



PRESS RELEASE

Q1 results for the financial year 2017/18 (1 April to 30 June 2017)

LEM reports increased sales and profit

Fribourg, 3 August 2017 – LEM (SIX: LEHN), the market leader in providing innovative and high quality solutions for measuring electrical parameters, announces Q1 of 2017/18 results (compared with Q1 of 2016/17):

- **Bookings increased by 20.8% from CHF 65.2 million to CHF 78.8 million, with the book-to-bill ratio increasing to 1.04 (0.97)**
- **Sales reached CHF 75.9 million, an increase of 13.4% (CHF 66.9 million); at constant exchange rates, sales increased by 15.1%**
- **EBIT improved by CHF 2.6 million from CHF 13.4 million to CHF 16.0 million; the EBIT margin was at 21.0% (20.0%)**
- **Net profit for the period rose by 23.0% to CHF 13.3 million (CHF 10.8 million)**

“At the end of the last financial year, we witnessed improving market conditions that continued throughout the first quarter of 2017/18. Business in China recovered well after a slow year 2016, while other major Asian and European regions developed positively. The seasonal sales peak in the renewable energies business contributed to the strong quarterly result. We maintained our good delivery performance thanks to quick production volume increases. We kept our operating margins at a high level, while at the same time investing in future growth. We plan to further adapt our international footprint with the transfer of existing and new lines to Beijing and Sofia and at the same time we build up additional R&D resources throughout the organization”, said François Gabella, CEO of LEM.

Industry segment: robust sales growth

Compared to Q1 of 2016/17, sales in the Industry segment increased by 14.0% to CHF 62.6 million in Q1 of 2017/18; at constant exchange rates the sales increase was 15.9%. Sales in China jumped by 37% helped by strong demand from the Chinese automation industry and high feed-in tariffs for Chinese solar power producers. Yet, this incentive was reduced on 1 July 2017 by 15%. Sales in the rest of Asia and Europe were up by 4% and 5% respectively. Sales in North America slowed by 3%. Asia was the most important region, accounting for 52% of Industry sales (China alone accounted for 37%), followed by Europe with 36% and North America with 10% of Industry sales.

Sales in the drive & welding business were up by 8% helped by the positive economic sentiment in most regions. Solar energy was the main driver of the 30% sales growth in the renewable energies & power supply business. Individual short-term projects supported LEM's traction business, which grew by 9%. Sales in the high-precision business dropped by 4% since last year's HVDC projects did not repeat in 2017/18.



The EBIT margin of the Industry segment improved to 21.3% compared with 19.4% in Q1 of 2016/17.

Automotive segment: China setting the pace in green cars

In Q1 of 2017/18, sales in the Automotive segment totaled CHF 13.3 million, representing an increase of 10.9% on Q1 of 2016/17. At constant exchange rates, sales grew by 11.5%. Sales growth reached 30% in China and 24% in the rest of Asia. Sales in Europe and North America decreased by 13% and 2% respectively.

The green cars business continued on its growth path with strongest growth in China and other Asian markets. The high number of new hybrid-electric or electric car projects being launched points to a strong commitment to green cars from auto-makers around the world. LEM's green cars business grew by 44%. As expected, the conventional cars business slowed in all regions; sales decreased by 6%.

The EBIT of the Automotive segment reached CHF 2.7 million, down 3.8% on Q1 of 2016/17. The EBIT margin was 20.0%, compared with 23.0% one year ago.

Financial calendar

The financial year runs from 1 April to 31 March

9 November 2017	Half-year results 2017/18
8 February 2018	Third quarter results 2017/18
23 May 2018	Year-end results 2017/18
28 June 2018	Annual General Meeting of Shareholders for the year 2017/18
3 July 2018	Dividend ex-date
5 July 2018	Dividend payment date

LEM – At the heart of power electronics

LEM is the market leader in providing innovative and high quality solutions for measuring electrical parameters. Its core products - current and voltage transducers - are used in a broad range of applications in drives & welding, renewable energies & power supplies, traction, high precision, conventional and green cars businesses. LEM's strategy is to exploit the intrinsic strengths of its core business, and to develop opportunities in existing and new markets with new applications. LEM is a mid-size, global company with approximately 1'480 employees worldwide. It has production plants in Beijing (China), Geneva (Switzerland), Sofia (Bulgaria) and Tokyo (Japan), and a dedicated R&D Center in Lyon (France). With regional sales offices near its customers' locations, the Company is able to offer a seamless service around the globe. LEM has been listed on the SIX Swiss Exchange since 1986; the company's ticker symbol is LEHN.

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Appendix:

Key figures

In CHF millions	2016/17					2017/18	Change	
Orders received	Q1	Q2	Q3	Q4	Q1		Q1 to Q1	Q1 to Q4
Industry segment	52.7	53.5	55.4	58.1	63.9		+21.4%	+10.0%
Automotive segment	12.5	13.6	12.3	13.0	14.8		+18.3%	+13.7%
Total LEM	65.2	67.1	67.7	71.2	78.8		+20.8%	+10.7%
Book-to-bill ratio	Q1	Q2	Q3	Q4	Q1		Q1 to Q1	Q1 to Q4
Industry segment	0.96	1.03	1.06	1.06	1.02		+6.5%	-3.8%
Automotive segment	1.05	1.00	0.97	1.09	1.11		+6.6%	+2.7%
Total LEM	0.97	1.02	1.04	1.07	1.04		+6.4%	-2.7%
Sales	Q1	Q2	Q3	Q4	Q1		Q1 to Q1	Q1 to Q4
Industry segment	54.9	52.1	52.5	54.8	62.6		+14.0%	+14.4%
Automotive segment	12.0	13.6	12.6	12.0	13.3		+10.9%	+10.7%
Total LEM	66.9	65.7	65.1	66.8	75.9		+13.4%	+13.7%
EBIT	Q1	Q2	Q3	Q4	Q1		Q1 to Q1	Q1 to Q4
Industry segment	10.6	10.4	11.4	11.5	13.3		+25.2%	+15.6%
Automotive segment	2.8	3.7	2.7	2.6	2.7		-3.8%	+2.6%
Total LEM	13.4	14.1	14.1	14.1	16.0		+19.2%	+13.2%

Consolidated income statement

	April to June		
In CHF thousands	2017/18	2016/17	Variation
Sales	75 905	66 907	+13.4%
Cost of goods sold	(40 983)	(36 317)	
Gross margin	34 922	30 590	+14.2%
Gross margin (in %)	46.0%	45.7%	
Sales expense	(7 643)	(6 825)	
Administration expense	(6 696)	(6 353)	
Research & development expense	(4 696)	(4 050)	
Other expense	0	(0)	
Other income	89	38	
EBIT	15 977	13 401	+19.2%
EBIT margin (in %)	21.0%	20.0%	
Financial expense	(28)	(10)	
Financial income	13	12	
Foreign exchange effect	670	14	
Profit before taxes	16 632	13 418	+24.0%
Income taxes	(3 382)	(2 648)	
Net profit	13 251	10 770	+23.0%
Net profit margin (in %)	17.5%	16.1%	