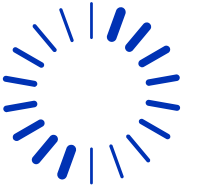


# 9 Months Results 2021/22

1 April 2021 to 31 December 2021



# Agenda



## **Opening Remarks**

**Frank Rehfeld**

Business Performance

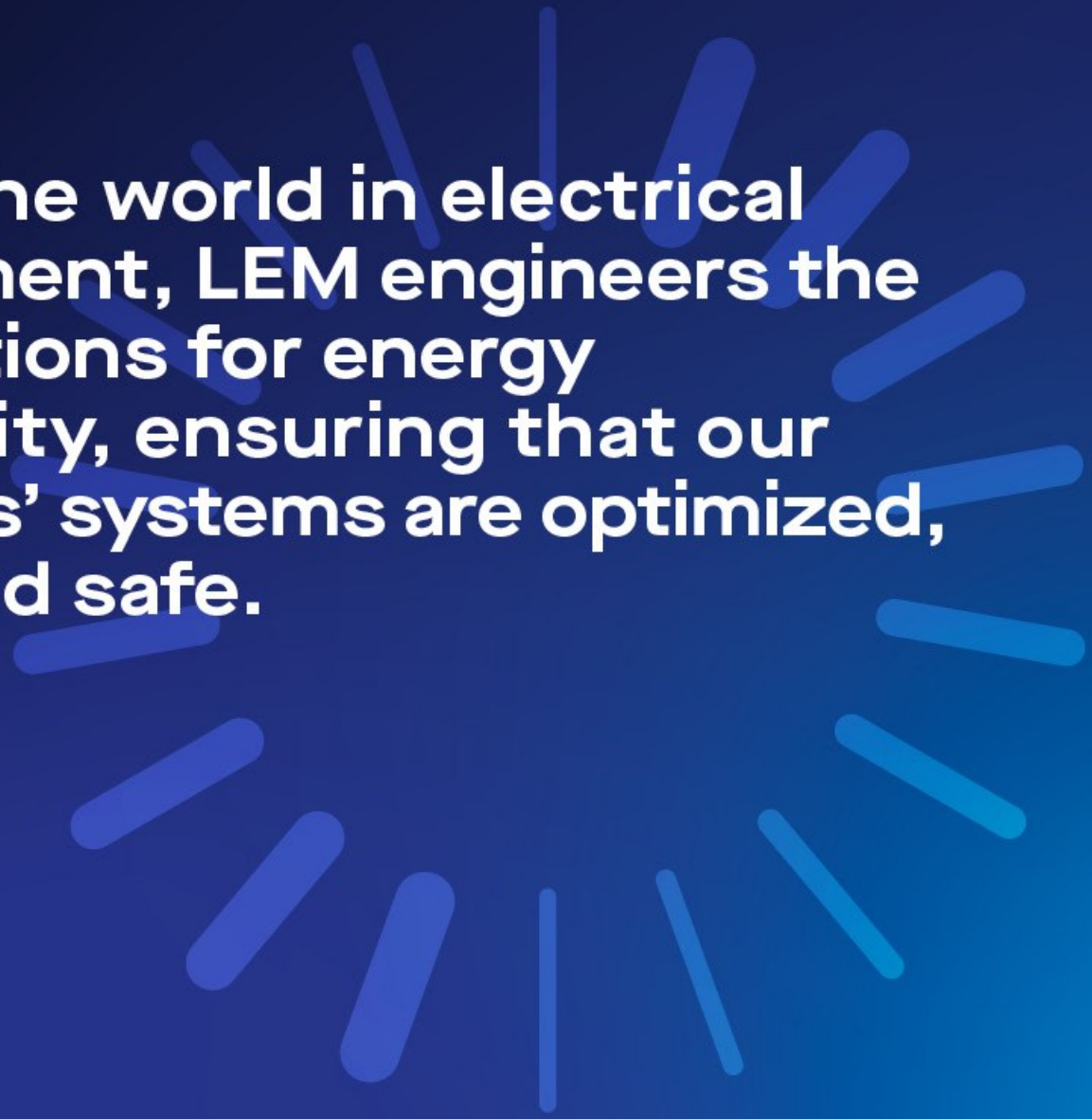
Frank Rehfeld

Financial Results

Andrea Borla

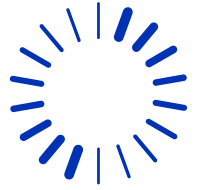
Outlook

Frank Rehfeld



**Leading the world in electrical measurement, LEM engineers the best solutions for energy and mobility, ensuring that our customers' systems are optimized, reliable and safe.**

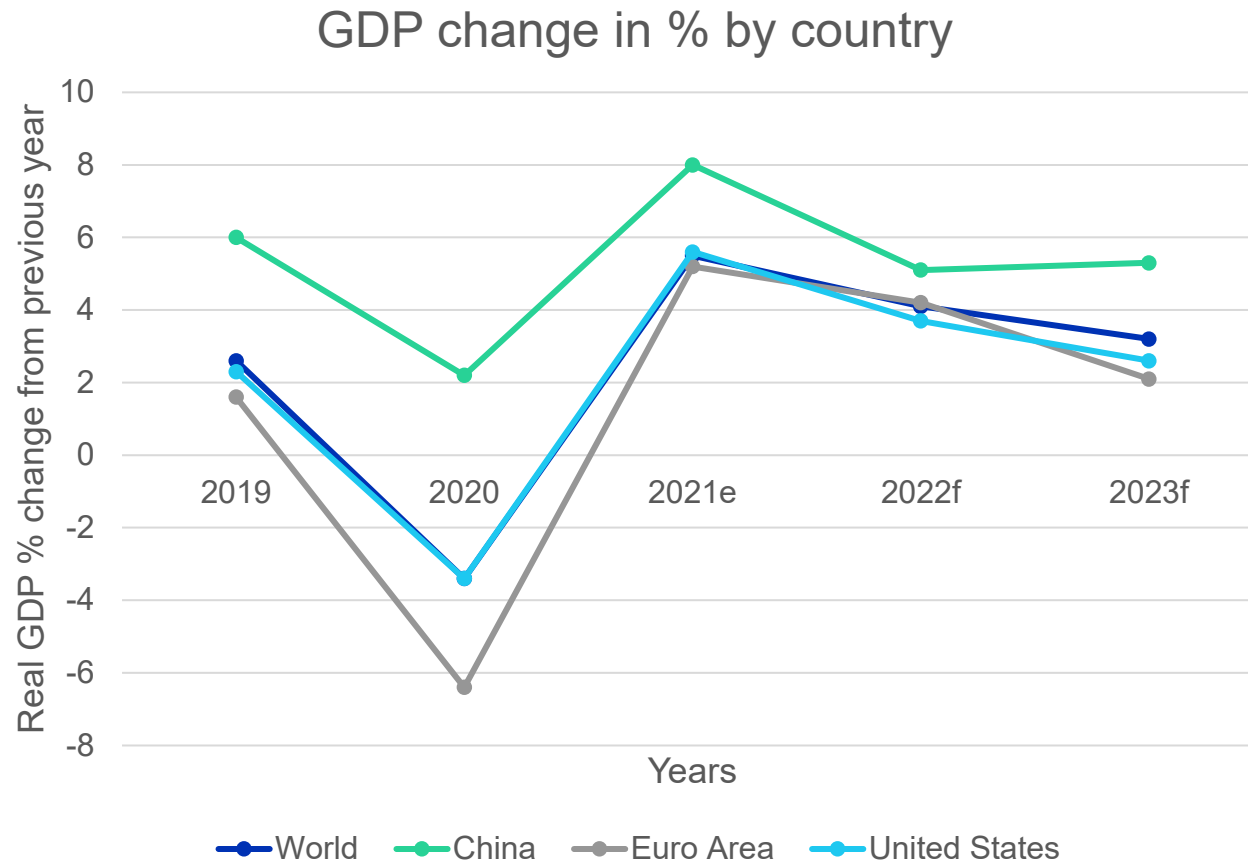
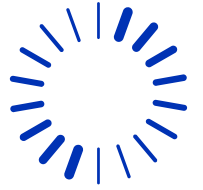
# Momentum continues despite supply chain challenges



- › Continued strong momentum from the first half of the year
  - › We could have sold even more and were disappointed not to be able to satisfy customer demand, despite our best efforts to overcome the ongoing supply chain challenges
  - › Our global bookings remain at record levels, with customers firmly committing to orders over longer time horizons
  - › China, Europe and Asia continue to lead our growth
- › Industry segment is benefitting from acceleration of decarbonization across the world
  - › Investment confidence remains solid in all our businesses, helped by government policies and infrastructure development
- › Automotive segment particularly hampered by shortages of semiconductors and other components
  - › We remain encouraged by the fundamental transition towards Electric Vehicles

# World Bank global economy outlook 2022/2023

Growth to slow through 2023

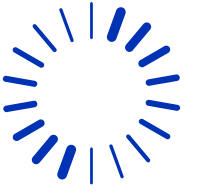


Source: World Bank, January 2022

- Growth to decelerate to 4.1 percent in 2022, reflecting continued COVID-19 flare-ups, diminished fiscal support, and lingering supply bottlenecks
- Global growth is projected to soften further to 3.2 percent in 2023, as pent-up demand wanes and supportive macroeconomic policies continue to be unwound
- Growth in China is set to ease to 5.1% this year, partly due to the lingering effects of the pandemic as well as additional regulatory tightening from Beijing

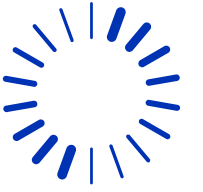
# Supply chain prognosis

LEM reliability and agility to find solutions



- › Continue to trouble-shoot and find alternatives
- › Continue to collaborate with customers and suppliers for long-term solutions
  
- › Further develop semiconductor capabilities over the coming 3 years
  - › Design, Packaging, Testing
- › Ultimate bottleneck for all players is wafer manufacturing capacity
  
- › Demand is strong across all our businesses
  - › We invest into further production capacity
- › Sales growth hampered throughout 2022

# Agenda



Opening Remarks

Frank Rehfeld

**Business Performance**

**Frank Rehfeld**

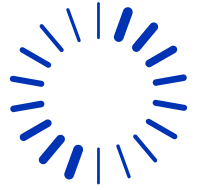
Financial Results

Andrea Borla

Outlook

Frank Rehfeld

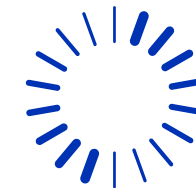
# A leading company in electrical measurement



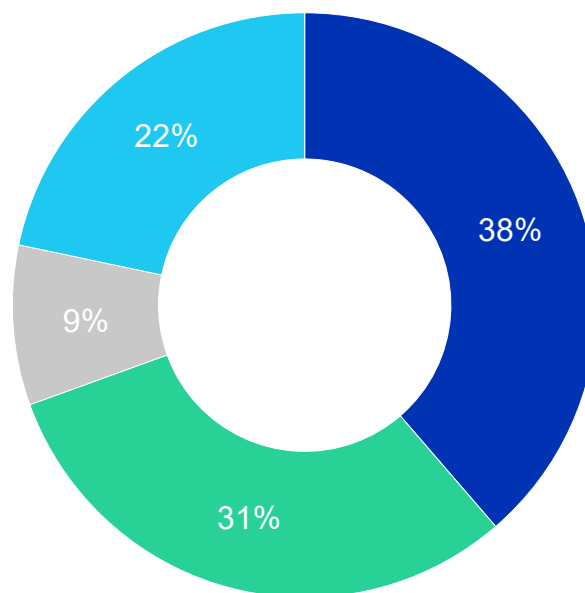
Core applications	Motor Drives			Power Storage, Generation, Conversion			Energy Measurement
Segments	Automotive			Industry			
	Motor control	Battery management	Charging systems	Drives & Welding	Renewable energies	Traction	High-Precision
9M 2021/22 Sales CHF m	62.5			212.9			
Δ CHF	+18.4%			+28.8%			
Δ constant currency	+15.9%			+27.0%			



# Global sales spread



- > China and Europe lead growth
- > Balanced exposure
- > Close to customers on the ground in all key markets



	Sales CHF m	Growth	
		9M 21/22 vs 20/21	Q3 21/22 vs 20/21
China	106.5	+25.6%	+19.5%
Europe	84.8	+34.7%	+36.5%
North America	24.3	+14.4%	+5.4%
RoW	59.7	+21.6%	+24.4%
<b>Total</b>	<b>275.5</b>	<b>+26.2%*</b>	<b>+23.9%</b>

\* +24.3% at constant currency rates



# Industry segment performance

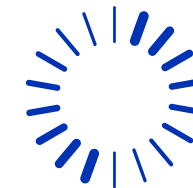
Powerful

Steadfast



# Industry segment

## Sales performance



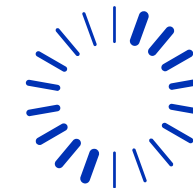
CHF m

<b>Businesses</b>	<b>2021/22</b>	<b>2020/21</b>	<b>Change</b>	<b>Comments</b>
Drives	96.5	69.7	+38.4%	<ul style="list-style-type: none"><li>• Small &amp; medium power applications</li><li>• Manufacturing capacity investment in semiconductors</li></ul>
Renewable Energy	77.6	61.4	+26.5%	<ul style="list-style-type: none"><li>• China solar driven by infrastructure</li><li>• Europe boosted by DC meter</li></ul>
Traction	31.6	28.8	+9.7%	<ul style="list-style-type: none"><li>• Europe and India driving demand</li></ul>
High precision	7.2	5.5	+31.8%	<ul style="list-style-type: none"><li>• Demand for test and measurement products picking up</li><li>• Medical recovered to pre-pandemic level</li></ul>
<b>Total Industry</b>	<b>212.9</b>	<b>165.4</b>	<b>+28.8%</b>	

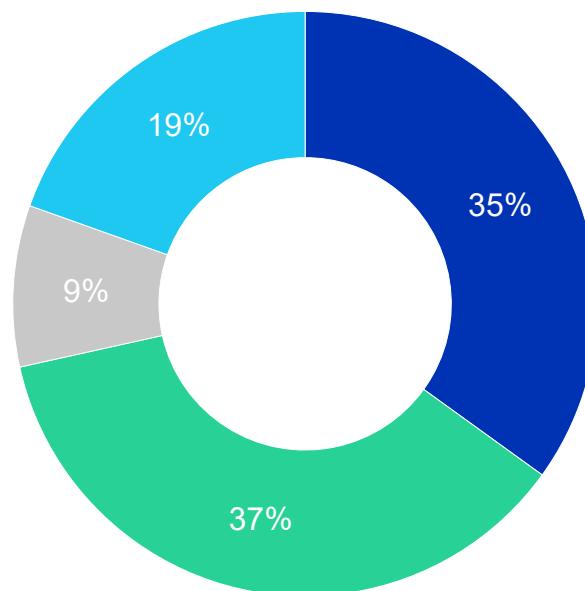
- > All businesses continue to benefit from the return of investment confidence and customer demand, although our sales were held back by capacity constraints
- > The fundamentals remain strong, as decarbonization and electrification accelerates across the world

# Industry segment

## Regional markets



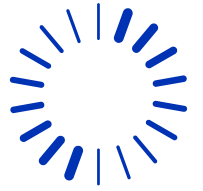
- › Europe, China and RoW benefited from demand across Drives, Renewables, and High Precision
- › Europe continues to be largest market
- › North America benefited from the demand for Drives, but less so for Renewables



	Sales CHF m	Growth	
		9M 21/22 vs 20/21	Q3 21/22 vs 20/21
China	74.4	+20.2%	+20.0%
Europe	77.9	+37.3%	+43.8%
North America	19.0	+21.7%	+23.4%
RoW	41.6	+33.8%	+36.2%
<b>Total</b>	<b>212.9</b>	<b>+28.8%*</b>	<b>+31.4%</b>

\* +27.0% at constant currency rates

# Industry next generation products



## Drives



IN-200



HOB

## Renewables



LWSR



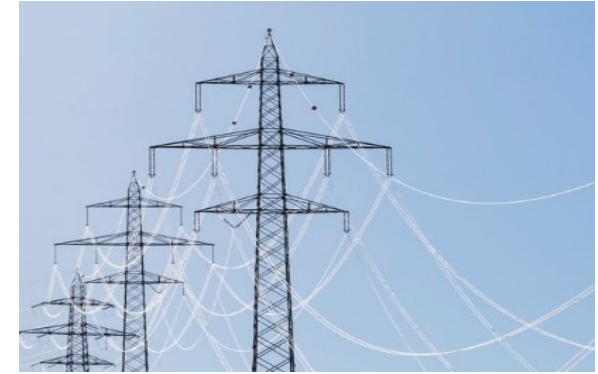
CDSR

## Traction



HTRS

## Smart Grid



ARH

# Automotive segment performance



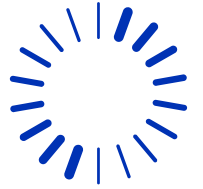
Dynamism

Persistence



# Automotive segment

## Sales performance



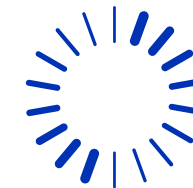
CHF m

Businesses	2021/22	2020/21	Change	Comments
Battery Management	34.5	31.5	+9.5%	• Significant drop in US 12V demand
Motor Control	25.5	18.8	+35.8%	• Strong demand spurred by EV cars
Charging Systems	2.5	2.5	-1.5%	• Product allocation impacted by semiconductor shortages
<b>Total Automotive</b>	<b>62.5</b>	<b>52.8</b>	<b>+18.4%</b>	

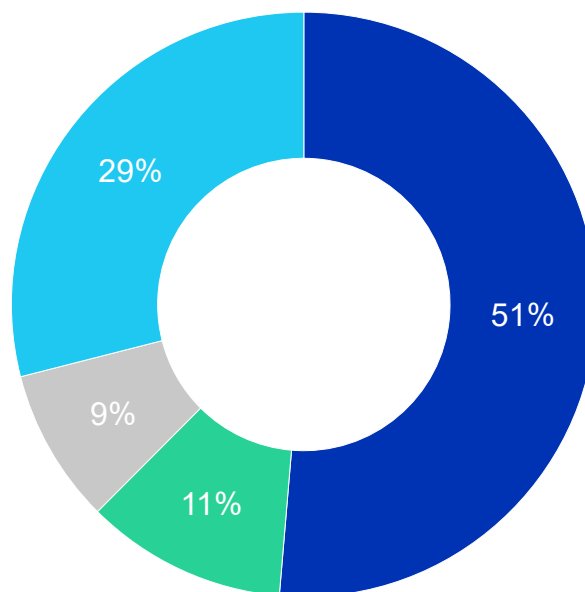
- Output constrained by continued supply chain issues for semiconductors and other components
- Q3 bookings back to more realistic levels, although for the full 9 months bookings more than doubled compared with 9 months 2020/21
- Bookings reflect strong fundamental demand for EV solutions and customers' commitments to orders over longer time horizons

# Automotive segment

## Regional markets



- › China grew due to consumer appetite for EVs and the launch of several new vehicles
- › Electrification grows in Europe, although Q3 sales suffered due to component shortages
- › North America transition to EVs not quick enough to compensate for decline in combustion engine battery sensors
- › Rest of World increased slightly, as it had been less impacted by the pandemic

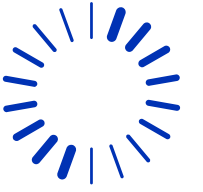


	Sales CHF m	Growth	
		9M 21/22 vs 20/21	Q3 21/22 vs 20/21
China	32.1	+40.3%	+18.6%
Europe	7.0	+11.3%	-12.7%
North America	5.3	-5.5%	-30.9%
RoW	18.1	+0.5%	+3.5%
<b>Total</b>	<b>62.5</b>	<b>+18.4%*</b>	<b>+5.1%</b>

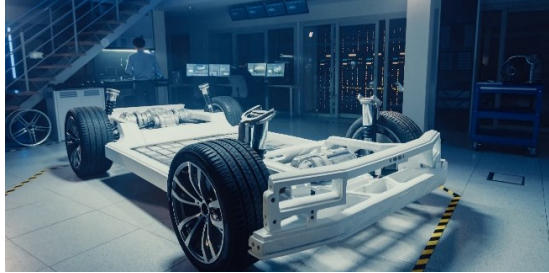
\* +15.9% at constant currency rates



# Automotive next generation products



## Battery management



HSBV

## Motor control



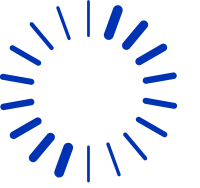
HST

## Charging systems



CDT Series

# Agenda



Opening Remarks

Frank Rehfeld

Business Performance

Frank Rehfeld

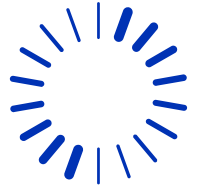
**Financial Results**

**Andrea Borla**

Outlook

Frank Rehfeld

# Performance at a glance

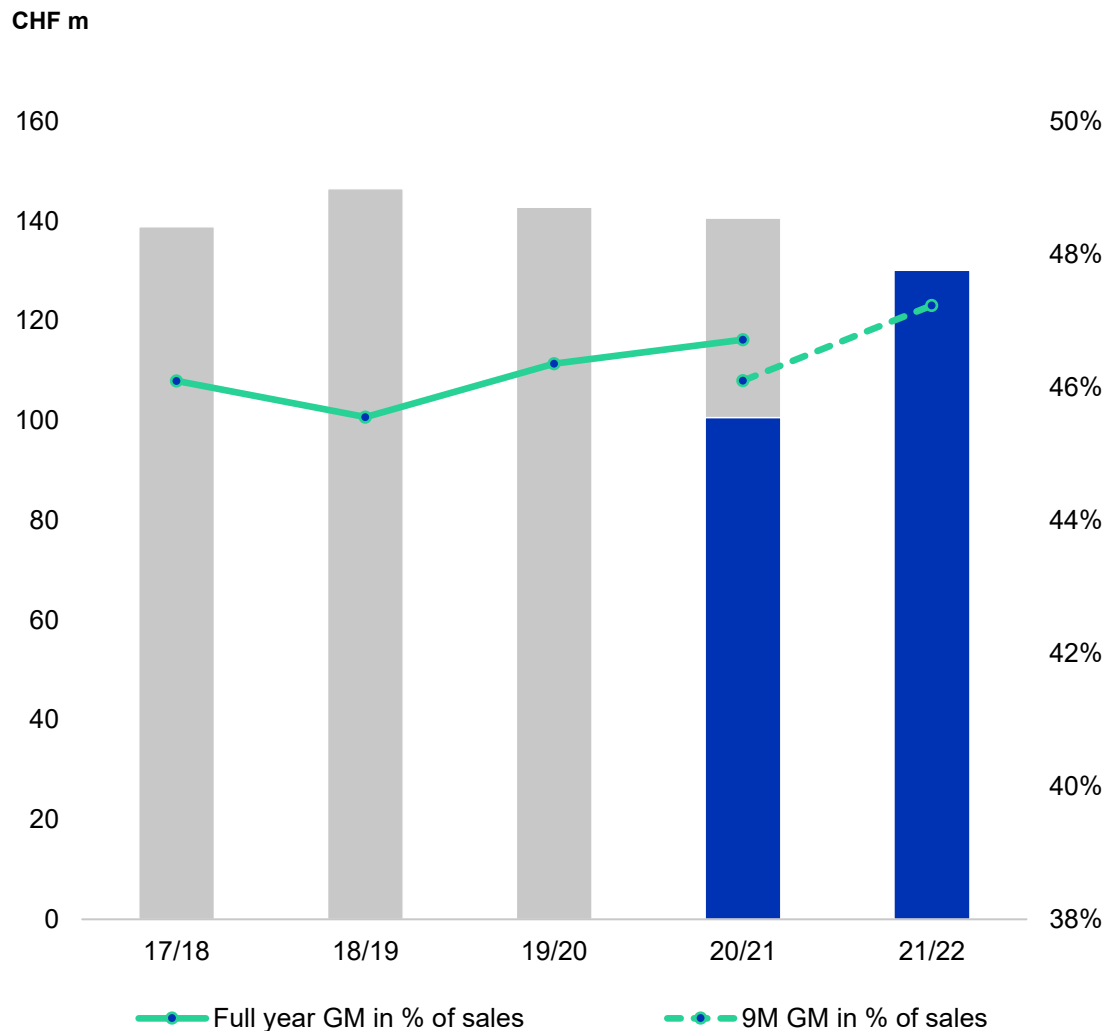
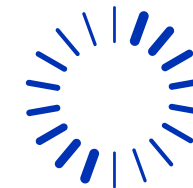


CHF m	9M 2021/22	9M 21/22 vs 20/21	Q3 21/22 vs 20/21
<b>Orders received</b>	436.9	+96.5%	+57.1%
<b>Sales</b>	275.5	+26.2%*	+23.9%
<b>EBIT</b>	64.2	+47.1%	+44.3%
<b>Net profit</b>	53.7	+49.1%	+46.7%

\* +24.3% at constant currency rates

- › Global bookings remain at record levels
- › Sales at constant exchange rates improved by 24.3%
- › EBIT and net profit improved mainly due to the increase in revenue

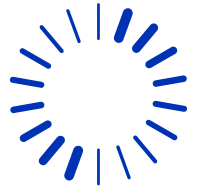
# Gross margin



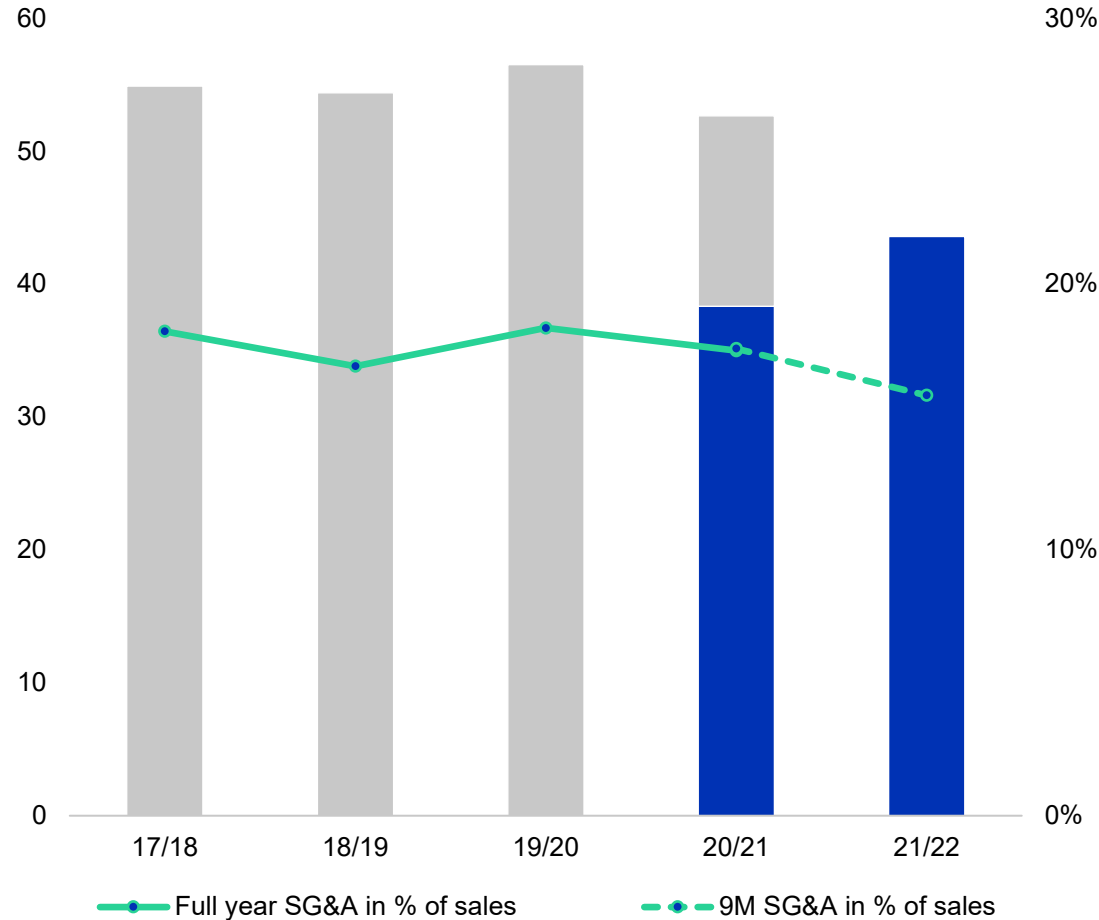
	9M 2021/22	9M 2020/21	Q3 2021/22	Q3 2020/21
In CHF m	130.1	100.6	44.5	35.1
In % of sales	47.2%	46.1%	48.5%	47.3%

Gross margin increased by 110 basis pts:

- > Higher sales volumes
- > Improved economies of scale
- > 80% of sales produced in China and Bulgaria



CHF m



30%

20%

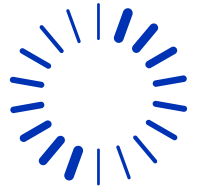
10%

0%

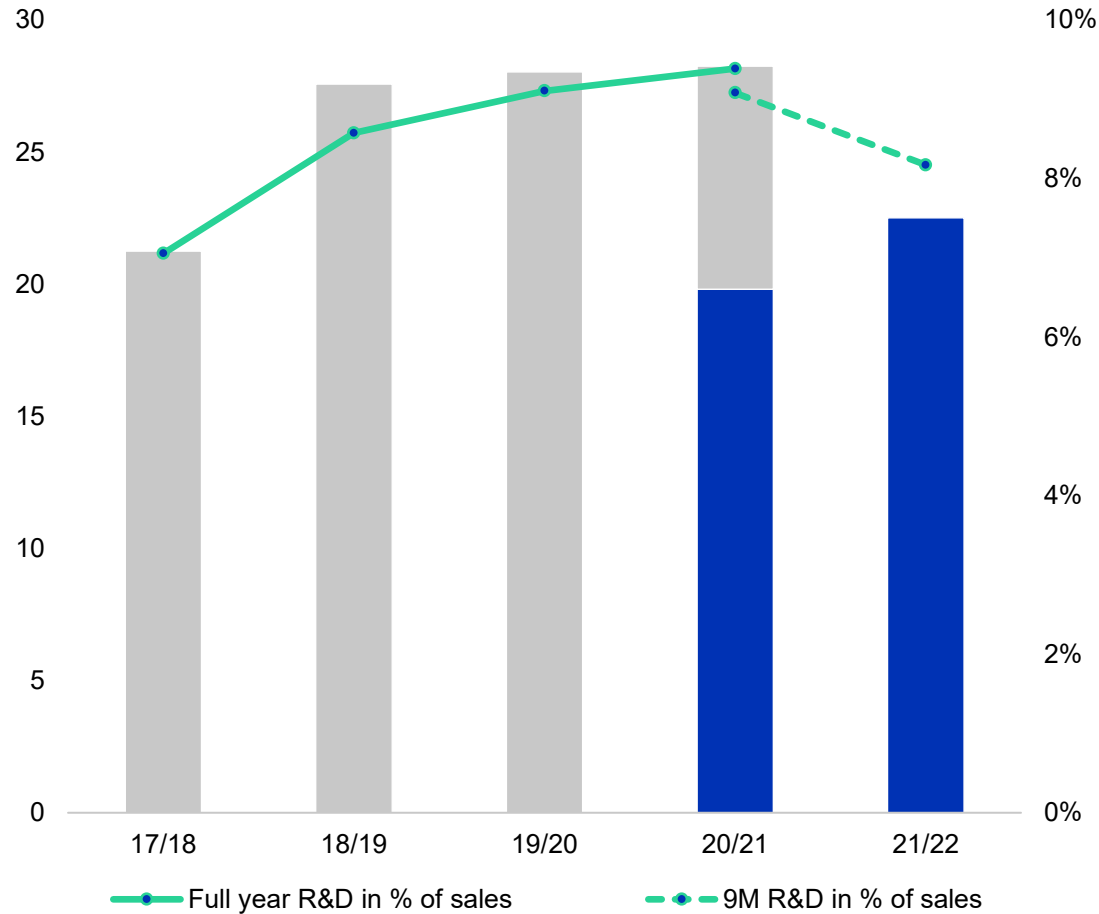
	9M 2021/22	9M 2020/21	Q3 2021/22	Q3 2020/21
In CHF m	43.6	38.3	15.2	13.0
In % of sales	15.8%	17.6%	16.6%	17.6%

- > Costs increased in absolute terms to support extra demand
- > ... but in relative terms fell to 15.8% of sales

# R&D



CHF m



10%

8%

6%

4%

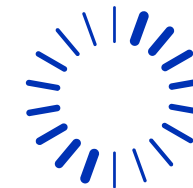
2%

0%

	9M 2021/22	9M 2020/21	Q3 2021/22	Q3 2020/21
In CHF m	22.5	19.8	7.3	6.8
In % of sales	8.2%	9.1%	7.9%	9.2%

- > R&D increased in absolute terms by 13.6%
- > Investment continues to bear fruit with additional new products launched successfully
- > Long-term strategy ensures targeted new technologies and applications for customers

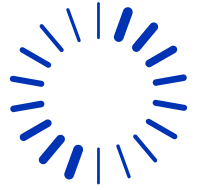
# Financial expense



CHF m	9M 2021/22	9M 2020/21	Q3 2021/22	Q3 2020/21
Exchange effect	(2.1)	0.1	(1.8)	0.0
Other financial expense & income	(0.1)	(0.3)	(0.1)	(0.2)
<b>Total</b>	<b>(2.2)</b>	<b>(0.2)</b>	<b>(1.9)</b>	<b>(0.2)</b>

- › Negative foreign currency effect mainly on EUR accounts receivables following recent EUR depreciation
- › Marginally compensated by EUR hedges
- › Low financial expenses due to low interest rates

# Income taxes

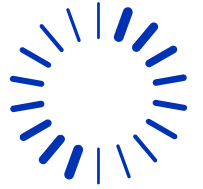


%	9M 2021/22	9M 2020/21
Expected income tax rate	14.3	15.3
Expected withholding tax rate	1.2	1.7
<b>Expected tax rate</b>	<b>15.4</b>	<b>16.9</b>
Other differences	(2.2)	0.2
<b>Effective tax rate</b>	<b>13.2</b>	<b>17.1</b>

- › Effective tax rate lower due to favorable geographic profit mix and tax credits from R&D center in France
- › LEM China benefits from the HNTE (High & New-Technology Enterprise) reduced tax rate of 15%
- › Withholding taxes mainly on dividends paid from China to Switzerland

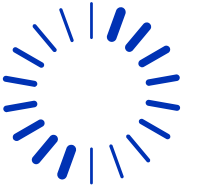


# Income statement



CHF m	9M	9M	Change	Q3	Q3
	2021/22	2020/21		2021/22	2020/21
Sales	275.5	218.2	+26.2%	91.8	74.1
Gross margin %	47.2%	46.1%	+1.1%pt	48.5%	47.3%
Operating expenses	(65.9)	(57.0)	+15.8%	(22.5)	(19.8)
<b>EBIT</b>	<b>64.2</b>	<b>43.6</b>	<b>+47.1%</b>	<b>22.0</b>	<b>15.3</b>
EBIT margin %	23.3%	20.0%	+3.3%pt	24.0%	20.6%
Net financial expenses	(2.2)	(0.2)	n/a	(1.9)	(0.2)
Income tax	(8.2)	(7.4)	+10.1%	(1.6)	(2.5)
<b>Net profit</b>	<b>53.7</b>	<b>36.0</b>	<b>+49.1%</b>	<b>18.5</b>	<b>12.6</b>
Net profit margin %	19.5%	16.5%	+3.0%pt	20.2%	17.1%

# Agenda



Opening Remarks

Frank Rehfeld

Business Performance

Frank Rehfeld

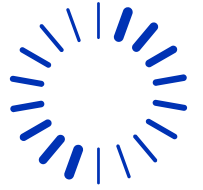
Financial Results

Andrea Borla

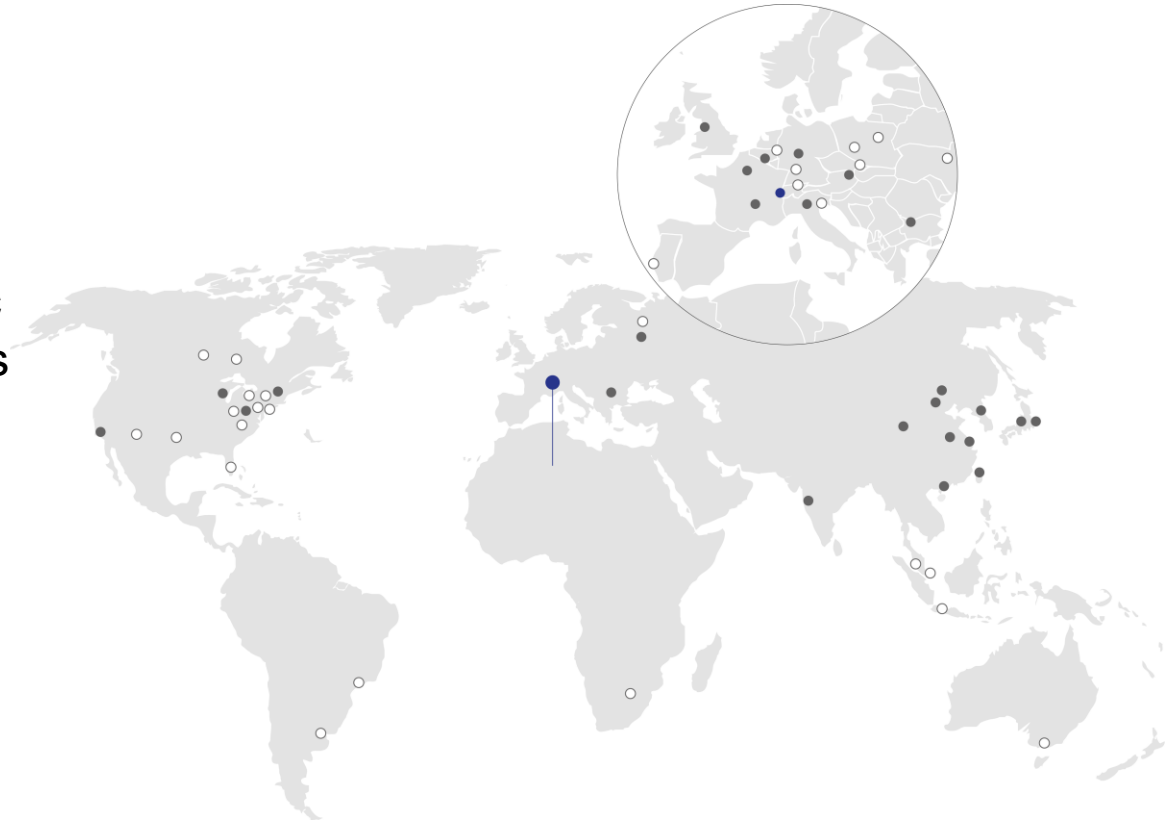
**Outlook**

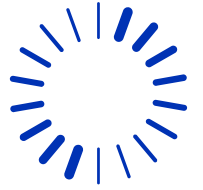
**Frank Rehfeld**

# Outlook – Financial Year 2021/22



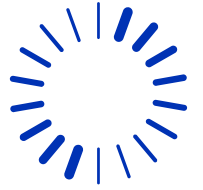
- We continue to benefit from the fundamental drivers of electrification, renewable energy and mobility
- We still face headwinds from the impact of the pandemic on different markets, including shortages for components such as semiconductors
- For the full financial year 2021/22, the company is
  - slightly increasing its sales outlook to around CHF 360 million (CHF 301.0 million for 2020/21)
  - raising its forecast EBIT margin to around 22% (20.2% for 2020/21)





# Q&A

# Financial calendar and contact details



**The financial year runs from 1 April to 31 March**

24 May 2022	Year-end results 2021/22
30 June 2022	Annual General Meeting FY 2021/22
5 July 2022	Dividend ex-date
7 July 2022	Dividend payment date

**For further information**

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E-mail: [investor@lem.com](mailto:investor@lem.com)

**life**  
**energy**  
**motion**

