

Results

Q1 of 2014/15

1 April 2014 to 30 June 2014

12 August 2014



Agenda

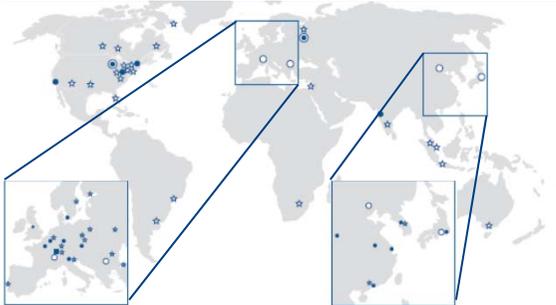
1. **LEM at a Glance**
2. Highlights and Business Review
3. Financial Review
4. Strategy and Outlook



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1. Global Market Leader in Current and Voltage Transducers

Market Position



- Global market share of 50% in Industry
- Benchmark in service and product quality
- 4 production sites in Europe and Asia
- Sales of CHF 245.6 million in 2013/14

Performance



Source: Yahoo Finance

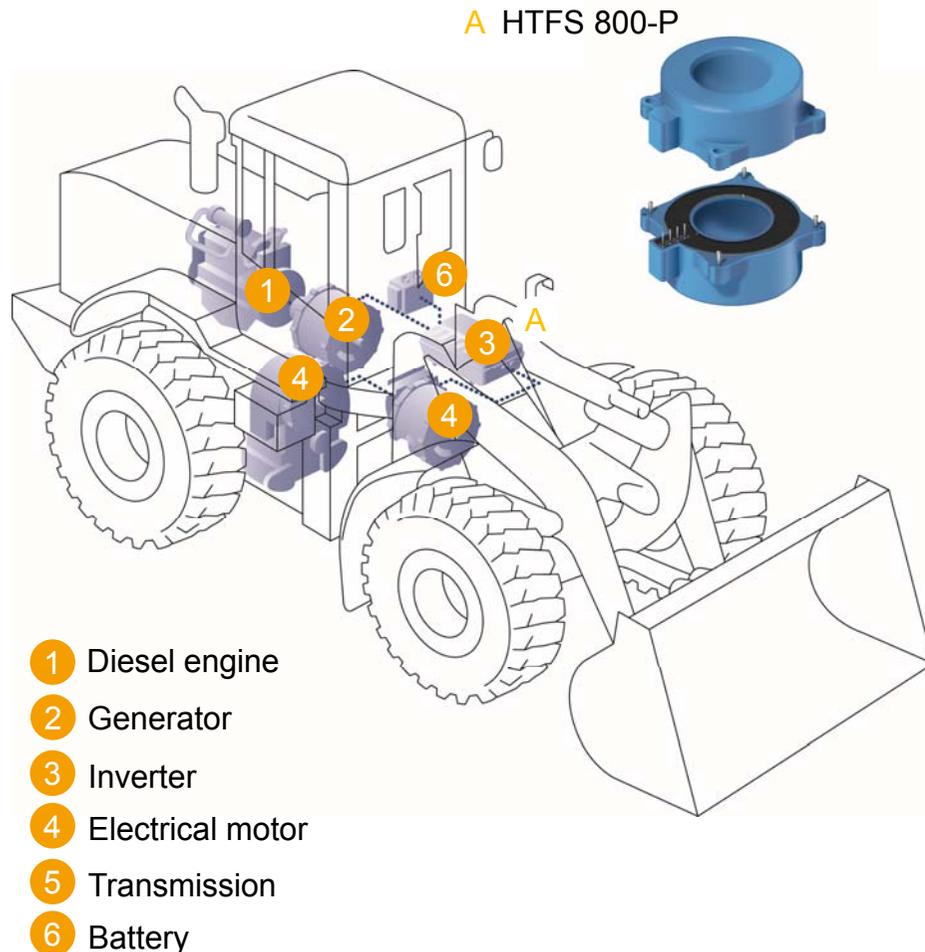
- Continued sales growth and margin improvements
- Dividend yield >5% in each year since 2009

Perspectives



- Reinforced investment in innovation
- Solid growth perspectives due to underlying trends
- Strong foothold in China
- EBIT margin target of 15 to 20%

1. LEM Applications: Hybrid Loader

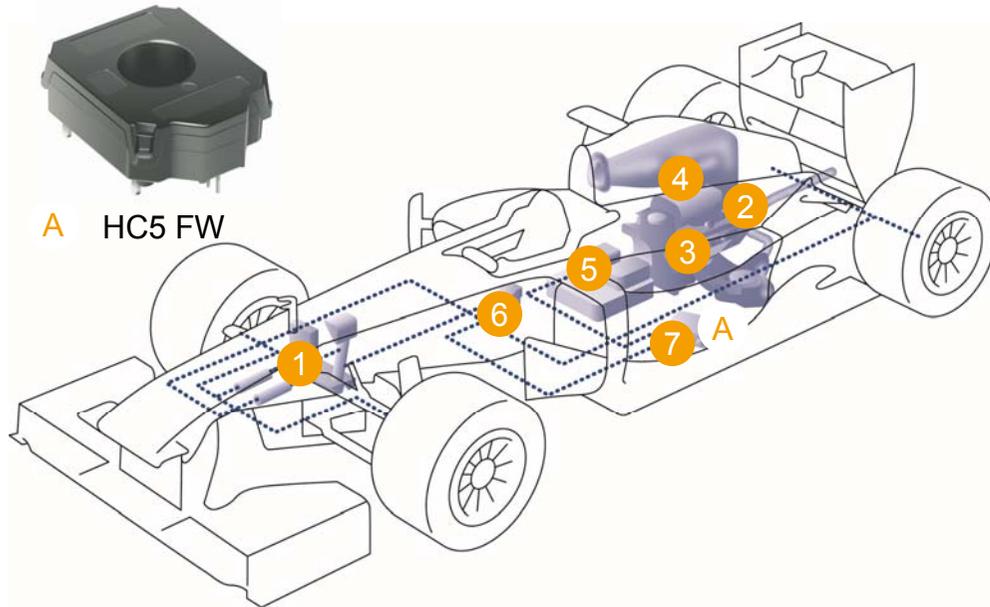


A hybrid loader boosts fuel economy by up to 25%, increases the system performance and is half as loud as a conventional loader.

The special internal combustion engine (1) drives an AC generator (2) for the bucket moves. The generator converts the engine's mechanical energy into electrical energy, which is converted by the inverter (3) to supply the electrical motor (4) to drive the transmission and the wheels.

The currents are measured with current transducers (A) to control the inverter. The accuracy of the current measurements allows to maximize the motor torque and overall motor efficiency. The transducers also enable the control system to sense over-current situations signaling a potential defect.

1. LEM Applications: Formula 1 Energy Recovery System



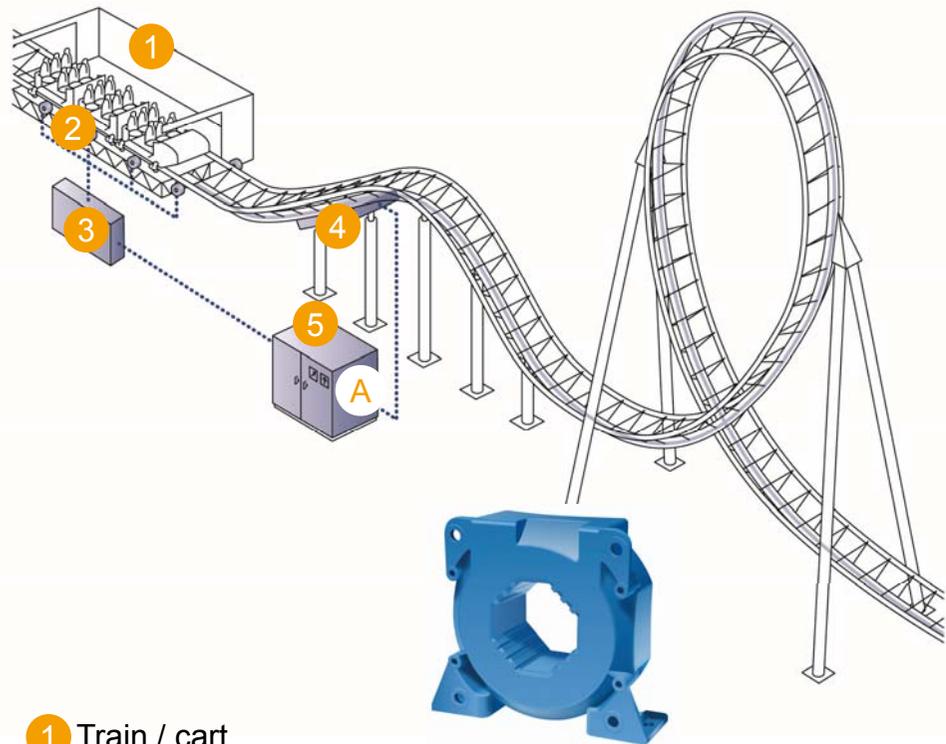
- 1 Pedals (accelerator, break)
- 2 Turbocharger
- 3 MGU-K
- 4 MGU-H
- 5 Battery
- 6 ERS break pressure valve
- 7 Engine control unit

2014 Formula 1 cars include a revised energy recovery system (ERS). Engine specifications impose a 440 kW turbocharged (2) engine combined with an ERS (3, 4) providing additional 120 kW for over 30 seconds per lap.

The ERS uses two distinct energy sources to provide the extra power: kinetic energy from braking and thermal energy from the exhaust gases. The energy is converted into electricity. The electricity is fed into a battery (5) and controlled by the ERS control unit (7).

LEM's HC5 FW (A) family of automotive current transducers measure the electric currents generated by each source, and allow the control unit to make the best decision of how and where to direct the available power.

1. LEM Applications: Roller Coaster



- ① Train / cart
- ② Drive tire
- ③ Inverter for drive tire
- ④ Linear motor
- ⑤ Inverter for linear motor and control unit

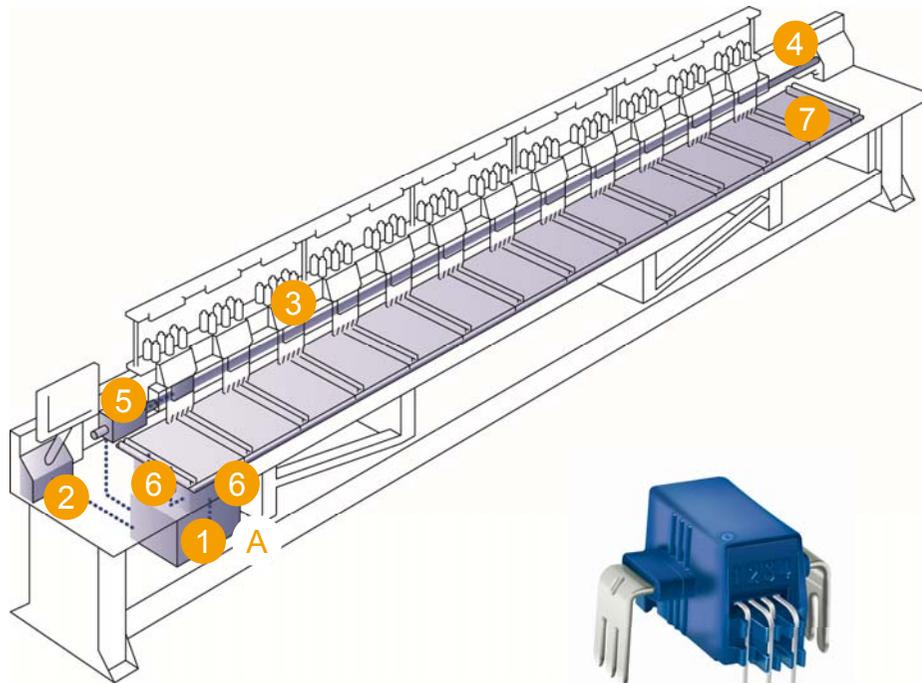
A LF 1005-S

Roller coasters use less and less traditional chain lift. The ride is maintained by gravity.

The initial acceleration energy is provided via one or several linear motors (4), catapults, or other mechanisms replacing hydraulic or pneumatic power. In case of linear motors the propulsion of the carts (1) along the track at various stages is managed using electromagnetic fields that require high currents.

These electrical linear motors enable the various torques and accelerations in time and duration. The motors are controlled by electrical drives via the currents supplied. The current transducers (A) give the feedback to the control loop (5) in order to ensure the right accelerations independently of the load and friction of the train.

1. LEM Applications: Sewing Machine/Embroidery Machine



- 1 Servo drives
- 2 Control unit
- 3 Head
- 4 Main axis
- 5 Motor
- 6 Linear motors
- 7 Working table



A HLSR 10-P

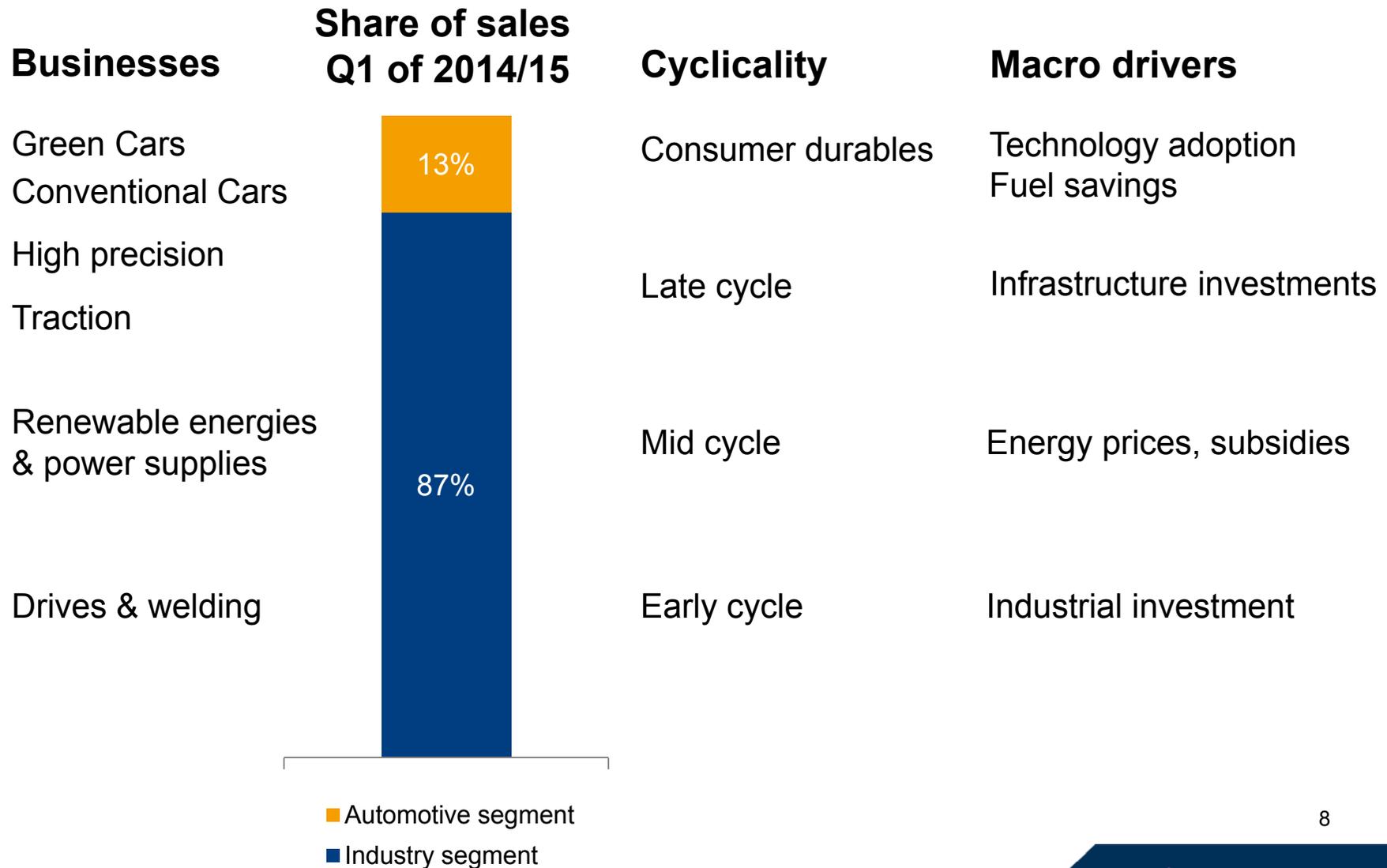
Full servo control allows for speed and precision in industrial sewing/embroidery machines.

Accuracy and speed of the table movements, as well as the correct, accurate and regulated rotation speed of the main axis for the needles are directly linked to the currents provided to the motor (5) through a servo drive (1). The working table (7) is moving in horizontal X and Y directions thanks to linear motors (6) controlled by two position servo drives (1).

Current transducers (A) are used in each servo drive to measure two of its three phase output AC currents. Their accuracy, high performance, high temperature working environment, low temperature drift contribute to a very stable, quick, reactive, reliable and precise system.

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1. Diverse Target Markets – Diversified Businesses



Agenda

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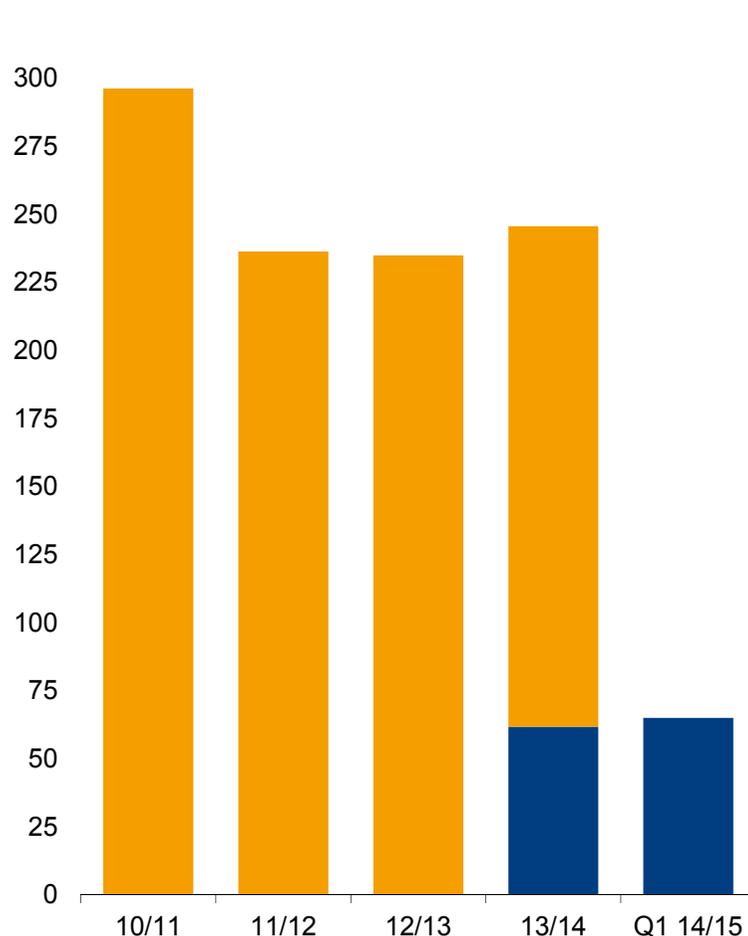
2. Highlights Q1 of 2014/15: Solid Sales Growth

In CHF millions, %	Q1 2014/15	Q1 2014/15 vs. Q1 2013/14	Q1 2014/15 vs. Q4 2013/14
Orders	64.7	-0.5%	+2.0%
Sales	65.0	+5.2%	+6.4%
EBIT	13.5	+2.2%	-0.4%
Net profit	10.7	+9.7%	-14.2%

- Strong EBIT margin, above target range of 15-20%
- Strong competition and price pressure across all markets
- Growth in China continuing
- Asia the most important sales region for LEM, for the first time

2. Net Sales

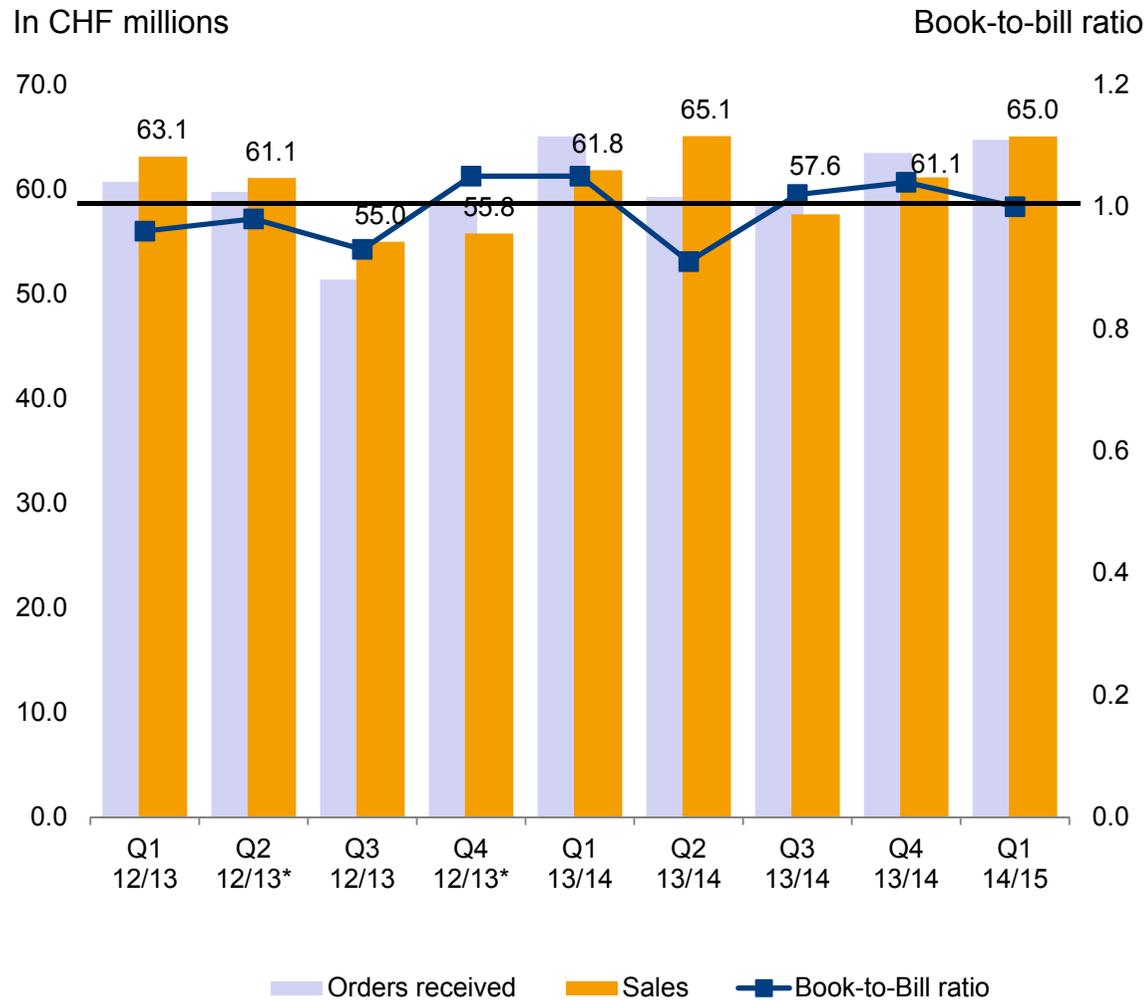
In CHF millions



In CHF millions, %	Sales	Q1 vs. Q1		Q1 vs. Q4
		as reported	at constant currencies	
Industry	56.5	+5.6%	+9.9%	+7.1%
Automotive	8.6	+2.9%	+9.1%	+1.7%
Total sales	65.0	+5.2%	+9.8%	+6.4%

- Sustained growth from Industry businesses
- Growth in Automotive businesses, but below expectation in green cars markets
- Negative currency impact on sales

2. Quarterly View

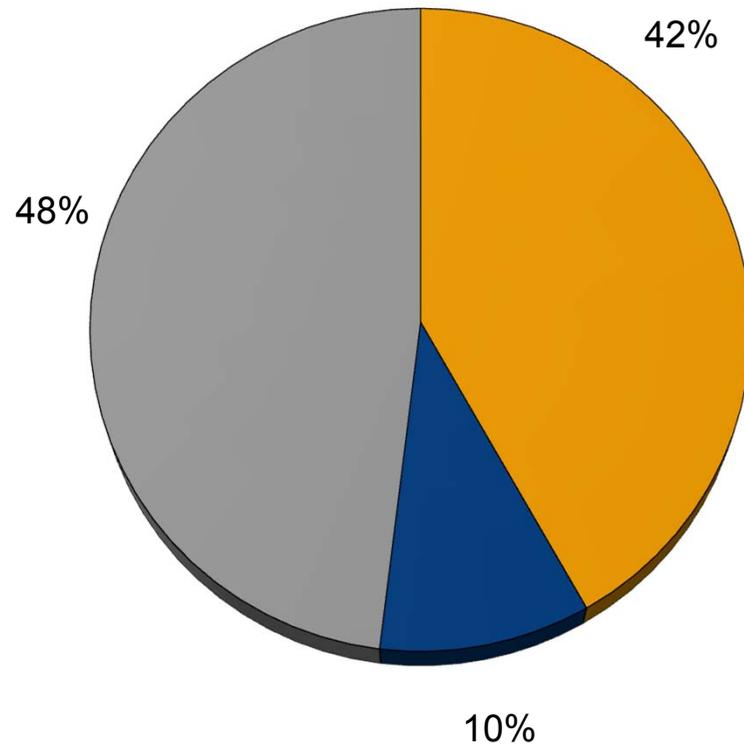


- Stable book-to-bill ratio
- Lead times requested by customers remain short

* Restatement following IAS 19R application (pensions)

2. Industry Segment: Regional Markets

- Europe
- North America
- Asia and ROW

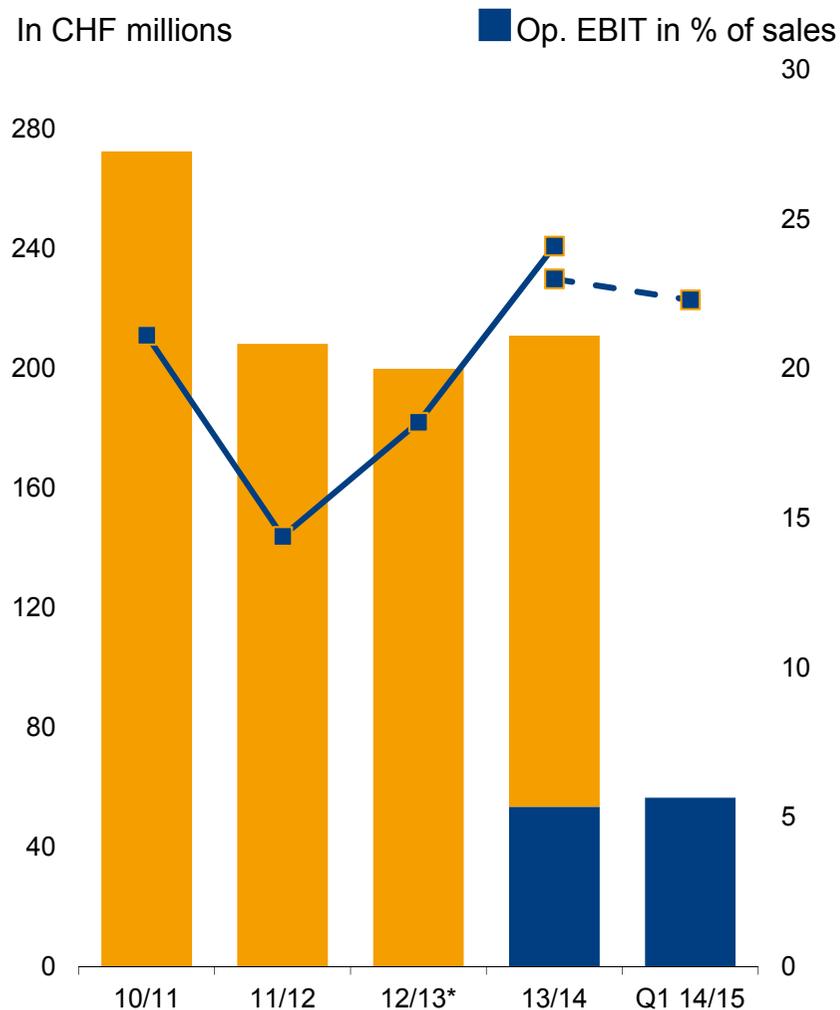


In CHF millions, %	Sales	Growth Q1 vs. Q1	Growth Q1 vs. Q4
Europe	23.6	+1.3%	-6.5%
N. America	5.7	-23.1%	-17.4%
Asia and RoW	27.2	+19.4%	+32.2%
Total	56.5	+5.6%	+7.1%

- Solid growth across most businesses
- Strong boost from China, export-led growth in Japan, seasonality in renewable energies
- Success with recently launched products
- Asia the most important sales region

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2. Industry Segment: Business Development



*Restatement following IAS 19R application (pensions)

Businesses and Applications

Drives & welding (growth QoQ: +4%)

- Strong sales in Asia
- Slow business in Europe and North America
- Stable market share

Renewable energies & power supplies (+14%)

- Seasonality in renewable energies
- Growing investments in renewable energies in China and Japan
- YoY growth -5% due to currency impact

Traction (+8%)

- Increased activity globally, particularly in light rail applications
- Sales growth due to projects in China and Korea

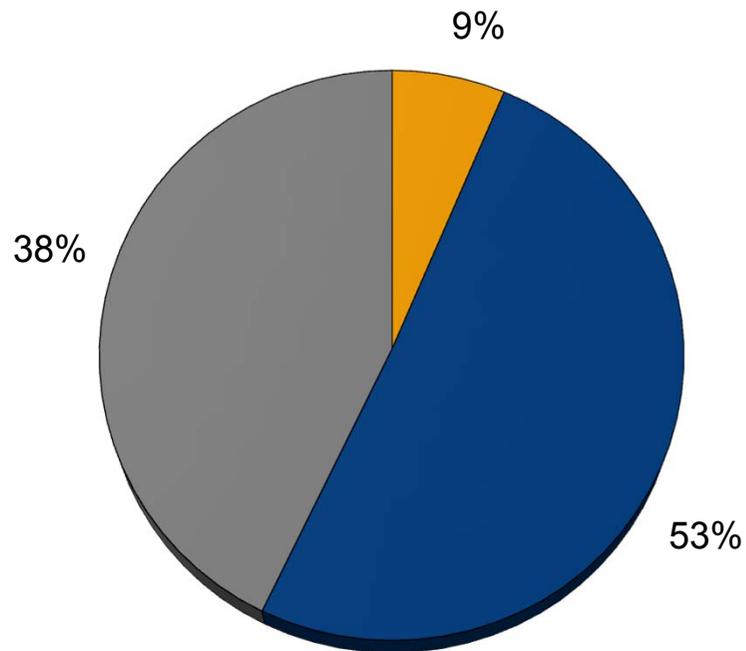
High-precision (-1%)

- Lower demand in medical and test & measurement markets

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2. Automotive Segment: Regional Markets

- Europe
- North America
- Asia and Rest of World

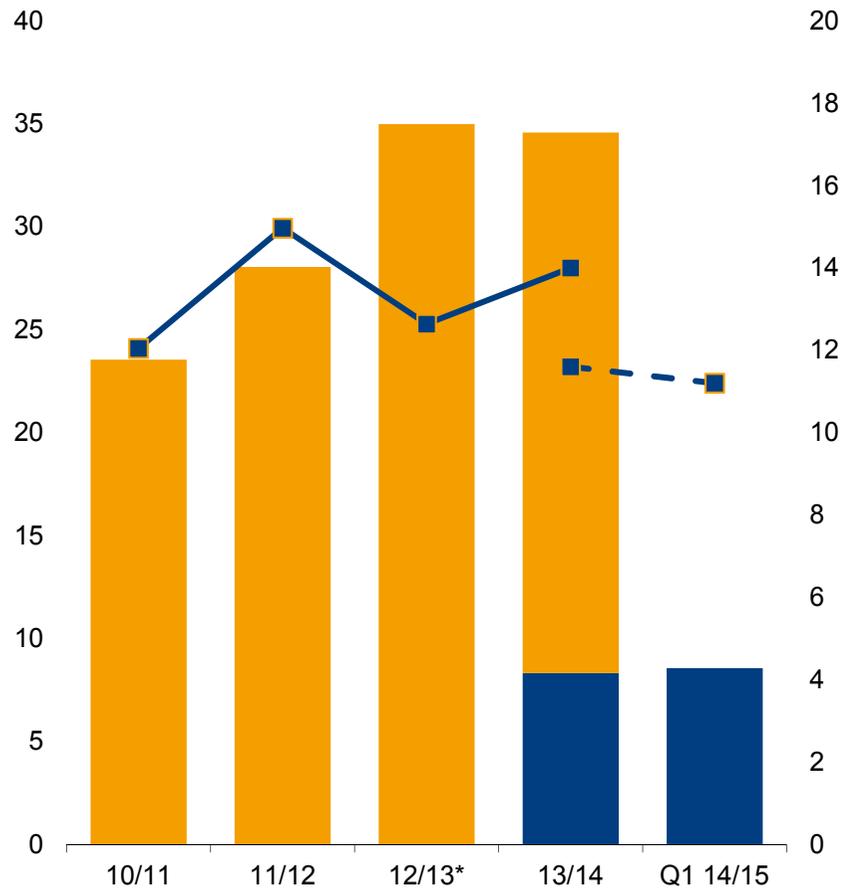


In CHF millions, %	Sales	Growth Q1 vs. Q1	Growth Q1 vs. Q4
Europe	0.5	-0.3%	-20.1%
N. America	4.3	-6.4%	+2.4%
Asia and RoW	3.7	+17.1%	+5.0%
Total	8.6	+2.9%	+1.7%

- Focus on Asian and North American markets
- Conventional cars business driving performance
- Green cars market development below expectations
- Negative currency impact in USD and JPY

2. Automotive Segment: Business Development

In CHF millions ■ Op. EBIT in % of sales



Businesses and Applications

Conventional cars (growth QoQ: +3%)

- Stable demand for battery management applications
- Some growth in USA and China

Green cars (HEV, EV) (-3%)

- Weak global markets
- Low sales and postponed projects

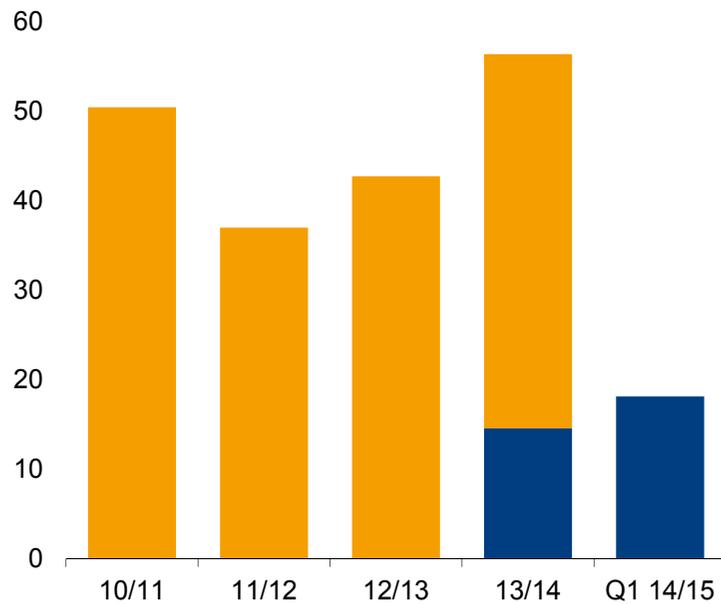
*Restatement following IAS 19R application (pensions)

2. Business Development China

Sales

- Market share of over 50%
- Most important market with 28% of total sales

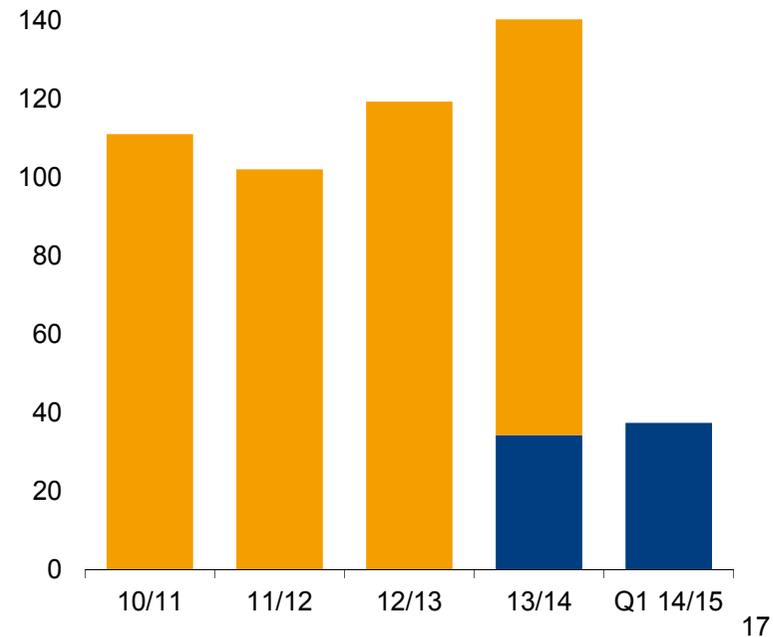
In CHF millions



Production

- LEM China expands its #1 position as largest manufacturing site of the Group (58% of total production, compared to 56% in financial year 2013/14)
- “Made by LEM” quality

In CHF millions



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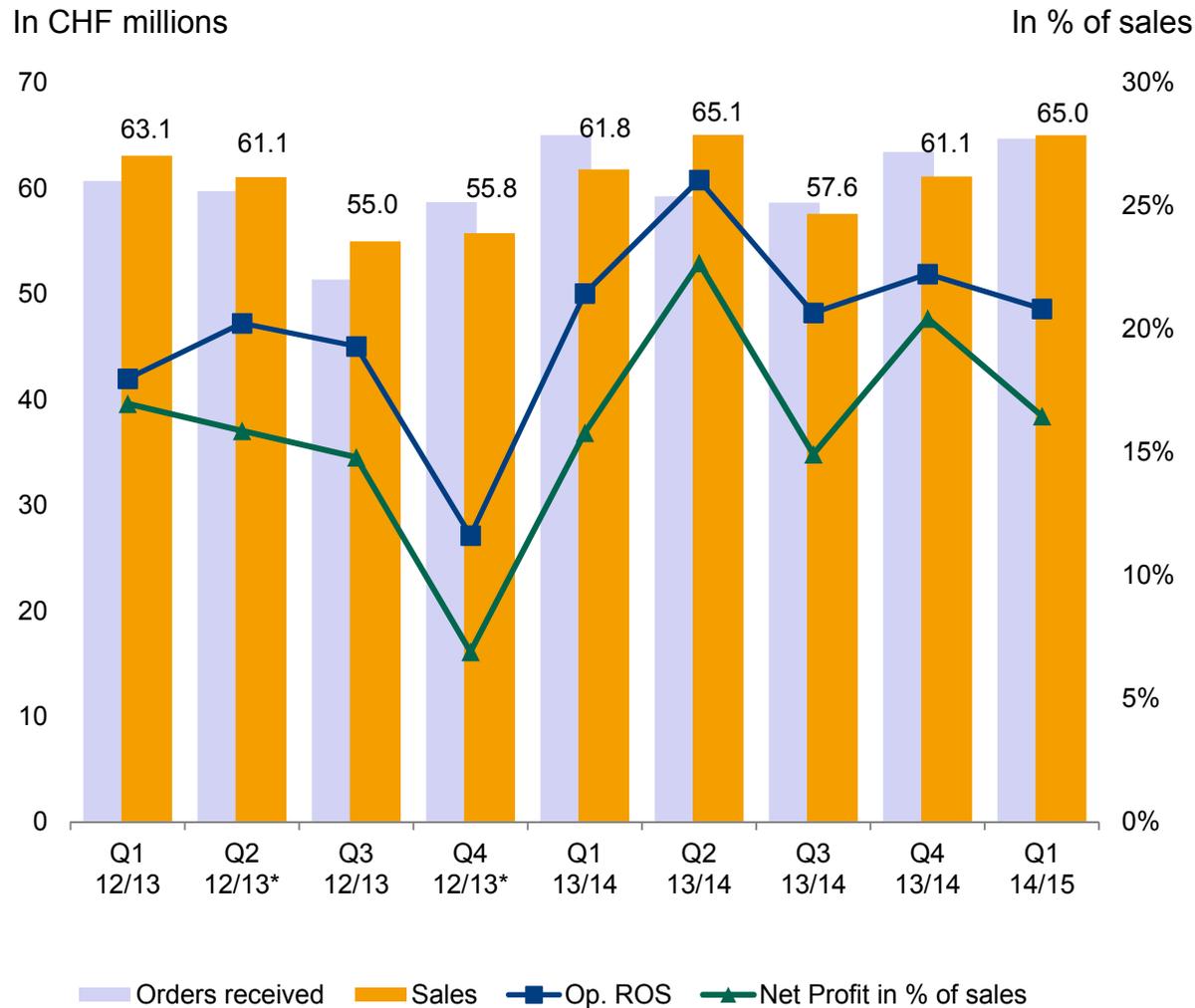
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3. Income Statement

In CHF millions

	Q1 2014/15	Q4 2013/14	Q1 vs. Q4	Q1 2013/14	Q1 vs. Q1
Sales	65.0	61.1	+6.4%	61.8	+5.2%
Gross margin	45.3%	48.4%	-3.2pt	45.4%	-0.1pt
Operating expense	-15.9	-16.0	-0.8%	-14.8	+7.3%
EBIT	13.5	13.6	-0.4%	13.3	+2.2%
Net financial exp.	0.1	0.3	-49.9%	-1.4	N/A
Income tax	-3.0	-1.4	N/A	-2.1	+39.0%
Net profit	10.7	12.5	-14.2%	9.8	+9.7%

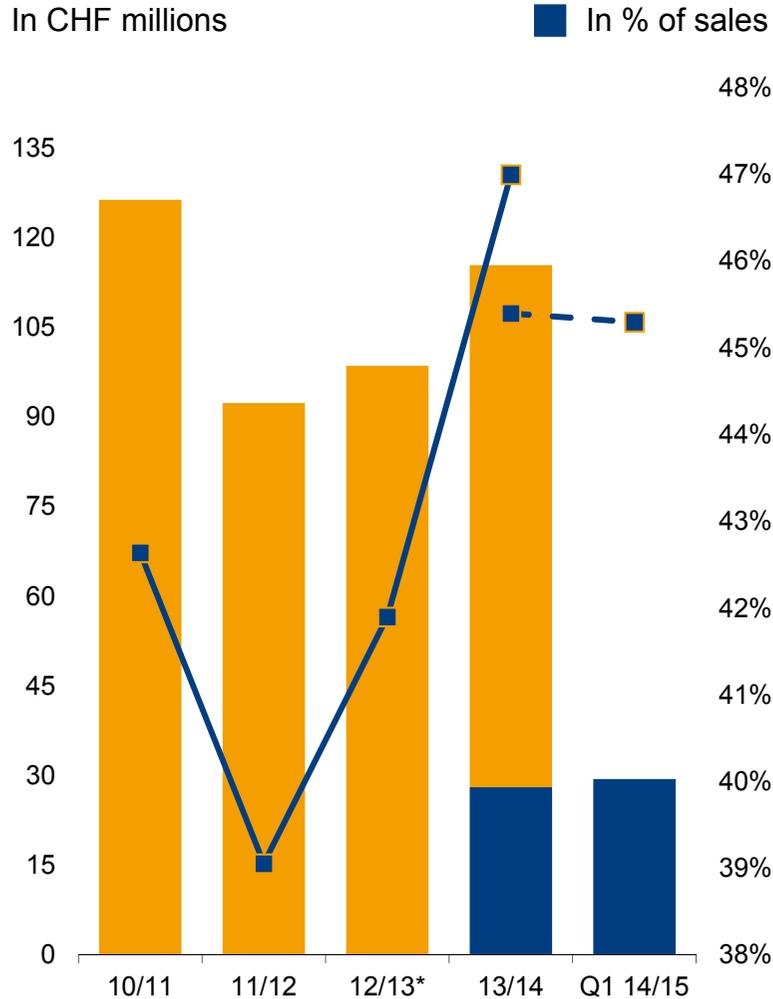
3. Results by Quarter



- Fifth consecutive quarter with EBIT margin above target range
- Q4 of 2012/13 included a restructuring charge of CHF 1.9 million

* Restatement following IAS 19R application (pensions)

3. Gross Margin

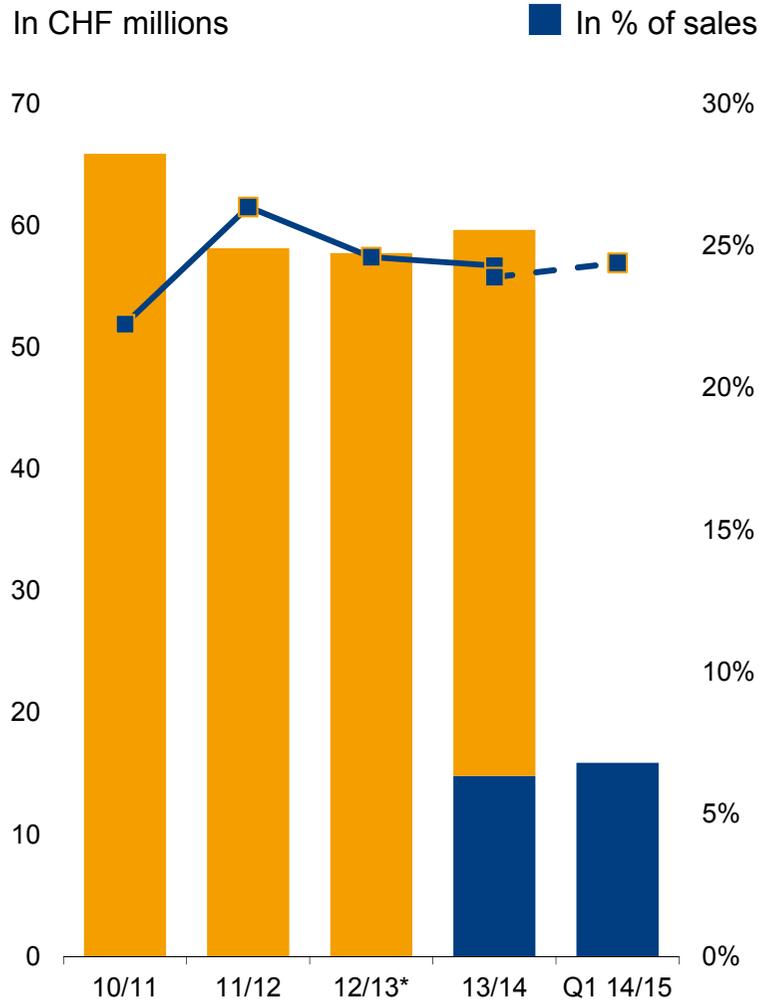


	Q1 2013/14	Q4 2013/14	Q1 2014/15
Gross margin in CHF millions	28.1	29.6	29.4
Gross margin in % of sales	45.4%	48.4%	45.3%

- Q1 2014/15 gross margin in line with last years' margin, in accordance with seasonal sales mix
- Q4 2013/14 impacted by positive one-off pension adjustments

*Restatement following IAS 19R application (pensions)

3. Operating Expense



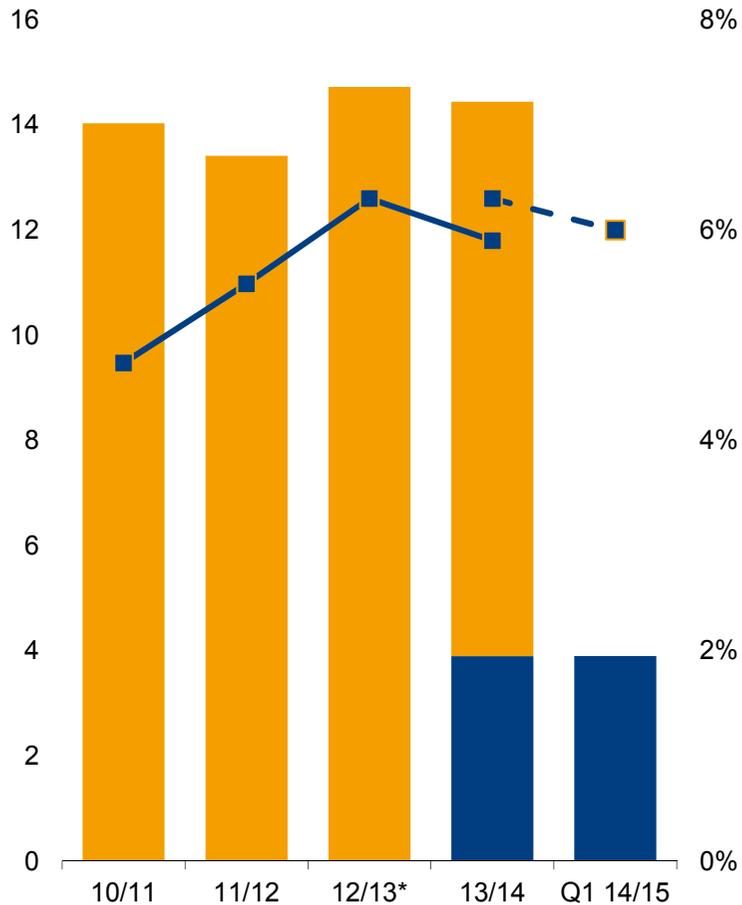
	Q1 2013/14	Q4 2013/14	Q1 2014/15
Operating expense in CHF millions	14.8	16.0	15.9
Operating expense in % of sales	23.9%	26.2%	24.4%

- Ongoing strict cost control measures
- Operating expense as a percentage of sales remain on low levels

* Restatement following IAS 19R application (pensions)

3. R&D Expense

In CHF millions ■ In % of sales

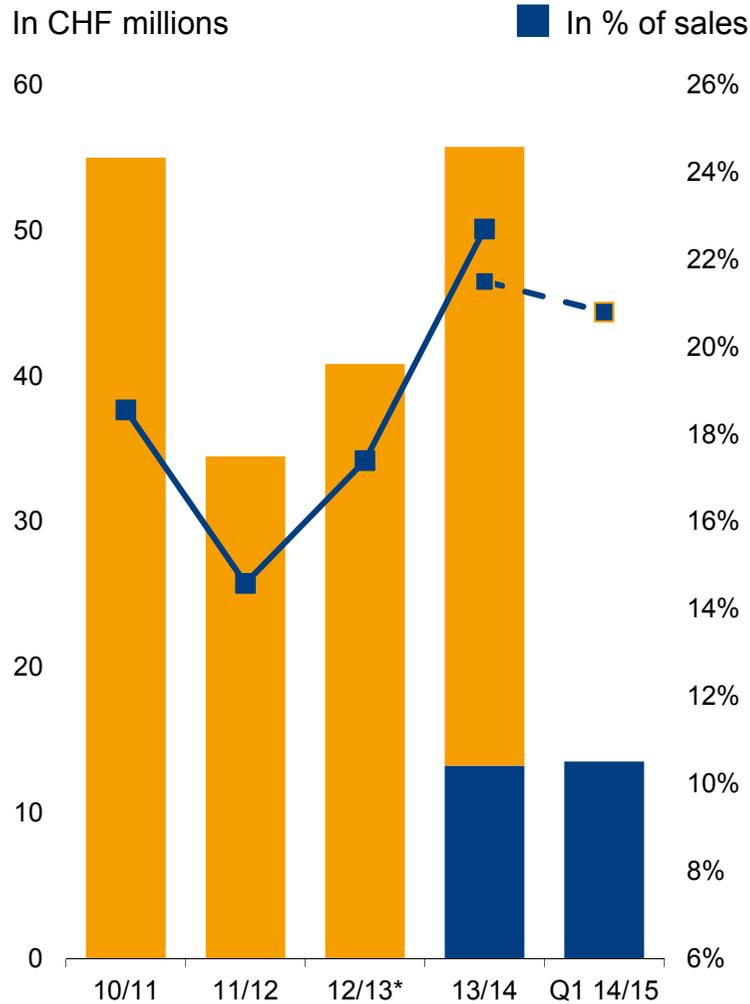


*Restatement following IAS 19R application (pensions)

	Q1 2013/14	Q4 2013/14	Q1 2014/15
R&D expense in CHF millions	3.9	3.5	3.9
R&D expense in % of sales	6.3%	5.7%	6.0%

- Maintained high investment in R&D for both segments
- Ongoing renewal of product range with focus on optimized cost, higher accuracy and new functions
- Above the long term average of 5.5% of sales

3. EBIT



*Restatement following IAS 19R application (pensions)

	Q1 2013/14	Q4 2013/14	Q1 2014/15
EBIT in CHF millions	13.3	13.6	13.5
EBIT in % of sales	21.5%	22.2%	20.8%

- Continued cost control and high gross margins
- Profitability above target range of 15 to 20%

3. Financial Expense

In CHF millions

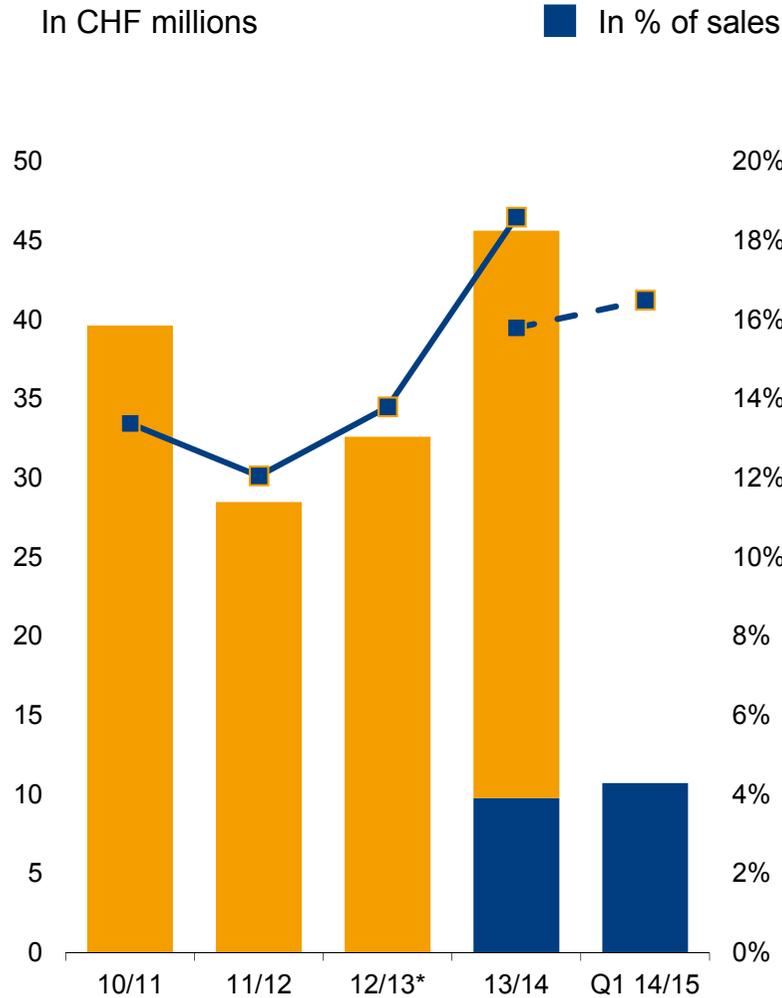
	Q1 2013/14	Q4 2013/14	Q1 2014/15
Exchange effect*	-1.4	+0.2	+0.1
Other financial expense & income	+0.0	+0.1	+0.0
Total	-1.4	+0.3	+0.1

- Foreign exchange hedging policy continued
 - EUR: 100% of net exposure 12 months forward
 - USD: 100% of net exposure 18 months forward

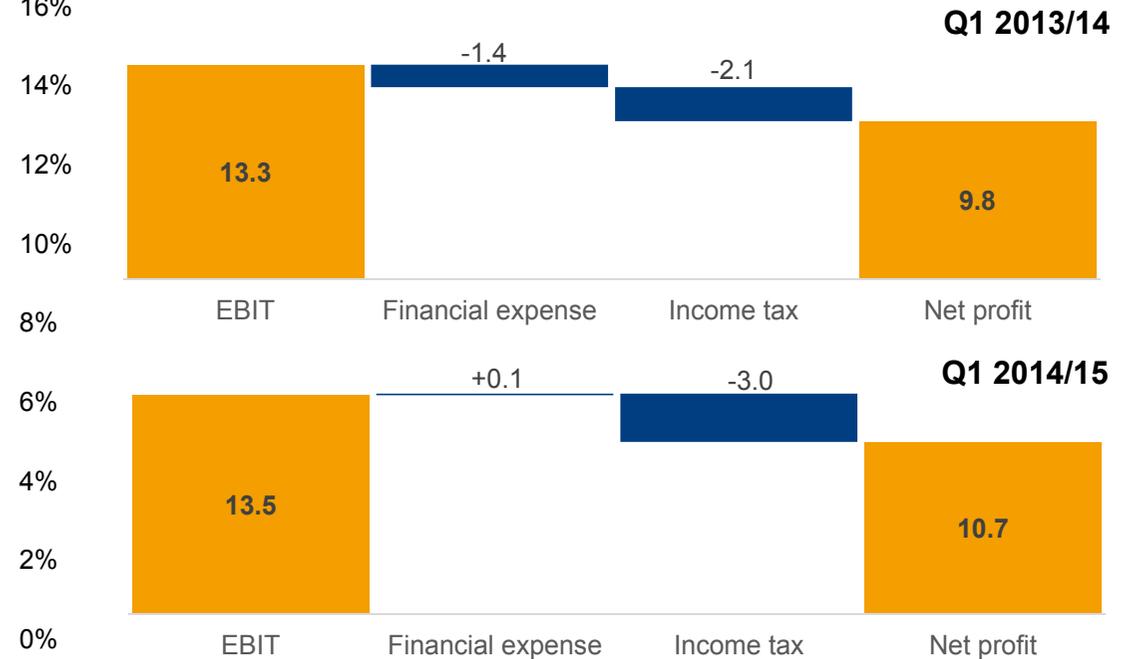
* The line "exchange effect" in the financial result is mainly due to currency volatility during the time between booking and settling a receivable/payable. Over and above this line, foreign exchange rates impact every P&L line through the rate at which each transaction is booked and at which it is consolidated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

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3. Net Profit



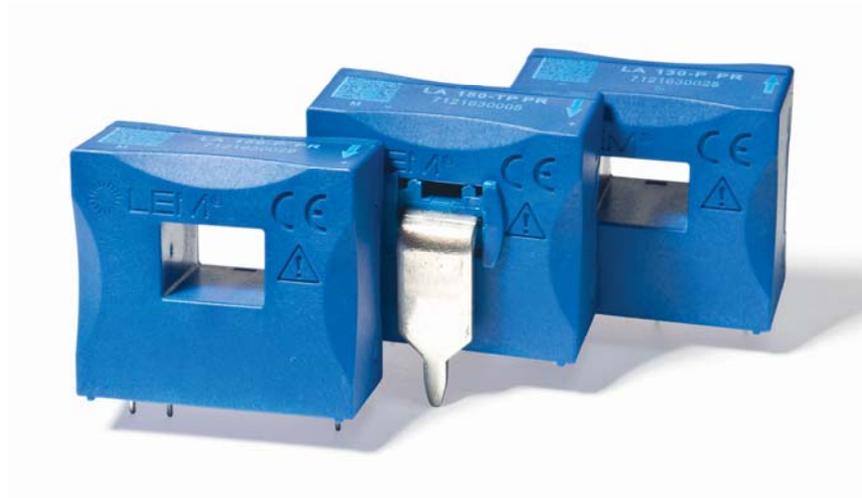
	Q1 2013/14	Q4 2013/14	Q1 2014/15
Net profit in CHF millions	9.8	12.5	10.7
Net profit in % of sales	15.8%	20.4%	16.5%



* Restatement following IAS 19R application (pensions)

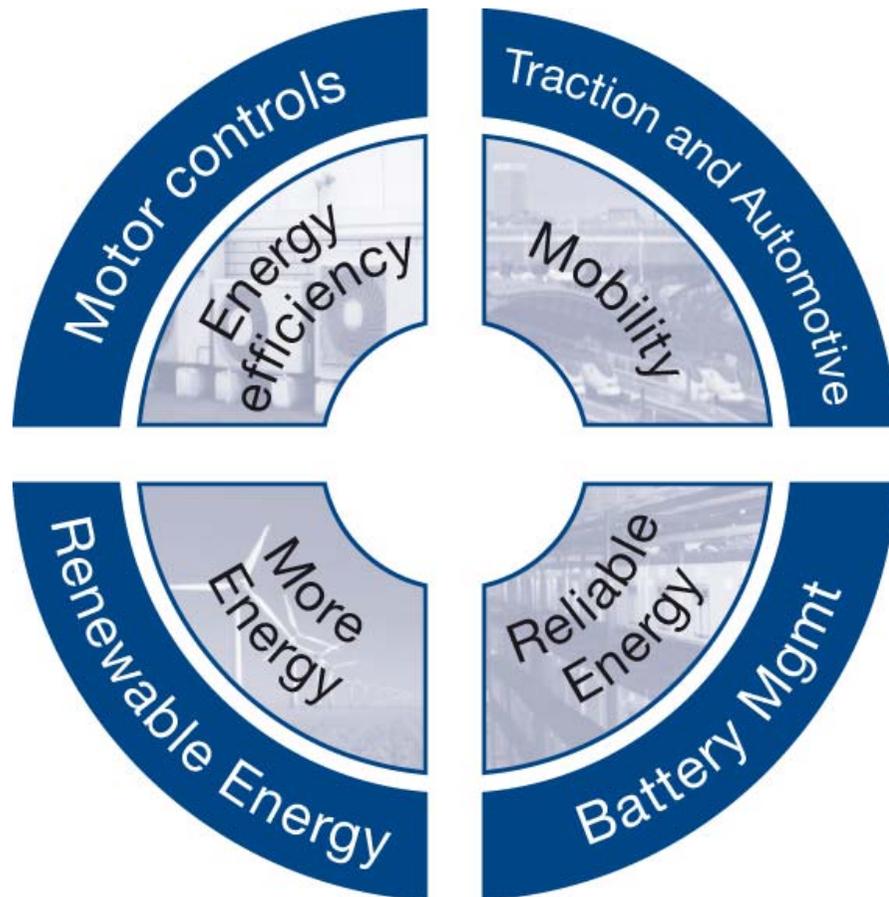
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4. Market Factors and Strategy



- 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 businesses

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4. Outlook

- Economic perspectives improving with modest pick-up in Europe and North America and robust performance in China
- For 2014/15 we expect
 - Industry segment: well positioned to capitalize on economic improvements and support from new products
 - Automotive segment: resume growth backed by growing global vehicle production and market share gains in the green cars business
 - Competition to remain fierce due to overcapacities in our industry as well as in those of our customers
- Further implementation of our strategic initiatives

Financial Calendar and Contact Details

Financial calendar

13 November 2014	Half-year 2014/15 results
17 February 2015	Third quarter 2014/15 results
4 June 2015	Year-end 2014/15 results
25 June 2015	Ordinary Shareholders' Meeting for the year 2014/15
30 June 2015	Dividend ex-date
2 July 2015	Dividend payment date

For further information

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