

LEM - A global leader in its core Components Business

Half Year Results 2007/08
November 6, 2007



At the heart of power electronics



Agenda

- 1. LEM at a glance**
- 2. Business Review** **Paul Van Iseghem**
3. Financial Review Ageeth Walti
4. Outlook Paul Van Iseghem



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1. About LEM

- LEM is the global market leader in providing innovative and high quality solutions for measuring electrical parameters.
- The current and voltage transducers are used in a broad range of applications in industrial, traction, energy & automation and automotive markets.
- LEM is a high growth global company with approximately 900 employees. It has production plants in Geneva (Switzerland), Machida (Japan), Beijing (China) and regional sales offices close to its clients locations.
- LEM is listed on the SWX Swiss Exchange since 1986. Sales of CHF +184 million (FY 2006/7)

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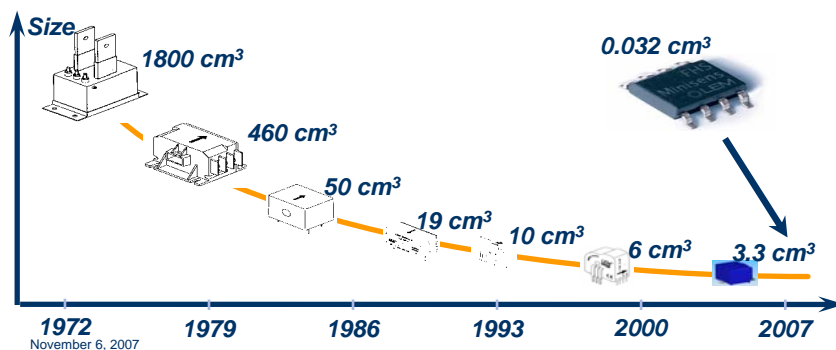
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1. LEM at a glance products & technologies

- Contact free measurement of current and voltage by magnetic induction
- From 10'000 Amp to 0.01 Amp



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1. LEM at a glance global footprint



★ **Production Centers:**
 Geneva, Switzerland 340 employees
 Beijing, China 300 employees
 Tokyo, Japan 150 employees

★ **Adaptation Centers:**
 Milwaukee, USA 25 employees
 Tver, Russia 85 employees

Direct sales, agents, reps and distributors, worldwide

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1. LEM at a glance markets served

Traditional Markets

• Industry



- All areas of reliable current measurement
- Motor drives, power conversion AC/DC, power supplies, UPS, welding, medical scanners, new energies, leakage current

New Markets

• Automotive



- Battery Management in SUV, HEV
- Motor Control



• Traction & Trackside

- on-board applications, inverters
- Trackside and energy monitoring



• Energy & Automation

- Process control
- Battery Monitoring, Energy Metering

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2. Highlights Half Year 2007/08

- 11% increase in sales to CHF 98.5 million
- 60% EBIT increase to CHF 18.0 million
- 100% net earnings increase to CHF 12.3 million
- Gross margin improves from 41.0% to 45.7%
 - Transfer of production to China
 - Global low cost sourcing project
 - Favorable exchange rates
- Successful transfer of production of key products to China
 - Quality “Made by LEM”
- Creation of LEM International
 - Adapt the structure to the growth in Asia and role of corporate management

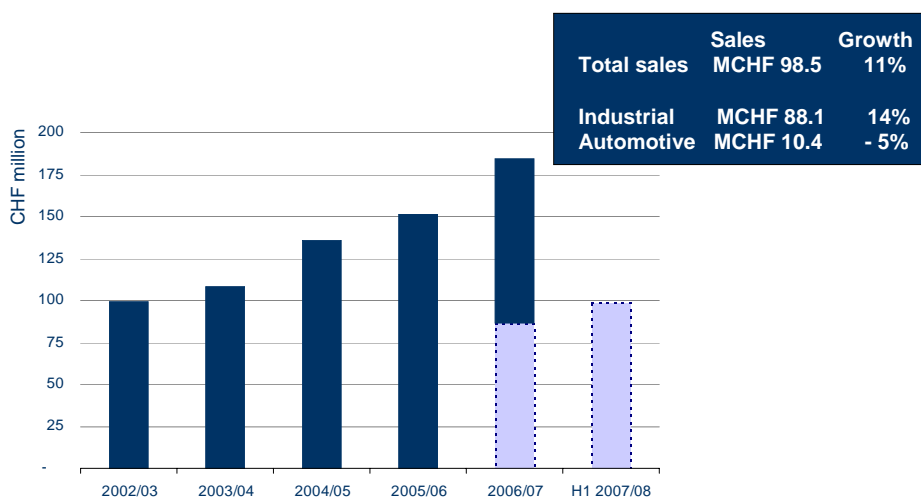
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2. Net Sales – Half Year

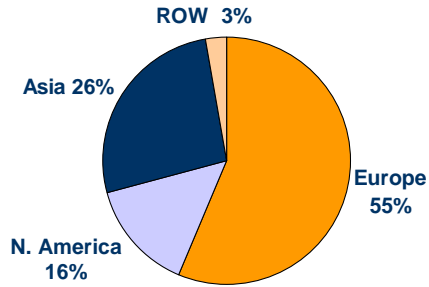


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2. Industrial Segment: regional markets



Sales growth rates HY on HY:

- Europe 20%
- N. America 0%
- Asia 9%
- ROW 33%
- Total growth 14%

Total sales CHF 88.1 million for H1 2007/08

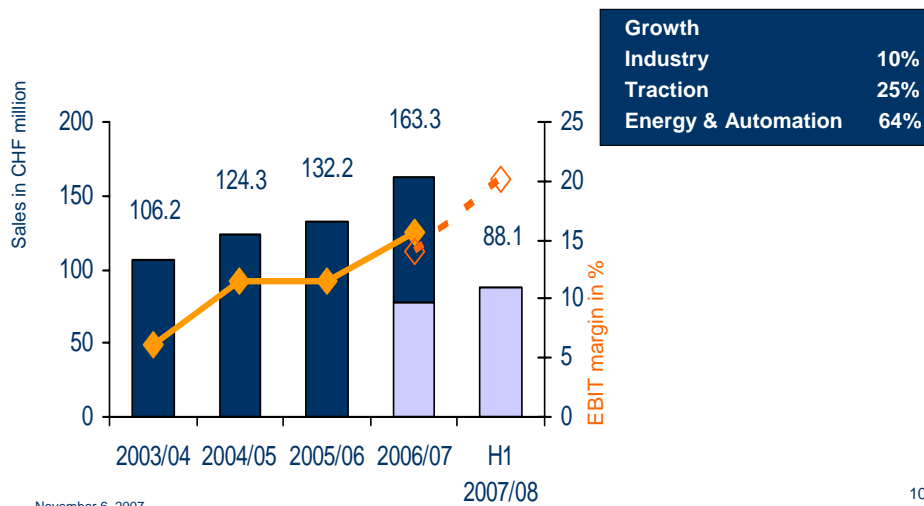
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2. Industrial Segment: business development



| Growth | |
|---------------------|-----|
| Industry | 10% |
| Traction | 25% |
| Energy & Automation | 64% |

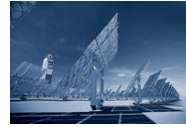
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2. Industrial Segment: business development



Highlights:

- Industry:
 - Motor drives – new major customers acquired
 - Renewable energies - increase of sales for wind and solar by 25%
- Traction:
 - EM4T product to measure energy consumption performing well
 - High sales in Europe and BRIC countries
- Energy & Automation
 - MacroComponents main driver are the factory automation applications where we could gain new business in Europe

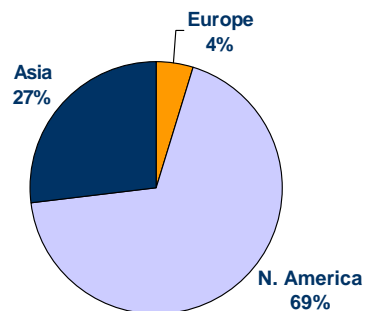
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2. Automotive Segment: regional markets



Sales growth rates HY on HY:

- Europe 32%
- N. America -3%
- Asia -15%
- Total growth -5%

Total sales CHF 10.4 million for H1 2007/08

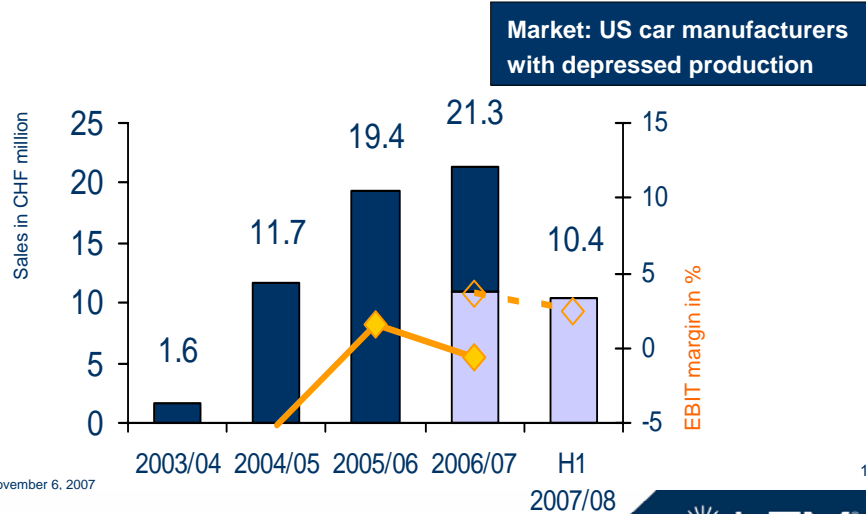
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2. Automotive Segment: business development



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2. Automotive Segment: business development



Highlights:

- Battery Management in the car – for SUV, HEV
 - Is the key area of focus for LEM
 - We concentrate on the “basic” transducer, integrated into the car’s electronics
- Motor Control – additional areas identified involving electric motors, EPS, braking and new applications as HEV, fuel cells
- New contracts for US and China manufacturers, production to start in 2008 and 2010

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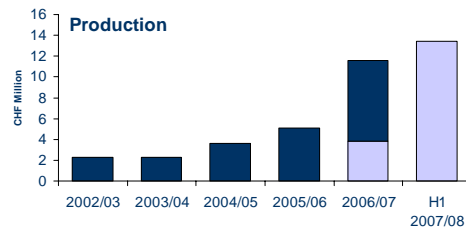
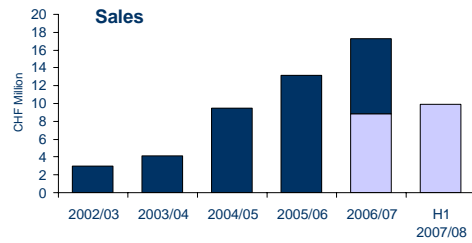
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2. China development

- Sales
 - Continued sales growth of 18%
- Production
 - Production volume increased 3.5 fold
 - Transfer of key products to China
 - “Made by LEM” quality



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3. Profit and Loss

| CHF million | HY 1 2006/07 | HY 1 2007/08 | Growth |
|------------------------|--------------|--------------|--------------|
| Sales | 88.6 | 98.5 | + 11% |
| Gross margin in % | 41.0 | 45.7 | |
| Operating costs | 25.0 | 27.0 | |
| EBIT | 11.2 | 18.0 | + 60% |
| Net financial expenses | (0.6) | 0.1 | |
| Income taxes | (4.4) | (5.8) | |
| Tax rate | 41.4% | 31.8% | |
| Net earnings | 6.2 | 12.3 | + 98% |

Continuous profitable growth

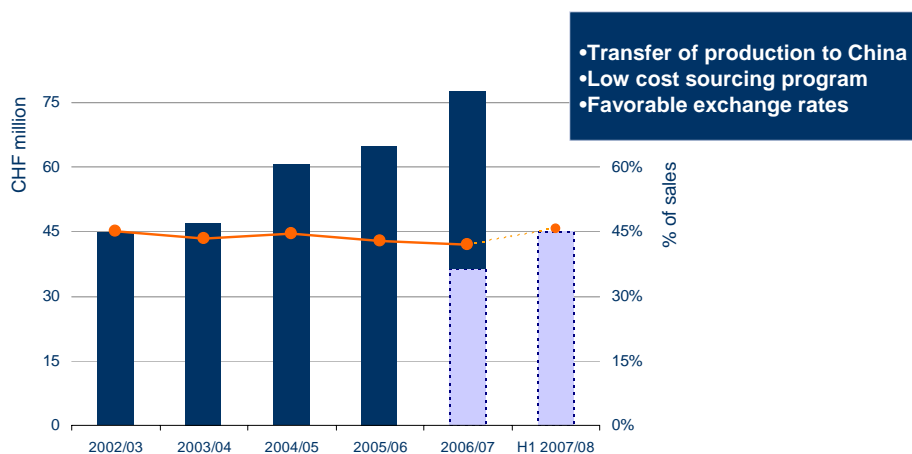
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3. Gross margin development



Gross margin increases to 45.7% from 41.0%

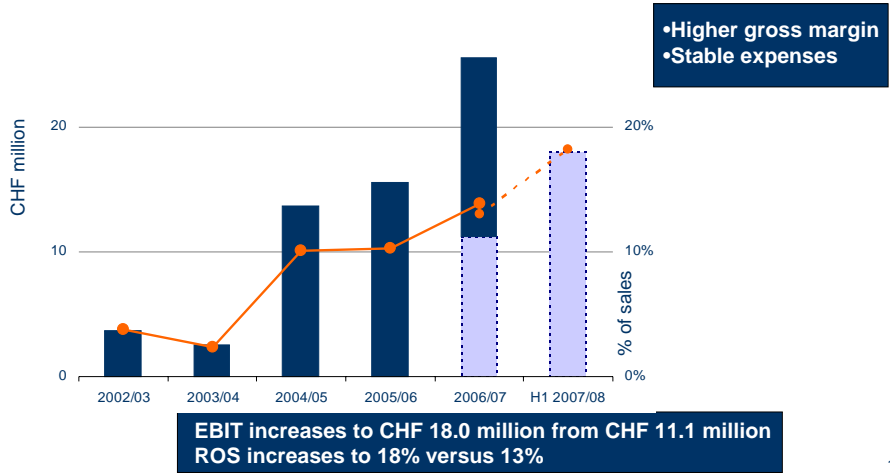
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3. EBIT development

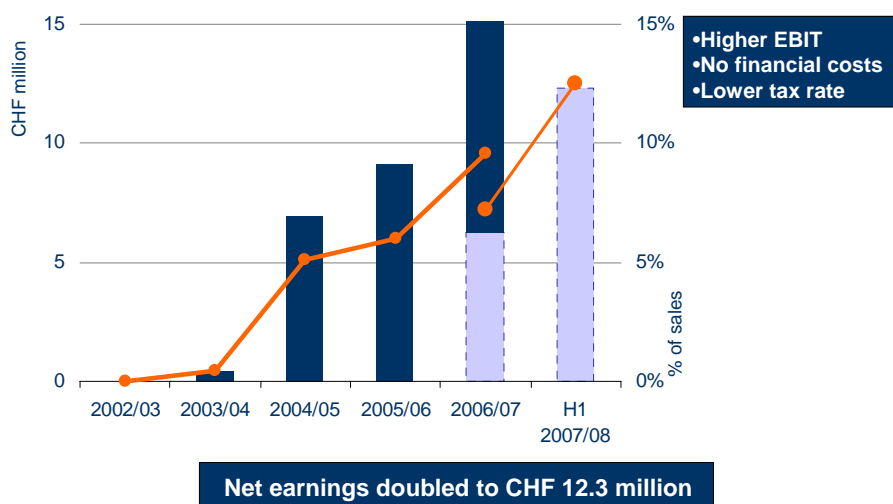


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3. Net earnings



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3. Financial result and taxes

- Financial results
 - Favorable exchange rates (EUR) were main driver for financial income of CHF 0.1 million in H1 2007/08 (PY -0.6 million)

- Taxes
 - Tax rate of 31.8% in HY 2007/08 (PY 41.4%) was positively influenced by
 - Closing of tax investigation in France
 - Improved tax mix

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3. Balance Sheet

| CHF million | 31.03.07 | 30.09.07 |
|------------------------------|----------|----------|
| Total current assets | 85.7 | 78.8 |
| Total non-current assets | 22.4 | 23.4 |
| Total assets | 108.1 | 102.2 |
| Total short term liabilities | 39.7 | 32.3 |
| Total long term liabilities | 3.6 | 3.9 |
| Equity | 64.8 | 65.9 |
| Total liabilities and equity | 108.1 | 102.2 |
| Equity ratio | 60% | 65% |
| Net financial assets | 12.2 | 11.7 |

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No material change

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3. Cash flow

| CHF million | HY 1 2006/07 | HY 1 2007/08 |
|--|--------------|--------------|
| Net earnings from operations | 6.2 | 12.3 |
| Cash flow from operating activities | 2.3 | 8.5 |
| Cash flow from investing activities | -3.0 | -3.6 |
| Free cash flow | -0.8 | 4.9 |
| Cash flow from financing activities | -13.4 | -11.3 |
| Change in cash and cash equivalents | -14.2 | -6.4 |

Positive free cash flow of CHF 4.9 million

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Summary financial results for H1 2007/08

- Continuous profitable growth
- Healthy balance sheet
- Positive free cash flow

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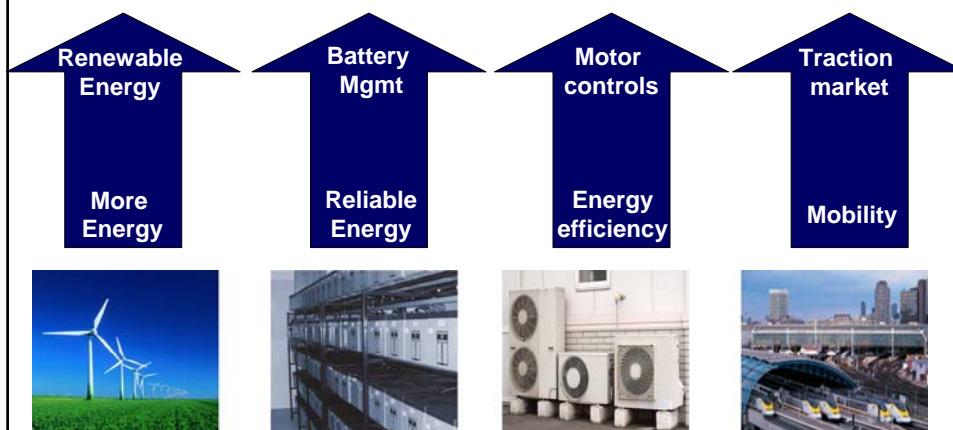
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4. Market factors providing strong tailwind



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4. Technology

- Flagship products
 - The seeding of the market is progressing well for
 - Minisens
 - Sentinel
 - Wi-LEM
 - Results of the design-in process normally takes time
- The next products to be launched this year
 - Transducer for surface mounted automatic assembly in the Industry market (white goods)
 - Transducer for battery charge and discharge monitoring for the Energy & Automation market



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4. Outlook (1/2)

The Outlook remains positive

- The increase in profitability, net earnings, will be substantial and is expected to be above 45% for the year.
- We see a growth between 6 and 8% over the year after the high growth of last year.
- For the Automotive segment, sales will be about the same as last year, however with a positive EBIT.
 - We expect to see an increase in sales towards the end of the year.

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6. Outlook (2/2)

In the mid-term, LEM is ideally positioned to take maximum advantage of fundamental growth drivers:

- Strong new product pipeline as engine for future growth by substantially increasing the total available market TAM
- Need for more energy, more savings, more renewable energy
- Increasing electrical and electronic management of various functions in the car and of the (hybrid) electrical vehicle

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4. Financial calendar and contact details

Financial calendar

| | | |
|------------|------|------------------------------|
| 7 February | 2008 | 3th quarter results |
| 5 June | 2008 | Full year results |
| 27 June | 2008 | Annual Shareholders' Meeting |

For further information

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