PRESS RELEASE

Landis+Gyr Announces First Half FY 2017 Financial Results

Zug, Switzerland. – October 26, 2017 – **Landis+Gyr (LAND.SW) today announced financial results for the first half of fiscal year 2017 (April 1 – September 30, 2017). Key performance highlights were:**

- **Net revenue for the first half of FY 2017 increased to USD 865.6 million, up 9.9% (9.6% in constant currencies) compared to the first half of FY 2016.**
- **Adjusted EBITDA was USD 108.8 million, up 13.0% compared to the prior year period**
- **Free cash flow reached USD 20.6 million, up USD 42.0 million compared to the prior year period.**
- **Reported net income was USD 5.1 million, up USD 18.1 million compared to the prior year period.**

"Landis+Gyr's business results for the first half of the fiscal year demonstrate our ability to deliver top line growth and year over year improvement in our earnings." said Richard Mora, Landis+Gyr's CEO. "While pleased with the top line development, we still have work to do in translating sales expansion into more robust profit growth and executing on our margin improvement programs."

"We also notched some important business milestones during the six-month period, such as deploying the first operational SMETS2 meter in the U.K. In addition, we expanded our agreement with TEPCO to actively explore Internet of Things opportunities with our Gridstream solution in Tokyo, and had our smart meters selected by India's Tata Power as part of the first tranche of their smart grid deployment. I firmly believe Landis+Gyr is the best positioned player in the industry to benefit from the global adoption of smart grid products, solutions and technologies," Mora concluded.

Net Revenues, Order Intake and Order Backlog

Net revenues for the group reached USD 865.6 million compared to USD 787.5 million in the first half of FY 2017 and FY 2016 respectively. This 9.6% increase (in constant currency terms) was driven by growth in all three regions with AMI project sales in North America, increased sales to France, the Iberian Peninsula, and the UK in EMEA and Hong Kong project sales increases in AP driving the respective regional performance. Net revenue per segment was as follows (in USD millions, except where indicated):

Segment	H1 FY 2017	H1 FY 2016	Percentage Change	Percentage change in constant currencies
Americas	475.2	449.5	5.7%	5.4%
EMEA	320.7	274.9	16.7%	16.9%
Asia Pacific	69.7	63.1	10.5%	8.6%
Group	**865.6**	**787.5**	**9.9%**	**9.6%**

Order intake for the first half of FY 2017 was USD 821.4 million, an increase of USD 184.3 million or 27.6% (in constant currency terms) from the same period in FY 2016. Committed backlog declined by 8.2% from first half of FY 2016 to USD 2'478.8 million, with the decline being primarily in the Americas region.

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Adjusted Gross Profit

Adjusted Gross Profit for the reporting period was USD 304.4 million, a USD 7.0 million increase year over year from the USD 297.4 million delivered in the first half of FY 2016. The increase was primarily driven by performance in the Americas' region, which was partially offset by EMEA's result where margin improvements are expected to only start materializing in the second half of FY 2017. A reconciliation between Gross Profit and adjusted Gross Profit is attached to this press release and more details can be found in the Half Year Report.

The Adjusted Gross Profit by segment was as follows (in USD millions, except where indicated):

Segment	H1 FY 2017	H1 FY 2017 Percentage	H1 FY 2016	H1 FY 2016 Percentage
Americas	208.5	43.9%	200.9	44.7%
EMEA	79.8	24.9%	83.0	30.2%
Asia Pacific	15.0	21.5%	13.6	21.6%
Eliminations	1.1		(0.1)	
Group	**304.4**	**35.2%**	**297.4**	**37.8%**

Adjusted EBITDA

Landis+Gyr's first half FY 2017 Adjusted EBITDA was USD 108.8 million, an increase of USD 12.5 million compared to the first half of FY 2016 result of USD 96.3 million. This resulted from the increase to Adjusted Gross Profit of USD 7.0 million and a reduction to Adjusted Operating Expenses of USD 5.6 million attributable to the restructuring measures undertaken, primarily in EMEA (Project Phoenix).

The Adjusted EBITDA by segment was as follows (in USD millions, except where indicated):

Segment	H1 FY 2017	H1 FY 2017 Percentage of net revenues	H1 FY 2016	H1 FY 2016 Percentage of net revenues
Americas	105.9	22.3%	98.4	21.9%
EMEA	(1.6)	(0.5%)	(4.3)	(1.6%)
Asia Pacific	(5.5)	(7.9%)	(6.5)	(10.3%)
Corporate	10.0	N/A	8.7	N/A
Group	**108.8**	**12.6%**	**96.3**	**12.2%**

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The adjustments made to bridge between the EBITDA reported per our financial statements and Adjusted EBITDA are as follows (in USD millions):

	H1 FY 2017	H1 FY 2016
Adjusted EBITDA	**108.8**	**96.3**
Adjustments		
Restructuring Charges	(8.1)	(1.2)
Exceptional Warranty Expenses	(2.4)	(1.4)
Normalized Warranty Expenses	(30.3)	(4.3)
Special Items	(24.8)	(22.3)
EBITDA	**43.1**	**67.1**

Restructuring charges relate to measures taken in EMEA (Project Phoenix). Exceptional warranty expenses are in respect of the X2 capacitor warranty issue and, in keeping with the practice adopted as part of the IPO, are added back entirely. The normalized warranty expense adjustment for the first half FY2017 represents the excess of provisions made over the average annual actual warranty utilization for the last 3 years and mainly reflects additional provisions made in the Americas' segment in connection with legacy component issues. Special Items for the first half FY 2017 are primarily IPO related expenses of USD 24.2 million, of which USD 9.8 million was funded by the selling shareholders. A more detailed break-down of the adjustments can be found in the Half Year Report 2017.

Net income and EPS

Reported net income for the FY 2017 first half was USD 5.1 million, or USD 0.17 per share. This compares to the first half FY 2016 result of a net loss of 13.0 million, a loss of USD 0.44 per share.

Cash Flow and Net debt

Cash flow provided by operating activities in the first half of FY2017 was USD 39.1 million, an increase of USD 41.5 million compared to the same period in FY 2016. Free cash flow, defined as cash flow provided by operating activities (including changes in net working capital) minus cash flow used in investing activities (capital expenditure on tangible and intangible assets), reached USD 20.6 million in the first half of FY 2017, an increase of USD 42.0 million from the first half of FY 2016.

Net debt was USD 107.3 million and USD 229.1 million at September 30, 2017 and 2016, respectively, a decline of USD 121.8 million. The decline was mainly attributable to continued strong cash generation through our trading results.

Outlook

Landis+Gyr's IPO guidance for FY 2017 Adjusted EBITDA is confirmed, which is for flat year over year performance on a USD basis, at approximately USD 212 million. FY 2017 net revenues and free cash flow are expected slightly higher than guidance provided during the IPO, which was for FY 2017 net revenues to increase 3% year over year and free cash flow to be between USD 60–70 million. The FY 2017 dividend, to be paid out of capital reserves in 2018, will be the Swiss franc equivalent of at least USD 70 million.

IPO guidance through FY 2020 is also confirmed. Compared to FY 2016, net revenues are expected to grow annually on average by a high single digit percentage, Adjusted EBITDA margin to expand by 100–150 basis points, free cash flow to be well above USD 100 million per year and a dividend each fiscal year of at least 75% of free cash flow.

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Recent Corporate Developments

- On September 4, Landis+Gyr announced that Tata Power Delhi Distribution Ltd (Tata Power-DDL) selected 200'000 single phase and three phase smart meters from the Group for the first tranche of their project, following up on the contract for India's first Advanced Metering Infrastructure (AMI) with Radio Frequency (RF) Canopy, comprising 500'000 endpoints, which Tata Power-DDL awarded to Landis+Gyr earlier this year.
- On September 7, Landis+Gyr announced the signing of an agreement with TEPCO to explore future projects utilizing the Internet of Things (IoT) capabilities of Landis+Gyr's intelligent grid network. The Agreement supports TEPCO's goals for delivering consumer services that promote energy efficiency and establishing a new energy business model and reinforces the strong working relationship between Landis+Gyr and TEPCO.
- On October 20, Landis+Gyr announced the deployment of the U.K.'s first SMETS2 meter ("Smart Metering Equipment Technical Specifications 2"). Building on the Group's longstanding presence in the UK metering market, Landis+Gyr has worked with British Gas to launch the first of a new standard in smart technology.

Half Year Report 2017

Landis+Gyr Group AG Half Year Report 2017 was published today and can be downloaded at https://www.landisgyr.com/investors.

About Landis+Gyr

Landis+Gyr is the leading global provider of integrated energy management solutions for the utility sector. Offering one of the broadest portfolios of products and services to address complex industry challenges, the company delivers comprehensive solutions for the foundation of a smarter grid, including smart metering, distribution network sensing and automation tools, load control, analytics and energy storage. Landis+Gyr operates in over 30 countries across five continents. With sales of approximately USD 1.7 billion, the company employs c. 6'000 people with the sole mission of helping the world manage energy better. More information is available at www.landisgyr.com.

Forward-looking Statements

Forward-looking statements contained herein, including in the sub-heading "Outlook", are qualified in their entirety as there are certain factors that could cause results to differ materially from those anticipated. Any statements contained herein that are not statements of historical fact (including statements containing the words "believes," "plans," "anticipates," "expects," "estimates" and similar expressions) should be considered to be forward looking statements. Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future and may cause the actual results, performance or achievements of Landis+Gyr to be materially different from those expressed or implied by such forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Landis+Gyr's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the performance, security and reliability of Landis+Gyr's information technology systems, political, economic and regulatory changes in the countries in which Landis+Gyr operates or in economic or technological trends or conditions. As a result, investors are cautioned not to place undue reliance on such forward-looking statements.

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Except as otherwise required by law, Landis+Gyr disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this report.

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Extracts from the Half-Year Report 2017

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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	SIX MONTHS ENDED	
U.S. Dollars in thousands	September 30, 2017	September 30, 2016
Net revenue	$ 865’639	$ 787’464
Cost of revenue	622’913	519’044
Gross profit	**242’726**	**268’420**
Operating expenses		
Research and development	83’247	81’297
Sales and marketing	54’725	52’073
General and administrative	92’622	98’220
Amortization of intangible assets	17’674	17’530
Operating income	**(5’542)**	**19’300**
Other income (expense)		
Interest income	368	288
Interest expense	(3’761)	(5’901)
Income (loss) on foreign exchange related to intercompany loans, net	7’862	(10’778)
Income (loss) before income tax expense	**(1’073)**	**2’909**
Income tax benefit (expense)	6’330	(15’924)
Net income (loss) before noncontrolling interests	**5’257**	**(13’015)**
Net income (loss) attributable to noncontrolling interests, net of tax	185	(30)
Net income (loss) attributable to Landis+Gyr Group AG Shareholders	**$ 5’072**	**$ (12’985)**
Net income (loss) per share		
Basic and diluted	$ 0.17	$ (0.44)
Weighted average shares used in computing income (loss) per share:		
Basic and diluted	29’510’000	29’510’000

The accompanying footnotes, included in the Half Year Report, are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

U.S. Dollars in thousands except share data	September 30, 2017	March 31, 2017 AUDITED
ASSETS		
Current assets		
Cash and cash equivalents	$ 120’365	$ 101’033
Restricted cash	5’049	-
Accounts receivable, net of allowance for doubtful accounts of $6.4 million and $4.7 million	294’191	301’400
Inventories, net	133’019	115’682
Prepaid expenses and other current assets	50’096	44’432
Total current assets	**602’720**	**562’547**
Property, plant and equipment, net	177’678	188’832
Intangible assets, net	402’799	425’453
Goodwill	1’361’464	1’361’167
Deferred tax assets	13’810	12’920
Other long-term assets	37’210	34’190
Total assets	**$ 2’595’681**	**$ 2’585’109**
LIABILITIES AND EQUITY		
Current liabilities		
Trade accounts payable	$ 149’276	$ 144’199
Accrued liabilities	42’515	37’000
Warranty provision	43’991	43’780
Payroll and benefits payable	55’881	76’637
Loans payable	227’757	12’890
Current portion of shareholder loans	-	215’000
Tax payable	5’320	16’171
Other current liabilities	66’977	66’542
Total current liabilities	**591’717**	**612’219**
Warranty provision – non current	35’915	7’954
Pension and other employee liabilities	58’797	65’161
Deferred tax liabilities	53’736	54’976
Tax payable	18’994	28’703
Other long-term liabilities	82’140	83’457
Total liabilities	**841’299**	**852’470**
Commitments and contingent liabilities – Note 6		
EQUITY		
Landis+Gyr Group AG shareholders’ equity Registered ordinary shares (29’510’000 authorized, issued and outstanding and 29’510’000 authorized, issued, and outstanding at September 30, 2017 and March 31, 2017, respectively).	309’050	309’050
Additional paid-in capital	1’475’421	1’465’595
Retained earnings (Accumulated deficit)	14’422	9’350
Accumulated other comprehensive loss	(47’241)	(53’930)
Total Landis+Gyr Group AG shareholders’ equity	**1’751’652**	**1’730’065**
Noncontrolling interests	2’730	2’574
Total equity	**1’754’382**	**1’732’639**
Total liabilities and equity	**$ 2’595’681**	**$ 2’585’109**

The accompanying footnotes, included in the Half Year Report, are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	SIX MONTHS ENDED	
U.S. Dollars in thousands	September 30, 2017	September 30, 2016
Cash flow from operating activities		
Net income (loss)	$ 5'257	$ (13'015)
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	48'629	47'827
IPO recognition bonus – equity component	6'551	-
Accumulated interest on shareholder loans	1'636	4'988
Gain on disposal of property, plant and equipment	516	22
Effect of foreign currencies translation on non-operating items, net	2'886	(5'187)
Change in allowance for doubtful accounts	1'662	(744)
Deferred income tax	(1'654)	(9'579)
Change in operating assets and liabilities, net of effect of businesses acquired and effect of changes in exchange rates:		
Accounts receivable	20'253	8'410
Inventories	(5'310)	(21'024)
Trade accounts payable	(5'318)	(5'097)
Interest payment on shareholder loans	(2'950)	(4'848)
Other assets and liabilities	(33'065)	(4'134)
Net cash provided by (used in) operating activities	**39'093**	**(2'381)**
Cash flow from investing activities		
Payments for property, plant and equipment	(19'055)	(19'019)
Payments for intangible assets	(46)	(200)
Proceeds from the sale of property, plant and equipment	558	219
Net cash used in investing activities	**(18'543)**	**(19'000)**
Cash flow from financing activities		
Capital contribution related to IPO recognition bonus – cash component	3'275	-
Proceeds from third party facility	215'000	-
Repayment of borrowings to third party facility	(24)	(855)
Proceeds from shareholders and related party facility	-	55'663
Repayment of borrowings to shareholders and related party facility	(215'000)	(35'000)
Net cash used in financing activities	**3'251**	**19'808**
Net increase (decrease) in cash and cash equivalents	**23'801**	**(1'573)**
Cash and cash equivalents at beginning of period, including restricted cash	101'033	22'092
Effects of foreign exchange rate changes on cash and cash equivalents	580	(142)
Cash and cash equivalents at end of period, including restricted cash	**$ 125'414**	**$ 20'377**
Supplemental cash flow information		
Cash paid for income tax	$ 22'296	$ 21'468
Cash paid for interest	$ 4'661	$ 5'644

The accompanying footnotes, included in the Half Year Report, are an integral part of these interim condensed consolidated financial statements.

SUPPLEMENTAL RECONCILIATION AND DEFINITIONS

ADJUSTED EBITDA

The reconciliation of EBITDA to Adjusted EBITDA is as follows for the six months period ended September 30, 2017 and 2016:

	L+G Group AG		Americas		EMEA		Asia Pacific		Corporate and eliminations	
(U.S. Dollars in millions, unless otherwise indicated)	H1 17	H1 16	H1 17	H1 16	H1 17	H1 16	H1 17	H1 16	H1 17	H1 16
Operating income	**(5.5)**	**19.3**	**36.7**	**46.2**	**(15.1)**	**(16.5)**	**(8.2)**	**(8.9)**	**(18.9)**	**(1.5)**
Amortization of intangible assets	24.7	24.7	16.6	16.7	3.7	3.6	1.1	0.9	3.3	3.5
Depreciation	23.9	23.1	15.1	15.1	6.8	6.4	1.8	1.6	0.2	-
Impairment of intangible and long-lived assets		-		-		-		-	-	-
EBITDA	**43.1**	**67.1**	**68.4**	**78.0**	**(4.6)**	**(6.5)**	**(5.3)**	**(6.4)**	**(15.4)**	**2.0**
Restructuring charges	8.1	1.2	(0.1)	1.2	7.7	-	-	-	0.5	-
Exceptional warranty related expenses	2.4	1.4	-	-	2.4	1.4	-	-	-	-
Normalized warranty related expenses	30.3	4.3	37.6	3.6	(7.1)	0.8	(0.2)	(0.1)	0.0	0.0
Special items	24.8	22.3	-	15.6	-	-	-	-	24.8	6.7
Adjusted EBITDA	**108.8**	**96.3**	**105.9**	**98.4**	**(1.6)**	**(4.3)**	**(5.5)**	**(6.5)**	**10.0**	**8.7**
Adjusted EBITDA margin (%)	12.6%	12.2%	22.3%	21.9%	(0.5%)	(1.6%)	(7.9%)	(10.3%)		

ADJUSTED GROSS PROFIT

The reconciliation of Gross Profit to Adjusted Gross Profit is as follows for the six months period ended September 30, 2017 and 2016:

	L+G Group AG		Americas		EMEA		Asia Pacific		Corporate and eliminations	
(U.S. Dollars in millions, unless otherwise indicated)	H1 17	H1 16	H1 17	H1 16	H1 17	H1 16	H1 17	H1 16	H1 17	H1 16
Gross Profit	**242.7**	**268.4**	**154.9**	**180.9**	**73.1**	**75.5**	**13.5**	**12.2**	**1.2**	**(0.2)**
Amortization of intangible assets	7.1	7.1	2.8	2.9	3.5	3.5	0.8	0.7	-	-
Depreciation	19.9	19.4	13.2	13.2	5.8	5.3	0.9	0.8	-	0.1
Restructuring charges	2.0	0.3	-	0.3	2.0	-	-	-	-	-
Exceptional warranty related expenses	2.4	(2.1)	-	-	2.4	(2.1)	-	-	-	-
Normalized warranty related expenses	30.3	4.3	37.6	3.6	(7.0)	0.8	(0.2)	(0.1)	(0.1)	0.0
Special items	-	-	-	-	-	-	-	-	-	-
Adjusted Gross Profit	**304.4**	**297.4**	**208.5**	**200.9**	**79.8**	**83.0**	**15.0**	**13.6**	**1.1**	**(0.1)**
Adjusted Gross Profit margin (%)	35.2%	37.8%	43.9%	44.7%	24.9%	30.2%	21.5%	21.6%		

ADJUSTED OPERATING EXPENSES

The reconciliation of Operating Expenses to Adjusted Operating Expenses is as follows for the six months period ended September 30, 2017 and 2016:

	L+G Group AG	
(U.S. Dollars in millions, unless otherwise indicated)	H1 17	H1 16
Research and development	**83.2**	**81.3**
Depreciation	(2.2)	(1.8)
Restructuring charges	(0.7)	(0.1)
Adjusted Research and Development	**80.3**	**79.4**
Sales and Marketing	**54.7**	**52.1**
General and administrative	**92.6**	**98.2**
Depreciation	(1.8)	(2.0)
Restructuring charges	(5.5)	(0.8)
Exceptional warranty related legal expenses	-	(3.5)
Special items	(24.8)	(22.3)
Adjusted Sales, General and Administrative	**115.2**	**121.7**
Adjusted Operating Expenses	**195.5**	**201.1**