



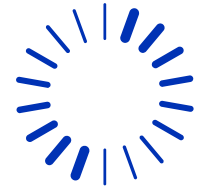
Life Energy Motion

Half Year Results 2020/21

1 April 2020 to 30 September 2020



Agenda



Opening Remarks

Frank Rehfeld

Business Performance

Frank Rehfeld

Financial Results

Andrea Borla

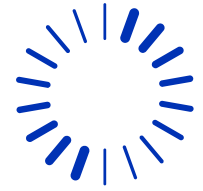
Outlook

Frank Rehfeld



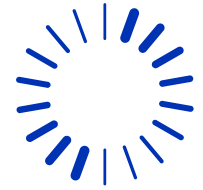
life
energy
motion

Encouraging performance



- Business resilient, rebounded from the first Covid-19 wave
- Revenues down only 4.4% in constant currencies
- Driven by China, in particular renewable energy
- Balanced risk across businesses and geographies
- Improvements in order book Q2
- Little long-term visibility on how Covid-19 may impact customer confidence and operations

Covid-19 impact to date

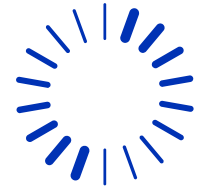


- Three priorities
 - Safety of employees, taking care of families
 - Reliability and responsiveness to customers and suppliers
 - Focus on strategic projects and opportunities

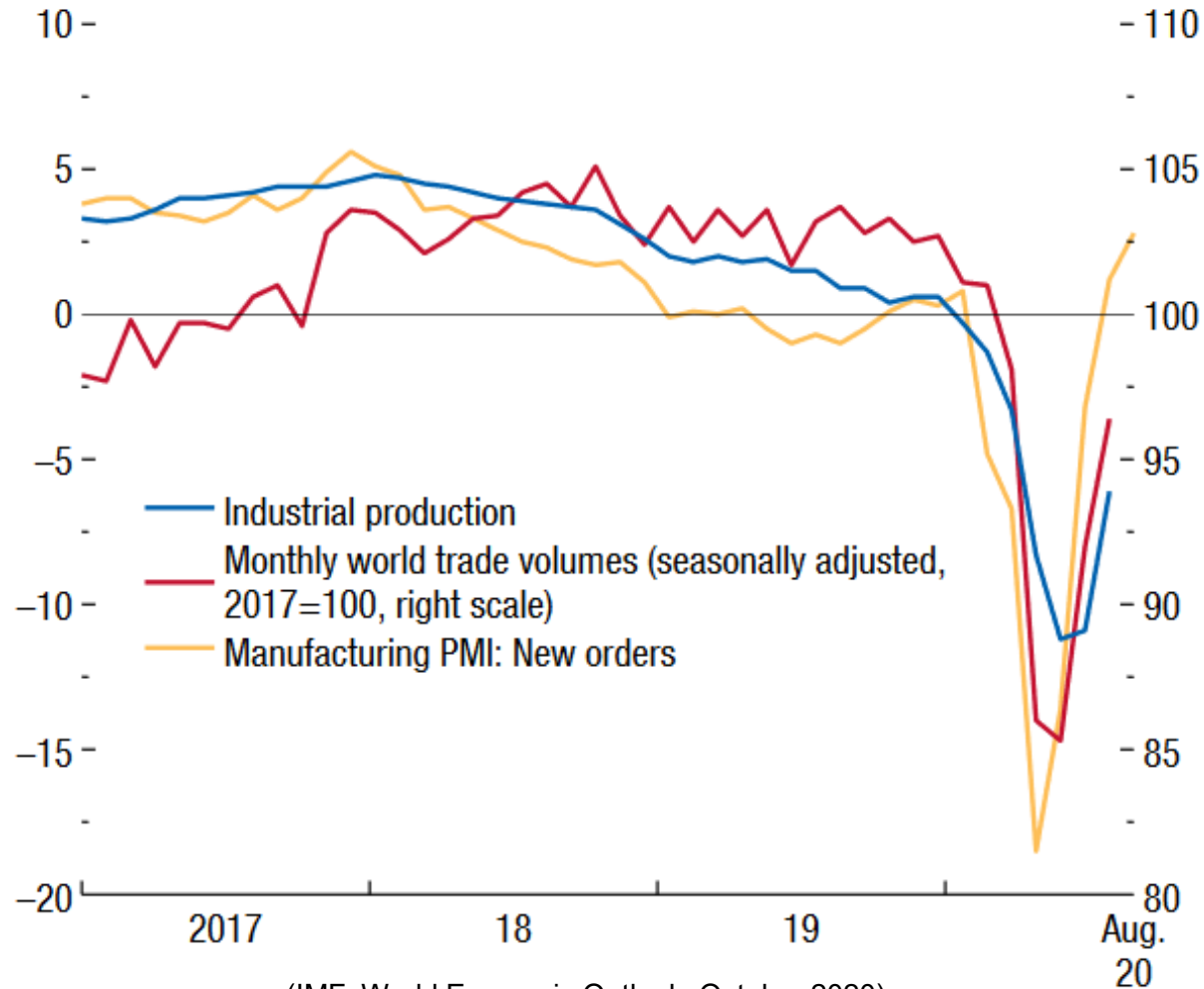
- China and Bulgaria running at full capacity throughout H1
- Switzerland production working at 70% since beginning August
- Sanitary measures for all sites, home-office experience successful

- Supply chain bottlenecks are improving
- Orders down 15.6% H1 on H1, but up 5.4% Q2 on Q2

Global activity indicators

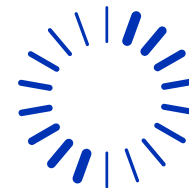


- Global trade and industrial production picked up as lockdowns were eased



(IMF, World Economic Outlook, October 2020)

Appointment of Chief HR Officer, Rodolphe Boschet, 21.09.2020



- Member of the ExCo, reporting directly to CEO
- Responsible for global HR function, cultural transformation, talent development, and hiring new talent
- Masters in Political Science University Paris III Sorbonne, Masters in International HR Management ENS Cachan
- Fluent in English and French



Year	Company/Position	Location
2019 - 2020	Danaher Corporation VP Human Resources Integration	France
2016 - 2020	Beckman Coulter (a Danaher company) Chief Human Resources Officer	USA
2013 - 2016	Radiometer (a Danaher company) Chief Human Resources Officer	Denmark
2006 - 2013	Beckman Coulter Various positions in HR	USA, Switzerland, France
2002 - 2006	Datascope Corporation Manager International Human Resources	France

Agenda



Opening Remarks

Frank Rehfeld

Business Performance

Frank Rehfeld

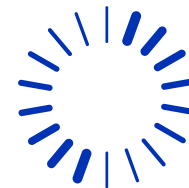
Financial Results




Andrea Borla

Outlook

Frank Rehfeld

A leading company in electrical measurement

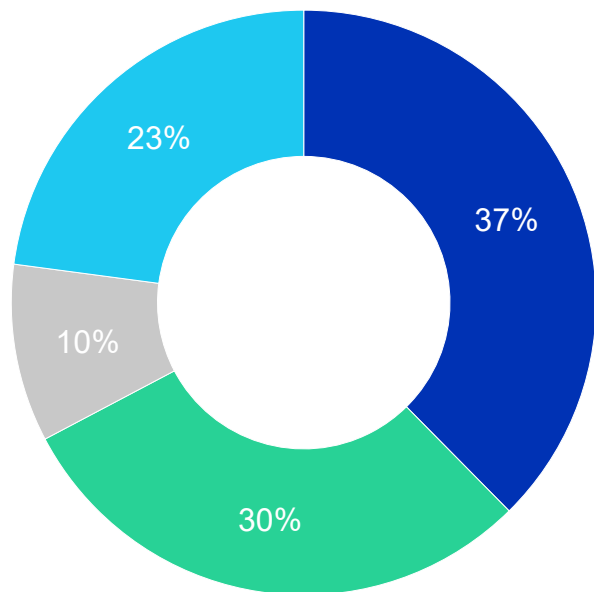
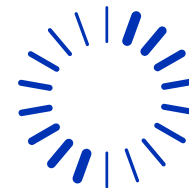


Core applications	Motor Drives	Power Storage, Generation, Conversion	Energy Measurement
			

Segments	Automotive			Industry			
	Motor control	Battery management	Charging systems	Drives & Welding	Renewable energies	Traction	High-Precision

H1 2020/21 Sales CHF m	31.5	112.6
Δ CHF	-10.4%	-9.1%
Δ constant currency	-5.0%	-4.2%

Global sales spread



	Sales CHF m	Growth	
		HY 20/21 vs 19/20	Q2 20/21 vs 19/20
China	54.2	-0.9%	+5.5%
Europe	42.7	-11.4%	-12.2%
North America	14.2	-26.9%	-24.0%
RoW	33.0	-10.2%	-15.5%
Total	144.1	-9.4%*	-8.7%

* -4.4% at constant currency rates

- China further increasing its share
- Balanced geopolitical and economic exposure
- Close to customers on the ground in all key markets

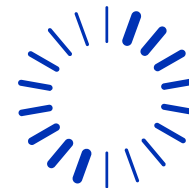


Industry segment

LEM

Industry segment

Sales performance

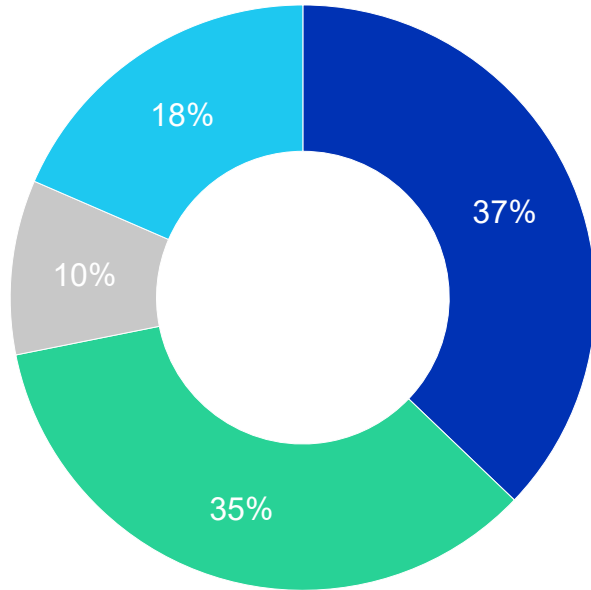
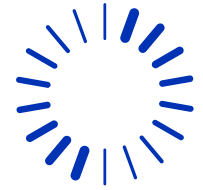


CHF m

Businesses	2020/21	2019/20	Change	Comments
Drives	46.8	51.2	-8.7%	<ul style="list-style-type: none">• Longer-term investment cycles• Asia recovering, USA weak
Renewable Energy	41.4	40.7	+1.7%	<ul style="list-style-type: none">• Solar growth with short-term cycles• China growth continues• Europe flat
Traction	20.8	26.5	-21.5%	<ul style="list-style-type: none">• Longer-term investment cycles• India and China lockdown impact• Very strong traction sales last year
High precision	3.7	5.6	-34.2%	<ul style="list-style-type: none">• Lack of investment confidence for test benches & medical equipment
Total Industry	112.6	123.9	-9.1%	

Industry segment

Regional markets

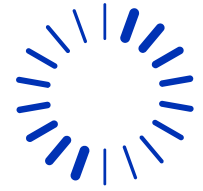


	Sales CHF m	Growth	
		HY 20/21 vs 19/20	Q2 20/21 vs 19/20
China	41.8	+4.6%	+6.3%
Europe	39.1	-14.3%	-18.0%
North America	10.9	-20.4%	-21.4%
RoW	20.8	-15.8%	-18.5%
Total	112.6	-9.1%*	-11.0%

* -4.2% at constant currency rates

- Largest market China continues to grow due to renewable energy
- Strong FX effect on reported sales from China and North America

Industry next generation products



Renewables

For solar panels



HMSR

For EV-chargers



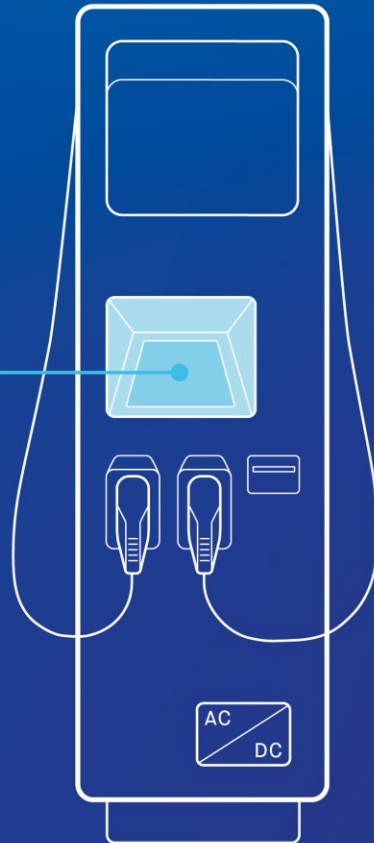
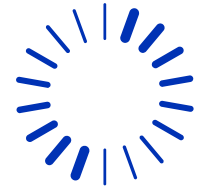
CDSR 007 MP



DC Energy Meter



Industry next generation products



Milestones on DC Meter

March 2017

Opening of R&D center Lyon, France

April 2017- Sep 2018

Start recruitment & development of DC BM concept

May 2020

Production line in Geneva installed

June 2020

First customer orders and deliveries

October 2020

Certification of DC BM400

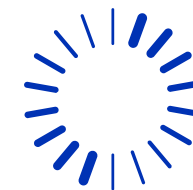


Automotive segment

LEM

Automotive segment

Sales performance

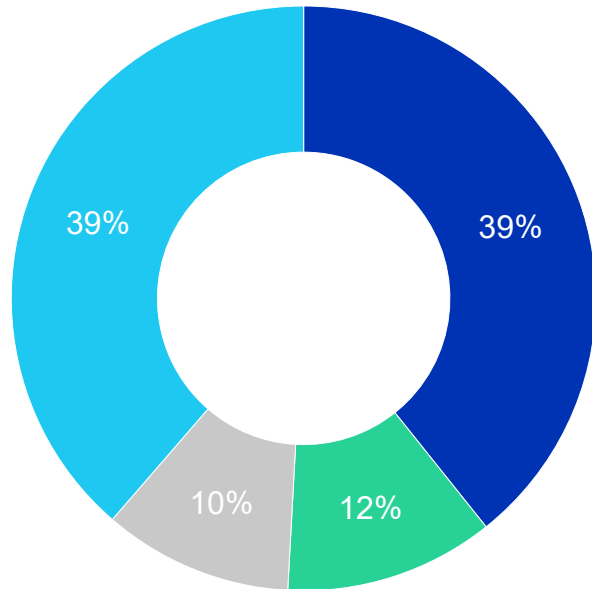
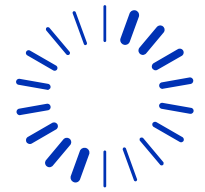


CHF m

Businesses	2020/21	2019/20	Change	Comments
Battery Management	18.9	22.7	-16.6%	<ul style="list-style-type: none">• US reduction in 12V demand• Demand for High Voltage products broadly stable
Motor Control	11.3	11.3	+0.2%	<ul style="list-style-type: none">• Production ramp-up in Q2 offsetting shutdown in Q1
Charging Systems	1.3	1.2	+10.1%	<ul style="list-style-type: none">• Continued momentum for battery electric and hybrid vehicles
Total Automotive	31.5	35.1	-10.4%	

Automotive segment

Regional markets

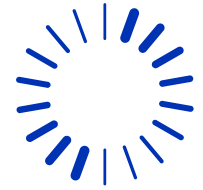


	Sales CHF m	Growth	
		HY 20/21 vs 19/20	Q2 20/21 vs 19/20
China	12.4	-16.0%	+3.4%
Europe	3.7	+38.2%	+108.3%
North America	3.3	-42.4%	-29.5%
RoW	12.2	+1.1%	-9.7%
Total	31.5	-10.4%*	-0.8%

* -5.0% at constant currency rates

- China recovered in Q2, down H1 on H1, as consumers are postponing purchases with new extension of electric vehicle subsidy programs to 2022
- Europe grew due to OEMs ramping-up production operations in Q2
- North America impacted by reduced sales of 12V products
- RoW sales up due to Korea

Auto sector transformation



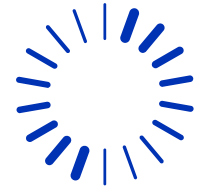
> Miniaturization: Integrated Current Sensors

- 15-years experience in developing ASICs, established team focusing on developing Integrated Current Sensors
- Solid portfolio, covering both Industry and Automotive
- Further portfolio development to meet new market requirements

> Complex solutions: Modules

- Automotive safety levels
- Intelligence
- Integration of measurement sensoric into complex modules
- Adjacent applications, e.g. EPS

Agenda



Opening Remarks

Frank Rehfeld

Business Performance

Frank Rehfeld

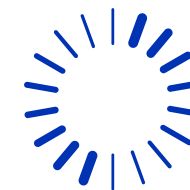
Financial Results

Andrea Borla

Outlook

Frank Rehfeld

Performance at a glance

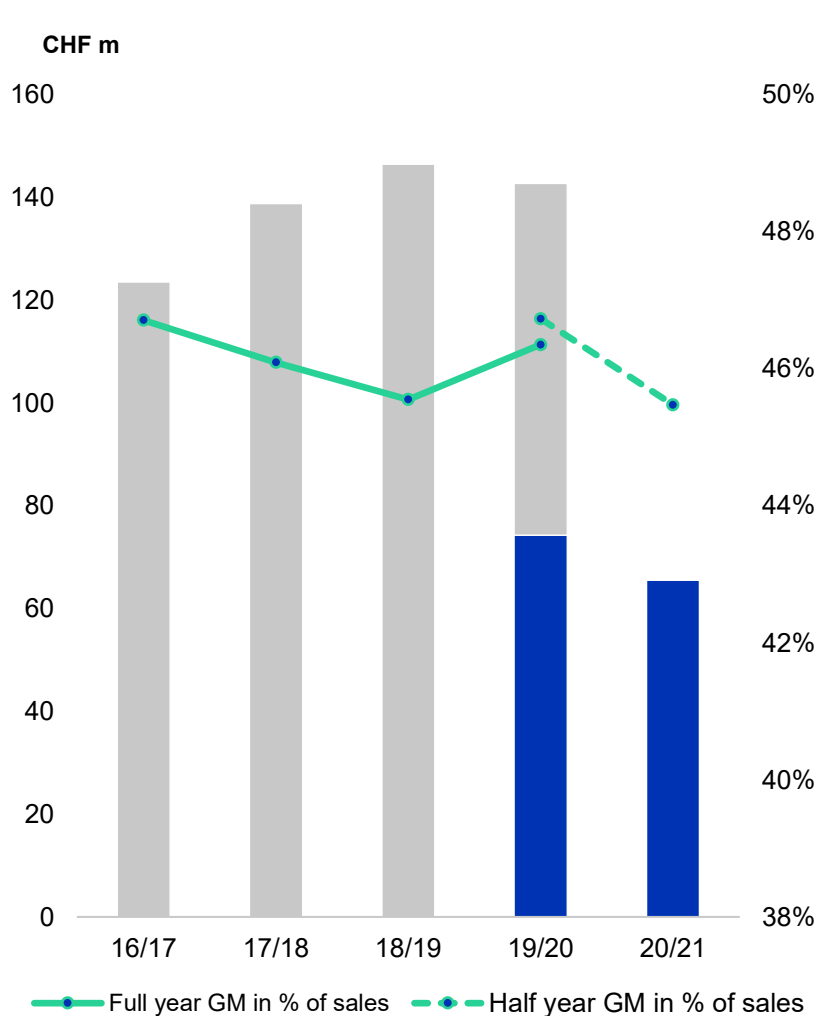
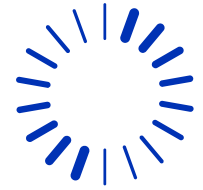


CHF m	HY 2020/21	HY 2020/21 vs 2019/20	Q2 2020/21 vs 2019/20
Orders received	135.3	-15.6%	+5.4%
Sales	144.1	-9.4%*	-8.7%
EBIT	28.3	-10.8%	-0.3%
Net profit	23.4	-6.8%	+9.3%

* -4.4% at constant currency rates

- Orders recovered in Q2, but H1 down 15.6% at CHF 135.3 million
- Sales down 4.4% at constant currencies, benefit of diverse footprint
- Profitability holds up well, with vigilance over SG&A costs

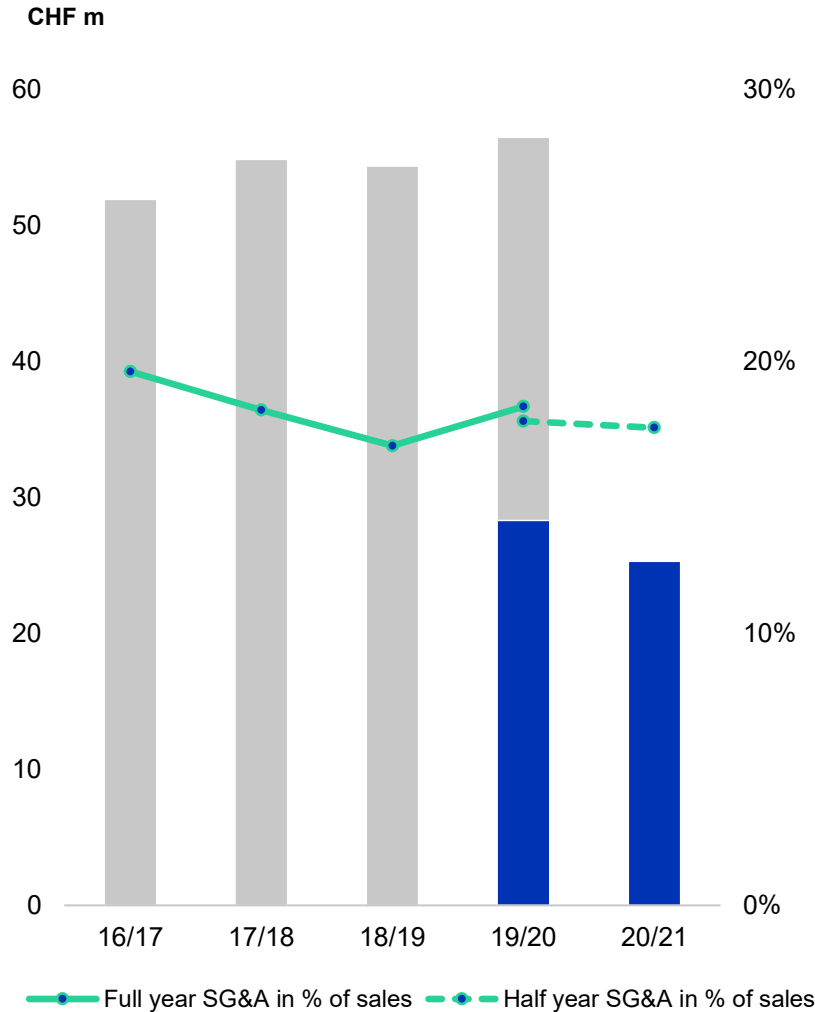
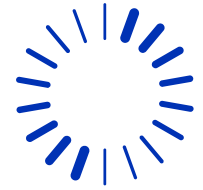
Gross margin



	HY 2020/21	HY 2019/20	Q2 2020/21	Q2 2019/20
In CHF m	65.5	74.3	32.5	35.9
In % of sales	45.5%	46.7%	46.5%	47.0%

Gross margin declined by 120 basis pts:

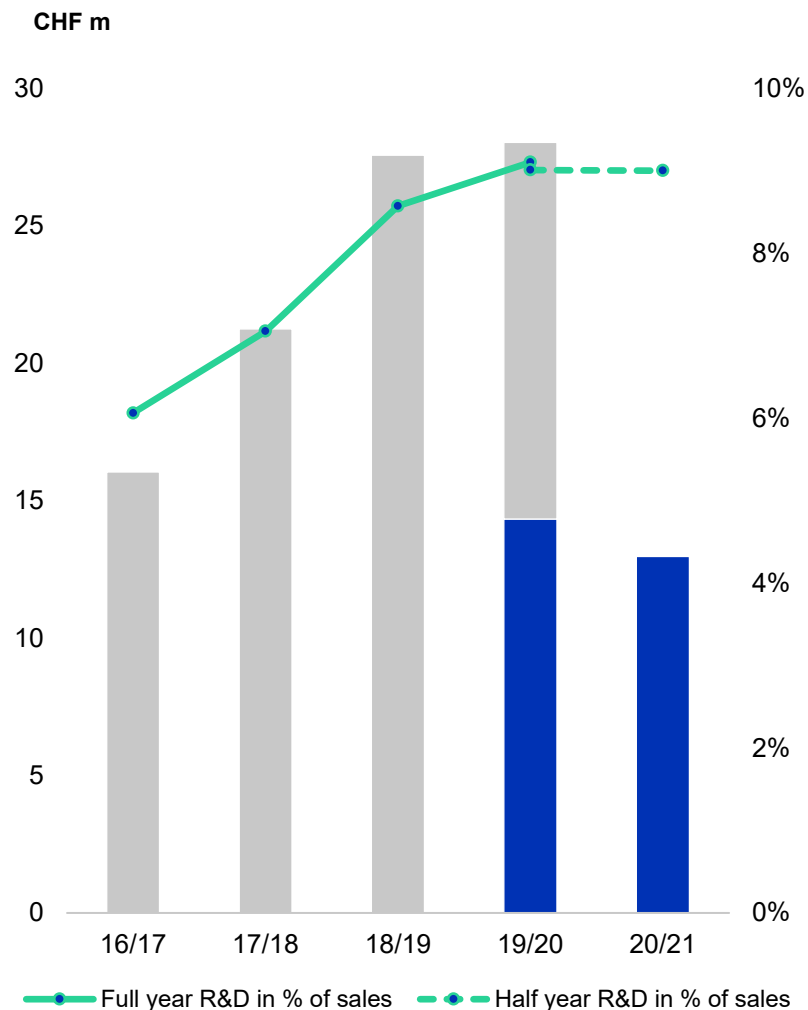
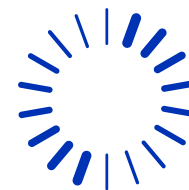
- Higher air freight costs due to Covid-19
- Partially compensated by efficiency programs
- 83% of sales produced in China and Bulgaria



	HY	HY	Q2	Q2
	2020/21	2019/20	2020/21	2019/20
In CHF m	25.3	28.3	12.1	13.6
In % of sales	17.6%	17.8%	17.3%	17.8%

- Remained vigilant with overheads
- Kept SG&A costs flat in % of sales
- Sanitary crisis effects (eg. limited travel, government subsidies)

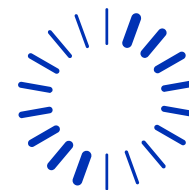
R&D



	HY	HY	Q2	Q2
	2020/21	2019/20	2020/21	2019/20
In CHF m	13.0	14.3	6.3	7.2
In % of sales	9.0%	9.0%	9.0%	9.4%

- Reduced R&D outsourcing
- Products such as HMSR and DC Meter in early launch phase
- Continued long-term investment in future applications

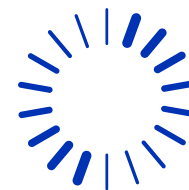
Financial expense



CHF m	HY 2020/21	HY 2019/20	Q2 2020/21	Q2 2019/20
Exchange effect	0.1	(1.2)	(0.1)	(1.4)
Other financial expense & income	(0.1)	(0.2)	(0.0)	(0.1)
Total	0.0	(1.4)	(0.2)	(1.5)

- No major foreign exchange impacts
- USD, EUR and JPY cash flows are hedged
- Interest costs relate mainly to expenses on lease liabilities

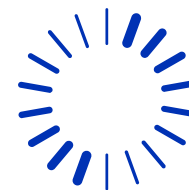
Income taxes



%	HY 2020/21	HY 2019/20
Expected income tax rate	15.5	16.3
Expected withholding tax rate	1.6	0.7
Expected tax rate	17.1	17.0
Other differences	0.4	0.3
Effective tax rate	17.5	17.3

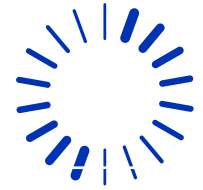
- Effective tax rate in line with last year
- LEM China benefits from the HNTE (High & New-Technology Enterprise) reduced tax rate of 15%
- Withholding taxes mainly on dividends paid from China to Switzerland

Income statement



CHF m	HY	HY	Change	Q2	Q2
	2020/21	2019/20		2020/21	2019/20
Sales	144.1	159.1	-9.4%	69.8	76.4
Gross margin %	45.5%	46.7%	-1.3%pt	46.5%	47.0%
Operating expenses	(37.2)	(42.6)	-12.7%	(17.4)	(20.8)
EBIT	28.3	31.8	-10.8%	15.0	15.1
EBIT margin %	19.7%	20.0%	-0.3%pt	21.6%	19.8%
Net financial expenses	0.0	(1.4)	n/a	(0.2)	(1.5)
Income tax	(5.0)	(5.2)	-5.3%	(2.6)	(2.4)
Net profit	23.4	25.1	-6.8%	12.3	11.2
Net profit margin %	16.2%	15.8%	+0.5%pt	17.6%	14.7%

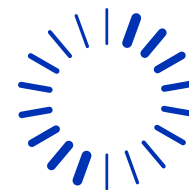
Balance sheet



CHF m	30.9.2020	31.3.2020
Net working capital	25.0	7.2
Fixed assets	115.2	114.9
Noncurrent liabilities	(19.5)	(15.0)
Net operating assets	120.7	107.1
Net cash/(debt)	(28.6)	10.2
Equity	92.1	117.4
Equity ratio	39.8%	51.0%
Days of sales outstanding	75	67
Days of inventory outstanding	98	86
Days of payables outstanding	36	43

- Equity ratio dropped to 40% due to the dividend payments in June 2020, but remained basically stable compared to 30 September 2019
- Net debt increased to CHF 28.6m mainly due to the dividend financing

Cash flow



CHF m	HY 2020/21	HY 2019/20
Profit before taxes	28.4	30.3
Adjustment for non-cash items and taxes paid	(1.9)	4.9
Cash flow from changes in net working capital	(12.0)	(5.3)
Cash flow from operating activities	14.4	29.9
Cash flow from investing activities	(6.6)	(6.5)
Free cash flow	7.8	23.5
Cash flow from financing activities	(10.5)	(18.1)
Change in cash and cash equivalents	(2.7)	5.3
Cash and cash equivalents at the end of the period	16.4	17.1

- Free cash flow dropped by CHF 15.7m due to net working capital deterioration and first tax payment of CHF 6.4m linked to last year's IP transfer
- Additional CHF 28m taxes on IP transfer to be paid within the next 12 months

Agenda



Opening Remarks

Frank Rehfeld

Business Performance

Frank Rehfeld

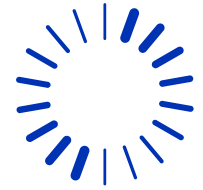
Financial Results

Andrea Borla

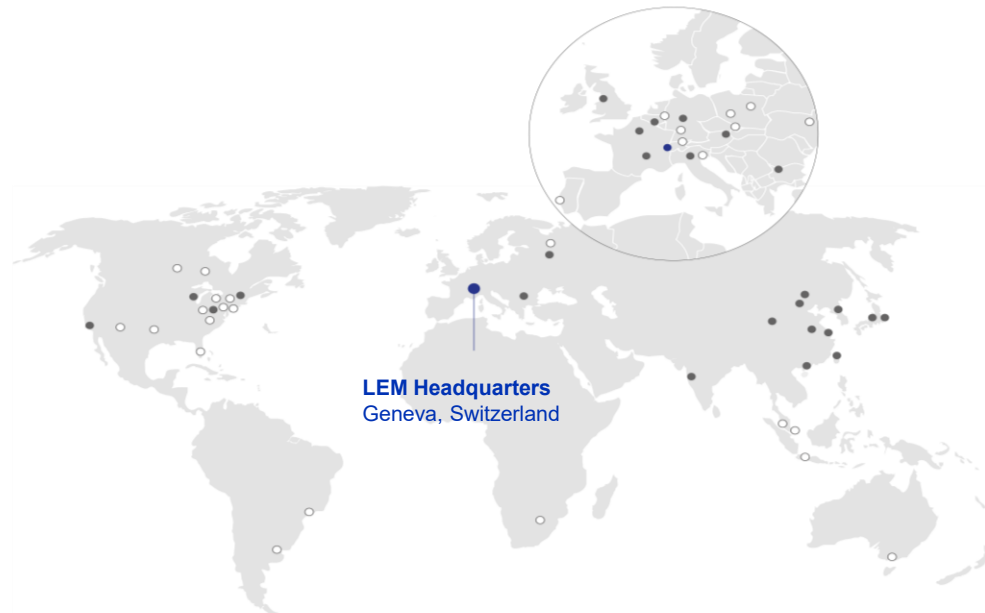
Outlook

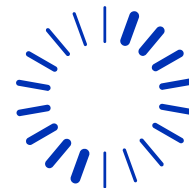
Frank Rehfeld

Uncertain outlook – Full Year 2020-21



- Little visibility on how Covid-19 impact may play out
- Both US-China tensions as well as Covid pandemic will accelerate relevant mega-trends for LEM (electrification, automation, renewable energy)
- For FY 2020/21, we remain cautious, as there are many unknowns beyond our control
- Sales expected to decline by around 10% to CHF 275 - 280 million (CHF 307.9 million for 2019/20)
- EBIT margin not far off 20%



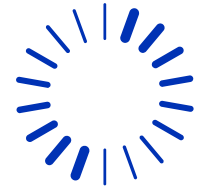


Q&A



life
energy
motion

Financial calendar and contact details



The financial year runs from 1 April to 31 March

4 February 2021	Third-quarter results 2020/21
19 May 2021	Year-end results 2020/21
24 June 2021	Annual General Meeting 2020/21
1 July 2021	Dividend ex-date
6 July 2021	Dividend payment date

For further information

Andrea Borla, CFO
Phone: +41 22 706 12 50
E-mail: investor@lem.com