



## Agenda

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|------------------------------------|--------------------|
| 1. Highlights and Business Review  | Paul Van Iseghem   |
| 2. Financial Review                | Ageeth Walti       |
| 3. Strategy and Outlook            | Paul Van Iseghem   |
| 4. Proposals Shareholders' Meeting | Felix Bagdasarjanz |
| 5. Questions                       | All                |

## 1. Highlights and Business Review

Paul Van Iseghem  
President & CEO



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## 1. Results

**203 MCHF**  
+10.0%  
SALES GROWTH

**45.1%**  
+3.1 p.p.  
GROSS MARGIN

**30.3 MCHF**  
+18.6%  
OPERATING PROFIT

**21.7 MCHF**  
+38.9%  
NET EARNINGS

**18.4 CHF**  
+38.3%  
EARNINGS / SHARE

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## 1. Highlights

### Marketing and Sales

- Overall growth of 10.0% with
  - Traction market +23%
  - Energy & Automation market +62%
  - Renewable energy market +60%
  - BRIC Industrial market +29%
  - Automotive sales -4.8% (-1.2% at constant exchange rates)

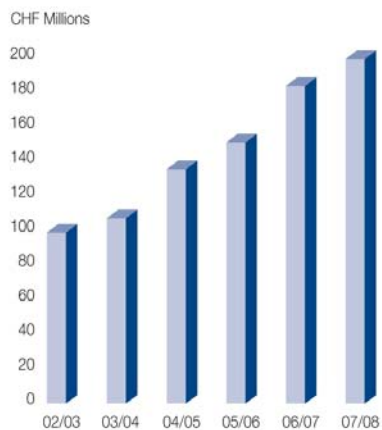
### Operations

- Continuation of transfer of production to China
  - Growth of China plant 230%, 19% of total sales
- Net working capital improvement of 6%
- Automotive
  - New design-ins for battery management and hybrid car markets in China, Japan, Europe and USA, several production starts 2009

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## 1.2 Business Review



- YoY sales growth of 10.0%
- YTD book to bill ratio of 1.08

Over last 5 years:

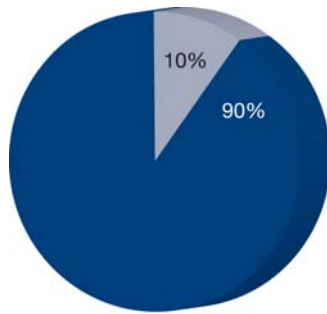
- Sales more than doubled
- CAGR of 15.4%

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## 1.2 Business Review – Sales by Segment



Industrial ■  
Automotive ■

Sales CHF millions

- Industrial 182.8
- Automotive 20.2

Sales growth YoY:

- Industrial 11.9%
- Automotive – 4.8%

Growth at constant exchange rates:

- Industrial 12.4%
- Automotive – 1.2%

Total Sales CHF 203.0 million

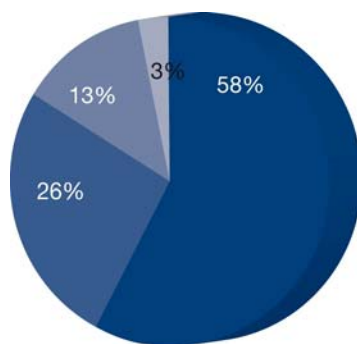
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## 1.2 Business Review – Industrial Segment Regional Markets

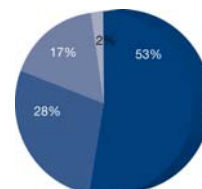


Europe ■  
Asia ■  
North America ■  
ROW ■

Sales growth YoY:

- Europe 16%
- Asia 10%
- North America –5%
- ROW 37%

Sales 2005/06



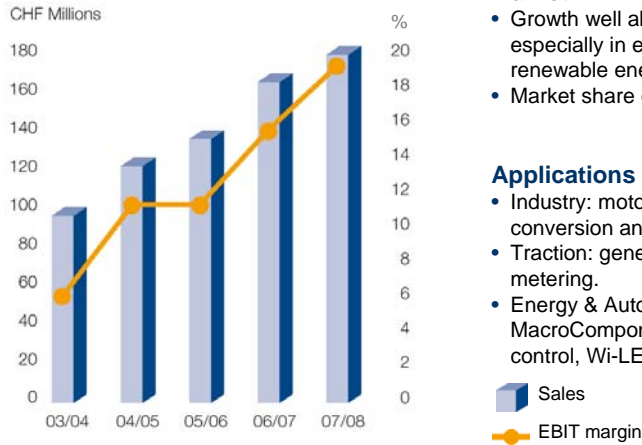
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## 1.2 Business Review – Industrial Segment



### Market

- Growth well above industry average especially in energy efficiency and renewable energy areas.
- Market share of 49%

### Applications

- Industry: motor drive controls, energy conversion and wind & solar energy.
- Traction: general market and energy metering.
- Energy & Automation: MacroComponents for automation control, Wi-LEM, Battery Monitoring

■ Sales

● EBIT margin

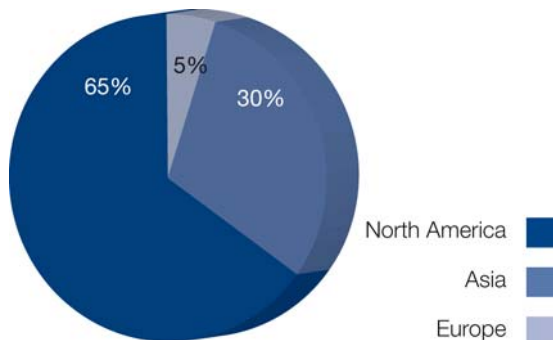
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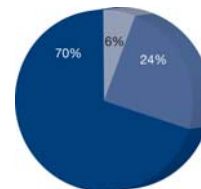
## 1.2 Business Review – Automotive Segment Regional Markets



Sales growth YoY:

Europe	28%
North America	-6%
Asia	-6%

Sales 2005/06



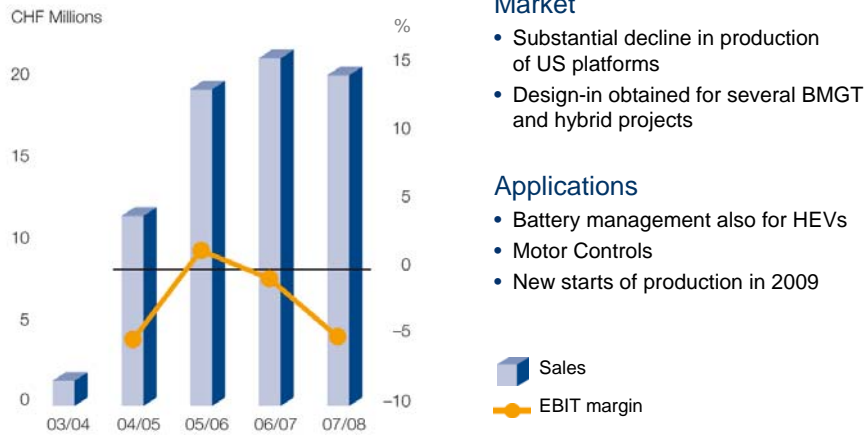
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## 1. Business Review – Automotive Segment



### Market

- Substantial decline in production of US platforms
- Design-in obtained for several BMGT and hybrid projects

### Applications

- Battery management also for HEVs
- Motor Controls
- New starts of production in 2009

 Sales  
 EBIT margin

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## 1.3 LEM Production & Logistics World-Wide



★ **Production Centers:**  
 Geneva, Switzerland 350 employees  
 Beijing, China 390 employees  
 Tokyo, Japan 150 employees

★ **Adaptation Centers:**  
 Milwaukee, USA 25 employees  
 Tver, Russia 95 employees

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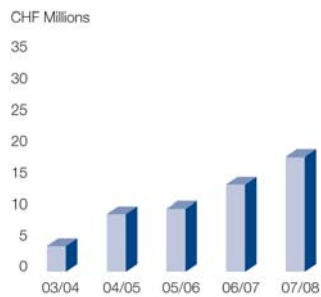


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## 1.3 China Development

### Sales

- Sales growth 22.6%



### Production

- Production volume tripled over last year
- Continued transfer of key products
- "Made by LEM" quality, site audited by several customers
- Lease signed for a new building in China



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## 1.3 Business Review – Technology

- Flagship products that were launched 2006/07
  - Minisens
  - Wi-LEM
  - Sentinel



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



### Sales

2007/08	FC 2008/09
CHF ~ 1 million	CHF ~ 6 million

- Major new product launches are in preparation for 2008/09



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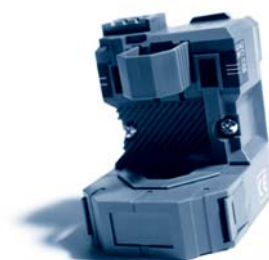
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## 2. Financial Review

Ageeth Walti  
CFO



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## 2. Income Statement

TCHF	2006/07	2007/08 Proforma*	2007/08	%
<b>Sales</b>	<b>184'555</b>	<b>203'033</b>	<b>203'033</b>	<b>10.0%</b>
Gross margin %	42.0	45.1	45.1	
Operating costs	51'930	56'958	61'290	
<b>EBIT</b>	<b>25'557</b>	<b>34'630</b>	<b>30'298</b>	<b>18.6%</b>
Net financial expenses	(712)	(1'413)	(1'413)	
Income taxes	(9'225)	(8'271)	(7'193)	
<b>Net earnings</b>	<b>15'620</b>	<b>24'946</b>	<b>21'692</b>	<b>38.9%</b>

- Change of conditions for stock option plans from equity to cash settled resulted in an additional charge of CHF 4.3 million

\* Before changes in the conditions of the stock option plans

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## 2. Exchange Effect on Sales

Currency	Impact at constant exchange rates
CNY	0.6%
EUR	(3.3%)
GBP	0.5%
JPY	3.8%
USD	6.3%
<b>TOTAL</b>	<b>0.6%</b>

- At constant exchange rates sales growth would have been 10.6% instead of 10.0%
- Euro increase compensates USD decrease

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## 2. Gross Margin Development



CHF millions	2006/07	2007/08
Gr. M	77.5	91.6
Gr. M %Sales	42.0%	45.1%

- Gross margin improved due to:
- Cost reduction program
  - Transfer of production to China

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## 2. Operating Expenses



CHF millions	2006/07	2007/08 Proforma*	2007/08
Opex	51.9	57.0	61.3
Opex % Sales	28.1%	28.1%	30.2%

\* Before changes in the conditions of the stock option plans

- Proforma operating expenses remain at 28.1% of sales, but increased due to additional R&D and sales resources

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## 2. R&D Expenses



CHF millions	2006/07	2007/08
R&D	10.0	11.2
R&D %Sales	5.4%	5.5%

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## 2. EBIT



CHF millions	2006/07	2007/08 Proforma*	2007/08
EBIT	25.5	34.6	30.3
EBIT %Sales	13.8%	17.1%	14.9%

\* Before changes in the conditions of the stock option plans

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## 2. Financial Expenses

TCHF	2006/07	2007/08
Financial expenses	(1'083)	(965)
Financial income	294	287
Exchange effect	77	(735)
<b>Net financial expenses</b>	<b>(712)</b>	<b>(1'413)</b>

- Unfavorable exchange effects from translation of balance sheet positions in foreign currency

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## 2. Taxes

	2006/07	2007/08
Expected tax rate	37.3%	28.2%
One-time effects	(0.2%)	(3.3%)
<b>Effective tax rate</b>	<b>37.1%</b>	<b>24.9%</b>

- Expected tax rate reduced: change of profit mix, creation of LEM International for trading flows
- One-time effects due to tax return and release of tax provision following the closing of a tax investigation

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## 2. Net Earnings



	2006/07	2007/08
Net earnings	15.6	21.7
Net earnings % sales	8.5%	10.7%

- Net earnings increase 38.9% compared to previous year
- EPS increases from CHF 13.3 to CHF 18.4

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## 2. Consolidated Balance Sheet

TCHF	31.03.2007	31.03.2008
Cash and cash equivalents	19'798	25'787
Trade debtors	33'632	35'204
Other current assets	7'234	8'016
Inventories	25'082	22'411
Total non-current assets	22'420	23'174
<b>Total assets</b>	<b>108'166</b>	<b>114'592</b>
Trade payables	14'446	15'819
Other short-term liabilities	25'245	21'805
Total long-term liabilities	3'595	6'852
Equity	64'880	70'116
<b>Total liability and equity</b>	<b>108'166</b>	<b>114'592</b>
Avg. net working capital % sales	22.2%	21.2%
Inventories turns	4.3	5.0

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## 2. Cash Flow Statement

TCHF	2006/07	2007/08
Net earnings from operations	15'620	21'692
Cash flow from operating activities before changes in NWC	25'184	26'255
Changes in net working capital (NWC)	(10'690)	(2'279)
Cash flow from investing activities	(6'296)	(6'507)
<b>Free cash flow</b>	<b>8'198</b>	<b>17'469</b>
Cash flow from financing activities	(13'117)	(10'385)
Change in cash and cash equivalents	(4'920)	7'084

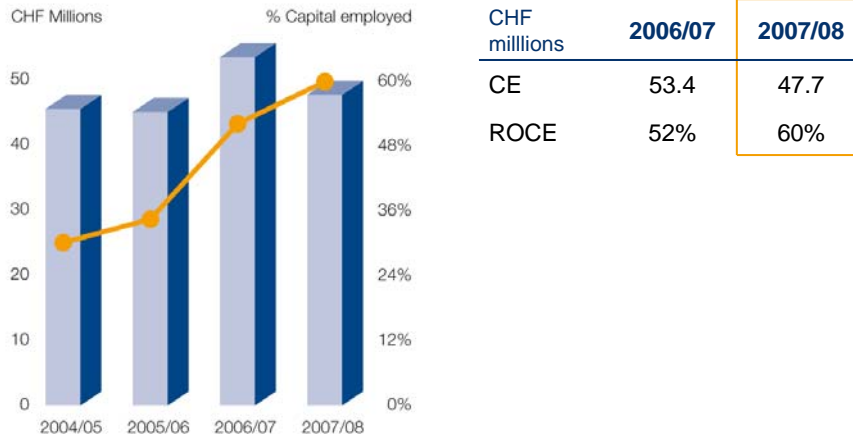
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## 2. Capital Employed and ROCE



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## 2. Summary Financial Results

### • Profitable growth

- 10.0% sales growth; 38.9% increase in net earnings
- Despite change in conditions of SOP, impact of CHF - 4.3 million in 2007/08

### • Solid balance sheet

- Improvements on net working capital
- Equity ratio of 61%

### • Increased free cash flow

- From CHF 8.2 million in 2006/07 to CHF 17.5 million in 2007/08

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### 3. Strategy and Outlook

Paul Van Iseghem  
President & CEO



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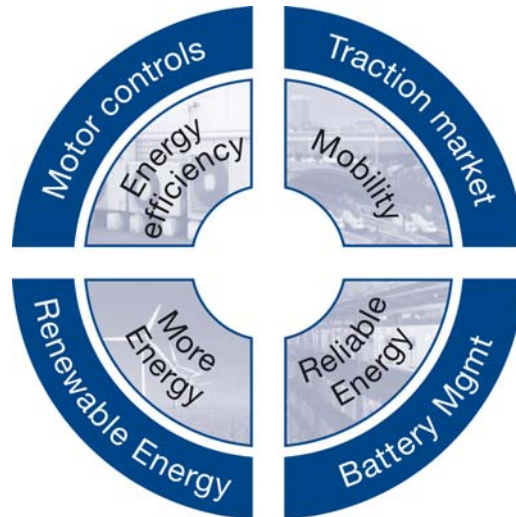
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### 3. Market Factors Providing Strong Tailwind



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### 3. Automotive Segment: New Market Development Sales Projection

**In the sales funnel:**

- Asia: Japan BMGT and hybrids
- Europe: multiple BMGT projects, Stop and Go
- N. America: additional BMGT and hybrid projects
- ROW: Brazil BMGT

**Designed-in, SOP 2009 and 10:**

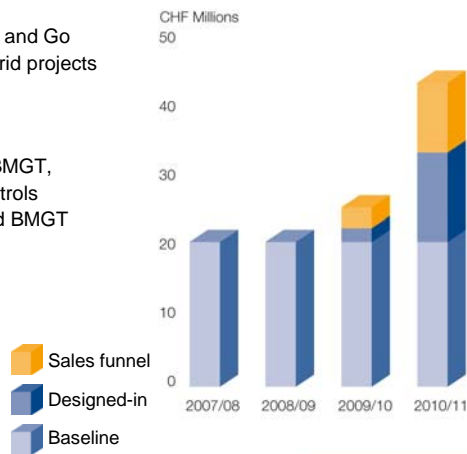
- North America: 2<sup>nd</sup> and 3<sup>rd</sup> customer BMGT, hybrids and Motor Controls
- Asia: China hybrids, Korea hybrid and BMGT
- Europe: German hybrid

**Baseline:**

- North America: BMGT
- Japan: EPS

BMGT = Battery Management  
SOP = Start of Production  
EPS = Electric Power Steering

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### 3. Outlook

We have closed our year on a quarter of high sales and expect this positive trend to continue.

- Our major customers and our bookings level confirm this favorable outlook
- Given the current economic environment we would like to remain cautious at this early time of the year

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### 4. Proposals for the Shareholders' Meeting

Felix Bagdasarjanz  
Chairman of the  
Board of Directors



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## 4. Proposals for the Shareholders' Meeting

In view of the strong performance and solid balance sheet the Board of Directors has decided to propose:

- Ordinary dividend payment of CHF 7.00 per share
- Extraordinary dividend payment of CHF 4.00 per share
- Represents a payout ratio of 58%

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## 4. Summary

- Pure play strategy continues to work fine, execution remains excellent.
- Benefit from growth markets in energy related fields
- Traditional markets and new markets doing well, Automotive remains a difficult market
- Improved profitability and strong balance sheet
- Outlook is positive, short and medium term

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## 4. Financial Calendar and Contact Details

### Financial calendar

27 June	2008	Annual Shareholders' Meeting
7 August	2008	Q1 2008/09 results
6 November	2008	Q2 2008/09 results
10 February	2009	Q3 2008/09 results
4 June	2009	Full year 2008/09 results

### For further information

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President and CEO

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## 5. Any Questions?



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