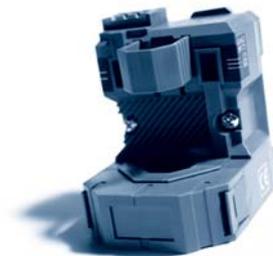




## Agenda

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  
Production plants are in Geneva (Switzerland), Copenhagen (Denmark), Machida (Japan), Beijing (China) and regional sales offices close to the clients locations
- LEM is listed on the SIX Swiss Exchange since 1986  
Market cap of CHF 320 million (as per 30.12.2009)

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## 1. LEM Sales and Operations



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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, test & measurement
- **Traction & Trackside**
  - on-board applications, inverters
  - Trackside and energy monitoring

## New Markets

- **Automotive**
  - Battery Management (all car types)
  - Electric Motor Control (HEV-EV)
- **Energy & Automation**
  - Process control
  - Battery Monitoring, Energy Metering

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# 2. Business Review



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## 2. Highlights Q3 2009/10

Rapid return to a strong market, Q3 up from Q2:

- Q3 bookings of CHF 54.8 million, up 16.3%
- Sales of CHF 48.3 million, up 11.8%
- Gross margin improved to 45.1%, up 2.1 percentage points
- Operational EBIT of CHF 7.4 million, up 36.5%

9 months results, affected by the prior economic crisis

- Sales of CHF 127.1 million, down by 18.6%
- Gross margin decreased to 43.6% from 44.8%
- Operational EBIT of CHF 16.0 million from CHF 25.4 million

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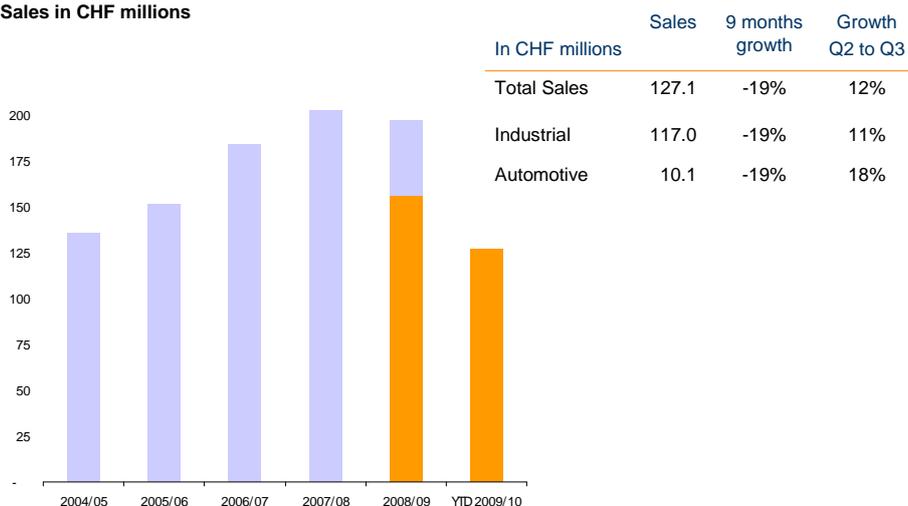
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## 2. Net Sales

Sales in CHF millions



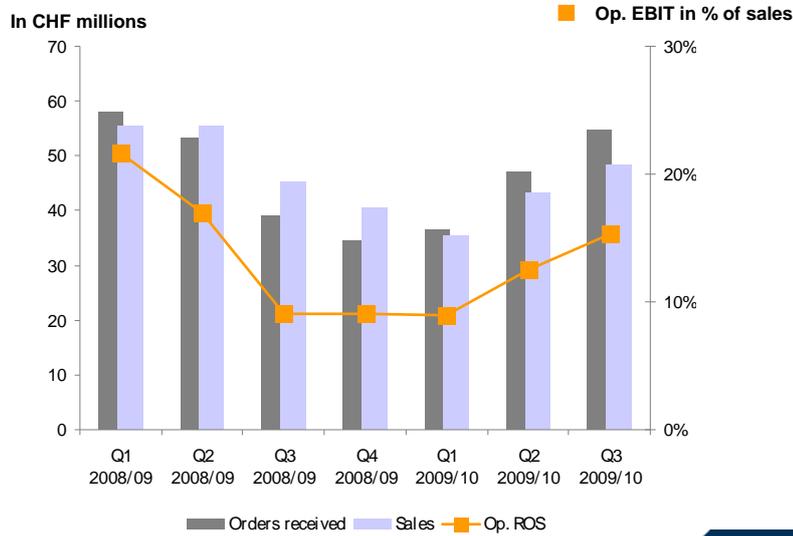
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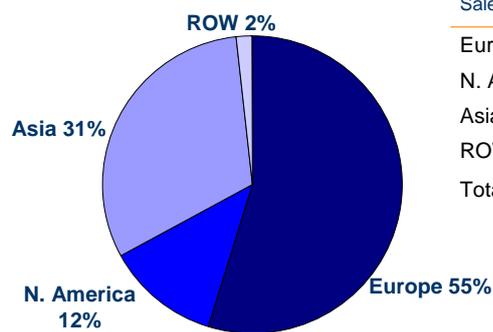
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## 2. Zoom on the recession history



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## 2. Industrial Segment: Regional Markets



Sales growth rates	9 months	Q3 to Q2
Europe	-25%	9%
N. America	-24%	6%
Asia	-0%	18%
ROW	-36%	5%
Total	-19%	11%

### Strong recovery in Asia

China Q3 to Q2	7%
China 9 months	22%

Total sales CHF 117.0 million for YTD Q3 2009/10

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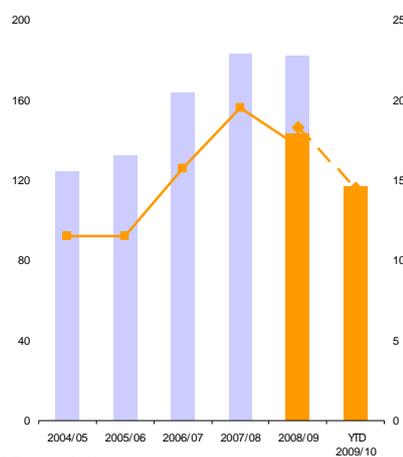
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## 2. Industrial Segment: Business Development

Sales in CHF millions      Op. EBIT in % of sales



### Markets and Applications

**Industry:** Over 15% growth in sales since the last quarter, strong recovery of solar and wind market

**Traction:** Sales growth of 1.5% since the last quarter. This market has suffered the least in the recession but is now slowing down

**Energy & Automation:** decreased in sales by 4% in the last quarter still from a small basis

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## 2. Industrial Segment: Business Development

- Integration of LEM Danfysik within LEM continues to make good progress
- Starts of production for projects in the renewable energy market in Scandinavia and Asia
- Further starts of production in Q4 2009/10 in Japan, Germany and North America for the renewable energy, air conditioning and drives market
- Renewable energy market is developing well with the new products we have launched

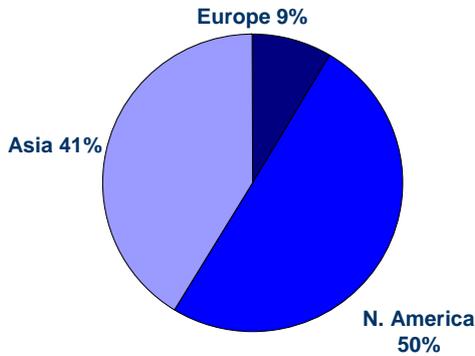
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## 2. Automotive Segment: Regional Markets



Sales growth rates	9 months	Q3 to Q2
Europe	30%	62%
N. America	-20%	44%
Asia	-23%	-14%
Total	-19%	18%

Strong recovery in Europe and N. America

Total sales CHF 10.1 million for YTD Q3 2009/10

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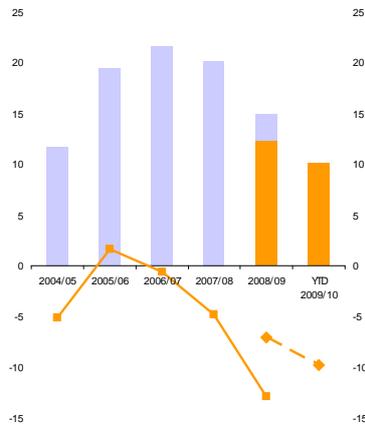
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## 2. Automotive Segment: Business Development

Sales in CHF millions      Op. EBIT in % of sales



### Market

- Start of production for several new customers in USA, Japan and Europe
- More new starts of production for 2010/11

### Applications

- Battery management
- Motor Controls

### Results

- Op EBIT in Q3 near break even, driven by volume and gross margin improvement

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## 2. Business Development Results for Automotive Segment

New Business > CHF 0.5 million	Application	SoP 2009/10	SoP 2010/11
China	BM, EV, HEV		Q2
Japan	EV, HEV	✓ started in Q2	
Japan	BM	✓ started in Q3	Q2
Japan	EPS		
Korea	EV, HEV		Q1
Europe	BM	✓ started in Q3	
Europe	EV, HEV	✓ started in Q3	Q1, Q2
USA	EV, HEV, BM	✓ started in Q3	

EV = electric vehicle, HEV = hybrid electric vehicle, BM = battery management, EPS = Electric Power Steering

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## 2. Business Development China

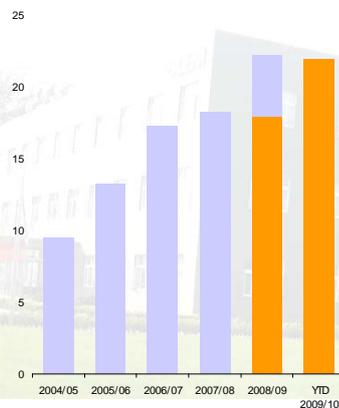
### Sales

- Sales for 9 months at 12 months level of 2008/09
- Market share now close to 50%

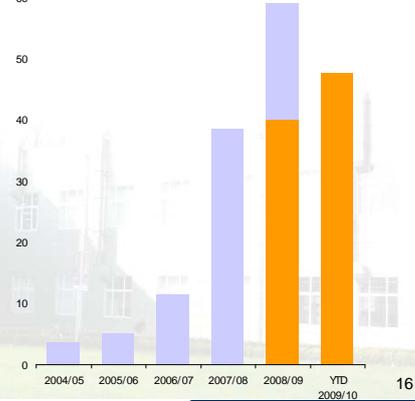
### Production

- Opening of new 10'000 m<sup>2</sup> facility

In CHF millions



In CHF millions



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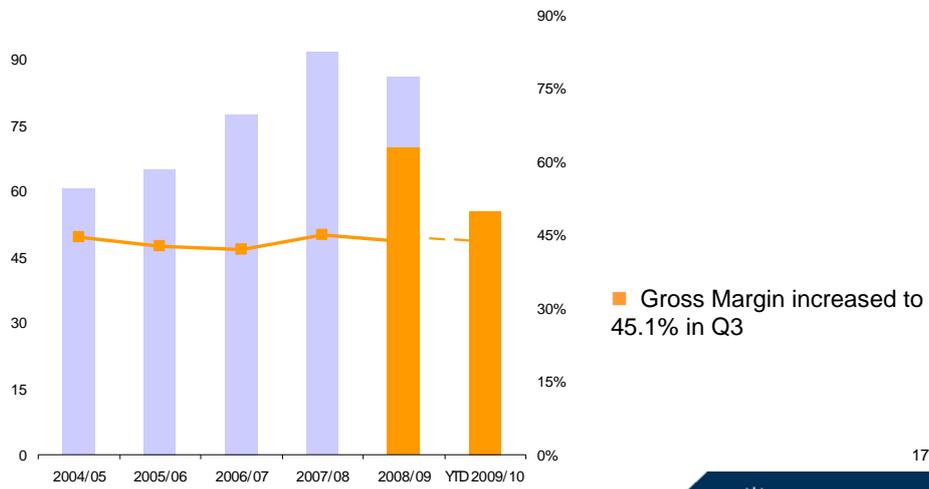


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## 2. Gross Margin Development

In CHF millions

■ Gross Margin in % of sales



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## 3. Financial Review



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### 3. Income Statement

In CHF thousands	9 months 2008/09	9 months 2009/10	Change %	Q2 2009/10	Q3 2009/10	Change %
<b>Sales</b>	<b>156'146</b>	<b>127'082</b>	-19%	<b>43'172</b>	<b>48'266</b>	+12%
Gross margin %	44.8%	43.6%		43.0%	45.1%	
SG&A	(44'443)	(39'454)		(13'147)	(14'375)	
<b>Operational EBIT*</b>	<b>25'443</b>	<b>16'001</b>	-37%	<b>5'418</b>	<b>7'396</b>	+37%
SOP costs	4'960	(5'614)		(498)	(804)	
<b>EBIT</b>	<b>30'403</b>	<b>10'387</b>		<b>4'920</b>	<b>6'592</b>	
Financial expense (net)	(1'322)	(1'051)		(504)	(314)	
Income taxes	(7'520)	(3'844)		(1'559)	(2'357)	
<b>Net profit</b>	<b>21'561</b>	<b>5'492</b>	-74%	<b>2'857</b>	<b>3'921</b>	+37%

\* Before revaluation of provisions for the stock option plans

Share price development from CHF 149.90 to CHF 278.50 resulted in an additional provision of CHF 5.6 million

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### 3. Financial Expense

In CHF thousands	9 months 2008/09	9 months 2009/10
Foreign exchange effect*	(1'120)	(817)
Other financial expense + income	(202)	(234)
<b>Total</b>	<b>(1'322)</b>	<b>(1'051)</b>

- Foreign exchange cost mainly driven by USD and CNY devaluation
- Other financial expense and income increase, because of the financing cost of the LEM Danfysik acquisition

\* The foreign exchange effect is mainly due to currency volatility during the time between booking and settling a receivable/payable.

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### 3. Income Taxes

In CHF thousands	9 months 2008/09	9 months 2009/10
<b>EBT</b>	<b>29'081</b>	<b>9'336</b>
<b>Income taxes</b>	<b>(7'520)</b>	<b>(3'844)</b>
thereof current & deferred tax	(7'520)	(2863)
thereof withholding tax	0	(981)
<b>Effective tax rate</b>	<b>25.9%</b>	<b>41.2%</b>
without withholding tax	25.9%	30.7%

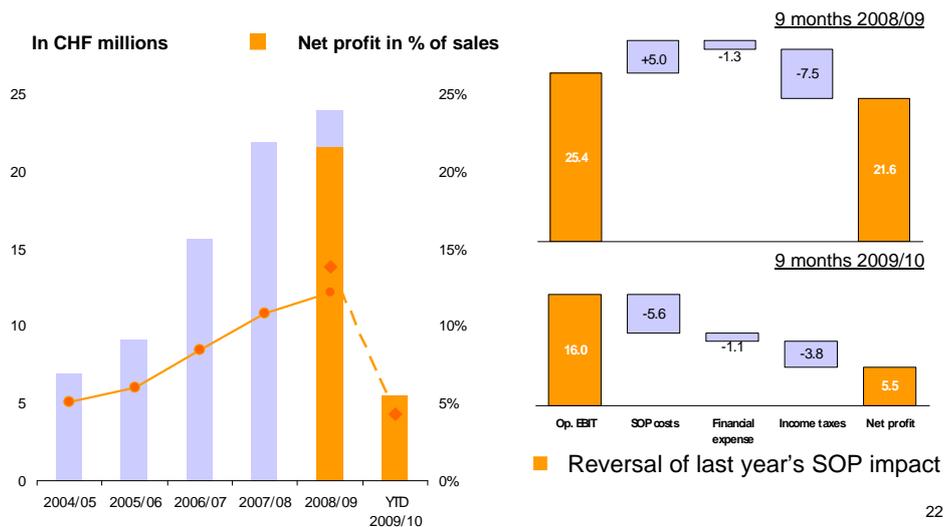
- Further increase of withholding tax provisions for dividend repatriation, linked to positive EBT development according to the policy implemented in September 2009
- Tax rate excluding withholding tax expected to be significantly decreased going forward

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### 3. Net Profit (including provision on SOP)



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## 4. Outlook

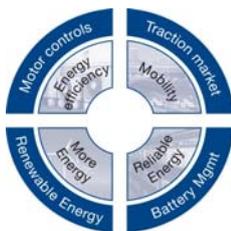


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## 4. Market Factors and Strategy



The strategic drivers for our business have proven robust during the recession:

- Need for more energy and renewable energy
- Need for reliable energy, more controls and standby battery management
- Need for better energy efficiencies, increasing demand for more efficient motor controls
- Need for more mobility, public transport and automotive with a shift to energy friendly solutions

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## 4. Outlook

- We will maintain our focus on cost control and operational priorities
- We will continue our investments in the new businesses, including the fast integration of LEM Danfysik
  
- Sales for the year at the high end of the Q2 outlook statement of CHF 170 to 180 million
- Operational EBIT of about CHF 25 million

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## 4. Financial Calendar and Contact Details

### Financial calendar

9 February	2010	Q3 2009/10 results
3 June	2010	Full year 2009/10 results
25 June	2010	Ordinary Shareholders Meeting

### For further information

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