

LEM delivering dynamic growth in the Components Business

9 month results 2007/08
February 7, 2008



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Agenda

1. LEM at a glance
2. Business Review
3. Financial Review
4. Outlook



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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 950 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. Market cap of CHF 320 million.

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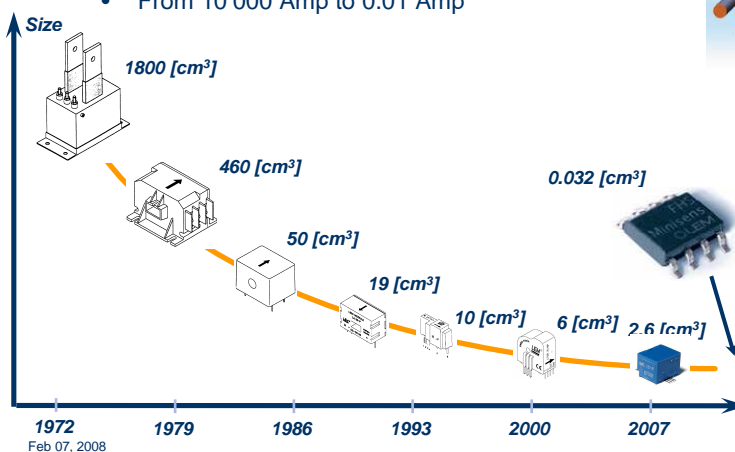
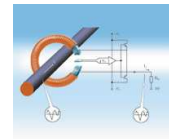
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1. LEM at a glance products & technologies

- 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 360 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 YTD Q3 2007/08

- 11.6% increase in sales to CHF 148.5 million
- Gross margin improves from 41.1% to 45.4%

Before change in the conditions of the SOP

- 61.2% EBIT increase to CHF 27.0 million
- 100.4% Net earnings increase to CHF 19.3 million

After change in the conditions of the SOP

- 26.6% EBIT increase to CHF 21.2 million
- 51.2% Net earnings increase to CHF 14.5 million
- Successful transfer of production of key products to China

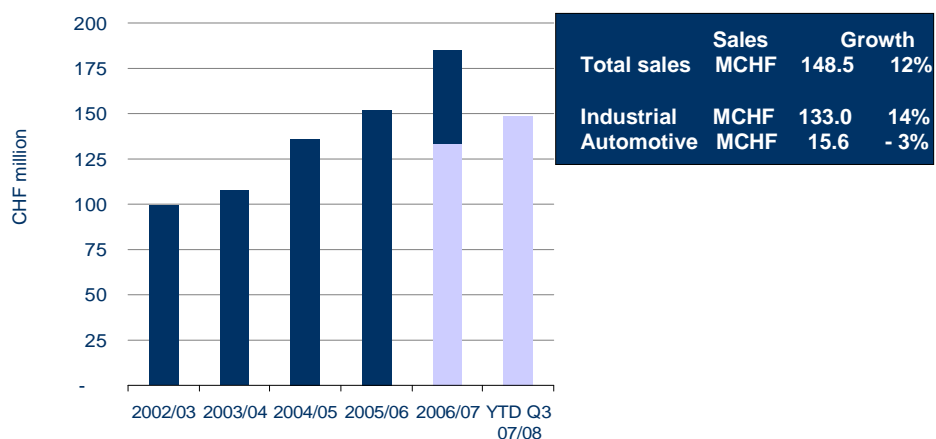
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2. Net Sales



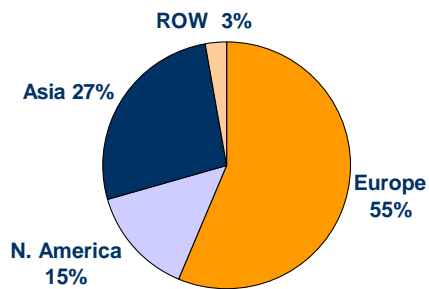
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2. Industrial Segment: regional markets



Sales growth rates YTD Q3:

- Europe 20.0%
- N. America -4.8%
- Asia 9.5%
- ROW 37.5%
- Total growth 13.7%

Total sales CHF 133.0 million for YTD Q3 2007/08

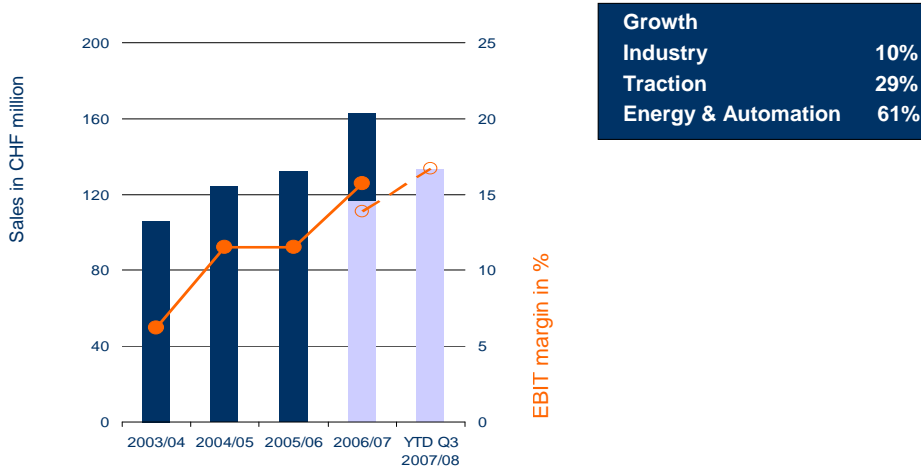
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2. Industrial Segment: business development



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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 50%
- 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

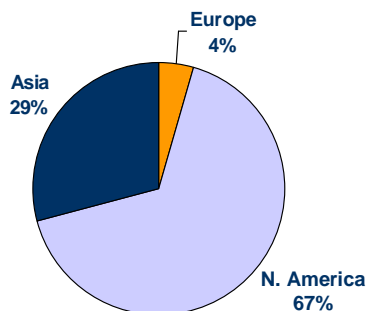
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2. Automotive Segment: regional markets



Sales growth rates YTD Q3:

- Europe 19.1%
- N. America -2.8%
- Asia -7.1%

- Total growth -3.2%

Total sales CHF 15.6 million for YTD Q3 2007/08

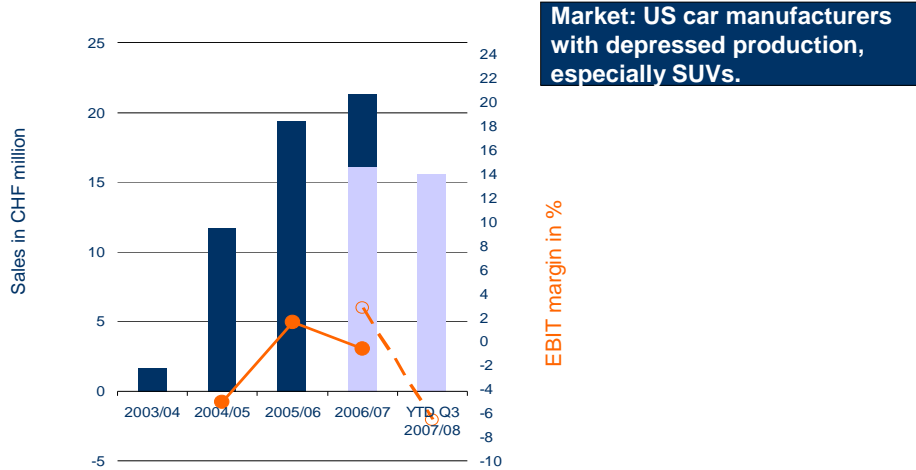
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2. Automotive Segment: business development



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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

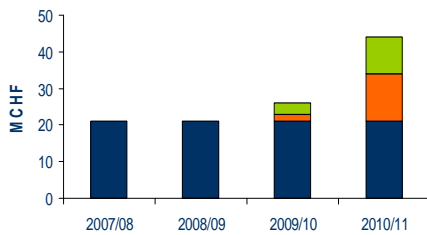
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Automotive Segment: new market development - sales projection



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In the sales funnel:

- Asia: Japan BMGT
Japan hybrids
- Europe: multiple BGMT projects

Design-in:

- N. America: 2nd key customer BMGT hybrids
- Asia: China hybrid
- Europe: German hybrid

Baseline:

- N. America: BMGT
- Japan: EPS
- various

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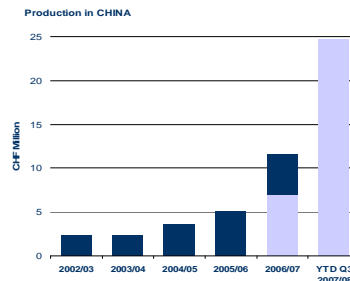
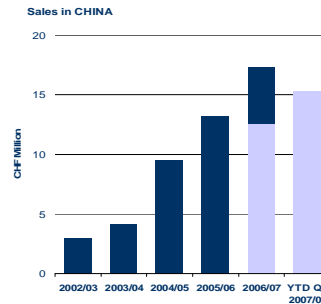


2. China development



- Sales
 - Continued sales growth of 22%
- 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	YTD Q3 2006/07	YTD Q3 2007/08 pro forma	YTD Q3 2007/08
Sales	133.1	148.5	148.5
Gross margin	41.1%	45.4%	45.4%
Operating costs	38.0	40.4	46.2
EBIT	16.7	27.0	21.2
Net financial expenses	(0.5)	(0.0)	(0.0)
Income taxes	(6.6)	(7.7)	(6.7)
Tax rate	40.7%	28.6%	31.4%
Net earnings	9.6	19.3	14.5

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3. Gross margin development



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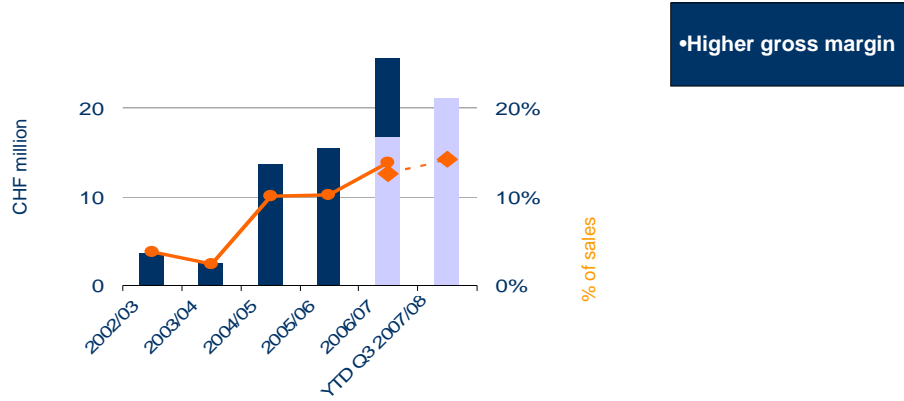
Gross margin increases from 41.1% to 45.4%

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3. EBIT development after change in conditions of the SOP



EBIT increases from CHF 16.7 million to CHF 21.2 million

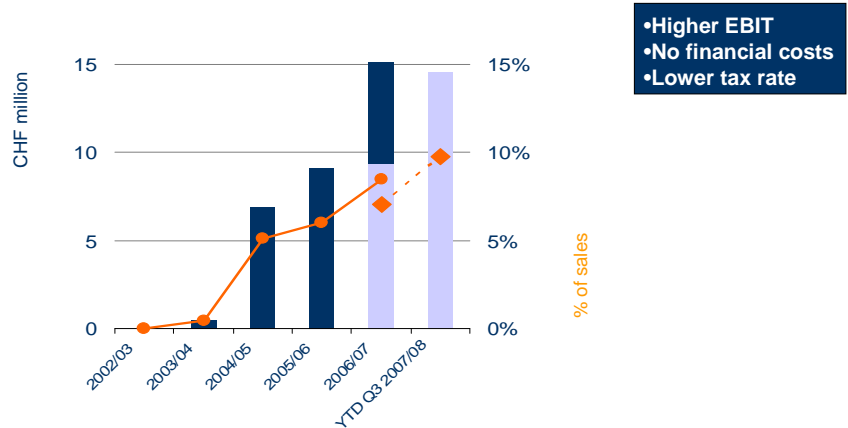
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3. Net earnings after change in conditions of the SOP



Net earnings increase from CHF 9.6 million to CHF 14.5 million

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3. Financial result and taxes YTD Q3 2007/08

- Financial results
 - Favorable exchange rates (EUR) were main driver for favorable financial result in Q3 2007/08 (CHF -0.007 million compared to CHF -0.534 million)
- Taxes
 - Tax rate of 31.4% in YTD Q3 2007/08 (PY 40.7%) was positively influenced by
 - Tax refund and release of provision
 - Deferred tax assets for stock option plans
 - Lower EBT from high tax countries (LEM Int'l)

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H1 2007/08

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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H1 2007/08

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

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Summary financial results for YTD Q3 2007/08 after change in conditions of the SOP

- Continuous profitable growth
 - 11.6% Sales growth
 - 26.6% EBIT increase
 - 51.2% Net earnings increase
- Q3 results reduced by fair value revaluation of outstanding stock option plans (CHF 5.8 million)
 - change of conditions of the options from equity settlement to cash settlement
- Zero net financial expenses

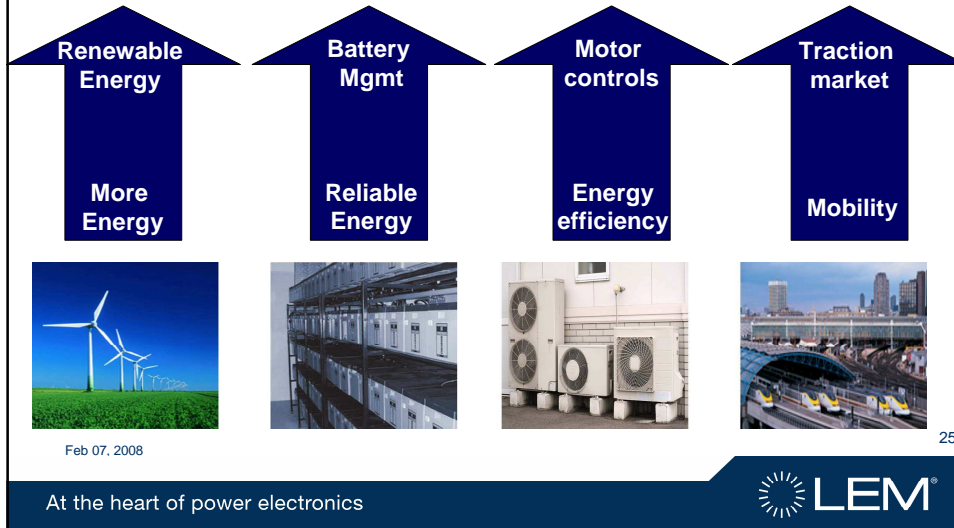
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4. Market factors providing strong tailwind



4. Technology

Flagship products that were launched 2006/07

- Minisens
- Wi-LEM
- Sentinel

• Design-in and market channel development are progressing well.

• Sales

<u>FC 07/08</u>	<u>FC 08/09</u>
CHF ~1 million	CHF 6-12 million

Major new product launches are in preparation for 2008/09

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4. Outlook (1/2)

We can confirm our positive outlook for the year

- The increase in net earnings will surpass our guidance to be well above 45% for the year.
(before change in stock option plan conditions)
- The target for sales growth of between 6 and 8% will be met at the top end.
- For the Automotive segment sales will be at the same level as last year

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4. 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

5 June	2008	Full year results
27 June	2008	Annual Shareholders' Meeting

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