

# Extracts from the Financial Report 2019

# Consolidated Statements of Operations (unaudited)

USD in thousands, except per share data	FINANCIAL YEAR ENDED MARCH 31,	
	2020	2019
<b>Net revenue</b>	<b>1,698,999</b>	<b>1,765,159</b>
Cost of revenue	1,166,174	1,188,824
<b>Gross profit</b>	<b>532,825</b>	<b>576,335</b>
<b>Operating expenses</b>		
Research and development	157,705	156,847
Sales and marketing	88,158	95,407
General and administrative	113,468	130,892
Amortization of intangible assets	34,503	34,937
<b>Operating income</b>	<b>138,991</b>	<b>158,252</b>
<b>Other income (expense)</b>		
Interest income	5,217	479
Interest expense	(6,784)	(6,847)
Non-operational pension (cost) credit	3,624	4,078
Gain on divestments	–	14,563
Income (loss) on foreign exchange, net	(2,626)	(1,526)
<b>Income before income tax expense</b>	<b>138,422</b>	<b>168,999</b>
Income tax expense	(19,469)	(42,121)
<b>Net income before noncontrolling interests and equity method investments</b>	<b>118,953</b>	<b>126,878</b>
Net loss from equity investments	(5,788)	(4,250)
<b>Net income before noncontrolling interests</b>	<b>113,165</b>	<b>122,628</b>
Net income attributable to noncontrolling interests, net of tax	(583)	383
<b>Net income attributable to Landis+Gyr Group AG Shareholders</b>	<b>113,748</b>	<b>122,245</b>
<b>Earnings per share</b>		
Basic	3.90	4.15
Diluted	3.90	4.15
<b>Weighted average number of shares used in computing earnings per share</b>		
Basic	29,169,434	29,489,321
Diluted	29,201,789	29,489,321

# Consolidated Balance Sheets (unaudited)

USD in thousands, except share data	March 31, 2020	March 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	319,379	73,381
Accounts receivable, net of allowance for doubtful accounts of USD 9.7 million and USD 9.9 million	335,761	367,943
Inventories, net	147,456	133,659
Prepaid expenses and other current assets	59,695	54,798
<b>Total current assets</b>	<b>862,291</b>	<b>629,781</b>
Property, plant and equipment, net	117,532	142,058
Intangible assets, net	288,279	332,030
Goodwill	1,354,094	1,354,094
Deferred tax assets	17,017	15,821
Other long-term assets	145,059	78,156
<b>TOTAL ASSETS</b>	<b>2,784,272</b>	<b>2,551,940</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Trade accounts payable	175,859	220,314
Accrued liabilities	28,357	31,232
Warranty provision – current	31,628	34,257
Payroll and benefits payable	55,542	66,842
Loans payable	352,171	90,661
Operating lease liabilities – current	13,212	–
Other current liabilities	84,569	81,438
<b>Total current liabilities</b>	<b>741,338</b>	<b>524,744</b>
Warranty provision – noncurrent	30,352	10,920
Pension and other employee liabilities	46,054	48,382
Deferred tax liabilities	25,034	37,347
Tax provision	20,598	29,172
Operating lease liabilities – noncurrent	59,482	–
Other long-term liabilities	63,769	68,000
<b>Total liabilities</b>	<b>986,627</b>	<b>718,565</b>
<b>Shareholders' equity</b>		
<b>Landis+Gyr Group AG shareholders' equity</b>		
Registered ordinary shares (29,251,249 and 29,510,000 issued shares at March 31, 2020 and March 31, 2019, respectively)	306,341	309,050
Additional paid-in capital	1,303,799	1,408,122
Retained earnings	289,393	177,966
Accumulated other comprehensive loss	(68,925)	(52,145)
Treasury shares, at cost (431,205 and 198,674 shares at March 31, 2020 and March 31, 2019, respectively)	(34,338)	(12,332)
<b>Total Landis+Gyr Group AG shareholders' equity</b>	<b>1,796,270</b>	<b>1,830,661</b>
Noncontrolling interests	1,375	2,714
<b>Total shareholders' equity</b>	<b>1,797,645</b>	<b>1,833,375</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,784,272</b>	<b>2,551,940</b>

# Consolidated Statements of Cash Flows (unaudited)

USD in thousands	FINANCIAL YEAR ENDED MARCH 31,	
	2020	2019
<b>Cash flow from operating activities</b>		
Net income	113,165	122,628
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	86,357	92,815
Net loss from equity investments	5,788	4,250
Share-based compensation	1,529	1,461
Gain on divestments	–	(14,563)
Gain on disposal of property, plant and equipment	1,025	526
Effect of foreign currencies translation on non-operating items, net	(539)	(4,203)
Change in allowance for doubtful accounts	(158)	3,633
Deferred income tax	(13,161)	4,625
Change in operating assets and liabilities, net of effect of businesses acquired and effect of changes in exchange rates:		
Accounts receivable	19,001	(77,040)
Inventories	(7,629)	(10,818)
Trade accounts payable	(32,648)	89,271
Other assets and liabilities	(23,795)	(49,647)
<b>Net cash provided by operating activities</b>	<b>148,935</b>	<b>162,938</b>
<b>Cash flow from investing activities</b>		
Payments for property, plant and equipment	(28,524)	(40,328)
Payments for intangible assets	(79)	(141)
Proceeds from the sale of property, plant and equipment	84	1,016
Business acquisitions	–	(21,101)
<b>Net cash used in investing activities</b>	<b>(28,519)</b>	<b>(60,554)</b>
<b>Cash flow from financing activities</b>		
Proceeds from third party facility	507,707	195,073
Repayment of borrowings to third party facility	(245,088)	(245,620)
Dividends paid to noncontrolling interests	(451)	(486)
Debt issuance cost	–	(614)
Dividends paid	(93,968)	(68,383)
Purchase of treasury shares	(38,920)	(12,709)
<b>Net cash provided by (used in) financing activities</b>	<b>129,280</b>	<b>(132,739)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>249,696</b>	<b>(30,355)</b>
Cash and cash equivalents at beginning of period, including restricted cash	73,381	106,763
Effects of foreign exchange rate changes on cash and cash equivalents	(3,698)	(3,027)
<b>Cash and cash equivalents at end of period, including restricted cash</b>	<b>319,379</b>	<b>73,381</b>
<b>Supplemental cash flow information</b>		
Cash paid for income tax	31,369	32,569
Cash paid for interest	5,995	5,912

# Supplemental Reconciliation and Definitions (unaudited)

## Adjusted EBITDA

The reconciliation of EBITDA to Adjusted EBITDA is as follows for the financial years ended March 31, 2020 and 2019:

USD in millions, unless otherwise indicated	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
<b>Operating income</b>	<b>139.0</b>	<b>158.3</b>	<b>92.6</b>	<b>148.8</b>	<b>25.3</b>	<b>1.0</b>	<b>4.9</b>	<b>(4.0)</b>	<b>16.2</b>	<b>12.5</b>
Amortization of intangible assets	47.1	48.7	32.4	33.0	6.5	7.3	1.4	1.6	6.8	6.8
Depreciation	39.2	44.1	21.4	25.1	14.5	15.1	2.9	3.3	0.4	0.6
<b>EBITDA</b>	<b>225.3</b>	<b>251.1</b>	<b>146.4</b>	<b>206.9</b>	<b>46.3</b>	<b>23.4</b>	<b>9.2</b>	<b>0.9</b>	<b>23.4</b>	<b>19.9</b>
Restructuring charges	6.7	4.8	4.4	2.1	1.3	1.0	0.3	0.6	0.7	1.1
Exceptional warranty related expenses	–	1.1	–	–	0.0	(1.0)	–	–	–	2.1
Warranty normalization adjustments	13.1	(16.1)	12.3	(15.3)	0.4	(0.7)	0.4	0.0	0.0	(0.1)
Timing difference on FX Derivatives	(7.9)	(3.0)	–	–	(7.9)	(3.0)	–	–	–	–
<b>Adjusted EBITDA</b>	<b>237.2</b>	<b>237.9</b>	<b>163.1</b>	<b>193.7</b>	<b>40.1</b>	<b>19.7</b>	<b>9.9</b>	<b>1.5</b>	<b>24.1</b>	<b>23.0</b>
Adjusted EBITDA margin (%)	14.0%	13.5%	18.0%	19.6%	6.3%	3.1%	6.2%	1.0%		

### Adjusted Gross Profit

The reconciliation of Gross Profit to Adjusted Gross Profit is as follows for the financial years ended March 31, 2020 and 2019:

USD in millions, unless otherwise indicated	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
<b>Gross Profit</b>	<b>532.8</b>	<b>576.3</b>	<b>307.8</b>	<b>380.4</b>	<b>189.2</b>	<b>171.6</b>	<b>33.4</b>	<b>26.7</b>	<b>2.4</b>	<b>(2.4)</b>
Amortization of intangible assets	12.6	13.8	5.1	5.4	6.2	7.0	1.3	1.4	–	–
Depreciation	32.0	36.4	18.1	21.5	12.6	13.3	1.3	1.7	0.0	(0.1)
Restructuring charges	1.7	0.8	1.4	0.9	0.0	(0.3)	0.3	0.2	–	–
Exceptional warranty related expenses	–	1.1	–	–	0.0	(1.0)	–	–	0.0	2.1
Warranty normalization adjustments	13.1	(16.1)	12.3	(15.4)	0.4	(0.7)	0.4	–	–	(0.0)
Timing difference on FX derivatives	(7.9)	(3.0)	–	–	(7.9)	(3.0)	–	–	–	–
<b>Adjusted Gross Profit</b>	<b>584.3</b>	<b>609.3</b>	<b>344.7</b>	<b>392.8</b>	<b>200.5</b>	<b>186.9</b>	<b>36.7</b>	<b>30.0</b>	<b>2.4</b>	<b>(0.4)</b>
Adjusted Gross Profit margin (%)	34.4%	34.5%	38.0%	39.8%	31.6%	29.5%	23.1%	20.4%		

### Adjusted Operating Expenses

The reconciliation of Operating Expenses to Adjusted Operating Expenses is as follows for the financial years ended March 31, 2020 and 2019:

USD in millions, unless otherwise indicated	FY 2019	FY 2018
<b>Research and development</b>	<b>157.7</b>	<b>156.8</b>
Depreciation	(3.8)	(4.0)
Restructuring charges	(1.7)	(0.9)
<b>Adjusted Research and development</b>	<b>152.2</b>	<b>151.9</b>
Sales and marketing	88.2	95.4
General and administrative	113.5	130.9
Depreciation	(3.4)	(3.7)
Restructuring charges	(3.3)	(3.1)
<b>Adjusted Sales, General and Administrative</b>	<b>195.0</b>	<b>219.5</b>
<b>Adjusted Operating Expenses</b>	<b>347.2</b>	<b>371.4</b>