

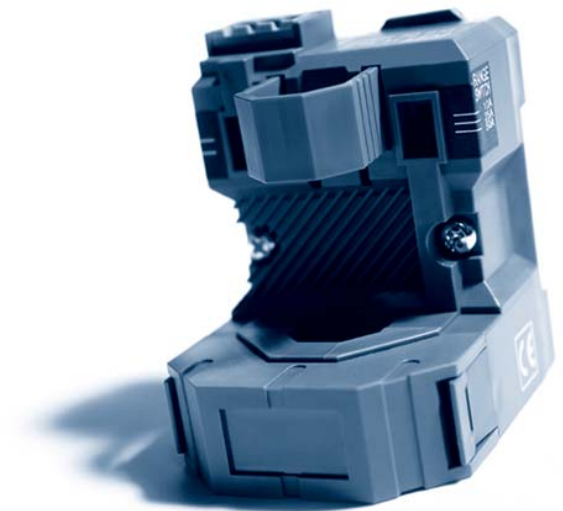
## Half Year Results 2008/09

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# Agenda

1. Business Review
2. Financial Review
3. Outlook



# 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 1'000 employees. Production plants are in Geneva (Switzerland), Machida (Japan), Beijing (China) and regional sales offices close to the clients locations.
- LEM is listed on the SWX Swiss Exchange since 1986.  
Market cap of CHF 300 million.

# 1. LEM Production & Logistics World-Wide



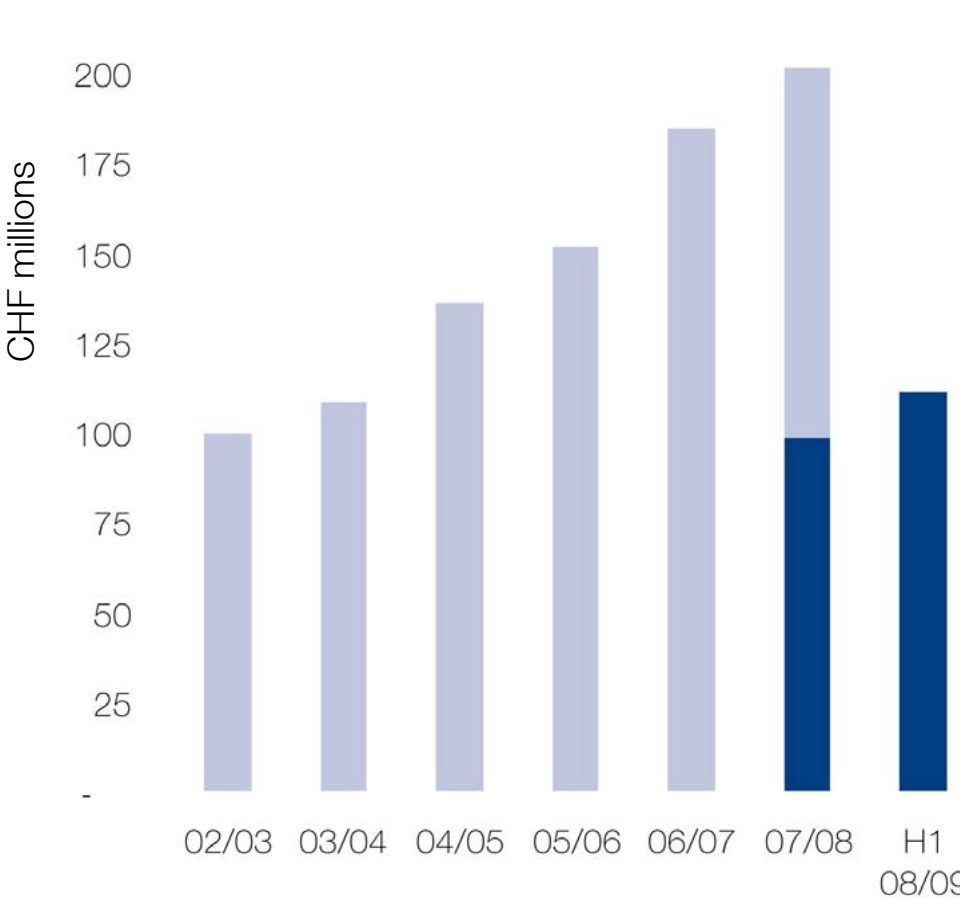
★ Production Centers:  
Geneva, Switzerland 330 employees  
Beijing, China 400 employees  
Tokyo, Japan 150 employees

★ Adaptation Centers:  
Milwaukee, USA 25 employees  
Tver, Russia 100 employees

# 1. Highlights YTD Q2 2008/09

- Sales increase of 12.7% to CHF 111.0 million
- Sales growth at constant exchange rates was 17.5%
- Gross Margin increase by 0.3 percentage points to 46.0%
- EBIT increase by 18.5% to CHF 21.3 million
- Net Earnings increase by 29.8% to CHF 16.0 million
- Strong balance sheet and cash position
  
- Production in China increase by 141%
- Improvements in the Automotive segment

# 1. Net Sales



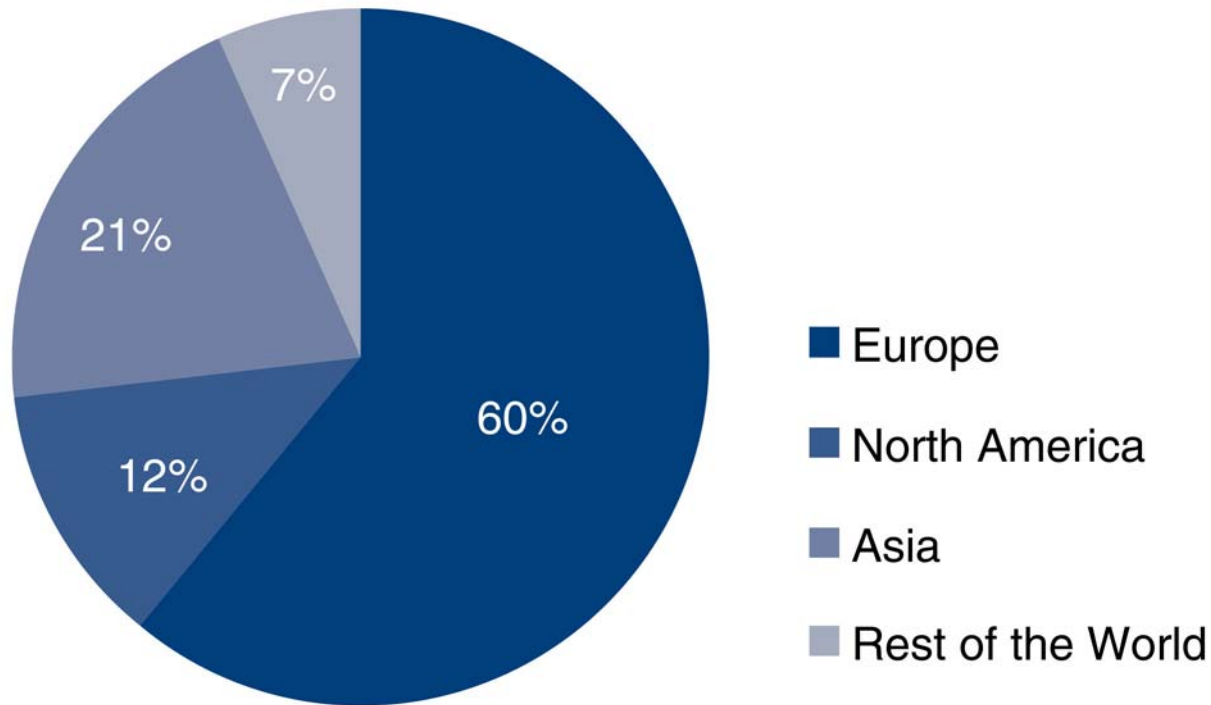
CHF millions	Sales	Growth
Total Sales	111.0	12.7%
Industrial	101.9	15.7%
Automotive	9.2	-12.2%

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# 1. Industrial Segment: Regional Markets

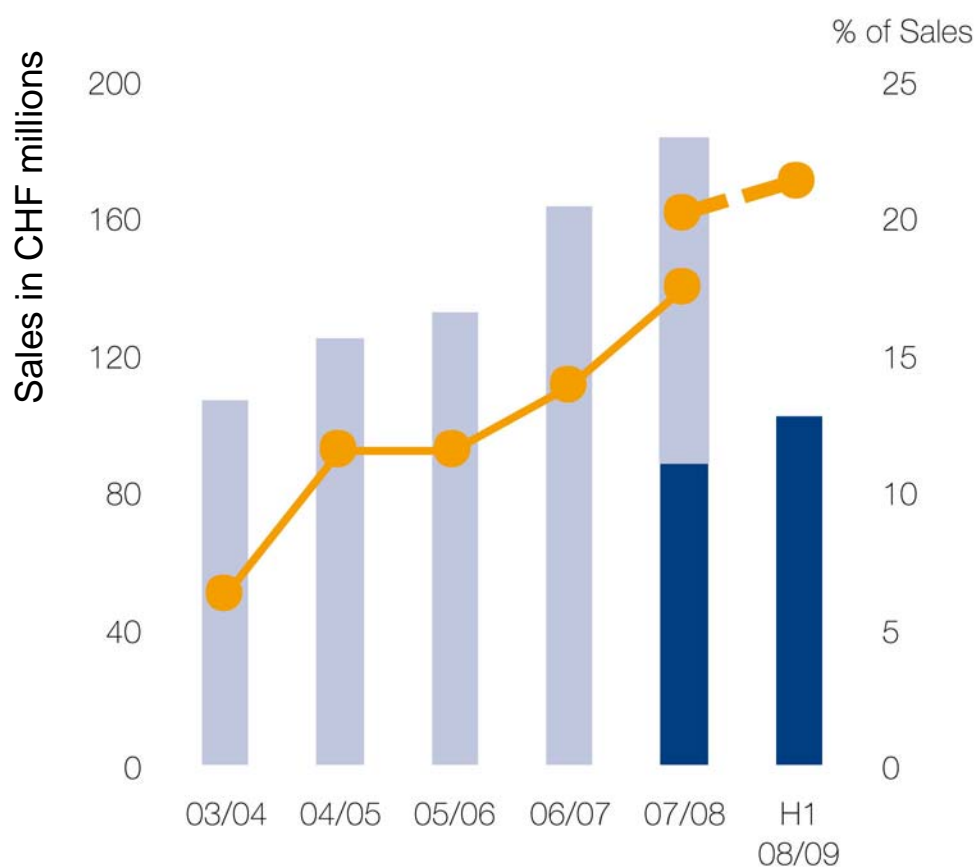


## Sales growth rates H 1

- Europe 21.9%
- N. America -1.8%
- Asia 11.6%
- ROW 4.5%
  
- Total growth 15.7%

Total sales CHF 101.9 million for YTD H1 2008/09

# 1. Industrial Segment: Business Development



## Market

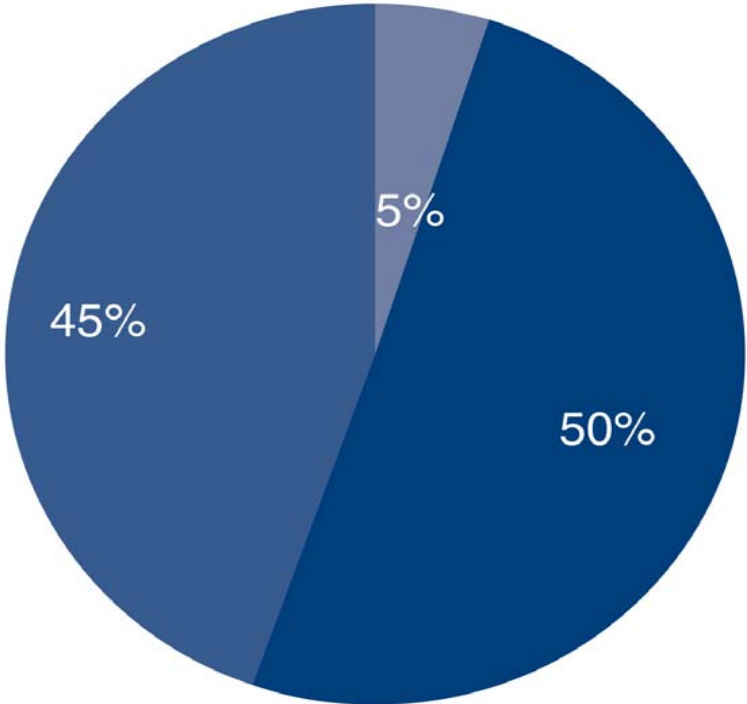
- Growth well above industry average especially in energy efficiency and renewable energy areas
- Market share growing to near 50%

## 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



# 1. Automotive Segment: Regional Markets



### Sales growth rates H1:

- Europe -9.6%
- N. America -35.2%
- Asia 85.0%
  
- Total growth -12.2%
- At constant FX rates -5%

- Europe
- North America
- Asia

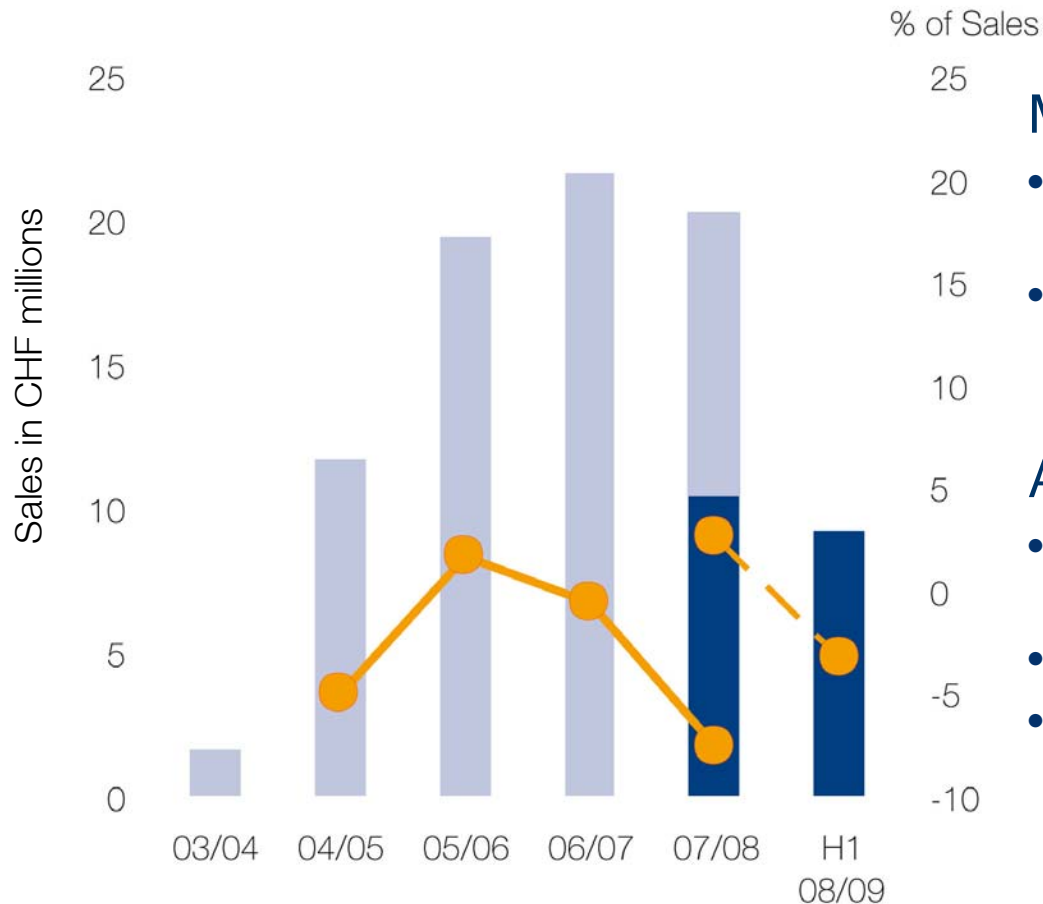
Total sales CHF 9.2 million for YTD H1 2008/09

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# 1. Automotive Segment: Business Development



## Market

- Poor performance of US car manufacturers continued
- Design-in obtained for several battery management and hybrid projects

## Applications

- Battery management also for hybrid electric vehicles
- Motor Controls
- New starts of production in 2009

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# 1. Automotive Segment: New Market Development Sales Projection

## In the sales funnel:

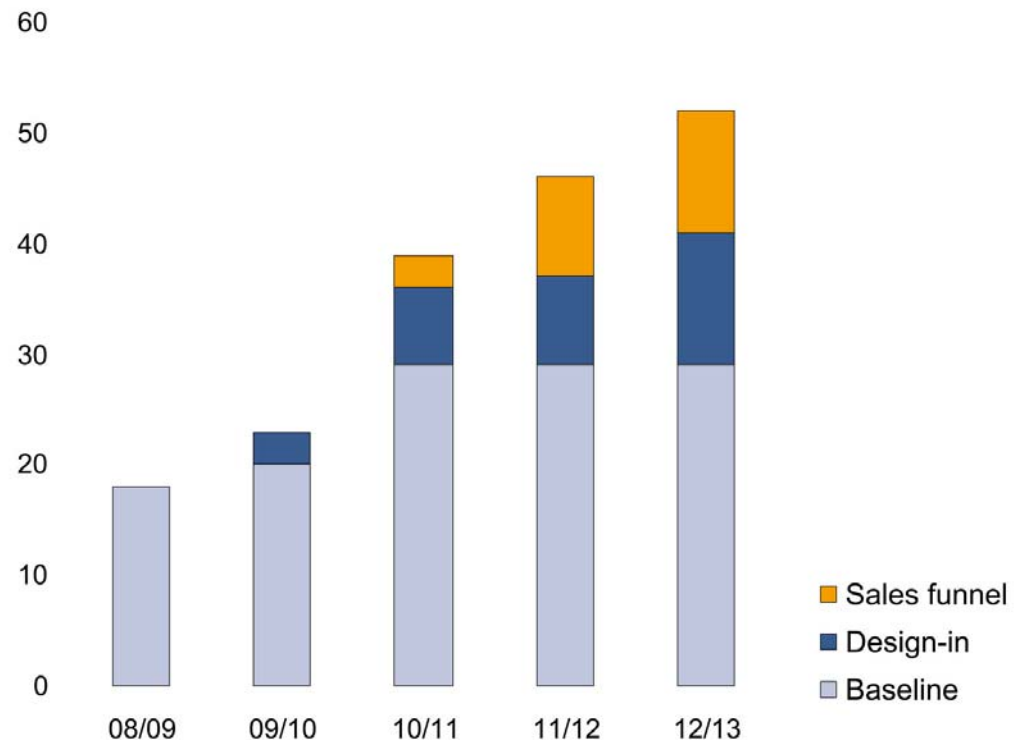
- Asia: Japan BMGT and hybrids
- Europe: multiple BMGT projects, Stop and Go
- N. America: additional BMGT and hybrid projects

## 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 & JP BMGT
- Europe: German hybrid

## Baseline:

- North America: BMGT
- Japan: EPS

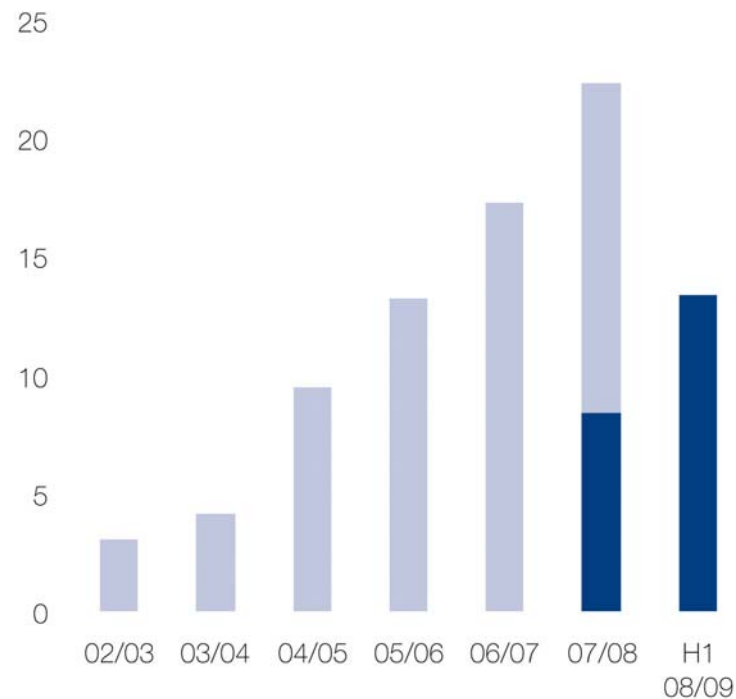


BMGT = Battery Management  
SOP = Start of Production  
EPS = Electric Power Steering

# 1. China Development H1 2008/09

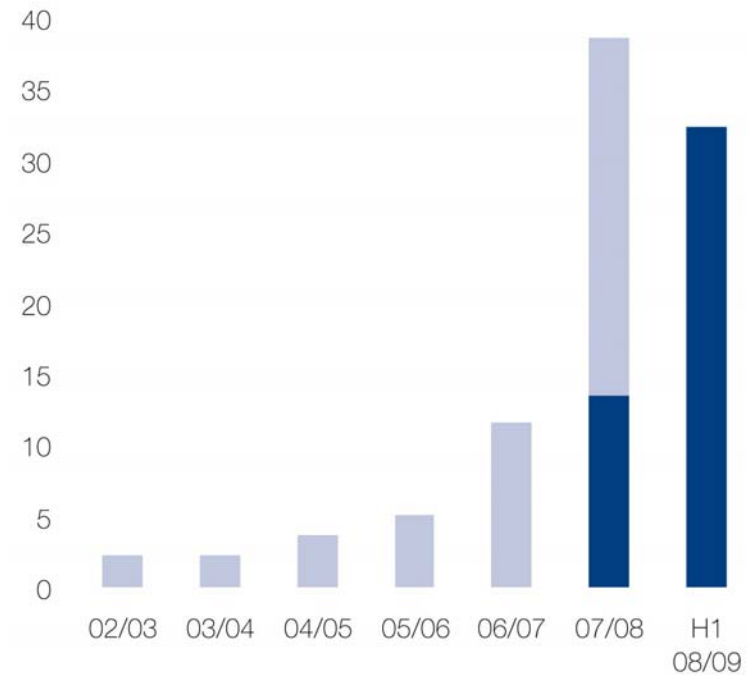
## Sales

- Sales growth 36.3%



## Production

- Production volume increased by 141%
- Continued transfer of key products
- “Made by LEM” quality, site audited by several key customers
- Lease signed for a new building in China



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## 2. Financial Review



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## 2. Profit and Loss

CHF millions	H1 2007/08	H1 2008/09	Change
Sales	98.5	111.0	+12.7%
Gross margin	45.1	51.0	
Gross margin in %	45.7%	46.0%	
Operating costs	27.1	29.6	
EBIT proforma *	18.0	21.4	
Additional SOP costs	0	(0.1)	
EBIT	18.0	21.3	+18.5%
Net financial income	0.1	0.3	
Income taxes	(5.8)	(5.6)	
Tax rate	31.8%	25.7%	
Net earnings	12.3	16.0	+29.8%

\* Before changes in the conditions of the stock option plans (Q3 2007/08)

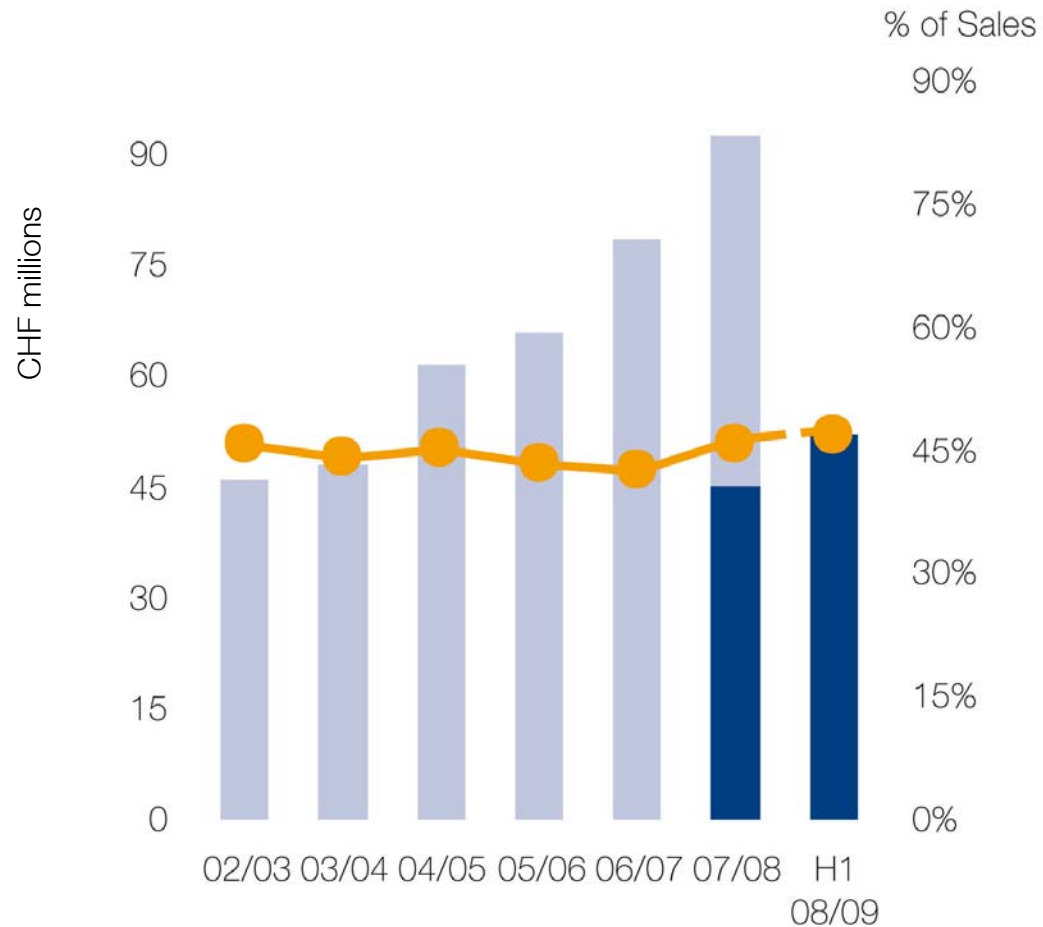
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## 2. Gross Margin Development



- Volume effect
- Impact from transfer of production to China

Gross margin increases from 45.7% to 46.0%

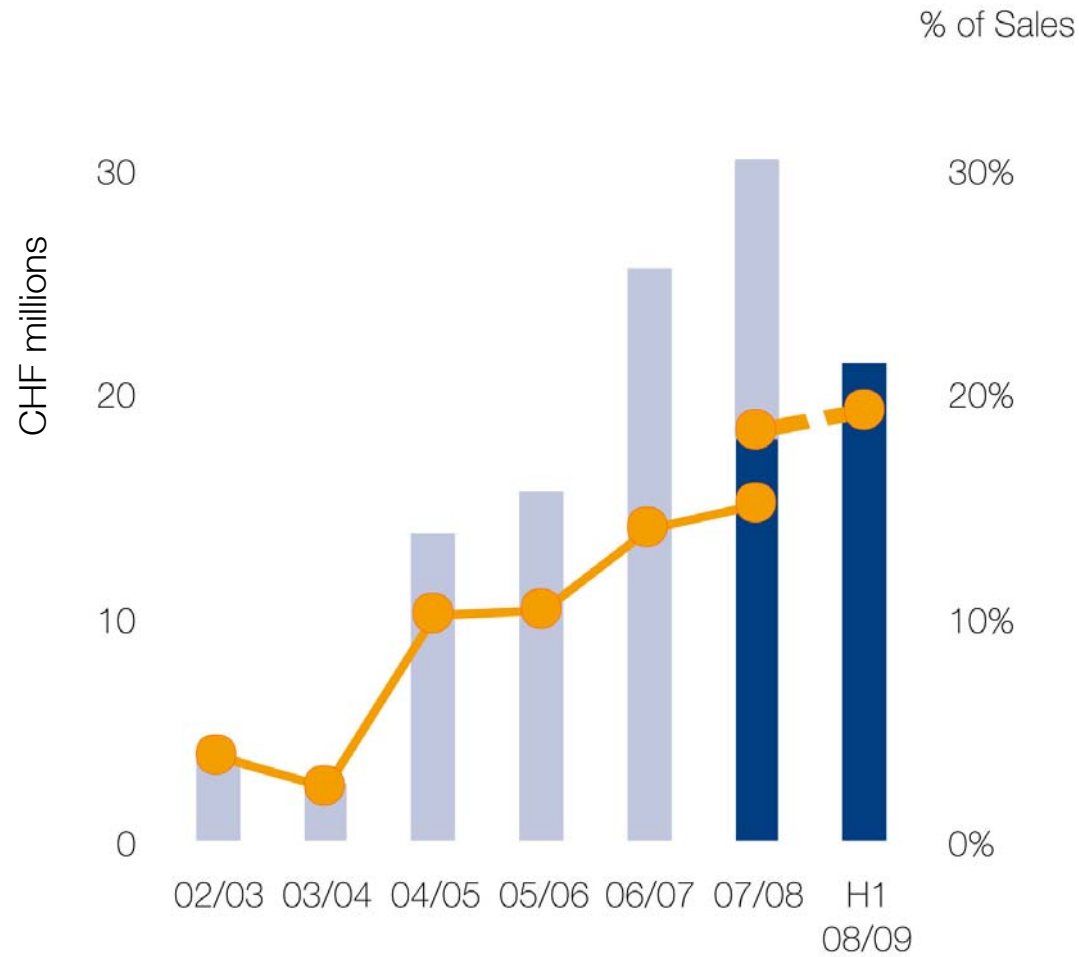
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## 2. EBIT Development



- Growth of 18.5% versus PY
- ROS improved from 18.2% to 19.2%

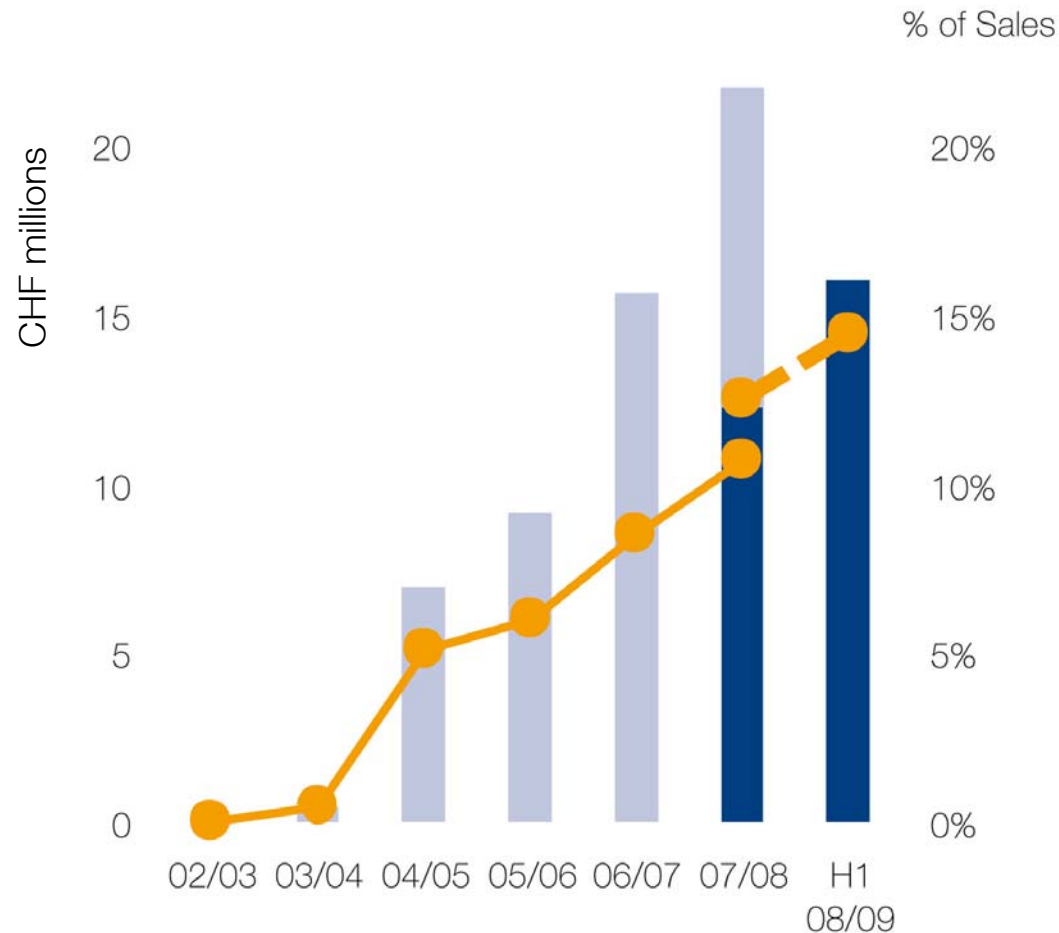
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## 2. Net Earnings



- Higher EBIT
- Tax rate decreases from 31.8% to 25.7%

Net earnings increase from CHF 12.3 million to CHF 16.0 million

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## 2. Consolidated Balance Sheet HY 2008/09

TCHF	31.09.2007	31.03.2008	31.09.2008
Cash and cash equivalents	13'227	25'787	19'172
Trade debtors	37'588	41'169	49'442
Other current assets	1'724	2'051	2'786
Inventories	26'269	22'411	32'847
Total non-current assets	23'402	24'541	26'960
<b>Total assets</b>	<b>102'210</b>	<b>115'959</b>	<b>131'207</b>
Trade payables	13'075	17'034	23'215
Other short-term liabilities	20'271	20'591	27'797
Total long-term liabilities	3'909	7'125	7'749
Equity	65'955	71'209	72'446
<b>Total liability and equity</b>	<b>102'210</b>	<b>115'959</b>	<b>131'207</b>
Avg. net working capital % sales	22.9%	21.2%	20.7%
Inventory turns	4.1	5.0	3.7
Equity ratio	64.5%	61.4%	55.2%

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## 2. Cash Flow Statement HY 2008/09

TCHF	H1 2007/08	H1 2008/09
Net earnings from operations	12'318	15'994
Cash flow from operating activities before changes in NWC	11'366	19'412
Changes in net working capital (NWC)	(2'842)	(8'007)
Cash flow from investing activities	(3'608)	(4'232)
<b>Free cash flow</b>	<b>4'916</b>	<b>7'173</b>
Cash flow from financing activities	(11'286)	(14'323)
Change in cash and cash equivalents	(6'370)	(7'150)

Free cash flow increases from CHF 4.9 million to CHF 7.2 million

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## 2. Summary

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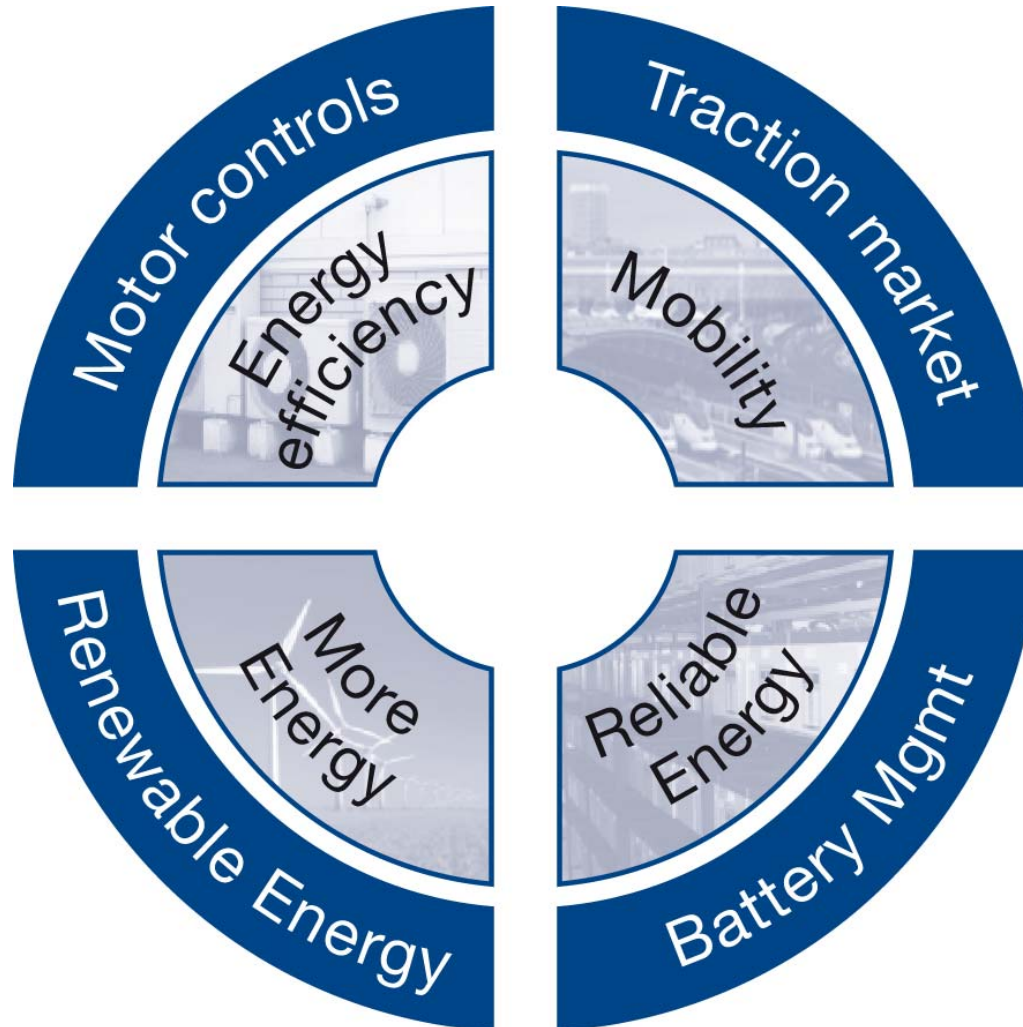
### 3. Outlook



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### 3. Market Factors Providing Strong Tailwind





### 3. Innovation: new Flagship Products

For this FY we are preparing the launch of:

- Transducers with high precision and an improved technology developed by LEM
- New generation of transducers for industrial battery management
- Transducers for surface mounted automatic assembly



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## 3. Outlook

- We have commenced the year with a strong first half
- The turmoil is also affecting LEM
- The current global economic situation is uncertain but we are confident about our strategy
- We expect sales of about CHF 190 million

### 3. Financial Calendar and Contact Details

#### Financial calendar

10 February 2009

Q3 2008/09 results

4 June 2009

Full year 2008/09 results

#### For further information

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