016/17	2015/16
In CHF thousands		
Sales	66 907	61 532
Cost of goods sold	(36 317)	(33 862)
Gross margin	30 590	27 670
Sales expense	(6 825)	(6 629)
Administration expense	(6 353)	(6 847)
Research & development expense	(4 050)	(3 713)
Other expense	(0)	(2)
Other income	38	26
EBIT	13 401	10 507
Financial expense	(10)	(10)
Financial income	12	25
Foreign exchange effect	14	475
Profit before taxes	13 418	10 996
Income taxes	(2 648)	(2 116)
Net profit of the period	10 770	8 880