

## PRESS RELEASE

### Q4 and year-end results for the financial year 2014/15

**LEM delivers sales growth and high margins in financial year 2014/15 despite adverse currency impact – stable dividend proposed**

Fribourg, 4 June 2015 – LEM (SIX: LEHN), the market leader in providing innovative and high quality solutions for measuring electrical parameters, announces Q4 of 2014/15 sales of CHF 61.5 million, an EBIT of CHF 10.3 million and net profit of CHF 10.0 million (1 January to 31 March 2015). The appreciation of the Swiss franc versus the euro negatively affected the results in Q4 of 2014/15. For the financial year 2014/15, sales reached CHF 257.8 million, EBIT was CHF 54.2 million and net profit was CHF 43.1 million.

#### Q4 of 2014/15 compared with Q3 of 2014/15:

- Bookings amounted to CHF 60.6 million, a decrease of 4.9% (CHF 63.8 million)
- Sales decreased by 5.0% to CHF 61.5 million (CHF 64.7 million)
- The book-to-bill ratio remained stable at 0.99 (0.99)
- EBIT decreased by 28.0% to CHF 10.3 million (CHF 14.3 million); the EBIT margin was at 16.8% (22.1%)
- CHF 2 million negative impact on EBIT due to the Swiss franc's sudden appreciation against the euro since mid-January 2015
- Net profit for the period decreased by 14.3% to CHF 10.0 million (CHF 11.7 million)

#### On an annual basis:

- Bookings increased by 1.9% from CHF 246.4 million to CHF 251.0 million
- Sales reached CHF 257.8 million, an increase of 4.9% (CHF 245.6 million); at constant exchange rates, sales increased by 6.7%
- The book-to-bill ratio decreased to 0.97, from 1.00 a year ago
- Gross margin was at 45.9% (47.0%)
- EBIT decreased by 2.7% from CHF 55.7 million to CHF 54.2 million; the EBIT margin was at 21.0% (22.7%)
- Net profit for the year reached CHF 43.1 million, a decrease of 5.5% compared to the previous year

“The financial year 2014/15 was another intense, good year for LEM. We continued along our growth trajectory delivering robust sales growth and strong margins. We have strengthened our market position in Industry markets by growing faster than our addressable market and faster than competition. Again, we launched a high number of new products. Our strategy to diversify our production footprint and thus reducing the exposure to the Swiss franc limited the financial impact of the Swiss National Bank's decision to discontinue the minimum euro exchange rate and the following sharp appreciation of the Swiss franc”, said François Gabella, CEO of LEM.

**Industry segment: market share gains**

We achieved market share gains across most businesses and continually strong growth in China. Sales increased by 4.7% to CHF 221.0 million in financial year 2014/15. At constant exchange rates, sales increased by 6.7%. Sales in China were up 18%. In light of this increase, China has expanded its position as the most important single country for LEM and now accounts for 26% of Industry sales. Sales performance in Asia excluding China was also strong and increased by 8% while sales in Europe remained stable and sales in North America decreased by 8%. Europe and Asia were the most important regions, accounting for 43% and 44% respectively of Industry sales. 11% of Industry sales were delivered to North America in the financial year 2014/15. The EBIT margin came in at 22.6%, a strong result despite the negative impact following the Swiss franc's sharp appreciation against the euro. The prior year's EBIT margin was a record 24.1%.

- Sales in the drives and welding business increased by 1% over the previous year. Demand across all regions was stable. Sales development was best in China and Japan while Europe and North America were rather slow. The positive sales performance in Japan was driven by export-led growth due to the weakening Japanese yen.
- The renewable energies & power supplies business benefitted from increasing investments in renewable energies in China and India. Renewable energy markets continue to shift to China and Japan with local players becoming increasingly important. North American markets remained weak. Offshore wind projects in Europe provided support. Total sales increased by 1%.
- Sales in the traction business increased by 26% thanks to the recovery of infrastructure investments. Sales performance was strong in China, Korea and India, not only for local markets but for export markets, as well. While interest in high-speed train products was strong in China, international interest was directed toward light rail.
- Activity in the high-precision business remained sluggish. Medical applications were stable while the market for test & measurement was characterized by low investments and strong competition. Total sales decreased by 13%.

**Automotive segment: continued growth in green cars**

Sales in the Automotive segment reached CHF 36.7 million in the financial year 2014/15, representing an increase of 6.2% compared with the financial year 2013/14. At constant exchange rates, sales grew by 6.4%. This growth is the result of robust battery management sales and continued recovery in the green cars business. Sales of green cars applications peaked in Q4 of 2014/15, especially in China. Segment sales in North America (-1%) and Europe (-3%) were relatively stable while sales in Asia grew by 16%. China represented the fastest growing single country in the Automotive segment, as well, with sales up 32%. China represented 25% of segment sales in the financial year 2014/15 while the rest of Asia accounted for 17%. North America remained the most important region with 49% of segment sales and Europe was the smallest region at 8%. EBIT reached CHF 4.3 million, down 10.8% from the

financial year 2013/14. The EBIT margin was 11.8%, compared with 14.0% in the previous year.

- Year-on-year sales in the conventional cars business grew by 4%. LEM added new customers and new platforms with existing customers. In response to emerging market trends, a new start/stop application for niche markets was developed. LEM also posted good results in connection with new battery pack monitoring products, which were launched very recently.
- The green cars business benefitted from strong recovery among hybrid electric vehicles. China has recently rolled out a set of measures to promote the use of green cars triggering a sharp growth at the end of 2014 as a result. Thus, the strongest growth was in China and LEM landed several new projects with Chinese car manufacturers. Korean sales increased, too. Sales grew 15% compared with the financial year 2013/14.

#### **Andrea Borla new CFO**

Andrea Borla (48) will join LEM as of 1 December 2015 and will succeed Julius Renk who will leave the Company end of August 2015. LEM will communicate the interim responsibilities in due time.

Andrea Borla is currently CFO at Schindler France. Previously he has held a regional general manager role at Schindler China and worked as head of group consolidation at SAirGroup. Andrea Borla holds a PhD and a Master's degree in Finance and Accounting from University of St. Gallen. He is a Swiss national.

#### **Changes in the Board of Directors**

Peter Rutishauser, member of the Board of Directors since 2003, has announced his resignation on the date of the ordinary General Meeting on 25 June 2015. During his tenure, Mr. Rutishauser played a pivotal role as Vice-Chairman in transformational projects, which helped shape LEM and delivered prosperous outcomes for shareholders, employees and customers. Board and Management thank Mr. Rutishauser for his highly valuable work and wish him all the best for the future.

The Board of Directors proposes to elect Ulrich J. Looser (M. Sc. Physics, ETH Zürich; M.A. HSG, St. Gallen). Mr. Looser is entrepreneur and partner with BLR & Partners, focusing on developing industrial companies by active personal ownership. Based on his current work as a chairman and board member of Swiss-based publicly listed and privately held companies he will contribute to the company a breadth of functional experience and deep insights into various customer segments.

#### **Dividend proposal to the ordinary General Meeting of the Shareholders**

The dividend proposal of CHF 40 (stable versus the prior year) to be submitted by the Board of Directors to the forthcoming ordinary General Meeting is a sign of trust in the Company. 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 105.7%.



### **Outlook**

Due to economic factors and the expected performance of LEM in its markets, management expects growth of volumes (in number of transducers) in both segments. Current price pressure, however, as well as foreign exchange effects may adversely affect the Company, leading to uncertainty regarding sales growth. Management expects the operating margin to be within LEM's target range of 15% to 20%.

### **Media and analyst conference and webcast**

Andreas Hürlimann, Chairman of the Board of Directors, François Gabella, CEO, and Julius Renk, CFO, will provide a detailed presentation of Q4 and financial year 2014/15 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](http://www.lem.com)), where the webcast will later also be archived.

### **Detailed information on the financial year 2014/15 results and annual report**

The full financial report is available from today, 4 June 2015, on [www.lem.com](http://www.lem.com)> Investor relations>Financial Reports.



### **Financial calendar**

*The financial year runs from 1 April to 31 March*

25 June 2015	Ordinary General Meeting of the Shareholders for the year 2014/15
30 June 2015	Dividend ex-date
2 July 2015	Dividend payment date
11 August 2015	First quarter results 2015/16
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 1'300 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.

[www.lem.com](http://www.lem.com)

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## Appendix:

### Key figures

In CHF millions	2013/14				2014/15				Change	
<b>Orders received</b>	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 to Q4	Q4 to Q3
Industry segment	56.6	49.9	50.1	55.1	56.2	52.1	55.0	51.0	-7.5%	-7.2%
Automotive segment	8.5	9.3	8.5	8.3	8.5	9.8	8.8	9.6	+15.4%	+9.3%
<b>Total LEM</b>	<b>65.1</b>	<b>59.3</b>	<b>58.7</b>	<b>63.5</b>	<b>64.7</b>	<b>61.9</b>	<b>63.8</b>	<b>60.6</b>	<b>-4.5%</b>	<b>-4.9%</b>
<b>Book-to-bill ratio</b>	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 to Q4	Q4 to Q3
Industry segment	1.06	0.89	1.03	1.05	1.00	0.91	0.98	0.99	-5.7%	+1.0%
Automotive segment	1.02	1.06	0.94	0.99	0.99	1.04	1.00	0.96	-3.0%	-4.0%
<b>Total LEM</b>	<b>1.05</b>	<b>0.91</b>	<b>1.02</b>	<b>1.04</b>	<b>1.00</b>	<b>0.93</b>	<b>0.99</b>	<b>0.99</b>	<b>-4.8%</b>	<b>±0.0%</b>
<b>Sales</b>	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 to Q4	Q4 to Q3
Industry segment	53.5	56.3	48.5	52.7	56.5	57.1	56.0	51.5	-2.3%	-7.9%
Automotive segment	8.3	8.8	9.1	8.4	8.6	9.4	8.8	10.0	+19.0%	+14.2%
<b>Total LEM</b>	<b>61.8</b>	<b>65.1</b>	<b>57.6</b>	<b>61.1</b>	<b>65.0</b>	<b>66.5</b>	<b>64.7</b>	<b>61.5</b>	<b>+0.7%</b>	<b>-4.9%</b>
<b>EBIT</b>	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 to Q4	Q4 to Q3
Industry segment	12.3	15.4	10.6	12.5	12.6	14.4	13.2	9.7	-22.6%	-26.4%
Automotive segment	1.0	1.5	1.3	1.1	1.0	1.6	1.1	0.6	-41.0%	-43.3%
<b>Total LEM</b>	<b>13.3</b>	<b>17.0</b>	<b>11.9</b>	<b>13.6</b>	<b>13.5</b>	<b>16.0</b>	<b>14.3</b>	<b>10.3</b>	<b>-24.1%</b>	<b>-27.7%</b>

## Consolidated income statement

In CHF thousands	April to March	
	2014/15	2013/14
Sales	257 757	245 638
Cost of goods sold	(139 366)	(130 267)
<b>Gross margin</b>	<b>118 392</b>	<b>115 371</b>
Sales expense	(25 156)	(24 526)
Administration expense	(24 075)	(20 881)
Research & development expense	(15 337)	(14 441)
Other expense	(1)	(64)
Other income	386	270
<b>EBIT</b>	<b>54 209</b>	<b>55 728</b>
Financial expense	(251)	(121)
Financial income	199	133
Foreign exchange effect	(2 622)	(1 390)
<b>Profit before taxes</b>	<b>51 535</b>	<b>54 350</b>
Income taxes	(8 404)	(8 709)
<b>Net profit of the period</b>	<b>43 131</b>	<b>45 641</b>