



PRESS RELEASE

Q1 results for the financial year 2015/16

LEM reports stable business development – Swiss franc appreciation weighed on sales and margins

Fribourg, 11 August 2015 – LEM (SIX: LEHN), the market leader in providing innovative and high quality solutions for measuring electrical parameters, announces sales of CHF 61.5 million, an EBIT of CHF 10.5 million and net profit of CHF 8.9 million for Q1 of 2015/16 (1 April to 30 June 2015).

Q1 of 2015/16 compared with Q4 of 2014/15:

- Bookings amounted to CHF 60.9 million, an increase of 0.4% (CHF 60.6 million)
- Sales remained unchanged at CHF 61.5 million
- The book-to-bill remained stable at 0.99 (0.99)
- EBIT increased by 1.7% to CHF 10.5 million; the EBIT margin was at 17.1% (16.8%)
- Net profit for the period decreased by 11.1% to CHF 8.9 million (CHF 10.0 million) due to non-renewal of positive one-off tax effects in Q4 of 2014/15

Compared to Q1 of 2014/15, sales decreased by 5.4% in Q1 of 2015/16; at constant exchange rates sales decreased by 3.1%. EBIT decreased by 22.5% from CHF 13.5 million in Q1 of 2014/15 to CHF 10.5 million in Q1 of 2015/16.

“The start into the new financial year 2015/16 continued on the same level of the end of financial year 2014/15. Foreign exchange effects, one-off costs following the introduction of a new ERP system as well as organizational changes affected our results. We still saw strong sales growth in China across all businesses but sales performance in the other major regions remained slow. We are pleased to see that our recently launched products – 27 during the past three years – recorded high market acceptance and were designed-in into a number of new customer applications. We expect a ramp-up of production in those products in the coming quarters. Our EBIT margin remained within our target range of 15-20% and we are continuing to implement our roadmap to increase efficiency of operations”, said François Gabella, CEO of LEM.

Industry segment: strong growth in China

Compared to Q4 of 2014/15, sales in the Industry segment increased by 1.1% to CHF 52.1 million in Q1 of 2015/16. Compared to Q1 of 2014/15, sales decreased by 7.8%; at constant exchange rates by 4.5%. Sales were driven by seasonal recovery along with strong underlying growth in China and seasonal factors in the renewable energies businesses. Sales in China jumped by 58% while sales in the rest of Asia decreased by 17%. Sales in Europe and North America decreased by 15% and 13% respectively. Asia maintains the position of the most important sales region for LEM accounting for 49% of sales (China alone accounted for 35%), followed by Europe

with 38% and North America with 12% of sales. Orders received lowered slightly from CHF 51.0 million in Q4 of 2014/15 by 0.3% to CHF 50.9 million in Q1 of 2015/16. EBIT decreased by 5.7% to CHF 9.2 million in Q1 of 2015/16.

- Sales in the drives & welding business decreased by 7% compared to Q4 of 2014/15. Strong sales in China matched with slow markets in the rest of the world. LEM won several projects with its new products. The Company maintained its market share
- The renewable energies & power supplies business benefitted from seasonal effects and growing investments in renewable energies in China. However, ending government support programs is affecting sales in Japan. Continued investments in European wind applications provided support. In Q1 of 2015/16, total sales increased by 14% compared with Q4 of 2014/15. Compared to Q1 of 2014/15, sales were unchanged.
- Sales in the traction business continued its positive development with a growth of 5%. LEM recorded strong sales performance in the USA following the introduction of new locomotive standards and ongoing growth in China. LEM sustained its leading market position.
- Sales in the high precision business decreased by 17% compared with Q4 of 2014/15. LEM noticed stronger competition with new players. All markets, except China, were weak. LEM introduced new products with a higher temperature range for scientific applications.

Automotive segment: stable businesses

In Q1 of 2015/16, sales in the Automotive segment totaled CHF 9.4 million, a decrease of 5.8% compared to Q4 of 2014/15. Compared to Q1 of 2014/15, sales increased by 10.2% in Q1 of 2015/16; at constant exchange rates by 6.1%. LEM reached a good performance in China and Korea thanks to project wins but recorded a significant decline in Japan due to lower car volumes and foreign exchange effects. EBIT increased from CHF 0.6 million in the previous quarter to CHF 1.4 million in the reporting period.

- In the conventional cars business, sales slowed by 4% after a strong Q4 2014/15. Growth in China and Germany has offset decreasing sales in USA and Japan. Product prices remained stable.
- Sales in the green cars business were up 4% versus the previous year but decreased by 14% compared to Q4 of 2014/15. Business in Japan and Europe was weak. LEM won market share in China. LEM's products are now in all new models of local Chinese car manufacturers. Also, LEM won market share with Korean battery makers.



Financial calendar

The financial year runs from 1 April to 31 March

11 November 2015	Half-year results 2015/16
16 February 2016	Third quarter results 2015/16
9 June 2016	Year-end results 2015/16
30 June 2016	Ordinary General Meeting of the Shareholders for the year 2015/16
5 July 2016	Dividend ex-date
7 July 2016	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 1'350 employees worldwide. It has production plants in Beijing (China), Geneva (Switzerland), Sofia (Bulgaria) and Machida (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	Q1 to Q1	Q1 to Q4
Industry segment	56.2	52.1	55.0	51.0	50.9	-9.6%	-0.3%
Automotive segment	8.5	9.8	8.8	9.6	10.0	+17.7%	+4.3%
Total LEM	64.7	61.9	63.8	60.6	60.9	-6.0%	+0.4%
Book-to-bill ratio	Q1	Q2	Q3	Q4	Q1	Q1 to Q1	Q1 to Q4
Industry segment	1.00	0.91	0.98	0.99	0.98	-2.0%	-1.0%
Automotive segment	0.99	1.04	1.00	0.96	1.06	+7.1%	+10.4%
Total LEM	1.00	0.93	0.99	0.99	0.99	-1.0%	±0.0%
Sales	Q1	Q2	Q3	Q4	Q1	Q1 to Q1	Q1 to Q4
Industry segment	56.5	57.1	56.0	51.5	52.1	-7.8%	+1.1%
Automotive segment	8.6	9.4	8.8	10.0	9.4	+10.2%	-5.8%
Total LEM	65.0	66.5	64.7	61.5	61.5	-5.4%	-0.0%
EBIT	Q1	Q2	Q3	Q4	Q1	Q1 to Q1	Q1 to Q4
Industry segment	12.6	14.4	13.2	9.7	9.2	-27.3%	-5.7%
Automotive segment	1.0	1.6	1.1	0.6	1.4	+41.0%	+115.6%
Total LEM	13.5	16.0	14.3	10.3	10.5	-22.5%	+1.7%

Consolidated income statement

In CHF thousands	April to June	
	2015/16	2014/15
Sales	61 532	65 047
Cost of goods sold	(33 862)	(35 610)
Gross margin	27 670	29 436
Sales expense	(6 629)	(6 013)
Administration expense	(6 847)	(6 221)
Research & development expense	(3 713)	(3 903)
Other expense	(2)	(0)
Other income	26	252
EBIT	10 507	13 550
Financial expense	(10)	(8)
Financial income	25	39
Foreign exchange effect	475	101
Profit before taxes	10 996	13 683
Income taxes	(2 116)	(2 961)
Net profit of the period	8 880	10 722