

PRESS RELEASE

Q3 results from October to December for the financial year 2014/15

LEM maintains high operating margins

Fribourg, 17 February 2015 – LEM (SIX: LEHN), the market leader in providing innovative and high quality solutions for measuring electrical parameters, announces sales of CHF 64.7 million, an EBIT of CHF 14.3 million and net profit of CHF 11.7 million for Q3 of 2014/15 (1 October to 31 December 2014). For the first nine months of 2014/15 sales reached CHF 196.2 million, EBIT was CHF 43.9 million and net profit was CHF 33.1 million.

Q3 of 2014/15 compared with Q2 of 2014/15:

- Bookings reached CHF 63.8 million, an increase of 3.0% (CHF 61.9 million)
- Sales decreased by 2.6% to CHF 64.7 million (CHF 66.5 million)
- The book-to-bill ratio increased to 0.99 (0.93)
- EBIT decreased by 11.0% to CHF 14.3 million (CHF 16.0 million); the EBIT margin was at 22.1% (24.1%)
- Net profit for the period increased by 8.2% to CHF 11.7 million (CHF 10.8 million)

In the first nine months of 2014/15, sales increased by 6.3 % compared with the first nine months of 2013/14. At constant exchange rates sales increased by 8.4%.

“Compared with Q3 of 2013/14 we achieved sales growth of 12.3%. Thus our seasonal sales decrease in Q3 of 2014/15 due to fewer working days in December was less pronounced than expected. This favorable trend is the result of good growth in China. In addition we recorded continued growth in traction and the renewable energy businesses in Asia and good success with recently launched products. This positive performance translated into a high EBIT margin of 22.1%”, said François Gabella, CEO of LEM.

Industry segment: strong traction business

Sales in the Industry segment reached CHF 56.0 million in Q3 of 2014/15. The decrease of 1.9% compared with Q2 of 2014/15 was predominantly attributable to seasonal factors in Europe and North America as well as to the challenging economic environment in Europe. Sales slowed in Europe by 8% and remained stable in North America (-0.2%). Sales in Asia grew by 3%. Accordingly, Asia remained the most important region with a share of 46% of sales. For the first nine months of 2014/15 sales increased by 7.1% to CHF 169.5 million; at constant exchange rates sales increased by 9.1%. The Q3 EBIT margin remained high at 23.5% (25.3%). EBIT decreased from CHF 14.4 million for Q2 of 2014/15 by 8.7% to CHF 13.2 million for Q3 of 2014/15.

- Compared with Q2 of 2014/15 sales in the drives & welding business decreased by 7% in Q3 of 2014/15, driven by weak demand across all

regions. Seasonal factors as well as fragile European economies negatively impacted the sales development.

- The renewables & power supplies business remained strong in Q3 of 2014/15 and resisted the traditional slow down during the winter months. Overall sales declined by 1%. LEM noticed robust activities in China and India while activities in North America continued to be weak.
- Sales in the traction business increased by 10% thanks to increased investment in infrastructure. LEM's growth was supported by new projects in Korea and India. Also activity with high speed trains in China and light rail applications across many regions remained on a high level.
- Sales in the high-precision business declined by 4%. Test and measurement markets were hurt by low investments while medical applications were stable.

Automotive segment: growth in green cars applications

Sales in the Automotive segment decreased from CHF 9.4 million in Q2 of 2014/15 by 6.7% to CHF 8.8 million in Q3 of 2014/15. For the first nine month of 2014/15 sales increased by 2.1% to CHF 26.7 million; at constant exchange rates sales increased by 3.8%. LEM recorded a strong performance in Asia (+11%) while Europe (-24%) and North America (-11%) slowed. In Q3 of 2014/15, EBIT reached CHF 1.1 million, a decrease of CHF 0.5 million compared with Q2 of 2014/15.

- In the conventional cars business, sales decreased by 10% compared with Q2 of 2014/15. The decrease is attributable to international car makers reducing production and inventories before year-end.
- Recovery in the green cars business continued in Q3 of 2014/15 with a 10% sales increase. LEM's sales growth is driven by several small project wins in the Chinese and Korean market for hybrid cars.

Julius Renk, Chief Financial Officer of LEM, to leave LEM

After 6 successful years as CFO at LEM, Julius Renk has decided to leave the Company. He will continue to assume full responsibility for LEM's financial year 2014/15 closing and will support the Company in the transition of the CFO responsibilities. LEM has initiated the search process for a successor.

"The Board of Directors and the Executive Management respect his decision and thank Julius Renk for his excellent and essential contribution increasing LEM's performance and enhancing LEM's financial organization. I very much regret that Julius Renk is leaving us. I wish him great success in his new endeavors", said François Gabella, CEO of LEM.

Outlook: confirmed outlook for full year 2014/15

In the past years, LEM continued a strategy to diversify its international production capacity. With its major production sites in low cost countries (China and Bulgaria) and its resulting high natural hedge, management believes that LEM is well prepared for the new exchange rate levels. Still, given LEM's Swiss franc cost base in SG&A and R&D, the recent sharp appreciation of the Swiss franc against major currencies will adversely impact the Company both in terms of sales and operating margins. This will raise the task for LEM to accelerate the ongoing transfer of activities to



defend the Company's competitive position in its global markets. Board and management are analyzing the situation to review and amend current operational plans.

As a rough indication and at current exchange rates, LEM expects a negative currency impact on EBIT of CHF 3 million in Q4 of 2014/15. In its financial result, LEM will benefit from its established foreign exchange hedging policy (100% hedge of net exposure of USD and EUR 12 months forward). LEM expects to record a revaluation gain on its foreign exchange hedging portfolio in Q4 of 2014/15, which will more than offset the revaluation of assets and liabilities.

For the full financial year 2014/15 management maintains its sales forecast for a range of CHF 250 to CHF 260 million, compared with CHF 245.6 million in the financial year 2013/14. The EBIT for the full year 2014/15 is expected to be around CHF 54 million, despite the expected currency impact in Q4 of 2014/15.

Media, investors and analyst conference call and webcast

François Gabella, CEO, and Julius Renk, CFO, will provide a detailed presentation of the Q3 of 2014/15 results today at 10:00 CET at a media, investors and analyst conference call. Dial in details are:

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+44 (0)203 059 58 62 UK
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The audio conference call will simultaneously be webcast. Please follow the instructions in the following link: <http://services.choruscall.eu/links/lem150217.html>
The link to the webcast and the presentation slides are available on the LEM website (www.lem.com), where the webcast will later be archived.



Financial calendar

The financial year runs from 1 April to 31 March

4 June 2015	Year-end results 2014/15
25 June 2015	Ordinary Shareholders' Meeting for the year 2014/15
30 June 2015	Dividend ex-date
2 July 2015	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 1'272 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

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Appendix:

Key figures

In CHF millions	2013/14				2014/15			Change	Change
Orders received	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3 to Q3	Q3 to Q2
Industry segment	56.6	49.9	50.1	55.1	56.2	52.1	55.0	+9.7%	+5.4%
Automotive segment	8.5	9.3	8.5	8.3	8.5	9.8	8.8	+2.8%	-10.0%
Total LEM	65.1	59.3	58.7	63.5	64.7	61.9	63.8	+8.7%	+3.0%
Book-to-bill ratio	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3 to Q3	Q3 to Q2
Industry segment	1.06	0.89	1.03	1.05	1.00	0.91	0.98	-4.9%	+7.7%
Automotive segment	1.02	1.06	0.94	0.99	0.99	1.04	1.00	+6.4%	-3.8%
Total LEM	1.05	0.91	1.02	1.04	1.00	0.93	0.99	-2.9%	+6.5%
Sales	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3 to Q3	Q3 to Q2
Industry segment	53.5	56.3	48.5	52.7	56.5	57.1	56.0	+15.3%	-1.9%
Automotive segment	8.3	8.8	9.1	8.4	8.6	9.4	8.8	-3.4%	-6.7%
Total LEM	61.8	65.1	57.6	61.1	65.0	66.5	64.7	+12.3%	-2.6%
EBIT	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3 to Q3	Q3 to Q2
Industry segment	12.3	15.4	10.6	12.5	12.6	14.4	13.2	+23.9%	-8.7%
Automotive segment	1.0	1.5	1.3	1.1	1.0	1.6	1.1	-13.0%	-31.7%
Total LEM	13.3	17.0	11.9	13.6	13.5	16.0	14.3	+20.0%	-11.0%

Consolidated income statement

	April to December	
	2014/15	2013/14
In CHF thousands		
Sales	196 210	184 497
Cost of goods sold	(105 367)	(98 739)
Gross margin	90 843	85 758
Sales expense	(18 465)	(17 520)
Administration expense	(17 789)	(15 300)
Research & development expense	(11 076)	(10 928)
Other expense	(1)	(57)
Other income	368	175
EBIT	43 881	42 128
Financial expense	(167)	(102)
Financial income	148	61
Foreign exchange effect	(3 203)	(1 602)
Profit before taxes	40 660	40 484
Income taxes	(7 515)	(7 342)
Net profit of the period	33 145	33 143