



PRESS RELEASE

Half year results from April to September for the financial year 2012/13

LEM delivers robust sales and an improved operational EBIT-margin

Plan-les-Ouates, 13 November 2012 – LEM (SIX: LEHN), the market leader in providing innovative and high quality solutions for measuring electrical parameters, announces sales of CHF 124.2 million, an operational EBIT-margin of 19.2% and net profit of CHF 20.5 million for the first half of 2012/13.

First half of 2012/13 compared to first half of 2011/12:

- Reported orders received of CHF 120.5 million, increasing by 49.8% (CHF 80.4 million)
- Sales decreased by 1.0% to CHF 124.2 million; at constant exchange rates, sales decreased by 7.3%
- Gross margin was at 42.9% (40.5%)
- Operational EBIT increased 24.1% to CHF 23.8 million (CHF 19.2 million); operational EBIT-margin was at 19.2% (15.3%)
- Net profit for the period increased 36.6% to CHF 20.5 million (CHF 15.0 million)
- All legacy stock option plans ended as per 31 March 2012 and LEM does not record any additional stock option plan cost/income as from 2012/13

“The first half year 2012/13 has confirmed the trend that we have projected last year: LEM delivers stable results in a market environment with low visibility. Our clients face uncertainty due to the economic slowdown mainly brought on by the sovereign debt crisis in Europe. The lack of visibility has resulted in our customers requiring increased flexibility in terms of timing and delivery volumes. We have carefully managed our supply chain and held sufficient raw material and subcomponents in stock in order to accommodate the volatile demand of our customers. Fast response to the changing client demand and the increased efficiency enabled us to achieve an operating EBIT-margin of 19.2%”, says François Gabella, CEO of LEM.

Industry segment: robust sales in North America and Asia compensate for weak European sales

Sales in the Industry segment reached CHF 106.0 million in the first half of 2012/13, a decrease of 6.4% year on year. At constant exchange rates, sales decreased by 11.7%. Thanks to improved production efficiency and ramp-up of production of new products, the operational EBIT for the first six months increased by 15.4% to CHF 21.0 million. Europe remains the most important market, accounting for 48% of sales, followed by China with 19%. Sales declined in Europe (-14%), grew in China (+6%) and remained stable in the rest of Asia and grew in North America (12%).

- Sales decreased in the drives & welding business by 18% compared to last year.
- The renewable energies & power supplies business recovered during last spring but slowed down again in summer. Whereas Europe weakened in solar, growth was observed in Asia, mainly China and Japan, and in North America.
- The traction business decreased (-6%), mainly due to weak European demand following the credit constraints and still no restart in China.
- Sales in high-precision market decreased (-3%). Europe and North America were stable whereas demand weakened in Asia for test & measurement.



Automotive segment: conventional cars business exceed expectations

Sales in the Automotive segment reached CHF 18.2 million, a growth of 48.5% compared to last year. At constant exchange rates, sales increased by 33.0%. Due to LEM's focus on North American and Asian manufacturers, Automotive results have not been strongly impacted by the weak European car market.

- LEM's growth can mainly be attributed to a strong performance with battery management applications in the conventional cars business. In this business, LEM's sales grew by 52.2% compared to the first half of 2011/12. This result was achieved by winning market share and by extending the numbers of platforms with existing and new customers.
- In the green cars business (hybrid electrical and electrical vehicles), sales grew by 34.1% compared to the first half of 2011/12.

Strategy implementation on track

In the first half year of 2012/13, LEM made progress in implementing its strategic initiatives that will serve to increase its competitive advantage:

- Increase technology leadership
With the launch of three products, LEM remains on track with its goal to launch new products that offer either improved performance or reduced costs for customers. By way of example, a new open-loop product delivers higher precision and new functionalities like over-current detection and stand-by mode. It is programmable, which represents a breakthrough in the sensor market. LEM has invested CHF 6.9 million in R&D in the first half of 2012/2013, representing 5.6% of sales.
- Increase efficiency
In summer 2012, LEM successfully finalized the relocation of its high-precision production center from Denmark to Geneva. This grouping of production will reduce costs and facilitate efficiency improvements in the supply chain.
- Increase production flexibility
LEM improved its planning and forecasting procedures with its sales & operations planning process (S&OP). This enables better customer service and optimization of our inventories.

Outlook

In the second half of 2012/13 LEM expects a decrease of sales in the Industry segment as a consequence of the economic slowdown. Nevertheless, thanks to the introduction of new products LEM intends to continue strengthening its market share. Sales in the Automotive segment are expected to remain above last year's level. LEM's main challenge for the second half of 2012/13 will be to adapt production to the short-term planning of its customers.

For the full financial year 2012/13, LEM forecasts sales of CHF 230 to 240 million compared to last year's sales of CHF 236.3 million.

The complete financial report in accordance with IAS 34 (interim financial reporting) is available on www.lem.com>Investor Relations>Financial Reports.

**Financial calendar**

14 February 2013	Nine-months results of 2012/13
5 June 2013	Year-end results and media and analyst conference
27 June 2013	Ordinary shareholder's meeting for the year 2012/13
2 July 2013	Dividend ex-date
5 July 2013	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 1'200 employees worldwide. It has production plants in Beijing (China), Geneva (Switzerland) and Machida (Japan). With regional sales offices close to its clients' locations the company offers a seamless service around the globe. LEM is listed on the SIX Swiss Exchange since 1986; the company's ticker symbol is LEHN.

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Appendix:

Key figures

In CHF million	2011/12				2012/13		Change	Change
Orders received	Q1	Q2	Q3	Q4	Q1	Q2	Q2 to Q2	Q2 to Q1
Industry segment	44.4	23.4	39.7	46.5	51.1	51.2	+118.5%	+0.2%
Automotive segment	5.1	7.4	7.7	8.6	9.6	8.5	+14.9%	-11.3%
Total LEM	49.6	30.9	47.4	55.1	60.7	59.8	+93.6%	-1.6%
Book-to-bill ratio	Q1	Q2	Q3	Q4	Q1	Q2	Q2 to Q2	Q2 to Q1
Industry segment	0.72	0.46	0.83	0.98	0.95	0.98	+113.0%	+3.2%
Automotive segment	0.90	1.13	1.06	1.01	1.00	0.99	-12.4%	-1.0%
Total LEM	0.73	0.53	0.86	0.99	0.96	0.98	+84.9%	+2.1%
Sales	Q1	Q2	Q3	Q4	Q1	Q2	Q2 to Q2	Q2 to Q1
Industry segment	61.9	51.3	47.7	47.3	53.5	52.5	+2.2%	-2.0%
Automotive segment	5.7	6.5	7.3	8.5	9.6	8.6	+31.7%	-10.2%
Total LEM	67.7	57.9	55.0	55.8	63.1	61.1	+5.6%	-3.2%
Operational EBIT	Q1	Q2	Q3	Q4	Q1	Q2	Q2 to Q2	Q2 to Q1
Industry segment	11.3	6.9	5.8	6.0	9.9	11.1	+61.5%	+12.4%
Automotive segment	0.3	0.7	1.1	2.1	1.5	1.4	+89.7%	-7.5%
Total LEM	11.6	7.6	6.9	8.0	11.4	12.5	+64.2%	+9.8%
EBIT	Q1	Q2	Q3	Q4	Q1	Q2	Q2 to Q2	Q2 to Q1
Industry segment	11.2	7.5	5.9	5.7	9.9	11.1	+47.2%	+12.4%
Automotive segment	0.3	0.8	1.1	2.0	1.5	1.4	+72.1%	-7.5%
Total LEM	11.5	8.3	7.0	7.7	11.4	12.5	+49.6%	+9.8%



Consolidated income statement

	April to September	
	2012/13	2011/12 ¹
In CHF thousands		
Sales	124'195	125'511
Cost of goods sold	(70'892)	(74'736)
Gross margin	53'302	50'775
Sales expense	(11'536)	(12'138)
Administration expense	(11'037)	(11'953)
Research & development expense	(6'923)	(7'529)
Other expense	(150)	(145)
Other income	173	183
Operational EBIT	23'829	19'194
Additional SOP costs/income	0	619
EBIT	23'829	19'813
Financial expense	(58)	(172)
Financial income	51	46
Foreign exchange effect	722	(1'035)
Profit before taxes	24'544	18'651
Income taxes	(4'015)	(3'624)
Net profit of the period	20'529	15'028
Attributable to:		
LEM shareholders	20'529	15'028
Net profit	20'529	15'028

¹ Reclassification for comparative information. Please refer to note 9 in the half year report 2012/13.