

First Half Year Results 2010/11

9 November 2010



Agenda

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



At the heart of power electronics



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 1'200 employees
Production plants are in Geneva (Switzerland), Beijing (China), Machida (Japan), Copenhagen (Denmark), and regional sales offices close to the clients locations
- LEM is listed on the SIX Swiss Exchange since 1986 and has a market cap of CHF 422.9 million per 30.09.2010

9 November 2010

At the heart of power electronics



3

1. LEM Production & Logistics World-Wide



9 November 2010

At the heart of power electronics



4

1. LEM at a Glance - Markets Served

Traditional Markets

Industry

- 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

- Conventional Cars
Battery Management
- Green Cars (HEV, EV)
Battery Pack
Electric Motor Control

Energy & Automation

- Process control
- Battery monitoring
- Energy metering

9 November 2010

At the heart of power electronics



5

2. Business Review



At the heart of power electronics



2. Highlights H1 2010/11 - Strong Results

Growth In CHF million	H1 2009/10	H1 2010/11	H1 2010/11 to H1 2009/10	Q2 to Q1 2010/11
Sales	78.8	141.8	80%	12%
Operational EBIT	8.6	30.3	252%	21%

After accounting for the stock option plans

EBIT	3.8	29.9	688%	24%
Net profit	1.6	19.8	1'160%	41%

9 November 2010

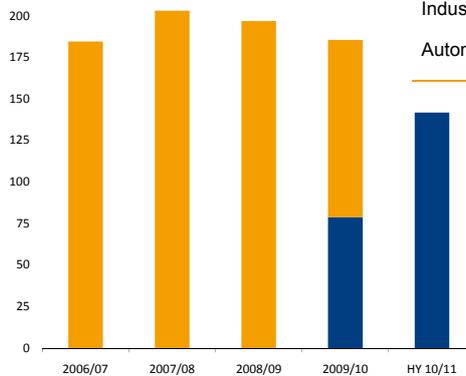
At the heart of power electronics



7

2. Net Sales

In CHF millions



In CHF millions	Sales	Growth H1 to H1	Growth Q2 to Q1
Total Sales	141.8	80%	12%
Industrial	130.8	80%	13%
Automotive	11.0	79%	10%

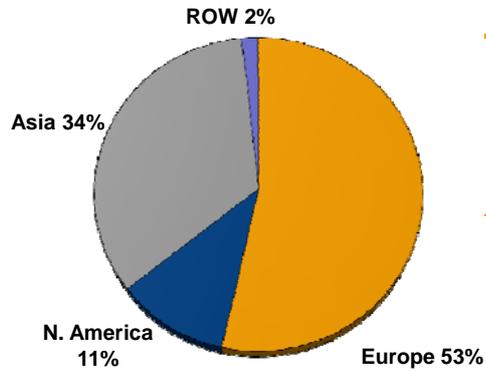
9 November 2010

At the heart of power electronics



8

2. Industrial Segment: Regional Markets



Sales growth rates	H1 to H1	Q2 to Q1
Europe	73%	10%
N. America	58%	8%
Asia	103%	17%
ROW	63%	76%
Total	80%	13%

■ Total sales CHF 130.8 million for H1 2010/11

9 November 2010

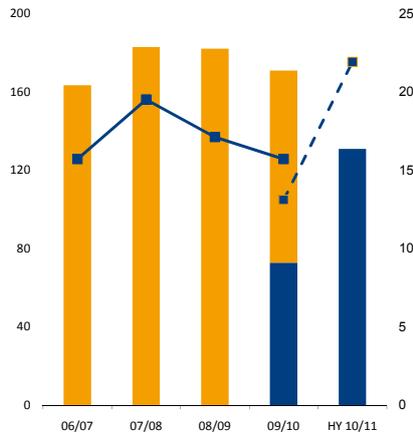
At the heart of power electronics



9

2. Industrial Segment: Business Development

In CHF millions ■ Op. EBIT in % of sales



Market and Applications H1 to H1

Industry: increased by 104% specially in the areas of motor drives and renewable energy

Traction: increased at a pace of 11% mainly due to energy metering and increased demand in China

Energy & Automation: increased by 66% still from a small basis. Mainly due to Sentinel for Battery Monitoring

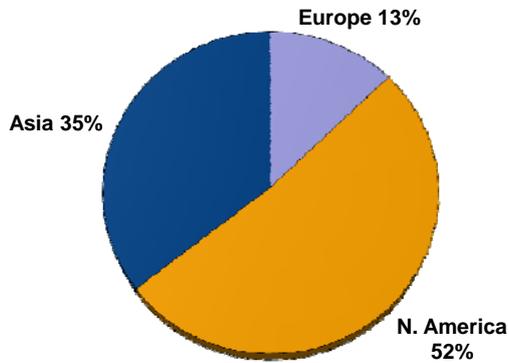
9 November 2010

At the heart of power electronics



10

2. Automotive Segment: Regional Markets



Sales growth rates	H1 to H1	Q2 to Q1
Europe	179%	-15%
N. America	100%	31%
Asia	41%	-5%
Total	79%	10%

■ Total sales CHF 11.0 million for H1 2010/11

9 November 2010

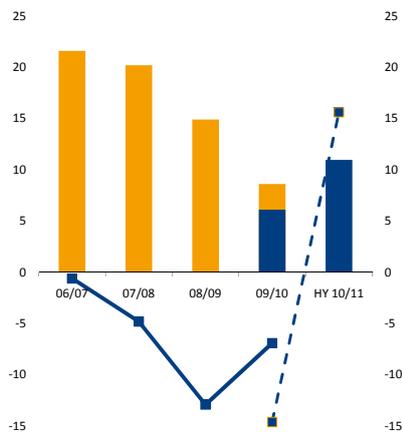
At the heart of power electronics



11

2. Automotive Segment: Business Development

In CHF millions ■ Op. EBIT in % of sales



Market

- Upswing of the market in general
- Start of production for several HEV in Europe, USA and Asia

Applications

- Conventional Cars:
 - Battery Management
- Green Cars (HEV, EV)
 - Battery Pack
 - Electric Motor Control

9 November 2010

At the heart of power electronics

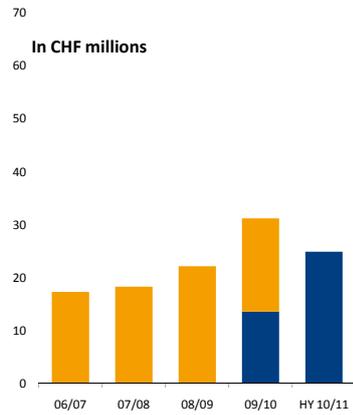


12

2. Business Development - China

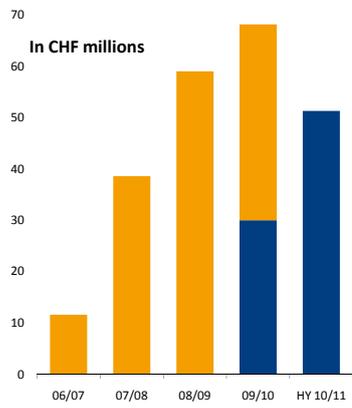
Sales

- Sales growth of 83% from same period last year
- Market share over 50%



Production

- Continued transfer of key products
- "Made by LEM" quality



9 November 2010

At the heart of power electronics



13

3. Financial Review



At the heart of power electronics



3. Consolidated Balance Sheet

In CHF thousands	31.03.2010	30.09.2010
Cash and cash equivalents	29'756	19'387
Accounts receivable	43'454	60'572
Inventories	21'744	32'098
Other current assets	1'989	2'787
Total non-current assets	35'719	34'366
Total assets	132'662	149'209
Accounts payable	23'416	35'347
Other current liabilities	19'775	31'729
Total non-current liabilities	6'092	6'389
Equity	83'379	75'744
Total liability and equity	132'662	149'209
Avg. net working capital % sales	14.8%	10.8%
■ Inventory turns	4.8	5.0
■ Equity ratio	63%	51%
■ Net financial assets (CHF millions)	29.7	11.3

15

9 November 2010

At the heart of power electronics



3. Income Statement

In CHF thousands	H1 2009/10	H1 2010/11	Change	Q1 2010/11	Q2 2010/11	Change
Sales	78'816	141'780	80%	66'786	74'994	12%
Gross margin %	42.7	43.7	1.0%pt	43.6	43.8	0.2%pt
SG&A	(25'079)	(31'666)	(26%)	(15'413)	(16'253)	(5%)
Operational EBIT*	8'606	30'327	252%	13'735	16'592	21%
Additional SOP income / costs	(4'811)	(428)	91%	(388)	(40)	90%
EBIT	3'795	29'899	687%	13'347	16'552	24%
Net financial expense	(737)	(2'650)	(260%)	(1'668)	(982)	(41%)
Income taxes	(1'487)	(7'439)	(400%)	(3'469)	(3'970)	(14%)
Net profit	1'571	19'810	1'160%	8'210	11'600	41%

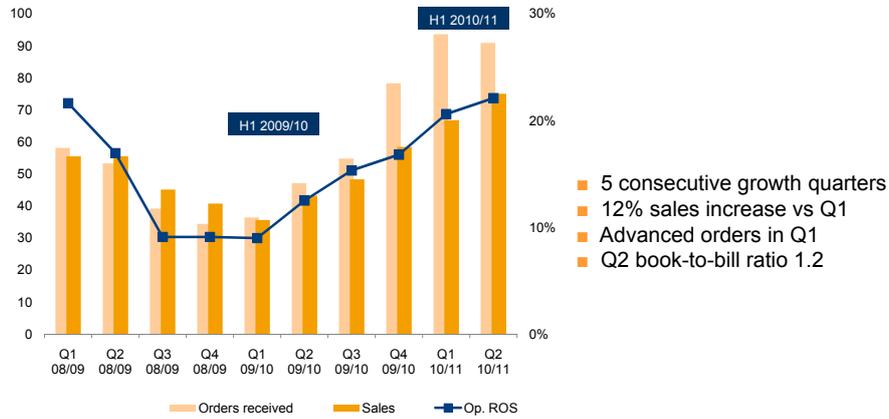
16

9 November 2010

At the heart of power electronics



3. Results by Quarter

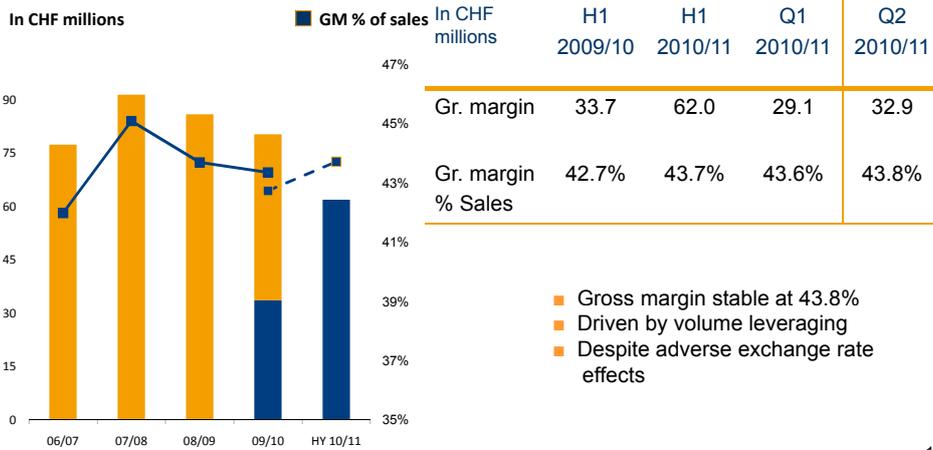


17

At the heart of power electronics



3. Gross Margin Development



18

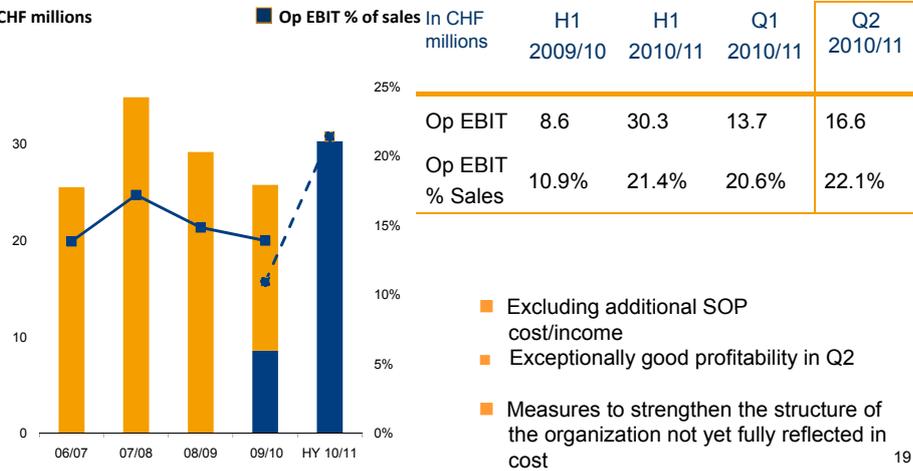
9 November 2010

At the heart of power electronics



3. Operational EBIT

In CHF millions



9 November 2010

At the heart of power electronics



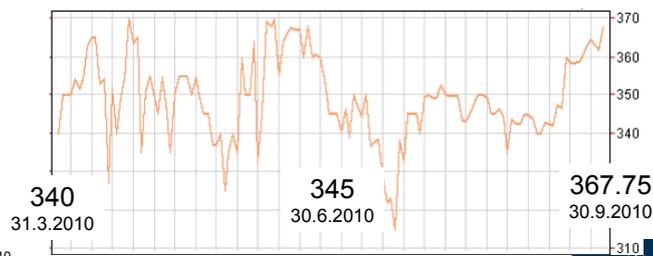
19

3. Additional Stock Option Plan Income / Costs

Additional SOP Income / Costs
In CHF thousands

	H1 2009/10	H1 2010/11
Add. SOP Income / costs	(4'811)	(428)

- SOP costs driven by exercise and revaluation at period-end
- Valuation according to IFRS; time value of option decreases over time
- Reminder: SOP 5 will be closed per 31.3.2011, SOP 6 per 31.3.2012 as the last plan
- Stock price CHF 340 per 31.3.2010 → CHF 367.75 per 30.9.2010



9 November 2010

At the heart of power electronics



20

3. Financial Expense

Financial Expense (net) In CHF thousands	H1 2009/10	H1 2010/11
Financial expense + income	(143)	(244)
Foreign exchange effect	(594)	(2'406)
Total	(737)	(2'650)

- CHF 8 million bank loans generated interest expense
- Foreign exchange effect mainly driven by EUR devaluation

21

9 November 2010

At the heart of power electronics



3. Income Taxes

In CHF thousands	Q1 2010/11	Q2 2010/11	H1 2009/10	H1 2010/11
EBT	11'679	15'570	3'059	27'249
Income taxes	(3'469)	(3'970)	(1'487)	(7'439)
Effective tax rate	29.7%	25.5%	48.6%	27.3%

	Q1 2010/11	Q2 2010/11	H1 2009/10	H1 2010/11
Expected income tax rate	26.9%	22.1%	32.7%	24.2%
Expected withholding tax rate*	2.8%	3.4%	15.9%	3.1%
Expected tax rate*	29.7%	25.5%	48.6%	27.3%

- Reduction of the expected tax rate with increasing volume in low tax entities

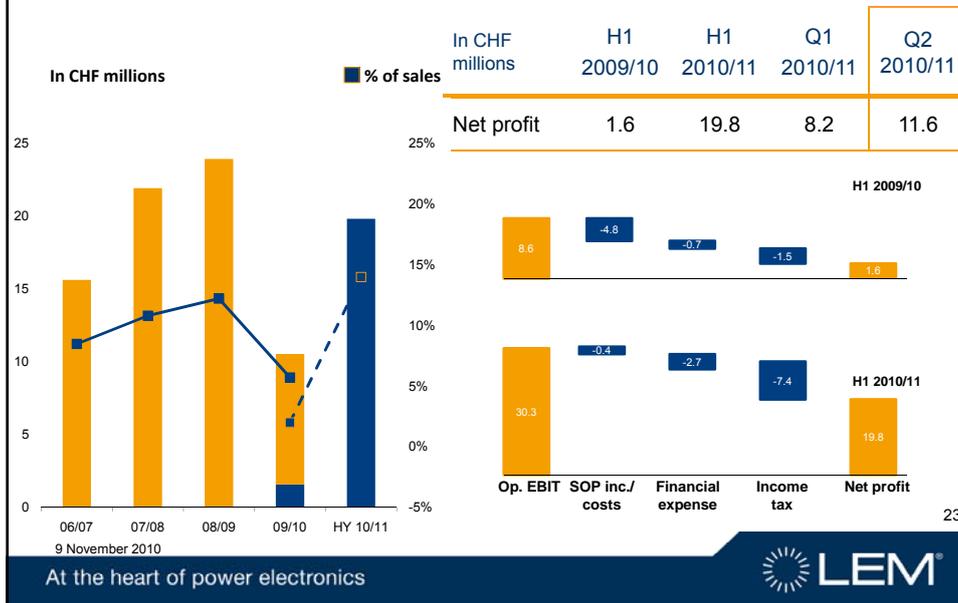
* Including CHF 486 k adjustment on prior year WHT

22

At the heart of power electronics



3. Net Profit



3. Share buy back

- Successfully launched 1 September 2010
- Runs for one year and a half, for a volume of up to CHF 15 million on a second trading line
- Initiated in anticipation of future growth and considering high net cash position
- Goal is to increase financial leverage and finance the company through a healthy mix of equity financing and loans
- As a result LEM took up bank loans of CHF 8 million and excess cash was reduced
- On the 30 September 2010, 7'000 shares have been bought for a total amount of CHF 2'458 thousand

4. Outlook



At the heart of power electronics



4. Key findings of the CEO after 4 months

- Excellent brand and market recognition
 - Strong technical know-how for products, technology and applications
 - Broadest product portfolio in the market
 - Economies of scale
 - Low cost manufacturing
- LEM is a strong company

26

At the heart of power electronics



4. Areas of Focus

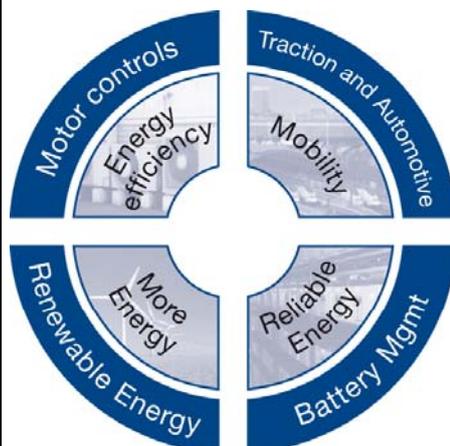
1. Strengthening the organization:
 - Jean-Marc Peccoux nominated VP of R&D
 - Luc Colombel to focus on the Automotive segment, increasing importance for LEM
 - Hans Dieter Huber to lead the Industrial Business maximizing the synergies
2. Match market demands
 - Secure additional sourcing volumes
 - Increase capacity
3. Continued emphasis on innovation

27

At the heart of power electronics



4. Market Factors and Strategy



- We firmly believe in our Strategic Direction and the 4 drivers for our business remain unchanged
- We will continue to capitalize on the drivers of LEM's market

28

9 November 2010

At the heart of power electronics



5. Outlook

We are confident for the rest of the year but remain alert as global economic and currency related uncertainties could impact the results in 2011.

- We expect sales to reach CHF 285 to 295 million for the full year 2010/11
- This is an increase of over 50% compared to last year CHF 185.5 million

29

9 November 2010

At the heart of power electronics



5. Financial Calendar and Contact Details

Financial calendar

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	Shareholders' Meeting

For further information

Suzanne Hochheimer
Corporate Communications
Tel.: +41 22 706 12 57
E-mail: suh@lem.com

30

9 November 2010

At the heart of power electronics

