

## PRESS RELEASE

### Quarterly results as of 31 December 2015

#### **LEM reports strong growth in the Automotive businesses and continuous operating margin improvements**

Fribourg, 16 February 2016 – LEM (SIX: LEHN), the market leader in providing innovative and high quality solutions for measuring electrical parameters, announces sales of CHF 67.2 million, an EBIT of CHF 15.8 million (EBIT margin 23.5%) and net profit of CHF 11.7 million for Q3 of 2015/16 (1 October to 31 December 2015). Free cash flow for the quarter was CHF 22.8 million thanks to strong profitability and net working capital reduction.

#### **First nine months of 2015/16 compared with first nine months of 2014/15:**

- **Bookings amounted to CHF 194.2 million, a growth of 2.0% (CHF 190.4 million)**
- **Sales totaled 198.7 million, an increase of 1.3% (CHF 196.2 million); at constant exchange rates, sales increased by 4.6%.**
- **The book-to-bill ratio improved to 0.98 (0.97)**
- **EBIT decreased by CHF 3.3 million to CHF 40.6 million (CHF 43.9 million); less than the negative currency impact of CHF 4.9 million**
- **Net profit for the period decreased by 5.0% to CHF 31.5 million (CHF 33.1 million)**

“Our team delivered a strong result for the first nine month of 2015/16 with sales up by 1.3% despite the negative currency impact. Continued growth in China and recovery in North America drove our sales performance. The Automotive segment produced the strongest growth benefitting from record US car sales and China’s government support for green cars. Our operating margin kept improving from quarter to quarter thanks to a combination of the easing currency situation, the increased share of low-cost production, our tight cost control and a favorable product mix. Our site in Bulgaria, now generating 9% of global output, shows promising potential to assume a broader portfolio of Group activities”, said François Gabella, CEO of LEM.

#### **Industry segment – sustained growth in China**

Sales in the Industry segment totaled CHF 164.5 million in the first nine months of 2015/16, down 3.0% on a year earlier. At constant exchange rates, sales increased by 1.2%. Sales growth remained strongest in China (+16%) with robust performance in the renewable energies and high-precision businesses as well as stable sales in the drives & welding and traction businesses. Sales in North America were stable (+0.3%) while the weak economic environment affected sales in Europe (–9%). China was the single most important country with 33% of sales. Asia remained the most important region with 48% of sales. LEM achieved repeated success with recently launched products and therefore ramped up production of these product families.

EBIT decreased due to currency effects by 16.2%, from CHF 40.2 million in the first nine months of 2014/15 to CHF 33.7 million in the first nine months of 2015/16, representing an EBIT margin decrease from 23.7% to 20.5%.

- Sales in the drives & welding business slowed by 7% compared with a year earlier. Business in China remained robust while most other regions softened due to weak global capital goods investments. Overcapacities in customers' industries as well as in the transducer market continued to exert pressure on prices.
- Sales in renewable energies & power supplies business increased by 8%. Performance in China remained at a high level thanks to continued investments in solar farms and wind parks. LEM observes that, after capturing their domestic market, Chinese manufacturers increasingly target global markets. LEM also observed a pickup in smart grid projects.
- The traction industry continued its consolidation with the emergence of a Chinese global player. LEM observed less activity globally and fewer new projects. Sales decreased by 12%.
- In the project driven high-precision business sales increased by 5%. HVDC business in China continued on a high level. Activity in the test & measurement market was stable while medical applications slowed.

#### **Automotive segment – support from strong markets in China and the US**

Sales in the Automotive segment reached CHF 34.3 million, up 28.3% on the first nine months of 2014/15. At constant exchange rates, sales increased by 25.8%. LEM recorded growth in all regions. The strongest performance resulted in China (+56%) and the US (+18%). For the first 9 months of 2015/16, EBIT jumped to CHF 6.9 million compared with CHF 3.7 million a year earlier. The EBIT margin improved to 20.3% (13.8%).

- In the conventional cars business, sales increased by 18%. LEM grew in line with the market and kept its market share. LEM benefitted from record sales in the US car industry.
- Sales in the green cars business jumped by 72%. LEM benefitted from government support for green cars in China that the Company leveraged thanks to its leading market position. Thanks to its broad product portfolio, LEM continued to win new projects with Chinese car manufacturers.

#### **Outlook – raising financial year 2015/16 guidance**

LEM expects a stable business development for Q4 of 2015/16. Thus, Management expects sales of around CHF 260 million for the financial year 2015/16 (previous forecast was CHF 250–260 million) and the EBIT margin for the financial year 2015/16 to be higher than 20% (previous forecast was 15% to 20%).



### **Media, investors and analyst conference call and webcast**

François Gabella, CEO, and Andrea Borla, CFO, will provide a detailed presentation of the Q3 and 9 months 2015/16 results today at 10:00 CET at a media, investors and analyst conference call.

Dial in details are:

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The conference call will simultaneously be webcast. Please follow the instructions in the following link: <http://services.choruscall.eu/links/lem160216.html>  
The link to the webcast and the presentation slides are available on the LEM website ([www.lem.com](http://www.lem.com)), where the webcast will later be archived.

### **Financial calendar**

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

9 June 2016	Year-end results 2015/16
30 June 2016	Ordinary General Meeting of the Shareholders for the year 2015/16
5 July 2016	Dividend ex-date
7 July 2016	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 1'350 employees worldwide. It has production plants in Beijing (China), Geneva (Switzerland), Sofia (Bulgaria) and Machida (Japan). With regional sales offices near its customers' locations, the company is able to offer a seamless service around the globe. LEM has been listed on the SIX Swiss Exchange since 1986; the company's ticker symbol is LEHN.  
[www.lem.com](http://www.lem.com)

### **For further information please contact**

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## Appendix:

### Key figures

In CHF millions	2014/15				2015/16			Change	
<b>Orders received</b>	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3 to Q3	Q3 to Q2
Industry segment	56.2	52.1	55.0	51.0	50.9	52.8	53.2	-3.2%	+0.8%
Automotive segment	8.5	9.8	8.8	9.6	10.0	13.3	14.1	+60.4%	+6.1%
<b>Total LEM</b>	64.7	61.9	63.8	60.6	60.9	66.0	67.3	+5.5%	+1.9%
<b>Book-to-bill ratio</b>	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3 to Q3	Q3 to Q2
Industry segment	1.00	0.91	0.98	0.99	0.98	0.91	0.98	±0.0%	+7.7%
Automotive segment	0.99	1.04	1.00	0.96	1.06	1.12	1.08	+8.0%	-3.6%
<b>Total LEM</b>	1.00	0.93	0.99	0.99	0.99	0.94	1.00	+1.0%	+6.4%
<b>Sales</b>	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3 to Q3	Q3 to Q2
Industry segment	56.5	57.1	56.0	51.5	52.1	58.2	54.2	-3.2%	-6.9%
Automotive segment	8.6	9.4	8.8	10.0	9.4	11.8	13.0	+48.4%	+9.7%
<b>Total LEM</b>	65.0	66.5	64.7	61.5	61.5	70.0	67.2	+3.8%	-4.1%
<b>EBIT</b>	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3 to Q3	Q3 to Q2
Industry segment	12.6	14.4	13.2	9.7	9.2	12.1	12.5	-5.4%	+3.4%
Automotive segment	1.0	1.6	1.1	0.6	1.4	2.3	3.3	+196.5%	+42.5%
<b>Total LEM</b>	13.5	16.0	14.3	10.3	10.5	14.4	15.8	+10.3%	+9.7%

## Consolidated income statement

	April to December	
	2015/16	2014/15
In CHF thousands		
Sales	198 723	196 210
Cost of goods sold	(106 904)	(105 367)
<b>Gross margin</b>	<b>91 819</b>	<b>90 843</b>
Sales expense	(20 018)	(18 465)
Administration expense	(20 500)	(17 789)
Research & development expense	(10 877)	(11 076)
Other expense	(8)	(1)
Other income	206	368
<b>EBIT</b>	<b>40 623</b>	<b>43 881</b>
Financial expense	(321)	(167)
Financial income	93	148
Foreign exchange effect	(590)	(3 203)
<b>Profit before taxes</b>	<b>39 805</b>	<b>40 660</b>
Income taxes	(8 324)	(7 515)
<b>Net profit of the period</b>	<b>31 481</b>	<b>33 145</b>