



RESULTS

3RD QUARTER AND NINE MONTHS OF 2017/18

1 APRIL 2017 TO 31 DECEMBER 2017

8 February 2018

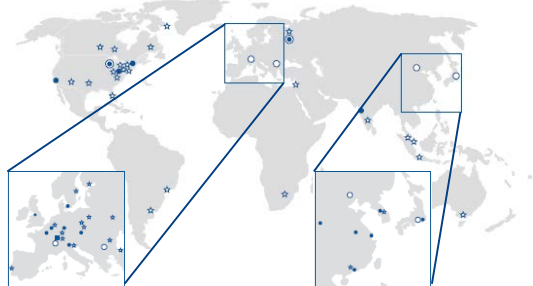
Agenda

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|-----------------------------------|-------------------------|
| 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 |



1. Global Market Leader in Current and Voltage Transducers

Market Position



- Global market share of 50+% in Industry
- Strong market position in the green cars business
- 4 production sites in Europe and Asia
- Benchmark in service and product quality

Performance



- Sales of CHF 264.5 million in 2016/17
- Continued sales growth and strong margins
- High and steady dividend payout-ratio

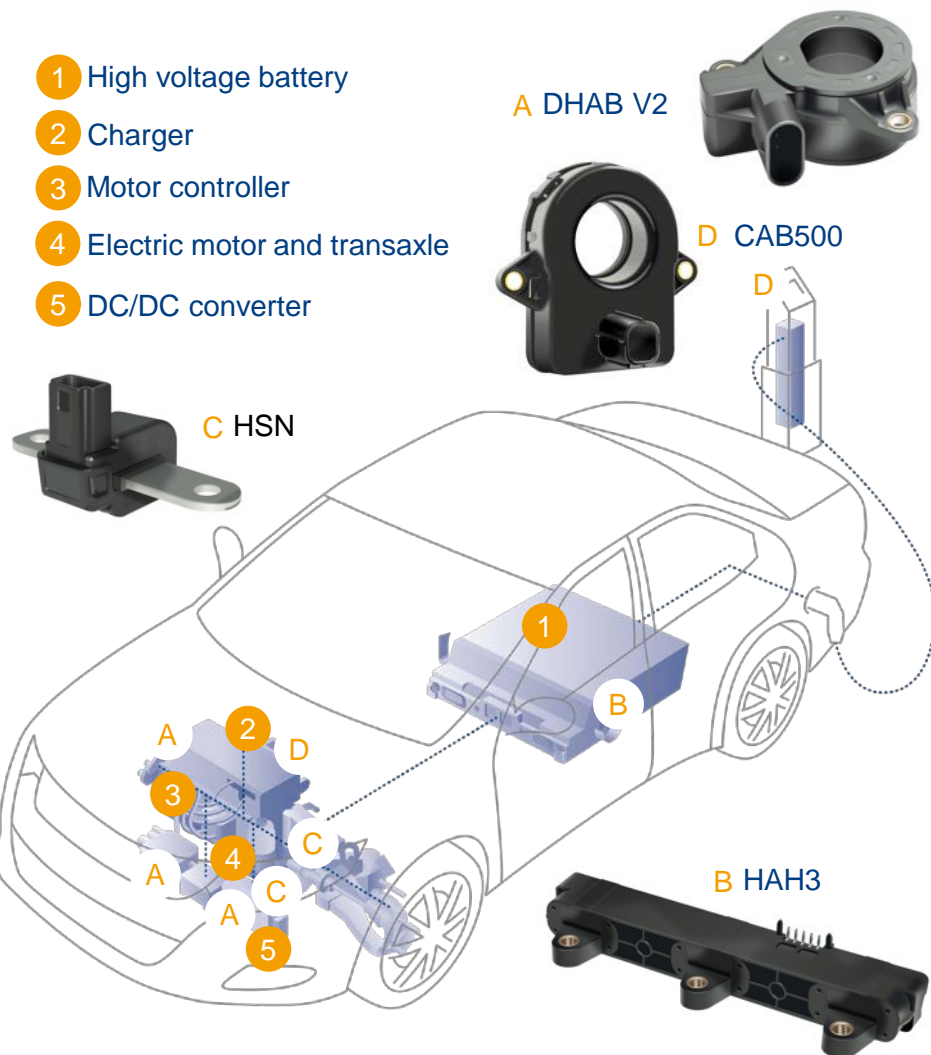
Perspectives



- Solid growth perspectives due to underlying trends
- Reinforced investment in innovation
- Strong foothold in China and the rest of Asia

1. LEM Applications: Hybrid-electric vehicles / electric vehicles

- 1 High voltage battery
- 2 Charger
- 3 Motor controller
- 4 Electric motor and transaxle
- 5 DC/DC converter



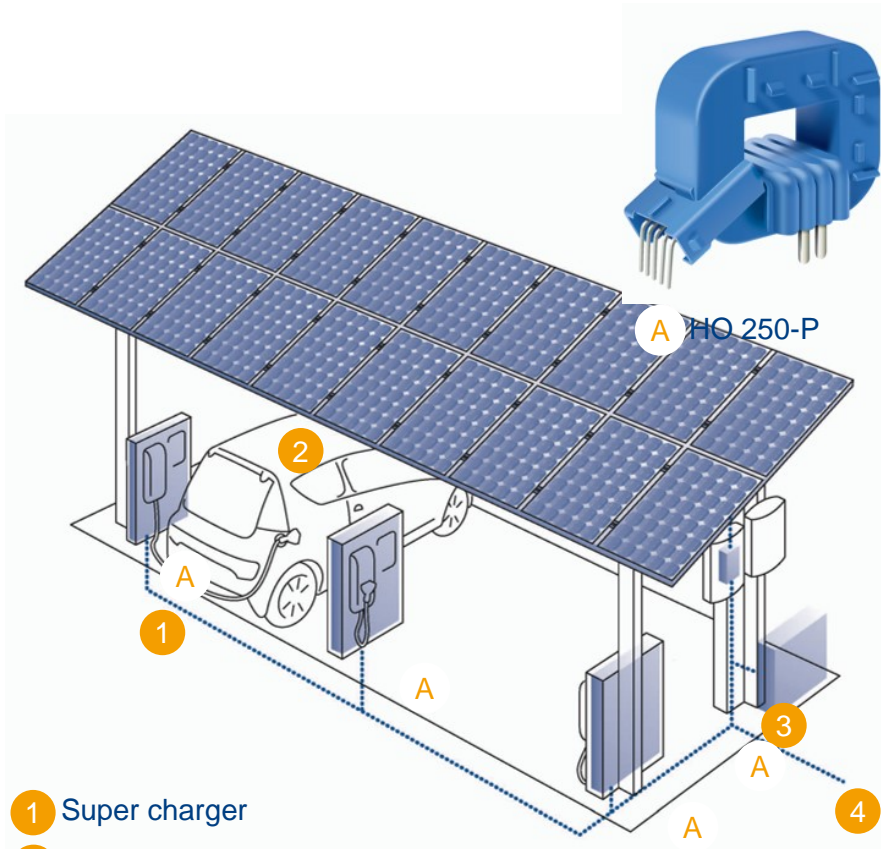
Battery management

The battery management system (BMS) adjusts the charging process through the combustion engine in a hybrid-electric vehicle or gives the information for external charging of the high-voltage battery (1) in an electric vehicle. CAB (D), DHAB (A) provide all necessary current information at high accuracy level to the BMS to improve the efficiency of the charging process.

Motor control

The motor controller (3) takes power from the batteries and delivers it to the electric motor (4). The accelerator pedal gives the signals. HAH3 (B), HSN (C) are integrated in the inverter modules (5) and provide current signals at very high speed in order to assure a smooth and jerk-free acceleration.

1. Application: Super Charger Station for Electric Vehicles

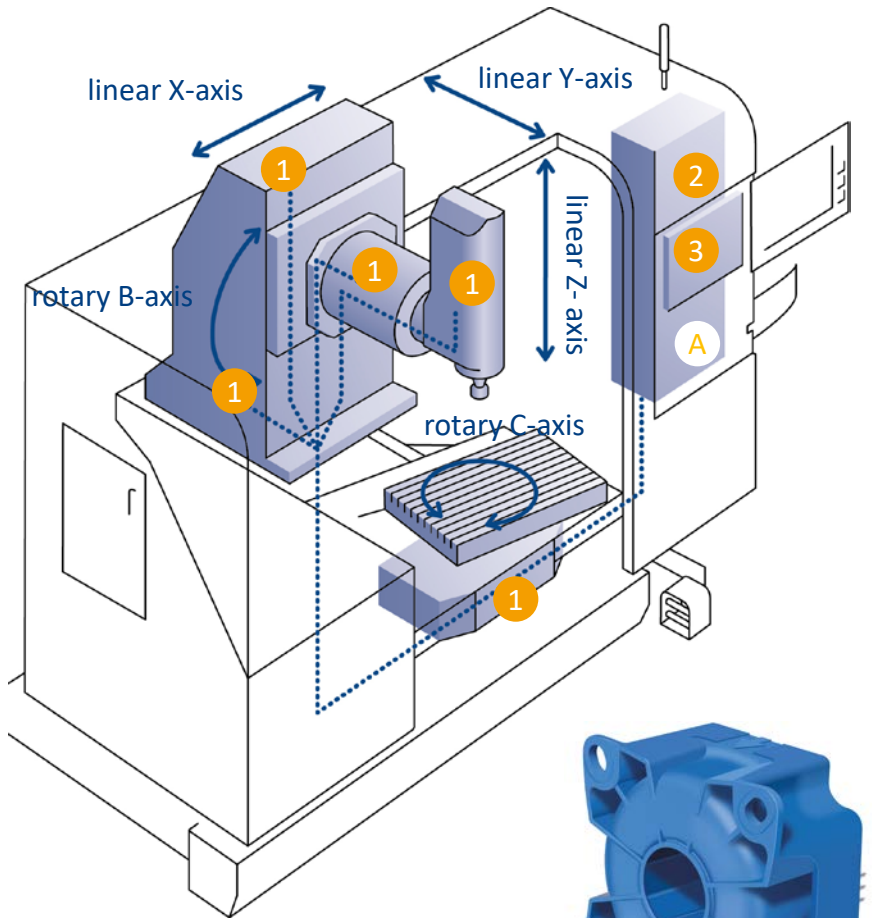


- 1 Super charger
- 2 Solar panels
- 3 Photovoltaic inverters
- 4 Battery storage
- 5 Grid

A super charger (1) operates using several 400V DC chargers in parallel. 1MW would be required from the grid (5) if 10 cars were charged simultaneously. Charging stations therefore often include a photovoltaic plant with solar panels (2) and a battery storage system (4). Stored energy is used to reduce energy peaks and to best use photovoltaic energy.

The chargers use the HO 250-P (A) to measure the DC current while the photovoltaic inverter (3) uses up to 7 transducers, such as CASRs, HLSRs and CTSRs to measure DC, AC and residual currents.

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



- 1 Motors
- 2 Inverter
- 3 Numeric control



A LF 210/310

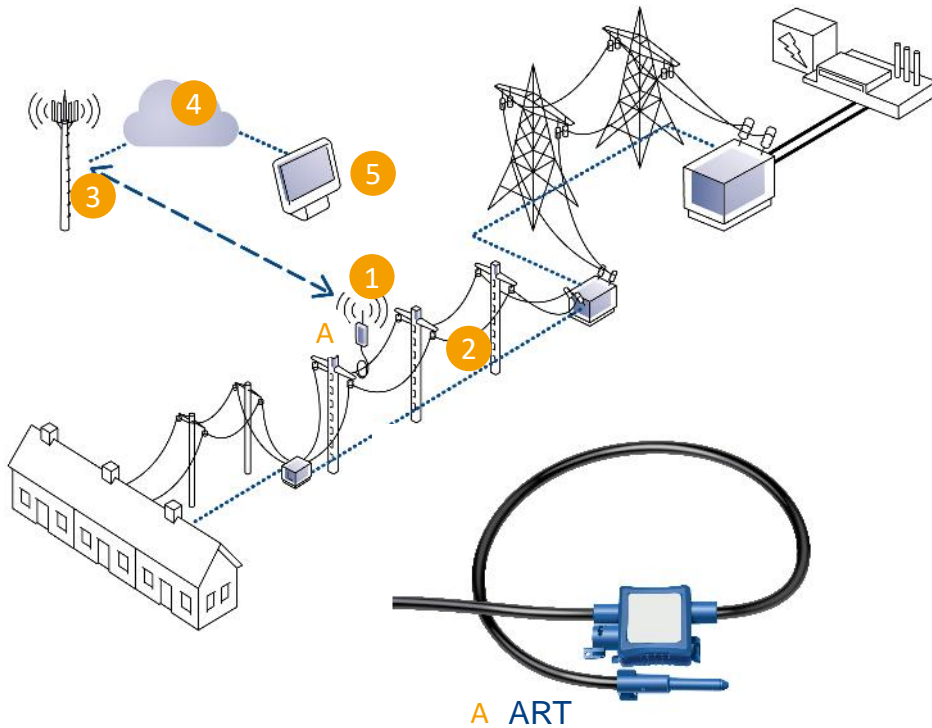
Producing mechanical parts is faster and more profitable when using a 5-axis machining center. In addition to the usual linear X-axis, Y-axis, and Z-axis, two additional axes are rotating. The B-axis rotates around the Y-axis and the C-axis around the Z-axis.

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: Smart Grid Medium Voltage Line Monitoring



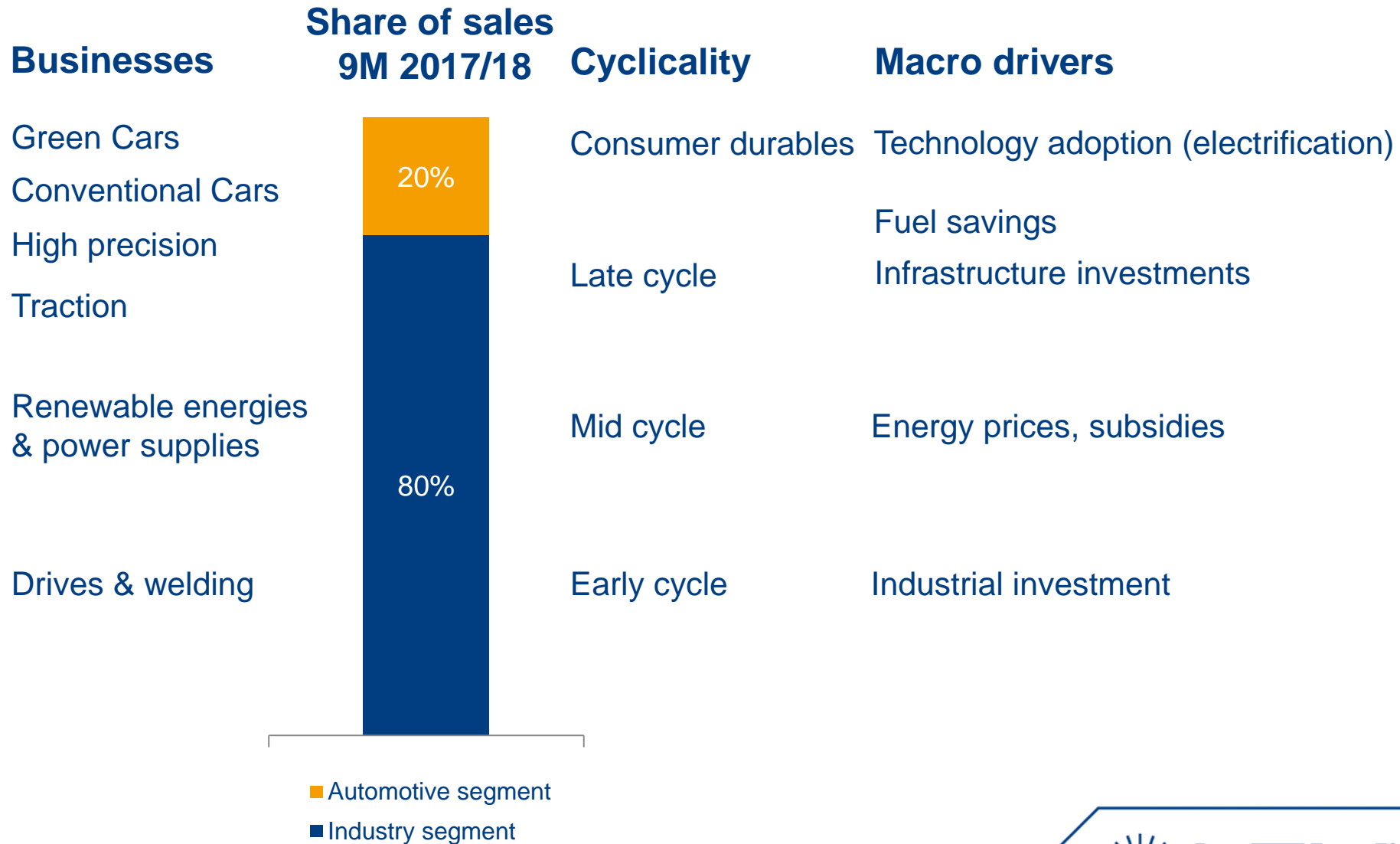
- 1 Ammeter
- 2 MV power line
- 3 Telecom relay
- 4 Cloud and database
- 5 Energy management

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. Diverse Target Markets – Diversified Businesses



Agenda

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4. Strategy and Outlook François Gabella

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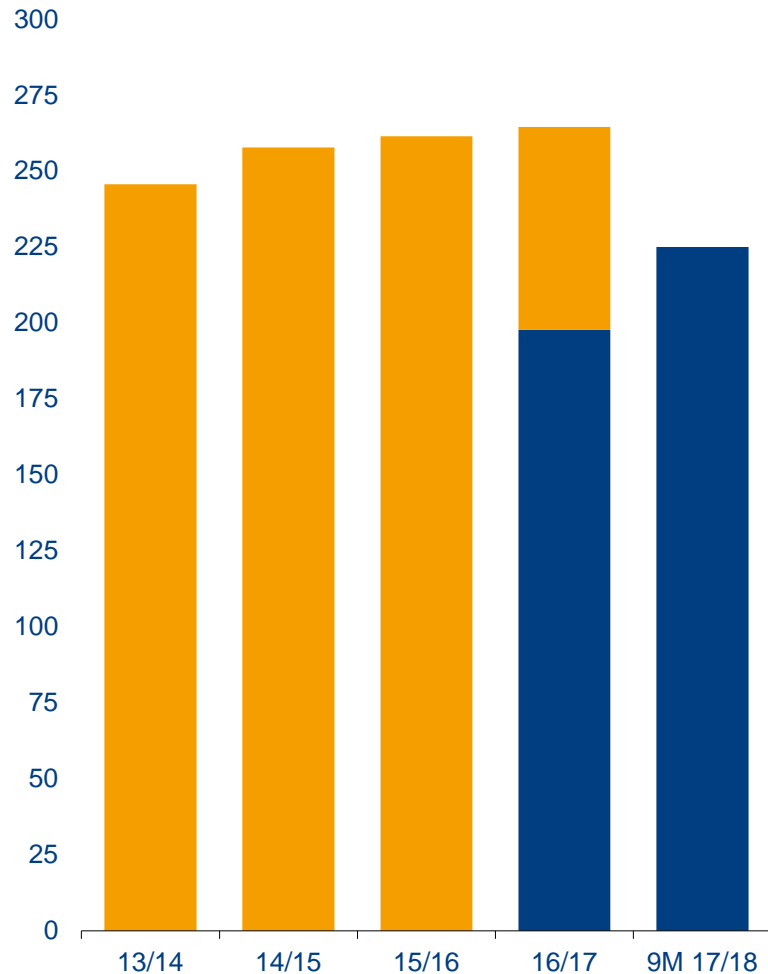
2. Continued sales growth

In CHF millions, %	9M 2017/18	9M 2017/18 vs. 9M 2016/17	Q3 2017/18 vs. Q3 2016/17
Orders	235.5	+17.7%	+16.2%
Sales	225.0	+13.8%	+11.8%
EBIT	46.5	+11.6%	+3.1%
Net profit	38.1	+16.5%	+9.7%

- Strong global economy
- All businesses but the conventional cars contributed to strong sales growth
- Increased price pressure
- Ongoing strategy execution
 - Adding R&D capacities in all locations
 - Strengthening Automotive organization
 - Adding production lines in Sofia and Beijing
 - Investment in “Industry 4.0” automated production lines

2. Net Sales

In CHF millions

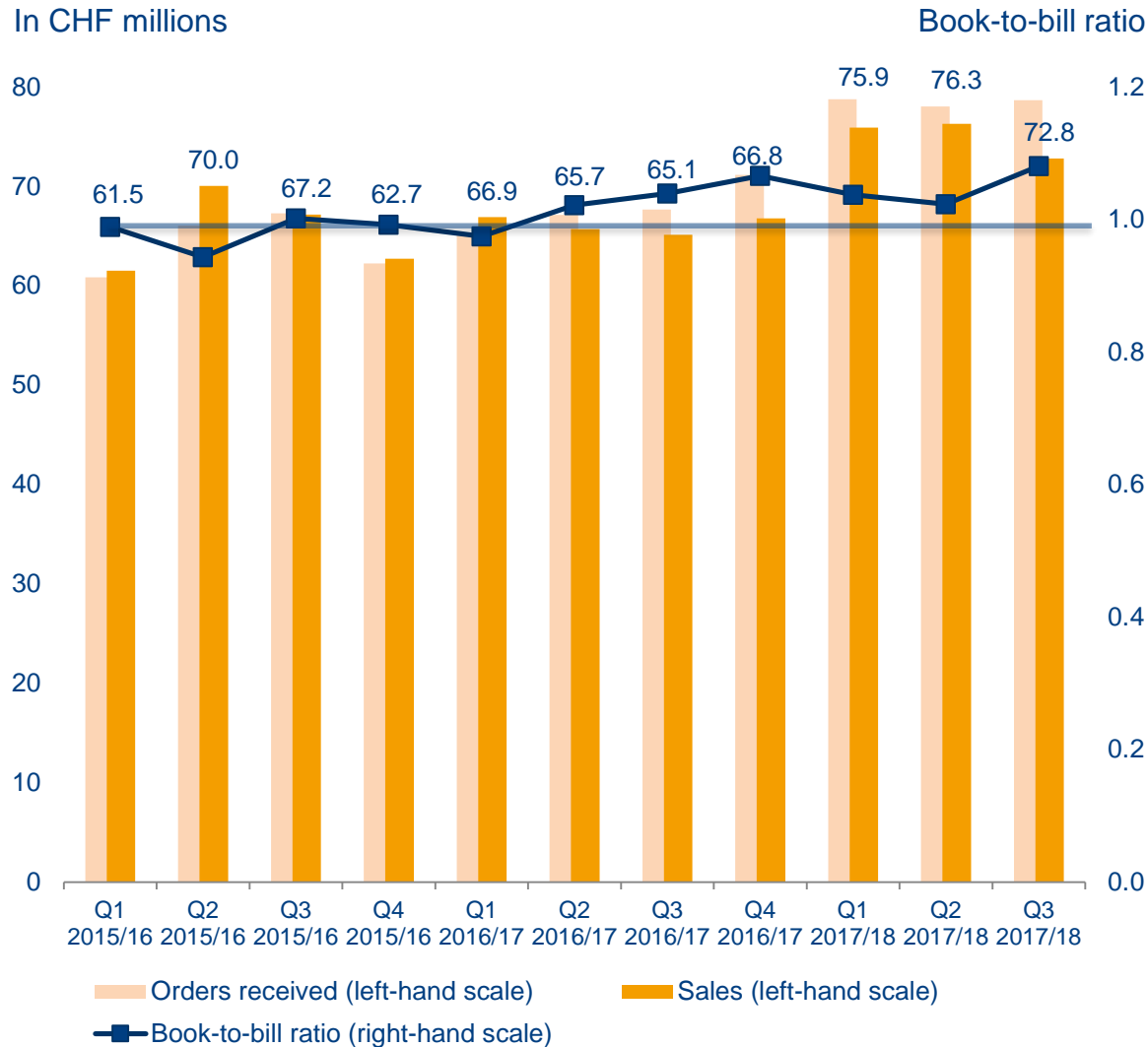


In CHF millions, %

	Sales	9M vs. 9M		Q3 vs. Q3
		as reported	at constant currencies	
Industry	180.6	+13.2%	+12.8%	+8.4%
Automotive	44.4	+16.1%	+17.4%	+25.9%
Total	225.0	+13.8%	+13.7%	+11.8%

- Positive economic sentiment translated into sales growth
- Asia, particularly China, driving sales growth in most businesses
- LEM business development in North America remains soft
- Balanced net effect of currency fluctuations

2. Quarterly View

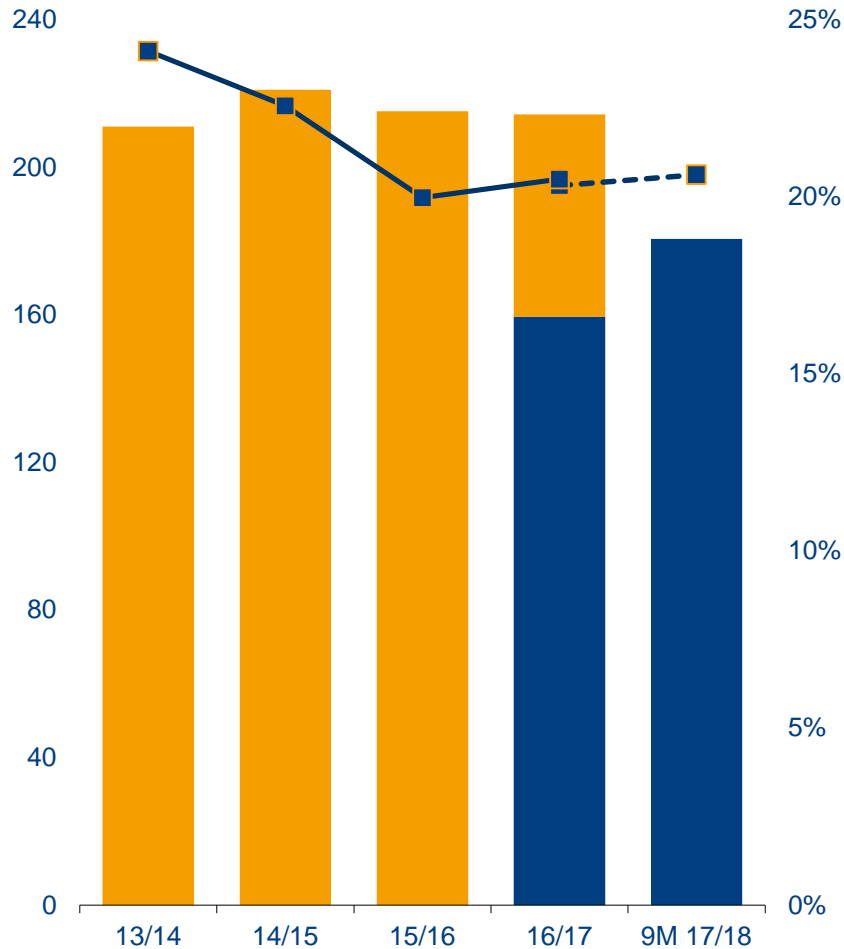


- 6th consecutive quarter with book-to-bill ratio higher than 1
- Book-to-bill ratio increased to 1.08 in Q3 of 17/18
- Shrinking inventories at customers translating into short-term bookings

2. Industry Segment: Business Development

In CHF millions

■ Op. EBIT in % of sales



Businesses and Applications

Drives & welding (9M vs. 9M: +9%)

- Strongest growth in China, Japan and Germany
- Driven by automation and robotics industries

Renewable energies & power supplies (+16%)

- High demand from solar in China and Europe; weak US business
- US manufacturing moving to Europe and Asia

Traction (+22%)

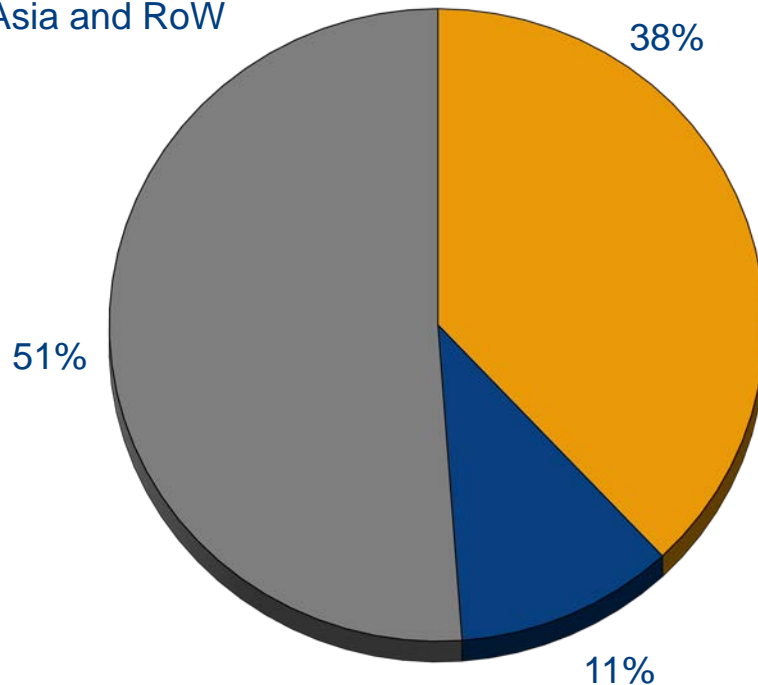
- Energy metering, trackside and retrofit orders in Europe and India
- Light rail and locomotive projects in China and India

High-precision (+4%)

- HVDC projects in China completed 2016/17; no follow-up projects
- Growth in test & measurement market, mainly for green cars test benches

2. Industry Segment: Regional Markets

- Europe
- North America
- Asia and RoW



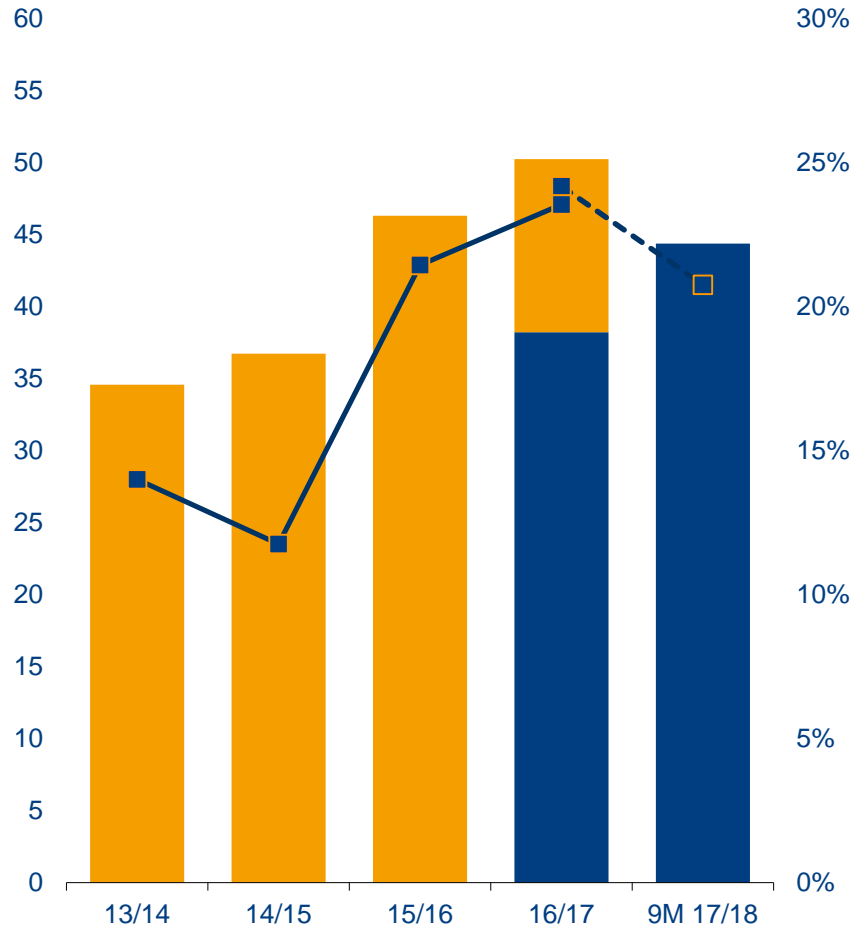
In CHF millions, %	Sales	Growth 9M vs. 9M	Growth Q3 vs. Q3
Europe	68.7	+12.3%	+13.9%
N. America	19.5	-2.0%	-1.9%
Asia and ROW	92.4	+17.8%	+7.0%
Total	180.6	+13.2%	+8.4%

- Strongest growth in China, India and Germany
- China the single most important country representing 33% of sales

2. Automotive Segment: Business Development

In CHF millions

■ Op. EBIT in % of sales



Businesses and Applications

Green cars (HEV, EV) (9M vs. 9M: +70%)

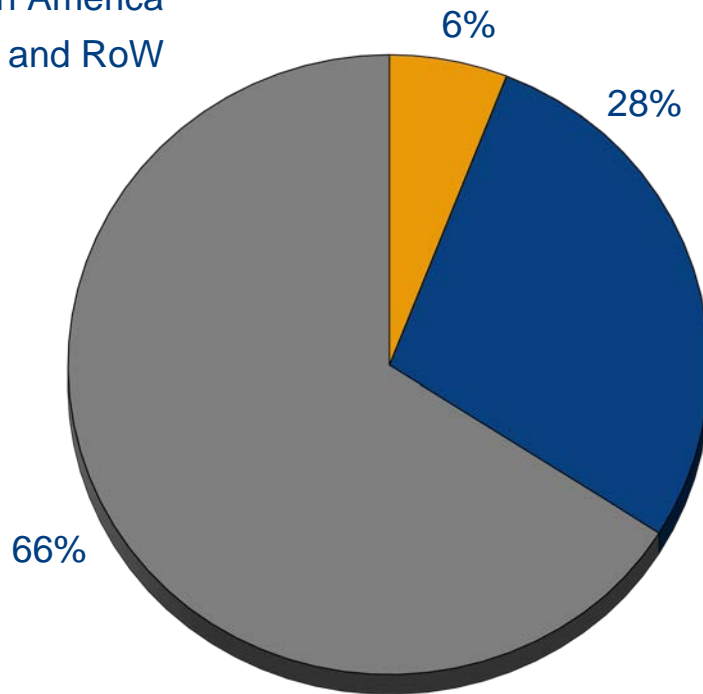
- Asian green cars market growing fast
- Trends to electrification and strong commitment to green cars from automakers around the world
- Increasing consumer acceptance and government support globally for green cars to underpin future growth
- Increasing attractiveness of the market lures new competitors and affects margins

Conventional cars (-17%)

- Weaker US business linked to expected technology change

2. Automotive Segment: Regional Markets

- Europe
- North America
- Asia and RoW



In CHF millions, %	Sales	Growth 9M vs. 9M	Growth Q3 vs. Q3
Europe	2.6	-13.0%	+5.5%
N. America	12.5	-15.1%	-9.5%
Asia and RoW	29.2	+42.8%	+48.8%
Total	44.4	+16.1%	+25.9%

- Sales numbers reflect destination of product shipment, not OEM
- Performance driven by growth of green cars business across all regions
- LEM strengthens Automotive organization to cope with growing volume

2. Business Development Bulgaria

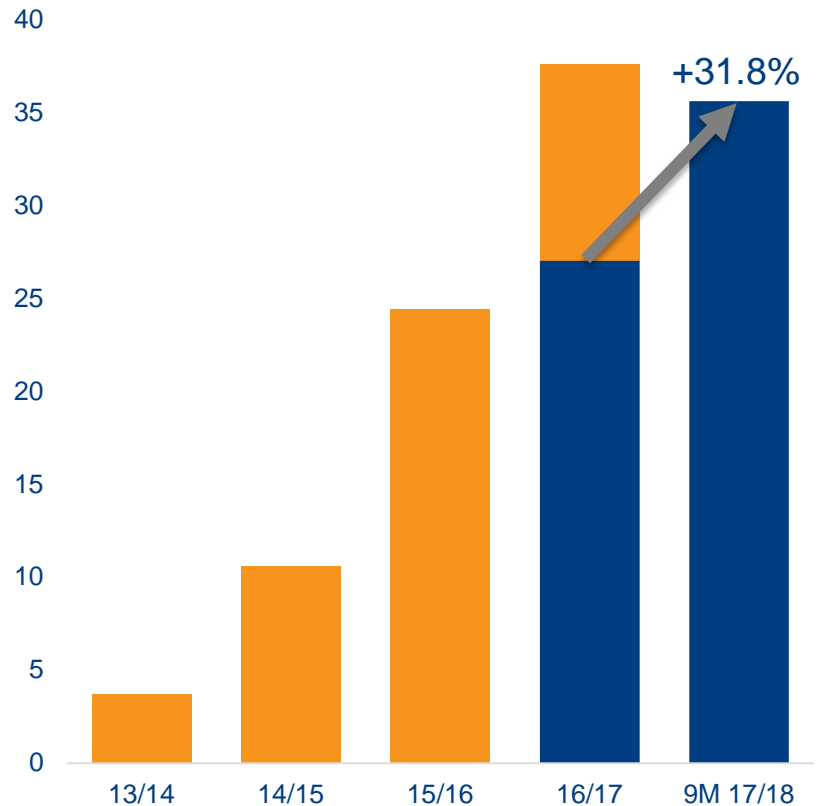


Development of the site

- Added 20% workshop surface
- Added R&D capacities
- Develop shared services for LEM Group
- 16% of total production
- “Made by LEM” quality

Production

In CHF millions

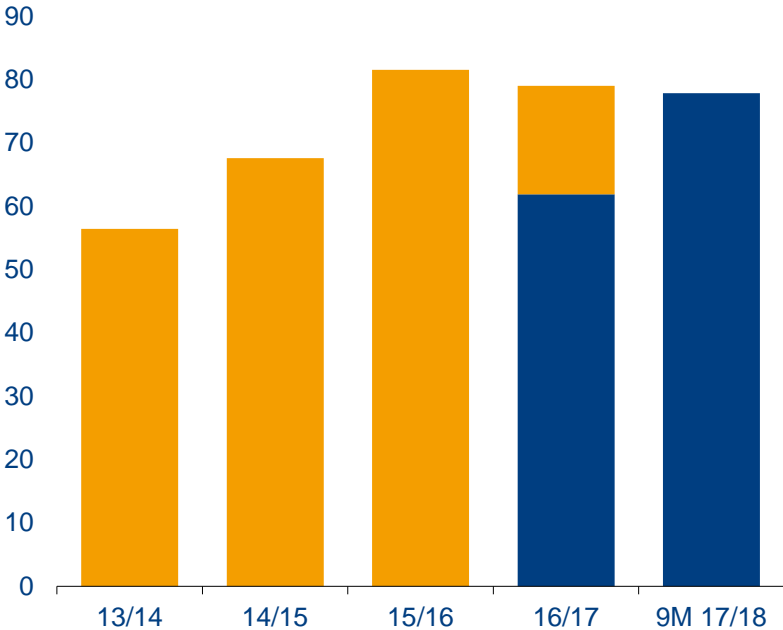


2. Business Development China

Sales

- Market share of over 50%
- Most important market with 35% of total sales

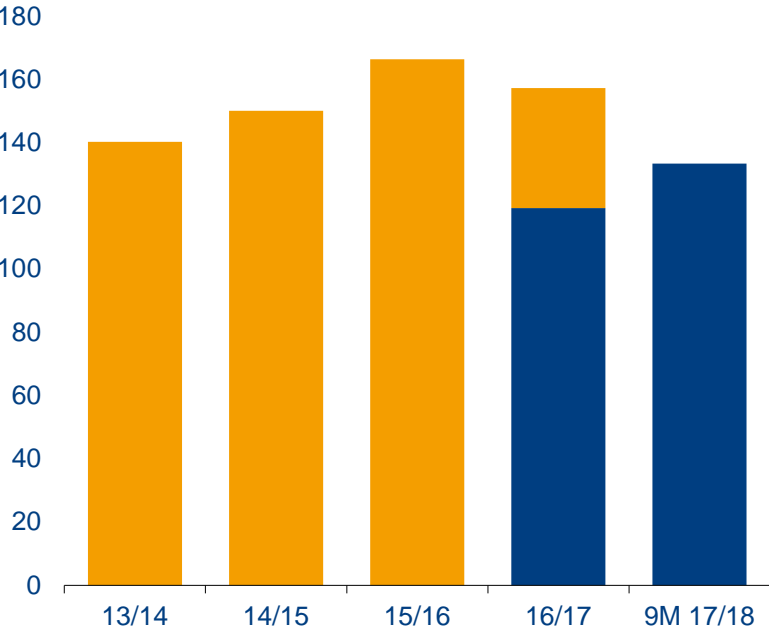
In CHF millions



Production

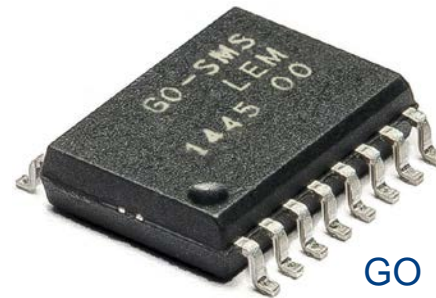
- LEM China stabilizes its #1 position as largest manufacturing site of the Group (59% of total production, compared to 59% in financial year 2016/17)
- “Made by LEM” quality

In CHF millions



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3. Financial Highlights

- Robust profitability
 - EBIT of CHF 46.5 million, up from CHF 41.7 million
 - Net profit of CHF 38.1 million, up from CHF 32.7 million
- Support sales growth
 - Increased investment in innovation and in production capacities
 - Strengthened Automotive organization

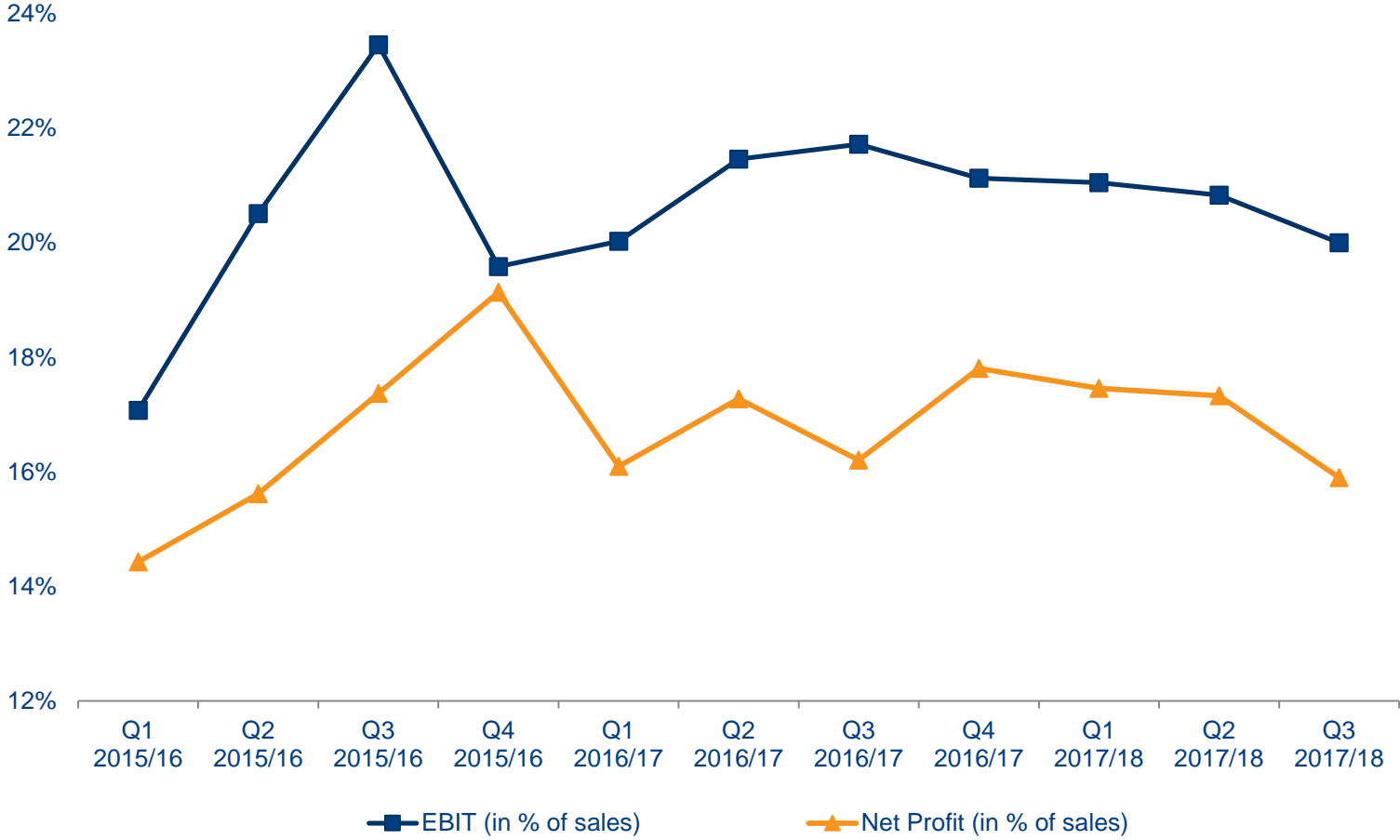
3. Income Statement

In CHF millions

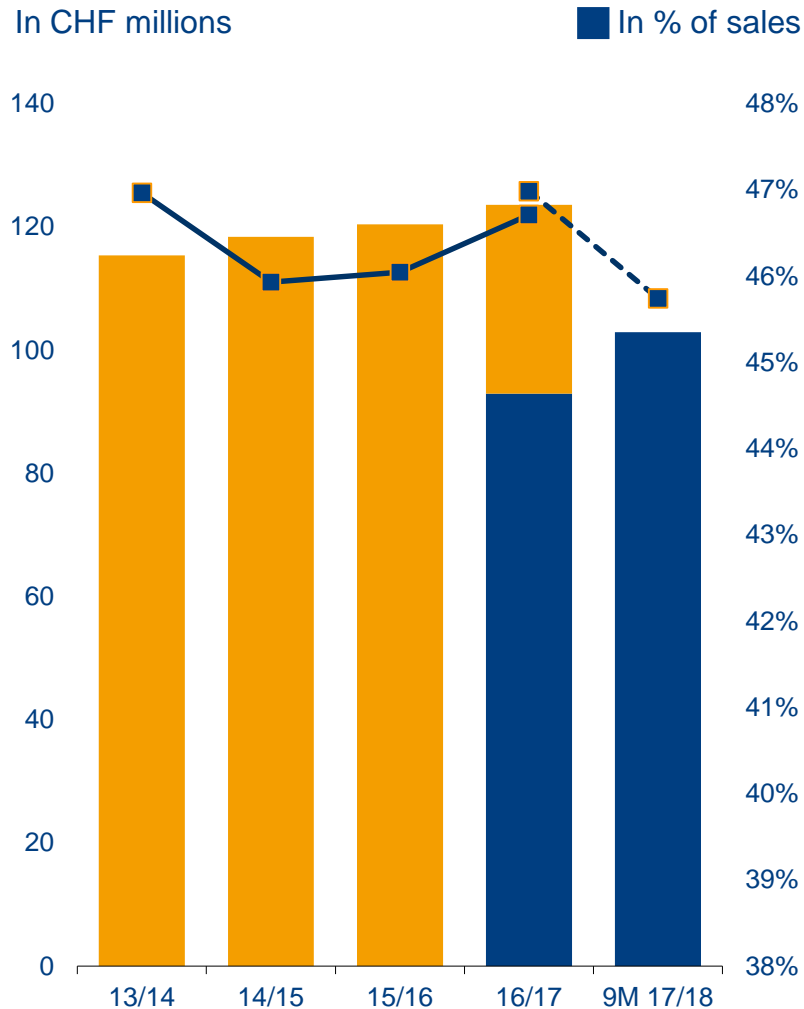
	9M 2016/17	9M 2017/18	Change	Q3 2016/17	Q3 2017/18	Change
Sales	197.8	225.0	+13.8%	65.1	72.8	+11.8%
Gross margin	47.0%	45.7%	-1.3pt	48.4%	46.0%	-2.4pt
Operating expense	-51.3	-56.5	+10.1%	-17.4	-18.9	+8.6%
EBIT	41.7	46.5	+11.6%	14.1	14.6	+3.1%
Net financial exp.	-0.8	1.6	NM	-0.7	0.2	NM
Income tax	-8.2	-10.0	+21.9%	-2.9	-3.2	+9.6%
Net profit	32.7	38.1	+16.5%	10.6	11.6	+9.7%

3. Results by Quarter

In % of sales



3. Gross Margin



	9M 2016/17	9M 2017/18	Q3 2016/17	Q3 2017/18
Gross margin in CHF millions	92.9	102.9	31.6	33.5
Gross margin in % of sales	47.0%	45.7%	48.4%	46.0%

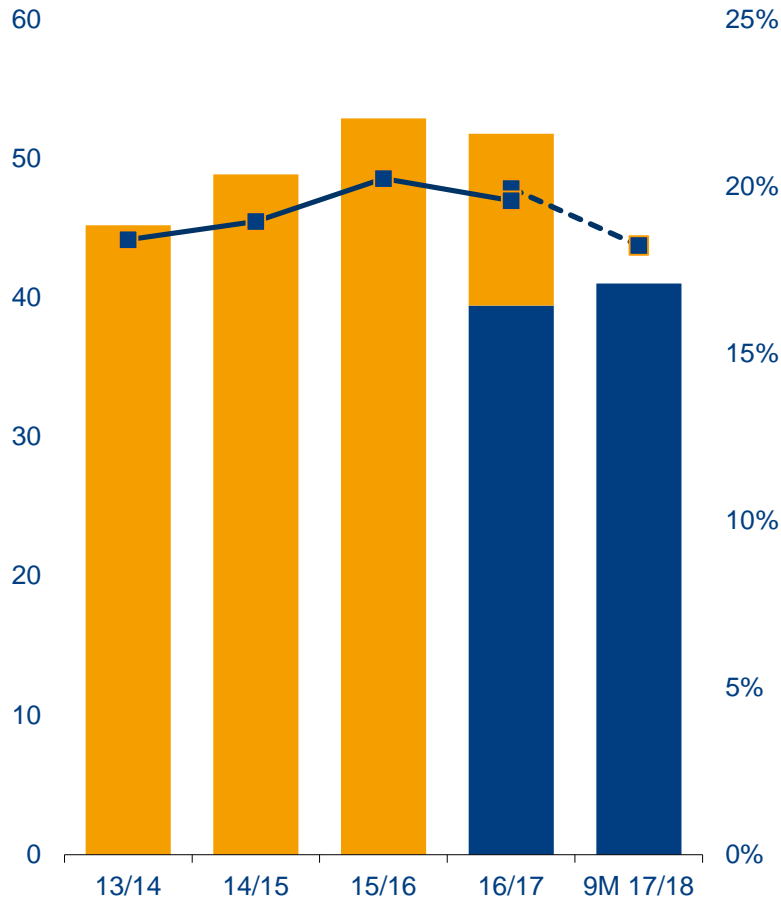
- Price pressure and changing product mix negatively affected the gross margin
- Footprint optimization program costs impacted gross margin by -0.3% in 9 months of 2017/18
- Increasing share of cost competitive production and efficiency improvements counteract negative effects



3. SG&A

In CHF millions

■ In % of sales



	9M 2016/17	9M 2017/18	Q3 2016/17	Q3 2017/18
SG&A in CHF millions	39.4	41.0	13.5	13.6
SG&A in % of sales	19.9%	18.2%	20.7%	18.7%

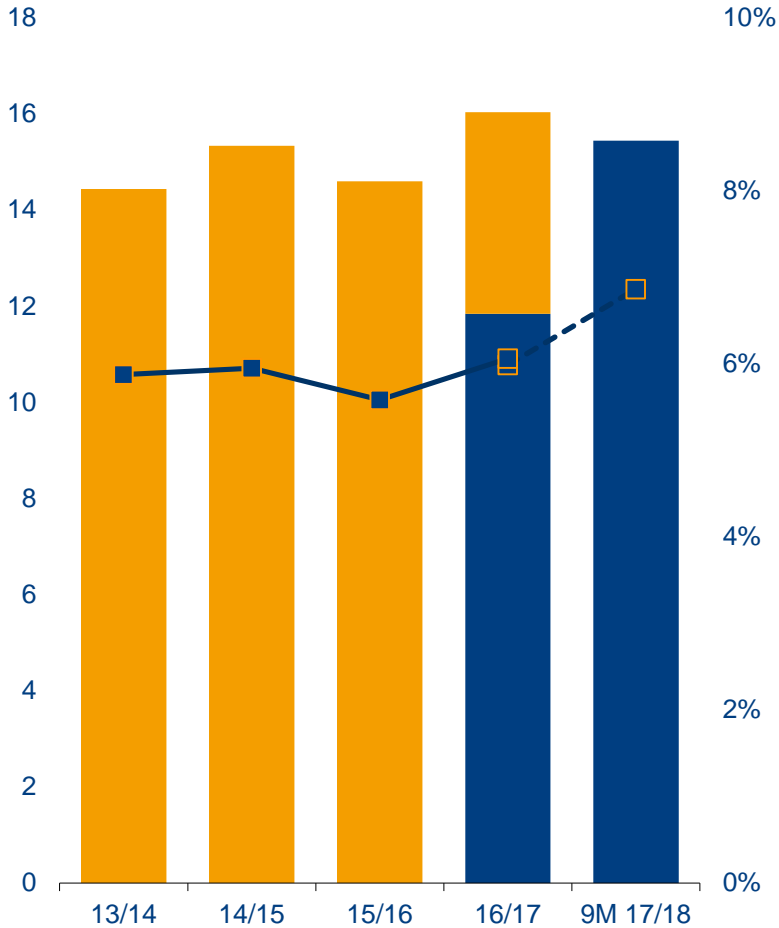
- Sales growth achieved with stable structure cost
- SG&A in percent of sales dropped by 1.7%pt



3. R&D Expense

In CHF millions

■ In % of sales



	9M 2016/17	9M 2017/18	Q3 2016/17	Q3 2017/18
R&D expense in CHF millions	11.8	15.4	4.0	5.3
R&D expense in % of sales	6.0%	6.9%	6.1%	7.3%

- Ongoing renewal of product portfolio
- Acquire new technologies to address new markets
- Increase R&D team by 20% in four locations
- Inaugurated LEM Tech France SA (new R&D center in Lyon, France)



3. Financial Expense

In CHF millions

	9M 2016/17	9M 2017/18	Q3 2016/17	Q3 2017/18
Exchange effect	-0.7	+1.7	-0.7	+0.2
Other financial expense & income	-0.1	-0.1	-0.1	-0.0
Total	-0.8	+1.6	-0.7	+0.2

- Exchange gain mainly due to USD hedges and foreign exchange gains with accounts receivables (mostly EUR)
- Foreign exchange hedging policy unchanged for EUR, USD and JPY

3. Income Taxes

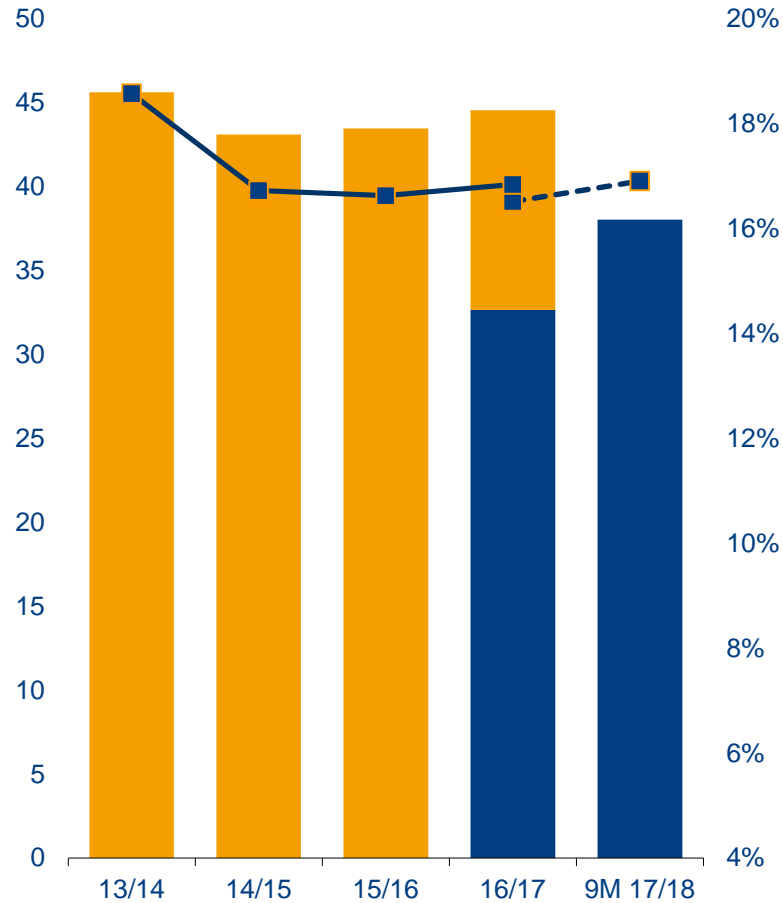
	9M 2016/17	9M 2017/18
Expected income tax rate	18.1%	18.7%
Expected withholding tax rate	1.2%	1.7%
Expected tax rate	19.4%	20.4%
Other differences	0.7%	0.4%
Effective tax rate	20.1%	20.8%

- Increased tax rate driven by higher profitability in the high tax locations

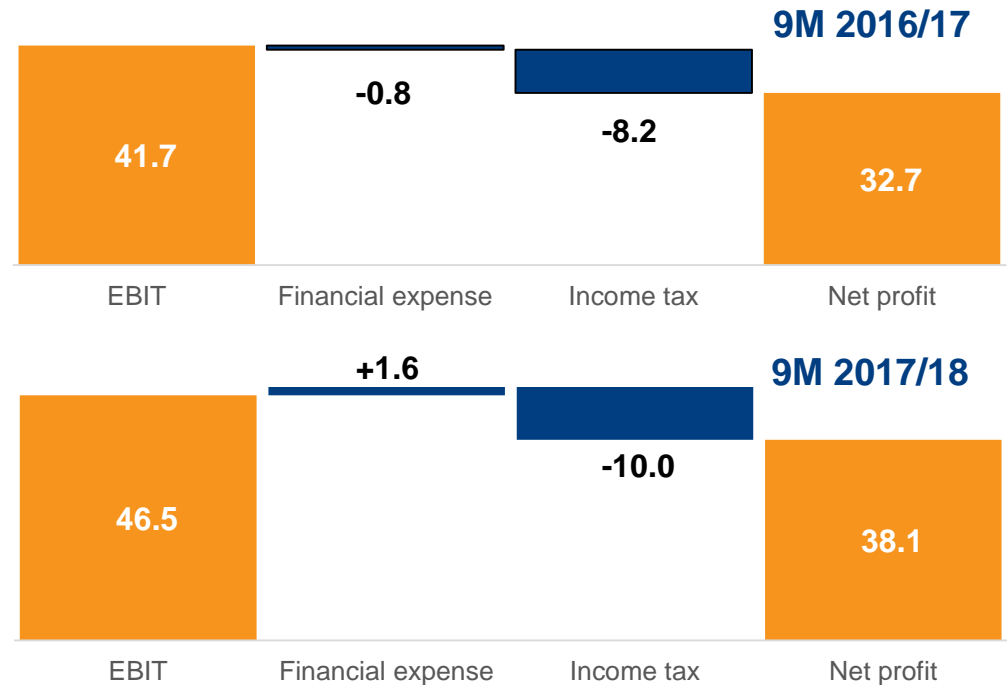
3. Net Profit

In CHF millions

■ In % of sales

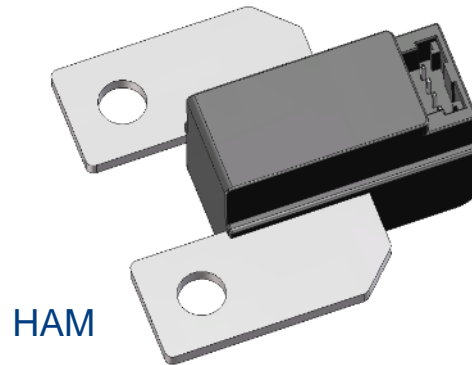


	9M 2016/17	9M 2017/18	Q3 2016/17	Q3 2017/18
Net profit in CHF millions	32.7	38.1	10.6	11.6
Net profit in % of sales	16.5%	16.9%	16.2%	15.9%

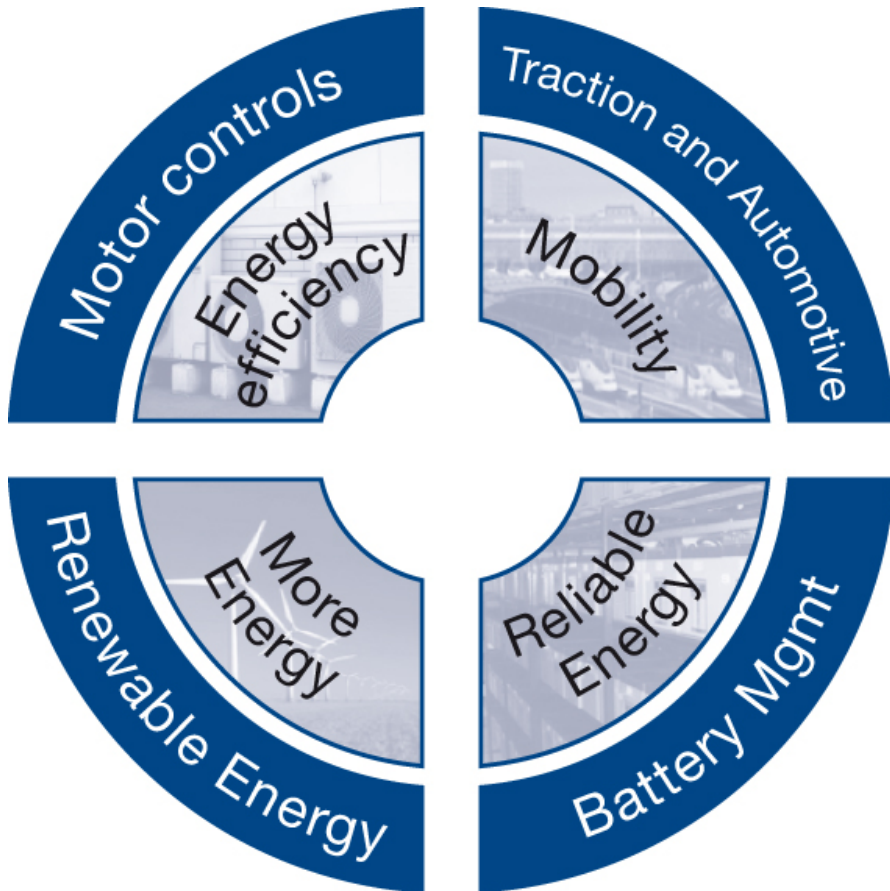


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4. Market Factors and Strategy



- 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. Outlook

- Trends:
 - Industry business supported by positive global economic environment
 - Growth in the green cars business to over-compensate slowing conventional cars business
 - Seasonality to impact sales in Asia in financial Q4 (Chinese New Year)
- High number of product launches
- Ongoing adaptation of the international footprint of all activities
- Expectation for the full financial year 2017/18
 - Sales of CHF 290 to 300 million
 - EBIT margin around 20%



LEM[®]

At the heart of power electronics.

Q&A



Financial Calendar and Contact Details

Financial calendar

The financial year runs from 1 April to 31 March

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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