



Life Energy Motion

Ad hoc announcement pursuant to Art. 53 LR

LEM with good sales growth for 9 months 2023/24 overall – slowdown in the third quarter

Geneva, 2 February 2024 – LEM (SIX: LEHN), a global leader in electrical measurement for automation, e-mobility, renewable energy, power network and railroad applications, announces its results for the first 9 months of 2023/24 (April-December):

- Sales climbed 5.0% to CHF 316.6 million (9 months 2022/23: CHF 301.6 million); at constant exchange rates, the increase was 12.9%.
- LEM achieved the strongest growth in the EMEA region with 31.4%; Rest of Asia reached 22.8% and Americas was stable with -0.8%. China was down 20.5% year-on-year due to the economic slowdown and destocking; at constant exchange rates, the decline was 10.6%.
- Starting from the previous year's peak, bookings further normalized to CHF 188.0 million (CHF 362.2 million); the book-to-bill ratio was 0.59.
- EBIT increased by 1.4% to CHF 69.3 million (CHF 68.3 million); the EBIT margin was maintained at a high 21.9%. Net profit climbed to CHF 55.4 million, resulting in a net profit margin of 17.5% (CHF 55.3 million; 18.3%).
- Following the good first 9 months of the year, LEM is maintaining its cautious view for the fourth quarter. The guidance for the full financial year 2023/24 has been reduced to sales in the range of CHF 400 to 420 million (previously: CHF 420 to 440 million) and an EBIT margin slightly above 20%.

Frank Rehfeld, Chief Executive Officer, said: "LEM achieved satisfying business performance over the first 9 months 2023/24. We were able to develop our businesses and benefit from fundamental, environmentally friendly developments in electrification, renewable energies and e-mobility. These megatrends will remain dominant in the future. LEM continues to drive innovation to expand its technological leadership. During a period marked by economic uncertainty, the significance of LEM's technology platform, wide range of applications, and comprehensive product portfolio, coupled with its global presence in research and development, production, and sales, has been reaffirmed."

Andrea Borla, Chief Financial Officer, commented, "The third quarter, with a decrease in sales of 9.9% and an EBIT margin of 18.9%, is below expectations. Following a normalization of demand in the first half of the year, sentiment deteriorated in the third quarter, with the consequence that LEM recorded a further decline in the order intake. The measures introduced have shown initial success, but will only have their full effect over a longer period of time. However, the fundamental growth drivers remain intact."



Sales by business

in CHF millions		2023/24 9M	2022/23 9M	Change
Business	Scope			
Automation	drives, robots, tooling machines, elevators, HVAC	94.4	101.8	-7.3%
Automotive	battery (EV & CE), motor control, onboard charging	77.1	75.3	+2.3%
Renewable Energy	solar, wind	57.2	50.3	+13.9%
Energy Distribution & High Precision	charging stations, smart grid, energy storage, high precision	45.1	42.8	+5.3%
Track	trains, metro, trackside	42.9	31.4	+36.6%
Total		316.6	301.6	+5.0%

Automation

The automation business was slowed down by more challenging economic conditions and a temporary reduction in stock levels. Considering the negative exchange rate effects, sales were nevertheless kept almost stable. The underlying industrial trends relevant to LEM continue.

Automotive

Automotive growth was driven by strong sales in EMEA and South Korea. In both regions, LEM saw strong demand for products for battery management systems, engine control and onboard chargers. In China, the most important market, sales were down on the same period of the previous year. However, the pricing initiatives introduced and the enhanced customer focus began to show the first signs of success.

Renewable Energy

LEM saw good demand from EMEA, Americas, Japan and India, with a seasonal slowdown at a high level in the third quarter. This compensated for declining business in China, where exports of solar energy generation equipment have declined, and destocking is currently taking place at Chinese manufacturers and their distributors. However, domestic demand in China remained dynamic and the fundamental growth trend for renewable energies is continuing.

Energy Distribution & High Precision

Energy Distribution & High Precision reported robust growth. The DC meter for EV charging stations was a strong driver, and the attractiveness of the market was also reflected in the entry of new providers of metering systems, charging infrastructure and services. Based on the strong position in EMEA, LEM is now extending its focus on the emerging American market for EV charging stations. Products for high-precision equipment and smart grid performed well based on the favorable growth rates of these markets.

Track

Starting from a weak base in the previous year, the Rail division achieved a significant increase in sales. The business, which is characterized by long investment cycles, has thus returned to its usual growth path, but was further supported by the periodic retrofit business for renewing energy meters for locomotives in various EU countries. In China, Track benefited from a positive market environment.



Sales by region

in CHF millions		2023/24 9M	2022/23 9M	Change
Region	Scope			
China		97.0	122.0	-20.5%
Rest of Asia	Japan, South Korea, India, South-East Asia	63.8	51.9	+22.8%
EMEA	Europe, Middle East & Africa	119.3	90.8	+31.4%
Americas	NAFTA & Latin America	36.6	36.9	-0.8%
Total		316.6	301.6	+5.0%

China

The environment in China was challenging in the first 9 months of 2023/24. This was due to slow economic growth, declining exports of solar systems, lower sales of products for e-mobility, price pressure, and significantly negative currency effects. LEM also saw some market share loss in the highly competitive e-mobility and renewable energy sectors. The company uses this phase of economic slowdown to take measures to participate in the next upturn.

Rest of Asia

In sensors for electric and hybrid vehicles, LEM achieved growth in South Korea and to a lesser extent in Japan. Growth in Automation solutions slowed in Japan due to weaker exports following the economic downturn in China. In India, there was good demand from the infrastructure sector for track and energy distribution solutions, as well as for solar and wind power generation products. The new production facility in Penang, Malaysia has manufactured its first products and will continue to expand capacity in the future. These capabilities will benefit both Europe and the Americas, and will also align with near-shoring trends in the Rest of Asia region.

EMEA

Business in EMEA went well, driven by strong demand in all business areas and a normalization of supply chains, but saw a considerable slowdown in the third quarter. The Automation and Renewable Energies segments showed signs of normalization. DC Meters saw a jump in sales due to extensive investments in the expansion of charging infrastructure. Automotive and Track also performed well.

Americas

The Americas region delivered a solid performance in the face of overall subdued investment activity and a negative currency impact. One focus in the reporting period was on expanding the sales and field service team to broaden the customer base and accelerate growth, particularly in e-mobility.

Profitability maintained at a good level despite decline in EBIT margin in the third quarter

Gross profit for the first 9 months of 2023/24 increased by 4.2% to CHF 148.8 million (CHF 142.8 million). The gross profit margin decreased slightly from 47.4% to 47.0%. While the gross margin was 46.1% in the first quarter due to higher costs for electronic components, it increased to 47.7% in the second quarter and 47.3% in the third quarter thanks to an improved business mix.





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SG&A costs increased by 8.4% to CHF 54.1 million (CHF 49.9 million). This increase was due to LEM's investments in digitalization projects and build-up costs for the new production facility in Malaysia. Overall, SG&A costs as a percentage of sales remained constant at 17.1% (16.6%). LEM continued its investment in future applications, reflected in the 2.9% increase in R&D costs to CHF 25.5 million or 8.0% of sales (CHF 24.8 million; 8.2%).

LEM increased EBIT by 1.4% from CHF 68.3 million to CHF 69.3 million. The EBIT margin went down in the third quarter, but was maintained over the first 9 months of 2023/24 at a good level with 21.9% thanks to the good result in the first half of the year.

The effective tax rate is 11.9% due to the increase in deferred tax assets as a result of the increase in the Canton of Geneva tax rate from 1 January 2024. Without this one-off event, the tax rate would have been 15.0%.

Net profit rose only slightly from CHF 55.3 million to CHF 55.4 million, negatively impacted by the operating result, higher interest costs and exchange rate effects. The lower tax rate had a positive effect. As a result, the net profit margin decreased to 17.5% (18.3%).

Outlook

After a good first 9 months of 2023/24, LEM is maintaining its cautious view for the fourth quarter. Following a normalization of demand in the first half of the year, sentiment deteriorated in the third quarter, with the consequence that LEM recorded a further decline in the order backlog.

As a result, the forecast for the full 2023/24 financial year has been reduced to sales in the range of CHF 400 to 420 million (previously: CHF 420 to 440 million) and an EBIT margin slightly above 20%.

Financial calendar

The financial year runs from 1 April to 31 March

28 May 2024	Full year results 2023/24
27 June 2024	Annual General Meeting for the financial year 2023/24
2 July 2024	Dividend ex-date
4 July 2024	Dividend payment date
26 July 2024	3 months results 2024/25





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LEM – Life Energy Motion

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

Our 1,800 people in 17 countries transform technology potential into powerful answers. We develop and recruit the best global talent, working at the forefront of megatrends such as renewable energy, mobility, automation and digitization. With innovative electrical solutions, we are helping our customers and society accelerate the transition to a more sustainable future.

Listed on the SIX Swiss Exchange since 1986, the company's ticker symbol is LEHN.

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Appendix

Consolidated income statement

In CHF thousands	April to December		
	2023/24	2022/23	Change
Sales	316'618	301'607	+5.0%
Cost of goods sold	(167'788)	(158'781)	
Gross profit	148'830	142'826	+4.2%
Gross profit margin (in %)	47.0%	47.4%	
Sales expense	(22'188)	(21'214)	
Administration expense	(31'934)	(28'735)	
Research & development expense	(25'466)	(24'753)	
Other income	53	226	
EBIT	69'295	68'350	+1.4%
EBIT margin (in %)	21.9%	22.7%	
Financial expense	(2'330)	(1'202)	
Financial income	331	285	
Foreign exchange effect	(4'410)	(2'090)	
Profit before taxes	62'886	65'343	-3.8%
Income taxes	(7'455)	(10'064)	
Net profit	55'431	55'279	+0.3%
Net profit margin (in %)	17.5%	18.3%	





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Key Figures

in CHF millions

	2023/24					2022/23					Change	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q3 - Q3	9M - 9M
Orders received												
Total LEM	81.0	60.5	46.4			158.1	112.0	92.1	103.0	465.2	-49.5%	-48.1%
Book-to-bill ratio												
Total LEM	0.72	0.55	0.50			1.74	1.04	0.89	0.98	1.14	-44.0%	-50.6%
Sales												
Automation	34.3	32.6	27.5			30.5	36.9	34.4	34.5	136.3	-20.1%	-7.3%
Automotive	27.4	26.0	23.7			21.8	28.4	25.2	25.4	100.7	-6.0%	+2.3%
Renewable Energy	21.0	19.8	16.4			15.4	18.0	16.8	16.7	67.0	-2.5%	+13.9%
Energy Distribution & High Precision	15.6	17.0	12.5			13.8	14.1	14.9	16.6	59.4	-16.0%	+5.3%
Track	14.2	15.6	13.2			9.3	10.0	12.2	11.6	43.0	+8.1%	+36.6%
Total LEM	112.3	111.0	93.3			90.7	107.3	103.5	104.7	406.4	-9.9%	+5.0%
EBIT												
Total LEM	26.2	25.5	17.6			19.5	26.3	22.6	23.8	92.2	-22.0%	+1.4%
Net profit												
Total LEM	20.5	22.9	12.0			14.7	20.5	20.1	20.1	75.3	-40.0%	+0.3%

