

A Close Look at LEM

Investor Presentation, 28 August 2013



Agenda

- 1. Introduction**
2. Long Term Growth
3. Business Development Q1 of 2013/14
4. Executing LEM's Strategy
5. Outlook



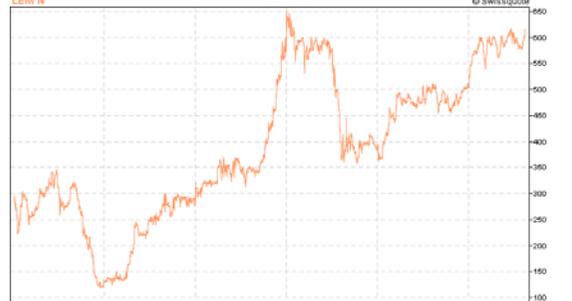
Global Market Leader in Current and Voltage Transducers

Market Position



- Global market share of 50%
- Benchmark in service and product quality
- 4 production sites in Europe and Asia
- Sales of CHF 235 and EBIT margin of 17.5% in 2012/13

Performance



- Continued sales growth and margin improvements
- 19.2% average total share-holder return p.a. (03/2008 to 08/2013)
- Dividend yield >5% in each year since 2009

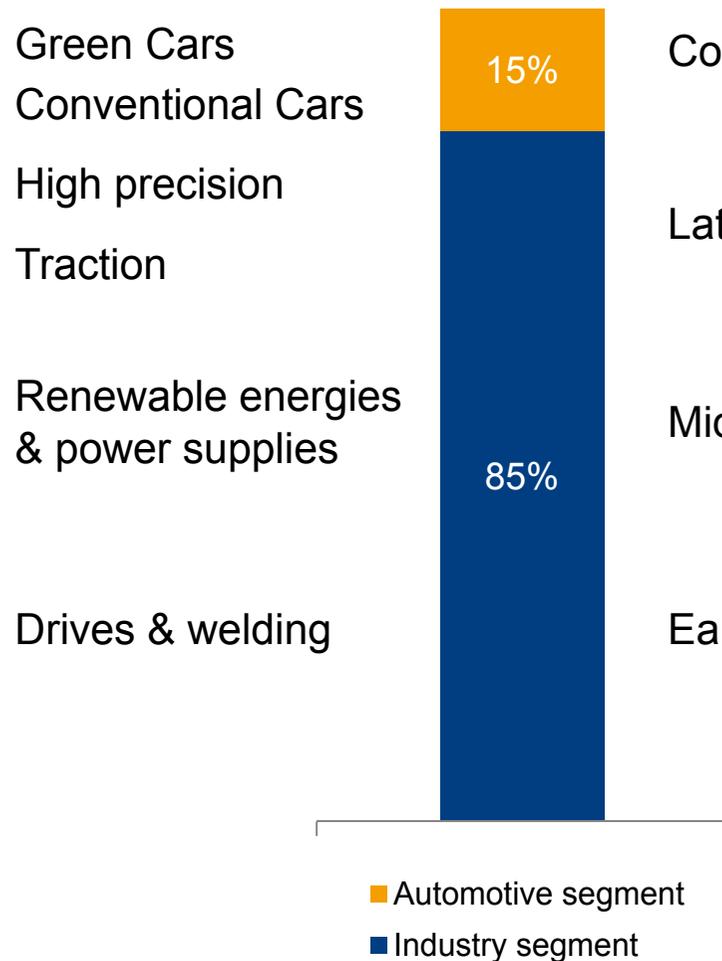
Perspectives



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

Diverse Target Markets – Diversified Businesses

Share of sales 2012/13



Cyclicality

Consumer durables

Late cycle

Mid cycle

Early cycle

Macro drivers

Technology adoption
Fuel savings

Infrastructure investments

Energy prices, subsidies

Industrial investment

Products and Applications

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

- Lead battery management
- Start-stop application

Green cars (HEV, EV)

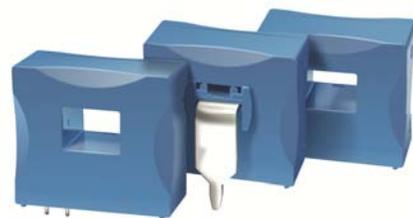
- Battery pack management
- Electric motor control
- Embedded charger



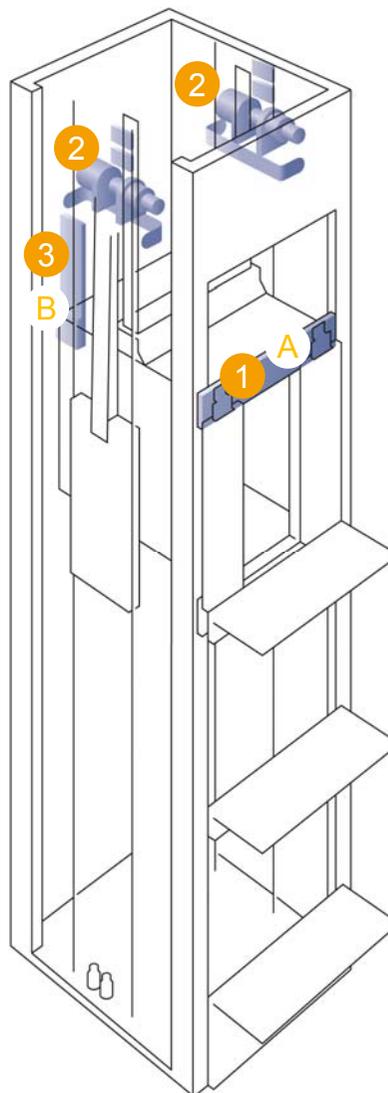
LEM Applications: Elevator



A LTS



B LA 150-P

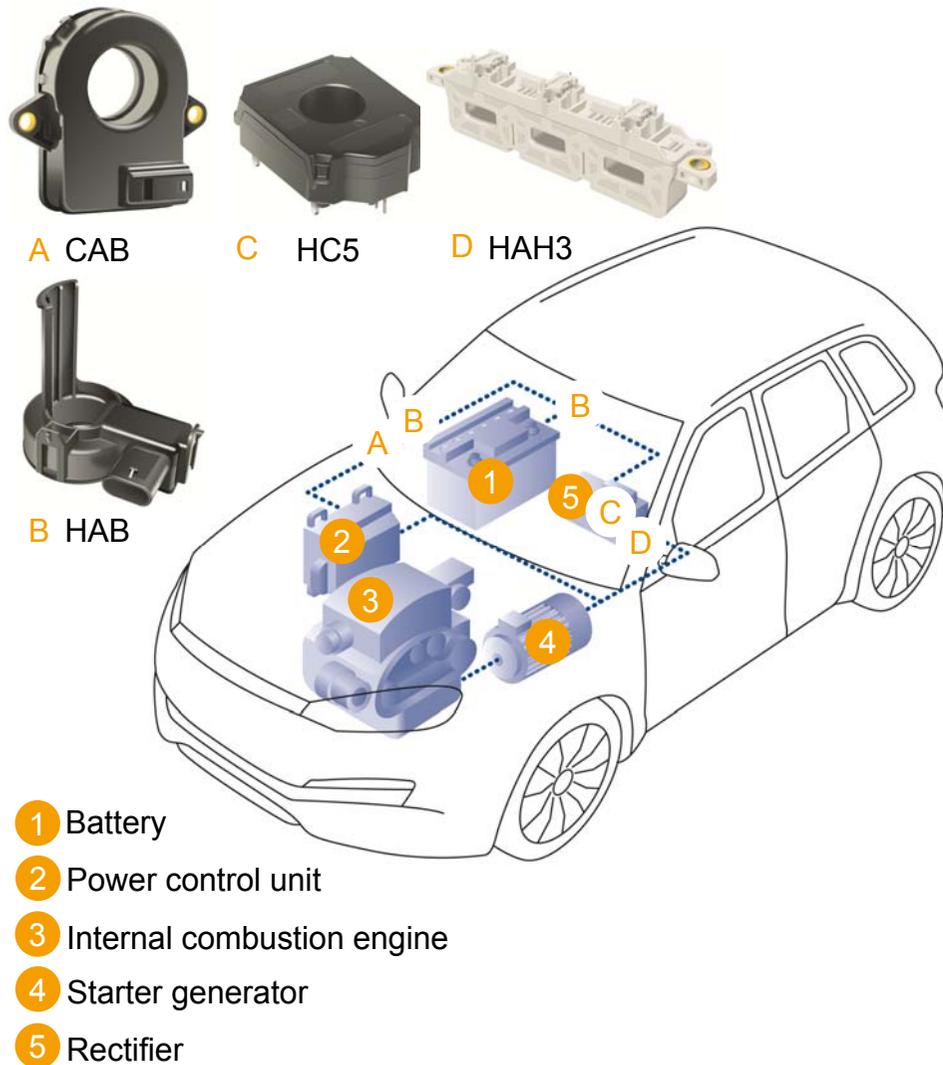


- 1 Door control unit
- 2 Motor
- 3 Controller

The controller moves the motor in the right direction and lets it stop exactly at the right position to the floor ground, independent of the weight in the elevator car. The current transducers take care that the motor is powered with the correct current.

Elevator doors are controlled by a control unit that integrates the motors of the sliding doors. The current transducer measures the current in the motors to run the panels smoothly and to discover if something (e.g., a finger, a leg) obstructs the doors.

LEM Applications: Start-Stop System for Cars



The current sensors (HAB, CAB) allow the battery management system to decide if enough energy is available in the battery to operate the accessories (such as air-conditioning, headlights, and radio) while the engine is off, and still have ample charge left to restart the engine.

The “power-control unit” will instruct the “starter generator” to restart the engine or recharge the battery, as needed, and current sensors (HC5, HAH3) used in the converters and inverter modules allow it to operate smoothly, improving the driver experience while helping the environment.

LEM Perceived as the Global Leader in Current and Voltage Transducers

2012 customer satisfaction survey conducted in all territories

- LEM rated as high as in a 2009 study
- LEM most valued for
 - Focus on customer demands and requests
 - Ease to work with
 - Trustworthiness
 - Professionalism in solving issues
- Highest ratings for reliability, performance and quality of products

Agenda

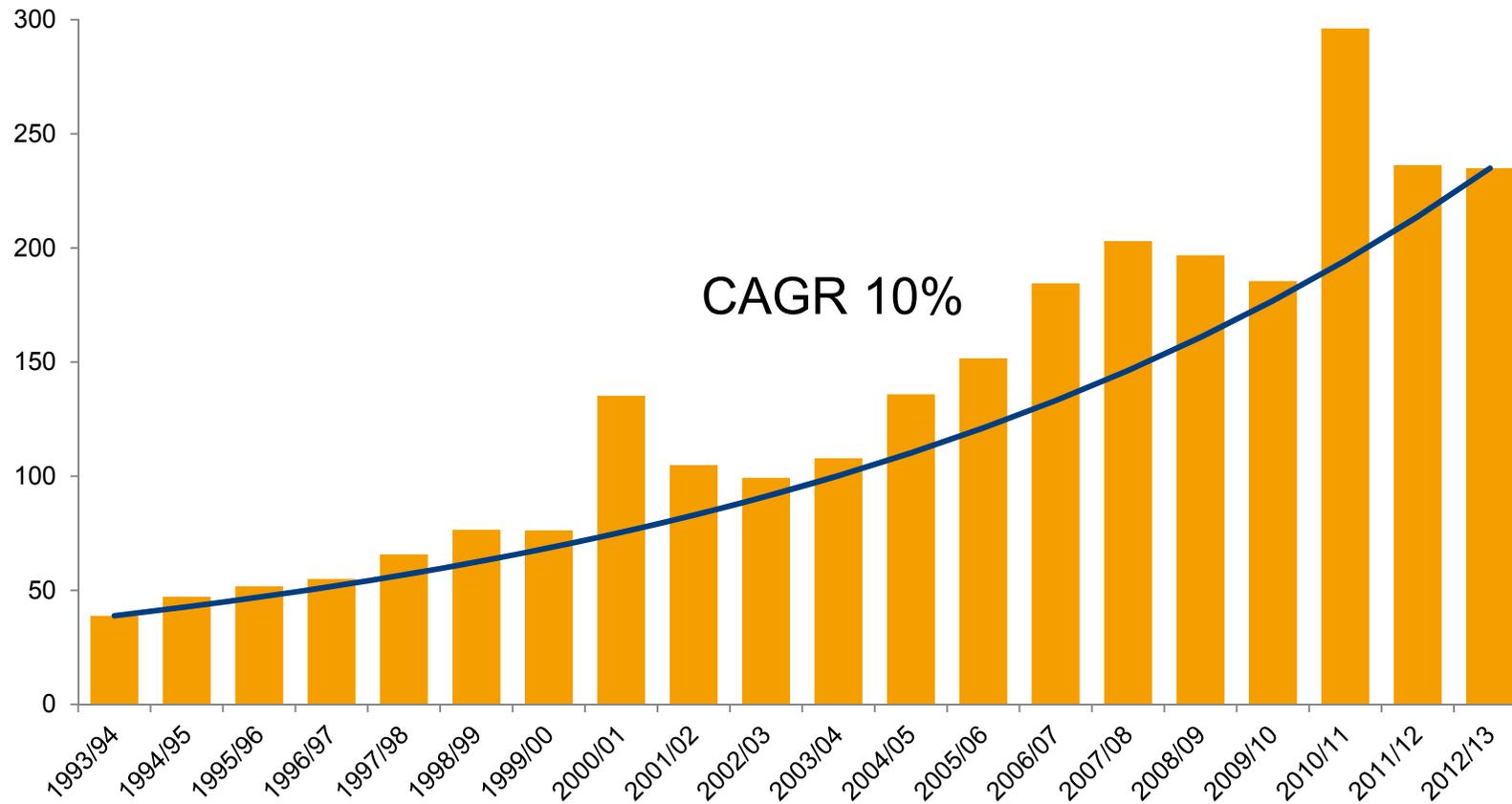
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Sales Growth 1993/94 to 2012/13

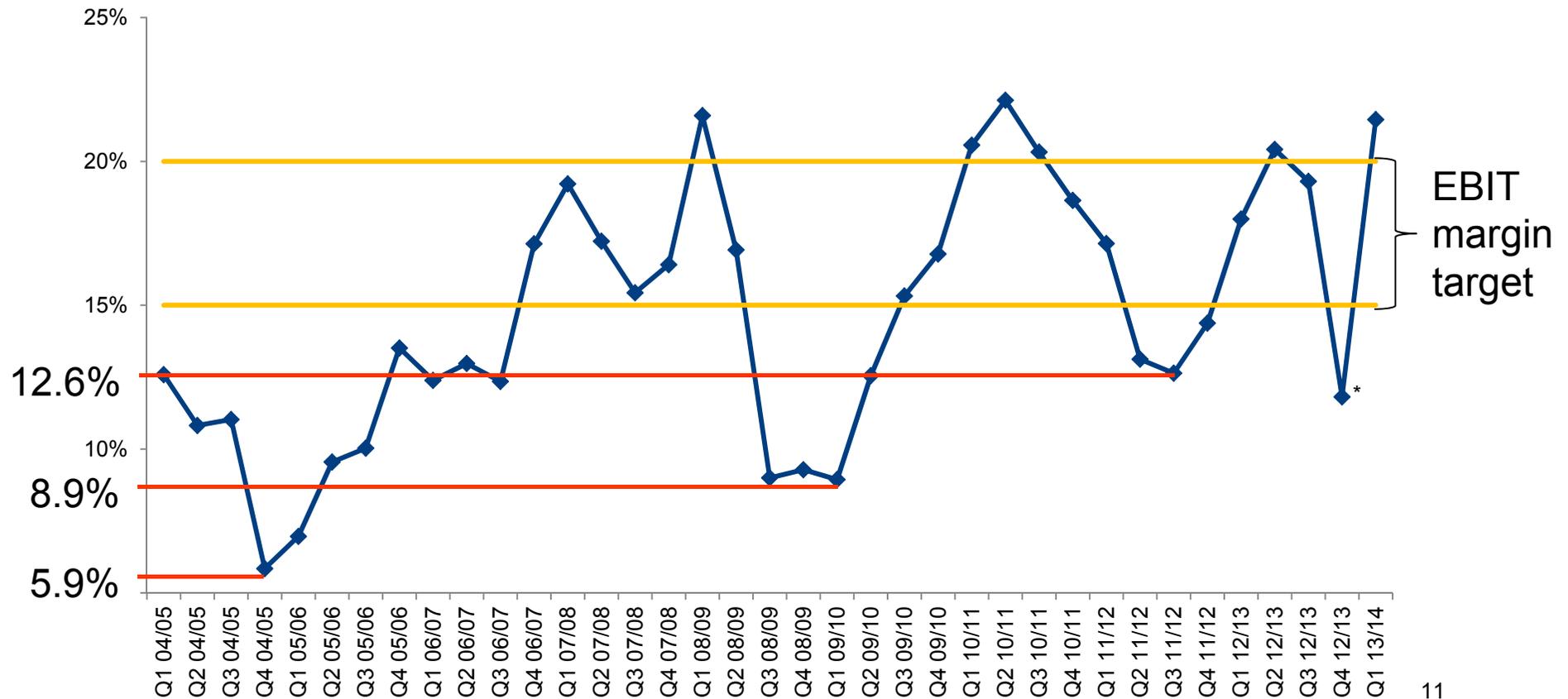
In CHF millions



Comparable basis excluding the instruments business sold in 2004/05

EBIT Margin Development

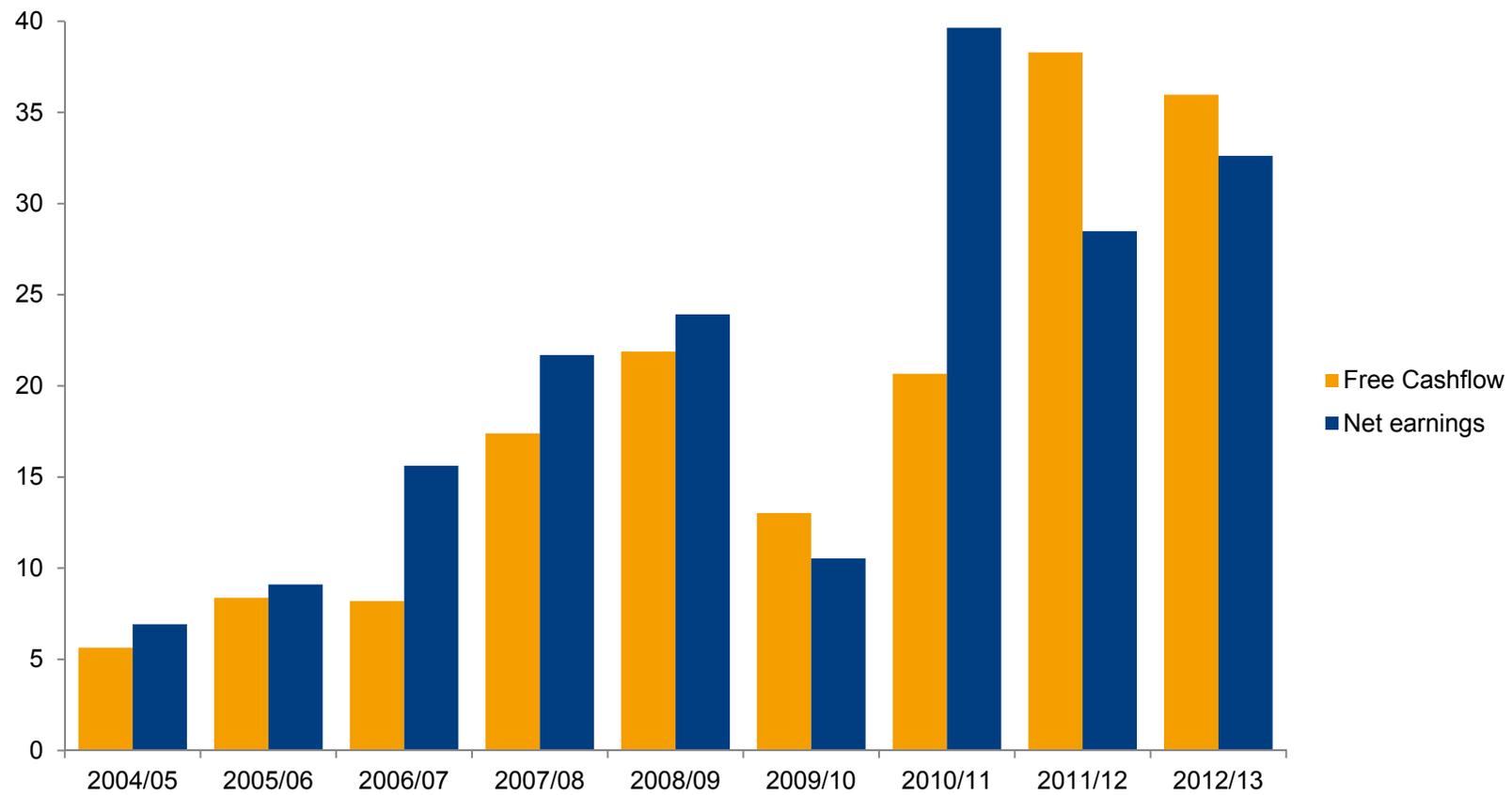
Operational EBIT in % of sales



* 15.3% operating margin before restructuring provisions of CHF 1.9m booked in Q4 of 2012/13

Free Cashflow, Net Earnings

In CHF millions



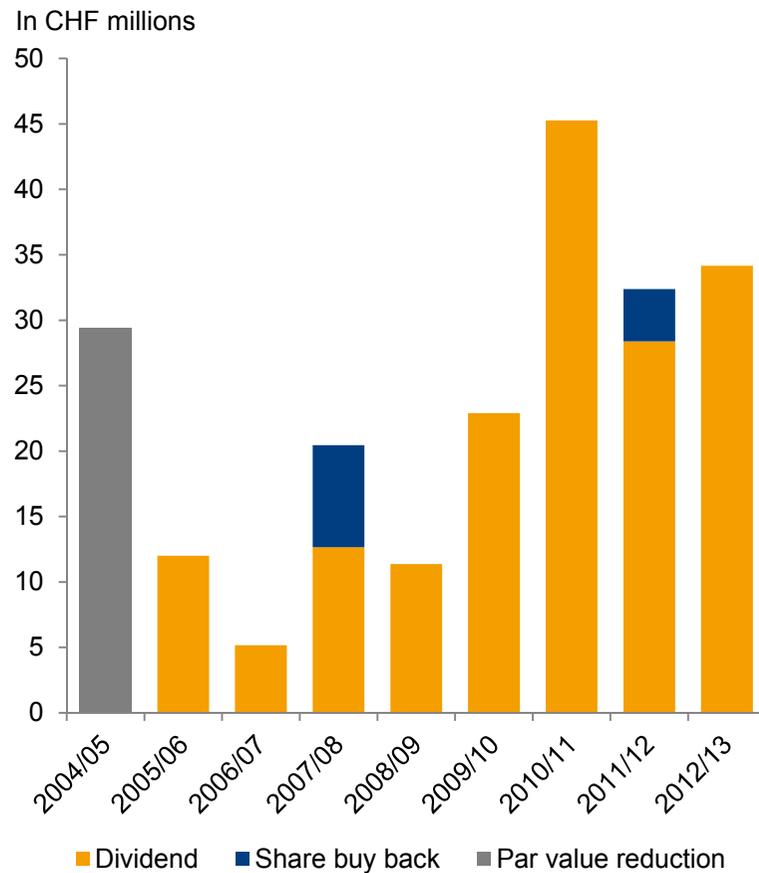
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Shareholder Return from 2004/05 to 2012/13

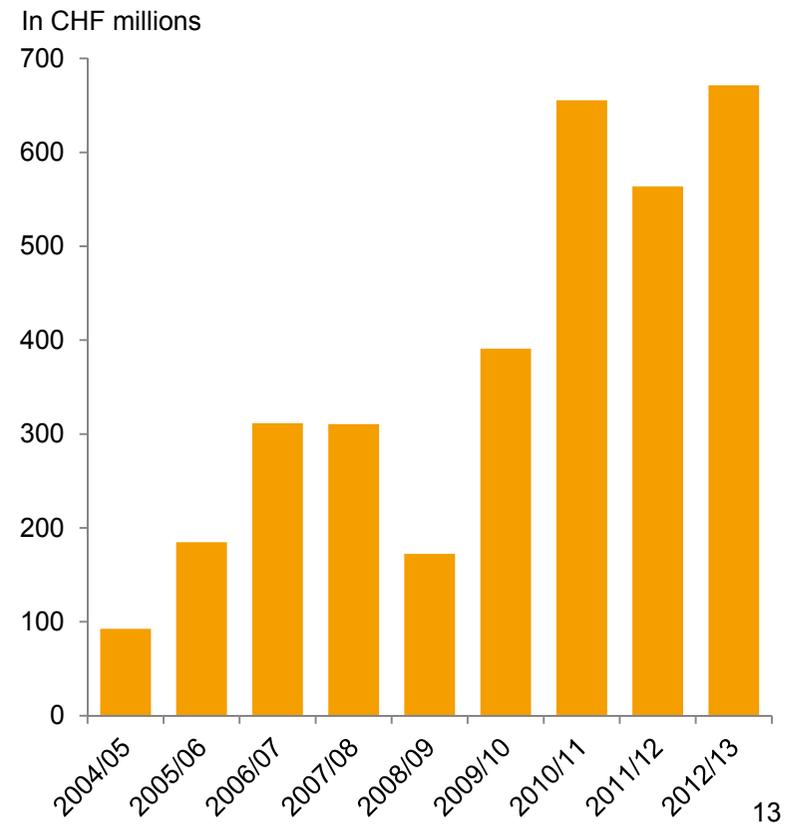
LEM returned CHF 213.1 million to shareholders

Market capitalization increased from CHF 92.6 million to CHF 671.5 million

Cash returned to shareholders

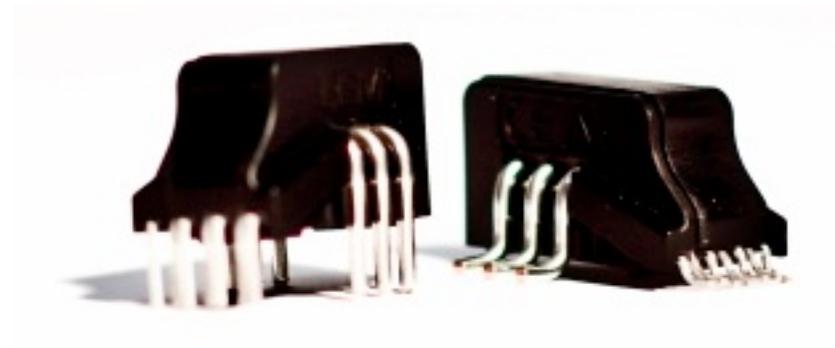


Market capitalization per 31 March



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Performance in Q1 of 2013/14

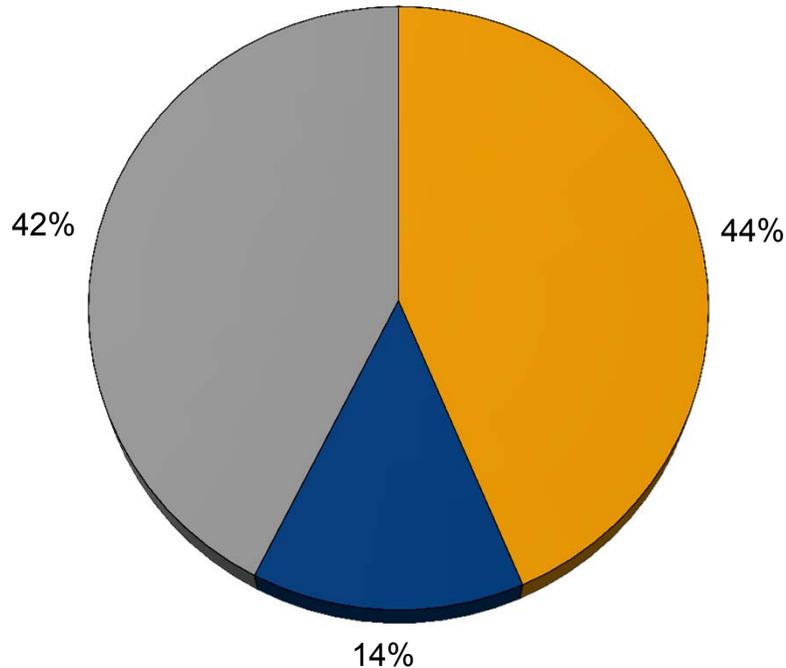
In CHF million, %	Q1 2013/14	Q4 2012/13*	Q1 vs. Q4
Orders	65.1	58.7	+10.8%
Sales	61.8	55.8	+10.8%
Book-to-bill ratio	1.05	1.05	-
<i>Gross margin</i>	45.4%	37.6%	+7.8%pt
Operating expense	-14.8	-14.4	+2.8%
<i>in % of sales</i>	-23.9%	25.8%	-
R&D expense	3.9	3.9	-
<i>in % of sales</i>	6.3%	7.1%	-
EBIT	13.3	6.6	+101.3%
<i>EBIT margin</i>	21.5%	11.8%	-
Net earnings	9.8	3.9	+147.8%

* Q4 including CHF 1.9m restructuring provisions. Theoretical numbers without this impact: gross margin 41.1%, EBIT 8.5m / 15.3%

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Industry Segment: Regional Markets

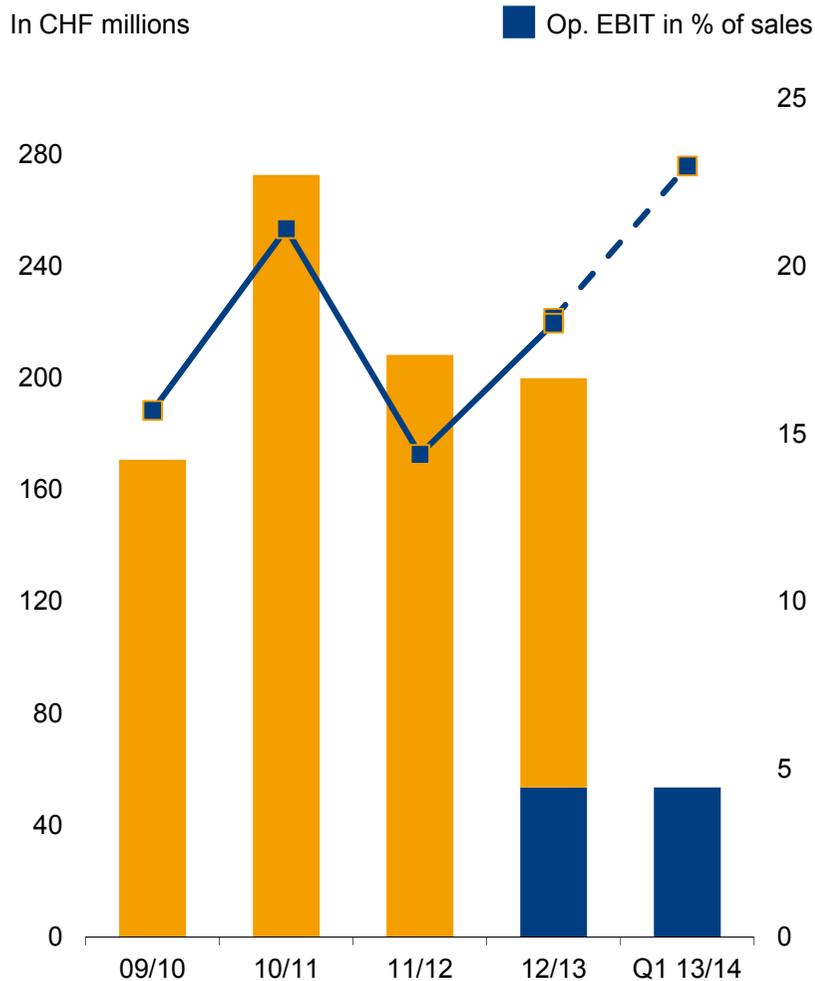
- Europe
- North America
- Asia and ROW



In CHF million, %	Sales	Q1 vs. Q4
Europe	23.3	-3.8%
N. America	7.4	+14.7%
Asia and ROW	22.7	+34.9%
Total	53.5	+12.4%

- European business still weak
- Double digit growth in Asia and North America
- China remains #1 Industry market

Industry Segment: Business Development



Businesses and Applications

Drives & welding (growth QoQ: +13%)

- Contribution from all regions
- Growth and market share increase in China

Renewable energies & power supplies (+31%)

- Seasonal effect in solar business
- Renewables markets in China and Japan benefitting from government subsidies
- Consolidation in solar and wind markets

Traction (-14%)

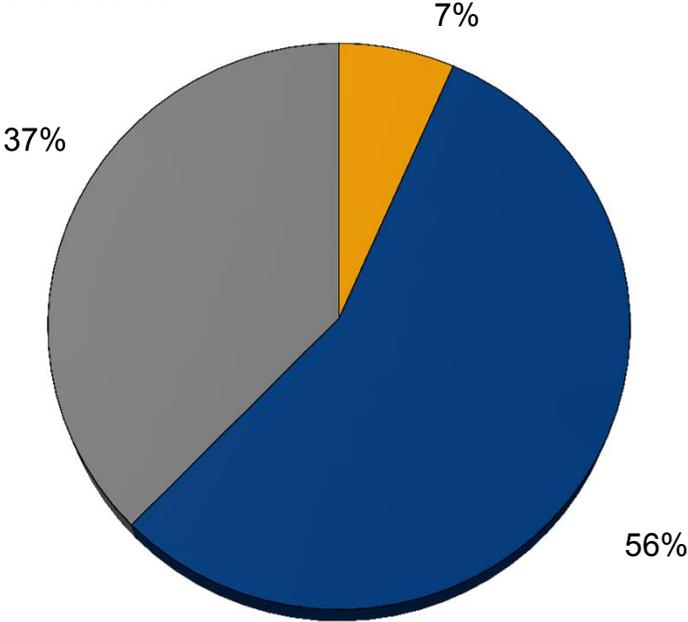
- Delays of projects
- Restrained investments in rail infrastructure

High-precision (+6%)

- Increased market share in US medical applications

Automotive Segment: Regional Markets

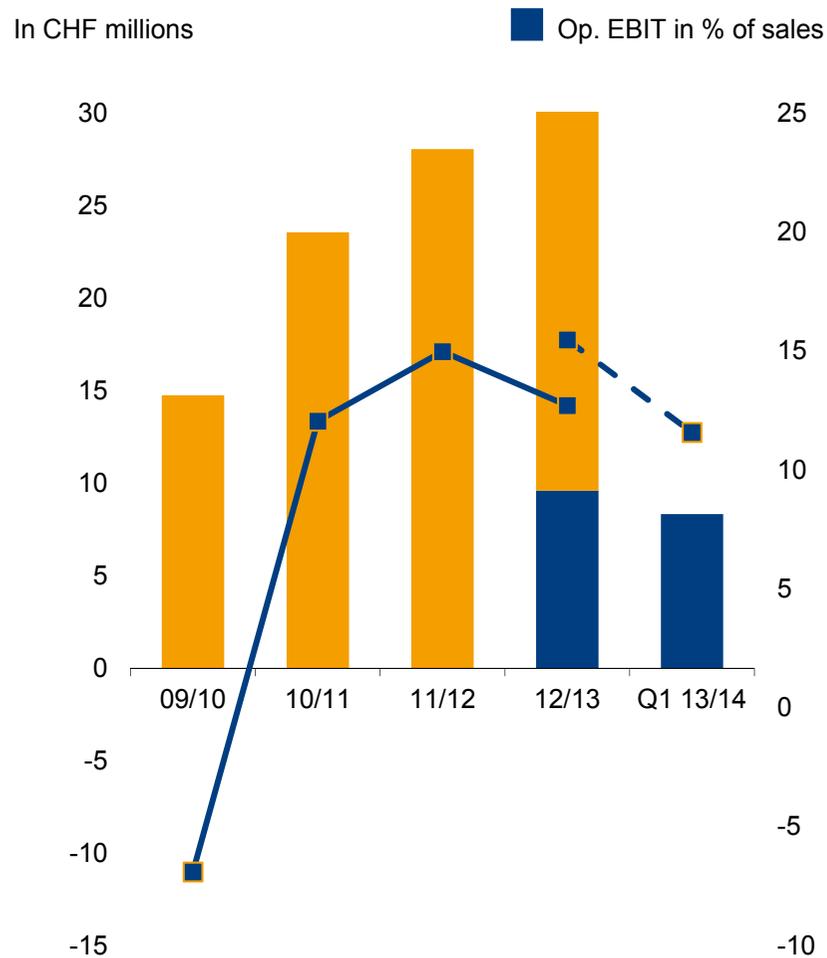
- Europe
- North America
- Asia and ROW



In CHF million, %	Sales	Q1 vs. Q4
Europe	0.5	-37.3%
N. America	4.6	+5.1%
Asia and ROW	3.1	+7.6%
Total	8.3	+1.5%

- Conventional cars business driving performance
- Focus on Asian and North American markets
- Customers' inventory corrections, mainly in the US

Automotive Segment: Business Development



Businesses and Applications

Conventional cars (growth QoQ: +8%)

- Growth in battery management application
- Ramp-up of LEM's new start-stop-application faster than expected

Green cars (HEV, EV) (-32%)

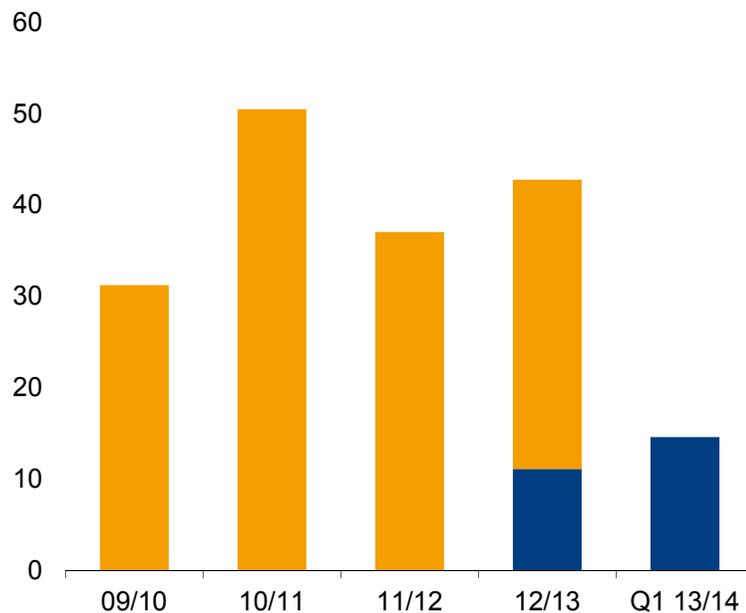
- Market burdened by high vehicle prices
- Continued technological hurdles
- Limited success of electrical cars

Business Development China

Sales

- Market share of over 50%
- Market share increase in some drives & welding applications
- Biggest market with 24% of total sales

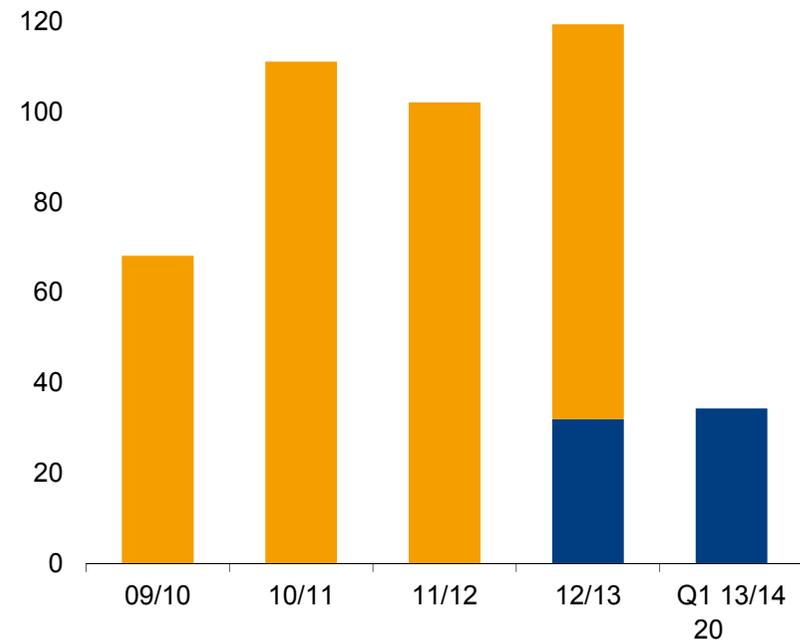
In CHF millions



Production

- LEM China expands its #1 position as largest manufacturing site of the Group (56% of total production, compared to 51% in financial year 2012/13)
- “Made by LEM” quality

In CHF millions



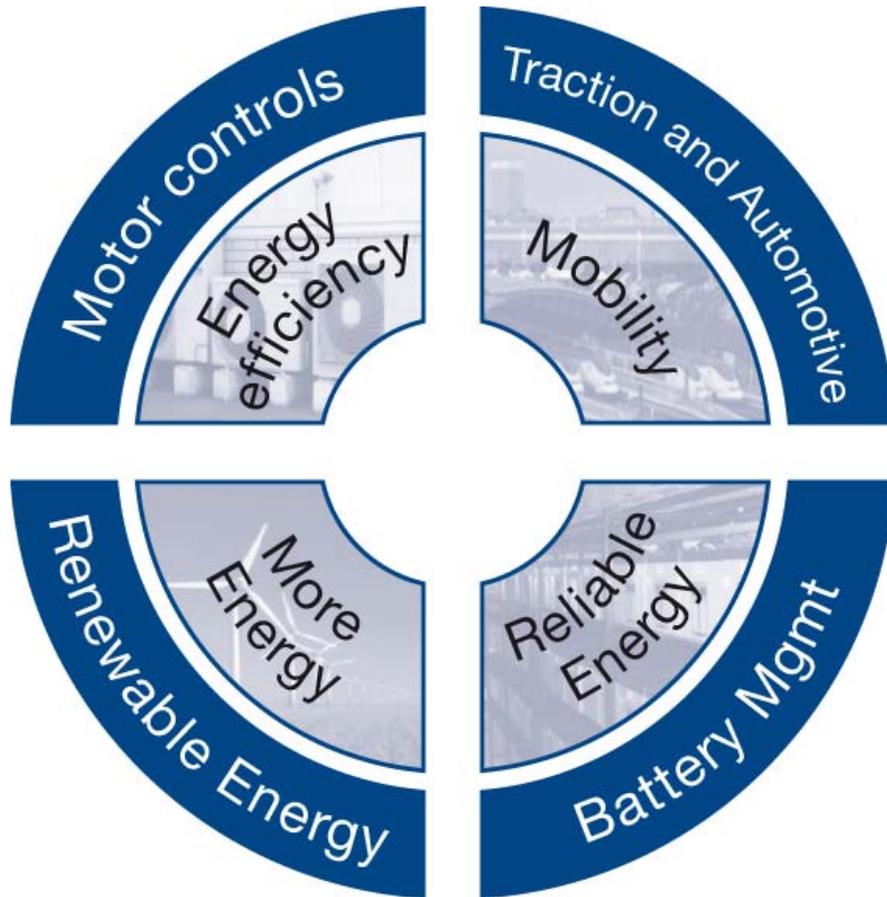
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Market Factors and Strategy



- 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

Executing Strategy: Increase Technology Leadership



Key strategic initiative

- Reinforce multidisciplinary innovation team
 - Increase number of product launches
 - Constantly improve performance of products
 - Establish dedicated team of experts to manage LEM's IP
-
-

Achievements 2012/13

- *Increased investment in R&D*
 - *Launched 8 new products, secured 11 new patents*
 - *Established LEM IP in Fribourg*
-

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Product Launches 2012/13 (1/2)

CAB



- Digital bus output and embedded microcontroller
- Highest accuracy for battery monitoring application
- State of charge measurement for hybrid vehicles



Automotive

HAH3 DR



- Customer specific transducer
- Communication with microcontroller / serial interface
- Adapted for tri-phase machine for HEV and EV



Automotive

HC 20



- High current range: 1'000 to 2'000 A
- Small size
- Designed for battery monitoring in conventional cars



Automotive

HLSR



- New ASIC with twice improved accuracy
- Very cost effective with new design
- Designed for drives and solar market



Industry

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Product Launches 2012/13 (2/2)

HO



- New ASIC with twice improved accuracy
- New functionalities: over-current detection, stand-by mode
- First programmable transducer



Industry

DVL



- New technology to create a digital isolation
- Improved sensitivity to external magnetic fields
- Robust design for harsh environments in traction applications



Industry

HFWS



- Customer specific transducer
- Communication with microcontroller and serial interface
- Very small size for the current measured



Industry

LA130-150



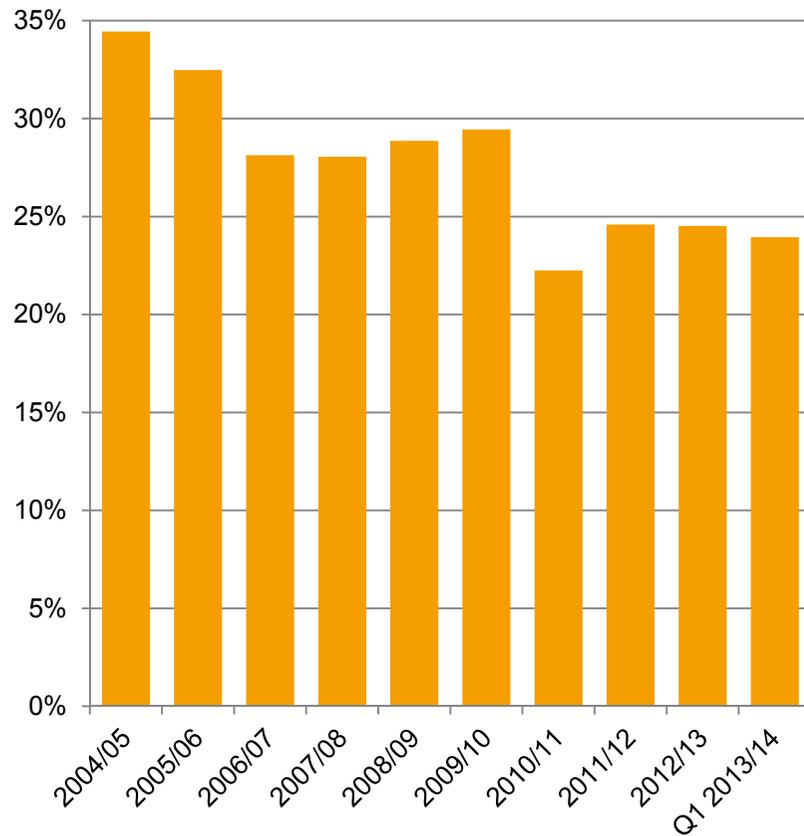
- Design for cost to replace older versions
- Proven technology based on closed loop hall
- Designed for industrial applications



Industry

Executing Strategy: Increase Efficiency

OPEX in % of Sales



Key strategic initiative

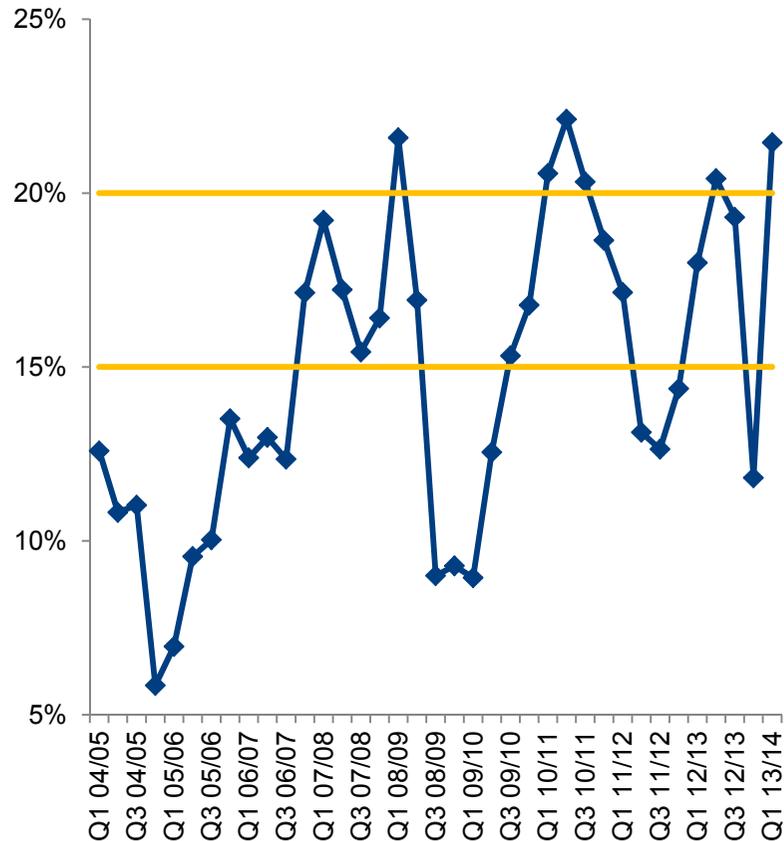
- Improve product cost through low cost sourcing and manufacturing
- Reduce complexity of organization

Achievements 2012/13

- *Centralized high precision business in Geneva*
- *Establish LEM Bulgaria*

Executing Strategy: Increase Production Flexibility

EBIT in % of Sales



Key strategic initiative

- Develop systems to better forecast demand fluctuations
- Improve supply chain management

Achievements 2012/13

- Improved S&OP
- Improvements in cycle management

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Outlook

- Economic climate expected to remain volatile
- For 2013/14 we expect
 - Industry segment: progressive restart of sales in North America and Asia, Europe to remain weak
 - Automotive segment: continued growth
- After a strong Q1 of 2013/14, we observe a stabilization of the business at the current level
- Further implementation of key strategic initiatives
- Operating margins to remain within target range of 15 to 20%

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Financial Calendar and Contact Details

Financial calendar

13 November 2013	Half-year results of 2013/14
18 February 2014	Third quarter results of 2013/14
4 June 2014	Year-end results and media and analyst conference
26 June 2014	Ordinary shareholders' meeting for the year 2013/14
1 July 2014	Dividend ex-date
4 July 2014	Dividend payment date

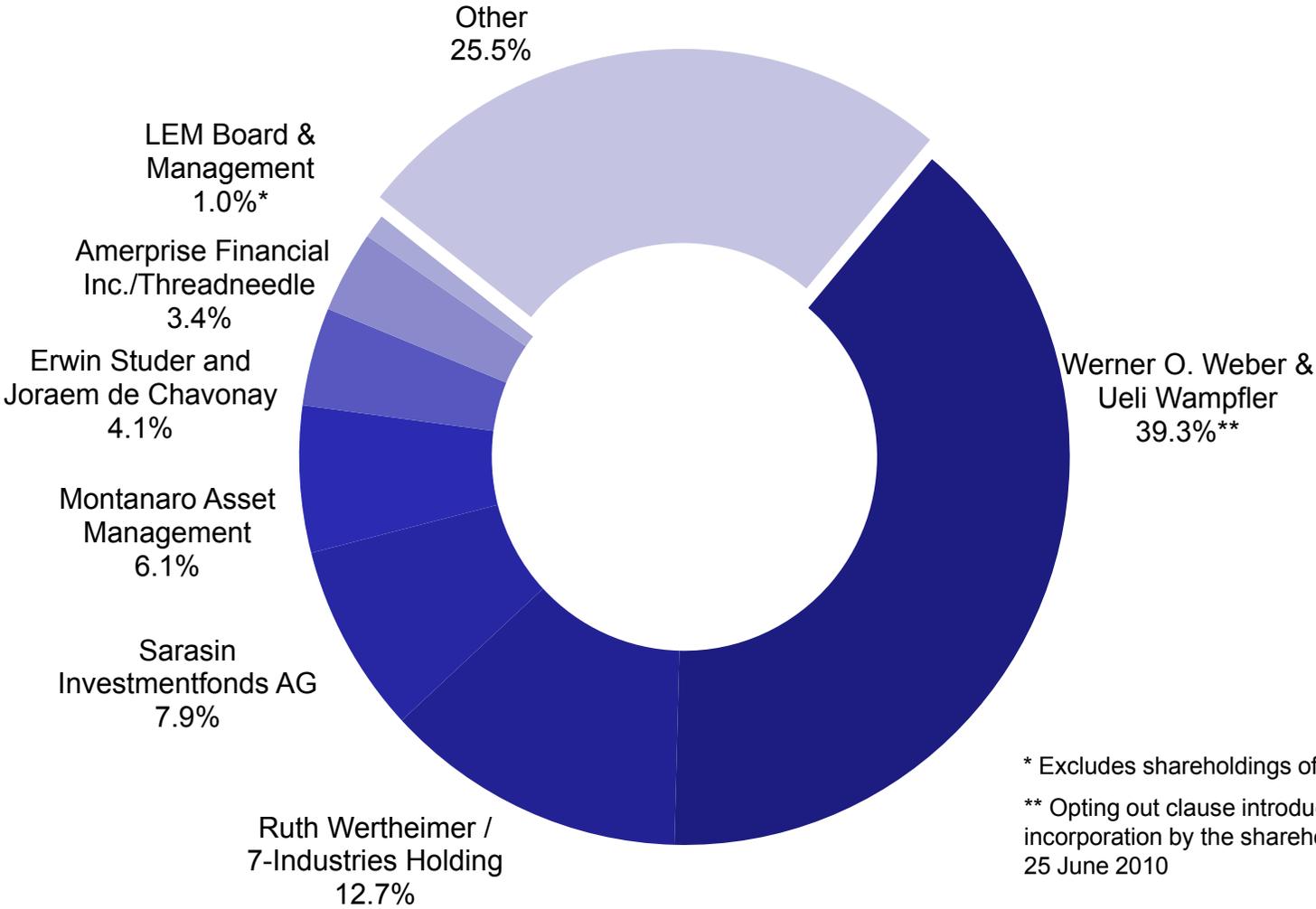
For further information

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Shareholder Structure per 31.3.2013



* Excludes shareholdings of Ueli Wampfler

** Opting out clause introduced in LEM's articles of incorporation by the shareholders' meeting on 25 June 2010