ELECTRONIC TRANSMISSION DISCLAIMER

STRICTLY NOT TO BE FORWARDED TO ANY OTHER PERSONS

IMPORTANT: You must read the following disclaimer before continuing. This electronic transmission applies to the attached supplement (the "Document") relating to the offering and listing memorandum dated July 12, 2017 prepared in connection with the initial public offering of Landis+Gyr Group AG (the "Company") and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Document. In accessing the Document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the Document is confidential and intended only for you and you agree you will not forward, reproduce, copy, download or publish this electronic transmission or the Document (electronically or otherwise) to any other person.

This Document is only addressed to and directed at persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) ("Qualified Investors"). In addition, in the United Kingdom, this electronic transmission and the attached Document is being distributed only to, and is directed only at, Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and Qualified Investors falling within Article 49(2)(a) to (d) of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This electronic transmission and the attached Document must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this Document relates is available only to (i) in the United Kingdom, relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, Qualified Investors, and will be engaged in only with such persons.

THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT MAY ONLY BE DISTRIBUTED IN "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND IN COMPLIANCE WITH, REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITHIN THE UNITED STATES TO QUALIFIED INSTITUTIONAL BUYERS ("QIBs") AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. NOTHING IN THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB AS DEFINED IN, OR IN RELIANCE ON, RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (3) IN ACCORDANCE WITH RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

The Offered Shares may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Offered Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Confirmation of Your Representation: This electronic transmission and the attached Document is delivered to you on the basis that you are deemed to have represented to the Company, UBS AG, Morgan Stanley & Co International plc, Credit Suisse AG, J.P. Morgan Securities plc, Bank Vontobel AG and Mizuho International plc (collectively, the "**Managers**") that: (i) you are acting on behalf of, or you are, (a) a QIB acquiring such securities for its own account or for the account of another QIB or (b) acquiring such securities in "offshore transactions", as defined in, and in compliance with, Regulation S under the Securities Act; (ii) if you are in the UK, you are a relevant person, and/or a relevant person who is acting on behalf of, relevant persons in the United Kingdom and/or Qualified Investors to the extent you are acting on behalf of persons or entities in the UK or the EEA; (iii) if you are in any member state of the European Economic Area other than the UK, you are a Qualified Investor and/or a Qualified Investor acting on behalf of, Qualified Investors or relevant persons, to the extent you are acting on behalf of persons or entities in the EEA or the UK; (iv) the securities acquired by you have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in any member state of the EEA which has implemented the Prospectus Directive to Qualified Investors (as defined in the Prospectus Directive); and (v) if you are outside Switzerland, the United States, the United Kingdom and the EEA (and the electronic mail addresses that you gave us and to which this Document has been delivered are not located in such jurisdictions) you are a person into whose possession this Document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located.

You are reminded that you have received this electronic transmission and the attached Document solely on the basis that you are a person into whose possession this Document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver this Document, electronically or otherwise, to any other person.

This Document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Company, the Managers nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Document distributed to you in electronic format and the hard copy version. By accessing the linked Document, you consent to receiving it in electronic form. A hard copy of the Document will be made available to you only upon request and if permitted by law.

None of the Managers nor any of their respective affiliates, or any of their respective directors, officers, employees or agents accepts any responsibility whatsoever for the contents of this Document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the listing. The Managers and each of their respective affiliates each accordingly disclaims all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such Document or any such statement. No representation or warranty, express or implied, is made by any of the Managers or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information set out in this Document.

The Managers are acting exclusively for the Company and no one else in connection with the offering. They will not regard any other person (whether or not a recipient of this Document) as their client in relation to the offering and will not be responsible to anyone other than the Company for providing the protections afforded to their clients nor for giving advice in relation to the offering or any transaction or arrangement referred to herein.

You are responsible for protecting against viruses and other destructive items. Your receipt of the Document via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Supplement dated July 20, 2017
to the Offering Memorandum dated July 12, 2017
of

Landis+Gyr Group AG

(a stock corporation organized under Swiss law)

Offering of 29,428,055 registered shares
with a nominal value of CHF 10.00 each
Offer Price Range: CHF 70 to CHF 82 per Offered Share

Offer Price: CHF 78 per Offered Share

This document (the "**Supplement**") is a supplement to the offering and listing memorandum relating to the Offering of the Offered Shares of Landis+Gyr Group AG (the "**Company**") dated July 12, 2017 (the "**Offering Memorandum**") and has been prepared in accordance with the listing rules of SIX Swiss Exchange AG ("**SIX**"). Capitalized terms used and not defined in this Supplement have the meanings given to them in the Offering Memorandum.

The Company, the Selling Shareholders and the Joint Global Coordinators, acting for themselves and on behalf of the Managers, have confirmed, agreed on and determined that the Offer Price is CHF 78 per Offered Share.

FINAL TERMS OF THE OFFERING

Offer Price	CHF 78 per Offered Share
Listing and commencement of trading in the Shares	July 21, 2017
Book-entry delivery of Offered Shares against payment of Offer Price	July 25, 2017
SIX Ticker Symbol	LAND
Swiss Security Number (*Valorennummer*)	37.115.349
International Security Identification Number (ISIN)	CH0371153492
Common Code	164782000

This Supplement must be read in conjunction with the Offering Memorandum. Prospective investors should read both this Supplement and the entire Offering Memorandum. **For a discussion of certain factors that should be considered in connection with the Company and an investment in the Offered Shares, see "*Risk Factors*" beginning on page 27 of the Offering Memorandum.**

This Supplement does not constitute (i) an offer to sell, or a solicitation of an offer to buy, any securities other than the Offered Shares or (ii) an offer to sell, or a solicitation of an offer to buy, the Offered Shares by any person in any circumstances in which such offer or solicitation is unlawful. The restrictions that apply to the distribution of the Offering Memorandum also apply to the distribution of this Supplement. The Offered Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction in the United States, and are being offered and sold only pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Accordingly, the Offered Shares are being offered and sold outside the United States pursuant to Regulation S under the Securities Act and sold in the United

States only to qualified institutional buyers pursuant to Rule 144A under the Securities Act. Potential investors with registered addresses or otherwise resident in territories subject to any offer or transfer restrictions are required by the Company, the Selling Shareholders and the Managers to inform themselves about and observe any restrictions on the offer, sale or transfer of the Offered Shares and the distribution of this Supplement and the Offering Memorandum, and to refer to the section "*Notice to Investors*" of this Supplement and the sections "*Notice to Investors*" and "*Transfer Restrictions*" of the Offering Memorandum for further information.

In connection with the Offering, the Managers are not acting for anyone other than the Company and will not be responsible to anyone other than the Company for providing the protections afforded to their clients or for providing advice in relation to the Offering.

Subject to the allocation directive for the new issues market issued by the Swiss Bankers Association on March 29, 2004, which entered into legal force on January 1, 2005, as amended in January 2008, each of the Managers and any of their respective affiliates, acting as an investor for its own account, may, in connection with the Offering, take up Offered Shares in the Offering and in that capacity may retain, purchase or sell for its own account such Shares and any Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Supplement and the Offering Memorandum to Offered Shares being offered or placed should be read as including any offering or placement of Shares to any of the Managers or any of their respective affiliates acting in such capacity. None of the Managers intends to disclose the extent of any such investment or transactions, otherwise than in accordance with any legal or regulatory obligation to do so.

No over-allotment option has been granted to the Managers in connection with the Offering. Prospective investors should not assume that any stabilizing measures with a view to supporting the market price of the Shares will be undertaken in connection with the Offering. In connection with the Offering, stabilization measures may be effected by UBS AG to the extent legally permissible. If stabilization activities take place, such transactions will be effected at levels not to exceed the Offer Price. The Company will inform the public of any such activities in accordance with Article 126 lit. e FMIO.

This Supplement and the Offering Memorandum collectively constitute the final offering and listing memorandum. Copies of this Supplement, the Offering Memorandum and any supplements thereto are available free of charge in Switzerland for 12 months following the First Day of Trading on SIX at UBS AG, Swiss Prospectus Switzerland, P.O. Box 8098 Zurich, Switzerland (voicemail: +41 44 239 47 03; fax number: +41 44 239 69 14; email: swiss-prospectus@ubs.com). In addition, copies of this Supplement, the Offering Memorandum and any other supplements to the Offering Memorandum are available free of charge in Switzerland from Landis+Gyr Group AG, Investor Relations (email: ir@landisgyr.com).

Information on the Company's website, any website directly or indirectly linked to the Company's website or any website mentioned in this Supplement or the Offering Memorandum does not constitute in any way part of this Supplement or the Offering Memorandum and is not incorporated by reference into this Supplement or the Offering Memorandum, and investors should not rely on it in making their decision to invest in Offered Shares.

The information contained in this Supplement is accurate only as of the date of this Supplement and any delivery of this Supplement and the Offering Memorandum or any sale of Shares at any time subsequent to the date hereof does not imply that the information in this Supplement and the Offering Memorandum is correct at such subsequent time.

Joint Global Coordinators and Joint Bookrunners

UBS Investment Bank **Morgan Stanley**

Joint Bookrunners

Credit Suisse **J.P. Morgan**

Co-Bookrunners

Bank Vontobel **Mizuho International plc**

NOTICE TO INVESTORS

The distribution of this Supplement and the Offering Memorandum and the Offering are restricted by law in certain jurisdictions. Therefore, persons into whose possession this Supplement and the Offering Memorandum come and persons who would like to purchase the Offered Shares pursuant to the Offering should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities law of any such jurisdiction.

The offer of the Offered Shares to persons resident in jurisdictions other than Switzerland may be affected by the laws of such other jurisdictions. No action has been or will be taken in any jurisdiction other than Switzerland that would permit a public offering of the Offered Shares or the possession, circulation or distribution of this Supplement and the Offering Memorandum or any other material relating to the Company or Offered Shares in any jurisdiction where action for that purpose is required. Accordingly, the Offered Shares may not be sold, directly or indirectly, and neither this Supplement and the Offering Memorandum nor any other offering material or advertisement in connection with the Offered Shares may be distributed or published, in any form or in any country or jurisdiction, except under circumstances that will result in compliance with all applicable laws, rules and regulations of any such country or jurisdiction. Persons resident in countries other than Switzerland should consult their professional advisors as to whether they require any governmental or other consents or authorizations, or need to observe any formalities to enable them to purchase Offered Shares in the Offering. Any failure to comply with such restrictions may constitute a violation of the securities law of any such jurisdiction. None of the Company, the Selling Shareholders, the Managers or any of its or their respective representatives, affiliates or advisors accept any legal responsibility for any violation of applicable securities laws.

The Company has and each of the Selling Shareholders have represented and agreed that none of them has made and none of them will make any application for listing the Shares on any stock exchange outside Switzerland.

Notice to all Prospective Investors

EACH PURCHASER IS NOT AUTHORIZED AND MAY NOT FORWARD OR DELIVER THE ATTACHED SUPPLEMENT OR THE OFFERING MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH SUPPLEMENT OR OFFERING MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED SUPPLEMENT AND THE OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Notice to Prospective Investors in the United States

THE OFFERED SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT AND ARE BEING SOLD IN THE UNITED STATES ONLY TO, OR FOR THE ACCOUNT OR BENEFIT OF, QIBS IN RELIANCE ON THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144A UNDER THE SECURITIES ACT, AND ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO CERTAIN PERSONS IN OFFSHORE TRANSACTIONS IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT. PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT SELLERS OF THE OFFERED SHARES MAY BE RELYING ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. FOR A DESCRIPTION OF CERTAIN RESTRICTION ON TRANSFERS OF THE OFFERED SHARES, SEE "*TRANSFER RESTRICTIONS*" OF THE OFFERING MEMORANDUM.

THE OFFERED SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND THE APPLICABLE SECURITIES LAWS OF ANY OTHER JURISDICTION. PROSPECTIVE PURCHASERS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE OFFERED SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS

SUPPLEMENT AND THE OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE IN THE UNITED STATES.

EACH PURCHASER WILL BE DEEMED TO HAVE ACKNOWLEDGED, REPRESENTED AND WARRANTED THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING.

In addition, until the end of the 40th calendar day after commencement of the Offering, any offer or sale of the Offered Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made other than in accordance with Rule 144A or another exemption from the Securities Act.

The Offering of the Offered Shares is being made in the United States through U.S. broker-dealer affiliates of the Managers.

Notice to Prospective Investors in the European Economic Area

This Supplement and the Offering Memorandum have been prepared on the basis that all offers of the Shares will be made pursuant to an exemption under Article 3 of the Prospectus Directive, as implemented in the relevant member states of the European Economic Area (the "**EEA**", and each such member state of the EEA that has implemented the Prospectus Directive a "**Relevant Member State**"), from the requirement to produce a prospectus for offers of the Shares. Accordingly, any person making or intending to make any offer of the Shares within the EEA should only do so in circumstances in which no obligation arises for the Company, the Selling Shareholders or any of the Managers to produce a prospectus for such offer. Neither the Company, the Selling Shareholders nor the Managers have authorized, nor do they authorize, the making of any offer of Shares through any financial intermediary, other than offers made by the Managers, which constitute the final placement of the Shares contemplated in this Supplement and the Offering Memorandum.

In relation to each Relevant Member State, no offer is being made or will be made to the public of any Shares which are the subject of the Offering contemplated by this Supplement and the Offering Memorandum in that Relevant Member State, other than:

(a) to legal entities which are qualified investors as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; subject to obtaining the prior consent of the Joint Global Coordinators nominated by the Company for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Shares shall require the Company, the Selling Shareholders or the Managers to publish a prospectus pursuant to Article 3(2) of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Shares to the public" in relation to the Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and any amendment thereto, including Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

EACH PURCHASER WILL BE DEEMED TO HAVE ACKNOWLEDGED, REPRESENTED AND WARRANTED THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING.

Notice to Prospective Investors in the United Kingdom

The issue and distribution of this Supplement and the Offering Memorandum in the United Kingdom is restricted by law. This Supplement and the Offering Memorandum are not being distributed by, nor have they been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 by, a person authorized under the Financial Services and Markets Act 2000. With respect to the United Kingdom, this Supplement and the Offering Memorandum are for distribution only to persons who:

i. have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the FPO);

ii. are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the FPO;

iii. are outside the United Kingdom; or

iv. are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Shares may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**Relevant Persons**").

This Supplement and the Offering Memorandum are directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this Supplement and the Offering Memorandum relate is available only to Relevant Persons and will be engaged in only with Relevant Persons. No part of this Supplement or the Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the prior written consent of the Company. The Shares are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the Financial Services and Markets Act 2000.

EACH PURCHASER WILL BE DEEMED TO HAVE ACKNOWLEDGED, REPRESENTED AND WARRANTED THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING.

Notice to Prospective Investors in Australia

This Supplement, the Offering Memorandum and the Offering are only made available in Australia to persons to whom a disclosure document is not required to be given under Chapter 6D of the Corporations Act 2001. This Supplement and the Offering Memorandum are not a prospectus, product disclosure statement or any other form of formal "disclosure document" for the purposes of the Corporations Act 2001, and are not required to, and do not, contain all the information which would be required in a disclosure document under the Corporations Act 2001. If you are in Australia, this document is made available to you provided that you are a person to whom an offer of securities can be made without a disclosure document, such as a professional investor or sophisticated investor for the purposes of Chapter 6D of the Corporations Act 2001.

This Supplement and the Offering Memorandum have not been, and will not be, lodged with the Australian Securities and Investments Commission ("**ASIC**") as a disclosure document for the purpose of the Corporations Act 2001. No Shares may be offered for sale (or transferred, assigned or otherwise alienated) to investors in Australia for at least twelve months after this issue, except in circumstances where disclosure to investors is not required under Chapter 6D of the Corporations Act 2001 or unless a disclosure document that complies with the Corporations Act 2001 is lodged with the ASIC. Each investor acknowledges the above and, by applying for Shares under this Supplement and the Offering Memorandum, gives an undertaking not to sell those Shares (except in the circumstances referred to above) for twelve months after their issue.

The persons referred to in this Supplement and the Offering Memorandum may not hold Australian financial services licenses and may not be licensed to provide financial product advice in relation to the Shares. No "cooling-off" regime will apply to an acquisition of any interest in the Company.

This Supplement and the Offering Memorandum do not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making any investment decision in relation to this Supplement and the Offering Memorandum, you should assess whether the acquisition of any interest in the Company is appropriate in light of your own financial circumstances or seek professional advice.

Notice to Prospective Investors in Canada

The Offered Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Offered Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Supplement and the Offering Memorandum (including any amendment thereto) contain a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

Notice to Prospective Investors in Japan

The Shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the "**FIEL**"). This Supplement and the Offering Memorandum are not an offer of Shares for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organized under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

THIS SUPPLEMENT AND THE OFFERING MEMORANDUM CONTAIN IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE SHARES.

General sales restrictions

No action has been or will be taken by the Company, the Selling Shareholders or the Managers in any jurisdiction other than Switzerland that would, or is intended to, permit a public offering of the Shares, or possession or distribution of this Supplement and the Offering Memorandum or any other offering material, in any country or jurisdiction where further action for that purpose is required.

Landis+Gyr Group AG
(a stock corporation organized under Swiss law)

Offering of 29,428,055 registered shares with a nominal value of CHF 10.00 each

Offer Price Range: CHF 70 to CHF 82 per Offered Share

This offering and listing memorandum (the "**Offering Memorandum**") relates to (i) the initial public offering (the "**Offering**") of 29,428,055 existing Shares (as defined below) of Landis+Gyr Group AG (the "**Company**" and, together with its subsidiaries, "**we**", "**us**" or the "**Group**") (the "**Offered Shares**"), which are being offered by the selling shareholders specified herein (the "**Selling Shareholders**") and (ii) the listing of all existing Shares and the formal listing of up to 450,000 additional Shares that may be issued out of the Company's conditional share capital (the "**Additional Shares**"), in each case in accordance with the International Reporting Standard of SIX Swiss Exchange AG ("**SIX**"). All registered shares of the Company have a nominal value of CHF 10.00 (hereinafter the "**Shares**"). The Offered Shares represent 99.7% of the total issued share capital of the Company immediately following the Offering.

No over-allotment option has been granted to the Managers in connection with the Offering. Prospective investors should not assume that any stabilizing measures with a view to supporting the market price of the Shares will be undertaken in connection with the Offering.

The Offering consists of: (i) a public offering in Switzerland; (ii) private placements in certain jurisdictions outside the United States of America (the "**United States**") and Switzerland in accordance with applicable securities laws and on the basis of exemptions provided by Directive 2003/71/EC of the European Parliament and the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended (the "**Prospectus Directive**"); (iii) an offering in the United States only to qualified institutional buyers ("**QIBs**") as defined in, and in reliance upon, Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"); and (iv) private placements in Canada to accredited investors and permitted clients in the provinces of Alberta, British Columbia, Ontario and Quebec. All offers and sales outside the United States will be made in compliance with Regulation S ("**Regulation S**") under the Securities Act.

The Company expects the offer price per Offered Share (the "**Offer Price**") to be between CHF 70 to CHF 82 (the "**Offer Price Range**"). The Offer Price will be determined following a bookbuilding process. The Company expects to publish the final Offer Price by a media release and in a pricing supplement (the "**Supplement**") on or around July 21, 2017 (prior to the First Day of Trading). The Offering Memorandum and the Supplement shall together constitute the final offering and listing memorandum.

The Offering Memorandum is not a prospectus under Section 85 of the Financial Services and Markets Act 2000 (the "**FSMA**") or the Prospectus Directive and any amendment thereto.

Prior to this Offering, there has been no public market for the Shares. The Company has applied to, and approval has been given by SIX, subject to certain conditions, to list the Shares, and to formally list the Additional Shares in accordance with the International Reporting Standard of SIX. The Company expects that the Shares will be listed and that trading in the Shares will commence on SIX on or around July 21, 2017 (the "**First Day of Trading**") under the symbol "LAND".

The Shares will be issued as uncertificated securities (*Wertrechte*) within the meaning of Article 973c of the Swiss Code of Obligations (*Schweizerisches Obligationenrecht* or "**CO**"), and will be intermediated securities (*Bucheffekten*) within the meaning of the Swiss Federal Intermediated Securities Act of October 3, 2008 (*Bucheffektengesetz* or "**FISA**"). Delivery of the Offered Shares against payment of the Offer Price will be made in book-entry form through the facilities of SIX SIS AG ("SIS") on or around July 25, 2017.

Purchasing the Offered Shares involves risks. For a discussion of certain factors that should be considered in deciding whether to invest in the Shares, see "*Risk Factors*" beginning on page 27.

The Offered Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and are being offered and sold only pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Accordingly, the Offered Shares are being offered and sold outside the United States pursuant to Regulation S under the Securities Act and sold in the United States only to QIBs pursuant to Rule 144A. For a description of certain restrictions regarding the offering and sale of the Offered Shares; see "*Notice to Investors*" and "*Transfer Restrictions*".

This Offering Memorandum has been prepared in accordance with the listing rules of SIX (the "**Listing Rules**") and the CO for the purposes of offering the Offered Shares and listing the Shares on SIX according to the International Reporting Standard of SIX.

Joint Global Coordinators and Joint Bookrunners

UBS Investment Bank **Morgan Stanley**

Joint Bookrunners

Credit Suisse **J.P. Morgan**

Co-Bookrunners

Bank Vontobel **Mizuho International plc**

Offering Memorandum dated July 12, 2017

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IMPORTANT INFORMATION ABOUT THE OFFERING

The Company, which is organized as a stock corporation (*Aktiengesellschaft*) in Switzerland with its registered office at c/o Landis+Gyr AG, Theilerstrasse 1, 6301 Zug, Switzerland, assumes responsibility for the completeness and accuracy of this Offering Memorandum and any supplement pursuant to Article 27 of the Listing Rules and section 4 of Scheme A thereunder. The Company confirms that, to the best of its knowledge, the information contained in this Offering Memorandum is correct and that no material facts or circumstances have been omitted.

Each Selling Shareholder assumes responsibility for the completeness and accuracy of this Offering Memorandum and any supplement with respect to the information contained herein on title to the Offered Shares held by such Selling Shareholder (the "**Shareholder Information**") pursuant to Article 27 of the Listing Rules and section 4 of Scheme A thereunder. Each Selling Shareholder confirms that, to the best of its knowledge, the Shareholder Information contained in this Offering Memorandum is correct and that no material facts or circumstances have been omitted.

This Offering Memorandum has been prepared in accordance with the Listing Rules and the CO and is being issued by the Company in connection with: (i) the admission of all Shares for listing and for trading in accordance with the International Reporting Standard of SIX; and (ii) the Offering of the Offered Shares. The information contained in this Offering Memorandum has been provided by the Company and by the other sources identified in this Offering Memorandum. No representation or warranty, express or implied, is made by the Managers named in this Offering Memorandum or any of their respective representatives, affiliates or advisors as to the accuracy or completeness of this information, and nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future, by the Managers or by their respective representatives, affiliates or advisors.

This Offering Memorandum does not constitute: (i) an offer to sell, or a solicitation of an offer to buy any securities other than the securities to which it relates; or (ii) an offer to sell, or the solicitation of an offer to buy, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Each prospective investor in the Offered Shares (each, an "**Offeree**") outside of Switzerland, by accepting delivery of this Offering Memorandum, will be deemed to have acknowledged, represented to and agreed with the Company, the Managers and the Selling Shareholders that:

(i) this Offering Memorandum is personal to such Offeree and does not constitute an offer to any other person, or to the public generally, to purchase or otherwise acquire the Offered Shares outside of Switzerland. Distribution of this Offering Memorandum or disclosure of any of its contents to any person other than such Offeree and those persons, if any, retained to advise such Offeree with respect thereto is unauthorized, and any disclosure of any of its contents, without the prior written consent of the Joint Global Coordinators, is prohibited;

(ii) the Offeree will not make any photocopies or electronic copies of this Offering Memorandum or any documents referred to herein (other than for its own use);

(iii) the Offeree will not forward or deliver this Offering Memorandum (in any form) electronically or otherwise, to any other person or reproduce such Offering Memorandum in any manner whatsoever;

(iv) if the Offeree is a person in the United Kingdom, the Offeree is (a) a qualified investor (within the meaning of Article 2(1)(e) of the Prospectus Directive) and also (b) an investment professional falling within Article 19(5) of the Financial Services and Markets Act (Financial Promotion) Order 2005 (the "**FPO**") or a high net worth company or other persons falling within Article 49(2)(a) to (d) of the FPO;

(v) the Offeree is a person to whom an invitation or inducement to engagement in investment activity within the meaning of section 21 of the FSMA may otherwise be lawfully communicated or caused to be communicated with and has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Offered Shares in, from or otherwise involving the United Kingdom; and

(vi) the Offeree is a qualified investor under the Prospectus Directive or, in a jurisdiction where the Prospective Directive is not in force, an institutional or other investor eligible to participate in a private placement of securities under applicable law.

The information contained in this Offering Memorandum is accurate only as of its date. Neither the delivery of this Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to its date. Any significant new factor or material inaccuracy related to the information included in this Offering Memorandum which is capable of affecting the assessment of the Offered Shares and which arises or is noted between the date of this Offering Memorandum and the First Day of Trading or, as the case may be, the time when trading in the Shares on SIX begins, will be announced through electronic media. Notices required under the Listing Rules will be published in electronic form on the website of SIX (currently https://www.six-swiss-exchange.com/news/official_notices/search_en.html). Changes so notified will be deemed to constitute an amendment or supplement to this Offering Memorandum.

In connection with the Offering, the Managers are not acting for anyone other than the Company and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Offering. No person has been authorized to give any information or to make any representations other than those contained in this Offering Memorandum and, if given or made, such information or representations must not be relied upon as having been authorized.

In making an investment decision, investors must rely on their own investigation of the Company, the Selling Shareholders and the terms of the Offering, including the merits and risks involved. Any decision to buy the Offered Shares should be based solely on this Offering Memorandum, the Supplement and any other supplement hereto, taking into account that any summary or description set forth in this Offering Memorandum of legal provisions, accounting principles or comparison of such principles, corporate structuring or contractual relationships is for information purposes only and should not be considered to be legal, accounting or tax advice or be otherwise relied on. This Offering Memorandum does not contain all the information that would be included in a prospectus for the offering of the Offered Shares if such offering were registered under the Securities Act or pursuant to the Prospectus Directive. None of the Company, the Selling Shareholders, the Managers or any of their respective representatives, is making any representation to any Offeree or purchaser of Shares regarding the legality of an investment in the Shares by such Offeree or purchaser under the laws applicable to such Offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

Each investor acknowledges that: (i) it has not relied on the Managers or any person affiliated with the Managers in connection with any investigation of the accuracy of any information contained in this Offering Memorandum or its investment decision; and (ii) it has relied only on the information contained in this Offering Memorandum, and that no person has been authorized to give any information or to make any representation concerning the Company or its subsidiaries or the Shares (other than as contained in this Offering Memorandum) and, if given or made, any such other information or representation has not been relied upon as having been authorized by the Company, the Selling Shareholders or the Managers.

Subject to the allocation directive for the new issue market issued by the Swiss Bankers Association on March 29, 2004, which entered into legal force on January 1, 2005, as amended in January 2008, each of the Managers and any of their respective affiliates, acting as an investor for its own account, may, in connection with the Offering, take up Offered Shares in the Offering and in that capacity may retain, purchase or sell for its own account such Shares and any Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offering. Accordingly, references in the Offering Memorandum to Offered Shares being offered or placed should be read as including any offering or placement of Shares to any of the Managers or any of their respective affiliates acting in such capacity. None of the Managers intends to disclose the extent of any such investment or transactions, otherwise than in accordance with any legal or regulatory obligation to do so.

Copies of this Offering Memorandum, the Supplement and any other supplements to the Offering Memorandum are/will be available free of charge in Switzerland for 12 months following the First Day of Trading on SIX at UBS AG, Swiss Prospectus Switzerland, P.O. Box 8098 Zurich, Switzerland (voicemail: +41 44 239 47 03; fax number: +41 44 239 69 14; email: swiss-prospectus@ubs.com). In addition, copies of this Offering Memorandum, the Supplement and any other supplements to the Offering Memorandum are/will be available free of charge in Switzerland from Landis+Gyr Group AG, Investor Relations (email: ir@landisgyr.com).

Information on the Company's website, any website directly or indirectly linked to the Company's website or any website mentioned in this Offering Memorandum does not constitute in any way part of this Offering Memorandum and is not incorporated by reference into this Offering Memorandum, and investors should not rely on it in making their decision to invest in Offered Shares.

NOTICE TO INVESTORS

The distribution of the Offering Memorandum and the Offering are restricted by law in certain jurisdictions. Therefore, persons into whose possession the Offering Memorandum comes and persons who would like to purchase the Offered Shares pursuant to the Offering should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities law of any such jurisdiction.

The offer of the Offered Shares to persons resident in jurisdictions other than Switzerland may be affected by the laws of such other jurisdictions. No action has been or will be taken in any jurisdiction other than Switzerland that would permit a public offering of the Offered Shares or the possession, circulation or distribution of the Offering Memorandum or any other material relating to the Company or Offered Shares in any jurisdiction where action for that purpose is required. Accordingly, the Offered Shares may not be sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisement in connection with the Offered Shares may be distributed or published, in any form or in any country or jurisdiction, except under circumstances that will result in compliance with all applicable laws, rules and regulations of any such country or jurisdiction. Persons resident in countries other than Switzerland should consult their professional advisors as to whether they require any governmental or other consents or authorisations, or need to observe any formalities to enable them to purchase Offered Shares in the Offering. Any failure to comply with such restrictions may constitute a violation of the securities law of any such jurisdiction. None of the Company, the Selling Shareholders, the Managers or any of its or their respective representatives, affiliates or advisors accept any legal responsibility for any violation of applicable securities laws.

The Company has and each of the Selling Shareholders have represented and agreed that none of them has made and none of them will make any application for listing the Shares on any stock exchange outside Switzerland.

Notice to all Prospective Investors

EACH PURCHASER IS NOT AUTHORIZED AND MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE US SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Notice to Prospective Investors in the United States

THE OFFERED SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT AND ARE BEING SOLD IN THE UNITED STATES ONLY TO, OR FOR THE ACCOUNT OR BENEFIT OF, QIBS IN RELIANCE ON THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144A UNDER THE SECURITIES ACT, AND ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO CERTAIN PERSONS IN OFFSHORE TRANSACTIONS IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT. PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT SELLERS OF THE OFFERED SHARES MAY BE RELYING ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. FOR A DESCRIPTION OF CERTAIN RESTRICTION ON TRANSFERS OF THE OFFERED SHARES, SEE "*TRANSFER RESTRICTIONS*".

THE OFFERED SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND THE APPLICABLE SECURITIES LAWS OF ANY OTHER JURISDICTION. PROSPECTIVE PURCHASERS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE OFFERED SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE IN THE UNITED STATES.

EACH PURCHASER WILL BE DEEMED TO HAVE ACKNOWLEDGED, REPRESENTED AND WARRANTED THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING.

In addition, until the end of the 40th calendar day after commencement of the Offering, any offer or sale of the Offered Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made other than in accordance with Rule 144A or another exemption from the Securities Act.

The Offering of the Offered Shares is being made in the United States through U.S. broker-dealer affiliates of the Managers.

Notice to Prospective Investors in the European Economic Area

This Offering Memorandum has been prepared on the basis that all offers of the Shares will be made pursuant to an exemption under Article 3 of the Prospectus Directive, as implemented in the relevant member states of the European Economic Area (the "**EEA**", and each such member state of the EEA that has implemented the Prospectus Directive a "**Relevant Member State**"), from the requirement to produce a prospectus for offers of the Shares. Accordingly, any person making or intending to make any offer of the Shares within the EEA should only do so in circumstances in which no obligation arises for the Company or any of the Managers to produce a prospectus for such offer. Neither the Company, the Selling Shareholders nor the Managers have authorized, nor do they authorize, the making of any offer of Shares through any financial intermediary, other than offers made by the Managers, which constitute the final placement of the Shares contemplated in this Offering Memorandum.

In relation to each Relevant Member State, no offer is being made or will be made to the public of any Shares which are the subject of the Offering contemplated by this Offering Memorandum in that Relevant Member State, other than:

(a) to legal entities which are qualified investors as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; subject to obtaining the prior consent of the Joint Global Coordinators nominated by the Company for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Shares shall require the Company, the Selling Shareholders or the Managers to publish a prospectus pursuant to Article 3(2) of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Shares to the public" in relation to the Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and any amendment thereto, including Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

EACH PURCHASER WILL BE DEEMED TO HAVE ACKNOWLEDGED, REPRESENTED AND WARRANTED THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING.

Notice to Prospective Investors in the United Kingdom

The issue and distribution of this Offering Memorandum in the United Kingdom is restricted by law. This Offering Memorandum is not being distributed by, nor has it been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 by, a person authorized under the Financial Services and Markets Act 2000. With respect to the United Kingdom, this Offering Memorandum is for distribution only to persons who:

i. have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the FPO;

ii. are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the FPO;

iii. are outside the United Kingdom; or

iv. are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Shares may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**Relevant Persons**").

This Offering Memorandum is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this Offering Memorandum relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. No part of this Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the prior written consent of the Company. The Shares are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the Financial Services and Markets Act 2000.

EACH PURCHASER WILL BE DEEMED TO HAVE ACKNOWLEDGED, REPRESENTED AND WARRANTED THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING.

Notice to Prospective Investors in Australia

This Offering Memorandum and the Offering is only made available in Australia to persons to whom a disclosure document is not required to be given under Chapter 6D of the Corporations Act 2001. This Offering Memorandum is not a prospectus, product disclosure statement or any other form of formal "disclosure document" for the purposes of the Corporations Act 2001, and is not required to, and does not, contain all the information which would be required in a disclosure document under the Corporations Act 2001. If you are in Australia, this document is made available to you provided that you are a person to whom an offer of securities can be made without a disclosure document, such as a professional investor or sophisticated investor for the purposes of Chapter 6D of the Corporations Act 2001.

This Offering Memorandum has not been, and will not be, lodged with the Australian Securities and Investments Commission ("**ASIC**") as a disclosure document for the purpose of the Corporations Act 2001. No Shares may be offered for sale (or transferred, assigned or otherwise alienated) to investors in Australia for at least twelve months after this issue, except in circumstances where disclosure to investors is not required under Chapter 6D of the Corporations Act 2001 or unless a disclosure document that complies with the Corporations Act 2001 is lodged with the ASIC. Each investor acknowledges the above and, by applying for Shares under this Offering Memorandum, gives an undertaking not to sell those Shares (except in the circumstances referred to above) for twelve months after their issue.

The persons referred to in this Offering Memorandum may not hold Australian financial services licenses and may not be licensed to provide financial product advice in relation to the Shares. No "cooling-off" regime will apply to an acquisition of any interest in the Company.

This Offering Memorandum does not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making any investment decision in relation to this Offering Memorandum, you should assess whether the acquisition of any interest in the Company is appropriate in light of your own financial circumstances or seek professional advice.

Notice to Prospective Investors in Canada

The Offered Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Offered Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in Japan

The Shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the "**FIEL**"). This Offering Memorandum is not an offer of Shares for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organized under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE SHARES.

General sales restrictions

No action has been or will be taken by the Company, the Selling Shareholders or the Managers in any jurisdiction other than Switzerland that would, or is intended to, permit a public offering of the Shares, or possession or distribution of the Offering Memorandum or any other offering material, in any country or jurisdiction where further action for that purpose is required.

STABILIZATION

No over-allotment option has been granted to the Managers in connection with the Offering. Prospective investors should not assume that any stabilizing measures with a view to supporting the market price of the Shares will be undertaken in connection with the Offering.

In connection with the Offering, UBS AG (the "**Stabilization Agent**"), or any person acting on its behalf, may, on behalf of the Managers, effect transactions with a view to supporting the market price of the Shares for 30 calendar days after the First Day of Trading at a level higher than that which might otherwise prevail during such period within the limitations of Article 126 FMIO. If stabilization activities take place, such transactions will be effected at levels less than or equal to the Offer Price.

Neither the Stabilization Agent nor the other Managers have an obligation to undertake stabilization activities. Therefore, there is no assurance that the Stabilization Agent (or persons acting on its behalf) will undertake any such stabilization activities. Stabilization activities may be effected on SIX, in the over-the-counter ("**OTC**") market or otherwise and, if commenced, will be carried out in accordance with Article 126 FMIO and other applicable rules and regulations. Such stabilization, if commenced, may be discontinued at any time without announcement, and must be brought to an end not later than 30 calendar days after the First Day of Trading. The Company anticipates satisfying its notification obligations under Article 126 lit. e FMIO through a media release on its website.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains various forward-looking statements that reflect the views of the Company's management ("**Management**") with respect to future events and anticipated financial and operational performance. Forward-looking statements as a general matter are all statements other than statements as to historical facts or present facts or circumstances. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology or subjective assessments, including the words "aims", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "plans", "continue" or "should" or, in each case, their negative or similar expressions. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements appear in a number of places throughout this Offering Memorandum, including, without limitation, in the sections entitled "*Summary*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry and Market Overview*", "*Our Business*" and "*Board of Directors and Group Executive Management*", and include, among other things, statements relating to:

- the Group's strategy, outlook and growth prospects, including on a global, operational and geographically segmented basis, and targeted results of operations;
- the Group's target in the near- and mid-term for Group revenue, segment revenue, Adjusted EBITDA, margins, depreciation, free cash flow, effective tax rate, leverage ratio and other financial measures;
- the Company's dividend policy;
- the Group's liquidity, capital resources and capital expenditure;
- the Group's expectations as to future growth in demand for its products, solutions and services;
- the Group's expectations regarding backlog and revenues;
- the Group's estimates of future warranty claims and expenses and sufficiency of accruals;
- the impact of regulations on the Group and its operations; and
- the competitive environment in which the Group operates.

Although the Management believes that the expectations reflected in these forward-looking statements are reasonable, the Group can give no assurance that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors, including, among others:

- continued transition and adoption of Smart-Grid and advanced metering infrastructures by utilities;
- adverse publicity about, or consumer or political opposition to, smart metering and Smart-Grid;
- changes in the economic conditions in the markets and industries the Group serves, including as a result of volatility in capital spending behavior of utilities;
- extended customer sales cycles;
- inability to retain existing customers and/or secure new customers or the suspension or termination of existing customer contracts;
- the Group's ability to successfully launch new and/or enhanced innovative products and solutions in a timely manner;
- the Group's ability to compete with existing and new competitors;

- the impact of warranty claims, product recalls and product liability for non-performing products;
- the termination of outsourced services, including managed services;
- fluctuation in the amount of revenue recognized from backlog;
- disruptions at the Group's manufacturing centers or of its information technology systems;
- inability to maintain the efficiency of, and respond to any disruptions to, the Group's supply chain;
- failure of our operational initiatives and restructuring plans to achieve their expected benefits;
- failure to protect the Group's intellectual property;
- labor shortages or disputes;
- the Group's dependence on and ability to retain effective Management and qualified personnel;
- failure to comply with applicable laws and regulations or changes to the regulatory environments in which the Group operates;
- natural disasters, epidemics, acts of terrorism and political, economic and other developments outside the Group's control;
- the impact of fluctuations in foreign exchange rates; and
- other risks, uncertainties and factors inherent in the Group's business as well as factors that are not known to the Group at this time.

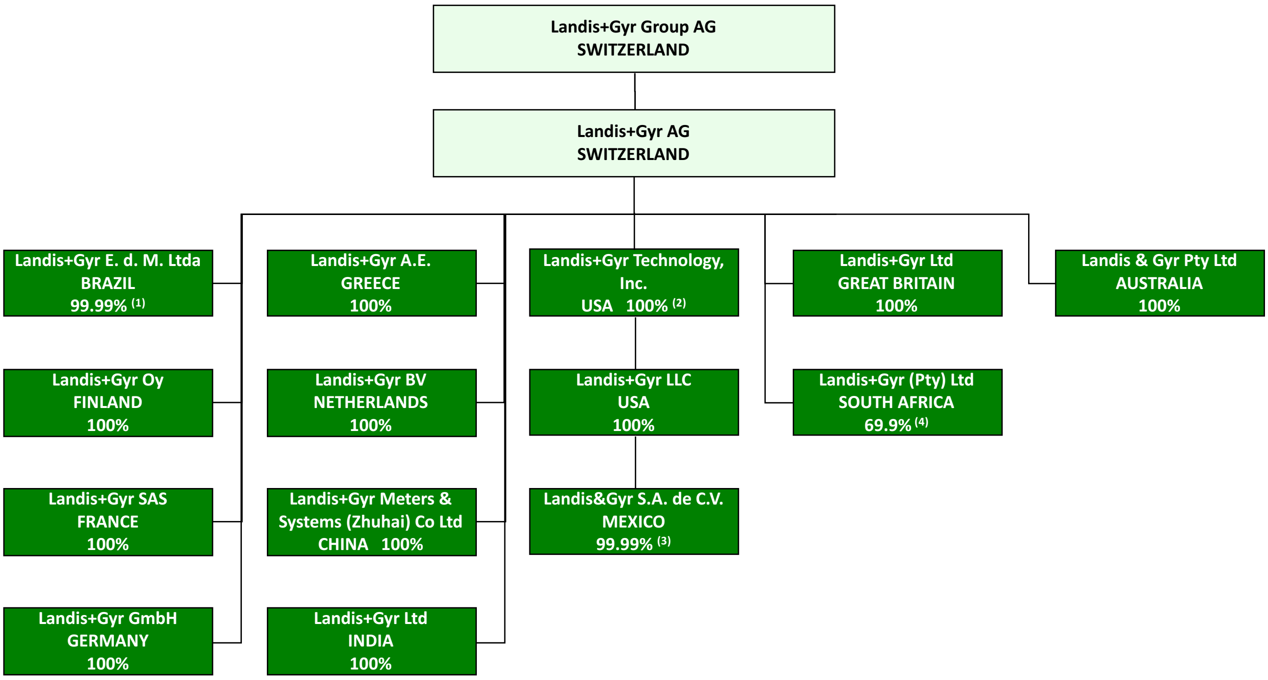
Additional factors that could cause the Group's actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*".

The forward-looking statements contained herein speak only as of the date of this Offering Memorandum. The Group expressly undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation. Accordingly, prospective investors are cautioned not to place undue reliance on any of the forward-looking statements herein.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Corporate Structure

The Company was established as a stock corporation (*Aktiengesellschaft*) in accordance with Article 620 et seq. CO. It was founded on July 8, 2011 and registered with the commercial register of the Canton of Zug on July 13, 2011 under company registration number CHE-175.843.017. The following diagram shows a simplified overview of the Group's corporate structure, including certain of the Group's material subsidiaries, as of the date hereof:



(1) 1 share with Landis+Gyr Project AG (an indirect subsidiary of Landis+Gyr AG)
(2) Landis+Gyr Technology, Inc. 99.99%; Consert Inc. 0.01%
(3) 0.01% owned by Landis+Gyr Holding (US) LLC (an indirect subsidiary of Landis+Gyr Technology, Inc.)
(4) Remaining shares held by third party

Historical Financial Information

This Offering Memorandum contains:

- the audited consolidated financial statements of the Group as of and for the year ended March 31, 2017, including comparative figures as of and for the year ended March 31, 2016; and
- the audited consolidated financial statements of the Group as of and for the year ended March 31, 2016, including comparative figures as of and for the year ended March 31, 2015; and
- the audited statutory financial statements of the Company as of and for the year ended March 31, 2017, including comparative figures as of and for the year ended March 31, 2016.

The consolidated financial statements of the Group have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("**U.S. GAAP**").

The statutory financial statements of the Company have been prepared in accordance with Swiss law and the Company's articles of association.

The consolidated financial statements as of and for the year ended March 31, 2017 have been audited by PricewaterhouseCoopers AG. The consolidated financial statements as of and for the year ended March 31, 2016, including comparative figures as of and for the year ended March 31, 2015 presented herein, have been audited by Ernst & Young AG.

In the fourth quarter of the financial year ended March 31, 2017, there was an organizational shift in the financial reporting of the business in preparation for the Offering. As a result, the Group realigned its reportable segments to follow its internal operating segments: Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific. Prior to the realignment, the Group managed its business as one reportable segment. The Group used the reportable segments for the first time for the preparation of its audited consolidated financial statements as of and for the year ended March 31, 2017. To facilitate a comparison, these changes in segment reporting have been applied retrospectively for the years ended March 31, 2016 and March 31, 2015.

Non-U.S. GAAP Financial Measures

The Group monitors certain non-U.S. GAAP financial measures that it believes will help provide a complete evaluation of its operating performance. These non-U.S. GAAP measures include Adjusted EBITDA, Adjusted gross profit, direct cost of revenue, contribution margin, indirect cost of revenue, free operating cash flow, Free Cash Flow, Net Debt, Net R&D, Net R&D as a percentage of revenue, operating working capital, operating working capital as a percentage of revenue and leverage ratio, each as defined elsewhere in this Offering Memorandum. See "*Summary of Financial Information and Other Data—Summary Other Financial and Operating Data*" and "*Selected Financial Information and Other Data—Selected Other Financial and Operating Data*". In addition, the Group also refers to compound annual growth rate ("**CAGR**") which means the geometric progression ratio that provides a constant rate of change over a given time period.

The Group has presented certain information herein that it refers to as "constant currency," which is a non-GAAP financial measure and represents the total change between periods excluding the effect of changes in foreign currency exchange rates. The Group calculated the constant currency change as the difference between the current period results translated using the current period currency exchange rates (i.e., the average rate for translation of its statement of operations for the year ended March 31, 2017) and the historical period's results restated (i.e., March 31, 2015 and March 31, 2016) using current period currency exchange rates. For the purposes of these constant currency presentations, the Group has used the average exchange rates of EUR for USD, which was EUR 1 = USD 1.0973 in the year ended March 31, 2017, the average exchange rates of GBP for USD, which was GBP 1 = USD 1.3041 in the year ended March 31, 2017 and the average exchange rate of the CHF to USD, which was CHF 1 = USD 1.0127. The Group believes that the reconciliations of changes in constant currency provide useful supplementary information to investors in light of fluctuations in foreign currency exchange rates.

These non-U.S. GAAP financial measures have limitations as analytical tools and should not be viewed as indicators of, or alternatives to, the Group's results or any performance or liquidity measures under U.S. GAAP, as set forth in its financial statements. The non-U.S. GAAP financial measures should therefore be considered as supplementary information to, and read only in conjunction with, the consolidated financial statements of the Group. The Group presents these non-U.S. GAAP measures in this Offering Memorandum because it considers them to be important supplemental measures of the Group's performance and believes that they are widely used by investors comparing performance between companies. Since not all companies compute these or other non-U.S. GAAP financial measures in the same way, the manner in which the Group's Management has chosen to compute the non-U.S. GAAP financial measures presented herein may not be comparable with similarly defined terms used by other companies.

Financial Year

The financial year of the Group ends on March 31 of each calendar year.

Other Data

Certain numerical figures set out in this Offering Memorandum, including financial data presented in millions or thousands, certain operating data, percentages describing market shares and penetration rates, have been subject to rounding adjustments and, as a result, the totals of the data in this Offering Memorandum may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" are calculated using the numerical data in the consolidated financial statements of the Group or the tabular presentation of other data (subject to rounding) contained in this Offering Memorandum, as applicable, and do not use the numerical data in the narrative description thereof.

INDUSTRY AND MARKET DATA

This Offering Memorandum contains statistics, data and other information regarding markets, market sizes, market shares, market positions, growth rates and other industry data pertaining to the Group's business and markets. Unless otherwise indicated, such information is based on the Group's analysis of multiple sources, and the industry and market data referenced. Such information has been accurately reproduced and, as far as the Group is aware from such information, no facts have been omitted which would render the information provided inaccurate or misleading. The Group has derived information on the markets which it operates in from, *inter alia*, the following sources:

- *Berg Insight* Smart Electricity Meter Market – Europe 2016
- *Clean Energy Wire* Germany's greenhouse gas emission and climate targets as of February 01, 2017
- *Deutsche Bank* German 'Energiewende': Many targets out of sight as of June 2, 2016
- *EPA* Global Greenhouse Gas Emissions Data as of June 28, 2017
- *Frost&Sullivan* Electricity Metering 2016
- *Frost&Sullivan* Global Smart Electricity Meters Market as of December 2016
- *iea* International Energy Outlook 2016 as of May 11, 2016
- *iea* Key world energy statistics 2016
- *IHS Technology* Heat Meters – World – 2016
- *IHS Technology* Smart Electricity Meters Forecast Report 2016
- *IHS Technology* The World Market for gas meters 2016
- *IPCC* Climate Change 2014 – Migration of Climate Change
- *Ministry of Employment and the Economy – Energy Department [Finland]* Finland's national action plan for promoting energy from renewable sources pursuant to Directive 2009/28/EC
- *Ministry of Petroleum and Energy [Norway]* National Renewable Energy Action Plan under Directive 2009/28/EC as of January 30, 2013
- *OECD* Data GDP long-term forecast (data pull)
- *The Shift Project Data Portal* Breakdown of Electricity Generation by Energy Source

Unless otherwise stated, the Group's market positions referenced herein have been derived from the following reports for the respective industry areas relating to the previous calendar year:

- *Frost&Sullivan* Electricity Metering 2016
- *Frost&Sullivan* Global Smart Electricity Meters Market as of December 2016
- *IHS Technology* Heat Meters – World – 2016
- *IHS Technology* Smart Electricity Meters Forecast Report 2016
- *IHS Technology* The World Market for gas meters 2016

In addition, we have also relied on preliminary data from IHS Technology relating to the calendar year 2016 for smart electricity meters.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Group has not independently verified and cannot give any assurance as to the accuracy of market data contained in this Offering Memorandum that were extracted or derived from these industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and respondents, including judgments about what types of products and transactions should be included in the relevant market.

This Offering Memorandum also contains estimates of market data and information derived therefrom that cannot be gathered from publications by market research institutions or any other independent sources. Such information is prepared by the Group based on third-party sources and its own experience and internal estimates of market conditions. The Group believes that its estimates of market data and information derived therefrom are helpful in order to give investors a better understanding of the industry in which it operates as well as its position within the industry. Although the Group believes that its internal market observations are reliable, there can be no assurance that any of these estimates are accurate or correctly reflect its position in the industry, and such estimates have not been verified by any independent sources.

While the Group is not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings "*Forward-looking Statements*" and "*Risk Factors*" in this Offering Memorandum.

EXCHANGE RATE INFORMATION

The Company presents its consolidated financial statements in U.S. Dollar ("**$**" or "**USD**"). The exchange rate for USD against Swiss franc ("**CHF**") as of June 30, 2017 was USD 1.04 per CHF 1.00. The following table shows, for the periods and dates indicated, the high, low, average and period-end exchange rates as published by Bloomberg (Source: CMPN), of CHF expressed as USD per CHF 1.00.

	USD per CHF 1.00			
Year	**High**	**Low**	**Average**[(1)]	**Year end**
2014	1.1464	1.0057	1.0935	1.0057
2015	1.1925	0.9712	1.0401	0.9976
2016	1.0485	0.9709	1.0155	0.9814

Month	**High**	**Low**	**Average**[(1)]	**Month end**
January 2017	1.0107	0.9733	0.9929	1.0107
February 2017	1.0092	0.9896	0.9983	0.9942
March 2017	1.0146	0.9854	0.9978	0.9972
April 2017	1.0068	0.9910	0.9991	1.0050
May 2017	1.0333	0.9912	1.0141	1.0333
June 2017	1.0462	1.0250	1.0333	1.0437

(1) The average of the exchange rates for each business day during the relevant period.

The exchange rate for USD against the euro ("**EUR**") as of June 30, 2017 was USD 1.14 per €1.00. The following table shows, for the periods and dates indicated, the high, low, average and period-end exchange rates, as published by Bloomberg (Source: CMPN), of EUR expressed as USD per €1.00.

	USD per € 1.00			
Year	**High**	**Low**	**Average**[(1)]	**Year end**
2014	1.3932	1.2098	1.3284	1.2098
2015	1.2002	1.0497	1.1098	1.0856
2016	1.1532	1.0389	1.1070	1.0520

Month	**High**	**Low**	**Average**[(1)]	**Month end**
January 2017	1.0797	1.0406	1.0640	1.0797
February 2017	1.0786	1.0537	1.0641	1.0576
March 2017	1.0865	1.0507	1.0687	1.0653
April 2017	1.0925	1.0590	1.0717	1.0897
May 2017	1.1244	1.0861	1.1057	1.1244
June 2017	1.1440	1.1134	1.1238	1.1426

(1) The average of the exchange rates for each business day during the relevant period.

The exchange rate for USD against British pound ("**GBP**") as of June 30, 2017 was USD 1.30 per £1.00. The following table shows, for the periods and dates indicated, the high, low, average and period-end exchange rates as published by Bloomberg (Source: CMPN), of GBP expressed as USD per £1.00.

	USD per GBP 1.00			
Year	**High**	**Low**	**Average**[(1)]	**Year end**
2014	1.7166	1.5516	1.6475	1.5578
2015	1.5881	1.4632	1.5284	1.4736
2016	1.4880	1.2123	1.3549	1.2357

Month	**High**	**Low**	**Average**[(1)]	**Month end**
January 2017	1.2633	1.2049	1.2358	1.2579
February 2017	1.2659	1.2381	1.2487	1.2381
March 2017.	1.2560	1.2153	1.2348	1.2552
April 2017	1.2951	1.2374	1.2644	1.2951
May 2017	1.3030	1.2791	1.2922	1.2890
June 2017	1.3026	1.2629	1.2813	1.3026

(1) The average of the exchange rates for each business day during the relevant period.

The rates in each of the foregoing tables may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Offering Memorandum. The Company has provided these exchange rates solely for the convenience of potential investors. The rates should not be construed as a representation that U.S. dollar amounts could have been, or could be, converted into Swiss franc, euro or the British pound at the rates set forth herein or at any other rate.

DEFINITIONS

In this Offering Memorandum:

- References to "CHF" are to Swiss francs, the lawful currency of Switzerland; all references to "euro," "EUR" and "€" are to the single currency of the participating member states of the European Union participating in the third stage of the economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended or supplemented from time to time; all references to "GBP" and "£" are to the lawful currency of the United Kingdom; and all references to "USD" and "$" are to the lawful currency of the United States.

- References to "CO" are to the Swiss Code of Obligations of March 30, 1911, as amended from time to time; references to "FISA" are to Swiss Federal Intermediated Securities Act of October 3, 2008; references to "FMIA" are to the Financial Markets Infrastructure Act (*Finanzmarktinfrastrukturgesetz*) of June 19, 2015; references to "FMIO" are to the Financial Market Infrastructure Ordinance (*Finanzmarktinfrastrukturverordnung*) of November 25, 2015; references to "FMIO-FINMA" are to the Financial Market Infrastructure Ordinance-FINMA (*Finanzmarktinfrastrukturverordnung-FINMA*) of December 3, 2015.

- References to the "Company" or to "L+G" are to Landis+Gyr Group AG, c/o Landis+Gyr AG, Theilerstrasse 1, 6301 Zug, Switzerland.

- References to the "E.U." are to the European Union.

- References to "INCJ" are to Innovation Network Corporation of Japan, 21st Floor, Marunouchi Eiraku Building 1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan.

- References to "we", "us", "our" or the "Group" are to Landis+Gyr Group AG, c/o Landis+Gyr AG, Theilerstrasse 1, 6301 Zug, Switzerland, and its consolidated subsidiaries, unless the context requires otherwise.

- References to the "Selling Shareholders" are to Toshiba Corporation and INCJ (which holds its shares in the Company via INCJ Colors B.V.).

- References to "SIS" are to SIX SIS AG.

- References to "SIX" are to SIX Swiss Exchange AG.

- Reference to "Toshiba" or "Toshiba Corporation" are to Toshiba Corporation, 1-1 Shibaura 1-chome, Minato-ku, Tokyo 105-8001, Japan.

- References to "U.S." or the "United States" are to the United States of America.

- References to "U.S. GAAP" are to generally accepted accounting principles in the United States of America as issued by the Financial Accounting Standards Board.

In addition to the terms above, this Offering Memorandum contains a glossary of certain technical terms relating to the Group's industry and business. See the section entitled "*Glossary of Technical Terms*".

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SUMMARY

The following summary is not intended to be complete and is to be read together with the more detailed information appearing elsewhere in this Offering Memorandum. In particular, investors should consult the sections "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and should carefully consider the information presented in the section entitled "Risk Factors" before making an investment decision.

Overview

We are the leading global provider of smart metering solutions helping utilities, energy retailers and energy consumers manage energy better. Building on over 120 years of industry experience, we enable our customers to manage their billing for revenue assurance, improve the efficiency of their networks, upgrade energy delivery infrastructures, reduce energy costs and contribute to a sustainable use of resources. With over 60 million Landis+Gyr connected intelligent devices deployed or under contract, more than 15 million meters currently under managed service operations and our ongoing successful deployment in Tokyo of what we believe will be the largest utility IoT network globally, we are proud to serve as a trusted partner to over 3,500 utilities and energy retailers around the globe as they manage the industry transition from traditional grids to Smart-Grid and further to the Interactive-Grid.

Traditional standalone metering products represent the historical core of our offerings. However, over the last 10 years, many utilities have transitioned from using standalone, or non-smart, meters, which require on-site or one-way reading to report energy consumption, to modernized networks that deploy intelligent devices and two-way communications technologies for near real-time measurement, management and control of energy distribution and consumption, i.e., "smart metering". Smart metering technology serves, in turn, as an essential building block in the development of the Smart-Grid and smart communities where utilities can measure and control production, transmission and distribution of energy resources more efficiently through the use of communications technology.

While this transition to smart metering and Smart-Grid has in large part been driven by national policies and regulatory mandates, there is an increasing impetus among our utility customers to capture the grid-efficiency benefits derived from connectivity, control and analytics in support of their business cases. In addition, digitalization, decentralization and decarbonization are disrupting the traditional utility business model, requiring distribution system operators to find new ways to deliver energy efficiently, reliably and securely and to improve consumer interaction and management processes. These trends are driving the next step in the evolution from Smart-Grid to an entire ecosystem of connected intelligent devices, encompassing a full suite of sophisticated utility IoT networks and business processes for energy flexibility, distribution automation and consumer engagement.

We have been at the forefront of this evolution and have in parallel developed our core business offerings to match and stay ahead of market needs. Due to consistent research and development investments, amounting to approximately 9% of revenue in each of the past three fiscal years, and a series of strategic acquisitions, we are today a leading global provider of smart metering solutions for electricity, heat/cold and gas. Our current portfolio of end-to-end integrated AMI solutions includes multi-protocol communications networks, data collection and management systems, analytics, and other software applications in metering and Smart-Grid. Our tailored suite of offerings facilitates multiple deployment options that are both cost effective and scalable — not only addressing our utility customers' service levels today but also maintaining the flexibility for further growth and future functionalities. Our solutions operate from the grid-edge back to the utility, as well as behind the meter into the home, providing near real-time, unprecedented access to energy usage data and enable utilities (our primary customers) and energy retailers to measure, monitor, control and optimize their business processes and asset management as well as create greater engagement of end-customers.

We provide our products, services and solutions in more than 70 countries around the world. Our regional-based sales and marketing approach facilitates the development and maintenance of long-standing local relationships with our customers. Our local presence combined with our global reach and established track record enables us to identify and capitalize on key emerging international and national trends. As such, we are well positioned to leverage our portfolio of products, solutions and services in each of our markets, which are at different stages of maturity in transitioning to smart metering, Smart-Grid and beyond.

To best serve our customers, we have organized our business into three regional reportable segments: the Americas, EMEA and Asia Pacific.

- Our Americas segment comprises North America, Latin America, Japan and other Asia Pacific markets that adhere to the U.S. ANSI standards. This segment reported 56.1% of our total revenue for the year ended March 31, 2017. We are a leading supplier of AMI communications networks and a leading supplier of smart electricity meters in North America. In addition, we are a leading supplier of modern standalone and smart electric meters in South America. We have an installed base of over 45 million connected intelligent devices in the Americas, the largest installed base of any of our regions.

- Our EMEA segment comprises Europe, the Middle East and Africa and reported 35.4% of our total revenue for the year ended March 31, 2017. In EMEA, we are one of the leading providers of smart electricity meters, with an installed base of over 18 million connected intelligent devices and we are the leading supplier of smart ultrasonic gas meters.

- Our Asia Pacific segment comprises Australia and New Zealand, China, India and Southeast Asia and reported 8.4% of our total revenue for the year ended March 31, 2017. In Asia Pacific (excluding China), we are one of the leading smart electricity meter providers, with an installed base of over 2.3 million connected intelligent devices.

Founded in Switzerland in 1896, we have successfully transformed our business during the course of our history to continue to address the energy metering and management needs of our customers, from manufacturing standalone mechanical meters to digital meters and then onto smart meters. In 2011, we were acquired by our current shareholders Toshiba Corporation (60%) and INCJ (held via INCJ Colors B.V.) (40%) as an independent growth platform focused on promoting smart meters as the heart of the Smart-Grid. Today we are focused on energy management solutions, concentrating on the importance of smart metering technology. As of March 31, 2017, we employed 5,919 employees across 42 sales and customer support sites globally. For the year ended March 31, 2017, we generated USD 1,659.2 million in revenue and USD 212.0 million in Adjusted EBITDA.

Key Competitive Strengths

At Landis+Gyr, our ambition is to be a trusted partner for utilities, providing them with a suite of sophisticated solutions that help them managing energy better. In order to achieve this goal, it is key for our business to drive growth and strengthen our market leadership, especially through the introduction of new products and technologies based on investments in new technologies and solutions. We believe that we are in the position to achieve these goals through the following key competitive strengths:

Differentiated offering designed to address utilities' challenges

As the global leader in electricity metering, a global player in low/medium voltage Smart-Grid and a leading player in smart gas, we distinguish ourselves through technological innovation across the energy management value chain, assisting utilities in tackling the various and complex challenges they face, from billing and revenue assurance to distributed energy resource management and demand response. By 2040, global electricity demand is forecast to rise by approximately 45%. Accordingly, as various megatrends, such as digitalization, decentralization and decarbonization continue to progress, utilities will have to make significant investments in their infrastructure to cope with intermittent and multidirectional power flows. To address these challenges, we have developed and continue to expand upon a broad products, solutions and services portfolio, including smart electricity meters, smart gas meters, advanced load management, distribution automation, meter reading services and data management, demand response, network operations and grid analytics, all leveraging data from the grid. In parallel, we have also built a leading portfolio of communications technologies and software solutions delivering scalable and flexible network solutions to create an ecosystem of connected intelligent devices. In summary, our complete end-to-end solutions enable our customers to innovate at the grid-edge and manage energy better.

Technology leadership driven by focused investment in research and development

We are among the industry leaders in applied technology for utilities. This is the direct result of our focused and structured predominantly self-funded investment in research and development activities, which has totaled approximately USD 800 million since 2011. In the year ended March 31, 2017, 69% of our research and development expenditures were dedicated to the development of embedded- or application-software reflecting our evolution from a pure hardware company to an integrated end-to-end utilities solutions provider. We currently employ 1,389 hardware and software engineers and research professionals located in four major global development centers and an additional 20 local engineering sites dedicated to regional customizations and assisting our local customers, building upon our long-standing trusted local relationships. We believe this represents not only one of the industry's largest research and development teams, but also an operational structure uniquely tailored for success in our diverse multinational markets. As global utilities continue to transition to smart metering and Smart-Grid, we believe that our breadth and depth of research, development and engineering experience will continue to drive our growth and support our leading market positions.

Access to an attractive set of end markets and regions with different maturities

Our global presence allows us to identify and capitalize on emerging regional trends in our key markets, thereby strategically positioning our business for the anticipated multiple stages, or "waves", of growth in infrastructure enhancement. For electricity utilities, these multiple waves represent different stages of smart meter penetration and maturity as utilities in different regions either have already implemented, are transitioning to or are expected to transition to smart metering and Smart-Grid at different times. For instance, the first wave of smart metering deployments has already been substantially completed in certain parts of North America, with second wave deployments in connection with replacements and/or upgrades of the installed base underway in selected areas, offering new avenues for value creation. In EMEA, the first wave of deployments was postponed in some countries due to delays in the implementation of certain legislation and regulation; however, we expect deployments to accelerate in the near term, offering attractive growth prospects in EMEA. In many other parts of the world, the anticipated transition by utilities to smart metering and Smart-Grid remains several years away, but we believe we are well positioned to participate in those market opportunities as they arise given our strong local presence, recognized brand name and established track record of delivering reliable, resilient and cost effective solutions. Our direct regional sales and marketing presence in over 30 countries globally, in conjunction with our comprehensive country support and local engineering centers, also enable us to develop new and maintain existing close local relationships with our customers who will continue their transition to smart metering and Smart-Grid or soon initiate smart metering deployments. Separately, as the transition to smart metering and Smart-Grid progresses over time, we expect that our sales of smart metering products, solutions and services will likely increase as technological complexity and functionality increase to support and complement other smart metering and Smart-Grid technologies. Furthermore, we believe that the pace of such technological improvements will shorten average smart meter life, leading to more opportunities for revenue growth from regular replacement and upgrade cycles.

Experienced, internationally diverse Group Executive Management team

Our experienced, internationally diverse Group Executive Management team has a documented track record of delivering growth through several macroeconomic cycles, technology transformations and multiple changes of ownership. With a median tenure at Landis+Gyr of more than 15 years, the members of our Group Executive Management team bring a seasoned cumulative expertise that has been instrumental in establishing our business strategy and securing our leading market positions. Our Group Executive Management team's in-depth understanding of both the utility industry and our customers' needs has resulted in the development of our broadened product portfolio, expanded customer base and extended global reach, through organic growth and strategic acquisitions.

Proven track record of delivering profitable growth

We have a proven track record of delivering profitable growth across economic and industry cycles measured in terms of sales growth and Adjusted EBITDA. Prior to 2012, our revenue growth benefited from successful acquisitions and smart metering and Smart-Grid product sales to "early adopters" in North America, Italy and the Nordics, as we expanded our product sales across these geographies and launched our connectivity and data management solutions with a view to becoming a leading global provider of smart meters. Between 2012 and 2016, revenues stabilized as Smart-Grid product sales slowed in North America following initial deployments and the anticipated smart metering and Smart-Grid initiatives and deployments in Europe were delayed as a result of postponements in implementing legislation and regulation. Despite these postponements we remained profitable as a Group and focused on research and development investments and other operational excellence initiatives in anticipation of future deployments in key markets. Today, we believe we are ideally positioned to capitalize on our research and development investments through our expanded portfolio offerings in applications, services and data analytics. Our healthy backlog from IOUs, PP and Managed Service customers in the Americas and a significant increase in contracted business since the fiscal year ended March 31, 2015, as evidenced by the evolution of our Committed Backlog, supports a platform for growth through executing on secured backlog and leveraging our existing presence to continue our expansion in smart metering and Smart-Grid solutions and services. With respect to certain markets in Europe, we believe that a new wave of accelerated multiple Smart-Grid rollouts following implementation of relevant legislation and regulation will drive significant growth in markets that have not yet fully developed. With respect to more mature markets within Europe and North America, we expect to benefit from second wave deployments in connection with replacements and/or upgrades of the installed base underway in selected areas. This is further supported by our stable recurring revenue from managed services and meter replacement cycles.

Strategy

At Landis+Gyr our global leadership position in smart metering and Smart-Grid solutions has been underpinned by a dedication to applied technology for our utility and energy retailer customers. Our strategy is to continue our strong commitment to innovation, research and development, with a view to enhancing our portfolio of products, solutions and services across all layers of technology relevant for our industry. This strategic intent is framed by (i) strengthening our core business in smart metering and smart grid solutions; (ii) creating an ecosystem of connected intelligent devices in the context of utility IoT; and (iii) maximizing the value of this connected space for our utility and energy retail customers.

By successfully executing these objectives we believe we can distinguish ourselves from our competitors, extend utility functionality and ensure cost competitiveness. We aim to constantly improve the technological sophistication of our product offering in order to push utility business models and activities towards smart metering and Smart Grid. In particular, for IoT as it applies to utilities, we will continue to support open standards so that third-party devices and software can integrate with this ecosystem, deployed as part of the utility's essential infrastructure.

We strive to grow our business sustainably and create value for all stakeholders. The following is a summary of the activities we are currently undertaking in pursuit of these objectives:

Leverage organic growth

We plan to leverage our industry leading positions in AMI and Smart-Grid solutions in key global markets, those with attractive regulatory frameworks, sophisticated technological requirements and large sales potential, across the Americas, EMEA and Asia Pacific. At the same time, we will continue to cultivate close customer relationships through our regional and local presence so that we are well positioned to benefit from all opportunities that develop as markets transition to Smart-Grid and onto the next generation of smart meters, advanced analytics solutions and other Smart-Grid applications. We will also continue to explore the potential of complementary product adjacencies along the energy management solutions value chain, such as sub-metering, energy storage systems and other solutions in energy flexibility for the integration and management of renewables.

Extend our leadership position through ongoing technology innovation

In order to reinforce our technology positions and provide utilities with products and solutions that provide compelling functionality, flexibility and value, we plan to maintain our significant investment in research and development, focusing on new product development as well as enhancements to existing products and solutions. In particular, our current research and development strategy acknowledges the growing importance of connectivity among intelligent devices. As such, we are focused on the connectivity, communication and security of our products and solutions with concentrated research and development of software, embedded software and hardware. We also emphasize the development of platforms for devices, applications and networks through our global research and development team, which operates four major research and development centers around the world. Investments in new platforms for devices, applications and networks are intended to, among other things, globally leverage our research and development efforts, ensure modularity as well as module reuse for embedded software and software applications and improve quality, all of which will facilitate faster time to market for new products and reduce research and development costs over time.

Pursue operational excellence programs

We will continue to pursue various cost optimization initiatives. Specifically, in connection with Project Phoenix in EMEA, we plan to unify various back office functions across smaller markets, while maintaining a focus on key growth markets. We will also continue to develop platforms for devices, applications and networks as well as the capacities of our group procurement and supply chain organization to benefit our operations globally and ensure that we source the most competitively-priced components, sub-assemblies and materials. Finally, we plan to continue implementing our operational excellence initiative launched in 2014, Project Lightfoot, which is aimed at optimizing our global manufacturing and supply chain footprint. A key target of this strategic initiative is to bundle manufacturing activities to enhance production efficiencies, including in relation to supply chain costs, and maximize the utilization of our existing capacity. In parallel, we have adopted an “asset light” manufacturing model, whereby we increase our share of purchased manufactured components and sub-assemblies and reduce our manufacturing footprint. In connection with realizing these operational initiatives, in the mid-term we expect to realize savings of approximately USD 20 million per annum from Project Lightfoot, with full savings expected to be achieved by the year ended March 31, 2022, and approximately USD 20 million per annum from Project Phoenix, with full savings expected to be achieved by the year ended March 31, 2019. For a full description of these operational excellence programs, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Restructuring and Operational Excellence Initiatives*”.

Opportunistically explore acquisitions and strategic partnerships

We have a solid track record of identifying, acquiring and integrating target companies and assets. Since we began our evolution from exclusively being a provider of traditional, standalone metering products to a global provider of smart metering solutions, acquisitions have consistently formed a key part of our long-term strategy, and we believe that we are well positioned to benefit from further opportunistic acquisitions to complement our existing strategy. Such opportunities may include naturally adjacent segments, such as smart water or sub-metering, as well as complementary technologies and skills along the energy management value chain, such as grid management, consumer analytics, utility software, systems integration and services related to meter parks. We are currently exploring, and expect to continue to explore, potential acquisitions, strategic partnerships and joint ventures, particularly in geographic markets where we do not currently have a direct presence to improve our time to market in those areas. In evaluating potential acquisitions and strategic partnerships, we employ stringent criteria. In particular, we focus on acquisitions and strategic partnerships that can complement and/or strengthen our existing businesses, expand our product offerings and technology know-how, provide access to new customers and introduce us to new geographic markets.

Expected timetable of principal events

Start of offer period	July 12, 2017
End of offer period for retail and private banking orders[1]	July 20, 2017 at 12:00 (CEST)
End of offer period for institutional orders[1]	July 20, 2017 at 15:00 (CEST)
Determination of Offer Price	July 20, 2017
Publication of final Offer Price by electronic media and in the Supplement	July 21, 2017
First Day of Trading	July 21, 2017
Payment and Settlement	July 25, 2017

(1) The Company and the Selling Shareholders together with the Joint Global Coordinators, acting on behalf of the Managers, reserve the right to extend or end the offer period earlier, without any prior notice, at any time and for any reason.

SUMMARY OF THE TERMS OF THE OFFERING

Offering	This Offering consists of: (i) a public offering in Switzerland; (ii) private placements in certain jurisdictions outside the United States and Switzerland in accordance with applicable securities laws and on the basis of exemptions provided by the Prospectus Directive; (iii) an offering in the United States only to QIBs as defined in, and in reliance upon, Rule 144A; and (iv) private placements in Canada to accredited investors and permitted clients in the provinces of Alberta, British Columbia, Ontario and Quebec. All offers and sales outside the United States will be made in compliance with Regulation S under the Securities Act.
Shares	The Shares are fully paid-in registered shares (*Namenaktien*) of the Company with a nominal value of CHF 10.00 each. See "*Description of Share Capital and Shares—Description of Shares*".
Issued Shares	29,510,000 Shares.
Offered Shares.	The Offered Shares will consist of 29,428,055 Shares. The Offered Shares will be from currently held shareholdings of the Selling Shareholders (see "*Principal and Selling Shareholders*"). All Shares, including the Offered Shares, rank *pari passu* in all respects with all other Shares. See "*Description of Share Capital and Shares*". The Swiss Federal Securities Transfer Stamp Tax (*Umsatzabgabe*) on the sale of the Offered Shares will be borne (or compensated) by the Selling Shareholders.
Percentage of Total Issued Share Capital being offered in the Offering	The 29,428,055 Offered Shares represent 99.7% of the issued share capital of the Company, as recorded in the commercial register as of the date of this Offering Memorandum and as of the First Day of Trading. The Selling Shareholders have decided to grant and fund the Recognition Bonus (as defined herein) to the Chairman and up to 12 members of senior Management. The Recognition Bonus is conditional upon the completion of the Offering and acceptance of the lock-up undertaking described below and is in part payable in Shares. Up to 81,945 Shares have been set aside prior to the Offering and therefore do not form part of the Offered Shares. To the extent these Shares will not be used for the Recognition Bonus they will be generally available for the Offering. The up to 81,945 Shares set aside for partial payment of the Recognition Bonus and the 29,428,055 Offered Shares will together represent 100% of the issued share capital of the Company on the First Day of Trading. Upon the completion of the Offering, the Selling Shareholders will no longer hold any Shares. See "*Related party Transactions—Recognition Bonus*" and "*Principal and Selling Shareholders*".
Selling Shareholders	Toshiba Corporation and INCJ (held via INCJ Colors B.V.). See "*Principal and Selling Shareholders*".
Preferential Allocations	Offered Shares corresponding to an amount of up to CHF 8.5 million have been set aside in a separate pool for purchase at the Offer

	Price by the Board of Directors and eligible members of senior Management of the Company. These sales will occur in Switzerland and in other jurisdictions where such allocations are permissible pursuant to the terms and conditions of the Offering. To the extent that these Offered Shares will not be used for the preferential allocation they will be generally available for the Offering. See also "*Offering and Sale—Preferential Allocation*".
Stabilization	No over-allotment option has been granted to the Managers in connection with the Offering. Prospective investors should not assume that any stabilizing measures with a view to supporting the market price of the Shares will be undertaken in connection with the Offering. In connection with the Offering, stabilization measures may be effected by the Stabilization Agent to the extent legally permissible. If stabilization activities take place, such transactions will be effected at levels not to exceed the Offer Price. The Company will inform the public of any such activities in accordance with Article 126 lit. e FMIO. See "*Offering and Sale—Stabilization*".
Offer Price Range and Offer Price	The Offer Price Range is between CHF 70 and CHF 82 per Offered Share. The Company and the Selling Shareholders expect to determine the final Offer Price together with the Joint Global Coordinators on the basis of a bookbuilding process on or around July 20, 2017. The final Offer Price is expected to be published in electronic media, by press release and in the Supplement on or around July 21, 2017, prior to the First Day of Trading.
Offer Period	The offer period is expected to be from July 12, 2017 to 12:00 (CEST) on July 20, 2017 for retail and private banking orders and at 15:00 (CEST) for institutional investors, respectively. The Company and the Selling Shareholders, together with the Joint Global Coordinators, acting on behalf of the Managers, reserve the right to extend or shorten the offer period or terminate the Offering, without any prior notice, at any time and for any reason.
Lock-up Agreements	The Company has agreed, subject to certain limited exceptions, not to, *inter alia*, issue, offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, pledge, grant instruction rights (*Weisungsrechte nach Art. 25 FISA*) or otherwise transfer or dispose of, directly or indirectly, or file a registration statement under any securities regulation relating to, any Shares, or any securities convertible into or exchangeable or exercisable for Shares or warrants or other rights to purchase any Shares or announce its intention to do any of the foregoing, during a period commencing on the date hereof and ending six months following the First Day of Trading without the prior written consent of the Joint Global Coordinators. The Chairman of the Board of Directors and up to 12 members of senior Management entitled to the Recognition Bonus are expected to agree, as a condition to receipt of the Recognition Bonus and subject to certain limitations, not to, *inter alia*, offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, pledge, grant instruction rights (*Weisungsrechte nach Art. 25 FISA*)

	or otherwise transfer or dispose of, directly or indirectly, or file a registration statement under any securities regulation relating to, or announce its intention to do any of the foregoing, any Shares held by them at the time of completion of the Offering during the periods outlined in the section "*Offering and Sale—Lock-up arrangements*" following the First Day of Trading without the prior written consent of the Joint Global Coordinators For more information, see "*Offering and Sale—Lock-up arrangements*".
Dividends and Dividend Policy	The Company intends to target a dividend payout of the Swiss franc equivalent of at least USD 70 million for the first time for the financial year ending March 31, 2018 and for subsequent years targets a dividend payout ratio of at least 75% of Free Cash Flow (as calculated herein, see "*Summary Financial Information and Other Data—Other Financial and Operating Data*"), in each case provided that there are sufficient distributable reserves available and taking into consideration the legal and contractual restrictions described in the section entitled "*Dividend Policy—Legal Considerations*". The Company anticipates paying any such dividends for the year ending March 31, 2018 out of reserves from capital contributions. All Offered Shares will rank *pari passu* with all the other Shares. The Board of Directors retains authority to change the dividend policy at any time, especially if unexpected events occur that would change its view as to the prudent level of cash and capital conservation as well as the Company's financial goals and strategy. Holders of the Offered Shares will be entitled to dividends and other distributions, if any, for the financial year ending March 31, 2018 and for all subsequent financial years (provided that they are the holder of record of the relevant Shares as of the relevant record date). Dividends and other distributions paid on the Shares (except for dividend payments from reserves from capital contributions or from reductions of the Company's share capital) are subject to Swiss Withholding Tax (see "*Tax Considerations*"). For more information, see "*Dividends and Dividend Policy*".
Voting Rights	Each Share carries one vote. For information regarding the transfer of Shares, see "*Description of Share Capital and Shares*".
Listing and Trading.	Prior to this Offering, there has been no public market for the Shares. The Company has applied, and approval has been given by SIX, subject to certain conditions, to list all Shares, and to formally list the Additional Shares, on SIX in accordance with the International Reporting Standard of SIX. The Company expects that the Shares will be listed and that trading will commence on or around July 21, 2017 (the "**First Day of Trading**").
Clearing and Settlement	The Company has applied for the Shares to be accepted for clearance through SIS. It is expected that delivery of the Offered Shares against payment of the Offer Price will be made through the facilities of SIS on or around July 25, 2017. If the right to terminate the

	Underwriting Agreement (see "*Offering and Sale—Underwriting*") is exercised, the Offering will lapse and any previously purported allocation and purchase of Offered Shares will be deemed not to have been made.
Form of Shares.	The Shares will be issued as uncertificated securities (*Wertrechte*) within the meaning of Article 973c CO and will be held as intermediated securities (*Bucheffekten*) within the meaning of the FISA. No share certificates will be issued and no share certificates will be available for individual physical delivery. Shareholders registered in the Company's share register may request from the Company a confirmation relating to their shareholdings in the Company. See "*Description of Share Capital and Shares—Description of Shares—Form of the Shares*".
Reasons for the Offering	The Selling Shareholders are offering the Offered Shares to divest their shareholdings in the Company and realize their investments. The Company will not receive any proceeds from the sale of the Offered Shares offered by the Selling Shareholders in the Offering.
Offering Restrictions	The Offered Shares are subject to certain offering restrictions as described in "*Notice to Investors*" and "*Transfer Restrictions*".
Joint Global Coordinators	UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland and Morgan Stanley & Co International plc, 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom (the "**Joint Global Coordinators**").
Joint Bookrunners	The Joint Global Coordinators, Credit Suisse AG, Paradeplatz 8, 8001 Zurich, Switzerland and J.P. Morgan Securities plc, 25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom (the "**Joint Bookrunners**").
Co-Bookrunners	Bank Vontobel AG, Gotthardstrasse 43, 8002 Zurich, Switzerland, and Mizuho International plc, Mizuho House, 30 Old Bailey, London EC4M 7AU, United Kingdom (the "**Co-Bookrunners**").
Managers	The Joint Bookrunners and the Co-Bookrunners.
Paying Agent	UBS Switzerland AG
Law/Jurisdiction	Swiss law / Zurich.
SIX Ticker Symbol	LAND
Swiss Security Number (*Valorennummer*)	37.115.349
International Security Identification Number (ISIN).	CH0371153492
Common Code.	164782000

Notification/Amendments or Changes	Any notices containing or announcing amendments or changes to to the terms of the Offering or to this Offering Memorandum will be announced through the electronic media. Notices required under the Listing Rules will be published in electronic form on the website of SIX (currently https://www.six-swiss-exchange.com/news/official_notices/search_en.html). Changes so notified will be deemed to constitute an amendment or supplement of this Offering Memorandum. The results of the Offering are expected to be published by media release and in the Supplement on or around July 21, 2017.

SUMMARY OF THE RISK FACTORS

The following is a summary of the risk factors. This list is not exhaustive, and potential investors should read the section entitled "Risk Factors" included elsewhere in this Offering Memorandum for a more detailed description of the risks associated with an investment in our Shares.

- Utilities represent our key customer base and because the sales cycle in the utility industry is typically lengthy and complex and contract awards in tender processes may be challenged, we may expend significant resources pursuing sales but we may not be able to recoup our investments.
- The markets in which we operate are highly competitive and some of our present and potential future competitors have, or may have, substantially greater financial, technical, marketing or manufacturing resources than we do and, in some cases, greater name recognition, better customer relationships and more experience.
- The growth of our business and future revenue depends on the uncertain development of the markets for our smart metering and Smart-Grid products, solutions and services, which are still evolving, and it is uncertain whether our products and solutions will achieve and/or sustain high levels of demand and market acceptance.
- Adverse publicity about, or consumer or political opposition to, smart metering and Smart-Grid could inhibit the growth of the overall market.
- Our business depends significantly on capital expenditures by the utility industry and a decline in the level of demand or capital expenditures in the utility industry could have a material adverse effect on our business.
- We operate on a global scale and are exposed to risks associated with regional events and their potential impact on the global economy.
- We continually develop and introduce new products, product enhancements and/or solutions and there is no guarantee that our investments in research and development will yield the desired results.
- The technologies for the connected intelligent devices and software and services markets are still evolving and we may face unexpected challenges in the deployment and operation of our product and service offerings.
- A significant portion of our revenue is generated from a limited number of customers or large volume projects and compensating for the loss of a customer or such a project may prove difficult.
- We may face significant warranty and product liability claims.
- Many of our contracts with utility customers contain provisions that could cause us to be liable for liquidated or other damages, and/or incur unanticipated expenses with respect to the functionality, deployment, operation and availability of our products and services.
- Most of our contracts with utility customers provide the customer with the right to suspend, delay or terminate the contract for any reason. If a customer suspends, delays or terminates its customer contract for any reason, our business could be adversely affected.
- Many of our contracts with utility customers are structured as framework agreements and do not typically require a minimum purchase of products or services. Therefore, no assurance can be made that firm purchase orders will be placed under these framework agreements in the amounts we estimate, within the time period we expect, or at all.

- We provide outsourced managed services to certain of our utility customers. If these contracts are terminated, there is no assurance we will be able to replace the recurring revenue from these contracts.

- It may be difficult to predict the amount of actual revenue that we will recognize from backlog in any given period, and amounts recognized may fluctuate from one period to the next or may not result in revenue at all.

- Our ability to provide bid bonds, performance bonds or letters of credit is limited and could negatively affect our ability to bid on or enter into significant long-term agreements.

- For certain components, sub-assemblies, commodities and materials, we depend on a limited number of contract manufacturers and suppliers and the failure of these third parties to timely deliver sufficient quantities of components, sub-assemblies, commodities and materials could increase our costs and reduce margins.

- We depend on suppliers or contract manufacturers to meet our and our utility customers' standards of product quality and to satisfy applicable safety and security requirements and other regulatory requirements, and the failure of our suppliers or contract manufacturers to meet such requirements may have an adverse effect on our reputation and/or business.

- Fluctuations in the prices of the components, sub-assemblies, commodities and materials we purchase could have a material adverse effect on our operating results and financial condition.

- We have implemented or are currently implementing several operational initiatives and restructuring plans and we may not achieve some or all of the benefits expected from such measures.

- Our operations rely on complex IT systems and networks, which can be susceptible to malfunctions and interruptions.

- Disruptions in the operation of our data centers or lack of system integrity could have a material adverse effect on our business.

- The IT security of our products is important to customers. Cybersecurity incidents could disrupt business operations and result in the loss of critical and confidential information.

- We seek to develop and implement new products, technologies and processes quickly, which exposes us to the risk of infringement claims regarding third-party intellectual property rights.

- Manufacturing interruptions or delays, including as a result of catastrophic events or geopolitical conditions, could affect our ability to meet customer demand and lead to higher costs.

- We could be faced with labor shortages, disruptions or stoppages if our relations with our employees were to deteriorate.

- Our ability to attract, retain and motivate key employees is critical to our success.

- Our future success depends on the continued services of our senior Management team and Board of Directors.

- We are exposed to various risks, including accidents, vandalism, cyber-related incidents as well as environmental damage. We may not be adequately insured against such risks and our insurance costs may increase significantly.

- The global nature of our operations exposes us to a variety of risks resulting from organizational, logistical, legal, political and cultural as well as other related challenges.

- The assumptions made in preparing our financial targets and outlook included in this Offering Memorandum may prove incorrect or inaccurate.

- Our half year results may fluctuate substantially, which could make it difficult to accurately forecast our growth and could render a period-to-period comparison less meaningful.

- The preparation of the non-U.S. GAAP financial measures we use involves a high level of Management judgment and discretion.

- We are exposed to counterparty default risks.

- Our financial results may be affected by fluctuations in exchange rates.

- Our operating results can vary significantly due to the impairment of goodwill and other tangible and intangible assets due to changes in the business environment.

- Post-retirement costs, including those incurred under defined benefit pension plans, constitute a significant portion of our annual expenses, and funding these costs could adversely affect our financial condition.

- We are exposed to risks associated with acquisitions, strategic partnerships and investments.

- The transition to being a public company involves changes in our ownership structure, corporate governance, management culture and financial and non-financial reporting practices and may adversely affect our business.

- Our accounting and reporting systems, internal controls and other procedures have been established based on the needs and requirements of a privately held company, and may not be as advanced as other public companies' systems and procedures.

- We face certain risks associated with our relationship to and separation from our Selling Shareholders.

- We are exposed to certain risks associated with the UBS Credit Facility.

- We may need additional capital in the future and it may not be available on terms favorable to us or at all.

- The continued transition by utilities to smart metering and Smart-Grid is substantially dependent on legislative initiatives at the local, state, national and supranational level to help spur investments by utilities in smart metering and Smart-Grid.

- We and our customers operate in a highly regulated business environment, which affects, among others, meter replacement cycles and the costs of compliance and exposes us to risks associated with the violation of applicable requirements.

- In certain jurisdictions, we must self-test certain of our products and to the extent the applicable certifying agency or regulatory authority determines that our testing procedures were not in compliance with the applicable regulatory requirements, the product certification associated with such self-tests could be revoked.

- Changes to data protection laws and regulations and their interpretation may impact our operations.

- Limitations on the capacity of unlicensed frequencies or the inability of our Company or our customers to obtain licenses required by our products may result in lower demand for our products.

- Our business relies on patents and other intellectual property, which, if narrowed in scope or found to be invalid or otherwise unenforceable, could impair our competitiveness and harm our business.

- We use open source software in our products and services that may subject our products and services to lawsuits by parties claiming ownership of what we believe to be open source software or source code release requirements.

- If we fail to comply with license requirements of software providers or other third-parties that we enter into licensing agreements with, they may bring claims against us and/or terminate our licenses.

- Our operations expose us to the risk of liability under health, safety and employment laws in various jurisdictions with respect to our manufacturing processes and such laws are subject to unpredictable changes.

- Changes in environmental laws and regulations, violations of such laws and regulations or future environmental liabilities could cause us to incur significant costs and adversely affect our operations.

- We are subject to risks from actual or threatened legal, administrative and arbitration proceedings and investigations.

- We conduct business in countries on which the European Union, the United States, Switzerland or other countries have imposed sanctions, or which are subject to export control laws and embargos, and we may fail to prevent possible sales or transfers of our products to countries, governments, entities or persons targeted by such sanctions or regulations.

- We are subject to anti-corruption, anti-bribery and anti-money laundering laws. Potential compliance breaches could result in investigations by authorities, fines, damages claims and the termination of agreements with our customers and harm our reputation.

- A substantial part of our workforce in Switzerland is non-Swiss and our businesses may be exposed to risks associated with the implementation of the Swiss federal popular initiative against mass immigration.

- Changes in the accounting guidance, applicable tax rulings and taxation requirements could affect our financial results.

- Our transfer pricing arrangements may be challenged by local tax authorities, which may cause the amount of our tax payable to increase materially and may result in penalties or interest.

- Tax rules limiting the deductibility of interest expense may increase our cash taxes paid, especially in periods with small net income or loss making position.

- We may be subject to a tax burden due to non-refundable withholding taxes.

- The Offering may not be completed for various reasons and might be terminated.

- Prior to the Offering, there has been no public market for the Shares and there can be no assurance that the Offer Price will correspond to the market price of the Shares following the Offering.

- An active trading market for the Shares may fail to develop and continue after the Offering and the market price for the Shares may be volatile following the Offering.

- The Company is a holding company with no direct cash generating operations and relies on its subsidiaries to provide it with funds necessary to pay dividends to shareholders.

- The future issuance of equity or debt securities by the Company that are convertible into equity could immediately and substantially dilute your ownership interest.

- Shareholders outside of Switzerland may not be able to exercise pre-emptive rights in future issuances of equity or other securities that are convertible into equity.

- If analysts do not publish research reports about the Company's business or if they downgrade their recommendation with regard to the Shares, the Share price and/or trading volume could decline.

- Shareholders in countries with currencies other than the Swiss franc face additional investment risk from currency exchange rate fluctuations in connection with their holding of Shares.

- Market conditions may cause the market price of the Shares to fluctuate substantially.

- You may not be able to recover in civil proceedings for United States securities law violations.

SUMMARY OF FINANCIAL INFORMATION AND OTHER DATA

The consolidated financial information presented below sets out summary consolidated financial and other data of the Group as of and for the years ended March 31, 2017, 2016 and 2015. The summary consolidated statements of operations, balance sheet data, statement of cash flows and consolidated segment information have been derived from the audited consolidated financial statements of the Group for the years ended March 31, 2017, 2016 and 2015 appearing elsewhere in this Offering Memorandum. The summary other financial and operating data has been derived from internal management accounts prepared by Management on the basis of the Group's internal management reporting system.

During the fourth quarter of the financial year ended March 31, 2017, there was an organizational shift in the financial reporting of the Group in preparation for the Offering. As a result, we realigned our reportable segments to follow our internal operating segments: Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific. Prior to the realignment, we managed our business as one reportable segment. We used the reportable segments for the first time for the preparation of our audited consolidated financial statements as of and for the year ended March 31, 2017. To facilitate a comparison, these changes in segment reporting have been applied retrospectively for the years ended March 31, 2016 and March 31, 2015. For the periods presented in this Offering Memorandum, we show two primary measures for evaluating segment performance: revenue to third parties (excluding any inter-company sales) and Segment gross profit. Starting with the six-month period ending September 30, 2017, we will present EBITDA adjusted for certain items as described in more detail below ("**Adjusted EBITDA**") as our segment measure of profitability and have also presented this measure in the following tables.

The consolidated financial statements of the Group have been prepared in accordance with U.S. GAAP.

The following summary financial data should be read in conjunction with the information contained in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", the additional financial information contained elsewhere in this Offering Memorandum and the consolidated financial statements of the Group and, in each case, the related notes thereto contained elsewhere in this Offering Memorandum.

Summary consolidated statement of operations

(USD in millions, except share data and net income (loss) per share data)	Fiscal year ended March 31,		
	2017	**2016**	**2015**
Net Revenue	1,659.2	1,573.5	1,529.1
Cost of revenue	1,117.0	1,087.8	1,040.8
Gross profit	**542.2**	**485.7**	**488.3**
Operating expenses			
Research and development	162.8	148.3	151.6
Sales and marketing	104.7	99.7	100.0
General and administrative	184.8	145.3	163.3
Amortization of intangible assets	35.1	42.4	41.9
Impairment of intangible and long-lived assets	60.0	34.1	–
Operating (loss) income	(5.3)	15.9	31.5
Other income (expense)			
Interest income	0.5	0.5	0.7
Interest expense	(11.2)	(11.8)	(13.5)
Loss on foreign exchange related to intercompany loans, net	(14.3)	(5.6)	(8.9)
Income (loss) before income tax expense	(30.3)	(1.0)	9.8

(USD in millions, except share data and net income (loss) per share data)	Fiscal year ended March 31, 2017	2016	2015
Income tax (expense) benefit	(31.8)	(12.5)	0.5
Net income (loss) before noncontrolling interests	(62.1)	(13.5)	10.3
Net income attributable to noncontrolling interests, net of tax	0.5	0.2	0.0
Net income (loss) attributable to Landis+Gyr Group AG Shareholders	(62.6)	(13.7)	10.3
Net income (loss) per share			
Basic and diluted	(0.21)	(0.05)	0.03
Weighted average shares used in computing loss per share:			
Basic and diluted	295,100,000	295,100,000	295,100,000

Summary consolidated balance sheets

(USD in millions, except share data)	As of March 31, 2017	2016	2015
ASSETS			
Current assets			
Cash and cash equivalents	101.0	22.1	18.5
Accounts receivable, net	301.4	302.4	279.8
Inventories	115.7	117.0	121.5
Deferred tax assets	43.9	47.6	44.4
Prepaid expenses and other current assets	44.4	136.7	125.6
Total current assets	**606.4**	**625.8**	**589.8**
Property, plant and equipment, net	188.8	199.8	220.6
Intangible assets, net	425.5	474.2	537.1
Goodwill	1,361.2	1,421.4	1,444.1
Deferred tax assets	9.4	28.1	17.6
Other long-term assets	34.2	35.1	36.3
Total assets	**2,625.4**	**2,784.3**	**2,845.5**
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable	144.2	153.6	180.0
Accrued liabilities	37.0	45.2	50.2
Warranty provision	43.8	32.9	22.0
Payroll and benefits payable	76.6	73.9	66.4
Loans payable	12.9	17.6	8.6
Current portion of shareholder loans	215.0	96.2	98.8
Tax payable	16.2	4.7	6.0
Other current liabilities	66.5	62.3	66.7
Total current liabilities	**612.3**	**486.4**	**498.7**

(USD in millions, except share data)	As of March 31, 2017	2016	2015
Shareholder loans	–	215.0	285.0
Warranty provision – non current	8.0	58.8	26.6
Pension and other employee liabilities	65.2	101.1	90.0
Deferred tax liabilities	95.3	142.8	143.5
Tax payable	28.7	21.1	15.5
Other long-term liabilities	83.5	29.4	31.0
Total liabilities	**892.8**	**1,054.5**	**1,090.3**
Equity			
Landis+Gyr Group AG shareholders' equity			
Registered ordinary shares (295,100,000 authorized, issued and outstanding at March 31, 2017, March 31, 2016 and March 31, 2015)	309.1	309.1	309.1
Additional paid-in capital	1,465.6	1,437.1	1,437.1
Retained earnings	9.4	71.9	85.6
Accumulated other comprehensive loss	(53.9)	(90.1)	(78.5)
Total Landis+Gyr Group AG shareholders' equity	**1,730.1**	**1,728.0**	**1,753.2**
Noncontrolling interests	2.6	1.8	2.0
Total equity	**1,732.6**	**1,729.8**	**1,755.2**
Total liabilities and equity	**2,625.4**	**2,784.3**	**2,845.5**

Summary consolidated statements of cash flows

(USD in millions)	Fiscal year ended March 31, 2017	2016	2015
Net cash provided by operating activities	95.1	119.2	147.6
Net cash used in investing activities	(46.9)	(39.5)	(55.4)
Net cash provided by (used in) financing activities	31.5	(75.8)	(98.3)
Net increase (decrease) in cash and cash equivalents	**79.6**	**4.0**	**(6.1)**
Cash and cash equivalents at end of period	**101.0**	**22.1**	**18.5**

Summary consolidated segment information(1)

(USD in millions)	Fiscal year ended March 31, 2017	2016	2015
Revenues			
Americas	934.4	896.3	830.9
thereof to external customers	931.2	893.9	829.9
thereof to other segments	3.2	2.4	1.0
EMEA	645.9	588.8	589.7
thereof to external customers	587.8	537.9	524.7
thereof to other segments	58.0	50.9	65.1

(USD in millions)	Fiscal year ended March 31, 2017	2016	2015
Asia Pacific	144.5	146.4	182.1
thereof to external customers	140.2	141.7	174.5
thereof to other segments	4.3	4.8	7.6
Segment gross profit[(2)]			
Americas	374.2	351.1	297.3
EMEA	152.9	125.3	168.5
Asia Pacific	30.8	26.3	45.4
Elimination	0.2	(0.2)	(0.9)
Total	**558.1**	**502.5**	**510.2**

(1) We introduced reportable segments for the first time for the preparation of our audited consolidated financial statements as of and for the year ended March 31, 2017. To facilitate a comparison, these changes in segment reporting have been applied retrospectively for the years ended March 31, 2016 and March 31, 2015. See "*Presentation of Financial and Other Information*".

(2) The reconciliation of gross profit to Segment gross profit for each of our segments is as follows for the periods indicated:

(USD in millions)	Fiscal year ended March 31, 2017				
	Americas	EMEA	Asia Pacific	Corporate	Group
Description			*(unaudited)*		
Gross profit	**368.0**	**145.5**	**28.4**	**0.3**	**542.2**
Adjustments					
Restructuring charges[(a)]	0.4	0.5	0.9	–	1.8
Amortization	5.8	6.9	1.5	(0.1)	14.1
Segment gross profit	**374.2**	**152.9**	**30.8**	**0.2**	**558.1**

	Fiscal year ended March 31, 2016				
	Americas	EMEA	Asia Pacific	Corporate	Group
			(unaudited)		
Gross profit	**345.4**	**115.6**	**24.9**	**(0.2)**	**485.7**
Adjustments					
Restructuring charges[(a)]	–	2.7	–	–	2.7
Amortization	5.7	6.9	1.4	–	14.0
Segment gross profit	**351.1**	**125.3**	**26.3**	**(0.2)**	**502.5**

	Fiscal year ended March 31, 2015				
	Americas	EMEA	Asia Pacific	Corporate	Group
			(unaudited)		
Gross profit	**291.2**	**159.2**	**38.7**	**(0.8)**	**488.3**
Adjustments					
Restructuring charges[(a)]	–	2.1	5.0	(0.1)	7.0
Amortization	6.0	7.2	1.7	0.1	15.0
Segment gross profit	**297.3**	**168.5**	**45.4**	**(0.9)**	**510.2**

(a) Restructuring charges for the years ended March 31, 2017, 2016 and 2015 largely relate to severance and redundancy related costs. Restructuring charges generally represent costs incurred in connection with our efforts to reduce fixed costs, eliminate redundant/duplicative positions, strengthen operational focus, and better position our business to respond to market pressures or unfavorable economic conditions. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Restructuring and Operational Excellence Initiatives*".

Other Financial and Operating Data[1]

(USD in millions, except for percentages)	Fiscal year ended March 31,		
	2017	2016	2015
		(unaudited)	
Adjusted gross profit[2]	**620.2**	**601.9**	**562.3**
Americas[3]	414.0	391.0	336.5
EMEA[3]	174.0	176.3	179.3
Asia Pacific[3]	31.9	34.5	47.5
Corporate[3]	0.3	0.1	(0.8)
Adjusted EBITDA[4]	**212.0**	**221.0**	**159.3**
Americas[5]	195.0	192.3	146.9
EMEA[5]	1.0	10.3	5.4
Asia Pacific[5]	(2.6)	0.9	11.2
Corporate[5]	18.6	17.6	(4.2)
Free Cash Flow[6]	53.1	84.6	96.3
Net Debt[7]	126.8	207.1	286.5
Committed Backlog[8]	2,491	2,888	2,482
Key ratios			
Adjusted gross margin[9]	37.4%	38.3%	36.8%
Adjusted EBITDA margin[10]	12.8%	14.0%	10.4%
Net R&D as a percentage of revenue[11]	9.8%	9.4%	9.9%

(1) The metrics in this subsection are non-U.S. GAAP financial measures. These non-U.S. GAAP measures should each be viewed as a supplement to, not a substitute for, our results of operations presented in accordance with U.S. GAAP. They should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with U.S. GAAP. We present these financial measures for informational purposes only, and we present them because we believe they are widely used by certain investors, securities analysts and other interested parties as a supplemental measure of performance and liquidity. For a further discussion of non-U.S. GAAP financial measures and their limitations, see "*Presentation of Financial and Other Information—Non-U.S. GAAP Financial Measures*".

(2) Adjusted gross profit is defined as total revenue minus the cost of revenue adjusted for certain non-recurring or other items that Management believes are not indicative of operational performance. Adjusted gross profit is a non-U.S. GAAP financial measure. See "*Presentation of Financial and Other Information—Non-U.S. GAAP Financial Measures*". The reconciliation of gross profit to Adjusted gross profit is as follows for the periods indicated:

(USD in millions)	Fiscal year ended March 31,		
	2017	2016	2015
<u>**Description**</u>		*(unaudited)*	
Gross profit	**542.2**	**485.7**	**488.3**
Adjustments			
Restructuring charges[a]	1.8	2.7	7.0
Exceptional warranty related expenses[b]	(1.3)	40.8	7.7
Warranty normalization adjustments[c]	25.2	5.5	(8.4)
Special items[d]	(1.0)	7.0	2.8
Depreciation and Amortization[e]	53.3	60.1	65.0
Adjusted gross profit	**620.2**	**601.9**	**562.3**

a) Restructuring charges for the years ended March 31, 2017, 2016 and 2015 largely relate to severance and redundancy related costs. Restructuring charges generally represent costs incurred in connection with our efforts to reduce fixed costs, eliminate redundant/duplicative positions, strengthen operational focus, and better position our business to respond to market pressures or unfavorable economic conditions. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Restructuring and Operational Excellence Initiatives*".

[b] Exceptional warranty related expenses arose in connection with an exceptional warranty matter in EMEA related to X2 capacitors (the "**X2 matter**"). Management determined that the X2 matter was an exceptional warranty case because of the uniqueness of the matter and because it was part of an industry wide component failure that impacted not only our products, but also those of our competitors and the electronics industry generally. As a result, Management decided that costs related to the X2 matter should be adjusted for under the caption "exceptional warranty related expenses". See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*".

[c] Warranty normalization adjustments represent warranty expenses that diverge from a three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims. For the calculation of the three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims for the periods under review and going forward, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*".

[d] Special items represent expenses incurred, or income earned, related to non-recurring events, certain settlements of litigation, and other miscellaneous items. For the year ended March 31, 2017, the special items included smaller offsetting items that are individually not material. For the year ended March 31, 2016, the special items included costs related to a flood incident in Sydney, Australia in the amount of USD 7.0 million. For the year ended March 31, 2015, the special items included, among others, costs incurred for an environmental liability in EMEA in the amount of USD 2.5 million.

[e] Depreciation for the years ended March 31, 2017, 2016 and 2015 was USD 39.2 million, USD 46.1 million and USD 50.0 million, respectively. Amortization for the years ended March 31, 2017, 2016 and 2015 was USD 14.1 million, USD 14.0 million and USD 15.0 million.

[3] Adjusted gross profit is defined as total revenue minus the cost of revenue adjusted for certain non-recurring or other items that Management believes are not indicative of operational performance. Adjusted gross profit is a non-U.S. GAAP financial measure. See "*Presentation of Financial and Other Information—Non-U.S. GAAP Financial Measures*". The reconciliation of Segment gross profit for each segment to Adjusted gross profit for each segment is as follows for the periods indicated:

	Fiscal year ended March 31, 2017				
(USD in millions)	**Americas**	**EMEA**	**Asia Pacific**	**Corporate**	**Group**
Description			*(unaudited)*		
Segment gross profit[a]	**374.2**	**152.9**	**30.8**	**0.2**	**558.1**
Adjustments					
Exceptional warranty related expenses[b]	–	(1.3)	–	–	(1.3)
Warranty normalization adjustments[c]	13.1	12.7	(0.6)	–	25.2
Special items[d]	–	(1.0)	–	–	(1.0)
Depreciation	26.7	10.7	1.7	0.1	39.2
Adjusted gross profit[e]	**414.0**	**174.0**	**31.9**	**0.3**	**620.2**

	Fiscal year ended March 31, 2016				
(USD in millions)	**Americas**	**EMEA**	**Asia Pacific**	**Corporate**	**Group**
			(unaudited)		
Segment gross profit[a]	**351.1**	**125.3**	**26.3**	**(0.2)**	**502.5**
Adjustments					
Exceptional warranty related expenses[b]	–	40.8	–	–	40.8
Warranty normalization adjustments[c]	5.2	0.6	(0.5)	0.2	5.5
Special items[d]	–	–	7.0	–	7.0
Depreciation	34.7	9.6	1.7	0.1	46.1
Adjusted gross profit[e]	**391.0**	**176.3**	**34.5**	**0.1**	**601.9**

(USD in millions)	Fiscal year ended March 31, 2015 Americas	EMEA	Asia Pacific	Corporate	Group
			(unaudited)		
Segment gross profit[(a)]	**297.3**	**168.5**	**45.5**	**(0.9)**	**510.2**
Adjustments					
Exceptional warranty related expenses[(b)]	–	7.7	–	–	7.7
Warranty normalization adjustments[(c)]	0.5	(9.1)	0.2	–	(8.4)
Special items[(d)]	0.3	2.5	–	–	2.8
Depreciation	38.3	9.7	1.9	–	50.0
Adjusted gross profit[(e)]	**336.5**	**179.3**	**47.5**	**(0.8)**	**562.3**

(a) For a reconciliation of gross profit to Segment gross profit, see "*—Summary consolidated segment information—Segment gross profit*".

(b) Exceptional warranty related expenses related to the X2 matter. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*".

(c) Warranty normalization adjustments represent warranty expenses that diverge from a three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims. For the calculation of the average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims for the periods under review and going forward, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*".

(d) Special items represent expenses incurred, or income earned, related to non-recurring events, certain settlements of litigation, and other miscellaneous items. For more information, see "*—Other Financial and Operating Data—Adjusted Gross Profit*".

(e) For a reconciliation of consolidated gross profit to Adjusted gross profit see also "*—Other Financial and Operating Data—Adjusted Gross Profit*".

(4) Adjusted EBITDA is calculated as net income (loss) excluding interest income and expense, net, gain (loss) on foreign exchange related to intercompany loans, net, depreciation and amortization, impairment of intangible and long-lived assets, restructuring charges, exceptional warranty related expenses, warranty normalization adjustments, special items, and income tax expense. Adjusted EBITDA is a non-U.S. GAAP financial measure. See "*Presentation of Financial and Other Information—Non-U.S. GAAP Financial Measures*". The reconciliation of net income (loss) to EBITDA is as follows for the periods indicated:

(USD in millions)	Fiscal year ended March 31, 2017	2016	2015
Description			
Net Income (loss)	**(62.1)**	**(13.5)**	**10.3**
Interest income	(0.5)	(0.5)	(0.7)
Interest expense	11.2	11.8	13.5
Loss on foreign exchange related to intercompany loan, net	14.3	5.6	8.9
Income tax expense (benefit)	31.8	12.5	(0.5)
Amortization of intangible assets	49.3	56.5	56.9
Depreciation	46.9	53.5	57.9
Impairment of intangible and long-lived assets	60.0	34.1	–
EBITDA	**150.8**	**160.0**	**146.3**

The reconciliation of EBITDA to Adjusted EBITDA is as follows for the periods indicated:

(USD in millions)	Fiscal year ended March 31,		
	2017	2016	2015
Description		(unaudited)	
EBITDA	**150.8**	**160.0**	**146.3**
Adjustments			
Restructuring charges[(a)]	3.8	5.9	9.2
Exceptional warranty related expenses[(b)]	6.4	44.2	15.8
Warranty normalization adjustments[(c)]	25.2	5.5	(8.4)
Special items[(d)]	25.8	5.4	(3.6)
Adjusted EBITDA	**212.0**	**221.0**	**159.3**

(a) Restructuring charges for the years ended March 31, 2017, 2016 and 2015 largely relate to severance and redundancy related costs. Restructuring charges generally represent costs incurred in connection with our efforts to reduce fixed costs, eliminate redundant/duplicative positions, strengthen operational focus, and better position our business to respond to market pressures or unfavorable economic conditions. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Restructuring and Operational Excellence Initiatives*".

(b) Exceptional warranty related expenses related to the X2 matter. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*".

(c) Warranty normalization adjustments represent warranty expenses that diverge from a three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims. For the calculation of the average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims for the periods under review and going forward, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*".

(d) Special items represent expenses incurred, or income earned, related to non-recurring events, certain settlements of litigation, and other miscellaneous items. For the year ended March 31, 2017, special items included, among others, the settlement amount (including legal costs) for a patent case of USD 15.6 million, costs incurred for strategic activities that did not materialize of USD 6.0 million, and expenses for the acquisition of an accreditation in Asia Pacific for a new business venture of USD 3.7 million. For the year ended March 31, 2016, the special items included, among others, costs incurred to settle a patent case (including legal costs) of USD 1.4 million, expenses for the acquisition of an accreditation in Asia Pacific for a new business venture of USD 3.3 million, and the legal costs in connection with the settlement of a lawsuit in Brazil of USD 0.5 million. For the year ended March 31, 2015, the special items included, among others, costs incurred to settle a patent case (including legal costs) of USD 1.2 million, expenses for the acquisition of an accreditation in Asia Pacific for a new business venture of USD 2.7 million, the cost for the settlement of a legal matter (including legal costs) in Brazil of USD 6.6 million, and the additional cost incurred for an environmental liability in EMEA of USD 2.5 million, offset by proceeds of USD 16.1 million in connection with the settlement of a lawsuit in the Americas.

(5) Adjusted EBITDA is calculated as net income (loss) excluding interest income and expense, net, gain (loss) on foreign exchange related to intercompany loans, net, depreciation and amortization, impairment of intangible and long-lived assets, restructuring charges, exceptional warranty related expenses, warranty normalization adjustments, special items, and income tax expense. Adjusted EBITDA is a non-U.S. GAAP financial measure. See "*Presentation of Financial and Other Information—Non-U.S. GAAP Financial Measures*". The reconciliation of Adjusted EBITDA on a segment basis to Adjusted EBITDA of the Group is as follows for the periods indicated:

(USD in millions)	Fiscal year ended March 31, 2017				
	Americas	EMEA	Asia Pacific	Corporate	Group
Description			(unaudited)		
EBITDA	**164.7**	**(18.6)**	**(6.8)**	**11.5**	**150.8**
Adjustments					
Restructuring charges[(a)]	1.6	1.2	1.0	–	3.8
Exceptional warranty related expenses[(b)]	–	6.4	–	–	6.4
Warranty normalization adjustments[(c)]	13.1	12.7	(0.6)	–	25.2
Special items[(d)]	15.6	(0.7)	3.8	7.1	25.8
Adjusted EBITDA[(e)]	**195.0**	**1.0**	**(2.6)**	**18.6**	**212.0**

(USD in millions)	Fiscal year ended March 31, 2016 Americas	EMEA	Asia Pacific (unaudited)	Corporate	Group
EBITDA	**185.3**	**(39.4)**	**(2.7)**	**16.8**	**160.0**
Adjustments					
Restructuring charges[a]	–	5.4	0.6	(0.1)	5.9
Exceptional warranty related expenses[b]	–	44.2	–	–	44.2
Warranty normalization adjustments[c]	5.2	0.6	(0.5)	0.2	5.5
Special items[d]	1.8	(0.5)	3.5	0.7	5.4
Adjusted EBITDA[e]	**192.3**	**10.3**	**0.9**	**17.6**	**221.0**

(USD in millions)	Fiscal year ended March 31, 2015 Americas	EMEA	Asia Pacific (unaudited)	Corporate	Group
EBITDA	**154.6**	**(5.8)**	**2.0**	**(4.5)**	**146.3**
Adjustments					
Restructuring charges[a]	0.2	2.7	6.3	–	9.2
Exceptional warranty related expenses[b]	–	15.8	–	–	15.8
Warranty normalization adjustments[c]	0.5	(9.1)	0.2	–	(8.4)
Special items[d]	(8.4)	1.8	2.7	0.3	(3.6)
Adjusted EBITDA[e]	**146.9**	**5.4**	**11.2**	**(4.2)**	**159.3**

(a) Restructuring charges for the years ended March 31, 2017, 2016 and 2015 largely relate to severance and redundancy related costs. Restructuring charges generally represent costs incurred in connection with our efforts to reduce fixed costs, eliminate redundant/duplicative positions, strengthen operational focus, and better position our business to respond to market pressures or unfavorable economic conditions. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Restructuring and Operational Excellence Initiatives*".

(b) Exceptional warranty related expenses related to the X2 matter.The amounts represent the X2 additions and the X2 releases disclosed in the tables provided in "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*" plus related legal expenses. For the year ended March 31, 2017, the summation of the net X2 additions and X2 releases of USD (1.3) million and the related legal expenses of USD 7.7 million equates to USD 6.4 million. For the year ended March 31, 2016, the summation of the net X2 additions and X2 releases of USD 40.7 million and the related legal expenses of USD 3.4 million equates to USD 44.2 million. For the year ended March 31, 2015, the summation of the net X2 additions and X2 releases of USD 8.1 million and the related legal expenses of USD 7.7 million equates to USD 15.8 million. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*".

(c) Warranty normalization adjustments represent warranty expenses that diverge from a three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims. For the calculation of the average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims for the periods under review and going forward, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*".

(d) Special items represent expenses incurred, or income earned, related to non-recurring events, certain settlements of litigation, and other miscellaneous items. For more information, see "*—Other Financial and Operating Data—Adjusted EBITDA*".

(e) For a reconciliation of consolidated Adjusted EBITDA to reported EBITDA see also "*—Other Financial and Operating Data—Adjusted EBITDA*".

(6) Free Cash Flow is calculated as cash flow from operating activities (including changes in net working capital) minus cash flow from investing activities (capital expenditures in fixed and intangible assets). The reconciliation of free operating cash flow to Free Cash Flow is as follows for the periods indicated:

(USD in millions)	Fiscal year ended March 31, 2017	2016	2015
Description		*(unaudited)*	
Net cash provided by operating activities	95.1	119.2	147.6
Net cash used in investing activities	(46.9)	(39.5)	(55.4)
Sub-total	48.2	79.7	92.2
Reconciliation Item 1[a]	0.2	4.9	4.1
Reconciliation Item 2[b]	4.7	–	–
Free Cash Flow	**53.1**	**84.6**	**96.3**

[a] Represents foreign exchange items on intercompany loans that are included under net cash provided by operating activities in the consolidated statement of cash flows, but classified as financing activities in the Group's Free Cash Flow.

[b] Represents the cash paid for the acquisition of Consert's net assets described under Note 8 of the consolidated financial statements for the year ended March 31, 2017.

(7) Net Debt is defined as current and non-current loans and borrowings less cash and cash equivalents.

(8) Committed backlog is calculated as the sum of awarded contracts with firm volume and price commitments ("**Committed Backlog**").

(9) Adjusted gross margin is calculated as Adjusted gross profit as a percentage of total revenue.

(10) Adjusted EBITDA margin is calculated as Adjusted EBITDA as a percentage of total revenue.

(11) Net R&D is defined as research and development expenses, net of research and development related income.

RISK FACTORS

Investing in the Shares involves a high degree of risk. You should carefully consider the following risks as well as the other information contained in this Offering Memorandum, including our consolidated financial statements and the related notes, before investing in the Shares. The risks and uncertainties described below are not the only ones applicable to us. Additional risks that are not known to us at this time, or that we currently consider to be immaterial based on our regular risk assessment, and any of the following risk factors, may adversely affect our business, financial condition and results of operations and may impact our ability to achieve our strategic objectives. In that case, the market price of the Shares could decline and potential investors could lose all or part of their investment. The order in which the risks are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on our business, financial condition and results of operation.

This Offering Memorandum contains forward-looking statements that are based on assumptions and estimates, which are subject to risks and uncertainties. Actual results and future developments could differ materially from what is expressed or implied by such forward-looking statements, as a result of many factors, including but not limited to the risks we face as described below and elsewhere in this Offering Memorandum.

Risks Related to Our Industry and Business

Utilities represent our key customer base and because the sales cycle in the utility industry is typically lengthy and complex and contract awards in tender processes may be challenged, we may expend significant resources pursuing sales but we may not be able to recoup our investments.

Utilities represent our key customer base and sales cycles with utilities tend to be long and unpredictable. The utility industry is generally characterized by extensive budgeting, purchase approvals and regulatory processes. Prior to awarding any framework contract, our utility customers typically issue tenders, requests for information and/or proposals, establish evaluation committees, review different technical options with potential vendors, analyze performance, conduct cost/benefit analyses and perform regulatory reviews. In addition to these processes, in the United States the subsequent awarding of a final contract by our U.S. utility customers is typically subject to approval by the applicable governmental agency or regulatory body, such as state public utility commissions ("**PUCs**"). While the time between bidding for and receiving a contract typically averages six to nine months, for the most complex projects, our overall sales cycle, from pre-sale activities though answering tenders (i.e., bids) all the way to finally receiving a contract, can take between three to four years. Furthermore, even after a utility awards a contract following the completion of a tender process, the contract award could be challenged by others involved in the tender process, including competitors, which could cause further delay and in certain circumstances result in the tender award being cancelled. All of these processes can take several years to complete and may result in us expending significant resources in pursuit of sales or contracts over an extended period of time.

Utilities may choose, and many have chosen in the past, to follow industry trends or regulatory directives rather than be early adopters of new products or services, which can extend the lead time for or prevent acceptance of more recently introduced products or services, such as certain of our connected intelligent devices, software and services. In addition, in many instances, a utility may require one or more pilot programs to test new products and services before committing to a larger deployment. These pilot programs can be quite lengthy, costly and further delay the sales cycle with no assurance that they will lead to a larger deployment or future sales. Furthermore, to the extent our products are required to be deployed with the products of others, such as third-party software, metering or communications technologies, delays related to such third-party products may further lengthen the sales cycle.

This extended sales process requires us to dedicate significant time by our senior Management, sales and marketing personnel and customer services personnel, and to use significant financial resources without any assurance of success or recovery of our related expenses. Similarly, we are likely to incur these significant operating expenses well ahead of recognizing the related revenue because our ability to recognize revenue can be dependent on meeting contractual customer acceptance and other requirements. In addition, during such lengthy and complex sales cycles we may overestimate our costs, margin expectations and other contract measures, resulting in the loss of the potential contract or sale or, conversely, we may underestimate our costs, margin expectations or other important contract measures, leading to lower profitability or potential losses if the contract is ultimately awarded or the sale made.

The lengthy sales cycles of our products and services also make it difficult to forecast new customer deployments, as well as the volume and timing of orders, which in turn makes it difficult to schedule production, optimize utilization of our manufacturing capacity and efficiently manage our working capital.

While we believe that such processes are common in the utility industry, they have in certain instances resulted in us being unsuccessful in entering into contracts and being unable to recoup our investments. We expect this risk to continue in the future and our inability to recoup our investment with respect to resources expended in pursuit of sales to, or contracts with, utility customers could have a material adverse effect on our business, financial condition and results of operations.

The markets in which we operate are highly competitive and some of our present and potential future competitors have, or may have, substantially greater financial, technical, marketing or manufacturing resources than we do and, in some cases, greater name recognition, better customer relationships and more experience.

We face competitive pressures from a variety of companies in the industries in which we operate and the markets we serve. We believe that our strategic focus on innovation and business model flexibility competitively positions our solutions and services in the industries and markets we serve. However, the industry and the markets in which we operate are transforming and there is no guarantee that we will be able to maintain or improve our competitive position, in particular as some of our present and potential future competitors have, or may have, substantially greater financial, technical, marketing or manufacturing resources than we do and, in some cases, greater name recognition, better customer relationships and more experience.

Some competitors have made strategic acquisitions or established cooperative relationships among themselves or with third parties that enhance their ability to address the needs of our prospective customers and gain market share, and other competitors may do the same in the future. Our current and future competitors may also drive technological innovation and develop products that are equal or superior to our products in quality and performance, which could put pressure on our market position, reduce our overall sales and require us to invest additional funds to develop new technologies.

Certain markets are also dominated by local competitors with a localized portfolio of products that may appeal more to local utilities or other potential customers. In addition, low-cost providers, in particular the ones originating from China, have expanded into certain of our markets, which has led and may in the future further contribute to price erosion. Some of our products and services may also become commoditized, and we may have to adjust their prices to stay competitive. Furthermore, we continue to offer standalone devices (e.g., certain non-AMI residential meters) in certain niche segments that face intense competition from the emergence of connected intelligent devices, and to the extent that we do not sufficiently invest in or further develop such products, we may lose market share and such standalone devices will face technological obsolescence.

In addition, as utilities transition to smart metering and Smart-Grid, the increasing importance of new or emerging technologies, particularly with respect to software and communications technologies, may result in new entrants to our industry. For example, companies that specialize in networking software may have greater resources and experience with respect to the development of networking products and may introduce new products or product enhancements for smart metering and Smart-Grid.

Our present and potential future competitors may achieve market acceptance of their new products and services while we do not. This could be compounded by the fact that market acceptance for smart metering and Smart-Grid products and solutions varies by country based on such factors as the regulatory and business environment, labor costs and other economic conditions. We believe that utility customers rigorously evaluate their primary suppliers and the supply chain of those primary suppliers on the basis of a number of factors, including product quality, reliability and timeliness of delivery, product innovation, information technology infrastructure, price competitiveness, technical expertise, operational and product design capability and flexibility to promptly address performance issues and changes in customer requirements, manufacturing expertise, maintenance and safety records, compliance with industry standards, financial creditworthiness, including requiring the primary supplier to provide financial assurances for critical supply chain partners, adaptability, prior track record and customer references (particularly for large projects), customer service and overall management. If we do not compete effectively on any of these metrics, our ability to increase our market penetration, grow or maintain our revenue or improve or maintain our gross margins may be materially and adversely affected.

We also have limited knowledge on how our competitors perform with regard to such factors, further restricting our capacity to effectively compete with them in certain circumstances. Further to this strong competition, we are confronted with certain competition law risks as we conduct business with large and sometimes potentially monopolistic customers who may demand the exchange of information with competitors that can influence the business of these competitors in other markets. Given the nature of projects in our industry, we sometimes enter into partnering agreements with competitors. These situations increase the risk of violations of relevant competition laws through the exchange of information between otherwise competing parties.

Any of the above detailed factors or circumstances could have a material adverse effect on our business, financial condition and results of operations.

The growth of our business and future revenue depends on the uncertain development of the markets for our smart metering and Smart-Grid products, solutions and services, which are still evolving, and it is uncertain whether our products and solutions will achieve and/or sustain high levels of demand and market acceptance.

The markets for our connected intelligent devices, software and services among utilities are still developing and evolving, and it is uncertain whether and at what pace the smart metering and Smart-Grid markets will develop, whether such markets will be profitable and whether our products and solutions will achieve and/or sustain high levels of demand and market acceptance.

Our near-term and long-term success will depend to a substantial extent on the willingness and ability of utilities to implement and continue transitioning to smart metering and Smart-Grid technology and solutions. While a number of utilities in our major markets have undertaken, are currently undertaking or have announced their intention to undertake a transition from their existing grid to a Smart-Grid or in some cases to expand their Smart-Grid further, many utilities have not yet started, are still evaluating or are still in the planning stages of this transition or further expansion. Utilities' activities are also governed by regulatory agencies that may not create a regulatory environment that is conducive to the implementation of smart metering and Smart-Grid technologies in a particular jurisdiction. For example, the rate of smart metering and Smart-Grid adoption in Europe has been delayed as a result of postponements in implementing smart metering and Smart-Grid legislation and regulation. See also "*—Legal, Regulatory and Taxation Risks—The continued transition by utilities to smart metering and Smart-Grid is substantially dependent on legislative initiatives at the local, state, national and supranational level to help spur investments by utilities in smart metering and Smart-Grid*". Such uncertainties caused, and may continue to cause, potential utility customers that are considering smart metering and Smart-Grid programs to further evaluate their smart metering and Smart-Grid initiatives and delay their procurement processes or deployment schedules. Smart metering and Smart-Grid adoption in a number of international markets remains uncertain as the customers in these markets continue to explore the technology and define the benefits of and regulatory requirements for smart metering and Smart-Grid. Thus, we have limited visibility on how fast and to what extent the markets for our connected intelligent devices, software and services will develop or continue to develop, if at all, globally.

Current and future developments affecting utilities may adversely impact the business justification for utilities to transition to smart metering and Smart-Grid and, in turn, purchase our connected intelligent devices and solutions. These developments include, among others, the overall regulatory environment, the availability of capital, the rate of investment return on utility assets, a utility's potential write-off costs for decommissioning and depreciation of existing meters and associated electric grid infrastructure, utility labor issues, the feasibility and cost of upgrading or replacing existing infrastructure to develop and support smart metering and Smart-Grid, the inability to pass-through all or a portion of the costs of deployments to consumers and the speed at which distributed power systems emerge (i.e., that require utilities to update their grid infrastructure). See also "*—Our business depends significantly on capital expenditures by the utility industry and a decline in the level of demand or capital expenditures in the utility industry could have a material adverse effect on our business*".

In addition, as a result of certain regulatory initiatives, disruptive technology trends and evolving market dynamics, utilities are transforming their business models. See also "*Regulation and Supervision—Regulatory Initiatives*". Such structural trends are also requiring vendors (such as ourselves) to redefine their product offerings to keep pace with the evolving energy management landscape that utilities are facing. In some instances, we may also need to adapt our business model and marketing strategy as our customer base may change from traditional utility providers to retail providers as a result of regulatory initiatives and other market forces.

In short, we are unable to predict whether, when or to what extent the business justification for utilities to transition to (or expand their existing) smart metering and Smart-Grid will be satisfied and our inability to keep pace with and respond to such evolving industry dynamics could have a material adverse effect on our business, financial condition and results of operations.

Adverse publicity about, or consumer or political opposition to, smart metering and Smart-Grid could inhibit the growth of the overall market.

Utilities may face adverse publicity about, or consumer or political opposition to all or some aspects of smart metering and Smart-Grid. The safety and security of the power grid and other natural resource systems, the accuracy and protection of the data collected by smart meters and transmitted via Smart-Grid, concerns about the safety and perceived health risks of using radio frequency communications and privacy concerns of monitoring home appliance energy usage have all been subject to adverse publicity. There is a risk that end-users may not welcome these new technologies which provide more detail about consumer behavior, thereby raising privacy concerns, or they may view smart meters and the Smart-Grid as being responsible for higher utility bills or other real or perceived shortcomings. See also "*—Legal, Regulatory and Taxation Risks—Changes to data protection laws and regulations and their interpretation may impact our operations*". For instance, certain persons have alleged that smart meters have failed to measure and transmit accurate data to utilities, resulting in over-billing. Such allegations, whether or not successful, and any such perceived shortcomings, may adversely impact our reputation and public acceptance of our connected intelligent devices and solutions. In addition, if any of the technology used in smart metering and Smart-Grid fails to work or does not lead to expected benefits for end-users or utilities once deployed, smart metering and Smart-Grid projects may be deemed or perceived as unsuccessful, and legislators and regulators in markets where smart meters or Smart-Grid have not yet been rolled out may not take or may delay the necessary measures to help spur the transition by utilities to smart metering and Smart-Grid. Additionally, legislators and regulators in markets with legislation or regulation promoting smart metering and Smart-Grid may amend or rescind such legislation or regulation, and utilities considering transitioning to smart metering and Smart-Grid may delay their plan or ultimately decide not do so. Furthermore, we may be subject to new claims that there are adverse health effects from the radio frequencies utilized in connection with our products. If these claims prevail, our customers could suspend the implementation or purchase substitute products, which could cause a loss of sales and, in turn, have a material adverse effect on our business, financial condition and results of operations.

Our business depends significantly on capital expenditures by the utility industry and a decline in the level of demand or capital expenditures in the utility industry could have a material adverse effect on our business.

We derive the majority of our revenues from the sale of products and services to the utility industry. Thus, our business significantly depends upon the level of demand and the capital expenditures of utilities, which, in turn, depend upon a number of factors. Specifically, utilities may choose to delay or reduce capital expenditures as a result of, among other factors, pending or taken unfavorable regulatory decisions, the timing and availability of government subsidies or other incentives, utility specific financial circumstances, mergers and acquisitions, weather conditions, fluctuating interest rates, decreased demand, slowdowns in new residential and commercial construction, access to capital upon acceptable terms, the length or severity of economic downturns or the introduction of new products, product enhancements or services. For instance, large purchase decisions are often put on hold when utilities enter into merger or acquisition negotiations. In addition, the level of capital expenditure by the utility industry may be impacted by the extent to which investments are made into renewable forms of energy and energy storage given that such technologies typically increase the need for Smart-Grids. A decline in the level of demand or capital expenditures in the utility industry could have a material adverse effect on our business, financial condition and results of operations. See also "*— Legal, Regulatory and Taxation Risks—The continued transition by utilities to smart metering and Smart-Grid is substantially dependent on legislative initiatives at the local, state, national and supranational level to help spur investments by utilities in smart metering and Smart-Grid*".

We operate on a global scale and are exposed to risks associated with regional events and their potential impact on the global economy.

We are exposed to risks associated with the uncertain nature of the global economy and our operations and financial results could be adversely affected by future economic or credit crises. In the last decade, economic stagnation in certain countries in the Eurozone due in part to the effects of the sovereign debt crisis and austerity measures implemented to address the crisis in these markets has adversely affected consumer demand and economic activity. There remains a risk that the Eurozone sovereign debt crisis could worsen and that it may lead to contagion in other, more economically stable countries, particularly France or Germany. The potential worsening of the Eurozone sovereign debt crisis, combined with the recent rise of populist parties and candidates, contributes to the risk of departure from the euro by one or more Eurozone countries and/or the abandonment of the euro as a currency, which would severely adversely impact the economy in the European Union. In addition, the full implications of the United Kingdom's initiation of the exit procedure from the European Union remain unclear, as is the question of how the future relationship between the United Kingdom and the European Union will evolve and the accompanying impact on European economies and businesses. Since the United Kingdom represents a significant portion of our revenues generated in our EMEA segment, our business could be directly impacted by any negative developments resulting from the United Kingdom's departure from the European Union. Additionally, geopolitical unrest in the Middle East, terrorist activities around the globe and political tensions, in particular concerning the Korean peninsula and in South-East Asia, could negatively affect the global economy. Furthermore, Brazil has been experiencing an economic recession since 2014 that has been coupled with several high profile political crises, including the impeachment of its president in 2016, and instability in Mexico associated with escalating violence from drug cartels increases the risks related to the business we conduct in those regions. If such instability increases, it could have a material adverse impact on our business and local manufacturing in the Americas.

A significant portion of our revenue is dependent on the capital expenditures within the industries we serve. In the past, utilities have delayed transitioning to smart metering and Smart-Grid due to negative economic conditions, which has reduced end-user energy consumption, resulting in lower cash flows needed to support the necessary capital expenditures. This has created other challenges, including in relation to such utilities' ability to obtain financing in the capital markets or approvals from governments or regulators, such as PUCs, (which are themselves reluctant to authorize rate increases on end-users to support the acquisition and deployment of smart metering and Smart-Grid products and solutions), all of which have materially adversely affected, and may continue to materially adversely affect, our results of operations.

In addition, uncertain global economic conditions, difficulties in obtaining capital or reduced profitability may also cause our customers to scale back operations, exit businesses, merge with competitors or file for bankruptcy and potentially cease operations. Such circumstances may also materially impact our suppliers, who may in turn be unable to meet their commitments to us and may cause suppliers to make changes in the payment terms they extend to us. Furthermore, such market conditions could make it more difficult for us to borrow or otherwise obtain financing.

Thus, any such adverse development in the European or global economy could have a material and adverse effect on our business, financial condition and results of operations.

We must continually develop and introduce new products, product enhancements and/or solutions and there is no guarantee that our investments in research and development will yield the desired results.

Our industry is highly competitive and characterized by new and rapidly evolving technologies, standards, regulations and customer requirements. Our success depends, in large part, on our ability to anticipate future customer needs with respect to product quality, price and functionality and to continue to design, manufacture and deploy new innovative products, solutions and services along with enhancements to sustain the performance of our existing products in response to such requirements. We have made, and expect to continue to make, substantial investments in the development of our smart metering devices, software and related solutions, in particular in the areas of distribution intelligence and customer intelligence, to address new market needs and enhance customer engagement. The markets for smart metering devices, software and services are still evolving, which requires us to continuously improve our product offerings. Our success in the smart metering and Smart-Grid markets also depends on our ability to expand our offering beyond smart metering sales and sell additional products and services, such as those within our Gridstream solution and managed services offerings. However, there can be no assurance that any of our connected intelligent devices, software and services or product enhancements will be accepted by utilities or other potential customers or achieve international market acceptance.

It is critical for our success to be able to analyze and understand our markets and our customers' needs, and to maintain a roadmap for our research and development program that allows for its swift implementation. We have experienced delays in the course of the launch of new and enhanced products in the past, and any inability on our part to meet market demands in a timely manner could have a significant negative effect on our innovation and marketing efforts. The process of developing new products, software and solutions is complex and requires critical decision-making and the prioritization of certain development projects over others. If our decision concerning the allocation of research and development resources towards the development of certain products, software or solutions does not yield the desired results, due to, for example, uncompetitive pricing, bad market timing or the obsoleteness of products which do not meet our customers' needs, we may have diverted resources away from other potentially more valuable opportunities. Furthermore, product development will require continued investment in order to maintain our competitive position, and the periods in which we incur significant product development costs may drive variability in our half year results. We also may not have the necessary capital, or access to capital at acceptable terms, to make these investments.

In addition, during the lifecycle of existing products, we continually need to optimize the production process and product costs to ensure our existing products remain cost competitive. Such cost reductions usually reflect the emergence of substitute products and technological advancements, production efficiencies, an increase in scale and sales volumes and other competitive forces. However, these efforts can compete with or divert resources away from the development of new products, software and services. We may also not achieve the cost reduction targets which we have set ourselves, thereby reducing the expected profitability of our backlog and our competitive position in the market. Furthermore, we must efficiently manage and enhance our product portfolio as competition increases and standardization emerges across geographies. If we make incorrect determinations regarding certain technological trends and are unable to develop enhancements to, and new features for, our existing products that keep pace with technological developments or industry standards, our products may become obsolete, less marketable and less competitive.

For the years ended March 31, 2017, 2016 and 2015, we dedicated 9.8%, 9.4% and 9.9%, respectively, of our revenue to research and development activities as we have intensified our focus on the development of additional features and product introductions in our smart metering and Smart-Grid products and solutions portfolio, including through investments in both hardware and software. While we intend to continue our research and development spending in absolute terms at similar levels in the future, research and development investments as a percentage of our revenues are expected to decline. This approach is supported by our global research and development realignment initiative, which we are currently implementing to increase research and development efficiency. While we believe that our approach will not impact our ability to innovate, there can be no assurance that it will be successful. See also "*—We have implemented or are currently implementing several operational initiatives and restructuring plans and we may not achieve some or all of the benefits expected from such measures*". If we fail to organize our research and development activities in such a manner as to make new or enhanced products available in a timely manner, we may not meet evolving market needs on time, miss certain industry trends and our investments into research and development may not pay off, all of which could have a material adverse effect on our business, financial condition and results of operations.

The technologies for the connected intelligent devices and software and services markets are still evolving and we may face unexpected challenges in the deployment and operation of our product and service offerings.

Connected intelligent devices, software and services markets are still evolving and involve sometimes rapidly changing technologies, which requires us to continuously expand our business and develop our product offerings. We may face unexpected problems or challenges in connection with the deployment and/or operation of our existing and any new product and service offerings that we develop for a variety of reasons including, but not limited to:

- real or perceived inability to operate effectively with the technologies, systems or applications of our existing or potential customers;
- negative publicity about the performance or effectiveness of our products and solutions;
- delays in releasing new technologies to the market;
- difficulties in implementing our research and development roadmap; and
- the introduction or anticipated introduction of disruptive technologies.

Deploying and operating our connected intelligent devices, software and services is a complex endeavor. While we have successfully deployed our connected intelligent devices and solutions on a large scale in the past, as our smart metering and Smart-Grid deployments become larger in scale and more complex, there can be no assurance that our connected intelligent devices, software and/or services will continue to perform successfully and meet the requisite project specifications. For example, larger and more complex smart metering and Smart-Grid deployments could result in component shortage or supply chain issues. The increased scale of such deployments could also require unanticipated additional and/or ancillary networking equipment and could also require modifications to the software that we use in our connected intelligent devices and solutions. In addition, although we have enhanced our quality assurance procedures we cannot eliminate the risk that some of our delivered products, solutions and/or services may not deliver the quality or functionality we expect them to have due to any number of issues stemming from various causes, including those beyond our control, and which could negatively affect our customers, our reputation and our profitability. Any of these or other unforeseen problems could restrict our ability to successfully deploy our product offerings, which could cause significant delays, trigger contractual penalties, and result in unanticipated expenses and/or damage to our reputation.

Thus, if any of our new product and services offerings do not achieve adequate acceptance and adoption in the market, we may not realize our investments in research and development and our competitive position could be impaired, which could have a material adverse effect on our business, financial condition and results of operations. See also "*—We must continually develop and introduce new products, product enhancements and/or solutions and there is no guarantee that our investments in research and development will yield the desired results.*"

A significant portion of our revenue is generated from a limited number of customers or large volume projects and compensating for the loss of a customer or such a project may prove difficult.

Our ten largest customers accounted for 34.6%, 31.4% and 30.5% of revenue for the years ended March 31, 2017, 2016 and 2015, respectively. No single customer represented more than 10% of our consolidated revenue in those years. We are often a party to large, multi-year contracts that are subject to cancellation or rescheduling by our customers; see "*—Most of our contracts with utility customers provide the customer with the right to suspend, delay or terminate the contract for any reason. If a customer suspends, delays or terminates its customer contract for any reason, our business could be adversely affected*". In addition, the size and timing of such large multi-year projects, in particular in relation to Advanced Metering Infrastructure ("**AMI**") deployments, are often concentrated in particular periods, which could lead to significant swings in our reported revenues and net profit or loss on a period-by-period basis as these deployments ramp-up, ramp-down and ultimately come to an end.

A recent example of an important multi-year project is the AMI deployment for Tokyo Electric Power Co., Inc. ("**TEPCO**") in Japan (the "**TEPCO AMI Project**") in which we are involved based on a reseller arrangement we have entered into with Toshiba. See also "*Related Party Transactions—Material Agreements with Toshiba Corporation*". The TEPCO AMI Project, which is managed and operated through our Americas segment, has contributed significantly to both our Group and the Americas segment revenues and profitability in the years ended March 31, 2017, 2016 and 2015. While there is still backlog associated with the TEPCO AMI Project, it is entering the roll-off phase, which we expect to result in headwinds for revenues and profitability of the Americas segment. In addition, the TEPCO AMI Project currently represents all of our business in Japan and there can be no assurance after the Offering that we will be able to upsell additional services to, or enter into new business relationships with, TEPCO or other counterparties in Japan on the same or similar terms as the TEPCO AMI Project. See also "*—We face certain risks associated with our relationship to and separation from our Selling Shareholders.*"

Attempts to lessen the adverse effect of any loss or reduction of revenue through the addition of new customers or projects could be difficult in large part due to the fact that prospective customers typically require lengthy sales cycles prior to entering into multi-year contracts. For example, the time between bidding for and receiving a contract typically averages six to nine months, but for the most complex projects, our overall sales cycle, from pre-sales activities though answering tenders (i.e., bids) all the way to finally receiving a contract, can take between three to four years. See also "*—Utilities represent our key customer base and because the sales cycle in the utility industry is typically lengthy and complex and contract awards in tender processes may be challenged, we may expend significant resources pursuing sales but we may not be able to recoup our investments*". Thus, our future success will continue to depend upon, among other factors:

- our ability to maintain relationships with existing significant customers based on the quality, price and functionality of our products;

- our ability to attract new customers and enter into long-term contracts/framework agreements;

- our ability to introduce new innovative products and solutions or enhancements to existing products in a timely manner for existing and new customers; or

- our ability to maintain, extend and transition our managed services contracts in the United States in light of shifting regulatory incentives to benefit from associated recurring revenue streams (see "*Our Business—Portfolio of Products and Solutions—Software and Services*").

If we experience the cancellation or postponement of one or more of our significant contracts or are unable to replace a large customer contract upon its expiration or conclusion with new business of similar magnitude, each such event could have a material adverse effect on our business, financial condition and results of operations.

We may face significant warranty and product liability claims.

We are subject to warranty claims based on contractual provisions with our customers as well as legal requirements in certain jurisdictions, including, *inter alia*, those relating to products with so-called latent defects. We provide product warranties of varying duration, which may provide for varying remedies depending on the failure rates of the warranted products, as determined by reference either to a defined batch of products or to the population as a whole (as provided for in the relevant contract). We seek to limit our liabilities under our customer contracts in relation to the value of the contract by excluding or limiting indirect and/or consequential damages. However, it may not always be possible to implement such limitations or exclusions in contracts with certain of our customers, in particular those that are government entities. In the ordinary course of business, depending on the type of product, we record accruals representing an estimate of the cost of projected warranty claims based on historical and projected warranty trends, specific quality issues identified, if any, supplier information and other projections. In addition, we often provide warranties relating to the compliance of our products with regional certification requirements (see also "*—Legal, Regulatory and Taxation Risks—We and our customers operate in a highly regulated business environment, which affects, among others, meter replacement cycles and the costs of compliance and exposes us to risks associated with the violation of applicable requirements*" and "*Regulation and Supervision—Certifications and Approvals"*). We have faced claims for losses or other liabilities purportedly caused by some of our products in the past and have incurred significant warranty expense in connection with such claims. For example, during the period under review we experienced exceptional warranty claims in relation to X2 capacitors, in that the capacitance, i.e. the ability to store an electric charge, degraded faster than expected and, over time, caused some meters to fail. For the years ended March 31, 2017, 2016 and 2015, warranty claims relating to X2 capacitors resulted in warranty expenses and associated legal costs of USD 6.4 million, USD 44.2 million and USD 15.8 million, respectively, to settle several matters in relation thereto.

While we believe our current warranty accruals are adequate to cover future claims, if there are claims for which we are responsible that are substantial and for which we have not recorded accruals, then such claims could have a material adverse effect on our business, financial condition and results of operations. In particular, our warranty accruals may be inadequate due to undetected product defects, unanticipated component failures, violations of certification or other regulatory requirements, under-estimates of possible future failure rates, as well as changes in various estimates for material, labor and other costs we may incur to inspect allegedly defective products or components or repair and replace product or component failures and, in many cases, to compensate customers for costs which they incur associated with the defect, including in particular the cost of removing a defective device from the field. There is a risk that the overall level of warranty claims may increase as a result of our increased transfer of selected manufacturing activities to contract manufacturers in the course of our ongoing restructuring programs. This could potentially give rise to quality issues for various reasons, such as the inability to efficiently control or monitor the manufacturing process, including the raw materials and supplies used as well as the performance of contract manufacturers. As a result, we may incur additional warranty and related expenses in the future with respect to new or established products or components for which we have not made adequate accruals. Increased warranty claims and costs may also result in, *inter alia*, decreased revenues, loss of customers and damage to our reputation and brand.

In the past, certain of our warranty claims have been the direct result of design faults or failures in sub-assemblies and components that we have sourced from our suppliers. For example, in recent years we have been subject to a number of significant warranty cases brought by customers which were based on allegations that certain components of our products supplied by third parties were defective. In addition to the claims relating to X2 capacitators referenced above, we are currently addressing an unrelated issue with defective supercapacitors that were incorporated into our meters. This issue can lead to premature failure of meters. In such cases, we have pursued claims, and will pursue similar claims in the future where possible, against such suppliers based on their defective sub-assemblies and components. However, in the past we have only had limited success and were not able to recover the full amount of warranty payments made to our customers. In addition, to the extent that our contract manufacturer sources such a defective sub-assembly and/or component from one of our approved suppliers, in certain circumstances we may not have a claim of action against the contract manufacturer or the ultimate supplier (whose contractual relationship lies with the contract manufacturer and not us). Thus, it is uncertain to what extent we would be able to take recourse against such suppliers and whether such recourse would sufficiently cover warranty claims that our customers have against us in the future. See also "—*We depend on suppliers or contract manufacturers to meet our and our utility customers' standards of product quality and to satisfy applicable safety and security requirements and other regulatory requirements, and the failure of our suppliers or contract manufacturers to meet such requirements may have an adverse effect on our reputation and/or business*".

In addition to the risk of substantial monetary consequences, warranty claims can lead to further product liability claims or regulatory actions that could result in negative publicity and harm our reputation in the markets we serve or adversely impact the value of our brands or our ability to sell our products in certain jurisdictions. We could also be required to recall possibly defective products, which could result in negative publicity and significant expenses.

Our existing insurance coverage does not cover the repair or replacement of non-performing products. In addition, we maintain "off the wall" insurance coverage to address the costs of removal of defective products, but this insurance coverage is subject to high deductibles, many exclusions and may not cover all or any of the expenses we may incur in connection with such removal. In addition, making a successful insurance claim against our insurers could prove difficult in the case of complex warranty matters involving multiple component suppliers, meter types and customers, and may lead us to settle related insurance claims on less favorable terms than might otherwise be the case. Furthermore, the cost of product liability insurance may rise and may become prohibitively expensive. As a result, we may be unable to obtain sufficient insurance or to upgrade our existing coverage at a reasonable cost to protect us against losses that could have a material adverse effect on our business, financial condition and results of operations.

Many of our contracts with utility customers contain provisions that could cause us to be liable for liquidated or other damages, and/or incur unanticipated expenses with respect to the functionality, deployment, operation and availability of our products and services.

Many of the customer contracts we enter into contain long-term commitments to a set schedule of delivery or performance specifications. We may be exposed to liability for liquidated damages or incur other costs and expenses if we fail in our estimated schedule or management of the project, which may lead to delays in completion, late deliveries, late or improper installations or operations, failure to meet product or performance specifications or other product defects, interruptions or delays in our managed service offerings or failure to meet our service level agreement obligations. In the past, we have had to pay liquidated damages and have incurred other costs and expenses, such as product or service discounts, due to such issues. The incurrence of any future contractual consequences, such as liquidated damages or other related costs that exceed our expectations, could have a material adverse effect on our business, financial condition and results of operations.

Most of our contracts with utility customers provide the customer with the right to suspend, delay or terminate the contract for any reason. If a customer suspends, delays or terminates its customer contract for any reason, our business could be adversely affected.

Most of our customer contracts are often subject to suspension, rescheduling or termination for any reason, including for convenience following a specified notice period, our material breach or insolvency or the failure to obtain required regulatory approval. The risk of suspension, rescheduling or termination is increased with respect to those contracts that have longer deployment times and such risk is greatest prior to the beginning of the deployment process. For example, the rapidly evolving nature of technology in the utility industry may result in utilities canceling their contracts with us to take advantage of lower prices or more efficient technologies offered by our competitors. If a customer terminates, suspends or delays its customer contract for any reason, our estimates of the Committed Backlog will be reduced and could have a material adverse effect on our business, financial condition and results of operations.

Many of our contracts with utility customers are structured as framework agreements and do not typically require a minimum purchase of products or services. Therefore, no assurance can be made that firm purchase orders will be placed under these framework agreements in the amounts we estimate, within the time period we expect, or at all.

Many of our customer contracts are typically structured as master or framework agreements, under which the customer may place purchase orders over the course of a deployment or period of time. These contracts can have terms that extend for a number of years, and while they may contain non-binding forecast requirements, they do not typically require a customer to purchase a minimum amount of product or services.

Nevertheless, in order to ensure the availability of our products, we plan the manufacturing of our products in advance of receiving purchase orders based on the contractual terms, existing purchase orders, safety stock requirements (as applicable) and other available information regarding the amount and timing of expected future purchase orders to be placed by our customers, including non-binding forecasts. No assurance can be made that firm purchase orders will be placed under these framework agreements in the amounts we estimate, within the time period we expect, or at all. As a result, it can be difficult to schedule production, optimize utilization of our manufacturing capacity and efficiently manage our working capital. We may also purchase and/or order components, sub-assemblies, materials and make other capacity measures based on such non-binding forecasts. Deviations from these non-binding forecasts might lead to increased risks of high inventory carrying costs and increased risk of obsolescence. The value of our inventory could further decline if the prices we are able to charge our customers decline. In that case, we may experience reduced margins or losses as we dispose of higher-cost products at reduced market prices.

Conversely, an inability to respond to our customers' product needs in a timely manner may result in liability for specified damages; see "—*Many of our contracts with utility customers contain provisions that could cause us to be liable for liquidated or other damages, and/or incur unanticipated expenses with respect to the functionality, deployment, operation and availability of our products and services*". While in the past we generally have been able to mitigate such risks through maintaining certain inventory levels, advanced forecasting mechanisms, high customer intimacy and sales activities, there can be no assurance that we will be able to implement such initiatives in the future or that any of these initiatives will be successful. Any of these events, alone or in combination, could have a material adverse effect on our business, financial condition and results of operations.

We provide outsourced managed services to certain of our utility customers. If these contracts are terminated, there is no assurance we will be able to replace the recurring revenue from these contracts.

We are party to outsourced managed services contracts with certain of our customers, predominately in the United States. The performance of these services has provided us with a profitable and stable source of revenue in the United States for many years. These contracts are long-term and range between seven and 10 years, and often include further extension options. However, the majority of these contracts contains provisions permitting early termination subject to termination fees covering asset recoupment, where applicable, and project wind down. While we have obtained extensions or upgrades to our connected intelligent devices and solutions on certain of these contracts, it is possible that some of our customers may not renew or may seek early termination with us and negotiate upgrades with our competitors. While we believe we are well positioned to compete for such upgrade contracts, there can be no assurance that our existing customers will choose us rather than another vendor. Furthermore, any revenue earned from new contracts associated with the upgrade of such existing systems or otherwise may not offset, or be as stable as, the revenue earned under our existing outsourced managed services contracts, which could have a material adverse effect on our business, financial condition and results of operations.

It may be difficult to predict the amount of actual revenue that we will recognize from backlog in any given period, and amounts recognized may fluctuate from one period to the next or may not result in revenue at all.

We cannot guarantee that our Committed Backlog or Contingent Backlog will result in actual revenue. Our Committed Backlog represents revenue that we expect to generate pursuant to contracts that we have entered into with our customers and is based on the sum of our awarded contracts with firm volume and price commitments. As of March 31, 2017, 2016 and 2015, we had USD 2,491 million, USD 2,888 million and USD 2,482 million in Committed Backlog, respectively. Since Committed Backlog represents an estimate, it may be difficult to predict the amount of actual revenue that we will recognize from the Committed Backlog in any given period and amounts recognized may fluctuate from one period to the next. In addition, the contracts reflected in our Committed Backlog may not generate margins equal to or better than our historical operating results, and there is only limited assurance around the period in which Committed Backlog becomes revenue. Committed Backlog is subject to adjustments due to the long-term nature of our customer deployments. Adjustments can result from a variety of factors, including changes in the nature or scope of customer deployments, customer cancellations, market conditions, delayed regulatory approvals and customer defaults. Delays due to external market factors or delays in deployments and required regulatory approvals have in the past and may in the future cause us to extend the deployment schedule or make modifications under customer contracts. In addition, under our long-term agreements, our customers often have the right to terminate the agreement for any reason, including for convenience, a material breach or insolvency on our part or their inability to obtain required regulatory approval; see "*—Most of our contracts with utility customers provide the customer with the right to suspend, delay or terminate the contract for any reason. If a customer suspends, delays or terminates its customer contract for any reason, our business could be adversely affected*". The occurrence of such adjustments or terminations could materially reduce the amount, or delay the realization of, revenues derived from our Committed Backlog. Similar considerations apply to the Contingent Backlog (as defined herein). If our Committed Backlog or Contingent Backlog fails to materialize as expected, we could experience a material reduction in future anticipated revenue, which could have a material adverse effect on our business, financial condition and results of operations.

See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting our Performance—Backlog*".

Our ability to provide bid bonds, performance bonds or letters of credit is limited and could negatively affect our ability to bid on or enter into significant long-term agreements.

We have in the past been, and may in the future be, required to provide bid bonds or performance bonds to secure our performance under customer contracts or, in some cases, as a pre-requisite to submit a bid on a potential project. As of March 31, 2017, 2016 and 2015, we had total outstanding performance bonds and bank guarantees of USD 115.6 million, USD 117.0 million and USD 117.3 million, respectively. Our ability to obtain such bonds primarily depends upon our capitalization, working capital requirements, past performance, management expertise, reputation and external factors beyond our control, including the overall capacity of the surety market. Surety companies consider those factors in relation to the amount of our tangible net worth and other underwriting standards that may change from time to time. Surety companies may require that we collateralize a percentage of the bond with our own cash or other form of credit enhancement. Events that affect surety markets generally may result in bonding becoming more difficult to obtain in the future, or being available only at a significantly greater cost. In addition, some of our customers also require collateral guarantees in the form of letters of credit to secure performance or to fund possible damages as the result of an event of default under our contracts with them. If we enter into significant long-term agreements that require the issuance of letters of credit, our liquidity could be negatively impacted. Our inability to obtain adequate bonding or letters of credit to meet bid requirements or to enter into significant long-term agreements could have a material adverse effect on our business, financial condition and results of operations.

For certain components, sub-assemblies, commodities and materials, we depend on a limited number of contract manufacturers and suppliers and the failure of these third parties to timely deliver sufficient quantities of components, sub-assemblies, commodities and materials could increase our costs and reduce margins.

For certain components, sub-assemblies, commodities and materials, we depend on a limited number of contract manufacturers and suppliers. We seek to source some components from dual suppliers and maintain excess inventory on key components based on projected volume requirements and other assumptions. However, dual sourcing and inventory levels may not be sufficient in cases of extended disruption, cessation or inaccurate estimation of production needed to meet our demand or to eliminate the possibility of shortages and reduced control over delivery schedules, manufacturing capability and costs. Furthermore, for certain components, sub-assemblies, commodities and materials, dual sourcing may not be possible due to technical restrictions or financial considerations, and we will have to depend on single suppliers in such instances. In addition, if we determine that we need to replace a supplier, we must undergo an often lengthy initiation process with the new supplier, including any customer approval requirements and certifications, to ensure that the supplied products are made according to certain specifications. Such a process could result in significant delays and prolonged lead times. For the year ended March 31, 2017, our largest contract manufacturer of electronic components and sub-assemblies accounted for approximately 32% of our total direct material expenditures, while the top five electronic contract manufacturers of components and sub-assemblies accounted for approximately 59% of our total direct material expenditures. For other major parts and components, our top five suppliers comprised 13% of our direct material expenditures for the year ended March 31, 2017.

Failure of our contract manufacturers or suppliers to deliver components, sub-assemblies, commodities and materials in a timely manner, as well as the unavailability of commodities, and the failure or cessation of business of any single supplier that we rely on for such components, sub-assemblies, commodities or materials, could adversely affect our ability to deliver our products and solutions on time or at all. The availability and prices of materials may be subject to curtailment or change due to, among other things, changes in laws or regulations, interruptions in production by suppliers, changes in exchange rates and changes in worldwide price levels. Supply interruptions could arise from shortages of materials, labor disputes, transportation disruptions, impaired financial condition or potential bankruptcy of suppliers, adverse weather conditions or other natural disasters.

For example, in 2010 we experienced significantly extended lead times with suppliers that provided electronic components used in some of our products due to widespread demand among manufacturers. In some cases, we were required to place orders for electronics and electronic components four to six months or more in advance to ensure timely availability. In the event that electronics and electronic components (or any of our other components, sub-assemblies, commodities and materials) are subject to such a widespread increased demand in the future, and we are unable to accurately forecast our needs, we may fail to honor pending purchase orders or lose opportunities for additional business. See also "*—Many of our contracts with utility customers are structured as framework agreements and do not typically require a minimum purchase of products or services. Therefore, no assurance can be made that firm purchase orders will be placed under these framework agreements in the amounts we estimate, within the time period we expect, or at all*".

Thus, if our contract manufacturers or any of our suppliers or their sub-suppliers fail to fulfill our supply requirements, including through the delivery of components, sub-assemblies, commodities and materials in a timely manner, or if our ability to source from alternative suppliers cannot be maintained or if one of our contract manufacturers or suppliers is unable to cope with variations in our ordering patterns, the ensuing disruptions in our chain of supply could negatively affect our product portfolio, reputation, sales and ability to meet large orders, especially in the context of large deployments, and could have a material adverse effect on our business, financial condition and results of operations.

We depend on suppliers or contract manufacturers to meet our and our utility customers' standards of product quality and to satisfy applicable safety and security requirements and other regulatory requirements, and the failure of our suppliers or contract manufacturers to meet such requirements may have an adverse effect on our reputation and/or business.

We depend on suppliers and contract manufacturers to follow and meet our and our utility customers' standards of product quality and to satisfy applicable safety and security requirements and other regulatory requirements. The failure of our suppliers or contract manufacturers to follow and meet such requirements may have an adverse effect on our reputation and/or business. If a supplier or contract manufacturer fails to follow or meet our and our utility customers' product quality, safety and security requirements and other regulatory requirements, some of our products may not meet our and our utility customers' quality or regulatory standards, which may have a negative impact on our reputation and profitability. In addition, if our sales of smart metering and Smart-Grid products and solutions continue to increase as a portion of our overall revenue, we may face increased exposure to risks related to non-compliant meters, malfunctioning equipment and smart meter software due to the complexity of our products, our enhanced reliance on our component suppliers and increasingly stringent regulatory specifications and certification requirements. There is a risk that such issues could increase as we outsource certain manufacturing processes, as we may have less visibility into and control over such outsourced processes. If there are issues affecting a product's safety, performance, regulatory or certification requirements, we may be subject to damage claims, warranty claims or recalls due to defective or allegedly defective products or components. We may face similar claims or other claims related to the quality, safety or performance of our products, and such claims may result from suppliers failing to follow and/or meet our or a utility's requirements, including regulatory and certification requirements. These events may affect the ongoing relationships between us and our customers, create negative publicity for us and have an adverse effect on our reputation, which could have a material adverse effect on our business, financial condition and results of operations. See also "—*We may face significant warranty and product liability claims*".

Fluctuations in the prices of the components, sub-assemblies, commodities and materials we purchase could have a material adverse effect on our operating results and financial condition.

Our operating costs are subject to fluctuations, particularly due to changes in the prices of the components, sub-assemblies, commodities and materials we purchase. We customarily negotiate pricing with the suppliers of these components, sub-assemblies, commodities and materials on a quarterly to annual basis, including arrangements for us to purchase commodity materials, such as metals, at agreed upon rates covering up to 12 months of our requirements, with approximately up to 100% of our needs for the next four months plus 60% of the planned requirements for the rest of the year (in accordance with our internal policies). The balance of our requirements is purchased on a spot basis (following market price trends). This approach is subject to change, with executive approval, depending on market conditions and trends. We also often enter into long-term fixed price customer contracts, meaning that we bear the risks of fluctuations in the pricing of our components, sub-assemblies, commodities and other materials. While we attempt to pass any related cost increases on to our customers, we may not always be permitted or able to and, as a result, such increases could have a material adverse effect on our business, financial condition and results of operations.

We have implemented or are currently implementing several operational initiatives and restructuring plans and we may not achieve some or all of the benefits expected from such measures.

In recent fiscal years we have implemented and we continue to be engaged in implementing, operational initiatives and restructuring plans in an effort to optimize our cost structure and improve our operational efficiency and effectiveness. At the Group level, we are engaged in a global realignment of our research and development organization aimed at increasing our research and development efficiency, including through the expansion of our global development center in Noida, India. In addition, we have invested and dedicated significant resources to the development of platforms for devices, applications and networks that are intended to, among other things, globally leverage our research and development efforts, ensure modularity as well as module reuse for embedded software and software applications and improve quality, all of which will facilitate faster time to market for new products and reduce research and development costs over time. If we fail to execute these plans properly, we may not achieve the productivity improvements in our research and development organization that we initially expect. See also "—*We must continually develop and introduce new products, product enhancements and/or solutions and there is no guarantee that our investments in research and development will yield the desired results*". In addition, we have globally consolidated and coordinated our procurement and supply chain functions in order to ensure high quality supplies at a competitive cost base. Through such strategic initiatives, we identify best-in-class suppliers and implemented intelligent tools for capacity planning, defining and implementing key performance indicators in order to realize economy-of-scale advantages across our group procurement operations.

At the segment level, we initiated Project Lightfoot, a restructuring process to optimize our manufacturing footprint, reduce our production costs, reduce our supply chain lead time and improve the competitiveness of our product portfolio, with a focus on our operations in EMEA. Key elements include the outsourcing of certain production steps to third-party suppliers, the exploration of joint development projects with contract manufacturers and the consolidation of certain of our manufacturing sites in order to benefit from economy-of-scale effects and the utilization of existing capacity. In connection therewith, for example, we relocated certain of our production from Zug, Switzerland to our facility in Corinth, Greece. In the course of another project (i.e., Project Phoenix), we are in the process of implementing further operational restructuring initiatives in EMEA targeted at additional efficiency measures and cost savings through (i) accelerating certain manufacturing optimization programs under Project Lightfoot; (ii) streamlining support functions for enhanced efficiency; (iii) restructuring our Energy Solutions business unit; (iv) consolidating and streamlining our U.K. operations to capture efficiencies of scale; (v) targeting key growth markets; (vi) adjusting our portfolio and research and development costs to optimize profitability and increase quality of products; and (vii) end-to-end product cost optimization. Since the inception of Project Lightfoot and Project Phoenix, we have incurred one-time costs of USD 4.5 million and USD 5.7 million for the years ended March 31, 2016 and March 31, 2017, respectively, predominately relating to severance and redundancy costs. In connection with realizing these operational initiatives, we have estimated Project Lightfoot to incur approximately USD 45 million in costs (including the one-time costs indicated in the previous sentence) and Project Phoenix to incur approximately

USD 9 million in costs. In the mid-term, we expect to realize savings of approximately USD 20 million per annum from Project Lightfoot, with full savings expected to be achieved by the year ended March 31, 2022, and approximately USD 20 million per annum from Project Phoenix, with full savings expected to be achieved by the year ended March 31, 2019. For further information regarding these initiatives, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Restructuring and Operational Excellence Initiatives*".

However, our current and any operational initiatives and/or restructurings that we may undertake in the future may prove unsustainable and we may not be able to obtain the cost savings and benefits that were initially anticipated in connection therewith for various reasons. For example, anticipated cost savings from operational initiatives and/or restructuring measures may be neutralized by increasing price pressure in our markets or we may simply not be able to implement the relevant measures in a timely manner. In addition, we may generally experience a loss of continuity, loss of accumulated knowledge, disruption in our supply chain, reduced product quality during transitional periods, loss of motivation among employees, product delivery delays or other inefficiencies or delays during transitional periods in connection with current and future operational initiatives and/or restructurings undertaken. Such measures, especially if a number of them are implemented at the same time, may present an exceptional challenge for Management and other employees, given that they typically require a significant amount of Management and other employees' time and focus. This may divert attention from operating and growing our business. Certain restructuring steps may require customer approvals which are beyond our control and could influence the timing of the measures. If any of our operational initiatives and restructurings are not executed successfully, it could have a material adverse effect on our business, financial condition and results of operations.

Our operations rely on complex IT systems and networks, which can be susceptible to malfunctions and interruptions.

We rely on information technology (IT) systems and networks that vary across our international operations to manage and operate our businesses as well as to record and process transactions. Computer systems are important to, among other business-critical processes, our production processes, production planning, inventory management, customer service and order fulfilment. Accordingly, the consistent and efficient operation of our computer hardware and software systems is imperative to the successful sales and earnings performance of our operations. We have programs and procedures in place to manage our IT security, for further information see "*Our Business—Information (Cyber) Security*".

Our internal IT systems and networks are susceptible to malfunctions and interruptions (including those due to unauthorized access, cyber-attacks, equipment damage, power outages, computer viruses and a range of other hardware, software and network problems) and our IT personnel may not be able to resolve any issues that arise rapidly. Some potential causes leading to a malfunction of our IT systems, are difficult to detect and may be only detected once the risk has already materialized. A significant or large-scale malfunction or interruption, whether malicious or otherwise, of one or more of our IT systems or networks could adversely affect our ability to keep our operations running efficiently and affect production processes, production planning, inventory management, customer service and order fulfilment, particularly in the country or region in which the malfunction occurs. For example, operations in our markets in the Asia Pacific region were significantly affected by IT disruptions caused by a major power failure in 2015 following a severe storm in Australia. The successful remediation of such malfunction or disruption may take some time and require significant resources. See also "*—The IT security of our products is important to customers. Cybersecurity incidents could disrupt business operations and result in the loss of critical and confidential information*".

Although we have taken precautions to manage our risks related to IT system and network disruptions, including built-in redundancies, the realization of any risks related to our IT systems and networks could result in the disclosure or misuse of proprietary or confidential information, damage our reputation or our relationships with our customers, cause losses and increase our costs, each of which, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

Disruptions in the operation of our data centers or lack of system integrity could have a material adverse effect on our business.

Our ability to deliver products, solutions and certain services to our customers, in particular those related to our managed and cloud services, depends on the efficient and uninterrupted operation of numerous systems, including our computer systems, software, data centers and communications networks, as well as the systems of our third-party service providers including telecommunications providers. These systems may encounter service interruptions at any time due to unauthorized access, cyber-attacks, equipment damage, power outages, computer viruses and a range of other hardware, software and network problems. In addition, the implementation of technology changes and upgrades to maintain current and/or integrate new systems may also cause service interruptions and data loss. Any interruption to the operation of our systems could result in, among other consequences:

- loss of revenues;
- contractual damages costs;
- loss of customer data;
- harm to our business or reputation (or that of our customers) resulting from negative publicity and, potentially, loss of customers;
- exposure to fraud losses or other liabilities;
- additional operating and development costs; and/or
- diversion of technical and other resources.

Although we have taken steps to protect against system failures and data loss, there is still risk that we may lose critical data or experience such system failures. We perform most of the disaster recovery operations ourselves, but also utilize select third-parties for some aspects of recovery. To the extent we outsource our disaster recovery, we are at risk of the third-party service provider's unresponsiveness in the event of breakdowns in our systems. Furthermore, our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur; see "*—We are exposed to various risks, including accidents, vandalism, cyber-related incidents as well as environmental damage. We may not be adequately insured against such risks and our insurance costs may increase significantly*". The occurrence of any of these risks, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

The IT security of our products is important to customers. Cybersecurity incidents could disrupt business operations and result in the loss of critical and confidential information.

Protection against breaches of cyber security is important to our customers. We constantly seek to improve the security architecture of our products, software and services, but cannot guarantee that our products will not be the target of cybersecurity threats. Global cybersecurity threats and incidents can range from uncoordinated individual attempts to gain unauthorized access to our IT systems to sophisticated and targeted measures known as advanced persistent threats, directed at our internal IT systems and networks, our products and solutions, our customers and/or our third-party service providers. Our primary network operations center for our managed services in North America is located in Lenexa, Kansas, with a fully redundant network and full fallback center in another state. Our data centers monitor more than 15 million meter points. Our customers are increasingly requiring cybersecurity protections and mandating cybersecurity standards in our products, software and services, and we may incur additional costs to comply with such demands. While we have experienced, and expect to continue to experience, these types of threats and incidents, none of them to date have been material.

We seek to deploy comprehensive measures to deter, prevent, detect, respond to and mitigate these threats, including identity and access controls, data protection, vulnerability assessments, product software designs, continuous monitoring of our IT networks and systems and maintenance of backup and protective systems. Nevertheless, our connected intelligent devices and solutions could be subject to such threats. For example, there remains a risk that malicious firmware could be incorporated into a meter during the development or manufacturing process, either by a disaffected employee or by third parties who gain unauthorized access to our development and manufacturing environment. In response to such threats, we have designed a security protocol and security architecture incorporating cryptographic and hardware-enabled technologies and continue to develop advanced security features to seek to protect against tampering or "hacking" and to ensure the privacy and integrity of data. Despite our efforts, the possibility of cybersecurity breaches, computer viruses or other similar events cannot be eliminated entirely as the efforts to overcome security measures become more sophisticated. In addition, cybersecurity incidents aimed at the software imbedded in our products could lead to third-party claims that our product failures have caused a similar range of damages to our customers, and this risk is enhanced by the increasingly connected nature of our products.

The potential consequences to both us and our customers of a material cybersecurity incident include (but are not limited to):

- loss of revenues;
- contractual damages costs;
- loss of customer data;
- harm to our business or reputation (or that of our customers) resulting from negative publicity and, potentially, loss of customers;
- exposure to fraud losses or other liabilities;
- theft of intellectual property and/or diminution in the value of our investment in research, development and engineering;
- fines levied by government regulators; and/or
- increased cybersecurity protection and remediation costs due to the increasing sophistication and proliferation of threats.

The occurrence of any of these risks, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

We seek to develop and implement new products, technologies and processes quickly, which exposes us to the risk of infringement claims regarding third-party intellectual property rights.

Given the rapid technological change that characterizes the industries in which we operate, we may become subject to claims of infringement of intellectual property rights. We seek to develop and implement new products, technologies and processes quickly, and in doing so, we may not adequately identify such third-party rights or assess the scope and validity of these third-party rights. We may become subject to lawsuits alleging that we have infringed on the intellectual property rights of others and requiring us to pay for a license or even cease using the relevant technology. In addition, we may also be required to indemnify our customers, should they be exposed to allegations that our products sold to them infringe intellectual property rights of third parties. For instance, in 2010, a claim was brought against certain of our customers alleging that certain of our products (sold to such customers) infringed on the claimant's intellectual property rights. An infringement claim was also brought directly against us in 2015 with respect to the same intellectual property rights. While we believed that we had not infringed on any valid patent, we nonetheless settled that matter in July 2016 and incurred USD 15.6 million in expenses in connection with the settlement (including legal costs). There may also be a degree of uncertainty regarding ownership rights in a process or technology. For example, when we collaborate with our customers on new products, it may be unclear as to who owns the resulting technology, and, as a result, we may be subject to disputes or restrictions on use of such products. In addition, there is also a "black-out" period between the priority date of a patent and the subsequent publication. During this "black-out" period, we would not be aware of any such infringement. Any such intellectual property litigation could result in substantial costs and divert our personnel's attention and efforts.

If allegations of infringement are successfully asserted against us, we could be required to pay substantial damages or royalties to license proprietary rights from third parties, or to cease selling some or all of our products. Licenses may not be available to us on acceptable terms, if at all. We may also have to expend significant resources to develop non-infringing technology. Any of the foregoing could have a material adverse effect on our reputation, business, financial condition and results of operations.

Manufacturing interruptions or delays, including as a result of catastrophic events or geopolitical conditions, could affect our ability to meet customer demand and lead to higher costs.

We have 11 manufacturing sites globally, comprising four high volume facilities (i.e., Reynosa, Mexico; Curitiba, Brazil; Corinth, Greece; and Kolkata, India) and seven manufacturing-dedicated assembly facilities.

These major facilities are supported by other sites which are more specialized in nature or fulfill local assembly, calibration and test requirements. A portion of the risks arising from business interruption and loss of production are insured at levels that we consider to be economically reasonable, but our insurance coverage could prove insufficient in individual cases; see "*—We are exposed to various risks, including accidents, vandalism, cyber-related incidents as well as environmental damage. We may not be adequately insured against such risks and our insurance costs may increase significantly*". While we also maintain backup resources to the extent practicable, our ability to shift sourcing to another facility is subject to then-current available capacity limitations, possible modification of some products or components to meet local standards and additional transportation expenses, all of which could result in unanticipated delays or failure to meet our contractual obligations and could have other negative effects, such as decreased productivity and increased labor costs. If we are unable to satisfy existing or increased demand by shifting production or to obtain timely and adequate deliveries from our current facilities, we may not be able to retain other contract manufacturers on economic or other terms acceptable to us, or at all, to satisfy our requirements.

Furthermore, the continuity of our manufacturing operations depends on the timely supply of our products, services and related products to meet the rapidly changing technical and volume requirements of our customers, and which further depends on the timely delivery of components, sub-assemblies and commodities from our contract manufacturers and suppliers who may also be impacted by catastrophic events; see "*—For certain components, sub-assemblies, commodities and materials, we depend on a limited number of contract manufacturers and suppliers and the failure of these third parties to timely deliver sufficient quantities of components, sub-assemblies, commodities and materials could increase our costs and reduce margins*".

We may also experience significant interruptions to our manufacturing operations, delays in our ability to deliver products or services and increased costs as a result of natural disasters or other events beyond our control (such as fires, earthquakes, floods or storms, regional economic downturns, pandemics, social unrest, political instability, terrorism, failure of utilities or acts of war). Most recently in April 2015, our leased manufacturing and office facility in Sydney, Australia, experienced a significant interruption in operations following a severe storm and subsequent flooding that resulted in considerable damage to our offices, factory, manufacturing spaces, inventory and property, which was in part covered by our insurance. We were forced to activate an alternative business contingency plan, which resulted in a temporary disruption in our ability to meet certain customer orders. See also "*Our Business—Insurance*".

Any interruption of manufacturing, inability to engage appropriate contract manufacturers or engage alternative suppliers could have a material adverse effect on our business, financial condition and results of operations.

We could be faced with labor shortages, disruptions or stoppages if our relations with our employees were to deteriorate.

As of March 31, 2017, we had 5,919 total employees, and approximately 41.7% were represented by labor unions or works councils, primarily in Mexico, Brazil and Europe. We do not currently have any labor unions at any of our United States facilities, which represent approximately 21% of our total employees globally. In the event of a significant interruption in production at one or more of our manufacturing facilities as a result of a strike, work stoppage or other slowdown by our workers, and specifically our unionized workers, our ability to shift sourcing to another facility may be subject to certain limitations; see "*—Manufacturing interruptions or delays, including as a result of catastrophic events or geopolitical conditions, could affect our ability to meet customer demand and lead to higher costs*". For example, in June 2014 certain of our unionized metal workers in South Africa went on strike following an impasse in wage negotiations. As a result of the strike, our production in South Africa was suspended for nearly a month. Following the strike, we implemented a recovery plan and a three-shift production schedule; however, our operations were, nevertheless, negatively impacted by the strike. Any future material work shortage at any of our primary manufacturing plants could result in suspension or cessation of production, resulting in product shortages, which could have a material adverse effect on our business, financial condition and results of operations.

Our ability to attract, retain and motivate key employees is critical to our success.

A key factor in our success is our ability to attract, retain and motivate our highly qualified and technically skilled workforce. We are also dependent on an accessible pool of talented engineers and researchers in order to adequately staff our research and development centers. The skills diversity in our workforce demands that we maintain strong pipelines through which we attract talent, career development priorities that aid in retaining talent, and an employee engagement culture that motivates our talent. Competition for highly qualified and skilled technical and management personnel is intensifying as our industry becomes more technologically advanced and competitive. For example, we depend on highly specialized engineers with respect to our communications technologies and software developments, and our ability to attract, retain and motivate such employees is of substantial importance to our business. While we believe that we have a good relationship with our key employees, we may not be able to retain key employees or other skilled personnel, or attract and recruit replacements for those who may decide to leave. The loss of one or more of these key employees, potentially to one of our competitors, and the inability to attract and retain qualified replacements could have a material adverse effect on our business as a result of, among other things, the significant time and cost associated with finding qualified replacements and the loss of individuals with specific expertise and knowledge relating to our Company, our customers and our products. Further, we do not maintain any "key person" insurance with respect to any of our key employees that would provide us with proceeds in the event of the death or disability of any of these key individuals. Thus, if we are not able to successfully attract, retain, and motivate key employees, we may be unable to continue current research and development projects or capitalize on market opportunities, and this could have a material and adverse effect on our business, financial condition and results of operations.

Our future success depends on the continued services of our senior Management team and Board of Directors.

Our success will depend to a significant extent on the continued services of our senior Management team and Board of Directors. The loss or unavailability of members of our senior Management team or Board of Directors could harm our ability to (i) continue the growth of our business, (ii) maintain important customer relationships and (iii) successfully implement our operational excellence initiatives, any of which could harm our business. Our Management's in-depth understanding of both the utility industry and our customers' needs has resulted in the development of our broadened product portfolio, expanded customer base and extended global reach, through organic growth and strategic acquisitions. However, there can be no assurance that we will be able to retain any members of our senior Management team or Board of Directors or that we will be able to find suitable replacements in connection with the resignation of any member of our senior Management team or Board of Directors, the occurrence of which could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to various risks, including accidents, vandalism, cyber-related incidents as well as environmental damage. We may not be adequately insured against such risks and our insurance costs may increase significantly.

We are exposed to risks, including, but not limited to, accidents, vandalism, cyber-related incidents, environmental damage (such as the environmental damage which occurred at our production site in Montlucon, France (see "*Our Business—Environmental Matters*")), and other events that could potentially lead to the interruption of our business operations and to the incurrence of significant losses. We currently have insurance arrangements in place for an industry-standard range of coverage, including public and product liability, property damage and business interruption, along with accompanying deductibles. However, these insurance policies contain standard exclusions and limitations on coverage, and, thus, may not cover all of the losses or damages resulting from the materialization of any of the risks to which we are subject. In addition, some risks are not possible to insure against, and for certain risks and in certain locations, insurance may not be available or may be available only at costs that are not economically viable. At present, our general liability and property damage and business interruption policies contain exclusions for certain risks, which may include terrorist acts, war related events, cyber-related risks, certain political risks, expropriation, gradual pollution among others. Furthermore, it is also possible that future insurance providers could increase their insurance premiums, which could make securing appropriate insurance coverage more costly. If one or more events occur for which we are uncompensated or under-compensated by insurance, the resulting costs, alone or in combination, could have a material adverse effect on our business, financial condition and results of operations.

The global nature of our operations exposes us to a variety of risks resulting from organizational, logistical, legal, political and cultural as well as other related challenges.

We have manufacturing facilities, sales offices and research and development centers in over 30 countries throughout the world. Thus, the international nature of our operations, customers and suppliers subjects us to various risks that could have a material adverse effect on our operations and our business as a whole. Our global activities lead to communication, organizational and logistical challenges resulting from the complexity of our business. The current form of our organizational structure could prove to be inadequate for various reasons, including the expansion of our business or evolution of our markets, and we may not be able to successfully adjust our organizational structure accordingly. We have to manage the streams of our products and components sourced from suppliers on a global scale to serve our various markets and customers, and our logistics management may prove insufficient. An inefficient management of our inventory could lead to a shortage of inventory or excess inventory which could negatively affect our profitability. In some of our contract manufacturers' or suppliers' jurisdictions there may be lower standards of product quality which could have a negative impact on the quality of components delivered to us. In addition, our global activities expose us to the risk of controls on the repatriation of cash, including the imposition or increase of withholding and other taxes on remittances and other payments by foreign subsidiaries as well as export and import restrictions and tariffs, including anti-dumping tariffs.

We may be exposed to undeveloped legal systems in our markets, which could make it difficult to enforce and protect our contractual and intellectual property rights. For example, the judiciaries in China, India and Southeast Asia are relatively inexperienced in enforcing corporate, commercial and intellectual property law, leading to a higher than usual degree of uncertainty as to the outcome of any litigation and, in turn, our business operations in these countries. Foreign governments in our markets may also sponsor competition and may provide our local competitors with unilateral benefits, thereby distorting competition. Some of jurisdictions where we conduct or will conduct our business in the future may be subject to foreign investment regulations, requiring us, for example, to enter into strategic partnerships or nominee agreements, which could increase our risk of compliance with the pertinent local laws.

We may conduct business in, and may expand our business to, certain countries where corruption and extortion are considered to be widespread. As a result, we are exposed to the risk that our employees, agents or authorized persons could make payments or grant hidden benefits in violation of anti-corruption laws and regulations, especially in response to demands or attempts at extortion. While we currently have internal controls, prevention strategies (such as our anti-corruption and anti-bribery policy) and training programs in place to mitigate the risk of such occurrences, these measures may prove to be insufficient. See also "*—Legal, Regulatory and Taxation Risks—We are subject to anti-corruption, anti-bribery and anti-money laundering laws. Potential compliance breaches could result in investigations by authorities, fines, damages claims and the termination of agreements with our customers and harm our reputation*".

Our international presence and the market acceptance of our products and services depends on our ability to continually observe and adapt our business to take into account the challenges resulting from our large geographic footprint. However, there can be no assurance that we will be successful in observing and navigating these factors and there can be no guarantee that such factors will not have a material adverse effect on our future international sales and, consequently, on our business, financial condition and results of operations.

The assumptions made in preparing our financial targets and outlook included in this Offering Memorandum may prove incorrect, incomplete or inaccurate.

Our outlook for the year ended March 31, 2018 and our mid-term outlook included in this Offering Memorandum, which presents financial targets with respect to revenue and Adjusted EBITDA (both at Group and segment level), reflects numerous assumptions made by our Management. These assumptions relate to commercial expectations and other external factors, including political, legal, fiscal, market and economic conditions and applicable legislation, regulations and rules (including, but not limited to, accounting policies and accounting treatments) and movements in foreign exchange rates, all of which are difficult to predict and are beyond our control. Accordingly, there is a risk that the assumptions made in preparing the financial targets and outlook could prove incorrect, incomplete or inaccurate and there may be differences between our actual and projected results, which could be material in nature and impact our Share price. The inclusion of the financial targets and outlook in this Offering Memorandum should not be regarded as an indication that we or our Management considered or consider such financial targets and outlook to be guaranteed reliable predictions of future events. In addition, while we may provide information in the future on the evolution of our financial targets and outlook, we will only continue to do so on a Group level. We do not plan to continue to provide forward-looking information regarding our reportable segments. Accordingly, investors are strongly urged not to place undue reliance on any of the statements set forth under "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Outlook for the year ended March 31, 2018 and Mid-Term Outlook*".

Our half year results may fluctuate substantially, which could make it difficult to accurately forecast our growth and could render a period-to-period comparison less meaningful.

Our results between periods have varied, and we believe our half year results will continue to fluctuate as a result of many factors, in addition to those described elsewhere in these "*Risk Factors*" and this Offering Memorandum. Examples of specific factors which have caused our half year results to fluctuate in the past and may cause such results to fluctuate in the future include (but are not limited to):

- long, and sometimes unpredictable, customer sales cycles;
- the impact of warranty claims, product recalls and product liability for non-performing products;
- the size and timing of large AMI deployments that are often concentrated in particular periods, which could lead to significant swings in our reported revenues and net profit or loss as these deployments ramp-up, ramp-down and ultimately come to an end;
- changes in the volume, type and mix of products and services sold, affecting both revenue and margins;
- the gain or loss of significant customers which could impact our sales volumes;
- delays in regulatory approvals or government funding programs for our customers and customer deployments;
- the timing of acceptance of our products and services by our customers;
- a change in accounting standards or practices that may impact us to a greater degree than other companies in other industries;
- liquidated damages provisions in our contracts, which could result in significant payments or credits if triggered or, even if not triggered, could affect our ability to recognize revenue in a given
- political and consumer sentiment and the related impact on the scope and timing of smart metering and Smart-Grid deployments;
- a change in existing taxation rules or practices;
- currency fluctuations;
- the impact of acquisitions;
- impairment of intangible assets and restructuring charges;
- employee share-based compensation; and
- general economic conditions affecting capital spending for the utility industry.

Thus, it is difficult for us to accurately forecast our growth and results of operations on a half year basis. If we fail to meet expectations of investors or analysts, our Share price may fall rapidly and without notice. Furthermore, the fluctuation of half year operating results may render period-to-period comparisons of our operating results less meaningful.

The preparation of the non-U.S. GAAP financial measures we use involves a high level of Management judgment and discretion.

In order to evaluate our operating performance, we have provided (and intend to continue providing) investors with information on certain non-U.S. GAAP financial information, including Adjusted Gross Profit and Adjusted EBITDA (both at Group and segment level). See "*Presentation of Financial and Other Information—Non-U.S. GAAP Financial Measures*".

In connection with the preparation of these non-U.S. GAAP figures, we make certain adjustments and normalizations, which require our Management to use its judgment and discretion. Accordingly, our non-U.S. GAAP measures may differ from those prepared by other similarly situated companies' management. There is also a risk that normalized items are not comprehensive, potentially inconsistent with other non-normalized items and recurring in nature (i.e., suggesting that they are in fact part of ordinary course business operations). In particular, we have made certain adjustments to our warranty expenses reflected in our Adjusted Gross Profit and Adjusted EBITDA presented herein based on the three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims for the fiscal years ended March 31, 2017, 2016 and 2015, to normalize warranty expense in our statement of operations (which can be impacted by the effect of building up and releasing warranty provisions). Going forward, these normalized warranty-related adjustments will be based on a three-year rolling average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims, which could lead to significantly different and potentially unexpected results. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*".

We are exposed to counterparty default risks.

We may face credit risks resulting from the possible inability of counterparties to meet their contractual obligations. We minimize the credit risk through credit approvals, limits, and counterparty collateral and monitoring procedures. In light of Toshiba Corporation's current financial situation, we are also exposed to counterparty risks in connection with the reseller arrangement we have entered into with Toshiba Corporation in connection with the TEPCO AMI Project. See also "*Related Party Transactions—Material Agreements with Toshiba Corporation*". To the extent that Toshiba Corporation is unable to honor its payment obligations to us under the Reseller Agreement (as defined herein), we may not receive payments or royalty fees for certain work rendered or licenses provided. In addition, in connection with certain of our utility customer contracts, in particular those in the U.K. and Australia, asset finance institutions are responsible for the actual purchase and payment of the products contracted for, which are then in turn leased to end-customers in the respective markets. As a result, we are exposed to counterparty default risks in connection with both our relationship with the asset finance institution and our utility customers' relationship with the asset finance institution. Furthermore, we are exposed to certain counterparty default risks to the extent that one or more of the depository institutions in which we maintain significant cash balances were to fail and our ability to access these funds might be temporarily or permanently limited. If we were to experience such an occurrence, we could face material liquidity problems, which could have a material adverse effect on our business, financial condition and results of operations.

Our financial results may be affected by fluctuations in exchange rates.

Due to the broad scope of our international operations, a portion of our revenue and our expenses are denominated in currencies other than USD, our reporting currency. As a result, our business is exposed to transactional and translational currency exchange risks caused by fluctuations in exchange rates among those different currencies.

The functional currency of most of our operating subsidiaries is the applicable local currency. The translation from the applicable functional currencies into our reporting currency is performed for balance sheet accounts using exchange rates in effect at the balance sheet date, and, for the statement of operations accounts, using average exchange rates prevailing during the relevant period. Functional currency exchange rates for our operating subsidiaries have in the past, and may in the future, fluctuate significantly against the USD. Because we prepare our consolidated financial statements in USD, these fluctuations may have an effect both on our results of operations and on the reported value of our assets, liabilities, revenue and expenses as measured in USD, which in turn may significantly affect reported earnings, either positively or negatively, and the comparability of period-to-period results of operations.

In addition to currency translation risks, we are exposed to currency transaction risks. Currency transaction risk is the risk that the domestic currency value of a future foreign currency denominated cash flow (payments or receipts from a committed or uncommitted contract or credit facility) varies as a direct result of changes in exchange rates. Fluctuations in currencies may adversely impact our ability to compete on a global basis. Our largest exposure to transactional effects for the year ended March 31, 2017 arose following the devaluation of the GBP as a result of the U.K. vote to leave the EU. Specifically, we recognized significant revenue in the U.K. that was denominated in GBP whereas our supply chain was mainly denominated in EUR or USD. Fluctuations in the GBP:USD and GBP:EUR exchange rates in the year ended March 31, 2017 had a negative impact of USD 6.8 million on our operating income generated by our subsidiaries in the U.K.

We had no outstanding foreign currency forward contracts and other derivative instruments open as of March 31, 2017, March 31, 2016 and March 31, 2015, respectively. However, we have in the past, and may from time to time in the future, use foreign currency forward contracts and other derivative instruments to minimize the risk and effect of exchange rate fluctuations. There can be no assurance that any hedging strategy will be effective in providing protection from fluctuations in foreign currency exchange rates and we could recognize losses as a result of entering into foreign currency forward contracts and other hedging transactions, which could have a material adverse effect on our business, financial condition and results of operations.

Our operating results can vary significantly due to the impairment of goodwill and other tangible and intangible assets due to changes in the business environment.

Our operating results can also vary significantly due to impairments of intangible assets, including goodwill, and other fixed assets. As of March 31, 2017, the value of our goodwill as recorded on our balance sheet was USD 1,361.2 million and the value of acquired technologies and other intangible assets was USD 425.5 million, net of impairments and amortization. Because the market for our products is characterized by rapidly changing technologies, our future cash flows may not support the value of goodwill and other intangibles recorded in our consolidated financial statements. According to U.S. GAAP, we are required to annually test our recorded goodwill and indefinite-lived intangible assets, if any, and to assess the carrying values of other intangible assets when impairment indicators exist. As a result of such tests, we could be required to book impairment charges in our statement of operations if the carrying value is in excess of the fair value. The amount of any potential impairment is not predictable.

Factors that could trigger an impairment of such assets include, but are not limited to, the following:

- underperformance relative to projected future operating results;
- negative industry or economic trends, including changes in borrowing rates or weighted average cost of capital;
- applicable tax rates;
- changes in working capital;
- the market multiples utilized in our fair value calculations;
- changes in the manner or use of the acquired assets or the strategy for our overall business;
- a significant or sustained decline in our stock price, which could lead to a decline in our market capitalization, recorded goodwill and net book value; and
- changes in our organization or management reporting structure, which could require greater aggregation or disaggregation in our analysis by reporting unit and potentially alternative methods/ assumptions of estimating fair values.

During the years ended March 31, 2017 and 2016, we recorded impairments of goodwill and other intangible assets of USD 60.0 million and USD 34.1 million, respectively. For further information on the impairments, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Goodwill and Intangible Assets Impairment*". Any potential future impairment, if required, could have a material adverse effect on our business, financial condition and results of operations.

Post-retirement costs, including those incurred under defined benefit pension plans, constitute a significant portion of our annual expenses, and funding these costs could adversely affect our financial condition.

Post-retirement costs constitute a significant portion of our annual expenses. Many of our employees are covered by defined benefit plans which are funded by the Group, the employees, and in certain countries, by state authorities. We have pension plans in various countries, with the majority of our pension liabilities deriving from Germany, the U.S. and Switzerland. In Switzerland, we maintain a pension scheme in accordance with Swiss pension law. The Swiss pension scheme requires contributions to be made at defined rates. However, the pension scheme incorporates certain guarantees of minimum interest accumulation and conversion of capital to pension. As a result, the pension scheme has been reported as a defined benefit pension plan in accordance with U.S. GAAP and can lead to the Group making additional contributions.

For the years ended March 31, 2017, 2016 and 2015, our post-retirement costs were USD 15.4 million, USD 13.9 million and USD 12.4 million, respectively, and such expenses may increase significantly at a rate that is difficult to forecast and may materially adversely affect our financial results, financial condition or cash flows. As of March 31, 2017, 2016 and 2015, our defined benefit pension plans were under-funded by USD 54.2 million, USD 90.1 million and USD 78.6 million, respectively. Declines in global capital markets affecting our expected rate of return on pension assets and discount rates may cause reductions in the value of our pension plan assets and estimates of benefit obligations. Such circumstances could also have an adverse effect on future pension expense and funding requirements. In addition, the accounting standards and legal conditions governing our pension obligations are subject to changes in applicable policy, legislation or case law, which may also lead to new or more extensive pension obligations or may impact our previous pension obligation calculations. Any of these factors or developments could have a material adverse effect on our business, financial condition and results of operations

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations— Critical Accounting Policies and Estimates—Employee Benefit Plans*" for further discussion on the significant components of our defined benefit plans and a sensitivity analysis of the critical assumptions therein.

We are exposed to risks associated with acquisitions, strategic partnerships and investments.

We have made, and in the future may make, acquisitions of or investments in and have entered into, and in the future may enter into, strategic partnerships with companies in existing, related or new markets. Acquisitions, strategic partnerships and investments involve numerous risks that vary depending on their scale and nature, including, but not limited to:

- diversion of Management's attention from other operational matters;
- inability to complete proposed transactions as anticipated or at all (and any ensuing obligation to pay a termination fee);
- the possibility that the acquired business will not be successfully integrated or that anticipated cost savings, synergies, or other benefits will not be realized;
- the acquired business or strategic partnership may lose market acceptance or profitability;
- a decrease in our cash or an increase in our indebtedness and a limitation on our ability to access additional capital when needed;
- failure to commercialize purchased technologies or partnered solutions;
- initial dependence on unfamiliar supply chains or relatively small supply partners;
- inability to obtain and protect intellectual property rights in key technologies;
- the incurrence of unexpected liabilities; and
- the loss of key personnel and clients or customers of acquired businesses.

We have a history of acquisitions and have in the past faced difficulties relating to the integration of the acquired entity's personnel, operations, technologies and products that were exacerbated due to geographic and cultural differences as well as the difficulties associated with the integration of companies that service different segments. We may face similar difficulties in any future acquisitions and also may have insufficient resources or be unable to obtain sufficient financing to complete the acquisition. In addition, we can provide no assurance that any acquisition, strategic partnership or investment will be successful and result in benefits to us. The actual costs and benefits of any acquisition or investment could differ from the expected costs and benefits.

In addition, we have also entered, and may in the future enter, into strategic partnerships with third parties with whom we collaborate to, for example, offer complementary products and services or make our offerings more competitive in certain markets. If successful, these relationships may be mutually beneficial and result in growth, but there can be no assurance we will realize the expected benefits from these strategic partnerships. Such partnerships carry an element of uncertainty because we may not be able to fully assess all risks. Strategic partnerships can also be difficult to manage, due to various reasons, such as the potentially different or colliding interests of strategic partners and cultural differences. In addition, we may compete in some business areas with a company with which we have a strategic partnership and, at the same time, cooperate with that company in other business areas or markets, which could increase the risk of potential inadvertent competition law violations. Furthermore, the company cooperating with us may gain access to our knowledge, trade secrets or other confidential information. Also, if such strategic partners fail to perform as promised or if these relationships fail to materialize as expected, we could suffer delays in product development or other operational difficulties, especially if we may not be able to easily exit such a partnership. We may also enter into partnerships in order to participate in growth opportunities in certain markets with regulations in place designed to restrict or limit the ability of foreign companies to conduct business there. If we gain access to a market through a strategic partner, such access could be lost if such relationship fails.

Thus, the failure to effectively consummate or manage current or future acquisitions, strategic partnerships and investments may adversely harm our existing businesses due to a number of factors which alone or in combination could have a material adverse effect on our business, financial condition and results of operations.

The transition to being a public company involves changes in our ownership structure, corporate governance, management culture and financial and non-financial reporting practices and may adversely affect our business.

Our transition to being a public company will involve changes in our ownership structure, corporate governance, management culture and financial and non-financial reporting practices. Once we are a publicly listed company, we will be subject to greater scrutiny and more transparency due to detailed financial and non-financial disclosure requirements and regulatory obligations. Compliance with our increased disclosure requirements and regulatory obligations will require significant Management attention and result in increased legal and financial compliance costs. Our failure to successfully adapt our management approach to our new public-company status, as well as the increased demand on financial and Management resources that will result from being a public company, could have a material adverse effect on our business, financial condition and results of operations.

Our accounting and reporting systems, internal controls and other procedures have been established based on the needs and requirements of a privately held company and may not be as advanced as other public companies' systems and procedures.

Historically, we have utilized a decentralized management information reporting system based on reporting structures in our regional segments. At the Group level, we have a centralized financial consolidation system into which the regions enter their results. Given the divergent management information reporting systems in use throughout the Group and the limited internal resources available for coordinating and standardizing these systems, there remains the risk that our internal reporting systems and master data diverge across our reportable segments and that the quality of the data is not consistent or easily retrievable, potentially limiting our ability to leverage management information globally.

Our segment reporting is primarily based on adjusted or normalized non-U.S. GAAP figures, which differ significantly from the figures included in our audited U.S. GAAP accounts. The accuracy of such adjusted figures depends on the quality of our underlying reporting systems from which the internal data underlying such adjustments are derived. We introduced reportable segments for the first time for the preparation of our audited consolidated financial statements as of and for the year ended March 31, 2017 and have had to adjust our internal accounting and reporting systems accordingly. Thus, in light of this recent introduction and the importance of adjusted or normalized non-U.S. GAAP figures in assessing our segment profitability, we will likely need to make further adjustments and adaptations to our internal accounting and reporting systems. See also "*—The preparation of the non-U.S. GAAP financial measures we use involves a high level of Management judgment and discretion*".

The design of any internal control system is based in part upon certain assumptions relating to the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that they will succeed in achieving their stated goals under all potential future conditions, regardless of how remote. If our controls cannot provide reliable financial reports or prevent fraud or other illegal acts, our financial results could be negatively affected.

In addition, as a result of our growth strategy and the continued operating complexity of our business, internal controls over financial reporting will need to be kept under regular review which may place strain on our managerial and operational resources. Additionally, we have no prior experience complying with public company reporting requirements and our systems may not be as advanced as those of other public companies; see also "*—The transition to being a public company involves changes in our ownership structure, corporate governance, management culture and financial and non-financial reporting practices and may adversely affect our business*". There is no guarantee that our internal controls over financial reporting will be capable of responding to these additional requirements without difficulties or inefficiencies that could cause us to incur significant additional costs or expose us to other fines or penalties, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, other processes and procedures used throughout our business may not be as advanced as those of other public companies. While we believe that we are in compliance with relevant legal requirements in respect of our processes and procedures, we are in the process of reviewing and updating certain of these processes and procedures. If our processes and procedures were found not to be in compliance with certain relevant legal requirements, this could have a material adverse effect on our business, financial condition and results of operations.

We face certain risks associated with our relationship to and separation from our Selling Shareholders.

In connection with the Offering, our current shareholders Toshiba Corporation, a Japanese corporation, and INCJ, a Japanese public private partnership, are planning to dispose of their combined entire holdings in the Group. Both shareholders are based in Japan, where all of our business currently relates to the TEPCO AMI Project, which we are engaged in under the Reseller Agreement with Toshiba Corporation. Apart from its significant contribution to our results in terms of both revenue and profitability in the years ended March 31, 2017, 2016 and 2015 and, to a more limited degree, going forward, our participation in the TEPCO AMI Project also forms an important element of our strategy to broaden our business in Japan and to expand into adjacent markets and acquire new customers in Japan. The Reseller Agreement entered into with Toshiba Corporation in relation to TEPCO was negotiated independently and at arm's lengths and does not include any change of control restrictions. See also "*Related Party Transactions—Material Agreements with Toshiba Corporation*". However, there can be no assurance that the exit of our Japanese shareholders, in particular Toshiba Corporation, will not have a negative impact on our ability to retain existing business or acquire new business in connection with the TEPCO AMI Project or in Japan more generally with the same or similar terms. See also "*—A significant portion of our revenue is generated from a limited number of customers or large volume projects and compensating for the loss of a customer or such a project may prove difficult.*"

At the same time, we may continue to be adversely affected by the current negative publicity in the Japanese market regarding the financial stability of Toshiba Corporation, which has impacted our banking relationships and impaired our access to certain banking resources in the recent past. As a result, we have been required to provide pledges to certain financial institutions in order to maintain access to usual banking services. We expect that following the Offering, we be able to resume normal banking relationships, but we are not certain when, if at all, we will be able to resume such relationships on market standard terms. See also "*—We are exposed to counterparty default risks".* Any negative development in this regard could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to certain risks associated with the UBS Credit Facility.

The UBS Credit Facility, which we entered into to repay a shareholder loan extended to us by Toshiba Corporation, contains a financial maintenance covenant requiring that the ratio of the Group's net senior debt (as defined therein) divided by EBITDA be equal to or less than 2.00x and our EBITDA be greater than zero, calculated on a quarterly basis unless an initial public offering (such as the Offering) takes place, in which case the calculation will be made only on September 30, 2017. While we currently believe that we will be able to satisfy the maintenance covenant, in light of the risks associated with our business described in more detail above and below, we cannot guarantee that we will be able to maintain our current financial position at the levels required to meet these financial maintenance covenants at all times in the future. A breach of the financial maintenance covenants would result in a default under the UBS Credit Facility, unless we can obtain waivers or consents in respect of any breach of the obligations thereunder.

In addition to the financial maintenance covenant, the UBS Credit Facility provides for various customary representations and warranties as well as affirmative covenants and negative covenants, which restrict certain aspects of our business, events of default and change of control provisions. For example, the UBS Credit Facility requires consultation of the lender ahead of a distribution of a dividend by the Company. If we fail to comply with any of these covenants or representations or if a change of control (outside of the context of an initial public offering, including the Offering) occurs, and we are unable to remedy (if applicable) such failure or fail to obtain a waiver, a default could result under the UBS Credit Facility. In the event of any default under the UBS Credit Facility, the lender thereunder could elect to declare all outstanding borrowings, together with accrued interest, fees and other amounts owing thereunder, to be immediately due and payable. In addition, indebtedness under other instruments that contain cross-default or cross-acceleration provisions may also be accelerated and become due and payable.

The UBS Credit Facility also contains certain mandatory repayment provisions that require us to make a mandatory prepayment towards the UBS Credit Facility, for example, (i) in the amount of 100% of the net proceeds from capital markets transactions, (ii) upon a change of control (including, among others, in cases where Toshiba Corporation ceases to hold more than 50% of the Company's share capital or any new shareholder holds more than 33.3% of the Company, however, in the context of an IPO and listing of the Shares of the Company on SIX, neither of these shall constitute a change of control) or (iii) if and to the extent it becomes unlawful for the lender to perform any of its obligations under the UBS Credit Facility Agreement; See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—UBS Credit Facility*".

The UBS Term Loan (as defined herein) under the UBS Credit Facility matures on May 31, 2018. We may need to refinance this outstanding debt through securing additional capital and any such additional capital may not be available to us on favorable terms or at all; see "*—We may need additional capital in the future and it may not be available on terms favorable to us or at all*". Any debt financing we enter into in the future may have similar restrictions. The occurrence of any of the above identified risks could have a material adverse effect on our business, financial condition and results of operations.

We may need additional capital in the future and it may not be available on terms favorable to us or at all.

We may require additional capital in the future to do, among other things, the following:

- fund our operations;
- pay dividends to our shareholders;
- refinance the UBS Term Loan under the UBS Credit Facility;
- finance investments in equipment and infrastructure needed to maintain our manufacturing capabilities;
- enhance and expand the range of products and services we offer;
- respond to potential strategic opportunities, such as investments, acquisitions and expansions; and
- service or refinance other indebtedness.

Our ability to obtain external financing in the future is subject to a variety of uncertainties, including: (i) our financial condition, results of operations and cash flows, and (ii) general market conditions for financing activities.

Additional financing may not be available on terms favorable to us or at all due to several factors, including the terms of our existing indebtedness and trends in the global capital and credit markets. The capital and credit markets have experienced extreme volatility and disruption in recent years. Market conditions could make it more difficult for us to borrow or otherwise obtain financing. In addition, there could be a number of follow-on effects from a credit crisis on our business, including insolvency of key contract manufacturers or suppliers, resulting in product delays, inability of customers to obtain credit to finance purchases of our products and services and/or customer insolvencies.

The terms of available financing may also restrict our financial and operating flexibility. If adequate funds are not available on acceptable terms, we may be forced to reduce our operations or delay, limit or abandon expansion opportunities. Moreover, even if we are able to continue our operations, the failure to obtain additional financing could have a material adverse effect on our business, financial condition and results of operations.

Legal, Regulatory and Taxation Risks

The continued transition by utilities to smart metering and Smart-Grid is substantially dependent on legislative initiatives at the local, state, national and supranational level to help spur investments by utilities in smart metering and Smart-Grid.

The continued transition by utilities to smart metering and Smart-Grid is substantially dependent on legislative initiatives on the local, state, national and supranational level to help spur investments by utilities in smart metering and Smart-Grid. Such legislative initiatives, including government sponsored grants or incentives, the approval of rate increases that may be requested by utilities to pass through the cost of acquiring and deploying smart metering and Smart-Grid products, solutions and services to end-users and the promulgation of standards governing these products, solutions and services, will require action by local, state, national and supranational governments around the world. These governmental actions will be affected by a variety of political, economic and legal factors in the various locations. In many regions, smart metering and Smart-Grid-related legislation or regulation is being considered, drafted or negotiated, or such legislation is already in place, but awaiting implementing rules or guidance. Legislatures and governmental agencies may prolong the law- and rule-making process, subject new technology to extensive reviews or fail to implement smart metering and Smart-Grid-related legislation or regulation on a timely basis, if at all. There can also be no assurance that current political trends at the local, state, national and supranational level, such as, e.g., the strong focus on decarbonization of the power generation industry, which we expect to support the transition by utilities to smart metering and Smart-Grid, will continue, if the political and economic environment changes.

Currently, utilities are globally in different stages of transition to smart metering and Smart-Grid. For instance, the first wave of smart metering deployments has already completed in certain parts of North America, with second wave deployments in connection with replacements and/or upgrades of the installed base underway in selected areas, but the extent of these second wave deployments remains inherently uncertain. Due to delays in the implementation of relevant legislation and regulation in Europe, the first wave of deployments was postponed in some countries in EMEA. However, we expect deployments to accelerate in the near term, potentially offering highly attractive growth prospects in EMEA, although the timing and rate of deployment remain uncertain.

In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our operations might be subject or the manner in which existing or future laws will be applied or interpreted. In particular, governmental agencies and regulatory bodies may promulgate regulations that mandate or encourage the use of a particular type of technology in smart metering and Smart-Grid that are not compatible with the technology employed in our smart metering and Smart-Grid products, software and services. They also may establish standards that are more favorable to our competitors than us; see "—*We and our customers operate in a highly regulated business environment, which affects, among others, meter replacement cycles and the costs of compliance and exposes us to risks associated with the violation of applicable requirements*". In addition, for those initiatives that have already been signed into law, there is the possibility that the deadline for the transition by utilities to smart metering and Smart-Grid is delayed, the degree of transition is reduced, or the law is repealed or mitigated as political parties, economic conditions and priorities change. We are unable to predict whether, when or to what extent the approval of such legislative initiatives will occur or whether initiatives that have already been approved will be delayed, repealed or mitigated, all of which could materially adversely affect the continued transition by utilities to smart metering and Smart-Grid as well as our business, financial condition and results of operations.

We and our customers operate in a highly regulated business environment, which affects, among others, meter replacement cycles and the costs of compliance and exposes us to risks associated with the violation of applicable requirements.

The utility industry is subject to substantial governmental regulation, which in certain cases helps drive our revenue. Historically, a key driver of revenue in our industry has been the replacement cycle of meters. Local and national laws, rules and regulations often determine when meters are to be replaced, and meter replacement cycles are typically between 10 and 20 years, depending on the geographic market, the type of meter, the usage of the meter and its performance in the field. Growth of the market for smart metering and Smart-Grid products and solutions can be in part dependent on the replacement cycles of existing meters, thus changes in regulation that delay these replacement cycles could hinder the transition by utilities to smart metering and Smart-Grid in affected regions and materially adversely impact our ability to grow our business. See also "*—The continued transition by utilities to smart metering and Smart-Grid is substantially dependent on legislative initiatives at the local, state, national and supranational level to help spur investments by utilities in smart metering and Smart-Grid*".

Laws and regulations applicable to us and our products also govern, among other things, the metrological accuracy of our products, the manner in which they communicate, their environmental impact and the reliability of our products. In certain jurisdictions, product models must also first be certified in accordance with the applicable regulations prior to being placed in the field, and we are required to adhere to the terms of the certification during the lifecycle of the product, for example the Measuring Instruments Directive (2014/32/E) in Europe. To the extent that we change certain component parts of our certified products, we may be required to seek an additional approval for the product prior to placing it in the field, or, depending on the nature of the component, we may substitute the component without seeking approval or may be allowed to seek approval retroactively. For example, in the past, one of our contract manufacturers inadvertently used a component which had not been approved by us (for a particular meter type) in a number of meters, which we discovered after all such meters had been placed in the field. Upon discovery, we determined that the functional specification of that component was at least equivalent to the approved component. We further determined that we were not obliged to report the issue, and our testing demonstrated that there was no impact on the performance or accuracy of the product. However, if our interpretation of the applicable legal requirements and the certification of these meters were to be successfully challenged, we might face warranty and other claims from our customers and other affected parties for such affected products as well as other consequences from the competent regulatory authorities, which could result in substantial financial obligations. There is also a risk that affected customers might terminate their contracts with us as a result. Any of the above could negatively impact our results of operation and harm our reputation.

Furthermore, in certain jurisdictions meter populations in the field are also subject to periodic in-service testing regimes. Pursuant to such in-service testing regimes, the relevant certifying agency or regulatory authority undertakes periodic samplings of meters in the field to confirm compliance with the applicable standards. Such tests may differ in some respects from those applied during the initial certification process and the results of such tests impact, among other things, the relevant certifying agency or regulatory authority's determination of the applicable meter population's lifecycle. To the extent that any of our meter populations were to not perform within the approved range of such in-service tests, the lifecycle of the affected meter population could be shortened, which could lead to warranty or other claims from customers.

Additionally, our customers are often regulated by national, state and/or local bodies. Prospective customers may be required to secure approval from any or all of these organizations prior to deploying our products and services, including specific permissions related to the cost recovery of these systems. Regulatory agencies may impose special requirements for implementation and operation of our products. Changes in certification or approval requirements as well as compliance issues with new products may have an adverse impact on our business. We may also incur material costs or liabilities in complying with government regulations and certifications. In addition, potentially significant expenditures could be required in order to comply with evolving regulations, requirements or certifications that may be adopted or imposed on us or our customers in the future. Such costs could make our products less economical and could impact our customers' willingness to adopt our products, which could have a material adverse effect on our business, financial condition and results of operations. For further information regarding certain certification and approval regimes that we are subject to see "*Regulation and Supervision—Certifications and Approvals*".

In addition, standards bodies, which are formal and informal associations that seek to establish voluntary, non-governmental product and technology standards, are becoming more influential. We participate in voluntary standards organizations and associations, such as ESMIG (European Smart Metering Industry Group), IEC (International Electrotechnical Commission), IEEE (Institute of Electrical and Electronics Engineers), WiSUN Alliance, IDIS Association (Interoperable Device Interface Specifications Association), G3-PLC Alliance, PRIME and ZigBee Alliance, in order to both help promote non-proprietary, open standards for interoperability with our products and prevent the adoption of exclusionary standards. However, we are not able to control the content of adopted voluntary standards and do not have the resources to participate in all voluntary standards processes that may affect our markets.

Thus, compliance with the terms of our certifications, changes in the underlying regulatory conditions or certifications that affect us or utilities and/or the adoption, or expected adoption, of regulatory requirements, certifications or voluntary standards that are incompatible with our products or technology or that favor our competitors' products or technology could limit the market opportunity for our connected intelligent devices, software and services or render them obsolete, any of which could have a material adverse effect on our business, financial condition and results of operations.

In certain jurisdictions, we must self-test certain of our products and to the extent the applicable certifying agency or regulatory authority determines that our testing procedures were not in compliance with the applicable regulatory requirements, the product certification associated with such self-tests could be revoked and we could be subject to additional risks in connection therewith.

In some jurisdictions, we may be asked to self-test in connection with the initial regulatory certification of certain of our products. To the extent the applicable certifying agency or regulatory authority determines that our testing or selection procedures were not fully in compliance with applicable rules and regulations or disagrees with our selection or testing methodology, the certifying agency or regulatory authority could require us to conduct further or additional tests or may even revoke product certifications granted. Specifically, certain regulations that govern, among other things, the metrological accuracy of our products, the manner in which they communicate, their environmental impact and their reliability, require that our products be tested and certified prior to being deployed into the field. While certifying agencies typically perform the relevant certification tests on our products themselves, in some cases they may request us to conduct certain self-tests and submit the results to the certifying agency or regulatory authority in connection with the applicable certification process. Some of the regulations regarding test requirements are ambiguous and require interpretation. To the extent that we have used or will use our judgment in determining the requirements of the regulations and certification provisions and processes, our interpretation and judgments could prove to be incorrect or the applicable certifying agency or regulatory authority could disagree with our interpretation and application. If this were to happen, the applicable certifying agency or regulatory authority could require us to conduct new or further tests, which could result in product introduction delays or increased costs. In addition, to the extent that the applicable certifying agency or regulatory authority were to question or disagree with our testing methodology and, in turn, revoke its certification after we have deployed the products into the field, we could face warranty or other claims from our customers and other affected parties for such affected products or have to initiate product recalls. If it was established that our actions were in breach of relevant regulations then a variety of legal consequences could ensue, including compensation claims and potential liabilities under criminal law. Rescission of any certification, or a finding that we had misinterpreted or breached the relevant regulations, furthermore, could harm our reputation, lead to the loss of existing customers and have a negative impact on efforts to compete for new customer business, all of which could have a material adverse effect on our business, financial condition and results of operations.

Changes to data protection laws and regulations and their interpretation may impact our operations.

Two main privacy issues have been raised in respect of data protection in our industry: first, whether there should be controls on the extent to which detailed data relating to residential energy usage can be processed, and second, whether specific security requirements should be promulgated regulating data protection. In relation to the first issue, these controls may include, as discussed by legislatures in Europe, a requirement to obtain an individual's consent to process data about their energy usage, allow a consumer to opt out of the installation of a smart meter and/or limit the extent to which detailed data about energy usage may be processed. Extensive or intrusive controls on processing of detailed data about energy use may affect the transition by utilities to smart metering and Smart-Grid and consequently affect the demand for our connected intelligent devices and solutions. In relation to the second issue, the potential promulgation of additional security requirements might necessitate changes to our connected intelligent devices and software and/or affect demand for our connected intelligent devices and solutions. In addition, our own internal operations and compliance systems are also impacted by changes in data protection laws and regulations.

For instance, the European Union ("**E.U.**") has enacted the European Data Protection Directive (Directive 95/46/EC of the European Parliament and of the Council of October 24, 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data), one of the most relevant directives with respect to data protection. In order to provide for more regulatory consistency, the E.U. adopted certain reforms in relation to the collection and usage of personal data of E.U. citizens, including the General Data Protection Regulation (Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC, the "**General Data Protection Regulation**"). The General Data Protection Regulation entered into force on May 24, 2016 and will apply from May 25, 2018, repealing the European Data Protection Directive (Directive 95/46/EC). In essence, the General Data Protection Regulation updates and modernizes the principles included in the European Data Protection Directive (Directive 95/46/EC) and provides a single set of data protection rules imposing new and stricter conditions and limitations on the processing, use and transmission of personal data, and streamlining E.U. data protection law. While the E.U. is in the process of implementing a more unified approach to data protection, the privacy issues in connection with our smart metering and Smart-Grid products and solutions will, nevertheless, continue to remain an issue of relevance both in the E.U. and internationally. However, it is unclear how exactly the new E.U. regulations in connection with privacy requirements will further develop both at the E.U. level and in the individual member states, but they could, nevertheless, have a material adverse effect on our business, financial condition and results of operations.

Limitations on the capacity of unlicensed frequencies or the inability of our Company or our customers to obtain licenses required by our products may result in lower demand for our products.

Some of our products use radio frequencies that are subject to regulation by various governmental bodies in the United States including the United States Federal Communications Commission and corresponding regulatory institutions of various federal states of the United States, various European countries and other jurisdictions globally. To the extent that our products use licensed frequencies, there is a risk that there may be insufficient available licensed frequencies in some areas, that neither we nor our customers will be able to obtain licenses where required or that licenses that are granted to us or our customers may not be renewed on acceptable terms, if at all. Furthermore, while unlicensed frequencies may currently be available for a wide variety of uses, such unlicensed frequencies may become unacceptably crowded. If currently unlicensed frequencies become unacceptably crowded or subject to restrictive rules governing their use, our products may not function as intended, our customers may opt not to continue to purchase our products and our business could be negatively impacted as a result. In certain jurisdictions, regulators must also be notified upon a change of control in the ultimate ownership of license holders. To the extent that we fail to file such notifications or such notifications are not approved, Group companies operating in the relevant jurisdictions could be impacted.

In addition, to the extent we introduce new products originally designed for use in a certain market into other markets, such products may require significant modification or redesign in order to meet frequency requirements and other regulatory specifications. In some countries, limitations on frequency availability or the cost of implementing the necessary modifications may preclude us from selling our products in those countries. Furthermore, newly developed electronic devices may interfere with the performance of our products, which rely on radio frequencies, which, in turn, could lead to claims against us. Thus, our inability to modify our products to meet such requirements, the possible delays in completing such modifications, and the cost of such modifications could all have a material adverse effect on our business, financial condition and results of operations.

For further summary information on the certain regulations that impact our operations, see "*Regulation and Supervision*".

Our business relies on patents and other intellectual property, which, if narrowed in scope or found to be invalid or otherwise unenforceable, could impair our competitiveness and harm our business.

The success of our business is dependent in part on developing and protecting new and enhanced products and technologies. We rely on a combination of patent, trademark, copyright and trade secret law to protect our rights in such products and technologies. As of March 31, 2017, we had 873 issued patents (of which

39 patents were issued in March 2017) and 484 patent applications pending throughout the world, comprising more than 280 different issued or pending patent families. Of our 1,357 patents and patent applications, approximately 780 represent patents and patent applications filed outside the United States. However, pending or future patent applications may not result in the issuance of patents. Patent applications may not be published until more than 18 months after they are first filed. As a result, we cannot be certain that we were the first creator of technologies covered by pending patent applications or the first to file patent applications on these inventions; however, we continuously monitor our competitors and the key technologies for our business.

We maintain patents and file patent applications in Switzerland and in the principal jurisdictions in which we operate, including in the United States, the European Union, Australia and Japan. As such, we may not be able to prevent competitors from infringing on certain of our intellectual property in jurisdictions where we have not secured patent protection. In addition, statutory differences in patentable subject matter depending on the jurisdiction may limit the protection we obtain on certain of the technologies we develop. Complex factual and legal issues can also introduce uncertainty as to the validity, scope and enforceability of our patents and other intellectual property rights. In addition, compared to Switzerland or the United States, certain of the countries in which we operate may not offer the same protections to, or may make it more difficult to enforce proprietary rights, a risk that may be exacerbated as we expand our operations in our Asia Pacific region. We may not be able to exclude competitors from using the technologies we seek to protect if some of our patents or patent applications are not granted, expire or are successfully challenged. Moreover, our patents may be subject to challenges as to their scope or may be found to be invalid or otherwise unenforceable. As a result, we could lose our exclusive rights to prevent others from using proprietary products and processes that are included in our products or used in our businesses.

We also rely on certain trade secrets and other unpatented proprietary know-how that we believe are unique to us. We generally seek to protect our trade secrets and other unpatented proprietary know-how from unauthorized use, misappropriation and disclosure by others, such as our collaborators, consultants, other third parties and our employees, through strictly controlled access and through contractual arrangements, including employment and confidentiality agreements and invention assignments. These arrangements may be breached or otherwise may not provide meaningful protection for our trade secrets, know-how or other proprietary information against unauthorized use, misappropriation or disclosure.

In addition, patent rights or other intellectual property laws may not prevent our competitors from developing, using or selling products that are similar or functionally equivalent to our products. We may be forced to initiate legal proceedings to enforce our intellectual property rights or our ability to exploit our technology. Any legal action to enforce our intellectual property rights may be costly and take up substantial Management time. Any failure to protect, maintain and enforce our intellectual property could impair our competitiveness and could have a material and adverse effect on our business, financial condition and results of operations.

We use open source software in our products and services that may subject our products and services to lawsuits by parties claiming ownership of what we believe to be open source software or source code release requirements.

We utilize open source applications in some products and services. From time to time, companies that incorporate open source software into their products have faced claims challenging the ownership of open source software and/or compliance with open source license terms. Therefore, we could be subject to lawsuits by parties claiming ownership of what we believe to be open source software or noncompliance with open source licensing terms. Some open source software licenses require users who distribute open source software as part of their software to publicly disclose all or part of the source code to such software and/or make available any derivative works of the open source code on unfavorable terms or at no cost. While we do monitor and track, with a strict approval process, the use of open source software in our products and services and try to ensure that none is used in a manner that would require us to disclose the source code to the related product or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur and we may be required to release our proprietary source code, pay damages for breach of contract, re-engineer our products, discontinue the sale of our products in the event re-engineering cannot be accomplished on a timely basis or take other remedial action that may divert resources away from our development efforts, any of which could have a material adverse effect on our business, financial condition and results of operations.

If we fail to comply with license requirements of software providers or other third-parties that we enter into licensing agreements with, they may bring claims against us and/or terminate our licenses.

We regularly enter into licensing agreements for the use of certain software in our smart metering and Smart-Grid solutions. We use licensed software along the whole engineering value chain (e.g. development tools), in our products, services as well as in customer specific solutions (e.g. operating systems, database systems, etc.). While we regularly monitor and renew our licensing agreements, in the past certain software providers have alleged that we were not in compliance with the terms of our licensing agreement. Specifically, in 2015 Microsoft claimed that we were including unlicensed software in certain of our solutions. We resolved this issue with Microsoft amicably and continue to use their software in our solutions. However, if we are found to not be in compliance with the license requirements of our software providers or other third parties, they may bring claims against us (or our customers) and/or terminate our licensing agreements with them, which could have a material adverse effect on both our customers' and our business, financial condition and results of operations.

Our operations expose us to the risk of liability under health, safety and employment laws in various jurisdictions with respect to our manufacturing processes and such laws are subject to unpredictable changes.

The nature of our operations subjects us to various statutory compliance and litigation risks under health, safety and employment laws in the various jurisdictions where we operate our business, in particular where we have manufacturing centers. Accidents or other incidents that occur at our facilities or involve our personnel or operations could result in claims for damages against us. If any such accident or incident was to occur, we could also be subject to administrative proceedings, prosecutions and litigation, which may lead to fines, penalties and other damages being imposed on us and cause damage to our reputation.

In addition, the laws, regulations and ordinances related to occupational safety and health, labor and wage practices are subject to unpredictable changes in substance, interpretation or enforcement from time to time. Compliance with laws and regulations may increase our expenses if their complexity or inconsistency increases, while failure to comply could result in the imposition of significant fines, suspension of our production, alteration of our production processes, cessation of our operations or other actions in the jurisdictions concerned, all of which could have a material adverse effect on our business, financial condition and results of operations.

Changes in environmental laws and regulations, violations of such laws and regulations or future environmental liabilities could cause us to incur significant costs and adversely affect our operations.

We are subject to environmental laws and regulations in the jurisdictions in which we operate governing the storage, use, discharge, handling, manufacture, disposal, remediation of, and exposure to hazardous substances and certain waste products. The requirements of these laws and regulations are complex, change frequently and could become more stringent in the future. For example, our operations in the EU are subject to, among others, the Restriction of Hazardous Substances Directive 2011/65/EU that restricts (with exceptions) the use of six hazardous materials in the manufacture of various types of electronic and electrical equipment. We have experienced, and expect to continue to experience, costs to comply with continuously evolving and increasingly more stringent environmental laws and regulations. Failure to comply with current or future environmental laws and regulations could result in the imposition of substantial fines, liability for damages to persons or property, suspension or cessation of production or alteration of our production processes which could have a material adverse effect on our business, financial condition and results of operations.

We use and generate hazardous substances and wastes in our manufacturing processes. In addition, many of our current and former properties are or have been used for industrial purposes. For example, we are currently engaged in remediation activities to limit environmental impacts from past releases of hazardous substances, which led to a contamination of soil and groundwater in the vicinity of our manufacturing site in Montlucon, France. These remediation activities include additional monitoring, excavations and containment of the affected soil. In addition, it has been recommended by Environmental Resources Management (ERM, a global provider of environmental, health, safety, risk and social consulting services) that a baseline soil and groundwater quality investigation be conducted to ascertain the presence and extent of contamination, if any, at our site in Baddi, India (which is to be vacated in the near term) to avoid any future liability risk resulting from environmental contaminations. See "*Our Business—Environmental Matters*".

We are subject to risks from actual or threatened legal, administrative and arbitration proceedings and investigations.

We may become involved in various actual or threatened legal, administrative (including antitrust, tax and tax assessments) and arbitration proceedings and investigations arising out of the ordinary conduct of our business, including actual, pending or threatened litigation relating to commercial transactions and other matters incidental to our business. These proceedings or potential proceedings could involve governmental agencies, including local, regional or national authorities. We could be obligated to pay substantial damages, fines or other payments as a result of a judgment, order or settlement agreement. See also "*—Risks Related to Our Industry and Business—We may face significant warranty and product liability claims*". Given the inherent uncertainties in evaluating certain exposures, actual costs to be incurred in future periods may vary from our estimates for such contingent liabilities. In addition, we enter into a significant number of contracts with third parties, in which we endeavor to ensure that our contract terms limit our commercial and legal risks as much as possible. While we take all appropriate measures to ensure that such contracts are compliant with relevant rules, laws and regulations, including antitrust and tax laws, we cannot dismiss the possibility that such contracts could become the subject of review, challenge or investigation by applicable regulatory authorities, including antitrust and tax authorities.

Most recently, in 2015 we settled an investigation in Brazil launched by the competition authorities in connection with our subsidiary's involvement in a cartel in the Brazilian market for electricity meters. While we are no longer exposed to any risks arising directly from this investigation, a risk remains that our customers may bring claims alleging damages as a result of such cartel activity. Currently, we are also one of a number of parties named in an investigation regarding competition in the metering business in Romania. We have internal policies in place to prevent anti-competitive behavior; however, there can be no assurance that these policies will be adhered to by our officers and employees. See also "*—We are subject to anti-corruption, anti-bribery and anti-money laundering laws. Potential compliance breaches could result in investigations by authorities, fines, damages claims and the termination of agreements with our customers and harm our reputation*".

We are also currently involved in two related legal proceedings in Brazil arising from allegations that certain of our electronic meters were excessively vulnerable to fraud, which were both initiated by Energisa S.A. and include several of its group members as plaintiffs. We do not believe that it is probable that we will be held liable in these cases and have not made any provisions in relation to these claims. In addition, in January 2016, Quadlogic Controls brought an intellectual property claim against one of our customers, ENEDIS in France. We are not a party to these proceedings. However, ENEDIS has informed us of the matter pursuant to the contractual terms of the underlying agreement. To the extent that Quadlogic Controls is successful in the matter, it is possible that ENEDIS would bring a claim against us to determine what, if any, role and liability we had in the intellectual property infringement matter. Most recently, we were added as a defendant in a matter brought by the former shareholders of Consert Inc. ("**Consert**") alleging, *inter alia*, collusive behavior by the defendants, including Landis+Gyr Technology, Inc., to prevent Consert shareholders from realizing consideration to which they were purportedly entitled in connection with the 2013 sale of Consert. In connection with our acquisition of the assets of Consert, we entered into a reorganization agreement with Toshiba Corporation whereby they agreed, subject to the terms and limitations therein, to indemnify us in connection with any lawsuits in and around this shareholder litigation matter.

Thus, while we do not believe that the pending investigations and proceedings will have a material adverse effect on our results of operations or financial condition, there can be no assurance that these or any future proceedings or investigations will not have a material adverse effect on our business, financial condition and results of operations or that the negative publicity associated with them will not adversely impact our business. See "*Our Business—Legal and regulatory proceedings*" for a description of these and certain other pending proceedings.

We conduct business in countries on which the European Union, the United States, Switzerland or other countries have imposed sanctions, or which are subject to export control laws and embargos, and we may fail to prevent possible sales or transfers of our products to countries, governments, entities or persons targeted by such sanctions or regulations.

We have conducted, and continue to conduct, business with entities located in jurisdictions subject to sanctions from the European Union, the United States or Switzerland, export control laws and embargoes. Specifically, we sell residential meters and commercial and industrial meters in international markets through European and other non-United-States subsidiaries (direct sales) and non-United-States distributors (indirect sales) to Iran, Sudan, Myanmar, Zimbabwe and other countries that are subject to targeted sanctions of the European Union, the United States, Switzerland or other countries. We do not conduct any business where broad economic sanctions of the European Union, the United States or Switzerland are in place. In Iran, we are also a party to a minority-owned joint venture, which has been dormant since 2006 and does not conduct any sales or operating or marketing activities. All of our sales to Iran have been made through our Swiss and U.K. entities to Iranian distributors. All business with Iran was stopped in 2013, and after sanctions were lifted as a result of the Iran nuclear deal framework, we have had some small sales into Iran in 2016 and 2017. Our aggregate sales to a third-party distributor in Iran for these years totaled less than USD 50 thousand. Our sales to Sudan are made through Landis+Gyr (Pty) Ltd. (South Africa), and in the years ended March 31, 2017, March 31, 2016 and March 31, 2015 amounted to USD 0.0 thousand, USD 374.5 thousand and USD 4.2 thousand, respectively.

We have implemented an Export Control Compliance System and strive to comply with all relevant sanctions and export control laws, but we face a risk that future changes in the export control regulations, such as the proposed E.U. Dual-use Reform, will impact our business. Violations of economic sanctions of the European Union, the United States, Switzerland or other countries and/or export control laws could result in substantial penalties and could have a material adverse effect on our reputation and our business. Additionally, our sales and activities in some of these countries could make us a target for protests, have other negative reputational effects on our business and cause customers to choose not to do business with us. The occurrence of any of these risks, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

We are subject to anti-corruption, anti-bribery and anti-money laundering laws. Potential compliance breaches could result in investigations by authorities, fines, damages claims and the termination of agreements with our customers and harm our reputation.

We are subject to anti-corruption, anti-bribery and anti-money laundering laws in certain jurisdictions in which we operate. In particular, our international operations expose us to potential liability under the United States Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act of 2010 and any law, rule or regulation promulgated to implement the Organization for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed December 17, 1997, and other similar laws and regulations relating to anti-corruption. Although we maintain policies and processes intended to comply with these laws, including an Anti-Corruption Policy, processes for screening third parties who are doing business on our behalf and a comprehensive training program to educate relevant employees, we are subject to the risk that our employees, contractors or any person doing business with us may engage in fraudulent activity, corruption or bribery, circumvent or override our internal controls and procedures or misappropriate or manipulate our assets for their personal or business advantage to our detriment. In particular, we remain exposed to the risk that we or our employees, agents, intermediaries and/or distributors may engage in unauthorized conduct that breaches applicable legislation and regulations in order to gain an advantage when competing for, and responding to, tenders or requests for information or proposals. We are further exposed to risks because we generate a significant portion of our revenues from customers that are either public entities or subject to extensive governmental regulation. We have in place a number of systems for identifying, monitoring and mitigating these risks, but our systems may not be effective and we cannot ensure that these compliance policies and processes will prevent intentional, reckless or negligent acts committed by our officers or employees. Violations of any applicable anti-corruption, anti-bribery and anti-money laundering laws, may lead to legal proceedings against us, our officers and employees, fines, sanctions, court orders affecting future conduct, forfeiture of profits, rescission of existing contracts, exclusion from certain businesses, loss of trade licenses or other restrictions, which in turn might limit our ability to pursue strategic projects that may be important to our business. Furthermore, actual or alleged corrupt or fraudulent behavior by us, our officers or our employees could harm our reputation, lead to the loss of existing customers or blacklisting (i.e., precluding us from participating in tenders for certain customers) and have a negative impact on efforts to compete for new customer business, all of which could have a material adverse effect on our business, financial condition and results of operations.

A substantial part of our workforce in Switzerland is non-Swiss and our businesses may be exposed to risks associated with the implementation of the Swiss federal popular initiative against mass immigration.

On February 9, 2014, 50.3% of the Swiss voters approved the popular initiative “Against Mass Immigration” (the “**Immigration Initiative**”). The Immigration Initiative essentially seeks to limit immigration into Switzerland by implementing annual quotas on residency permits and cross-border work permits. The Immigration

Initiative has not been implemented as of the date of this Offering Memorandum and although the three-year deadline for the implementation of the Immigration Initiative has expired, it remains unclear if or how the Immigration Initiative will be implemented and what the exact terms of the implementing legislation will be.

To the extent that there are further restrictions placed on the free movement of people as a result of the Immigration Initiative, our ability to hire and/or retain the top talent that we require for our skilled workforce could be impacted. In the financial year ended March 31, 2017, approximately 39% of our employees based in Switzerland were non-Swiss. Furthermore, there are a number of other bilateral agreements relating to trade that may be impacted by the Immigration Initiative. Any limitations or restrictions on trade relations between Switzerland and the E.U. could potentially limit our access to the single European market and, thus, have a significant impact on our ability to compete within the E.U. For example, further restrictions on trade or the need to acquire additional certifications for our products could increase our costs of doing business. We may also be limited or prohibited in competing for business with customers that rely on public procurements funds within the E.U. Any of the above occurrences, alone or in combination, could have a material adverse effect on our business, financial condition and results of operations.

Changes in the accounting guidance, applicable tax rulings and taxation requirements could affect our financial results.

We are subject to income and other taxes in Switzerland and in the various foreign jurisdictions where we do business, including transfer, property and capital gains taxes. Thus as a result of our global operations, our tax obligations may vary and can potentially increase materially. In addition, we benefit from substantial loss carry forwards in certain jurisdictions, as a result of the Offering these may no longer be available to the Group. New accounting guidance that may become applicable to us from time to time, or changes in the interpretations of existing guidance, including variations to existing tax rulings, could have a significant effect on our reported results for the affected periods. We often rely on generally available interpretations of tax laws and regulations in the jurisdictions in which we operate. We cannot be sure that these interpretations are accurate or that the tax authorities are or will remain in agreement with our views. Owing to and following the changes of international tax regulations and current international initiatives, such as the Organization for Economic Co-operation and Development's ("**OECD**") Base Erosion and Profit Shifting Action Plan ("**BEPS**") tax authorities are likely to be more focused on areas such as transfer pricing and, as a result of the increasing exchange of information between tax authorities, more challenges may arise. These new developments could result in material additional taxes.

In addition, our products are subject to import and excise duties and/or sales or value-added taxes in many jurisdictions in which we operate. Increases in indirect taxes could affect our products' affordability and therefore reduce our sales. Changes in tax laws, tax rates or tax rulings may have a significant adverse impact on our effective tax rate. Among other things, our tax liabilities are affected by the mix of pre-tax income or loss among the tax jurisdictions in which we operate and the repatriation of foreign earnings to Switzerland, which could be subject to withholding taxes. Notwithstanding the large tax treaty networks, which are intended to reduce or eliminate double taxation, there might be cases where the withholding taxes paid in the foreign jurisdictions, e.g., on dividends, royalties or services, are not refundable, either in part or in full. In addition, certain of the accumulated, distributable earnings generated on the level of the underlying companies while our Shares were in the possession of a foreign entity (i.e., in the case of our Selling Shareholders), could be qualified as "old reserves". As such, "old reserves" may not be able to benefit from more favorable double taxation treaties and could be subject to higher withholding tax rates. We must exercise judgment in determining our worldwide provision for income taxes, interest and penalties; accordingly, future events of tax rules or changes in the application thereof could change Management's assessment of these amounts. In addition, from time to time, we may become subject to tax audits in the jurisdictions in which we operate. While our previous tax audits have not resulted in any material tax reassessment, if in the future a tax authority successfully challenges our operations or tax structure, we could become subject to additional tax payments, which could be substantial. Thus, any significant change in accounting guidance, applicable tax rulings and/or taxation requirements could have a material adverse effect on our business, financial condition and results of operations.

Our transfer pricing arrangements may be challenged by local tax authorities, which may cause the amount of our tax payable to increase materially and may result in penalties or interest.

Most jurisdictions in which we operate have transfer pricing regulations that require transactions involving associated companies to be based on arm's length terms. It is our policy that arrangements between Group companies, such as the intragroup provision of services, financing, licenses and sales of goods, are carried out on an arm's length basis. However, if the tax authorities in any relevant jurisdiction do not regard such arrangements as being made on an arm's length basis or being properly documented and successfully challenge those arrangements, the amount of tax payable, in respect of both current and previous years, may increase materially and penalties or interest may be payable. The same applies in case of changes in the transfer pricing system, which may result in challenges to the previous or new set-up. Thus, any challenge to our transfer pricing arrangements or changes in the transfer pricing system could have a material adverse effect on our business, financial condition and results of operations.

Tax rules limiting the deductibility of interest expense may increase our cash taxes paid, especially in periods with small net income or loss making position.

We have lent significant funds to our subsidiaries, primarily in the U.S., the U.K., Australia and Switzerland, and these subsidiaries record interest expense on such intercompany financing. While interest expense is generally deductible for tax purposes, certain countries in which we have operations may disallow the deduction of interest expense for tax purposes either in full or in part. To the extent that those interest expenses which generally are deductible are not deductible in a particular instance, we may incur a reduction of our future loss carryforwards or increase the current taxable basis.

We may be subject to a tax burden due to non-refundable withholding taxes.

The refund of certain portions of withholding taxes may no longer be available to us as a result of a change in our ownership structure. Furthermore, we may be exposed to certain adverse tax consequences as a result of applicable double taxation treaties across the jurisdictions in which we operate. These factors could have a material adverse effect on our cash flows, as well as our business, financial condition and results of operations.

Risks relating to the Offering and the Shares

The Offering may not be completed for various reasons and might be terminated.

The Offering may not be completed if certain conditions as set out in the Underwriting Agreement are not fulfilled or certain representations and undertakings as set out in the Underwriting Agreement are breached; see "*Offering and Sale—Underwriting*". In such event, the Joint Global Coordinators, acting on behalf of the Managers, may terminate the Offering at any time prior to the closing date whereupon the Offering becomes void and transactions before the closing date will not be fulfilled. In addition, the Selling Shareholders have reserved the right to terminate the Underwriting Agreement before pricing of the Offering under certain circumstances. In any event of such termination, investors suffering a loss have no right of compensation against the Managers, the Company or the Selling Shareholders.

Prior to the Offering, there has been no public market for the Shares and there can be no assurance that the Offer Price will correspond to the market price of the Shares following the Offering.

Prior to the Offering there has been no public market for the Shares. In the past, the prices of shares offered publicly for the first time have been subject to considerable fluctuations that may not have reflected the business, results of operations, financial condition and/or prospects of the particular company. The Offer Price will be determined on the basis of a bookbuilding procedure. There can be no assurance that the Offer Price will correspond to the market price of the Shares following the Offering or that the price of the Shares available in the public market will reflect the Company's actual financial performance or the state of the Company's business, results of operations and/or prospects.

An active trading market for the Shares may fail to develop and continue after the Offering and the market price for the Shares may be volatile following the Offering.

Although the Shares are expected to be listed pursuant to the International Reporting Standard of SIX, there is no guarantee that active trading in the Shares will develop and/or continue after the Offering. Prospective investors should note that no over-allotment option has been granted to the Managers in connection with the Offering and should not assume that any stabilizing measures with a view to supporting the market price of the Shares will be undertaken in connection with the Offering. If no active trading in the Shares develops or continues after the Offering, there could be a material adverse effect on the liquidity and market price of the Shares. The market price for the Shares could also be negatively influenced by adverse developments affecting the general economic or investment climate. In addition, geopolitical factors such as war or acts of terrorism may indirectly adversely affect the market price of the Shares. If an active trading market for the Shares fails to develop and continue after the Offering, you may not be able to resell your Shares at or above the Offer Price.

The Company is a holding company with no direct cash generating operations and relies on its subsidiaries to provide it with funds necessary to pay dividends to shareholders.

The Company is a holding company with no significant assets other than the equity interests in its subsidiaries. The Company's subsidiaries own substantially all the rights to its revenue streams. The Company intends to target a dividend payout of the Swiss franc equivalent of at least USD 70 million for the first time for the financial year ending March 31, 2018 and for subsequent years targets a dividend payout ratio of at least 75% of Free Cash Flow (as calculated herein, see "*Summary Financial Information and Other Data—Other Financial and Operating Data*"). Although the Company will have a policy of paying dividends on Shares, there can be no assurance that funds will be available to meet the targeted dividend pay-out in the future. The Company has no legal obligation to, and may not, declare dividends or other distributions on the Shares. The Company's ability to pay dividends to its shareholders depends on the availability of sufficient legally distributable profits from previous years, which depends on the performance of its subsidiaries and their ability to distribute funds to the Company, and/or on the availability of distributable reserves from capital contributions at the Company level, and on the need for shareholder approval. The ability of a subsidiary to make distributions to the Company could be affected by a claim or other action by a third-party, including a creditor, or by laws which regulate the payment of dividends by companies. In addition, the subsidiaries' ability to distribute funds to the Company depends on, among other things, the availability of sufficient legally distributable profit of such subsidiaries. The Company cannot offer any assurance that legally distributable profit or reserves from capital contributions will be available in any given financial year. For additional information on the Company's dividend policy, see "*Dividends and Dividend Policy*".

Even if there is sufficient legally distributable profit or reserves from capital contributions available, the Company may not be able to pay a dividend or distribution of reserves from capital contributions for a variety of reasons, including as a result of restrictions under its financing arrangements, including, for as long as it remains in force, the UBS Credit Facility that requires consultation of the lender ahead of distribution of a dividend. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—UBS Credit Facility*". Payment of future dividends and other distributions will depend on our liquidity and cash flow generation, financial condition and other factors, including regulatory and liquidity requirements, as well as tax and other legal considerations; see "*Dividends and Dividend Policy*".

The future issuance of equity or debt securities by the Company that are convertible into equity could immediately and substantially dilute your ownership interest.

The Company may choose to raise additional capital in the future, depending on market conditions or strategic considerations. To the extent that additional capital is raised through the issuance of equity or other securities that are convertible into equity of the Company, the issuance of these securities will dilute the proportional holding of the Shares by investors, and the terms may include liquidation or other preferences that adversely affect your rights as a shareholder.

Shareholders outside of Switzerland may not be able to exercise pre-emptive rights in future issuances of equity or other securities that are convertible into equity.

Under Swiss law, shareholders may receive certain pre-emptive rights to subscribe on a pro-rata basis for issuances of equity or other securities that are convertible into equity. Due to laws and regulations in their respective jurisdictions, however, non-Swiss shareholders may not be able to exercise such rights unless the Company takes action to register or otherwise qualify the rights offering under the laws of that jurisdiction. In particular, shareholders in the United States may not be entitled to exercise these rights, unless either the Shares and any other securities that are offered and sold are registered under the Securities Act, or the Shares and such other securities are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There can be no assurance that the Company would take any action to register or otherwise qualify the offering of subscription rights or shares under the law of any jurisdiction where the offering of such rights is restricted. If shareholders in such jurisdictions were unable to exercise their subscription rights, their ownership interest in the Company would be diluted.

If analysts do not publish research reports about the Company's business or if they downgrade their recommendation with regard to the Shares, the Share price and/or trading volume could decline.

The trading market for the Shares will likely be influenced by the equity research and reports that industry or security analysts publish about the Company or its industry after the Offering. The Company does not control these analysts. If one or more of the analysts who cover the Company downgrade their recommendation with regard to the Shares, the price of the Shares would likely decline. In addition, if one or more of these analysts cease coverage of the Company or fail to regularly publish reports on the Company, it could lose visibility in the market, which could, in turn, cause the trading volume in the Shares and/or the price of the Shares to decline.

Shareholders in countries with currencies other than the Swiss franc face additional investment risk from currency exchange rate fluctuations in connection with their holding of Shares.

The Shares will be quoted only in Swiss francs and any future payments of dividends on the Shares will be denominated in Swiss francs. The foreign currency equivalent of any dividend paid on the Shares or received in connection with any sale of the Shares could be adversely affected by the depreciation of the Swiss franc against such other currency.

Market conditions may cause the market price of the Shares to fluctuate substantially.

The market price of the Shares may experience high volatility. The Company's year-end operating results, changes in general conditions in the economy or the financial markets and other developments affecting the Company or its competitors could cause the market price of the Shares to fluctuate substantially. The capital markets have experienced extreme volatility and disruption over the past few years. In some cases, the markets have produced downward pressure on stock prices for certain issuers seemingly without regard to those issuers' underlying financial strength. Several factors could cause the market price for the Shares to fluctuate substantially in the future, including, without limitation:

- announcements of developments related to the Company's business;
- actual or anticipated fluctuations in the Company's financial results and results of operations;
- sales of substantial amounts of Shares by the Group or shareholders into the marketplace;
- negative developments affecting the Company's reputation or business relationships;
- end of the lock-up undertakings;
- changes of general or perceived conditions in the Company's markets;
- a shortfall in the Company's operating profit or earnings compared to securities analysts' expectations;
- changes in securities analysts' recommendations or projections;
- additions and departures of key personnel;
- strategic decisions by the Company or its competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- speculation in the press or investment community;
- changes in accounting principles;
- general adverse market sentiment;
- extraneous geopolitical factors, including increased regulations;
- adverse perception of the Company's announcement of new acquisitions or other projects; and
- changes in regulatory rules applicable to us.

You may not be able to recover in civil proceedings for United States securities law violations.

The majority of the directors and executive officers of the Company are non-residents of the United States, and a significant portion of the assets of the Company and its subsidiaries and those of their directors and executive officers are located outside the United States. As a result, you may be unable to enforce judgments obtained in United States courts against them. Moreover, in light of recent decisions of the United States Supreme Court, actions of the Company may not be subject to the civil liability provisions of the federal securities laws of the United States.

The United States and Switzerland do not have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters. There is, therefore, doubt as to the enforceability in Switzerland of civil liabilities based upon U.S. securities laws in an action to enforce a United States judgment in Switzerland. In addition, the enforcement in Switzerland of any judgment obtained in a United States court based on civil liabilities, whether or not predicated solely upon United States federal securities laws, will be subject to certain conditions. There is also doubt that a Swiss court would have the requisite power or authority to grant remedies sought in an original action brought in Switzerland on the basis of United States securities laws.

REASONS FOR THE OFFERING

The Selling Shareholders are offering the Offered Shares to divest their shareholdings in the Company and realize their investments.

The Company will not receive any proceeds from the sale of the Offered Shares offered by the Selling Shareholders in the Offering.

DIVIDENDS AND DIVIDEND POLICY

General

Holders of the Company's Shares will be entitled to receive future dividends, including any dividends declared in respect of the financial year ending March 31, 2018 and in respect of any subsequent period, provided dividends are declared.

Dividend policy

The Company intends to target a dividend payout of the Swiss franc equivalent of at least USD 70 million for the first time for the financial year ending March 31, 2018 and for subsequent years targets a dividend payout ratio of at least 75% of Free Cash Flow (as calculated herein, see "*Summary Financial Information and Other Data—Other Financial and Operating Data*"), in each case provided that there are sufficient distributable reserves available and taking into account the legal restrictions described below (see "*—Legal considerations*"). The Company anticipates paying any such dividends for the year ending March 31, 2018 out of reserves from capital contributions.

The Company may pay dividends in the form of a distribution against reserves from capital contributions or as dividend payments. Following the completion of the Offering, all Offered Shares will have the same dividend rights as the Company's other outstanding Shares. Dividends declared by the Company will be declared in Swiss francs.

The actual payment of future dividends, if any, and the amounts thereof, will depend upon a number of factors including, but not limited to, the amount of the Company's distributable profit and distributable reserves on an unconsolidated basis, the Company's earnings, liquidity, Free Cash Flow generation and financial condition and such other factors as the Board of Directors may deem relevant. Accordingly, the Company's Board of Directors retains authority to change the dividend policy at any time, especially if unexpected events occur that would change its view as to the prudent level of cash and capital conservation as well as the Company's financial goals and strategy. In any case, no dividend is payable other than in accordance with the applicable provisions of Swiss law as more fully described below. In addition, for as long as it remains in force, the UBS Credit Facility requires consultation of the lender ahead of a distribution of a dividend by the Company. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—UBS Credit Facility*".

The Company is a holding company, which has no direct operations other than the holding of investments in other Group companies. Apart from the Company's own capital resources, the only source of funds for the payment of dividends, if any, will, therefore, be dividends and other payments received from its subsidiaries in the form of dividends, interest, loan repayments, swap payments or repayments of capital. The ability of each subsidiary to pay dividends or make such other payments is determined individually and in accordance with applicable law, including capital requirements to which such subsidiary is subject and any other relevant contractual restrictions.

There can be no assurances that in any given year a dividend will be proposed or declared. See "*Risk Factors*". The information on the Company's policies relating to dividends constitutes forward-looking statements. Forward-looking statements are not guarantees of future financial performance and the Company's actual future dividends or capital distributions could differ materially from those expressed or implied by such forward-looking statements as a result of many factors, including those described under "*Forward-Looking Statements*" and "*Risk Factors*".

Past Dividends

The Company has not paid any dividends to shareholders in the past five years.

Legal considerations

Dividends may be paid by the Company only if it has sufficient distributable profits from previous years or freely distributable reserves to allow the distribution of a dividend, in each case, as presented on the Company's annual statutory standalone balance sheet prepared in accordance with Swiss law. In accordance with the requirements of Swiss law, the Company will retain at least 5% of annual Group net income as general reserves for so long as these reserves amount to no less than 20% of the Company's paid-in nominal share capital (Article 671 CO). The Company's auditor must confirm that a proposal made by the Board of Directors to shareholders regarding the appropriation of the Company's available earnings conforms to the requirements of the CO and the Company's Articles of Association. Furthermore, in order for the Company to pay dividends to its shareholders out of reserves from capital contributions (*Reserven aus Kapitaleinlagen*), such reserves have to be eligible for classification as freely distributable reserves under the CO and a shareholders' meeting must approve by the absolute majority of votes cast the reclassification of such reserves from capital contributions (*Reserven aus Kapitaleinlagen*) to freely distributable reserves.

The Articles of Association require that the declaration of any dividend, including any distribution against reserves from capital contributions, proposed by the Board of Directors be approved at a shareholders' meeting by an absolute majority of the votes cast. In addition, the Company's auditor must confirm that the proposal of the Board of Directors conforms to statutory requirements and the Company's Articles of Association. Dividends and distributions against reserves from capital contributions are usually due and payable after the shareholders' resolution relating to the allocation of profit and distribution against reserves from capital contributions (if applicable) has been passed by the shareholders' meeting or at a later date as determined by the shareholders' dividend resolution. Under Swiss law, the statute of limitations with respect to dividend payments is five years. Dividends not collected within five years after their due date accrue to the Company and will be allocated to the Company's general reserves.

Dividends paid on the Shares are subject to Swiss withholding tax. Subject to the restrictions described above and any changes in tax laws and practice, distributions against reserves from capital contributions can be made to the Company's shareholders without deducting any Swiss withholding tax. Subject to the above described limitations, as of March 31, 2017, the Company had CHF 1,064.5 million of reserves from capital contributions recognized as such by the Swiss tax authorities of which CHF 997.5 million were freely distributable reserves. For further information see "*Tax Considerations—Swiss Tax Considerations—Swiss taxation of Offered Shares—Withholding Tax*".

A distribution of cash or property that is based upon a reduction of the Company's nominal share capital requires a special audit report confirming that the claims of the Company's creditors remain fully covered by the Company's assets despite the reduction in the share capital recorded in the commercial register. Upon approval by a shareholders' meeting of the capital reduction, the Board of Directors must give public notice of the capital reduction in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*) three times and notify the Company's creditors that they may request, within two months of the third publication, satisfaction of or security for their claims. Distributions of cash or property that are based upon a nominal share capital reduction are not subject to Swiss withholding tax. See "*Tax Considerations—Swiss Tax Considerations—Swiss taxation of Offered Shares—Withholding Tax*".

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth certain information on the consolidated capitalization and indebtedness of the Company as of March 31, 2017:

- on an actual basis; and
- on an as adjusted basis to reflect the repayment of the Shareholder Loan with proceeds from the UBS Term Loan under the UBS Credit Facility and amounts pledged in bank accounts with different financial institutions to (i) facilitate cash pooling in EMEA and (ii) increase our trade credit line in India.

The following table should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and also our consolidated financial statements and the notes thereto, included elsewhere in this Offering Memorandum.

	As of March 31, 2017	
(USD in millions)	**Actual**	**As Adjusted**[(1)]
	(audited)	*(unaudited)*
Cash and cash equivalents	**101.0**	**101.0**
of which pledged to financial institutions[(2)]	–	*41.5*
Short-term loans and borrowings	227.9	227.9
of which guaranteed/secured	*12.9*	*12.9*
of which unguaranteed/unsecured	*215.0*	*215.0*
of which Shareholder loans	*215.0*	–
of which UBS Term Loan	–	*215.0*
Other current liabilities	384.4	384.4
of which guaranteed/secured	–	–
Total current liabilities	**612.3**	**612.3**
Long-term loans and borrowings	–	–
Other long-term liabilities	280.5	280.5
of which guaranteed/secured	–	–
Total long-term liabilities	280.5	280.5
Total liabilities	**892.8**	**892.8**
Registered ordinary shares	309.1	309.1
Additional paid-in capital	1,465.6	1,465.6
Other equity	(42.1)	(42.1)
Total equity	**1,732.6**	**1,732.6**
Total capitalization	**2,625.4**	**2,625.4**

(1) Adjustments include (i) the repayment of USD 215.0 million outstanding under the Shareholder Loan and (ii) USD 215.0 million drawings under the UBS Term Loan pursuant to the UBS Credit Facility, which both occurred on June 8, 2017. See also "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Indebtedness*".

(2) Represents amounts in pledged bank accounts with different financial institutions to (i) facilitate cash pooling in EMEA and (ii) increase our trade credit line in India.

As of the date of this Offering Memorandum, there have been no changes to the information set forth in the table above, other than (i) as a result of ongoing normal operating activities, such as changes in cash and cash equivalents and results of operations of the Group, (ii) as otherwise discussed in this Offering Memorandum and (iii) any changes that would not have a material adverse effect on the Group.

SELECTED FINANCIAL INFORMATION AND OTHER DATA

The consolidated financial information presented below sets out selected consolidated financial and other data of the Group as of and for the years ended March 31, 2017, 2016 and 2015. The selected consolidated statements of operations, balance sheet data, statement of cash flows and consolidated segment information have been derived from the audited consolidated financial statements of the Group for the years ended March 31, 2017, 2016 and 2015 appearing elsewhere in this Offering Memorandum. The selected other financial and operating data has been derived from internal management accounts prepared by Management on the basis of the Group's internal management reporting system.

During the fourth quarter of the financial year ended March 31, 2017, there was an organizational shift in the financial reporting of the Group in preparation for the Offering. As a result, we realigned our reportable segments to follow our internal operating segments: Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific. Prior to the realignment, we managed our business as one reportable segment. We used the reportable segments for the first time for the preparation of our audited consolidated financial statements as of and for the year ended March 31, 2017. To facilitate a comparison, these changes in segment reporting have been applied retrospectively for the years ended March 31, 2016 and March 31, 2015. For the periods presented in this Offering Memorandum, we show two primary measures for evaluating segment performance: revenue to third parties (excluding any inter-company sales) and Segment gross profit. Starting with the six-month period ending September 30, 2017, we will present Adjusted EBITDA adjusted for certain items as described in more detail below as our segment measure of profitability and have also presented this measure in the following tables.

The consolidated financial statements of the Group have been prepared in accordance with U.S. GAAP.

The following selected financial data should be read in conjunction with the information contained in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", the additional financial information contained elsewhere in this Offering Memorandum and the consolidated financial statements of the Group and, in each case, the related notes thereto contained elsewhere in this Offering Memorandum.

Selected consolidated statement of operations

	Fiscal year ended March 31,		
(USD in millions, except share data and net income (loss) per share data)	**2017**	**2016**	**2015**
Net Revenue	1,659.2	1,573.5	1,529.1
Cost of revenue	1,117.0	1,087.8	1,040.8
Gross profit	**542.2**	**485.7**	**488.3**
Operating expenses			
Research and development	162.8	148.3	151.6
Sales and marketing	104.7	99.7	100.0
General and administrative	184.8	145.3	163.3
Amortization of intangible assets	35.1	42.4	41.9
Impairment of intangible and long-lived assets	60.0	34.1	–
Operating (loss) income	(5.3)	15.9	31.5

(USD in millions, except share data and net income (loss) per share data)	Fiscal year ended March 31,		
	2017	**2016**	**2015**
Other income (expense)			
Interest income	0.5	0.5	0.7
Interest expense	(11.2)	(11.8)	(13.5)
Loss on foreign exchange related to intercompany loans, net	(14.3)	(5.6)	(8.9)
Income (loss) before income tax expense	(30.3)	(1.0)	9.8
Income tax (expense) benefit	(31.8)	(12.5)	0.5
Net income (loss) before noncontrolling interests	(62.1)	(13.5)	10.3
Net income attributable to noncontrolling interests, net of tax	0.5	0.2	0.0
Net income (loss) attributable to Landis+Gyr Group AG Shareholders	(62.6)	(13.7)	10.3
Net income (loss) per share			
Basic and diluted	(0.21)	(0.05)	0.03
Weighted average shares used in computing loss per share:			
Basic and diluted	295,100,000	295,100,000	295,100,000

Selected consolidated balance sheets

(USD in millions, except share data)	As of March 31,		
	2017	**2016**	**2015**
ASSETS			
Current assets			
Cash and cash equivalents	101.0	22.1	18.5
Accounts receivable, net	301.4	302.4	279.8
Inventories	115.7	117.0	121.5
Deferred tax assets	43.9	47.6	44.4
Prepaid expenses and other current assets	44.4	136.7	125.6
Total current assets	**606.4**	**625.8**	**589.8**
Property, plant and equipment, net	188.8	199.8	220.6
Intangible assets, net	425.5	474.2	537.1
Goodwill	1,361.2	1,421.4	1,444.1
Deferred tax assets	9.4	28.1	17.6
Other long-term assets	34.2	35.1	36.3
Total assets	**2,625.4**	**2,784.3**	**2,845.5**
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable	144.2	153.6	180.0
Accrued liabilities	37.0	45.2	50.2
Warranty provision	43.8	32.9	22.0
Payroll and benefits payable	76.6	73.9	66.4
Loans payable	12.9	17.6	8.6
Current portion of shareholder loans	215.0	96.2	98.8
Tax payable	16.2	4.7	6.0
Other current liabilities	66.5	62.3	66.7
Total current liabilities	**612.3**	**486.4**	**498.7**

(USD in millions, except share data)	As of March 31, 2017	2016	2015
Shareholder loans	–	215.0	285.0
Warranty provision – non current	8.0	58.8	26.6
Pension and other employee liabilities	65.2	101.1	90.0
Deferred tax liabilities	95.3	142.8	143.5
Tax payable	28.7	21.1	15.5
Other long-term liabilities	83.5	29.4	31.0
Total liabilities	**892.8**	**1,054.5**	**1,090.3**
Equity			
Landis+Gyr Group AG shareholders' equity			
Registered ordinary shares (295,100,000 authorized, issued and outstanding at March 31, 2017, March 31, 2016 and March 31, 2015)	309.1	309.1	309.1
Additional paid-in capital	1,465.6	1,437.1	1,437.1
Retained earnings	9.4	71.9	85.6
Accumulated other comprehensive loss	(53.9)	(90.1)	(78.5)
Total Landis+Gyr Group AG shareholders' equity	**1,730.1**	**1,728.0**	**1,753.2**
Noncontrolling interests	2.6	1.8	2.0
Total equity	**1,732.6**	**1,729.8**	**1,755.2**
Total liabilities and equity	**2,625.4**	**2,784.3**	**2,845.5**

Selected consolidated statements of cash flows

(USD in millions)	Fiscal year ended March 31, 2017	2016	2015
Net cash provided by operating activities	95.1	119.2	147.6
Net cash used in investing activities	(46.9)	(39.5)	(55.4)
Net cash provided by (used in) financing activities	31.5	(75.8)	(98.3)
Net increase (decrease) in cash and cash equivalents	**79.6**	**4.0**	**(6.1)**
Cash and cash equivalents at end of period	**101.0**	**22.1**	**18.5**

Selected consolidated segment information[1]

(USD in millions)	Fiscal year ended March 31, 2017	2016	2015
Revenues			
Americas	934.4	896.3	830.9
thereof to external customers	931.2	893.9	829.9
thereof to other segments	3.2	2.4	1.0
EMEA	645.9	588.8	589.7
thereof to external customers	587.8	537.9	524.7
thereof to other segments	58.0	50.9	65.1
Asia Pacific	144.5	146.4	182.1
thereof to external customers	140.2	141.7	174.5
thereof to other segments	4.3	4.8	7.6

(USD in millions)	Fiscal year ended March 31, 2017	2016	2015
Segment gross profit[(2)]			
Americas	374.2	351.1	297.3
EMEA	152.9	125.3	168.5
Asia Pacific	30.8	26.3	45.4
Elimination	0.2	(0.2)	(0.9)
Total	**558.1**	**502.5**	**510.2**

(1) We introduced reportable segments for the first time for the preparation of our audited consolidated financial statements as of and for the year ended March 31, 2017. To facilitate a comparison, these changes in segment reporting have been applied retrospectively for the years ended March 31, 2016 and March 31, 2015. See "*Presentation of Financial and Other Information*".

(2) The reconciliation of gross profit to Segment gross profit for each of our segments is as follows for the periods indicated:

	Fiscal year ended March 31, 2017				
(USD in millions)	**Americas**	**EMEA**	**Asia Pacific**	**Corporate**	**Group**
Description			*(unaudited)*		
Gross profit	**368.0**	**145.5**	**28.4**	**0.3**	**542.2**
Adjustments					
Restructuring charges[(a)]	0.4	0.5	0.9	–	1.8
Amortization	5.8	6.9	1.5	(0.1)	14.1
Segment gross profit	**374.2**	**152.9**	**30.8**	**0.2**	**558.1**

	Fiscal year ended March 31, 2016				
	Americas	**EMEA**	**Asia Pacific**	**Corporate**	**Group**
			(unaudited)		
Gross profit	**345.4**	**115.6**	**24.9**	**(0.2)**	**485.7**
Adjustments					
Restructuring charges[(a)]	–	2.7	–	–	2.7
Amortization	5.7	6.9	1.4	–	14.0
Segment gross profit	**351.1**	**125.3**	**26.3**	**(0.2)**	**502.5**

	Fiscal year ended March 31, 2015				
	Americas	**EMEA**	**Asia Pacific**	**Corporate**	**Group**
			(unaudited)		
Gross profit	**291.2**	**159.2**	**38.7**	**(0.8)**	**488.3**
Adjustments					
Restructuring charges[(a)]	–	2.1	5.0	(0.1)	7.0
Amortization	6.0	7.2	1.7	0.1	15.0
Segment gross profit	**297.3**	**168.5**	**45.4**	**(0.9)**	**510.2**

(a) Restructuring charges for the years ended March 31, 2017, 2016 and 2015 largely relate to severance and redundancy related costs. Restructuring charges generally represent costs incurred in connection with our efforts to reduce fixed costs, eliminate redundant/duplicative positions, strengthen operational focus, and better position our business to respond to market pressures or unfavorable economic conditions. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Restructuring and Operational Excellence Initiatives*".

Other Financial and Operating Data[1]

(USD in millions, except for percentages)	Fiscal year ended March 31, 2017	2016	2015
		(unaudited)	
Adjusted gross profit[2]	**620.2**	**601.9**	**562.3**
Americas[3]	414.0	391.0	336.5
EMEA[3]	174.0	176.3	179.3
Asia Pacific[3]	31.9	34.5	47.5
Corporate[3]	0.3	0.1	(0.8)
Adjusted EBITDA[4]	**212.0**	**221.0**	**159.3**
Americas[5]	195.0	192.3	146.9
EMEA[5]	1.0	10.3	5.4
Asia Pacific[5]	(2.6)	0.9	11.2
Corporate[5]	18.6	17.6	(4.2)
Free cash flow[6]	53.1	84.6	96.3
Net Debt[7]	126.8	207.1	286.5
Committed Backlog[8]	2,491	2,888	2,482
Key ratios			
Adjusted gross margin[9]	37.4%	38.3%	36.8%
Adjusted EBITDA margin[10]	12.8%	14.0%	10.4%
Net R&D as a percentage of revenue[11]	9.8%	9.4%	9.9%

(1) The metrics in this subsection are non-U.S. GAAP financial measures. These non-U.S. GAAP measures should each be viewed as a supplement to, not a substitute for, our results of operations presented in accordance with U.S. GAAP. They should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with U.S. GAAP. We present these financial measures for informational purposes only, and we present them because we believe they are widely used by certain investors, securities analysts and other interested parties as a supplemental measure of performance and liquidity. For a further discussion of non-U.S. GAAP financial measures and their limitations, see "*Presentation of Financial and Other Information—Non-U.S. GAAP Financial Measures*".

(2) Adjusted gross profit is defined as total revenue minus the cost of revenue adjusted for certain non-recurring or other items that Management believes are not indicative of operational performance. Adjusted gross profit is a non-U.S. GAAP financial measure. See "*Presentation of Financial and Other Information—Non-U.S. GAAP Financial Measures*". The reconciliation of gross profit to Adjusted gross profit is as follows for the periods indicated:

(USD in millions)	Fiscal year ended March 31, 2017	2016	2015
Description		*(unaudited)*	
Gross profit	**542.2**	**485.7**	**488.3**
Adjustments			
Restructuring charges[a]	1.8	2.7	7.0
Exceptional warranty related expenses[b]	(1.3)	40.8	7.7
Warranty normalization adjustments[c]	25.2	5.5	(8.4)
Special items[d]	(1.0)	7.0	2.8
Depreciation and Amortization[e]	53.3	60.1	65.0
Adjusted gross profit	**620.2**	**601.9**	**562.3**

a) Restructuring charges for the years ended March 31, 2017, 2016 and 2015 largely relate to severance and redundancy related costs. Restructuring charges generally represent costs incurred in connection with our efforts to reduce fixed costs, eliminate redundant/duplicative positions, strengthen operational focus, and better position our business to respond to market pressures or unfavorable economic conditions. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Restructuring and Operational Excellence Initiatives*".

(b) Exceptional warranty related expenses related to the X2 matter. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*".

(c) Warranty normalization adjustments represent warranty expenses that diverge from a three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims. For the calculation of the three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims for the periods under review and going forward, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*".

(d) Special items represent expenses incurred, or income earned, related to non-recurring events, certain settlements of litigation, and other miscellaneous items. For the year ended March 31, 2017, the special items included smaller offsetting items that are individually not material. For the year ended March 31, 2016, the special items included costs related to a flood incident in Sydney, Australia in the amount of USD 7.0 million. For the year ended March 31, 2015, the special items included, among others, costs incurred for an environmental liability in EMEA in the amount of USD 2.5 million.

(e) Depreciation for the years ended March 31, 2017, 2016 and 2015 was USD 39.2 million, USD 46.1 million and USD 50.0 million, respectively. Amortization for the years ended March 31, 2017, 2016 and 2015 was USD 14.1 million, USD 14.0 million and USD 15.0 million.

(3) Adjusted gross profit is defined as total revenue minus the cost of revenue adjusted for certain non-recurring or other items that Management believes are not indicative of operational performance. Adjusted gross profit is a non-U.S. GAAP financial measure. See "*Presentation of Financial and Other Information—Non-U.S. GAAP Financial Measures*". The reconciliation of Segment gross profit for each segment to Adjusted gross profit for each segment is as follows for the periods indicated:

	Fiscal year ended March 31, 2017				
(USD in millions)	**Americas**	**EMEA**	**Asia Pacific**	**Corporate**	**Group**
Description			*(unaudited)*		
Segment gross profit[a]	**374.2**	**152.9**	**30.8**	**0.2**	**558.1**
Adjustments					
Exceptional warranty related expenses[b]	–	(1.3)	–	–	(1.3)
Warranty normalization adjustments[c]	13.1	12.7	(0.6)	–	25.2
Special items[d]	–	(1.0)	–	–	(1.0)
Depreciation	26.7	10.7	1.7	0.1	39.2
Adjusted gross profit[e]	**414.0**	**174.0**	**31.9**	**0.3**	**620.2**

	Fiscal year ended March 31, 2016				
(USD in millions)	**Americas**	**EMEA**	**Asia Pacific**	**Corporate**	**Group**
			(unaudited)		
Segment gross profit[a]	**351.1**	**125.3**	**26.3**	**(0.2)**	**502.5**
Adjustments					
Exceptional warranty related expenses[b]	–	40.8	–	–	40.8
Warranty normalization adjustments[c]	5.2	0.6	(0.5)	0.2	5.5
Special items[d]	–	–	7.0	–	7.0
Depreciation	34.7	9.6	1.7	0.1	46.1
Adjusted gross profit[e]	**391.0**	**176.3**	**34.5**	**0.1**	**601.9**

	Fiscal year ended March 31, 2015				
(USD in millions)	**Americas**	**EMEA**	**Asia Pacific**	**Corporate**	**Group**
			(unaudited)		
Segment gross profit[a]	**297.3**	**168.5**	**45.4**	**(0.9)**	**510.2**
Adjustments					
Exceptional warranty related expenses[b]	–	7.7	–	–	7.7
Warranty normalization adjustments[c]	0.5	(9.1)	0.2	–	(8.4)
Special items[d]	0.3	2.5	–	–	2.8
Depreciation	38.3	9.7	1.9	–	50.0
Adjusted gross profit[e]	**336.5**	**179.3**	**47.5**	**(0.8)**	**562.3**

(a) For a reconciliation of gross profit to Segment gross profit, see "*—Selected consolidated segment information—Segment gross profit*".

(b) Exceptional warranty related expenses related to the X2 matter. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*".

(c) Warranty normalization adjustments represent warranty expenses that diverge from a three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims. For the calculation of the average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims for the periods under review and going forward, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*".

(d) Special items represent expenses incurred, or income earned, related to non-recurring events, certain settlements of litigation, and other miscellaneous items. For more information, see "—*Other Financial and Operating Data—Adjusted Gross Profit*".

(e) For a reconciliation of consolidated gross profit to Adjusted gross profit see also "—*Other Financial and Operating Data—Adjusted Gross Profit*".

(4) Adjusted EBITDA is calculated as net income (loss) excluding interest income and expense, net, gain (loss) on foreign exchange related to intercompany loans, net, depreciation and amortization, impairment of intangible and long-lived assets, restructuring charges, exceptional warranty related expenses, warranty normalization adjustments, special items, and income tax expense. Adjusted EBITDA is a non-U.S. GAAP financial measure. See "*Presentation of Financial and Other Information—Non-U.S. GAAP Financial Measures*". The reconciliation of net income (loss) to EBITDA is as follows for the periods indicated:

	Fiscal year ended March 31,		
(USD in millions)	**2017**	**2016**	**2015**
Description		*(unaudited)*	
Net Income (loss)	**(62.1)**	**(13.5)**	**10.3**
Interest income	(0.5)	(0.5)	(0.7)
Interest expense	11.2	11.8	13.5
Loss on foreign exchange related to intercompany loan, net	14.3	5.6	8.9
Income tax expense (benefit)	31.8	12.5	(0.5)
Amortization of intangible assets	49.3	56.5	56.9
Depreciation	46.9	53.5	57.9
Impairment of intangible and long-lived assets	60.0	34.1	–
EBITDA	**150.8**	**160.0**	**146.3**

The reconciliation of EBITDA to Adjusted EBITDA is as follows for the periods indicated:

	Fiscal year ended March 31,		
(USD in millions)	**2017**	**2016**	**2015**
Description		*(unaudited)*	
EBITDA	**150.8**	**160.0**	**146.3**
Adjustments			
Restructuring charges[(a)]	3.8	5.9	9.2
Exceptional warranty related expenses[(b)]	6.4	44.2	15.8
Warranty normalization adjustments[(c)]	(25.2)	(5.5)	(8.4)
Special items[(d)]	25.8	5.4	(3.6)
Adjusted EBITDA	**212.0**	**221.0**	**159.3**

(a) Restructuring charges for the years ended March 31, 2017, 2016 and 2015 largely relate to severance and redundancy related costs. Restructuring charges generally represent costs incurred in connection with our efforts to reduce fixed costs, eliminate redundant/duplicative positions, strengthen operational focus, and better position our business to respond to market pressures or unfavorable economic conditions. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Restructuring and Operational Excellence Initiatives*".

(b) Exceptional warranty related expenses related to the X2 matter. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*".

(c) Warranty normalization adjustments represent warranty expenses that diverge from a three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims. For the calculation of the average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims for the periods under review and going forward, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*".

(d) Special items represent expenses incurred, or income earned, related to non-recurring events, certain settlements of litigation, and other miscellaneous items. For the year ended March 31, 2017, special items included, among others, the settlement amount (including legal costs) for a patent case of USD 15.6 million, costs incurred for strategic activities that did not materialize of USD 6.0 million, and expenses for the acquisition of an accreditation in Asia Pacific for a new business venture of USD 3.7 million. For the year ended March 31, 2016, the special items included, among others, costs incurred to settle a patent case (including legal costs) of USD 1.4 million, expenses for the acquisition of an accreditation in Asia Pacific for a new business venture of USD 3.3 million, and the legal costs in connection with the settlement of a lawsuit in Brazil of USD 0.5 million. For the year ended March 31, 2015, the special items included , among others, costs incurred to settle a patent case (including legal costs) of USD 1.2 million, expenses for the acquisition of an accreditation in Asia Pacific for a new business venture of USD 2.7 million, the cost for the settlement of a legal matter (including legal costs) in Brazil of USD 6.6 million, and the additional cost incurred for an environmental liability in EMEA of USD 2.5 million, offset by proceeds of USD 16.1 million in connection with the settlement of a lawsuit in the Americas.

[5] Adjusted EBITDA is calculated as net income (loss) excluding interest income and expense, net, gain (loss) on foreign exchange related to intercompany loans, net, depreciation and amortization, impairment of intangible and long-lived assets, restructuring charges, exceptional warranty related expenses, warranty normalization adjustments, special items, and income tax expense. Adjusted EBITDA is a non-U.S. GAAP financial measure. See "*Presentation of Financial and Other Information—Non-U.S. GAAP Financial Measures*". The reconciliation of Adjusted EBITDA on a segment basis to Adjusted EBITDA of the Group is as follows for the periods indicated:

	Fiscal year ended March 31, 2017				
(USD in millions)	Americas	EMEA	Asia Pacific	Corporate	Group
Description			*(unaudited)*		
EBITDA	**164.7**	**(18.6)**	**(6.8)**	**11.5**	**150.8**
Adjustments					
Restructuring charges[a]	1.6	1.2	1.0	–	3.8
Exceptional warranty related expenses[b]	–	6.4	–	–	6.4
Warranty normalization adjustments[c]	13.1	12.7	(0.6)	–	25.2
Special items[d]	15.6	(0.7)	3.8	7.1	25.8
Adjusted EBITDA[e]	**195.0**	**1.0**	**(2.6)**	**18.6**	**212.0**

	Fiscal year ended March 31, 2016				
(USD in millions)	Americas	EMEA	Asia Pacific	Corporate	Group
			(unaudited)		
EBITDA	**185.3**	**(39.4)**	**(2.7)**	**16.8**	**160.0**
Adjustments					
Restructuring charges[a]	–	5.4	0.6	(0.1)	5.9
Exceptional warranty related expenses[b]	–	44.2	–	–	44.2
Warranty normalization adjustments[c]	5.2	0.6	(0.5)	0.2	5.5
Special items[d]	1.8	(0.5)	3.5	0.7	5.4
Adjusted EBITDA[e]	**192.3**	**10.3**	**0.9**	**17.6**	**221.0**

	Fiscal year ended March 31, 2015				
(USD in millions)	Americas	EMEA	Asia Pacific	Corporate	Group
			(unaudited)		
EBITDA	**154.6**	**(5.8)**	**2.0**	**(4.5)**	**146.3**
Adjustments					
Restructuring charges[a]	0.2	2.7	6.3	–	9.2
Exceptional warranty related expenses[b]	–	15.8	–	–	15.8
Warranty normalization adjustments[c]	0.5	(9.1)	0.2	–	(8.4)
Special items[d]	(8.4)	1.8	2.7	0.3	(3.6)
Adjusted EBITDA[e]	**146.9**	**5.4**	**11.2**	**(4.2)**	**159.3**

[a] Restructuring charges for the years ended March 31, 2017, 2016 and 2015 largely relate to severance and redundancy related costs. Restructuring charges generally represent costs incurred in connection with our efforts to reduce fixed costs, eliminate redundant/duplicative positions, strengthen operational focus, and better position our business to respond to market pressures or unfavorable economic conditions. See "M*anagement's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Restructuring and Operational Excellence Initiatives*".

[b] Exceptional warranty related expenses related to the X2 matter. The amounts represent the X2 additions and the X2 releases disclosed in the tables provided in "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*" plus related legal expenses. For the year ended March 31, 2017, the summation of the net X2 additions and X2 releases of USD (1.3) million and the related legal expenses of USD 7.7 million equates to USD 6.4 million. For the year ended March 31, 2016, the summation of the net X2 additions and X2 releases of USD 40.7 million and the related legal expenses of USD 3.4 million equates to USD 44.2 million. For the year ended March 31, 2015, the summation of the net X2 additions and X2 releases of USD 8.1 million and the related legal expenses of USD 7.7 million equates to USD 15.8 million. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*".

[c] Warranty normalization adjustments represent warranty expenses that diverge from a three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims. For the calculation of the average of actual warranty costs incurred (in cash or the value of other compensation paid out

to customers) in respect of warranty and warranty-like claims for the periods under review and going forward, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Warranty Claims*".

(d) Special items represent expenses incurred, or income earned, related to non-recurring events, certain settlements of litigation, and other miscellaneous items. For more information, see "*—Other Financial and Operating Data—Adjusted EBITDA*".

(e) For a reconciliation of consolidated Adjusted EBITDA to reported EBITDA see also "*—Other Financial and Operating Data—Adjusted EBITDA*".

(6) Free Cash Flow is calculated as cash flow from operating activities (including changes in net working capital) minus cash flow from investing activities (capital expenditures in fixed and intangible assets). The reconciliation of free operating cash flow to Free Cash Flow is as follows for the periods indicated:

	Fiscal year ended March 31,		
(USD in millions)	**2017**	**2016**	**2015**
Description		*(unaudited)*	
Net cash provided by operating activities	95.1	119.2	147.6
Net cash used in investing activities	(46.9)	(39.5)	(55.4)
Sub-total	48.2	79.7	92.2
Reconciliation Item 1[a]	0.2	4.9	4.1
Reconciliation Item 2[b]	4.7	–	–
Free Cash Flow	**53.1**	**84.6**	**96.3**

(a) Represents foreign exchange items on intercompany loans that are included under net cash provided by operating activities in the consolidated statement of cash flows, but classified as financing activities in the Group's Free Cash Flow.

(b) Represents the cash paid for the acquisition of Consert's net assets described under Note 8 of the consolidated financial statements for the year ended March 31, 2017.

(7) Net Debt is defined as current and non-current loans and borrowings less cash and cash equivalents.

(8) Committed backlog is calculated as the sum of awarded contracts with firm volume and price commitments.

(9) Adjusted gross margin is calculated as Adjusted gross profit as a percentage of total revenue.

(10) Adjusted EBITDA margin is calculated as Adjusted EBITDA as a percentage of total revenue.

(11) Net R&D is defined as research and development expenses, net of research and development related income.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of our financial condition and results of operations and should be read in conjunction with the consolidated financial statements, the accompanying notes and the description of our business included elsewhere in this Offering Memorandum.

This discussion of our financial condition and results of operations contains forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of risks and uncertainties facing us as a result of various factors, see "Forward-Looking Statements" and "Risk Factors". In addition, certain industry issues also impact our financial condition and results of operations, as described in "Industry and Market Overview".

Summary

We are the leading global provider of smart metering solutions helping utilities, energy retailers and energy consumers manage energy better. Building on over 120 years of industry experience, we enable our customers to manage their billing for revenue assurance, improve the efficiency of their networks, upgrade energy delivery infrastructures, reduce energy costs and contribute to a sustainable use of resources. With over 60 million Landis+Gyr connected intelligent devices deployed or under contract, more than 15 million meters currently under managed service operations and our ongoing successful deployment in Tokyo of what we believe will be the largest utility IoT network globally, we are proud to serve as a trusted partner to over 3,500 utilities and energy retailers around the globe as they manage the industry transition from traditional grids to Smart-Grid and further to the Interactive-Grid.

We have developed what we consider to be the most comprehensive portfolio of products, solutions and services in the electricity and gas smart metering and low/medium voltage Smart-Grid markets. Our end-to-end integrated solutions, including connected intelligent devices, software and services, enable us to participate across the smart metering and Smart-Grid value chains in a highly adaptable manner. For example, our hardware and software products are designed to be modular and flexible so that the components can operate independently or seamlessly together with our other components (i.e., as part of a Gridstream integrated solution) or with third-party devices and communication systems (i.e., a utility's existing software applications or other vendor products). In addition, we offer a range of services, including managed services and Software as a Service (i.e., cloud-hosting services), as well as a suite of non-AMI standalone devices. For the year ended March 31, 2017, revenue from connected intelligent devices represented 72% of our total revenue, with revenue from software and services as well as standalone devices representing 16% and 12%, respectively.

We provide our products, services and solutions in more than 70 countries around the world. Our regional-based sales and marketing approach facilitates the development and maintenance of long-standing local relationships with our customers. Our local presence combined with our global reach and established track record, enables us to identify and capitalize on key emerging international and national trends. As such, we are well positioned to leverage our portfolio of products, solutions and services in each of our markets, which are at different stages of maturity in transitioning to smart metering, Smart-Grid and beyond.

To best serve our customers, we have organized our business into three regional reporting segments: the Americas, EMEA and Asia Pacific. Our Americas segment comprises North America, Latin America, Japan and other Asia Pacific markets that adhere to the U.S. ANSI standards and reported 56.1% of our total revenue for the year ended March 31, 2017. Our EMEA segment comprises Europe, the Middle East and Africa and reported 35.5% of our total revenue for the year ended March 31, 2017. Our Asia Pacific segment comprises Australia and New Zealand, China, India, Southeast Asia and certain other Asian countries and reported 8.4% of our total revenue for the year ended March 31, 2017.

As of March 31, 2017, we employed 5,919 employees across 42 sites globally. For the year ended March 31, 2017, we generated USD 1,659.2 million in revenue and USD 212.0 million in Adjusted EBITDA.

Key Factors Affecting our Performance

Our business and results of operations have been, and are expected to continue to be, affected by certain key factors as discussed in more detail below.

The Pace of Smart-Grid Adoption

Our financial performance is correlated to the pace of transition to smart metering and Smart-Grid in the utility industry. The transition to smart metering and Smart-Grid is evolving globally and is impacted by multiple factors including, among others, the business needs and priorities for utilities, cost benefit analysis, technology testing, regulatory or government reviews and approvals and consumer sentiment. Currently, the pace of smart metering and Smart-Grid deployments and adoption varies greatly across each of our regions and markets. For instance, the first wave of smart metering deployments has already been completed in certain parts of North America, with second wave deployments in connection with replacements and/or upgrades of the installed base underway in selected areas, offering new avenues for value creation. The same is true in EMEA, although due to delays in the implementation of certain legislation and regulation in Europe, the first wave of deployments was postponed in some countries. However, we expect deployments to accelerate in the near term, offering attractive growth prospects in EMEA. In many other parts of the world, the anticipated transition by utilities to smart metering and Smart-Grid remains several years away, but we believe we are well positioned to participate in those market opportunities as they arise given our strong local presence, recognized brand name and established track record of delivering reliable, resilient and cost effective solutions. Although we believe the transition to smart metering and Smart-Grid will continue to gain momentum globally, the future pace and degree of adoption cannot be determined with certainty. For a more detailed discussion of global trends in connection with the transition to smart metering and Smart-Grid, see "*Industry and Market Overview—Advanced Metering Enabling the Smart-Grid*".

While the pace of smart metering and Smart-Grid adoption remains uncertain, we expect that as the transition to smart metering and Smart-Grid progresses over time the volumes shipped and average unit prices and gross margin of smart meters will be higher than those of the non-smart meters which they replace over time. However, it is also likely that, as with most electronic and communications equipment, the average unit price of smart meters with equivalent functionality will decline over time as a result of customer and competitive pressures, thus reducing our gross margin on such affected products. While we anticipate that such decline in the average unit price may be partially offset by the demand for higher functionality (such as through enhanced embedded software features), we will need to continue to introduce new smart metering products, solutions and/or services to maintain and/or increase our gross margins. See "*—Product Pricing" and "—Research and Development*". We also anticipate that the pace of such technological improvements will shorten average meter life, leading to more opportunities for revenue growth from regular replacement and upgrade cycles.

For the year ended March 31, 2017, revenue from connected intelligent devices represented 72% of our total revenue, with revenue from software and services and standalone devices representing 16% and 12%, respectively. While we expect our sales of connected intelligent devices to expand in line with the pace of smart metering and Smart-Grid adoption, our results of operations will remain impacted by the growth and performance of our software and services, which generally generate lower gross margins than our connected intelligent devices on a standalone basis, but are often delivered to customers as part of an integrated solution, for example under a Gridstream solution. See "*Our Business—Our Gridstream® Solution*". We also expect revenue in our standalone devices to decline over time as they are gradually replaced by smart meters.

As the interest in smart metering and Smart-Grid products and solutions grows globally, we have built up our sales and marketing resources to work with potential customers through what are typically lengthy sales cycles. See "*—Sales Cycles*". We anticipate that the sales and marketing expenses associated with this build-up will rise in accordance with the expected growth over time although in certain markets we believe that we have sufficient sales and marketing resources to support higher sales.

See also "*Risk Factors—Risks related to Our Industry and Business—The growth of our business and future revenue depends on the uncertain development of the markets for our smart metering and Smart-Grid products, solutions and services, which are still evolving, and it is uncertain whether our products and solutions will achieve and/or sustain high levels of demand and market acceptance*".

Product Pricing

Our gross margins are affected by both the proportion and price of each type of product, solution and service that we sell. Our gross margin, or gross profit as a percentage of revenue, varies according to the average sales price for our products, the mix of products and services sold, costs of materials and components, cost of manufacturing and other indirect cost of sales.

We have experienced, and expect to continue experiencing, pressure from our customers to reduce the prices of our products over time. We seek to manage prices for our products over their life cycles such that (i) future product enhancements can support price maintenance and/or (ii) costs may be reduced to satisfy our customers' demands for price reductions. Nevertheless, the average selling price of a product typically declines over its life cycle. The reduction in price typically reflects the emergence of substitute products and technological advancements, production efficiencies, increases in production scale and sales volumes and competitive forces. As a result, our revenues are impacted by where our products reside in their respective life cycles as well as by the timing of the introduction of product enhancements and/or new products. Accordingly, we intend to continue to generate a significant portion of our revenues from both product enhancements and new product introductions. However, it has also been our experience that product pricing is often a factor of the size of a potential tender as high volume contracts tend to attract lower prices.

Managed service contracts vary in nature. Certain managed services contracts provide for the installation of the meters and related network, with the meters and network equipment remaining on our balance sheet and the related cost of capital being recovered alongside operational expenses in the form of fees charged for the provision of data to our customers (i.e., the so-called "own-and-operate" model). These types of managed service contracts typically include customer invoicing tied to the service level agreements. Increasingly, though, as a result of regulatory shifts, we are entering into managed service contracts where the customer purchases the meters and related network equipment itself in order to benefit from certain regulatory incentives, and the long-term part of the contract relates only to the provision of operational services. This is particularly relevant in the Americas, where we generate 32% of our revenue related to managed service contracts. For the years ended March 31, 2017, 2016 and 2015, we generated USD 299.1 million, USD 313.4 million and USD 261.1 million in revenue to external customers from our managed services contracts. See also "*Our Business—Portfolio of Products and Solutions—Software and Services*".

In certain instances where we recognize revenue associated with a third-party solution due to our role as primary contractor, the revenue is sometimes pass-through revenue with no associated margin. As a result, our gross margin may be artificially depressed based on fluctuations in volumes and the timing of such contracts.

Sales Cycles

Our revenue and operating results are impacted by the sales cycles with our prospective customers, particularly utilities, which tend to be long and unpredictable and require significant time commitments by our senior Management, sales, marketing and customer services personnel. While the time between bidding for and receiving a contract typically averages six to nine months, for the most complex projects, our overall sales cycle, from pre-sale activities though answering tenders (i.e., bids) all the way to finally receiving a contract, can take between three to four years. In addition, sales cycles can be subject to multiple trial deployments or pilots before contracts are awarded, with no assurance that our products, software and/or services will be selected in connection therewith. Accordingly, we may be required to employ significant financial resources without any assurance of success or recovery of our related expenses. For example, we often incur significant operating expenses well ahead of recognizing the related revenue, which may still be subject to contractual conditions or which, if we are not awarded the related contract, will never be generated. The lengthy and complex sales cycles also may lead us to overestimate our costs resulting in the loss of potential contracts or sales or, conversely, we may underestimate our costs leading to lower profitability if the contract is ultimately awarded or the sale made. The lengthy sales cycles of our products and services also make it difficult to forecast new customer deployments, as well as the volume and timing of orders, which in turn makes it difficult to schedule production, optimize the utilization of our manufacturing capacity and efficiently manage our operating working capital. While we believe that such processes are common in the utility industry, they have in certain instances resulted in us being unsuccessful in entering into contracts and being unable to recoup our investments. Accordingly, the lengthy and unpredictable nature of our sales cycles may lead to our revenue and operating results fluctuating significantly from period to period. However, we have a strong record of successful contract wins which translate into significant backlog that enables us to maintain visibility with regard to recurrent revenues and an outlook with regard to significant new business. See "*—Customer Base and Sales Process"* and *"—Backlog*".

See also "*Risk Factors—Risks related to Our Industry and Business—Utilities represent our key customer base and because the sales cycle in the utility industry is typically lengthy and complex and contract awards in tender processes may be challenged, we may expend significant resources pursuing sales but we may not be able to recoup our investments*".

Customer Base and Sales Process

Utilities have historically been, and we expect will continue to be our main customers. In the Americas, our customers consist largely of public power ("**PP**") utilities, which are governmental entities (i.e., municipalities), and investor owned utilities ("**IOUs**"), which are large investor owned utilities serving different U.S. market segments. Sales to PP utilities are generally generated through (i) distributors that are contracted distributors and agents that perform a buy and resell function; and (ii) direct sales to medium-sized municipalities, including sales of endpoint meters and network equipment sales. For the years ended March 31, 2017, 2016 and 2015, we generated USD 214.6 million, USD 199.8 million and USD 163.0 million in revenue from external PP customers. Sales to IOUs in the U.S. are characterized by relatively high volumes and longer deployment rollouts, where the underlying product mix can vary along the lifecycle of the contracts. For the years ended March 31, 2017, 2016 and 2015, we generated USD 172.1 million, USD 133.2 million and USD 203.6 million in sales from external IOU customers. In addition, we had a win rate of over 50% on our IOU and PP utility pursuits in the year ended March 31, 2017.

In EMEA, we target customers in connection with our Infrastructure Programs, Energy Products and Energy Solutions business units. Infrastructure Programs focuses on large-scale, highly tailored AMI rollouts to very large utilities and reported revenues to external customers of USD 294.8 million, USD 190.6 million and USD 127.1 million for the years ended March 31, 2017, 2016 and 2015, respectively. The key markets for our Infrastructure Programs are the U.K., the Netherlands and France. Energy Products provides (i) industrial, commercial and grid smart meters covering the high-end needs of our electricity utility customers, (ii) non-AMI residential electricity meters and (iii) heat and cold meters addressing distinct heat (or cooling) utilities and service companies. For the year ended March 31, 2017, 2016 and 2015, Energy Products generated USD 145.3 million, USD 157.5 million and USD 187.0 million in revenue to external customers, respectively. Energy Solutions focuses on providing our customers in EMEA with connected intelligent devices (i.e., AMI meters, prepayment meters and load management devices) and software and services offerings (i.e., device and network management and managed services) and reported revenues to external customers of USD 147.8 million, USD 189.8 million and USD 210.5 million for the years ended March 31, 2017, 2016 and 2015, respectively. One of the key focuses of our operational excellence initiative Project Phoenix is to improve the performance and profitability of our Energy Solutions business unit. See "*—Restructuring and Operational Excellence Initiatives*" for further information.

In Asia Pacific, our customer base comprises mainly public utility distributors. However, in light of the regulatory initiative "Power of Choice" our customer base in Australia is expected to shift toward retailers beginning in December 2017, which will require us to revisit our traditional business model to target this new customer base. In anticipation of this regulatory initiative, we established a subsidiary business unit called intelliHUB, which is able to provide various outsourced managed services, such as Meter Data Management Systems ("**MDMS**"), data management, networking and virtualization in the markets enabled by this initiative. We anticipate that through this new service, we will be able to expand the mix of our offerings in the region and improve profitability. See "*Regulation and Supervision—Regulatory Initiatives—Australia*".

Our sales to customers are generally made pursuant to (i) framework agreements, (ii) master project agreements; (iii) long-term managed service agreements; and (iv) product contracts. Under our framework agreements, orders are placed via purchase orders and we may bill and collect for products when ownership has transferred and for services provided. Most of our master project agreements for larger deployments include initial acceptance provisions, and some are followed by subsequent milestone payments and acceptances as the deployment progresses. The time to achieve these specific performance levels varies based on several factors, which may include the size and density of a customer's service territory and the complexity of a customer's deployment plan. Finally, for customers seeking to purchase devices, such as meters and other sensors (which can also be customized to meet their needs), we sometimes enter into product contracts based on our standard terms and conditions with pricing based on standard price lists with potential volume-based discounts for longer term contracts. For further information regarding our Committed Backlog, see also "*—Backlog*" and "*Risk Factors—Risks Related to Our Industry and Business—It may be difficult to predict the amount of actual revenue that we will recognize from backlog in any given period, and amounts recognized may fluctuate from one period to the next or may not result in revenue at all*".

As a result of certain regulatory initiatives, disruptive technology trends and evolving market dynamics, we expect that our customer base and sales process in certain markets may change over time from traditional utility providers to retail providers, as is currently the case in Australia. Thus in order to maintain our profitability, we may also be required to redefine our product offerings to keep pace with the evolving energy management landscape, including adapting our business model and marketing strategy to target new types of customers.

For the year ended March 31, 2017, our top ten customers represented 34.6% of total revenue, with no single customer representing more than 8% of our total revenue.

See also "*Risk Factors—Risks related to Our Industry and Business—A significant portion of our revenue is generated from a limited number of customers or large volume projects and compensating for the loss of a customer or such a project may prove difficult*".

Backlog

	Fiscal year ended March 31,		
(USD in millions)	**2017**	**2016**	**2015**
Americas	1,769	2,084	1,731
EMEA	682	775	711
Asia Pacific	41	28	40
Committed Backlog	**2,491**	**2,888**	**2,482**

We define our Committed Backlog as the sum of our awarded contracts with firm volume and price commitments.

Our products and solutions order backlog represents the aggregate amount of individual contract orders we have for specified product or solution sales that have a specified value and delivery schedule. As of March 31, 2017, in the Americas our Committed Backlog related to products and solutions was USD 561 million compared to USD 654 million as of March 31, 2016 and USD 546 million as of March 31, 2015. In EMEA, as of March 31, 2017 our Committed Backlog was USD 682 million compared to USD 775 million as of March 31, 2016 and USD 711 million as of March 31, 2015. In addition, in EMEA, we had contingent backlog (representing the portion of an awarded firm volume contract that relies on meeting performance criteria in order to trigger the customer order) ("**Contingent Backlog**") in an amount of USD 530 million, USD 330 million and USD 311 million for the years ended March 31, 2017, 2016 and 2015, respectively. More than half of our Committed and Contingent Backlog in EMEA relates to contracts in the U.K. In Asia Pacific, as of March 31, 2017 our Committed Backlog was USD 41 million compared to USD 28 million as of March 31, 2016 and USD 40 million as of March 31, 2015.

In addition, we generate a significant portion of our revenue from Smart-Grid products and solutions orders, a large majority of which are booked and shipped in the same quarter and therefore are rarely reflected in a meaningful way in the relevant period's backlog. For example, between 25% to 35% of yearly sales made in North America arise from book-and-ship orders captured during the course of the business year. As a result, the expected future revenue related to these opportunities is for the most part not included in Committed Backlog.

Our Committed Backlog related to services is the aggregate amount of future revenue we expect to generate from the outsourced managed services contracts we have with utilities, mainly in our Americas segment. As of March 31, 2017 our Committed Backlog related to service revenue was USD 1,208 million compared to USD 1,430 million as of March 31, 2016 and USD 1,185 million as of March 31, 2015, representing roughly half of our total Committed Backlog for each of these periods. As many of our initial managed services contracts, where we charge a recurring fee per meter per month to own and operate the metering network and related communications infrastructure (as well as manage all of the meter read data) have ended, we have been able to continue approximately 85% of these customer relationship through renewed managed service contracts, often under the hybrid ownership model; see "*Our Business—Software and Services*".

We expect that more than 50% of our revenue for the year ended March 31, 2018 will be derived from our current Committed Backlog and Contingent Backlog, with the remaining revenue from our current Committed Backlog and Contingent Backlog materializing over the next six or more years.

See also "*Risk Factors—Risks related to Our Industry and Business—It may be difficult to predict the amount of actual revenue that we will recognize from backlog in any given period, and amounts recognized may fluctuate from one period to the next or may not result in revenue at all*".

Procurement Costs and Reliance on Contract Manufacturers

Our group procurement department is responsible for obtaining high quality products and services and centralizing and overseeing expenditures for all of our manufacturing facilities. As a global business with regional operations, we strive to maximize potential cost and savings synergies while maintaining flexibility and controlling expenses. By coordinating our procurement at the group level, we are also able to broadly implement tools, technologies and systems to facilitate both operational and cost efficiencies globally. In order to ensure that we receive the most competitive prices, we employ a global online tendering process for a large proportion of purchase orders, our "E-Sourcing Platform". The platform allows procurement staff to quickly, effectively and transparently conduct e-tenders and select suppliers that offer the best "Total Cost of Ownership", while in parallel comparing and analyzing historical suppliers, products and tender prices globally. We estimate that our group procurement organization has realized approximately 4–5% per annum direct cost of revenue savings and 6–7% per annum in indirect cost of revenue savings.

In addition to components and sub-assemblies, our key raw materials are plastics, silver and copper. The costs of these components, sub-assemblies and raw materials depend to a certain degree on market prices and the nature and complexity of the component and/or sub-assembly. From time to time, we enter into supply contracts with some of our suppliers, including third-party contract manufacturers, that provide for certain fixed prices, which are negotiated on a yearly basis or more frequently as required. These agreements sometimes include provisions wherein the supplier agrees to hedge a portion of the raw material on the open market. In addition, where we enter into supply contracts of longer than one year, in particular with our contract manufacturers, these contracts typically include cost-down cascades to ensure year-on-year productivity improvements.

To further protect our gross margins, we regularly evaluate "make vs. buy" opportunities for various manufactured components and sub-assemblies where it may be more economical to purchase these from third party manufacturers. Where outsourcing is feasible, we are able to leverage the production capacity of our third-party contract manufacturers and benefit from their volume component purchasing power. Recently, we have transitioned some of our production to a "Boxbuild" model whereby the contract manufacturer ships to us a fully assembled meter with our role limited to (i) calibration and certification, (ii) customization, (iii) sealing and (iv) final packaging and shipping ("**CCSP**", see also "*Our Business—Regional Manufacturing and Assembly*"). It is possible that in certain circumstances and subject to regulatory and customer approval, we may outsource the CCSP function with direct shipment from the contract manufacturer to the customer. These various approaches allow us to preserve flexibility over our supply chain and reduce our fixed costs of revenue.

See also "*Risk Factors—Risks related to Our Industry and Business—For certain components, sub-assemblies, commodities and materials, we depend on a limited number of contract manufacturers and suppliers and the failure of these third parties to timely deliver sufficient quantities of components, sub-assemblies, commodities and materials could increase our costs and reduce margins*" and "*Risk Factors—Risks related to Our Industry and Business—We depend on suppliers or contract manufacturers to meet our and our utility customers' standards of product quality and to satisfy applicable safety and security requirements and other regulatory requirements, and the failure of our suppliers or contract manufacturers to meet such requirements may have an adverse effect on our reputation and/or business*".

Warranty Claims

We offer standard warranties on our metering products and our solution products for periods ranging from one to five years. In some instances, warranty periods can be further extended based on customer specific negotiations. Under limited circumstances, we may also settle certain quality-related issues experienced by our customers even if not strictly required to do so by the terms of a warranty (referred to as "warranty-like" items). Our warranty accruals represent our estimate of the cost of projected warranty and warranty-like claims and are based on historical and projected warranty trends, specific quality issues identified (if any), supplier information and other business and economic projections as well as other commercial considerations. Our results in any given period are affected by additions to as well as by releases of, or other adjustments to, these accruals.

For the years ended March 31, 2017, 2016 and 2015 our statements of operations include net changes to warranty and warranty-like accruals, which we record in cost of goods sold, of USD (7.2) million, USD 56.7 million, and USD 10.2 million, comprising additions to and releases of, or other adjustments to, accruals in respect of such claims. Our results were impacted significantly by warranty claims relating to the X2 matter, which resulted in net changes in warranty and warranty-like accruals of USD (1.3) million, USD (40.7) million and USD (8.1) million, respectively, for the years ended March 31, 2017, 2016 and 2015. The amount of USD (1.3) million does not take into account the reclassification of accruals for the X2 matter in the amount of USD 41.6 million from warranty accruals to liabilities following a settlement in connection with the X2 matter, which did not affect the income statement. In addition, we incurred legal expenses related to the X2 matter in the amount of USD 7.7 million, USD 3.4 million and USD 7.7 million in the years ended March 31, 2017, 2016 and 2015, respectively.

Management considers the X2 matter to be an exceptional warranty case because of the uniqueness of the matter and because it was part of an industry wide component failure that impacted not only our products, but also those of our competitors and the electronics industry generally. Excluding X2-related accruals, our net changes to accruals for warranty and warranty-like claims for the years ended March 31, 2017, 2016 and 2015 would have been USD 35.7 million, USD 16.0 million and USD 2.1 million, respectively.

In assessing the underlying operational performance of the business over time, Management believes it is useful to consider average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims as an alternative to warranty accruals, which are estimates and subject to change and significant period-to-period volatility. For the years ended March 31, 2017, 2016 and 2015, outflow (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims (excluding X2) amounted to USD 15.7 million, USD 9.0 million and USD 7.0 million, respectively, resulting in three-year average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of such claims of USD 10.6 million. In addition, we incurred legal expenses related to the X2 matter in the amount of USD 7.7 million, USD 3.4 million and USD 7.7 million in the years ended March 31, 2017, 2016 and 2015, respectively.

Management presents Adjusted EBITDA in this Offering Memorandum as an alternative performance measure (both at the Group and at the segment level). With regards to warranty and warranty-like claims, Adjusted EBITDA excludes the accruals associated with the X2 claim (as well as the associated legal expenses) and, with respect to other warranty and warranty-like claims, includes only the average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of such claims, which amounted to USD 10.6 million for the years ended March 31, 2017, 2016 and 2015. With respect to warranty expenses, the reconciliation items for Adjusted EBITDA include (i) all accruals related to the X2 claim (as well as the associated legal expenses) and (ii) a warranty normalization adjustment equal to the difference between the accruals for warranty and warranty-like claims (excluding the X2 claim) recorded in the statements of operations and the three-year average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of such claims of USD 10.6 million. For the years ended March 31, 2017, 2016 and 2015, the warranty normalization adjustments made in calculating Adjusted EBITDA amounted to USD 25.2 million, USD 5.5 million and USD (8.4) million, respectively.

Management intends to continue to calculate Adjusted EBITDA using warranty normalization adjustments and to present Adjusted EBITDA as a segment-based measure of profitability in the future. For the purposes of determining warranty normalization adjustments, the average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims will be calculated on the basis of a three-year rolling average.

See also "*Risk Factors—Risks related to Our Industry and Business—We may face significant warranty and product liability claims*".

The following table provides information on our accruals in respect of warranty and warranty-like claims as well as the associated outflow (in cash and cash equivalents) for the periods under review.

(USD in millions, except average)	Fiscal year ended March 31, 2017	2016	2015	Average
Beginning of the year				
Warranty accrual	91.6	48.5	58.3	
Other warranty-like accrued liabilities[(1)]	6.5	2.3	0.2	
Total	**98.2**	**50.8**	**58.5**	
Additions[(2)]	46.6	64.6	28.0	
Other changes/adjustments to warranties[(3)]	(53.8)	(7.9)	(18.0)	
Outflow in respect of X2 matter	(18.9)	(1.2)	(5.3)	
Outflow in respect of other warranty and warranty-like claims	(15.7)	(9.0)	(7.0)	(10.6)
Total outflow in respect of warranty and warranty-like claims[(4)]	(34.6)	(10.1)	(12.3)	
Effect of changes in exchange rates	(4.7)	0.7	(5.5)	
End of the year				
Warranty accrual	51.7	91.6	48.5	
Other warranty-like accrued liabilities[(2)]	–	6.5	2.3	
Total	**51.7**	**98.2**	**50.8**	

(1) Other warranty-like accrued liabilities, which are reflected in other current liabilities in the consolidated balance sheets.

(2) "Additions" reflects new product warranty amounts included in warranty provisions (USD 48.7 million, USD 54.7 million and USD 24.6 million for the years ended March 31, 2017, 2016 and 2015, respectively) and other warranty-like accrued liabilities (USD (2.1) million, USD 9.9 million and USD 3.4 million for the years ended March 31, 2017, 2016 and 2015, respectively).

(3) Other changes/adjustments to warranties reflects amounts included in warranty provisions and other warranty-like accrued liabilities as a result of releases or other adjustments resulting from settlement of claims for which accruals had previously been recorded. In particular, the figure for the year ended March 31, 2017 reflects the reclassification of accruals for the X2 matter from warranty accruals to liabilities following a settlement in connection with the X2 matter.

(4) The difference between the total outflow in respect of warranty and warranty-like claims and the claims activity presented under "*—Critical Accounting Policies and Estimates—Warranties*" and in Note 18 of the consolidated financial statements for the year ended March 31, 2017, 2016 and 2015 arises from additions booked against other warranty-like accrued liabilities.

The following table provides further information on our warranty and warranty-like claims, including the impact of the X2 matter on our accruals and the derivation of the warranty normalization adjustments used in calculating Adjusted EBITDA.

(USD in millions)	Fiscal year ended March 31, 2017	2016	2015
Description		*(unaudited)*	
Additions			
Additions (including X2)[(1)]	46.6	64.6	28.0
X2 Additions	(2.6)	(41.5)	(17.6)
Additions excluding X2	**44.0**	**23.1**	**10.4**
Other changes/adjustments to warranties			
Releases (including X2)	(53.8)	(7.9)	(18.0)
X2 reclassifications[(2)]	41.6	–	–
X2 releases	3.9	0.8	9.5
Releases excluding X2	**(8.3)**	**(7.1)**	**(8.3)**
Net changes to warranty and warranty-like accruals (including X2)	(7.2)	56.7	10.2
Net changes to warranty and warranty-like accruals relating to X2	42.9[(3)]	(40.7)	(8.1)
Net changes to warranty and warranty-like accruals (excluding X2)	**35.7**	**16.0**	**2.1**
Three-year average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty claims (excluding X2)	(10.6)	(10.6)	(10.6)
Warranty normalization adjustments	**25.2**	**5.5**	**(8.4)**

(1) "Additions (including X2)" reflects new product warranty amounts included in warranty provisions (USD 48.7 million, USD 54.7 million and USD 24.6 million for the years ended March 31, 2017, 2016 and 2015, respectively) and other warranty-like accrued liabilities (USD (2.1) million, USD 9.9 million and USD 3.4 million for the years ended March 31, 2017, 2016 and 2015, respectively).

(2) Represents amounts reclassified from warranty accruals to other accrued liabilities following a settlement in connection with the X2 matter.

(3) Excluding the X2 reclassification, this amounts to USD 1.3 million.

Research and Development

To remain an industry leader and continue to support our customers, we cultivate an environment that supports, fosters, encourages and effectively manages constant innovation through focused research and development. For the years ended March 31, 2017, 2016 and 2015, we dedicated 9.8%, 9.4% and 9.9% of our revenue to research and development activities. During the period under review, we have increased our research and development activities as we have intensified our focus on the development of additional features and new products in our smart metering and Smart-Grid products and solutions, including through investments in both hardware and software. For the year ended March 31, 2017, we dedicated 27% of our research and development investment to the refresh of existing core products, with 73% dedicated to new product introductions. In addition, 44%, 31% and 25% of our research and development expenses for the year ended March 31, 2017 related to investments in software, hardware and embedded software, respectively.

We have launched a global research and development realignment initiative, which we are currently implementing to increase research and development efficiency. Key measures under this initiative include (i) progressively moving head-count to lower cost countries, (ii) increasing productivity through improvements in our processes and tools (mainly through simplification and further automation) and (iii) the development of product platforms for devices, applications and networks. For the year ended March 31, 2017, we dedicated 15% of our research and development investment to research and the development of platforms, with 65% dedicated to development and 20% dedicated to customer customizations and products for bespoke markets. While we intend to continue our research and development spending in absolute terms at similar levels in the future, research and development investments as a percentage of our revenues are expected to decline.

The process of developing new products and solutions is complex and requires critical decision-making and the prioritization of certain development projects over others. If our decision concerning the allocation of research and development resources towards the development of a certain product or solution does not yield the desired results, we may have diverted resources away from other potential more valuable opportunities. Furthermore, product development will require continued investment in order to maintain our competitive position, and the periods in which we incur significant product development costs may drive variability in our operating results. We perform the majority of our research and development in-house and maintain research and development staff in 14 countries worldwide. We also sub-contract some research and development to third-party consulting companies and occasionally engage experts from outside research and development companies.

See also "*Risk Factors—Risks related to Our Industry and Business—We continually develop and introduce new products, product enhancements and/or solutions and there is no guarantee that our investments in research and development will yield the desired results*".

Restructuring and Operational Excellence Initiatives

We currently have two major operational excellence initiatives underway. The first initiative began in 2014 ("Project Lightfoot") and focuses on maximizing the efficiency of our manufacturing footprint through capacity and utilization improvements. Currently, Project Lightfoot concentrates on our operations in EMEA where we are continuing to improve our production and assembly processes, consolidate our manufacturing capacities in a reduced number of designated facilities, transfer selected manufacturing activities to lower cost countries in order to gain efficiencies and manage costs and reduce our depth of manufacturing through outsourcing. Our largest manufacturing centers are now concentrated in Mexico, India, Brazil and Greece.

Meanwhile, the second major initiative was launched in the second half of 2016 ("Project Phoenix") and aims to optimize our cost base in EMEA through (i) accelerating certain manufacturing optimization programs under Project Lightfoot; (ii) streamlining support functions for enhanced efficiency; (iii) restructuring our Energy Solutions business unit; (iv) consolidating and streamlining our U.K. operations to capture efficiencies of scale; (v) targeting key growth markets; (vi) adjusting our portfolio and research and development costs to optimize profitability and increase quality of products and (vii) end-to-end product cost optimization.

Since the inception of Project Lightfoot and Project Phoenix, we have incurred one-time costs of USD 4.5 million and USD 5.7 million for the years ended March 31, 2016 and March 31, 2017, respectively, predominately relating to severance and redundancy costs in EMEA. In connection with realizing these operational initiatives, we have estimated Project Lightfoot to incur approximately USD 45 million in costs (including the one-time costs indicated in the previous sentence) and Project Phoenix to incur approximately USD 9 million in costs. In the mid-term, we expect to realize savings of approximately USD 20 million per annum from Project Lightfoot with full savings expected to be achieved by the year ended March 31, 2022, and approximately USD 20 million per annum from Project Phoenix with full savings expected to be achieved by the year ended March 31, 2019.

See also "*Risk Factors—Risks related to Our Industry and Business—We have implemented or are currently implementing several operational initiatives and restructuring plans and we may not achieve some or all of the benefits expected from such measures*".

Exchange Rate Fluctuations

While our Group reporting currency is in USD, we generate a portion of our revenue and expenses in currencies other than USD. We are primarily exposed to movements in the USD against the CHF, EUR and GBP. In addition, our results are also impacted by movement in the USD against the Brazilian Real, Indian Rupee, Chinese Yuan Renminbi, South African Rand and the Australian Dollar as well as several other European currencies. See "*Risk Factors—Risks Related to Our Industry and Business—Our financial results may be affected by fluctuations in exchange rates*".

Translational effects of exchange rate fluctuations arise because financial results of our subsidiaries are measured in the currency of the primary economic environment in which the subsidiary operates (its functional currency). The results of operations of our global subsidiaries are, therefore, measured in currencies other than USD and are then translated into USD for presentation of the Group's financial results in the consolidated financial statements. As currency exchange rates fluctuate, a subsidiary's financial results may change as a result of such translation even though no real change in its results of operations has occurred.

The table below outlines the exchange rates of certain key currencies against the USD used in the preparation of our balance sheets and statements of operations as of and for the years ended March 31, 2017, 2016 and 2015.

	Rates for translation of balance sheet as of March 31,			Average rates for translation of income statement for year ended March 31,		
	2017	**2016**	**2015**	**2017**	**2016**	**2015**
1 CHF	0.9965	1.0428	1.0279	1.0127	1.0286	1.0768
1 EUR	1.0652	1.1381	1.0728	1.0973	1.1044	1.2686
1 GBP	1.2554	1.4393	1.4844	1.3041	1.5064	1.6150

Transactional effects of exchange rate fluctuations arise in transactions where the invoicing currency is different from the currency of the cost base. We are exposed to transactional effects when one of our subsidiaries enters into a sale or purchase transaction in a currency other than its functional currency. Our largest exposure to transactional effects for the year ended March 31, 2017 arose following the devaluation of the GBP as a result of the U.K. people's vote to leave the EU. Specifically, we recognized significant revenue in the U.K. that was denominated in GBP whereas our supply chain was mainly denominated in EUR or USD. Fluctuations in the GBP:USD and GBP:EUR exchange rates in the year ended March 31, 2017 had a negative impact of USD 6.8 million on our operating income generated by our subsidiaries in the U.K.

See also "*Risk Factors—Risks related to Our Industry and Business—Our financial results may be affected by fluctuations in exchange rates*".

Acquisition by Toshiba Corporation

In connection with the Group's acquisition by Toshiba Corporation and INCJ in 2011, we recorded the purchase price allocation under U.S. GAAP in our accounting records. This resulted in our assets, including identifiable intangible assets (such as our brand name, customer relationships, developed technologies and order backlog), and liabilities being recorded at fair value. The difference between the historical net book value and the fair value was USD 646.2 million. In addition, as a result of the purchase price allocation under U.S. GAAP, incremental goodwill increased to USD 1,413.0 million.

As a result of the uplifted values of our intangible assets (other than goodwill), our amortization expenses increased, which in turn has reduced our net income during the period under review. Thus, our statement of operations benefits from movements in deferred tax, principally arising from the periodic release of the deferred tax liability established as part of the purchase price allocation undertaken at the time of the acquisition.

Goodwill and Intangible Assets Impairment

As of March 31, 2017, we reported a value of USD 1,361.2 million in goodwill and a value of USD 425.5 million in intangible assets representing 68.1% of our total assets.

We carry out annual impairment tests on goodwill and intangible assets in March of each fiscal year. As a result of such impairment tests, we may have to recognize impairment losses if indications of a potential impairment exist, such as if the future prospects of the Group's reporting units were to substantially deteriorate. For the year ended March 31, 2017, we recognized an impairment loss in the carrying value of goodwill allocated to EMEA and Asia Pacific equal to USD 30.0 million and USD 30.0 million, respectively. The impairments in EMEA and Asia Pacific were largely the result of our realignment of the segment structure that required us to allocate goodwill to each of our reportable units, which are the same as our reportable segments, and assess the fair value for each reportable unit to its carrying value (see "*—Segment Reporting*"). As a result of the impairment test, Management concluded that an adjustment to the carrying value of the goodwill was required in EMEA and in Asia Pacific due to a weaker macroeconomic outlook of the specific markets in the respective regions. In light of the recent introduction of reportable units, we expect that goodwill will need to be closely monitored in future periods for any indications that further impairments exist.

In addition, on November 1, 2016, we purchased and integrated the business of Consert Inc. ("**Consert**"), following its acquisition by Toshiba Corporation on February 6, 2013. Under U.S. GAAP, this transaction is accounted for as a "common control" transaction with the requirement that the Group present its consolidated accounts as if Consert was acquired on the date of Toshiba Corporation's acquisition for all periods during which the entities were under common control. In the fourth quarter of the fiscal year ended March 31, 2016, Consert had a triggering event requiring assessment of impairment for certain of its long-lived assets in conjunction with its restructuring activities. As a result of the assessment performed, Consert recognized in the year ended March 31, 2016 an impairment of goodwill of USD 22.9 million and an impairment of its Developed Technologies intangible assets of USD 11.2 million, which were both classified as an impairment of intangible and long-lived assets in the consolidated statements of operations.

See also "*Risk Factors—Risks related to Our Industry and Business—Our operating results can vary significantly due to the impairment of goodwill and other tangible and intangible assets due to changes in the business environment*".

Tax Expenses and Effective Tax Rate

Due to U.S. GAAP common control transaction rules, we reported Consert as consolidated legal entity during the period under review. Impairment charges were reflected in our operating income (i.e., reducing our operating income) as well as a release of valuation allowances that had been booked as a reserve on deferred tax assets. As a result, our group effective tax rate for the years ended March 31, 2017, 2016 and 2015 is not meaningful given the artificially low operating income and seemingly disproportionate tax expenses. Our effective tax rate for the year ended March 31, 2017 was 105.1%.

In the year ended March 31, 2017, our cash effective tax rate as a percentage of earnings before tax is expected to be around 12–14% more than the effective tax rate in our statement of operations.

Segment Reporting

In the fourth quarter of the financial year ended March 31, 2017, there was an organizational shift in the business as a result of the planned Offering. As a result, we retrospectively presented the following reportable segments: the Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific, which are also our reportable segments. Americas segment also includes Japan and other Asia Pacific markets that adhere to the U.S. ANSI standards. Prior to the realignment, we operated and managed our business as one distinct operating segment. To facilitate a comparison, these changes in segment reporting have been applied retrospectively the years ended March 31, 2016 and March 31, 2015. For the years ended March 31, 2017, 2016 and 2015, revenue to external customers from Americas represented 56.1%, 56.8% and 54.3% respectively, EMEA 35.4%, 34.2% and 34.3%, respectively, and Asia Pacific 8.5%, 9.0% and 11.4%, respectively. See "*Our Business—Regional Overview*" for additional information regarding our reportable segments.

The Chief Operating Decision Maker ("**CODM**") is our Chief Executive Officer. The CODM allocates resources to and assesses the performance of each operating segment. Each operating segment offers products for different applications and markets and provides separate financial information that is evaluated regularly by the CODM. Decisions by the CODM on how to allocate resources and assess performance are based on a reported measure of segment profitability. For the periods under review, we present two primary measures for evaluating segment performance: revenue to third parties (excluding any inter-company sales) and segment gross profit. Starting with the six-month period ending September 30, 2017, we will present EBITDA adjusted for certain items as described in more detail below (i.e., Adjusted EBITDA) as our segment measure of profitability and have also included a discussion of this measure in the following. Our outlook also takes this change in the measure of segment profitability into account and includes our expectations and outlook for Adjusted EBITDA at the segment level. See "*—Outlook for the year ended March 31, 2018 and Mid-Term Outlook.*"

See also "*Risk Factors—Risks related to Our Industry and Business—The preparation of the non-U.S. GAAP financial measures we use involves a high level of Management judgment and discretion*".

Results of Operations

The table below illustrates certain results of operation data for the periods indicated, which has been derived from our consolidated financial statements and related notes included elsewhere in this Offering Memorandum. Our historical results are not necessarily indicative of the operating results that may be expected in the future.

	Fiscal year ended March 31,					
(USD in millions, % are based on revenue)	**2017**		**2016**		**2015**	
Revenue	1,659.2	100%	1,573.5	100%	1,529.1	100%
Cost of revenue	1,117.0	67.3%	1,087.8	69.1%	1,040.8	68.1%
Gross profit	542.2	32.7%	485.7	30.9%	488.3	31.9%
Operating expenses						
Research and development	162.8	9.8%	148.3	9.4%	151.6	9.9%
Sales and marketing	104.7	6.3%	99.7	6.3%	100.0	6.5%
General and administrative	184.8	11.1%	145.3	9.2%	163.3	10.7%
Amortization of intangible assets	35.1	2.1%	42.4	2.7%	41.9	2.7%
Impairment of intangible and long-lived assets	60.0	3.6%	34.1	2.2%	–	–
Operating income	(5.3)	(0.3)%	15.9	1.1%	31.5	2.1%
Other income (expense)						
Interest income	0.5	0.0%	0.5	0.0%	0.7	0.0%
Interest expense	(11.2)	(0.7)%	(11.8)	(0.8)%	(13.5)	(0.9)%
Loss on foreign exchange related to intercompany loans, net	(14.3)	(0.9)%	(5.6)	(0.4)%	(8.9)	(0.6)%
Income (loss) before income tax expense	(30.3)	(1.8)%	(1.0)	(0.1)%	9.8	0.6%
Income tax (expense) benefit	(31.8)	(1.9)%	(12.5)	(0.8)%	0.5	0.1%
Net income (loss) before noncontrolling interests	(62.1)	(3.7)%	(13.5)	(0.9)%	10.3	0.7%
Net income attributable to noncontrolling interests, net of tax	0.5	0.0%	0.2	0.0%	0.0	0.0%
Net income (loss) attributable to Landis+Gyr Group AG	(62.6)	(3.8)%	(13.7)	(0.9)%	10.3	0.7%

Important Financial and Operational Terms and Concepts

Revenue

Revenue consists primarily of sales of our meters, both with and without our two-way communications technology, software license fees, services associated with our outsourced managed services contracts, and to a lesser extent, fees associated with training, installation and software design services, as well as post customer support services related to software licenses. In certain arrangements we purchase networking devices from vendors to be used in packaged solutions sold to end users. Such devices are sometimes sold at cost with no related margin. In these instances, we report revenue on a gross basis, principally because we are the primary obligor to the end user.

Cost of Revenue

Our direct cost of revenue includes both variable and fixed costs that are directly attributable to products sold and/or services rendered. This includes direct labor costs and the cost of all materials used in production (i.e. raw materials, components and sub-assemblies).

Our indirect cost of revenue includes all other variable and fixed costs that are indirectly attributable to products sold and/or services rendering. This includes other costs in connection with the product or service business that are not captured in the direct labor or material accounts, as well as other costs related to a service or software revenue stream. Indirect cost of revenue also includes, among other things, inventory allowance movements, inventory write-offs or write-downs, warranty accruals, product related technical work, compliance and penalties for contract performance delays, freight, insurance costs and lease/rental expenses.

Operating Expenses

Our operating expenses consist of research and development, sales and marketing, general and administrative expenses, amortization of intangibles and impairment of long lived and intangible assets.

Research and Development

Research and development expenses include all expenses (i.e., full cost) resulting from research and development activities during the reporting period (i.e., costs of research and development cost centers, plus allocations from auxiliary cost centers (Building, IT etc.) and any indirect costs of the research and development department). This also includes personnel cost of the employees in research and development functions, and also internal material cost, travel, IT, rent and leasing, consulting and the cost of technical works.

Sales and Marketing

Sales and marketing expenses include front-end sales, indirect sales and services, product management, marketing, advertising and trade show expenses, fixed costs for distribution channels and sales commissions to employees. Bad debt costs are reported as selling expenses.

General and Administrative

General and administrative expenses encompass management (CEO and CFO), group and segment headquarters, human resources, accounting/finance and IT expenses. In the short term, we expect that our general and administrative expenses will increase in preparation for becoming a public company, including costs associated with compliance with SIX ongoing reporting obligations, directors' and officers' liability insurance and increased professional services.

Amortization of Intangible Assets

Our intangible assets primarily consist of assets obtained through acquisitions, mainly through the acquisition of the Group by the Selling Shareholders, and are determined based on a fair value allocation of the total purchase price to the underlying assets acquired. Intangible assets that have arisen upon acquisition include trade name and trademarks, order backlog, customer contracts and relationships and developed technologies. Intangible assets with finite lives are amortized on a straight line basis over their estimated useful lives, which Management has determined is the methodology best reflective of the expected benefits arising from intangibles.

Impairment of Intangible and Long-Lived Assets

Goodwill is tested for impairment in the fourth quarter of each fiscal year or more often if an event or circumstance indicates that an impairment may have occurred. When evaluating goodwill for impairment, we use either a qualitative or quantitative assessment method for each reporting unit. The qualitative assessment involves determining, based on an evaluation of qualitative factors, if it is more likely than not that the fair value of a reporting unit is less than its carrying value. If, based on this qualitative assessment, it is determined to be more likely than not that the reporting unit's fair value is less than its carrying value or we elect not to perform the qualitative assessment for a reporting unit, we proceed to perform a quantitative impairment assessment. The simplified quantitative impairment test compares the fair value of a reporting unit (based on the income approach whereby the fair value of a reporting unit is calculated based on the present value of future cash flows) with its carrying value. If the carrying value of the reporting unit exceeds its fair value, we record an impairment charge equal to the difference.

Finite lived intangible assets and property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Where such indicators exist, we first compare the undiscounted cash flows expected to be generated by the asset (or asset group) to the carrying value of the asset (or asset group). If the carrying value of the long-lived asset exceeds the future undiscounted cash flows to be generated by the asset (or asset group), an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and assistance by third-party independent appraisals, as considered necessary.

Other Income (Expense)

Other income (expense) includes interest income, interest expense, loss on derivatives and non-operating foreign exchange items, net. For the periods under review, our Interest expense consisted mainly of interest incurred on the Shareholder Loan. For additional details, see "*—Indebtedness—Shareholder Loan*".

Historically, loss on derivatives and non-operating foreign exchange items, net, primarily relate to gains and losses recognized on the recurring revaluation of our derivative contracts and gains and losses recognized on the revaluation of loans denominated in currencies other than the functional currencies of the entities involved.

Income Tax Expense

Income tax expense includes (i) current income taxes for the current year (i.e., the amount of income tax payable (recoverable) in respect of taxable profit (loss) for the current period before the amount is reduced by available income tax credits, and includes withholding tax), (ii) deferred income tax expense (i.e., the change in opening versus closing tax balances) and (iii) current income taxes resulting from prior years (i.e., tax expenses/income which originate from adjustments or corrections to prior year tax positions as well as income tax-related interest, fines and penalties levied by the tax authorities).

Year Ended March 31, 2017 vs. Year Ended March 31, 2016

Revenue, Cost of Revenue and Gross Profit

	Fiscal year ended March 31,	
(USD in millions)	**2017**	**2016**
Revenue	1,659.2	1,573.5
Direct cost of revenue[(1)]	(823.7)	(749.5)
Contribution margin[(1)]	835.6	824.0
Indirect cost of revenue[(1)]	(293.4)	(338.2)
Gross profit	542.2	485.7

(1) Unaudited; Direct cost of revenue, Contribution margin and Indirect cost of revenue are non-U.S. GAAP financial measures. See "*Presentation of Financial and Other Information—Non-U.S. GAAP Financial Measures*".

Revenue

Our revenue increased by USD 85.8 million, or 5.5%, from USD 1,573.5 million in the year ended March 31, 2016 to USD 1,659.2 million in the year ended March 31, 2017, on a reported currency basis (6.8% on a constant currency basis). The increase in revenue was driven by stronger revenue in the EMEA and Americas segments increasing by USD 49.9 million and USD 37.3 million, respectively, as compared to the previous period. The EMEA segment experienced strong sales growth as major planned AMI rollouts commenced, but its sales growth was heavily impacted by foreign currency translation differences against the USD. In the Americas segment, the increase in revenue was driven by strong revenue growth in key markets, including Japan as a result of the TEPCO AMI Project and the United States. Meanwhile, the Asia Pacific segment revenue declined following a decrease in sales in key markets.

Direct Cost of Revenue and Contribution Margin

Our contribution margin increased by USD 11.6 million due to higher trading volume; however our contribution margin as a percentage of revenue decreased from 52.4% in the year ended March 31, 2016 to 50.4% in the year ended March 31, 2017. The decrease in contribution margin as a percentage of revenue was mainly related to the EMEA segment with a decrease in contribution margin as a percentage of revenue of 5.4% due to increased sales volumes from large AMI rollouts at a lower contribution margin as a percentage of revenue. Additionally, U.K. margins were impacted by a fall in the value of the GBP against USD and EUR after the "Brexit" referendum. The contribution margin as a percentage of revenue in the Americas segment remained stable at a high level, whereas the contribution margin as a percentage of revenue in the Asia Pacific segment decreased by 1% year-over-year.

Indirect Cost of Revenue and Gross Profit

Our indirect cost of revenue decreased by USD 44.8 million, or 13.3%, from USD 338.2 million in the year ended March 31, 2016 to USD 293.4 million in the year ended March 31, 2017. This decrease reflects in large part the lower warranty changes for the year ended March 31, 2017 as compared to the previous period that was negatively impacted by a large accrual recorded in the EMEA segment in the amount of USD 44.2 million for the X2 matter. In addition, the decrease was further driven by our increased efficiency measures, operational effects and certain currency effects. Revenue grew faster than the cost of revenue, and as a result gross profit increased by USD 56.5 million, or 11.6%, from USD 485.7 million (or 30.9% in percentage of revenue) in the year ended March 31, 2016 to USD 542.2 million (or 32.7% as a percentage of revenue) in the year ended March 31, 2017.

Operating Expenses

(USD in millions)	Fiscal year ended March 31, 2017	2016
Operating Expenses		
Research and development	162.8	148.3
Sales and marketing	104.7	99.7
General and administrative	184.8	145.3
Amortization of intangible assets	35.1	42.4
Impairment of intangible and long-lived assets	60.0	34.1
Total operating expenses	**547.4**	**469.8**

Research and Development

Our research and development expenses increased by USD 14.5 million, or 9.7%, from USD 148.3 million in the year ended March 31, 2016 to USD 162.8 million in the year ended March 31, 2017. The increase in research and development expenses was driven by additional headcount to support newly-awarded contracts. In the year ended March 31, 2016, personnel expenses related to research and development amounted to 63.6% of our total research and development expenses as compared to 64.1% for the year ended on March 31, 2017. In addition, research and development expenses were driven by customer customization requirements, especially in connection with the deployment of AMI projects, due to the particularities of each market and bespoke utility requirements. Customizations and products for bespoke markets represented 20% of our research and development expenses for the year ended March 31, 2017. We have also recently expanded our research and development efforts in connection with the development of platforms for devices, applications and networks.

Sales and Marketing

Our sales and marketing expenses increased by USD 5.0 million, or 5.0%, from USD 99.7 million in the year ended March 31, 2016 to USD 104.7 million in the year ended March 31, 2017. The increase in sales and marketing expenses was primarily driven by higher payroll expense as a result of continued investment in our sales efforts for large scale AMI deployment contracts. Non-personnel expenses largely related to travel expenses, consulting expenses and advertising and promotional expenses.

General and Administrative

Our general and administrative expenses increased by USD 39.5 million, or 27.2%, from USD 145.3 million in the year ended March 31, 2016 to USD 184.8 million in the year ended March 31, 2017. The increase in general and administrative expenses was driven primarily by a settlement amount (including legal costs) for a patent case of USD 15.6 million in the United States, USD 6.0 million professional service fees incurred by the corporate function in relation to due diligence for potential acquisition of an external company and an increase of USD 5.8 million primarily related to IT service expenses as a result of SAP harmonization in EMEA and in Asia Pacific. The increase in general and administrative for the year ended March 31, 2017 also reflects the impact during the previous period of the non-recurring insurance settlement of USD 8 million in the year ended March 31, 2016 in Australia to cover the cost from the flood, offsetting costs that were recorded in the indirect cost of revenue for that same period.

Amortization of intangible assets

In addition to certain amortization charges included in cost of revenue in the amount of USD 14.1 million for the year ended March 31, 2017, our amortization of intangible assets decreased by USD 7.3 million, or 17.2%, from USD 42.4 million in the year ended March 31, 2016 to USD 35.1 million in the year ended March 31, 2017. The decrease in amortization of intangible assets was driven in part by customer-related intangible assets in America which were fully amortized as of March 31, 2016.

Impairment of goodwill and other intangible assets

Our impairment of intangible and long-lived assets amounted to USD 60.0 million in the year ended March 31, 2017 compared to USD 34.1 million in the year ended March 31, 2016. In the year ended March 31, 2017 we impaired part of our goodwill as a result of the organizational shift to three regional operating segment and reporting units (an amount of USD 30.0 million was impaired both in the EMEA segment and in the Asia Pacific segment). In the year ended March 31, 2016 we impaired certain intangible assets in Consert (which is included in the Americas segment), including trademarks, technologies, customer contracts, software and goodwill.

Operating Income

Operating income decreased by USD 21.2 million, or (133.3)%, to USD (5.3) million for the year ended March 31, 2017 from USD 15.9 million for the year ended March 31, 2016 largely as a result of a goodwill impairment of USD 60.0 million, higher overhead expenses partly offset by higher trading volume in combination with lower indirect cost of revenue. Operating income included depreciation and amortization of USD 96.2 million for the year ended March 31, 2017 and USD 110.0 million for the year ended March 31, 2016, which are included in various line items on our income statement.

Operating income before depreciation and amortization, and impairment, which corresponds to EBITDA, decreased by USD 9.2 million, or (5.7)%, to USD 150.8 million for the year ended March 31, 2017 from USD 160.0 million for the year ended March 31, 2016. EBITDA included non-recurring and other items in the fiscal year ended March 31, 2017, which amounted to USD 61.1 million. These non-recurring and other items included (i) exceptional warranty related expenses of USD 6.5 million in respect of the X2 matter, (ii) warranty normalization adjustments of USD 25.2 million, included to adjust warranty expenses to the three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims, (iii) legal and settlement costs of USD 15.6 million related to an intellectual property infringement case in the United States, (iv) restructuring expenses in the amount of USD 3.8 million relating to operational restructuring in Brazil and costs associated with Project Phoenix in EMEA, and (v) certain other non-recurring items amounting to USD 10.2 million, including costs associated with a contemplated acquisition and certain secondee costs. In the fiscal year ended March 31, 2016, adjustments for these items amounted to (i) USD 44.2 million, (ii) USD 5.4 million, (iii) USD 1.4 million, (iv) USD 5.9 million and (v) USD 4.1 million, respectively, while total non-recurring and other items amounted to USD 61.1 million.

Adjusted EBITDA, which corresponds to EBITDA adjusted for certain non-recurring or other items that Management believes are not indicative of operational performance (as outlined above), decreased by USD 9.0 million or (4.0)% from USD 221.0 million in the year ended March 31, 2016 to USD 212.0 million in the year ended March 31, 2017. The decrease in Adjusted EBITDA was driven by lower Adjusted EBITDA in the EMEA segment with USD (9.3) million and in the Asia Pacific segment with USD (3.5) million, partly offset by the higher Adjusted EBITDA in the Americas segment of USD 2.6 million. The Americas segment profitability was higher due to a combination of increased sales and increased sales of higher margin products. However, despite higher sales in the EMEA segment, its profitability was lower due to lower contribution margins attributable to a shift in product mix. The Asia Pacific segment's lower profitability was due to lower turnover and deteriorated margins.

Other Income (Expense)

	Fiscal year ended March 31,	
(USD in millions)	**2017**	**2016**
Interest income	0.5	0.5
Interest expense	(11.2)	(11.8)
Loss on foreign exchange related to intercompany loans, net	(14.3)	(5.6)
Income (loss) before income tax expense	30.3	(1.0)
Income tax (expense) benefit	(31.8)	(12.5)

Interest income

Our interest income decreased by USD 0.02 million, or 3.8%, from USD 0.53 million in the year ended March 31, 2016 to USD 0.51 million in the year ended March 31, 2017. The decrease in interest income was driven by reduced interest earned from cash on hand in certain countries, including Brazil, South Africa and China.

Interest expense

Our interest expense decreased by USD 0.6 million, or 5.1%, from USD 11.8 million in the year ended March 31, 2016 to USD 11.2 million in the year ended March 31, 2017. The decrease in interest expense was driven by lower interest paid on our Shareholder Loan following our USD 70.0 million repayment of principal outstanding during the year ended March 31, 2017.

Loss on foreign exchange related to intercompany loans, net

Our loss on foreign exchange related to intercompany loans, net increased by USD 8.8 million, or 157.1%, from a loss of USD 5.6 million in the year ended March 31, 2016 to a loss of USD 14.3 million in the year ended March 31, 2017. The increase in loss on foreign exchange related to intercompany loans, net, was driven primarily by the weaker GBP against the EUR and the USD following the "Brexit" vote in June 2016, as well as the stronger USD against the EUR and CHF.

Income tax expense

Our income tax expense increased by USD 19.3 million, from USD 12.5 million in the year ended March 31, 2016 to USD 31.8 million in the year ended March 31, 2017. The variance in total income tax expense was driven by higher current tax expense in the U.S., reflecting the higher taxable income, partially offset by a deferred tax benefit from the reversal of timing differences.

Segment Information

The following tables set forth revenue, contribution margin and gross profit for our segments: Americas, EMEA and Asia Pacific for the years ended March 31, 2017 and 2016. We have also included Adjusted EBITDA for each of our segments, which we will present as our main segment measure of profitability beginning for the six-month period ending September 30, 2017.

	Fiscal year ended March 31,			
(USD in millions)	2017		2016	
		% of total[(1)]		% of total[(1)]
Revenue				
Americas	934.4	56.3	896.3	57.0
thereof to external customers	**931.2**	**56.1**	**893.9**	**56.8**
thereof to other segments	3.2	0.2	2.4	0.2
EMEA	645.9	38.9	588.8	37.4
thereof to external customers	**587.8**	**35.4**	**537.9**	**34.2**
thereof to other segments	58.1	3.5	50.9	3.2
Asia Pacific	144.5	8.7	146.4	9.3
thereof to external customers	**140.2**	**8.4**	**141.7**	**9.0**
thereof to other segments	4.3	0.3	4.8	0.3
Elimination	(65.5)	(3.9)	(58.0)	(3.7)
Total	**1,659.2**	**100.0**	**1,573.5**	**100.0**
Contribution margin (*unaudited*) [(2)]				
Americas	544.7	32.8	521.3	33.1
EMEA	242.1	14.6	252.2	16.0
Asia Pacific	48.5	2.9	50.7	3.2
Gross Profit (*unaudited*)				
Americas	368.0	22.2	345.4	22.0
EMEA	145.5	8.8	115.6	7.3
Asia Pacific	28.4	1.7	24.9	1.6
Adjusted EBITDA (*unaudited*) [(3)]				
Americas	195.0	11.8	192.3	12.2
EMEA	1.0	0.1	10.3	0.7
Asia Pacific	(2.6)	(0.2)	0.9	0.1
Corporate unallocated	18.6		17.6	
Total	**212.0**	**12.8**	**221.0**	**14.0**

(1) Percentages herein are expressed as a percentage of total revenue for the respective segment.

(2) Contribution margin included intercompany profits is a non-U.S. GAAP financial measure. See "*Presentation of Financial and Other Information—Non-U.S. GAAP Financial Measures*".

(3) Adjusted EBITDA is calculated as net income (loss) excluding interest income and expense, net, gain (loss) on foreign exchange related to intercompany loans, net, depreciation and amortization, impairment of intangible and long-lived assets, restructuring charges, exceptional warranty related expenses, warranty normalization adjustments, special items, and income tax expense. Adjusted EBITDA is a non-U.S. GAAP financial measure. See "*Presentation of Financial and Other Information—Non-U.S. GAAP Financial Measures*". For a reconciliation of segment Adjusted EBITDA to segment EBITDA, see "*Summary Financial Information and Other Data—Other Financial and Operating Data*" and "*Selected Financial Information and Other Data—Other Financial and Operating Data* ".

Americas

Segment Revenue

Our revenue to external customers in the Americas segment increased by USD 37.3 million, or 4.2%, from USD 893.9 million in the year ended March 31, 2016 to USD 931.2 million in the year ended March 31, 2017, on a reported currency basis (3.4% on a constant currency basis). The increase in revenue to external customers in the Americas segment was primarily driven by an increase in IOU sales in North America resulting from significant contract ramp-ups with a Canadian utility and US utility. The increase in revenue to external customers was also driven by the TEPCO AMI Project entering into a phase of maximum deployment speed. We also increased sales to PP utilities resulting in higher volumes RF (radio frequency) standard in the public sector. The increase in revenue to external customers in North America was offset by a decline in revenue to external customers in South America largely as a result of general economic weakness in the region combined with the decline of the Brazilian Real against the USD.

Segment Contribution Margin and Gross Profit

Our contribution margin in the Americas segment increased by USD 23.4 million and the contribution margin as a percentage of revenue to external customers by 0.1%, from USD 521.3 million in the year ended March 31, 2016 to USD 544.7 million in the year ended March 31, 2017. Our gross profit in the Americas segment increased by USD 22.6 million by 6.5%, from USD 345.4 million in the year ended March 31, 2016 to USD 368.0 million in the year ended March 31, 2017. There was an increase in contribution margin and gross profit driven by an increase in sales to PP utilities as the transition to RF intensified with higher contribution margin product sales and by the completion of lower margin projects with IOU customers. This increase was, however, offset by a decline in contribution margin as the TEPCO AMI Project became more hardware oriented at a lower contribution margin.

Segment Adjusted EBITDA

Adjusted EBITDA in the Americas segment increased by USD 2.7 million, or 1.5%, from USD 192.3 million in the year ended March 31, 2016 to USD 195.0 million in the year ended March 31, 2017. The increase in Adjusted EBITDA is largely the result of increased revenue and improved gross profit margins to external customers in the North American AMI market. Adjustments to EBITDA for the periods under review relate predominately to warranty normalization adjustments. Additionally, for the year ended March 31, 2017, we also made an adjustment to EBITDA in the Americas segment for a patent litigation settlement. For a reconciliation of Adjusted EBITDA on a segment basis to Adjusted EBITDA on a Group basis, see "*Summary Financial Information and Other Data—Other Financial and Operating Data*" and "*Selected Financial Information and Other Data—Other Financial and Operating Data*".

EMEA

Segment Revenue

Our revenue to external customers in the EMEA segment increased by USD 49.9 million, or 9.3%, from USD 537.9 million in the year ended March 31, 2016 to USD 587.8 million in the year ended March 31, 2017, on a reported currency basis (14.9% on a constant currency basis). The increase in revenue to external customers in the EMEA segment was driven by AMI deployments in the Netherlands, the U.K. and France. The increase was partly offset by a reduction in sales following (i) the conclusion of rollout programs in Estonia and Poland and (ii) a shift in adopted technology away from mechanical and ICG metering towards AMI metering for the key energy products markets (e.g., the U.K.).

Segment Contribution Margin and Gross Profit

The contribution margin in the EMEA segment decreased by USD 10.1 million, or 4.0%, from USD 252.2 million in the year ended March 31, 2016 to USD 242.1 million in the year ended March 31, 2017. Gross profit in the EMEA segment increased by USD 29.9 million, or 25.9%, from USD 115.6 million in the year ended March 31, 2016 to USD 145.5 million in the year ended March 31, 2017. The decrease in contribution margin in the EMEA segment was driven by the launch of second generation smart meters at a lower profitability margin combined with a currency exchange impact against the GBP following the "Brexit" referendum, lower product prices in France, and a decline in sales in Estonia and Poland. The increase in gross profit resulted mainly from lower warranty charges for the year ended March 31, 2017 as compared to the previous period that was negatively impacted by a large provision recorded in connection with the X2 matter.

Segment Adjusted EBITDA

Adjusted EBITDA in the EMEA segment decreased by USD 9.3 million, or 90.7%, from USD 10.3 million in the year ended March 31, 2016 to USD 1.0 million in the year ended March 31, 2017. The decrease in profitability in the EMEA segment was driven by the launch of second generation smart meters at a lower profitability margin, along with an adverse currency exchange impact in the U.K., as well as lower prices on products in certain regions (i.e., in France) and a decline in sales in Estonia and Poland. Adjustments to EBITDA for the periods under review relate predominately to warranty normalization adjustments and exceptional warranty related expenses. In addition, we adjusted for other special items that related to increased provisions for one customer issue and delay penalties with another customer. For a reconciliation of Adjusted EBITDA on a segment basis to Adjusted EBITDA on a Group basis, see "*Summary Financial Information and Other Data—Other Financial and Operating Data*" and "*Selected Financial Information and Other Data—Other Financial and Operating Data*".

Asia Pacific

Segment Revenue

Our revenue to external customers in the Asia Pacific segment decreased by USD 1.5 million, or 1.0%, from USD 141.7 million in the year ended March 31, 2016 to USD 140.2 million in the year ended March 31, 2017, on a reported currency basis (1.1% on a constant currency basis). The decrease in revenue to external customers in the Asia Pacific segment was driven by lower sales and reduced product margins in Australia and India due to lower tender volumes largely resulting from pending regulatory changes that introduced some uncertainty in these markets. The decrease was partly off-set by higher demand for Smart-Grid products and solutions in Singapore and Hong Kong, in particular an AMI pilot project in Hong Kong.

Segment Contribution Margin and Gross Profit

Our contribution margin in the Asia Pacific segment decreased by USD 2.2 million, or 4.2%, from USD 50.7 million in the year ended March 31, 2016 to USD 48.5 million in the year ended March 31, 2017. Our gross profit in the Asia Pacific segment increased by USD 3.5 million, or 14.1%, from USD 24.9 million in the year ended March 31, 2016 to USD 28.4 million in the year ended March 31, 2017. Specifically, in Australia and New Zealand the decline in contribution margin was driven by a weakened Australian dollar which increased raw material costs due to a transactional foreign exchange mismatch of Australian dollar and USD. This was partly offset by a better product mix with a higher proportion of gas sales in Australia and New Zealand. In South-East Asia, there was an absolute increase in sales volume, but a decline in contribution margins due to the impact of the Hong Kong AMI pilot project. In India, profitability was reduced as a result of increased price pressure on non-AMI meters due to regulatory uncertainty.

Segment Adjusted EBITDA

Adjusted EBITDA in the Asia Pacific segment decreased by USD 3.5 million, or 389%, from USD 0.9 million in the year ended March 31, 2016 to USD (2.6) million in the year ended March 31, 2017. The decrease in profitability in the Asia Pacific segment was driven by the lower sales described above, combined with lower margins. For the year ended March 31, 2017, adjustments to EBITDA in the Asia Pacific segment largely related to the start-up costs for our business subsidiary intelliHUB (USD 3.7 million). For a reconciliation of Adjusted EBITDA on a segment basis to Adjusted EBITDA on a Group basis, see "*Summary Financial Information and Other Data—Other Financial and Operating Data*" and "*Selected Financial Information and Other Data—Other Financial and Operating Data*".

Corporate Unallocated

Our corporate unallocated profitability increased by USD 1.0 million, or 5.7%, from USD 17.6 million in the year ended March 31, 2016 to USD 18.6 million in the year ended March 31, 2017. Corporate unallocated profitability was driven by fees from Group companies in relation to brand licenses and management fees, less corporate expenses.

Year Ended March 31, 2016 vs. Year Ended March 31, 2015

Revenue, Cost of Revenue and Gross Profit

(USD in millions)	Fiscal year ended March 31, 2016	2015
Revenue	1,573.5	1,529.1
Direct cost of revenue[(1)]	(749.5)	(738.8)
Contribution margin[(1)]	824.0	790.2
Indirect cost of revenue[(1)]	(338.2)	(302.0)
Gross profit	485.7	488.3

(1) Unaudited; Direct cost of revenue, Contribution margin and Indirect cost of revenue are non-U.S. GAAP financial measures. See "*Presentation of Financial and Other Information—Non-U.S. GAAP Financial Measures*".

Revenue

Our revenue increased by USD 44.4 million, or 2.9%, from USD 1,529.1 million in the year ended March 31, 2015 to USD 1,573.5 million in the year ended March 31, 2016, on a reported currency basis (12.1% on a constant currency basis). The increase in revenue was driven by the deployment of two large projects in North America and in Japan (i.e., the TEPCO AMI Project), combined with the rollout of three AMI projects in the EMEA segment.

Direct Cost of Revenue and Contribution Margin

Our contribution margin as a percent of revenue increased from 51.7% in the year ended March 31, 2015 to 52.4% in the year ended March 31, 2016. The year-over-year increase of 0.7% was mainly related to the Americas segment with an increased contribution margin as a percent of revenue of 2.1%. The Americas' contribution margin as a percent of revenue strengthened as lower margin projects with IOU customers were completed and sales to PP utilities increased as the transition to RF intensified. The increased contribution margin as a percent of revenue from the Americas segment was offset by declining contribution margin as a percent of revenue in the EMEA and Asia Pacific segments that decreased by 1.1% and 1.9%, respectively.

Indirect Cost of Revenue and Gross Profit

Our indirect cost of revenue increased by USD 36.2 million, or 12.0%, from USD 302.0 million in the year ended March 31, 2015 to USD 338.2 million in the year ended March 31, 2016. The indirect cost of revenue in the year ended March 31, 2016 was negatively impacted by the X2 matter. Our gross profit decreased by USD 2.6 million from USD 488.3 million in the year ended March 31, 2015 to USD 485.7 million in the year ended March 31, 2016. As such, gross profit as a percent of revenue decreased by 1.0% year-over-year to 30.9% for the year ended March 31, 2016 from 31.9% for the year ended March 31, 2015.

Operating Expenses

(USD in millions)	Fiscal year ended March 31, 2016	2015
Research and development	148.3	151.6
Sales and marketing	99.7	100.0
General and administrative	145.3	163.3
Amortization of intangible assets	42.4	41.9
Impairment of intangible and long-lived assets	34.1	–
Total operating expenses	**469.8**	**456.8**

Research and Development

Our research and development expenses decreased by USD 3.3 million, or 2.1%, from USD 151.6 million in the year ended March 31, 2015 to USD 148.3 million in the year ended March 31, 2016. The decrease in research and development expense was primarily driven by lower research and development costs in Europe largely as a result of a weaker USD against CHF and EUR. For the year ended March 31, 2016, approximately 44%, 26% and 30% of our research and development expenses related to investments in software, embedded software and hardware development, respectively.

Sales and Marketing

Our sales and marketing expenses decreased by USD 0.3 million, or 0.3%, from USD 100.0 million in the year ended March 31, 2015 to USD 99.7 million in the year ended March 31, 2016. The level of sales and marketing expenses remained largely stable despite higher expenses for inquiries, audits and consulting in connection with the establishment of intelliHUB in Australia in the year ended March 31, 2016, offset by lower personnel expenses primarily in the EMEA and Asia Pacific segments and a combination of lower non-personnel expenses largely related to travel expenses and miscellaneous expenses.

General and Administrative

Our general and administrative expenses decreased by USD 18.0 million, or 11.0%, from USD 163.3 million in the year ended March 31, 2015 to USD 145.3 million in the year ended March 31, 2016. The decrease in general and administrative expenses was driven by savings made across the regions on IT, personnel, travel and consulting expenses combined with the impact of one-off expenses related to the settlement of a legal matter in Brazil (USD 6.6 million) in fiscal year 2014. The decrease in general and administrative expenses reflects the impact of the non-recurring insurance settlement of USD 8 million in the year ended March 31, 2016 in Australia to cover the cost from the flood, which offset costs that were booked in the indirect cost of revenue.

Amortization of intangible assets

In addition to certain amortization charges included in cost of revenue in the amount of USD 14.0 million for the year ended March 31, 2016, our amortization of intangible assets increased by USD 0.5 million, or 1.2%, from USD 41.9 million in the year ended March 31, 2015 to USD 42.4 million in the year ended March 31, 2016. The increase in amortization of intangible assets was driven by foreign currency translation.

Impairment of goodwill and other intangible assets

Our impairment of goodwill and other intangible assets increased from zero in the year ended March 31, 2015 to USD 34.1 million in the year ended March 31, 2016. The increase in impairment of goodwill and other intangible assets was driven by the reassessment at fair value of Consert's intangible assets in the fourth quarter of fiscal year ended March 31, 2016 following a triggering event that required the assessment of impairment for certain of its long-lived assets in conjunction with its restructuring activities.

Operating Income

Operating income decreased by USD 15.6 million, or 49.5%, to USD 15.9 million for the year ended March 31, 2016 from USD 31.5 million for the year ended March 31, 2015 largely as a result of an impairment of intangible assets of USD 34.1 million recorded in respect of Consert in the Americas segment in the year ended March 31, 2016 and higher indirect cost of revenue as the year ended March 31, 2016 was negatively impacted by a large warranty accrual recorded in Europe for a quality-related warranty matter (i.e., the X2 matter). Operating income included depreciation and amortization of USD 110.0 million for the year ended March 31, 2016 and USD 114.8 million for the year ended March 31, 2015, which are included in various line items on our income statement.

Operating income before depreciation and amortization and impairment of intangible assets, which corresponds to EBITDA, increased by USD 13.7 million, or 9.4%, to USD 160.0 million for the year ended March 31, 2016 from USD 146.3 million for the year ended March 31, 2015. EBITDA included non-recurring and other items in the fiscal year ended March 31, 2016, which amounted to USD 61.1 million. These non-recurring and other items included (i) exceptional warranty expenses in EMEA in an amount of USD 44.2 million related to the X2 matter; (ii) warranty normalization adjustments in an amount of USD 5.5 million included to adjust for the divergence from three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims; (iii) legal costs of USD 1.4 million related to an intellectual property infringement case in the United States; (iv) a legal case in South America in the amount of USD 0.5 million; (v) restructuring expenses in the amount of USD 5.9 million relating to operational restructuring in Germany, Switzerland, Finland and the U.K.; and (vi) certain other non-recurring items amounting to USD 3.6 million, including USD 3.3 million in costs for the establishment of a new business in Australia (intelliHUB). In the fiscal year ended March 31, 2015, adjustments for these items amounted to (i) USD 15.8 million, (ii) USD (8.4) million, (iii) USD 1.2 million, (iv) USD 6.6 million, (v) USD 9.2 million and (vi) USD (11.3) million, respectively, while total non-recurring and other items amounted to USD 13.0 million.

Adjusted EBITDA, which corresponds to EBITDA adjusted for certain non-recurring or other items that Management believes are not indicative of operational performance (as outlined above), increased by USD 61.7 million, or 38.7%, from USD 159.3 million in the year ended March 31, 2015 to USD 221.0 million in the year ended March 31, 2016. The increase in Adjusted EBITDA was driven in large part by higher profitability in the Americas segment as a result of increased contribution margin relating to our AMI deployment in Japan.

Other Income (Expense)

	Fiscal year ended March 31,	
(USD in millions)	**2016**	**2015**
Interest income	0.5	0.7
Interest expense	(11.8)	(13.5)
Loss on foreign exchange related to intercompany loans, net	(5.6)	(8.9)
Income (loss) before income tax expense	(1.0)	9.8
Income tax (expense) benefit	(12.5)	0.5

Interest income

Our interest income remained quite stable year-over-year with a slight decrease of USD 0.2 million, or 28.6%, from USD 0.7 million in the year ended March 31, 2015 to USD 0.5 million in the year ended March 31, 2016.

Interest expense

Our interest expense decreased by USD 1.7 million, or 12.6%, from USD 13.5 million in the year ended March 31, 2015 to USD 11.8 million in the year ended March 31, 2016. The decrease in interest expense was driven by our lower debt towards our shareholders following the repayment plan of USD 70.0 million/annum.

Loss on foreign exchange related to intercompany loans, net

Our loss on foreign exchange related to intercompany loans, net decreased by USD 3.3 million, or 37.1%, from a loss of USD 8.9 million in the year ended March 31, 2015 to a loss of USD 5.6 million in the year ended March 31, 2016. The decrease in loss on foreign exchange related to intercompany loans, net was driven by a more favorable USD versus Brazilian Real exchange rate.

Income tax expense

Our income tax expense increased by USD 13.0 million, from a tax benefit of USD 0.5 million in the year ended March 31, 2015 to a tax expense of USD 12.5 million in the year ended March 31, 2016. The variance in income tax expense was driven by a combination of higher current income tax in the U.S. (as a result of increased operating income), higher deferred taxes across the regions and additional uncertain tax position liabilities (FIN 48), partially offset by a deferred tax benefit from the reversal of timing differences.

Segment Information

The following tables set forth revenue, contribution margin and gross profit for our segments: Americas, EMEA and Asia Pacific for the years ended March 31, 2016 and 2015. We have also included Adjusted EBITDA for each of our segments, which we will present as our main segment measure of profitability beginning for the six-month period ending September 30, 2017.

	Fiscal year ended March 31,			
(USD in millions)	**2016**		**2015**	
		% of total[1]		% of total[1]
Revenue				
Americas	896.3	57.0	830.9	54.3
thereof to external customers	**893.9**	**56.8**	**829.9**	**54.2**
thereof to other segments	2.4	0.2	1.0	0.1
EMEA	588.8	37.4	589.7	38.6
thereof to external customers	**537.9**	**34.2**	**524.7**	**34.3**
thereof to other segments	50.9	3.2	65.1	4.3
Asia Pacific	146.4	9.3	182.1	11.9
thereof to external customers	**141.7**	**9.0**	**174.5**	**11.4**
thereof to other segments	4.8	0.3	7.6	0.5
Eliminations	(58.0)	(3.7)	(73.6)	(4.8)
Total	**1,573.5**	**100.0**	**1,529.1**	**100.0**
Contribution margin (*unaudited*) [2]				
Americas	521.3	33.1	465.9	30.5
EMEA	252.2	16.0	258.9	16.9
Asia Pacific	50.7	3.2	66.4	4.3
Gross Profit				
Americas	345.4	22.0	291.2	19.0
EMEA	115.6	7.3	159.2	10.4
Asia Pacific	24.9	1.6	38.7	2.5
Adjusted EBITDA (*unaudited*) [3]				
Americas	192.3	12.2	146.9	9.6
EMEA	10.3	0.7	5.4	0.4
Asia Pacific	0.9	0.1	11.2	0.7
Corporate unallocated	17.6		(4.2)	
Total	**221.0**	**14.0**	**159.3**	**10.4**

[1] Percentages herein are expressed as a percentage of total revenue for the respective segment.

[2] Contribution margin included intercompany profits is a non-U.S. GAAP financial measure. See "*Presentation of Financial and Other Information—Non-U.S. GAAP Financial Measures*".

[3] Adjusted EBITDA is calculated as net income (loss) excluding interest income and expense, net, gain (loss) on foreign exchange related to intercompany loans, net, depreciation and amortization, impairment of intangible and long-lived assets, restructuring charges, exceptional warranty related expenses, warranty normalization adjustments, special items, and income tax expense. Adjusted EBITDA is a non-U.S. GAAP financial measure. See "*Presentation of Financial and Other Information—Non-U.S. GAAP Financial Measures*". For a reconciliation of segment Adjusted EBITDA to segment EBITDA, see "*Summary Financial Information and Other Data—Other Financial and Operating Data*" and "*Selected Financial Information and Other Data—Other Financial and Operating Data*".

Americas

Segment Revenue

Our revenue to external customers in the Americas segment increased by USD 64.0 million, or 7.7%, from USD 829.9 million in the year ended March 31, 2015 to USD 893.9 million in the year ended March 31, 2016, on a reported currency basis (14.7% on a constant currency basis). The increase in revenue to external customers in the Americas segment was driven by increased sales volume in connection with the TEPCO AMI Project in Japan entering its maximum deployment speed phase, sales to the U.S. public power market increasing as this market expands, and the successful renewal of several managed service contracts using AMI technology.

Segment Contribution Margin and Gross Profit

Our contribution margin in the Americas segment increased by USD 55.4 million, or 11.9%, from USD 465.9 million in the year ended March 31, 2015 to USD 521.3 million in the year ended March 31, 2016. Our gross profit in the Americas segment increased by USD 54.2 million, or 18.6%, from USD 291.2 million in the year ended March 31, 2015 to USD 345.4 million in the year ended March 31, 2016. The increase in contribution margin and gross profit was due to the rampup of the TEPCO AMI Project, as well as an increase in sales to PP customers and managed service customers in North America, which offset declines in sales to IOU customers and in South America.

Segment Adjusted EBITDA

Adjusted EBITDA in the Americas segment increased by USD 45.4 million, or 30.9%, from USD 146.9 million in the year ended March 31, 2015 to USD 192.3 million in the year ended March 31, 2016. The increase in profitability in the Americas was driven by higher contribution margin on increased sales, which was partly offset by higher research and development expenses and an increase in management fees. For a reconciliation of Adjusted EBITDA on a segment basis to Adjusted EBITDA on a Group basis, see "*Summary Financial Information and Other Data—Other Financial and Operating Data*" and "*Selected Financial Information and Other Data—Other Financial and Operating Data*".

EMEA

Segment Revenue

Our revenue to external customers in the EMEA segment increased by USD 13.2 million, or 2.5% from USD 524.7 million in the year ended March 31, 2015 to USD 537.9 million in the year ended March 31, 2016, on a reported currency basis (14.6% on a constant currency basis). The increase in revenue to external customers in the EMEA segment was driven by the start of significant AMI deployments in the U.K., in the Netherlands and in Poland.

Segment Contribution Margin and Gross Profit

Our contribution margin in the EMEA segment decreased by USD 6.7 million, or 2.6%, from USD 258.9 million in the year ended March 31, 2015 to USD 252.2 million in the year ended March 31, 2016. Our gross profit in the EMEA segment decreased by USD 43.6 million, or 27.4%, from USD 159.2 million in the year ended March 31, 2015 to USD 115.6 million in the year ended March 31, 2016. Despite the increase in sales driven by significant rollouts in the U.K., in the Netherlands and in Poland, the decrease in contribution margin was driven by a change in the mix of our sales towards lower margin products across the EMEA segment. Gross profit decreased in large part as a result of a large provision recorded in connection with the X2 matter for the year ended March 31, 2016.

Segment Adjusted EBITDA

Adjusted EBITDA in the EMEA segment increased by USD 4.9 million, or 90.7%, from USD 5.4 million in the year ended March 31, 2015 to USD 10.3 million in the year ended March 31, 2016. The increase in profitability in the EMEA segment was driven by the rollouts in the U.K., in the Netherlands and in Poland, offset by a change in the mix of our sales towards lower margin products across the EMEA segment. For the year ended March 31, 2016, adjustments to EBITDA in the EMEA segment largely related to the X2 matter. For a reconciliation of Adjusted EBITDA on a segment basis to Adjusted EBITDA on a Group basis, see "*Summary*

Financial Information and Other Data—Other Financial and Operating Data" and *"Selected Financial Information and Other Data—Other Financial and Operating Data*".

Asia Pacific

Segment Revenue

Our revenue to external customers in the Asia Pacific segment decreased by USD 32.8 million, or 18.8%, from USD 174.5 million in the year ended March 31, 2015 to USD 141.7 million in the year ended March 31, 2016, on a reported currency basis (8.6% on a constant currency basis). The decrease in revenue to external customers in the Asia Pacific segment in constant currency terms was primarily driven by reduced sales in India due to difficult market conditions.

Segment Contribution Margin and Gross Profit

Our contribution margin in the Asia Pacific segment decreased by USD 15.7 million, or 23.6%, from USD 66.4 million in the year ended March 31, 2015 to USD 50.7 million in the year ended March 31, 2016. Our gross profit in the Asia Pacific segment decreased by USD 13.8 million, or 35.7%, from USD 38.7 million in the year ended March 31, 2015 to USD 24.9 million in the year ended March 31, 2016. The decrease in contribution margin was driven by lower sales and higher material costs mainly due to currency effects. Gross profit decreased due to lower contribution margin, offset by lower indirect costs of revenue following a decrease in sales.

Segment Adjusted EBITDA

Adjusted EBITDA in the Asia Pacific segment decreased by USD 10.3 million, or 92.0%, from USD 11.2 million in the year ended March 31, 2015 to USD 0.9 million in the year ended March 31, 2016. The decrease in profitability in the Asia Pacific segment was driven by the combination of lower sales, unfavorable exchange rates and higher material costs. For the year ended March 31, 2016, adjustments to EBITDA in the Asia Pacific segment largely related to the startup costs for our business subsidiary intelliHUB (USD 3.3 million). For a reconciliation of Adjusted EBITDA on a segment basis to Adjusted EBITDA on a Group basis, see "*Summary Financial Information and Other Data—Other Financial and Operating Data*" and "*Selected Financial Information and Other Data—Other Financial and Operating Data*".

Corporate Unallocated

Our corporate unallocated profitability increased by USD 21.8 million from USD (4.2) million in the year ended March 31, 2015 to USD 17.6 million in the year ended March 31, 2016. The increase was driven by a larger net income from intercompany fees (an increase of USD 16.8 million in the year ended March 31, 2016) mainly due to the change of basis of the calculation of such management fees.

Liquidity and Capital Resources

We have historically funded our operations and growth with cash flow from operations and borrowings. Cash flows may fluctuate and are sensitive to many factors including changes in working capital, timing and magnitude of capital expenditures and repayment of debt.

We believe that cash flow from operating activities as well as borrowing capacity under our UBS Credit Facility will be sufficient to fund currently anticipated working capital, planned capital spending and debt service requirements for at least the next twelve months. However, we will be required to refinance the UBS Credit Facility as it becomes due on May 31, 2018, and our future liquidity depends on our ability to refinance the UBS Credit Facility; see "*—Indebtedness—UBS Credit Facility*". Over the longer term, we believe that our cash flows from operating activities and available cash and cash equivalents and access to borrowing facilities, will be sufficient to fund our capital expenditures and debt service requirements. We also regularly review acquisition and other strategic opportunities, which may require additional debt or equity financing. For risks associated with our liquidity and capital resources, see "*Risk Factors—Risks Related to Our Industry and Business—We are exposed to certain risks associated with the UBS Credit Facility*" and "*Risk Factors—Risks Related to Our Industry and Business—We may need additional capital in the future and it may not be available on terms favorable to us or at all*".

Cash Flows

(USD in millions)	Fiscal year ended March 31, 2017	2016	2015
Cash flows provided by (used in) operating activities	95.1	119.2	147.6
Cash flows provided by (used in) investing activities	(46.9)	(39.5)	(55.4)
Cash flows provided by (used in) financing activities	31.5	(75.8)	(98.3)

Operating activities

Cash flow provided by operating activities decreased by USD 24.1 million, or 20.2%, from USD 119.2 million in the year ended March 31, 2016 to USD 95.1 million in the year ended March 31, 2017. The decrease in cash flow provided by operating activities was driven by an increase in tax payment of USD 24.9 million.

Cash flow provided by operating activities decreased by USD 28.4 million, or 19.2%, from USD 147.6 million in the year ended March 31, 2015 to USD 119.2 million in the year ended March 31, 2016. The decrease in cash flow provided by operating activities was driven by an unfavorable change in net working capital USD (27.3) million.

Investing activities

Cash flow used in investing activities increased by USD 7.4 million, or 18.7%, from USD 39.5 million in the year ended March 31, 2016 to USD 46.9 million in the year ended March 31, 2017. The increase in cash flow used in investing activities was driven by a decrease in proceeds from sales of fixed assets (of USD 3.7 million) and USD 4.7 million cash paid to purchase Consert's net assets as compared in the year ended March 31, 2016. In fiscal year 2015, we sold certain network equipment in the Americas segment and no similar transaction took place in fiscal year 2016. Furthermore, there was a decrease in capital expenditure of USD 1.3 million reflecting the deferral of customer deployments in the United States, partly compensated by the rampup in capacity both in the U.K. and in France.

Cash flow used in investing activities decreased by USD 15.9 million, or 28.7%, from USD 55.4 million in the year ended March 31, 2015 to USD 39.5 million in the year ended March 31, 2016. The decrease in cash flow used in investing activities was driven by a nil amount in acquisitions in the year ended March 31, 2016, as compared to USD 14 million in the year ended March 31, 2015 in connection with the acquisition of PowerSense in Denmark (USD 8.3 million) and GriDiant in the U.S. (USD 5.7 million), partly offset by USD 2 million higher capital expenditures and USD 4 million in proceeds from sale of network equipment in North America to one customer in the year ended March 31, 2016.

For an overview of our financial commitments as of March 31, 2017, see "—*Contractual Obligations and Commercial Commitments*".

Financing activities

Cash flow from financing activities increased by USD 107.3 million, or 141.6%, from an outflow of USD 75.8 million in the year ended March 31, 2016 to an inflow of USD 31.5 million in the year ended March 31, 2017. The change in cash flow from financing activities was driven mainly by the repayment of the current portion of our Shareholder Loan and increased cash deposits in our bank accounts in the year ended March 31, 2017. In addition, the Group changed its policy with regards to depositing excess cash with Toshiba Europe Finance, which as of March 31, 2016 amounted to USD 99.5 million and as of March 31, 2017 amounted to USD 0.0 million.

Cash flow used by financing activities decreased by USD 22.5 million, or 22.9%, from USD 98.3 million in the year ended March 31, 2015 to USD 75.8 million in the year ended March 31, 2016. The decrease in cash flow used by financing activities was driven by a higher cash amount deposited with Toshiba Europe Finance, which as of March 31, 2015 amounted to USD 72.1 million and as of March 31, 2016 amounted to USD 99.5 million.

Operating Working Capital

A key factor affecting cash flow from operating activities is, amongst others, changes in working capital. Operating working capital ("**OWC**") reflects trade account receivables from third and related parties (net of allowance for doubtful accounts) including notes receivables and accrued income from customers, and the inventories less the trade accounts payable from third and related parties including prepayments. The table below outlines our historical operating working capital for the Group and each of our segments as of March 31, 2017, 2016 and 2015.

	As of March 31,		
(USD in millions, except percentages)	**2017[(1)]**	**2016[(1)]**	**2015[(1)]**
		(unaudited)	
Trade accounts receivables, net	301.4	302.4	279.8
Inventory	115.7	117.0	121.5
Trade accounts payables	(144.2)	(153.6)	(180.0)
Operating working capital	272.9	265.8	221.3
Operating working capital as a % of revenue	16.4%	16.9%	14.5%
Americas			
Operating working capital	166.0	151.4	123.2
Operating working capital as a % of revenue	17.8%	16.9%	14.8%
EMEA			
Operating working capital	82.4	86.5	74.4
Operating working capital as a % of revenue	12.8%	14.7%	12.6%
Asia Pacific			
Operating working capital	31.3	35.8	30.9
Operating working capital as a % of revenue	21.7%	24.5%	17.0%

(1) Operating working capital and operating working capital as a percentage of revenue are non-U.S. GAAP financial measures. For a discussion of non-U.S. GAAP financial measures and their limitations, see "*Presentation of Financial and Other Information—Non-U.S. GAAP Financial Measures*".

During the periods under review, the main change to the Group's OWC arose from a reduction in the amount of trade accounts payable due but, with the agreement of the relevant suppliers, not paid at year end, which declined from USD 33 million as of March 31, 2015 to USD 14 million as of March 31, 2016 to USD 1 million as of March 31, 2017.

In the Americas segment, during the period under review, OWC has steadily increased as a percentage of sales largely due to higher levels of accounts receivables in connection with a large deployment in Brazil with longer payment terms and deployments in relation to other customers where final payment was delayed pending completion of the entire project. In addition, trade accounts payables have steadily declined over the period mainly due to the reduction in payables stretching at yearend as outlined above. This was in part offset by lower inventory levels due to the realization of certain inventory level optimization initiatives and improved inventory planning accuracy, resulting in a decrease in inventories in the year ended March 31, 2016 (USD 40.4 million) as compared to the previous year (USD 50.0 million) and a slight decrease in the year ended March 31, 2017 (USD 39.1 million).

In the EMEA segment, OWC increased by USD 8.0 million during the period under review, but remained stable as a percentage of sales. OWC increased largely as a result of an increase in accounts receivables of USD 7.0 million as a result of higher sales (increase of USD 56.2 million). Inventory relative to sales fell during the period while in USD terms there was an increase of USD 4.8 million in inventory, this was partly offset by an increase in accounts payable of USD 3.8 million (notwithstanding the reduction in payables stretching outlined above).

In the Asia Pacific segment, OWC as a percentage of sales increased from 17.0% to 21.7% during the period under review. OWC increased from USD 30.9 million in the year ended March 31, 2015 to USD 31.3 million in the year ended March 31, 2017, while net sales decreased by USD 37.6 million in the same period. OWC increased largely as a result of lower accounts receivable (a decrease of USD 12.7 million) offset by lower accounts payable (negative USD 13.0 million) due to the reduction in payables stretching outlined above in the years ended March 31, 2015 and March 31, 2016. Meanwhile, inventories increased by USD 0.1 million in large part due to supply chain difficulties following the flood in Sydney, Australia and subsequent relocation of manufacturing.

Capital Expenditures

A key component of cash flow used in investing activities is capital expenditures ("**Capex**"). We calculate Capex as the amounts invested in Property, Plant and Equipment and intangibles assets. Our Capex is composed of three elements: (i) Replacement Capex; (ii) Expansion Capex (i.e., directly linked to expected volume growth); and (iii) Service Contract Capex (i.e., for our Managed Services business unit in the Americas to fund onbalance sheet metering devices). Our Capex has remained stable relative to sales and in absolute terms during the periods under review and amounted to 2.6%, 2.8% and 2.7% of revenue for the years ended March 31, 2017, 2016 and 2015, respectively. Our Capex has been fully funded by cash flow from operating activities.

The table below outlines Capex for the years ended March 31, 2017, 2016 and 2015.

	March 31,		
(USD in millions, except percentages)	**2017**	**2016**	**2015**
Service contracts	4.5	9.9	11.3
Expansion	17.6	16.9	11.9
Replacement	20.7	17.0	18.6
Capex[(1)]	**42.8**	**43.8**	**41.8**
Capex as % of revenue	2.6%	2.8%	2.7%

(1) Capex has been calculated as the sum of the amounts invested in the three elements of Capex (as defined above).

Our capital expenditures decreased by USD 1.0 million, or 2.3%, from USD 43.8 million in the year ended March 31, 2016 to USD 42.8 million in the year ended March 31, 2017. A significant portion of our Capex is driven by the large number of product variants which we are required to have to support different customer and market requirements, especially in connection with the deployment of AMI projects. The relative reduction in Capex in the year ended March 31, 2017 is due to the deferral of customer deployments among our managed services customers.

Our capital expenditures increased by USD 2.0 million, or 4.8%, from USD 41.8 million in the year ended March 31, 2015 to USD 43.8 million in the year ended March 31, 2016. The increase reflects the increased investments in connection with the rampup of capacity at our U.K. manufacturing sites in preparation for the large scale AMI deployment in the U.K.

Indebtedness

UBS Credit Facility

On June 1, 2017, Landis+Gyr AG entered into an agreement (the "**Credit Facility Agreement**") for a USD 215.0 million unsecured term loan provided by UBS Switzerland AG (the "**UBS Credit Facility**") for the repayment of the existing Shareholder Loan which was provided by the Company, with Toshiba Corporation as the ultimate lender. See below "—*Shareholder Loan*".

Loans under the UBS Credit Facility may be made with consecutive interest periods of one or three entire months. There may be a maximum of three simultaneously outstanding loans with a minimum amount of USD 10 million each. However, we have decided to draw only one term loan (the "**UBS Term Loan**") for the full amount of USD 215.0 million.

The UBS Term Loan matures on May 31, 2018. In addition to repayment of loans under the UBS Credit Facility on the maturity date, the UBS Term Loan may become prepayable in whole or in part on the occurrence of certain customary events, including (i) in the amount of 100% of the net proceeds received from capital markets transactions, (ii) upon a change of control (including, among others, in cases where Toshiba Corporation ceases to hold more than 50% of the Company's share capital or any new shareholder holds more than

33.3% of the Company; however, in the context of an IPO and listing of the Shares of the Company on SIX, neither of these shall constitute a change of control), or (iii) if and to the extent it becomes unlawful for the lender to perform any of its obligations under the UBS Credit Facility Agreement.

The UBS Term Loan is subject to interest payments based on the London Interbank Offered Rate for USD in addition to an interest margin of 0.80%. Interest is payable at the end of each interest period (which may be one or three entire months).

The Credit Facility Agreement contains certain customary undertakings, subject to certain agreed exceptions, for the borrower and the Group, including with respect to, among other actions, maintaining the Group's business operations and assets, carrying out transactions with third parties at market conditions, ranking all obligations at least *pari passu* with present or future payment obligations, complying with laws and reporting obligations, and preparation of financial statements in accordance with US GAAP. The Credit Facility Agreement restricts, among other actions, the following, subject to certain exceptions: entering into certain acquisitions, mergers and joint ventures, making certain dividend payments, carrying out material changes to the Group's activities or structure, changing its accounting standards, incurring further indebtedness, granting security for indebtedness, granting credit to third parties, and carrying out certain disposals of assets. The Credit Facility Agreement also contains a financial covenant requiring that the Group's net senior debt (as defined therein) divided by EBITDA be less than 2.00x and its EBITDA be greater than zero, on a quarterly rolling basis in respect of the most recent four financial quarters of the Group.

The Credit Facility Agreement permits the distribution of dividends following an initial public offering in line with the dividend policy communicated as part thereof after consultation with the lender. For more information on our dividend policy, see "*Dividends and Dividend Policy*".

The Credit Facility Agreement contains events of default which include, among others, payment defaults, breach of other obligations under the Credit Facility Agreement, cross-default, insolvency, material adverse change, or a material reservation of the auditors. Indebtedness under the UBS Term Loan may be voluntarily prepaid in whole or in part, subject to notice, minimum amounts and break costs.

Shareholder Loan

Upon our acquisition by the Selling Shareholders, we received a loan from Toshiba Corporation on July 29, 2011 (the "**Shareholder Loan**") in the amount of approximately USD 600.1 million. The loan had a stated interest rate equal to the 6-month LIBOR rate plus a margin of 2.5% per annum. The interest was payable on a semi-annual basis. The principal was payable on a semi-annual basis on July 31 and January 31, starting on July 31, 2012. The amount to be repaid on each payment date was approximately USD 70.0 million in respect of the first payment date and USD 35.0 million in respect of each of the subsequent payment dates (other than the last payment date), with the remaining balance of USD 215.0 million due on July 31, 2017. We repaid the Shareholder Loan without any pre-payment penalties on June 8, 2017 with funds from the UBS Term Loan.

Derivative Instruments

During the periods presented in this Offering Memorandum, the Group did not have any outstanding derivative financial instruments included in the consolidated balance sheets.

Contractual Obligations and Commercial Commitments

The following table details our known obligations to make future cash payments pursuant to certain contracts as of March 31, 2017, as well as an estimate of the timing in which these obligations are expected to be satisfied:

(USD in millions)	Payments due by period			
	Total	**Less than 1 Year**	**1–5 Years**	**More than 5 Years**
Shareholder Loan[(1)]	215.0	215.0	–	–
Capital lease obligations	1.2	0.5	0.7	–
Operating lease obligations[(2)]	62.0	15.5	45.1	1.5
Purchase obligations[(3)]	138.2	126.1	12.0	–
Warranty settlement (X2)	41.6	6.7	34.9	–
Total by period	**458.0**	**363.8**	**92.7**	**1.5**

(1) See "—*Indebtedness—Shareholder Loan*".

(2) Several of our operating lease arrangements contain renewal options for periods ranging from one to five years at the end of the lease term. Additionally, the amounts presented above include common area maintenance costs and insurance for which we are obligated.

(3) Purchase obligations represent an estimate of all open purchase orders and contractual obligations in the ordinary course of business. Purchase obligations do not include contracts that may be canceled without penalty.

Off-Balance Sheet Arrangements

From time to time, we enter into off-balance sheet arrangements during the ordinary course of business including performance guarantees and indemnifications.

We issue performance guarantees whereby we guarantee our performance under the specific terms of contracts with suppliers, customers and financial institutions. These guarantees are typically comprised of performance bonds and other types of bank guarantees and could become payable in the event that we were to default under the related contracts. We had total outstanding performance bonds and bank guarantees of USD 115.6 million, USD 117.0 million and USD 117.3 million as of March 31, 2017, 2016 and 2015, respectively.

Contingencies

We are involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of Management, the ultimate disposition of these matters will not have a material adverse effect on our consolidated financial position, results of operations, or liquidity.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. In connection with the preparation of our consolidated financial statements, we are required to make assumptions and estimates about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue and expenses and the related disclosures. We base our assumptions, estimates and judgments on historical experience, trends and other factors that Management believes to be relevant at the time our consolidated financial statements are prepared. On a regular basis, Management reviews the accounting policies, assumptions, estimates and judgments to ensure that our consolidated financial statements are presented fairly and in accordance with U.S. GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 2 to the consolidated financial statements. Management believes that the following accounting policies and estimates are the most critical to aid in fully understanding and evaluating our reported financial results, and they require Management's most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain.

Revenue Recognition

Revenue consists primarily of hardware sales, automated meter reading services, advanced meter infrastructure services, software license fees, and to a lesser extent, fees associated with training, installation, software design services and post-contract customer support services related to software licenses offered to our customers.

Additionally, we have limited arrangements in which we purchase metering devices from vendors to be used in our packaged solutions sold to end customers. Such devices are sold at cost with no related margin. In these instances, we report revenue on a gross basis principally because we are the primary obligor to the end customer.

We recognize revenue when (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the fee is fixed or determinable and (iv) collectability is reasonably assured. We record deferred revenue when it receives consideration from a customer before achieving certain criteria that must be met for revenue to be recognized in conformity with U.S. GAAP.

Revenues are reported net of customer rebates, volume discounts and similar incentives. Taxes assessed by a governmental authority that are directly imposed on revenue-producing transactions between us and our customers, such as sales, use, value-added and some excise taxes, are excluded from revenues.

Our products and services are sold through either standalone product or service arrangements or through multiple element arrangements. The accounting policy for such arrangements is discussed below.

Standalone sales

The majority of our revenue is derived from standalone sales of products or services. In a standalone product sale, we sell meters to a customer without any other deliverables. In a standalone service sale, we provide installation or other services to a customer without any further deliverables.

Revenue from product sales, when sold on a standalone basis, is generally recognized at the time of the shipment, receipt by customer, or, if applicable, upon completion of customer acceptance provisions depending on the transfer of title as stipulated in the contract.

Revenue earned from AMR or AMI services is generally based on the number of meters read on a monthly basis, multiplied by a contract-specific read fee.

Revenue from service transactions, when sold on a standalone basis, is recognized as the services are performed, or ratably over the term of the support period.

Multiple element arrangements

In addition to standalone product or service sales, we enter into multiple element arrangements, which are commonly a part of an advanced metering solution. Typically, such arrangement would incorporate a combination of the following deliverables:

- software license fees;
- software design services;
- post-contract customer support services;
- meters;
- concentrators;
- AMR services; and
- the installation of meters and concentrators.

The accounting for our multiple element arrangements varies depending on whether the arrangements incorporate a software element, which is described further below.

Multiple element arrangements excluding a software element

For multiple element arrangements excluding a software element, the elements are divided into separate units of accounting if the delivered item(s): (i) have value to the customer on a standalone basis and (ii) if the customer has a general right of return relative to the delivered item, the delivery/performance of the undelivered item(s) is probable and substantially in our control. The total arrangement consideration is allocated among the separate units of accounting using vendor specific objective evidence of the selling price, if it exists; otherwise, third-party evidence of the selling price. If neither vendor specific objective evidence nor third party evidence of the selling price exists for a deliverable, we use a best estimate of the selling price for that deliverable. Revenues for each deliverable are then recognized based on the type of deliverable, such as (i) when the products are shipped, (ii) services are delivered, (iii) percentage-of-completion when implementation services are essential to other deliverables in the arrangement, (iv) upon receipt of customer acceptance, or (v) transfer of title and risk of loss.

If implementation services are essential to the functionality of the software, software and implementation revenues are recognized using the percentage-of-completion methodology of contract accounting when project costs are reliably estimated. In the unusual instances when we are unable to reliably estimate the cost to complete a contract at its inception, we use the completed contract method of contract accounting. Revenues and costs are recognized upon substantial completion when remaining costs are insignificant and potential risks are minimal.

Under contract accounting, if we estimate that the completion of a contract component (unit of accounting) will result in a loss, the loss is recognized in the period in which it is estimated. We reevaluate the estimated loss through the completion of the contract component and adjust the estimated loss for changes in facts and circumstances.

Multiple element arrangements including a software element

We enter into some arrangements that consist of hardware with software elements. In such arrangements, we have determined that the software and the non-software components function together to deliver the essential functionality of the hardware elements.

As we have historically negotiated the delivery of these arrangements as a packaged solution, we do not have vendor specific objective evidence for any element in these contracts, with the exception of post-contract customer support services based on stated renewal rates. Additionally, we do not have third party evidence of the selling prices as our packaged solutions are unique and tailored to the customer's specifications. Therefore, consistent with the guidance in Accounting Standards Update No. 2009-13, we use an estimated selling price to allocate the consideration in the arrangement to each deliverable. Post-contract customer support services revenue is recognized ratably over the associated service period.

Shipping and handling costs are recorded as cost of revenue and amounts billed to customers for shipping and handling costs are recorded in revenue in the consolidated statements of operations.

Warranties

We offer standard warranties on our metering products and our solution products for periods ranging from one to five years. In some instances, warranty periods can be further extended based on customer specific negotiations. Standard warranty accruals represent our estimate of the cost of projected warranty claims and are based on historical and projected warranty trends, specific quality issues identified (if any), supplier information and other business and economic projections. If our quality control processes fail to detect a fault in a product, we could experience an increase in warranty claims.

We track warranty claims to identify potential product specific design or quality issues. If an unusual trend is noted, an additional warranty accrual may be recorded when a product failure is probable and the cost can be reasonably estimated. Management continually evaluates the sufficiency of the warranty provisions and makes adjustments when necessary. The calculation of the warranty accrual requires Management to make estimates with respect to projected failure rates, as well as material, labor and other cost to be incurred in order to satisfy our warranty commitments. As a result, actual warranty costs incurred in the future could differ significantly from the accrual. The long-term warranty balance includes estimated warranty claims beyond one year.

Warranty expense is included within cost of revenue in the consolidated statements of operations. A summary of the warranty accrual account activity is as follows:

	Fiscal year ended March 31,		
(USD in millions)	**2017**	**2016**	**2015**
Beginning balance, April 1	91.6	48.5	58.3
Acquisition opening balance	–	–	0.1
New product warranties	48.7	54.7	24.6
Other changes / adjustments to warranties	(53.8)	(7.9)	(18.0)
Claims activity	(30.1)	(4.4)	(10.7)
Effect of changes in exchange rates	(4.7)	0.7	(5.7)
Ending balance, December 31	51.7	91.6	48.5
Less: current portion of warranty	(43.8)	(32.9)	(22.0)
Long-term warranty	8.0	58.8	26.6

During the years ended March 31, 2017, 2016 and 2015, we recorded significant new product warranty accruals of USD 48.7 million, USD 54.7 million, and USD 24.6 million, respectively. The new product warranty accruals in the year ended March 31, 2017 were primarily related to a large quality related matter in the Americas in an amount of USD 23.0 million. The new product warranty accruals in the year ended March 31, 2016 were mainly related to the X2 matter, an industry-wide component issue in EMEA, in an amount of USD 41.5 million. The new product warranty accruals in the year ended March 31, 2015 were related to several smaller warranty items. See "*Risk Factors—Risks Related to Our Industry and Business—We may face significant warranty and product liability claims*".

Income Taxes

We account for income taxes using the asset and liability method. Under this method, deferred income taxes are recorded for temporary differences between the financial reporting basis and tax basis of assets and liabilities in each of the taxing jurisdictions in which we operate. These deferred taxes are measured using the tax rates expected to be in effect when the temporary differences reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Deferred tax assets are evaluated each period to determine whether or not it is more likely than not that they will be realized. In making such determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. Valuation allowances are established where it is considered more likely than not that the company will not realize the benefit of such assets. Valuation allowances are reviewed each period on a tax jurisdiction by tax jurisdiction basis to analyze whether there is sufficient positive or negative evidence to support a change in judgment about the ability to realize the related deferred tax assets. During the years ended March 31, 2017, 2016 and 2015, we recorded adjustments of USD (4.8) million, USD 25.8 million and USD 2.6 million, respectively, to decrease or increase our valuation allowance on deferred tax assets resulting in a total valuation allowance at March 31, 2017, 2016 and 2015 of USD 92.0 million, USD 96.8 million and USD 71.0 million, respectively. The primary reason for the changes in valuation allowance during each period is our assessment of future taxable income which affects our ability to fully realize the benefit of net operating loss carryforwards.

We account for uncertain tax positions in accordance with ASC 740, "Income Taxes", which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities based solely on the technical merits of the position. As of March 31, 2017, 2016 and 2015, our liability for gross unrecognized tax benefits was USD 27.5 million, USD 23.7 million and USD 23.8 million, respectively. The primary component of such balances at each period end relate to potential transfer pricing exposures with our overseas subsidiaries.

We recognize interest expense and penalties accrued related to unrecognized tax benefits in the provision for income taxes. Accrued interest and penalties are included within the related tax liability line in the consolidated balance sheet.

Goodwill and Indefinite-lived Intangible Assets

Goodwill is tested for impairment in the fourth quarter of each fiscal year or more often if an event or circumstance indicates that an impairment may have occurred.

When evaluating goodwill for impairment, we use either a qualitative or quantitative assessment method for each reporting unit. The qualitative assessment involves determining, based on an evaluation of qualitative factors, if it is more likely than not that the fair value of a reporting unit is less than its carrying value. If, based on this qualitative assessment, it is determined to be more likely than not that the reporting unit's fair value is less than its carrying value or we elect not to perform the qualitative assessment for a reporting unit, we proceed to perform a quantitative impairment assessment.

We have decided to early adopt the simplified quantitative impairment test, prescribed by ASU 2017-14 for the impairment test performed in the fourth quarter of the year ended March 31, 2017. For the years ended March 31, 2016 and March 31, 2015, the Company applied the two-step quantitative impairment test.

The simplified quantitative impairment test, performed in March 2017 for the fiscal year ended March 31, 2016, compared the fair value of a reporting unit (based on the income approach whereby the fair value of a reporting unit is calculated based on the present value of future cash flows) with its carrying value. If the carrying value of the reporting unit exceeds its fair value, we record an impairment charge equal to the difference.

For the years ended March 31, 2016 and March 31, 2015, in applying the two-step quantitative impairment test the Company calculated the fair value of a reporting unit (based on the income approach whereby the fair value of a reporting unit is calculated based on the present value of future cash flows) and compared it to the reporting unit's carrying value. If the carrying value of the net assets of a reporting unit exceeds the fair value of the reporting unit, then we perform the second step of the impairment test to determine the implied fair value of the reporting unit's goodwill. If the carrying value of the reporting unit's goodwill exceeds its implied fair value, we record an impairment charge equal to the difference.

Employee Benefit Plans

Employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and the liability can be estimated reliably. Liabilities recognized in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognized in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Retirement benefits

We contribute, in accordance with legal and statutory requirements, to various statutory defined benefit and defined contribution pension plans. In addition, we sponsor various post-retirement benefit plans that provide medical benefits to retiree participants.

We record annual amounts relating to our defined benefit plans and post-retirement plans based on calculations that incorporate various actuarial and other assumptions including discount rates, mortality table assumptions, assumed rates of return, compensation increases, turnover rates and healthcare cost trend rates. We review our assumptions on an annual basis and make modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to those assumptions is recorded in other comprehensive income/(loss). The unrecognized amounts recorded in accumulated other comprehensive income are subsequently recognized as expense on a straight-line basis only to the extent they exceed 10% of the higher of the market-related value or the projected benefit obligation, over the average remaining service period of active participants.

In addition to the defined benefit pension plans and post-retirement benefits plans, we also sponsor various employee retirement savings plans in which employees of certain subsidiaries are eligible to participate. Each plan provides for employee contributions as well as matching contributions. We recognize an expense for matching contributions to defined contribution plans as they are incurred.

At March 31, 2017, 2016 and 2015, we had an accumulated benefit obligation from our defined benefit pension plans of USD 283.0 million, USD 306.0 million and USD 295.8 million, respectively. In the computation of these benefit obligations, we have used a discount rate for each individual defined benefit plan based on high quality corporate bonds with currency and duration matching the associated liabilities. Where there is no relevant market for such bonds, government bonds with an appropriate spread have been used. The weighted average discount rates used to determine our benefit obligations as of March 31, 2017, 2016 and 2015 were 1.12%, 0.97% and 1.32%, respectively.

To determine the expected long-term rate of return on pension plan assets, we consider current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. In developing future return expectations, we evaluate general market trends as well as key elements of asset class returns such as expected earnings growth, yields and spreads across a number of potential scenarios. Based on our analysis of future expectations of asset performance, past return results, and current and expected asset allocations, we assumed a 3.04%, 3.48%, and 4.12% long-term return on assets as of March 31, 2017, 2016 and 2015, respectively.

The sensitivity of pension expense and obligations to changes in our discount rate and long-term return on assets assumptions is provided below:

(USD in thousands)	**Impact On:**	
Change in Assumption	**Pension Expense**	**PBO**
25 bp decrease in discount rate	(91)	10,815
25 bp increase in discount rate	112	–9,943
50 bp decrease in long-term return on assets	(1,160)	0
50 bp increase in long-term return on assets	1,159	0

Accounting Pronouncements

We have presented below those accounting pronouncements that we have either (1) adopted during 2017, 2016 or 2015 that had a material effect on our consolidated financial statements, or (2) have not yet adopted and are evaluating the potential impact to our consolidated financial statements upon adoption. For a full list of recent accounting pronouncements that may affect our consolidated financial statements, see Note 2 to the consolidated financial statements included elsewhere in this Offering Memorandum

Recently Adopted Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-04, *Intangibles — Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which simplifies the measurement of goodwill impairment by eliminating Step 2 from the goodwill impairment test. Under the amendments in this ASU, an entity should perform its annual goodwill impairment test by comparing the fair value of a reporting unit with its carrying value, which eliminates the current requirement to calculate a goodwill impairment charge by comparing the implied fair value of goodwill with its carrying amount. This ASU is effective for annual reporting periods beginning after December 15, 2020, with early adoption permitted for impairment tests performed on or after January 1, 2017. The requirements of the amended guidance should be applied prospectively. We adopted this update as of January 1, 2017.

Recent accounting pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers: Topic 606*, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method).

We will adopt the new standard as of April 1, 2018 and are currently evaluating the method of transition. We are currently in the process of evaluating the effect that this guidance will have on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02 *Leases (Topic 842)* that requires lessees to include most leases on their balance sheets but recognize expenses on their income statements in a manner similar to today's accounting. The guidance also eliminates today's real estate-specific provisions for all entities. ASU 2016-02 is effective for the Company on April 1, 2019 using the modified-retrospective transition method. Full retrospective application is prohibited. We are currently evaluating the impact of the pending adoption of ASU 2016-02 on the Consolidated Financial Statements and related disclosures.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk related to the fluctuations in market prices, foreign currency exchange rates, credit risk and interest rates. We have in the past, and may in the future, use certain derivative financial instruments to manage the risks associated with foreign currency exchange rates and interest rates. We currently do not have any derivative contracts in place. However, we do not use such instruments to manage the risk inherent in commodity prices or the risk of non-performance. We do not use derivative financial instruments for speculative or trading purposes.

The fair value of derivative instruments is presented on a gross basis unless derivative instruments are subject to master netting arrangements. All financial instruments are used in accordance with Management-approved policies.

Commodity Price Risk

A portion of our business is exposed to fluctuations in market prices for commodities, especially brass, steel, aluminum, copper, silver and other raw materials used in the manufacture of our products. We seek to minimize these risks through our sourcing policies (including the use of multiple sources, where possible) and procurement contracts under which we have our suppliers purchase up to 100% of our metals requirements on a quarterly, semi-annual or annual basis and then purchase any balance of our metals requirements on a spot basis to help limit our exposure to price volatility.

We do not use derivative financial instruments to manage any exposure to fluctuations in commodity prices remaining after the operating measures we describe above.

Foreign Currency Exchange Rate Risk

We have in the past, and may in the future, enter into derivative contracts to manage the risks associated with foreign currency transactions and minimize the impact of changes in foreign currency exchange rates on earnings. We may utilize forward contracts to hedge against the short-term impact of foreign currency fluctuations on cash flows denominated in foreign currencies. All foreign currency forward contracts are marked to market with changes in fair value recognized in earnings for each period.

We do not enter into foreign currency forward contracts for speculative or trading purposes. We attempt to limit our exposure to credit risk by executing derivative instruments with creditworthy institutions, such as banks. All contracts have a maturity of less than one year. Since our policy has been to not hedge beyond the respective financial year, we had no derivative contracts outstanding as of March 31, 2017, March 31, 2016 and March 31, 2015, respectively.

Credit Risk

Credit risk arises from the possible inability of counterparties to meet the terms of their contracts. Our exposure is limited to the replacement value of the contracts rather than the notional, principal or contract amounts. We minimize the credit risk through credit approvals, limits, and counterparty collateral and monitoring procedures. For the years ended March 31, 2017 and 2016, valuation adjustments related to the credit risk associated with certain counterparties were immaterial to the consolidated financial statement.

In measuring the fair value of derivative liabilities, we consider our own credit risk, taking into consideration collateral maintenance requirements of certain derivative counterparties and the duration of instruments with counterparties that do not require collateral maintenance. We had no outstanding derivative contracts as of March 31, 2017 and 2016. Hence our credit risk related to valuation of derivative liabilities was nil.

Interest Rate Risk

Change in interest rates may impact our cost of capital. Our current UBS Term Loan is based on a one-month USD-Libor reference rate and any increase of that rate will increase our borrowing cost as well. Generally, all banking conditions that have a flexible interest rate component are at risk. The same applies to other instruments such as fixed term loans and fixed interest rates that may be renegotiated from time to time to reflect an arm's length basis according to current market conditions.

We currently do not hedge interest rate exposure but may do so in the future.

Business Interruptions

Other than as described below, during the past three-years we have not experienced any material interruption in our business operations.

In April 2015, our manufacturing and office facility in Sydney, Australia experienced an interruption in operations following a severe storm that resulted in damage to our leased property. We were forced to activate an alternative business contingency plan, which resulted in a disruption in our ability to meet certain customer orders at that time. See also "*Our Business—Insurance*".

Current Trading

Our business has continued to perform positively in the first quarter of 2017, with order intake, revenue, EBITDA and Free Cash Flow in line with expectations. Backlog remains broadly in line with the previous financial year end.

Outlook for the year ended March 31, 2018 and Mid-Term Outlook

Certain statements in this section, including in particular the financial targets described immediately below, constitute forward-looking statements. These forward-looking statements are not guarantees of future financial performance and our actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under "*Forward-Looking Statements*" and "*Risk Factors*".

In addition, while we may provide information in the future on the evolution of our financial targets and outlook, we will only continue to do so on a Group level. We do not plan on continuing to provide forward-looking information on our reportable segments.

Investors are strongly urged not to place undue reliance on any of the statements set forth below. We can give no assurance that the targets and outlook described below will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those described below.

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Group revenue

For the current fiscal year, we expect moderate revenue growth in the range of approximately 3% for the Group driven by growth in EMEA and Asia Pacific and expected flat sales in Americas.

In the mid-term, we target high single-digit revenue growth driven mainly by AMI deployments in EMEA and Asia Pacific and the growth of NAM smart grid solutions and international ANSI AMI projects.

Segment revenue

In the short term in our Americas segment, we face some headwinds mainly driven by a major project roll-off in Japan. As a result, we expect sales will be flat in the current fiscal year. In the mid-term, we target renewed revenue growth in the Americas somewhat below the targeted overall Group rate.

For the current fiscal year in EMEA, we expect low to mid-single digit revenue growth, largely driven by AMI rollouts in Europe based on our strong backlog in the main markets (in particular, in the U.K., France and the Netherlands). In the mid-term, we target revenue growth for EMEA in line with overall Group revenue growth.

In the current fiscal year in our Asia Pacific segment, we expect a strong pick up in revenue with sales expected to increase by a mid-teens percentage amount, mainly driven by a recovery of the market in India. In the mid-term, we expect the rate of revenue growth in our Asia Pacific segment to increase somewhat driven by anticipated AMI deployments throughout the region.

Group Adjusted EBITDA

For the current fiscal year, we expect Adjusted EBITDA to remain flat in USD terms. In the mid-term, we target an increase in our Adjusted EBITDA margin compared to the current fiscal year of between 100–150 bps.

Segment Adjusted EBITDA

In our Americas segment, for the current fiscal year we expect Adjusted EBITDA margin to be in the range of 18–21%. Over the mid-term, we target Adjusted EBITDA margin at approximately the expected current year level based on higher sales but with some margin compression at the gross margin level.

For the current fiscal year, we expect Adjusted EBITDA margin for the EMEA segment to be in the range of 2% to 4%. In the mid-term, we target steady improvement of our EMEA adjusted EBITDA margin towards a high single digit percentage amount.

For the current fiscal year, we expect the Asia Pacific segment to break even on an Adjusted EBITDA basis. In the mid-term, we target expansion of our Asia Pacific Adjusted EBITDA margin towards a mid-single digit percentage amount.

Other Financial Measures

We expect depreciation, which has been historically stable, to continue to be around USD 50 million per year over the mid-term. In addition, we expect amortization also to remain constant over the mid-term at approximately USD 50 million per year.

We expect our capital expenditures, which have been historically stable at a level slightly below our current mid-term target of around USD 50 million per year, to increase slightly.

In the current fiscal year, we expect to generate Free Cash Flow in the range of USD 60 million to USD 70 million and target an increase thereafter to more than USD 100 million in the mid-term.

Our effective tax rate (U.S. GAAP taxes over reported profit before taxes) for the fiscal year ending March 31, 2018 is expected to be slightly above 27%, while our effective cash tax rate is expected to be 12% to 14% higher than the tax rate reflected in our consolidated statement of operations for the fiscal year ending March 31, 2017. In the mid-term, we target an effective tax rate in the range of 20% to 25% as a result of increasing profits in lower tax jurisdictions (such as Switzerland and the U.K.) and the availability of some loss carry forwards currently with value allowance. In the mid-term our effective cash tax rate is expected to be 4% to 10% higher than our effective tax rate.

Our goal is to provide a constant and sustainable dividend to our shareholders. For the fiscal year ended March 31, 2018 we plan to distribute the Swiss franc equivalent of at least USD 70 million to our shareholders as dividends by way of distribution of reserves from capital contributions. For the mid-term, we intend to pursue a policy of distributing at least 75% of our Free Cash Flow as dividends to our shareholders. For more information on our dividend policy and certain limitations to which it is subject, see "*Dividends and Dividend Policy*".

We expect our leverage ratio (i.e., net debt to adjusted EBITDA) to remain at around the current level of 0.6x for the current fiscal year. In the mid-term, we target a leverage ratio of lower than 1.5x of Adjusted EBITDA.

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In preparing our outlook, we have generally assumed that there will be no changes in existing political, legal, fiscal, market or economic conditions or in applicable legislation, regulations or rules (including, but not limited to, accounting policies and accounting treatments) or movements in foreign exchange rates, which, individually or in the aggregate, would be material to our results of operations; and that we will not become party to any litigation or administrative proceeding that might have a material impact on us of which we are currently unaware. The assumptions, on which we have based our mid-term targets, include the following:

- We expect to be able to maintain or grow our market share in our industry and markets.
- We expect that we will be able to maintain our existing key customer relationships and/or acquire new customer relationships.
- We expect that we will be able to implement, or continue to implement, our operational efficiency measures and initiatives.

The assumptions that may also be affected by external factors beyond our control include the following:

- We expect that our results will not be impacted by abnormally high warranty expenses.
- We expect that the overall markets we serve will continue to develop as described in "*Industry and Market Overview*".
- We expect that foreign exchange rates will not change in such a significant way that the current relation between our assets and capital is heavily distorted.
- We expect that the competitive landscape will remain similar to current market situation.
- We expect that the economic environments in the markets and industries we serve will not develop in a negative manner that could have a material impact on our results of operations.

Investors are strongly urged not to place undue reliance on any of the statements set forth above. Investors are also urged to review the sections "*Forward-Looking Statements*" *and* "*Risk Factors*" when considering the statements made above.

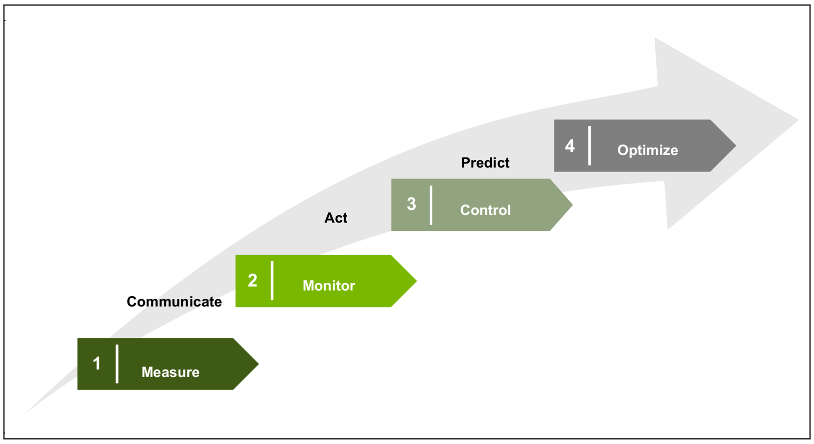
INDUSTRY AND MARKET OVERVIEW

The global utility industry is currently going through a transformation process, which impacts the way that utility grids are designed and managed. This development is driven by three main market trends – decarbonization, decentralization and digitalization. Landis+Gyr, one of the leaders in the smart metering and broader utility solutions markets, is a key enabler for this process, facilitating the sector's transition from traditional power grids to advanced "Smart-Grid" structures.

Advanced Metering Enabling the Smart-Grid

The ongoing transformation of the utility industry follows four stages based on the degree of technological advancement and functional capabilities of the grid infrastructure, as illustrated below.

Exhibit 1: Utility Industry Transformation Roadmap



Source: Landis+Gyr

Historically, the metering infrastructure in utility networks was primarily focused on facilitating the measurement of electricity, gas, water and heat consumption for billing purposes (i.e., "**measure**"). The metering solution has developed from simple meters requiring manual readings, to one-way communication, AMR, meters capable of transmitting information (mostly meter readings) to the energy supplier. These can be regarded as the initial form of smart meters and have since then evolved to two-way communication meters, forming part of AMI solutions. AMI enables real-time interaction between the utility, grid connected devices and metering end points.

The second stage of the utility grid development is characterized by the ability of network elements to interact with each other through the increasing integration of communication technologies (i.e., "**monitor**"). While there is reason to think that this will eventually be the de facto technological evolution of water and gas distribution networks, for the time being, the pace of adoption is being set in electrical utilities, and this is where Landis+Gyr has its primary business. The main reason for this is that electricity is not an easily or cheaply stored commodity. As a result, supply and demand must be kept in a constant and finely tuned balance, which is one of the key features of the electricity grid. It is the intermittency of supply from renewables that is disrupting the ability to maintain this balance. As a result, technical solutions to smartly monitor and manage the electricity grid have evolved, known as "Smart-Grids". Smart-Grids enable comprehensive network monitoring, data analytics and management systems to further increase efficiency and reliability of energy supply.

For gas and water metering, safety and security supply aspects, such as leakage detection and gas cathodic protection capabilities, become increasingly important in the network automation context. However, the majority of current gas and water distribution network systems across the globe are either still in the "measure" phase or in transition towards the "monitor" phase. Our focus is predominately on Smart-Grids for electricity, as we move up the utility transformation roadmap.

The next step in the development of the grid and distribution network infrastructure will enable near real-time supply-demand balancing and active control from the generation to the end-consumer level by the utilities (i.e., "**control**"). With the proliferation of intermittent and fluctuating renewable energy generation sources such as solar and wind, and at the same time, changing demand patterns due to new consumer needs and behaviors (e.g., electric vehicles and home energy storage), traditional command and control methods for grid management need to be modernized. Balancing supply and demand for a stable grid in these new conditions requires demand response programs, consumer engagement and other forms of distribution automation.

The technologically advanced grid of the future facilitates real-time optimization and active grid management, not only under the centralized control of the utility, but also through actions which are decentralized, autonomous and enabled by distributed intelligence across the grid. This so-called "Interactive-Grid" will leverage the increased processing power available at end-points and network elements, and will benefit from peer-to-peer communication in local neighborhoods to continuously optimize and balance supply and demand across the grid at both micro-local and macro-network scales. Load forecasting, predictive maintenance, behavioral consumer engagement and transactive energy will all play key roles in defining and enabling this new Interactive-Grid.

AMI acts as a key enabler for the transformation of the utility industry and development of the utility grids. Today, an advanced grid is an integrated system of smart metering devices, communication networks, data management systems and software applications, which facilitate collection, aggregation and transfer of data between consumers and producers of electricity. Due to the increased importance of data transfer within the grid infrastructure, AMI systems rely on a broad set of communication technologies including power-line communication ("**PLC**"), cellular, fiber or radio frequency mesh networks ("**RF-Mesh**"), depending on service area topology, service level agreements and total cost of ownership. Smart meter and AMI providers are therefore at the core of the ongoing grid transformation with expansion potential in adjacent areas, such as battery storage solutions, solutions for management of renewables and submetering.

Smart Metering Market Trends and Drivers

Over the last decades, the utility industry has been facing three key trends, which are drivers of the expansion of smart metering and the development of the Smart-Grid: decarbonization, decentralization and digitalization.

Decarbonization

Energy generation and consumption currently account for two-thirds of global greenhouse gas emissions, making it the largest single contributor to the carbon gas emissions globally. This is mainly due to the fact that approximately two-thirds of global power production is derived from fossil fuels. As a result, both the public and the private sectors are highly focused on decarbonization of the power generation industry, with several major initiatives enacted by the global community emphasizing commitment to reduce climate change and incentivize the use of renewable energy. This has recently been evidenced by the unified reaction of global political, business and public opinion leaders to the announcement of the United States' withdrawal from the Paris Climate Accords. The global community has strongly re-confirmed the intention to rapidly advance the decarbonization of our society. Ultimately the decarbonization trend is set to materially change the way people engage in energy generation and consumption, leading to significant need in related applied technologies and infrastructure to accommodate for the new technology mix.

The trend of growing use of renewable energy has increased the demand for a flexible and reliable power grid, as renewable energy sources are typically impacted by weather conditions and therefore offer only intermittent power generation. For example, the power network requires the ability to manage supply fluctuations in real-time. The increasing operational complexity creates the need for advanced metering technology solutions to be installed on the grid.

Decentralization

The increasing importance of distributed renewable energy resources, such as solar and wind, leads to a much more decentralized and intermittent power generation base. In addition, technological advancements, such as self-generation and energy storage, provide consumers with tools to create their own energy solutions and participate in the grid system by feeding power back into the network. This has not only increased overall grid complexity even further, but also intensified customer engagement in electricity production. Consumers are becoming "prosumers", which both consume and produce electricity. Increasing participation of consumers in energy generation presents additional challenges for utilities to ensure a safe energy grid and a reliable power supply.

Increased public focus on energy efficiency and supportive regulation

The growing focus by the general public and governments on energy efficiency and sustainable energy sources has resulted in favorable regulation for decentralization. A decentralized system is able to successfully integrate localized renewable energy sources and deliver efficiency gains, while still ensuring a reliable power supply. In particular, the ability to integrate residential or community solar home energy management systems, electric vehicles and grid storage requires a decentralized approach to connectivity and control predicated on AMI-like networks, field area communications, and distributed intelligence and applications. Therefore, supportive regulation has been put in place in many countries, driving AMI rollouts and thereby ensuring that metering technologies can reach a critical mass.

Distributed energy generation / storage

AMI facilitates the integration of decentralized power grid elements engaged in localized energy production and storage by tracking detailed inflow and outflow of electricity in the system. It allows for the measurement and thereby remuneration of surplus energy generated from, for example, home solar or home energy storage, enabling consumers to take advantage of feed-in tariffs. Thereby, individual households evolve beyond pure electricity takeout points, to truly interactive producers and consumers (prosumers). This in turn creates potential for additional grid services, such as demand response, flexible ramping and consumer engagement, leveraging these "Distributed Energy Resources". In addition, localization of renewable energy generation and storage sources (e.g., solar panels and electric vehicles) has led to formation of smaller scale local microgrids acting independently or in conjunction with the main electrical grid. These microgrids require additional monitoring as well as communication capabilities to be able to operate smoothly as part of the overall power network.

Grid safety and security

The social cost of power outages is estimated to be at least USD 150 billion per year in the United States alone (Source: *US Department Of Energy, The Smart Grid Report*) and increasing decentralization of the grid poses additional challenges to grid reliability due to increased complexity of the power flows. Utilities are measured against key performance indicators such as SAIFI and SAIDI (System Average Interruption Frequency/Duration Indices) and are penalized by the regulators for the outages. Smart metering technology acts as a critical element of overall grid security, ensuring prevention of supply disruption through improved load management and active demand monitoring. Moreover, it also facilitates instant alert and outage management systems in case a disruption has occurred, minimizing any related penalties. In addition, advanced metering infrastructure contributes to the revenue protection of the utilities by enhancing power theft monitoring and prevention capabilities.

Digitalization

Driven by current and future market challenges, utilities seek ways to better monitor and control grid operations at generation, transmission and distribution levels. Much of the current power grid infrastructure is still based on a centralized generation and one-way distribution model. Intelligent and connected sensors and devices are able to exchange data both with each other and with a central system. Increasing digitalization and convergence of information and communication technologies offer effective solutions for utilities to address resulting challenges by facilitating more accurate energy usage data collection and analysis, allowing for more efficient supply resource planning and providing more value-add and transparency to end-consumers.

Increasing value in data aggregation and analytics

Economies of scale play an important role in the smart metering market with increasing incremental value at vanishing marginal cost to the utility company from each additional data point collected. As the AMI rollout continues, the value-add of adding further elements to the smart metering network increases. Thus, once a utility has invested in back-end AMI systems (data and network control centers, substation infrastructure and respective enterprise applications) and gained the benefits of smart metering solutions, it will likely look to expand those capabilities to its entire user base. In addition, modern AMI networks and supporting software solutions allow for more sophisticated data management and analytics, enhancing grid management, distribution automation and monitoring capabilities of the utilities.

Demand side management and resource optimization

Cost focus and the need for resource optimization put increasing pressure on utilities to improve their demand side management capabilities. Increased digitalization and interactive grid solutions help utilities to analyze consumption patterns to anticipate surges or drops in power consumption, thereby minimizing potential grid disruptions and increasing overall grid effectiveness. In addition, enhanced customer analytics allow utilities to actively manage consumer demand by means of targeted load management, smoothing programs or time-of-use pricing strategies.

Evolving customer experience

Smart metering systems can today also help to improve customer engagement and satisfaction by adding and enabling consumer-facing applications. Utilities no longer require customers to mail in their consumption readings or have on-site visits so inspectors can manually read their meters. In addition, AMI solutions allow more granular billing information to be released to customers, empowering them to actively track and monitor their power consumption as well as to develop awareness of environmental issues and energy costs.

Regional Differences in Smart Metering Deployment

Although the transformation of power grid infrastructure from traditional towards Smart-Grid is being actively enabled by governmental policy and regulatory change, there are substantial regional and national differences regarding the transition progress.

North America is among the most developed AMI markets, where first generation smart metering systems, capable of conducting the "measure" and "monitor" functions (see "*—Advanced Metering Enabling the Smart-Grid*"), are broadly rolled out and are partially already being replaced with more advanced second generation smart metering applications, which are also able to exercise the "control" function over the power grid. On the other hand, the national grids of most countries in Central and Latin America are still largely at a pre-AMI stage, with first smart metering infrastructure programs yet to be implemented. Substantial differences in AMI adoption also exist in Europe, where several Smart-Grid pioneers with close to 100% AMI penetration rates (e.g., Italy, Sweden and Finland) are followed by late adopters such as Germany or Switzerland, where the first generation of smart metering applications is yet to be rolled out. In Asia Pacific, large markets like China and Japan have first generation Smart-Grids rolled out, with AMI replacement and second generation upgrade programs planned. At the same time, government programs exist in numerous other countries in the region that are dedicated to implementation of the initial Smart-Grid infrastructure in the coming years.

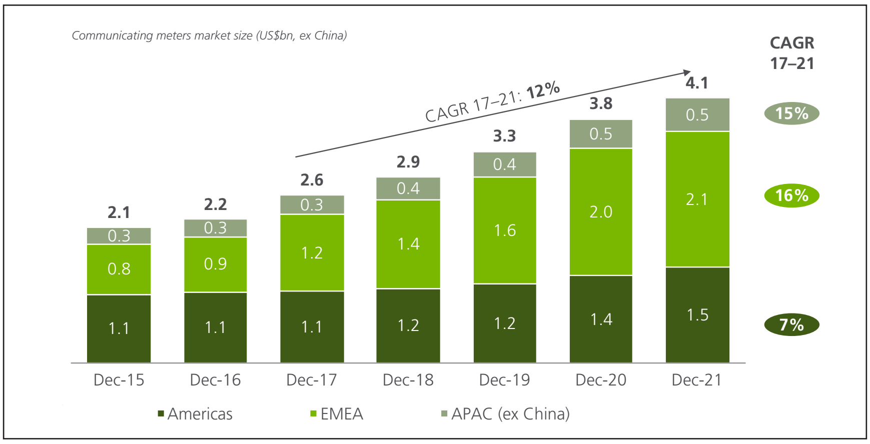
End Markets Outlook

While the offering of AMI and Smart-Grid solutions providers goes well beyond metering devices, most market research reports focus on smart meter shipments to forecast global and regional AMI market development patterns. While smart meters can serve as an overall proxy for the Smart-Grid development, this limitation should be taken into account when assessing the market outlook.

Smart Metering Market Development

The global smart metering market can be split into four categories by application area: electricity (USD 2.1 billion), water (USD 1.1 billion), gas (USD 0.4 billion) and heat/cold metering (USD 0.5 billion). Our product offering is primarily focused on electricity meters, but also includes gas metering solutions and heat-cold meters.

Exhibit 2: Smart Electricity Meters Market Size



Source: IHS (2016)

The electricity metering segment, the largest smart metering market, is forecast to grow at a CAGR of 12% from 2017 to 2021, reaching a size of USD 4.1 billion in 2021 (IHS 2016, excluding China). The growth is driven primarily by the disruptive impact of the decarbonization, decentralization and digitalization trends explained above. In particular, government mandated AMI rollout programs are set to drive substantial smart metering demand, as countries upgrade their Smart-Grid infrastructure and aim to use more renewable energy sources. Further growth opportunities are expected to come from solutions within software, data storage and ancillary services as well as energy management solutions, as utilities across the globe shift towards utility Internet of Things ("**IoT**") and more sophisticated grid technology.

Similar growth forecasts are given for the smart gas metering market, which is also expected to grow at a CAGR of 12% from 2017 to 2021, reaching a size of USD 1.1 billion in 2021 (IHS 2016, excluding China). The outlook is based on multiple factors, including substantial smart-gas adoption programs planned by local governments in EMEA, which has recently emerged as the world's largest market for smart gas metering. Additionally, demand in the sector is driven by the improved safety and communication security features that come with incorporating smart meter technology into classic gas transmission networks.

The global heat and cold metering market segment is expected to grow at a slower pace of roughly 4% CAGR from 2017 to 2021 (IHS 2016). This development is also mainly driven by regional regulation, with favorable policies being put in place in particular in Europe, such as mandatory measurement and billing of individual heat consumption in multi-family buildings in France and Italy. Additional drivers are new construction and a global trend towards electronic technology, as ultrasonic meters continue to increase their market share.

Smart Metering Market Development by Geography

Americas

Within the Americas region, the North American markets are the most mature, while Central and South American countries are in earlier stages of AMI adoption, with national rollout programs of first generation smart metering infrastructure still to be implemented.

The total market for smart electricity meters in all of the Americas is forecast to expand by a CAGR of 7% over the next five years and to be worth about USD 1.5 billion in 2021 (IHS 2016). The share of North America is expected to decrease from currently approximately 93% to approximately 77%, due to lower growth prospects of 2.5% CAGR over the forecast period (2017–2021). Emerging Latin American countries are expected to grow by 40+% CAGR (2017–2021), as AMI adoption is accelerating, albeit starting from a much lower base.

As far as the key regional markets are concerned, in the United States the market is primarily driven by macro factors and government policy with regards to green energy solutions. Over 60% of electric meters in the country are smart meters, with varying degrees of penetration across the different federal states and utility types. Demand response, which describes a range of methods (including peak pricing, time-of-use pricing, etc.) utilities use to control demand on the electric grid during peak times in order to avoid outages, is expected to show steady growth in the coming years. Utilities are currently piloting time-of-use pricing and home automation with broader rollouts expected near-term.

In Canada, further investments in energy infrastructure are expected, supported by the country's energy policy and climate change targets. Given that it is one of the most advanced nations globally in terms of Smart-Grid development, Canada is a rather mature market with moderate growth outlook. While regulatory frameworks are in place to help sustain growth in the demand response sector, widespread deployment of AMI in parts of Canada is driving additional investment in utility IT systems and analytic software platforms aimed at facilitating a greater degree of distribution automation.

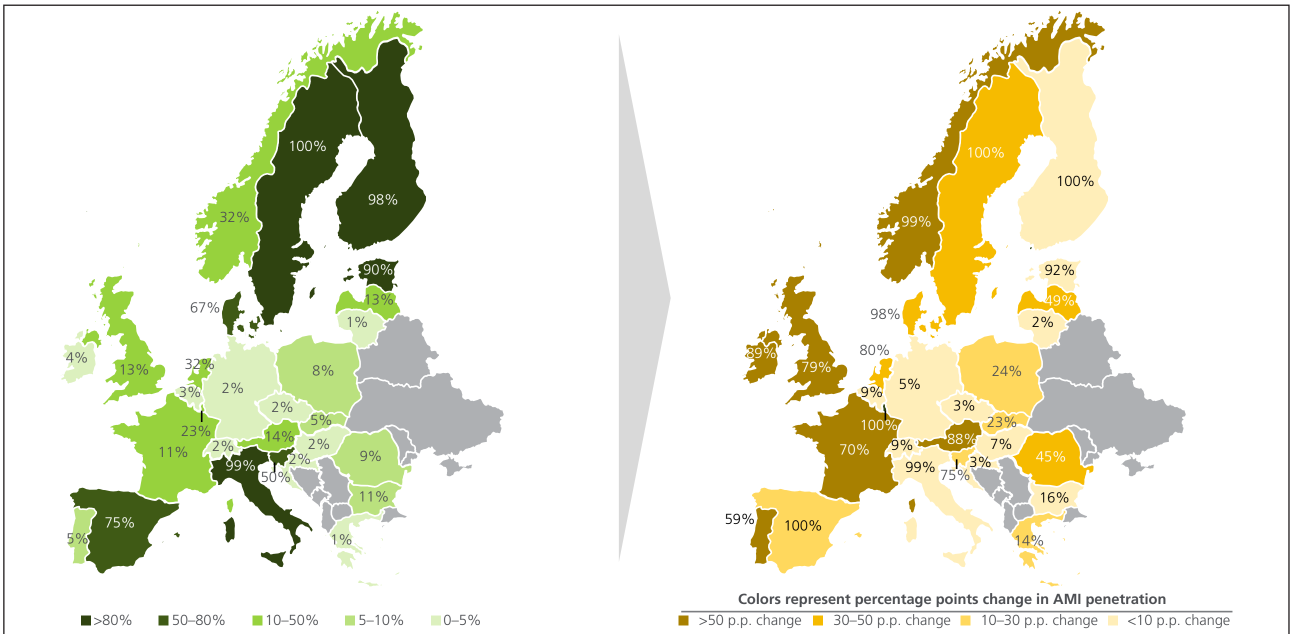
Brazil, the largest electricity market in Latin America, has ambitious goals for national Smart-Grid deployment, with utilities planning to invest USD 25.6 billion over the next ten years in Smart-Grid technology despite recent economic and political headwinds.

Mexico will become increasingly important in the Americas, on the back of major AMI rollout plans of 2.5 million smart electricity meters per year by 2025, driven by deregulation of the energy market and increased government focus on the modernization of the national power grid. In addition, the breakup of Comisión Federal de Electricidad (CFE), the state-owned electric utility of Mexico, into generation, transmission and distribution companies will lead to market liberalization and increased renewable energy demand and thus the need for AMI and related solutions.

EMEA

Compared to the Americas, the EMEA region has developed significantly slower historically, as utilities and governments across Europe were confronted with regulatory issues that prevented many of them from investing in power grid upgrades early. This began to change in 2009, when the EU established a Smart-Grid Task Force to advise on issues relating to Smart-Grid deployment and development. As a result, in 2012 the EU enacted the Energy Efficiency Directive ("**EED**"), establishing a set of binding measures to help EU member states reach a 20% energy efficiency target by 2020, and proposals to increase this target to 30% by 2030 were introduced in November 2016. Currently, EMEA is the largest and fastest growing region in the smart electricity metering sector, with multiple deployment plans either expected or underway (France, the UK, Sweden, Italy), driving expected growth with a CAGR of 16% from 2017 to 2021 and rapidly increasing AMI penetration rates. EMEA's smart gas metering sector is also forecast to deliver strong growth in the medium term and has already surpassed the Americas as the largest regional market with a size of USD 0.4 billion in 2016.

Exhibit 3: AMI Penetration (End of Year 2016 Vs. 2020)*



Source: Berg Insight smart metering reports

* Color coding for Sweden due to planned second wave AMI rollouts, in which 30%–50% of current smart meters are expected to be replaced by 2020

In terms of key national markets in EMEA, the United Kingdom, while having a defined goal of moving towards a smarter energy system, is currently experiencing an overall political uncertainty on the back of the vote to leave the EU. Nevertheless, the country remains committed to a nationwide smart meter rollout in 26 million houses with the respective regulatory framework to fund the deployments being well underway.

Germany is expected to invest USD 23.6 billion in Smart-Grid infrastructure over the period from 2016 to 2026 as part of a nationwide "Energiewende" project, which is aimed at accelerating the transition to a more sustainable energy set-up. Germany has also set a target of reducing overall energy consumption by 50% and having a 60% renewables share in the energy mix by 2050. The largest German utilities, including RWE, E.ON and EnBW, have now left regulatory hurdles behind them and are now expecting to complete a long-planned national AMI rollout by 2032, with 24 million smart metering units scheduled to be deployed nationwide by 2025.

In France, significant reforms towards more secure, affordable and sustainable energy supply have been set in motion by the government. AMI rollouts with a multi-supplier approach, including Enedis (electricity) and GrDF (gas), are underway and due to be completed in 2024 for a total of approximately 35 million smart electricity meters.

In the Netherlands, rollouts have been taking place since 2015 with a target of 80% AMI penetration by 2020. Ongoing rollouts are expected to provide approximately 7.5 million homes with smart electricity and gas meters. Given that the country's energy market is already relatively mature, growth opportunities are expected to shift towards energy flexibility and energy as a service.

Some Nordic countries are targeting a long-term goal of 100% renewable electricity production by 2040 and are dedicated leaders in Smart-Grid technologies, with early adoption especially in Sweden and Finland, providing opportunities for replacements and upgrades as the second wave of AMI rollout takes place. Finland (rollout initiated 2009) and Sweden (rollout started 2006) stand out as already very well advanced countries, posting 98% and 100% AMI penetration, respectively, at the end of 2016.

In a recent referendum in Switzerland, voters approved the so-called 2050 Energy Strategy, which will lead to government policies being put in place to promote the use of renewables, a phase out of nuclear energy and enhancing energy efficiency. Among other measures, the initiative aims to advance existing power grid infrastructure towards Smart-Grid through the implementation of smart metering solutions, implying substantial AMI rollout potential. In addition, the Swiss utility segment, with its approximately 700 mostly locally operating utility companies, is very fragmented. As a result, most energy companies are relatively small and resource-constrained, which creates a viable opportunity for AMI-related services in our home market.

Asia Pacific

Similar to the Americas market, regions within Asia Pacific differ substantially in growth outlook and visibility on future developments. Japan, Australia (primarily Victoria) and New Zealand have advanced smart metering infrastructures, while other countries in the region lag behind. The electricity metering market in the region is forecast to grow at a CAGR of 15% over the next five years (excluding China), amounting to a market size of USD 0.5 billion in 2021, with substantial local differences. However, the figures forecast by market researchers are generally not aligned, with some publications projecting much higher growth. The next wave of AMI adoption and replacement is expected to be driven by dedicated national programs such as the Australian government's "Power of Choice" initiative, aiming at increasing AMI penetration to 40% by 2020, as well as by similar projects in India, China and Southeast Asia. The gas metering market in Asia Pacific is currently dominated by standalone gas meters, with smart-gas rollouts planned in Japan.

Japan, which we serve as part of our Americas segment, operates the most advanced Smart-Grid infrastructure in Asia, despite the fact that its electricity market has been significantly impacted by both the 2011 Tohoku earthquake and the policy response thereafter. Currently, the Japanese market is experiencing a digitalization transformation as a result of the recent deregulation of the electric and gas markets. While this development promises a strong growth platform for smart metering technology, the majority of the bigger AMI projects have already been tendered. As a result, the focus will shift from meters to analytics, consumer engagement and solutions. Continued investments are expected in the future, especially within the distribution automation sub-sector, in which widely-spread projects and activities to introduce Smart-Grids are being implemented.

In Australia and New Zealand, there are plans for large investments in the grid infrastructure with the aim to improve the integration of renewable energy sources into the power grid, e.g., via smarter distributed grid and storage solutions. In addition, favorable macro conditions (economic growth outlook of 2% by 2020) are expected to contribute to the positive sentiment.

China, representing the largest metering market in the Asia Pacific region and worldwide, is currently dominated by local manufacturers. A new wave of electricity AMI rollouts, commencing in 2019 and accompanied by new metering and AMI standards, is forecast to include 30–40 million endpoints per year. In China, electricity consumption is continuing to rise on the back of a still rapid economic expansion, which creates an opportunity for international vendors to partner with Chinese companies. Additionally, China is incentivizing the development of distribution automation technologies, which is in line with the country's aim to build a stronger, more flexible and more efficient electricity distribution grid.

OUR BUSINESS

Overview

We are the leading global provider of smart metering solutions helping utilities, energy retailers and energy consumers manage energy better. Building on over 120 years of industry experience, we enable our customers to manage their billing for revenue assurance, improve the efficiency of their networks, upgrade energy delivery infrastructures, reduce energy costs and contribute to a sustainable use of resources. With over 60 million Landis+Gyr connected intelligent devices deployed or under contract, more than 15 million meters currently under managed service operations and our ongoing successful deployment in Tokyo of what we believe will be the largest utility IoT network globally, we are proud to serve as a trusted partner to over 3,500 utilities and energy retailers around the globe as they manage the industry transition from traditional grids to Smart-Grid and further to the Interactive-Grid.

Traditional standalone metering products represent the historical core of our offerings. However, over the last 10 years, many utilities have transitioned from using standalone, or non-smart, meters, which require on-site or one-way reading to report energy consumption, to modernized networks that deploy intelligent devices and two-way communications technologies for near real-time measurement, management and control of energy distribution and consumption, i.e., “smart metering”. Smart metering technology serves, in turn, as an essential building block in the development of the Smart-Grid and smart communities where utilities can measure and control production, transmission and distribution of energy resources more efficiently through the use of communications technology.

While this transition to smart metering and Smart-Grid has in large part been driven by national policies and regulatory mandates, there is an increasing impetus among our utility customers to capture the grid-efficiency benefits derived from connectivity, control and analytics in support of their business cases. In addition, digitalization, decentralization and decarbonization are disrupting the traditional utility business model, requiring distribution system operators to find new ways to deliver energy efficiently, reliably and securely and to improve consumer interaction and management processes. These trends are driving the next step in the evolution from Smart-Grid to an entire ecosystem of connected intelligent devices, encompassing a full suite of sophisticated utility IoT networks and business processes for energy flexibility, distribution automation and consumer engagement.

We have been at the forefront of this evolution and have in parallel developed our core business offerings to match and stay ahead of market needs. Due to consistent research and development investments, amounting to approximately 9% of revenue in each of the past three fiscal years, and a series of strategic acquisitions, we are today a leading global provider of smart metering solutions for electricity, heat/cold and gas. Our current portfolio of end-to-end integrated AMI solutions includes multi-protocol communications networks, data collection and management systems, analytics, and other software applications in metering and Smart-Grid. Our tailored suite of offerings facilitates multiple deployment options that are both cost effective and scalable – not only addressing our utility customers’ service levels today but also maintaining the flexibility for further growth and future functionalities. Our solutions operate from the grid-edge back to the utility, as well as behind the meter into the home, providing near real-time, unprecedented access to energy usage data and enable utilities (our primary customers) and energy retailers to measure, monitor, control and optimize their business processes and asset management as well as create greater engagement of end-customers.

We provide our products, services and solutions in more than 70 countries around the world. Our regional-based sales and marketing approach facilitates the development and maintenance of long-standing local relationships with our customers. Our local presence combined with our global reach and established track record enable us to identify and capitalize on key emerging international and national trends. As such, we are well positioned to leverage our portfolio of products, solutions and services in each of our markets, which are at different stages of maturity in transitioning to smart metering, Smart-Grid and beyond.

To best serve our customers, we have organized our business into three regional reportable segments: the Americas, EMEA and Asia Pacific.

- Our Americas segment comprises North America, Latin America, Japan and other Asia Pacific markets that adhere to the U.S. ANSI standards. This segment reported 56.1% of our total revenue for the year ended March 31, 2017. We are a leading supplier of AMI communications networks and a leading supplier of smart electricity meters in North America. In addition, we are a leading supplier of modern standalone and smart electric meters in South America. We have an installed base of over 45 million connected intelligent devices in the Americas, the largest installed base of any of our regions.

- Our EMEA segment comprises Europe, the Middle East and Africa and reported 35.4% of our total revenue for the year ended March 31, 2017. In EMEA, we are one of the leading providers of smart electricity meters, with an installed base of over 18 million connected intelligent devices and we are the leading supplier of smart ultrasonic gas meters.

- Our Asia Pacific segment comprises Australia and New Zealand, China, India and Southeast Asia and reported 8.4% of our total revenue for the year ended March 31, 2017. In Asia Pacific (excluding China), we are one of the leading smart electricity meter providers, with an installed base of over 2.3 million connected intelligent devices.

Founded in Switzerland in 1896, we have successfully transformed our business during the course of our history to continue to address the energy metering and management needs of our customers, from manufacturing standalone mechanical meters to digital meters and then onto smart meters. In 2011, we were acquired by our current shareholders Toshiba Corporation (60%) and INCJ (held via INCJ Colors B.V.) (40%) as an independent growth platform focused on promoting smart meters as the heart of the Smart-Grid. Today we are focused on energy management solutions, concentrating on the importance of smart metering technology. As of March 31, 2017, we employed 5,919 employees across 42 sites globally. For the year ended March 31, 2017, we generated USD 1,659.2 million in revenue and USD 212.0 million in Adjusted EBITDA.

Key Competitive Strengths

At Landis+Gyr, our ambition is to be a trusted partner for utilities, providing them with a suite of sophisticated solutions that help them managing energy better. In order to achieve this goal, it is key for our business to drive growth and strengthen our market leadership, especially through the introduction of new products and technologies based on investments in new technologies and solutions. We believe that we are in the position to achieve these goals through the following key competitive strengths:

Differentiated offering designed to address utilities' challenges

As the global leader in electricity metering, a global player in low/medium voltage Smart-Grid and a leading player in smart gas, we distinguish ourselves through technological innovation across the energy management value chain, assisting utilities in tackling the various and complex challenges they face, from billing and revenue assurance to distributed energy resource management and demand response. By 2040, global electricity demand is forecast to rise by approximately 45%. Accordingly, as various megatrends, such as digitalization, decentralization and decarbonization continue to progress, utilities will have to make significant investments in their infrastructure to cope with intermittent and multidirectional power flows. To address these challenges, we have developed and continue to expand upon a broad products, solutions and services portfolio, including smart electricity meters, smart gas meters, advanced load management, distribution automation, meter reading services and data management, demand response, network operations and grid analytics, all leveraging data from the grid. In parallel, we have also built a leading portfolio of communications technologies and software solutions delivering scalable and flexible network solutions to create an ecosystem of connected intelligent devices. In summary, our complete end-to-end solutions enable our customers to innovate at the grid-edge and manage energy better.

Technology leadership driven by focused investment in research and development

We are among the industry leaders in applied technology for utilities. This is the direct result of our focused and structured predominantly self-funded investment in research and development activities, which has totaled approximately USD 800 million since 2011. In the year ended March 31, 2017, 69% of our research and development expenditures were dedicated to the development of embedded- or application-software reflecting our evolution from a pure hardware company to an integrated end-to-end utilities solutions provider. We currently employ 1,389 hardware and software engineers and research professionals located in four major global development centers and an additional 20 local engineering sites dedicated to regional customizations and assisting our local customers, building upon our long-standing trusted local relationships. We believe this represents not only one of the industry's largest research and development teams, but also an operational structure uniquely tailored for success in our diverse multinational markets. As global utilities continue to transition to smart metering and Smart-Grid, we believe that our breadth and depth of research, development and engineering experience will continue to drive our growth and support our leading market positions.

Access to an attractive set of end markets and regions with different maturities

Our global presence allows us to identify and capitalize on emerging regional trends in our key markets, thereby strategically positioning our business for the anticipated multiple stages, or "waves", of growth in infrastructure enhancement. For electricity utilities, these multiple waves represent different stages of smart meter penetration and maturity as utilities in different regions either have already implemented, are transitioning to or are expected to transition to smart metering and Smart-Grid at different times. For instance, the first wave of smart metering deployments has already been substantially completed in certain parts of North America, with second wave deployments in connection with replacements and/or upgrades of the installed base underway in selected areas, offering new avenues for value creation. In EMEA, the first wave of deployments was postponed in some countries due to delays in the implementation of certain legislation and regulation; however, we expect deployments to accelerate in the near term, offering attractive growth prospects in EMEA. In many other parts of the world, the anticipated transition by utilities to smart metering and Smart-Grid remains several years away, but we believe we are well positioned to participate in those market opportunities as they arise given our strong local presence, recognized brand name and established track record of delivering reliable, resilient and cost effective solutions. Our direct regional sales and marketing presence in over 30 countries globally, in conjunction with our comprehensive country support and local engineering centers, also enable us to develop new and maintain existing close local relationships with our customers who will continue their transition to smart metering and Smart-Grid or soon initiate smart metering deployments. Separately, as the transition to smart metering and Smart-Grid progresses over time, we expect that our sales of smart metering products, solutions and services will likely increase as technological complexity and functionality increase to support and complement other smart metering and Smart-Grid technologies. Furthermore, we believe that the pace of such technological improvements will shorten average smart meter life, leading to more opportunities for revenue growth from regular replacement and upgrade cycles.

Experienced, internationally diverse Group Executive Management team

Our experienced, internationally diverse Group Executive Management team has a documented track record of delivering growth through several macroeconomic cycles, technology transformations and multiple changes of ownership. With a median tenure at Landis+Gyr of more than 15 years, the members of our Group Executive Management team bring a seasoned cumulative expertise that has been instrumental in establishing our business strategy and securing our leading market positions. Our Group Executive Management team's in-depth understanding of both the utility industry and our customers' needs has resulted in the development of our broadened product portfolio, expanded customer base and extended global reach, through organic growth and strategic acquisitions.

Proven track record of delivering profitable growth

We have a proven track record of delivering profitable growth across economic and industry cycles measured in terms of sales growth and Adjusted EBITDA. Prior to 2012, our revenue growth benefited from successful acquisitions and smart metering and Smart-Grid product sales to "early adopters" in North America, Italy and the Nordics, as we expanded our product sales across these geographies and launched our connectivity and data management solutions with a view to becoming a leading global provider of smart meters. Between 2012 and 2016, revenues stabilized as Smart-Grid product sales slowed in North America following initial deployments and the anticipated smart metering and Smart-Grid initiatives and deployments in Europe were delayed as a result of postponements in implementing legislation and regulation. Despite these postponements we remained profitable as a Group and focused on research and development investments and other operational excellence initiatives in anticipation of future deployments in key markets. Today, we believe we are ideally positioned to capitalize on our research and development investments through our expanded portfolio offerings in applications, services and data analytics. Our healthy backlog from IOUs, PP and

Managed Service customers in the Americas and a significant increase in contracted business since the fiscal year ended March 31, 2015, as evidenced by the evolution of our Committed Backlog, supports a platform for growth through executing on secured backlog and leveraging our existing presence to continue our expansion in smart metering and Smart-Grid solutions and services. With respect to certain markets in Europe, we believe that a new wave of accelerated multiple Smart-Grid rollouts following implementation of relevant legislation and regulation will drive significant growth in markets that have not yet fully developed. With respect to more mature markets within Europe and North America, we expect to benefit from second wave deployments in connection with replacements and/or upgrades of the installed base underway in selected areas. This is further supported by our stable recurring revenue from managed services and meter replacement cycles.

Strategy

At Landis+Gyr our global leadership position in smart metering and Smart-Grid solutions has been underpinned by a dedication to applied technology for our utility and energy retailer customers. Our strategy is to continue our strong commitment to innovation, research and development, with a view to enhancing our portfolio of products, solutions and services across all layers of technology relevant for our industry. This strategic intent is framed by (i) strengthening our core business in smart metering and smart grid solutions; (ii) creating an ecosystem of connected intelligent devices in the context of utility IoT; and (iii) maximizing the value of this connected space for our utility and energy retail customers.

By successfully executing these objectives we believe we can distinguish ourselves from our competitors, extend utility functionality and ensure cost competitiveness. We aim to constantly improve the technological sophistication of our product offering in order to push utility business models and activities towards smart metering and Smart Grid. In particular, for IoT as it applies to utilities, we will continue to support open standards so that third-party devices and software can integrate with this ecosystem, deployed as part of the utility's essential infrastructure.

We strive to grow our business sustainably and create value for all stakeholders. The following is a summary of the activities we are currently undertaking in pursuit of these objectives:

Leverage organic growth

We plan to leverage our industry leading positions in AMI and Smart-Grid solutions in key global markets, those with attractive regulatory frameworks, sophisticated technological requirements and large sales potential, across the Americas, EMEA and Asia Pacific. At the same time, we will continue to cultivate close customer relationships through our regional and local presence so that we are well positioned to benefit from all opportunities that develop as markets transition to Smart-Grid and onto the next generation of smart meters, advanced analytics solutions and other Smart-Grid applications. We will also continue to explore the potential of complementary product adjacencies along the energy management solutions value chain, such as sub-metering, energy storage systems and other solutions in energy flexibility for the integration and management of renewables.

Extend our leadership position through ongoing technology innovation

In order to reinforce our technology positions and provide utilities with products and solutions that provide compelling functionality, flexibility and value, we plan to maintain our significant investment in research and development, focusing on new product development as well as enhancements to existing products and solutions. In particular, our current research and development strategy acknowledges the growing importance of connectivity among intelligent devices. As such, we are focused on the connectivity, communication and security of our products and solutions with concentrated research and development of software, embedded software and hardware. We also emphasize the development of platforms for devices, applications and networks through our global research and development team, which operates four major research and development centers around the world. Investments in new platforms for devices, applications and networks are intended to, among other things, globally leverage our research and development efforts, ensure modularity as well as module reuse for embedded software and software applications and improve quality, all of which will facilitate faster time to market for new products and reduce research and development costs over time.

Pursue operational excellence programs

We will continue to pursue various cost optimization initiatives. Specifically, in connection with Project Phoenix in EMEA, we plan to unify various back office functions across smaller markets, while maintaining a focus on key growth markets. We will also continue to develop platforms for devices, applications and networks as well as the capacities of our group procurement and supply chain organization to benefit our operations globally and ensure that we source the most competitively-priced components, sub-assemblies and materials. Finally, we plan to continue implementing our operational excellence initiative launched in 2014, Project Lightfoot, which is aimed at optimizing our global manufacturing footprint. A key target of this strategic initiative is to bundle manufacturing activities to enhance production efficiencies, including in relation to supply chain costs, and maximize the utilization of our existing capacity. In parallel, we have adopted an “asset light” manufacturing model, whereby we increase our share of purchased manufactured components and sub-assemblies and reduce our manufacturing and supply chain footprint. In connection with realizing these operational initiatives, in the mid-term we expect to realize savings of approximately USD 20 million per annum from Project Lightfoot, with full savings expected to be achieved by the year ended March 31, 2022, and approximately USD 20 million per annum from Project Phoenix, with full savings expected to be achieved by the year ended March 31, 2019. For a full description of these operational excellence programs, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operation—Key Factors Affecting Our Performance—Restructuring and Operational Excellence Initiatives*”.

Opportunistically explore acquisitions and strategic partnerships

We have a solid track record of identifying, acquiring and integrating target companies and assets. Since we began our evolution from exclusively being a provider of traditional, standalone metering products to a global provider of smart metering solutions, acquisitions have consistently formed a key part of our long-term strategy, and we believe that we are well positioned to benefit from further opportunistic acquisitions to complement our existing strategy. Such opportunities may include naturally adjacent segments, such as smart water or sub-metering, as well as complementary technologies and skills along the energy management value chain, such as grid management, consumer analytics, utility software, systems integration and services related to meter parks. We are currently exploring, and expect to continue to explore, potential acquisitions, strategic partnerships and joint ventures, particularly in geographic markets where we do not currently have a direct presence to improve our time to market in those areas. In evaluating potential acquisitions and strategic partnerships, we employ stringent criteria. In particular, we focus on acquisitions and strategic partnerships that can complement and/or strengthen our existing businesses, expand our product offerings and technology know-how, provide access to new customers and introduce us to new geographic markets.

History and Development

Our history dates back to 1896 in Zug, Switzerland, where we were founded as the Elektrotechnisches Institut Theiler & Co. In 1904, our founder Richard Theiler appointed engineer Heinrich Landis as his successor and after partnering with Dr. Karl Heinrich Gyr in 1905, the longstanding Landis+Gyr brand was created.

During our early years, we benefited from ready access to a highly skilled workforce in Switzerland and a distribution system throughout Europe with subsidiaries in Berlin, London and Vienna. In 1924, we expanded our operations globally with the establishment of our first overseas offices in New York, USA and Melbourne, Australia.

Our growth continued, and in 1976 we acquired the meter producer Duncan Electric of Lafayette, Indiana, USA, substantially expanding our operations and representing a significant step in the consolidation of mechanical meter production. Electronic meters began to appear in the early 1980s, and we were at the forefront, developing and launching our first range of digital meters for the industrial and commercial segments in 1981. Since then, technological change and the emerging globalization of markets (following increased liberalization and deregulation) required a reorientation of our business and product offerings. In response, we moved ahead with the development and rollout of electronic products and launched the first digital residential electricity meter in 1987.

The new millennium saw the success of information and communications technology (“**ICT**”), allowing for a new dimension of functionalities and data transparency to the benefit of utilities and energy consumers.

Over the last 10 years, many utilities have transitioned from using standalone, or non-smart, meters, which require on-site reading (e.g., meters that can only be observed) or one-way reading (e.g., meters that can talk, but not listen), to modernized networks that deploy intelligent devices and two-way communications technologies (e.g., meters that can talk and listen) for near real-time measurement, management and control of energy distribution and consumption, i.e., "smart metering". Smart metering technology serves, in turn, as an essential building block in the development of the Smart-Grid and smart communities (e.g., meters that can talk, listen and act), where utilities are able to measure and control production, transmission and distribution of energy resources more efficiently through the use of communications technology.

Through acquisitions made during the course of 2006 and 2007, including Hunt Technologies and Cellnet Technology, both from the US, and the Finnish Enermet Group, we greatly expanded our capabilities in communications know-how, developed a track record of providing AMI and Distribution Automation ("**DA**") network solutions to electric, gas and water utilities, and acquired a significant managed service portfolio with more than 15 million managed service endpoints. Since then, our focus has expanded to the field of energy management solutions, concentrating on the importance of smart metering technology as an essential building block in the development of the Smart-Grid and smart communities.

Communications Networks and Security

Communications networks are one of the most essential components in building a Smart-Grid and creating an ecosystem of connected intelligent devices (see "*—Portfolio of Products and Solutions—Connected Intelligent Devices*"). We believe we offer one of the broadest portfolio of communications technologies for AMI networking and Smart-Grid solutions. Our strategy is to serve utilities with the right mix of technologies to meet their service level and security needs at the lowest total cost of ownership. Our communications technologies can be deployed across (i) field area networks for utility field operations (e.g., for smart metering); (ii) wide area networks for communications from the grid-edge to the utility or for remote/isolated metering points; and (iii) home area networks for in-home devices that form part of the utility network.

Field Area Networks (FAN)

The majority of our deployed communications networks for the transmission and collection of data are field area networks ("**FAN**"). Most recently, in April 2017, we announced that the grid modernization project underway at TEPCO surpassed 11 million advanced meters and devices installed and communicating on what we believe to be the world's largest utility IoT network. Driving this connected platform, our IPv6 multi-technology network connects utility and consumer devices using RF Mesh, G3 PLC and Cellular communications, providing Wi-SUN compliant connectivity. Currently, the network is moving data between devices at a rate of over 500 million interval reads per day.

In general, we support various FAN communications technologies, standards and media depending on network topology, service level agreements and total cost of ownership requirements. In the Americas, RF-mesh is the most commonly utilized FAN technology. Our Gridstream RF offering is a true mesh peer-to-peer network where each endpoint, device and router extends the coverage and reliability of the communication network. Gridstream RF operates in an unlicensed radio frequency band and is tuneable to cover regional frequency and power requirements. It also delivers true self-healing capabilities by providing dynamic routing of messages that automatically adjusts for changes to endpoints and the introduction of obstructions, such as foliage or new construction.

In parts of EMEA and Asia Pacific where regulators more strictly limit RF spectrum and transmission power, we typically utilize a combination of PLC, RF-mesh and Cellular to provide the best coverage and total cost of ownership. PLC communication re-uses power cables to also serve as communication media, which can lower costs, particularly where a large number of households are served by a single transformer station. Like RF-mesh, PLC is also a mesh network with similar topology and routing benefits. We have a broad range of PLC modules in our portfolio for different markets and deployment types, including PRIME and G3-PLC.

Wide Area Networks (WAN)

Wide Area Networks ("**WAN**") are mainly used in our deployments to deliver data in bulk from collectors and concentrators (i.e., network devices in the field that aggregate metering data for many households). Our WAN deployments are also used to connect single end-points, for example in rural areas or for isolated connections, or in high-end applications, such as industrial metering. For WAN, we offer a full suite of communications technologies, from cellular 2G/3G/4G-LTE to long distance PLC. We are also participating in the industry trend to lower power/bandwidth connections in certain applications (so called "low-power WAN"). In February 2017, we announced (in collaboration with Telstra Corporation Limited) the first commercially available smart meter for Australia / New Zealand using LTE-M.

Home Area Networks (HAN)

In certain network deployments, utilities need to reach behind the meter and communicate with devices in the home. This may be to connect to a solar meter, gas meter or electric vehicle. In demand response programs, this may be to connect to large loads, such as boilers, heat-pumps or thermostats. Many such applications are just emerging and are still evolving; nevertheless, utilities are readying themselves, leading to an increased interest in Home Area Networks ("**HAN**") capabilities for home energy management. We currently support a suite of utility-HAN technologies, including ZigBee, RF-Mesh, MBUS, and PLC.

Grid-Edge Intelligence in the Network

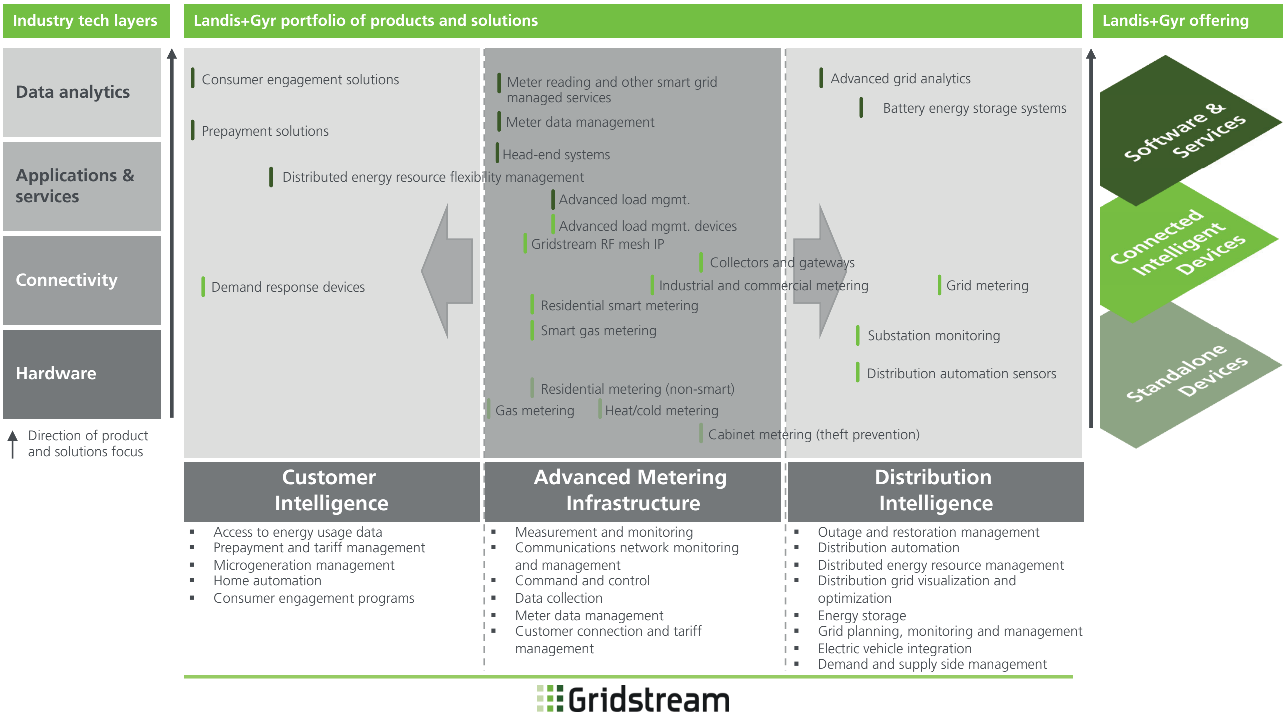
All of our communications technologies can be integrated into our head-end systems, such as, for example, Command Center (see "*—Software and Services—Head-end Systems and Network Management*") for secure near real-time communication with and remote management of all connected intelligent devices. In particular, our offering includes (i) network management systems (optimized for data transport, traffic reliability and security); (ii) remote device management systems (to ensure the right levels of application-specific control and management for endpoints); and (iii) applications (tied to business processes, such as consumer services, analytics, grid management, aggregation and demand response). An important aspect of our communications networking technologies strategy is the embedding of intelligence in the network itself. This allows applications to work right at the grid-edge, which, in turn, enables smart device and communications flexibility, creating a common distributed application environment.

End-to-End Security

We meet industry standard network security requirements and offer network solutions which deliver comprehensive end-to-end security through encryption and authentication of data transported over the network, supported by advanced software and hardware security solutions. Through our strategic partnerships with world renowned security vendors, such as RSA (specialists in cyphering algorithms) and SafeNet Inc. (an information security company), our security solutions have the capabilities to ensure the confidentiality, integrity, availability and authenticity of data transmission and communication at a systemic level. Following various regulatory initiatives, we provide approved non-proprietary cryptographic algorithms and proven key management appliances for key storage, generation and scalable encryption/decryption processing capabilities. Our hardware security modules allow our customers to securely store cryptographic keys and other credentials used to digitally sign downstream messages and commands in order to provide a secure connection between the head-end system and the devices in the network, ensuring that our modules meet evolving security, data privacy, risk and compliance challenges. In addition, we believe that our security solutions meet and, in some circumstances, exceed the various emerging security frameworks being developed by security bodies like National Institute of Standards and Technology (NIST), the Smart-Grid Interoperability Panel, the Cyber Security Working Group, the Open SG Security Working Group and various European national security authorities. In addition, our devices are certified (where required) according to national security certification schemes like the BSI Common Criteria Smart Metering protection profile in Germany (Bundesamt für Sicherheit in der Informatik), the ANSSI CSPN scheme in France (Agence nationale de la sécurité des systèmes d'information; Certification de Sécurité de Premier Niveau) or the CPA (Commercial Product Assurance) in the U.K. Several of our operating sites have also been certified according to ISO 27001 to meet state-of-the-art information security process requirements.

Our Gridstream® Solution

Gridstream is our branded solution for our integrated, standards-based smart metering and Smart-Grid portfolio of products, solutions and services. Gridstream is customizable, interoperable and designed with capabilities for future expansion. Currently, over 60 million connected intelligent devices are deployed or under contract. The Gridstream solution suite is tailored for three distinct applications along the utility value chain: Advanced Metering Infrastructure, Distribution Intelligence and Customer Intelligence. Based on our Gridstream solution offering, which moves up the technology stack, we believe we are well-positioned to support utility business models and activities towards the Interactive Grid. Below is an overview of our Gridstream solution, followed by summaries of the underlying applications.



Advanced Metering Infrastructure (Gridstream AMI)

An AMI network typically comprises measurement and collection systems that include (i) meters at the customer site (i.e., smart meters; see "*—Connected Intelligent Devices—Smart Electricity Meters*"), (ii) communication networks between the customer and the utility (see "*—Communications Networks and Security*") and (iii) a data collection system making the information available to the utility (i.e., head-end system; see "*—Software and Services—Head-end Systems and Network Management*"). Gridstream AMI focuses on bringing together appropriate smart devices, communications networks and head-end systems, enabling utilities to manage their metering data and billing more efficiently and, thus, providing revenue assurance.

Distribution Intelligence (Gridstream DI)

Distribution Intelligence provides comprehensive near real-time access to information from the edge of the distribution network, empowering utilities with the data they need to make fast decisions and take actions. Specifically, it enables outage and restoration management, distribution automation and distributed energy resource management, and facilitates grid-scale solar and storage solutions and grid planning. Distribution Intelligence analytics also monitor and forecast the performance of utility's distribution system (see e.g., "*—Software and Services—Advanced Grid Analytics*"). Through Gridstream DI, utilities can leverage the data generated by smart devices, sensors and controls at the grid-edge to monitor, model and control the grid and seamlessly optimize grid functionality and efficiency to manage the supply and demand of energy resources.

Customer Intelligence (Gridstream CI)

As consumers become more conscious of protecting the environment and more technologically savvy, utilities must expand their offerings and solutions to both encourage and satisfy increasing levels of consumer engagement. Our solutions are expandable for home energy management via home area networks so that consumers can dynamically interact with and manage their energy usage (see also "*—Communications Networks and Security—Home Area Networks (HAN)*"). Our home energy management products facilitate demand-side driven load management through the automation of in-home, high consumption devices and smart thermostats. For instance, Gridstream CI can be equipped with a ZigBee-based gateway that enables utilities to send control and/or price signals directly to consumers to automate in-home devices such as smart thermostats, in-home displays and energy-consuming devices. Gridstream CI functionalities and features include prepayment meters for electricity and gas that allow for different consumption models and access to usage data (see "*—Portfolio of Products and Solutions—Connected Intelligent Devices—Smart Electricity Meters*"). Through Gridstream CI, utilities can further increase consumer engagement through online portals or homepages where consumers can access information about their consumption, bills, charges and other relevant information.

Portfolio of Products and Solutions

We have developed what we consider to be the most comprehensive portfolio of products, solutions and services in the electricity and gas smart metering and low/medium voltage Smart-Grid markets. Our end-to-end integrated solutions, including connected intelligent devices, software and services, enable us to participate across the smart metering and Smart-Grid value chains in a highly adaptable manner. For example, our hardware and software products are designed to be modular and flexible so that the components can operate independently or seamlessly together with our other components (i.e., as part of a Gridstream integrated solution) or with third-party devices and communication systems (i.e., a utility's existing software applications or other vendor products). In addition, we offer a range of services, including managed services and Software as a Service (i.e., cloud-hosting services), as well as a suite of non-AMI standalone devices.

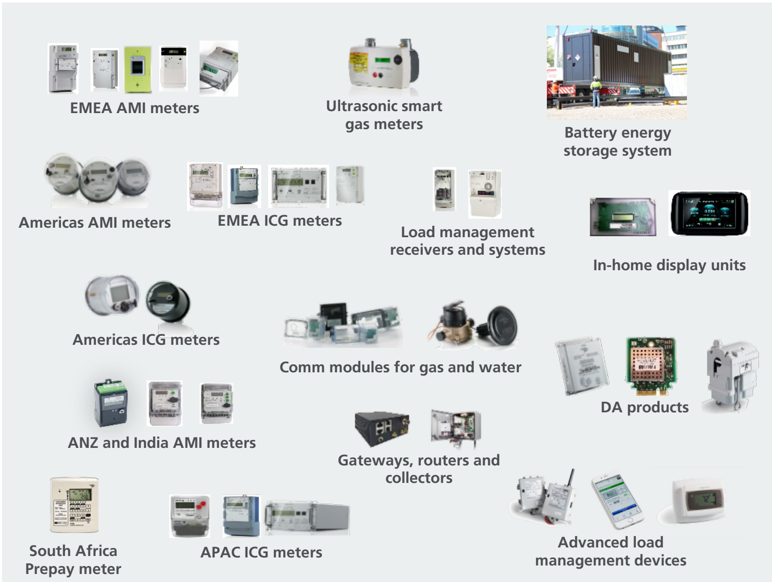
For the year ended March 31, 2017, revenue from connected intelligent devices represented 72% of our total revenue, with revenue from software and services as well as standalone devices representing 16% and 12%, respectively. Each of these product categories are described in greater detail below.

Connected Intelligent Devices

Connected intelligent devices form the basis of AMI networks, providing utilities with comprehensive, near real-time access to information from the grid-edge. Through actionable AMI data, utilities are better equipped to focus on operating the dynamic distribution system, from modeling and control processes to intelligent asset management. Our range of intelligent products described below enables utilities to build modular communication platforms to create an ecosystem of connected intelligent devices on their distribution grids; see also "—*Communications Networks and Security*" and "—*Our Gridstream® Solution*".

	Connected Intelligent Devices**				
Percentage of Revenue*	72%				
Portfolio	Smart Electricity Meters	Ultrasonic Smart Gas Meters	Advanced Load Management (ALM)	Distribution Automation	Battery Energy Storage Solutions

Key Products



*For the year ended March 31, 2017
**Only selected products shown

Smart Electricity Meters

According to IHS, we are the leading global supplier of smart electricity meters. We offer the industry-leading set of smart meters for the residential, industrial, commercial and grid segments covering both the ANSI and IEC markets, including open, modular and interoperable smart meters for selected markets. Our smart meters provide measurement accuracy, reliability, safety of supply as well as functionality and form the foundation of Gridstream; see "—*Our Gridstream® Solution*". In addition to being sold as a component of Gridstream, our smart meters are interoperable, allowing them to be integrated into many Smart-Grid deployments where another vendor's technologies are being deployed.

As smart metering and Smart-Grid products and solutions have become more prevalent across a variety of settings, we have designed and built our residential smart meters to enable sophisticated functions including remote service connect/disconnect, robust data storage, increased usage resolution, innovative pricing schedules, and anti-theft and anti-fraud features. Furthermore, our series of electric prepayment meters offers the benefits of an electronic meter with a variety of sophisticated prepayment options, including key pad and various mobile phone options (such as short message service text) as well as our latest generation of smart meters which can be remotely reconfigured into prepayment or credit mode by our Gridstream system. Our accompanying software application is scalable with open interfaces. Our residential FOCUS meter, a product designed according to ANSI standards, is the most shipped Landis+Gyr residential meter, with more than 35 million units delivered between 2003 and 2016.

Industrial, commercial and grid ("**ICG**") electricity meters measure and monitor electricity usage and power quality for higher voltage applications, conventional and non-conventional voltage transformers and current transformers for transmission and generation. Our industrial, commercial and grid meters are designed to address the high-end segment of the market and offer our customers enhanced precision, reliability, safety of supply and functionality. These meters include a range of designs and are capable of incorporating our full suite of communications technologies. Our high-precision grid electricity meters are designed for power plants, photovoltaics, on-shore and off-shore wind farms, transmission networks, substations, railway infrastructure and grid-connected commercial and industrial consumers. The sophisticated measurement system, high data resolution and proven operational security has made our ICG electricity meters the preferred choice for customers across 70 countries seeking to improve billing accuracy, network operation, electricity exchange, load frequency control, measuring and recording flows of electricity and other grid applications. In addition, our grid meters offer high accuracy and long-term stability in energy measurement in a variety of operational conditions. As advanced networking and communications technologies and smart metering and Smart-Grid products and solutions are often adopted first by our utility customers in commercial and industrial settings, we believe our incumbent position on the commercial and industrial side will help us win contracts from those same utility customers when they expand such advanced networking and communications technologies to the residential side of their networks.

Ultrasonic Smart Gas Meters

We design and produce industry-leading ultrasonic smart gas meters for the residential segment, and, according to IHS, we are the leading supplier of smart gas meters in EMEA and the second largest supplier globally. Our ultrasonic smart gas meters are based on ultrasonic measurement technology to ensure accuracy, durability and precision over the meter's useful life. Our ultrasonic gas meters also feature an integrated valve allowing remote connect/disconnect and are well suited for prepayment and remote management of gas supply. These meters also include a communication module providing two-way connectivity. To complement our gas meter product line, we offer a range of dual-fuel metering systems that allow for the unification and automation of electric and gas meters under a single integrated network.

Advanced Load Management

Technology options for load management are evolving, providing utilities with more direct feedback and greater flexibility to analyze demand peaks and proactively manage resources to reduce peak loads. We offer a range of traditional load management receivers and systems and advanced load management solutions that help utilities monitor, measure and control aggregate loads and engage in peak shifting without necessarily investing in expanded network capacity. In addition, our Direct Load Control ("**DLC**") software applications leverage intelligent sensors and control switches to provide near real-time direct control of large residential and light commercial loads over standards-based IP-networks, such as Gridstream RF, while automating the scheduling of load reduction to dynamically meet utility requirements. In addition, our solution also includes consumer engagement features, such as a programmable communicating thermostat option and other mobile applications, which can simplify load control recruitment. We also offer Dynamic Voltage Management ("**DVM**") in North America, another form of advanced load management, that integrates intelligent sensors and automated control mechanisms throughout the distribution system, enabling utilities to more precisely manage the voltage of energy delivered and reduce load when necessary by operating in the lower band of the ANSI voltage range. This capability improves power quality to the end-consumer and also offers utilities an opportunity to benefit through improved energy efficiency or peak demand reduction.

Distribution Automation

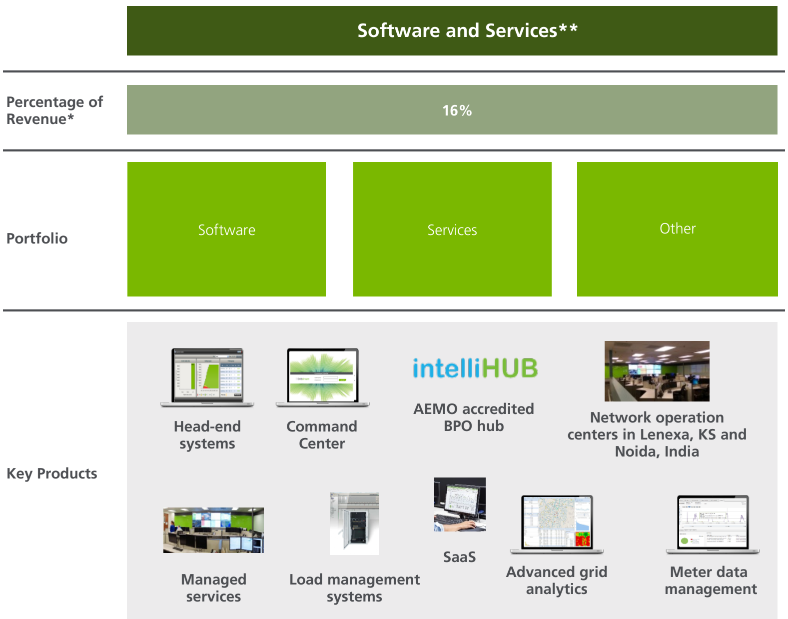
DA infrastructure solutions comprise several key elements, from the host application to the end device, with a resilient communication network in between. Our Gridstream DA offering incorporates three important technologies to add intelligence and two-way communication to mission-critical devices across the grid to effectively manage and control such devices locally or via a centralized point: (i) our mesh architecture with peer-to-peer communication; (ii) asynchronous spread spectrum frequency hopping for efficient multi-user use of bandwidth, simultaneously transmitting multiple messages and ensuring scalability; and (iii) packet switching for automatic error checking, retries and dynamic store-and-forward routing of messages. Gridstream DA allows individual devices to sense the operating conditions of the grid around them and make adjustments to improve the overall power flow and optimize performance. As such, Gridstream DA can be a critical component in outage prevention as the sensors and communications associated with DA can, among other things, provide early detection of the devices that might not be working properly, thus allowing the utility company to replace those devices before an outright failure occurs. In addition, Gridstream DA is able to integrate utility equipment well beyond the meter, including reclosers, capacitor banks, circuit switches, fault current interrupters and transformers, into the overall grid network for advanced distribution automation command and control applications for many utility types. Furthermore, distribution devices can be deployed as stand-alone units, integrated radios and as PC cards enclosed within devices.

Battery Energy Storage Solutions

The future of Distributed Energy Resources ("**DERs**") and their integration into Smart-Grids remain a significant focus of our customers. As load patterns change and intermittent energy sources increase penetration, utilities require flexible, robust energy storage systems to address power quality and power flow issues. In response, we offer our customers customized grid-scale Battery Energy Storage Solutions ("**BESS**") that enable not only energy produced by renewable sources to be stored and then made available as required, but also grid stabilization elements to facilitate, among other things, voltage variation compensation and reactive power management. Our BESS are based on battery technology sourced from Tier 1 battery technology providers and equipped with power and energy-type applications, designed to integrate storage capacity, enable peak shifting, stability and ancillary services at grid level.

Software and Services

We offer an industry-leading suite of smart metering and Smart-Grid enterprise IT-grade software and analytics. In addition, we are able to provide our customers with a spectrum of managed services solutions, from fully hosted services to hybrid ownership models tailored to each utility's individual business needs and regulatory requirements. We provide our services on the basis of long-term agreements or in connection with specific projects, including product supply, AMI network planning, project deployment management, and installation, operation and maintenance of the hosted software and field installed equipment. We offer our outsourced managed services predominately in North America, and we are developing other opportunities in EMEA and Asia Pacific as well. Through our managed services offerings, our utility customers can remain lean and optimize their operations as well as expedite both AMI deployment and post-deployment operations. Below is an overview of our software and services portfolio, followed by more detailed descriptions.



*For the year ended March 31, 2017
**Only selected products shown

Head-end Systems and Network Management

A head-end system ("**HES**") receives the stream of smart metering and Smart-Grid data brought back to the service provider through the AMI network. Our Command Center software is our most commonly offered head-end system for the management of AMI communications networks and remote device management systems. It is the critical link for utility systems to access the data and direct actions that occur on their grid. Command Center can aggregate data from multiple communication technologies, including RF-mesh, PLC and Cellular, as well as multi-utility metering in electricity, natural gas and water. Based on scalability tests which we conducted in connection with our utility IoT deployment in Tokyo, Command Center is able to integrate more than 30 million metering points, which we believe is more metering points than is managed by any other HES commercially deployed in the world today. In addition, Command Center's standards-based design, combined with a library of pre-built web-service-based interfaces, enables seamless integration with a utility's existing operating systems. Command Center can be fully integrated with Gridstream MDMS (see —*"Meter Data Management*"), used to manage DA (if deployed together) (see "—*Connected Intelligent Devices—Distribution Automation*") and is interoperable with other systems including billing, customer service, engineering analysis, outage management, demand response, load management and field service applications.

Meter Data Management

Our Meter Data Management System ("**MDMS**") is an interconnected enterprise IT solution using analytics to apply logic to large volumes of data received from intelligent devices on the grid. The MDMS collects, validates, analyzes and stores such smart meter and sensor data to provide valuable insight for maximizing billing efficiency and accuracy, service reliability and grid stability. Its business process management capabilities streamline operational activities via robust automation functionality. Our MDMS is complemented by application extensions that analyze usage and event patterns from AMI metering data, optimizing outage management capabilities. Our MDMS architecture is based on IEC61960 Common Information Model (CIM) standard and has been successfully integrated with over 15 different ERP systems, including SAP ERP, and is a SAP-certified business solution for MDUS (Meter Data Unification and Synchronization). Our MDMS also supports full end-to-end seamless integration with our Command Center and our Advanced Grid Analytics ("**AGA**") application, as well as with other third-party HES. With 30 million meters proof-tested and more than 427 million reads per hour, we believe that our MDMS provides proven reliability in large scale systems. MDMS can be implemented and managed by the utility or selected in either a Software as a Service ("**SaaS**") or fully managed service model (see "—*Managed Services*"). In 2016, for the second consecutive year, Gridstream MDMS was acknowledged as a leading global product in its category by Gartner, Inc., a technology research firm.

Advanced Grid Analytics

Our AGA solution is a software application that enables the utility's network operations, planning, asset management and customer service organizations to efficiently and safely manage its grid. AGA leverages data from grid-edge devices (such as meters, sensors and other utility enterprise systems, including geographic information system, distribution management systems and others) and employs a distribution network model and advanced physics-based algorithms to provide utilities with accurate, dynamic monitoring and actionable intelligence for improving grid reliability, safety and network performance, while at the same time reducing costs, meeting regulatory compliance and enhancing customer satisfaction.

AGA is modular and features web-based, geospatial and system-wide visualization of the distribution grid. Sample applications that can be integrated into an AGA application include asset loading, revenue protection, capacity contribution, fault circuit indicator optimization, distributed energy resource optimizer, reliability planner, Volt/VAR manager and voltage analysis. Each AGA application can be implemented individually or as part of an enterprise solution. AGA also provides the flexibility for the solution to be deployed in multiple ways, including deployment within the utility's own infrastructure, deployment in the cloud or by delivery as a service offering (see also "—*Managed Services*"). AGA is appropriate for utilities of any size and the applications integrate into a single user-friendly interface to help utilities quickly achieve maximum benefits.

Managed Services

In light of various regulatory and technology shifts, we have expanded our managed services offerings mainly in North America from our initial fully managed services model to a hybrid managed services model. Our initial managed services model is distinctive in the electricity metering industry. Under these contracts, we charge a recurring fee per meter per month to own and operate the metering network and related communications infrastructure, as well as manage all of the meter read data. However, over time, as the regulatory incentives have shifted, many of our customers have transitioned to a model where they assume the ownership of the smart meters and communications networks, and we own and manage the cloud services and Smart-Grid operations. This hybrid model allows utilities to gain the maximum return on assets and benefit from corresponding regulatory incentives, while benefitting from our experience and expertise in operating and maintaining these assets. While some of our initial managed service contracts still remain outstanding, as of March 31, 2017, approximately 85% of our initial managed services contracts have already been renewed (and in some cases further upgraded) under a hybrid ownership model.

Our primary network operations center ("**NOC**") for our managed services in North America is located in Lenexa, Kansas, with a fully redundant network and full fallback center in another state. Our NOC locations are ISO 9001 (2008), ISO 14001 (2004), OHSAS 18001 (2007) and SSAE 16 certified. In the U.S., we have flexible physical and virtual server farms (i.e., cloud computing) that support varied applications and database platforms that are backed by an on-site generator for power supply assurance. Our data centers are in secure environments with 24-hour monitoring and controlled access, as well as systems to support consistent operations, including cooling and fire suppression. In compliance with industry best-practices, we have data protection, back-up and disaster recovery measures and policies in place.

In addition, we expanded our managed services offerings in Australia through the establishment of a subsidiary business unit called intelliHUB. intelliHUB is an accredited Meter Data Provider under the Australian Energy Market Operator ("**AEMO**"), which is able to provide various outsourced managed services, including MDMS, data management, networking and virtualization to serve the markets enabled by the new "Power of Choice" regulations in Australia; see "*Regulation and Supervision—Regulatory Initiatives—Australia*".

Software as a Service

We further leverage our utility experience by also offering our customers subscription-based outsourcing for smart metering and Smart-Grid software and grid management applications. Our SaaS offerings are tailored according to our customers' IT infrastructure and application needs and can include software and software support, data-center hosting, software implementation, IT operations and upgrades, end-user training and disaster recovery services. While each service can be contracted individually according to customer needs, we also provide a fully owned and operated service model where we provide the software license and the associated support and maintenance for a subscription fee. Our teams then manage the underlying solution and the IT infrastructure, including network, servers, operating systems, databases, storage and individual application capabilities. Currently, we have over 275 SaaS customer contracts.

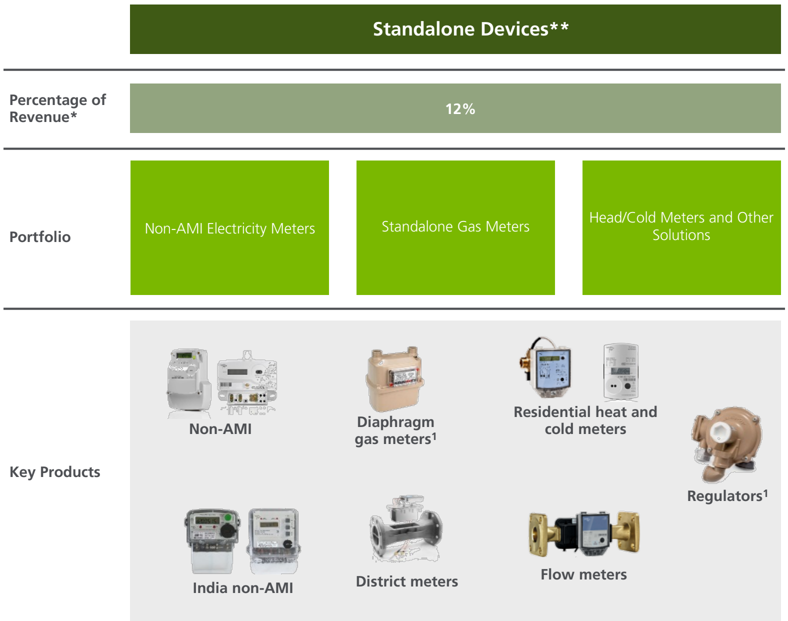
A key part of our SaaS strategy is to maximize the value of connected intelligent devices for utilities by enabling the development of an ecosystem for applications on our network, i.e. both our own applications and third-party applications. These applications can be centralized in the cloud, hosted at the utility premise, or indeed enabled via the Distributed Intelligence across our networks. Our edge-computing hardware, including intelligent carrier boards, network bridges and network gateways are all designed with embedded operating system purposely designed for easy creation of edge computing apps by Landis+Gyr, customers or partners.

System Deployment and Integration Services

We offer full deployment, installation and integration services for all our products and solutions. Our Systems Deployment organization provides comprehensive planning services, including cell mapping and site surveys, and has a comprehensive set of processes, procedures and software applications to support the meter deployment process. Our systems engineers are also available to support the integration of future software purchases and application upgrades. Customers who have selected and contracted these services are further supported on an ongoing basis by regional specialists who can be accessed via a 24/7 monitoring and maintenance support hotline.

Standalone Devices

We sell some of our meters as standalone devices. These include non-AMI electricity meters, gas meters as well as heat/cold meters. As the pace of smart metering and Smart-Grid adoption progresses, we expect revenue from our standalone devices to decline as they are gradually replaced by smart meters. Below is an overview of our standalone devices portfolio, followed by more detailed product descriptions.



*For the year ended March 31, 2017
**Only selected products shown

Non-AMI Electricity Meters

We have many decades of experience designing and producing standalone electricity meters. Although most of our utility customers continue to migrate to communicating smart electricity meters, standalone, non-smart, electricity meters are still used in certain residential applications and offer attractive performance and value in situations where advanced communications technologies may not yet be required or available. Our meters are available with BS and DIN terminals, standard modalities for mounting electrical equipment, to facilitate their easy installation in a variety of countries.

Standalone Gas Meters

We design and produce gas meters that are available for residential and prepayment applications. Our conventional, mechanical gas meters employ diaphragm technology and are sold in Australia and New Zealand. In addition, we supply a wide range of gas regulators and controls, dry gas filters, data loggers, flow computers and other safety equipment into Australia and New Zealand.

Heat/Cold Meters and Other Solutions

We design and produce heat/cold meters used for heat-allocation or district-heat applications mainly in Europe and China. These electronic meters are based on an ultrasonic run-time measurement design and offer high precision, stable measurement and analysis of heat/cold energy supply and consumption for residential and industrial and commercial customers. In light of such functionalities, our heat/cold meters are well positioned to replace the mechanical systems currently in place in Europe. The heat/cold meter portfolio further comprises calculators, district heat and cold meters, flow measurements as well as residential heat and cold products.

Regional Overview

We provide our products, services and solutions in more than 70 countries around the world. To best serve our customers, we have organized our business into three regional reportable segments: the Americas, EMEA and Asia Pacific. Each are described in greater detail below. Our operational decision-making and management structures reflect this regional structuring of our organization.

Americas

Our operations in the Americas are headquartered in Alpharetta, Georgia, USA and serve customers in North America, South America, Japan and certain other countries which have adopted the United States' ANSI metering standard. Our Americas segment has seen a constant improvement in profitability in terms of adjusted gross profit margins and adjusted EBITDA margins over the last three fiscal years. For the year ended March 31, 2017, revenue from North America, South America and Japan represented 81.1%, 6.3%, and 12.5%, respectively, of our total revenue.

Within our Americas segment, the North American markets are the most mature, with second wave deployments underway in selected areas. Central and South American countries are at earlier stages of AMI adoption. Meanwhile, Japan is in the midst of a digitization transformation as a result of the recent deregulation of the electric and gas markets. For further information regarding the developments and trends in these markets, see "*Industry and Market Overview—Smart Metering Market Development—Smart Metering Market Development by Geography*".

Our Americas segment predominately focuses on connected intelligent devices and software and services. While our standards-based platform is capable of connecting the critical infrastructure of the distribution network, utility customers and surrounding community, our suite of distribution intelligence leverages the data from the grid-edge to increase resiliency, enable preventative planning and ensure reliable and efficient energy delivery. We also offer our customers in the Americas resource management tools to manage both energy and capacity for a balanced, efficient and flexible distribution grid.

In the Americas, we are a leading supplier of AMI communications networks and a leading supplier of smart electricity meters, with over 45 million connected intelligent devices, with an installed base of approximately 30 million meters. In addition, we are a leading supplier of modern standalone and smart electric meters in South America, with an installed base of approximately 20 million meters. North America currently represents our largest market for our managed services, representing 32% of revenue in the Americas segment for the year ended March 31, 2017; see "*—Software and Services—Managed Services*".

Our strategy in the Americas is to leverage our leadership position in AMI by continuing to procure AMI contracts in the United States and maintaining our technology leadership through continued research and development investments in next generation utility IoT networks. We will also continue to engage with our existing managed services customers to transition their managed services contracts to two-way AMI services. We aim to expand our regional presence by capitalizing on opportunities in Mexico, South America and Japan, and to extend our smart metering and Smart Grid portfolio in emerging markets in the region, namely in South America.

In Japan, we have been implementing a part of this strategy through the rollout of a large AMI project with TEPCO in Tokyo, which we believe will be the largest utility IoT network globally with currently over 11 million endpoints installed, and an anticipated 27 million planned to be installed at completion. In connection with our Reseller Agreement with Toshiba Corporation, we are supplying the communications modules, network infrastructure and head-end systems, which involves designing and creating a multi-purpose communication network, as well as providing installation and integration services and customized training to TEPCO employees. In connection with this AMI deployment, we have also provided MDMS. Notably, we have not supplied the smart meters in connection with this deployment. See "*Related Party Transactions—Material Agreements with Toshiba Corporation*".

The Americas has 14 customer operation centers, seven research and development centers and two manufacturing facilities employing approximately 1,775 employees in North America and 391 employees in South America, or 37% of our global workforce. As of March 31, 2017, we had a Committed Backlog in the Americas of USD 1,769 million from a range of customers, including IOUs, PP utilities and managed services customers. For the year ended March 31, 2017, revenue to external customers in the Americas (excluding Japan) totaled USD 931.2 million, representing 56.1% of our total revenue.

For the year ended March 31, 2017, our top ten customers in the Americas represented 48.7% of our revenue in the Americas segment. These customers include, among others, Tokyo Electric Power Company Holdings, Inc. (TEPCO, Japan) and Salt River Project and Power District (U.S.).

EMEA

Headquartered in Zug, Switzerland, our EMEA segment compromises our operations in Europe, the Middle East and Africa. In EMEA, we are one of the leading providers of smart electric meters, with an installed base of over 18 million connected intelligent devices, and we are the leading supplier of smart ultrasonic gas meters. In EMEA, our product offerings predominantly focus on software and services, connected intelligent devices and standalone devices. The transition in EMEA to smart metering and Smart-Grid has trailed that of North America, largely as a result of postponements in implementing smart metering and Smart-Grid legislations and regulations throughout the region. However, with the recent adoption of favorable EU regulations, we believe that there are growth opportunities in the region. For further information regarding the developments and market trends in EMEA, see "*Industry and Market Overview—Smart Metering Market Development—Smart Metering Market Development by Geography*".

In EMEA, we target customers in connection with our Infrastructure Programs, Energy Solutions and Energy Products business units, which represented 50.2%, 25.1% and 24.7%, respectively, of our revenue to external customers in the EMEA segment for the year ended March 31, 2017. Infrastructure Programs focuses on large-scale, highly tailored AMI rollouts to very large utilities. Energy Solutions focuses on providing our customers in EMEA with connected intelligent devices (i.e., AMI meters, prepayment meters and load management devices) and software and services offerings (i.e., device and network management and managed services) Meanwhile, Energy Products provides industrial, commercial and grid meters covering the high-end needs of our electricity utility customers and heat and cold meters addressing distinct heat (or cooling) utilities and service companies. See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting our Performance—Customer Base and Sales Process*".

We are undertaking two operational excellence initiatives in EMEA to reduce our cost base by implementing efficiency measures and optimizing our manufacturing footprint. One of these initiatives, Project Ligthfoot, consists of a restructuring process to outsource certain production steps to third-party contract manufacturers and to consolidate the geographic footprint of our manufacturing sites. A key target of this strategic initiative is to bundle manufacturing activities in order to benefit from economy-of-scale effects and the utilization of existing capacity. The second initiative, Project Phoenix, involves the implementation of further operational restructurings targeted at additional cost savings through the improvement of our manufacturing processes in certain markets and consolidation of our country set-up through the closure of some of our presences in smaller markets. See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting our Performance—Restructuring and Operational Excellence Initiatives*".

In EMEA, our strategy is to focus on rebuilding profitability through the execution of high-volume large projects to capture a significant share of national smart meter rollouts planned across Europe, in particular in high potential markets (e.g., the U.K., the Netherlands, Switzerland, Sweden and South Africa). For certain other high-volume markets, such as Spain, France and Portugal, we will apply a versatile business model with partnerships (where appropriate) to ensure our competitiveness. We will also continue to expand our software, services and analytics capabilities, building on our established AMI leadership and North American competencies to drive long-term growth. Our growth strategy is complemented by our expected reduction in costs resulting from our Project Lightfoot and Project Phoenix restructuring and operational excellence initiatives.

Our relationship with British Gas demonstrates one approach that we are taking in EMEA. As a key utility in the British market, British Gas will roll out smart meters throughout their customer base in the U.K. by around 2020. As a result of our contract with British Gas and our longstanding relationship with all the major utilities in the U.K., we are one of the leading electricity and gas smart meter providers in the U.K.

EMEA currently has 20 local sales offices, four main research and development (including a global development center in Jyskä, Finland) and three main manufacturing facilities employing 2,181 employees in total, or 42% of our global workforce. As of March 31, 2017, we had a Backlog in EMEA of USD 682 million and Contingent Backlog of USD 530 million. For the year ended March 31, 2017, revenue to external customers in EMEA totaled USD 587.8 million, representing 35.4% of our total revenue.

For the year ended March 31, 2017, our top ten customers in the EMEA segment represented 51.4% of our revenue in the EMEA segment. These customers include, among others, British Gas Ltd. (U.K.), Enedis S.A. (France), Alliander N.V. (the Netherlands) and Stedin Netbeheer B.V. (the Netherlands).

Asia Pacific

Our operations in the Asia Pacific region are headquartered in Sydney, Australia and serve customers in Australia, New Zealand, China, India, Southeast Asia and elsewhere in Asia. Notably, Asia Pacific is not responsible for sales to Japan or certain other markets in the region which adhere to the United States' ANSI metering standard, as these markets are served by the Americas. We have a direct presence in eight countries in the region, with a strong network of agents/distributors in other areas, including a strategic partnership with a leading Chinese metering vendor (with whom we are currently exploring avenues for further cooperation). Excluding China, we are a leading provider in Asia Pacific of smart electricity meters and a leading provider of electricity and gas meters in Australia and New Zealand, with an installed base of over 2.3 million connected intelligent devices. In China, we are a leading provider of high voltage grid metering and quality heat meters and in India we are a leading provider of electricity metering.

Our Asia Pacific segment predominately focuses on software and services, connected intelligent devices and standalone devices. In addition, we have recently expanded our managed services offerings in Australia through intelliHUB, an accredited Meter Data Provider under the AEMO, which is able to provide various outsourced managed services, including MDMS, data management, networking and virtualization to serve the markets enabled by the new "Power of Choice" regulations in Australia; see "*—Software and Services—Managed Services"* and *"Regulation and Supervision—Regulatory Initiatives—Australia*".

Our markets in Asia Pacific are at varying stages in their transition to smart metering and Smart-Grid. For instance, Australia and New Zealand, which represented 55.2% of our revenue in the Asia Pacific segment for the year ended March 31, 2017, have advanced Smart-Grid infrastructures, while other countries in the region lag behind. There are also significant areas of growth in AMI throughout South East Asia, with large deployments in Pakistan, Vietnam, Thailand, Malaysia and Hong Kong (see example below). For further information regarding the developments and trends in these markets, see "*Industry and Market Overview—Smart Metering Market Development—Smart Metering Market Development by Geography*".

Our strategy in Asia Pacific is to leverage our global technologies to capture the growth in the emerging AMI segment across the region, while maintaining our existing business in all markets. In particular, we aim to expand into new markets, including through the development of partnerships (as appropriate), and to expand our product offerings, focusing on market segments where our global technology and business models provide us with a sustainable advantage. One illustrative example of our current strategy is in Hong Kong, where we are working with a customer to provide a complete offering of smart meters, communications systems and HES. With respect to China, while we believe that we overall enjoy a strong brand image with leading positions in high voltage grid metering and heat metering, growth in China is largely dependent on China's centralized procurement processes for residential and commercial meters.

Asia Pacific currently has 13 customer operation centers, three research and development centers and three manufacturing facilities employing 1,219 employees in total, or 21% of our global workforce. This includes our global development center in Noida, India, which has approximately 519 employees. As of March 31, 2017, we had a Committed Backlog in Asia Pacific of USD 41 million. For the year ended March 31, 2017, revenue to external customers in Asia Pacific (excluding Japan) totaled USD 140.2 million, representing 8.4% of our total revenue.

For the year ended March 31, 2017, our top ten customers in Asia Pacific represented 44.9% of our revenue in the Asia Pacific segment.

Sales and Marketing

Overview

Utilities have historically been, and continue to be, our main customers. However as deregulation and liberalization increases in certain markets, our customer base is expanding to also include energy retailers. Across each of our regions and markets, meaningful differences exist in the preferences and requirements of our customers. In particular, each region and market is at varying degrees of maturity in transitioning to smart metering and Smart-Grid and tackling the challenges presented by digitalization, decentralization and decarbonization. As a result, we employ a regional approach to the sale and marketing of our products and solutions to best address and respond to our customers' needs. Our regional approach not only allows us to intimately engage with our customers so that we can develop customized solutions, but also assists us in cultivating long-standing customer relationships. Furthermore, our regional approach allows us to respond to and influence regional and local regulatory developments as well as market specific standardization. Currently, we have 42 sales and customer support offices globally comprising 1,068 dedicated sales, key account managers and technical experts.

For certain markets where we do not have a direct presence or where partners may have greater market access, we may enter into distributor, agent or strategic partner relationships. In addition to other selected locations, this is our primary marketing approach in parts of South America, South East Asia, Eastern Europe, Africa and the Middle East.

Sales Cycle and Project Teams

As a result of the tightly regulated rate of returns and incentive mechanisms, the utility industry sales cycles tend to be long and are generally characterized by extensive budgeting, purchasing approval and regulatory processes. Prior to awarding contracts, our utility customers typically issue requests for information and proposals, establish evaluation committees, review different technical options with potential vendors, analyze performance, conduct cost/benefit analyses and perform regulatory reviews. In addition to the utility's normal processes, the subsequent awarding of a final contract is typically subject to approval by the applicable governmental agency or regulatory body. In many instances, a utility may also require one or more pilot programs to test new products and services before committing to a larger deployment. These pilot programs can be quite lengthy and further delay the sales cycle, with no assurance that they will lead to a larger deployment or future sales. For a description of certain risks related to the sales cycle, see "*Risk Factors—Risks related to Our Industry and Business—Most of our contracts with utility customers provide the customer with the right to suspend, delay or terminate the contract for any reason. If a customer suspends, delays or terminates its customer contract for any reason, our business could be adversely affected"* and *"Risk Factors—Risks related to Our Industry and Business—Many of our contracts with utility customers are structured as framework agreements and do not typically require a minimum purchase of products or services. Therefore, no assurance can be made that firm purchase orders will be placed under these framework agreements in the amounts we estimate, within the time period we expect, or at all*". However, once a contract is awarded, we are generally able to develop and cultivate long-standing trusted relationships with our customers.

We dedicate significant time and effort to develop customer relationships and educate ourselves about our core markets and the requirements of our customers in their specific region. Once a customer project has been identified or initiated, we generally organize regional project teams who take a holistic view of the customer opportunity and assess the products and technology available to solve it. In connection with such assessments, the project team will leverage our global solutions architecture team who all provide valuable insight and significant industry expertise when devising customer solutions. Regional project teams then work with customers to develop the best individualized solution to meet that customer's needs. Our deployment teams, which are comprised of experienced deployment and integration specialists, then assume the implementation process and focus on the rollout of the customized solution. See "*—Software and Services—System Deployment and Integration Services*". Depending on the project and the customer, we may also engage third-party integration partners.

Marketing

The majority of our marketing efforts are rooted in direct customer communication and business development efforts. We also participate in activities to increase our brand recognition through participation both at trade shows and other industry functions, often as a keynote sponsor or event host.

Regional Manufacturing and Assembly

We have 11 manufacturing sites globally, comprising four high volume facilities and seven manufacturing-dedicated assembly facilities employing approximately 2,925 individuals. Our manufacturing facilities are ISO 9001, ISO 14001 (2008 version transitioning to 2015) and OHSAS 18001 certified. Below is an overview of our main manufacturing centers, their main competencies and production capacity.

Location	Main Competencies	Production Capacity
		(approx. million units per annum)
Reynosa, Mexico	Manufacturing of digital electricity meters for residential, commercial and industrial purpose; warehouse	6.0
Curitiba, Brazil	Manufacturing of electronic equipment for electrical measuring	3.9
Corinth, Greece	Manufacturing of digital electricity meters, electronic periphery devices and electromechanical electricity meters	5.9
Kolkata, India	Full manufacturing: testing facility for (i) residential, commercial, industrial and AMI meters and (ii) communications modules	2.0

While we maintain a global manufacturing footprint, we nonetheless regularly evaluate "make vs. buy" opportunities for various manufactured components and sub-assemblies. By increasing our share of purchased manufactured components and sub-assemblies and reducing our manufacturing footprint, we have, in essence, transitioned our manufacturing strategy to an "asset light" model. Through maintaining an "asset light" manufacturing model, we are able to increase the variable portion of our cost structure while leveraging and, in turn, benefiting from our manufacturing partners' economies of scale, including their volume component buying power. In addition, through an "asset light" manufacturing model we are more agile and can more easily respond to changing market dynamics, both in cases of increased and decreased demand. At the same time, by maintaining an efficient global manufacturing presence, we nevertheless preserve our regional focus enabling us to best serve our customers.

Whether we make or buy manufactured components and sub-assemblies, currently all meters go through our final assembly proprietary processes that include (i) calibration and certification, (ii) customization, (iii) sealing and (iv) final packaging and shipping. We refer to this process as "CCSP". Calibration involves configuring the product for a specific region, including the installation of firmware and software, to ensure that it operates within an acceptable measurement accuracy range. Certification includes the certification of the assembly line as well as sample size testing. Through customization we add any additional functionalities and features required by the customer, mainly through the addition of software and other intelligent features. Sealing involves closing the meters in compliance with customer, local and/or regional regulatory requirements, which can include a "sealed for life" feature or sealing with dedicated and approved seals. Finally, the finished meters and terminal covers are then packaged in carton boxes, stacked on pallets and marked with the range of meter serial numbers. Our assembly procedures are ISO 9001, 14001 and OHSAS 18001 certified.

Through a "table top" assembly process, our production lines are designed for easy replication and relocation to allow for maximum flexibility as volumes increase or decrease. In addition, such assembly processes also allow for easy migration to outsourcing labor, as required.

For a description of certain risks associated with our manufacturing, see "*Risk Factors—Risks Related to Our Industry and Business—Manufacturing interruptions or delays, including as a result of catastrophic events or geopolitical conditions, could affect our ability to meet customer demand and lead to higher costs.*"

Group Procurement and Supply Chain

Overview

Procurement is a crucial part of our business and one of the essential drivers in the value creation process through its support of other key business areas, including research and development, manufacturing and marketing. As such, we have established a group procurement organization responsible for obtaining high quality products and services and centralizing and overseeing expenditures for all of our manufacturing facilities. As a global business with regional operations, we strive to maximize potential cost and savings synergies while maintaining flexibility and controlling expenses. By coordinating our procurement and supply chain on a group basis, we are also able to broadly implement tools, technologies and systems to facilitate both operational and cost efficiencies globally. To ensure the sustainability of our operations, our group procurement team also remains focused on the ethical and environmentally responsible procurement of products and services.

Our group procurement team has dedicated individuals focused on the strategic procurement of (i) printed circuit board assembly ("**PCBA**") and Boxbuild (e.g., a fully assembled meter), (ii) electromechanical and mechanical parts, (iii) electronic components and (iv) plastic parts. These individuals work in close collaboration with each of our regional procurement teams in the Americas, EMEA and Asia Pacific.

Our group procurement organization is responsible for, among other things, supporting our supply chain and manufacturing strategy, troubleshooting any issues with our supply chain and ensuring that our materials pricing remains competitive, while also developing strategies for reducing our indirect material costs. Our group procurement team regularly benchmarks our products, comparing our current portfolio to successful solutions developed by competitors and evaluating cost, features and quality.

For the year ended March 31, 2017, our direct production material expenses amounted to USD 690.0 million.

Contract Manufacturers and Suppliers

We focus on cultivating preferred partners who are able to supply the highest quality components, sub-assemblies, commodities and materials on a long-term basis. By developing long-term relationships with our suppliers, we are able to closely integrate them into our supply chain to ensure that we maintain the greatest operational agility and flexibility. For components and sub-assemblies, including PCBA and Boxbuild, we work predominately with Tier 1 contract manufacturers, including Foxconn Technology Group (Hon Hai Precision Industry Co. Ltd.), Jabil Circuit Inc., Celestica Inc., Flextronics (Flex Ltd.) and Sanmina Corporation. We select our contract manufacturers on the basis of a number of factors, including engineering capabilities, technology leadership, high quality operational controls and processes, financial stability, production capacity, global footprint (i.e., to avoid logistics risks), proven sourcing channels, leverage position with regard to volume commodity purchases and pricing. In connection with these suppliers, we enter into general supply agreements that include non-binding volumes and annual cost-down cascades to ensure year-on-year productivity improvements. We typically provide our suppliers with expected volume requirements on the basis of short-term rolling forecasts. However, to avoid any supply shortages we do employ a Global Safety Stock Program (further description below).

Once we have engaged a supplier, we employ continuous supplier portfolio management through systematic supplier qualifications, VDA 6.3 Supplier Audits and Supplier Corrective Action Reports ("**SCAR**") to ensure that our suppliers maintain our expected standards and we purchase the highest quality components, sub-assemblies, commodities at the most competitive prices. In addition, we purchase certain raw materials for use in our manufacturing processes, including copper and silver. In connection with these commodities, from time to time we may enter into commodity hedging contracts to protect against market price fluctuations.

We try to ensure that our supplier base is diverse. However, for certain components and sub-assemblies we do depend on single suppliers. For these components and sub-assemblies, it is not always feasible to maintain or develop alternative suppliers due to technical or financial limitations. However, for these strategic suppliers, we maintain a close relationship to coordinate procurement and ensure continuity of supply. In addition, for certain strategic components and sub-assemblies we have implemented a Global Safety Stock Program in collaboration with our contract manufacturers. Our Global Safety Stock Program in essence provides for a consignment relationship with certain suppliers of strategic components and sub-assemblies, where our contract manufacturers have access to an agreed-upon volume of critical components and sub-assemblies directly on-site through vendor-managed inventory (i.e., where sub-suppliers manage their stock directly at the contract manufacturers premises). This on-site inventory is managed by and remains the property of the relevant vendor and is only paid for once a purchase order has been pulled and items sourced from the vendor managed inventory by our contract manufacturers. For example, certain of our Japanese suppliers experienced delays in meeting their delivery obligations following a tsunami in 2011. However, our supply chain was largely unaffected by this as a result of our Global Safety Stock Program and the vendor-managed inventory that our contract manufacturers had at their disposal.

For the year ended March 31, 2017, our largest supplier of components and sub-assemblies accounted for approximately 32% of our total direct material expenditures, while the top five suppliers of components and sub-assemblies accounted for approximately 59% of our total direct material expenditures.

E-sourcing Platform

In order to ensure that we receive the most competitive prices, we employ a global online tendering process for a large proportion of purchase orders. We developed our bespoke "E-Sourcing Platform" solution in 2004 for the management of all tenders via a secure online platform comparable to those utilized by the automotive and aerospace sectors. The platform allows procurement staff to quickly, effectively and transparently conduct e-tenders and select suppliers that offer the best "Total Cost of Ownership", while in parallel comparing and analyzing historical suppliers, products and tender prices globally. Furthermore, through the online tool, it is much easier to solicit tenders from a broad base of suppliers, thus increasing our potential supplier base. However, for certain components, sub-assemblies and commodities that we require on a regular basis or are critical, we typically enter into global general supply agreements which are currently negotiated on an annual basis by our group procurement team in Zug, Switzerland. These agreements contain provisions relating to, among other things, the sourcing of materials, quality standards, audits, process documentation and qualification, data protection and confidentiality. Each of our regional procurement teams can then initiate purchase orders under this general supply agreement according to their manufacturing needs. Our E-Sourcing Platform has been continually updated to meet our specifications and currently supports several types of tenders and auctions, including normal tenders, Dutch auctions, English auctions and reverse auctions.

Quality Assurance

Our customers demand the highest quality from us, and we are committed to ensuring that our products meet or exceed their expectations and required functionality. From concept through design, manufacturing, delivery and service, we remain focused on delivering the highest quality. To reach this high standard, we have adopted a group-wide zero defect initiative implemented by each region as well as certain aspects of the "Lean" and "Six Sigma" approaches to quality assurance focusing on four pillars of quality: (i) software, firmware and hardware, (ii) reliability, (iii) suppliers and (iv) process stability.

Software, firmware and hardware quality initiatives strive to achieve quality at the source by embedding quality principles within all our development processes, including during the research, design and development phases (see also "—*Global Research and Development*"). Our goal is to create reliable products that meet our customers' expected operating performance and lifetime reliability. Our supplier quality initiative aims to ensure that our quality principles are embedded throughout the supply chain (see also "—*Global Procurement and Supply Chain*"). To measure supplier quality we require systematic supplier qualifications, audits (VDA 6.3 Supplier Audits) and the employment of other management tools, such as supplier risk rating. To measure the progress of our quality assurance initiatives, we evaluate, among other metrics, our field failure parts per million ("**PPM**") rate and our non-conformance cost ("**NCC**").

In connection with the manufacturing and assembly of our products, we employ a number of quality control tests and measures. These quality control measures range from the initial inspection and testing of components, sub-assemblies and commodities upon receipt, to end-to-end solution testing, common test automation, ongoing reliability tests ("**ORT**"), highly accelerated stress screenings ("**HASS**") and calibration tests. ORT evaluates potential shifts and drifts in components and process variation to ensure lifetime reliability and is applied to volume production and sampling is done according to ISO standards. HASS involves stringent accelerated lifetime tests that aim to reduce the risk of our products failing in the field. In addition, for certain products we engage third-party laboratories to perform certain tests and analyses. We also have a number of field study test sites globally where we have installed our products in various climates and external conditions to evaluate their long-term performance and to anticipate and remedy any potential quality issues that may arise based on patterns we observe. Our quality control department employs approximately 160 people globally, or approximately 2.5% of our total employees, and our quality management systems are ISO 9001 certified.

Global Research and Development

Overview

Our Global Research and Development organization is organized into three areas: (i) Devices, (ii) Software and (iii) Research and Technology. We have four major research and development centers globally and 20 additional country support centers and local engineering sites. In total, as of March 31, 2017, we had 1,389 employees working in research, design and development in various locations, mainly in the U.S., India and Finland. In addition, from time to time, we engage contract engineers and partners for certain research and development activities, and for the year ended March 31, 2017 this represented 23% of our research and development expenses.

Our current research and development strategy acknowledges the growing importance of connectivity among intelligent devices. As such, we are focused on the connectivity, communications technology and security of our products and solutions, with concentrated research and development of software, embedded software and hardware. We also have an emphasis on the development of platforms for devices, applications and networks intended to, among other things, globally leverage our research and development efforts and ensure modularity to improve a new product's time to market and reduce research and development costs over time.

For the year ended March 31, 2017, we dedicated USD 162.8 million to research and development activities, reflecting 9.8% of our total revenue. For the development of new product introductions, we committed USD 118.8 million, or 73% of our total research and development investment, with the remaining USD 44.0 million or 27% focusing on refreshing existing core offerings. Breaking down our total research and development expenses by product category, USD 50.5 million or 31% of our total research and development investment was dedicated to hardware products, USD 71.6 million or 44% was dedicated to software products and USD 40.7 million or 25% was dedicated to embedded software. Our research and development investment towards platforms comprised 15%, with product development and customizations comprising 65% and 20%, respectively.

Below is an overview of our main research and development centers and their main competencies.

Location	Main Competencies
Alpharetta, GA, USA	AMI meters; communications platforms and devices; ICG meters; Smart-Grid; HES; software platforms; AMI tools and apps
Pequot Lakes, MN, USA	Software platform; HES; validation and SIT; communications devices
Jyskä, Finland	AMI meters; communications devices, compliance test lab; software platform; HES; AMI tools and apps; advanced apps; validation and SIT
Noida, India	AMI meters; communications devices; metering and communications platforms; ICG meters; software platform; MDMS; validation and SIT; AMI tools and apps; advanced apps

Research and Development Organization

Our Devices team focuses on developing communications, device architecture and platforms and mechanical design. In particular, our Devices team is responsible for refreshing existing core offerings, which can include certain redesigns or the addition of new functionalities. Our Devices team also focuses on the development of platforms for devices, applications and networks. These platforms are essentially modular base designs that can be used globally, subject to regional and local adaptations, adjustments and calibrations. Through the development of platforms, we are better able to leverage our product development efforts and productivity on a global scale, increase our agility and improve our time to market without endangering quality. Our investments in platforms vary depending on the maturity of the respective platform and the requirements for refactoring or maintenance.

Our Software team focuses on software and applications, architecture and platforms, validation and system integration testing and level 3 research and development support. In relation to architecture and platforms, our Software team is responsible for development of software platforms that enable us to better and more efficiently reuse core functions and features across product offerings. Over the course of our history, we have migrated from investing mainly in the development of hardware to investing more in higher value-add categories, such as software and embedded software. For the year ended March 31, 2017, investments in hardware, software and embedded software development comprised 31%, 44% and 25% of our research and development investments, respectively.

Our Research and Technology team supports both our Devices team and Software team (each described above) and focuses on medium- and long-term technology and industry advancements to ensure that that our products and solutions best anticipate our customers' needs in light of utility industry dynamics, including regulation and market changes, environmental awareness and technological progress. The Research and Technology team regularly participates in standards organizations, publishes industry reports (so-called "white papers") and is in regular contact with research institutions, universities and customer research laboratories globally to ensure that we are aware of the latest research trends and developments in our core industries. See also "—*Patents and Other Intellectual Property Rights*".

Product Development

Our product development focuses on enhancing our existing product lines and developing new offerings. We seek to develop higher functionality premium products, such as those with embedded software, which provide enhanced intelligence and communications features. Meanwhile, we also focus on maintaining competitiveness in more mature markets through cost reduced designs. We also leverage our regional operational structure to intimately engage with our customers so that we can develop new products, solutions and services to meet their evolving needs.

Our product development processes typically comprises five business process gates: (i) discovery; (ii) market definition; (iii) concept definition; (iv) realization and (v) launch. During the transition through each development gate, we have identified key deliverables required prior to advancing to the next development phase that are presented to our project governance board for approval. For example, prior to progressing to the technical concept definition gate, the product management teams must present the marketing specification, demonstrate the business case, provide a preliminary feasibility study and a draft project plan. Then, prior to being able to advance to the realization phase, product development teams must present the technical specification, proof of concept, patent review, project risk assessment and a further updated business case. Finally, before the launch, products undergo quality and reliability tests and product management teams must present the ramp-up plan, market introduction plan, sales documentation and a final business cases. Our project governance boards vary in composition depending on the budget of the project, but generally comprise members of our senior Management either at the group and/or regional level depending on the project.

We believe that our five-gate process provides the basis for comprehensive management, progressive decision-making and efficient funding authorization at each stage of the process. The processes also efficiently and effectively allocate scarce resources on fewer, carefully selected high-impact initiatives with the ultimate goal of accelerating our ability to successfully launch new products and reduce new product failures. In addition, during the product development process we also engage members from our Group procurement and quality assurance teams to ensure that high quality principles and standards are embedded in each stage of new product development and that key procurement and supply chain considerations regarding components and materials are taken into account. In general, new product development for devices takes between 12 to 18 months from initial concept to the commercialization phase.

Information Technology

Our Information Technology ("**IT**") organization employs a hybrid organizational model, with strong collaboration between our global team in Zug, Switzerland and our regional teams throughout the globe. The global IT team formulates our common IT strategies relating to infrastructure, business applications, security and compliance, while our regional IT teams in the Americas, EMEA and Asia Pacific are responsible for running operations and supporting evolving regional business needs. Our overarching IT strategy is to (i) optimize and streamline our IT landscape to enhance efficiency, (ii) reduce costs and (iii) partner with the Group's other business areas to improve our overall competitive position.

Our global operations are connected through a single network with redundancies and backup storage in place. We also have strategic partnerships with leading private and public cloud hosting and managed IT service providers. In addition, we have also adopted the "Information Technology Infrastructure Library" ("**ITIL**") framework to ensure that our IT operations are well governed, compliant and aligned with business requirements. We have also adopted a policy regarding IT general controls for our main systems, to ensure change management, segregation of duties and business continuity.

For the management of our business operations, we use SAP for enterprise resource planning and business intelligence solutions and Microsoft for business collaboration tools and customer relationship management. IBM Cognos Controller is used for the Group-wide financial consolidation. All these applications, including other industry standard software, are maintained and regularly updated.

Due to rapid grid modernization driving information technology and operational technology ("**IT-OT**") convergence in North America, the America's IT team has been transformed into a Business Technology team that is responsible for overseeing 24x7x365 customer operations and support organizations, in addition to traditional IT functions. Our Business Technology approach allows us to identify and capture new revenue streams through IT-OT convergence, while also reducing overall operational costs. See "*—Portfolio Products and Solutions—Software and Services*".

Information (Cyber) Security

We have a global cyber security program that is responsible for protecting and defending the Group and our customers from cyber threats. We have comprehensive measures in place to deter, prevent, detect, respond to and mitigate a range of information security threats. This program includes the Security Incident Response Team, engaging in security awareness and providing security communications to the Group. Meanwhile, our global IT Security team is responsible for protecting and defending the environment from cyber threats, including through a multi-layer approach encompassing tools such as IPS/IDS, vulnerability management systems, and logging and monitoring systems. Our IT security also includes tools to manage access, resiliency and recovery, and automation for finding and addressing security issues across internal, customer, and cloud environments.

In addition, our Information Security team also works alongside our Global Research and Development organization to develop secure software and hardware solutions for our entire product portfolio. This includes utilizing industry leading encryption and advanced security methodologies, SDLC development practices and leading edge technologies. We also have a team responsible for all certifications, compliance and regulations requirements. Currently, certain of our research and development centers and manufacturing sites are ISO27001 certified (as required) and our customer supported data centers are SSAE 16 certified. For risks in relation to information security, see *"Risk Factors—Risks related to Our Industry and Business—The IT security of our products is important to customers. Cybersecurity incidents could disrupt business operations and result in the loss of critical and confidential information*".

Patents and Other Intellectual Property Rights

Over time, we have assembled a strong patent portfolio, which, in our view, is evidence of our continuous commitment to innovation and technology leadership. We currently own 873 patents and have 484 patent applications pending throughout the world, comprising an excess of 280 different issued or pending patent families. Of our 1,357 patents and patent applications, approximately 60% are registered in the Americas, 30% in EMEA and 10% in Asia Pacific. These patents and pending patent filings cover important inventions in electricity meters, circuits and systems, two-way communications technologies and other smart metering and Smart-Grid applications and solutions. Although our patents and overall suite of intellectual property are in the aggregate important to our business, we do not believe that any single patent or patent family is by itself material to our business.

We license some of our technology to other companies, including certain of our competitors, to allow them to be part of the Gridstream ecosystem. In addition, in some of our products we utilize a minimal number of incoming licenses from third parties. We have strong trademark and logo registrations and applications all over the world that we use in our business, including the Landis+Gyr name and the Gridstream logo.

In some circumstances, we rely on trade secrets to protect our technology, particularly source code. We strictly manage the access to and use of our source code, our data and all other proprietary information through a combination of internal and external controls that are customary in our industry, including security management solutions and contractual protections with employees, customers, suppliers, contract manufacturers and business partners. We use both standard confidentiality agreements and custom agreements detailing the handling of our confidential information and intellectual property. We also systematically require our employees, contract engineers and contract manufacturers to sign invention assignment agreements to give us ownership of intellectual property developed in the course of working for us.

For a description of certain risks related to our patents and other intellectual property rights, see "*Risk Factors—Legal, Regulatory and Taxation Risks—Our business relies on patents and other intellectual property, which, if narrowed in scope or found to be invalid or otherwise unenforceable, could impair our competitiveness and harm our business*".

Competition

We provide a comprehensive end-to-end offering of metering products, solutions, software and services to electricity and gas utilities and retailers. As a result, we face competitive pressures from a variety of companies that vary in size, geographic coverage, industry background and technology focus. Some of our competitors are large and established companies with a global presence and others focus on certain geographies or specific range of products and services. We compete with traditional metering vendors as well as companies that come from other industries, including telecommunication companies, software companies and other service providers. We have also seen an increasing presence of low-cost manufacturers in both our core and emerging markets.

We believe that our strong market position is underpinned by our dedication to solving complex utility challenges, our innovative approach to applied technologies and our recent investments along the value chain of smart metering and Smart-Grid solutions. However, some of our present and potential future competitors have, or may have, substantially greater financial, technical, marketing or manufacturing resources than we do and, in some cases, greater name recognition, customer relationships and experience. See "*Risk Factors—Risks related to Our Industry and Business—The markets in which we operate are highly competitive and some of our present and potential future competitors have, or may have, substantially greater financial, technical, marketing or manufacturing resources than we do and, in some cases, greater name recognition, better customer relationships and more experience*".

Globally, we are among the leading providers of smart metering solutions for electricity, gas and heat/cold metering solutions. Our main global competitors are Itron Inc. (electricity and gas metering), Honeywell International Inc. (electricity and gas metering) and Silver Spring Networks Inc. (electricity metering communication networks).

In the Americas, we are a leading supplier of electricity metering solutions. Our major competitors are Itron Inc. (electricity metering), Honeywell International Inc. (electricity metering), Silver Spring Networks Inc. (electricity metering communication networks), Aclara Technologies LLC (electricity metering) and Sensus USA Inc. (electricity metering).

In EMEA, we are among the leading suppliers of electricity, gas and heat metering solutions. Our primary competitors include Sagemcom (electricity metering), Itron Inc. (electricity, gas and heat metering), Honeywell International Inc. (electricity and gas metering), EDMI/Osaki Electric Co., Ltd. (electricity metering), Apator S.A (electricity and gas metering), Enel Spa (electricity metering), Iskraemeco, d.d (electricity metering), Diehl Stiftung & Co. KG (heat metering), Flonidan A/S (gas metering), Kamstrup A/S (electricity and heat metering) and Kaifa Technology Co., Ltd (electricity metering).

In Asia Pacific, we are among the leading suppliers of electricity and heat meters. We compete with international companies as well as regionally based competitors, such as EDMI/Osaki Electric Co., Ltd. (electricity metering), Genus Power Infrastructures Ltd (electricity metering), Secure Meter (U.K.) Ltd Secure Meter Ltd (electricity metering) and Kamstrup A/S (heat metering). The market in China is dominated by local suppliers. The top Chinese competitors include Wasion Wasion Group Holdings Limited (electricity metering), Linyang Energy Co., Ltd, Jiangsu Linyang Energy Co., Ltd (electricity metering), Hexing Electrical Co., Ltd (electricity metering), Ningbo Sanxing Electric Co.,Ltd. (electricity metering), Weihai Ploumeter Co., Ltd. (heat metering), Nanjing Maituo Jiangsu Maituo Intelligent Instrument Co., Ltd. (heat metering) and Tangshan Huizhong Instrumentation Co., Ltd (heat metering) and some have also made inroads in markets outside of China.

Material Contracts

In the ordinary course of our business, we enter into numerous contracts with various other entities including customers, contract manufacturers and suppliers. Other than the agreement described in the section "*Related Party Transactions*", we have not entered into any material contracts outside the ordinary course of our business within the past three years. For additional information regarding our customer base in each of our regional segments, see "—*Regional Overview*". For additional information on our contract manufacturer and supplier base see "—*Group Procurement and Supply Chain —Contract Manufacturers and Suppliers*".

Employees

The tables below set out our number of employees in full-time equivalents (FTEs) broken down by segment as of March 31, 2015, 2016 and 2017.

	As of March 31,		
(Number of employees in FTEs)	**2015**	**2016**	**2017**
Americas	2,148.0	2,174.0	2,166.0
EMEA*	2,180.7	2,522.0	2,533.8
Asia Pacific	1,331.5	1,304.9	1,218.7
Total	5,660.2	6,000.8	5,918.6

*Including our headquarters in Zug, Switzerland

Our workforce comprises highly trained workers and professionals from various fields, such as engineering, electronics and physics. The diversity of skills required among our workforce demands that we maintain (i) strong pipelines through which we attract talent, (ii) career development priorities that aid in retaining talent and (iii) an employee engagement culture that motivates our talent. In order to best position our business in recruiting talented employees, we begin by developing relationships with targeted universities that have degree programs that match our most critical skill requirements. We also develop talent pipelines through headhunters, job boards and networking. Through internal opportunities and growth promotions, along with opportunities to problem-solve and participate in decision-making, we strive to engage, retain and motivate our employees.

As of March 31, 2017, we employed 5,919 total employees and approximately 41.7% were represented by labor unions or works councils, primarily in Mexico, Brazil and Europe. We do not currently have any labor unions at any of our United States facilities, where approximately 21% of our total employees are based. We seek to maintain good relationships with our workforce since our future growth depends strongly on our attractiveness as an employer and the satisfaction of our employees with their working environment as well as our ability to avoid disruptions to our business. Therefore, valuing our employees is one of our core principles. Our relationships with our workforce are governed by collective bargaining agreements or similar labor contracts in a limited number of jurisdictions in which we operate. In certain jurisdictions, where required by law, the interests of our employees are pursued by representative bodies such as works councils. We are of the opinion that, based on our endeavor to constantly improve our employees' satisfaction, our relationships with our workforce can be characterized as cooperative and positive.

Employee benefits

Employee benefits are offered in accordance with local country legislative requirements or market/industry sector practices. Examples of benefits offerings are pension plans, bonus plans or profit share schemes, company car or car allowance (for some management groups), health insurance, discounted rates on retail goods and services, travel allowance and enhanced annual leave allowance.

Pension plans

Many of our employees are covered by defined benefit plans which are funded by the Group, the employees, and in certain countries, by state authorities. We have pension plans in various countries, with the majority of our pension liabilities deriving from Germany, U.S. and Switzerland. In Switzerland, we maintain a pension scheme in accordance with Swiss pension law. The Swiss pension plan is governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. The assets of the pension plan are held within a separate foundation and cannot revert to the employer. Pension plans are overseen by a regulator as well as by a state supervisory body. The Swiss pension scheme requires contributions to be made at defined rates. However, the pension scheme incorporates certain guarantees of minimum interest accumulation and conversion of capital to pension. As a result, the pension scheme has been reported as a defined benefit pension plan in accordance with U.S. GAAP and can lead to the Group making additional contributions. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates—Employee Benefit Plans*" for further information.

Properties

The table below describes the location, size and use of our facilities, including whether they are used for research and development, and whether they are owned or leased:

Name / Description	Main use type	Total area (approx. m²)	Approx. split of area between: Manufacturing	Offices	Leased/ Owned
Zug, Theilerstrasse 1, Zug, Switzerland[(1)]	R&D, Manufacturing	8,700	30%	70%	Leased
Zug, Zählerweg 12, Zug, Switzerland	Office	400	0%	100%	Leased
Montluçon, 30, Avenue du President Auriol, France	Manufacturing, R&D	13,200	60%	40%	Owned
Corinth, 78km National Road, Greece	Manufacturing	14,500	70%	30%	Owned
Nuremberg, Humboldstrasse, Germany	R&D	7,400	55%	45%	Leased
Jyska, Salvesenintie 6, Finland	R&D	9,300	0%	100%	Leased
Northfields, Industrial Estate, U.K.	Manufacturing, R&D	6,800	80%	20%	Leased
Stockport, Orion Business Park, U.K.	Manufacturing, R&D	7,800	70%	30%	Leased
Kosmosdal, Guateng 001, South Africa	Manufacturing, R&D	3,800	60%	40%	Leased
Joka (Kolkata), Diamond harbour Road, India	Manufacturing	22,000	95%	5%	Owned
Baddi, Tehsil Nalagarh India[(2)]	Manufacturing	6,100	95%	5%	Owned(3)
Baddi, Tehsil Nalagarh India[(2)]	Manufacturing	1,800	95%	5%	Leased
Noida, C-48, Sector 57, India	R&D, GDC	3,700	0	100%	Leased
Noida, C-48, Sector 58, India	R&D, GDC	2,000	0	100%	Leased
Laverton, 28-50 Cyanamid Street, VA Australia	Manufacturing	5,100	95%	5%	Leased
Zhuhai, No.12 Pingdong 3rd Road, China	Manufacturing	9,000	75%	25%	Leased
Alpharetta, 30000 Mill Creek Ave, GA United States	R&D	7,800	0	100%	Leased
Minneapolis, West Country Road C, MN United States	R&D	2,400	0	100%	Leased
Pequot Lakes, 6436 County Road, MN United States	R&D	4,700	0	100%	Owned
Curitiba, Rua Hasdrubal Bellegard, 400, Brazil	Manufacturing, R&D	10,100	75%	25%	Owned
Lafayette, 2800 Duncan Rd, IN United States	R&D	13,800	0	100%	Leased
Lenexa, 11146 Thompson Ave., KS United States	NOC	2,000	0	100%	Leased
Reynosa, Mike Allen 1221-1 Mexico	Manufacturing	10,000	80%	20%	Leased

(1) Manufacturing has been transferred from Zug, Switzerland to Corinth, Greece. Zug performs the following activities: service, repair, calibration.

(2) Site has been closed and production transferred to Joka (Kolkata), India.

(3) Freehold lease starting from 2008 for 99 years.

In addition, we also have research and development facilities in Prague, Czech Republic, Sydney, Australia, and Raleigh, North Carolina, USA. Our facilities meet our present and currently projected operational requirements. However, as part of our operational initiatives Project Lightfoot and Project Phoenix, we are continuing to focus on maximizing the efficiency of our operations and manufacturing footprint through capacity and utilization improvements. For further information on these operational initiatives, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting our Performance—Restructuring and Operational Excellence Initiatives*".

We are not aware of any environmental issues or other constraints that would materially impact the intended use of our facilities. See also "*—Environmental Matters*".

Environmental Matters

We are subject to a variety of federal, state, local and international environmental laws and regulations, including those governing the discharge of pollutants into the air or water, the management and disposal of hazardous substances or wastes and the cleanup of contaminated sites. Some of our operations require environmental permits and controls to prevent and reduce air and water pollution, and these permits are subject to modification, renewal and revocation by issuing authorities. We employ personnel to oversee environmental matters and also retain environmental professionals to assist us in analyzing applicable regulations and compliance requirements, and to provide technical support. We believe we are in compliance with laws, rules and regulations applicable to the storage, discharge, handling, emission, generation, manufacture and disposal of, or exposure to, toxic or other hazardous substances in each of those jurisdictions in which we operate.

We are currently engaged in remediation activities to limit environmental impacts from past releases of hazardous substances, which led to a contamination of soil and groundwater in the vicinity of our manufacturing site in Montlucon, France. These remediation activities include additional monitoring, excavations and containment of the affected soil. In addition, it has been recommended by Environmental Resources Management (ERM, a global provider of environmental, health, safety, risk and social consulting services) that a baseline soil and groundwater quality investigation be done to ascertain the presence and extent of contamination, if any, at our site in Baddi, India (which is to be vacated in the near term) to avoid any future liability risk resulting from environmental contaminations. See also "*Risk Factors—Legal, Regulatory and Taxation Risks—Changes in environmental laws and regulations, violations of such laws and regulations or future environmental liabilities could cause us to incur significant costs and adversely affect our operations*".

Legal and regulatory proceedings

We are, from time to time, party to legal proceedings and investigations arising from the operations of our business. Currently, we are involved in the noteworthy pending legal actions and regulatory investigations described below. While our Management currently does not expect the outcome of these legal matters to have a material adverse effect on our business, financial condition or results of operations, it is not possible to predict with certainty whether or not we will ultimately be successful in any of these legal matters, or, if unsuccessful, what the impact might be.

In October 2015 we learned from a press release that the Romanian Competition Authority (*Romania Consiliul Concurentei*) had launched an investigation into the metering business in Romania and that Landis+Gyr AG was one of the companies included in the investigation. In response we launched and concluded an internal investigation that did not reveal any competition law related misconduct. However, the Romanian Competition Authority's investigation is ongoing. We are cooperating with the Romanian authorities and have not made any provisions in relation to this investigation.

We are also currently involved in two related legal proceedings in Brazil arising from allegations that certain of our electronic meters were excessively vulnerable to fraud. Both claims have been brought by Energisa S.A. and its group companies. We do not believe that it is probable that we will be held liable in these cases and have not made any provisions in relation to these claims. In addition, in January 2016, Quadlogic Controls brought an intellectual property claim against one of our customers, ENEDIS in France. We are not a party to these proceedings; however, ENEDIS has informed us of the matter pursuant to our contractual terms with them. To the extent that Quadlogic Controls is successful in the matter, it is possible that ENEDIS would bring a claim against us to determine what, if any, role and liability we had in the intellectual property infringement matter.

We are also party to a legal proceeding in the United States in connection with the acquisition of Consert by Toshiba Corporation on February 6, 2013. On March 29, 2017, a lawsuit was filed at the district court in San Antonio, Texas, USA by former shareholders of Consert identifying ten defendants, primarily consisting of former Consert executives and board members. On July 3, 2017, the plaintiffs amended their petition to include Landis+Gyr Technology, Inc. as a named defendant. The petition alleges collusive behavior by the defendants to prevent Consert shareholders from realizing consideration to which they were purportedly entitled in connection with the 2013 sale of Consert and is based on several counts, of which, among others, aiding and abetting, a breach of fiduciary duties, common law fraud and conspiracy to defraud relate to Landis+Gyr Technology, Inc. In connection with our acquisition of the business and assets of Consert, we entered into a reorganization agreement with Toshiba Corporation and Consert, dated November 1, 2016, whereby Toshiba Corporation and Consert agreed to indemnify us in connection with any losses resulting from a lawsuit brought by the former shareholders of Consert against its former management, among other parties, pending in the Superior Court of Columbus, North Carolina, USA and all matters related thereto. We therefore have provided Toshiba Corporation with formal notice of the claim brought against us before the district court in San Antonio, Texas, USA and communicated our intention to seek indemnification for all potential losses, since in our view this case is related to the litigation before the Superior Court of Columbus, North Carolina. We do not believe that it is probable that we will be held liable in these cases and have not made any provision in relation to these claims.

See also, "*Risk Factors—Legal, Regulatory and Taxation Risks—We are subject to risks from actual or threatened legal, administrative and arbitration proceedings and investigations*".

Insurance

The current scope and coverage of our insurance is consistent with levels that are customary in our industry. As such, we have implemented a global insurance program which provides insurance cover to all Group companies. Below is an overview of the main insurance policies as well as the lead insurance carrier:

- Property Damage & Business Interruption – XL-Catlin
- Public & Product Liability – XL-Catlin
- Directors & Officers (D&O) – Allianz
- Marine Cargo – Allianz
- Employment Practices Related Liability – AIG
- Crime – Chubb

In addition, each of our subsidiaries has secured any additional customary or legally mandated insurance coverage as required by their respective jurisdictions. The insurance coverage provided by the aforementioned main insurance policies will expire on September 30, 2017 in each case, but will be renewed in the ordinary course of our business in a timely manner.

During the past five years our insurers have made payments of 1.5m AUD and 15.6m AUD, respectively, to settle two significant (i.e., over USD 1 million) insured losses that occurred in Australia:

- In November 2010, a fire destroyed the Sundowner Hotel in Brisbane, Queensland. In April 2012, the hotel owners issued claim against Landis & Gyr Pty Ltd and other parties, alleging the fire was due to a Landis & Gyr Pty Ltd electricity meter installation. Zurich Insurance, our then Public & Product Liability insurer, together with the other defendants, reached a settlement with the hotel owners in July 2015 and the claim was subsequently withdrawn.
- In April 2015, a severe storm caused extensive damage to our leased premises in Sydney and subsequently all operations had to permanently relocate to a new premise. Landis & Gyr Pty Ltd property and business interruption losses were fully covered by its policy with XL-Catlin.

Notwithstanding the global insurance program above, there can be no guarantee that we will not incur losses or suffer claims beyond the limits, or outside the relevant coverage, of our insurance policies. See "*Risk Factors—Risks Related to Our Industry and Business—We are exposed to various risks, including accidents, vandalism, cyber-related incidents as well as environmental damage. We may not be adequately insured against such risks and our insurance costs may increase significantly*".

REGULATION AND SUPERVISION

Overview

We are subject to various laws, regulations and ordinances in all of the jurisdictions in which we conduct business. Governments and regulatory authorities around the world, including in North America, the E.U., Australia, Brazil and India, have enacted numerous initiatives and regulations to promote energy efficiency and clean technology. However, as some of these initiatives and regulations are implemented, the full realization of the goals of such initiatives may be delayed or may not ultimately occur at all.

Other areas of regulation that affect our business relate to labor, data protection, human health and the environment and the regulation and allocation of radio frequencies. These regulations have had, and are expected to continue to have, a material effect on our industry.

Compliance with current or future laws and regulations may increase our expenses if their complexity or inconsistency increases, while failure to comply could result in the imposition of significant fines, customer claims for breach of contract, harm to our reputation, suspension of our production, alteration of our production processes, cessation of our operations or other actions in the jurisdictions concerned, all of which could have a material adverse effect on our results of operations, cash flows and financial condition. While we currently foresee no material risk of noncompliance, it remains possible that we may fail to comply with a law, regulation or ordinance in the future.

Regulatory Initiatives

United States

The Energy Policy Act of 2005, or the EPAct 2005, includes several provisions designed to promote energy efficiency and the use of renewable energy sources. In particular, the EPAct 2005 requires each state regulatory authority to evaluate whether to allow each electric utility that it regulates to install time-based meters and communications devices that allow customers to participate in time-based pricing rate schedules and other demand response programs. To date, more than 40 states have adopted some form of net metering policy.

In 2007, the Energy Independence and Security Act of 2007, or EISA, was enacted and was designed to increase energy efficiency and the availability of energy from renewable sources. The EISA is perhaps the most influential U.S. federal legislation affecting electric utilities in the United States. A key section of the EISA provides regulators with an overview of suggested methods that can be used when evaluating Smart-Grid investments. In addition, EISA, among other things, requires the U.S. National Institute of Standards and Technology to establish protocols and standards to ensure interoperability, functionality and cyber security in Smart-Grid technologies. EISA also directed individual states to encourage utilities to employ Smart-Grid technologies and allow utilities to recover Smart-Grid investments through rate mechanisms that are to be approved by the U.S. Federal Energy Regulatory Commission.

As stipulated in EISA, since 2009, the U.S. National Institute of Standards and Technology has worked cooperatively with industry stakeholders to develop and refine the framework for interoperability standards in Smart-Grid technologies. Through a consensus-building stakeholder engagement process and organization, the Smart-Grid Interoperability Panel was established and since 2010 the U.S. National Institute of Standards and Technology has published three releases of the “Framework and Roadmap for Smart-Grid Interoperability Standards” (i.e., Releases 1.0 (2010), 2.0 (2012) and 3.0 (2014)).

In February 2009, the American Recovery and Reinvestment Act of 2009, or ARRA, was enacted as part of an effort to promote the recovery of the U.S. economy. The ARRA provided the U.S. Department of Energy with USD 4.5 billion to modernize the electric power grid. Under the largest program, the Smart-Grid Investment Grant Program (“**SGIG**”), the U.S. Department of Energy and the electricity industry jointly invested USD 8 billion in 99 cost-shared projects involving more than 200 participating electric utilities and other organizations transitioning to Smart-Grids. This program encouraged the rollout of Smart-Grid projects in geographically diverse areas, increased federal matching grants for Smart-Grids, including the introduction of residential smart meters, encouraged related research and development and provided electric utilities with additional incentives to invest in Smart-Grid technologies through cost recovery mechanisms administered by the U.S. Federal Energy Regulatory Commission.

In addition to the federal legislations described above, each of the 50 states within the U.S. has the authority to implement their own legislative and regulatory initiatives that impact the electric utilities within their respective states. One of the most innovative initiatives in the United States is the New York Reforming the Energy Vision (Rev) initiative. The initiative seeks to not only rethink how new technology can transform the utility planning and operations, but also considers the creations of new business models. On March 9, 2017, the Public Service Commission issued an order providing additional direction to the utilities on Distributed System Implementation Plans (DISPs). These plans are meant to be the basis for new utility planning processes consistent with their role as the Distributed System Platform operators. Among other things, utilities are required to (i) screen for non-wires alternatives in planning, complete hosting capacity analysis; (ii) fully implement interconnection portals; and (iii) deploy at least two energy storage projects at two different substations by end of 2018. California has launched another significant initiative on February 17, 2017 that proposes a “Renewables Portfolio Standard Program”. The proposed bill expands advanced energy growth by requiring the state’s investor-owned utilities to meet a 100% renewable portfolio standard by 2045.

European Union

In 2009, the E.U. introduced the European Renewable Energy Directive (Directive 2009/28/EC) promoting the use of energy from renewable sources and setting a target for a 20% share of the E.U.’s energy consumption by 2020 to be sourced from renewable sources. The Renewable Energy Directive specifies national renewable energy targets for each country, taking into account its starting point and overall potential for renewables. In addition, E.U. countries must set out how they plan to meet these targets and the general course of their renewable energy policy in national renewable energy action plans. Progress towards national targets is measured every two years when E.U. countries publish national renewable energy progress reports. In November 2016, the European Commission published a proposal for a revision to the Renewable Energy Directive to make the E.U. a global leader in renewable energy and ensure that the target of at least 27% of the E.U.’s energy consumption by 2030 is sourced from renewables.

As part of the third legislative package for the European energy market of July 13, 2009 (the “**Third Energy Package**”), the European Parliament and Council introduced annexes to the European Electricity Directive 2009/72/EC and the European Gas Directive 2009/73/EC, according to which, member states shall ensure the implementation of intelligent metering systems that facilitate active participation of consumers in the gas and electricity supply markets. Pursuant to these annexes, the implementation of metering systems may be subject to an economic assessment of all long-term costs and benefits to the market and individual consumers. Where the rollout of smart meters is assessed positively by a member state, at least 80% of consumers shall be equipped with intelligent metering systems by 2020. The implementation of smart meters, however, has been substantially dependent on criteria decided by member states. This includes regulatory arrangements and the extent to which the systems to be deployed will be technically and commercially interoperable. There is also no E.U.-wide consensus yet on the minimum range of operations required by smart meters. These limitations have, thus, resulted in the relatively low penetration of smart electricity meters in the E.U.

In October 2012, the E.U. announced the Energy Efficiency Directive (Directive 2012/27/EU) which established a set of binding measures to help the E.U. reach its energy efficiency targets. Under the Energy Efficiency Directive, all E.U. countries are required to use energy more efficiently at all stages of the energy chain, from production to final consumption. On 30 November 2016, the European Commission proposed an update to the Energy Efficiency Directive, including a new 30% energy efficiency target for 2030, and measures to update the Energy Efficiency Directive to make sure the new target is met.

The Energy Efficiency Directive requires member states, among other things, to ensure (to the extent technically possible, financially reasonable and proportionate in relation to potential energy savings) that customers are provided with competitively priced individual meters that accurately reflect the final customer’s actual energy consumption and that provide information on the actual time of use. These meters must be installed whenever a meter is replaced, a new connection is made in a new building or a building undergoes major renovations. Further, Article 9 of the Energy Efficiency Directive stipulates that to the extent that member states implement intelligent metering systems and rollout smart meters for natural gas and/or electricity in accordance with the European Electricity Directive 2009/72/EC and the European Gas Directive 2009/73/EC, they shall ensure (i) that the metering systems provide to final customers information on actual time of use and that the objectives of energy efficiency and benefits for final customers are fully taken into account when establishing the minimum functionalities of the meters and the obligations imposed on market participants; (ii) the security of the smart meters and data communication and the privacy of final customers, in compliance with relevant E.U. data protection and privacy legislation; (iii) that in the case of electricity and at the request of the final customer, they shall require meter operators to ensure that the meters can account for electricity put into the grid from the final customer's premises; (iv) that if final customers request it, metering data on their electricity input and off-take is made available to them or to a third-party acting on behalf of the final customer in an easily understandable format that they can use to compare deals on a like-for-like basis; and (v) that appropriate advice and information is given to customers at the time of installation of smart meters, in particular about their full potential with regard to meter reading management and the monitoring of energy consumption. The member states of the E.U. have had to bring into force the laws, regulations and administrative provisions necessary to comply with the Energy Efficiency Directive by June 2014. In addition, the Energy Efficiency Directive requires each member state to submit every three years a National Energy Efficiency Action Plan to the European Commission.

Most recently, on 30 November 2016, the European Commission published a proposal package entitled "Clean Energy for All Europeans" that is intended to shape the low-carbon energy transition in the E.U. for the next 15 years. The proposal package has essentially three goals: putting energy efficiency first, achieving global leadership in renewable energies and providing a fair deal for consumers. The proposal package further acknowledges that consumers are active and central players in the energy markets of the future, and thus will require a better choice of supply, access to reliable energy price comparison tools and the possibility to produce and sell their own electricity. The proposal package addresses energy efficiency, renewable energy, the design of the electricity market, security of electricity supply and governance rules for the so-called "Energy Union". The proposal package also outlines actions to accelerate clean energy innovation and to renovate Europe's buildings. It provides measures to (i) encourage public and private investment, (ii) promote E.U. industrial competitiveness and (iii) mitigate the societal impact of the clean energy transition. Notably, however, the publication of the proposal package by the European Commission represents only the beginning of the legislative procedure, which must be passed upon by the European Parliament and European Council, and then implemented by the member states (if applicable).

Australia

In April 2007, the Council of Australian Governments ("**COAG**") committed to a national mandated rollout of smart meters, subject to a cost-benefit analysis. In June 2008, the Ministerial Council on Energy, having considered the findings from a detailed cost-benefit analysis, recommended a mandated rollout by distribution utilities as the preferred approach to facilitating a rollout of smart meters. However, only one Australian state, the State of Victoria, ultimately mandated smart meters.

Thereafter, having viewed the Victorian rollout as not having produced the desired benefits, in November 2012 the Australian Energy Market Commission ("**AEMC**") published its final report for the "Power of Choice" that sets out its recommendations for supporting market conditions to facilitate efficient consumer participation in overseeing their energy consumption. Essentially, Power of Choice is part of a national emphasis on encouraging Australian energy users to make more informed choices about how and when they use electricity. Power of Choice is designed to provide customers with better information and more options so that they can better manage their energy bills. This final report was then followed by the COAG Energy Council's endorsement in December 2012 of a comprehensive package of national energy market reforms to strengthen regulation, empower consumers, enhance competition and innovations and ensure balanced network investment.

On 26 November 2015, the AEMC announced its final rule that will open up competition in metering services and facilitate a market-led deployment of advanced meters. The final rule facilitates a market-led approach to the deployment of advanced meters where consumers drive the uptake of technology through their choice of products and services. This competitive framework for metering services is designed to promote innovation and investment in advanced meters that deliver services valued by consumers. This new rule has, thus, required changes to the National Electricity Rules and the National Electricity Retail Rules, which enter into effect on 1 December 2017.

Pursuant to these new rules, all new and replacement meters installed in homes and small businesses in Australia will be smart meters. The final rule also provides electricity retailers with the choice of who provides, installs and reads meters on behalf of their customers, subject to registration requirements. The new rules will also facilitate the commercial provision of services enabled by advanced meters, such as access to voltage and other data in real-time, to distribution businesses and third parties, while putting in place safeguards to protect consumers from unauthorized access to their metering data and services provided by their meter.

The changes under the Power of Choice program apply to the National Electricity Market, which covers the following states: Queensland, New South Wales, Victoria, Tasmania and Southern Australia. The Power of Choice rules do not apply to Western Australia, where metering remains the responsibility of regulated network businesses.

India

In September 2010, the India Smart Grid Task Force ("**ISGTF**") was formed under the aegis of the Ministry of Power ("**MoP**") to serve as the Indian government's focal point for activities related to Smart-Grid, including a road map for the implementation of Smart-Grids in India. The main functions of ISGTF are to (i) ensure awareness, coordination and integration of the diverse activities related to Smart-Grid technologies and practices and services for Smart-Grid research and development, (ii) coordinate and integrate other relevant intergovernmental activities, and (iii) collaborate on interoperability frameworks, etc. In August 2013, ISGTF released a Roadmap for Smart-Grids in India.

The India Smart Grid Forum ("**ISGF**") is a public-private partnership initiative of the MoP for the accelerated development of Smart-Grid technologies in the Indian power sector. ISGF's mandate is to advise the government on policies and programs for the promotion of Smart-Grids in India, to work with national and international agencies in standards development, and to help utilities, regulators and the industry in technology selection, training and capacity-building.

In order to promote Smart-Grid initiatives in India, the MoP announced 14 SG Pilot projects with 50% funding from MoP and 50% from the participating electricity distribution company. ISGTF and ISGF helped MoP in implementing the Pilot projects.

In June 2013, the Indian Central Electricity Authority released the first edition of the Smart Meter Specifications, which formed part of all 14 SG Pilot RFPs. Electricity distribution companies started floating RFPs for deployment of pilot projects.

As a next step to support pilot and large-scale rollouts, the National Smart Grid Mission ("**NSGM**") was formulated by the Indian government in March 2015 and ISGTF was disbanded. NSGM has its own resources and funding mechanism, and will bring national-level support from other government ministries, institutions and the state governments. NSGM is formulating a detailed blueprint that covers specific programs and projects in different utilities in each state and estimates the capital outlays and budgetary support required. NSGM coordinates with state governments, utilities and other stakeholders for the rollout of Smart-Grid projects and monitors project implementation. NSGM is also coordinating the development of standards and technically feasible and economically sustainable business models relevant to the Indian context. The initial outlay of NSGM is USD 150 million.

NSGM has a steering committee chaired by the MoP, an executive committee chaired by the secretary of power, a technical committee chaired by the chairperson of the Central Electricity Authority, and a mission directorate. There will be NSGM project management units in all states.

In September 2015, the Indian Forum of Regulators approved a set of Model Smart Grid Regulations. MoP also suggested that the Bureau of Indian Standards ("**BIS**") formulate a national standard for smart meters. Subsequently, BIS assigned the task of preparing the standards for smart meters to the technical committee under its Electrotechnical Division (ETD- 13).

In August 2015, BIS published the new smart meter standard, "IS 16444: AC Static Direct Connected Watthour Smart Meter – Class 1 and 2 Specification". In March 2016, "IS 15959: Data Exchange for Electricity Meter Reading, Tariff and Load Control — Companion Specification" was revised and published as "IS 15959: Part 2-Smart Meter". A revision of standards was published in April 2017.

India presently has 240 million legacy meters and there are plans to install up to 130 million smart meters by 2021. Smart meters are still in their nascent stage in India, but the Central Electric Authority and NSGM are working closely to lay the foundation for their implementation. The Indian Ministry of Urban Development has approved and is targeting 100 Smart Cities in India.

In November 2014, the MoP launched the Integrated Power Development Scheme, which has the following objectives:

- Strengthening of sub-transmission and distribution networks in urban areas;
- Metering of distribution transformers / feeders / consumers in urban areas; and
- IT enablement of the distribution sector and strengthening of distribution networks

The Integrated Power Development Scheme is expected to contribute towards reducing aggregate and technical commercial losses, establishing an IT-enabled energy accounting and auditing system, and improving collection efficiency and billing based on energy metered consumption.

In addition, in September 2015, the Indian government has initiated Ujwal DISCOM Assurance Yojana (UDAY) as a financial turnaround and revival package for electricity distribution companies in India ("**DISCOMs**"). The intention behind this program is to find a permanent solution to the financial difficulties which DISCOMs find themselves in. The program allows state governments, which own the DISCOMs, to take over 75% of their debt as of September 30, 2015and pay back lenders through the sale of bonds. DISCOMs are expected to issue bonds for the remaining 25% of their debt.

Finally, the National Tariff Policy was launched in January 2016, which mandates utilities to:

- install smart meter at consumers with monthly consumption of 500 units and above before December 2017; and
- install smart meters at consumers with monthly consumption of 200 units and above before December 2019.

Brazil

In April 2012, the National Agency of Electric Energy ("**ANEEL**") enacted the Normative Resolution N° 482/2012 which establishes a net metering policy for renewable micro and mini distributed energy generation. Under this policy, any consumer can install in their consumer unit a small power generator, whose output serves for the reduction in consumption on the monthly bill. The resolution sets forth minimum specifications for energy meters, including metrology functionalities, the need for a two-way communication interface and integrated connection and disconnection devices. Under the metering scheme, an increasing rate of small-scale renewable energy based distributed generation system was installed. In November 2015, the Normative Resolution N° 482/2012 was amended by Normative Resolution N° 687/2015 which introduced several improvements, such as a higher power limit, new business models, reduced deadlines for compensation and standardization of procedures.

Also in 2012, ANEEL issued another regulation governing the rollout of smart meters which aims to make better use of digital information technology, interactive communications and power flow optimization techniques (Normative Resolution N° 502/2012). This resolution is commonly known as the "Smart-Grid Regulation" and essentially directed Brazil's utility companies to make smart meters available to consumers who adopted the so-called "white tariff", which is a tariff structure based on time-of-use parameters. Through the use of smart meters, customers are provided with detailed, automated and real-time electricity information enabling them to tailor their electricity use to meet their price and supply goals.

In December 2015, the Brazilian Ministry of Mines and Energy ("**MME**") launched the Development Program of Distributed Power Generation ("**ProGD**") to foster renewable distributed power generation and cogeneration. At the time of release of ProGD, MME estimated that by 2030, 23.500 MW (48 TWh produced) of clean and renewable energy would be generated from net metering.

Radio Frequency Regulation

We are required to comply with the laws and regulations of, and often obtain approvals from, national and local authorities in connection with the products that we sell. Among other things, the design, manufacture, marketing and use of communications-enabled meters such as our smart meters are subject to the laws and regulations of the jurisdictions in which we sell such equipment. These laws and regulatory requirements vary from country to country, and jurisdiction to jurisdiction. In the U.S., the Federal Communications Commission is primarily responsible for enforcing these laws and regulations, pursuant to the Communications Act of 1934, as amended. Any failure to comply with applicable laws or regulations could result in the imposition of financial penalties against us, the adverse modification or cancellation of required authorizations, or other material adverse actions.

In particular, many of our products rely on the use of radio frequencies (which are highly regulated), and must comply with applicable technical requirements intended to minimize radio interference to other communications services and ensure product safety, by, among other things, limiting human exposure to radio frequency emissions. As a result, the approval of the regulatory authority of each country in which we design, manufacture, or market our products is often required. Moreover, we may be held accountable if our devices cause interference to other users of the radio spectrum. In certain cases, the approval of the communications carrier on whose system our products operate must also be obtained.

When we manufacture products with integrated communication devices, we typically seek approval from governmental entities and carriers ourselves. In other cases, including in the case of meters that allow the attachment of communication devices provided by third parties, we rely on other entities to obtain and maintain the necessary government and carrier approvals. In each case, testing of our product by the regulator, or by a testing lab approved by the regulator, typically is required to demonstrate compliance with applicable laws and regulations. Moreover, we must manufacture our products in accordance with the approved design.

The increasing demand for wireless communications has exerted pressure on regulatory bodies worldwide to adopt new standards for these products, generally following extensive investigation and deliberation over competing technologies. The delays inherent in this governmental approval process have in the past caused, and may in the future cause, the cancellation, postponement or rescheduling of the installation of communication systems by our customers, which in turn may have a material adverse impact on the sale of our products to our customers.

Certain of our products are designed to use radio frequencies that are licensed to utilities or other end-users of those devices. However, most of the communications technology employed in those meters uses unlicensed spectrum. Where use of unlicensed spectrum is permitted, the band is typically shared among a number of different types of users, and use is allowed only on a non-interference basis. That is, a meter using an unlicensed band must not cause interference to others, and may not claim protection from interference that it may encounter from other users. As a result, our meters may not work as intended in every situation or environment.

Governments may change laws and regulations relating to spectrum use in the future, and the licenses and other authorizations on which we rely may not be renewed on acceptable terms. Among other things, a government may reallocate spectrum for a different use if there are very few users in a particular band, or it may adopt new technical standards, or other new regulations that are intended to allow greater sharing in a given spectrum band.

Data Protection

We are subject to data protection regulation that imposes a general regulatory framework for the collection, processing and use of personal data. Many of our Smart-Grid and other technologies rely on the transfer of data relating to individuals and are accordingly affected by these regulations. In the E.U., the European Data Protection Directive (Directive 95/46/EC) is one of the most relevant directives impacting data protection; however, the implementing laws across member states have varied to a significant degree and resulted in certain inconsistences. Thus, in May 2016 the E.U. adopted certain reforms in relation to the collection and usage of personal data of E.U. citizens, including the General Data Protection Regulation (Regulation (EU) 2016/679) (the "**General Data Protection Regulation**"). The General Data Protection Regulation entered into force on 24 May 2016 and will apply from 25 May 2018, and repeals the European Data Protection Directive (Directive 95/46/EC). In essence, the General Data Protection Regulation updates and modernizes the principles included in the European Data Protection Directive (Directive 95/46/EC) and provides a single set of data protection rules imposing new and stricter conditions and limitations on the processing, use and transmission of personal data, and streamlining E.U. data protection law. While the E.U. is in the process of implementing a more unified approach to data protection, the privacy issues in connection with our Smart-Grid products and solutions will, nevertheless, continue to remain an issue of relevance. Exactly how the new E.U. regulations in connection with privacy requirements will further develop both at the E.U. level and in the individual member states is unclear.

Protection against breaches of cyber security is of key importance to our customers, end-users, regulators and legislators. We have designed a security architecture incorporating cryptographic and hardware enabled technologies and continue to develop advanced security features for our Smart-Grid products and solutions to seek to protect against tampering or "hacking" and to ensure the privacy and integrity of data. However, in the event that our Smart-Grid products and solutions purchased by utilities or products supplied by other vendors as part of Smart-Grid infrastructure fail to ensure the security and reliability of information transmitted between the end-user and the utility or otherwise jeopardize the supply of electricity, we may experience reduced demand or non-acceptance of our Smart-Grid products and solutions, which would materially adversely affect our business. See also "*Risk Factors—Legal, Regulatory and Taxation Risks—Changes to data protection laws and regulations and their interpretation may impact our operations*".

Labor

We are subject to laws, regulations and ordinances related to occupational safety and health, labor and wage practices, which are subject to change in substance, interpretation or enforcement from time to time. We cannot predict the nature, scope or effect of future regulatory requirements to which our operations might be subject. Compliance with laws and regulations may increase our expenses if their complexity or inconsistency increases, while failure to comply could result in the imposition of significant fines, suspension of our production, alteration of our production processes, cessation of our operations or other actions in the jurisdictions concerned. In addition, changes in such laws, regulations and ordinances could introduce additional operational requirements and increase the cost of conducting our business and have a material adverse effect on our results of operations.

Certifications and Approvals

In the United States, there is no centralized certification process for metering systems. Some U.S. states require individual certification procedures and approvals for meters.

In the European Union, meters must be approved under the Measuring Instruments Directive (Directive 2014/32/EU) (as amended, "**MID**"), which aims to harmonize the requirements of 10 different measuring instrument types, including gas and electricity meters. MID-approved instruments must pass specific conformity assessment procedures and have MID markings which allow the instruments to be used in any EU member state. The aim of the directive is to create a single market in measuring instruments across Europe. Individual approval requirements vary among meter types, and EC approval certificates granted in one member state are also valid in the other member states. In addition, the Radio Equipment Directive (Directive 2014/53/EU) requires, among other things, that radio equipment using special software to enable functions must demonstrate compliance of the equipment together with the software with essential requirements set forth therein. Changes in certification or approval requirements as well as compliance issues with our new products may have an adverse impact on our business. See also "*Risk Factors—Legal, Regulatory and Taxation Risks—We and our customers operate in a highly regulated business environment, which affects, among others, meter replacement cycles and the costs of compliance and exposes us to risks associated with the violation of applicable requirements*".

Across Asia Pacific, each country has its own certification and approval requirements. While some markets in Asia Pacific follow IEC standards, certain markets have extended requirements to address specific environments and different installation practices and network structures. In Australia, for example, the government National Measurement Institute requires all electricity metering being used for "billing" purposes to be approved against its list of requirements, as well as to comply with the relevant local Australian standards. In addition, our current radio frequency technology leverages the ISM bands (industrial, scientific and medical), so any changes in regulations relating to the ISM bands could affect our product offer into certain markets.

In some jurisdictions, we may be asked to self-test in connection with initial regulatory certification of certain of our products. While regulatory authorities typically perform the relevant certification tests on our products, in some cases they may ask that we conduct certain self-tests and submit the results to the overseeing notified body in connection with their applicable certification process. Some of the regulations regarding test requirements are ambiguous and require interpretation. To the extent that we use our judgement in determining the requirements of the regulations and certification provisions and processes, our interpretation and judgements could prove to be incorrect or the regulatory agency could disagree with our interpretation and application. If this were to happen, the notified body could require us to conduct new or further tests that could result in product introduction delays or increased costs. In addition, to the extent that the overseeing notified body were to question or disagree with our testing methodology and, in turn, revoke their certification after we have deployed the products into the field, we could face warranty claims from our customers for such affected products, which could result in substantial financial obligations, negatively impact our results of operation and harm our reputation. See also "*Risk Factors—Legal, Regulatory and Taxation Risks—In certain jurisdictions, we must self-test certain of our products and to the extent the applicable certifying agency or regulatory authority determines that our testing procedures were not in compliance with the applicable regulatory requirements, the product certification associated with such self-tests could be revoked.*"

Meter Replacement Cycles

Local and national laws, rules and regulations often determine when meters are to be replaced, and meter replacement cycles are typically between 10 and 20 years, depending on the geographic market, the type of meter and the usage of the meter. Growth of the market for Smart-Grid products and solutions can be in part dependent on the replacement cycles of existing meters, thus changes in regulation that delay these replacement cycles could hinder the transition by utilities to Smart-Grids in affected regions and materially adversely impact our ability to grow our business.

Additionally, many governmental authorities negotiate directly with utilities to determine the timing of replacement cycles. Such negotiations could delay the replacement cycles of existing meters and we are unable to predict the outcome of such negotiations. If the governmental authorities extend the replacement cycles of existing meters to lower costs, our business could be adversely affected as a result of reduced demand for our products.

In addition, in certain jurisdictions meter populations in the field are also subject to periodic in-service testing regimes, the results of which may impact the meter replacement cycle of the applicable meter population. Pursuant to such in-service testing regimes, the relevant certifying agency or regulatory authority undertakes periodic samplings of meters in the field to confirm compliance with the applicable standards. Such tests may differ in some respect from those applied during the initial certification process and the results of such tests impact, among other things, the relevant certifying agency or regulatory authority's determination of the applicable meter population's lifecycle. To the extent that any of our meter populations were to not perform within the approved range of such in-service tests, the lifecycle of the affected meter population could be shortened.

Environmental Matters

In jurisdictions where we have manufacturing operations, we are subject to a variety of environmental laws, regulations and ordinances, including those governing the discharge of pollutants into the air or water, the management and disposal of hazardous substances or wastes and the cleanup of contaminated sites. Some of our operations require environmental permits and controls for air and water emissions, and these permits are subject to modification, renewal and revocation by issuing authorities. We employ personnel to oversee environmental matters and we also retain environmental professionals to assist us in analyzing applicable regulations and compliance requirements, and to provide technical support. The requirements of these laws and regulations are complex, change frequently and could become more stringent in the future. Failure to comply with current or future environmental laws and regulations could result in the imposition of substantial fines, liability for damages to persons or property, suspension or cessation of production or alteration of our production processes. We are currently engaged in remediation activities to limit environmental impacts from past releases of hazardous substances, which led to a contamination of soil and groundwater in the vicinity of our manufacturing site in Montlucon, France. These remediation activities include additional monitoring, excavations and containment of the affected soil. In addition, it has been recommended by Environmental Resources Management (ERM, a global provider of environmental, health, safety, risk and social consulting services) that a baseline soil and groundwater quality investigation be done to ascertain the presence and extent of contamination, if any, at our site in Baddi, India (which is to be vacated in the near term) to avoid any future liability risk resulting from environmental contaminations. See "*Our Business—Environmental Matters*".

RELATED PARTY TRANSACTIONS

The following section describes the material transactions and legal relationships that existed between Group companies on the one hand and related parties on the other hand during the year ended March 31, 2017.

Shareholder Loan

Upon our acquisition by the Selling Shareholders, we received the Shareholder Loan from Toshiba Corporation on July 29, 2011 in the amount of USD 600.1 million. The loan had a stated interest rate equal to the 6-month LIBOR rate plus a margin of 2.5% per annum. The interest was payable on a semi-annual basis. The principal was payable on a semi-annual basis on July 31 and January 31, starting on July 31, 2012. The amount to be repaid on each payment date was approximately USD 70.0 million in respect of the first payment date and USD 35.0 million in respect of each of the subsequent payment dates (other than the last payment date), with the remaining balance of USD 215.0 million due on July 31, 2017. We repaid the Shareholder Loan without any pre-payment penalties on June 8, 2017 with funds from the UBS Term Loan. See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Shareholder Loan*".

Reseller Agreement for TEPCO AMI Project

In connection with our participation in the TEPCO AMI Project, our North American subsidiary, Landis+Gyr Technology, Inc. ("**Landis+Gyr Technology**"), has entered into certain agreements with Toshiba Corporation, including a reseller agreement and certain project attachments and other ancillary agreements thereunder (collectively, the "**Reseller Agreement**"). Toshiba Corporation has contracted with TEPCO to act as a general contractor and systems integrator for the TEPCO AMI Project. Under the Reseller Agreement, Landis+Gyr Technology provides Toshiba Corporation with communication modules, network infrastructure and head-end systems for resale by Toshiba Corporation to TEPCO for inclusion in the TEPCO AMI Project. Landis+Gyr Technology also acts as Toshiba Corporation's subcontractor to TEPCO under the Reseller Agreement, in providing installation and integration services and customized training to TEPCO employees. Toshiba Corporation and Landis+Gyr Technology are currently working towards the delivery of LTE/920 communication modules to TEPCO, with delivery expected to occur by December 31, 2017.

The project attachments to the Reseller Agreement provide in detail for the products and services supplied by Landis+Gyr Technology to Toshiba Corporation for the TEPCO AMI Project. The Reseller Agreement generally contains customary and reasonable terms and conditions, including a limited, non-exclusive sublicense by Landis+Gyr Technology to Toshiba Corporation to certain software and technology for deployment in the TEPCO AMI Project; certain warranties by Landis+Gyr Technology with respect to its products and software provided to Toshiba Corporation for resale, and limitations and exclusions with respect to such warranties; and certain indemnification obligations of Toshiba Corporation. The Reseller Agreement confirms Landis+Gyr Technology's ownership of its intellectual property rights in the products, services and licensed technology supplied to Toshiba Corporation under the Reseller Agreement, and all enhancements, modifications and derivative works thereof. The main Reseller Agreement expires on March 31, 2024, and is terminable by Landis+Gyr Technology for convenience on six months' prior written notice to Toshiba, and by either party in case of uncured material default by the other party or an insolvency event of the other party.

On June 7, 2017, Landis+Gyr Technology entered into a memorandum of understanding (the "**MoU**") with Toshiba Corporation to agree on ownership and clarify certain other matters with respect to intellectual property relating to the Reseller Agreement. In the MoU, both parties acknowledged and agreed that certain source code and patents are owned by Toshiba Corporation, and Toshiba Corporation granted Landis+Gyr Technology a non-exclusive, perpetual, fully paid up, assignable, sub-licensable license to such code and patents. In addition, Toshiba Corporation further agreed, subject to limited exceptions, that (i) it has no and will not assert any right, title or interest in the products, service or licensed technology, and any technology, certification, code, specifications, patents and other intellectual property therein provided directly or indirectly by Landis+Gyr Technology to Toshiba Corporation or TEPCO in connection with the Reseller Agreement and (ii) it will not assert any right, title or interest in Gridstream® provided directly or indirectly to TEPCO or Toshiba Corporation in connection with the Reseller Agreement or otherwise prior to June 7, 2017.

Other Agreements

Toshiba Corporation, Landis+Gyr and their respective affiliates have entered into certain agreements in connection with various business arrangements among such parties. Such arrangements include Toshiba Corporation's supply of SCiB batteries to Landis+Gyr for sale in North America; Landis+Gyr Finland's assistance to Toshiba Corporation's Transmission & Distribution division for the sale of certain products in Northern and Central Europe; Landis+Gyr's purchase of certain semiconductor products from Toshiba Corporation; Toshiba Corporation's development and expected supply to Landis+Gyr of controllers for battery energy storage systems; and the provision by Toshiba America Information Systems, Inc. to L+G Technology of data center services on a co-location basis. Such arrangements are on arm's length, commercially reasonable terms, and are not material to Landis+Gyr's business.

Recognition Bonus

The Selling Shareholders have decided to grant and fund a bonus to the Chairman and up to 12 members of senior Management in recognition of their efforts and to provide them with an equity stake in the Company to support its long-term performance (the "**Recognition Bonus**"). The Recognition Bonus is conditional upon the completion of the Offering and the acceptance of the lock-up undertaking described below and will be paid at the completion of the Offering. It comprises a share portion (approximately 2/3) and a cash portion (approximately 1/3) and will be funded by the Selling Shareholders (excluding social security costs, etc.). The Shares to be delivered by the Selling Shareholders for the Recognition Bonus have been set aside prior to the Offering and therefore do not form part of the Offered Shares. In total, the Recognition Bonus granted to the up to 13 eligible persons will consist of up to 81,945 Shares and up to CHF 3,359,723 in cash. Shares received pursuant to the Recognition Bonus will be subject to the lock-up as further described under "*Offering and Sale—Lock-up arrangements*". For an overview of the Shares received by the Chairman and the members of the Group Executive Management see "*Board of Directors and Group Executive Management—Compensation of the Board of Directors and Group Executive Management—Ownership of Shares and Options*".

BOARD OF DIRECTORS AND GROUP EXECUTIVE MANAGEMENT

The below description is based on the revised articles of association of the Company adopted at the shareholders meeting of the Company on July 11, 2017 and reflects the personnel and functional changes in the board of directors and executive management of the Company and related governance matters which are expected to be adopted at the shareholders' meeting and meeting of the board of directors of the Company scheduled for July 20, 2017 before the First Day of Trading.

The Board of Directors

The Company's articles of association (the "**Articles of Association**") provide that our board of directors (*Verwaltungsrat*) (the "**Board of Directors**" or the "**Board**") shall consist of a minimum of three members, including the chairman of the Board (the "**Chairman**") who is appointed by the shareholders' meeting.

As of the First Day of Trading, the Board of Directors will consist of six members. The Board of Directors intends to recommend at least two additional members to the Board of Directors at the annual shareholders' meeting 2018.

Election and term of office

All members of the Board of Directors, including the Chairman, have to be elected, and may only be removed, by a shareholders' resolution. The maximum term of office for a member of the Board of Directors is one year. In this context, a year means the time period between one annual shareholders' meeting (*ordentliche Generalversammlung*) and the next or, if a member is elected at an extraordinary shareholders' meeting (*ausserordentliche Generalversammlung*), between such extraordinary shareholders' meeting and the next annual shareholders' meeting. Re-election is allowed as long as the relevant member has not reached the age of 70 and has not served on the Board of Directors of the Company for more than 9 years after the listing of the Company.

According to the Organizational Regulations, the majority of the Board of Directors shall be composed of non-executive and independent members, of which one shall be appointed as Independent Lead Director by the Board of Directors.

The Board of Directors appoints the secretary who does not need to be a member of the Board of Directors.

Powers and duties

The Board of Directors is entrusted with the ultimate direction of the Company's business and the supervision of the persons entrusted with the Company's management. It represents the Company towards third parties and manages all matters which have not been delegated to another body of the Company by law, the Articles of Association or by other regulations.

According to the Company's organizational regulations (*Organisationsreglement*) (the "**Organizational Regulations**") which are expected to be enacted by the Board of Directors on July 20, 2017, the Board of Directors meets at the invitation of the Chairman or the Lead Independent Director, as often as required to fulfill its duties and responsibilities, but at least six times each year, or whenever a member indicating the reasons so requests in writing.

The Board of Directors' non-transferable and irrevocable duties include: the ultimate direction of the Company and the Group and the power to issue the necessary directives in this regard; the determination of the organization of the Company and the Group; the administration of its accounting system, its financial control as well as its financial planning and the performance of a risk assessment; the appointment and removal of the persons entrusted with the executive management and their representation of the Company and the Group, as well as the determination of their signatory power; the ultimate supervision of the persons entrusted with the management of the Company and the Group, in particular with respect to their compliance with the law, the Articles of Association, regulations and directives; the preparation of the annual report, the compensation report and the shareholders' meeting, including the implementation of the resolutions adopted by the shareholders' meetings; the notification of the judge in case of over-indebtedness; the passing of resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares; the adoption of resolutions concerning an increase of the share capital to the extent that such power is vested in the Board of Directors (Article 651 para. 4 CO) and passing of resolutions concerning the confirmation of increases of the share capital and the respective amendments to the Articles of Association; the examination of compliance with the legal requirements regarding the appointment, election and professional qualifications of the Company's auditors; and the non-delegable and inalienable duties and powers of the Board of Directors pursuant to the Swiss Federal Merger Act and any other applicable law.

In accordance with the Organizational Regulations, as of the First Day of Trading the Board of Directors will have an Audit and Finance Committee and a Remuneration Committee.

If the office of the Chairman of the Board of Directors is vacant or the Compensation Committee is not complete or the Company does not have an Independent Proxy, the Board of Directors shall appoint a substitute for the time period until the conclusion of the next annual shareholders' meeting that must be (with the exception of the Independent Proxy) a member of the Board of Directors.

In accordance with Swiss law, the Articles of Association and the Organizational Regulations of the Company, the Board of Directors has delegated the operational management to the Group executive management (the "**Group Executive Management**") which is headed by the chief executive officer (the "**CEO**").

Members of the Board of Directors

As of the First Day of Trading, the Board of Directors will consist of 6 members (including the Chairman and the Lead Independent Director), all of whom are non-executive directors. With the exception of the Chairman (who served as CEO of the Group until March 31, 2017 and thereafter acted as executive chairman of Landis+Gyr AG) all members of the Board of Directors are independent within the meaning of the Swiss Code of Best Practice for Corporate Governance. Other than as disclosed below, none of the members of the Board of Directors has any significant business connection with any members of the Group.

The table below outlines the name, age, position, committee memberships and year of appointment of the members of our Board as of the First Day of Trading.

Name	Age	Position	Committee Membership	Year of Appointment
Andreas Umbach	53	Chairman	–	2017
Eric Elzvik	57	Lead Independent Director	AFC, RemCo (Chairman)	2017
Andreas Spreiter	48	Independent Member	AFC (Chairman)	2017
Pierre-Alain Graf	55	Independent Member	RemCo	2017
Christina Stercken	59	Independent Member	AFC	2017
Dave Geary	61	Independent Member	RemCo	2017

For the purposes of this Offering Memorandum, the business address of each member of our Board is the Company's registered office in Zug, Switzerland.

Set out below is a short description of each director's business experience, education and activities:

Andreas Umbach, Chairman, is a Swiss and German citizen, born in 1963. Since April 1, 2017, Mr. Umbach has acted as executive chairman of the board of directors of Landis+Gyr AG, the operating subsidiary of the Company and has also been a board member of Wasser Werke Zug AG since April 2013. Mr. Umbach has been with Landis+Gyr for almost 18 years. Between 2002 and 2017 he served as President and CEO/COO of the Group. Prior to serving as CEO, Mr. Umbach served as President of the Siemens Metering Division within the Power Transmission and Distribution Group. Before his activities in the Metering Business Mr. Umbach held other positions within Siemens. From June 2012 to December 2016, Mr. Umbach served as a board member of Lichtblick AG. From 1995 and until 1999, he was the Commercial Manager of an industrial sensor business within the Automation and Drives Group and from 1991 to 1995 he was a consultant at the Corporate Management Audit at Siemens's corporate headquarters. Mr. Umbach currently serves as chairman of the board of directors of Ascom AG (director since 2010) and has been the president of the Zug Chamber of Commerce since 2016. Mr. Umbach holds an MBA from the University of Texas at Austin and a Master of Science (*Diplom-Ingenieur*) in Mechanical Engineering from the Technical University of Berlin.

Eric Elzvik, Lead Independent Director, is a Swiss and Swedish citizen, born in 1960. Mr. Elzvik currently serves as board member and chairman of the audit committee at Telefonaktiebolaget LM Ericsson, member of the foundation board of IMD Foundation, member of the board of the CFO Circle Switzerland and member of the boards of two real estate companies, Mellersta Ekudden AB and 99 Fairview West LP, respectively. Between 2013 and 2017, Mr. Elzvik served as Chief Financial Officer and Member of the Group Executive Committee of ABB Ltd. Prior to his role as CFO of ABB, Mr. Elzvik served as Division CFO ABB Discrete Automation & Motion (2010–2013) and division CFO Automation Products Division (2006–2010) at ABB Ltd, Zurich. Earlier in his career, Mr. Elzvik had various positions within the ABB Group beginning 1984, including senior management positions within finance, mergers & acquisitions and new ventures. He has also served as a member of the board of the Swiss Swedish Chamber of Commerce. Mr. Elzvik holds a Master's of Science in Business Administration from Stockholm School of Economics.

Andreas Stanley Spreiter, Independent Member, is a Swiss and British citizen, born in 1968. Mr. Spreiter currently serves as a member of the board of directors of Reichle & De-Massari Holding AG, where he is chairman of the audit committee. Prior to this, Mr. Spreiter served as CFO of Forbo International AG from January 2013 until May 2017. In addition, between 1993 and 2012, Mr. Spreiter worked at Landis+Gyr AG, first as a Business Unit Controller/Head of Finance & Controlling at Landis+Gyr (Europe) AG (1993–1998) and Siemens Metering AG (1998–2000), then as Business Unit Head Digital Meters/Head of Center of Competence Electronic Meters at Siemens Metering AG (2000–2002) and then as CFO at Landis+Gyr AG (until 2012). Mr. Spreiter holds a Master's degree in Industrial Engineering from the Swiss Federal Institute of Technology (ETH) and has attended the "Strategic Finance" program at the IMD Lausanne.

Pierre-Alain Graf, Independent Member, is a Swiss citizen, born in 1962. Mr. Graf currently serves as member of the board of directors of Broadband Networks AG and is also the owner of PAG Consulting & Services GmbH, a venture and consulting firm. Prior to this, Mr. Graf served as CEO of Swissgrid, chairman of the TSC – TSO Security Cooperation and as General Manager at Cisco Systems Switzerland. Mr. Graf holds a Master's degree in Law from the University of Basel and a Master's degree in Business Administration from the University of St. Gallen (HSG).

Christina Stercken, Independent Member, is a German citizen, born in 1958. Ms. Stercken currently is partner at EAC – Euro Asia Consulting PartG ("**EAC**") and serves as member of the board of directors of Ascom Holding AG, Switzerland and has been appointed as Non-Executive Director of Ansell Ltd., Australia, as of October 1, 2017. Ms. Stercken is also the Vice Chairman of Myanmar Foundation, a nonprofit organization for social projects in Myanmar. Before joining EAC, Ms. Stercken served as Managing Director Corporate Finance M&A of Siemens AG. Among other management positions within Siemens AG, she was responsible for the Siemens Task Force China, Beijing, and Head of Public Sector Business Unit at Siemens Business Services. Ms. Stercken holds a Diploma in Economics and Business Administration from the University of Bonn and Technical University of Berlin and an Executive MBA from Duke University, North Carolina, USA.

In 2016, EAC entered into a consultancy agreement with an affiliate of the Company, which contained standard terms and fee arrangements, in connection with conceptualizing a potential cooperation agreement with a Chinese partner, this project ended in December 2016. The fee charged for this mandate was less than USD 100,000.

Dave Geary, Independent Member, is a US citizen, born in 1955. Mr. Geary founded DJGeary Consulting, LLC in 2016. Mr. Geary has an international management background and extensive experience in the telecom industry and has previously served as Executive Vice President Business Integration at Nokia Networks (2016), following the acquisition of Alcatel-Lucent by Nokia Networks. Prior to this, he was the President of the Wireless Networks business at Alcatel-Lucent and was also the President of Wireline Networks. Prior to the Alcatel-Lucent merger, Mr. Geary held several senior leadership positions within Lucent Technologies and AT&T Network Systems. Mr. Geary holds a Bachelor's of Science degree in Electrical Engineering from Bradley University and a Masters in Management from Northwestern University – Kellogg School of Management.

Convictions / Proceedings

None of the members of the Board is or has been during the past five years subject to any convictions for finance or business-related crimes or to legal proceedings (excluding traffic violations) by statutory or regulatory authorities (including designated professional associations) that are continuing or have been concluded with a sanction.

Committees of the Board of Directors

As of the First Day of Trading, the Board of Directors will have an Audit and Finance Committee and a Remuneration Committee, which aim to strengthen and support the Company's corporate governance structure.

Audit and Finance Committee

The Audit and Finance Committee ("**AFC**") will consist of at least two members of the Board of Directors. The members of the AFC are appointed by the Board of Directors. The term of office of the members of the AFC is one year. In this context, one year means the time period between one annual shareholders' meeting (*Generalversammlung*) and the next or, if a member is elected at an extraordinary shareholders' meeting (*ausserordentliche Generalversammlung*), between such extraordinary shareholders' meeting and the next annual shareholders' meeting. Re-election is possible.

As of the First Day of Trading, the AFC will consist of three members (Mr. Elzvik, Mr. Spreiter and Ms. Stercken) and will be chaired by Mr. Spreiter. The AFC will hold meetings as often as required, usually ahead of each ordinary Board meeting.

The AFC assists the Board of Directors in fulfilling its duties to supervise management. In particular, the AFC has the following duties: (i) assessing the adequacy of the Group's internal and prudential systems and controls in respect of both financial and non-financial risks, including the Company's and the Group's compliance with legal obligations, workplace health and safety, environmental, insurance and other regulatory requirements and other relevant compliance matters, as well as with policies issued by the Company, including through discussions with and reviewing reports from the external auditor, internal officers and management and through the consideration of and adaptation to major legislative and regulatory developments with significant impact on the Group, local management's procedures to comply with local laws, and the Company's and the Group companies' system to handle external and internal complaints; (ii) evaluating the external auditors, with regard to the fulfillment of the necessary qualifications and independence according to the applicable legal provisions and making proposals to the Board of Directors concerning the choice of the external auditors; (iii) assessing the work performed by the external auditors and, upon request of the CFO, approving the budget for auditing fees; (iv) examining, reviewing and approving the accounting policies and the auditing plan of the internal and external audit; (v) approving the necessary non-audit specific services provided by the external auditors; (vi) organizing and evaluating the work of the internal audit; (vii) reviewing the outcome of the annual accounts (including material items not shown on the annual balance sheet) of the Company and the Group with the external auditor and the relevant members of the Group Executive Management as well as issuing the necessary applications and recommendations to the Board of Directors; (viii) discussion of the outcome of the annual audits and the reports of the internal audit with the external auditors and issuing the necessary applications and recommendations to the Board of Directors; (ix) interviewing the Group Executive Management and the external and internal auditors regarding major risks, contingent liabilities and other responsibilities of the Group as well as evaluating the respective measures taken by the Group; (x) assessing and assuring the cooperation of the external and the internal auditors; and (xi) generally assessing the yearly business expenses of the members of the Group Executive Management.

Remuneration Committee

The Remuneration Committee ("**RemCo**") will consist of at least three members of the Board of Directors. The members of the RemCo are elected by the shareholders' meeting. The term of office of the members of the RemCo is one year. In this context, a year means the time period between one annual shareholders' meeting (*ordentliche Generalversammlung*) and the next or, if a member is elected at an extraordinary shareholders' meeting (*ausserordentliche Generalversammlung*), between such extraordinary shareholders' meeting and the next annual shareholders' meeting. Re-election is possible.

As of the First Day of Trading, the RemCo will consist of three members (Mr. Elzvik, Mr. Graf and Mr. Geary) and will be chaired by Mr. Elzvik. The RemCo will hold meetings as often as required, normally ahead of each ordinary Board meeting.

The function of the RemCo is to support the Board of Directors in establishing and reviewing compensation strategy as well as in preparing the proposals to the shareholders' meeting regarding the compensation of the Board of Directors and the Group Executive Management. In particular, the RemCo has the following duties: (i) make proposals to the Board of Directors regarding the compensation scheme for the Group pursuant to the principles set forth in the Articles of Association; (ii) make proposals to the Board of Directors regarding the determination of compensation-related targets for the Group Executive Management and other members of senior Management; (iii) make proposals to the Board of Directors regarding the approval of the individual compensation of the Chairman of the Board, the other members of the Board as well as the maximum individual aggregate compensation of the CEO; (iv) make proposals to the Board of Directors regarding the individual compensation (i.e., fixed and variable compensation) of the other members of the Group Executive Management and their further terms of employment and titles; (v) make proposals to the Board of Directors regarding amendments to the Articles of Association with respect to the compensation scheme of members of the Group Executive Management; (vi) make proposals to the Board of Directors regarding additional activities of the members of the Group Executive Management; and (vii) undertake such further duties and responsibilities as provided for in the Articles of Association, the Organizational Regulations or law.

Lead Independent Director

The Lead Independent Director is elected by the Board of Directors for a term of one year or until the conclusion of the next annual shareholders' meeting of the Company.

If the Chairman is indisposed, the Lead Director shall take the chair at the meetings of the Board of Directors. In particular, the Lead Director shall chair the meeting of the Board of Directors if the Chairman is required to abstain from the deliberation and decision-taking in case the following items are on the agenda: (i) assessment of the work of the Chairman; (ii) decision of the Board of Directors on the request to the annual shareholders' meeting for the re-election or not of the Chairman; and (iii) decision about the proposal to the annual shareholders' meeting regarding the compensation of the Chairman.

Group Executive Management (*Gruppengeschäftsleitung*)

In accordance with Swiss law, the Articles of Association and the Organizational Regulations and subject to those affairs which lie within the responsibility of the Board of Directors by Swiss law, the Articles of Association and the Organizational Regulations, the Board of Directors has delegated the executive management of the Company to the Group Executive Management acting under the leadership of the CEO. The Group Executive Management is mainly responsible for the financial and operational management of the Group and for the efficiency of the corporate structure and organization of the Group.

The members of the Group Executive Management are appointed by the Board of Directors.

Members of the Group Executive Management

The Group Executive Management is headed by the CEO and currently comprises six members, i.e. the CEO, CFO, CSO, Head of Americas, Head of EMEA and Head of Asia Pacific.

The CEO is appointed and removed by the Board of Directors. The other Group Executive Management members are appointed and removed by the Board of Directors upon recommendation of the CEO.

The table below outlines the name, year of appointment and position of the members of our Group Executive Management as of the First Day of Trading:

Name	Year of Appointment	Position
Richard Mora	2017	Chief Executive Officer ("CEO")
Jonathan Elmer	2012	Chief Financial Officer ("CFO")
Roger Amhof	2014	Chief Strategy Officer ("CSO")
Prasanna Venkatesan	2014	Head of Americas
Oliver Iltisberger	2014	Head of EMEA
Ellie Doyle	2014	Head of Asia Pacific

For purposes of this Offering Memorandum, the business address of each member of the Group Executive Management is at the Company's registered office in Zug, Switzerland.

Set out below is a short description of each Group Executive Management member's business experience, education and activities.

Richard Mora, CEO, is a US Citizen. Mr. Mora has been with the Company 18 years joining in 1999 and was appointed CEO as of April 3, 2017. Prior to this, Mr. Mora served as COO of the Group beginning in November 2013 and between 2008 and 2011 served as Executive Vice President and Head of North America and between 2011 and 2013 served as Executive Vice President and Head of the Americas. Prior to joining Landis+Gyr, Mr. Mora held various management positions within the Siemens group, including CEO of Siemens Metering, Inc., and Director of Quality for Siemens Power Transmission & Distribution, and at GE Capital, including as a Manager of Quality and leading process and productivity improvements. Mr. Mora currently serves as a member of the board of directors of Enphase (since 2014). Mr. Mora holds a Bachelor of Arts degree in Economics from Stanford University.

Jonathan Elmer, CFO, is a British citizen. Mr. Elmer was appointed Executive Vice President and CFO in August 2012. Prior to becoming CFO, Mr. Elmer held various financial and management positions within Landis+Gyr, being CFO of our EMEA region between 2009 and 2012 and Executive Vice President and Chief Executive Officer of Landis+Gyr's then existing UK/Prepayment region between 2004 and 2008. Between 1996 and 2004 he served as Finance Manager and then CEO of Ampy Metering Ltd. (a company acquired by Bayard Capital in 2003 which then became part of the Group upon Bayard Capital's acquisition of Landis+Gyr in 2004). Mr. Elmer holds a degree in Economics and Politics from the University of Exeter and is a member of the Institute of Chartered Accountants in England and Wales.

Roger Amhof, Chief Strategy Officer, is a Swiss citizen. Mr. Amhof joined the Company in 2014 when he was appointed Executive Vice President and CSO. Mr. Amhof has many years of experience in consulting and, prior to his current role, served as a Senior Partner, Head Risk Advisory Switzerland at Ernst & Young Ltd. and Global Client Service Partner for selected Ernst & Young key accounts since 2004. Earlier in his career, Mr. Amhof also served as Senior Manager, Head Enterprise Risk Management Services Switzerland at Ernst & Young starting 2002 and as Manager, Business Risk Advisory Practice at Arthur Andersen between 1995 and 2002. Before joining Landis+Gyr in 2014, Mr. Amhof advised numerous global and international companies in various industries, governmental and United Nations organizations in strategic projects, organizational development, process reengineering, risk management, corporate governance and sustainability issues. Mr. Amhof holds a Master in Business Administration and Economics from the University of Fribourg, attended the International Directors Programme at INSEAD in 2016 and is the author of various specialist articles and a co-author of a specialist book on financial analysis techniques. Between 2013 and 2015, he was member of the Economic Advisory Board of the Innovation Park Zurich, Switzerland.

Prasanna Venkatesan, Head of Americas, is a US citizen. Mr. Venkatesan joined the Company in 2007 and was appointed Executive Vice President and Head of Americas in 2014. Prior to his current role, Mr. Venkatesan served for three years as Senior Vice President & General Manager Systems & Services at Landis+Gyr North America and five years as Senior Vice President Research & Development for Landis+Gyr since 2008. Between 2006 and 2007, he held various positions at Cellnet Technology, Inc. (acquired by Landis+Gyr in 2007), including Vice President of Research & Development leading the integration process of Cellnet into Landis+Gyr. He also held several senior level engineering and operations management positions at Schlumberger, including as Technology Center Manager, where he was involved in technology development, manufacturing and supply chain operations. Mr. Venkatesan currently serves as member of the board of directors of Advanced Energy Economy since 2015, a national association of business leaders who are making the global energy system more secure, clean, and affordable. Mr. Venkatesan holds a Master of Science degree in Industrial Engineering from the University of Oklahoma.

Oliver Iltisberger, Head of EMEA, is a German citizen. Mr. Iltisberger joined the Company in 2004 and was appointed Executive Vice President and Head of EMEA in August 2014. Mr. Iltisberger has been in the industry for more than 16 years, as he had diverse positions within Landis+Gyr and outside the Group. Prior to this appointment, he was Executive Vice President and Head of Asia Pacific at Landis+Gyr for four years and Senior Vice President & COO EMEA at Landis+Gyr between 2008 and 2010. Mr. Iltisberger has a strong background in the metering business and was Vice President & Head of Energy Measurement Products EMEA at Landis+Gyr beginning in 2007 and Vice President Product Management and Marketing EMEA and Head of Global Portfolio Management between 2004 and 2006. Before joining Landis+Gyr, Mr. Iltisberger worked for Siemens Automation & Drives in various management positions in Germany and Singapore, including as Head Product Management & Marketing Power Distribution Solutions between 2000 and 2004. He was one of the founding members of the Interoperable Device Interface Specifications (IDIS) Industry Association and was IDIS president from 2010 to 2011. Mr. Iltisberger holds a joint Master's Degree in Mechanical Engineering and Business Administration obtained from the Technical University of Darmstadt, Germany.

Ellie A. Doyle, Head of Asia Pacific, is a US citizen. Ms. Doyle joined the Company in 1999 and was appointed Executive Vice President and Head of Asia Pacific in July 2014. Prior to leading our Asia Pacific operations, between 2010 and 2014, Ms. Doyle served as Senior Vice President for Strategy and Growth at Landis+Gyr Americas, following 15 years of various management positions within Landis+Gyr (including as Senior Vice President and General Counsel responsible for all legal matters of North America between 2002 and 2010). Ms. Doyle also previously held several positions with the Company's former owner, Siemens Corporation, Atlanta, including as in-house counsel between 1999 and 2002. Earlier in her career, she worked as litigation counsel at Lord, Bissell & Brook in Atlanta beginning in 1996. Ms. Doyle holds Bachelor of Arts degree in Political Science from Emory University and a JD from the University of Virginia – School of Law.

Pursuant to the Compensation Ordinance, the maximum notice period (or duration) of the contracts of the members of the Group Executive Management that contain the remuneration provisions is one year.

The Group Executive Management is supported by further members of Management.

Convictions / Proceedings

None of the members of the Group Executive Management is or has been during the past five years subject to any convictions for finance or business-related crimes or to legal proceedings (excluding traffic violations) by statutory or regulatory authorities (including designated professional associations) that are ongoing or have been concluded with a sanction.

Compensation of the Board of Directors and Group Executive Management

Overview

As of the First Day of Trading, the Company will be subject to the Directive on Information Relating to Corporate Governance and its annex and commentary issued by SIX ("**Corporate Governance Directive**") and to the Ordinance against Excessive Compensation in Public Companies ("**Compensation Ordinance**").

The Compensation Ordinance contains a "say on pay" approval mechanism for the compensation of the Board and Group Executive Management pursuant to which the shareholders' meeting must vote on the compensation of the Board and the Group Executive Management on an annual basis. In accordance therewith, the Company's Articles of Association provide that the shareholders' meeting of the Company must, each year, vote separately on the proposals by the Board of Directors regarding the maximum aggregate amount of the compensation of the Board and the Group Executive Management as further described below.

Specifically, the Company's Articles of Association provide that each year, beginning at the annual shareholders' meeting 2018, the shareholders' meeting must vote separately on the proposals by the Board of Directors regarding the aggregate amounts of:

- the compensation of the Board of Directors for the term of office until the next annual shareholders' meeting (i.e. at the annual shareholders' meeting 2018 shareholders will for the first time vote on the compensation of the Board of Directors for the period from the date of that annual shareholders' meeting until the next annual shareholders' meeting in 2019); and

- the maximum overall compensation of the Group Executive Management (fixed and performance based components) that may be paid or allocated in the subsequent business year (i.e., at the annual shareholders' meeting 2018 shareholders will for the first time vote on the compensation of the Group Executive Management for the next following business year starting April 1, 2019).

As set forth in article 33 of the Articles of Association, prior to the Offering the members of the Group Executive Management have been allocated various performance-related compensation elements, which will vest through the year 2020. The shareholders meeting will not vote on these compensation elements anymore (see also "—*Incentive Plans*").

According to the Articles of Association, the Board of Directors may present to the shareholders' meeting deviating or additional proposals for approval in relation to the same or different time periods.

If the shareholders' meeting does not approve the amount of the proposed fixed and proposed variable compensation, as the case may be, the Board of Directors may either submit new proposals at the same shareholders' meeting, convene a new extraordinary shareholders' meeting with new proposals for approval or submit the proposals regarding compensation for retrospective approval at the next annual shareholders' meeting.

The aggregate compensation amounts are deemed to be inclusive of all social security and pension contributions of the members of the Board of Directors, the Group Executive Management and the Company (i.e., contributions by employee and employer). The Compensation Ordinance further requires the Company to set forth in its Articles of Association the principles for the determination of the compensation of the Board of Directors and the Group Executive Management. These principles have been included in article 25 (Board of Directors) and article 26 (Group Executive Management) of the Articles of Association as described further below.

The Compensation Ordinance also contains compensation disclosure rules. Pursuant to these rules, the Company will be required to prepare an annual compensation report. The Company intends to include the compensation report in its annual financial statements. Pursuant to article 12 of the Articles of Association, the compensation report has to be tabled at the annual shareholders' meeting for a consultative vote. The compensation report will, among other things, include the compensation of the members of the Board of Directors and of the members of the Group Executive Management on an aggregate basis, as well as the amount for the highest paid member of the Group Executive Management. Pursuant to the Corporate Governance Directive, the Company will be required to disclose basic principles and elements of compensation and shareholding programs for both acting and former members of the Board of Directors and for the Group Executive Management, as well as the authority and procedures for determining such compensation, in a separate section of our annual report. For further details see "*Description of Share Capital and Shares—Description of Shares—Compensation Ordinance—Compensation Report*".

In accordance with the Compensation Ordinance, our Articles of Association provide that the Company shall not grant loans, credits, pension benefits (other than from occupational pension funds) or securities to the members of the Board of Directors or the Group Executive Management. Advance payments of fees for lawyers, court fees and similar costs relating to the defense against corporate liability claims up to a maximum amount of CHF 1 million are not subject to this prohibition. The Company's Articles of Association further provide that in principle, the Company will not make payments to pension funds or similar institutions for the members of the Board of Directors. However, in exceptional cases, such payments may be made upon request of the RemCo, subject to the approval by the shareholders' meeting, if the members in question do not have other insurable income from subordinate employment.

The Compensation Ordinance generally prohibits certain types of compensation payments to members of the Board and Group Executive Management; see "*Description of Share Capital and Shares—Description of Shares—Compensation Ordinance—Severance Pay, Advance Payments and Transaction Bonuses*".

Board of Directors

According to article 25 of the Articles of Association, the members of the Board of Directors shall receive a fixed basic fee and fixed fees for memberships of committees or for roles of the Board of Directors, as well as a lump sum compensation for expenses, which are determined by the full Board of Directors based on the proposal of the RemCo, subject to the limits of the aggregate amounts approved by the annual shareholders' meeting. The compensation is awarded in cash and (as from the term starting after the annual shareholders' meeting 2018) in the form of Shares in the Company. In exceptional cases, subject to and within the limits of the approval by the annual shareholders' meeting, the members of the Board of Directors may be awarded a performance related compensation.

The members of the Board of Directors providing consulting services to the Company or other Group companies in a function other than as members of the Board of Directors may be compensated in cash according to standard market rates subject to approval by the annual shareholders' meeting.

For the current term (i.e., until the annual shareholders' meeting 2018), the shareholders' meeting of the Company has approved a total annual compensation of the Board of Directors of CHF 2 million (including social security costs, etc.). This includes a basic annual fee of CHF 372,000 (plus CHF 28,000 pension fund contribution as well as CHF 260,000 for services rendered as executive chairman of Landis+Gyr AG from April 1, 2017 until the election as Chairman of the Company) (Chairman), CHF 230,000 (Lead Independent

Director) and CHF 120,000 (member), respectively, and fixed fees of CHF 30,000 (chairman) and CHF 15,000 (member), respectively, for each Board of Directors committee membership (all individual amounts excluding employer part of social security costs, etc.), plus compensation of expenses. For the current term the compensation will be payable in cash. Thereafter, the basic fee and committee membership fees will be paid 65% in cash and 35% in Shares, which will be blocked for a period of three years.

In addition, Mr. Andreas Umbach, the Company and Landis+Gyr AG have entered into a chairman mandate agreement to record, *inter alia*, the above described future remuneration as Chairman of the Board of the Company upon listing of the Company on SIX (the "**Chairman Mandate Agreement**"). The Chairman Mandate Agreement further provides that upon election of Mr. Umbach as Chairman (expected on or about July 20, 2017), his current employment and related agreements with Landis+Gyr AG and any other Group entity shall be terminated and replaced by the new chairman agreement and that any unpaid remunerations and other claims from such replaced or previous agreements, long term incentives and related awards shall be waived and forfeited against payment by Landis+Gyr AG of CHF 2.6 million in full discharge of such liabilities, whereby Mr. Umbach has agreed to use this amount to buy Offer Shares in the Offering, which together with the Shares he will receive under the Recognition Bonus, will be subject to a staggered lock-up of up to two years as further described elsewhere in this Offering Memorandum (see "*Offering and Sale—Lock-up arrangements*").

Group Executive Management

Article 26 of the Articles of Association sets out the principles for the elements of the compensation of the members of the Group Executive Management. According thereto, subject to approval by the shareholders meeting, the remuneration for members of the Group Executive Management consists of a fixed base remuneration in cash as well as a performance-based remuneration, all of which may be paid by the Company or other Group companies. The fixed remuneration in cash comprises the base remuneration and additional remuneration elements. Performance-based remuneration consists of a short-term performance-based remuneration in cash as well as a multi-year management incentivization share participation plan, the terms of which shall be set forth in regulations to be enacted by the Board of Directors in accordance with the provisions set forth in article 26 of the Articles of Association.

Pursuant to article 26 of the Articles of Association, the amount of short-term performance-based remuneration in cash will depend on the achievement of targets set by the Board of Directors over the course of a one-year performance period. The amount of the individual short-term performance-based remuneration for one hundred percent target achievement (target bonus) shall be set by the Board of Directors separately for each member of the Group Executive Management. Targets shall be determined on an annual basis for each member of the Group Executive Management, taking into account such member's position, responsibilities and tasks, as well as local market conditions, at the start of a one-year performance period. At the conclusion of the one-year performance period, the total target achievement, which may lie between zero and a maximum of two hundred percent, shall be determined. The effective short-term performance-based remuneration in cash shall be calculated by multiplying the total target achievement by the target bonus.

Pursuant to article 26 of the Articles of Association, the long-term performance-based remuneration will depend on the achievement of Company targets set by the Board of Directors (such as relative or absolute total shareholder return and/or key operational numbers of the Company) over a minimum performance period of three years. Each year, at the start of the respective performance period, every member of the Group Executive Management shall be granted performance stock units taking into account position, responsibilities, tasks, and local market conditions. Upon conclusion of the performance period, the total target achievement, which may lie between zero and a maximum of two hundred percent, shall be determined. The number of Shares that the member of the Group Executive Management is allocated at the end of the performance period, and their value, shall be calculated by multiplying the number of performance share units granted by the total target achievement, as well as the relevant Share price.

Article 26 of the Articles of Association further provides that the Board of Directors shall determine the targets, target levels, and target achievement for short– and long-term performance-based remuneration elements. In the event of a change of control of the Company, the termination of the employment relationship, or of other extraordinary occurrences, at the discretion of the Board of Directors, the targets for performance-based remuneration may be adapted, exercise conditions and periods as well as vesting periods may be shortened or eliminated, remuneration may be paid out under the assumption that targets would have been achieved, or remuneration may be forfeited, during the course of an ongoing performance period.

The total amount of fixed and variable compensation of the existing members of the Group Executive Management for the financial years ending March 31, 2018 and March 31, 2019, respectively, approved by the shareholders meeting is CHF 12.5 million per year (including social security costs, etc., but excluding deferred compensation and performance-related compensation elements from previous years; amounts are subject to adjustments for currency fluctuations in respect of individuals paid in USD). The highest individual compensation budgeted for the current financial year is CHF 3.5 million (including a reserve for currency fluctuations, etc. and excluding the Recognition Bonus).

As set forth above and in accordance with article 33 of the Articles of Association, the members of the Group Executive Management have in the past been allocated various performance-related compensation elements which will vest through the year 2020 on the basis and terms of incentive schemes adopted before the above described article 26 of our revised Articles of Association has been introduced in connection with the listing of our Shares on SIX; accordingly, future shareholder meetings of the Company will not vote on these compensation elements anymore (see also "—*Incentive Plans*").

The members of the Group Executive Management have additionally been granted the Recognition Bonus which will be funded by the Selling Shareholders and has been approved at the Company's shareholders' meeting on July 11, 2017. For further information, see "*Related Party Transactions—Recognition Bonus*".

Ownership of Shares and Options

As described in the section "*Related Party Transactions—Recognition Bonus*", the Chairman as well as the members of the Group Executive Management and certain other members of senior Management will, subject to completion of the Offering and acceptance of the lock-up undertaking, receive Shares as part of their Recognition Bonus. Assuming the completion of the Offering and payment of the described Recognition Bonus, the following members of the Board of Directors or of the Group Executive Management will have the following shareholdings upon completion of the Offering.

Name	**Shares**	**% of Voting Rights**
Andreas Umbach	51,354(1)	0.174(1)
Richard Mora	16,000	0.054
Jonathan Elmer	7,714	0.026
Roger Amhof	5,143	0.017
Prasanna Venkatesan	9,001	0.031
Oliver Iltisberger	9,143	0.031
Ellie Doyle	3,774	0.013

(1) The total Shares shown in the table above include those that Mr. Umbach has undertaken to purchase in connection with his entry into the Chairman Mandate Agreement (see "—*Board of Directors*"). For purposes of calculating the number of Shares to be purchased in the Offering pursuant to the Chairman Mandate Agreement, we have assumed an Offer Price at the mid-point of the Offer Price Range.

(2) Offered Shares, which these and other officers of the Group may purchase in the Offering and which have been set aside for preferential allocation, are not included in this table. See "*Offering and Sale—Preferential Allocations*".

Except as described above, as of the date of the Offering Memorandum no member of the Board of Directors or the Group Executive Management holds any Shares or options in respect of Shares.

Loans granted to members of the Board of Directors or the Group Executive Management

As of the date of this Offering Memorandum, the Company has no outstanding loan or guarantee commitments to members of the Board of Directors or the Group Executive Management. According to its Articles of Association, the Company may not grant loans to members of the Board of Directors or the Group Executive Management.

Transactions with Members of the Board of Directors or the Group Executive Management

For information regarding related party transactions with members of the Board of Directors and Group Executive Management, see "*Related Party Transactions*".

Incentive Plans

Prior to the Offering, the members of the Group Executive Management have been allocated various short- and long-term performance-related compensation elements, which vest through the year 2020. As set forth above and in accordance with article 33 of the Articles of Association, future shareholder meetings of the Company will not vote on these compensation elements anymore.

As described above, a part of the Board of Directors' remuneration for the term of office starting at the annual shareholders' meeting 2018 will be paid in Shares (see "*—Compensation of the Board of Directors and Group Executive Committee—Board of Directors*"). The Shares required for the Board of Directors' remuneration will either be sourced from the Company's conditional capital (see "*Description of Share Capital and Shares—Capital Structure—Conditional Capital*") or through own Shares purchased in the open market after completion of the Offering.

In addition, the Company intends to introduce a new long term incentive plan ("**LTIP**") to settle a portion of employee compensation in Shares and incentivize eligible members of Management and other personnel to support the long-term performance of the Company starting April 1, 2019 (i.e., the first financial year that the annual shareholders' meeting 2018 will be asked to vote on the compensation of the Group Executive Management), for example, through the issuance of performance stock units and/or restricted stock units. It is expected that the LTIP will provide for certain targets based on customary key performance indicators, such as fully diluted (all-in) Earnings Per Share ("**EPS**") or absolute or relative Total Shareholder Return ("**TSR**"), and include standard vesting periods (e.g., three years). In case of relative TSR, a broadly based share price index (e.g., the Swiss Performance Index (SPI)) may be used. The Shares required for the LTIP will either be sourced from the Company's conditional capital (see "*Description of Share Capital and Shares—Capital Structure—Conditional Capital*") or through Shares purchased in the open market after completion of the Offering. The size of the LTIP will be based on a benchmarking against other companies where an LTIP forms part of the total annual compensation. The performance-based annual allocation of restricted stock units under the LTIP will be subject to minimum performance thresholds against targets and caps in case of out-performance. Further details, including eligible LTIP participants, will be determined by the Board of Directors and the RemCo at a later stage.

Permitted other activities of members of the Board of Directors and Group Executive Management

According to our Articles of Association, the members of the Board of Directors may have the following other functions in top supervisory or management bodies (*oberste Leitungs- oder Verwaltungsorgane*) of legal entities obliged to register themselves in a Swiss commercial register or a foreign equivalent thereof and which are not controlled by the Company, do not control the Company or do not constitute pension funds insuring employees of the Group:

- up to 4 (respectively as regards the Chairman up to 3) mandates as member of the board of directors or any other superior management or administrative body of publicly traded companies pursuant to Article 727 para. 1 number 1 CO;
- up to 10 mandates as member of the board of directors or any other superior management or administrative body of legal entities that do not meet the above mentioned criteria; and
- up to 10 mandates in associations, charity foundations and employee assistance foundations.

With the approval of the RemCo, the members of the Group Executive Management may have the following other functions in the top supervisory or management body of legal entities obliged to register themselves in a Swiss commercial register or a foreign equivalent thereof and which are not controlled by the Company, do not control the Company or do not constitute pension funds insuring employees of the Group:

- up to 1 mandate as member of a board of directors or any other superior management or administrative body of a publicly traded company pursuant to Article 727 para. 1 number 1 CO; and
- up to 5 mandates as member of the board of directors or any other superior management or administrative body of other legal entities that do not meet the above mentioned criteria.

With respect to the additional activities of both the members of the Board of Directors and the Group Executive Management, mandates in companies that are under uniform control or the same beneficial ownership are deemed one mandate.

Agreements related to Compensation for Members of the Board of Directors and the Group Executive Management

According to article 24 of the Articles of Association, mandate agreements of the members of the Board of Directors have a fixed term until the conclusion of the next annual shareholders' meeting. Early termination or removal remains reserved.

As described above, the Company has entered into the Chairman Mandate Agreement with the Chairman of the Board of Directors regarding, amongst others, the future remuneration of the Chairman (see "—*Board of Directors*").

The employment agreements of the members of the Group Executive Management shall in principle be concluded for an indefinite period. If the Board of Directors considers a fixed term appropriate, such fixed term shall not exceed 12 months. With respect to employment agreements entered into for an indefinite period, the maximum notice period shall not exceed 12 months.

Non-competition agreements for the time following termination of an employment contract and the associated compensation are permitted to the extent that this is justified from a business perspective. The compensation for such a non-competition obligation may not exceed in total the average of the (fixed) compensation paid to the respective member of the executive management during the last three years.

Potential conflicts of interest

Swiss law does not provide for a general provision regarding conflicts of interest. However, the CO contains a provision that requires directors and senior officers of a company to safeguard such company's interests and imposes a duty of care and loyalty on the company's directors and senior officers. This rule is generally understood as disqualifying members of the board of directors and senior officers from decisions that directly affect them. Members of the board of directors and senior officers are personally liable to the company, its shareholders and its creditors for damages caused by willful or negligent violation of their duties. In addition, Swiss statutory law contains a provision under which payments made to a shareholder or a member of the board of directors or any person associated with such shareholder or member of the board of directors, other than at arm's length, must be repaid to the company if the recipient of such payment was acting in bad faith. Under our Organizational Regulations, if a conflict of interest is believed to exist, a member of the Board of Directors shall abstain from voting upon all matters involving the interest at stake. See "*Description of Share Capital and Shares—Description of Shares—Conflicts of interest, management transactions*".

Auditors

PricewaterhouseCoopers AG have been our statutory auditors commencing for the year ended March 31, 2017. The auditor in charge is Rolf Johner who has been carrying out this function since PricewaterhouseCoopers AG became our statutory auditors. The shareholders confirm the appointment of the auditors on an annual basis at the shareholders' meeting.

For the years ended March 31, 2015 and 2016, Ernst & Young AG served as the auditor of the Company. Our audit engagement with Ernst & Young AG ended following the global change in auditors of one of our Selling Shareholders, Toshiba Corporation, who ended its global audit engagement of Ernst & Young.

Independent Proxy

Pursuant to the Compensation Ordinance and our Articles of Association, the annual shareholders' meeting elects the Independent Proxy for a term ending at the conclusion of the next annual shareholders' meeting. Re-election is possible.

At our extraordinary shareholders' meeting to be held on July 20, 2017, Mr. Roger Föhn of ADROIT, Kachlbühlstrasse 4, 8038 Zürich, Switzerland, is expected to be elected as the Independent Proxy for the term ending at the conclusion of the next annual shareholders' meeting.

PRINCIPAL AND SELLING SHAREHOLDERS

The table below sets out the information known to us with respect to the Selling Shareholders as well as the beneficial ownership of the Company's Shares as of the date of this Offering Memorandum (i) on an actual basis and (ii) on an adjusted basis to give effect to the Offering. The table below describes the individual shareholdings of those shareholders that hold prior to, and are expected to hold upon completion of, the Offering, directly or indirectly, 3% or more of the Company's voting rights. Each Share carries one vote at a shareholders' meeting of the Company and, as such, the number of Shares held by shareholders set forth in the table below is equal to the number of voting rights held by the respective shareholder. You should also read "*Related Party Transactions*" and "*Board of Directors and Group Executive Management*".

	Prior to the Offering(1)		**Upon Completion of the Offering**(1)	
Shareholder	**Shares held**	**% of voting rights**	**Shares held**	**% of voting rights**
Toshiba Corporation(2)	17,706,000	60	–	–
INCJ Colors B.V.(3)	11,804,000	40	–	–
Management(4)	–	–	116,156	0.4
Public shareholders	–	–	29,393,844	99.6
Total	29,510,000	**100%**	29,510,000	**100%**

(1) Based on 29,510,000 Shares with a nominal value of CHF 10.00 each recorded in the commercial register as of the date of this Offering Memorandum.

(2) Toshiba Corporation has its registered office at 1-1 Shibaura 1-chome, Minato-ku, Tokyo 105-8001, Japan.

(3) INCJ Colors B.V. has its registered office at Luna ArenA, Herikerbergweg 238, 1101 CM Amsterdam, the Netherlands, and is a wholly owned subsidiary of Innovation Network Corporation of Japan, 21st Floor, Marunouchi Eiraku Building 1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan.

(4) As described elsewhere in this Offering Memorandum, the Chairman as well as the six members of the Group Executive Management and six other members of senior Management of the Group are entitled to receive Shares as part of the Recognition Bonus if and when the Offering completes. For further details see "*Related Party Transactions—Recognition Bonus*". In addition, the total Shares shown in the table above include those Shares that Mr. Umbach has undertaken to purchase in connection with his entry into the Chairman Mandate Agreement (see "*Board of Directors—Compensation of the Board of Directors and Group Executive Management and Group Executive Management—Board of Directors*"). For purposes of calculating the number of Shares to be purchased in the Offering pursuant to the Chairman Mandate Agreement, we have assumed an Offer Price at the mid-point of the Offer Price Range. The above number of total Shares held by Management does not include any additional Offered Shares which such persons may purchase in connection with the Preferential Allocation (see "*Offering and Sale —Preferential Allocation*").

See "*Offering and Sale—Offering*" with regard to the disclosure of the Managers.

Lock-up Agreements

See "*Offering and Sale—Lock-up arrangements*" for a description of the lock-up undertakings of the Company and the Group Executive Management in connection with the Offering.

Agreements and other arrangements among shareholders

The Selling Shareholders have entered into a shareholders agreement in relation to their shareholdings in the Company. Following the completion of the Offering, the shareholders agreement will no longer be applicable.

DESCRIPTION OF SHARE CAPITAL AND SHARES

Set out below is certain information in relation to the Company's share capital and the Shares, as well as a brief description of certain significant provisions of the Articles of Association, the Swiss Code of Obligations and other Swiss laws and regulations. This description does not purport to be complete and is qualified in its entirety by reference to the Articles of Association, the Organizational Regulations, the Swiss Code of Obligations and such other laws and regulations as in effect on the date of this Offering Memorandum.

General Corporate Information

The Company is a stock corporation (*Aktiengesellschaft*), in accordance with Article 620 et. seq. CO. It was founded on July 8, 2011 and registered with the commercial register of the Canton of Zug on July 13, 2011 operating under the business name Red & Blue Holding AG with the company registration number CHE-175.843.017. On June 15, 2012 by resolution of the general meeting of the Company, the Company's name was changed to Landis+Gyr Holding AG. By resolution of the extraordinary shareholders' meeting of the Company held on July 11, 2017, the name of the Company was changed to Landis+Gyr Group AG. Neither the Articles of Association nor operation of law limit the duration of the Company.

The registered seat of the Company is at c/o Landis+Gyr AG, Theilerstrasse 1, 6301 Zug, Switzerland.

The principal purpose of the Company, as set out in article 2 of the Articles of Association, is to indirectly or directly acquire, hold and manage investments in domestic and foreign companies, in particular controlling investments in industrial and trading companies active in the field of metering and energy management solutions, the management and sustainable development of these investment companies within a group of companies as well as the provision of financial and organizational means for the management of a group of companies. The Company may acquire, mortgage, utilize and sell real estate properties and intellectual property rights in Switzerland and abroad as well as incorporate and finance subsidiaries and branches. The Company may engage in all kinds of commercial and financial transactions that are beneficial for the realization of its purpose, in particular provide and take out loans, issue bonds, provide suretyships and guarantees, provide collateral as well as make investments in all marketable investment classes.

For an overview of the Company's material subsidiaries, see "*Presentation of Financial and Other Information—Corporate Structure*". The Articles of Association were last amended on July 11, 2017. The financial year of the Company ends on March 31 of each calendar year.

Capital Structure

Issued Share capital

As of the date of this Offering Memorandum, the nominal issued share capital of the Company amounts to CHF 295,100,000.00 divided into 29,510,000 fully paid in registered shares with a nominal value of CHF 10.00 each. The Shares are fully paid and non-assessable.

Changes in Share Capital

The Company was incorporated on July 13, 2011 (date of registration) with a nominal share capital of CHF 100,000.00 divided into 100,000 fully paid in registered shares with a nominal value of CHF 1.00 each.

On June 15, 2012, the general meeting of the Company resolved to convert CHF 295,000,000 of freely disposable reserves into nominal share capital. Thus, as of June 22, 2012 (date of registration of the capital increase with the commercial register of the Canton of Zug) the Company had a nominal share capital of CHF 295,100,000.00 divided in 295,100,000 fully paid in registered shares with a nominal value of CHF 1.00 each.

In connection with the Offering, a shareholders' meeting of the Company held on July 11, 2017 resolved to change the number and nominal value of Shares such that as of the date of this Offering Memorandum, the nominal issued share capital of the Company amounts to CHF 295,100,000.00 divided into 29,510,000 fully paid in registered shares with a nominal value of CHF 10.00 each. The Shares are fully paid and non-assessable.

Participation certificates and profit sharing certificates

As of the date of this Offering Memorandum, the Company has not issued any participation certificates (*Partizipationsscheine*) or profit sharing certificates (*Genussscheine*), nor has it issued any preference shares (*Vorzugsaktien*).

Own Shares

As of the date of this Offering Memorandum, neither the Company nor any of its subsidiaries holds any Shares.

Cross shareholdings

As of the date of this Offering Memorandum, the Company does not have any cross-shareholdings exceeding 5% of the holdings of capital or voting rights on both sides.

Authorized capital

The Company's Articles of Association do not include any authorized capital.

Conditional capital

Pursuant to article 3a of the Articles of Association, which reads as follows, the Company has the following conditional share capital pursuant to Article 653 CO (unofficial translation of the German text):

"The share capital of the Company may be increased by up to CHF 4,500,000 by issuing up to 450,000 fully paid up registered shares with a nominal value of CHF 10.00 each, upon the exercise of option rights or in connection with similar rights regarding shares (including performance stock units (PSU) and / or restricted stock units (RSU)) granted to officers and employees at all levels of the Company and its group companies according to respective regulations and resolutions of the Board of Directors. The pre-emptive rights and the advance subscription rights of the shareholders are excluded. The acquisition of registered shares based on this Article 3a and every subsequent transfer of these registered shares shall be subject to the transfer restrictions pursuant to Article 5.

The conditions for the allocation and exercise of the option rights and other rights regarding shares from this Article 3a are determined by the Board of Directors. The shares may be issued at a price below the market price."

Outstanding bonds, conversion and option rights

The Company has no bonds or options regarding its Shares outstanding as of the date of this Offering Memorandum.

Description of Shares

Form of the Shares

The Shares are registered shares with a nominal value of CHF 10.00 each and are fully paid-in. Each Share carries one vote at a shareholders' meeting. The Shares rank pari passu in all respects with each other, including, in respect of entitlements to dividends, to a share in the liquidation proceeds in the case of a liquidation of the Company and to pre-emptive rights.

The Company will issue its Shares as uncertificated securities (*Wertrechte*), within the meaning of Article 973c CO, and will enter them into the main register of SIS and, consequently, constitutes them as book-entry securities (*Bucheffekten*) within the meaning of the FISA. In accordance with Article 973c CO, the Company maintains a register of uncertificated securities (*Wertrechtebuch*).

Shareholders have no right to request conversion of the form in which Shares are issued into another form. Shareholders may, however, at any time require from the Company the delivery of an attestation certifying their current shareholding, as reflected in the Company's share register (*Aktienbuch*) (the "**Share Register**"). The Company may, however, at any time print and deliver share certificates (individual certificates, certificates or global certificates) or convert uncertificated securities and share certificates in another form and cancel issued share certificates that are returned to the Company. Further, the Company may withdraw Shares registered as book-entry securities from the custodian system.

Voting Rights

Voting rights may be exercised only after a shareholder has been registered in the Company's Share Register as a shareholder with voting rights up to a specific qualifying day (the "**Record Date**") designated by the Board of Directors. For such purpose the Articles of Association provide that persons acquiring Shares shall on application be entered in the Share Register without limitation as shareholders with voting rights, provided they expressly declare themselves to have acquired the Shares in their own name and for their own account and they comply with the disclosure requirements stipulated by the FMIA. Entry in the Share Register of registered shares with voting rights is subject to the approval of the Company. Entry into the Share Register with voting rights may be refused based on the grounds set forth in article 5 paras. 3, 4 and 5 of the Articles of Association as described under "—*Transfer of Shares, restrictions*". If the Company does not refuse to register the acquirer as shareholder with voting rights within 20 calendar days upon receipt of the application, the acquirer is deemed to be a shareholder with voting rights. Non-recognized acquirers are entered in the share register as shareholders without voting rights. The corresponding Shares will be considered as not represented in the shareholders' meeting.

In shareholders' meetings, except as described under "—*Shareholders' meetings*", each shareholder has equal rights, including equal voting rights. According to the Articles of Association, each Share is entitled to one vote (provided that its holder or usufructuary has been duly entered into the Share Register as a shareholder with voting rights on or before the relevant Record Date).

Transfer of Shares, restrictions

Once (and for as long as) the Shares are in uncertificated form (*Wertrechte*) and registered as book-entry securities (*Bucheffekten*) any transfer and collateralization of Shares has to be made in accordance with the FISA. The transfer of book-entry securities or the granting of security rights on book-entry securities by way of assignment is excluded.

According to article 5 para. 3 of the Articles of Association, persons not expressly declaring themselves to be holding the Shares for their own account in their application for entry in the share register or upon request by the Company (hereafter referred to as "Nominees") are entered in the share register with voting rights without further inquiry up to a maximum of 3% of the share capital outstanding at that time. Above this limit, Shares held by Nominees shall be entered in the share register with voting rights only if in its application for registration, or thereafter upon request by the Company, the Nominee discloses the names, addresses and shareholdings of the persons for whose account the Nominee is holding 0.5% or more of the then outstanding share capital at that time and provided that the disclosure requirements stipulated by the FMIA are complied with. The Board of Directors has the right to conclude agreements with Nominees concerning their disclosure requirements. According to article 5 para. 4 of the Articles of Association, the described limit for registration also applies to the subscription for or acquisition of Shares by exercising preemptive, option or convertible rights arising from Shares or any other securities issued by the Company or third parties. For purposes of the aforementioned registration restrictions, legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in a similar manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with the intent to circumvent the entry restriction, are considered as one shareholder or Nominee. The Company may in special cases approve exceptions to the above restrictions. After due consultation with the persons concerned, the Company is further authorized to delete entries in the share register as shareholder with voting rights with retroactive effect if they were effected on the basis of false information or if the respective person does not provide the information pursuant to article 5 para. 3 of the Articles of Association. The concerned person has to be informed about the deletion. Until an acquirer of Shares becomes a shareholder with voting rights for the Shares in accordance with article 5 of the Articles of Association, he/she may neither exercise the voting rights connected with the Shares nor other rights associated with the voting rights.

Shareholders' meetings

Under Swiss law, an annual shareholders' meeting must be held within six months after the end of a company's preceding financial year. Shareholders' may be convened by the board of directors or, if necessary, by a company's statutory auditors or liquidators. The Board of Directors is further required to convene an extraordinary shareholders' meeting if resolved at a shareholders' meeting or within two months if requested by one or more shareholder(s) representing in aggregate at least 5% of the Company's nominal share capital registered in the commercial register. Registered shareholders with voting rights individually or jointly representing at least CHF 1 million of the nominal share capital of the Company may demand that items be put on the agenda. Such demands have to be submitted to the Chairman of the Board of Directors at least 45 days before the date of the shareholders' meeting and shall be in writing specifying the items and the proposals.

A shareholders' meeting is convened by publishing a notice of such meeting in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*) at least 20 days before the date of the meeting. To the extent the post or e-mail addresses of the shareholders are known, notice shall be sent simultaneously by post or e-mail. The notice shall state the day, time and place of the meeting, the agenda, the proposals of the Board of Directors and the proposals of the shareholders who have requested the shareholders' meeting or that an item be included on the agenda.

The Articles of Association do not prescribe that a quorum of shareholders is required to be present at a shareholders' meeting.

Pursuant to Swiss law and the Articles of Association, the approval by a simple majority of the votes cast is required for passing a shareholders resolution, to the extent that neither the law nor the Company's Articles of Association provide otherwise. Abstentions, empty votes and invalid votes will not be taken into account for the calculation of the required majority. Such resolutions include, inter alia, certain amendments to the Articles of Association, the election and removal of the members of the Board of Directors, the Chairman of the Board of Directors, the members of the RemCo, the auditors and the independent proxy, approval of the management report and the consolidated accounts, approval of the annual accounts, as well as to pass resolutions regarding the allocation of profits as shown on the balance sheet, in particular to determine the dividends, granting discharge to the members of the Board of Directors, passing resolutions as to all matters which have been submitted to the shareholders' meeting for its decision by the Board of Directors or which are reserved to the shareholders' meeting by law or by the Articles of Association and approval of the aggregate amounts of the maximum compensation of the members of the Board of Directors and the Group Executive Management pursuant to articles 12, 25 and 26 of the Company's Articles of Association.

Pursuant to Swiss law, a resolution passed at a shareholders' meeting with a qualified majority of at least two-thirds of the votes represented and the absolute majority of the nominal value of the Shares, each as represented at such meeting is required for: (i) changes to a company's purpose; (ii) the creation and elimination of shares with privileged voting rights (*Stimmrechtsaktien*); (iii) restrictions on the transferability of registered shares and the withdrawal of such restrictions; (iv) an authorized or conditional increase in a company's share capital; (v) an increase in a company's share capital by way of capitalization of reserves (*Kapitalerhöhung aus Eigenkapital*), against contributions in-kind (*Sacheinlage*), for the acquisition of assets (*Sachübernahme*) or involving the grant of special privileges or benefits; (vi) the limitation or suspension of pre-emptive rights (*Bezugsrechte*) of shareholders in a capital increase; (vii) the change of the registered office of a company; (viii) the dissolution by liquidation of a company, and (ix) any other cases listed in Article 704 para. 1 CO. Qualified majority requirements apply by law to a merger (*Fusion*), demerger (*Spaltung*) or conversion (*Umwandlung*) of a company. In addition, any article providing for a greater voting requirement than is prescribed by law or the existing Articles of Association must be adopted by such a qualified majority.

At shareholders' meetings, shareholders may be represented by an independent proxy or any other person who needs not be a shareholder. The Board of Directors determines the requirements regarding proxies and voting instructions. Article 14 of the Company's Articles of Association provides that the general shareholders' meeting elects an independent proxy. Natural persons as well as legal entities and partnerships are eligible for election. The term of office of the independent proxy ends at the next ordinary shareholders' meeting. Re-election is possible. The duties of the independent proxy are governed by the relevant statutory provisions (see "*Board of Directors and Group Executive Management—Independent Proxy*").

The Chairman of the Board of Directors shall determine the voting procedure. Subject to the provisions of article 5 of the Company's Articles of Association, each share entitles to one vote. Each shareholder may be represented by the independent proxy or any other person who needs not be a shareholder. The Board of Directors determines the requirements regarding proxies and voting instructions. The members of the Board of the Directors and the members of the RemCo are elected individually. The Chairman shall have no casting vote.

Based on the Compensation Ordinance, special rules apply with respect to votes on compensation; see "*Board of Directors and Group Executive Management—Compensation of the Board of Directors and Group Executive Management—Overview*".

Shareholders' inspection rights

A shareholder may, upon application to a company, inspect the minutes of the shareholders' meeting. In accordance with Swiss law, a company makes its annual report, annual financial statements, compensation report and the auditor's reports available for inspection by shareholders at its registered address at least 20 days prior to each annual shareholders' meeting. Any shareholder may request a copy of these reports in advance of or after the annual shareholders' meeting. In addition, at a shareholders' meeting, a shareholder may request information from the board of directors concerning the business and operations of the company and may request information from the company's auditors concerning the performance and results of their examination of the financial statements. The company may refuse to provide certain requested information to a shareholder if, in its opinion, the disclosure of the requested information would reveal confidential business secrets or infringe other protected interests.

Shareholders' right to bring derivative actions

Under the CO, an individual shareholder may bring an action in the shareholder's own name, for the benefit of a company, against a company's directors, officers or liquidators, which seek to allow a company to recover any damages it has suffered due to the intentional or negligent breach by such directors, officers or liquidators of their duties.

Allocation of annual net profit

Dividends may be paid only if a company has sufficient distributable profit from previous years or sufficient free reserves to allow the distribution of a dividend. Swiss law requires that a company retain at least 5% of its annual net profit as general reserves for so long as these reserves amount to less than 20% of its paid-in nominal share capital. See also "*Dividends and Dividend Policy*".

In addition, any proposal by the board of directors to declare a dividend will depend on the company's results of operations, financial condition, cash requirements, future prospects and other relevant factors, including tax and other legal considerations.

The proposal of a board of directors to distribute dividends requires the approval of the shareholders' meeting. Furthermore, the company's auditors must confirm that the dividend proposal of the board of directors conforms to law and the articles of association. Dividends that have not been collected by the shareholders within five years after the due date prescribed under Swiss law are allocated to our free reserves.

Dividends are usually due and payable no sooner than three days after the shareholders' resolution relating to the allocation of profit has been passed.

For information about deduction of withholding taxes, see "*Tax Considerations—Swiss Tax Considerations—Swiss taxation of Offered Shares—Withholding Tax*".

Pre-emptive rights and advance subscription rights

Under Swiss law, any share issue, whether for cash or non-cash consideration, is subject to the prior approval of the shareholders at a shareholders' meeting. Shareholders have certain pre-emptive rights (*Bezugsrechte*) to subscribe for new issues of shares and advance subscription rights (*Vorwegzeichnungsrechte*) to subscribe for warrants, convertible bonds, or similar debt instruments with option rights in proportion to the nominal amount of shares held. A resolution adopted at a shareholders' meeting by a qualified majority of two-thirds of the votes represented and the absolute majority of the nominal value of the shares represented may repeal, limit or suspend pre-emptive rights in certain limited circumstances. Under the Articles of Association, the Board of Directors is authorized to limit or withdraw pre-emptive rights and advance subscription rights based on the conditional share capital. Regarding the exclusion of statutory pre-emptive rights in relation to our existing conditional share capital see "*—Capital structure—Conditional capital*".

Borrowing powers

Neither Swiss law nor the Articles of Association restrict in any way the Company's power to borrow and raise funds. The decision to borrow funds is made by or under direction of the Board of Directors, with no shareholders' resolution being required.

Conflicts of interest, management transactions

Swiss law does not provide for a general provision on conflicts of interest. However, the CO contains a provision which requires directors and senior management to safeguard the interests of such company and imposes a duty of loyalty and duty of care on its directors and officers. The directors and senior officers are personally liable to a company for breach of these provisions. Also, Swiss law contains a provision under which payments made to a shareholder or a director or any person associated with them other than at arm's length must be repaid to the company if such shareholder or director was acting in bad faith. In addition, pursuant to the CO, if, in connection with the conclusion of a contract, the company is represented by the person with whom it is concluding the contract, such contract must be in writing. This requirement does not apply to contracts relating to daily business matters if the value of the company's performance obligations under the contract does not exceed CHF 1,000.

Further, according to the CO, listed companies are obliged to disclose in their annual report the total amount of all remuneration and loans granted to the present or past members of the board of directors and the management. In addition, remuneration of and loans to persons closely related to the members of the board of directors or the management must be disclosed. The remuneration and loans granted to every member of the board of directors must be disclosed individually, including the name and function of the member. With respect to management, only the highest compensation awarded, indicating the recipient and its function, must be disclosed individually. Finally, the shares and any option or conversion rights for shares held by members of the board of directors, the management and such persons closely related to them must be disclosed.

The Corporate Governance Directive of SIX also addresses conflict of interest issues. See "*SIX Swiss Exchange*".

Repurchase of own Shares

Swiss law limits the right of a company to purchase and hold its own shares. A company and its subsidiaries may purchase shares only if and to the extent that (i) the company has freely distributable reserves in the amount of the purchase price; and (ii) the aggregate nominal value of all shares held by the company does not exceed 10% of the company's share capital (20% in specific circumstances). Furthermore, according to Swiss accounting rules, a company needs to reflect the amount of the purchase price of the acquired shares as a negative position through the creation of a special reserve on its balance sheet.

Shares held by a company or its subsidiaries do not carry any voting rights at shareholders' meetings, but are entitled to the economic benefits, including dividends, pre-emptive rights (*Bezugsrechte*) in the case of share capital increases and advance subscription rights (*Vorwegzeichnungsrechte*), applicable to the Shares generally.

In addition, selective share repurchases are only permitted under certain circumstances; in particular, repurchases of listed shares are subject to certain restrictions promulgated by the Swiss Takeover Board (*Übernahmekommission*), the regulatory body for takeover bids in Switzerland, under FMIA and the implementing ordinances enacted thereunder. Within these limitations, as is customary for Swiss companies, a company may purchase and sell its own shares from time to time in order to meet imbalances of supply and demand, to provide liquidity, and to even out variances in the market price of the shares.

Ordinary capital increase, authorized and conditional share capital

Under Swiss law, the share capital of a company may be increased in consideration for contributions in cash by a resolution passed at a shareholders' meeting by an absolute majority of the votes cast at the meeting. An increase in share capital in consideration for contributions in-kind or involving the exclusion of the pre-emptive rights (*Vorwegzeichnungsrechte*) of the shareholders or the conversion of reserves into share capital requires an affirmative resolution passed by a majority of two-thirds of the votes and the absolute majority of the nominal amount of the shares, each as represented (in person or by proxy) at the shareholders' meeting. Furthermore, under the CO, the shareholders of a company may empower its board of directors, by passing a resolution in the manner described in the preceding sentence, to issue shares of a specific aggregate nominal amount, in each case of up to a maximum of 50% of the existing share capital, in the form of:

(a) conditional share capital (*bedingtes Kapital*) for the purpose of issuing shares, *inter alia*, (i) to grant conversion rights or warrants to holders of convertible bonds, or (ii) to grant rights to employees of a company or affiliated companies to subscribe for new shares; or

(b) authorized share capital (*genehmigtes Kapital*) to be utilized by the board of directors within a period not exceeding two years from the approval given in the shareholders' meeting.

Ownership of Shares by non-Swiss persons

Except for the limitation on voting rights described above applicable to shareholders generally, there is no limitation under Swiss law or the Articles of Association on the right of non-Swiss residents or nationals to own Shares or to exercise voting rights attached to the Shares.

Duration and liquidation

The Articles of Association do not limit the Company's duration. Under Swiss law, a company may be dissolved at any time by a resolution of a shareholders' meeting which must be passed by a supermajority of two-thirds of the votes represented and the absolute majority of the nominal value of the shares represented at such shareholders' meeting. Dissolution and liquidation by court order is possible if (a) a company becomes bankrupt, or (b) shareholders holding at least 10% of a company's share capital so request for valid reasons. After all debts have been satisfied, the net proceeds will be distributed to shareholders in proportion to the paid-in nominal value of shares held.

Weblinks

The Company's website:	http://www.landisgyr.com

As of the First Day of Trading, the following weblinks will be available:

E-mail distribution list (*push system*):	www.landisgyr.com/investors/subscription-company-news
Ad-hoc messages (*pull system*):	www.landisgyr.com/investors
Financial reports:	http://www.landisgyr.com/investors/financial-reports
Corporate calendar:	http://www.landisgyr.com/investors/calendar

Information on the Company's website, any website directly or indirectly linked to the Company's website or any website mentioned in this Offering Memorandum does not constitute in any way part of this Offering Memorandum and is not incorporated by reference into this Offering Memorandum, and investors should not rely on it in making their decision to invest in Offered Shares.

Notices

According to the Articles of Association, notices to shareholders are validly made by publication in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*). The Board of Directors may designate further means for official publications. Notices of the Company to shareholders are to be made by official publications of the Company. Notices to shareholders may also be made in writing to the addresses of the shareholders recorded in the share register.

Any notices containing or announcing amendments or changes to the terms of the Offering or to this Offering Memorandum will be announced through electronic media. Notices required under the Listing Rules will be published in electronic form on the website of SIX (currently https://www.six-swiss-exchange.com/news/official_notices/search_en.html). Changes so notified will be deemed to constitute an amendment or supplement to this Offering Memorandum.

Disclosure of Principal Shareholders

Under the applicable provisions of FMIA, persons who directly, indirectly or in concert with other parties acquire or dispose of shares or purchase or sale rights relating to shares, and thereby, directly, indirectly or in concert with other parties reach, exceed or fall below a threshold of 3%, 5%, 10%, 15%, 20%, 25%, 33⅓%, 50% or 66⅔% of the Company's voting rights (whether exercisable or not) must notify the company and SIX of such acquisition or disposal in writing within four trading days, regardless of whether the voting rights can be exercised. This also applies to anyone who has discretionary power to exercise the voting rights associated with the relevant shares. Within two trading days of the receipt of such notification, the company must inform the public. Shares and acquisition rights or obligations ("**Purchase Positions**") and disposal rights or obligations ("**Sale Positions**") may not be netted. Rather the Purchase Positions and the Sale Positions need to be accounted for separately and may each trigger disclosure obligations if the respective positions reach one of the thresholds. In addition, actual share ownership needs to be reported separately if it reaches one of the thresholds.

Furthermore, under Swiss company law a company must disclose in the annual report the identity of shareholders and shareholder groups acting in concert who hold more than 5% of the company's voting rights. Such disclosure must be made once a year in the notes to the financial statements as published in the company's annual report.

For a list of existing principal shareholders of the Company, see "*Principal and Selling Shareholders*".

Mandatory Bid Rules

Pursuant to the applicable provisions of FMIA, if a person acquires shares of a Swiss company whose shares are listed at least in part on a Swiss exchange or a foreign company with a primary listing of its shares at least in part on a Swiss exchange, whether directly or indirectly or acting in concert with third parties, which, when taken together with any other shares already held by such person, exceed the threshold of 33⅓% of the voting rights (whether exercisable or not) of such company, that person must make a takeover bid to acquire all of the other listed shares of such a company. A company's articles of association may either eliminate this provision of FMIA or may raise the relevant threshold to 49% ("opting-out" or "opting-up" respectively).

The Company's Articles of Association do not provide for an "opting-up"/"opting-out".

A waiver of the mandatory rules may be granted by the Swiss Takeover Board (*Übernahmekommission*) or FINMA under certain circumstances. If no waiver is granted, the mandatory takeover bid must be made pursuant to the procedural rules set forth in the FMIA and the implementing ordinances thereunder.

There is no obligation to make a takeover bid under the FMIA if the voting rights in question are acquired as a result of a gift, succession or partition of an estate, a transfer based on matrimonial property law or foreclosure proceedings.

Cancellation of remaining equity securities

Under FMIA, any offeror who has made a tender offer for the shares of a listed Swiss target company, and who, as a result of such offer, holds more than 98% of the voting rights of the target company, may petition the court to cancel the remaining equity securities. The petition must be filed against the target company within three months after the expiration of the offer period. The remaining shareholders may join in the proceedings. If the court orders cancellation of the remaining equity securities, the target company will reissue the equity securities and deliver such securities to the offeror against performance of this offer for the benefit of the holders of the cancelled equity securities.

Squeeze-out merger

The Swiss Federal Merger Act allows a squeeze-out of minority shareholders by way of a squeeze-out merger. To the extent that at least 90% of the shareholders of the target company who are entitled to vote give their consent, the target company may be merged into the surviving company and the minority shareholders of the target company may be compensated in cash or other consideration (e.g., securities from another company) instead of receiving shares in the surviving company. However, it is unclear and disputed whether the 90% approval relates to the total number of votes represented by all shares of the target company outstanding, or the total number of shareholders of the target company entitled to vote.

Ownership of Shares by non-Swiss persons

Except for the limitation on voting rights described under "—*Transfer of Shares, restrictions*", applicable to holders of Shares generally, persons who are neither nationals of, nor resident in, Switzerland may freely hold, vote and transfer their Shares in the same manner as Swiss residents or nationals under Swiss law and the Articles of Association.

Foreign investment and exchange control regulations in Switzerland

Other than in connection with government sanctions imposed on certain persons from the Republic of Iraq, the Islamic Republic of Iran, Lebanon, Yemen, Libya, Sudan, the Republic of South Sudan, Burundi, the Democratic Republic of Congo, Somalia, Guinea-Bissau, Eritrea, Syria, Myanmar (Burma), Zimbabwe, Belarus, Guinea, the Democratic People's Republic of Korea (North Korea) and the Central African Republic, persons and organizations with connections to Osama bin Laden, the "Al-Qaeda" group or the Taliban, certain persons in connection with the assassination of Rafik Hariri, and certain measures in connection with the prevention of circumvention of international sanctions in connection with the situation in the Ukraine, there are currently no government laws, decrees or regulations in Switzerland that restrict the export or import of capital, including, but not limited to, Swiss foreign exchange controls on the payment of dividends, interest or liquidation proceeds, if any, to non-resident holders of the Shares.

Compensation Ordinance

The Compensation Ordinance came into effect on January 1, 2014 and implements a constitutional amendment based on a popular initiative regarding executive compensation that was approved by the Swiss electorate in 2013. The Compensation Ordinance will, subject to certain transitional periods for certain subject matters, apply to the Company following the conclusion of the Offering and listing of the Shares according to the International Reporting Standard of SIX. Set out below is a summary of some of the Compensation Ordinance's key provisions.

Severance Pay, Advance Payments and Transaction Bonuses

The Compensation Ordinance proscribes certain types of compensation arrangements with members of a Swiss public company's board of directors, executive management and advisory board, including severance payments, forms of advance compensation, transaction bonuses and certain other types of compensation and benefits not expressly provided for by a company's articles of association.

The Compensation Ordinance broadly prohibits severance payments in any form. In addition, excessive termination notice periods in employment contracts (i.e., longer than one year) and long-term employment contracts for a fixed duration for more than one year are viewed as types of prohibited severance payments. However, post-employment non-compete covenants and consultancy agreements are not subject to the Compensation Ordinance's severance pay prohibition, unless as a result of their terms they are deemed disguised severance payments.

The Compensation Ordinance also restricts certain forms of advance compensation. The decisive element in distinguishing prohibited advance payments from certain types of other advance payments, such as sign-on bonuses, is the point in time at which such payment is made. Consequently, sign-on bonuses compensating benefits and other entitlements that executives forfeit from their previous employers continue to be permissible whereas genuine prepayments of salary (i.e., if the contractual salary is paid in advance) are not permitted.

The Compensation Ordinance also prohibits certain types of transaction bonuses.

Shareholder Approval of Compensation for Board of Directors, Group Executive Management and Advisory Board

The Compensation Ordinance requires the shareholders' meeting of Swiss public companies to vote on the compensation of the board of directors, executive management and advisory board (if any). Swiss public companies are required to specify in their articles of association the mechanism for say-on-pay votes, subject to certain minimum requirements. These minimum requirements provide that the say-on-pay vote must be (i) held annually, (ii) binding and (iii) separate for the members of the board of directors, members of executive management and advisory board (if any).

The Articles of Association of the Company comply with these requirements (see also "*Board of Directors and Group Executive Management—Compensation of the Board of Directors and Group Executive Management*").

Compensation Report

The Compensation Ordinance requires a company's board of directors to prepare an annual written compensation report. In substance, the compensation report must include the information that the CO already requires to be disclosed in the notes to a company's annual statutory balance sheet. The disclosure relates to any compensation, loans and credits directly or indirectly awarded by the company during the most recently ended fiscal year to members of the board of directors, executive management and advisory board (if any) and, to the extent not in line with market standards, to former members of the board of directors, executive management and advisory board and related parties of such current and former members of the board of directors, executive management and advisory board. The compensation report must also include the compensation and the loans and credits paid to members of the board of directors and the advisory board disclosed on an aggregate and individual basis, whereas compensation and loans and credits paid to members of the executive management must only be disclosed on an aggregate basis, together with the name of the executive management member who received the highest compensation and the amount thereof.

Articles of Association

Pursuant to the Compensation Ordinance, Swiss public companies are required to include in their articles of association provisions regarding (i) the maximum number of permissible activities that the members of the board of directors, executive management and advisory board may carry out in the supreme governing bodies of other companies that are neither controlled by the company nor control the company, (ii) the maximum duration of and/or the notice period under compensation arrangements with members of the board of directors, executive management and advisory board (which should not, in either case, exceed one year), (iii) the duties and responsibilities of a company's remuneration committee and (iv) the particulars of the say-on-pay vote of the annual shareholders' meeting.

The Articles of Association of the Company comply with these requirements (see also "*Board of Directors and Group Executive Management—Compensation of the Board of Directors and Group Executive Management*").

Election of the Members of the Board of Directors, the Chairman of the Board of Directors, the Members of the Remuneration Committee and the Independent Proxy

The Compensation Ordinance requires that the members of the board of directors, its chairman, the members of the Remuneration Committee (who may only be selected among the members of the board of directors) and one or several independent proxies be elected by a company's shareholders at the shareholders' meeting on an individual basis for a term ending at the next annual shareholders' meeting. Re-election in all instances is permitted.

The Articles of Association of the Company comply with these requirements (see also "*Board of Directors and Group Executive Management—The Board of Directors*").

Independent Proxy

The Compensation Ordinance prohibits the representation of shareholders by corporate proxies (i.e., officers or other company representatives) as well as by proxies of deposited shares. The provisions of the Compensation Ordinance further provide that the board of directors must ensure that the shareholders are able to electronically grant proxies and instruct the independent proxy on both (i) agenda items included in the invitation to the shareholders' meeting and (ii) new motions which were not disclosed in the invitation to the shareholders' meeting. The independent proxy is required to exercise the voting rights granted by shareholders only in accordance with shareholder instructions. Further, absent express voting instructions, the independent proxy is required to abstain from voting.

The Articles of Association of the Company comply with these requirements and Mr. Roger Föhn of ADROIT, Kachlbühlstrasse 4, 8038 Zürich, Switzerland is expected to be elected as the independent proxy of the Company on July 20, 2017 (see also "*Board of Directors and Group Executive Management—Independent Proxy*").

Criminal Provisions

The criminal provisions of the Compensation Ordinance penalize intentional non-compliance by any member of the board of directors, executive management and advisory board who acted against his or her "better knowledge" (*wider besseres Wissen*) and pays out or receives impermissible forms of compensation. The Compensation Ordinance also stipulates criminal liability for certain prohibited actions by a Swiss public company's board of directors. Intentional violations of the Compensation Ordinance can result in imprisonment of up to three-years and a fine of up to six times the individual offender's annual salary.

SIX SWISS EXCHANGE

International Reporting Standard of SIX Swiss Exchange

As of the date on which the listing of the Shares on SIX in accordance with the International Reporting Standard becomes effective, and for so long as any of the Shares remain listed on SIX, the Company will be subject to the Listing Rules and any additional regulations enacted by SIX.

SIX (formerly known as SWX Swiss Exchange AG) was founded in 1993 as the successor to the local stock exchanges in Zurich, Basel and Geneva. Full electronic trading in foreign equities and derivatives began in December 1995. In August 1996, SIX introduced full electronic trading in Swiss equities, derivatives and bonds. In 2008, the SWX Swiss Exchange AG changed its name to SIX Swiss Exchange AG. In 2016, the aggregate trading volume of SIX for Swiss and foreign equity instruments was CHF 947.9 billion. A listing in accordance with the International Reporting Standard of SIX requires, *inter alia*, that (i) the articles of association of the issuer comply with applicable law, (ii) the operating and financial track record of the issuer extends over a period of at least three years, (iii) the issuer's consolidated equity capital amounts to at least CHF 2.5 million, (iv) at the time of the listing, at least 20% of the issuer's outstanding securities in the same category are in public ownership and the capitalization of those securities in public ownership amounts to a minimum of CHF 25 million, (v) the issuer reports according to IFRS or U.S. GAAP and (vi) the securities must have been validly issued at the time of listing. According to SIX, as of July 7, 2017, 147 issuers of shares were listed according to the International Reporting Standard of SIX.

General Rules on Securities Trading

Trading on SIX occurs through a fully-integrated trading system covering the entire process from trade order through settlement. Trading in equity securities begins each business day at 9:00 am and continues until 5:30 pm Central European Time ("**CET**") or Central European Summer Time ("**CEST**") (as applicable). After the close of exchange trading, new orders can be entered or deleted until 10:00 pm CET or CEST (as applicable). From 6:00 am CET or CEST (as applicable) new entries and inquiries can be made until 9:00 am CET or CEST (as applicable). The system is not available between 10:00 pm CET or CEST (as applicable) and 6:00 am CET or CEST (as applicable). For the opening phase (starting at 9:00 am CET or CEST (as applicable)); the system closes the order book and starts opening procedures; it establishes the opening prices and determines orders to be executed according to the matching rules. Closing auctions are held to determine the daily closing price for all equity securities traded on SIX. At the start of the closing auction, the status of all equity order books changes from permanent trading to auction. The auction itself consists of a pre-opening period and the actual auction according to rules that are similar to the opening procedure.

Transactions take place through the automatic matching of orders. Each valid order of at least a round lot is entered and listed according to the price limit. A round lot of the shares is expected to consist of one share. In general, market orders (orders placed at a best price) are executed first, followed by limit orders (orders placed at a price limit), provided that if several orders are listed at the same price, they are executed according to the time of entry. SIX may provide for a duty to trade on SIX in individual market segments. This duty requires the participant, during trading hours, to execute orders on order book only. The duty to trade on SIX for Mid-/Small-Cap equity securities does not apply to (i) orders with a market price of CHF 200,000 or more; (ii) collective orders, if the market price of the order is CHF 1,000,000 or more or (iii) portfolio orders. Members of SIX must observe the principle of best execution for any off-exchange transaction during the trading period. Transactions in shares affected by or through members of SIX are subject to a stock exchange levy. This levy includes the reporting fee and is payable per trade and participant. The fee is defined individually for each trading segment.

Banks and broker-dealers doing business in Switzerland are required to report all transactions in listed securities traded on SIX. Reporting occurs automatically for on-order book transactions. Off-order book transactions during trading hours must be reported to SIX within 30 minutes after such trade. Following the close of trading, off-order book transactions must be reported at the latest by the opening of the following trading day. Transaction information is collected, processed and immediately distributed by SIX. SIX distributes a comprehensive range of information through various publications, including in particular the Swiss Market Feed. The Swiss Market Feed supplies SIX data in real time to all subscribers as well as to other information providers such as SIX Financial Information AG and Reuters.

A quotation may be suspended by SIX if large price fluctuations are being observed, or if important, price-sensitive information is about to be disclosed, or in other situations that might endanger fair and orderly trading. Surveillance and monitoring is the responsibility of SIX as the organizer of the market. The aim of such self-regulation is to ensure transparency, fair trading and an orderly market.

Clearing, Payment and Settlement

Clearing and settlement of securities listed on SIX is made through SIS.

Delivery against payment of exchange transactions usually occurs two trading days after the trade date.

Corporate Governance Directive and the Swiss Code

In Switzerland, two sets of rules are relevant with respect to corporate governance, specifically the SIX Directive on Information Relating to Corporate Governance of December 13, 2016 (the "**DCG**") (as amended), and the Swiss Code of Best Practice for Corporate Governance (as amended) (the "**Swiss Code**"). In addition, certain requirements on corporate governance were recently introduced through the Compensation Ordinance (see "*Description of Share Capital and Shares—Description of Shares—Compensation Ordinance*").

The DCG is binding on all Swiss companies whose equity securities have their primary or main listing on SIX. The DCG requires issuers to disclose important information on the management and control mechanisms at the highest corporate level or to give specific reasons why this information is not disclosed.

The Swiss Code is issued by economiesuisse, the largest umbrella organization representing Swiss businesses. The Swiss Code is non-binding, but provides recommendations for good corporate standards in line with international business practices on a comply-or-explain basis.

Management transactions

The revised SIX Directive on the Disclosure of Management Transactions (the "**DMT**") entered into force on April 1, 2013. The DMT applies to all issuers whose equity securities have their primary listing on SIX. The DMT requires each issuer to ensure that members of their board of directors and senior management disclose transactions they have made in the securities of such issuer. Under the DMT, the relevant individuals must disclose any such transaction to the issuer, and the issuer must forward that information to SIX. Such transactions are subsequently published on a "no names basis" on SIX's website.

OFFERING AND SALE

Offering

This Offering consists of: (i) a public offering in Switzerland; (ii) private placements in certain jurisdictions outside the United States and Switzerland in accordance with applicable securities laws and on the basis of exemptions provided by the Prospectus Directive; (iii) an offering in the United States only to QIBs as defined in, and in reliance upon, Rule 144A under the Securities Act; and (iv) private placements in Canada to accredited investors and permitted clients in the provinces of Alberta, British Columbia, Ontario and Quebec. All offers and sales outside the United States will be made in compliance with Regulation S under the Securities Act.

The Offered Shares have not been and will not be registered under the Securities Act, or under the securities laws of any state or other jurisdiction in the United States and, accordingly, they may not be offered, sold, resold, granted, delivered, allotted, taken up, or transferred in the United States (as defined in Regulation S), except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act.

The Offered Shares have not been and will not be registered under the securities laws of the United Kingdom, the Relevant Member State in the EEA, Australia, Japan or Canada and may not be offered or sold to investors in these jurisdictions absent an exemption from registration or approval under the applicable securities laws of the relevant jurisdiction. Prospective investors and depositary banks should advise themselves of applicable laws and regulations relating to the Offering and purchase of the Offered Shares. See also “*Transfer Restrictions*”.

Underwriting

Under the terms and subject to the conditions contained in an underwriting agreement, dated on or around the date of this Offering Memorandum (the “**Underwriting Agreement**”), each Manager named below, severally and not jointly, agrees to purchase from the Selling Shareholders the following respective number of Offered Shares at the closing of the Offering at the Offer Price, subject to various conditions, including, among other things, (i) the conclusion of a pricing supplement, (ii) the absence of any change in the share capital of the Company and of a material adverse change in the business, prospects, management, condition (financial, operational, legal or regulatory), results of operations or the prospects of the Company or of the Group, (iii) receipt of customary certificates, legal opinions and letters meeting the Managers’ requirements, and (iv) the making of necessary filings and the receipt of necessary approvals in connection with the Offering. The Company and the Selling Shareholders expect to determine the final Offer Price together with the Joint Global Coordinators on the basis of a bookbuilding process on or around July 20, 2017. The final Offer Price is expected to be published by media release and in the Supplement on or around July 21, 2017, prior to the start of trading of the Shares on SIX.

Manager	Percentage of the Offering	Number of Offered Shares	Underwriting commitment as % of the Company’s share capital/voting rights prior to the Offering
UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	31.0%	9,122,697	30.9
Morgan Stanley & Co International plc, 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom	23.5%	6,915,593	23.4
Credit Suisse AG, Paradeplatz 8, 8001 Zurich, Switzerland	18.5%	5,444,190	18.4
J.P. Morgan Securities plc, 25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom	16.0%	4,708,489	16.0
Bank Vontobel AG, Gotthardstrasse 43, 8002 Zurich, Switzerland	6.0%	1,765,683	6.0
Mizuho International plc, Mizuho House, 30 Old Bailey, London EC4M 7AU. United Kingdom	5.0%	1,471,403	5.0
Total	**100%**	**29,428,055**	**99.7%**

The Underwriting Agreement provides that the Joint Global Coordinators, acting on behalf of the Managers will, severally and not jointly, purchase the Offered Shares from the Selling Shareholders, each at the Offer Price, less commissions, which may be deducted from the proceeds of the Offering. The Managers will allocate and sell the Offered Shares to the prospective investors until July 20, 2017. The date of delivery of the Offered Shares against payment of the Offer Price is expected to be on or around July 25, 2017. The Selling Shareholders will pay (or compensate) the Swiss Federal Securities Transfer Stamp Tax (*Umsatzabgabe*) of the Offer Price per Offered Share relating to the sale and delivery of the Offered Shares to the Managers or the sale and delivery by the Managers of such Offered Shares to the initial purchasers thereof as contemplated in the Underwriting Agreement.

The Company has agreed to pay, among other expenses, the costs associated with the publication and distribution of this Offering Memorandum, certain legal expenses of the Company and the Managers, costs of the accountants and other advisors retained by the Company, costs associated with the delivery of the Offered Shares, and all fees and expenses incurred in connection with the listing of the Shares and the formal listing of the Additional Shares on SIX.

The Underwriting Agreement provides that the obligations of the Managers are subject to certain conditions precedent, including execution of the pricing supplement. The Joint Global Coordinators, acting on behalf of the Managers, as well as the Selling Shareholders have the right to terminate the Underwriting Agreement upon the occurrence of certain events at any time prior to closing of the Offering. If the right to terminate the Underwriting Agreement is exercised, the Offering will lapse and any previously purported allocation and purchase of Offered Shares will be deemed to not have been made.

In connection with the Underwriting Agreement, the Company and the Selling Shareholders have made certain representations and warranties and agreed, subject to certain limitations and exemptions, to indemnify the Managers against certain liabilities in connection with the Offering.

Each of the Managers has represented and agreed that it has not taken, and will not take, any action in any jurisdiction other than Switzerland that would constitute a public offering of the Offered Shares outside of Switzerland pursuant to any applicable law or regulation.

Lock-up arrangements

The Company has agreed that during the period commencing on the date hereof and ending six months after the First Day of Trading, neither the Company nor any Group company shall, without the prior written consent of the Joint Global Coordinators, (i) issue, offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, pledge, grant instruction rights (*Weisungsrechte nach Art. 25 FISA*) or otherwise transfer or dispose of, directly or indirectly, or file a registration statement under any securities regulation relating to, any Shares or any securities convertible into or exchangeable or exercisable for Shares or warrants or other rights to purchase any Shares, (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, or (iii) announce its intention to do any of the foregoing whether any such transaction described in subsection (i) or (ii) above is to be settled by delivery of Shares or other securities, in cash or otherwise. The foregoing undertakings of the Company shall not apply to transactions relating to (i) Shares or other securities acquired in open market transactions as from the First Day of Trading, and (ii) the grant of stock options or issuance of Shares under employee participation plans on or after the First Day of Trading.

The Chairman of the Board of Directors and up to 12 members of senior Management entitled to the Recognition Bonus are expected to agree, as a condition to receipt of the Recognition Bonus and subject to certain limitations, that, without the prior written consent of the Joint Global Coordinators, he/she will not (i) offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, pledge, grant instruction rights (*Weisungsrechte nach Art. 25 FISA*) or otherwise transfer or dispose of, directly or indirectly (or publicly announce any such offer, sale or disposal), or file a registration statement under any securities regulation relating to, any Shares, (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, or (iii) announce the intention to do any of the foregoing whether any such transaction described in subsection (i) or (ii) above is to be settled by delivery of Shares or other securities, in cash or otherwise. The foregoing undertakings of each respective lock-up party do not apply to transactions relating to Shares or other securities acquired by the respective lock-up party in open market transactions after the closing date of the Offering and any transfer of Shares to his/her children, husband/wife or registered partner, in each case only to the extent such transferee is, or agrees by way of execution and delivery of a respective lock-up undertaking to the Joint Global Coordinators to be, bound by the same lock-up obligation as set out in each relevant lock-up agreement, for the following periods:

- Messrs. Andreas Umbach, Richard Mora, Jonathan Elmer, Prasanna Venkatesan and Oliver Itlisberger: from the date commencing on the date of this Offering Memorandum and ending two years after the First Day of Trading of the Offered Shares; provided, however, that (i) one year after the First Day of Trading (i.e., July 23, 2018) one half of the Shares held by such individual subject to this lock-up undertaking, and (ii) two years after the First Day of Trading (i.e., July 22, 2019) all remaining Shares held by such individual subject to this lock-up undertaking will in each case be released from the lock-up without any further action; and

- Ms. Ellie Doyle, Mr. Roger Amhof and six other members of senior Management: from the date commencing on the date of this Offering Memorandum and ending one year after the First Day of Trading of the Offered Shares;

provided further that any Offered Shares purchased by any of the foregoing persons under the Preferential Allocation (other than those purchased by Mr. Andreas Umbach in connection with the Chairman Mandate Agreement) will be subject to a lock-up period of six months starting from the First Day of Trading.

Allocation

The Managers, the Company and the Selling Shareholders have agreed to observe the directives governing the allocation of equity-related securities offered by way of a public offering in Switzerland issued by the Swiss Bankers Association on March 29, 2004, which entered into force on January 1, 2005, as amended.

Preferential Allocations

Offered Shares corresponding to an amount of up to CHF 8.5 million have been set aside in a separate pool for purchase at the Offer Price in the Offering by the Board of Directors and eligible members of senior Management of the Company. These sales will occur in Switzerland and in other jurisdictions where such allocations are permissible pursuant to the terms and conditions of the Offering. To the extent that these Offered Shares will not be used for the preferential allocation they will be generally available for the Offering.

Stabilization

No over-allotment option has been granted to the Managers in connection with the Offering. Prospective investors should not assume that any stabilizing measures with a view to supporting the market price of the Shares will be undertaken in connection with the Offering.

In connection with the Offering, the Stabilization Agent, or any person acting for it, may effect transactions with a view to supporting the market price of the Shares for a limited period of 30 calendar days after the First Day of Trading at a level higher than that which might otherwise prevail during such period within the limitations of Article 126 FMIO. If stabilization activities take place, such transactions will be effected at levels less than or equal to the Offer Price.

Neither the Stabilization Agent nor the other Managers have an obligation to undertake stabilization activities. Therefore, there is no assurance that the Stabilization Agent (or persons acting on its behalf) will undertake any such stabilization activities. Stabilization activities may be effected on SIX, in the OTC market or otherwise and, if commenced, will be carried out in accordance with Article 126 FMIO and other applicable rules and regulations. Such stabilization, if commenced, may be discontinued at any time without announcement, and must be brought to an end not later than 30 calendar days after the First Day of Trading. The Company anticipates satisfying its notification obligations under Article 126 lit. e FMIO through a media release on its website.

Offer Size

The Offered Shares will consist of 29,428,055 Shares.

The Offered Shares will be from currently held shareholdings of the Selling Shareholders (see "*Principal and Selling Shareholders*"). The Selling Shareholders have decided to grant and fund the Recognition Bonus (as defined herein) to the Chairman, the six members of the Group Executive Management and six other members of senior Management. The Recognition Bonus is conditional upon the completion of the Offering and is in part payable in Shares. Up to 81,945 Shares have been set aside prior to the Offering and therefore do not form part of the Offered Shares. To the extent these Shares will not be used for the Recognition Bonus they will be generally available for the Offering. The up to 81,945 Shares set aside for partial payment of the Recognition Bonus and the 29,428,055 Offered Shares will together represent 100% of the issued share capital of the Company on the First Day of Trading. Upon the completion of the Offering, the Selling Shareholders will no longer hold any Shares. See "*Related party Transactions—Recognition Bonus*" and "*Principal and Selling Shareholders*".

The Offered Shares rank *pari passu* in all respects with each other and with all other Shares. See "*Description of Share Capital and Shares*".

The Swiss Federal Securities Transfer Stamp Tax (*Umsatzabgabe*) on the sale of the Offered Shares will be borne (or compensated) by the Selling Shareholders.

Offer Period

The offer period is expected to be from July 12, 2017 to July 20, 2017 at 12.00 (CEST) for retail and private banking orders and at 15.00 (CEST) for institutional investors, respectively.

The Company and the Selling Shareholders, together with the Joint Global Coordinators, acting on behalf of the Managers, reserve the right to extend or shorten the offer period or terminate the Offering, without any prior notice, at any time and for any reason.

Offer Price Range

The range of the Offer Price is between CHF 70 and CHF 82 per Offered Share ("**Offer Price Range**"). The Company and the Selling Shareholders expect to determine the Offer Price together with the Joint Global Coordinators on the basis of a bookbuilding process on or around July 20, 2017. The final Offer Price is expected to be published by media release and in the Supplement on or around July 21, 2017, prior to the start of trading of the Shares.

Company's Share Capital

The issued share capital of the Company is CHF 295,100,000 and consists of 29,510,000 Shares.

The 29,428,055 Offered Shares represent 99.7% of the issued share capital of the Company as recorded in the commercial register.

Listing and trading

Prior to this Offering, there has been no public market for the Shares. The Company has applied to, and approval has been given by SIX, subject to certain conditions, to list the Shares, and to formally list the Additional Shares in accordance with the International Reporting Standard of SIX.

We expect that the Shares will be listed and that trading of the Shares will commence on or around July 21, 2017 ("**First Day of Trading**").

The SIX Ticker Symbol, Swiss Security Number, International Security Identification Number and Common Code are as follows:

SIX Ticker Symbol	LAND
Swiss Security Number (*Valorennummer*)	37.115.349
International Security Identification Number (ISIN)	CH0371153492
Common Code	164782000

Payment and settlement (Closing)

Application has been made for the Shares to be accepted for clearance through SIS. It is expected that delivery of the Offered Shares against payment of the Offer Price will be made through the facilities of SIS on or around July 25, 2017. If the right to terminate the Underwriting Agreement is exercised, the Offering will lapse and any previously purported allocation and purchase of Offered Shares will be deemed not to have been made.

Form of Shares

The Shares will be issued as uncertificated securities (*Wertrechte*), within the meaning of Article 973c CO. The Shares will be registered in the main register (*Hauptregister*) maintained by SIS and credited to the securities account of each purchaser, and thus will become intermediated securities (*Bucheffekten*), within the meaning of the FISA. Shareholders registered in the Company's share register may request from the Company a confirmation relating to their shareholdings in the Company.

Voting rights

Each Share carries one vote. Regarding transfers of Shares and restrictions, see "*Description of Share Capital and Shares—Description of Shares—Transfer of Shares, restrictions*".

Amendments or changes

Any notices containing or announcing amendments or changes to the terms of the Offering or to this Offering Memorandum will be announced through the electronic media. Notices required under the Listing Rules will be published in electronic form on the website of SIX (currently https://www.six-swiss-exchange.com/news/official_notices/search_en.html). Changes so notified will be deemed to constitute an amendment or supplement of this Offering Memorandum.

Dividends

Holders of the Offered Shares will be entitled to dividends and other distributions, if any, for the financial year ending March 31, 2018 and for all subsequent financial years (provided that they are the holder of record of the relevant Shares as of the relevant record date). For further information on past distribution of dividends, see "*Dividends and Dividend Policy*". Dividends and other distributions (except for dividend payments from reserves from capital contributions or from reductions of the Company's share capital) paid on the Shares are subject to Swiss Withholding Tax (see "*Tax Considerations—Swiss Tax Considerations—Swiss taxation of Offered Shares—Withholding Tax*").

Listing agent

UBS AG, being recognized as an expert by the Regulatory Board of SIX according to Article 43 of the Listing Rules, has filed on behalf of the Company the application for the listing of the Shares, and to formally list the Additional Shares in accordance with the International Reporting Standard of SIX.

Other Relationships of the Managers

Certain of the Managers or their affiliates have provided and may continue to provide investment banking and other services to the Company and/or the Selling Shareholders and/or their respective affiliates in the ordinary course of their respective businesses for which they have been or will be paid customary fees and may have come to have interests that may not be aligned or could potentially conflict with the interests of the Company and/or its Selling Shareholders. In addition, the Managers may have held and in the future may hold the Company's securities for investment purposes in the ordinary course of their respective businesses. In particular, Mizuho Bank, Ltd. (an affiliate of Mizuho International plc) has extended bank loans and/or credit facilities to us and/or one of our Selling Shareholders. Such Selling Shareholder may potentially use proceeds from the sale of the Offered Shares to repay a portion of any such financings from Mizuho Bank, Ltd. Mizuho Bank, Ltd. (or its affiliates) may also have business and other relationships with our Selling Shareholders. In addition, UBS Switzerland AG (an affiliate of UBS AG) is the lender under our UBS Credit Facility and has been appointed as paying agent for the Shares in Switzerland.

TRANSFER RESTRICTIONS

General

No action has been or will be taken by the Company or the Selling Shareholders in any country or jurisdiction other than Switzerland that would, or is intended to, permit a public offering of the Offered Shares, or the possession or distribution of this Offering Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Offering Memorandum comes are required by the Company, the Selling Shareholders and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Offered Shares or have in their possession or distribute such offering material, in all cases at their own expense. Neither we, the Selling Shareholders or the Managers accept any legal responsibility for any violation by any person, whether or not a prospective subscriber or purchaser of any of the Offered Shares, of any such restrictions.

United States

The Offered Shares have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States except in accordance with Rule 144A or pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Each purchaser of the Offered Shares outside the United States in compliance with Regulation S will be deemed to have represented and agreed that it has received a copy of this Offering Memorandum and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Offered Shares in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the Offered Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, and, subject to certain exceptions, may not be offered or sold within the United States;

3. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Offered Shares, was located outside the United States and has not purchased the Offered Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Offered Shares or any economic interest therein to any person in the United States;

4. the purchaser is not an affiliate of ours or a person acting on behalf of such affiliate;

5. the Offered Shares have not been offered to it by means of any “directed selling efforts” as defined in Regulation S;

6. the purchaser acknowledges that the Company and the Selling Shareholders shall not recognize any offer, sale, pledge or other transfer of the Offered Shares made other than in compliance with the above stated restrictions;

7. if it is acquiring any of the Offered Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

8. the purchaser acknowledges that the Company, the Selling Shareholders and the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Offered Shares within the United States purchasing pursuant to an exemption from the registration requirements of the Securities Act will be deemed to have represented and agreed that it has received a copy of this Offering Memorandum and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Offered Shares in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the Offered Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;

3. the purchaser: (i) is a QIB; (ii) is aware that the sale to it is being made pursuant to an exemption from the registration requirements of the Securities Act; and (iii) is acquiring such Offered Shares for its own account or for the account of a QIB;

4. the purchaser is aware that the Offered Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the Securities Act;

5. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offered Shares, or any economic interest therein, such Offered Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only: (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; (ii) in compliance with Regulation S under the Securities Act; or (iii) in accordance with Rule 144 under the Securities Act (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;

6. the purchaser acknowledges that the Offered Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resale of any Offered Shares;

7. the purchaser will not deposit or cause to be deposited such Offered Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Offered Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

8. the purchaser acknowledges that the Company and the Selling Shareholders shall not recognize any offer, sale, pledge or other transfer of the Offered Shares made other than in compliance with the above states restrictions;

9. if it is acquiring any of the Offered Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account; and

10. the purchaser acknowledges that the Company, the Selling Shareholders and the Managers and their affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

United Kingdom

This Offering Memorandum is only directed at, and will only be provided to, persons to whom interests may lawfully be promoted pursuant to Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**"). In particular, this Offering Memorandum is only directed at and will only be provided to (i) investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**FPO**") or (ii) high net worth companies or other any other person falling within Article 49(2)(a) to (d) of the FPO, or (iii) other persons to whom it may lawfully be communicated ("**Relevant UK Persons**"). Any investment or investment activity to which this Offering Memorandum relates is available only to Relevant UK Persons and will be engaged in only with Relevant UK Persons. Persons who are not Relevant UK Persons should not rely on this Offering Memorandum.

Each purchaser of the Offered Shares within the United Kingdom will be deemed to have represented and agreed that it has received a copy of this Offering Memorandum and such other information as it deems necessary to make an informed investment decision and that it (a) is a Relevant UK Person and (b) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Offered Shares in, from or otherwise involving the United Kingdom.

This Offering Memorandum has not been delivered for approval to the Financial Conduct Authority in the United Kingdom or to an authorized person within the meaning of FSMA. No approved prospectus within the meaning of Section 85 of FSMA or of the Prospectus Directive has been published or is intended to be published in relation to the Offering. This Offering Memorandum does not constitute a Prospectus for the purposes of FSMA or the Prospectus Directive. As used herein, "**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland.

European Economic Area

In relation to each member state of the EEA that has implemented the Prospectus Directive, no offer is being made or will be made to the public of any Shares which are the subject of the Offering contemplated by this Offering Memorandum in that Relevant Member State, other than:

(a) to legal entities which are qualified investors as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive and subject to obtaining the prior written consent of the Joint Global Coordinators nominated by the Company for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Shares shall require the Company or the Managers to publish a prospectus pursuant to Article 3(2) of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive (in each case of any person referred to in (a), (b) or (c) above, a "**Relevant EU Person**").

For the purposes of this provision, the expression an "**offer of Shares to the public**" in relation to the Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Each purchaser of the Offered Shares within a Relevant Member State will be deemed to have represented and agreed that it has received a copy of this Offering Memorandum and such other information as it deems necessary to make an informed investment decision and that it is a Relevant EU Person.

TAX CONSIDERATIONS

The following is a general summary of certain tax consequences of the acquisition, ownership and disposition of Offered Shares based on Swiss tax laws and regulations in force on the date of this Offering Memorandum. Tax consequences are subject to changes in applicable law, including changes that could have a retroactive effect. This is not a complete analysis of the potential tax effects relevant to a decision to invest in Offered Shares nor does the following summary take into account or discuss the tax laws of any jurisdiction other than Switzerland. It also does not take into account investors' individual circumstances. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to any particular holder of Offered Shares.

Investors are urged to consult their own tax advisors as to tax consequences of the acquisition, ownership and disposition of Offered Shares. Tax consequences may differ according to the provisions of different tax treaties (see below) and the investor's particular circumstances.

Swiss Tax Considerations

Swiss taxation of Offered Shares – Withholding Tax

Under present Swiss tax law, dividends due and similar cash or in-kind distributions made by the Company to a shareholder of Offered Shares (including liquidation proceeds and bonus shares) are subject to Swiss federal withholding tax (*Verrechnungssteuer*) ("**Withholding Tax**"), currently at a rate of 35% (applicable to the gross amount of taxable distribution). However, the repayment of the nominal value of the Offered Shares and any repayment of qualifying additional paid-in capital (capital contribution reserves (*Reserven aus Kapitaleinlagen*)) are not subject to the Withholding Tax. The Withholding Tax will also apply to payments (exceeding the respective share capital and used capital contribution reserves) upon a repurchase of Offered Shares by the Company, (i) if the Company's share capital is reduced upon such repurchase (redemption of shares), (ii) if the total of repurchased shares exceeds 10% of the Company's share capital or (iii) if the repurchased Offered Shares are not resold within six years after the repurchase. This six year deadline to resell the repurchased Offered Shares is suspended for so long as the Offered Shares are reserved to cover obligations under convertible bonds, option bonds or employee stock option plans (in the case of employee stock option plans, the maximum suspension is six years). In the event of a taxable share repurchase, Withholding Tax is imposed on the difference between the repurchase price and the sum of the nominal value of the repurchased Offered Shares and qualifying additional paid-in capital paid back upon the repurchase. The Company is obliged to deduct the Withholding Tax from the gross amount of any taxable distribution and to pay the tax to the Swiss Federal Tax Administration within 30 days of the due date of such distribution.

Swiss resident individuals who hold their Shares as private assets ("**Resident Private Shareholders**") are in principle eligible for a full refund or credit against income tax of the Withholding Tax if they duly report the underlying income in their income tax return. In addition, (i) corporate and individual shareholders who are resident in Switzerland for tax purposes, (ii) corporate and individual shareholders who are not resident in Switzerland, and who, in each case, hold their Shares as part of a trade or business carried on in Switzerland through a permanent establishment with fixed place of business situated in Switzerland for tax purposes and (iii) Swiss resident private individuals who, for income tax purposes, are classified as "professional securities dealers" for reasons of, inter alia, frequent dealing, or leveraged investments, in shares and other securities (collectively, "**Domestic Commercial Shareholders**") are in principle eligible for a full refund or credit against income tax of the Withholding Tax if they duly report the underlying income in their income statements or income tax return, as the case may be. The refund is subject to the qualification as "old reserves".

Shareholders who are not resident in Switzerland for tax purposes, and who, during the respective taxation year, have not engaged in a trade or business carried on through a permanent establishment with fixed place of business situated in Switzerland for tax purposes, and who are not subject to corporate or individual income taxation in Switzerland for any other reason (collectively, "**Non-Resident Shareholders**") may be entitled to a total or partial refund of the Withholding Tax if the country in which such recipient resides for tax purposes maintains a bilateral treaty for the avoidance of double taxation with Switzerland ("**Tax Treaty**") and further conditions of such treaty are met. The refund is subject to the qualification as "old reserves". Non-Resident Shareholders should be aware that the procedures for claiming treaty benefits (and the time required for obtaining a refund) may differ from country to country. Non-Resident Shareholders should consult their own legal, financial or tax advisors regarding receipt, ownership, purchases, sale or other dispositions of Offered Shares and the procedures for claiming a refund of the Withholding Tax.

As of January 1, 2017, Switzerland was a party to Tax Treaties with respect to income taxes with more than 90 countries. More treaties have been initiated or signed but are not yet in force. Besides these bilateral treaties, Switzerland has entered into an agreement with the European Union containing provisions on taxation of dividends and dividend withholding tax reductions which apply with respect to related parties tax resident in European Union member states.

Swiss federal stamp taxes

The Swiss federal securities transfer stamp tax (*Umsatzabgabe*) on the sale of the Offered Shares by the Selling Shareholders will be borne (or compensated) by the Selling Shareholders. The subsequent purchase or sale of Offered Shares, whether by Resident Private Shareholders, Domestic Commercial Shareholders or Non-Resident Shareholders, may be subject to a Swiss federal securities transfer stamp tax (*Umsatzabgabe*) at a current rate of up to 0.15%, as well as the SIX turnover fee, both calculated on the purchase price or the sale proceeds, respectively, if (i) such transfer occurs through or with a Swiss or Liechtenstein bank or by or with involvement of another Swiss securities dealer as defined in the Swiss federal stamp tax act and to the extent (ii) no exemption applies.

The following categories of foreign institutional investors that are subject to regulations similar to that imposed by Swiss federal supervisory authorities are exempt from their portion (50%, i.e., 0.075%) of the Swiss federal securities transfer stamp tax: foreign states and central banks, social security institutions, pension funds, collective investment schemes, certain life insurance companies and certain non-Swiss quoted companies and their non-Swiss consolidated group companies. In addition, Swiss collective investment schemes as defined in the Swiss Collective Investment Law are also exempt from their portion of the Swiss federal securities transfer stamp tax.

Swiss federal, cantonal and communal individual income tax and corporate income tax

Non-Resident Shareholders

Non-Resident Shareholders are not subject to any Swiss federal, cantonal or communal income tax on dividend payments and similar distributions because of the mere holding of the Offered Shares. The same applies for capital gains on the sale of Offered Shares except in certain cases if the Company would qualify as real estate company. For Withholding Tax consequences, see above.

Resident Private Shareholders and Domestic Commercial Shareholders

Resident Private Shareholders who receive dividends and similar cash or in-kind distributions (including liquidation proceeds as well as bonus shares or taxable repurchases of Offered Shares as described above), which are not repayments of the nominal value of the Offered Shares or qualifying additional paid-in capital, are required to report such receipts in their individual income tax returns and are subject to Swiss federal, cantonal and communal income tax on any net taxable income for the relevant tax period. Furthermore, the Swiss federal income tax on dividends, shares in profit, liquidation proceeds and pecuniary benefits from Offered Shares (including bonus shares) is currently reduced to 60% of regular taxation (*Teilbesteuerung*), if the investment amounts to at least 10% of the share capital of the issuer. On cantonal and communal level similar provisions were introduced, but the regulations may vary, depending on the canton of residency.

A gain or a loss by Resident Private Shareholders realized upon the sale or other disposition of Offered Shares to a third-party will generally be a tax-free private capital gain or a not tax-deductible capital loss, as the case may be. Under exceptional circumstances the capital gain may be re-characterized into a taxable dividend, in particular upon taxable repurchase of Offered Shares as described above. Furthermore, the capital gain may also be re-characterized into taxable income in relation with a so-called indirect partial liquidation as defined under Swiss law. When a capital gain is re-characterized as a dividend, the relevant income for tax purposes corresponds to the difference between the purchase price and the sum of the nominal value of the Offered Shares and qualifying additional paid-in capital.

Domestic Commercial Shareholders who receive dividends and similar cash or in-kind distributions (including liquidation proceeds as well as bonus shares) are required to recognize such payments in their income statements for the relevant tax period and are subject to Swiss federal, cantonal and communal individual or corporate income tax, as the case may be, on any net taxable earnings accumulated (including dividends) for such period. For Domestic Commercial Shareholders who are individual taxpayers, the Swiss federal individual income tax on dividends, shares in profit, liquidation proceeds and pecuniary benefits from Offered Shares (including bonus shares) is currently reduced to 50% of regular taxation (*Teilbesteuerung*), if the investment is held in connection with the conduct of a trade or business or qualifies as an opted business asset (*gewillkürtes Geschäftsvermögen*) according to Swiss tax law and amounts to at least 10% of the share capital of the issuer. On cantonal and communal level, similar provisions were introduced, but the regulations may vary depending on the canton of residency. Domestic Commercial Shareholders who are corporate taxpayers may qualify for participation relief on dividend distributions (*Beteiligungsabzug*), if the Offered Shares held have a market value of at least CHF 1 million or represent at least 10% of the share capital of the issuer or give entitlement to at least 10% of the profit and reserves of the issuer, respectively. For cantonal and communal income tax purposes the regulations on participation relief are broadly similar, depending on the canton of residency.

Domestic Commercial Shareholders are required to recognize a gain or loss realized upon the disposal of Offered Shares in their income statement for the respective taxation period and are subject to Swiss federal, cantonal and communal individual or corporate income tax, as the case may be, on any net taxable earnings (including the gain or loss realized on the sale or other disposition of Offered Shares) for such taxation period. For Domestic Commercial Shareholders who are individual taxpayers the Swiss federal individual income tax on a gain realized upon the disposal of Offered Shares is currently reduced to 50% of regular taxation (*Teilbesteuerung*), if (i) the investment is held in connection with the conduct of a trade or business or qualifies as an opted business asset (*gewillkürtes Geschäftsvermögen*) according to Swiss tax law, (ii) the sold shares reflect an interest in the share capital of the Company of at least 10% and (ii) were held for at least one year. On cantonal and communal level similar provisions were introduced, but the regulations may vary depending on the canton of residency. Domestic Commercial Shareholders who are corporate taxpayers may be entitled to participation relief (*Beteiligungsabzug*), if the Offered Shares sold during the tax period (i) reflect an interest in the share capital of the Company of at least 10% or if the Offered Shares sold allow for at least 10% of the profit and reserves and (ii) were held for at least one year. For cantonal and communal income tax purposes the regulations on participation relief are broadly similar, depending on the canton of residency. The tax relief applies to the difference between the sale proceeds and the initial costs of the participation (*Gestehungskosten*), resulting in the taxation of a recapture of previous write-downs of the participation.

Swiss Corporate Tax Reform III / Tax proposal 17 *(Unternehmenssteuerreform III / Steuervorlage 17)*

On June 5, 2015, the Swiss government has published a draft bill and accompanying report (*Botschaft*) regarding a corporate tax reform named "Corporate Tax Reform III" (*Unternehmenssteuerreform III*). The suggested measures aimed to ensure that Switzerland continues to offer a sustainable, internationally accepted and competitive corporate tax system. On February 12, 2017, the Corporate Tax Reform III bill (as amended by the Swiss parliament) was rejected in a public referendum. On June 1, 2017, the steering body comprised of federal and cantonal representatives has adopted recommendations on a new corporate tax reform named "Tax Proposal 17" (*Steuervorlage 17*) for the attention of the Swiss government. The steering body, inter alia, recommends an increase of the partial taxation (*Teilbesteuerung*) for individual shareholders holding at least 10% shares in a company from 60% to 70% on federal, cantonal and communal level. It has been announced that the Swiss government will publish a draft bill and accompanying report (*Botschaft*) at the beginning of 2018. Based on the above, the Tax Proposal 17 could come into force by January 1, 2020.

Swiss wealth tax and capital tax

Non-Resident Shareholders

Non-Resident Shareholders holding the Offered Shares are not subject to cantonal and communal wealth or annual capital tax because of the mere holding of the Offered Shares.

Resident Private Shareholders and Domestic Commercial Shareholders

Resident Private Shareholders are required to report their Offered Shares as part of their private wealth and are subject to cantonal and communal wealth tax.

Domestic Commercial Shareholders are required to report their Offered Shares as part of their business wealth or taxable capital, as defined, and are subject to cantonal and communal wealth or annual capital tax.

Automatic exchange of information in tax matters

Switzerland has concluded a multilateral agreement with the EU on the international automatic exchange of information ("**AEOI**") in tax matters (the "**AEOI Agreement**"). The AEOI Agreement became effective as of January 1, 2017, and applies to all 28 member states and also Gibraltar. In addition, on January 1, 2017 the multilateral competent authority agreement on the automatic exchange of financial account information ("**MCAA**") and, based on the MCAA, a number of bilateral AEOI agreements with other countries became effective. Based on the AEOI Agreement and the bilateral AEOI agreements and the implementing laws of Switzerland, Switzerland began to collect data in respect of financial assets, which may include Offered Shares, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of residents in a member state or a treaty state from 2017, and will begin to exchange it from 2018. Switzerland has signed and is expected to sign further AEOI agreements with other countries, which, subject to ratification, will become effective on January 1, 2018 or at a later date. A list of the AEOI agreements of Switzerland in effect or signed and becoming effective can be found on the website of the State Secretariat for International Financial Matters (the "**SIF**").

U.S. Federal Income Tax Considerations

The following discussion describes certain U.S. federal income tax consequences under present law of an investment in the Offered Shares. This summary applies only to U.S. Holders that acquire Offered Shares in exchange for cash in the Offering, hold Offered Shares as capital assets within the meaning of Section 1221 of the Code (as defined below) and have the U.S. dollar as their functional currency.

This discussion is based on the tax laws of the United States as in effect on the date of this Offering Memorandum, including the Internal Revenue Code of 1986, as amended (the "**Code**"), and U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this Offering Memorandum, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, and any such change could apply retroactively and could affect the U.S. federal income tax consequences described below. The statements in this Offering Memorandum are not binding on the U.S. Internal Revenue Service (the "**IRS**") or any court, and thus we can provide no assurance that the U.S. federal income tax consequences discussed below will not be challenged by the IRS or will be sustained by a court if challenged by the IRS. Furthermore, this summary does not address any estate or gift tax consequences, any state, local or non-U.S. tax consequences or any other tax consequences other than U.S. federal income tax consequences.

The following discussion does not describe all the tax consequences that may be relevant to any particular investor or to persons in special tax situations such as:

- banks and certain other financial institutions;
- regulated investment companies;
- real estate investment trusts;
- insurance companies;
- broker-dealers;
- traders that elect to mark to market;
- tax-exempt entities;

- persons liable for alternative minimum tax or the Medicare contribution tax on net investment income;
- U.S. expatriates;
- persons holding Offered Shares as part of a straddle, hedging, constructive sale, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of the Company's voting stock;
- persons that are resident or ordinarily resident in or have a permanent establishment in a jurisdiction outside the United States;
- persons who acquired Offered Shares pursuant to the exercise of any employee share option or otherwise as compensation; or
- persons holding Offered Shares through partnerships or other pass-through entities.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OFFERED SHARES.

As used herein, the term "**U.S. Holder**" means a beneficial owner of Offered Shares that, for U.S. federal income tax purposes, is or is treated as:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

The tax treatment of a partner in an entity treated as a partnership for U.S. federal income tax purposes that holds Offered Shares generally will depend on such partner's status and the activities of the partnership. A partner in a partnership that holds Offered Shares should consult its own tax advisor about the U.S. federal income tax consequences to it of such partnership's investment in Offered Shares.

Dividends and Other Distributions on Offered Shares

Subject to the discussion below under "—*Passive Foreign Investment Company Rules*", U.S. Holders will include in gross income as foreign-source dividend income, when actually or constructively received by the U.S. Holder, the gross amount of any cash or the fair market value of any property distributed by the Company with respect to Offered Shares (including the amount of any non-U.S. taxes withheld therefrom, if any), to the extent such distributions are paid out of the Company's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holders' basis in the Offered Shares and any additional amounts thereafter will be treated as capital gain. Because the Company does not maintain calculations of its earnings and profits under U.S. federal income tax principles, a U.S. Holder should expect all cash distributions to be reported as dividends for U.S. federal income tax purposes. Such dividends will not be eligible for the dividends-received deduction allowed to U.S. corporations with respect to dividends received from other U.S. corporations.

Dividends received by non-corporate U.S. Holders (including individuals) generally will be "qualified dividend income," which is taxed at the lower rates applicable to long term capital gains, provided that (1) the Company is eligible for the benefits of the tax treaty between the United States and Switzerland (the "**Treaty**"), (2) the

Company is not a PFIC (as discussed below) for either the taxable year in which the dividend was paid or the preceding taxable year, (3) the U.S. Holder satisfies certain holding period requirements and (4) the U.S. Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. The Company anticipates that it will be eligible for the benefits of the tax treaty between the United States and Switzerland. Accordingly, subject to the PFIC discussion below, the Company expects that dividends paid by the Company will constitute qualified dividend income, provided that the U.S. Holder satisfies the third and fourth requirements set forth in the preceding sentence. U.S. Holders should consult their own tax advisors regarding the availability of the lower rate for dividends paid with respect to Offered Shares.

The amount of any distribution paid in in Swiss francs will be equal to the U.S. dollar value of the, Swiss francs received, translated at the spot rate of exchange on the date such distribution is actually or constructively received, regardless of whether the payment is in fact converted into U.S. dollars at that time. Any further gain or loss on a subsequent conversion or other disposition of the Swiss francs received for a different U.S. dollar amount will be U.S. source ordinary income or loss. The amount of any distribution of property other than cash will be the U.S. dollar fair market value of such property on the date of distribution.

Certain distributions on the Offered Shares are subject to Swiss federal withholding tax, as discussed in "*—Swiss Tax Considerations—Swiss taxation of Offered Shares—Withholding Tax*". For U.S. federal income tax purposes, U.S. Holders will be treated as having received the amount of any Swiss taxes withheld by any withholding agent and then as having paid over the withheld taxes to the Swiss taxing authorities. As a result, the amount of dividend income a U.S. Holder is required to include in gross income for U.S. federal income tax purposes with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by such U.S. Holder with respect to the payment.

Subject to applicable limitations, Swiss taxes withheld on any distributions on Offered Shares will generally be eligible for deduction or for credit against a U.S. Holder's federal income tax liability. If a refund of the tax withheld is available under the laws of Switzerland or under the Treaty, the amount of tax withheld that is refundable will not be eligible for such credit against a U.S. Holder's U.S. federal income tax liability (and will not be eligible for the deduction against U.S. federal taxable income).The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by the Company with respect to Offered Shares will generally constitute "passive category income" but could, in the case of certain U.S. Holders, constitute "general category income". The rules governing the treatment of foreign taxes and foreign tax credits are complex, and U.S. Holders should consult their tax advisors about the impact of these rules in their particular situations.

Sale or Other Taxable Disposition of Offered Shares

Subject to the discussion below under "*—Passive Foreign Investment Company Rules*", upon a sale or other taxable disposition of Offered Shares, a U.S. Holder will recognize capital gain or loss in an amount equal to the difference between the amount realized and the U.S. Holder's adjusted tax basis (determined in U.S. dollars) in such Offered Shares. Any such gain or loss generally will be treated as long term capital gain or loss if the U.S. Holder's holding period in the Offered Shares exceeds one year. Generally, for U.S. Holders who are individuals (as well as certain trusts and estates), long-term capital gains are subject to U.S. federal income tax at preferential rates. The deductibility of capital losses is subject to significant limitations. Gain or loss, if any, realized by a U.S. Holder on the sale or other disposition of Offered Shares generally will be treated as U.S. source gain or loss for U.S. foreign tax credit limitation purposes.

If the consideration received upon the sale or other disposition of Offered Shares is paid in foreign currency, the amount realized will be the U.S. dollar value of the payment received, translated at the spot rate of exchange on the date of the sale or other disposition. A U.S. Holder may realize additional gain or loss upon the subsequent sale or disposition of such currency, which will generally be treated as U.S. source ordinary income or loss. If Offered Shares are treated as traded on an established securities market and the relevant U.S. Holder is either a cash basis taxpayer or an accrual basis taxpayer who has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS), such holder will determine the U.S. dollar value of the amount realized in foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale. If the Offered Shares are not treated as traded on an established securities market, or the relevant U.S. Holder is an accrual basis taxpayer that does not elect to determine the amount realized using the spot rate on the settlement date, such U.S. Holder will recognize foreign currency gain or loss to the extent of any difference between the U.S. dollar amount realized on the date of sale or disposition (as determined above) and the U.S. dollar value of the currency received translated at the spot rate on the settlement date.

A U.S. Holder's initial tax basis in Offered Shares generally will equal the U.S. dollar cost of such Offered Shares. If a U.S. Holder used foreign currency to purchase the Offered Shares, the cost of the Offered Shares will be the U.S. dollar value of the foreign currency purchase price on the date of purchase, translated at the spot rate of exchange on that date. If Offered Shares are treated as traded on an established securities market and the relevant U.S. Holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described above, the U.S. Holder will determine the U.S. dollar value of the cost of such Offered Shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

Passive Foreign Investment Company Rules

The Company will be classified as a passive foreign investment company (a "**PFIC**") for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules, either: (a) at least 75% of its gross income is "passive income" for purposes of the PFIC rules; or (b) at least 50% of the value of its assets (determined on the basis of a quarterly average) is attributable to assets that produce "passive income" or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. In determining whether the Company is a PFIC, it will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25 percent or more (by value) of the stock.

Under the PFIC rules, if the Company were considered a PFIC at any time that a U.S. Holder holds Offered Shares, the Company would continue to be treated as a PFIC with respect to such investment unless (i) the Company ceases to be a PFIC and (ii) the U.S. Holder has made a "deemed sale" or "mark to market" election under the PFIC rules.

Based on the anticipated market price of Offered Shares in the Offering and the current and anticipated composition of the income, assets and operations of the Company and its subsidiaries, the Company does not expect to be treated as a PFIC for the current taxable year or in the foreseeable future. This is a factual determination, however, that can only be made annually after the close of each taxable year and depends on, among other things, the composition of the income and assets, and the market value of the assets as reflected in its market capitalization, of the Company and its subsidiaries from time to time. Therefore there can be no assurance that the Company will not be classified as a PFIC for the current taxable year or for any future taxable year.

If the Company were considered a PFIC at any time that a U.S. Holder holds Offered Shares, any gain recognized by the U.S. Holder on a sale or other disposition of the Offered Shares, as well as the amount of any "excess distribution" (defined below) received by the U.S. Holder, would be allocated ratably over the U.S. Holder's holding period for the Offered Shares. The amounts allocated to the taxable year of the sale or other disposition (or the taxable year of receipt, in the case of an excess distribution) and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed. For the purposes of these rules, an excess distribution is the amount by which any distribution received by a U.S. Holder on Offered Shares exceeds 125% of the average of the annual distributions on the Offered Shares received during the preceding three-years or the U.S. Holder's holding period, whichever is shorter. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the Offered Shares if the Company is considered a PFIC.

If the Company is considered a PFIC, a U.S. Holder will also be subject to annual information reporting requirements. U.S. Holders should consult their tax advisors about the potential application of the PFIC rules to an investment in Offered Shares.

U.S. Information Reporting and Backup Withholding

Dividend payments with respect to Offered Shares and proceeds from the sale, exchange or redemption of Offered Shares may be subject to information reporting to the IRS and U.S. backup withholding. Back-up withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status may be required to provide such certification on IRS Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability, and such U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing an appropriate claim for refund with the IRS and furnishing any required information.

Information With Respect to Foreign Financial Assets

Certain U.S. Holders treated as individuals may be required to report information relating to an interest in Offered Shares, subject to certain exceptions (including an exception for Offered Shares held in accounts maintained by certain U.S. financial institutions). Penalties can apply if U.S. Holders fail to satisfy such reporting requirements. U.S. Holders should consult their tax advisors regarding the applicability of these requirements to their acquisition and ownership of Offered Shares.

FATCA

Provisions under Sections 1471 through 1474 of the Code, and applicable U.S. Treasury Regulations implementing these provisions (commonly referred to as "**FATCA**"), may impose 30% withholding on "foreign passthru payments" made by a "foreign financial institution" (an "**FFI**"). Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether or to what extent payments on the Offered Shares would be considered foreign passthru payments if we were considered to be an FFI. The United States has entered into an intergovernmental agreement with Switzerland (the "**IGA**") which potentially modifies the FATCA withholding regime, including the definition of an FFI. Under FATCA and the IGA, we do not expect to be treated as an FFI and, therefore, do not expect that payments on the Offered Shares would be subject to withholding tax under FATCA or the IGA. It is not yet clear how the IGA will address foreign passthru payments by an FFI subject to the IGA and it is possible that we are or could become an FFI for purposes of FATCA and the IGA. In no event is withholding on foreign passthru payments required with respect to payments made before January 1, 2019. Investors in the Offered Shares should consult their tax advisors regarding the potential impact of FATCA, the IGA and any non-United States legislation implementing FATCA, on their investment in the Offered Shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO YOU. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN OFFERED SHARES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

GENERAL INFORMATION

The Company was established as a stock corporation (*Aktiengesellschaft*) in accordance with Article 620 et seq. CO. It was founded on July 8, 2011 and registered with the commercial register of the Canton of Zug on July 13, 2011 under company registration number CHE-175.843.017. Neither the Articles of Association nor the operation of law limit the duration of the Company.

The registered and head office of the Company is at c/o Landis+Gyr AG, Theilerstrasse 1, 6301 Zug, Switzerland.

At the annual general meeting of the Company held on July 11, 2017, the annual financial statements for the year ended March 31, 2017 and other matters stipulated under Swiss law, including the granting of discharge to the directors, were approved.

Security numbers and Ticker Symbol

The Swiss Security Number (*Valorennummer*) of the Shares is 37.115.349 on SIX. The ISIN is CH0371153492. The SIX ticker symbol is LAND and the Common Code is 164782000.

Auditors

The independent statutory auditors of the Company are PricewaterhouseCoopers AG, Grafenauweg 8, 6302 Zug, Switzerland, who have been the auditors of the Company since the financial year ended March 31, 2017.

Paying agent

As long as the Shares are listed on SIX, the Company will maintain a principal paying agent (*Hauptzahlstelle*) in Switzerland. The principal paying agent for the Shares in Switzerland is UBS Switzerland AG.

Notices

According to the Articles of Association, notices to shareholders are validly made by publication in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*). The Board of Directors may designate further means for official publications. Notices of the Company to shareholders are to be made by official publications of the Company. Notices to shareholders may also be made in writing to the addresses of the shareholders recorded in the share register.

Any notices containing or announcing amendments or changes to the terms of the Offering or to this Offering Memorandum will be announced through electronic media. Notices required under the Listing Rules will be published in electronic form on the website of SIX (currently https://www.six-swiss-exchange.com/news/official_notices/search_en.html). Changes so notified will be deemed to constitute an amendment or supplement to this Offering Memorandum.

Information Policy

The Company releases its financial results in the form of an annual report. Its annual report is published in print and electronic form within four months of the March 31 balance sheet date. In addition, results for the first half of each fiscal year are released in electronic form within three months of the September 30 balance sheet date. The Company's annual report and half year results will be announced via press releases and media and investor conferences in person via telephone.

From the First Day of Trading, copies of all information and documents pertaining to press releases, media conferences, investor updates and presentations at analyst and investor presentation conferences can be downloaded from the Company's website at http://www.landisgyr.com or obtained from the Company upon request at Landis+Gyr Group AG, Investor Relations, Zug, Switzerland (email: ir@landisgyr.com). For additional weblinks, see "*Description of Share Capital and Shares—Description of Shares—Weblinks*". Information on the Company's website, any website directly or indirectly linked to the Company's website or any website mentioned in this Offering Memorandum does not constitute in any way part of this Offering Memorandum and is not incorporated by reference into this Offering Memorandum, and investors should not rely on it in making their decision to invest in Offered Shares.

GLOSSARY OF TECHNICAL TERMS

The following technical terms and abbreviations when used in this Offering Memorandum have the definitions and/or descriptions ascribed to them opposite below, except where otherwise indicated.

Abbreviation	Definitions/Descriptions
AEMO	Australian Energy Market Operator
AGA	Advance Grid Analytics
AMI	Advanced Metering Infrastructure
ANSI	American National Standards Institute
BESS	Battery Energy Storage Solution
Boxbuild	A complete solution including mechanic assembly and software installation supplied by contract manufacturers
BS	British Standard
CCSP	Calibration & Certification, Customization, Sealing and Packaging and shipping
CIM	Common Information Model
Connected Intelligent Devices	Includes smart meters, electric/gas/water AMI, Network Interface Cards (if not on Landis+Gyr meters), streetlight controllers/radios, DA NICs, grid sensors, smart gas
DA	Distribution Automation
DIN	German Institute for Standardization
DMS	Document management system
DVM	Dynamic voltage management
ERP	Enterprise Resource Planning program/software
FAN	Field Area Network
GIS	Geographic information system
Gridstream®	Refers to our branded solution for our integrated, standards-based smart metering and Smart-Grid portfolio of products, solutions and services
HAN	Home Area Network
HES	Head-end system
ICG	Industrial, commercial and grid
IDS	Intrusion Detection System
IEC	International Electrotechnical Commission

IoT	Internet of things
IOU	Investor owned utilities
IPS	Intrusion Prevention System
ISO	International Standards Organization
ITIL	Information technology management system (a set of detailed practices for IT service management (ITSM) that focuses on aligning IT services with the needs of business)
LTE-M	Simplified industry term for the LTE-MTC low power wide area (LPWA) technology standard
MDMS	Meter data management system
MW	Megawatts
OHSAS	Occupational health and safety advisory services
OT	Operational technology
PCBA	Printed circuit board assembly
PLC	Power line communication
PP	Public power represents government bodies (i.e., municipalities, etc.)
RF	Radiofrequency
SaaS	Software as a service
SDLC	Systems development life cycle
SSAE	Statement on Standards for Attestation Engagements
WAN	Wide Area Network

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Audited consolidated financial statements of Landis+Gyr Group AG as of and for the year ended March 31, 2017, including comparative figures as of and for the year ended March 31, 2016

Audited consolidated financial statements of Landis+Gyr Group AG as of and for the year ended March 31, 2016, including comparative figures as of and for the year ended March 31, 2015

Audited statutory financial statements of Landis+Gyr Group AG as of and for the year ended March 31, 2017, including comparative figures as of and for the year ended March 31, 2016

Audited consolidated financial statements of Landis+Gyr Group AG as of and for the year ended March 31, 2017, including comparative figures as of and for the year ended March 31, 2016

Landis+Gyr Holding AG

Zug

Report of the independent auditor to the Board of Directors

on the consolidated financial statements 2016/2017

Report of the independent auditor

to the Board of Directors of Landis+Gyr Holding AG

Zug

We have audited the accompanying consolidated financial statements of Landis+Gyr Holding AG and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of 31 March 2017, and the related consolidated statement of operations, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows, for the year then ended.

Managements' responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. This responsibility includes the design, implementation and maintenance of an internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 March 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers AG, Grafenauweg 8, Postfach, CH-6302 Zug, Switzerland
Telefon: +41 58 792 68 00, Telefax: +41 58 792 68 10, www.pwc.ch

Other Matter

The consolidated financial statements of the Company as of 31 March 2016 and for the year then ended were audited by other auditors whose report, dated 1 June 2016, except as to give effect to the transaction and expanded public disclosures as described in Note 2, for which the date is 28 June 2017, expressed an unmodified opinion on those statements.

PricewaterhouseCoopers AG

Rolf Johner

Claudia Muhlinghaus

Zug, 28 June 2017

Enclosure:

- Consolidated financial statements (consolidated statement of operations and the related consolidated statement of comprehensive income, balance sheet, statement of changes in shareholders' equity, statement of cash flows and notes)

Landis+Gyr Holding AG
Consolidated Statements of Operations
(U.S. Dollars in thousands)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016
Net revenue	$ 1'659'235	$ 1'573'475
Cost of revenue	1'117'046	1'087'747
Gross profit	542'189	485'728
Operating expenses		
Research and development	162'784	148'354
Sales and marketing	104'698	99'704
General and administrative	184'829	145'284
Amortization of intangible assets	35'131	42'423
Impairment of intangible and long-lived assets	60'000	34'058
Operating income	(5'253)	15'905
Other income (expense)		
Interest income	512	531
Interest expense	(11'185)	(11'848)
Loss on foreign exchange related to intercompany loans, net	(14'333)	(5'561)
Income (loss) before income tax expense	(30'259)	(973)
Income tax expense	(31'800)	(12'500)
Net loss before noncontrolling interests	(62'059)	(13'473)
Net income attributable to noncontrolling interests, net of tax	511	209
Net loss attributable to Landis+Gyr Holding AG Shareholders	$ (62'570)	$ (13'682)
Net income (loss) per share		
Basic and diluted	$ (0.21)	$ (0.05)
Weighted average shares used in computing loss per share:		
Basic and diluted	295'100'000	295'100'000

The accompanying notes are an integral part of these consolidated financial statements.

Landis+Gyr Holding AG
Consolidated Statements of Comprehensive Income
(U.S. Dollars in thousands)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016
Net loss	$ (62'059)	$ (13'473)
Other comprehensive income (loss):		
Foreign currency translation adjustments	8'095	(2'674)
Pension plan benefits liability adjustments, net of taxes of $(1'813) and $1'734 at March 31, 2017 and March 31, 2016, respectively	28'229	(9'221)
Comprehensive income (loss)	(25'735)	(25'368)
Add: net gain attributable to the noncontrolling interests in subsidiaries	(511)	(209)
Add: foreign currency translation adjustments attributable to the noncontrolling interests	(197)	360
Comprehensive income (loss) attributable to Landis+Gyr Holding AG	$ (26'443)	$ (25'217)

The accompanying notes are an integral part of these audited consolidated financial statements.

Landis+Gyr Holding AG
Consolidated Balance Sheets
(U.S. Dollars in thousands except share data)

ASSETS	March 31, 2017	March 31, 2016
Current assets		
Cash and cash equivalents	$ 101'033	$ 22'092
Accounts receivable, net of allowance for doubtful accounts of $4.7 million and $3.5 million	301'400	302'428
Inventories, net	115'682	116'953
Deferred tax assets	43'881	47'621
Prepaid expenses and other current assets	44'432	136'668
Total current assets	**606'428**	**625'762**
Property, plant and equipment, net	188'832	199'845
Intangible assets, net	425'453	474'206
Goodwill	1'361'167	1'421'350
Deferred tax assets	9'369	28'121
Other long-term assets	34'190	35'063
Total assets	**$ 2'625'439**	**$ 2'784'347**
LIABILITIES AND EQUITY		
Current liabilities		
Trade accounts payable	$ 144'199	$ 153'587
Accrued liabilities	37'000	45'157
Warranty provision	43'780	32'893
Payroll and benefits payable	76'637	73'908
Loans payable	12'890	17'646
Current portion of shareholder loans	215'000	96'150
Deferred tax liabilities	31	-
Tax payable	16'171	4'683
Other current liabilities	66'542	62'328
Total current liabilities	**612'250**	**486'352**
Shareholder loans	-	215'000
Warranty provision - non current	7'954	58'750
Pension and other employee liabilities	65'161	101'147
Deferred tax liabilities	95'275	142'791
Tax payable	28'703	21'109
Other long-term liabilities	83'457	29'359
Total liabilities	**892'800**	**1'054'508**
Commitments and contingent liability - Note 18		
Equity		
Landis+Gyr Holding AG shareholders' equity		
Registered ordinary shares (295'100'000 authorized, issued and oustanding at March 31, 2017 and March 31, 2016, respectively).	309'050	309'050
Additional paid-in capital	1'465'595	1'437'078
Retained earnings	9'350	71'920
Accumulated other comprehensive loss	(53'930)	(90'057)
Total Landis+Gyr Holding AG shareholders' equity	**1'730'065**	**1'727'991**
Noncontrolling interests	2'574	1'848
Total equity	**1'732'639**	**1'729'839**
Total liabilities and equity	**$ 2'625'439**	**$ 2'784'347**

The accompanying notes are an integral part of these consolidated financial statements.

Landis+Gyr Holding AG
Consolidated Statements of Changes in Shareholders' Equity
(U.S. Dollars in thousands, except for shares)

	Registered ordinary shares		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total Landis+Gyr Holdings AG equity	Noncontrolling interests	Total equity
Balance at March 31, 2015	**295'100'000**	**$ 309'050**	**$ 1'437'078**	**$ 85'602**	**$ (78'522)**	**$ 1'753'208**	**$ 1'999**	**$ 1'755'207**
Net income (loss)	-	-	-	(13'682)	-	(13'682)	209	(13'473)
Foreign currency translation adjustments net of income tax expense	-	-	-	-	(2'314)	(2'314)	(360)	(2'674)
Pension plan benefits liability adjustment, net of income tax expense	-	-	-	-	(9'221)	(9'221)	-	(9'221)
Balance at March 31, 2016	**295'100'000**	**$ 309'050**	**$ 1'437'078**	**$ 71'920**	**$ (90'057)**	**$ 1'727'991**	**$ 1'848**	**$ 1'729'839**
Net income (loss)	-	-	-	(62'570)	-	(62'570)	511	(62'059)
Foreign currency translation adjustments net of income tax expense	-	-	-	-	7'898	7'898	197	8'095
Pension plan benefits liability adjustment, net of income tax expense	-	-	-	-	28'229	28'229	-	28'229
Capital contribution	-	-	34'900	-	-	34'900	-	34'900
Business combination with entity under common control	-	-	(6'383)	-	-	(6'383)	18	(6'365)
Balance at March 31, 2017	**295'100'000**	**$ 309'050**	**$ 1'465'595**	**$ 9'350**	**$ (53'930)**	**$ 1'730'065**	**$ 2'574**	**$ 1'732'639**

The accompanying notes are an integral part of these consolidated financial statements.

Landis+Gyr Holding AG
Consolidated Statements of Cash Flows
(U.S. Dollars in thousands)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016
Cash flow from operating activities		
Net loss	$ (62'059)	$ (13'473)
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	96'174	109'957
Impairment of intangible and long-lived assets	60'000	34'058
Accumulated interest on shareholder loans	9'419	10'083
Loss on disposal of property, plant and equipment	518	465
Effect of foreign currencies translation on non-operating items, net	7'349	2'127
Change in allowance for doubtful accounts	736	1'556
Deferred income tax	(26'899)	(12'857)
Change in operating assets and liabilities, net of effects of businesses acquired and effect of changes in exchange rates:		
Accounts receivable	(16'083)	(27'362)
Inventories	(2'679)	4'881
Trade accounts payable	8'742	(25'590)
Interest payment on shareholder loans	(9'481)	(10'112)
Other assets and liabilities	29'352	45'492
Net cash provided by operating activities	95'089	119'225
Cash flow from investing activities		
Payments for property, plant and equipment	(42'276)	(43'613)
Payments for capitalized software	(549)	(178)
Proceeds from the sale of property, plant and equipment	614	4'303
Business acquisitions	(4'700)	-
Net cash used in investing activities	(46'911)	(39'488)
Cash flow from financing activities		
Proceeds from capital contribution	34'900	-
Proceeds from (Repayment of) borrowings to third party facility	(5'594)	24'288
Proceeds from shareholders and related party facility	177'074	132'782
Repayment of borrowings to shareholders and related party facility	(174'920)	(232'856)
Net cash provided by (used in) financing activities	31'460	(75'786)
Net increase (decrease) in cash and cash equivalents	**79'638**	**3'951**
Cash and cash equivalents at beginning of period	22'092	18'471
Effects of foreign exchange rate changes on cash and cash equivalents	(697)	(330)
Cash and cash equivalents at end of period	$ 101'033	$ 22'092
Supplemental cash flow information		
Cash paid for income tax	$ 41'849	$ 16'937
Cash paid for interest	$ 10'984	$ 11'232

The accompanying notes are an integral part of these consolidated financial statements.

Note 1: Description of Business and Organization

Description of Business

Landis+Gyr Holding AG (“Landis+Gyr”) and subsidiaries (together, the “Company”) form a leading global provider of electricity metering products and solutions to utilities. The Company is organized in a geographical structure, which corresponds to the regional segments of the Americas, EMEA, and Asia Pacific. Landis+Gyr offers a comprehensive portfolio of products, solutions and services, including meters, related devices, communications technologies and software applications that are essential to the measurement and management of energy distribution and consumption. Landis+Gyr is 60% owned by Toshiba Corporation and 40% owned by Innovation Network Corporation of Japan.

Organization

Landis+Gyr has been a leader in the electric meter market since its foundation in 1896 in Zug, Switzerland, as the Elektrotechnisches Institut Theiler & Co. In 1904, founder Richard Theiler appointed engineer Heinrich Landis as his successor. After partnering with Dr. Karl Heinrich Gyr in 1905, the Company assumed its longstanding name of Landis & Gyr. In 1998 Landis & Gyr was acquired by Siemens who divested the business to financial investors in 2002 under the new name Landis+Gyr.

In 2011, Toshiba Corporation (60%) and Innovation Network Corporation of Japan (40%) acquired Landis+Gyr as an independent growth platform with the sole mission to help the world manage energy better. With operations spanning more than 30 countries and serving all the major utilities in every continent, Landis+Gyr continues, as an independent growth platform within Toshiba.

On February 6, 2013, Toshiba Corporation acquired a 100% equity interest in Consert Inc., incorporated in the USA. Consert converts electric consumption in homes and small businesses into cost-effective, clean sources of capacity and energy reserves for utilities. Toshiba Corporation sold certain assets and liabilities of Consert to the Company on November 1, 2016.

The following notes relate to the consolidated financial statements of Landis+Gyr and the combined presentation of Consert for each of the fiscal years ended March 31, 2017, and March 31, 2016.

Note 2: Summary of Significant Accounting Principles

2.1. Basis of Presentation

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the Unites States of America (“US GAAP”). All amounts are presented in United States dollars (“$” or “USD”), unless otherwise stated. The Company’s comparative consolidated financial statements have been retrospectively adjusted to include Consert’s net assets and related operations for all periods during which the entities were under common control. The Company’s consolidated financial statements have been prepared on a going concern basis. The Company’s going concern assumption is based on its ability to address near-term refinancing requirements. Refer to the subsequent events footnote (Note 24) for further details.

2.2. Principles of Consolidation

The consolidated financial statements include the accounts of Landis+Gyr Holding AG and its wholly-owned and majority owned subsidiaries. The Company consolidates companies in which it owns or controls more than fifty percent of the voting shares or has the ability to execute direct or indirect control.

The Company presents non-controlling interest of less-than-wholly-owned subsidiaries within the equity section of its consolidated financial statements. At March 31, 2017, and at March 31, 2016, the Company had one less-than-wholly-owned subsidiary in South Africa with an ownership interest of

76.7% in both periods. In addition, at March 31, 2017, the Company had one less-than-wholly-owned subsidiary in the United States of America with an ownership interest of 99.99%

All intercompany balances and transactions have been eliminated.

2.3. Use of Estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant items subject to such estimates include warranty provisions, allowances for doubtful accounts, valuation allowances for deferred tax assets, valuation of goodwill, valuation of defined benefit obligations, income tax uncertainties and other contingencies and items recorded at fair value including, assets and liabilities obtained in a business combination. Actual results could differ materially from these estimates.

2.4. Revenue Recognition

General

Revenues consist primarily of hardware sales, automated meter reading services ("AMR"), advanced meter infrastructure services, software license fees, and to a lesser extent, fees associated with training, installation, software design services, and post-contract customer support services related to software licenses offered to the Company's customers. Additionally, the Company has limited arrangements in which it purchases metering devices from vendors to be used in its packaged solutions sold to end customers. Such devices are sold at cost with no related margin. In these instances, the Company reports revenue on a gross basis principally because it is the primary obligor to the end customers.

The Company recognizes revenue when (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the fee is fixed or determinable; and (4) collectibility is reasonably assured. The Company records deferred revenue when it receives consideration from a customer before achieving certain criteria that must be met for revenue to be recognized in conformity with US GAAP.

Revenues are reported net of customer rebates, volume discounts and similar incentives. Taxes assessed by a governmental authority that are directly imposed on revenue-producing transactions between us and our customers, such as sales, use, value-added and some excise taxes, are excluded from revenues.

The Company's products and services are sold through either standalone product or service arrangements or through multiple element arrangements. The accounting policy for such arrangements is discussed below:

Standalone sales

The majority of the Company's revenues are derived from standalone sales of products or services. In a standalone product sale, the Company sells meters to a customer without any other deliverables. In a standalone service sale, the Company provides installation or other services to a customer without any further deliverables.

Revenue from product sales, when sold on a standalone basis, is generally recognized at the time of the shipment, receipt by customer, or, if applicable, upon completion of customer acceptance provisions depending on the transfer of title as stipulated in the contract.

Revenues earned from AMR are generally based on the number of meters read on a monthly basis, multiplied by a contract-specific read fee.

Revenue from service transactions, when sold on a standalone basis, is recognized as the services are performed, or ratably over the term of the support period.

Multiple element arrangements
In addition to standalone product or service sales, the Company enters into multiple element arrangements, which are commonly a part of an advanced metering solution. Typically, such arrangement would incorporate a mixture of the following deliverables:

- software license fees;
- software design services;
- post-contract customer support services;
- meters;
- concentrators;
- AMR services; and,
- installation of meters and concentrators.

The accounting for the Company's multiple element arrangements varies depending on whether the arrangements incorporate a software element, which is further described below:

Multiple element arrangements excluding a software element
For multiple element arrangements excluding a software element, the elements are divided into separate units of accounting if the delivered item(s) (1) have value to the customer on a standalone basis, and (2) if the customer has a general right of return relative to the delivered item, the delivery/performance of the undelivered item(s) is probable and substantially in the control of the Company. The total arrangement consideration is allocated among the separate units of accounting using vendor-specific objective evidence of the selling price, if it exists; otherwise, third-party evidence of the selling price. If neither vendor-specific objective evidence nor third-party evidence of the selling price exists for a deliverable, the Company uses its best estimate of the selling price for that deliverable. Revenues for each deliverable are then recognized based on the type of deliverable, such as 1) when the products are shipped, 2) services are delivered, 3) percentage-of-completion when implementation services are essential to other deliverables in the arrangement, 4) upon receipt of customer acceptance, or 5) transfer of title and risk of loss.

If implementation services are essential to the functionality of the software, software and implementation revenues are recognized using the percentage-of-completion methodology of contract accounting when project costs are reliably estimated. In the unusual instances when we are unable to reliably estimate the cost to complete a contract at its inception, we use the completed contract method of contract accounting. Revenues and costs are recognized upon substantial completion when remaining costs are insignificant and potential risks are minimal.

Under contract accounting, if we estimate that the completion of a contract component (unit of accounting) will result in a loss, the loss is recognized in the period in which it is estimated. We reevaluate the estimated loss through the completion of the contract component and adjust the estimated loss for changes in facts and circumstances.

Multiple element arrangements including a software element
The Company enters into some arrangements that consist of hardware with software elements. In such arrangements, the Company has determined that the software and the non-software components function together to deliver the essential functionality of the hardware elements.

As the Company has historically negotiated the delivery of these arrangements as a packaged solution, the Company does not have vendor-specific objective evidence for any element in these contracts, with the exception of post-contract customer support services based on stated renewal rates. Additionally, the Company does not have third-party evidence of the selling prices as the Company's packaged solutions are unique and tailored to the customer's specifications. Therefore, consistent with the guidance in Accounting Standards Updates ("ASU", or "Update") No. 2009-13, the Company uses an estimated selling price to allocate the consideration in the arrangement to each deliverable. Post-contract customer support services revenues are recognized ratably over the associated service period.

Shipping and handling costs are recorded as cost of revenue and amounts billed to customers for shipping and handling costs are recorded in revenue in the consolidated statements of operations.

2.5. Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity or remaining maturity at the date of purchase of three months or less to be cash equivalents.

2.6. Derivative Instruments

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates. The Company uses derivative financial instruments, primarily foreign currency forward contracts, to economically hedge specific substantial foreign currency payments and receipts. Derivatives are not used for trading or speculative purposes.

The Company enters into foreign exchange derivative contracts to economically hedge the risks associated with foreign currency transactions and minimize the impact of changes in foreign currency exchange rates on earnings. Derivative instruments that the Company uses to economically hedge these foreign denominated contracts include foreign exchange forward contracts. Revaluation gains and losses on these foreign currency derivative contracts are recorded within cost of revenue within in the consolidated statements of operations.

All derivative instruments are recorded on the consolidated balance sheets at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The Company does not apply hedge accounting and, therefore, changes in the fair value of all derivatives are recognized in cost of revenue during the period. The fair value of derivative instruments is presented on a gross basis, even when the derivative instruments are subject to master netting arrangements. Cash collateral payables and receivables associated with derivative instruments are not added to or netted against the fair value amounts. The Company classifies cash flows from its derivative programs as cash flows from operating activities in the consolidated statement of cash flows.

The fair values of the Company's derivative instruments are determined using the fair value measurements of significant other observable inputs, as defined by ASC 820, "Fair Value Measurements and Disclosures". The Company uses observable market inputs based on the type of derivative and the nature of the underlying instrument. When appropriate, the Company adjusts the fair values of derivative instruments for credit risk, which is a risk of loss due to the failure by either the Company or counterparty to meet its contractual obligations, considering the credit risk of all parties, as well as any collateral pledged.

There were no outstanding derivative financial instruments included in the consolidated balance sheets as of March 31, 2017 and as of March 31, 2016.

2.7. Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk are primarily accounts receivable, cash and cash equivalents, and derivative instruments.

The Company performs ongoing credit evaluations of its customers and does not require collateral from its customers. The Company receives certain of its components from sole suppliers. Additionally, the Company relies on a limited number of contract manufacturers and suppliers to provide manufacturing services for its products. The inability of a contract manufacturer or supplier to fulfill supply requirements of the Company could materially impact future operating results.

The Company maintains cash and cash equivalents with various financial institutions that management believes to be of high credit quality. These financial institutions are located in many different locations throughout the world. The Company's cash equivalents are primarily comprised of cash deposited in checking and money market accounts. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions with reputable credit and therefore bear minimal credit risk.

The amount subject to credit risk related to derivative instruments is generally limited to the amount, if any, by which a counterparty's obligations exceed the obligations of the Company with that counterparty.

2.8. Fair Value Measurement

The Company accounts for certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, emphasizing that fair value is a market-based measurement and not an entity-specific measurement. These valuation techniques include the market approach, income approach and cost approach. The income approach involves converting future cash flows to a single present amount. The measurement is valued based on current market expectations about those future amounts. The market approach uses observable market data for identical or similar assets and liabilities while the cost approach would value the cost that a market participant would incur to develop a comparable asset.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement. The three levels within the fair value hierarchy are described as follows:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The fair value measurement involves various valuation techniques and models, which involve inputs that are observable, when available, and include the following significant financial instruments: derivative financial instruments, and long-term debt.

2.9. Accounts Receivable and Allowances for Doubtful Accounts

Trade accounts receivable are initially recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for probable losses inherent in its trade accounts receivable portfolio at the balance sheet date. The allowance is maintained at a level the Company considers to be adequate and is based on ongoing assessments and evaluations of the collectibility and historical loss experience of accounts receivable. The allowance is established through the provision for doubtful accounts, which is charged to income. Credit losses are charged and recoveries are credited to the allowance. Account balances are written-off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

The allowance is based on the Company's review of the historical credit loss experience and such factors that, in management's judgment, deserve consideration under existing economic conditions in estimating probable credit losses. Management considers, among other factors, historical losses, current receivables aging as appropriate, periodic credit evaluation of its customers' financial condition, and existing industry and national economic data.

From time to time, the Company may sell certain accounts receivable to third party financial institutions under the factoring arrangements with these financial institutions.

Under the terms of these agreements the Company transfers the receivables in an outright sale, with no recourse, and no continued involvement with the assets transferred. The Company records such transfers as sales of accounts receivable when it is considered to have surrendered control of such receivables.

2.10. Inventories

Inventories are stated at the lower of cost (which approximates cost determined on a weighted average basis) or net realizable value. The stated costs include direct materials, labor, and an appropriate portion of fixed and variable overhead expenses, and are assigned to inventories using the weighted average method. The Company writes down the value of inventories for estimated excess and obsolete inventories based upon assumptions about future demand and market conditions.

2.11. Property, Plant & Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are recognized on a straight-line basis over the estimated useful life of the related asset, with the exception of leasehold improvements which are amortized over the shorter of the asset's useful life or the term of the lease, and network equipment which is depreciated over the shorter of the useful life of the asset or the life of the customer contract under which the equipment is deployed. The estimated useful lives are as follows:

	Years
Land	no depreciation
Buildings	20-40
Network equipment	5-10
Machinery and equipment	5-10
Vehicles and other equipment	3-10
Construction in progress	no depreciation

Repairs and maintenance are expensed as incurred, while major renovations and improvements are capitalized as property, plant and equipment and depreciated over their estimated useful lives. Gains or losses on disposals are included in the results of operations at amounts equal to the difference between the net book value of the disposed assets and the proceeds received upon disposal.

2.12. Accounting for Business and Asset Acquisitions

The Company evaluates each transaction in order to determine if the assets acquired constitute a business. The evaluation consists of consideration of the inputs, processes, and outputs acquired. For assets acquired in transactions that do not meet the definition of a business, the full fair value of the consideration given is allocated to the assets acquired based on their relative fair values, and no goodwill is recognized.

The Company uses the acquisition method of accounting to account for business combinations. The Company allocates the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition, including intangible assets that can be identified. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Goodwill represents the excess of the aggregate purchase price over the fair value of the net assets acquired. Among other sources of relevant information, the Company uses independent appraisals and actuarial or other valuations to assist in determining the estimated fair values of the assets and liabilities acquired.

2.13. Goodwill

Goodwill is tested for impairment in the fourth quarter of each fiscal year or more often if an event or circumstance indicates that an impairment may have occurred.

When evaluating goodwill for impairment, the Company uses either a qualitative or quantitative assessment method for each reporting unit. The qualitative assessment involves determining, based on an evaluation of qualitative factors, if it is more likely than not that the fair value of a reporting unit is less than its carrying value. If, based on this qualitative assessment, it is determined to be more likely than not that the reporting unit's fair value is less than its carrying value or the Company elects not to perform the qualitative assessment for a reporting unit, the Company proceeds to perform a quantitative impairment assessment.

The Company decided to early adopt the simplified quantitative impairment test, prescribed by ASU 2017-14 (described in note 2.24) for the impairment test performed in the fourth quarter of the fiscal year 2016. For fiscal year 2015, the Company applied the two-step quantitative impairment test.

The simplified quantitative impairment test, performed in March 2017 for the fiscal year 2016, compares the fair value of a reporting unit (based on the income approach whereby the fair value of a reporting unit is calculated based on the present value of future cash flows) with its carrying value. If the carrying value of the reporting unit exceeds its fair value, the Company records an impairment charge equal to the difference.

For fiscal year 2015, in applying the two-step quantitative impairment test the Company calculates the fair value of a reporting unit (based on the income approach whereby the fair value of a reporting unit is calculated based on the present value of future cash flows) and compares it to the reporting unit's carrying value. If the carrying value of the net assets of a reporting unit exceeds the fair value of the reporting unit, then the Company performs the second step of the impairment test to determine the implied fair value of the reporting unit's goodwill. If the carrying value of the reporting unit's goodwill exceeds its implied fair value, the Company records an impairment charge equal to the difference.

2.14. Intangible Assets with Finite Lives

Intangible assets with finite lives, principally customer relationships, are amortized on a straight-line basis over their estimated useful lives, ranging from 3 to 20 years, which management has determined is the methodology best reflective of the expected benefits arising from the intangibles. The Company believes that the straight-line method is appropriate as these relationships are generally distributed over a long period of time and historical experience from each acquired entity has indicated a consistent buying pattern with each customer.

Finite lived intangible assets and property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Where such indicators exist, the Company first compares the undiscounted cash flows expected to be generated by the asset (or asset group) to the carrying value of the asset (or asset group). If the carrying value of the long-lived asset exceeds the future undiscounted cash flows to be generated by the asset (or asset group), an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and assistance by third-party independent appraisals, as considered necessary.

2.15. Warranty

The Company offers standard warranties on its metering products and its solution products for periods ranging from 1 to 5 years. In rare instances, warranty periods can be further extended based on customer specific negotiations. Standard warranty accruals represent the Company's estimate of the cost of projected warranty claims and are based on historical and projected warranty trends, specific quality issues identified (if any), supplier information and other business and economic projections. If the Company's quality control processes fail to detect a fault in a product, the Company could experience an increase in warranty claims.

The Company tracks warranty claims to identify potential product specific design or quality issues. If an unusual trend is noted, an additional warranty accrual may be recorded when a product failure is probable and the cost can be reasonably estimated. Management continually evaluates the sufficiency of the warranty provisions and makes adjustments when necessary. The calculation of the warranty accrual requires management to make estimates with respect to projected failure rates, as well as material, labor and other cost to be incurred in order to satisfy the Company's warranty commitments. As a result, actual warranty costs incurred in the future could differ significantly from the accrual. The long-term warranty balance includes estimated warranty claims beyond one year. Warranty expense is included within cost of revenues in the consolidated statements of operations.

2.16. Commitments and Contingencies

Liabilities for loss contingencies, including environmental remediation costs arising from claims, assessments, litigation, fines, penalties and other sources, are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. In determining the liability for loss contingencies, the Company evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of the ultimate loss. Changes in these factors and related estimates could materially affect the Company's financial position, results of operations, and cash flows.

The Company has asset retirement obligations ("ARO") arising from contractual requirements to remove certain leasehold improvements at the time that the Company vacates leased property. The liability is initially measured on the date of executing the lease agreement at fair value, and subsequently is adjusted for accretion expense and changes in the amount or timing of the estimated cash flows. In determining the fair value of the ARO, the Company has considered, among other factors, the estimated cost to remove the assets based on consultations with, and written estimates from, third party contractors, the expected settlement dates, ranging from fiscal year ending March 31, 2018 to 2026, and an effective interest rate, which for the Company is driven based on the credit-adjusted risk-free rate. The corresponding AROs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the shorter of the asset's remaining useful life or the lease term. The Company classifies such liabilities in other long-term liabilities on the consolidated balance sheets.

Legal costs incurred in connection with loss contingencies are recognized at the time that the contingent loss has been recorded to the extent the amount of legal expense is estimable.

Accruals for estimated losses from environmental remediation obligations, excluding AROs, generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Recoveries of environmental remediation costs from third parties, which are probable of realization, are separately recorded as assets, and are not offset against the related environmental liability.

2.17. Employee Benefit Plans

The Company accounts for employee and retirement benefits in accordance with ASC 715, "Compensation – Retirement Benefits".

Employee benefits
A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and the liability can be estimated reliably. Liabilities recognized in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognized in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

Retirement benefits
The Company contributes, in accordance with legal and statutory requirements, to various statutory defined benefit and defined contribution pension plans. In addition, the Company sponsors various post-retirement benefit plans that provide medical benefits to retiree participants.

The Company records annual amounts relating to its defined benefit plans and postretirement plans based on calculations that incorporate various actuarial and other assumptions including discount rates, mortality table assumptions, assumed rates of return, compensation increases, turnover rates and healthcare cost trend rates. The Company reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to those assumptions is recorded in other comprehensive income/ (loss). The unrecognized amounts recorded in accumulated other comprehensive income is subsequently recognized as expense on a straight-line basis only to the extent they exceed 10% of the higher of the market-related value or the projected benefit obligation, over the average remaining service period of active participants.

In addition to the defined benefit pension plans and post-retirement benefits plans, the Company also sponsors various employee retirement savings plans in which employees of certain subsidiaries are eligible to participate. Each plan provides for employee contributions as well as matching contributions by the Company. The Company recognizes an expense for matching contributions to defined contribution plans as they are incurred.

2.18. Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, deferred income taxes are recorded for temporary differences between the financial reporting basis and tax basis of assets and liabilities in each of the taxing jurisdictions in which the Company operates. These deferred taxes are measured using the tax rates expected to be in effect when the temporary differences reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Deferred tax assets are evaluated each period to determine whether or not it is more likely than not that they will be realized. In making such determination, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. Valuation allowances are established where it is considered more likely than not that the Company will not realize the benefit of such assets.

Valuation allowances are reviewed each period on a tax jurisdiction by tax jurisdiction basis to analyze whether there is sufficient positive or negative evidence to support a change in judgment about the realizability of the related deferred tax assets.

The Company accounts for uncertain tax positions in accordance with ASC 740, "Income Taxes", which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities based solely on the technical merits of the position.

The Company recognizes interest expense and penalties accrued related to unrecognized tax benefits in the provision for income taxes. Accrued interest and penalties are included within the related tax liability caption in the consolidated balance sheets.

2.19. Foreign Currencies

The reporting currency of Landis+Gyr Holding AG is the U.S. dollar. The functional currency of most of the Company's subsidiaries is the applicable local currency. The translation from the applicable functional currencies into the Company's reporting currency is performed for balance sheet accounts using exchange rates in effect at the balance sheet date, and for statement of operations accounts using average exchange rates prevailing during the year. The resulting translation adjustments are excluded from earnings and are recognized in Accumulated other comprehensive income/(loss) until the entity is sold, substantially liquidated or evaluated for impairment in anticipation of disposal.

Foreign currency exchange gains and losses, such as those resulting from foreign currency denominated receivables or payables, are included in the determination of earnings with the exception of intercompany loans that are long-term investment in nature with no reasonable expectation of repayment, which are recognized in other comprehensive income.

2.20. Leases

The Company leases primarily real estate and office equipment. Rental expense for operating leases is recorded on a straight-line basis over the life of the lease term. Lease transactions where substantially all risks and rewards incident to ownership are transferred from the lessor to the lessee are accounted for as capital leases. All other leases are accounted for as operating leases. Amounts due under capital leases are recorded as a liability. The interest in assets acquired under capital leases is recorded as property, plant and equipment. Depreciation and amortization of assets recorded under capital leases is included as depreciation and amortization expense.

2.21. Research and Development Costs

Research and development costs primarily consists of salaries and payroll taxes, third party contracting fees, depreciation and amortization of assets used in R&D activities, and other overhead infrastructure costs. Research and development activities primarily consist of the development and design of new meters and are expensed as incurred.

2.22. Earning per Share

ASC 260, "Earnings per Share", requires entities to present both basic and diluted earnings per share. Basic earnings per share is calculated by dividing net income by the weighted-average number of common shares outstanding during the year.

Diluted earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the year plus all dilutive potential common shares outstanding. Potentially dilutive shares that are anti-dilutive are excluded from the diluted earnings per share calculation.

As of March 31, 2017 and 2016, the Company had no dilutive shares outstanding.

2.23. Advertising

Advertising costs are expensed as incurred. Advertising expenses included in selling and marketing expenses were $6.5 million and $5.6 million, respectively, for the fiscal years ended March 31, 2017 and March 31, 2016.

2.24. Recent Accounting Pronouncements

New accounting pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers: Topic 606*, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). The Company will adopt the new standard as of April 1, 2018 and is currently evaluating the method of transition. The Company is currently in the process of evaluating the effect that this guidance will have on its consolidated financial statements and related disclosures.

In September 2015, the FASB issued ASU 2015-16 *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments* that eliminates the requirement that an acquirer in a business combination account for measurement-period adjustments retrospectively. Instead, an acquirer will recognize a measurement-period adjustment during the period in which it determines the amount of the adjustment. The Company will adopt this guidance as of April 1, 2017. The impact of this guidance on the Company's financial condition and results of operations will be dependent on any transaction that is within the scope of the new guidance. There were no such transactions in the fiscal years ended March 31, 2017, and March 31, 2016.

In November 2015, the FASB issued ASU 2015-17 *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* which requires deferred tax liabilities and assets to be classified as noncurrent in the statement of financial position. The guidance is effective for Landis+Gyr Holding AG on April 1, 2017 and the Company doesn't believe it will have a material impact on the Consolidated Financial Statements other than the balance sheet presentation.

In February 2016, the FASB issued Accounting Standard Update (ASU) No. 2016-02 *Leases (Topic 842)* that requires lessees to include most leases on their balance sheets but recognize expenses on their income statements in a manner similar to today's accounting. The guidance also eliminates today's real estate-specific provisions for all entities. ASU 2016-02 is effective for the Company on April 1, 2019 using the modified-retrospective transition method. Full retrospective application is prohibited. The Company is currently evaluating the impact of the pending adoption of ASU 2016-02 on the Consolidated Financial Statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326)*: Measurement of Credit Losses on Financial Instruments, amending the accounting for the impairment of financial instruments, including trade receivables. The new guidance requires the use of a "current expected credit loss" model for most financial assets. Under the new model, an entity recognizes as an allowance its estimate of expected credit losses, rather than the current methodology requiring delay of recognition of credit losses until it is probable a loss has been incurred. The ASU is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. The requirements of the amended guidance should be applied using a modified retrospective approach except for debt securities, which require a prospective transition approach. The Company will adopt the new standard as of April 1, 2021 and is currently in the process of evaluating the effect that the amendments will have on its consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230):* Classification of Certain Cash Receipts and Cash Payments, which is intended to reduce diversity in practice in how certain cash receipts and payments are classified in the statement of cash flows, including debt prepayment or extinguishment costs, the settlement of contingent liabilities arising from a business combination, proceeds from insurance settlements, and distributions from certain equity method investees. This ASU is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. Entities must apply the requirements of the amended guidance retrospectively to all periods presented but may apply it prospectively from the earliest date practicable if retrospective application would be impracticable. The Company will adopt the new standard as of April 1, 2018 and the impact will depend on any transaction that is within the scope of the new guidance.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*, which requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The amended guidance eliminates the prohibition of recognizing the current and deferred income tax consequences for intra-entity asset transfers other than inventory until the asset has been sold to a third party. This ASU is effective for annual periods beginning after December 15, 2017, with early adoption permitted. The requirements of the amended guidance should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company will adopt the new standard as of April 1, 2018 and the impact will depend on any transaction that is within the scope of the new guidance.

Recently Adopted Accounting Pronouncements

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40),* which requires management to assess a company's ability to continue as a going concern and to provide related footnote disclosures in certain circumstances. Disclosures are required when conditions give rise to substantial doubt. Substantial doubt is deemed to exist when it is probable that the company will be unable to meet its obligations within one year from the financial statement issuance date. "Probable" is used similar to its current use in U.S. GAAP for loss contingencies. The company has adopted this update in its fiscal year ending March 31, 2017.

In January 2015, the FASB issued ASU 2015-01, *Income Statement — Extraordinary and Unusual Items*, to simplify income statement classification by removing the concept of extraordinary items from U.S. GAAP. Under the legacy guidance, an entity was required to separately disclose extraordinary items, net of tax, in the income statement after income from continuing operations if an event or transaction is of an unusual nature and occurs infrequently. This separate, net-of-tax presentation (and corresponding earnings per share impact) is no longer allowed. The existing requirement to separately present items that are of an unusual nature or occur infrequently on a pre-tax basis within income from continuing operations has been retained. The new guidance also requires similar presentation of items that are both unusual and infrequent. The Company adopted this update on April 1, 2016. There were no transactions within the scope of the new guidance in the fiscal years ended March 31, 2017 and March 31, 2016.

In July 2015, the FASB issued ASU 2015-11, *Inventory Topic (330)*: that simplifies the "subsequent measurement of inventory by replacing today's lower of cost or market test with a lower of cost and net realizable value test. The guidance applies only to inventories for which cost is determined by methods rather than last-in first-out (LIFO) and the retail inventory method (RIM). The company has adopted this update in its fiscal year ending March 31, 2016 without any material impact on its Consolidated Financial Statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles — Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which simplifies the measurement of goodwill impairment by eliminating Step 2 from the goodwill impairment test. Under the amendments in this ASU, an entity should perform its annual goodwill impairment test by comparing the fair value of a reporting unit with its carrying value, which eliminates the current requirement to calculate a goodwill impairment charge by comparing the implied fair value of goodwill with its carrying amount. This ASU is effective for annual reporting periods beginning after December 15, 2020, with early adoption permitted for impairment tests performed on or after January 1, 2017. The requirements of the amended guidance should be applied prospectively. The Company adopted this update as of January 1, 2017.

Note 3: Shareholder's equity

At March 31, 2017 and 2016 the capital structure consisted of 295,100,000 authorized, issued, and outstanding registered ordinary shares with restricted transferability. The restricted transferability is related to the fact that the board of directors has to authorize all transfers of shares. Registered ordinary shares carry one vote per share, as well as the right to dividends. No dividends have been declared in the presented periods.

In October 2017, Consert received a cash capital contribution from Toshiba for $34.9 million. Refer to the business combination footnote (Note 8) for further details on the Consert acquisition.

The components of accumulated other comprehensive loss (AOCL) of Landis+Gyr Holding AG consist of (in thousands):

	March 31, 2017	March 31, 2016
Foreign currency translation adjustments	$ (26'985)	$ (34'883)
Pension plan benefits liability adjustments, net of taxes of $2'300 and $4'113 as of March 31, 2017 and March 31, 2016, respectively	(26'945)	(55'174)
Accumulated other comprehensive income (loss)	$ (53'930)	$ (90'057)

The following tables present the reclassification adjustments in accumulated other comprehensive income by component (in thousands):

	Defined benefit pension items	Foreign currency items	Total
Beginning balance, April 1, 2016	$ (55'174)	$ (34'883)	$ (90'057)
Other comprehensive income before reclassifications	25'939	7'898	33'837
Amounts reclassified from accumulated other comprehensive income	2'290	-	2'290
Net current-period other comprehensive income	28'229	7'898	36'127
Ending balance, March 31, 2017	$ (26'945)	$ (26'985)	$ (53'930)

	Defined benefit pension items	Foreign currency items	Total
Beginning balance, April 1, 2015	$ (45'953)	$ (32'569)	$ (78'522)
Other comprehensive income before reclassifications	(10'637)	(2'314)	(12'951)
Amounts reclassified from accumulated other comprehensive income	1'416	-	1'416
Net current-period other comprehensive income	(9'221)	(2'314)	(11'535)
Ending balance, March 31, 2016	$ (55'174)	$ (34'883)	$ (90'057)

The pension plan benefits liability adjustment, net of taxes, in the AOCL changed by $28.2 and $(9.2) million in the fiscal years ended March 31, 2017 and March 31, 2016. These changes represent the movement of the current year activity including the reclassified amounts from accumulated other comprehensive income to net income:

		2017	
Amortization of actuarial loss / (gain)	$	2'529	
Amortization of prior service cost		(239)	
Amounts reclassified from other comprehensive income to net income	$	2'290	a)
Net actuarial (loss) / gain		17'550	
Prior service cost		10'202	
Total before tax	$	30'042	
Tax (expense) or benefit		(1'813)	
Total other comprehensive income from defined benefit pension plans for the fiscal year ended March 31, 2017, net of tax	$	28'229	

		2016	
Amortization of actuarial loss / (gain)	$	1'412	
Amortization of prior service cost		4	
Amounts reclassified from other comprehensive income to net income	$	1'416	a)
Net actuarial (loss) / gain	$	(12'095)	
Prior service cost		(276)	
Total before tax	$	(10'955)	
Tax (expense) or benefit		1'734	
Total other comprehensive income from defined benefit pension plans for the fiscal year ended March 31, 2016, net of tax	$	(9'221)	

(a) These accumulated other comprehensive income components are included in the computation of net periodic pension costs (see Pension footnote for additional details).

Note 4: Accounts Receivable, net

A summary of accounts receivable, net is as follows (in thousands):

Accounts Receivable, net

	March 31,			
		2017		2016
Trade accounts receivable	$	281'245	$	281'298
Unbilled revenue		27'776		26'977
Allowance for doubtful accounts		(4'725)		(3'989)
Total trade accounts receivable, net		304'296		304'286
Less: current portion of accounts receivable, net		301'400		302'428
Long-term accounts receivable, net	$	2'896	$	1'858

The long-term portion of accounts receivable, net, is included in Other long-term assets in the Consolidated Balance Sheets.

A summary of the provision for doubtful accounts activity is as follows (in thousands):

	March 31, 2017		March 31, 2016	
Beginning balance	$	(3'989)	$	(2'433)
Provisions for doubtful accounts		(1'842)		(2'798)
Deductions, net of recoveries		1'106		1'242
As at March 31,	$	(4'725)	$	(3'989)

The carrying amount of accounts receivable approximates their fair value. Normal credit terms are 30 to 90 days, averaging slightly more than 60 days.

Unbilled revenue is recorded when revenues are recognized upon product shipment/installation or service delivery and invoicing occurs at a later date. Generally, unbilled revenue is invoiced within one week after month-end.

Note 5: Inventories, net

Inventories, net consist of the following (in thousands):

	March 31, 2017		March 31, 2016	
Raw material and supplies	$	89'581	$	94'245
Work in progress		4'870		5'418
Finished goods		38'242		31'217
Total inventories gross		132'693		130'880
Inventory reserve		(17'011)		(13'927)
Total inventories, net	$	115'682	$	116'953

Note 6: Prepaid expenses and other current assets

A summary of the prepaid expenses and other current assets balance is as follows (in thousands):

	March 31, 2017		March 31, 2016	
Other loans to related parties		-		99'490
Prepaid expenses		9'810		9'175
Other tax receivables		9'808		8'799
Income tax receivables		7'397		3'876
Others		17'417		15'328
Total prepaid expenses and other current assets	$	44'432	$	136'668

Note 7: Property, Plant & Equipment, net

A summary of the property, plant & equipment balance is as follows (in thousands):

	March 31,			
	2017		2016	
Land	$	3'520	$	3'578
Buildings		16'682		17'041
Network equipment (a)		248'537		241'018
Machinery and equipment		80'959		75'651
Vehicles and other equipment		88'425		73'883
Construction in progress		12'627		10'866
Total cost	$	450'750	$	422'037
Less accumulated depreciation		(261'918)		(222'192)
Property, plant and equipment, net	$	188'832	$	199'845

(a) Network equipment is comprised of meters, and meter reading equipment that is deployed under various customer contracts of Landis+Gyr Technology Inc., a US based subsidiary of Landis+Gyr Holding AG.

Total depreciation expense for the fiscal years ended March 31, 2017 and March 31, 2016 was $46.9 million and $53.5 million, respectively. The difference between the total accumulated depreciation and the depreciation of property, plant & equipment represents the effect of change in exchange rates.

Note 8: Business Combinations

Transactions between Entities under Common Control

On February 6, 2013, Toshiba Corporation acquired a 100% equity interest in Consert Inc. ("Consert"), incorporated in the USA. Consert converts electric consumption in homes and small businesses into cost-effective, clean sources of capacity and energy reserves for utilities. The Consert load management solution is based on real-time, wireless technology that allows participants to conserve energy using a web-based, home area network. Consert utilizes wireless networks to provide real-time communication to the Consert data center. These highly secure networks deliver fast data speeds and increased efficiencies for utilities.

Toshiba Corporation sold certain assets and liabilities of Consert to the Company on November 1, 2016 for cash consideration of $4.7 million. Since both the Company and Consert were under common control of Toshiba, on the date of the transfer, the Company recognized the acquired assets and liabilities at their historical carrying amounts in Toshiba Corporation's consolidated financial statements. No new goodwill was recognized.

The Company's and Consert's results of operations have been combined in fiscal year 2016 as though the combination had occurred as of the beginning of the fiscal year. Intercompany balances and transactions have been eliminated. Since the transaction met the definition of a business combination, the Company's comparative consolidated financial statements have been retrospectively adjusted to include the net assets received and related operations for all periods during which the entities were under common control. The assets and liabilities of Consert which were not purchased by the Company amounted to $5.9 million in cash and $0.5 million in prepaid assets and have been included in the retrospectively adjusted financial statements for the periods prior to the transaction. Upon the transaction, such non-acquired assets and liabilities have been removed from the financial statements with an offsetting entry to Additional paid-in capital.

The effect of the transfer on the Company's EPS for the fiscal years ended March 31, 2017 and March 31, 2016 was $(0.02) per share and $(0.13) per share, respectively.

The impact of retrospectively adjusting the Company's comparative consolidated financial statements for the fiscal year ended March 31, 2017 is as follows:

		Fiscal Year ended March 31, 2017
Net revenue	$	2'794
Cost of revenue		3'822
Operating loss		(4'884)
Net loss attributable to Landis+Gyr Holding AG Shareholders		(5'160)

The impact of retrospectively adjusting the Company's comparative consolidated financial statements for the fiscal year ended March 31, 2016 is as follows:

	Year-ended March 31, 2016			Note
	As previously reported	Adjustments	As adjusted	
Revenue	$ 1'569'382	$ 4'093	$ 1'573'475	
Cost of revenue	1'080'365	7'382	1'087'747	
Operating expenses	428'111	7'654	435'765	
Impairment of intangible and long-lived assets	-	34'058	34'058	11
Operating income	60'906	(45'001)	15'905	
Net (loss) income attributable to Landis+Gyr Holding AG Shareholders	23'542	(37'224)	(13'682)	

	As of March 31, 2016			Note
	As previously reported	Adjustments	As adjusted	
Cash and cash equivalents	$ 21'209	$ 883	$ 22'092	
Accounts receivable, net	303'524	(1'096)	302'428	
Inventories	115'501	1'452	116'953	
Deferred tax assets	44'720	2'901	47'621	
Prepaid expenses and other current assets	136'537	131	136'668	
Total current assets	**621'491**	**4'271**	**625'762**	
Property, plant and equipment, net	199'275	570	199'845	
Intangible assets, net	472'289	1'917	474'206	
Goodwill	1'412'304	9'046	1'421'350	
Deferred tax assets	7'930	20'191	28'121	17
Other long-term assets	35'063	-	35'063	
Total assets	**$ 2'748'352**	**$ 35'995**	**$ 2'784'347**	
Trade accounts payable	$ 154'076	$ (489)	$ 153'587	
Accrued liabilities	44'707	450	45'157	
Warranty provision	32'893	-	32'893	
Payroll and benefits payable	73'002	906	73'908	
Loans payable	17'646	-	17'646	
Current portion of shareholder loans	70'000	26'150	96'150	13
Tax payable	4'693	(10)	4'683	
Other current liabilities	56'684	5'644	62'328	
Total current liabilities	**453'701**	**32'651**	**486'352**	
Shareholder loans	215'000	-	215'000	
Warranty provision - non current	58'750	-	58'750	
Pension and other employee liabilities	101'147	-	101'147	
Deferred tax liabilities	142'791	-	142'791	
Tax payable	21'109	-	21'109	
Other long-term liabilities	29'357	2	29'359	
Total liabilities	**1'021'855**	**32'653**	**1'054'508**	
Registered ordinary shares	309'050	-	309'050	
Additional paid-in capital	1'391'611	45'467	1'437'078	3
Retained earnings	114'045	(42'125)	71'920	3
Accumulated other comprehensive loss	(90'057)	-	(90'057)	
Total Landis+Gyr Holding AG shareholders' equity	**1'724'649**	**3'342**	**1'727'991**	
Noncontrolling interests	1'848	-	1'848	
Total equity	**1'726'497**	**3'342**	**1'729'839**	
Total liabilities and equity	**$ 2'748'352**	**$ 35'995**	**$ 2'784'347**	

Net cash provided by operating activities	$ 130'942	(11'717)	$ 119'225
Net cash used in investing activities	(39'277)	(211)	(39'488)
Net cash used in financing activities	(73'135)	(2'651)	(75'786)
Net increase (decrease) in cash and cash equivalent	$ 18'530	$ (14'579)	$ 3'951

Note 9: Intangible Assets, net

The gross carrying amount, accumulated amortization, and impairments of the Company's intangible assets, other than goodwill, are as follows (in thousands):

	March 31, 2017				
	Gross asset	Accumulated amortization	Accumulated impairment	Carrying amount	Weighted average useful life (in years)
Finite Lived Intangibles:					
Trade name and trademarks	$ 113'960	$ (38'984)	$ -	$ 74'976	12
Order backlog	40'637	(40'637)	-	-	-
Customer contracts & relationships	422'923	(157'060)	-	265'863	13
Developed technologies	179'444	(83'664)	(11'166)	84'614	7
Total finite lived intangibles	$ 756'964	$ (320'345)	$ (11'166)	$ 425'453	

	March 31, 2016				
	Gross asset	Accumulated amortization	Accumulated impairment	Carrying amount	Weighted average useful life (in years)
Finite Lived Intangibles:					
Trade name and trademarks	$ 113'960	$ (32'168)	$ -	$ 81'792	13
Order backlog	40'855	(40'855)	-	-	-
Customer contracts & relationships	421'938	(130'597)	-	291'341	14
Developed technologies	180'020	(67'781)	(11'166)	101'073	8
Total finite lived intangibles	$ 756'773	$ (271'401)	$ (11'166)	$ 474'206	

The following table presents the amortization of intangible assets (in thousands):

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Cost of revenue	$ 14'144	$ 14'049
Operating expense	35'131	42'423
Total	$ 49'275	$ 56'472

Estimated future annual amortization expense related to identified intangible assets for each of the five years, to March 31, 2022 and thereafter is as follows (in thousands):

Fiscal year ending March 31,	Estimated annual amortization
2018	$ 48'521
2019	47'156
2020	45'511
2021	45'083
2022	46'024
Thereafter	193'158
Total identifiable intangibles, net	$ 425'453

Note 10: Goodwill

Landis + Gyr has three reporting units with goodwill. As discussed in the segment reporting disclosure (see note 23 below), in the fourth quarter of 2016 fiscal year, there was a strategic shift in the business as a result of the planned Initial Public Offering in the SIX Swiss Exchange. As a result, the Company realigned its continuing operations into the following segments: Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific, which are also our reportable segments and reporting units. Prior to the realignment, the Company operated and managed its business as one consolidated operating segment.

Upon segment realignment in the fourth quarter of the 2016 fiscal year, goodwill was allocated to the new segments based upon their relative fair value. The new identified reporting units were tested for impairment in the fourth quarter, after the annual forecasting process.

The changes in the carrying amount of goodwill for the year ended March 31, 2017, are as follows:

	Americas	EMEA	Asia Pacific	Consolidated	Total
Balance as of March 31, 2016	$ -	$ -	$ -	$ 1'421'350	$ 1'421'350
Allocation in the fourth quarter of FY 2016	1'133'350	227'000	61'000	(1'421'350)	-
Impairment charges	-	(30'000)	(30'000)	-	(60'000)
Currency translation adjustment	-	(183)	-	-	(183)
Balance as of March 31, 2017	$ 1'133'350	$ 196'817	$ 31'000	$ -	$ 1'361'167

Note 11: Impairment of Goodwill and other Long-lived assets

At March 31, 2017, the Company performed a quantitative goodwill impairment analysis that included an assessment of certain qualitative factors, the overall financial performance, macroeconomic and industry conditions, as well as determining the fair value of the reporting units and comparing that fair value to the carrying values. As a result of the assessment performed, the Company recognized a $30 million impairment of goodwill in both the Asia Pacific and EMEA reporting units due to a weaker macroeconomic outlook of the specific markets in the respective regions.

In the third quarter of fiscal year 2015, Consert, an entity included in the Americas segment, whose financials have been retrospectively combined in these Consolidated Financial Statements (see note 7 above), had a triggering event requiring assessment of impairment for certain of its long-lived assets in conjunction with its restructuring actions. As a result of the assessment performed, Consert recognized in fiscal year 2015, $22.9 million impairment charge on Goodwill due to a weaker macroeconomic outlook of the specific market of the business. In addition, Consert reviewed its Developed Technologies and recognized $11.2 million impairment charge. The method adopted to value other long-lived assets is consistent with the methodology applied by the Company in prior periods. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement."

The impairment charges are classified in the Impairment of intangible and long-lived assets line item within Consolidated Statement of Operations.

Note 12: Loans Payable

The components of the loans payable are as follows (in thousands, except for weighted average interest rate, which is in percentage points):

	March 31,			
	2017		2016	
	Balance	Weighted average rate	Balance	Weighted average rate
Borrowings from banks	$ 12'890	9.3%	$ 17'646	9.0%
Loans payable	$ 12'890		$ 17'646	

Note 13: Shareholder Loans

The components of the shareholder loans are as follows (in thousands):

	March 31,	
	2017	2016
Shareholder loans Toshiba - current	$ 215'000	$ 96'150
Shareholder loans Toshiba - long-term	-	215'000
Total Shareholder Loans	$ 215'000	$ 311'150

Upon the acquisition of Landis+Gyr AG, the Company received a loan from Toshiba Corporation in the amount of $600.1 million. The loan has a stated interest rate equal to the 6-month LIBOR rate plus a margin of 2.5% per annum. Interest is payable on a semi-annual basis on January 31 and July 31. The principle is payable on a semi-annual basis on July 31 and January 31, starting on July 31, 2012. The amount to be paid on each payment date is $35.0 million with the remaining balance of $215.0 million due on July 31, 2017.

Upon the acquisition of Consert, Toshiba Corporation granted a line of credit facility, to finance Consert's working capital requirements. The line of credit was fully re-paid by October 2016. The outstanding balance as of March 31, 2016 was $26.1 million.

Note 14: Other long-term liabilities

The components of other long-term liabilities are as follows (in thousands):

	March 31,	
	2017	2016
Warranty settlement liability	34'885	-
Deferred income	25'021	10'097
Others	23'551	19'262
Total other long-term liabilities	$ 83'457	$ 29'359

Note 15: Financial Instruments and Fair Value

The Company measures financial assets and liabilities at fair value. Foreign currency exchange contracts are measured at fair value on a recurring basis by means of various valuation techniques and models, and the inputs used are classified based on the hierarchy outlined within the Company's significant accounting policies.

In addition, certain assets are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

The valuation techniques and models utilized for measuring financial assets and liabilities are reviewed and validated at least annually.

Recurring Fair Value Measurements:
There were no assets and liabilities that are measured at fair value on a recurring basis at March 31, 2017 and at March 31, 2016.

Fair Value of Financial Instruments
With the exception of financial instruments noted in the following table, the fair value of the Company's financial instruments approximate carrying value due to their short maturities.

The estimated fair value of financial instruments with long-term maturities is as follows (in thousands):

	March 31,			
	2017		2016	
	Fair Value	Carrying	Fair Value	Carrying
Liabilities:				
Shareholder loan	$ -	$ -	$ 213'707	$ 215'000

The shareholder loan was measured at fair value based on the present value of the cash flows, giving consideration to the changes in the interest yield curves (Level 2). As of March 31, 2017, the outstanding shareholder loan has a short maturity.

Note 16: Pension and Post Retirement Benefit Plans

The majority of the Company's employees are covered by defined benefit plans which are funded by the Company, the employees, and in certain countries, by state authorities. The Company has pension plans in various countries with the majority of the Company's pension liabilities deriving from Germany, US and Switzerland. Such plans can be set up as state or company controlled institutions, as contracts with private insurance companies, as independent trusts or pension funds. The benefits provided by such entities vary by country based on the legal and economic environment and primarily are based on employees' years of service and average compensation, covering the risks of old age, death and disability in accordance with legal requirements and the pension legislation in the respective countries.

Net periodic pension cost and the pension obligation of the Company's defined benefit plans are calculated based on actuarial valuations. Such valuations consider, inter alia, the years of service rendered by employees and assumptions about future salary increases. The latest actuarial valuations were performed for the defined benefit plans as of March 31, 2017, and using that as the measurement date.

The underlying actuarial assumptions are based on the actual local economic circumstances of the countries where the defined benefit plans are situated. The Company contributes to the employee benefit plans in accordance with applicable laws and requirements and the pension plan assets are invested in accordance with applicable regulations.

The following table summarizes the movement of the benefit obligation, plan assets, funded status and amounts recognized in the consolidated balance sheets for the defined benefit pension plans for the periods indicated in the table below (in thousands):

	Fiscal Year Ended March 31, 2017		Fiscal Year Ended March 31, 2016	
Change in benefit obligation:				
Benefit obligation at April 1,	$	311'876	$	301'570
Service cost		7'272		6'766
Interest cost		2'968		3'897
Employee contributions		3'076		3'176
Benefits paid		(513)		(433)
Assets distributed on settlements		(10'227)		(13'852)
Actuarial (gains) / losses		(13'369)		6'345
Curtailments		(7)		(2'221)
Termination benefits		57		1'600
Liabilities extinguished on settlements		(35)		(53)
Plan amendments		(10'202)		276
Others		10'060		-
Effect of changes in exchange rates		(12'471)		4'805
Benefit obligation at March 31,	$	288'485	$	311'876

	Fiscal Year Ended March 31, 2017		Fiscal Year Ended March 31, 2016	
Change in plan assets:				
Fair value of plan assets at April 1,	$	221'804	$	222'964
Actual return on plan assets		10'823		(294)
Employer contributions		7'570		6'999
Employee contributions		3'076		3'176
Benefits paid (a)		(10'227)		(13'852)
Others		10'060		-
Effect of changes in exchange rates		(8'820)		2'811
Fair value of plan assets at March 31,	$	234'286	$	221'804
Funded status at March 31,	$	(54'199)	$	(90'072)
Accumulated benefit obligation	$	283'032	$	306'037

The financial statements for the year ended March 31, 2017 include an offsetting movement in the defined benefit obligation and fair value of plan assets of $10.1 million relating to out-of-period adjustments of a pension plan that was not captured in the financial statements of the year-ending March 31, 2016 and March 31, 2015. This adjustment is reflected in the “Others” caption in the change in benefit obligation and plan assets in the tables above. Management has evaluated the $0.5 million statements of operation impact of these out-of-period adjustments to the financial statements ending March 31, 2017 and concluded they were not material to the current and previously reported annual financial statements.

As of March 31, 2017, the net benefit obligation for the Company´s underfunded plans is equal to $54.6 million. The net plan assets for the overfunded plans for the same period is equal to $1 million. As of March 31, 2016, the net benefit obligation for the Company´s underfunded plans is $90 million. No plans were overfunded as of March 31, 2016.

Net periodic pension benefit costs for the Company's defined benefit plans include the following components (in thousands):

	Fiscal Year Ended March 31, 2017		Fiscal Year Ended March 31, 2016	
Service cost	$	7'272	$	6'766
Interest cost		2'968		3'897
Termination benefits		57		(50)
Expected return on plan assets		(6'653)		(7'683)
Amortization of prior service costs		(239)		4
Amortization of actuarial loss (gain)		2'529		1'412
Settlements and curtailments		(31)		1'600
Net periodic benefit cost	$	5'903	$	5'946

Changes in plan assets and benefit obligations recognized in other comprehensive loss (pre-tax) are as follows (in thousands):

	Fiscal Year Ended March 31, 2017		Fiscal Year Ended March 31, 2016	
Net actuarial loss (gain)	$	(17'550)	$	12'095
Amortization of actuarial (loss) gain		(2'529)		(1'412)
Prior service cost		(10'202)		276
Amortization of prior service cost		239		(4)
		(30'042)	$	10'955

The following represents the amounts included in accumulated other comprehensive loss related to the Company's defined benefit pension plans (in thousands) (a):

	March 31,			
	2017 (Combined)		2016 (Combined)	
Actuarial loss	$	38'634	$	58'713
Prior service cost		(9'658)		305
Deferred tax liability (assets)		(2'300)		(4'113)
Effect of changes in exchange rates		229		313
	$	26'905	$	55'218

(a) The Company has not included a medical plan that is used in the Americas segment as such plan is de minimis. The amount included in accumulated other comprehensive loss related to the medical plan was $40 thousand and $46 thousand at March 31, 2017 and March 31, 2016, respectively.

The actuarial loss and the prior service cost expected to be recognized as components of net periodic benefit cost over the fiscal year ending March 31, 2018 are $0.6 million and $1 million, respectively.

The Company expects to make contributions of $5.1 million to the defined benefit pension plans during the fiscal year ending March 31, 2018.

The weighted average assumptions used in accounting for the defined benefit pension plans are as follows:

	March 31, 2017	March 31, 2016
Weighted average assumptions to determine benefit obligations:		
Discount rate (a)	1.12%	0.97%
Expected rate of increase in future compensation (b)	1.16%	1.15%
Expected rate of increase in future pension benefits (c)	0.09%	0.09%
Weighted average assumptions to determine net periodic benefit cost:		
Discount rate (a)	0.97%	1.32%
Expected long-term rate of return on plan assets (d)	3.04%	3.48%

(a) The Company determined a discount rate for each individual defined benefit pension plan based on high quality corporate bonds with currency and duration matching the associated liabilities. Where there is no deep market for such bonds, government bonds with an appropriate spread are used.

(b) The Company determined the expected rate of increase in future compensation levels based on expectation of expected inflation rates and merit-based increases.

(c) The Company determined the expected rate of increase in future pension benefits based on expected inflation in the plans' national markets, if such increase is included in the plan benefits.

(d) The expected rate of return on plan assets was determined on the basis of the weighted average expected return on plan assets. The Company's assessment of the expected returns is based on historical return trends for equities, real estate and other assets and analysts' predictions of the market for debt instruments. The assets do not include any financial instruments issued by the Company.

The actual asset allocation for the defined benefit pension plan assets is as follows:

	March 31, 2017	March 31, 2016
Equity Instruments	34%	33%
Debt Instruments	40%	44%
Property	16%	17%
Other	10%	6%

The Company's pension plan assets for each individual plan are invested in accordance with statutory regulations, pension plan rules and decisions of the pension fund trustees. The Company's actual invested positions in various securities change over time based on short and longer-term investment opportunities. Strategic pension plan asset allocations are determined by the objective to achieve an investment return, which together with the contributions paid, is sufficient to maintain reasonable control over the various funding risks of the plans. Based upon current market and economic environments, the actual asset allocation may periodically be permitted to deviate from policy targets. The plan's assets are divided according to asset class. The fiscal year ending March 31, 2018 targeted allocations are equities (32.3 percent), debt securities (42.6 percent), real estate (18.4 percent) and others (6.7 percent).

Annual benefit payments, including amounts to be paid from Company assets for unfunded plans, and reflecting expected future service, as appropriate, are expected to be paid as follows (in thousands):

Fiscal year ending March 31,		
2018	$	14'208
2019		14'336
2020		13'870
2021		14'253
2022		13'878
2023-2028		75'993

The following tables present, for each of the fair-value hierarchy levels, the Company's defined benefit pension plan assets that are measured at fair value on a recurring basis as at March 31, 2017 and at March 31, 2016 (in thousands):

	March 31, 2017			
	Fair Value Measurements			
	Total	**Level 1**	**Level 2**	**Level 3**
Cash and cash eqivalents	$ -	$ -	$ -	$ -
Equity instruments	80'195	61'627	18'568	-
Debt instruments	93'738	79'022	14'716	-
Real estate	37'177	-	560	36'617
Other	23'176	13'376	9'800	-
Total	$ 234'286	$ 154'025	$ 43'644	$ 36'617

	March 31, 2016			
	Fair Value Measurements			
	Total	**Level 1**	**Level 2**	**Level 3**
Cash and cash eqivalents	-	-	-	-
Equity instruments	72'490	56'306	16'184	-
Debt instruments	97'123	83'195	13'928	-
Real estate	38'280	-	375	37'905
Other	13'911	13'316	595	-
Total	$ 221'804	$ 152'817	$ 31'082	$ 37'905

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

Debt and equity instruments – Debt and equity instruments classified as Level 1 are valued at the closing price reported on the active market on which the individual securities are traded. Equity instruments classified as Level 2 consist of investments in traded institutional funds, which are not actively traded, valued at the repurchase price as calculated by the fund manager on a daily basis and alternative investments valued at their net asset value which is based on the fair value of the underlying assets that are traded in active markets and have quoted market prices.

Real estate – Real estate investments classified as Level 2 are valued at the repurchase price as calculated by the fund manager on a daily basis. Real estate investments classified as Level 3 are valued using a discounted cash-flow approach, the discount rates are based on the age of the real estate and stand at 4.5%.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth a summary of changes in the fair value of the Level 3 assets (in thousands):

	2017		2016	
Balance at April 1,	$	37'905	$	36'303
Actual return on plan assets		404		1'060
Effect of changes in exchange rates		(1'692)	$	542
Balance at March 31,	$	36'617	$	37'905

In addition to its defined benefit plans, the Company also provides post-retirement health care benefit plans to certain of its employees. As of March 31, 2017 and March 31, 2016, the post retirement benefit plans had an obligation of $0.5 million and $0.5 million, respectively.

For the post retirement plan, the expected premium for fiscal year ending March 31, 2018 is assumed to be $3’355 for retired ($3’811 for spouse). The medical trend rate is assumed to increase to 5.8% for the fiscal year ending March 31, 2018 and gradually decrease to 4.3% thereafter.

As an indicator of sensitivity, increasing the assumed health care cost trend rate by 1% would have increased the accumulated postretirement benefit obligation by $11 thousand at March 31, 2017, and the aggregate of the service and interest cost components of net postretirement benefit expense by $1 thousand for the year ended March 31, 2017. Decreasing the assumed health care cost trend rate by 1% would have decreased the accumulated postretirement benefit obligation at March 31, 2017 by $11 thousand and the aggregate of the service and interest cost components of net postretirement benefit expense by $1 thousand for the year ended March 31, 2017.

Furthermore, the Company sponsors various defined contribution plans in which employees of certain subsidiaries are eligible to participate. Total expenses related to such plans for the fiscal years ended March 31, 2017 and March 31, 2016 were $10.0 million and $8.9 million, respectively.

Note 17: Income Taxes

The components of profit (loss) before income tax expense, net of tax, are as follows (in thousands):

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016
Domestic (a)	$ (16'094)	$ (5'798)
Foreign	(14'165)	4'825
	$ (30'259)	$ (973)

(a) Domestic jurisdiction represents Switzerland, the country where the Company is incorporated.

Income tax benefit (expense) by location of the taxing jurisdiction consisted of the following (in thousands):

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016
Current income taxes:		
Domestic (a)	$ (591)	$ (816)
Foreign	(58'108)	(24'541)
Total current taxes	$ (58'699)	$ (25'357)
Deferred taxes:		
Domestic (a)	$ (742)	$ 4'015
Foreign	27'641	8'842
Total deferred taxes	26'899	12'857
Total income taxes	$ (31'800)	$ (12'500)

(a) Domestic jurisdiction represents Switzerland, the country where the Company is incorporated.

The reconciliation of tax benefit (expenses) at the statutory tax rate of 7.83% to the provision for income taxes is shown in the table below (in thousands):

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016
Regular statutory rate benefit (expense)	$ 2'369	$ 76
Items taxed at rates other than the Company's statutory rate	(18'625)	(2'206)
Non-deductible goodwill impairment	(4'698)	-
Other permanent adjustments	6'127	3'761
Provision for uncertain tax positions	(7'888)	(1'404)
Tax credits	3'081	2'982
Withholding taxes	(618)	(829)
Change in valuation allowance	(9'951)	(18'087)
Adjustments to prior year	241	3'373
Other, net	(1'838)	(166)
Tax benefit (expense)	$ (31'800)	$ (12'500)

Deferred Taxes

The significant components of the deferred tax assets and liabilities are as follows (in thousands):

	March 31, 2017	March 31, 2016
Deferred tax assets:		
Net operating loss carryforwards	$ 117'655	$ 111'882
Inventories	4'240	4'580
Prepaid expenses and other	33	446
Accrued liabilities	12'998	9'284
Related party interest	1'817	5'806
Intangible assets	9'133	14'078
Pension and other employee related liabilities	35'219	32'631
Other	25'981	16'282
	207'076	194'989
Deferred tax liabilities:		
Accrued liabilities	(324)	(40)
Property, plant, and equipment	(27'701)	(31'741)
Intangible assets	(113'659)	(128'367)
Other	(15'478)	(5'093)
	(157'162)	(165'241)
Net deferred tax assets before valuation allowance	49'914	29'748
Valuation allowance	(91'970)	(96'797)
Net deferred tax liabilities	$ (42'056)	$ (67'049)

A summary of the deferred tax assets and liabilities is as follows (in thousands):

	March 31, 2017	March 31, 2016
Deferred tax assets net before valuation allowance	$ 145'220	$ 172'539
minus valuation allowance	(91'970)	(96'797)
Deferred tax assets - net	53'250	75'742
Less short-term portion	43'881	47'621
Long-term portion	$ 9'369	$ 28'121
Deferred tax liabilities net	(95'306)	(142'791)
Less short-term portion	(31)	-
Long-term portion	$ (95'275)	$ (142'791)
Net deferred tax liabilities	$ (42'056)	$ (67'049)

As of March 31, 2017 and March 31, 2016, the Company had total tax losses carried forward in the amount of $447.3 million and $426.2 million, respectively.

The expiration of the tax losses carried forward as of March 31, 2017 is as follows (in thousands):

Fiscal year ended March 31,	
2018	$ -
2019	108'446
2020	3'199
2021	-
2022	14'224
Thereafter	153'100
Never expire	168'379
Total	$ 447'348

The Company believes that it is more likely than not that the benefit from certain net operating loss carryforwards and other deferred tax assets will not be realized due to insufficient profit projections. The Company considered all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for a valuation allowance.

The valuation allowances are mainly provided against net deferred tax assets in Australia, Denmark, France, Finland, India, Switzerland, United States and United Kingdom. In the event that all of the deferred tax assets become realizable, the reversal of the valuation allowance would result in a reduction in income tax expense.

Deferred taxes on undistributed earnings of foreign subsidiaries as of March 31, 2017 and March 31, 2016 are $0.6 million and $0.5 million, respectively.
The Company does not provide deferred taxes on temporary differences related to its foreign subsidiaries that are considered permanent in duration. Determination of the amount of deferred taxes on these temporary differences is not practical.

Provisions for Uncertain Tax Positions

ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows (in thousands):

	2017	**2016**
Balance as of April 1,	$ 23'725	$ 23'801
Gross increases to positions in prior years	983	412
Gross increases to current period tax positions	7'231	5'261
Audit settlements	(133)	-
Expiry of statute of limitations	(3'388)	(5'645)
Gross decreases to prior year positions	(504)	(260)
Effect on change in exchange rates	(394)	156
Balance as of March 31,	$ 27'520	$ 23'725

As of March 31, 2017 and March 31, 2016, accrued interest and penalties totaled $6.1 million and $2.5 million, respectively.

The Company does not expect any material changes in unrecognized tax benefits within the next 12 months.

The Company is subject to taxation in various states and foreign jurisdictions. As of March 31, 2017, the Company could be subject to income tax examination by the tax authorities in the following major tax jurisdictions:

Tax Jurisdiction	Open tax years
Australia	April 1, 2012 - March 31, 2017
Switzerland	April 1, 2015 - March 31, 2017
U.S. Federal	January 1, 2006 - March 31, 2017
Germany	January 1, 2010 - March 31, 2017
Greece	April 1, 2012 - March 31, 2017
United Kingdom	April 1, 2015 - March 31, 2017
Brazil	January 1, 2012 - March 31, 2017

Note 18: Commitments & Contingencies

Commitments:

The Company is obligated under capital leases covering certain machinery and equipment that will expire at various dates during the next three years. The gross amount of property, plant and equipment and related accumulated amortization recorded under capital leases were as follows (in thousands):

	March 31, 2017	March 31, 2016
Machinery and equipment	$ 4'812	$ 5'209
Less: accumulated amortization	3'930	4'337
	$ 882	$ 872

Amortization of assets held under capital leases is included within depreciation expenses.

The Company is also party to several noncancelable operating leases, primarily for office space and company vehicles, that expire over the next five years. These leases generally contain renewal options for periods ranging from one to five years and require the Company to pay all common area maintenance costs such as maintenance and insurance.

Minimum rent payments under operating leases are recognized on a straight-line basis over the term of the lease including any periods of free rent. Rental expense for operating leases for the fiscal years ended March 31, 2017 and March 31, 2016 was $23.3 million and $23.3 million, respectively.

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments as of March 31, 2017 are (in thousands):

Fiscal year ending March 31,	**Capital Leases**	**Operating Leases**
2018	$ 464	$ 15'454
2019	339	13'648
2020	264	12'986
2021	83	11'194
2022	-	7'232
Thereafter	-	1'480
Total minimum lease payments	1'150	$ 61'994
Less estimated executory costs	(108)	
Net minimum lease payments	1'042	
Less amount representing interest	(87)	
Present value of net minimum capital lease payments	955	
Less current installments of obligation under capital leases	(282)	
Obligations under capital leases, excluding current installments	$ 673	

Current and non-current portion of capital lease obligations are included as a component of other current liabilities and other non-current liabilities, respectively.

Guarantees
From time to time, the Company issues performance guarantees whereby it guarantees its performance under the specific terms of contracts with suppliers, customers, and financial institutions. These guarantees are typically comprised of performance bonds and bank guarantees. These guarantees could become payable in the event that the Company were to default under the related contracts. The Company had total outstanding performance bonds and bank guarantees of $115.6 million as of March 31, 2017.

The Company, from time to time, guarantees the obligations of its wholly owned subsidiaries, including obligations under certain contracts with customers. At March 31, 2017, the Company had a maximum potential amount payable of $615.9 million under such financial guarantees outstanding. The guarantees outstanding have various maturity dates.

Legal proceedings
We are subject to various legal proceedings and claims of which the outcomes are subject to significant uncertainty. Our policy is to assess the likelihood of any adverse judgments or outcomes related to legal matters, as well as ranges of probable losses. A determination of the amount of the liability required, if any, for these contingencies is made after an analysis of each known issue. A liability is recognized and charged to operating expense when we determine that a loss is probable and the amount can be reasonably estimated.

In August 2015, Energisa SA and a number of other plaintiffs filed two related lawsuits in Brazil, alleging that our electric meters were excessively vulnerable to fraud. The initial petitions requested Landis+Gyr to provide new firmware to the plaintiffs and to reimburse their cost of installation in meters supplied with this firmware. L+G has filed a petition with technical inquiries ("Levantamento de quesitos") for a technical expert in metering to evaluate the L+G meters' performance in relation to the functional requirement of the project. There is a jurisdictional conflict to be defined at the Federal Superior Court.

On July 14, 2016, we entered into a confidential settlement agreement with Transdata Incorporated (Transdata) under which Transdata agreed to dismiss with prejudice all pending litigation in various

United States District Courts against us and certain of our customers. As a part of the settlement, we received a patent license from Transdata for the use of the patents in future meter production and sales.

In July 2016, Atlas IP, LLC filed a patent infringement lawsuit in the Eastern District of Texas, against our customer Denton County Electric Cooperative d/b/a CoServ Electric. Atlas IP has filed similar claims against our customer Oncor (we indemnified Oncor; the case was dismissed without prejudice), our customer JEA and customers of Itron, Elster and Silverspring Networks. A single patent (U.S. Patent 5,371,734) that expired in early 2013 is at issue, so the time window for infringement (and damages) is limited to December 9, 2010 (six years back from the filing of the complaint) to the expiration date. The patent was assigned to Atlas IP after it had expired. We are indemnifying both CoServ and JEA. We believe that we have meritorious defenses to Atlas' allegations and intend to continue vigorously defending this lawsuit.

In October 2016, our subsidiary Landis+Gyr Inc. (f/k/a Landis+Gyr Metering Inc.), filed a lawsuit against Zurich American Insurance Company, f/k/a Zurich Insurance, in the U.S. District Court, Northern District of Indiana. We believe that Zurich acted in bad faith and wrongfully denied coverage of a long-standing environmental liability claim for an Indiana facility. We are seeking to recover costs we incurred to investigate and remediate a Resource Conservation and Recovery Act (RCRA) surface impoundment waste management unit. The lead primary liability insurer claims it has no record of this claim even though L+G believes it was notified many years ago and wrongfully denied coverage based on its "pollution exclusion," which L+G believes is not a bar to coverage under Indiana law.

On January 16, 2017, we entered into a confidential settlement with an European utility under which the utility agreed to dismiss all claims it had asserted under a confidential arbitration proceeding. The arbitration related to product warranty claims arising in connection with an industry-wide component issue, which affected products purchased by an European utility between 2007 and 2010.

In addition to the cases listed above, Landis+Gyr and its subsidiaries are parties to various employment-related and administrative proceedings in jurisdictions where we do business. None of the proceedings are individually material to Landis+Gyr, and we believe that we have made adequate provision such that the ultimate disposition of the proceedings will not materially affect our business or financial condition.

In the normal course of business, the Company and its subsidiaries are parties to various legal claims, actions, and complaints. It is not possible to predict with certainty whether or not the Company and its subsidiaries will ultimately be successful in any of these legal matters, or if not, what the impact might be. However, the Company's management does not expect that the results of any of these legal proceedings will have a material adverse effect on the Company's results of operations, financial position or cash flows.

Indemnification
We generally provide an indemnification related to the infringement of any patent, copyright, trademark, or other intellectual property right on software or equipment within our customer contracts. This indemnification typically covers damages and related costs, including attorney's fees with respect to an indemnified claim, provided that (a) the customer promptly notifies us in writing of the claim and (b) we control of the defense and all related settlement negotiations. We may also provide an indemnification to our customers for third party claims resulting from damages caused by the negligence or willful misconduct of our employees/agents under certain contracts. These indemnification obligations typically do not have liability caps. It is not possible to predict the maximum potential amount of future payments under these or similar agreements.

Warranty
A summary of the warranty accrual account activity is as follows (in thousands):

	March 31, 2017	March 31, 2016
Beginning balance	$ 91'643	$ 48'545
New product warranties	48'661	54'657
Other changes / adjustments to warranties	(53'767)	(7'879)
Claims activity	(30'099)	(4'392)
Effect of changes in exchange rates	(4'704)	712
Ending balance	51'734	91'643
Less: current portion of warranty	(43'780)	(32'893)
Long-term warranty	$ 7'954	$ 58'750

Note 19: Restructuring Charges

The Company continually reviews its business, manages costs and aligns resources with market demand. As a result, the Company has taken several actions to reduce fixed costs, eliminate redundancies, strengthen operational focus, and better position itself to respond to market pressures or unfavorable economic conditions.

During the fiscal year ended March 31, 2017, the Company continued its cost reduction effort within the Americas, EMEA and Asia Pacific geographical area, aimed at reducing costs and improving operating performance in the United States, Brazil, a number of European Countries, Australia, and China. In connection with these restructuring plans, the Company recognized costs related to termination benefits for employee positions that were eliminated. The total fiscal year ended March 31, 2017 initiatives are approximately $3.8 million in severance related costs. Some of the severance payments were completed during the fiscal year ended March 31, 2017 and the remaining payments are expected to be completed during the fiscal year ending March 31, 2018.

A summary of the Company's restructuring activity, including costs incurred during the fiscal years ended March 31, 2017 and March 31, 2016 is as follows (in thousands):

	2017	2016
Beginning balance	$ 2'478	$ 6'606
Restructuring charges	3'795	5'932
Cash payments	(3'692)	(9'935)
Effect of changes in exchanges rates	(121)	(125)
Balance as of March 31,	$ 2'460	$ 2'478

The outstanding balance at March 31, 2017 and at March 31, 2016, respectively, is included under accrued liabilities in the consolidated balance sheets. Substantially all of the remaining accrued restructuring balance is expected to be paid out by the end of the fiscal year ending March 31, 2018.

A summary of the statement of operations line items where restructuring activity charges have been recognized is as follows (in thousands):

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016
Cost of revenue	$ 1'821	$ 2'736
Research and development	308	202
Sales and marketing	454	2'096
General and administrative	1'212	898
Total	$ 3'795	$ 5'932

The following table outlines the cumulative, current costs incurred to date, and the total amount of costs expected to be incurred under the program per operating segment (in thousands):

	Cumulative Costs incurred up to March 31, 2017	Total Costs incurred in the Fisca Year ended March 31, 2017
Americas	$ 6'033	$ 1'578
EMEA	14'445	1'184
Asia Pacific	9'775	1'033
Corporate	1'259	-
Restructuring Charges	$ 31'512	$ 3'795

The cumulative costs incurred up to March 31, 2017 represent the Companies ongoing restructuring efforts under various programs from FY 2011 to FY 2016. The expected future costs for the restructuring programs are $18.9 million spread over the next four years and are limited to EMEA.

Note 20: ARO

AROs exist in Germany, Switzerland, the UK, Australia and the USA. The following table presents the activity for the AROs, excluding environmental remediation liabilities (in thousands):

	March 31, 2017	March 31, 2016
Beginning balance	$ 2'643	$ 2'601
Additional obligations incurred	14	79
Obligations settled in current period	(142)	-
Changes in estimates, including timing	(11)	(161)
Accretion expense	126	112
Effect of changes in exchange rates	(131)	12
Obligation balances, March 31,	$ 2'499	$ 2'643

Note 21: Related Party Transaction

Trading transactions

Sales to and purchases from Toshiba affiliated entities were as follows:

	Fiscal Year ended March 31, 2017	Fiscal Year ended March 31, 2016
Revenues from Toshiba affiliated entities	$ 116'778	$ 106'679
Purchases from Toshiba affiliated entities	1'805	1'048

The following balances were outstanding at the end of each reporting period:

	March 31, 2017	March 31, 2016
Receivables due from Toshiba affiliated entities	$ 5'621	$ 9'221
Payables due to Toshiba affiliated entities	698	546

Sales of goods to related parties were made at the Company's usual list prices. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

Loans from related parties
Refer to Note 13: Shareholder Loans for information on the Shareholder Loan from Toshiba.

Other related party transaction
From time to time, the Company receives and lends cash to other Toshiba related parties, to either finance the Company's working capital requirements or to deposit excess cash. At March 31, 2017 and at March 31, 2016, the Company loaned nil and $99.5 million, respectively to Toshiba of Europe Limited (TOEL). The amounts have a maturity of one day and are essentially overnight deposits, bear interest ranging from 0% to 0.5%, and are recorded under prepaid expenses and other current assets in the consolidated balance sheets.

Note 22: Concentrations

The Company generates a majority of its revenue in the United States and Europe, with the balance in Asia Pacific, Middle East, Africa, South America, and Canada. None of the Company's customers exceeded ten percent of the consolidated revenue for the fiscal years ended March 31, 2017 and 2016. The majority of the revenue is derived from the sale of energy meters.

Approximately 49% of the Company's workforce is subject to collective bargaining agreements expiring between 2017 and 2020. Approximately 10% of the Company's workforce is subject to collective bargaining agreements expiring within one year.

Note 23: Segment Information

In the fourth quarter of 2016 fiscal year, there was an organization shift in the business as a result of the planned Initial Public Offering in the SIX Swiss Exchange. As a result, the Company realigned retrospectively its operations into the following operating segments: Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific, which are also our reportable segments. Prior to the realignment, the Company operated and managed its business as one distinct operating segment.

A description of each reportable segment is as follows:

- Americas – The Americas generates a majority of its revenue in the United States, with the residual balance produced in South America and Canada. The Americas reportable segment designs, manufactures, markets, and sells the Company's Gridstream and advanced meter solutions, digital electricity meters, commercial/industrial and grid meters, system deployment services, managed network services, and other advanced metering infrastructure offerings including software, installation, implementation, consulting, maintenance support, and related services.
- EMEA - The EMEA segment produces the majority of its revenue in Europe with the residual balance generated in South Africa. The EMEA reportable segment designs, manufactures, markets, and sells the Company's Gridstream and advanced meter solutions, digital electricity meters,

prepayment electricity meters, electromechanical electricity meters, commercial/industrial and grid meters, gas meters and prepayment solutions, heat and water meters and solutions, load control devices, system deployment services, and advanced metering infrastructure offerings including software, installation, implementation, consulting, maintenance support, and related services.

- Asia Pacific – The Asia Pacific segment generates the majority of its revenue in Australia, China and India, while the residual balance is generated in Singapore. The Asia Pacific reportable segment designs, manufactures, markets, and sells the Company's Gridstream and advanced meter solutions, digital electricity meters, prepayment electricity meters, electromechanical electricity meters, commercial/industrial and grid meters, gas meters and prepayment solutions, heat and water meters and solutions, load control devices, system deployment services, and advanced metering infrastructure offerings including software, installation, implementation, consulting, maintenance support, and related services.

The Chief Operating Decision Maker (CODM) is the Company's Chief Executive Officer. The CODM allocates resources to and assesses the performance of each operating segment using the information outlined in the table below. Each operating segment offers products for different applications and markets and provides separate financial information that is evaluated regularly by the CODM. Decisions by the chief operating decision maker on how to allocate resources and assess performance are based on a reported measure of segment profitability.

We have two primary measures for evaluating segment performance: revenue to third parties (excluding any inter-company sales) and Segment Gross Profit. We define Segment Gross Profit as reported gross profit, excluding amortization of intangible assets and restructuring charges related to cost of revenue.

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Net revenues		
Americas	$ 934'404	$ 896'305
thereof to external customers	931'190	893'909
thereof to other segments	3'214	2'396
EMEA	645'879	588'764
thereof to external customers	587'836	537'904
thereof to other segments	58'043	50'860
Asia Pacific	144'474	146'440
thereof to external customers	140'209	141'662
thereof to other segments	4'265	4'778
Elimination	(65'522)	(58'034)
Total Company	$ 1'659'235	$ 1'573'475
Segment Gross Profit		
Americas	$ 374'159	$ 351'116
EMEA	152'917	125'251
Asia Pacific	30'793	26'325
Elimination	285	(179)
Total Gross Profit by Segment	558'154	502'513
Amortization	(14'144)	(14'049)
Restructuring	(1'821)	(2'736)
Total Consolidated Gross Profit	$ 542'189	$ 485'728

The following table presents segment depreciation and amortization and capital expenditures for the fiscal years ended March 31, 2017 and 2016 (in thousands):

	Depreciation and Amortization		Capital Expenditure	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Americas	63'796	79'007	18'966	24'360
EMEA	19'914	19'124	19'710	14'890
Asia Pacific	5'328	4'555	3'674	4'337
Corporate	7'136	7'271	475	204
Total	$ 96'174	$ 109'957	$ 42'825	$ 43'791

The Company does not monitor total assets by operating segment and such information is not reviewed by the chief operating decision maker.

The following table represents the continuing operations' revenue for the years ended March 31, 2017 and 2016 and property, plant and equipment as of March 31, 2017 and 2016.

	Total		Americas		EMEA		Asia Pacific	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Total revenue	$ 1'659'235	$ 1'573'475	$ 931'190	$ 893'909	$ 587'836	$ 537'904	$ 140'209	$ 141'662
thereof United States	809'160	728'863	809'160	728'863	-	-	-	-
thereof United Kingdom	179'516	166'361	-	-	179'516	166'361	-	-
thereof Switzerland	63'471	62'682	-	-	63'471	62'682	-	-
thereof Australia	73'640	72'942	-	-	-	-	73'640	72'942

	Total		Americas		EMEA		Asia Pacific	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Property, plant and equipment	$ 188'832	$ 199'845	$ 126'608	$ 138'054	$ 49'995	$ 48'280	$ 12'229	$ 13'511
thereof United States	117'942	129'884	117'942	129'884	-	-	-	-
thereof United Kingdom	23'385	20'391	-	-	23'385	20'391	-	-
thereof Switzerland	1'900	2'443	-	-	1'900	2'443	-	-
thereof Australia	4'267	4'426	-	-	-	-	4'267	4'426

Sales to external customers are based on the location of the customer (destination). Disclosure of long-lived assets is based on the location of the asset.

Note 24: Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date through June 28, 2017, which is the date that the financial statements were available to be issued.

On June 1, 2017, the Company entered into a facility agreement with a lender in the amount of $215 million to replace the existing shareholder loan. On June 8, 2017, the Company received the funds from the lender and repaid the shareholder loan without any pre-payment penalties. The loan has a stated interest rate equal to the LIBOR rate plus a margin of 0.8% per annum. The principal including accrued interest is payable on May 31, 2018. The facility agreement also contains a financial covenant requiring that the Company´s debt divided by EBITDA be less than 2.00x and its EBITDA be greater than zero, on a quarterly rolling basis in respect of the most recent four financial quarters. Further, the Company is required to make a mandatory prepayment towards the facility in the amount of (1) 100% of the net proceeds from any capital market transactions (debt and equity transactions) of a Group Company (as defined by the facility agreement) within 45 days after proceeds are received by the Group Company and (2) the entire outstanding balance on the last day of the month of a change in control (as defined by the facility agreement) transaction.

In accordance with ASC 205-40, Going Concern, the Company has evaluated whether the maturity of the aforementioned loan (or a mandatory prepayment of the loan) raises substantial doubt about the Company's ability to continue as a going concern within one year after the date the financial statements are issued. In the event of a capital market transaction or in the event of change in control (as defined by the facility agreement), management will use the proceeds to first settle the outstanding debt thus alleviating substantial doubt of the Company's ability to continue as a going concern if a mandatory prepayment is required. In the absence of a required prepayment, the loan will become due at maturity whereby Management's plan for alleviating substantial doubt of the Company's ability to continue as a going concern includes refinancing the loan which Management believes it has the ability to do.

Effective April 1, 2017, the Company changed its primary measure of segment performance from Gross Profit to Adjusted EBITDA. The new measure of segment performance provided to the CODM to decide how to allocate resources and assess performance is due to the mentioned organization shift in the business for the planned Initial Public Offering in the SIX Swiss Exchange. The Adjusted EBITDA will be defined as net income (loss) excluding interest income and expense, net, gain (loss) on foreign exchange related to intercompany loans, net, depreciation and amortization, impairment of intangible and long-lived assets, restructuring charges, special warranty related expenses, special items, and income tax expense.

Audited consolidated financial statements of Landis+Gyr Group AG as of and for the year ended March 31, 2016, including comparative figures as of and for the year ended March 31, 2015

Landis+Gyr Holding AG, Zug

Consolidated Financial Statements for the fiscal years ended March 31, 2016 and March 31, 2015

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Building a better
working world

Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
Fax: +41 58 286 30 04
www.ey.com/ch

To the Board of Directors of

Landis+Gyr Holding AG

Zurich, June 1, 2016, except as to give effect to the transaction and expanded public disclosures as described in Note 2, for which the date is June 28, 2017

Report of Independent Auditors

We have audited the accompanying consolidated financial statements of Landis+Gyr Holding AG and subsidiaries, which comprise the consolidated balance sheets as of March 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Landis+Gyr Holding AG and subsidiaries at March 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, respectively, then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young Ltd

Martin Mattes	Olga Semenova
Partner	Manager

Landis+Gyr Holding AG
Consolidated Statements of Operations
(U.S. Dollars in thousands)

	Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2015
Net revenue	$ 1'573'475	$ 1'529'054
Cost of revenue	1'087'747	1'040'782
Gross profit	485'728	488'272
Operating expenses		
Research and development	148'354	151'556
Sales and marketing	99'704	99'984
General and administrative	145'284	163'326
Amortization of intangible assets	42'423	41'947
Impairment of intangible and long-lived assets	34'058	-
Operating income	15'905	31'459
Other income (expense)		
Interest income	531	711
Interest expense	(11'848)	(13'445)
Loss on foreign exchange related to intercompany loans, net	(5'561)	(8'880)
Income (Loss) before income tax expense	(973)	9'845
Income tax benefit (expense)	(12'500)	475
Net income (loss) before noncontrolling interests	(13'473)	10'320
Net income attributable to noncontrolling interests, net of tax	209	26
Net income (loss) attributable to Landis+Gyr Holding AG Shareholders	$ (13'682)	$ 10'294
Net income (loss) per share		
Basic and diluted	$ (0.05)	$ 0.03
Weighted average shares used in computing loss per share:		
Basic and diluted	295'100'000	295'100'000

The accompanying notes are an integral part of these consolidated financial statements.

Landis+Gyr Holding AG
Consolidated Statements
of Comprehensive Income
(U.S. Dollars in thousands)

	Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2015
Net loss	$ (13'473)	$ 10'320
Other comprehensive income (loss):		
Foreign currency translation adjustments	(2'674)	(24'187)
Pension plan benefits liability adjustments, net of taxes of $1'734 and $1'356 at March 31, 2016 and March 31, 2015, respectively	(9'221)	(30'259)
Comprehensive income (loss)	(25'368)	(44'126)
Add: net gain attributable to the noncontrolling interests in subsidiaries	(209)	(26)
Add: foreign currency translation adjustments attributable to the noncontrolling interests	360	308
Comprehensive income (loss) attributable to Landis+Gyr Holding AG	$ (25'217)	$ (43'844)

The accompanying notes are an integral part of these audited consolidated financial statements.

Landis+Gyr Holding AG
Consolidated Balance Sheets
(U.S. Dollars in thousands except share data)

ASSETS	March 31, 2016	March 31, 2015
Current assets		
Cash and cash equivalents	$ 22'092	$ 18'471
Accounts receivable, net of allowance for doubtful accounts of $3.5 million and $2.0 million	302'428	279'826
Inventories, net	116'953	121'520
Deferred tax assets	47'621	44'428
Prepaid expenses and other current assets	136'668	125'582
Total current assets	**625'762**	**589'827**
Property, plant and equipment, net	199'845	220'578
Intangible assets, net	474'206	537'081
Goodwill	1'421'350	1'444'066
Deferred tax assets	28'121	17'633
Other long-term assets	35'063	36'345
Total assets	**$ 2'784'347**	**$ 2'845'530**
LIABILITIES AND EQUITY		
Current liabilities		
Trade accounts payable	$ 153'587	$ 180'005
Accrued liabilities	45'157	50'207
Warranty provision	32'893	21'976
Payroll and benefits payable	73'908	66'369
Loans payable	17'646	8'614
Current portion of shareholder loans	96'150	98'800
Tax payable	4'683	6'037
Other current liabilities	62'328	66'712
Total current liabilities	**486'352**	**498'720**
Shareholder loans	215'000	285'000
Warranty provision - non current	58'750	26'569
Pension and other employee liabilities	101'147	90'006
Deferred tax liabilities	142'791	143'541
Tax payable	21'109	15'496
Other long-term liabilities	29'359	30'991
Total liabilities	**1'054'508**	**1'090'323**
Commitments and contingencies - Note 18		
Equity		
Landis+Gyr Holding AG shareholders' equity		
Registered ordinary shares (295'100'000 authorized, issued and oustanding at March 31, 2016 and March 31, 2015, respectively).	309'050	309'050
Additional paid-in capital	1'437'078	1'437'078
Retained earnings	71'920	85'602
Accumulated other comprehensive loss	(90'057)	(78'522)
Total Landis+Gyr Holding AG shareholders' equity	**1'727'991**	**1'753'208**
Noncontrolling interests	1'848	1'999
Total equity	**1'729'839**	**1'755'207**
Total liabilities and equity	**$ 2'784'347**	**$ 2'845'530**

The accompanying notes are an integral part of these consolidated financial statements.

Landis+Gyr Holding AG
Consolidated
Statements of Changes in Shareholders' Equity
(U.S. Dollars in thousands, except for shares)

	Registered ordinary shares		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total Landis+Gyr Holdings AG equity	Noncontrolling interests	Total equity
Balance at March 31, 2014	**295'100'000**	**$ 309'050**	**$ 1'436'417**	**$ 75'308**	**$ (24'384)**	**$ 1'796'391**	**$ 2'281**	**$ 1'798'672**
Net income	-	-	-	10'294	-	10'294	26	10'320
Foreign currency translation adjustments net of income tax expense	-	-	-	-	(23'879)	(23'879)	(308)	(24'187)
Pension plan benefits liability adjustment, net of income tax expense	-	-	-	-	(30'259)	(30'259)	-	(30'259)
Deferred income tax adjustment from transactions within subsidiaries	-	-	661	-	-	661	-	661
Balance at March 31, 2015	**295'100'000**	**$ 309'050**	**$ 1'437'078**	**$ 85'602**	**$ (78'522)**	**$ 1'753'208**	**$ 1'999**	**$ 1'755'207**
Net income (loss)	-	-	-	(13'682)	-	(13'682)	209	(13'473)
Foreign currency translation adjustments net of income tax expense	-	-	-	-	(2'314)	(2'314)	(360)	(2'674)
Pension plan benefits liability adjustment, net of income tax expense	-	-	-	-	(9'221)	(9'221)	-	(9'221)
Balance at March 31, 2016	**295'100'000**	**$ 309'050**	**$ 1'437'078**	**$ 71'920**	**$ (90'057)**	**$ 1'727'991**	**$ 1'848**	**$ 1'729'839**

The accompanying notes are an integral part of these consolidated financial statements.

Landis+Gyr Holding AG
Consolidated Statements of Cash Flows
(U.S. Dollars in thousands)

	Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2015
Cash flow from operating activities		
Net income (loss)	$ (13'473)	$ 10'320
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	109'957	114'844
Impairment of intangible and long-lived assets	34'058	-
Accumulated interest on shareholder loans	10'083	11'605
Loss on disposal of property, plant and equipment	465	476
Effect of foreign currencies translation on non-operating items, net	2'127	661
Change in allowance for doubtful accounts	1'556	(5'725)
Deferred income tax	(12'857)	(7'596)
Change in operating assets and liabilities, net of effects of businesses acquired and effect of changes in exchange rates:		
Accounts receivable	(27'362)	(22'451)
Inventories	4'881	5'572
Trade accounts payable	(25'590)	19'496
Interest payment on shareholder loans	(10'112)	(11'909)
Other assets and liabilities	45'492	32'291
Net cash provided by operating activities	119'225	147'584
Cash flow from investing activities		
Payments for property, plant and equipment	(43'613)	(41'447)
Payments for intangible assets	(178)	(305)
Proceeds from the sale of property, plant and equipment	4'303	344
Acquisition of subsidiaries, net of cash acquired	-	(14'002)
Net cash used in investing activities	(39'488)	(55'410)
Cash flow from financing activities		
Proceeds from (Repayment of) borrowings to third party facility	24'288	(11'019)
Proceeds from shareholders and related party facility	132'782	159'785
Repayment of borrowings to shareholders and related party facility	(232'856)	(247'067)
Net cash used in financing activities	(75'786)	(98'301)
Net increase (decrease) in cash and cash equivalents	**3'951**	**(6'127)**
Cash and cash equivalents at beginning of period	18'471	26'697
Effects of foreign exchange rate changes on cash and cash equivalents	(330)	(2'099)
Cash and cash equivalents at end of period	$ 22'092	$ 18'471
Supplemental cash flow information		
Cash paid for income tax	$ 16'937	$ 12'058
Cash paid for interest	$ 11'232	$ 12'982

The accompanying notes are an integral part of these consolidated financial statements.

Landis+Gyr Holding AG
Notes to Consolidated Financial Statements

Note 1: Description of Business and Organization

Description of Business

Landis+Gyr Holding AG ("Landis+Gyr") and subsidiaries (together, the "Company") form a leading global provider of electricity metering products and solutions to utilities. The Company operates in one segment and offers a comprehensive portfolio of products, solutions and services, including meters, related devices, communications technologies and software applications that are essential to the measurement and management of energy distribution and consumption. Landis+Gyr is 60% owned by Toshiba and 40% owned by Innovation Network Corporation.

Organization

Landis+Gyr has been a leader in the electric meter market since its foundation in 1896 in Zug, Switzerland, as the Elektrotechnisches Institut Theiler & Co. In 1904, founder Richard Theiler appointed engineer Heinrich Landis as his successor. After partnering with Dr. Karl Heinrich Gyr in 1905, the Company assumed its longstanding name of Landis & Gyr. In 1998 Landis & Gyr was acquired by Siemens who divested the business to financial investors in 2002 under the new name Landis+Gyr.

In 2011, Toshiba Corporation (60%) and Innovation Network Corporation of Japan (40%) acquired Landis+Gyr as an independent growth platform with the sole mission to help the world manage energy better. With operations spanning more than 30 countries and serving all of the major utilities in every continent, Landis+Gyr continues, as an independent growth platform within Toshiba.

Note 2: Summary of Significant Accounting Principles

2.1. Basis of Presentation

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the Unites States of America ("US GAAP"). All amounts are presented in United States dollars ("$" or "USD"), unless otherwise stated.

On February 6, 2013, Toshiba Corporation ("Toshiba") acquired a 100% equity interest in Consert, Inc. ("Consert"). Toshiba sold certain assets and liabilities of Consert to the Company on November 1, 2016, which the Company has concluded meets the definition of a business combination. Since both the Company and Consert were under common control of Toshiba on the date of the transfer, the Company recognized the transferred net assets at their historical carrying amounts adjusted for the impact of the transaction. The Company's comparative consolidated financial statements and the notes to those consolidated financial statements have been retrospectively adjusted to include Consert's net assets and related operations for all periods during which the entities were under common control. The additional disclosures are included in the note relating to business combinations.

The Company included new and expanded disclosures to its consolidated financial statements, which affected the prior year comparative periods to comply with public reporting requirements under US GAAP in anticipation of the Company's planned initial public offering. These additional disclosures are included in the notes relating to: earning per share, prepaid expenses and other current assets, other long-term liabilities, related party transactions and segment information.

2.2. Principles of Consolidation

The consolidated financial statements include the accounts of Landis+Gyr Holding AG and its wholly-owned and majority owned subsidiaries. The Company consolidates companies in which it owns or controls more than fifty percent of the voting shares or has the ability to execute direct or indirect control.

The Company presents non-controlling interest of less-than-wholly-owned subsidiaries within the equity section of its consolidated financial statements. At March 31, 2016, and at March 31, 2015, the

Company had one less-than-wholly-owned subsidiary in South Africa with an ownership interest of 76.7% in both periods.

All intercompany balances and transactions have been eliminated.

2.3. Use of Estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant items subject to such estimates include warranty provisions, allowances for doubtful accounts, valuation allowances for deferred tax assets, valuation of goodwill, valuation of defined benefit obligations, income tax uncertainties and other contingencies and items recorded at fair value including, assets and liabilities obtained in a business combination. Actual results could differ materially from these estimates.

2.4. Revenue Recognition

General

Revenues consist primarily of hardware sales, automated meter reading services ("AMR"), advanced meter infrastructure services, software license fees, and to a lesser extent, fees associated with training, installation, software design services, and post-contract customer support services related to software licenses offered to the Company's customers. Additionally, the Company has limited arrangements in which it purchases metering devices from vendors to be used in its packaged solutions sold to end customers. Such devices are sold at cost with no related margin. In these instances, the Company reports revenue on a gross basis principally because it is the primary obligor to the end customers.

The Company recognizes revenue when (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the fee is fixed or determinable; and (4) collectability is reasonably assured. The Company records deferred revenue when it receives consideration from a customer before achieving certain criteria that must be met for revenue to be recognized in conformity with US GAAP.

Revenues are reported net of customer rebates, volume discounts and similar incentives. Taxes assessed by a governmental authority that are directly imposed on revenue-producing transactions between the Company and its customers, such as sales, use, value-added and some excise taxes, are excluded from revenues.

The Company's products and services are sold through either standalone product or service arrangements or through multiple element arrangements. The accounting policy for such arrangements is discussed below:

Standalone sales

The majority of the Company's revenues are derived from standalone sales of products or services. In a standalone product sale, the Company sells meters to a customer without any other deliverables. In a standalone service sale, the Company provides installation or other services to a customer without any further deliverables.

Revenue from product sales, when sold on a standalone basis, is generally recognized at the time of the shipment, receipt by customer, or, if applicable, upon completion of customer acceptance provisions depending on the transfer of title as stipulated in the contract.

Revenues earned from AMR are generally based on the number of meters read on a monthly basis, multiplied by a contract-specific read fee.

Revenue from service transactions, when sold on a standalone basis, is recognized as the services are performed, or ratably over the term of the support period.

Multiple element arrangements
In addition to standalone product or service sales, the Company enters into multiple element arrangements, which are commonly a part of an advanced metering solution. Typically, such arrangement would incorporate a mixture of the following deliverables:

- software license fees;
- software design services;
- post-contract customer support services;
- meters;
- concentrators;
- AMR services; and,
- installation of meters and concentrators.

The accounting for the Company's multiple element arrangements varies depending on whether the arrangements incorporate a software element, which is further described below:

Multiple element arrangements excluding a software element
For multiple element arrangements excluding a software element, the elements are divided into separate units of accounting if the delivered item(s) (1) have value to the customer on a standalone basis, and (2) if the customer has a general right of return relative to the delivered item, the delivery/performance of the undelivered item(s) is probable and substantially in the control of the Company. The total arrangement consideration is allocated among the separate units of accounting using vendor-specific objective evidence of the selling price, if it exists; otherwise, third-party evidence of the selling price. If neither vendor-specific objective evidence nor third-party evidence of the selling price exists for a deliverable, the Company uses its best estimate of the selling price for that deliverable. Revenues for each deliverable are then recognized based on the type of deliverable, such as 1) when the products are shipped, 2) services are delivered, 3) percentage-of-completion when implementation services are essential to other deliverables in the arrangement, 4) upon receipt of customer acceptance, or 5) transfer of title and risk of loss.

If implementation services are essential to the functionality of the software, software and implementation revenues are recognized using the percentage-of-completion methodology of contract accounting when project costs are reliably estimated. In the unusual instances when the Company is unable to reliably estimate the cost to complete a contract at its inception, it uses the completed contract method of contract accounting. Revenues and costs are recognized upon substantial completion when remaining costs are insignificant and potential risks are minimal.

Under contract accounting, if the Company estimates that the completion of a contract component (unit of accounting) will result in a loss, the loss is recognized in the period in which it is estimated. The Company reevaluates the estimated loss through the completion of the contract component and adjusts the estimated loss for changes in facts and circumstances.

Multiple element arrangements including a software element
The Company enters into some arrangements that consist of hardware with software elements. In such arrangements, the Company has determined that the software and the non-software components function together to deliver the essential functionality of the hardware elements.

As the Company has historically negotiated the delivery of these arrangements as a packaged solution, the Company does not have vendor-specific objective evidence for any element in these contracts, with the exception of post-contract customer support services based on stated renewal rates. Additionally, the Company does not have third-party evidence of the selling prices, as the Company's packaged solutions are unique and tailored to the customer's specifications. Therefore, consistent with the guidance in Accounting Standards Updates ("ASU", or "Update") No. 2009-13, the Company uses an estimated selling price to allocate the consideration in the arrangement to each deliverable. Post-contract customer support services revenues are recognized ratably over the associated service period.

Shipping and handling costs are recorded as cost of revenue and amounts billed to customers for shipping and handling costs are recorded in revenue in the consolidated statements of operations.

2.5. Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity or remaining maturity at the date of purchase of three months or less to be cash equivalents.

2.6. Derivative Instruments

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates. The Company uses derivative financial instruments, primarily foreign currency forward contracts, to economically hedge specific substantial foreign currency payments and receipts. Derivatives are not used for trading or speculative purposes.

The Company enters into foreign exchange derivative contracts to economically hedge the risks associated with foreign currency transactions and minimize the impact of changes in foreign currency exchange rates on earnings. Derivative instruments that the Company uses to economically hedge these foreign denominated contracts include foreign exchange forward contracts. Revaluation gains and losses on these foreign currency derivative contracts are recorded within cost of revenue within the consolidated statements of operations.

All derivative instruments are recorded on the consolidated balance sheets at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The Company does not apply hedge accounting and, therefore, changes in the fair value of all derivatives are recognized in cost of revenue during the period. The fair value of derivative instruments is presented on a gross basis, even when the derivative instruments are subject to master netting arrangements. Cash collateral payables and receivables associated with derivative instruments are not added to or netted against the fair value amounts. The Company classifies cash flows from its derivative programs as cash flows from operating activities in the consolidated statement of cash flows.

The fair values of the Company's derivative instruments are determined using the fair value measurements of significant other observable inputs, as defined by ASC 820, "Fair Value Measurements and Disclosures". The Company uses observable market inputs based on the type of derivative and the nature of the underlying instrument. When appropriate, the Company adjusts the fair values of derivative instruments for credit risk, which is a risk of loss due to the failure by either the Company or counterparty to meet its contractual obligations, considering the credit risk of all parties, as well as any collateral pledged.

There were no outstanding derivative financial instruments included in the consolidated balance sheets as of March 31, 2016 and as of March 31, 2015.

2.7. Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, are primarily accounts receivable, cash and cash equivalents, and derivative instruments.

The Company performs ongoing credit evaluations of its customers and does not require collateral from its customers. The Company receives certain of its components from sole suppliers. Additionally, the Company relies on a limited number of contract manufacturers and suppliers to provide manufacturing services for its products. The inability of a contract manufacturer or supplier to fulfill supply requirements of the Company could materially impact future operating results.

The Company maintains cash and cash equivalents with various financial institutions that management believes to be of high credit quality. These financial institutions are located in many different locations throughout the world. The Company's cash equivalents are primarily comprised of cash deposited in checking and money market accounts. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand, are maintained with financial institutions with reputable credit, and therefore bear minimal credit risk.

The amount subject to credit risk related to derivative instruments is generally limited to the amount, if any, by which a counterparty's obligations exceed the obligations of the Company with that counterparty.

2.8. Fair Value Measurement

The Company accounts for certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, emphasizing that fair value is a market-based measurement and not an entity-specific measurement. These valuation techniques include the market approach, income approach and cost approach. The income approach involves converting future cash flows to a single present amount. The measurement is valued based on current market expectations about those future amounts. The market approach uses observable market data for identical or similar assets and liabilities while the cost approach would value the cost that a market participant would incur to develop a comparable asset.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement. The three levels within the fair value hierarchy are described as follows:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The fair value measurement involves various valuation techniques and models, which involve inputs that are observable, when available, and include the following significant financial instruments: derivative financial instruments, and long-term debt.

2.9. Accounts Receivable and Allowances for Doubtful Accounts

Trade accounts receivable are initially recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for probable losses inherent in its trade accounts receivable portfolio at the balance sheet date. The allowance is maintained at a level the Company considers to be adequate and is based on ongoing assessments and evaluations of the collectability and historical loss experience of accounts receivable. The allowance is established through the provision for doubtful accounts, which is charged to income. Credit losses are charged and recoveries are credited to the allowance. Account balances are written-off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

The allowance is based on the Company's review of the historical credit loss experience and such factors that, in management's judgment, deserve consideration under existing economic conditions in estimating probable credit losses. Management considers, among other factors, historical losses, current receivables aging as appropriate, periodic credit evaluation of its customers' financial condition, and existing industry and national economic data.

From time to time, the Company may sell certain accounts receivable to third party financial institutions under the factoring arrangements with these financial institutions.

Under the terms of these agreements, the Company transfers the receivables in an outright sale, with no recourse, and no continued involvement with the assets transferred. The Company records such transfers as sales of accounts receivable when it is considered to have surrendered control of such receivables.

2.10. Inventories

Inventories are stated at the lower of cost (which approximates cost determined on a first-in, first out basis) or net realizable value. The stated costs include direct materials, labor, and an appropriate portion of fixed and variable overhead expenses, and are assigned to inventories using the weighted average method. The Company writes down the value of inventories for estimated excess and obsolete inventories based upon assumptions about future demand and market conditions.

2.11. Property, Plant & Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are recognized on a straight-line basis over the estimated useful life of the related asset, with the exception of leasehold improvements which are amortized over the shorter of the asset's useful life or the term of the lease, and network equipment which is depreciated over the shorter of the useful life of the asset or the life of the customer contract under which the equipment is deployed. The estimated useful lives are as follows:

	Years
Land	no depreciation
Buildings	20-40
Network equipment	5-10
Machinery and equipment	5-10
Vehicles and other equipment	3-10
Construction in progress	no depreciation

Repairs and maintenance are expensed as incurred, while major renovations and improvements are capitalized as property, plant and equipment and depreciated over their estimated useful lives. Gains or losses on disposals are included in the results of operations at amounts equal to the difference between the net book value of the disposed assets and the proceeds received upon disposal.

2.12. Accounting for Business and Asset Acquisitions

The Company evaluates each transaction in order to determine if the assets acquired constitute a business. The evaluation consists of consideration of the inputs, processes, and outputs acquired. For assets acquired in transactions that do not meet the definition of a business, the full fair value of the consideration given is allocated to the assets acquired based on their relative fair values, and no goodwill is recognized.

The Company uses the acquisition method of accounting to account for business combinations. The Company allocates the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition, including intangible assets that can be identified. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Goodwill represents the excess of the aggregate purchase price over the fair value of the net assets acquired.

Among other sources of relevant information, the Company uses independent appraisals and actuarial or other valuations to assist in determining the estimated fair values of the assets and liabilities acquired.

2.13. Goodwill

Goodwill is tested for impairment in the fourth quarter of each fiscal year or more often if an event or circumstance indicates that an impairment may have occurred.

When evaluating goodwill for impairment, the Company uses either a qualitative or quantitative assessment method for each reporting unit. The qualitative assessment involves determining, based on an evaluation of qualitative factors; if it is more likely than not that, the fair value of a reporting unit is less than its carrying value. If, based on this qualitative assessment, it is determined to be more likely than not that the reporting unit's fair value is less than its carrying value or the Company elects not to perform the qualitative assessment for a reporting unit, the Company proceeds to perform a quantitative impairment assessment.

In applying, the two-step quantitative impairment test the Company calculates the fair value of a reporting unit (based on the income approach whereby the fair value of a reporting unit is calculated based on the present value of future cash flows) and compares it to the reporting unit's carrying value. If the carrying value of the net assets of a reporting unit exceeds the fair value of the reporting unit, then the Company performs the second step of the impairment test to determine the implied fair value of the reporting unit's goodwill. If the carrying value of the reporting unit's goodwill exceeds its implied fair value, the Company records an impairment charge equal to the difference.

2.14. Intangible Assets with Finite Lives

Intangible assets with finite lives, principally customer relationships, are amortized on a straight-line basis over their estimated useful lives, ranging from 3 to 20 years, which management has determined is the methodology best reflective of the expected benefits arising from the intangibles. The Company believes that the straight-line method is appropriate as these relationships are generally distributed over a long period of time and historical experience from each acquired entity has indicated a consistent buying pattern with each customer.

Finite lived intangible assets and property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Where such indicators exist, the Company first compares the undiscounted cash flows expected to be generated by the asset (or asset group) to the carrying value of the asset (or asset group). If the carrying value of the long-lived asset exceeds the future undiscounted cash flows to be generated by the asset (or asset group), an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and assistance by third-party independent appraisals, as considered necessary.

2.15. Warranty

The Company offers standard warranties on its metering products and its solution products for periods ranging from 1 to 5 years. In rare instances, warranty periods can be further extended based on customer specific negotiations. Standard warranty accruals represent the Company's estimate of the cost of projected warranty claims and are based on historical and projected warranty trends, specific quality issues identified (if any), supplier information and other business and economic projections. If the Company's quality control processes fail to detect a fault in a product, the Company could experience an increase in warranty claims.

The Company tracks warranty claims to identify potential product specific design or quality issues. If an unusual trend is noted, an additional warranty accrual may be recorded when a product failure is probable and the cost can be reasonably estimated. Management continually evaluates the sufficiency of the warranty provisions and makes adjustments when necessary. The calculation of the warranty accrual requires management to make estimates with respect to projected failure rates, as well as material, labor and other cost to be incurred in order to satisfy the Company's warranty commitments. As a result, actual warranty costs incurred in the future could differ significantly from the accrual. The long-term warranty balance includes estimated warranty claims beyond one year. Warranty expense is included within cost of revenues in the consolidated statements of operations.

2.16. Commitments and Contingencies

Liabilities for loss contingencies, including environmental remediation costs arising from claims, assessments, litigation, fines, penalties and other sources, are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. In determining the liability for loss contingencies, the Company evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of the ultimate loss. Changes in these factors and related estimates could materially affect the Company's financial position, results of operations, and cash flows.

The Company has asset retirement obligations ("ARO") arising from contractual requirements to remove certain leasehold improvements at the time that the Company vacates leased property. The liability is initially measured on the date of executing the lease agreement at fair value, and subsequently is adjusted for accretion expense and changes in the amount or timing of the estimated cash flows. In determining the fair value of the ARO, the Company has considered, among other factors, the estimated cost to remove the assets based on consultations with, and written estimates from, third party contractors, the expected settlement dates, ranging from fiscal year ending March 31, 2017 to 2026, and an effective interest rate, which for the Company is driven based on the credit-adjusted risk-free rate. The corresponding AROs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the shorter of the asset's remaining useful life or the lease term. The Company classifies such liabilities in other long-term liabilities on the consolidated balance sheets.

Legal costs incurred in connection with loss contingencies are recognized at the time that the contingent loss has been recorded to the extent the amount of legal expense is estimable.

Accruals for estimated losses from environmental remediation obligations, excluding AROs, generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Recoveries of environmental remediation costs from third parties, which are probable of realization, are separately recorded as assets, and are not offset against the related environmental liability.

2.17. Employee Benefit Plans

The Company accounts for employee and retirement benefits in accordance with ASC 715, "Compensation – Retirement Benefits".

Employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and the liability can be estimated reliably. Liabilities recognized in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognized in respect of employee benefits, which are not expected to be settled within 12 months, are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

Retirement benefits

The Company contributes, in accordance with legal and statutory requirements, to various statutory defined benefit and defined contribution pension plans. In addition, the Company sponsors various post-retirement benefit plans that provide medical benefits to retiree participants.

The Company records annual amounts relating to its defined benefit plans and postretirement plans based on calculations that incorporate various actuarial and other assumptions including discount rates, mortality table assumptions, assumed rates of return, compensation increases, turnover rates and healthcare cost trend rates. The Company reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to those assumptions is recorded in other comprehensive income/ (loss).

In addition to the defined benefit pension plans and post-retirement benefits plans, the Company also sponsors various employee retirement savings plans in which employees of certain subsidiaries are eligible to participate. Each plan provides for employee contributions as well as matching contributions by the Company. The Company recognizes an expense for matching contributions to defined contribution plans as they are incurred.

2.18. Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, deferred income taxes are recorded for temporary differences between the financial reporting basis and tax basis of assets and liabilities in each of the taxing jurisdictions in which the Company operates. These deferred taxes are measured using the tax rates expected to be in effect when the temporary differences reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Deferred tax assets are evaluated each period to determine whether or not it is more likely than not that they will be realized. In making such determination, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. Valuation allowances are established where it is considered more likely than not that the Company will not realize the benefit of such assets.

Valuation allowances are reviewed each period on a tax jurisdiction by tax jurisdiction basis to analyze whether there is sufficient positive or negative evidence to support a change in judgment about the realizability of the related deferred tax assets.

The Company accounts for uncertain tax positions in accordance with ASC 740, “Income Taxes”, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities based solely on the technical merits of the position.

The Company recognizes interest expense and penalties accrued related to unrecognized tax benefits in the provision for income taxes. Accrued interest and penalties are included within the related tax liability caption in the consolidated balance sheet.

2.19. Foreign Currencies

The reporting currency of Landis+Gyr Holding AG is the U.S. dollar. The functional currency of most of the Company’s subsidiaries is the applicable local currency. The translation from the applicable functional currencies into the Company’s reporting currency is performed for balance sheet accounts using exchange rates in effect at the balance sheet date, and for statement of operations accounts using average exchange rates prevailing during the year. The resulting translation adjustments are excluded from earnings and are recognized in accumulated other comprehensive income/ (loss) until the entity is sold, substantially liquidated or evaluated for impairment in anticipation of disposal.

Foreign currency exchange gains and losses, such as those resulting from foreign currency denominated receivables or payables, are included in the determination of earnings with the exception of intercompany loans that are long-term investment in nature with no reasonable expectation of repayment, which are recognized in other comprehensive income/(loss).

2.20. Leases

The Company leases primarily real estate and office equipment. Rental expense for operating leases is recorded on a straight-line basis over the life of the lease term. Lease transactions where substantially all risks and rewards incident to ownership are transferred from the lessor to the lessee are accounted for as capital leases. All other leases are accounted for as operating leases. Amounts due under capital leases are recorded as a liability. The interest in assets acquired under capital leases is recorded as property, plant and equipment. Depreciation and amortization of assets recorded under capital leases is included as depreciation and amortization expense.

2.21. Research and Development Costs

Research and development costs primarily consists of salaries and payroll taxes, third party contracting fees, depreciation and amortization of assets used in R&D activities, and other overhead infrastructure costs. Research and development activities primarily consist of the development and design of new meters and are expensed as incurred.

2.22. Earnings per Share

ASC 260, “Earnings per Share”, requires entities to present both basic and diluted earnings per share. Basic earnings per share is calculated by dividing net income by the weighted-average number of common shares outstanding during the year.

Diluted earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the year plus all dilutive potential common shares outstanding. Potentially dilutive shares that are anti-dilutive are excluded from the diluted earnings per share calculation.

As of March 31, 2016 and 2015, the Company had no dilutive shares outstanding.

2.23. Advertising

Advertising costs are expensed as incurred. Advertising expenses included in selling and marketing expenses were \$5.6 million and \$6.1 million, respectively, for the fiscal years ended March 31, 2016 and March 31, 2015.

2.24. Recent Accounting Pronouncements

New accounting pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers: Topic 606*, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. The standard permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). The Company will adopt the new standard as of April 1, 2018 and is currently evaluating the method of transition. The Company is currently in the process of evaluating the effect that this guidance will have on its consolidated financial statements and related disclosures.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40),* requires management to assess a company’s ability to continue as a going concern and to provide related footnote disclosures in certain circumstances. Disclosures are required when conditions give rise to substantial doubt. Substantial doubt is deemed to exist when it is probable that the company will be unable to meet its obligations within one year from the financial statement issuance date. "Probable" is used similar its current use in U.S. GAAP for loss contingencies. The company will adopt this update in its fiscal year ending March 31, 2017.

In January 2015, the FASB issued ASU 2015-01, *Income Statement — Extraordinary and Unusual Items*, to simplify income statement classification by removing the concept of extraordinary items from U.S. GAAP. Under the legacy guidance, an entity was required to separately disclose extraordinary items, net of tax, in the income statement after income from continuing operations if an event or transaction is of an unusual nature and occurs infrequently. This separate, net-of-tax presentation (and corresponding earnings per share impact) is no longer allowed. The existing requirement to separately present items that are of an unusual nature or occur infrequently on a pre-tax basis within income from continuing operations has been retained. The new guidance also requires similar presentation of items that are both unusual and infrequent. The Company will adopt this update on April 1, 2016. The impact of this guidance on the Company's financial condition and results of operations will be dependent on any transaction that is within the scope of the new guidance.

In September 2015, the FASB issued ASU 2015-16 *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments* that eliminates the requirement that an acquirer in a business combination account for measurement-period adjustments retrospectively. Instead, an acquirer will recognize a measurement-period adjustment during the period in which it determines the amount of the adjustment. The Company will adopt this guidance as of April 1, 2017. The impact of this guidance on the Company's financial condition and results of operations will be dependent on any transaction that is within the scope of the new guidance.

In November 2015, the FASB issued ASU 2015-17 *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*, which requires deferred tax liabilities and assets to be classified as noncurrent in the statement of financial position. The guidance is effective for Landis+Gyr Holding AG on April 1, 2017 and the Company does not believe it will have a material impact on the Consolidated Financial Statements other than the balance sheet presentation.

In February 2016, the FASB issued Accounting Standard Update (ASU) No. 2016-02 *Leases (Topic 842)* that requires lessees to include most leases on their balance sheets but recognize expenses on their income statements in a manner similar to today's accounting. The guidance also eliminates today's real estate-specific provisions for all entities. ASU 2016-02 is effective for the Company on April 1, 2019 using the modified-retrospective transition method. Full retrospective application is prohibited. The Company is currently evaluating the impact of the pending adoption of ASU 2016-02 on the Consolidated Financial Statements and related disclosures.

Recently Adopted Accounting Pronouncements

In July 2015, the FASB issued ASU 2015-11 *Inventory (Topic 330): Simplifying the Measurement of Inventory* that simplifies the subsequent measurement of inventories by replacing today's lower of cost or market test with a lower of cost and net realizable value test. The guidance applies only to inventories for which cost is determined by methods other than last-in first-out (LIFO) and the retail inventory method (RIM). The Company has adopted this update in its fiscal year ending March 31, 2016 without any material impact on its consolidated financial statements.

In April 2014, the FASB issued ASU 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, which changed the criteria for determining which disposals can be presented as discontinued operations and modifies related disclosure requirements. Under the new guidance, a discontinued operation is defined as a disposal of a component or group of components that is disposed of or is classified as held for sale and "represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results". The guidance was effective for us April 1,

2015. The impact to the company was dependent on any transaction that is within the scope of the new guidance. There were no such transactions in the fiscal year ended March 31, 2016.

In July 2013, an accounting standard update was issued regarding the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. Under the update, the Company would present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except in certain defined circumstances. This update is effective for companies for annual and interim periods beginning after January 1, 2014, and is applicable prospectively. The Company has adopted this update in its fiscal year ending March 31, 2015 without any material impact on its Consolidated Financial Statements, other than the balance sheet presentation of certain unrecognized tax benefits and deferred tax assets.

In March 2013, an accounting standard update was issued regarding the release of cumulative translation adjustments of a parent when it ceases to have a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity (for the Company, a foreign entity is an entity having a functional currency other than U.S. dollars). Under the update, the Company would release into net income the entire amount of a cumulative translation adjustment related to its investment in a foreign entity when a parent no longer has control as a result of selling a part or all of its investment in the foreign entity or otherwise no longer holds a controlling financial interest in a subsidiary or group of assets within the foreign entity. For foreign equity-accounted companies, a pro rata portion of the cumulative translation adjustment would be recognized in net income upon a partial sale of the equity-accounted company. The Company has adopted this update in its fiscal year ending March 31, 2015; there were no applicable transactions in the fiscal years ended March 31, 2016 and March 31, 2015.

In February 2013, the FASB issued ASU 2013-02; Reporting of amounts reclassified out of accumulated other comprehensive income, which requires companies to report, in one place, information about reclassifications out of AOCI and to disclose more information about changes in AOCI balances. The ASU allows companies to present this information on the face of the financial statements, if certain requirements are met. Otherwise, the information must be presented in the notes. If a company is unable to identify the line item of net income affected by any significant amount reclassified out of AOCI during a reporting period (including when all reclassifications for the period are not to net income in their entirety), the information must be reported in the notes. The guidance was effective for the Company April 1, 2014. A summary of the reclassifications out of accumulated other comprehensive income was added in Note 3.

Note 3: Shareholder's Equity

At March 31, 2016 and 2015, the capital structure consisted of 295,100,000 authorized, issued, and outstanding registered ordinary shares with restricted transferability. The restricted transferability is related to the fact that the board of directors has to authorize all transfers of shares.

Registered ordinary shares carry one vote per share, as well as the right to dividends. No dividends have been declared in the presented periods.

The components of accumulated other comprehensive loss (AOCL) of Landis+Gyr Holding AG consists of (in thousands):

	March 31, 2016	March 31, 2015
Foreign currency translation adjustments	$ (34'883)	$ (32'569)
Pension plan benefits liability adjustments, net of taxes of $4'113 and $2'379 as of March 31, 2016 and March 31, 2015, respectively	(55'174)	(45'953)
Accumulated other comprehensive income (loss)	$ (90'057)	$ (78'522)

The following tables present the reclassification adjustments in accumulated other comprehensive income by component (in thousands):

	Defined benefit pension items	Foreign currency items	Total
Beginning balance, April 1, 2015	$ (45'953)	$ (32'569)	$ (78'522)
Other comprehensive income before reclassifications	(10'637)	(2'314)	(12'951)
Amounts reclassified from accumulated other comprehensive income	1'416	-	1'416
Net current-period other comprehensive income	(9'221)	(2'314)	(11'535)
Ending balance, March 31, 2016	$ (55'174)	$ (34'883)	$ (90'057)

	Defined benefit pension items	Foreign currency items	Total
Beginning balance, April 1, 2014	$ (15'694)	$ (8'690)	$ (24'384)
Other comprehensive income before reclassifications	(30'576)	(23'879)	(54'455)
Amounts reclassified from accumulated other comprehensive income	317	-	317
Net current-period other comprehensive income	(30'259)	(23'879)	(54'138)
Ending balance, March 31, 2015	$ (45'953)	$ (32'569)	$ (78'522)

The pension plan benefits liability adjustment, net of taxes, in the AOCL changed by $(9.2) and $(30.3) million in the fiscal years ended March 31, 2016 and March 31, 2015. These changes represent the movement of the current year activities including the reclassified amounts from accumulated other comprehensive income to net income:

		2016	
Amortization of actuarial loss / (gain)	$	1'412	
Amortization of prior service cost		4	
Amounts reclassified from other comprehensive income to net income	$	1'416	a)
Net actuarial (loss) / gain		(12'095)	
Prior service cost		(276)	
Total before tax	$	(10'955)	
Tax (expense) or benefit		1'734	
Total reclassifications for the fiscal year ended March 31, 2016, net of tax	$	(9'221)	

		2015	
Amortization of actuarial loss / (gain)		312	
Amortization of prior service cost		5	
Amounts reclassified from other comprehensive income to net income	$	317	a)
Net actuarial (loss) / gain	$	(31'932)	
Prior service cost		-	
Total before tax	$	(31'615)	
Tax (expense) or benefit		1'356	
Total reclassifications for the fiscal year ended March 31, 2015, net of tax	$	(30'259)	

(a) These accumulated other comprehensive income components are included in the computation of net periodic pension costs (see Pension footnote for additional details).

Note 4: Accounts Receivable, net

A summary of accounts receivable, net is as follows (in thousands):

Accounts Receivable, net

	March 31,			
		2016		2015
Trade accounts receivable	$	281'298	$	252'199
Unbilled revenue		26'977		32'402
Allowance for doubtful accounts		(3'989)		(2'433)
Total trade accounts receivable, net	$	304'286	$	282'168
Less: current portion of accounts receivable, net		302'428		279'826
Long-term accounts receivable, net	$	1'858	$	2'342

The long-term portion of accounts receivable, net, is included in other long-term assets in the Consolidated Balance Sheets.

A summary of the provision for doubtful accounts activity is as follows (in thousands):

	2016	2015
Balance at April 1,	$ (2'433)	(8'157)
Provisions for doubtful accounts	(2'798)	(904)
Deductions, net of recoveries	1'242	6'628
Balance at March 31,	$ (3'989)	$ (2'433)

The carrying amount of accounts receivable approximates their fair value. Normal credit terms are 30 to 90 days, averaging slightly more than 60 days.

Unbilled revenue is recorded when revenues are recognized upon product shipment/installation or service delivery and invoicing occurs at a later date. Generally, unbilled revenue is invoiced within one week after month-end.

The Company entered into various agreements with third party financial institutions to sell certain accounts receivables in Spain. The transfers of the accounts receivables were accounted for as sales of receivables, and as a result, the related accounts receivable are not recognized in the consolidated balance sheets. The agreements and other jurisdictional facts underlying the sales of the accounts receivables indicate that the Company surrenders legal and actual control of the assets and the third party financial institutions obtain full ownership and transferability rights. The Company received proceeds from the sale of accounts receivables of nil and $1.8 million, respectively, for the fiscal years ended March 31, 2016 and March 31, 2015 and has included the proceeds in net cash provided by operating activities in the consolidated statements of cash flows. The Company has recorded a loss on the sale of accounts receivables of nil and less than $0.1 million, respectively, for the fiscal years ended March 31, 2016 and March 31, 2015, which is included in interest expense.

Note 5: Inventories

Inventories consist of the following (in thousands):

	March 31,	
	2016	2015
Raw material and supplies	$ 94'245	$ 90'019
Work in progress	5'418	4'930
Finished goods	31'217	38'260
Total inventories gross	130'880	133'209
Inventory reserve	(13'927)	(11'689)
Total inventories, net	$ 116'953	$ 121'520

Note 6: Prepaid Expenses and Other Current Assets

A summary of the prepaid expenses and other current assets balance is as follows (in thousands):

	March 31,	
	2016	2015
Other loans to related parties	99'490	72'067
Prepaid expenses	9'175	10'043
Other tax receivables	8'799	6'952
Income tax receivables	3'876	7'853
Others	15'328	28'667
Total prepaid expenses and other current assets	$ 136'668	$ 125'582

Note 7: Property, Plant & Equipment, net

A summary of the property, plant & equipment balance is as follows (in thousands):

	March 31, 2016	March 31, 2015
Land	$ 3'578	$ 3'552
Buildings	17'041	17'243
Network equipment (a)	241'018	260'237
Machinery and equipment	75'651	65'565
Vehicles and other equipment	73'883	64'845
Construction in progress	10'866	13'799
Total cost	$ 422'037	$ 425'241
Less accumulated depreciation	(222'192)	(204'663)
Property, plant and equipment, net	$ 199'845	$ 220'578

(a) Network equipment is comprised of meters, and meter reading equipment that is deployed under various customer contracts of Landis+Gyr Technology Inc., a US based subsidiary of Landis+Gyr Holding AG.

Total depreciation expense for the fiscal years ended March 31, 2016 and March 31, 2015 was $53.5 million and $57.9 million, respectively. The difference between the total accumulated depreciation and the depreciation of property, plant & equipment represents the effect of change in exchange rates.

Note 8: Business Combinations

Transactions between Entities under Common Control

On February 6, 2013, Toshiba Corporation acquired a 100% equity interest in Consert Inc. ("Consert"), incorporated in USA. Consert converts electric consumption in homes and small businesses into cost-effective, clean sources of capacity and energy reserves for utilities. The Consert load management solution is based on real-time, wireless technology that allows participants to conserve energy using a web-based, home area network. Consert utilizes wireless networks to provide real-time communication to the Consert data center. These highly secure networks deliver fast data speeds and increased efficiencies for utilities.

Toshiba sold certain assets and liabilities of Consert to the Company on November 1, 2016 for cash consideration of $4.7 million. Since both the Company and Consert were under common control of Toshiba, on the date of the transfer, the Company recognized the acquired assets and liabilities at their historical carrying amounts adjusted for the impact of the transaction that were included in Toshiba's consolidated financial statements. No new goodwill was recognized.

The Company's and Consert's results of operations have been combined in the fiscal years ended March 31, 2016 and 2015 as though the combination had occurred as of the beginning of the fiscal year. Intercompany balances and transactions have been eliminated. Since the transaction met the definition of a business combination, the Company's comparative consolidated financial statements have been retrospectively adjusted to include the net assets received and related operations for all periods during which the entities were under common control and the intercompany transactions have been eliminated.

The additional paid-in capital and the retained earnings have been retrospectively adjusted to reflect the business combination with Consert as though the combination had occurred as of the beginning of the fiscal year in which the Company and Consert were under common control of Toshiba. The impact of the retrospective adjustment as of April 1, 2014, on additional paid-in capital and retained earnings was $45.5 million and $(5.2) million, respectively.

The impact of retrospectively adjusting the Company's comparative consolidated financial statements is as follows:

	Year-ended March 31, 2016			Note
	As previously reported	Adjustments	As adjusted	
Revenue	$ 1'569'382	$ 4'093	$ 1'573'475	
Cost of revenue	1'080'365	7'382	1'087'747	
Operating expenses	428'111	7'654	435'765	
Impairment of intangible and long-lived assets	-	34'058	34'058	11
Operating income	60'906	(45'001)	15'905	
Net (loss) income attributable to Landis+Gyr Holding AG Shareholders	23'542	(37'224)	(13'682)	

	As of March 31, 2016			Note
	As previously reported	Adjustments	As adjusted	
Cash and cash equivalents	$ 21'209	$ 883	$ 22'092	
Accounts receivable, net	303'524	(1'096)	302'428	
Inventories	115'501	1'452	116'953	
Deferred tax assets	44'720	2'901	47'621	
Prepaid expenses and other current assets	136'537	131	136'668	
Total current assets	**621'491**	**4'271**	**625'762**	
Property, plant and equipment, net	199'275	570	199'845	
Intangible assets, net	472'289	1'917	474'206	9
Goodwill	1'412'304	9'046	1'421'350	10
Deferred tax assets	7'930	20'191	28'121	17
Other long-term assets	35'063	-	35'063	
Total assets	**$ 2'748'352**	**$ 35'995**	**$ 2'784'347**	
Trade accounts payable	$ 154'076	$ (489)	$ 153'587	
Accrued liabilities	44'707	450	45'157	
Warranty provision	32'893	-	32'893	
Payroll and benefits payable	73'002	906	73'908	
Loans payable	17'646	-	17'646	
Current portion of shareholder loans	70'000	26'150	96'150	13
Tax payable	4'693	(10)	4'683	
Other current liabilities	56'684	5'644	62'328	
Total current liabilities	**453'701**	**32'651**	**486'352**	
Shareholder loans	215'000	-	215'000	
Warranty provision - non current	58'750	-	58'750	
Pension and other employee liabilities	101'147	-	101'147	
Deferred tax liabilities	142'791	-	142'791	
Tax payable	21'109	-	21'109	
Other long-term liabilities	29'357	2	29'359	
Total liabilities	**1'021'855**	**32'653**	**1'054'508**	
Registered ordinary shares	309'050	-	309'050	
Additional paid-in capital	1'391'611	45'467	1'437'078	3
Retained earnings	114'045	(42'125)	71'920	3
Accumulated other comprehensive loss	(90'057)	-	(90'057)	
Total Landis+Gyr Holding AG shareholders' equity	**1'724'649**	**3'342**	**1'727'991**	
Noncontrolling interests	1'848	-	1'848	
Total equity	**1'726'497**	**3'342**	**1'729'839**	
Total liabilities and equity	**$ 2'748'352**	**$ 35'995**	**$ 2'784'347**	

Net cash provided by operating activities	$ 130'942	(11'717)	$ 119'225
Net cash used in investing activities	(39'277)	(211)	(39'488)
Net cash used in financing activities	(73'135)	(2'651)	(75'786)
Net increase (decrease) in cash and cash equivalent	$ 18'530	$ (14'579)	$ 3'951

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	Year-ended March 31, 2015					
	As previously reported		Adjustments		As Adjusted	
Revenue	$	1'519'387	$	9'667	$	1'529'054
Cost of revenue		1'028'607		12'175		1'040'782
Operating expenses		460'002		(3'189)		456'813
Operating income		30'778		681		31'459
Net income attributable to Landis+Gyr Holding AG Shareholders		10'032		262		10'294

	As of March 31, 2015						Note
	As previously reported		Adjustments		As Adjusted		
Cash and cash equivalents	$	3'009	$	15'462	$	18'471	
Accounts receivable, net		280'196		(370)		279'826	
Inventories		120'623		897		121'520	
Deferred tax assets		40'648		3'780		44'428	
Prepaid expenses and other current assets		125'377		205		125'582	
Total current assets		**569'853**		**19'974**		**589'827**	
Property, plant and equipment, net		219'944		634		220'578	
Intangible assets, net		523'094		13'987		537'081	9
Goodwill		1'412'128		31'938		1'444'066	10
Deferred tax assets		6'246		11'387		17'633	17
Other long-term assets		36'345		-		36'345	
Total assets	**$**	**2'767'610**	**$**	**77'920**	**$**	**2'845'530**	
Trade accounts payable	$	180'285	$	(280)	$	180'005	
Accrued liabilities		49'177		1'030		50'207	
Warranty provision		21'926		50		21'976	
Payroll and benefits payable		65'015		1'354		66'369	
Loans payable		8'614		-		8'614	
Current portion of shareholder loans		70'000		28'800		98'800	13
Tax payable		6'037		-		6'037	
Other current liabilities		60'312		6'400		66'712	
Total current liabilities		**461'366**		**37'354**		**498'720**	
Shareholder loans		285'000		-		285'000	
Warranty provision - non current		26'569		-		26'569	
Pension and other employee liabilities		90'006		-		90'006	
Deferred tax liabilities		143'541		-		143'541	
Tax payable		15'496		-		15'496	
Other long-term liabilities		30'991		-		30'991	
Total liabilities		**1'052'969**		**37'354**		**1'090'323**	
Registered ordinary shares		309'050		-		309'050	
Additional paid-in capital		1'391'611		45'467		1'437'078	3
Retained earnings		90'503		(4'901)		85'602	3
Accumulated other comprehensive loss		(78'522)		-		(78'522)	
Total Landis+Gyr Holding AG shareholders' equity		**1'712'642**		**40'566**		**1'753'208**	
Noncontrolling interests		1'999		-		1'999	
Total equity		**1'714'641**		**40'566**		**1'755'207**	
Total liabilities and equity	**$**	**2'767'610**	**$**	**77'920**	**$**	**2'845'530**	

Net cash provided by operating activities	$	141'238		6'346	$	147'584
Net cash used in investing activities		(55'118)		(292)		(55'410)
Net cash used in financing activities		(107'086)		8'785		(98'301)
Net increase (decrease) in cash and cash equivalent	$	(20'966)	$	14'839	$	(6'127)

The effect of the transfer on the Company's EPS for the fiscal years ended March 31, 2016 and March 31, 2015 was $(0.13) per share and less than $0.01 per share, respectively.

Acquisition of PowerSense A/S

On May 15, 2014, the Company acquired of all the issued and outstanding shares and voting interests of PowerSense A/S, incorporated in Denmark. The consideration transferred was $8.4M including $4.4M in loans assumed.

PowerSense services a fast developing area of the smart grid market, sensors, which is forecasted to grow significantly over the next decade across Europe, and the market shows similar potential in North America and the Asia Pacific region. PowerSense develops and produces high-quality supervision and control systems for the power distribution industry. This transaction will allow the Company to complement and expand its smart grid offering in the market.

The Group allocated the purchase price to the assets acquired and liabilities assumed in accordance with ASC 805, Accounting for Business Combinations and Noncontrolling Interests.

The following table discloses the allocation of the purchase price to the identifiable assets acquired and liabilities assumed as of the date of acquisition:

	Fair Value	Useful life (in years)
Total consideration transferred	$ 8'373	
Cash	$ 63	
Other current assets	3'226	
Property, plant and equipment, net	101	
Current liabilities	(2'794)	
Fair value of tangible assets acquired and liabilities assumed, net	596	
Identified intangible assets - definite life		
Technology	4'228	5
Goodwill	3'549	
Total net assets acquired	$ 8'373	

The values assigned to the identified intangible assets were estimated using the income approach. Under the income approach, the fair value reflects the present value of the projected cash flows that are expected to be generated. The intangible assets are being amortized on a straight basis, which management has determined is the methodology most reflective of the expected benefits arising from the intangibles. The residual balance of the purchase price, after the allocations to all identified assets and liabilities based on their fair value, represents goodwill. Goodwill related to this acquisition is not deductible for tax purposes.

The results of PowerSense are included in the Company's consolidated financial statements from the date of acquisition.

Landis+Gyr paid a total amount of $0.2 million in transaction related expenses, primarily consisting of bankers' fees and other professional services. The company has expensed such transaction related expenses as incurred.

Acquisition of GRIDiant Corporation

In July 2014, the Company acquired a 100% equity interest in GRIDiant Corporation, a provider of grid management and optimization software for electric power networks for $7.4 million, of which $6.4 million was paid in cash and $1.0 million is payable in twelve months after the acquisition subject to certain customary representation and warranties.

GRIDiant offers grid management and optimization software for electric power networks. GRIDiant's primary product offering is its Advanced Grid Management ("AGM") electrical optimization and planning software. This AGM system is made up of GRIDview distribution software, GRIDplan, an analytical and optimization tool, and GRIDops, a fault isolation and load management optimization tool.

The Group allocated the purchase price to the assets acquired and liabilities assumed in accordance with ASC 805, Accounting for Business Combinations and Noncontrolling Interests.
The following table discloses the allocation of the purchase price to the identifiable assets acquired and liabilities assumed as of the date of acquisition:

	Fair Value		Useful life (in years)
Total consideration transferred	$	7'368	
Cash		681	
Other current assets		161	
Property, plant and equipment, net		10	
Current liabilities		(2'800)	
Long term liabilities		(1'308)	
Fair value of tangible assets acquired and liabilities assumed, net	$	(3'256)	
Identified intangible assets - definite life			
Technology		4'690	6.5
Customer relationships		1'220	3.5
Non-compete agreements		220	3.5
Goodwill		4'494	
Total net assets acquired	$	7'368	

The values assigned to the identified intangible assets were estimated using the income approach. Under the income approach, the fair value reflects the present value of the projected cash flows that are expected to be generated. The intangible assets are being amortized on a straight basis, which management has determined is the methodology most reflective of the expected benefits arising from the intangibles. The residual balance of the purchase price, after the allocations to all identified assets and liabilities based on their fair value, represents goodwill. Goodwill related to this acquisition is not deductible for tax purposes.

The results of GRIDiant are included in the Company's consolidated financial statements from the date of acquisition.

Note 9: Intangible Assets, net

The gross carrying amount, accumulated amortization, and impairments of the Company's intangible assets, other than goodwill, are as follows (in thousands):

	March 31, 2016								
	Gross asset		Accumulated amortization		Accumulated impairment		Carrying amount		Weighted average useful life (in years)
Finite Lived Intangibles:									
Trade name and trademarks	$	113'960	$	(32'168)	$	-	$	81'792	13
Order backlog		40'855		(40'855)		-		-	-
Customer contracts & relationships		421'938		(130'597)		-		291'341	14
Developed technologies		180'020		(67'781)		(11'166)		101'073	8
Total finite lived intangibles	$	756'773	$	(271'401)	$	(11'166)	$	474'206	

	March 31, 2015								
		Gross asset		Accumulated amortization		Accumulated impairment		Carrying amount	Weighted average useful life (in years)
Finite Lived Intangibles:									
Trade name and trademarks	$	114'160	$	(25'489)	$	-	$	88'671	14
Order backlog		40'782		(33'636)		-		7'146	2
Customer contracts & relationships		425'929		(106'544)		-		319'385	15
Developed technologies		175'621		(53'742)		-		121'879	9
Total finite lived intangibles	$	756'492	$	(219'411)	$	-	$	537'081	

The following table presents the amortization of intangible assets (in thousands):

		Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2015
Cost of revenue	$	14'049	$	14'958
Operating expense		42'423		41'947
Total	$	56'472	$	56'905

Estimated future annual amortization expense related to identified intangible assets for each of the five years, to March 31, 2021 and thereafter is as follows (in thousands):

Fiscal year ending March 31,		Estimated annual amortization
2017	$	49'084
2018		48'397
2019		47'033
2020		45'350
2021		45'105
Thereafter		239'237
Total identifiable intangibles, net	$	474'206

Note 10: Goodwill

The following table reflects the changes in goodwill (in thousands):

	2016	2015
Balance as of April 1,	$ 1'444'066	$ 1'436'822
Goodwill acquired (a)	-	8'043
Impairment charges (b)	(22'892)	-
Effect of change in exchange rate	176	(799)
Balance as of March 31,	$ 1'421'350	$ 1'444'066

(a) Goodwill acquired relates to the acquisitions of PowerSense A/S and GRIDiant Corporation (Note 7).
(b) Note 11.

Note 11: Impairment of Goodwill and other Long-lived Assets

In the third quarter of fiscal year 2015, Consert, whose financials have been retrospectively combined in these Consolidated Financial Statements (Note 8), had a triggering event requiring assessment of impairment for certain of its long-lived assets in conjunction with its restructuring actions.
As a result of the assessment performed, Consert recognized $22.9 million impairment charge on goodwill, classified in the impairment of intangible and long-lived assets line item within Consolidated Statement of Operations (Note 10).

In addition, Consert reviewed its Developed Technologies and recognized $11.2 million impairment charge within impairment costs on the consolidated statement of income (Note 9). The impairment was measured under an income approach utilizing forecasted discounted cash flows. The method adopted to value other long-lived assets is consistent with the methodology applied by the Company in prior periods. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement."

Note 12: Loans Payable

The components of the loans payable are as follows (in thousands, except for weighted average interest rate, which is in percentage points):

	March 31,			
	2016		2015	
	Balance	Weighted average interest rate	Balance	Weighted average interest rate
Borrowings from banks	$ 17'646	9.0%	$ 8'614	11.5%
Loans payable	$ 17'646		$ 8'614	

Note 13: Shareholder Loans

The components of the shareholder loans are as follows (in thousands):

	March 31,	
	2016	2015
Shareholder loans Toshiba - current	$ 96'150	$ 98'800
Shareholder loans Toshiba - long-term	215'000	285'000
Total Shareholder Loans	$ 311'150	$ 383'800

Upon the acquisition of Landis+Gyr AG, the Company received a loan from Toshiba Corporation for $600.1 million. The loan has a stated interest rate equal to the 6-month LIBOR rate plus a margin of 2.5% per annum. Interest is payable on a semi-annual basis on January 31 and July 31. The principle is payable on a semi-annual basis on July 31 and January 31, starting on July 31, 2012, the amount to be paid on each payment date is $35.0 million with the remaining balance of $215.0 million due on July 31, 2017.

Estimated future minimum principal payments of this loan are as follows (in thousands):

Fiscal year ending March 31,	Maturities of debt
2017	70'000
2018	215'000
	$ 285'000

Upon the acquisition of Consert, Toshiba Corporation granted a line of credit facility, to finance Consert's working capital requirements. The outstanding balances as of March 31, 2016 and March 31, 2015 were $26.2 million and $28.8 million, respectively, and are included in the current portion of shareholder loan line item on consolidated balance sheet.

Note 14: Other Long-term Liabilities

The components of other long-term liabilities are as follows (in thousands):

	March 31,	
	2016	**2015**
Deferred income	10'097	12'220
Others	19'262	18'771
Total other long-term liabilities	$ 29'359	$ 30'991

Note 15: Financial Instruments and Fair Value

The Company measures financial assets and liabilities at fair value. Foreign currency exchange contracts are measured at fair value on a recurring basis by means of various valuation techniques and models, and the inputs used are classified based on the hierarchy outlined within the Company's significant accounting policies.

In addition, certain assets are measured at fair value on a non-recurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

The valuation techniques and models utilized for measuring financial assets and liabilities are reviewed and validated at least annually.

Recurring Fair Value Measurements:

There were no assets and liabilities that are measured at fair value on a recurring basis at March 31, 2016 and at March 31, 2015.

Fair Value of Financial Instruments

With the exception of financial instruments noted in the following table, the fair value of the Company's financial instruments approximate carrying value due to their short maturities.

The estimated fair value of financial instruments with long-term maturities is as follows (in thousands):

	March 31,			
	2016		**2015**	
	Fair Value	**Carrying Value**	**Fair Value**	**Carrying Value**
Liabilities:				
Shareholder loan	$ 213'707	$ 215'000	$ 279'929	$ 285'000

The shareholder loan was measured at fair value based on the present value of the cash flows, giving consideration to the changes in the interest yield curves (Level 2).

Note 16: Pension and Post Retirement Benefit Plans

The majority of the Company's employees are covered by defined benefit plans that are funded by the Company, the employees, and in certain countries, by state authorities. The Company has pension plans in various countries with the majority of the Company's pension liabilities deriving from Germany, US and Switzerland. Such plans can be set up as state or company controlled institutions, as contracts with private insurance companies, as independent trusts or pension funds. The benefits provided by such entities vary by country based on the legal and economic environment and primarily are based on employees' years of service and average compensation, covering the risks of old age, death and disability in accordance with legal requirements and the pension legislation in the respective countries.

Net periodic pension cost and the pension obligation of the Company's defined benefit plans are calculated based on actuarial valuations. Such valuations consider, inter alia, the years of service rendered by employees and assumptions about future salary increases. The latest actuarial valuations were performed for the defined benefit plans as of March 31, 2016, and using that as the measurement date.

The underlying actuarial assumptions are based on the actual local economic circumstances of the countries where the defined benefit plans are situated. The Company contributes to the employee benefit plans in accordance with applicable laws and requirements and the pension plan assets are invested in accordance with applicable regulations.

The following table summarizes the movement of the benefit obligation, plan assets, funded status and amounts recognized in the consolidated balance sheets for the defined benefit pension plans for the periods indicated in the table below (in thousands):

	Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2015
Change in benefit obligation:		
Benefit obligation at April 1,	$ 301'570	$ 286'592
Service cost	6'766	5'434
Interest cost	3'897	6'549
Employee contributions	3'176	3'383
Benefits paid	(433)	(640)
Assets distributed on settlements	(13'852)	(12'963)
Actuarial (gains) / losses	6'345	41'234
Curtailments	(2'221)	(4)
Termination benefits	1'600	47
Liabilities extinguished on settlements	(53)	(22)
Plan amendments	276	-
Effect of changes in exchange rates	4'805	(28'040)
Benefit obligation at March 31,	$ 311'876	$ 301'570

	Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2015
Change in plan assets:		
Fair value of plan assets at April 1,	$ 222'964	$ 226'012
Actual return on plan assets	(294)	17'851
Employer contributions	6'999	7'361
Employee contributions	3'176	3'383
Benefits paid (a)	(13'852)	(12'963)
Effect of changes in exchange rates	2'811	(18'680)
Fair value of plan assets at March 31,	$ 221'804	$ 222'964
Funded status at March 31,	$ (90'072)	$ (78'606)
Accumulated benefit obligation	$ 306'037	$ 295'818

As of March 31, 2016, the Company's underfunded plans are equal to $90 million. No plans were overfunded as of March 31, 2016. As of March 31, 2015, the Company's underfunded plans are $78.6 million. No plans were overfunded as of March 31, 2015.
Net periodic pension benefit costs for the Company's defined benefit plans include the following components (in thousands):

	Fiscal Year Ended March 31, 2016		Fiscal Year Ended March 31, 2015	
Service cost	$	6'766	$	5'434
Interest cost		3'897		6'549
Termination benefits		(50)		47
Expected return on plan assets		(7'683)		(8'892)
Amortization of prior service costs		4		5
Amortization of actuarial loss (gain)		1'412		312
Settlements and curtailments		1'600		(25)
Net periodic benefit cost	$	5'946	$	3'430

Changes in plan assets and benefit obligations recognized in other comprehensive loss (pre-tax) are as follows (in thousands).

	Fiscal Year Ended March 31, 2016		Fiscal Year Ended March 31, 2015	
Net actuarial loss (gain)	$	12'095	$	31'615
Amortization of actuarial (loss) gain		(1'412)		(312)
Prior service cost		276		-
Amortization of prior service cost		(4)		(5)
	$	10'955	$	31'298

The following represents the amounts included in accumulated other comprehensive loss related to the Company's defined benefit pension plans (in thousands) (a):

	March 31,			
	2016		2015	
Actuarial loss	$	58'713	$	48'030
Prior service cost		305		33
Deferred tax liability (assets)		(4'113)		(2'379)
Effect of changes in exchange rates		313		3'884
	$	55'218	$	49'568

(a) The Company has not included a medical plan that is used in the Americas segment, as such plan is de minimis. The amount included in accumulated other comprehensive loss related to the medical plan was $46 thousand and $11 thousand at March 31, 2016 and March 31, 2015, respectively.

The actuarial loss and the prior service cost expected to be recognized as components of net periodic benefit cost over the fiscal year ending March 31, 2017 are $2.5 million and less than $0.1 million, respectively.

The Company expects to make contributions of $5.6 million to the defined benefit pension plans during the fiscal year ending March 31, 2017.

The weighted average assumptions used in accounting for the defined benefit pension plans are as follows:

	March 31,	
	2016	2015
Weighted average assumptions to determine benefit obligations:		
Discount rate (a)	0.97%	1.32%
Expected rate of increase in future compensation (b)	1.15%	1.14%
Expected rate of increase in future pension benefits (c)	0.09%	0.25%
Weighted average assumptions to determine net periodic benefit cost:		
Discount rate (a)	1.32%	2.44%
Expected long-term rate of return on plan assets (d)	3.48%	4.12%

(a) The Company determined a discount rate for each individual defined benefit pension plan based on high quality corporate bonds with currency and duration matching the associated liabilities. Where there is no deep market for such bonds, government bonds with an appropriate spread are used.

(b) The Company determined the expected rate of increase in future compensation levels based on expectation of expected inflation rates and merit-based increases.

(c) The Company determined the expected rate of increase in future pension benefits based on expected inflation in the plans' national markets, if such increase is included in the plan benefits.

(d) The expected rate of return on plan assets was determined on the basis of the weighted average expected return on plan assets. The Company's assessment of the expected returns is based on historical return trends for equities, real estate and other assets and analysts' predictions of the market for debt instruments. The assets do not include any financial instruments issued by the Company.

The actual asset allocation for the defined benefit pension plan assets is as follows:

	March 31,	
	2016	2015
Equity Instruments	33%	37%
Debt Instruments	44%	41%
Property	17%	16%
Other	6%	6%

The Company's pension plan assets for each individual plan are invested in accordance with statutory regulations, pension plan rules and decisions of the pension fund trustees. The Company's actual invested positions in various securities change over time based on short and longer-term investment opportunities. Strategic pension plan asset allocations are determined by the objective to achieve an investment return, which together with the contributions paid, is sufficient to maintain reasonable control over the various funding risks of the plans. Based upon current market and economic environments, the actual asset allocation may periodically be permitted to deviate from policy targets. The plan's assets are divided according to asset class. The fiscal year ending March 31, 2017 targeted allocations are equities (33.8 percent), debt securities (44.2 percent), real estate (19.6 percent) and others (2.4 percent).

Annual benefit payments, including amounts to be paid from Company assets for unfunded plans, and reflecting expected future service, as appropriate, are expected to be paid as follows (in thousands):

Fiscal year ending March 31,		
2017	$	17'235
2018		13'447
2019		13'312
2020		13'890
2021		13'977
2022 - 2027		72'635

The following tables present, for each of the fair-value hierarchy levels, the Company's defined benefit pension plan assets that are measured at fair value on a recurring basis as at March 31, 2016 and at March 31, 2015 (in thousands):

	March 31, 2016 Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Cash and cash eqivalents	$ -	$ -	$ -	$ -
Equity instruments	72'490	56'306	16'184	-
Debt instruments	97'123	83'195	13'928	-
Real estate	38'280	-	375	37'905
Other	13'911	13'316	595	-
Total	$ 221'804	$ 152'817	$ 31'082	$ 37'905

	March 31, 2015 Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Cash and cash eqivalents	-	-	-	-
Equity instruments	82'862	56'525	26'337	-
Debt instruments	92'546	78'643	13'903	-
Real estate	36'613	-	310	36'303
Other	10'943	10'656	287	-
Total	$ 222'964	$ 145'824	$ 40'837	$ 36'303

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

Debt and equity instruments – Debt and equity instruments classified as Level 1 are valued at the closing price reported on the active market on which the individual securities are traded. Equity instruments classified as Level 2 consist of investments in traded institutional funds, which are not actively traded, valued at the repurchase price as calculated by the fund manager on a daily basis and alternative investments valued at their net asset value which is based on the fair value of the underlying assets that are traded in active markets and have quoted market prices.

Real estate – Real estate investments classified as Level 2 are valued at the repurchase price as calculated by the fund manager on a daily basis. Real estate investments classified as Level 3 are valued using a discounted cash-flow approach, the discount rates are based on the age of the real estate and stand at 4.5%.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth a summary of changes in the fair value of the Level 3 assets (in thousands):

		2016		2015
Balance at April 1,	$	36'303	$	39'651
Actual return on plan assets		1'060		280
Effect of changes in exchange rates	$	542		(3'628)
Balance at March 31,	$	37'905	$	36'303

In addition to its defined benefit plans, the Company also provides post-retirement health care benefit plans to certain of its employees. As of March 31, 2016 and March 31, 2015, the post retirement benefit plans had an obligation of $0.5 million and $0.6 million, respectively.

For the post retirement plan, the expected premium for fiscal year ending March 31, 2016 is assumed to be $3’355 for retired ($3’811 for spouse). The medical trend rate is assumed to increase to 5.8% for the fiscal year ending March 31, 2018 and gradually decrease to 4.3% thereafter.

As an indicator of sensitivity, increasing or decreasing the assumed health care cost trend rate by 1% would not have a material effect on the accumulated postretirement benefit obligation and the aggregate of the service and interest cost components of net postretirement benefit expense for the year ended March 31, 2016.

Furthermore, the Company sponsors various defined contribution plans in which employees of certain subsidiaries are eligible to participate. Total expenses related to such plans for the fiscal years ended March 31, 2016 and March 31, 2015 were $8.9 million and $8.6 million, respectively.

Note 17: Income Taxes

The components of profit (loss) before income tax expense, net of tax, are as follows (in thousands):

		Fiscal Year Ended March 31, 2016		Fiscal Year Ended March 31, 2015
Domestic (a)	$	(5'798)	$	(5'455)
Foreign		4'825		15'300
	$	(973)	$	9'845

(a) Domestic jurisdiction represents Switzerland, the country where the Company is incorporated.

Income tax benefit (expense) by location of the taxing jurisdiction consisted of the following (in thousands):

	Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2015
Current income taxes:		
Domestic (a)	$ (816)	$ (839)
Foreign	(24'541)	(6'282)
Total current taxes	$ (25'357)	$ (7'121)
Deferred taxes:		
Domestic (a)	$ 4'015	$ 2'836
Foreign	8'842	4'760
Total deferred taxes	12'857	7'596
Total income taxes	$ (12'500)	$ 475

(a) Domestic jurisdiction represents Switzerland, the country where the Company is incorporated.

The reconciliation of tax benefit (expenses) at the statutory tax rate of 7.83% to the provision for income taxes is shown in the table below (in thousands):

	Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2015
Regular statutory rate benefit (expense)	$ 76	$ (771)
Items taxed at rates other than the Company's statutory rate	(2'206)	(3'598)
Other permanent adjustments	3'761	4'169
Provision for uncertain tax positions	(1'404)	7'459
Tax credits	2'982	773
Withholding taxes	(829)	(798)
Change in valuation allowance	(18'087)	(5'118)
Adjustments to prior year	3'373	(1'060)
Other, net	(166)	(581)
Tax benefit (expense)	$ (12'500)	$ 475

Deferred Taxes

The significant components of the deferred tax assets and liabilities are as follows (in thousands):

	March 31, 2016	March 31, 2015
Deferred tax assets:		
Net operating loss carryforwards	$ 111'882	$ 84'965
Inventories	4'580	4'744
Prepaid expenses and other	446	333
Accrued liabilities	9'284	17'692
Related party interest	5'806	9'217
Intangible assets	14'078	14'128
Pension and other employee related liabilities	32'631	28'305
Other	16'282	19'742
	194'989	179'126
Deferred tax liabilities:		
Accrued liabilities	(40)	(169)
Property, plant, and equipment	(31'741)	(36'449)
Intangible assets	(128'367)	(145'364)
Other	(5'093)	(7'579)
	(165'241)	(189'561)
Net deferred tax assets (liabilities) before valuation allowance	29'748	(10'435)
Valuation allowance	(96'797)	(71'045)
Net deferred tax liabilities	$ (67'049)	$ (81'480)

A summary of the deferred tax assets and liabilities is as follows (in thousands):

	March 31, 2016	March, 31 2015
Deferred tax assets net before valuation allowance	$ 172'539	$ 133'106
minus valuation allowance	(96'797)	(71'045)
Deferred tax assets - net	75'742	62'061
Less short-term portion	47'621	44'428
Long-term portion	$ 28'121	$ 17'633
Deferred tax liabilities net	(142'791)	(143'541)
Less short-term portion	-	-
Long-term portion	$ (142'791)	$ (143'541)
Net deferred tax liabilities	$ (67'049)	$ (81'480)

The deferred tax assets have been adjusted to include the temporary differences and the tax losses carried forward available to Consert as of March 31, 2016 and 2015. See Note 8 above.

As of March 31, 2016 and March 31, 2015, the Company had total tax losses carried forward in the amount of $426.2 million and $300.5 million, respectively.

The expiration of the tax losses carried forward as of March 31, 2016 is as follows (in thousands):

Fiscal year ended March 31,	
2017	$ 304
2018	108'487
2019	2'817
2020	18'250
2021	802
Thereafter	295'269
Total	$ 425'929

The Company believes that it is more likely than not that the benefit from certain net operating loss carryforwards and other deferred tax assets will not be realized due to insufficient profit projections. The Company considered all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for a valuation allowance.

The valuation allowances are mainly provided against net deferred tax assets in Australia, Denmark, France, Finland, India, Switzerland, United States and United Kingdom. In the event that all of the deferred tax assets become realizable, the reversal of the valuation allowance would result in a reduction in income tax expense.

Deferred taxes on undistributed earnings of foreign subsidiaries as of March 31, 2016 and March 31, 2015 are $0.5 million and $0.1 million, respectively. The Company does not provide deferred taxes on temporary differences related to its foreign subsidiaries that are considered permanent in duration. Determination of the amount of deferred taxes on these temporary differences is not practical.

Provisions for Uncertain Tax Positions

ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows (in thousands):

	2016	**2015**
Balance as of April 1,	$ 23'801	$ 27'348
Gross increases to positions in prior years	412	410
Gross increases to current period tax positions	5'261	2'622
Expiry of statute of limitations	(5'645)	(4'971)
Gross decreases to prior year positions	(260)	(319)
Effect on change in exchange rates	156	(1'289)
Balance as of March 31,	$ 23'725	$ 23'801

As of March 31, 2016 and March 31, 2015, accrued interest and penalties totaled $2.5 million and $2.6 million, respectively.

The Company does not expect any material changes in unrecognized tax benefits within the next 12 months.

The Company is subject to taxation in various states and foreign jurisdictions. As of March 31, 2016, the Company could be subject to income tax examination by the tax authorities in the following major tax jurisdictions:

Tax Jurisdiction	Open tax years
Australia	January 1, 2011 - March 31, 2016
Switzerland	April 1, 2014 - March 31, 2016
U.S. Federal	January 1, 2005 - December 31, 2009 & January 1, 2012 - March 31, 2016
Germany	January 1, 2010 - March 31, 2016
Greece	April 1, 2012 - March 31, 2016
United Kingdom	April 1, 2014 - March 31, 2016
Brazil	January 1, 2011 - March 31, 2016

Note 18: Commitments & Contingencies

Commitments:

The Company is obligated under capital leases covering certain machinery and equipment that will expire at various dates during the next three years. The gross amount of property, plant and equipment and related accumulated amortization recorded under capital leases were as follows (in thousands):

	March 31, 2016	March 31, 2015
Machinery and equipment	$ 5'209	$ 5'248
Less: accumulated amortization	4'337	4'095
	$ 872	$ 1'153

Amortization of assets held under capital leases is included within depreciation expenses.

The Company is also party to several noncancelable operating leases, primarily for office space and company vehicles, that expire over the next five years. These leases generally contain renewal options for periods ranging from one to five years and require the Company to pay all common area maintenance costs such as maintenance and insurance.

Minimum rent payments under operating leases are recognized on a straight-line basis over the term of the lease including any periods of free rent. Rental expense for operating leases for the fiscal years ended March 31, 2016 and March 31, 2015 was $23.3 million and $27 million, respectively.

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments as of March 31, 2016 are (in thousands):

Fiscal year ending March 31,	Capital Leases	Operating Leases
2017	$ 480	$ 15'021
2018	226	12'827
2019	130	11'952
2020	52	11'182
2021	-	10'438
Thereafter	-	6'260
Total minimum lease payments	888	$ 67'680
Less estimated executory costs	(97)	
Net minimum lease payments	791	
Less amount representing interest	(35)	
Present value of net minimum capital lease payments	756	
Less current installments of obligation under capital leases	(398)	
Obligations under capital leases, excluding current installments	$ 358	

Current and non-current portion of capital lease obligations are included as a component of other current liabilities, and other non-current liabilities, respectively.

Guarantees
From time to time, the Company issues performance guarantees whereby it guarantees its performance under the specific terms of contracts with suppliers, customers, and financial institutions. These guarantees are typically comprised of performance bonds and bank guarantees. These guarantees could become payable in the event that the Company were to default under the related contracts. The Company had total outstanding performance bonds and bank guarantees of $117 million as of March 31, 2016.

The Company, from time to time, guarantees the obligations of its wholly owned subsidiaries, including obligations under certain contracts with customers. At March 31, 2016, the Company had a maximum potential amount payable of $584.4 million under such financial guarantees outstanding. The guarantees outstanding have various maturity dates.

Legal proceedings
In the normal course of business, the Company and its subsidiaries are parties to various legal claims, actions, and complaints. It is not possible to predict with certainty whether or not the Company and its subsidiaries will ultimately be successful in any of these legal matters, or if not, what the impact might be. However, the Company's management does not expect that the results of any of these legal proceedings will have a material adverse effect on the Company's results of operations, financial position or cash flows.

Warranty
A summary of the warranty accrual account activity is as follows (in thousands):

	March 31, 2016	March 31, 2015
Beginning balance	$ 48'545	$ 58'268
Acquisition opening balance	-	95
New product warranties	54'657	24'560
Other changes / adjustments to warranties	(7'879)	(18'033)
Claims activity	(4'392)	(10'692)
Effect of changes in exchange rates	712	(5'653)
Ending balance, March 31,	91'643	48'545
Less: current portion of warranty	(32'893)	(21'976)
Long-term warranty	$ 58'750	$ 26'569

The warranty liability increased by $43.1 million during the fiscal year ended March 31, 2016 and is primarily the result of an increase in the provision related to certain metering warranty hardware cases in EMEA.

Note 19: Restructuring Charges

The Company continually reviews its business, manages costs and aligns resources with market demand. As a result, the Company has taken several actions to reduce fixed costs, eliminate redundancies, strengthen operational focus, and better position itself to respond to market pressures or unfavorable economic conditions.

During the fiscal year ended March 31, 2016, the Company continued its cost reduction effort within the Americas, EMEA and Asia Pacific geographical area, aimed at reducing costs and improving operating performance in the United States, Brazil, a number of European Countries, Australia, and China. In connection with these restructuring plans, the Company recognized costs related to termination benefits for employee positions that were eliminated. The total fiscal year ended March 31, 2016 initiatives are approximately $5.9 million in severance related costs. Some of the severance payments were completed during the fiscal year ended March 31, 2016 and the remaining payments are expected to be completed during the fiscal year ending March 31, 2017.

A summary of the Company's restructuring activity, including costs incurred during the fiscal years ended March 31, 2016 and March 31, 2015 is as follows (in thousands):

	2016		2015	
Beginning balance	$	6'606	$	2'899
Restructuring charges		5'932		9'190
Cash payments		(9'935)		(4'457)
Effect of changes in exchanges rates		(125)		(1'026)
Balance as of March 31,	$	2'478	$	6'606

The outstanding balance at March 31, 2016 and at March 31, 2015, respectively, is included under accrued liabilities in the consolidated balance sheets. Substantially all of the remaining accrued restructuring balance is expected to be paid out by the end of the fiscal year ending March 31, 2017.

A summary of the statement of operations line items where restructuring activity charges have been recognized is as follows (in thousands):

	Fiscal Year Ended March 31, 2016		Fiscal Year Ended March 31, 2015	
Cost of revenue	$	2'736	$	7'010
Research and development		202		82
Sales and marketing		2'096		-
General and administrative		898		2'098
Total	$	5'932	$	9'190

The cumulative restructuring costs incurred up to March 31, 2016 are $27.7 million, while the costs incurred in period ended March 31, 2016 are $5.9 million. The cumulative costs incurred up to March 31, 2016 represent the Companies ongoing restructuring efforts under various programs from FY 2011 to FY 2016. The expected future costs for the restructuring programs are $8.5 million, spread over the next four years.

Note 20: Asset Retirement Obligation ("ARO")

AROs exist in Germany, Switzerland, the UK, Australia and the USA. The following table presents the activity for the AROs, excluding environmental remediation liabilities (in thousands):

	March 31,			
	2016		2015	
Beginning balance	$	2'601	$	2'751
Addtional obligations incurred		79		46
Changes in estimates, including timing		(161)		-
Accretion expense		112		92
Effect of changes in exchange rates		12		(288)
Obligation balances, March 31,	$	2'643	$	2'601

Note 21: Unusual or Infrequent Items

On April 24, 2015, the manufacturing site in Sydney (Australia), suffered a business interruption after a severe hailstorm caused widespread flooding in office space, shop floor, warehouse and laboratories. The Company received $3.6 million from the insurance policy as recovery for business interruption and recognized it within cost of revenue in the fiscal year ended March 31, 2016.

Note 22: Related Party Transaction

Trading transactions

Sales to and purchases from Toshiba affiliated entities were as follows:

	Fiscal Year ended March 31, 2016		Fiscal Year ended March 31, 2015	
Revenues from Toshiba affiliated entities	$	106'679	$	60'215
Purchases from Toshiba affiliated entities		1'048		38

The following balances were outstanding at the end of each reporting period:

	March 31, 2016		March 31, 2015	
Receivables due from Toshiba affiliated entities	$	9'221	$	11'777
Payables due to Toshiba affiliated entities		546		39

Sales of goods to related parties were made at the Company's usual list prices. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

Loans from related parties

Refer to Note 13: Shareholder Loans for information on the Shareholder Loan from Toshiba.

Other related party transaction

From time to time, the Company receives and lends cash to other Toshiba related parties, to either finance the Company's working capital requirements or to deposit excess cash. At March 31, 2016 and at March 31, 2015, the Company loaned $99.5 million and $72.1 million, respectively to Toshiba of Europe Limited (TOEL). The amounts have a maturity of one day and are essentially overnight deposits, bear interest ranging from 0% to 0.5%, and are recorded under prepaid expenses and other current assets in the consolidated balance sheets.

Note 23: Concentrations

The Company generates a majority of its revenue in the United States and Europe, with the balance in Asia Pacific, Middle East, Africa, South America, and Canada. None of the Company's customers exceeded ten percent of the consolidated revenue for the fiscal years ended March 31, 2016 and 2015. The majority of the revenue is derived from the sale of energy meters.

Approximately 44% of the Company's workforce is subject to collective bargaining agreements expiring between 2016 and 2020. Approximately 9% of the Company's workforce is subject to collective bargaining agreements expiring within one year.

Note 24: Segment Information

In the fourth quarter of 2016 fiscal year, there was an organization shift in the business as a result of the planned Initial Public Offering in the SIX Swiss Exchange. As a result, the Company realigned retrospectively its operations into the following operating segments: Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific, which are also our reportable segments. Prior to the realignment, the Company operated and managed its business as one distinct operating segment.

A description of each reportable segment is as follows:

- Americas – The Americas generates a majority of its revenue in the United States, with the residual balance generated in South America and Canada. The Americas reportable segment designs, manufactures, markets, and sells the Company's Gridstream and advanced meter solutions, digital electricity meters, commercial/industrial and grid meters, system deployment services, managed network services, and other advanced metering infrastructure offerings including software, installation, implementation, consulting, maintenance support, and related services.
- EMEA - The EMEA segment produces the majority of its revenue in Europe with the residual balance generated in South Africa. The EMEA reportable segment designs, manufactures, markets, and sells the Company's Gridstream and advanced meter solutions, digital electricity meters, prepayment electricity meters, electromechanical electricity meters, commercial/industrial and grid meters, gas meters and prepayment solutions, heat and water meters and solutions, load control devices, system deployment services, and advanced metering infrastructure offerings including software, installation, implementation, consulting, maintenance support, and related services.
- Asia Pacific – The Asia Pacific segment generates the majority of its revenue in Australia, China and India, while the residual balance is generated in Singapore. The Asia Pacific reportable segment designs, manufactures, markets, and sells the Company's Gridstream and advanced meter solutions, digital electricity meters, prepayment electricity meters, electromechanical electricity meters, commercial/industrial and grid meters, gas meters and prepayment solutions, heat and water meters and solutions, load control devices, system deployment services, and advanced metering infrastructure offerings including software, installation, implementation, consulting, maintenance support, and related services.

The Chief Operating Decision Maker (CODM) is the Company's Chief Executive Officer. The CODM allocates resources to and assesses the performance of each operating segment using the information outlined in the table below. Each operating segment offers products for different applications and markets and provides separate financial information that is evaluated regularly by the CODM. Decisions by the chief operating decision maker on how to allocate resources and assess performance are based on a reported measure of segment profitability.

The Company has two primary measures for evaluating segment performance: revenue to third parties (excluding any inter-company sales) and Segment Gross Profit. The Company defines Segment Gross Profit as reported gross profit, excluding amortization of intangibles and restructuring charges related to cost of revenue.

		Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2015
Net revenues				
Americas	$	896'305	$	830'873
thereof to external customers		893'909		829'890
thereof to other segments		2'396		983
EMEA		588'764		589'735
thereof to external customers		537'904		524'658
thereof to other segments		50'860		65'077
Asia Pacific		146'440		182'078
thereof to external customers		141'662		174'506
thereof to other segments		4'778		7'572
Elimination		(58'034)		(73'632)
Total Company	$	1'573'475	$	1'529'054
Segment Gross Profit				
Americas	$	351'116	$	297'261
EMEA		125'251		168'455
Asia Pacific		26'325		45'416
Elimination		(179)		(892)
Total Gross Profit by Segment		502'513		510'240
Amortization		(14'049)		(14'958)
Restructuring		(2'736)		(7'010)
Total Consolidated Gross Profit	$	485'728	$	488'272

The following table presents segment depreciation and amortization, capital expenditures for the fiscal years ended March 31, 2016 and 2015 (in thousands):

	Depreciation and Amortization		Capital Expenditure	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015
Americas	79'007	82'356	24'360	22'449
EMEA	19'124	20'040	14'890	15'685
Asia Pacific	4'555	5'104	4'337	3'488
Corporate	7'271	7'344	204	130
Total	$ 109'957	$ 114'844	$ 43'791	$ 41'752

The Company does not monitor total assets by operating segment and such information is not reviewed by the chief operating decision maker.

The following table represents the continuing operations' revenue for the years ended March 31, 2016 and 2015 and property, plant and equipment as of March 31, 2016 and 2015.

	Total		Americas		EMEA		Asia Pacific	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015
Total revenue	$ 1'573'475	$ 1'529'054	$ 893'909	$ 829'890	$ 537'904	$ 524'658	$ 141'662	$ 174'506
thereof United States	728'863	572'739	728'863	572'739	-	-	-	-
thereof United Kingdom	166'361	149'516	-	-	166'361	149'516	-	-
thereof Switzerland	62'682	63'975	-	-	62'682	63'975	-	-
thereof Australia	72'942	86'386	-	-	-	-	72'942	86'386

	Total		Americas		EMEA		Asia Pacific	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Property, plant and equipment	$ 199'845	$ 220'578	$ 138'054	$ 161'559	$ 48'280	$ 45'538	$ 13'511	$ 13'481
thereof United States	129'884	152'595	129'884	152'595	-	-	-	-
thereof United Kingdom	20'391	19'605	-	-	20'391	19'605	-	-
thereof Switzerland	2'443	5'478	-	-	2'443	5'478	-	-
thereof Australia	4'426	3'252	-	-	-	-	4'426	3'252

Sales to external customers are based on the location of the customer (destination). Disclosure of property, plant and equipment is based on the location of the asset.

Audited statutory financial statements of Landis+Gyr Group AG as of and for the year ended March 31, 2017, including comparative figures as of and for the year ended March 31, 2016

Landis+Gyr Holding AG

Zug

Report of the statutory auditor to the General Meeting

on the financial statements 2016/2017

pwc

Report of the statutory auditor

to the General Meeting of Landis+Gyr Holding AG

Zug

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Landis+Gyr Holding AG, which comprise the balance sheet, income statement and notes, for the year ended 31 March 2017.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 March 2017 comply with Swiss law and the company's articles of incorporation.

Other Matter

The financial statements of Landis+Gyr Holding AG for the year ended 31 March 2016 were audited by another firm of auditors whose report, dated 1 June 2016, expressed an unmodified opinion on those statements.

PricewaterhouseCoopers AG, Grafenauweg 8, Postfach, CH-6302 Zug, Switzerland
Telefon: +41 58 792 68 00, Telefax: +41 58 792 68 10, www.pwc.ch

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Rolf Johner	Claudia Muhlinghaus
Audit expert Auditor in charge	Audit expert

Zug, 28 June 2017

Enclosures:

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of the available earnings

Landis+Gyr Holding AG, Zug

Financial Statements for the year ended
31 March 2017 and
Report of the Statutory Auditor

Landis+Gyr Holding AG

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	CHF 2017	CHF 2016
Interest income	23'687'245	22'350'813
TOTAL INCOME	23'687'245	22'350'813
Exchange rate differences (net)	206'103	(59'981)
Interest expense	(9'650'428)	(10'483'520)
Operating expenses	(7'045'963)	(6'280'053)
Direct taxes	(34'832)	(38'044)
TOTAL EXPENSE	(16'525'120)	(16'861'598)
PROFIT FOR THE YEAR	7'162'125	5'489'215

See notes to the financial statements

Landis+Gyr Holding AG

BALANCE SHEET AS AT 31 MARCH 2017

	Notes	CHF 31.03.2017	CHF 31.03.2016
ASSETS			
CURRENT ASSETS			
Short term loans receivable from subsidiary companies	8	215'763'250	67'124'400
Accrued interest income from subsidiary companies		3'808'624	3'900'666
Total current assets		219'571'874	71'025'066
NON-CURRENT ASSETS			
Long term loans receivable from subsidiary companies		369'677'350	559'404'813
Investments	4	1'067'205'088	1'067'205'088
Total non-current assets		1'436'882'438	1'626'609'901
TOTAL ASSETS		1'656'454'312	1'697'634'967
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade creditors subsidiary companies		7'136'630	1'472'901
Current interest bearing liabilities to shareholders	8	217'081'506	68'708'204
Current interest bearing liabilities to subsidiary companies		7'726'062	-
Accrued liabilities		39'063	40'645
Total current liabilities		231'983'261	70'221'750
NON-CURRENT LIABILITIES			
Long term interest bearing liabilities			
to subsidiary companies		-	19'401'928
to shareholders		-	206'167'800
Provision for unrealised FX gain		72'886'057	57'420'620
Total non current liabilities		72'886'057	282'990'348
Total liabilities		304'869'318	353'212'098
SHAREHOLDERS' EQUITY			
Share capital		295'100'000	295'100'000
Statutory capital reserves	5	1'064'500'869	1'064'500'869
Statutory retained earnings		2'952'483	2'952'483
Accumulated deficit		(10'968'358)	(18'130'483)
Accumulated deficit brought forward		(18'130'483)	(23'619'698)
Profit for the year		7'162'125	5'489'215
Total shareholders' equity		1'351'584'994	1'344'422'869
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1'656'454'312	1'697'634'967

See notes to the financial statements

1 APPLICABLE ACCOUNTING LAW

These financial statements have been prepared in accordance with the provisions on commercial accounting laid down in articles 957-963b Swiss Code of Obligations (CO) (effective January 2013).

2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Conversion of foreign currencies

Transactions during the year denominated in foreign currencies are translated and recorded in Swiss Francs at actual exchange rates prevailing at the dates of the transactions. Profits and losses on exchange are recognized in the income statement, with the exception of unrealised gains, which are deferred until they are realised.

With the exception of investments and equity which are translated at historical rates, all other assets and liabilities are translated into Swiss Francs using the year-end closing rate, whereas income and expenses are translated using the average exchange rate.

Investments

Investments are valued at the lower of historical cost and fair value.

3 NUMBER OF EMPLOYEES

The company does not have any employees in the years ended 31 March 2017 and 2016.

4 INVESTMENTS

As at the balance sheet date, the company holds the following direct investment:

Company	Nominal capital	Ownership & voting rights	
		31.3.17	31.3.16
Landis+Gyr AG, Theilerstrasse 1, 6301 Zug	CHF 29‘700‘000	100%	100%

As at the balance sheet date, the company holds the following substantial indirect investments:

Company	Nominal capital	Ownership & voting rights	
		31.3.17	31.3.16
Landis+Gyr Investments LLC, Lafayette, USA	USD 20	100%	100%
Bayard Metering (UK) Unlimited, Peterborough, United Kingdom	GBP 6’986’360	100%	100%

5 STATUTORY CAPITAL RESERVES

The statutory capital reserves from additional paid-in capital are shown as a separate item in the balance sheet. They resulted from a contribution in kind of shares in Landis+Gyr AG, Zug and a loan from Landis+Gyr AG, Zug. The amount has been approved by the tax authorities.

6 CONTINGENT LIABILITIES

Landis+Gyr Holding AG forms part of the Swiss VAT group of Landis+Gyr and is therefore a liable party for any tax liabilities. The VAT group consists of:

- Landis+Gyr AG
- Landis+Gyr Holding AG

7 THIRD PARTY GUARANTEES

The company issued the following parent company guarantees in favour of third parties:

Guaranteed party	Subsidiary	Maximum liability CHF million		Expiry
		2017	2016	
British Gas Trading Ltd	Landis+Gyr Ltd, UK	63	69	Dec 2026
Meter Fit 4 Ltd	Landis+Gyr Inc, UK	36	38	Mar 2026
PSE&G USA	Landis+Gyr Ltd, USA	40	40	Jun 2024
PPL Corporation	Landis+Gyr Inc, USA	224	215	June 2020
Macquarie MAP Ltd	Landis+Gyr Ltd, UK	136	149	Jan 2032
PSE Group USA	Landis+Gyr Inc, USA	5	5	Mar 2026
Meter Fit 5 Ltd	Landis+Gyr Ltd, UK	136	149	June 2032
Macquire Leasing Ltd	Landis+Gyr Ltd, UK	13	-	Jan 2032
Mapleco1 Ltd	Landis+Gyr Ltd, UK	63	-	Jan 2030

The exchange rates used to convert the maximum liability amounts into CHF are USD 1.00 and GBP 1.26 (2016: 0.96 and 1.38)

8 SUBSEQUENT EVENTS

On June 8, 2017, the short term loan receivable from subsidiary companies in the amount of USD 215 million was repaid and the proceeds were used to repay the current interest bearing liability to the shareholder without any pre-payment penalties. A facility agreement with a lender has been entered into by a subsidiary company which contains certain repayment and prepayment provisions as discussed below. The loan has a stated interest rate equal to the LIBOR rate plus a margin of 0.8% per annum. The principal including accrued interest is payable on May 31, 2018.

In the event of a capital market transaction (debt and equity transactions) of a Group Company (as defined by the facility agreement), then 100% of the net proceeds are due within 45 days after the proceeds are received by the Group Company. Further, in the occurrence of a change in control (as defined by the facility agreement), then the loan becomes due on the last day of the month in which the transaction closes. Absent any of the aforementioned events, the loan is due at maturity.

The Company has evaluated whether the mandatory prepayment (if applicable) or the maturity of the credit facility of the subsidiary raises substantial doubt about the Company's ability to continue as a going concern within one year after the date the financial statements are issued. Should the subsidiary not be able to repay the loan on maturity or at the required prepayment dates (if applicable), there is a risk that the receivables and investment in the subsidiary may not be recoverable. Management's plan for alleviating substantial doubt of the subsidiary's ability to continue as a going concern includes using the proceeds from either a capital market transaction or a change in control to first settle the outstanding debt in the event of a mandatory prepayment, or if the debt is due at maturity, for the subsidiary to refinance the loan which Management and the Board of Directors believes the subsidiary has the ability to do.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

PROPOSAL OF THE BOARD OF DIRECTORS:

	CHF
Profit for the year - to be offset against accumulated deficit	7’162’125
Accumulated deficit	(18’130’483)
Amount to be carried forward	(10’968’358)

THE COMPANY

Landis+Gyr Group AG
c/o Landis+Gyr AG
Theilerstrasse 1
6301 Zug
Switzerland

JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS

UBS AG
Bahnhofstrasse 45
8001 Zurich
Switzerland

Morgan Stanley & Co International plc
25 Cabot Square, Canary Wharf
London E14 4QA
United Kingdom

JOINT BOOKRUNNERS

Credit Suisse AG
Paradeplatz 8
8001 Zurich
Switzerland

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

CO-BOOKRUNNERS

Bank Vontobel AG
Gotthardstrasse 43
8002 Zurich
Switzerland

Mizuho International plc
Mizuho House
30 Old Bailey
London EC4M 7AU
United Kingdom

LEGAL ADVISORS

To the Company

Niederer Kraft & Frey AG
Bahnhofstrasse 13
8001 Zurich
Switzerland

Morrison & Foerster LLP
CityPoint
One Ropemaker Street
London EC2Y 9AW
United Kingdom

To the Managers

Bär & Karrer AG
Brandschenkestrasse 90
8002 Zurich
Switzerland

Sullivan & Cromwell LPP
Neue Mainzer Strasse 52
Frankfurt am Main,
60311 Germany

CURRENT INDEPENDENT AUDITOR

PricewaterhouseCoopers AG
Grafenauweg 8
6303 Zug
Switzerland

PREVIOUS INDEPENDENT AUDITOR

Ernst & Young Ltd
Maagplatz 1
8010 Zurich
Switzerland

Landis+Gyr