



RESULTS

4TH QUARTER AND FINANCIAL YEAR 2016/17

1 APRIL 2016 TO 31 MARCH 2017



Agenda

- | | |
|-----------------------------------|-------------------------|
| 1. LEM at a Glance | François Gabella |
| 2. Highlights and Business Review | François Gabella |
| 3. Financial Review | Andrea Borla |
| 4. Strategy and Outlook | François Gabella |
| 5. Proposals to Shareholders | Andreas Hürlimann |



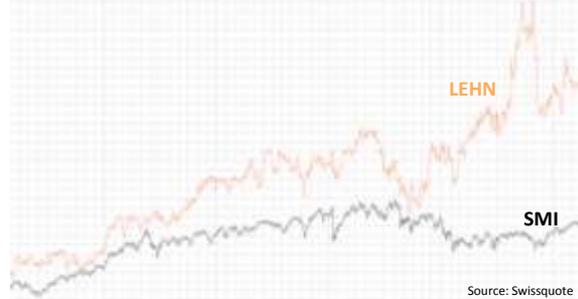
1. Global Market Leader in Current and Voltage Transducers

Market Position



- Global market share of 50+% in Industry
- Benchmark in service and product quality
- 4 production sites and 4 R&D centers in Europe and Asia
- Sales of CHF 264.5 million in 2016/17

Performance



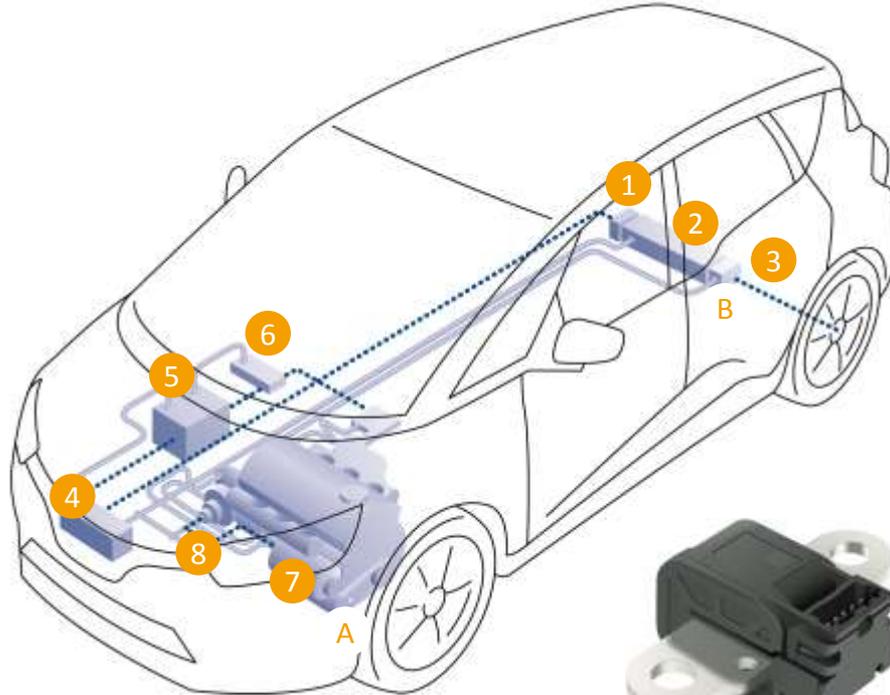
- Market capitalization of CHF 1.1 billion
- Dividend yield >3.5% in each year since 2009
- Continued sales growth and strong margins

Perspectives



- Reinforced investment in innovation
- Solid growth perspectives due to underlying trends
- Strong foothold in China

1. Application: Mild Hybrid Car



- 1 AC/DC converter
- 2 Lithium-ion battery
- 3 Battery controller
- 4 DC/DC converter
- 5 12-volt battery
- 6 12-volt electrical distribution center
- 7 Electric motor/generator
- 8 Electric supercharger



A HSN



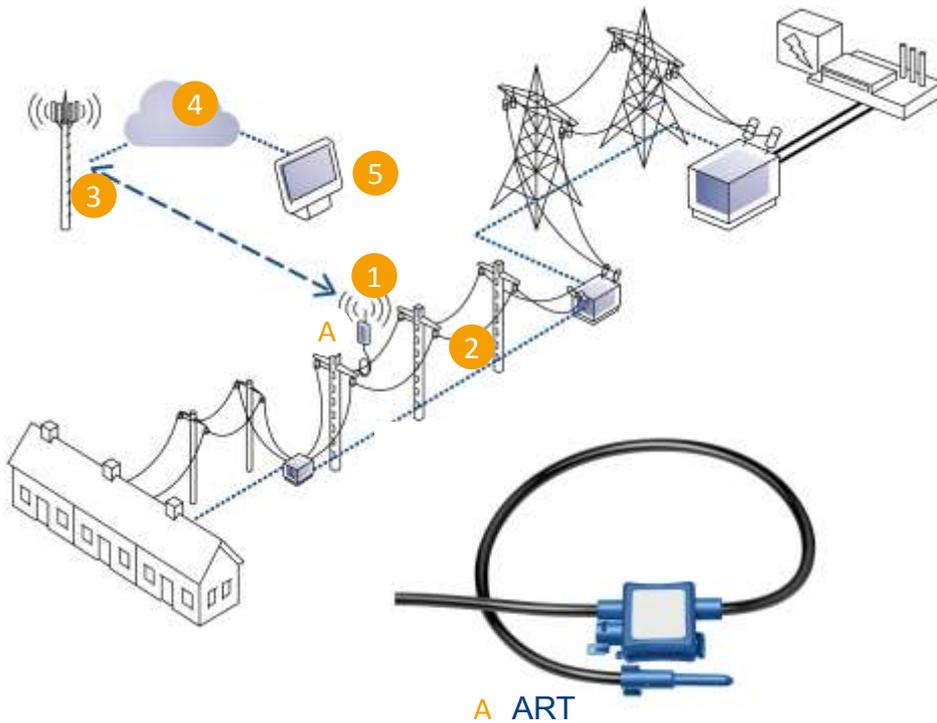
B CAB

Mild hybrids are internal combustion engines equipped with an electric drive. They employ regenerative brake and some level of power assist to the internal combustion engine.

Mild hybrids provide the benefits of hybrid technologies, with less of the cost-weight penalty of a full hybrid series-parallel drivetrain.

In electrical mode, LEM's HSN families control the power transmitted by the inverter to the electrical motor. CAB families monitor the transfer of the generated energy to the battery pack while driving and braking with best-in-class accuracy. LEM's transducers are compact, easy to integrate and their superior accuracy allows the system to contribute to reduce vehicle emission and improves the hybrid car's electrical range.

1. Application: Smart Grid Medium Voltage Line Monitoring



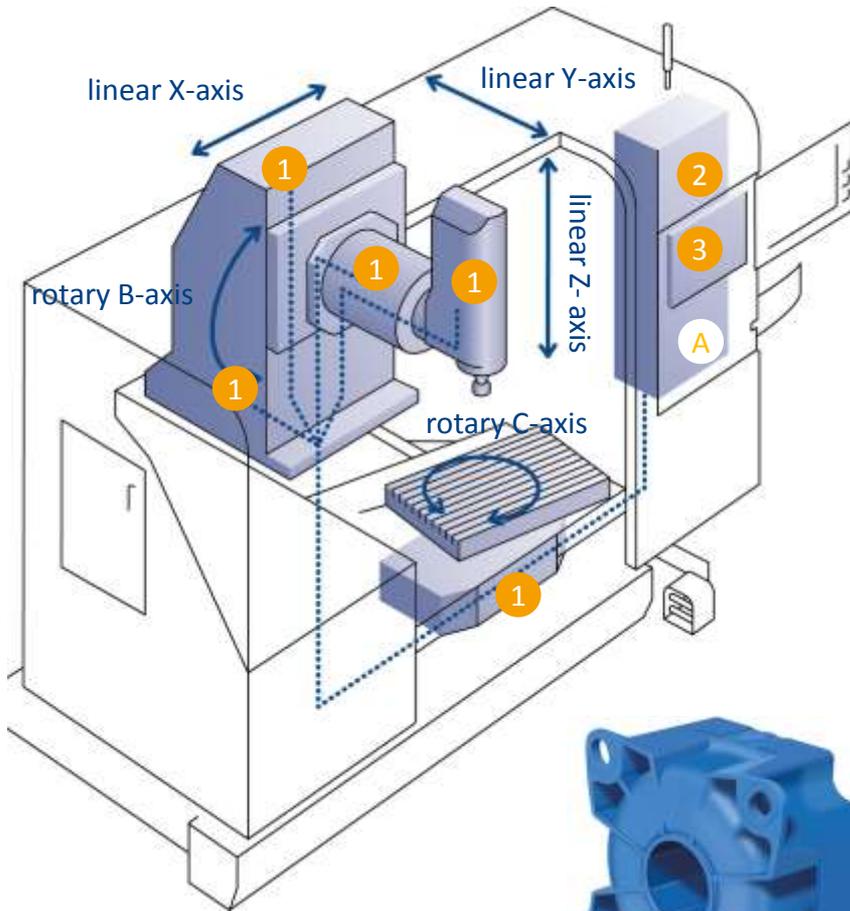
- 1 Ammeter
- 2 MV power line
- 3 Telecom relay
- 4 Cloud and database
- 5 Energy management

With new Internet of Things telecom networks, monitoring overhead power lines is made possible. Thanks to an ammeter, installed between two poles, the grid operator can visualize in real-time the current flow in order to optimize the power line capacity to distribute more electricity.

The wireless ammeter sends data over a telecom relay to a secured database in the cloud. The energy management platform can regulate, alert and notify the maintenance team if needed.

The ammeter uses the rogowski coil ART to measure the current, detects line aging depending on the level of current, and helps prioritizing line capacity and regular maintenance.

1. Application: CNC Milling-Turning 5-Axis Machine Tool



- 1 Motors
- 2 Inverter
- 3 Numeric control



A LF 210/310

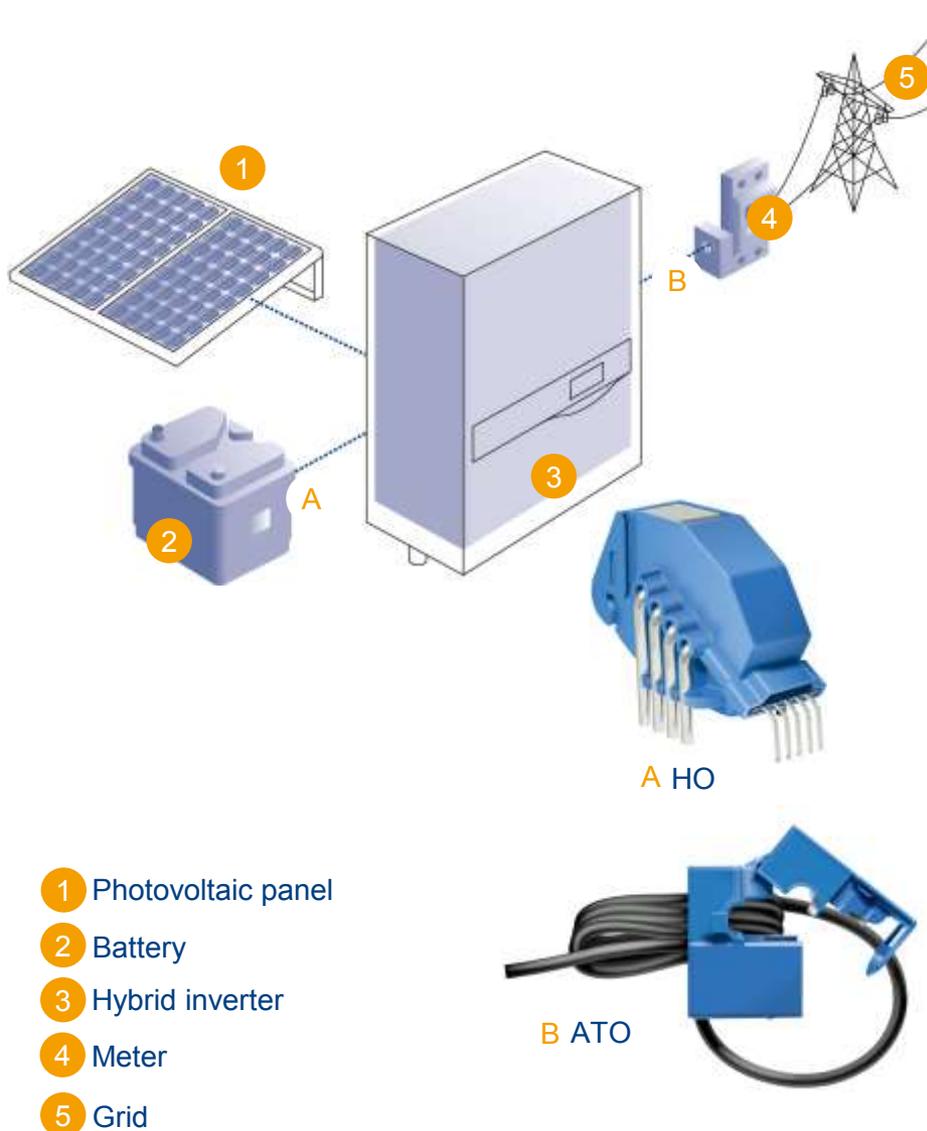
Producing mechanical parts is faster and more profitable when using a 5-axis machining center. In addition to the usual linear X-axis, Y-axis, and Z-axis, two additional axes are rotating. The B-axis rotates around the Y-axis and the C-axis around the Z-axis.

LEM transducers are key components inside the inverter that controls the 5 electrical motors driving the 5 axes. LEM's LF 210 and LF 310 measure the current that powers the motors and generates their torque.

The efficiency and quality of a CNC milling-turning machine depends of its speed, its accuracy and of the control quality of all its axes. These high control performances are achieved thanks to the very high accuracy, linearity, and low thermal drift of LEM's transducers.



1. Application: Hybrid Solar Inverter with Battery Storage Inside

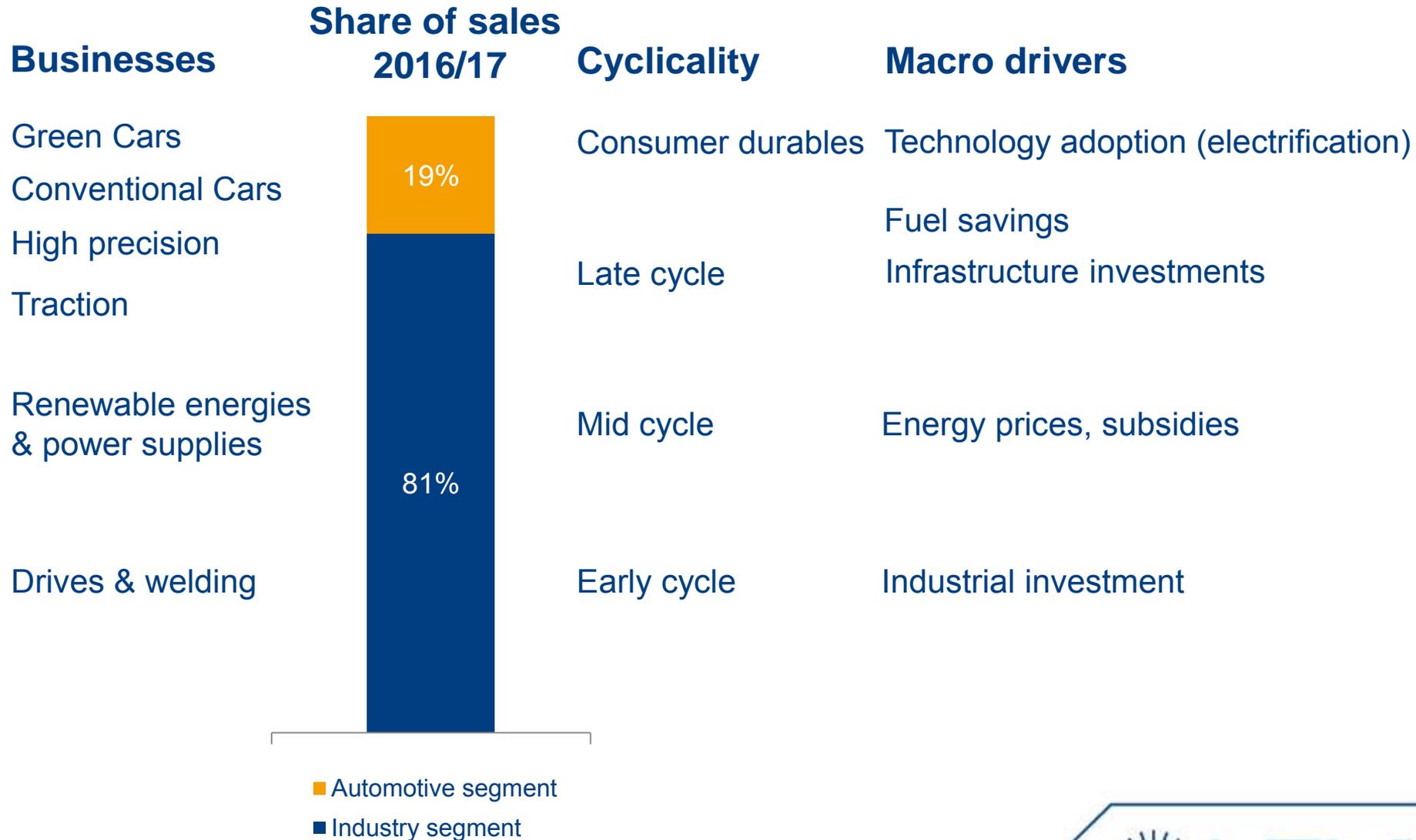


Hybrid solar inverters store solar energy. Every home that installs a battery storage system will need an inverter to convert the stored DC electricity into an appliance-friendly AC electricity.

A hybrid inverter is an inverter that can simultaneously manage inputs from both solar panels and a battery bank, charging batteries with either solar panels or the electricity grid, depending on which is more economical or preferred.

LEM's HO transducers control the charge/discharge of current into the battery and the ATO measures the total household consumption allowing to decide when to charge or discharge the battery. The HO offers best-in-class accuracy. The ATO is an attachable current transducer. It is simple to install and provides 1%-accuracy.

1. Diverse Target Markets – Diversified Businesses



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ATO



2. Leading Market Position and Strong Profitability

In CHF millions, %	2016/17	2016/17 vs. 2015/16	Q4 2016/17 vs. Q4 2015/16
Orders	271.2	+5.7%	+14.2%
Sales	264.5	+1.2%	+6.4%
EBIT	55.8	+5.4%	+14.8%
Net profit	44.6	+2.5%	-1.0%

- Stable Group sales, but mixed underlying trends

By business

- + Drives & welding, green cars
- Traction, renewable energies

By regions

- North America, rest of Asia
- China, Europe

- Maintained strong profitability and cash flow
- Thorough implementation of strategy with focus on innovation
- Employee survey points out strong job satisfaction / pride to work for LEM
- Customer survey confirmed high level of satisfaction



2. Product Launches 2016/17 (1/3)

GHS



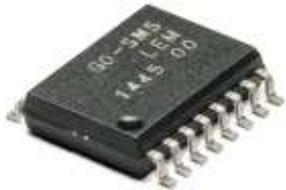
- Integrated primary sensor in SO8 IC packaging; surface mounted
- Package and magnetic coupling innovations
- High immunity against external fields
- For low power drives in solar applications

Miniaturization



Industry

GO



- Integrated primary sensors in SO8 and SO16 IC packaging; surface mounted
- Optimum temperature accuracy, fast response time
- High immunity against external fields
- For low power drives and solar applications

Miniaturization



Industry

ART



- LEM patented Rogowski loop technology
- Accuracy class 1 and 0.5 without calibration, rated insulation voltage 1 kV CATIII, electrostatic shield, IP 67
- Flexible, thin, split-core
- For smart grid applications



Industry

2. Product Launches 2016/17 (2/3)

HO, HLSR digital



- Digital output designs
- Sigma-delta modulated-output
- CMOS single-ended
- RS422 Manchester coded
- 12 bits effective resolution

Digitalization



Industry

IN 2000-S



- Embedded software: digital signal processing
- Patented Fluxgate technology
- Very low noise and high accuracy
- Large temperature range in a compact size
- For high precision applications

Embedded Software



Industry

2. Product Launches 2016/17 (3/3)

LH



- Proprietary ASIC for Closed Loop Hall Effect technology
- High performance, matching fluxgate performance
- High performance in broad temperature range
- Designed for drives and solar markets



Industry

DVM, DVM-DT



- LEM patented insulating digital technology
- Improved accuracy and temperature stability
- 30 % lower profile - 25 % less volume - 54 % lighter
- DVM-DT: Voltage detector
- Low sensitivity to magnetic fields for traction applications



Industry

HAH2



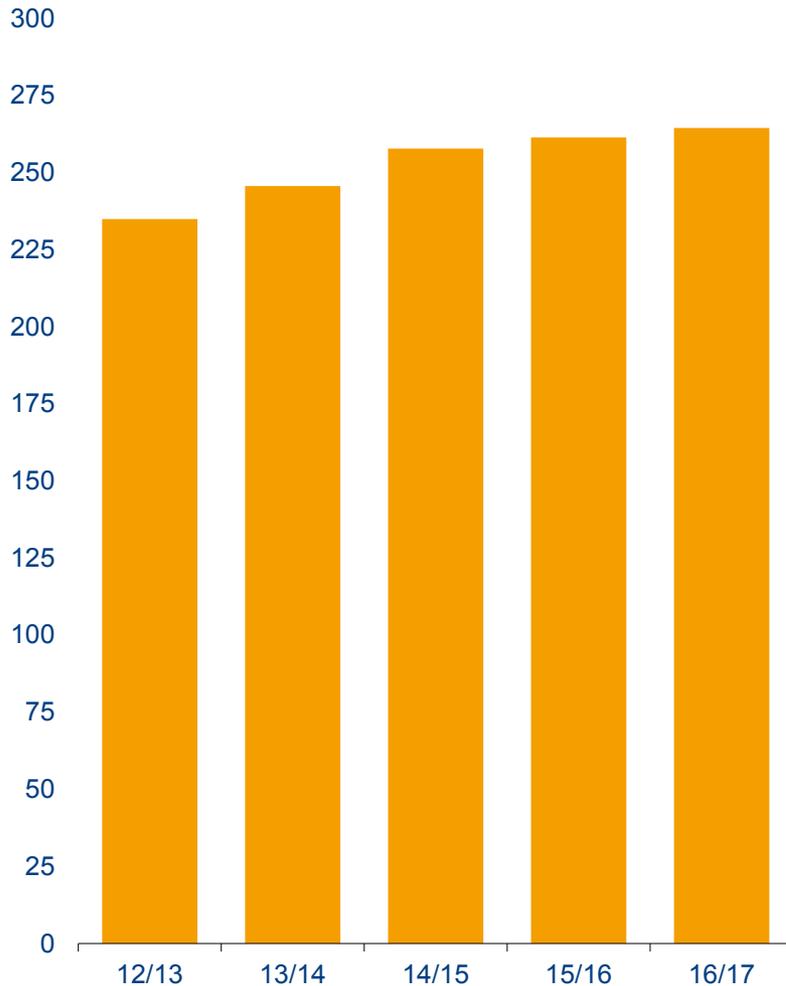
- 2-phase motor control sensor
- High accuracy and speed
- Small, compact, light, easy to integrate
- Customer specific product for hybrid-electric vehicles



Automotive

2. Net Sales

In CHF millions

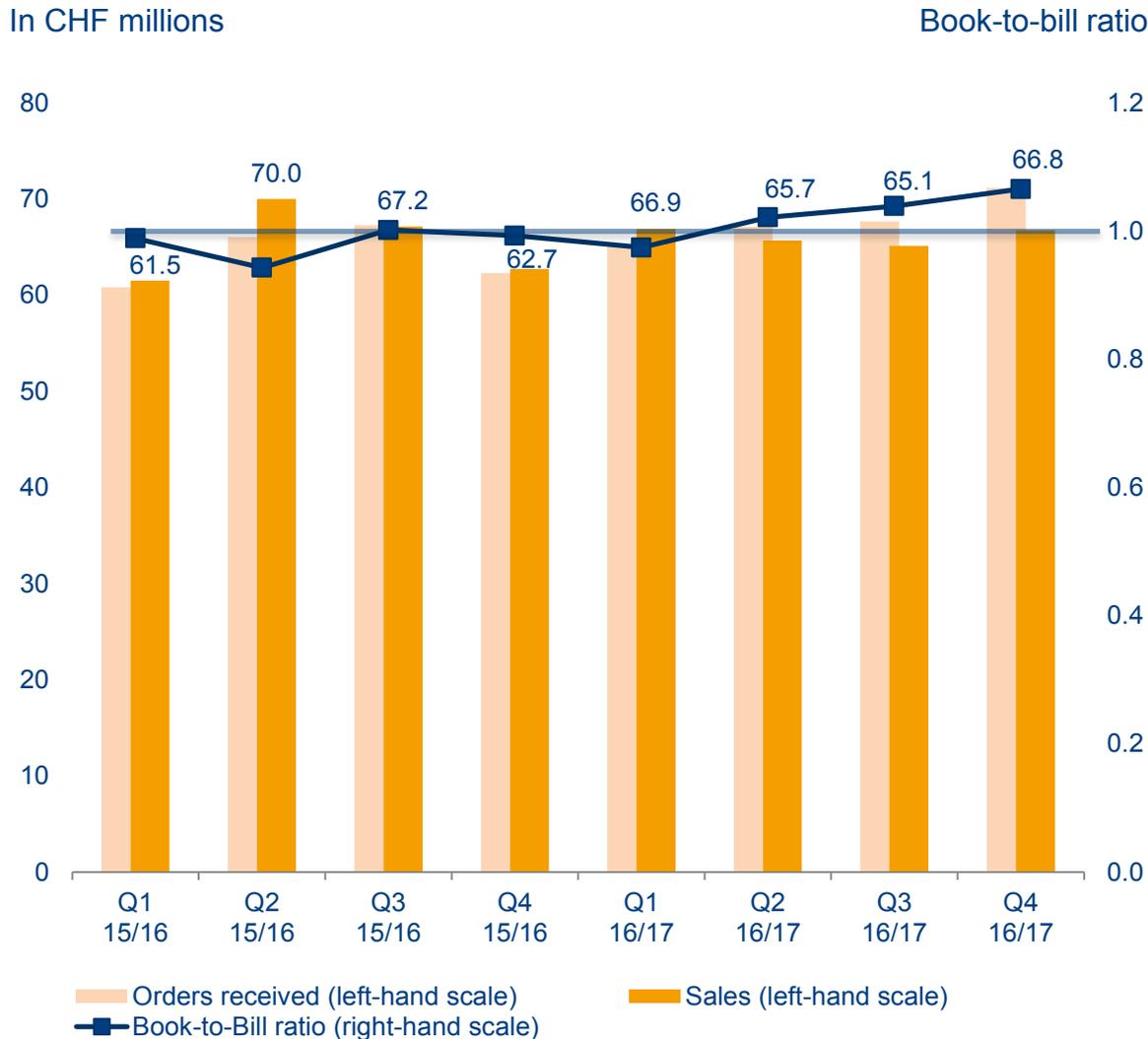


In CHF millions, %

	Sales	YoY		Q4 vs. Q4
		as reported	at constant currencies	
Industry	214.3	-0.4%	-0.4%	+8.0%
Automotive	50.2	+8.5%	+7.5%	-0.2%
Total	264.5	+1.2%	+1.0%	+6.4%

- Recovery in Industry business in the course of the year with new momentum in Q4
- Important regional differences
- Little currency impact on sales

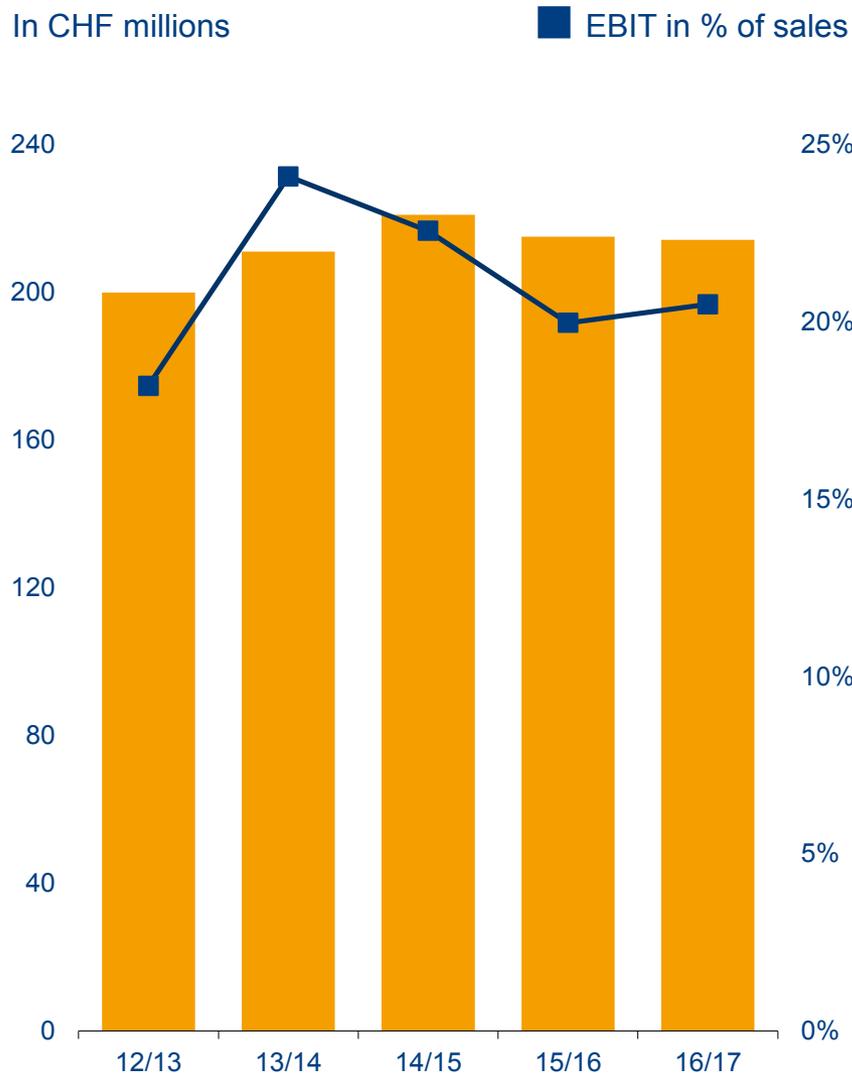
2. Quarterly View



- Book-to-bill ratio increased to 1.07 in Q4 of 16/17
- Improving book-to-bill ratio pointing to improving market conditions
- Shrinking inventories at customers translating into short-term bookings

2. Industry Segment: Business Development

In CHF millions



Businesses and Applications

Drives & welding (growth YoY: +10%)

- Sales growth across all regions
- Better market environment in Germany and USA, positive signals from China
- Won market share thanks to new products

Renewable energies & power supplies (-8%)

- Consolidation in the Chinese solar panel/ inverter market; China dominates the industry
- Investment driven by local political decisions resulting in volatile sales development

Traction (-10%)

- Lower rail infrastructure investments globally
- Delayed investments in Chinese high speed trains and export projects

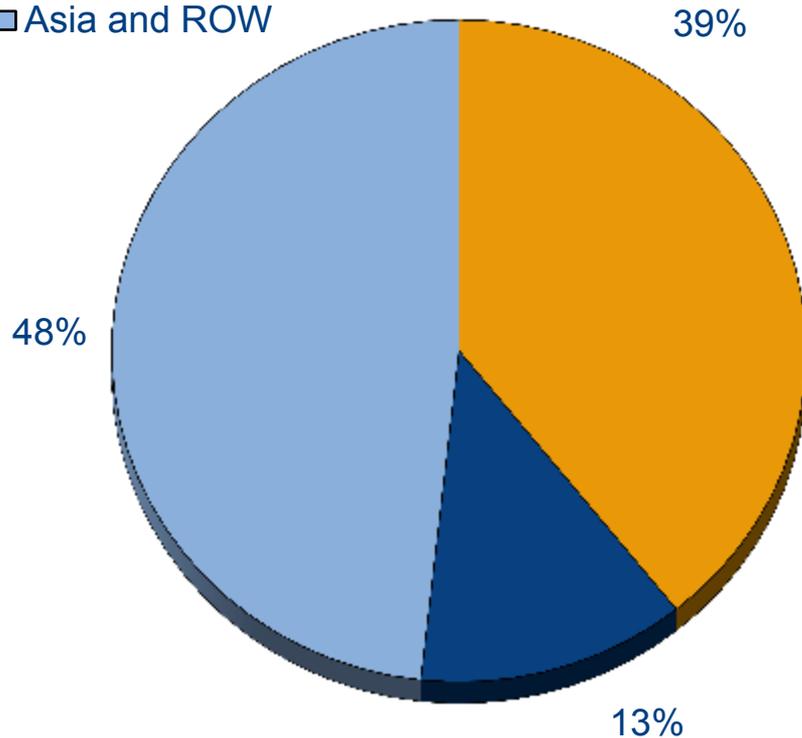
High-precision (-10%)

- Growth in Chinese, US medical applications and test & measurement in Japan
- HVDC projects in China completed; no follow-up projects



2. Industry Segment: Regional Markets

- Europe
- North America
- Asia and ROW

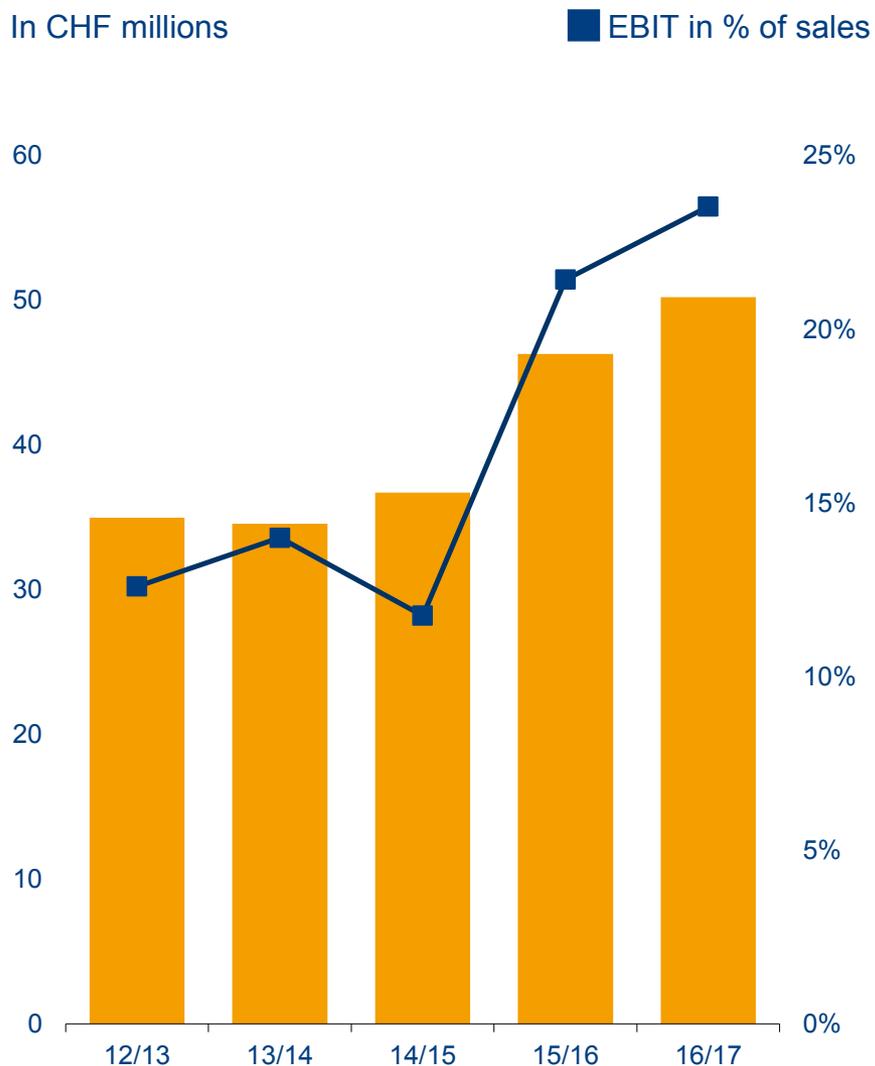


In CHF millions, %	Sales	Growth YoY	Growth Q4 vs. Q4
Europe	84.1	-4.2%	+1.0%
N. America	26.8	+10.6%	+11.2%
Asia and ROW	103.4	+0.2%	+14.3%
Total	214.3	-0.4%	+8.0%

- Sales in China and most of Europe slowed
- Strong recovery in North America and rest of Asia
- China the single most important country representing 30% of sales

2. Automotive Segment: Business Development

In CHF millions



Businesses and Applications

Conventional cars (YoY: -5%)

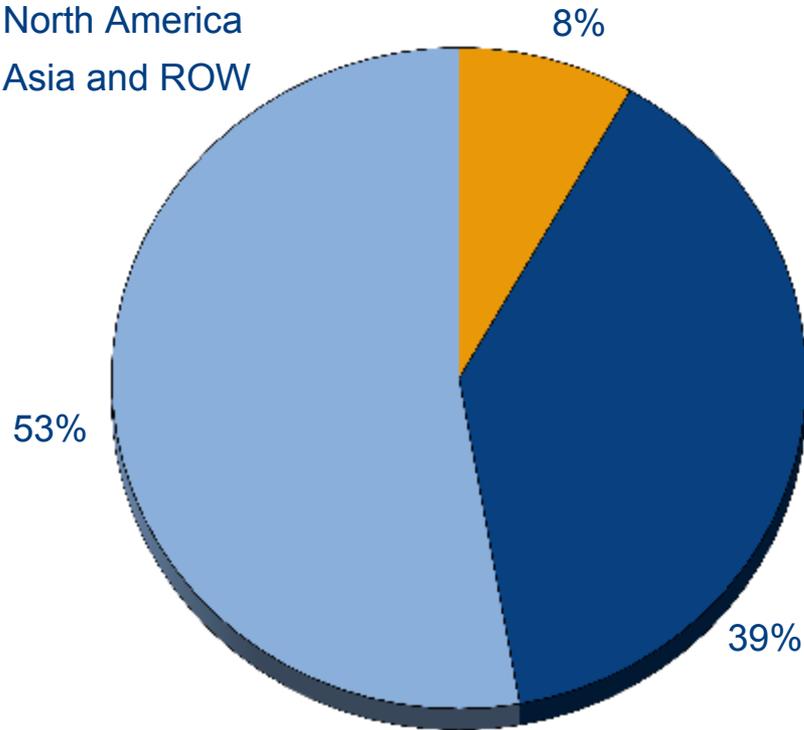
- Weaker US market linked to technology change

Green cars (HEV, EV) (+41%)

- Growth slower than expected in second half of 2016/17
- Reduction of government subsidies in China resulted in slowing growth rates
- Increasing consumer acceptance and government support globally for green cars to underpin future growth
- Increasing attractiveness of the market lures new competitors

2. Automotive Segment: Regional Markets

- Europe
- North America
- Asia and ROW



In CHF millions, %	Sales	Growth YoY	Growth Q4 vs. Q4
Europe	4.1	+15.9%	+0.7%
N. America	19.6	-3.7%	-0.5%
Asia and RoW	26.5	+18.4%	-0.1%
Total	50.2	+8.5%	-0.2%

- Performance driven by growth of green cars business across all regions
- Won 2 awards from customer for overall performance
- Participated in several green car shows

2. Business Development Bulgaria



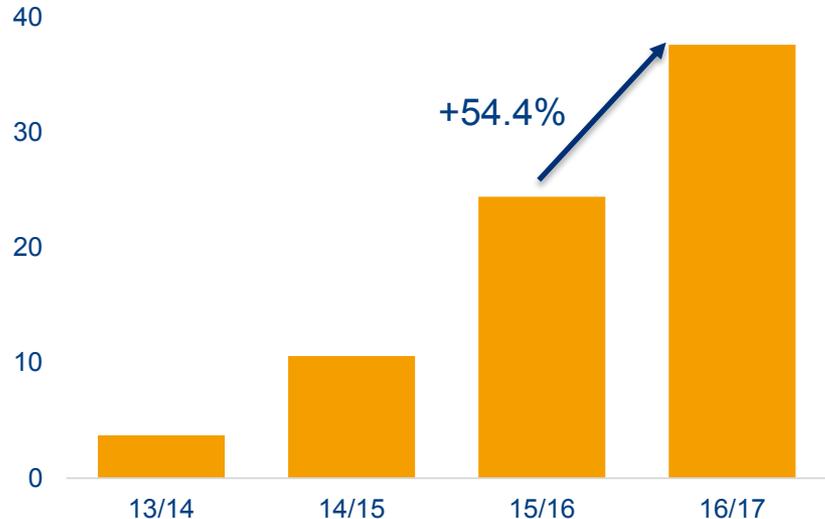
Objectives of the site

- Diversify LEM's cost-competitive production
- Increase production capacity close to European customers
- Increase natural hedge of operations
- Absorb major part of LEM's future growth
- Develop shared services for LEM Group and build a local development team

Production

- 17 production lines
- 245 FTE
- Increased surface by 20%

In CHF millions

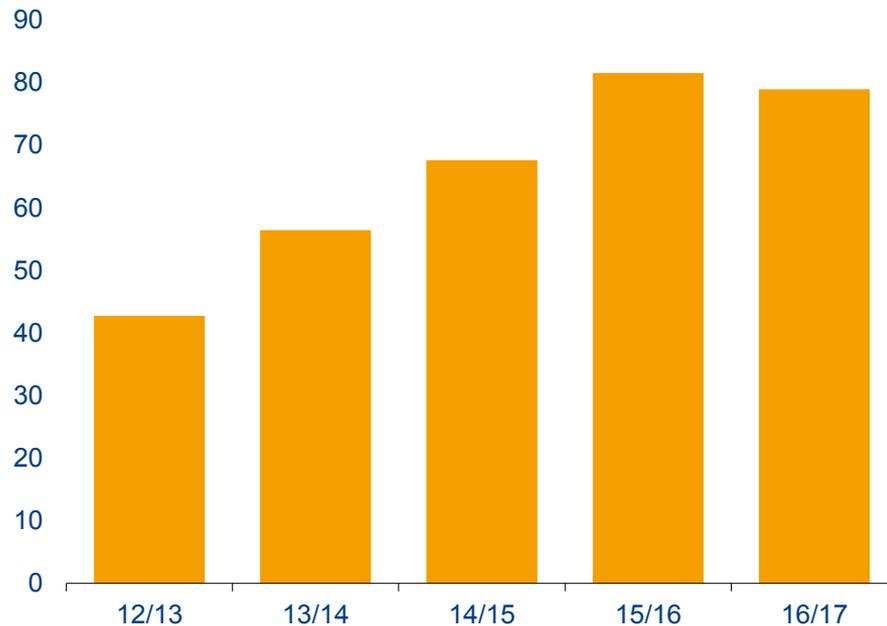


2. Business Development China

Sales

- Market share of over 50%
- Most important market with 30% of total sales

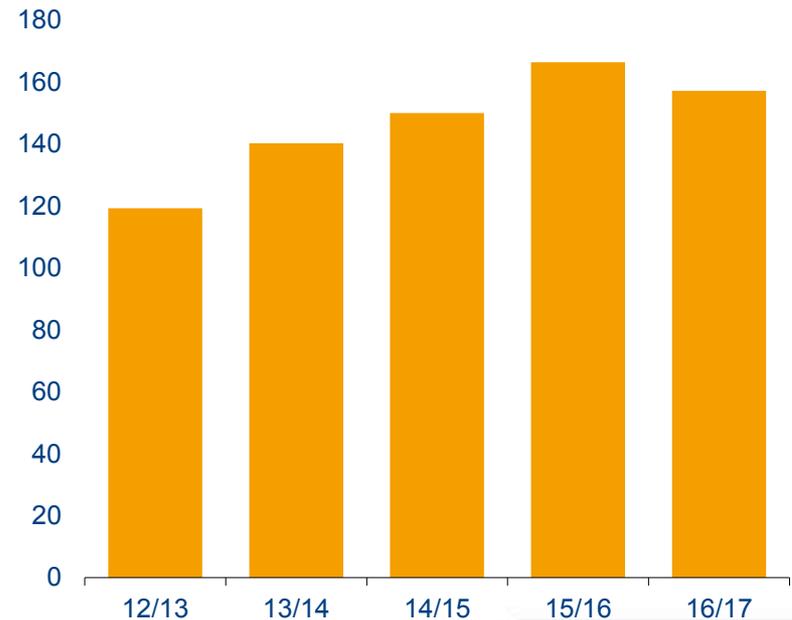
In CHF millions



Production

- LEM China is the largest manufacturing site of the Group: 59% of total production (64% in financial year 2015/16)
- “Made by LEM” quality

In CHF millions



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3. Financial Highlights

- Robust profitability
 - Gross margin of 46.7%, up from 46.0%
 - EBIT margin of 21.1%, up from 20.2%
 - Net profit of CHF 44.6 million, up from CHF 43.5 million
- Strong balance sheet with equity ratio of 60.7%
- Operating cash flow of CHF 52.8 million, up from CHF 45.6 million
- Increased investment in innovation

3. Balance Sheet Analysis

In CHF millions	31.3.2016	31.3.2017
Net working capital	42.3	40.6
Fixed assets	39.4	44.4
Noncurrent liabilities	-9.4	-7.4
Net operating assets	72.3	77.7
Net cash / (debt)	13.6	12.8
Equity	85.9	90.5
Equity ratio	61.3%	60.7%
Days of sales outstanding	69	71
Days of inventory outstanding	72	79
Days of payables outstanding	45	55

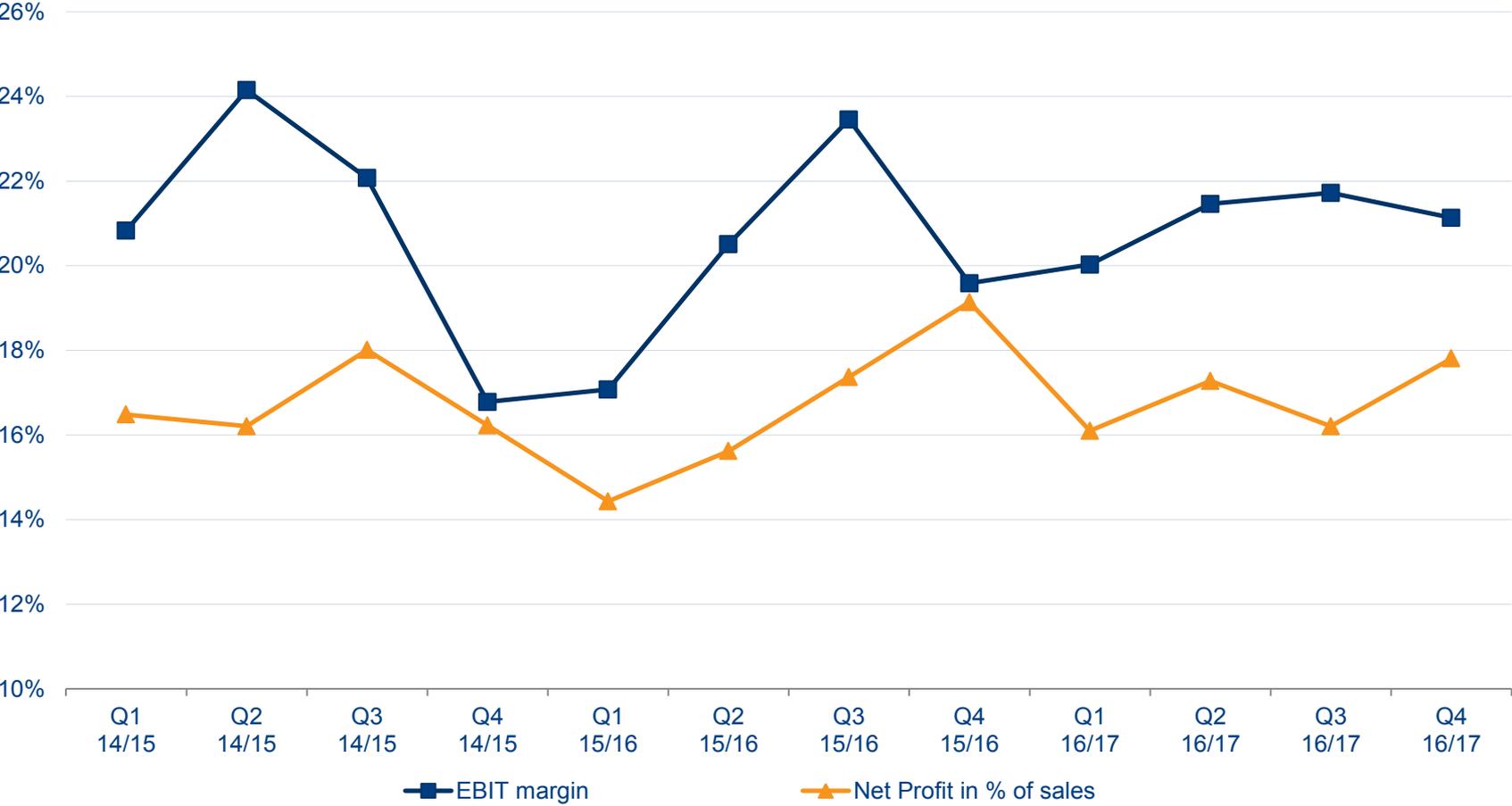
3. Income Statement

In CHF millions

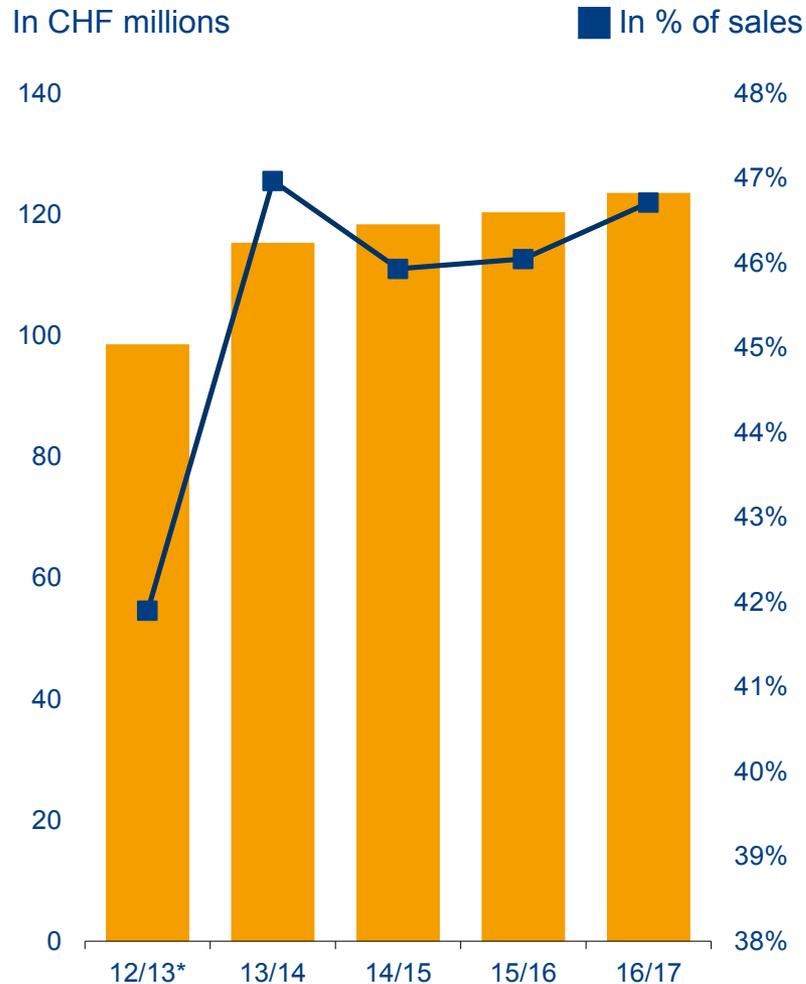
	2015/16	2016/17	Change	Q4 2015/16	Q4 2016/17	Change
Sales	261.5	264.5	+1.2%	62.7	66.8	+6.4%
Gross margin	46.0%	46.7%	+0.7pt	45.5%	45.9%	+0.3pt
Operating expense	-67.5	-67.8	+0.5%	-16.3	-16.5	+1.5%
EBIT	52.9	55.8	+5.4%	12.3	14.1	+14.8%
Net financial exp.	0.7	-0.8	NM	1.6	-0.0	NM
Income tax	-10.2	-10.4	+2.4%	-1.8	-2.2	+19.5%
Net profit	43.5	44.6	+2.5%	12.0	11.9	-1.0%

3. Results by Quarter

In % of sales



3. Gross Margin



	2015/16	2016/17	Q4 2015/16	Q4 2016/17
Gross margin in CHF millions	120.4	123.6	28.6	30.6
Gross margin in % of sales	46.0%	46.7%	45.5%	45.9%

- Positive impacts on gross margin due to efficiency improvements and foreign exchange development
- Continuous price pressure

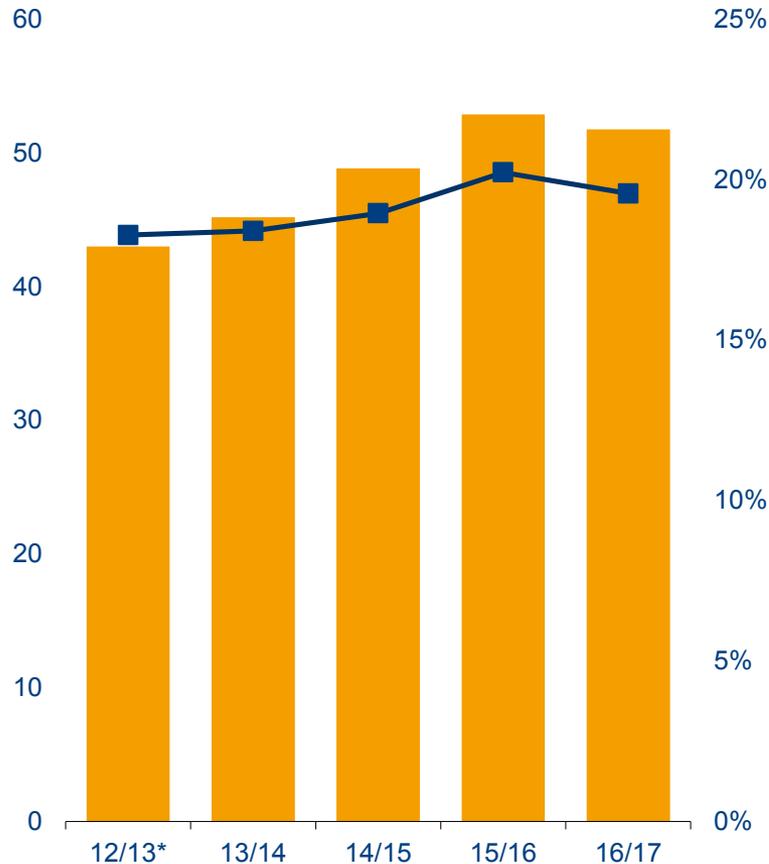
* Restatement following IAS 19R application (pensions)



3. SG&A

In CHF millions

■ In % of sales



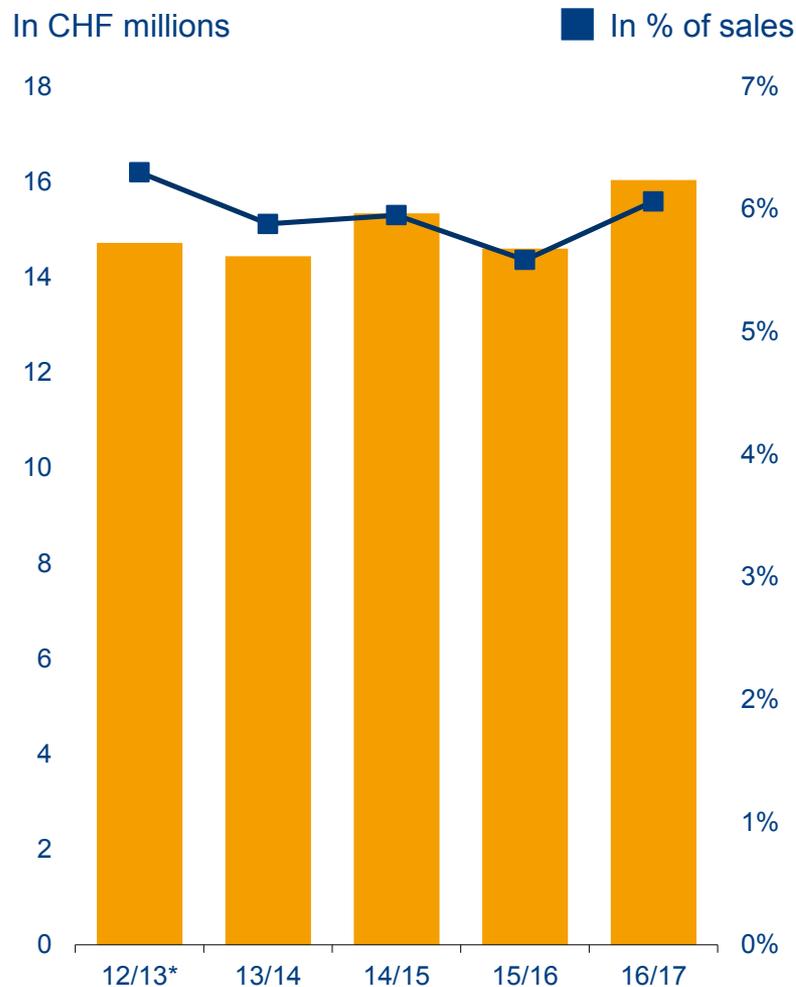
* Restatement following IAS 19R application (pensions)

	2015/16	2016/17	Q4 2015/16	Q4 2016/17
SG&A in CHF millions	52.9	51.8	12.6	12.3
SG&A in % of sales	20.2%	19.6%	20.0%	18.5%

- Cost savings thanks to process improvements and cost control
- Ongoing recruitment in Beijing and Sofia; Group headcount increased to 1 453 FTE



3. R&D Expense



* Restatement following IAS 19R application (pensions)

	2015/16	2016/17	Q4 2015/16	Q4 2016/17
R&D expense in CHF millions	14.6	16.0	3.7	4.2
R&D expense in % of sales	5.6%	6.1%	5.9%	6.3%

- Ongoing renewal of product range
- Acquire new technologies to address new markets
- Increase investment in R&D for both segment with start of new R&D center in Lyon in April 2017



3. Financial Expense

In CHF millions

	2015/16	2016/17	Q4 2015/16	Q4 2016/17
Exchange effect	+1.0	-0.6	+1.6	+0.0
Other financial expense & income	-0.2	-0.1	-0.0	-0.1
Total	+0.7	-0.8	+1.6	-0.0

- Exchange effect impacted by negative valuation of USD and EUR currency hedges
- Foreign exchange hedging policy unchanged for EUR, USD and JPY
- Interest expenses below last year, due to more rapid pay-back of third party debts (dividend payments)

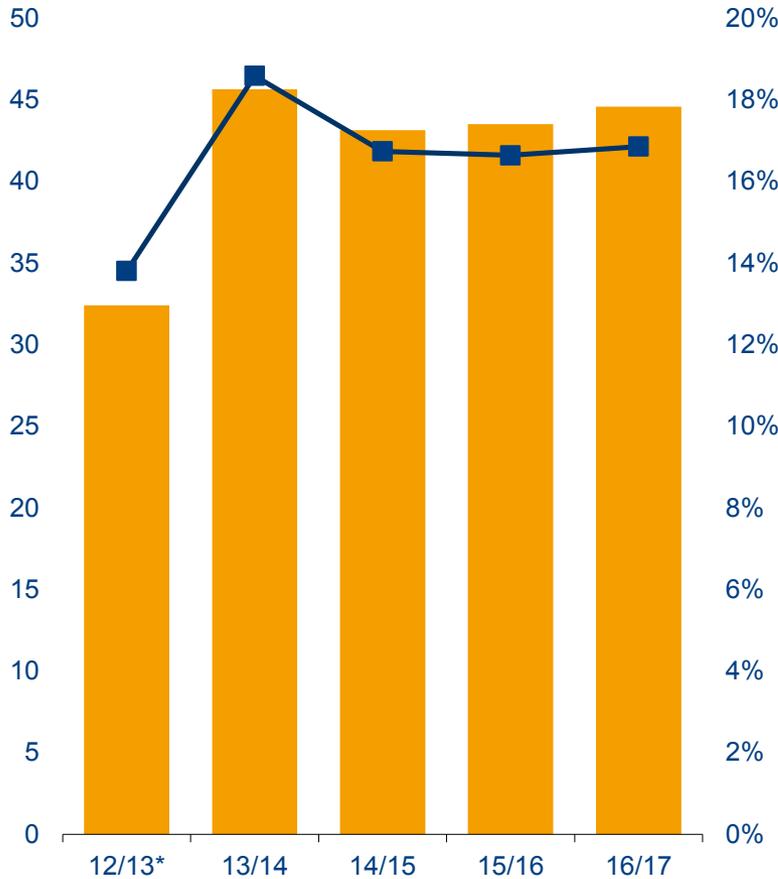
3. Income Taxes

	2015/16	2016/17
Expected income tax rate	17.8%	16.6%
Expected withholding tax rate	1.6%	1.2%
Expected tax rate	19.3%	17.8%
Other differences	-0.4%	+1.2%
Effective tax rate	18.9%	18.9%

3. Net Profit

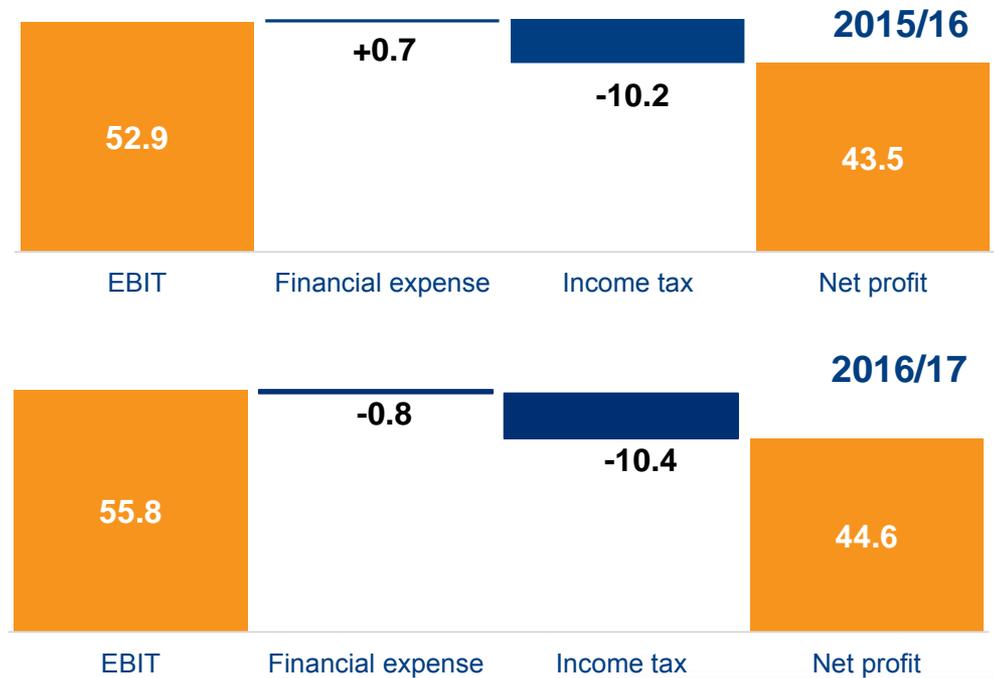
In CHF millions

■ In % of sales



* Restatement following IAS 19R application (pensions)

	2015/16	2016/17	Q4 2015/16	Q4 2016/17
Net profit in CHF millions	43.5	44.6	12.0	11.9
Net profit in % of sales	16.6%	16.8%	19.1%	17.8%



3. Cash Flow Statement

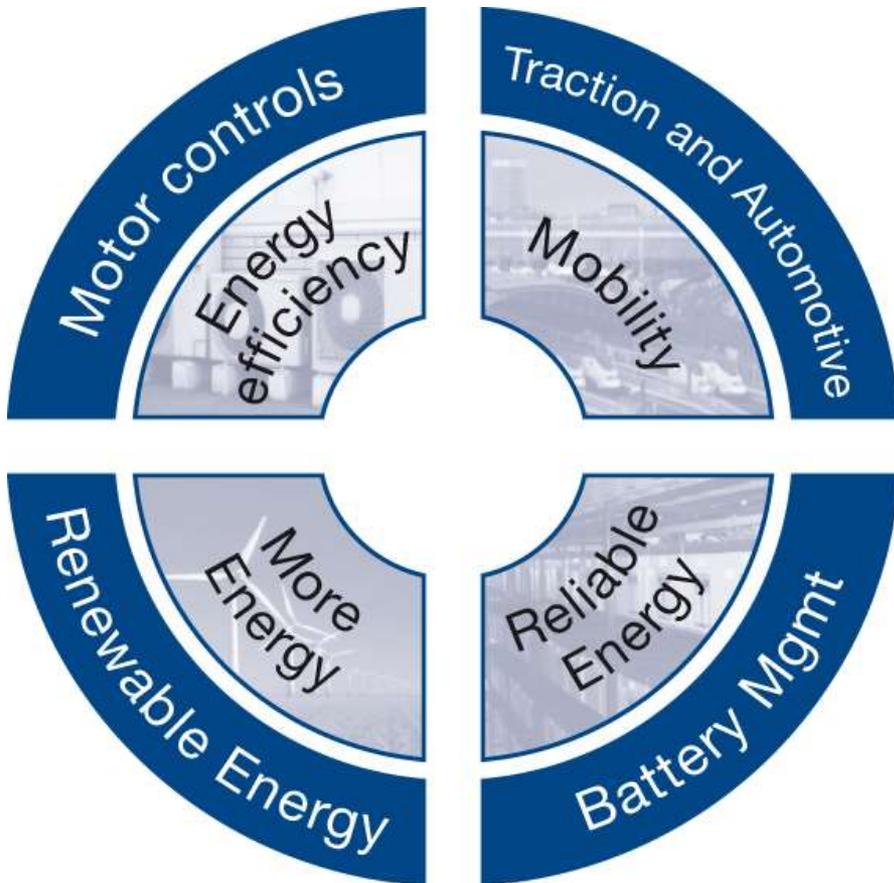
In CHF millions	2015/16	2016/17
Profit before taxes	53.7	55.0
Adjustment for noncash items and taxes paid	-7.8	-2.8
Cash flow from changes in net working capital	-0.2	+0.7
Cash flow from operating activities	45.6	52.8
Cash flow from investing activities	-6.6	-13.2
Free cash flow	39.0	39.6
Cash flow from financing activities	-45.9	-40.3
Change in cash and cash equivalents	-6.9	-0.7
Cash and cash equivalents at the end of the period	13.6	12.8

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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

4. LEM Perceived as the Global Leader in Providing Transducers to Measure Electrical Parameters

2016 customer satisfaction survey in all territories

What our customers say:

- LEM's new products enable customers to improve the performance of their products thanks to better functionalities, accuracy and digital communication
- LEM's product portfolio is comprehensive ("I get all I need")
- Quality of LEM products highly rated: positive perception of in terms of reliability, quality and performance
- LEM understands customers' requests and expectations, both from a commercial and a technical perspective

4. Employees Strongly Committed and Proud to Work for LEM

2016 global employee engagement survey

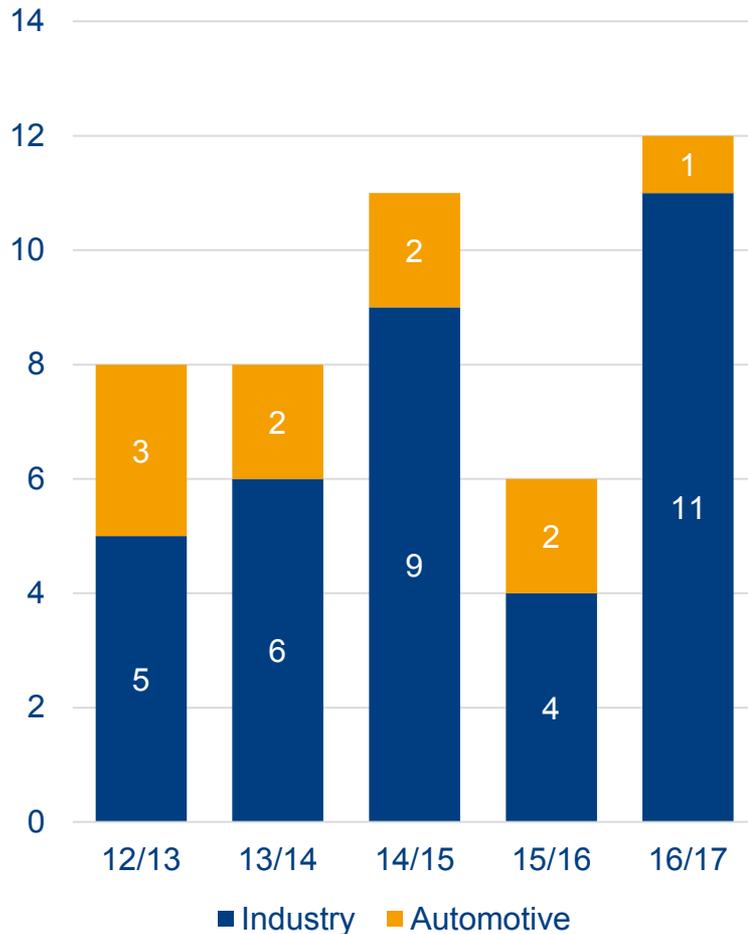
What our employees say:

- Employees are highly satisfied with their job at LEM
- There is a high level of understanding and identification with LEM's strategy
- Teams are working effectively and are focused on customer satisfaction
- LEM values are understood and implemented everywhere

As a conclusion, the survey finds that the employee engagement is at a constant high level around the world

4. Executing Strategy: Increase Technology Leadership

Product launches



Key strategic initiative

- Reinforce multidisciplinary innovation team
- Increase number of product launches
- Constantly improve performance of products

Achievements 2016/17

- *Launched 12 new products*
- *Increased focus on new technologies*
- *Decision taken to further increase investment in R&D*

4. Executing Strategy: R&D Centers



Geneva, Switzerland

- R&D hub
- Industry and Automotive



Lyon, France

- Newly established R&D center
- Focus on new technologies in Industry and Automotive
- Operational since 1 April 2017



Beijing, China

- Operations support
- Enhancing capacities and competencies
- Industry and Automotive

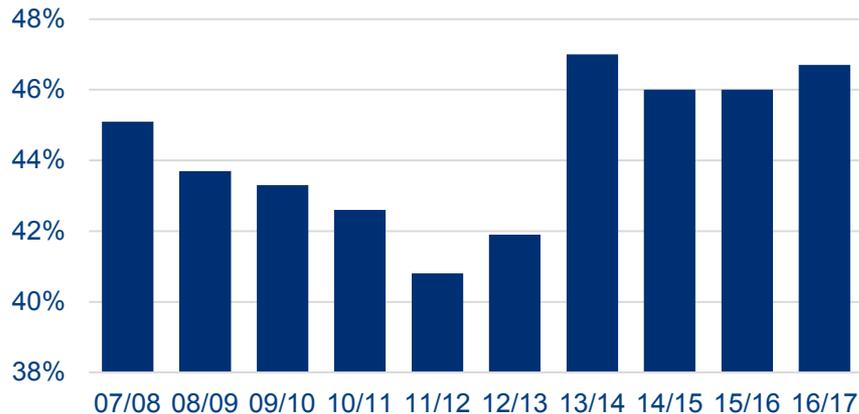


Sofia, Bulgaria

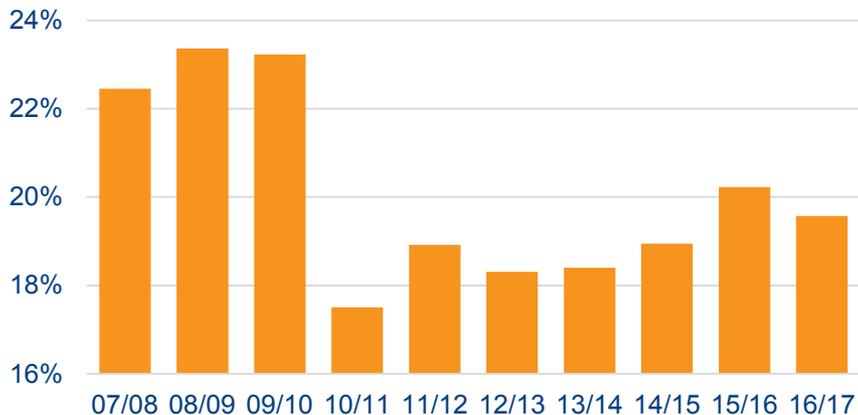
- Operations support
- Enhancing capacities and competencies
- Industry

4. Executing Strategy: Increase Efficiency of Operations

Gross Margin in % of Sales



SG&A in % of Sales



Key strategic initiative

- Reduce product cost through cost-competitive sourcing and manufacturing
- Reduce cost of marketing, administration and R&D
- Reduce complexity of organization

Achievements 2016/17

- Increased production in cost effective sites to 77 % of total sales
- Grew work floors in Sofia and Beijing
- Constant productivity increases
- Develop shared services in Sofia
- Administration productivity increasing through ERP optimization

4. Executing Strategy: Increase Production Flexibility

Key strategic initiative

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

Achievements 2016/17

- *Maintained high delivery performance*
 - *Added production capacity for successful products*
 - *Initiated program to reduce lead times for complex products*
 - *Adapted people development program*
-

4. Outlook

- For 2017/18 we see:
 - Encouraging economic signals in our most important regions
 - Positive momentum in the Industry business
 - Continued growth in the green cars business to over-compensate slowing conventional cars business
- Increased investment in R&D and production capacities for new products
- High number of product launches
- Ongoing adaptation of the international footprint of all activities

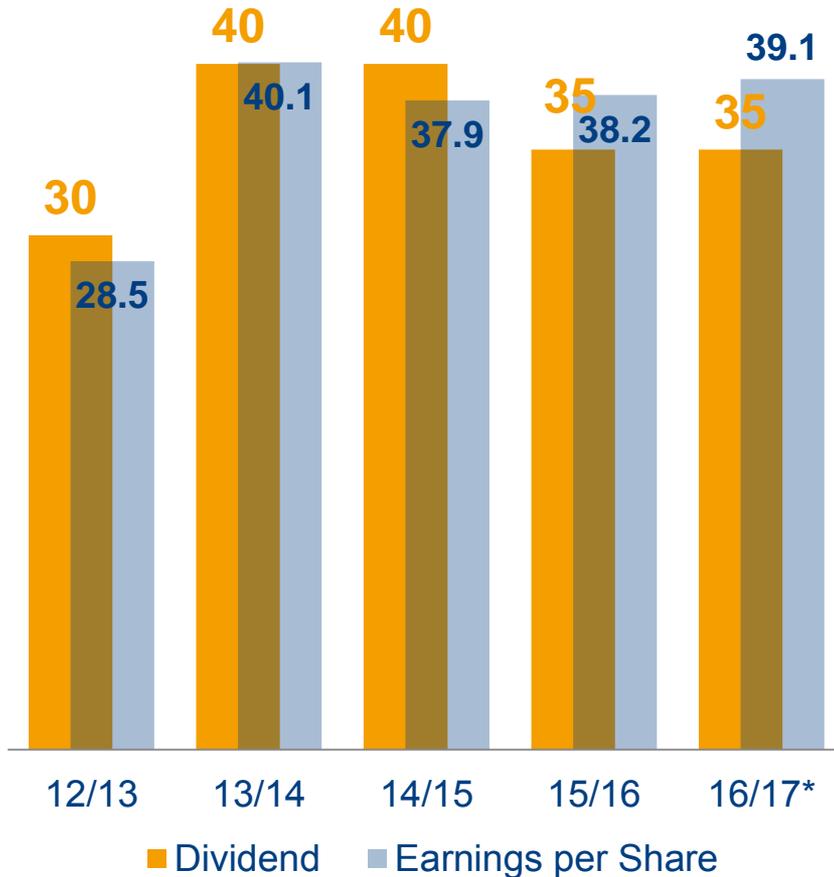
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PCM

5. Dividend Proposal



- Dividend policy of distributing significantly more than 50% of consolidated net profit to shareholders
- Ordinary dividend of CHF 35 per share proposed
- Payment corresponds to a payout ratio of 89.4%
- Represents a dividend yield of 3.75% (as per 31 March 2017)
- Sign of trust in the Company's future

* Proposal to ordinary General Meeting of the Shareholders of 29 June 2017

5. Proposed New Board Member

Werner C. Weber



- Dr. iur. University of Zurich, admitted as an attorney-at-law in Zurich, Mediator SAV
- Founding partner and Board member of weber schaub & partner ag
- Board member of Arosa Bergbahnen AG, City Parkhaus Aktiengesellschaft, Hof Maran Hotel AG, MedicoSearch AG, Schilthornbahn AG, SkySmile AG, Wandilo Holding AG and WEMACO Invest AG
- Representative of LEM's largest shareholder WEMACO Invest AG
- Age 57, Swiss citizen



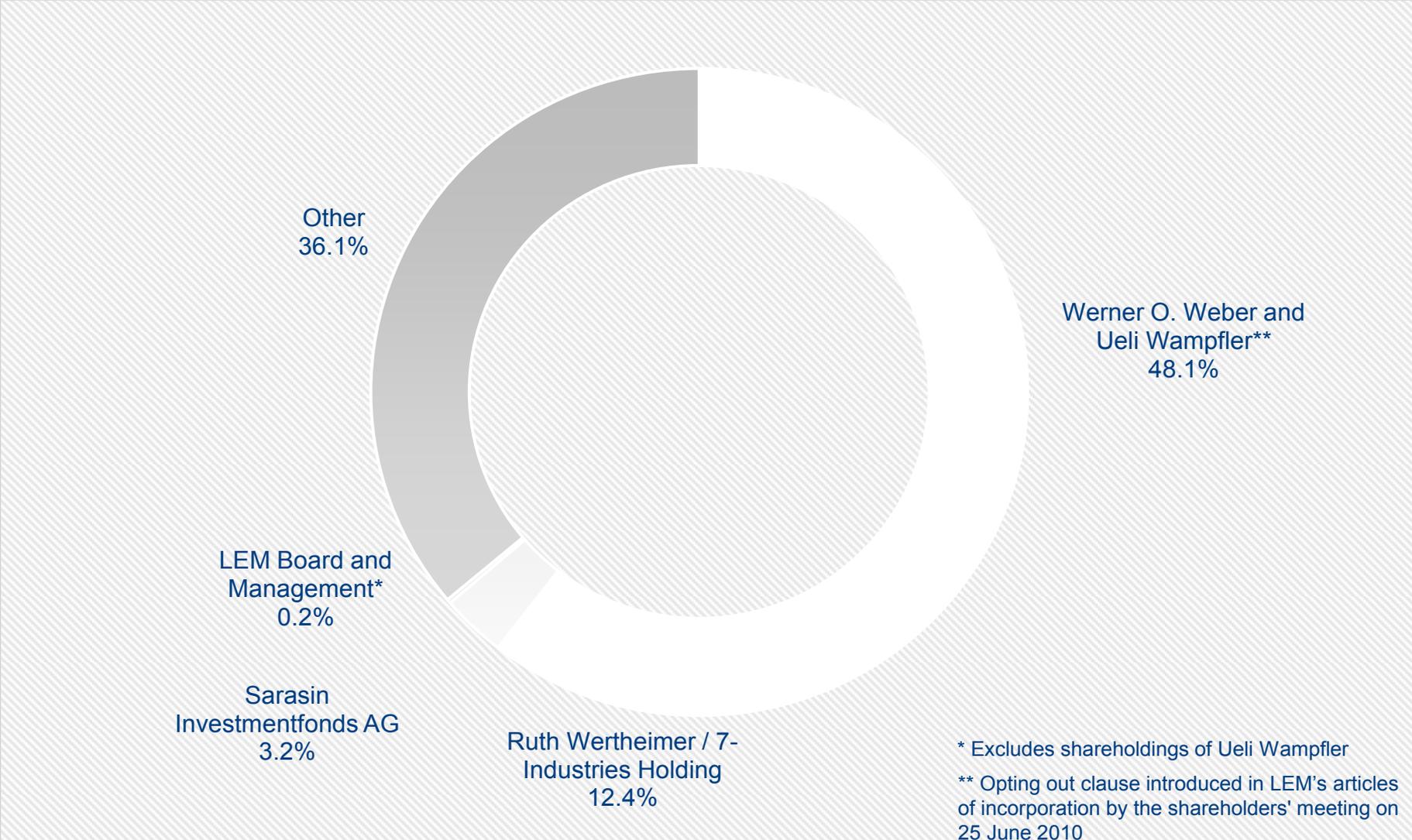
LEM[®]

At the heart of power electronics.

Q&A



Shareholder Structure per 31 March 2017



Financial Calendar and Contact Details

Financial calendar

The financial year runs from 1 April to 31 March

29 June 2017	Annual General Meeting of Shareholders for the year 2016/17
4 July 2017	Dividend ex-date
6 July 2017	Dividend payment date
3 August 2017	First quarter results 2017/18
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

For further information

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