

Q1 Results 2011/12

9 August 2011



Agenda

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



2

Q1 2011/12 results, 9 August 2011

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 industrial and automotive applications.
- LEM is a high growth global company with approximately 1'300 employees. Production plants are in Geneva (Switzerland), Beijing (China), Machida (Japan), Copenhagen (Denmark). Regional sales offices are close to the clients' locations.
- LEM (SIX: LEHN) has been listed on the SIX Swiss Exchange since 1986 and has a market cap of CHF 666 million per 30.6.2011.

Q1 2011/12 results, 9 August 2011

3

At the heart of power electronics



1. LEM Production & Logistics World-Wide



Q1 2011/12 results, 9 August 2011

4

At the heart of power electronics



1. LEM at a Glance - Businesses

Industry segment

Drives & welding

- Motor drives
- Welding
- Miscellaneous

Renewable energies & power supplies

- Solar
- Wind
- UPS
- Battery monitoring, process control, energy metering

Traction

- On-board applications
- Trackside
- Energy monitoring

High precision

- Medical scanner
- Test & measurement

Automotive segment

Conventional cars

- Battery management

Green cars (HEV, EV)

- Battery management
- Electric motor control



5

At the heart of power electronics



2. Highlights and Business Review



Q1 2011/12 results, 9 August 2011

6

At the heart of power electronics



2. Highlights Q1 2011/12

in CHF millions	Q1 2011/12	Q1 to Q1 2010/11	Q1 to Q4 2010/11
Orders	49.6	-47.1%	-28.0%
Sales	67.7	1.3%	-12.6%
Operational EBIT	11.6	-15.5%	-19.6%
Net earnings	7.2	-12.2%	-41.5%

- Significant decrease of bookings
- General slow down in the market and volatile solar market
- Strong drives and traction businesses; stable Automotive
- Financial results impacted by strong Swiss franc
- Operating EBIT margin well within target range

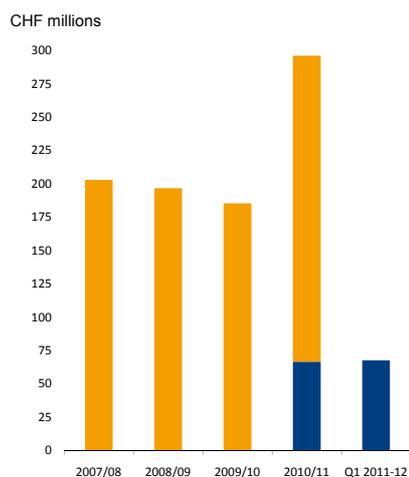
Q1 2011/12 results, 9 August 2011

7

At the heart of power electronics



2. Net Sales



	Sales (in CHF million)	Q1 vs. Q1	Q1 vs. Q4
Industry	61.9	0.6%	-12.2%
Automotive	5.7	9.8%	-16.5%
Total sales	67.7	1.3%	-12.6%

- Sales significantly decreasing vs. Q4 2010/11
- Decrease mostly outside of Asia region

Q1 2011/12 results, 9 August 2011

8

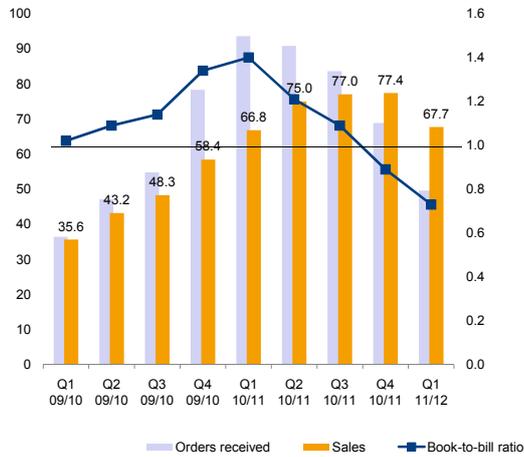
At the heart of power electronics



2. Quarterly View

In CHF millions

Book-to-bill ratio



- Q1 book-to-bill ratio 0.73
- Bookings significantly impacted by foreign exchange (order book restated at new rates)
- Increased exposure to the renewable energy business results in more volatile bookings for LEM
- Stocking effects
- Bookings impacted by global uncertainties

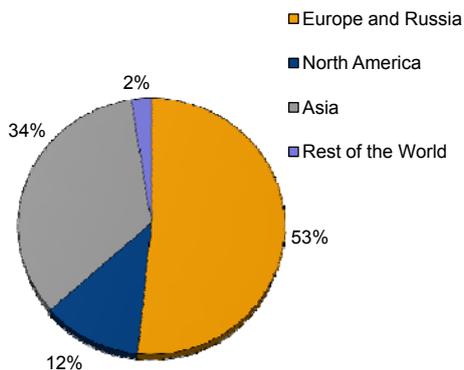
Q1 2011/12 results, 9 August 2011

9

At the heart of power electronics



2. Industry Segment: Regional Markets



	Sales (in CHF million)	Q1 vs. Q4	Q1 vs. Q1
Europe	31.9	-15.8%	-3.1%
N. America	7.3	-19.3%	6.8%
Asia	21.2	-3.7%	2.9%
ROW	1.5	-1.3%	26.5%
Total	61.9	-12.2%	0.6%

- Declining sales in Europe mainly due to volatile solar markets
- Increasing importance of Asian markets

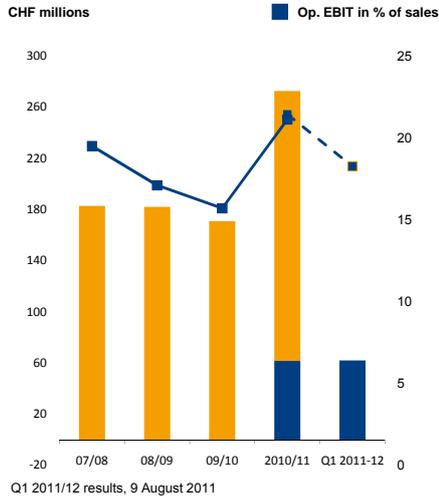
Q1 2011/12 results, 9 August 2011

10

At the heart of power electronics



2. Industry Segment: Business Development



Businesses and Applications

Drives and Traction

Growth in local currencies across all regions.

Renewable energies

Continued slowing performance vs Q4 2010/11, mainly in Germany, Italy and China.

High precision

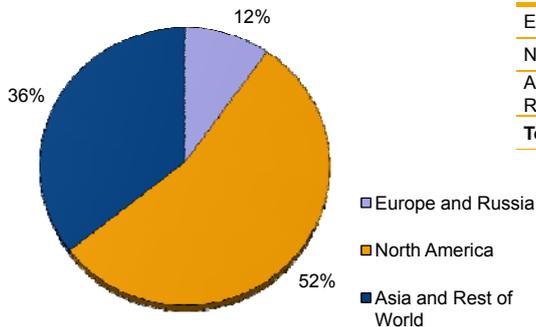
Slowed down due to postponed projects and customers' stock adjustments.

11

At the heart of power electronics



2. Automotive Segment: Regional Markets



	Sales (in CHF million)	Q1 vs. Q4	Q1 vs. Q1
Europe	0.6	-34.2%	-25.3%
N. America	3.1	-19.6%	26.8%
Asia and RoW	2.0	-3.8%	2.1%
Total	5.7	-16.5%	9.8%

- Increased market share with key customers in Japan for battery management for conventional cars
- New platforms will be launched in Q2 2011/12 in North America for battery management for conventional cars

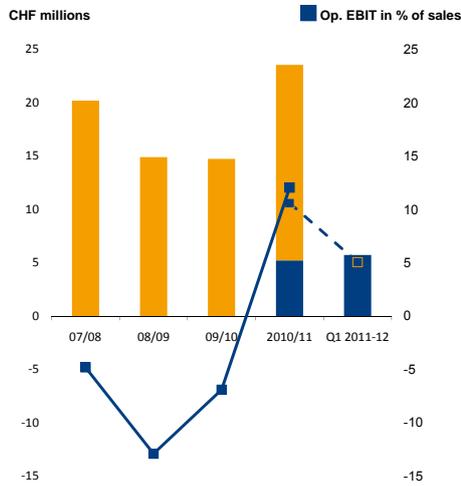
12

Q1 2011/12 results, 9 August 2011

At the heart of power electronics



2. Automotive Segment: Business Development



Businesses and Applications

Conventional cars

New platforms for battery management to be launched in Q2 in North America.

Green Cars (HEV, EV)

Majority of green cars shown at world car shows are designed with LEM transducers. Success with new, better performing sensors for new hybrid car platforms.

Q1 2011/12 results, 9 August 2011

13

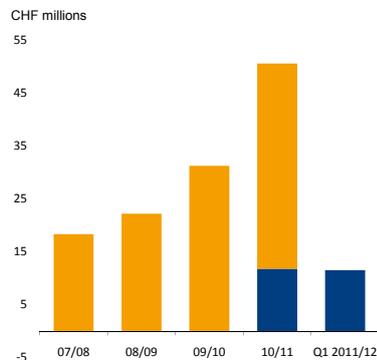
At the heart of power electronics



2. Business Development China

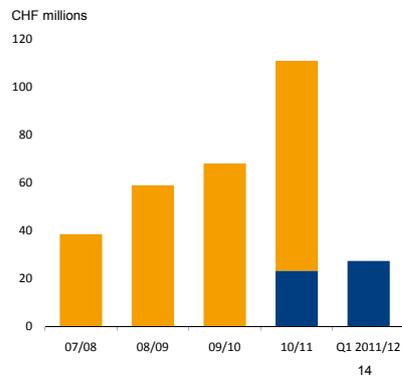
Sales

- Year-over-year sales stable
- Market share >50%



Production

- LEM China expands its #1 position as largest manufacturing site of the Group (40% of total)
- "Made by LEM" quality



Q1 2011/12 results, 9 August 2011

14

At the heart of power electronics



3. Financial review



Q1 2011/12 results, 9 August 2011

At the heart of power electronics



3. Income Statement

In CHF thousands	Q1 2010/11	Var.	Q4 2010/11	Var.	Q1 2011/12
Sales	66'786	+1.3%	77'379	-12.6%	67'659
Gross margin %	43.6%	-1.2 ppt	40.9%	+1.5 ppt	42.4%
Operating costs	(15'413)	+11.0%	(17'752)	-3.7%	(17'101)
Operational EBIT	13'735	-15.5%	13'912	-16.6%	11'600
Additional SOP income/costs	(388)		(468)		(121)
EBIT	13'347	-14.0%	13'444	-14.6%	11'479
Net financial expense	(1'668)		162		(2'339)
Income taxes	(3'469)		(1'281)		(1'928)
Net profit	8'210	-12.2%	12'325	-41.5%	7'212

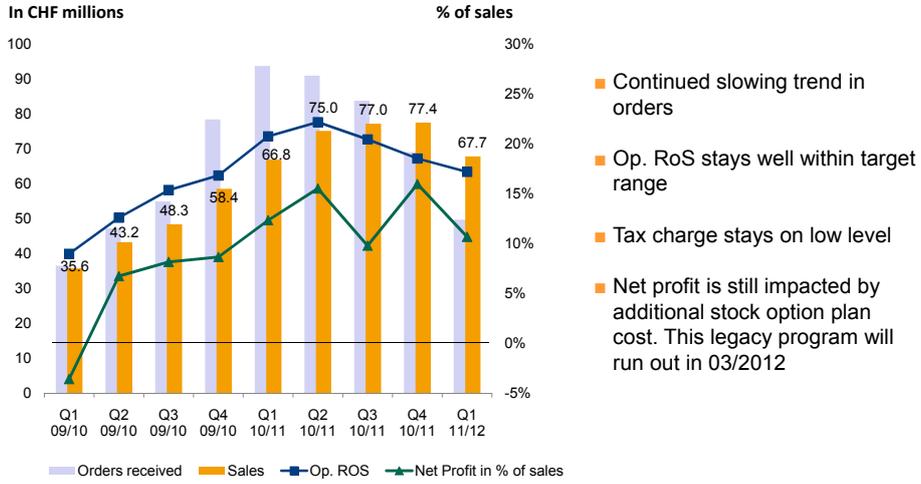
16

Q1 2011/12 results, 9 August 2011

At the heart of power electronics



3. Results by Quarter



- Continued slowing trend in orders
- Op. RoS stays well within target range
- Tax charge stays on low level
- Net profit is still impacted by additional stock option plan cost. This legacy program will run out in 03/2012

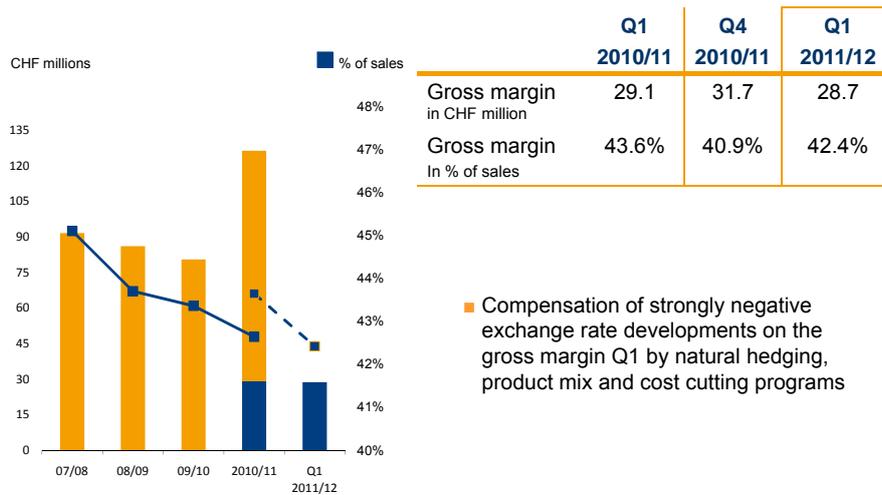
Q1 2011/12 results, 9 August 2011

17

At the heart of power electronics



3. Gross Margin Development



	Q1 2010/11	Q4 2010/11	Q1 2011/12
Gross margin in CHF million	29.1	31.7	28.7
Gross margin in % of sales	43.6%	40.9%	42.4%

- Compensation of strongly negative exchange rate developments on the gross margin Q1 by natural hedging, product mix and cost cutting programs

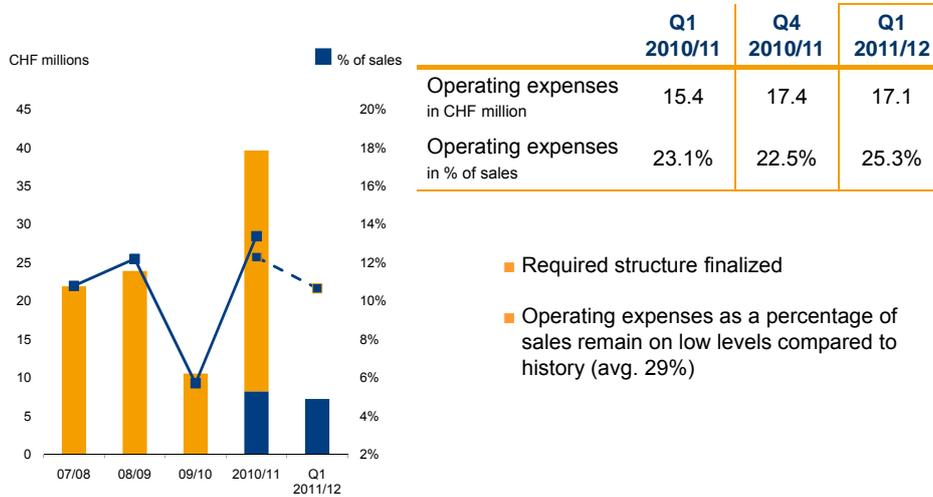
Q1 2011/12 results, 9 August 2011

18

At the heart of power electronics



3. Operating Expenses



- Required structure finalized
- Operating expenses as a percentage of sales remain on low levels compared to history (avg. 29%)

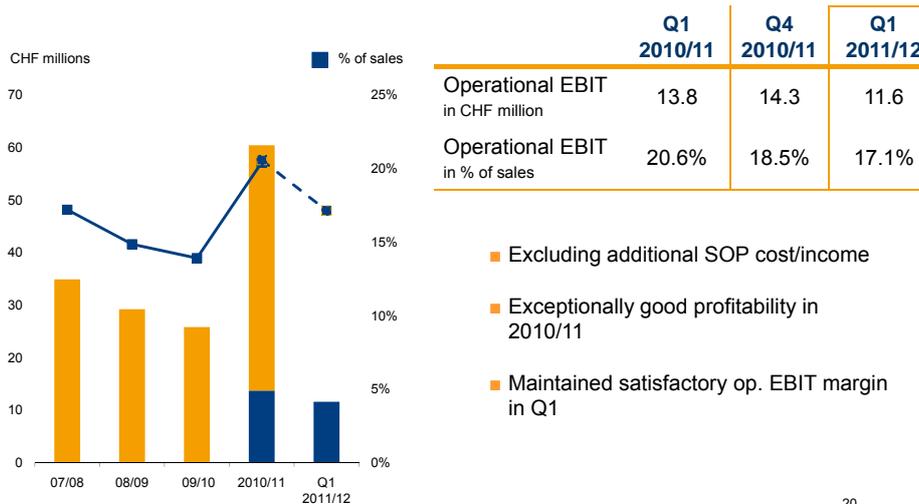
Q1 2011/12 results, 9 August 2011

19

At the heart of power electronics



3. Operational EBIT



- Excluding additional SOP cost/income
- Exceptionally good profitability in 2010/11
- Maintained satisfactory op. EBIT margin in Q1

Q1 2011/12 results, 9 August 2011

20

At the heart of power electronics



3. Financial Expense

In CHF thousands	Q1 2010/11	Q4 2010/11	Q1 2011/12
Exchange effect*	(1'602)	(354)	(2'309)
Other financial expense + income	(66)	0	(30)
Total	(1'668)	(354)	(2'339)

- Exchange effect mainly driven by EUR and USD devaluation
- Hedging policy: 50% of net exposure on a rolling 3-9 month basis

* The line "exchange effect" in the financial result is mainly due to currency volatility during the time between booking and settling a receivable/payable. Over and above this line, foreign exchange rates impact every P&L line through the rate at which each transaction is booked and at which it is consolidated into CHF.

Q1 2011/12 results, 9 August 2011

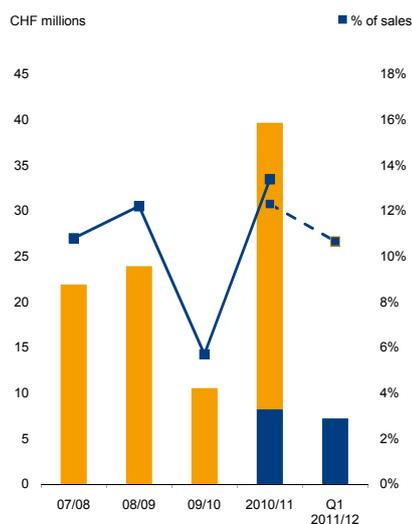
21

At the heart of power electronics

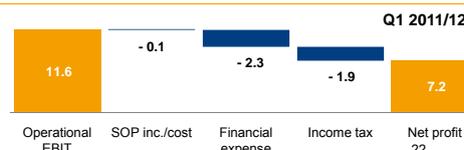
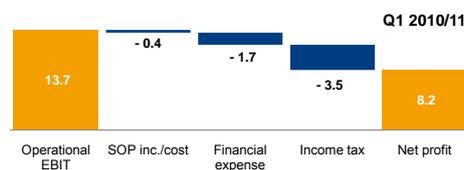


3. Net Profit

CHF millions



	Q1 2010/11	Q4 2010/11	Q1 2011/12
Net profit in CHF million	8.2	12.3	7.2
Net profit in % of sales	12.3%	15.9%	10.7%

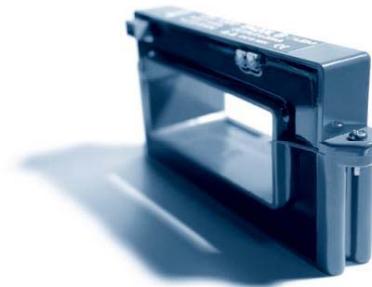


Q1 2011/12 results, 9 August 2011

At the heart of power electronics



4. Strategy and Outlook

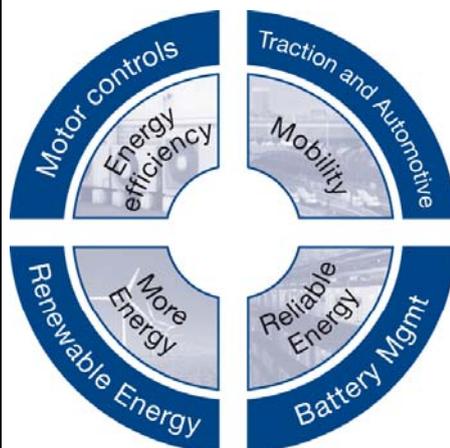


Q1 2011/12 results, 9 August 2011

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 markets through
 - pure play components company
 - diversification across geographies and markets

Q1 2011/12 results, 9 August 2011

At the heart of power electronics



24

4. Outlook

- For 2011/12 we expect
 - our drives business to remain robust
 - a possible rebound of the renewable business later in the year
 - a ramp-up of production for various projects in the Automotive segment
 - increasing competitive pressure
 - global economic uncertainties to persist
- The instability of exchange rates will continue to impact business

Q1 2011/12 results, 9 August 2011

25

At the heart of power electronics



Financial Calendar and Contact Details

Financial calendar

8 November 2011	Q2 results
14 February 2012	Q3 results
6 June 2012	Year-end results media and analyst conference
28 June 2012	Ordinary shareholders' meeting for the year 2011/12

For further information

Julius Renk
CFO
Tel: +41 22 706 12 50
Email: investor@lem.com

Q1 2011/12 results, 9 August 2011

26

At the heart of power electronics

