Half-Year FY 2019 Earnings Presentation

Richard Mora, CEO | Jonathan Elmer, CFO

Disclaimer

Forward-looking information

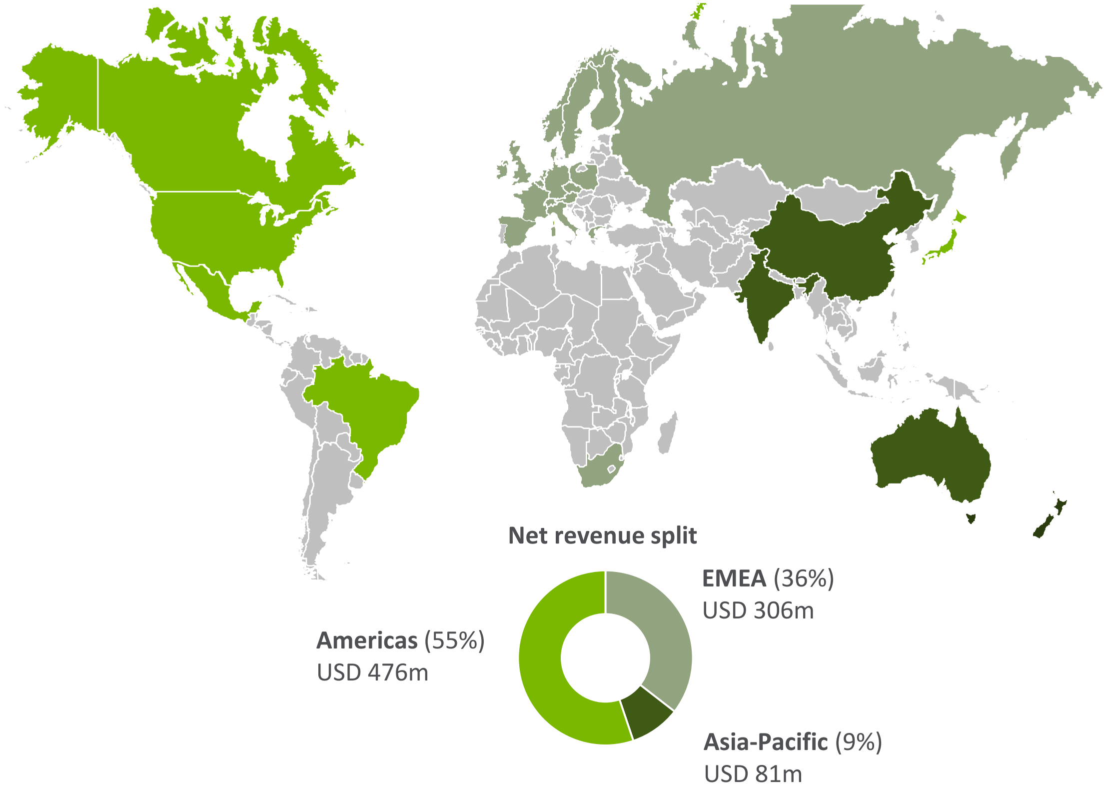
This presentation includes forward-looking information and statements, including statements concerning the outlook for our businesses. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions, and the economic conditions of the regions and industries that are major markets for Landis+Gyr Group AG. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects," "believes," "estimates," "targets," "plans", "outlook", "guidance" or similar expressions.

There are numerous risks, uncertainties and other factors, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this presentation and which could affect our ability to achieve our stated targets. The important factors that could cause such differences include, among others: business risks associated with the volatile global economic environment and political conditions; costs associated with compliance activities; market acceptance of new products and services; changes in governmental regulations and currency exchange rates; estimates of future warranty claims and expenses and sufficiency of accruals; and other such factors as may be discussed from time to time in Landis+Gyr Group AG filings with the SIX Swiss Exchange. Although Landis+Gyr Group AG believes that its expectations reflected in any such forward-looking statement are based on reasonable assumptions, it can give no assurance that those expectations will be achieved.

Alternative Performance Measures

This presentation may contain information regarding alternative performance measures. Definitions of these measures and reconciliations between such measures and their USGAAP counterparts if not defined in the presentation may be found in the 'Supplemental reconciliations and definitions' section on pages 36 to 42 of the Landis+Gyr Half Year Report 2019 on our website at www.landisgyr.com/investors.

Business performance – H1 FY 2019



Group performance in H1 FY 2019

- Order intake reached USD 819 million – book-to-bill ratio 0.95x
- Committed backlog up 7.1% to USD 2,514 million with all regions contributing to the growth
- Net Revenue reached USD 863 million up 3.4% in const. currency
- Adjusted EBITDA up 16.9% to USD 124.9 million, a margin of 14.5%; this includes a one-off gain of USD 5.6 million resulting from a Brazilian VAT court case, excluding this the Adjusted EBITDA margin was 13.8%, up 130bps
- EMEA Adj. EBITDA margin of 7.6% (up 780bps) and Asia Pacific Adj. EBITDA margin of 6.1% (up 1180bps) – Americas temporarily lower due to project timing
- Free Cash Flow (excl. M&A) was USD 33.1 million (up 134.8%)
- Net debt / Adjusted EBITDA of 0.4x

Net revenue increased by 3.4%*; Adjusted EBITDA margin of 14.5% (excl. VAT one-off: 13.8%)

* In constant currency

Recent corporate developments

Colorado Springs Utilities
It's how we're all connected

Colorado Springs Utilities will deploy the Gridstream Connect platform connecting more than 590,000 electric, natural gas and water meters to an integrated network management and data acquisition system. The new contract provides for managed services by Landis+Gyr for a total 20-year period including deployment and post-deployment services.

e.on

Landis+Gyr will deliver its Gridstream® Connect solution for one million metering points to E.ON in Sweden. Sweden is one of the first countries to move into its second wave of smart meter rollouts. This latest technology will empower end-consumers to improve efficiency of their energy usage and enhance smart grids to manage large-scale integration of renewable energy and use of e-vehicles.

In the UK, the transition to the next generation smart meters (SMETS2) is underway in scale since December 2018 with >2.5 million SMETS2 meters on the network. As the UK market leader, Landis+Gyr has approx. 21 million meters deployed or under contract.

FROST & SULLIVAN

Frost & Sullivan selected Landis+Gyr as their Global AMI Company of the Year for 2019. This is the fifth consecutive time the company has received the award.

Americas segment – Key developments in H1 FY 2019

North America

- Continuing the momentum from the end FY 2018, signed 20-year managed service extension and technology upgrade with Colorado Springs Utilities
- Expanded grid-edge intelligence; signed agreement with UtiliData
- As expected two large projects rolled off resulting in lower net revenues
- Manufacturing site for North America in Reynosa (Mexico); minimal impact expected from US / China tariffs

South America / LATAM

- AMI pilots in Brazil continue at moderate cadence
- Continued impact on market demand and order flow from weak local economic conditions

Japan / Tepco

- About 23 million of 27 million contracted end-points deployed; current installation still proceeding at a brisk rate
- Unsurpassed network scale and functionality achieved
- Next generation refresh planned for 2023

Expected temporary revenue decline in North American market

EMEA segment – Key developments in H1 FY 2019

Key markets

- **UK:**
  - Approx. 21 million smart meters under contract with a number of retailers, of which approx. 9 million have been deployed
  - UK roll-out c. 30% completed with c. 35 million more meters to go; deadline pushed out to 2024 (from 2020)
  - Contracts for 15.5 million meters still to be awarded
  - Brexit impact remains uncertain although expected destocking in H1 FY 2019 did not materialize
- **France:** Roll-out continues as planned. Awarded additional Linky volumes in H1 FY 2019.
- **Nordics:** 2nd wave is live as shown in Sweden (E.ON)

Key operational achievements

Improvement in profitability driven by:

- Full effect from completed introduction of product cost downs (family of six products in major markets)
- Project Phoenix completed in FY 2018
- Project Lightfoot ahead of plan and is expected to deliver USD 20 million of annual savings in FY 2019 - a further USD 5 million in annual savings will be delivered next financial year

Continued strong momentum in turnaround

Asia Pacific segment – Key developments in H1 FY 2019

Key markets

- **Australia**
  - Higher market certainty after implementation of regulatory framework (Power of Choice) driving demand
- **SEA**
  - Executing on CLP Power contract in Hong Kong
- **India**
  - Conversion of order backlog of Tata project
  - Multiple opportunities emerging; well positioned to capitalize on those

Operational achievements

- H1 FY 2019 net revenue up 32.0% in constant currency with Australia, Hong Kong and India as main drivers
- Solid execution with cost control actions implemented in FY 2018 bearing fruits

Strong growth momentum and improved profitability

Consolidated results – H1 FY 2019

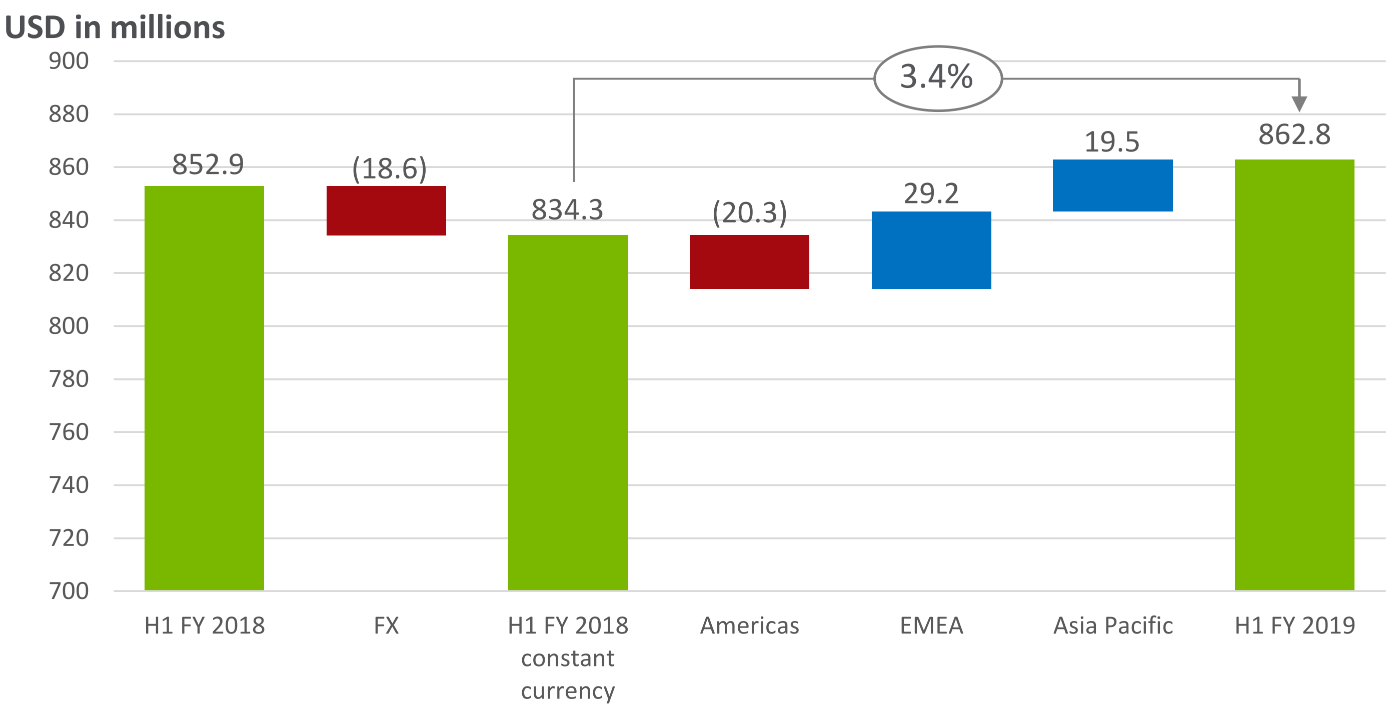
USD in millions (except per share amounts)	H1 FY 2019	H1 FY 2018	Change
Order Intake	818.9	910.0	(10.0%)
Change in constant currency			(7.1%)
Committed Backlog	2,514.1	2,347.9	7.1%
Net Revenue	862.8	852.9	1.2%
Change in constant currency			3.4%
Reported EBITDA	128.2	114.9	11.6%
Adjusted EBITDA*	124.9	106.8	16.9%
*Adjusted EBITDA %**	*14.5%*	*12.5%*	*200bps*
Operating Income	84.9	67.6	25.6%
Net Income attributable to shareholders	71.8	59.2	21.3%
Earnings per share – diluted (in USD)	2.45	2.01	21.9%
Free Cash Flow (excluding M&A)	33.1	14.1	134.8%
Cash provided (used) by operating & investing activities	33.1	(4.8)	n/a
Net debt	99.4	110.4	(10.0%)

* Including USD 5.6 million one-off related to Brazilian VAT ruling

Improved Net Revenue, Adjusted EBITDA and Free Cash Flow performance

Net Revenue year-over-year bridge – H1 FY 2019

Net Revenue year-over-year bridge



Americas

- Impact of roll off of two major projects partially offset by higher sales to other North American customers

EMEA

- UK continues to drive performance in EMEA

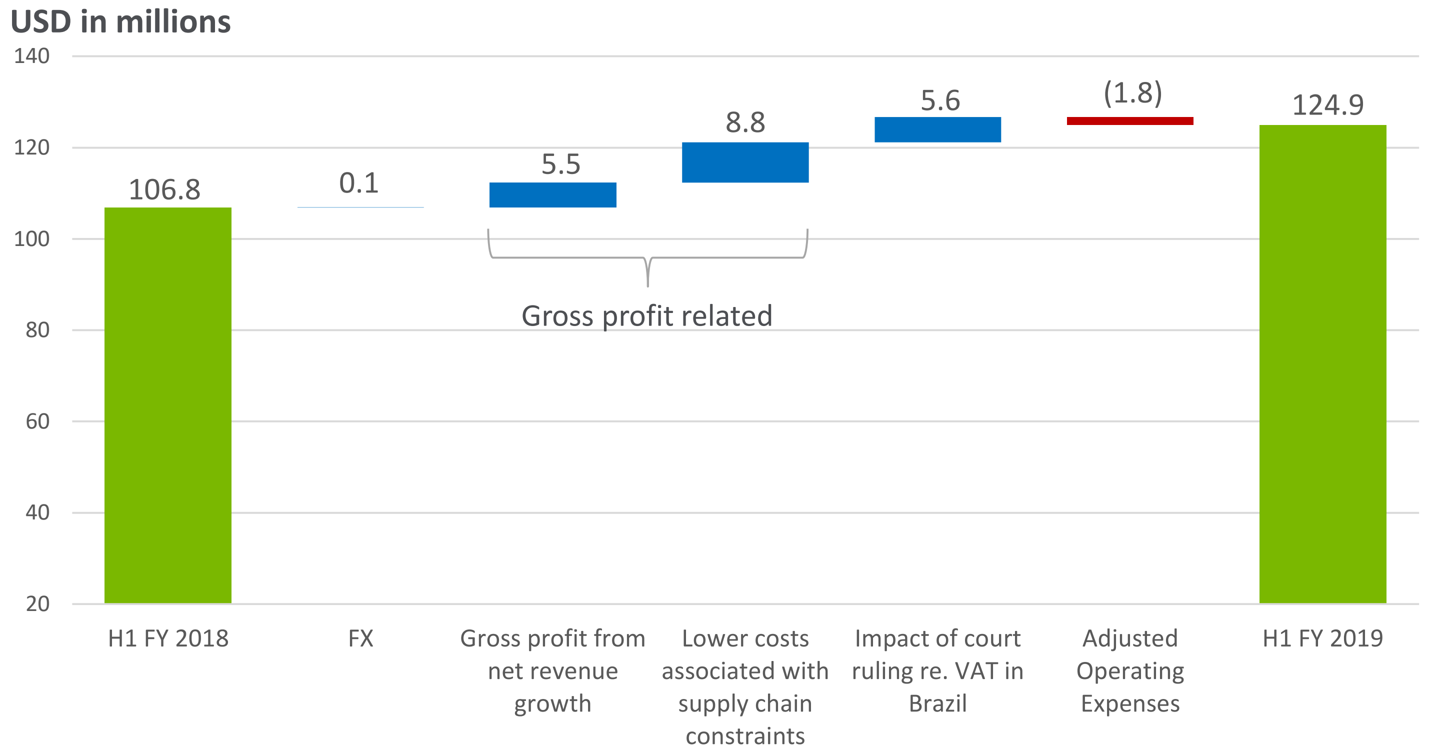
Asia Pacific

- Australia, Hong Kong and India driving growth

Net Revenue growth in EMEA and Asia Pacific

Adjusted EBITDA year-over-year bridge – H1 FY 2019

Adjusted EBITDA year-over-year bridge



Comment

- Significantly lower incremental costs associated with eased supply chain constraints:

USD in millions	H1 FY 2018	H1 FY 2019	Δ
Group	12.1	3.3	8.8

- One-off impact of court ruling relating to overpaid VAT in Brazil
- Stable Adjusted Operating Expenses despite revenue growth

Adjusted EBITDA margin improved by 130bps, excl. VAT in Brazil impact

Adjustments to EBITDA – H1 FY 2019

USD in millions	H1 FY 2019	H1 FY 2018	Change
Reported EBITDA	**128.2**	**114.9**	**11.6%**
Adjustments			
Restructuring Charges	0.6	2.6	(75.1%)
Exceptional Warranty Expenses	(0.1)	0.6	n/a
Normalized Warranty Expenses	4.8	(11.3)	n/a
Timing Differences on FX Derivatives	(8.6)	- *	n/a
Adjusted EBITDA	**124.9**	**106.8**	**16.9%**

* Adjustment introduced in H2 FY 2018

Adjustments H1 FY 2019

- Adjustments in H1 FY 2019 were again negative at USD 3.3 million driven by Timing Differences on FX Derivatives partly offset by Normalized Warranty Expenses
- Normalized Warranty Expenses adjustment of USD 4.8 million represents the amount of provisions made relative to the average annualized actual warranty utilization for the last 3 years; H1 FY 2019 reported EBITDA includes an increase to the legacy component provision of USD 11.3 million**
- Timing Differences on FX Derivatives: Hedges mainly put in place for part of GBP exposure for up to 24 months ahead

** See note 13 in the Notes to Interim Condensed Consolidated Financial Statements for further details

Adjusted EBITDA lower than Reported EBITDA by USD 3.3 million

Cash Flow – H1 FY 2019

USD in millions	H1 FY 2019	H1 FY 2018	Change
Net income	71.8	59.2	21.3%
Depreciation and amortization	43.3	47.3	(8.3%)
Net loss (income) from Equity Investments	3.1	1.7	79.4%
Non-cash gain on disposal of intelliHUB	-	(15.5)	n/a
Change in OWC, net	(25.5)	2.3	n/a
Warranty and warranty settlement cash outs	(23.4)	(34.2)	(31.5%)
Other	(23.6)	(29.9)	(21.1%)
Net cash provided by operating activities	**45.7**	**30.9**	**48.1%**
(incl. Tax payment of)	*(16.7)*	*(17.0)*	*(2.0%)*
Net cash used in investing activities	(12.6)	(35.7)	(64.7%)
(incl. Capex of)	*(12.7)*	*(16.9)*	*(24.7%)*
(incl. Equity contributions re M&A)	-	*(18.9)*	*n/a*
Free Cash Flow	**33.1**	**(4.8)**	**n/a**
Free Cash Flow (excluding M&A)	**33.1**	**14.1**	**134.1%**

Comments

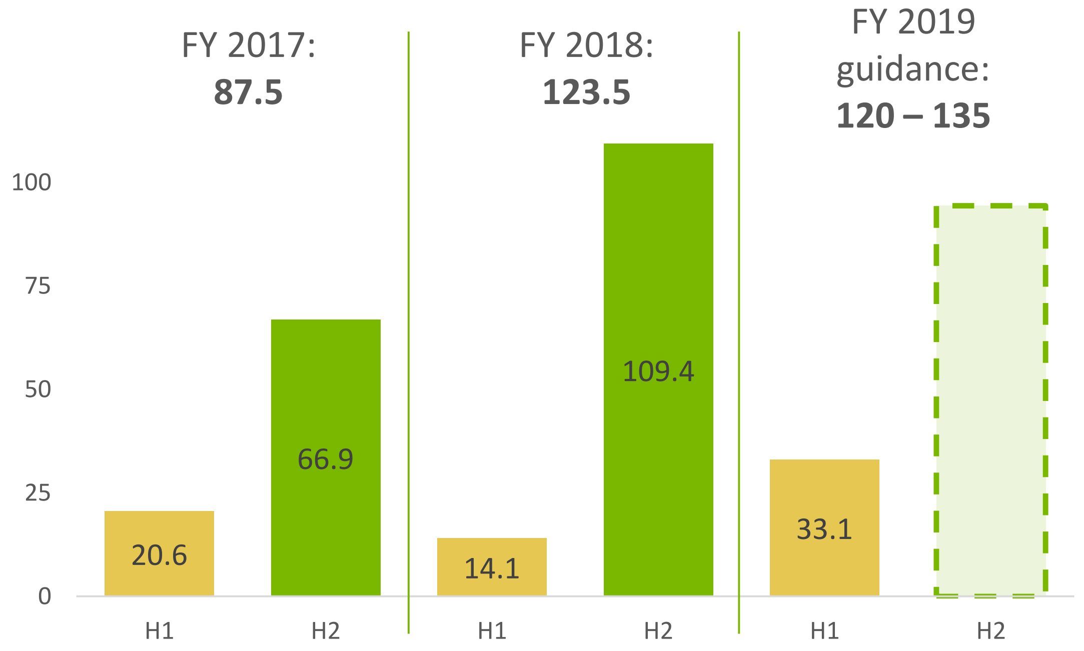
- OWC increased due to higher inventory in Americas and EMEA
- Warranty and warranty settlement cash outs of USD 23.4 million
- Capex lower than prior year due to timing effects mainly in the Americas
- Equity contributions in H1 FY 2018 included intelliHUB JV in Australia (USD 18.9 million)

Free Cash Flow driven by improved operating performance

Cash Flow Seasonality

Historical Free Cash Flow (excl. M&A)

USD in millions



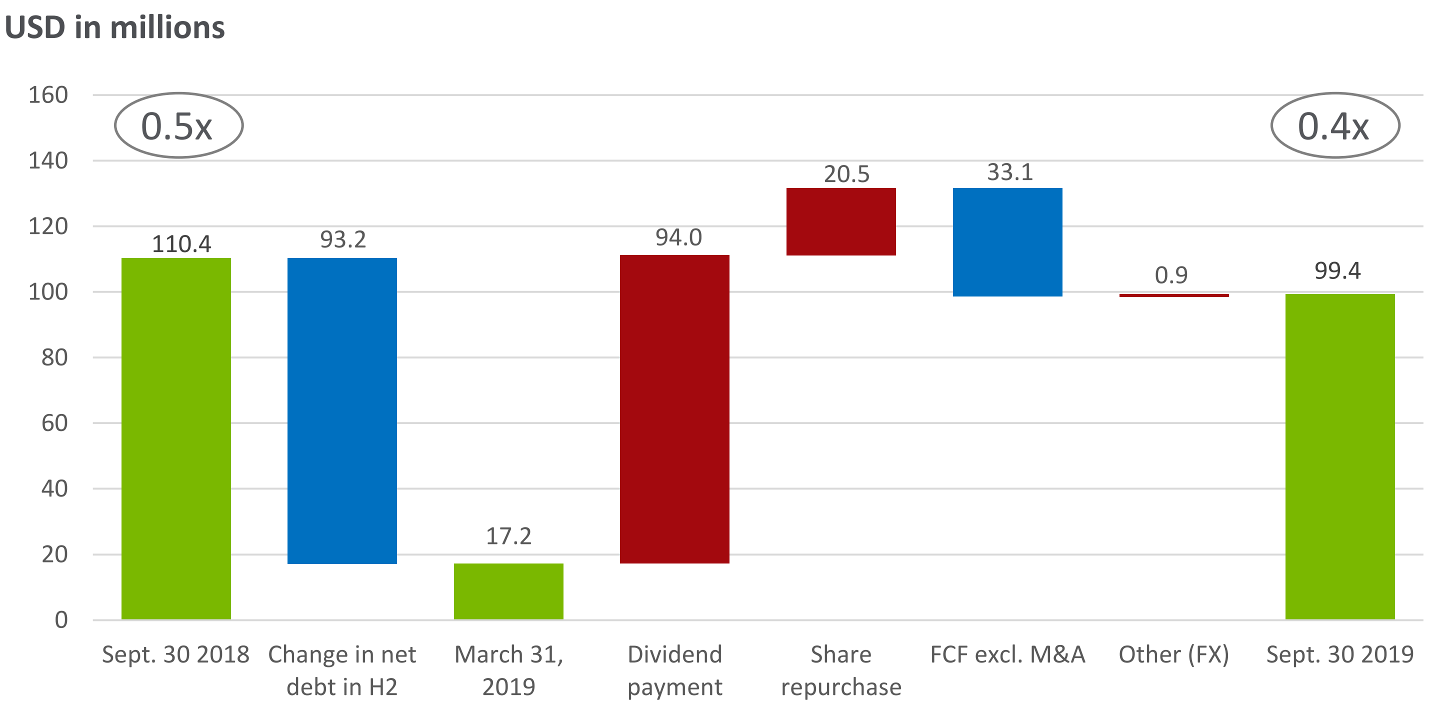
Comments

- H2 has historically been much stronger in terms of Free Cash Flow (excl. M&A) generation
- Warranty settlement cash outs in FY 2017 and FY 2018 skewed to H1; these cash outs will be more balanced in FY 2019
- Employee incentive payouts are skewed to H1
- OWC improvement expected in H2 FY 2019

Historical generation of Free Cash Flow (excluding M&A) stronger in H2 – also expected for FY 2019

Net debt

Net debt bridge



Comments

- Net debt down 10.0% to USD 99.4 million
- Slightly lower net debt / trailing twelve month Adjusted EBITDA ratio of 0.4x
- Dividend payment of USD 94.0 million made in July 2019
- Repurchased 277,166 shares for USD 20.5 million both inside and outside the buyback program in H1 FY 2019
- 2019 – 2021 share buyback program approximately 30% completed

Net debt / trailing twelve months Adjusted EBITDA

Solid balance sheet position with low net debt

Americas segment – H1 FY 2019

USD in millions	H1 FY 2019	H1 FY 2018	Change
Order intake	363.5	365.0	(0.4%)
Committed backlog	1,634.8	1,522.5	7.4%
Net revenue to external customers	476.0	497.5	(4.3%)
Change in constant currency			(4.1%)
Adjusted Gross Profit	186.6	198.0	(5.8%)
Adjusted Gross Profit %	*39.2%*	*39.8%*	*(60bps)*
Adjusted Operating Expenses	(76.4)	(80.0)	(4.5%)
Adjusted EBITDA before Group Charges	**110.2**	**118.1**	**(6.7%)**
Group Charges	(18.1)	(15.9)	14.1%
Adjusted EBITDA	**92.1**	**102.2**	**(9.9%)**
Adjusted EBITDA %	*19.3%*	*20.5%*	*(120bps)*

Comments

- Committed backlog increase driven by major contract wins in the US (primarily booked in H2 FY 2018)
- H1 revenue has declined primarily due to the roll-off of two major contracts in North America
- Japan net revenue of USD 12.9 million, down USD 1.4 million
- USD 5.6 million one-off gain related to court ruling in VAT case in Brazil (included in Adjusted Operating Expenses)

Despite expected net revenue decline, Adjusted EBITDA margin remained resilient

EMEA segment – H1 FY 2019

USD in millions	H1 FY 2019	H1 FY 2018	Change
Order intake	378.2	467.2	(19.0%)
Committed backlog	790.2	760.2	3.9%
Net revenue to external customers	306.3	291.6	5.0%
Change in constant currency			10.5%
Adjusted Gross Profit	98.0	81.0	20.9%
Adjusted Gross Profit %	*32.0%*	*27.8%*	*420bps*
Adjusted Operating Expenses	(65.9)	(70.0)	(5.7%)
Adjusted EBITDA before Group Charges	**32.1**	**11.0**	**191.8%**
Group Charges	(8.7)	(11.4)	(23.8%)
Adjusted EBITDA	**23.4**	**(0.4)**	**n/a**
Adjusted EBITDA %	*7.6%*	*(0.1%)*	*780bps*

Comments

- Committed backlog up on the back of contract wins in the Nordics and the UK
- Revenue growth driven by UK; expected Brexit destocking did not materialize
- 420bps improvement in Adjusted Gross Profit mainly attributable to product cost downs and Project Lightfoot
- Project Lightfoot ahead of plan to deliver USD 25 million savings in FY 2020; approx. USD 20 million annual savings to be realized in FY 2019
- Project Phoenix successfully completed in FY 2018

Continued turnaround yielding strong top line and profitability improvements

Asia Pacific segment – H1 FY 2019

USD in millions	H1 FY 2019	H1 FY 2018	Change
Order intake	77.2	77.9	(0.9%)
Committed backlog	89.0	65.1	36.7%
Net revenue to external customers	80.5	63.8	26.2%
Change in constant currency			32.0%
Adjusted Gross Profit	18.7	12.8	46.1%
Adjusted Gross Profit %	*23.2%*	*19.9%*	*330bps*
Adjusted Operating Expenses	(11.5)	(14.4)	(20.1%)
Adjusted EBITDA before Group Charges	**7.2**	**(1.6)**	**n/a**
Group Charges	(2.3)	(2.0)	15.0%
Adjusted EBITDA	**4.9**	**(3.6)**	**n/a**
Adjusted EBITDA %	*6.1%*	*(5.6%)*	*1180bps*

Comments

- Revenue growth driven by higher revenue in Australia, in SEA (CLP Power contract) and India (Tata contract)
- Gross profit margin improvement of 330bps driven by cost optimizations across the region
- Lower operating expense resulting from restructuring measures in previous periods and intelliHUB carve-out

Strong improvement driven by both topline growth and cost reduction

New 2018/19 Sustainability Report

Sustainability at Landis+Gyr

- Landis+Gyr focus on helping energy utilities and consumers manage energy better
- The company reports its carbon footprint since 2007; reducing
  - its carbon emissions from 39,512t CO_2e to 27,334t CO_2e in 2018/19 (-31%)
  - from 2.45k CO_2e per device to 1.2k CO_2e per device (-51%)
- More to be found at www.landisgyr.com/investors

Latest Achievements

Corporate Social Responsibility:

- Aligning CSR activities with UN Global Compact and Global Reporting Initiative (GRI)

Sustainability achievements 2018/19:

- CO_2 emissions reduced by 2.7%
- Use of chemicals lowered by 10.7%
- Water consumption (+9.9%) and Waste (+6.4%) negatively impacted by weather conditions and one-time effects

Guidance FY 2019

- Net revenue growth of approximately 1 - 4% in constant currency versus earlier range of 2 - 5% due to risk of project delays caused by the pace of regulatory approvals in the United States
- Group Adjusted EBITDA to be between USD 240 million and USD 255 million - unchanged
- Free Cash Flow (excl. M&A) to be between USD 120 million and USD 135 million - unchanged
- Dividend of at least 75% of Free Cash Flow (excl. M&A) - unchanged

Q&A

Key take-aways

- Significant progress made toward mid-term targets in EMEA and Asia Pacific – Americas resilient despite expected net revenue decline
- All key performance metrics (Net Revenues, Adjusted EBITDA and Free Cash Flow excluding M&A) grew year on year
- Supply chain constraints eased during H1 FY 2019
- Net debt remains low at 0.4x Adjusted EBITDA
- Remain positive on the balance of FY 2019, although regulatory delays could slow some project starts in the US - guidance for FY 2019 Adjusted EBITDA and Free Cash Flow (excluding M&A) remain unchanged

Delivering on our commitments

Dates and contacts

Important Dates

Capital Markets Day:
January 27, 2020 – Zurich

Release of FY 2019 Results:
May 28, 2020

Annual General Meeting:
June 30, 2020 – Casino Theater, Zug

Release of H1 FY 2019 Results:
October 28, 2020

Contact Investor Relations

Stan March – New York
SVP Group Communications &
Investor Relations
Phone +1 678 258 1321
Stan.March@landisgyr.com

Christian Waelti – Zug
Phone +41 41 935 6331
Christian.Waelti@landisgyr.com

ir@landisgyr.com
www.landisgyr.com/investors