

PRESS RELEASE

Q4 and year-end results for the financial year 2012/13

**Increased EBIT with stable sales –
proposed dividend of CHF 30 per share, up from CHF 25**

Fribourg, 5 June 2013 – LEM (SIX: LEHN), the market leader in providing innovative and high quality solutions for measuring electrical parameters, announces sales of CHF 55.8 million, an operational EBIT of CHF 6.6 million and net profit of CHF 3.9 million for Q4 of 2012/13. For financial year 2012/13 results are in line with guidance: sales reached CHF 235.0 million, operational EBIT was CHF 41.0 million. Net profit was CHF 32.6 million.

Q4 of 2012/13 compared to Q3 of 2012/13:

- **Bookings amounted to CHF 58.7 million, an increase of 14.3% (CHF 51.4 million)**
- **Sales reached CHF 55.8 million, an increase of 1.4% (CHF 55.0 million)**
- **The book-to-bill ratio reached 1.05 (0.93)**
- **Gross margin was at 37.6% (44.3%)**
- **Operational EBIT was at CHF 6.6 million, down 37.9% (CHF 10.6 million); operational EBIT margin was at 11.8% (19.3%)**
- **Q4 of 2012/13 included restructuring charges of CHF 1.9 million linked to the announced relocation of production lines to Bulgaria**
- **Net profit for the period decreased 51.6% to CHF 3.9 million (CHF 8.1 million)**

On the annual basis:

- **Bookings amounted to CHF 230.6 million, an increase of 26.1% compared to last year (CHF 182.9 million)**
- **Sales reached CHF 235.0 million, a decrease of 0.6% (CHF 236.3 million); at constant exchange rates, sales decreased 3.7%**
- **Operational EBIT of CHF 41.0 million was 20.1% higher than last year (CHF 34.2 million)**
- **Compared to last year, net profit increased 14.5% to CHF 32.6 million (CHF 28.5 million)**

“Financial year 2012/13 was the second-best year in the company’s history. Our efforts to increase efficiency and flexibility have delivered the expected result. We managed to increase margins with stable sales. Slowing economies in Europe resulted in a slack sales development in the Industry segment. The Automotive segment achieved record sales thanks to new products and projects. Through further progress in implementing our key strategic initiatives we strengthened the company and prepared the ground for future success”, said François Gabella, CEO of LEM.

In financial year 2012/13, sales amounted to CHF 235.0 million, representing a decrease of 0.6% or CHF 1.4 million compared to the previous year. The exchange

rate fluctuation had a positive impact. At constant exchange rates, sales decreased 3.7%.

Bookings increased 26.1% to CHF 230.6 million in financial year 2012/13. For the full year, the book-to-bill ratio was 0.98. In Q4 of 2012/13, the book-to-bill ratio improved to 1.05, confirming market stabilization.

In financial year 2012/13 LEM improved the gross margin from 39.1% to 42.0%. The improvement was the result of continued cost savings through improved production processes, more effective capacity management as well as rationalization benefits after the relocation of production from Denmark to Switzerland. LEM more than compensated the ongoing price erosion in its markets.

Sales, general and administrative spending (SG&A) reduced by 4.1% to CHF 43.1 million. SG&A as a percentage of sales decreased from 19.0% in financial year 2011/12 to 18.3 % in financial year 2012/13.

The research and development expense (R&D) increased 9.4% to CHF 14.7 million. R&D as a percentage of sales increased to 6.2% in financial year 2012/13 after 5.7% in the year before.

Even including a restructuring charge of CHF 1.9 million linked to the relocation of production to Bulgaria recorded in Q4 of 2012/13, operational EBIT increased to CHF 41.0 million, compared to CHF 34.2 million in financial year 2011/12. LEM's operational EBIT margin was 17.5%, within the company's target range of 15 to 20% and 3.0 percentage points higher than in the previous year.

The Group tax rate increased to 17.5% from 12.4% in the previous year as the reversal of prior years' charges did not repeat in financial year 2012/13. Net profit for the year was CHF 32.6 million (+14.5%).

The company's balance sheet remains solid. As at 31 March 2013, total assets increased to CHF 139.9 million, mainly due to a higher cash position. Shareholders' equity increased to CHF 87.3 million, representing an equity ratio of 62.4% (60.0% as at 31 March 2012).

Industry Segment: weak European markets

In financial year 2012/13, the Industry segment performed well in a volatile economic environment. Sales reached CHF 200.0 million, a decrease of 4.0% compared to financial year 2011/12. The decline is fully attributable to the difficult economic climate in Europe with a decrease of sales of 11%, while business in Asia and North America performed well with growth rates of 6% and 3%, respectively. Still, Europe was the segment's most important region, accounting for 48% of sales, followed by Asia with 36% and North America with 14%. China was the biggest single market for LEM. At constant exchange rates, sales decreased 6.6%. Despite constant price pressure, LEM increased the operational EBIT margin to 18.3% from 14.4% in financial year 2011/12. The improvement was the result of strict cost control, the relocation of production lines to China, improvements in the supply chain and the concentration of the high precision production in Geneva.

- Sales in the drives & welding business decreased 12% compared to last year. Weaker demand in all major markets except China was recorded, with Europe having witnessed the strongest impact. In the second half of financial year 2012/13, LEM observed stabilization in Europe and North America.
- The renewable energies & power supplies business was affected through the consolidation in the solar and wind markets. Sales increased 7% compared to last year. Strongest growth was in Japan, China and the US, while sales in Europe declined. In the solar business, increased demand for large power installations was observed. Performance in the wind business is constrained due to unresolved grid connection issues.
- The traction business remained stable compared to financial year 2011/12. Demand in Europe and Japan is still weak following limited government investment in infrastructure.
- Sales in the high precision business decreased 4% compared to last year as a consequence of weak demand in Europe and Asia. Still, LEM's market share increased after the company won new clients and projects.

Automotive segment: double digit growth

The Automotive segment achieved sales growth of 24.8%, the third consecutive year with high double-digit growth, to reach sales of CHF 35.0 million in financial year 2012/13. At constant exchange rates, sales grew by 18.0%. The conventional cars business was the growth driver behind this new record result. North America remained the most important market for the segment with 51% of sales, but Asia, particularly China, is becoming increasingly important with a share of sales of 17% for China alone and 40% for Asia including China. Growth rates were strongest in China (+54%), USA (+29%) and Japan (+21%). With 8% of sales, Europe remained a relatively small market. Operational EBIT reached CHF 4.4 million, an increase of 5.8% compared to financial year 2011/12. The operational EBIT margin was 12.7%, compared to 15.0% in the previous year. The lower operational EBIT margin is the consequence of higher competitive pressure as well as increased investment in R&D and marketing.

- In the conventional cars business, an increasing interest in the company's start/stop application was observed. LEM recorded strong growth in its battery management application. Overall, the market grew faster than expected and sales increased by 33%.
- The green cars market was burdened by high vehicle prices. Hybrid cars had some success, but electric cars still did not perform well. Many green cars projects have been delayed or even cancelled in the course of the last year. In financial year 2012/13, the green cars business decreased by 4% compared to the previous year.

Annual shareholders' meeting on 27 June 2013

Dividend proposal

The increased dividend proposal of CHF 30 that the Board of Directors will submit to the 2013 annual shareholders' meeting is a sign of trust in the company's ability to continue generating strong cash flows in the future. The proposal follows LEM's dividend policy to distribute significantly more than 50% of its consolidated net profit to shareholders and corresponds to a payout ratio of 105%.

Changes in the Board of Directors

Felix Bagdasarjanz, member of the Board of Directors of LEM Holding SA since 2002 and Chairman since 2004, announced his resignation from the Board of Directors on the date of the annual shareholders' meeting on 27 June 2013. The Board of Directors decided that, subject to re-election at the upcoming annual shareholders' meeting, Andreas Hürlimann be nominated as new Chairman of the Board. Anton Lauber, member of the Board of Directors since 2004, has resigned and will not stand for re-election.

The Board of Directors proposes to elect Dr. Norbert Hess, (Dr.-Ing. TU Berlin) as a new member. German national, Mr. Hess is Member of the Executive Committee and Chief Operations Officer at EPCOS AG. Based on his engineering and management career of more than 25 years with Siemens AG and EPCOS AG, Mr. Hess will contribute to the company and the board a breadth of professional experience in material & technology, operations and business management in the electrical components field. He also has developed deep insights into customer segments such as automotive, industry, energy and telecoms.

Outlook

The economic climate remains volatile and the competitive environment fierce. In the Industry segment management expects a progressive restart of sales in North America and Asia and demand in Europe to remain weak. The Automotive segment is expected to deliver continuous growth. Thanks to LEM's strategic initiatives, management expects operating margins to remain within the target range of 15 to 20%.

Detailed information on the 2012/13 financial result and annual report

The full financial report is available from today, 5 June 2013, on www.lem.com> Investor relations>Financial Reports.

Financial calendar

The financial year runs from 1 April to 31 March

27 June 2013	Ordinary shareholders' meeting for the year 2012/13
2 July 2013	Dividend ex-date
5 July 2013	Dividend payment date
7 August 2013	First quarter results 2013/14
13 November 2013	Half-year results 2013/14
18 February 2014	Third quarter results 2013/14
4 June 2014	Year-end results 2013/14
26 June 2014	Ordinary shareholders' meeting for the year 2013/14
1 July 2014	Dividend ex-date
4 July 2014	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 1'137 employees worldwide per 31 March 2013. 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.

www.lem.com

For further information please contact

Julius Renk (CFO)

Phone: +41 22 706 1250

Email: investor@lem.com

Appendix:

Key figures

In CHF million	2011/12				2012/13				Change	Change
Orders received	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 to Q4	Q4 to Q3
Industry segment	44.4	23.4	39.7	46.5	51.1	51.2	43.6	50.7	+9.1%	+16.4%
Automotive segment	5.1	7.4	7.7	8.6	9.6	8.5	7.8	8.0	-6.6%	+2.4%
Total LEM	49.6	30.9	47.4	55.1	60.7	59.8	51.4	58.7	+6.6%	+14.3%
Book-to-bill ratio	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 to Q4	Q4 to Q3
Industry segment	0.72	0.46	0.83	0.98	0.95	0.98	0.94	1.07	+9.2%	+13.8%
Automotive segment	0.90	1.13	1.06	1.01	1.00	0.99	0.91	0.98	-3.0%	+7.7%
Total LEM	0.73	0.53	0.86	0.99	0.96	0.98	0.93	1.05	+6.1%	+12.9%
Sales	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 to Q4	Q4 to Q3
Industry segment	61.9	51.3	47.7	47.3	53.5	52.5	46.4	47.6	+0.5%	+2.5%
Automotive segment	5.7	6.5	7.3	8.5	9.6	8.6	8.6	8.2	-3.9%	-4.5%
Total LEM	67.7	57.9	55.0	55.8	63.1	61.1	55.0	55.8	-0.1%	+1.4%
Operational EBIT	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 to Q4	Q4 to Q3
Industry segment	11.3	6.9	5.8	6.0	9.9	11.1	9.6	6.0	+1.1%	-37.0%
Automotive segment	0.3	0.7	1.1	2.1	1.5	1.4	1.0	0.6	-73.2%	-46.7%
Total LEM	11.6	7.6	6.9	8.0	11.4	12.5	10.6	6.6	-17.9%	-37.9%
EBIT	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 to Q4	Q4 to Q3
Industry segment	11.2	7.5	5.9	5.7	9.9	11.1	9.6	6.0	+6.2%	-37.0%
Automotive segment	0.3	0.8	1.1	2.0	1.5	1.4	1.0	0.6	-72.8%	-46.7%
Total LEM	11.5	8.3	7.0	7.7	11.4	12.5	10.6	6.6	-14.5%	-37.9%

Consolidated income statement

	2012/13	2011/12*
In CHF thousands		
Sales	234'953	236'334
Cost of goods sold	(136'309)	(144'035)
Gross margin	98'644	92'299
Sales expense	(22'355)	(23'335)
Administration expense	(20'720)	(21'593)
Research & development expense	(14'676)	(13'412)
Other expense	(153)	(84)
Other income	296	296
Operational EBIT	41'036	34'171
Additional SOP costs/income	0	315
EBIT	41'036	34'486
Financial expense	(101)	(359)
Financial income	96	101
Foreign exchange effect	(1'484)	(1'704)
Profit before taxes	39'547	32'524
Income taxes	(6'931)	(4'037)
Net profit of the period	32'616	28'487
Attributable to:		
LEM shareholders	32'616	28'487
Net profit	32'616	28'487

* Reclassification for comparative information. Please refer to note 2.20 in the notes to the consolidated financial statements