

PRESS RELEASE

Q4 and year-end results for the financial year 2015/16

LEM maintains net profit despite challenging market and currency conditions – dividend of CHF 35 per share proposed

Fribourg, 9 June 2016 – LEM (SIX: LEHN), the market leader in providing innovative and high quality solutions for measuring electrical parameters, announces Q4 of 2015/16 sales of CHF 62.7 million, an EBIT of CHF 12.3 million and net profit of CHF 12.0 million (1 January to 31 March 2016). For the financial year 2015/16, sales reached CHF 261.5 million, EBIT was CHF 52.9 million and net profit was CHF 43.5 million.

Q4 of 2015/16 compared with Q4 of 2014/15:

- Bookings amounted to CHF 62.3 million, an increase of 2.8% (CHF 60.6 million)
- Sales increased by 1.9% to CHF 62.7 million (CHF 61.5 million)
- The book-to-bill ratio remained stable at 0.99 (0.99)
- EBIT increased by 19.0% to CHF 12.3 million (CHF 10.3 million); the EBIT margin was at 19.6% (16.8%)
- Net profit for the period increased by 20.2% to CHF 12.0 million (CHF 10.0 million)

On an annual basis:

- Bookings increased by 2.2% from CHF 251.0 million to CHF 256.5 million
- Sales reached CHF 261.5 million, an increase of 1.4% (CHF 257.8 million); at constant exchange rates, sales increased by 3.6%
- The book-to-bill ratio increased to 0.98, from 0.97 a year ago
- Gross margin was at 46.0% (45.9%)
- Foreign exchange fluctuations negatively impacted the EBIT in the amount of CHF 3.2 million
- EBIT declined by CHF 1.3 million from CHF 54.2 million to CHF 52.9 million; the EBIT margin was at 20.2% (21.0%)
- Net profit for the year reached CHF 43.5 million, an increase of 0.8% compared to the previous year

“The weak levels of global trade and manufacturing activity along with the strong Swiss franc were the main sources of our external challenges during last year. The consolidated result, however, proves that LEM is capable of maintaining strong margins even under adverse conditions. China remained our most important country and continued to grow across all businesses. We recorded our strongest growth in the green cars and the renewable energies businesses. Overall, we not only delivered a solid result in the financial year 2015/16, but also continued to take the necessary measures to prepare our future. We kept strengthening LEM by thoroughly implementing our long-term strategy with a focus on market oriented innovation, cost efficiency, and flexibility”, said François Gabella, CEO of LEM.

Industry segment: stable business development

Sales in the Industry segment decreased by 2.7% to CHF 215.2 million in the financial year 2015/16. At constant exchange rates, sales increased by 0.3%. Sales in China were up by 15%, with a positive contribution across all businesses. China has thus expanded its position as the segment's most important single country and now accounts for 31% of Industry sales. Sales performance in the other regions was weak, with Asia excluding China posting a sales decrease of 17% and sales in Europe and North America decreasing by 7% and 3%, respectively. Asia was the most important region, accounting for 46% of Industry sales, followed by Europe with 41% and North America with 11%. The EBIT margin came in at 20.0% compared with 22.6% in the previous financial year.

- Sales in the drives & welding business slowed by 6% over the previous year. China maintains its position as Asia's manufacturing hub and as a result sales to China increased while sales to the rest of Asia slowed. The other regions were weak: the ongoing economic uncertainty affected industrial investment activity in Europe and North America.
- LEM increased the market share in the renewable energies & power supplies business and benefitted from consistently high levels of investment in new solar and wind capacities, especially in China and the US, and in battery technology in South Korea. Sales in Japan declined after government subsidies expired. Smart grid projects picked up. Sales increased by 5%.
- Sales in the traction business decreased by 8%. Strong activity was observed in China and India for both domestic and export markets, but there were fewer new traction projects in Europe. Activity in high-speed trains was stable, while there was some growth in light rail.
- In the project-driven high-precision business, sales increased by 8%. The greatest activity was recorded in China, India, and Japan. Test & measurement markets developed positively and medical markets were stable. HVDC business remained at a high level.

Automotive segment: leap in green cars

Sales in the Automotive segment reached CHF 46.3 million in the financial year 2015/16, representing an increase of 26.1% on the financial year 2014/15. At constant exchange rates, sales grew by 23.6%. LEM recorded strong growth in all regions, especially in the US (+14%), China (+55%), Japan (+13%), and Germany (+33%). For the first time in the Automotive segment, Asia is the most important region, representing 47% of segment sales. Sales in China alone accounted for 31% of segment sales. North America is LEM's second largest region with 44%, while segment sales in Europe stood at 8%. EBIT reached CHF 9.9 million, up 129.9% on the financial year 2014/15. The EBIT margin was 21.4%, compared with 11.8% one year ago. The margin increase resulted from volume growth, the currency situation, and a favorable product mix.

- Year-on-year sales in the conventional cars business grew by 11%. LEM benefitted from the growth in the global car industry and won new projects and platforms to support future growth. Continued success with recently launched products for battery monitoring applications was recorded.

- Sales in the green cars business jumped by 90%. This strong performance is built on market share gains. LEM won new projects with Chinese car manufacturers where government support for green cars provided extra support. Increasing interest in 48 V applications for mild hybrid-electric vehicles is being observed, a market for which LEM already has good products.

Dividend proposal to the ordinary General Meeting of Shareholders

The dividend of CHF 35 (compared with CHF 40 in the previous year) that the Board of Directors will propose to the forthcoming ordinary General Meeting of Shareholders is a sign of trust in the company's ability to continue generating strong cash flows in the future. The proposal follows LEM's dividend policy of distributing significantly more than 50% of its consolidated net profit to shareholders and corresponds to a payout ratio of 91.7%.

Outlook

Management assumes a stable economic situation in LEM's important markets. As a consequence, Management expects steady sales in most markets with the exception of China where growth is forecasted to continue, though at a slower pace. The main growth drivers for LEM are expected to be the renewable energies businesses as well as the green cars business. The unstable currency environment will remain a challenge for the Company and underlines the importance of adapting the global footprint of all its activities. LEM confirms the 15% to 20% EBIT margin target range.

Media and analyst conference and webcast

Andreas Hürlimann, Chairman of the Board of Directors, François Gabella, CEO, and Andrea Borla, CFO, will provide a detailed presentation of Q4 and financial year 2015/16 results today at 10:30 CEST at a media and analyst conference in Zurich.

Watch the media and analyst conference via a [live video webcast](#). The link to the webcast and the presentation slides are also available in the Investor Relations section of the LEM website (www.lem.com), where the webcast will later also be archived.

Detailed information on the financial year 2015/16 results and annual report

The full financial report is available from today, 9 June 2016, on www.lem.com> Investor Relations>Financial Reports.



Financial calendar

The financial year runs from 1 April to 31 March

30 June 2016	Ordinary General Meeting of Shareholders for the year 2015/16
5 July 2016	Dividend ex-date
7 July 2016	Dividend payment date
11 August 2016	First quarter results 2016/17
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	2014/15				2015/16				Change	
Orders received	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 to Q4	Q4 to Q3
Industry segment	56.2	52.1	55.0	51.0	50.9	52.8	53.2	50.8	-0.4%	-4.5%
Automotive segment	8.5	9.8	8.8	9.6	10.0	13.3	14.1	11.5	+19.8%	-18.4%
Total LEM	64.7	61.9	63.8	60.6	60.9	66.0	67.3	62.3	+2.8%	-7.4%
Book-to-bill ratio	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 to Q4	Q4 to Q3
Industry segment	1.00	0.91	0.98	0.99	0.98	0.91	0.98	1.00	+1.0%	+2.0%
Automotive segment	0.99	1.04	1.00	0.96	1.06	1.12	1.08	0.96	±0.0%	-11.1%
Total LEM	1.00	0.93	0.99	0.99	0.99	0.94	1.00	0.99	±0.0%	-1.0%
Sales	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 to Q4	Q4 to Q3
Industry segment	56.5	57.1	56.0	51.5	52.1	58.2	54.2	50.7	-1.6%	-6.4%
Automotive segment	8.6	9.4	8.8	10.0	9.4	11.8	13.0	12.0	+20.2%	-7.4%
Total LEM	65.0	66.5	64.7	61.5	61.5	70.0	67.2	62.7	+1.9%	-6.6%
EBIT	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 to Q4	Q4 to Q3
Industry segment	12.6	14.4	13.2	9.7	9.2	12.1	12.5	9.3	-4.1%	-25.4%
Automotive segment	1.0	1.6	1.1	0.6	1.4	2.3	3.3	3.0	+374.9%	-9.1%
Total LEM	13.5	16.0	14.3	10.3	10.5	14.4	15.8	12.3	+19.0%	-22.0%

Consolidated income statement

	April to March	
	2015/16	2014/15
In CHF thousands		
Sales	261 454	257 757
Cost of goods sold	(141 061)	(139 366)
Gross margin	120 393	118 392
Sales expense	(25 855)	(25 156)
Administration expense	(27 323)	(24 075)
Research & development expense	(14 602)	(15 337)
Other expense	(6)	(1)
Other income	300	386
EBIT	52 908	54 209
Financial expense	(361)	(251)
Financial income	116	199
Foreign exchange effect	987	(2 622)
Profit before taxes	53 650	51 535
Income taxes	(10 163)	(8 404)
Net profit for the year	43 487	43 131