

Results

Q4 and Year 2009/10

Media & Analyst Conference
Zurich, 3 June 2010



Agenda

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|------------------------------------|--------------------|
| 1. Highlights and Business Review | Paul Van Iseghem |
| 2. Business Development | Paul Van Iseghem |
| 3. Financial Review | Julius Renk |
| 4. Strategy and Outlook | Paul Van Iseghem |
| 5. Succession of the CEO | Felix Bagdasarjanz |
| 6. Proposals Shareholders' Meeting | Felix Bagdasarjanz |

LEM Business Card

- LEM is the global market leader in providing innovative and high quality solutions for measuring electrical parameters
- Its current and voltage transducers are used in a broad range of applications in industry, traction, energy & automation and automotive markets
- LEM is a high growth global company with approximately 1'000 employees. It has production plants in Geneva (Switzerland), Copenhagen (Denmark), Machida (Japan), Beijing (China) and regional sales offices close to its clients locations
- LEM is listed on the SIX Swiss Exchange since 1986
Market Cap of CHF 390 million

LEM Production and Logistics World-Wide



2 June 2010

At the heart of power electronics



Markets Served

Traditional Markets

Industry

- All areas of reliable current measurement
- Motor drives, power conversion AC/DC, power supplies, UPS, welding, medical scanner, 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

1. Highlights and Business Review

Paul Van Iseghem, President & CEO



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At the heart of power electronics



1. Financial Highlights - Moving Strongly out of the Recession

	Q3 to Q4 2009/10	Year to Year
Sales	20.9%	-5.7%
Operational EBIT	32.4%	-11.6%

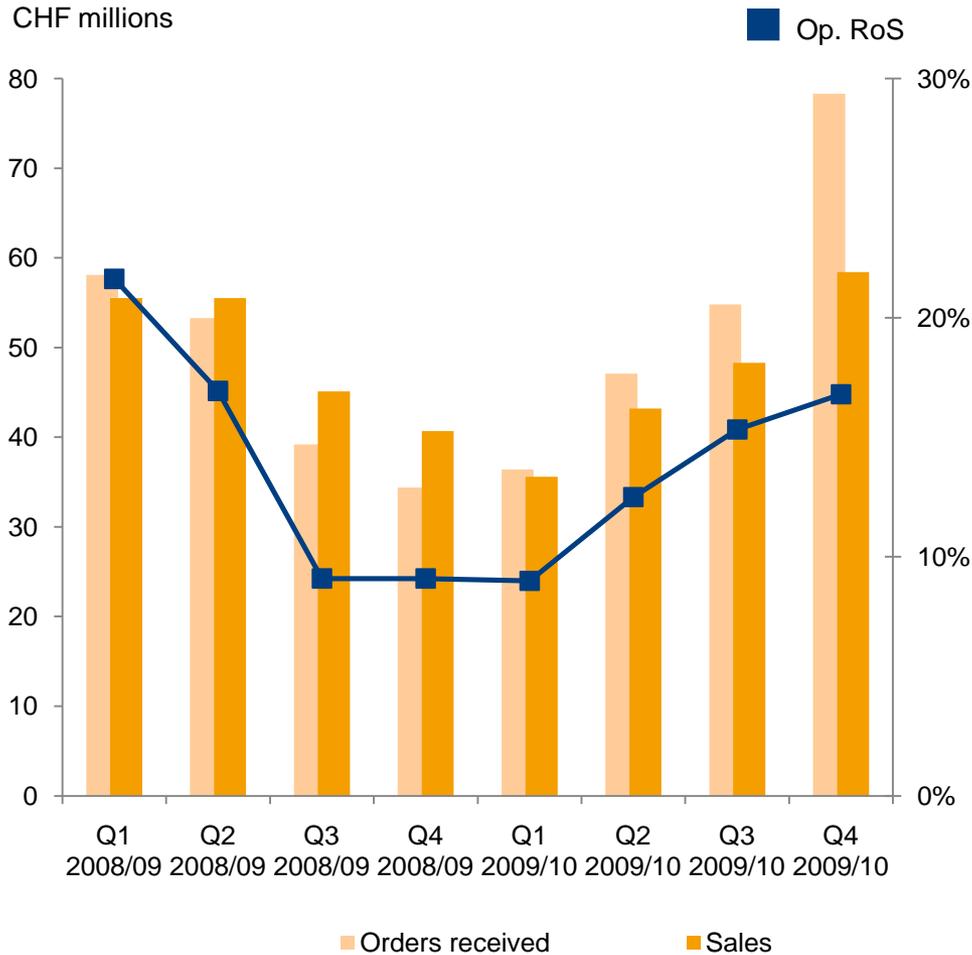
After accounting for the stock option plans

EBIT	7.6%	-48.2%
Net earnings	28.2%	-56.0%

1. Business Highlights

- Opening of a new 10'000 m² facility in Beijing, China
- Acquisition of Danfysik ACP in Copenhagen, Denmark
- Growth of renewable energy business over pre-crisis levels
- Automotive production transferred to China, reaching break-even for 2 consecutive quarters

1. Business Review – Zoom-in on the Recession

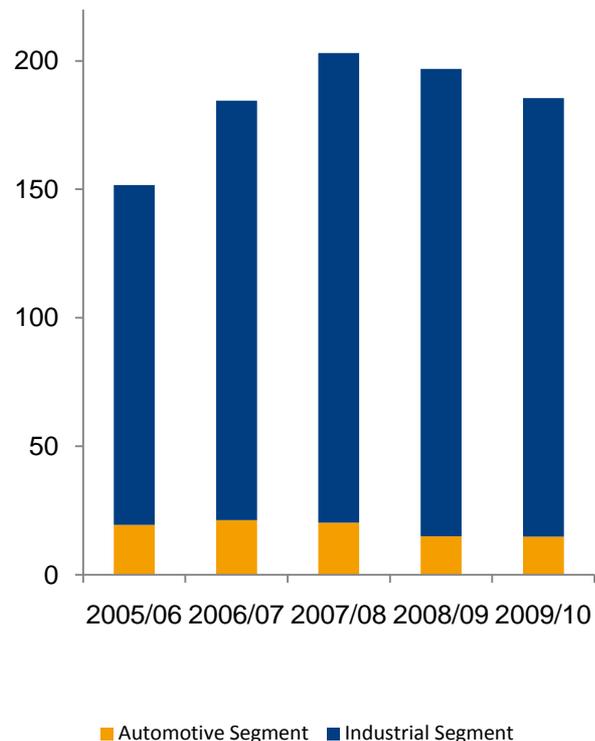


- Q4 book to bill ratio 1.34
- Q4 sales over Q1 and Q2 of 2008/09

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1. Business Review - Sales

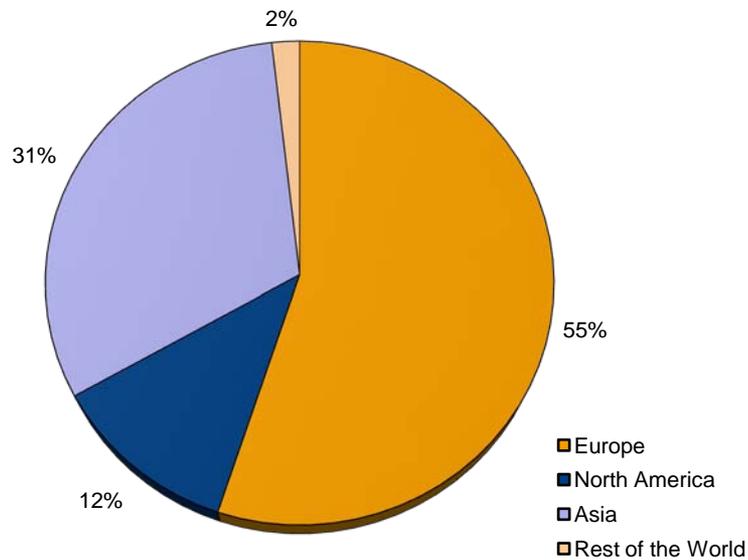
CHF millions



- Last 2 years effected by the recession going in and going out
- Sales for the year of CHF 185.5 million, a decrease of 5.7%
- A slow start to the year but pick up in the last 2 quarters
- Q3 to Q4 sales increased by over 20%
- Sales in the Automotive segment were 7.9% of the total, prior year was 7.6%

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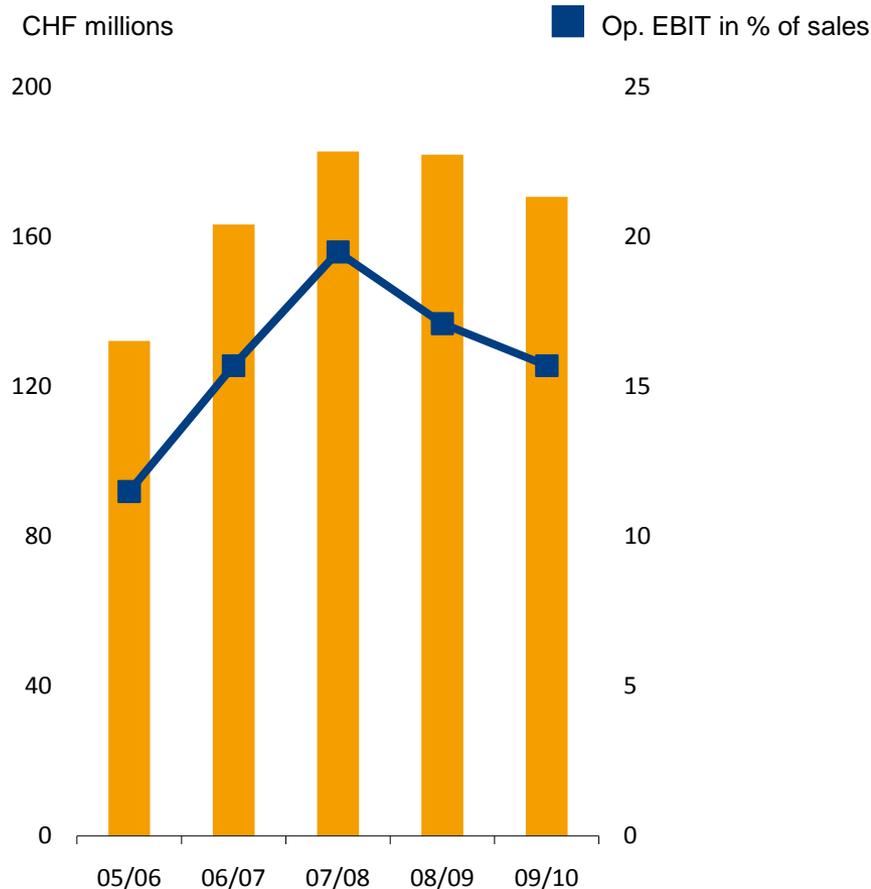
1. Business Review – Industrial Segment



Sales growth	Year to Year	Q3 to Q4	Sales M CHF
Europe	-13%	26%	94
N. America	-17%	17%	20
Asia	17%	16%	54
ROW	-19%	20%	3
Total	-6%	21%	171

■ No recession in Asia

1. Business Review – Industrial Segment



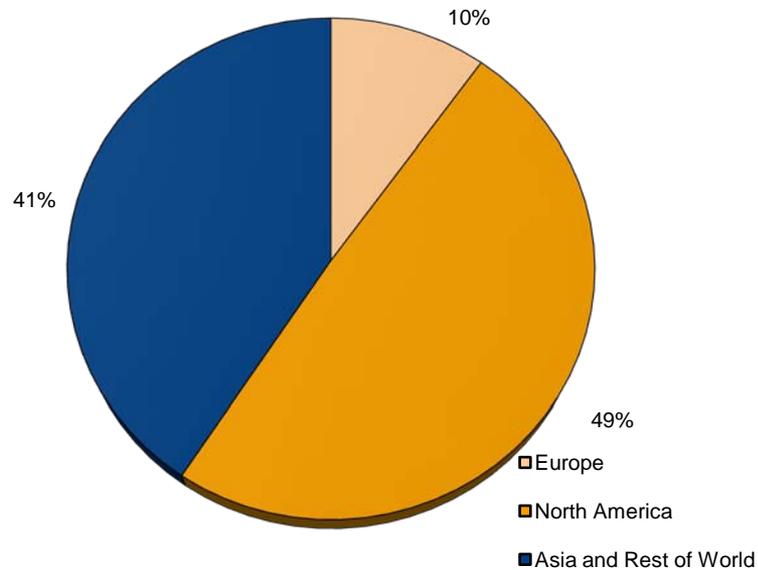
Markets and Applications

Industry: Decrease of sales by 5.9% for the year and Q3 to Q4 growth of 28%
Strong recovery of motor drives market and renewable energy markets, now 18% of total sales (FY 2007/08 was 10%)

Traction: Sales decreased by 4.9%.
This market has suffered the least in the recession but is late in the cycle

Energy & Automation: decreased in sales by 17%, the battery monitoring market is performing well and have tripled

1. Business Review – Automotive Segment



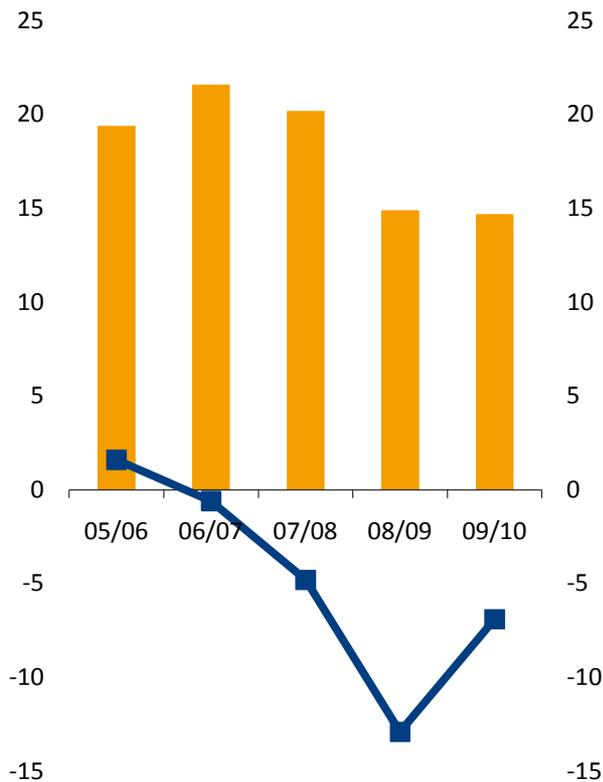
Sales growth	Year to Year	Q3 to Q4	Sales M CHF
Europe	54%	60%	1
N. America	-6%	1%	8
Asia	-3%	38%	6
Total	-1%	21%	15

- Our focus on Asia shows results

1. Business Review – Automotive Segment

CHF millions

■ Op. EBIT in % of sales



Market

Start of production for several new customers in USA, Japan and Europe
Two consecutive quarters of break-even for Op. EBIT

Q3 to Q4 growth of 21%

Applications

Multiple customers in Asia and USA starting production of new platforms for green cars and battery management

Start of new production lines in China with significant cost reduction

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2. Business Development

Paul Van Iseghem, President & CEO



2. Business Development – Results for the Industry Market

New Business > CHF 0.5 million	Region	SoP 2009/10	SoP 2010/11
Photovoltaic	Japan	Q4	
Photovoltaic, Wind	China	Q1	
Drives, Airconditioning	N. America		Q2
Photovoltaic, Wind	Spain		Q4
Wind	Scandinavia	Q3	
Drives, Airconditioning	Scandinavia		Q3
Photovoltaic	Scandinavia		Q3
Photovoltaic, Drives	Germany	Q3, Q4	

SoP = Start of Production

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2. Business Development – Results for the Automotive Market

New Business > CHF 0.5 million	Application	In volume	SoP 2010/11
China	BM, EV, HEV	x	
Japan	BM	x	Q2
Japan	BM	x	
Japan	EPS	x	
Korea	EV, HEV	x	Q1
Europe	BM	x	
Europe	EV, HEV	x	
USA	EV, HEV, BM	x	Q4
USA	BM	x	Q2

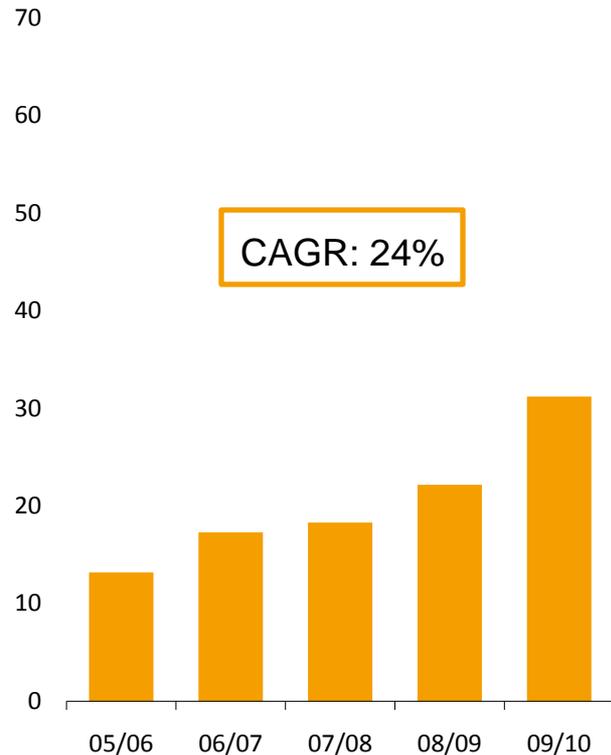
EV = electric vehicle, HEV = hybrid electric vehicle, BM = battery management, EPS = Electric Power Steering
SoP = Start of Production

2. Business Development China

Sales

- Market share of 50+%

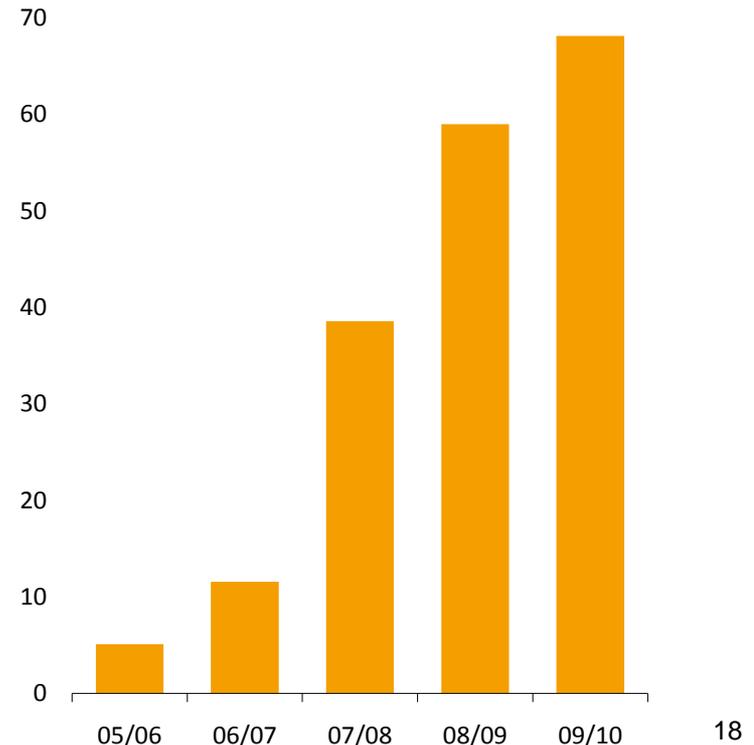
CHF millions



Production

- Opening of a 10'000 m² facility

CHF millions



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2. Business Development - Innovation

Acquisition of LEM Danfysik creates a broader range of high accuracy products for the medical, test and measurement and precision motor controls market

We also launched:

- ITL 900 the most precise industrial transducer in the market today
- RT coil – setting a new benchmark for accurate energy consumption measurement
- The CAS, CASR and CKSR family of current transducers using a new closed loop Fluxgate technology



3. Financial review

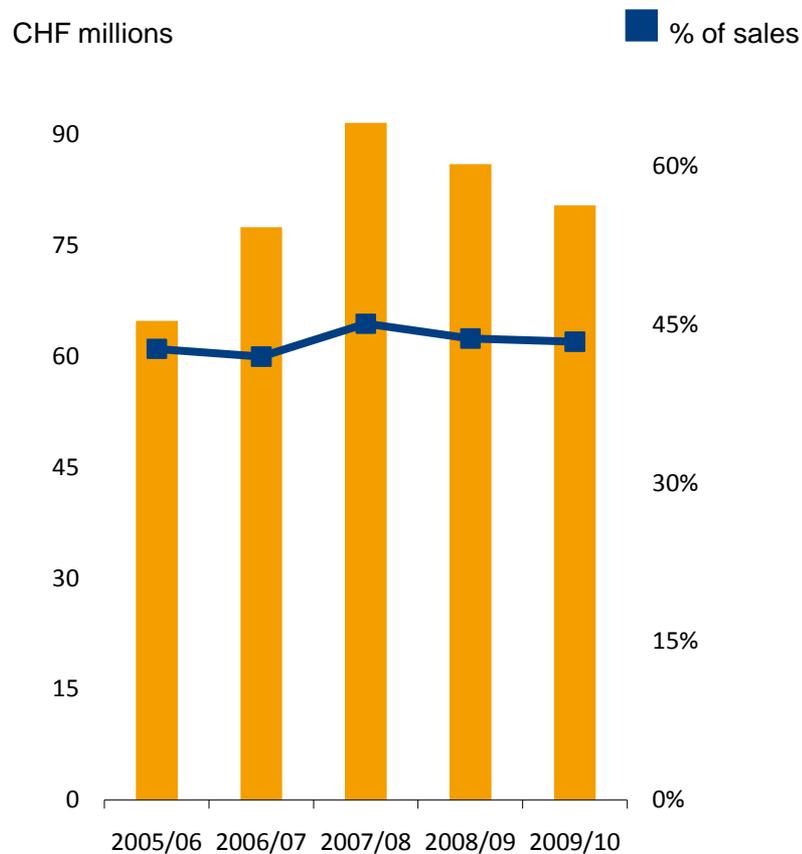
Julius Renk, CFO



3. Income Statement

In CHF thousands	2008/09	2009/10	%
Sales	196'813	185'512	- 5.7%
Gross margin %	43.7	43.4	-0.3 ppt
Operating costs	(56'806)	(54'629)	3.8%
Operational EBIT	29'219	25'807	-11.7%
Additional SOP income/costs	4'622	(8'285)	-279.3%
EBIT	33'841	17'522	-48.2%
Net financial expenses	(990)	(1'355)	-36.9%
Income taxes	(8'926)	(5'635)	36.9%
Net profit	23'925	10'532	-56.0%

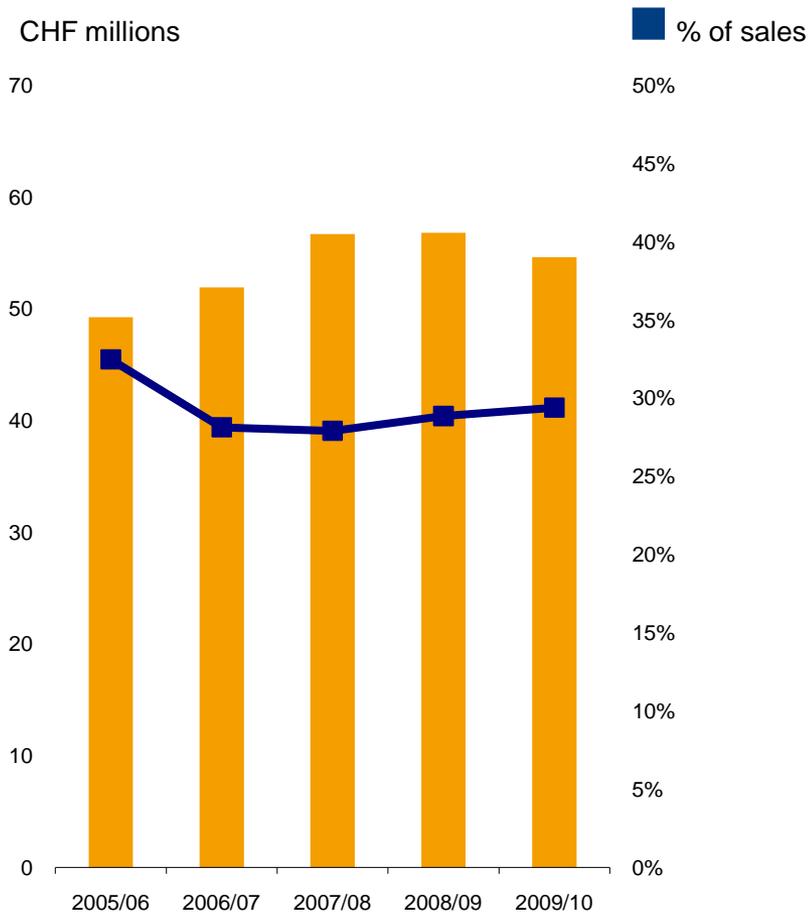
3. Gross Margin Development



In CHF millions	2008/09	2009/10
Gr. margin	86.0	80.4
Gr. margin % Sales	43.7%	43.4%

- Lower sales over the last two years led to a negative leveraging effect

3. Operating Expenses

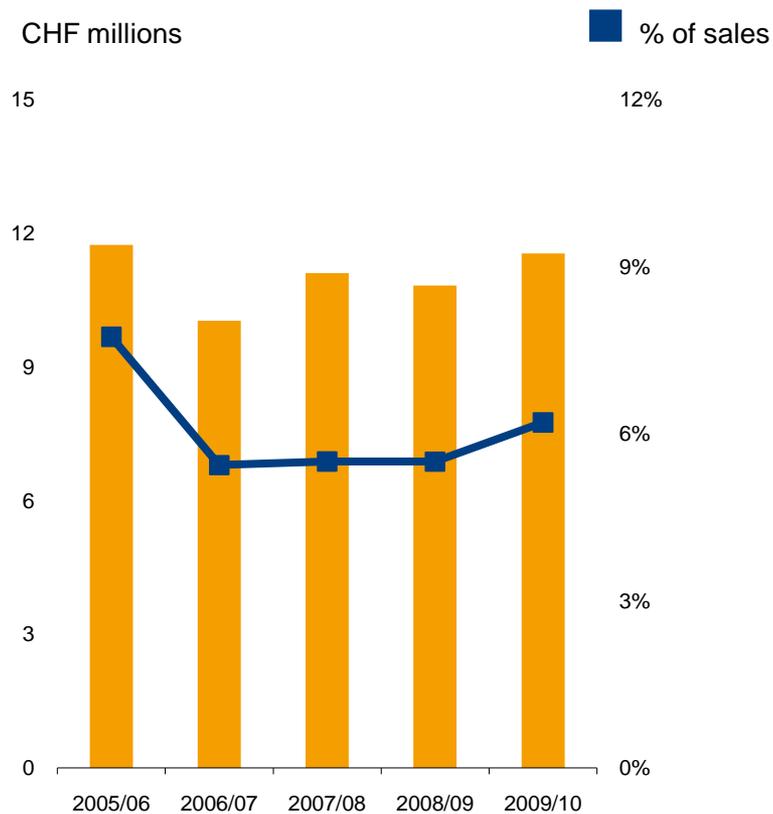


In CHF millions	2008/09	2009/10
OpEx	56.8	54.6
OpEx % Sales	28.9%	29.4%

- The cost reductions introduced in November 2008 continue to show effect

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3. R&D Expenses



In CHF millions	2008/09	2009/10
R&D	10.8	11.5
R&D % Sales	5.5%	6.2%

- Continuing R&D at 5.7% of sales
- LEM Danfysik corresponding to 0.5% of sales:
 - LEM Danfysik IPR amortization
 - R&D activities in Copenhagen

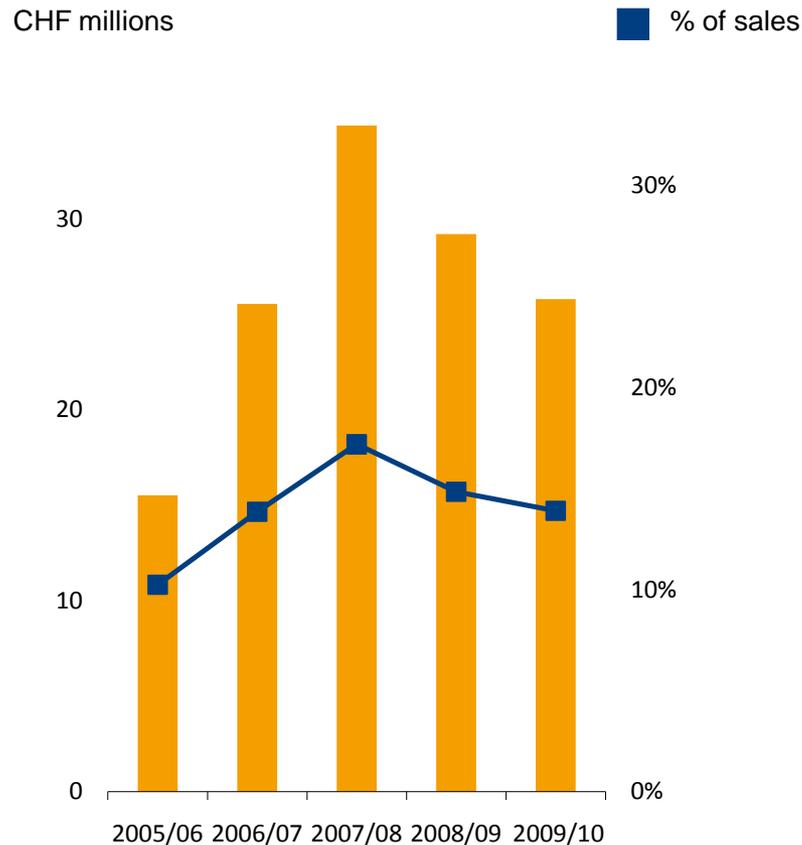
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3. Operational EBIT

CHF millions	Avg. Q 2007/08	Q1 2008/09	Q2 2008/09	Q3 2008/09	Q4 2008/09	Q1 2009/10	Q2 2009/10	Q3 2009/10	Q4 2009/10
Sales	50.8	55.5	55.5	45.1	40.7	35.6	43.2	48.2	58.4
Op. EBIT	8.7	12.0	9.4	4.1	3.7	3.2	5.4	7.4	9.8
Op. RoS	17.2%	21.6%	16.9%	9.0%	9.3%	8.9%	12.6%	15.3%	16.8%

- Q4 2009/10 on pre-crisis level

3. Operational EBIT



In CHF millions	2008/09	2009/10
Op EBIT	29.2	25.8
Op EBIT % Sales	14.8%	13.9%

- Operational EBIT is result of gross margin and OpEx, excluding additional SOP cost/income

3. SOP volatility significantly reduced going forward

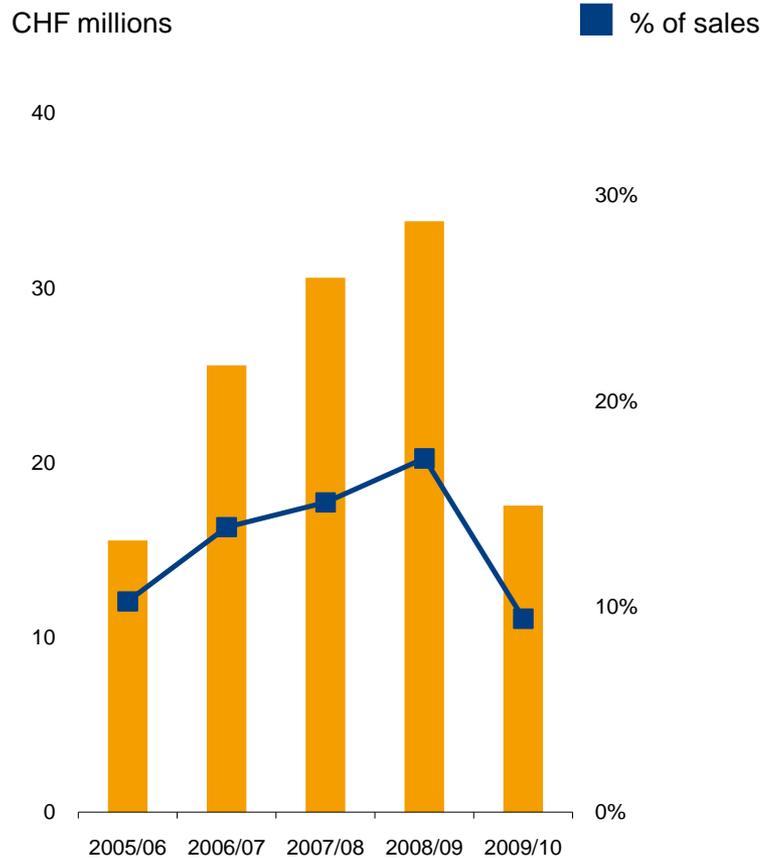
- LEM stock option plans (SOP) are cash settled; their cost is driven by share price development (270; 150; 340 at respective year end)
- “SOP 4 Special Offer” in 02-03/2010
 - Allowed to close SOP4 per 31.03.2010 instead of 31.03.2015
- Significant reduction of volatility in time and value

	31.03.2008	31.03.2009	31.03.2010	31.03.2011	31.03.2012
# outstanding options	70'457	66'207	40'794	23'444 max.	0 max.
			Closure of	SOP 5	SOP 6

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3. EBIT



In CHF millions	2008/09	2009/10
EBIT	33.8	17.5
EBIT % Sales	17.2%	9.4%

■ 2009/10 with reverse SOP impact

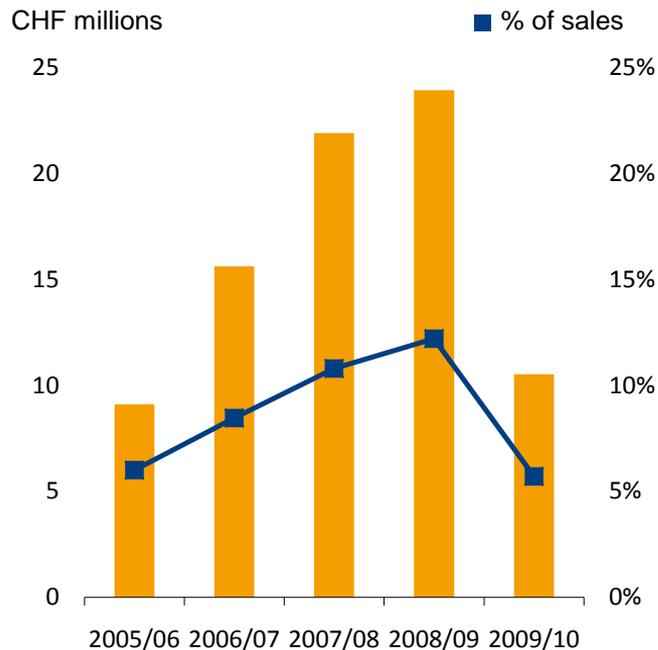
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3. Taxes

	2008/09	2009/10
Expected income tax rate	25.0%	25.7%
Expected withholding tax rate	4.7%	6.2%
Expected tax rate	29.7%	31.9%
Withholding tax for results from prior years		3.0%
One-time effects	-2.5%	
Effective tax rate	27.2%	34.9%

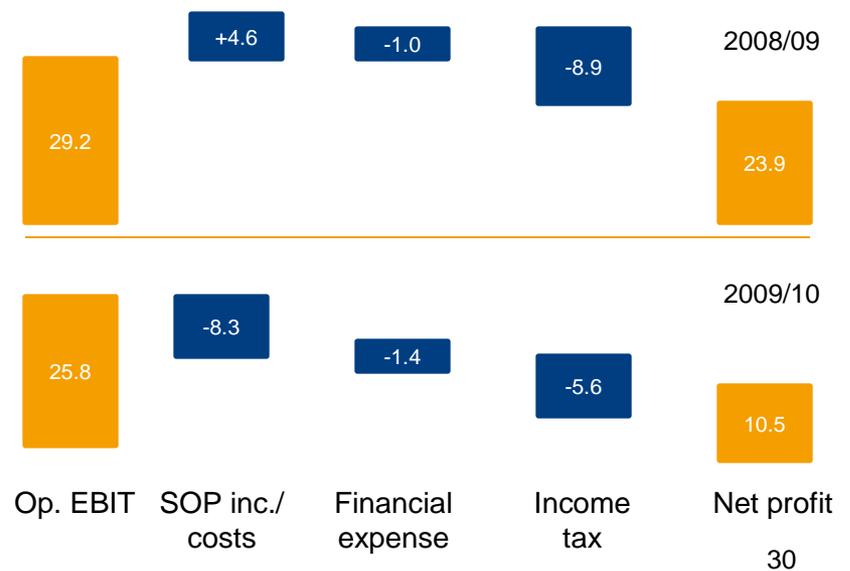
- LEM decided to repatriate all available dividends from subsidiaries
- Withholding tax considered part of expected tax rate
- 2009/10 includes a CHF 0.5 million withholding tax liability covering results of prior years, corresponding to 3.0% tax rate impact
- Tax rate expected to be significantly decreased going forward

3. Net profit



- Net profit decreased by 56% strongly impacted by the provisions for the SOP

In CHF millions	2008/09	2009/10
Net profit	23.9	10.5
Net profit % Sales	12.1%	5.7%
EPS diluted	20.83	9.17



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3. Consolidated Balance Sheet

In CHF thousands	31.03.2009	31.03.2010
Cash and cash equivalents	27'951	29'756
Accounts receivable	31'920	43'454
Inventories	23'728	21'744
Other current assets	2'834	1'989
Total non-current assets	29'778	35'719
Total assets	116'211	132'662
Accounts payable	12'614	23'416
Other current liabilities	14'997	19'775
Total non-current liabilities	5'108	6'092
Equity	83'492	83'379
Total liability and equity	116'211	132'662
Avg. net working capital % sales	15.1%	14.8%
■ Inventory turns	4.7	4.8
■ Equity ratio	72%	63%
■ Net financial assets (CHF millions)	27.9	29.8

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3. Cash Flow Statement

In CHF thousands

	2008/09	2009/10
Net profit	23'925	10'532
Non-cash items	3'361	7'676
Cash flow before changes in NWC	27'286	18'208
Cash flow from changes in net working capital	3'651	8'091
Cash flow from operating activities	30'937	26'299
Cash flow from investing activities	(9'052)	(13'275)
Free cash flow	21'855	13'024
Cash flow from financing activities	(20'445)	(10'572)
Change in cash and cash equivalents	1'440	2'452
Cash and cash equivalents at the end of the period	27'951	29'756

3. Summary Financial Results

- Operational profitability back to pre-crisis level
- Net profit heavily impacted by reverse SOP costs
- Significantly reduced SOP volatility in time (3 years) and value (10%)
- Strong cash flow and balance sheet

4. Strategy and Outlook

Paul Van Iseghem, President & CEO

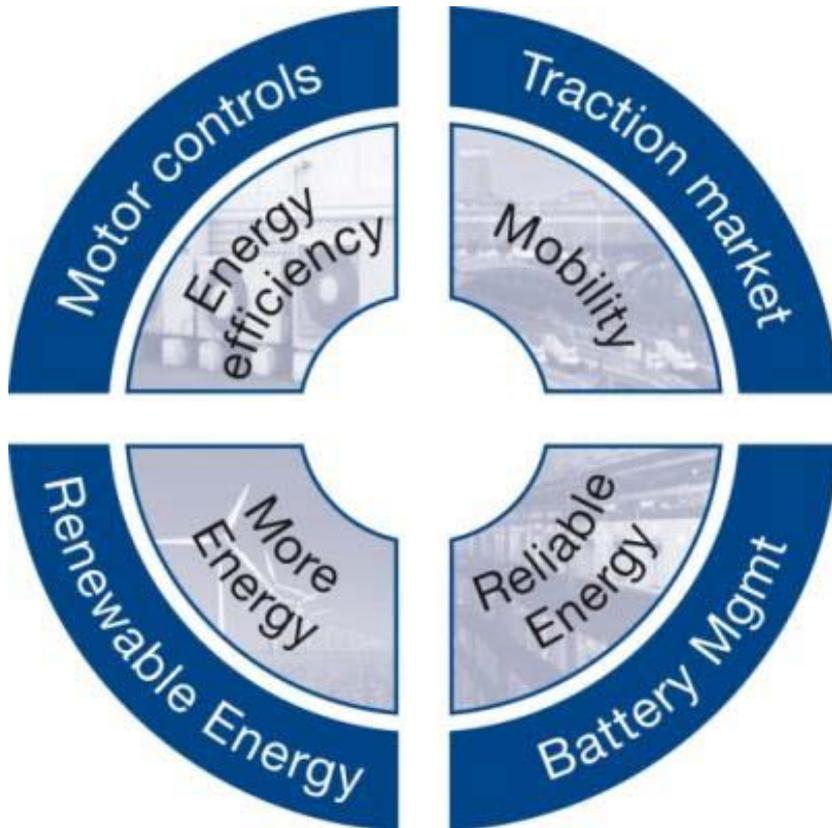


4. Market Factors and Strategy

The strategy is confirmed

- The domain of power electronics is robust and fast growing
- With exception of the crisis, high CAGR of 12 to 14%
- Our multi market approach evens out the extremes
- Pure play components with LEM Inside strategy
- Focus on operational excellence, Quality-Cost-Delivery
- Focus primarily on organic growth

4. Market Factors and Strategy



- We are more than ever convinced that our business strategy and 4 strategic drivers for growth will give us an advantage in the present economy
- The diversification of the markets will ensure to even out extremes of the different business cycles
- We are setting up new leading indicators that will help us increase our reactivity to the market

4. Outlook

- We are currently enjoying a very high bookings level, which is mainly coming from the traditional and robust drives market and from the renewable energy market, both wind and solar
- We are also expecting a fast ramp-up of production for various projects in the Automotive segment
- We have started the year on a high note, above Q4 in bookings and billings

- The rest of the year remains unclear and is not yet predictable
- The global financial uncertainties have not been removed, they influence the level of industrial investment
- Exchange rates are very unstable and may impact our business

5. Succession of the CEO Felix Bagdasarjanz, Chairman of the Board



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5. Changes in the Management



- After 10 years with LEM Paul Van Iseghem will retire by the end of the year
- Since the divestment of LEM Instruments in 2005, Paul Van Iseghem has been leading the company successfully during an impressive phase of profitable growth and shareholder value creation
- To note are the expansion in new markets, in particular in China, and in new applications like in renewable energies
- The Board of Directors gratefully recognizes his outstanding achievements and the excellent performance of LEM throughout the years of his mandate

5. Changes in the Management



- François Gabella will assume the role of CEO of LEM starting July 1, 2010
- Born in 1958 he is Swiss national graduated from EPFL with an engineering degree in microtechnics and holds an executive MBA from IMD, International Institute for Management Development
- François Gabella has a broad industrial background, worked in Switzerland, the United States, Germany and France for companies such as Schlumberger, ABB and AREVA, where he has held global responsibilities. In his last function, François Gabella was CEO of TESA SA in Switzerland, a world leader in measuring instruments
- The Board is confident that his broad experience gained in various management functions as well as his personality are a guarantee for the continuation of the strong executive leadership and the future prosperity of the company

6. Proposals for the Shareholder's Meeting

Felix Bagdasarjanz, Chairman of the Board



6. Proposals for the Shareholder's Meeting

- The Board of Directors will propose the payment of an ordinary dividend of CHF 5.00 per share
- In view of the positive outlook for further profitable growth of the company and of the significant potential to increase the financial leverage in the balance sheet of LEM, the Board of Directors will propose in a first step the payment of an additional extraordinary dividend of CHF 15.00 per share
- As a second step, the Board of Directors intends to launch a share buy-back program on a second line of trading to start in summer this year. This program shall be in the amount of up to CHF 15 million and extend over a period of maximum two years

6. Proposals for the Shareholder's Meeting

- Following the recommendation of LEM's second largest shareholder, 7-Industries Holding BV, the Board of Directors proposes the election of Dr. Ilan Cohen as a new Director
- Israeli and Belgian national, Ilan Cohen is President and CEO of the Israel based companies Servotronix Motion Control Ltd and Servotronix Motion Systems Ltd



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6. Proposals for the Shareholder's Meeting

Amendment to the Articles of Incorporation of LEM Holding SA

- Mr. Werner O. Weber who presently owns 27.4 % of LEM's share capital (including through WEMACO Invest AG) has requested to include in the articles of incorporation of the company an opting-out clause according to article 32 of the Federal Act on Stock Exchanges and Securities Trading (SESTA). This would release any shareholder (including Mr. Weber) from the obligation to submit a public takeover offer to all shareholders as soon as his participation in LEM exceeds 33 1/3 % of the voting rights
- The Board of Directors has discussed the request of Mr. Weber and came to the conclusion that it is not in the best interest of all shareholders. Therefore the majority of the Board of Directors recommends to vote against the proposal

6. Financial Calendar

Financial calendar

25 June	2010	Ordinary Shareholders' Meeting
5 August	2010	Q1 2010/11 results
9 November	2010	Q2 2010/11 results
15 February	2011	Q3 2010/11 results
9 June	2011	Full year 2010/11 results
1 July	2011	Ordinary Shareholders' Meeting

For further information

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