Landis+Gyr Announces First Half FY 2020 Financial Results

Zug, Switzerland – October 12th, 2020 – Landis+Gyr (LAND.SW) today announced unaudited financial results for the first half of financial year 2020 (April 1st – September 30th, 2020). Key highlights included:

- **COVID-19 and US regulatory project approval delays significantly impacted Landis+Gyr's business in the six months under review with H1 FY 2020 net revenues of USD 623.5 million, a decrease of 27.1% in constant currency Year-over-Year (YoY)**
- **Despite temporary suspensions and slowdowns in installations, no major project cancellations have occurred**
- **Order intake for H1 FY 2020 of USD 456.9 million, a book-to-bill ratio of 0.73 with continuing regulatory project approval delays in the US and slower tendering activities due to COVID-19**
- **Committed backlog down 17.2% YoY to USD 2.1 billion**
- **Adjusted EBITDA* of USD 50.1 million, a margin of 8.0% compared to 14.5% in H1 FY 2019; Adjusted Operating Expenses* reduced by USD 32.2 million YoY**
- **The global restructuring and streamlining initiative announced on August 5th, 2020 will be concluded in FY 2020 with full year benefits expected to materialize in FY 2021**
- **Net loss was USD 2.0 million, including restructuring costs of USD 15.4 million; loss per share was USD 0.07**
- **Free Cash Flow (excl. M&A) was USD 45.3 million compared to USD 33.1 million in H1 FY 2019**
- **Net cash was USD 12.1 million compared to net debt of USD 99.4 million at the end of H1 FY 2019**
- **Additional revolving credit facilities of CHF 200 million were established during H1 FY 2020 and remain undrawn; cash on hand was USD 369 million**
- **A distribution of CHF 2.00 per share for FY 2019 will be proposed at an Extraordinary General Meeting on November 24th, 2020**
- **An update on the revenue & margin outlook FY 2020 is being provided, but remains subject to ongoing COVID-19 developments**

"Over the past few months, our employees have demonstrated an incredible amount of resilience and dedication to ensure we continue to meet customer expectations and take care of each other, with health, safety and wellbeing remaining the top priority. As a global leader in an essential industry, we are proud to provide critical infrastructure to utilities around the world, helping our customers, energy consumers and entire communities to manage energy in a more informed and sustainable way. Since I took over as Chief Executive Officer six months ago, we have taken several targeted steps to further improve our competitive positioning, including the establishment of a strong leadership team and the reorganization of our global R&D setup to drive leading-edge innovation and increase speed to market and customer intimacy. In addition, we have implemented a global restructuring and streamlining initiative to rightsize the organization. Despite these unprecedented and challenging times, the Group improved its cash generation and its balance sheet remains very solid. Even though we have seen temporary suspensions of meter installations, we have not experienced any major project cancellations", said Werner Lieberherr, Chief Executive Officer of Landis+Gyr.

"When we announced our full year FY 2019 results on May 6th, 2020, we cautioned about a potentially material adverse impact of COVID-19 on the Company. It is the case that the results for the first half of financial year 2020 reflect the current challenging economic environment, impacted primarily by the COVID-19 crisis, further delaying regulatory project approval processes in the Americas region and temporarily suspending installations in other key markets, such as the UK. We have undertaken strict cost control measures throughout the organization, while maintaining key portfolio investments,

* For a reconciliation of non-GAAP measures, see chapter "Supplemental Reconciliations and Definitions (unaudited)" in this media release.

and we are well positioned for the future, having all the fundamentals in place. For FY 2019, a distribution from capital reserves of CHF 2.00 per share will be proposed at an Extraordinary General Meeting on November 24th, 2020. Additional information on the strategic direction, as well as a possible update on mid-term guidance and dividend policy, will be given at the Capital Markets Day on January 27th, 2021", Lieberherr concluded.

COVID-19 Update

Landis+Gyr remains focused on meeting its customer requirements as well as ensuring the health and wellbeing of the Group's employees during these extraordinary times. Some of the Company's and its vendors' factories have been subject to lockdowns but all are currently operational again. Social distancing and all necessary hygiene measures have been implemented in all facilities according to local regulations. Overall, there has not been a significant impact to the supply chain, however risks remain as the COVID-19 situation evolves.

Landis+Gyr has not experienced any major project cancellations and software and service contracts continue unchanged. The Company is working closely with all customers and partners to ensure continued operational excellence, however, some customers have suspended or slowed down meter installations. There have been further delays to regulatory project approvals in the US and to contract awards more widely, with some rescheduling of new project deployments, which were originally planned for 2020 and 2021. As a result, the Company's revenue fell significantly in H1 FY2020 and has elevated the urgency of rightsizing the organization, improving the Company's cost structure with a continued focus on lowering operating and capital expenditure while maintaining technological leadership.

Order Intake, Committed Backlog and Net Revenue

As expected due to the impact of COVID-19 during the first half of FY 2020 and various government measures implemented in connection therewith as well as US regulatory project approval delays, order intake for H1 FY 2020 was USD 456.9 million, a book-to-bill ratio of 0.73 and a decrease of 44% YoY in constant currency. Committed backlog was down 17% YoY at USD 2,080.7 million with all three regions reporting decreases YoY.

In H1 FY 2020, net revenue fell 27.1% YoY in constant currency to USD 623.5 million.

Net revenue to external customers per segment was as follows (in USD millions, except where indicated):

Segment	H1 FY 2020 Net revenue	H1 FY 2019 Net revenue	Percentage change	Percentage change in constant currencies
Americas	332.6	476.0	(30.1%)	(29.2%)
EMEA	213.9	306.3	(30.2%)	(30.4%)
Asia Pacific	77.0	80.5	(4.3%)	(2.2%)
Group	**623.5**	**862.8**	**(27.7%)**	**(27.1%)**

The Americas region delivered lower net revenue YoY, down 29.2% in constant currency, due to headwinds related to COVID-19, further delays in regulatory project approvals in the US and recent project roll-offs not replaced by new business as well as slower tendering activities. The Americas' committed backlog was USD 1,333.1 million at the end of H1 FY 2020, down 18.5% YoY.

Net revenue in the EMEA region was down compared to the prior year by 30.4% in constant currency. Temporary installation suspensions due to COVID-19, particularly in the UK, drove the region's decline in financial performance. EMEA's committed order backlog was USD 663.2 million at the period end, down 16.1% YoY.

Asia Pacific sales were down 2.2% YoY in constant currency, as growth in Hong Kong partially offset COVID-19 related declines in Australia and India. Committed backlog was USD 84.3 million, down 5.3% YoY.

Adjusted and Reported EBITDA*

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

Segment	H1 FY 2020 Adjusted EBITDA*	H1 FY 2020 Percentage of net revenue	H1 FY 2019 Adjusted EBITDA*	H1 FY 2019 Percentage of net revenue
Americas	40.7	12.2%	92.1	19.3%
EMEA	(4.3)	(2.0%)	23.4	7.6%
Asia Pacific	5.7	7.4%	4.9	6.1%
Corporate unallocated	8.0	N/A	4.5	N/A
Group	**50.1**	**8.0%**	**124.9**	**14.5%**

Overall, H1 FY 2020 Adjusted EBITDA* was USD 50.1 million. The H1 FY 2020 Adjusted EBITDA* margin decreased to 8.0% from 14.5% in the prior year. Adjusted EBITDA* declined due to lower gross profit given the reduced volumes in the Americas and EMEA with a partial offset from lower operating expenses.

Adjusted Operating Expenses* reduced by USD 32.2 million compared to the previous year. The reduction is attributable to cost control measures, lower variable compensation and COVID-19 impacts. The impact of the global restructuring and streamlining initiative announced on August 5th, 2020 (known as Project Hermes) is expected to materialize from H2 FY 2020 onwards.

In H1 FY 2020, the Operating loss was USD 9.9 million, down from an Operating income of USD 84.9 million in H1 FY 2019. Reported EBITDA* was USD 31.8 million versus USD 128.2 million in H1 FY 2019.

The adjustments to bridge between reported EBITDA* in the Group's financial statements and Adjusted EBITDA* are as follows (in USD millions):

	H1 FY 2020	H1 FY 2019
Reported EBITDA*	**31.8**	**128.2**
Adjustments		
Restructuring charges	15.4	0.6
Exceptional warranty expenses	–	(0.1)
Warranty normalization adjustments	(6.7)	4.8
Timing difference on FX derivatives	9.7	(8.6)
Adjusted EBITDA*	**50.1**	**124.9**

In H1 FY 2020, the adjustments were in three categories. First, with respect to Restructuring Charges, the USD 15.4 million related to initiatives taken across the organization, mainly in respect of project Hermes, the Company's global restructuring and streamlining initiative. Secondly, the Warranty Normalization Adjustments of USD –6.7 million represents the amount of warranty provisions made relative to the average actual warranty utilization for the last three years. Thirdly, the Timing Difference on FX Derivatives adjustment was USD 9.7 million in H1 FY 2020 and relates to mark to market differences on hedges.

Net Income/(Loss) and EPS
Net loss for H1 FY 2020 was USD 2.0 million (loss per share of USD 0.07), compared to Net income of USD 71.8 million (earnings per share of USD 2.45) for H1 FY 2019.

Cash Flow and Net Debt
Cash provided by operating activities was USD 56.6 million in H1 FY 2020 compared to USD 45.7 million in the prior year. Free Cash Flow (excl. M&A) was USD 45.3 million in H1 FY 2020, an increase of USD 12.2 million YoY.

In H1 FY 2020, capital expenditure amounted to USD 11.3 million, 11.0% below the H1 FY 2019 level of USD 12.7 million, consistent with the Company's asset-light business model. Cash generated from lower operating working capital was USD 32.1 million. Warranty and warranty settlement cash outs were USD 7.2 million, down from USD 23.4 million in the prior year as cash outs related to legacy component issues fell.

Net cash was USD 12.1 million compared to net debt of USD 99.4 million at the end of H1 FY 2019.

Additional revolving credit facilities of CHF 200 million were established during H1 FY 2020 and these facilities remain undrawn.

Global Restructuring & Streamlining Initiative (Project Hermes)
Project Hermes, the global initiative which is aimed at restructuring and streamlining the organization to increase efficiencies and optimize its cost structure, was announced on August 5th, 2020 and is proceeding according to plan.

Project Hermes targets to reduce the number of employees by approximately 12%, representing about 700 employees across all levels and regions of the Company, and is expected to result in annual run-rate savings of approximately USD 30 million from FY 2021 onwards.

Annual run-rate savings in Adjusted Operating Expenses* of USD 16 million are expected to be realized from FY 2021 onwards. In addition, annual run-rate savings in Cost of Goods Sold of USD 14 million are expected to be realized from FY 2021 onwards, helping to protect gross profit margins given lower revenues. Savings in Adjusted Operating Expenses* of USD 5 million and in Cost of Goods Sold of USD 5 million are expected to materialize in H2 FY 2020.

Total restructuring charges are expected to be approximately USD 19 million of which USD 14.0 million were booked in H1 FY 2020; of this total, USD 0.7 million was cashed out in H1 FY 2020 with most of the remainder expected to be cashed out in H2 FY 2020.

In this context, the Group Executive Management has taken a 10% reduction in base salary for six months, and the members of the Board of Directors have likewise taken a 10% reduction in their base and committee fees for six months.

Update on Washington Department of Revenue (WADOR)
As noted in the Financial Report 2019, the Company has received a non-income tax assessment from the State of Washington Department of Revenue (WADOR) for approximately USD 22 million, including penalties and interest. The Company strongly disagrees with this assessment and believes it to be contradictory to applicable statutes and court rulings in similar cases. The Company is currently petitioning within the WADOR in an effort to resolve the matter. However, the Company believes resolution of the issue is likely to require an appeal to the Washington state court during H2 FY 2020. In order to file an appeal to the court, the Company must first make payment of the tax assessment which therefore is likely to be cashed out in H2 FY 2020. Although the Company cannot predict the ultimate outcome of this case, the Company believes that it is probable that the tax au-

thority's assessment will be overturned on appeal; therefore the Company has not established an accrual and furthermore expects to hold any payment made in order to file an appeal to the court as a prepayment in its balance sheet.

Distributions to Shareholders

After announcing to defer the decision in respect of the FY 2019 dividend during the FY 2019 results presentation in May 2020, the Board of Directors will propose a distribution of CHF 2.00 per share, equivalent to approximately 50% of FY 2019 Free Cash Flow (excl. M&A), to an Extraordinary General Meeting on November 24th, 2020. The Board considers this amount to be prudent in the context of the overall liquidity of the Company. If approved, the distribution will be paid out of capital contribution reserves and is exempt from Swiss withholding tax.

The share buyback program remains suspended.

FY 2020 Update

The Company stated in its press release announcing FY 2019 results on May 6th, 2020, that it was unable to estimate the FY 2020 net revenue impact from the COVID-19 crisis, but that it could have a potentially material adverse impact; as a result the Company did not provide guidance for FY 2020 at that time. The Company continues to monitor the impact of COVID-19 on its customers and its global operations. Many uncertainties remain, both due to COVID-19 and due to the general business environment in key markets, such as North America, the UK, France, the Netherlands, Switzerland, Germany, Australia, India, Brazil and other countries representing a significant part of Landis+Gyr's revenue.

Accordingly, at this stage, the Company can only give an approximate indication of the outlook for revenue and margins for FY 2020. The Company expects that net revenue will be between USD 1.3 billion and USD 1.4 billion for FY 2020 with higher margins in H2 compared to H1 FY 2020, given improved operational leverage.

The half year FY 2020 earnings presentation, which forms part of this press release, is available on the Company's website under www.landisgyr.com/investors.

Investor Webcast and Telephone Conference

The management of Landis+Gyr will host an investor/analyst call to discuss the Company's results.

Date and time:	October 12th, 2020 at 10:00 am CET
Speakers:	Werner Lieberherr (Chief Executive Officer) Jonathan Elmer (Chief Financial Officer)
Audio webcast:	www.landisgyr.com/investors/results-center/
Telephone:	Europe: +41 (0)58 310 5000 UK: +44 (0)207 107 0613 US: +1 631 570 5613

Please dial in 10–15 minutes before the start of the presentation and ask for "Landis+Gyr's first half year results 2020".

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Key Dates

Publication of Half Year Report 2020 and Sustainability Report 2019/20	October 28th, 2020
Extraordinary General Meeting	November 24th, 2020
Ex-Dividend Date	November 26th, 2020
Dividend Record Date	November 27th, 2020
Dividend Payment Date	November 30th, 2020
Capital Markets Day	January 27th, 2021
Release of Results for Financial Year 2020	May 5th, 2021
Publication of Annual Report 2020 and Invitation to AGM 2021	May 28th, 2021
Annual General Meeting 2021	June 24th, 2021

About Landis+Gyr

Landis+Gyr is a leading global provider of integrated energy management solutions for the utility sector. Offering one of the broadest portfolios, we deliver innovative and flexible solutions to help utilities solve their complex challenges in Smart Metering, Grid Edge Intelligence and Smart Infrastructure. With sales of USD 1.7 billion in FY 2019, Landis+Gyr employs approximately 5,500 people in over 30 countries across five continents, with the sole mission of helping the world manage energy better.

Disclaimer

This release contains information regarding alternative performance measures or non USGAAP measures, such as Reported EBITDA, Adjusted EBITDA, Adjusted Gross Profit, Adjusted Research and Development, Adjusted Sales, General and Administrative, and Adjusted Operating Expenses. Definitions of these measures and reconciliations between such measures and their USGAAP counterparts if not defined in this release may be found on pages 21 to 27 of the Landis+Gyr Financial Report 2019 on our website at www.landisgyr.com/investors.

Forward-looking Information

This press release includes forward-looking information and statements, including statements concerning the outlook for Landis+Gyr Group AG's businesses. These statements are based on current expectations, estimates and projections about the factors that may affect the Company's future performance, including global economic conditions, and the economic conditions of the regions and industries that are major markets for Landis+Gyr. 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 Landis+Gyr's control, that could cause the Company's actual results to differ materially from the forward-looking information and statements made in this presentation and which could affect the Company's ability to achieve its stated targets. The important factors that could cause such differences include, among others: the duration, severity and geographic spread of the COVID-19 pandemic, government actions to address or mitigate the impact of the COVID-19 pandemic, and the potential negative impacts of COVID-19 on the global economy, the Company's operations and those of its customers and suppliers; 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 upon reasonable assumptions, it can give no assurance that those expectations will be achieved.

Extracts from the Half-Year Report 2020

Interim Consolidated Statements of Operations (unaudited)

USD in thousands, except per share data and number of shares	SIX MONTHS ENDED SEPTEMBER 30, 2020	2019
Net revenue	**623,487**	**862,755**
Cost of revenue	459,437	579,974
Gross profit	**164,050**	**282,781**
Operating expenses		
Research and development	74,939	76,833
Sales and marketing	33,356	42,086
General and administrative	48,488	61,759
Amortization of intangible assets	17,146	17,235
Operating (loss) income	**(9,879)**	**84,868**
Other income (expense)		
Interest income	251	5,053
Interest expense	(3,664)	(3,570)
Non-operational pension credit	992	2,289
Gain on sale of investments	596	–
Loss on foreign exchange, net	(1,070)	(624)
(Loss) Income before income tax expense	**(12,774)**	**88,016**
Income tax benefit (expense)	13,777	(13,184)
Net income before noncontrolling interests and equity method investments	**1,003**	**74,832**
Net loss from equity investments	(3,271)	(3,051)
Net (loss) income before noncontrolling interests	**(2,268)**	**71,781**
Net loss attributable to noncontrolling interests, net of tax	(230)	(21)
Net (loss) income attributable to Landis+Gyr Group AG Shareholders	**(2,038)**	**71,802**
Earnings per share:		
Basic	(0.07)	2.45
Diluted	(0.07)	2.45
Weighted average number of shares used in computing earnings per share:		
Basic	28,822,364	29,292,228
Diluted	28,822,364	29,358,894

Interim Consolidated Balance Sheets (unaudited)

USD in thousands, except share data	September 30, 2020	March 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	368,926	319,379
Accounts receivable, net of allowance for doubtful accounts of USD 6.9 million and USD 9.7 million	235,698	335,761
Inventories, net	148,992	147,456
Prepaid expenses and other current assets	87,539	59,695
Total current assets	**841,155**	**862,291**
Property, plant and equipment, net	118,661	117,532
Intangible assets, net	266,042	288,279
Goodwill	1,354,094	1,354,094
Deferred tax assets	19,372	17,017
Other long-term assets	183,183	145,059
TOTAL ASSETS	**2,782,507**	**2,784,272**
LIABILITIES AND EQUITY		
Current liabilities		
Trade accounts payable	104,564	175,859
Accrued liabilities	40,540	28,357
Warranty provision – current	37,124	31,628
Payroll and benefits payable	39,896	55,542
Loans payable	357,029	352,171
Operating lease liabilities – current	15,878	13,212
Other current liabilities	93,131	84,569
Total current liabilities	**688,162**	**741,338**
Warranty provision – noncurrent	24,623	30,352
Pension and other employee liabilities	46,173	46,054
Deferred tax liabilities	28,194	25,034
Tax provision	22,660	20,598
Operating lease liabilities – noncurrent	99,762	59,482
Other long-term liabilities	67,024	63,769
Total liabilities	**976,598**	**986,627**
Shareholders' equity		
Landis+Gyr Group AG shareholders' equity Registered ordinary shares (29,251,249 and 29,251,249 issued shares at September 30, 2020, and March 31, 2020, respectively)	306,341	306,341
Additional paid-in capital	1,303,454	1,303,799
Retained earnings	287,355	289,393
Accumulated other comprehensive loss	(58,338)	(68,925)
Treasury shares, at cost (427,825 and 431,205 shares at September 30, 2020, and March 31, 2020, respectively)	(34,124)	(34,338)
Total Landis+Gyr Group AG shareholders' equity	**1,804,688**	**1,796,270**
Noncontrolling interests	1,221	1,375
Total shareholders' equity	**1,805,909**	**1,797,645**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,782,507**	**2,784,272**

Interim Consolidated Statements of Cash Flows (unaudited)

	SIX MONTHS ENDED SEPTEMBER 30,	
USD in thousands	**2020**	2019
Cash flow from operating activities		
Net (loss) income	(2,268)	71,781
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	41,684	43,333
Net loss from equity investments	3,271	3,051
Share-based compensation	(131)	1,416
Gain on sale of investments	(596)	–
Loss on disposal of property, plant and equipment	89	248
Effect of foreign currencies translation on non-operating items, net	1,775	(308)
Change in allowance for doubtful accounts	(2,756)	(649)
Deferred income tax	2,262	(2,715)
Change in operating assets and liabilities, net of effect of businesses acquired and effect of changes in exchange rates:		
Accounts receivable	115,357	16,761
Inventories	(2,071)	(26,910)
Trade accounts payable	(81,196)	(15,352)
Other assets and liabilities	(18,856)	(44,948)
Net cash provided by operating activities	**56,564**	**45,708**
Cash flow from investing activities		
Payments for property, plant and equipment	(11,290)	(12,681)
Payments for intangible assets	(16)	–
Proceeds from the sale of property, plant and equipment	61	85
Proceeds from the sale of investments	596	–
Net cash used in investing activities	**(10,649)**	**(12,596)**
Cash flow from financing activities		
Proceeds from third party facility	2,664	176,438
Repayment of borrowings to third party facility	(2,862)	(130,929)
Debt issuance cost	(2,523)	–
Dividends paid to noncontrolling interest	–	(459)
Dividends paid	–	(93,968)
Purchase of treasury shares	–	(20,478)
Net cash used in financing activities	**(2,721)**	**(69,396)**
Net increase (decrease) in cash and cash equivalents	**43,194**	**(36,284)**
Cash and cash equivalents at beginning of period, including restricted cash	319,379	73,381
Effects of foreign exchange rate changes on cash and cash equivalents	6,353	(1,174)
Cash and cash equivalents at end of period, including restricted cash	**368,926**	**35,923**
Supplemental cash flow information		
Cash paid for income tax	8,916	16,664
Cash paid for interest	3,034	2,920

Supplemental Reconciliations and Definitions (unaudited)

Adjusted EBITDA

The reconciliation of Operating income to Adjusted EBITDA is as follows for the six months period ended September 30, 2020 and 2019:

	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
USD in millions, unless otherwise indicated	**H1 20**	H1 19	**H1 20**	H1 19	**H1 20**	H1 19	**H1 20**	H1 19	**H1 20**	H1 19
Operating (loss) income	**(9.9)**	**84.9**	**19.5**	**60.8**	**(33.1)**	**20.2**	**0.3**	**2.8**	**3.4**	**1.1**
Amortization of intangible assets	23.8	23.4	16.3	16.2	3.4	3.3	0.7	0.7	3.4	3.2
Depreciation	17.9	19.9	9.1	11.0	7.3	7.2	1.3	1.4	0.2	0.3
EBITDA	**31.8**	**128.2**	**44.9**	**88.0**	**(22.4)**	**30.7**	**2.3**	**4.9**	**7.0**	**4.6**
Restructuring charges	15.4	0.6	4.6	0.1	7.1	0.6	2.7	–	1.0	(0.1)
Exceptional warranty related expenses	–	(0.1)	–	–	–	–	–	–	–	(0.1)
Warranty normalization adjustments	(6.7)	4.8	(8.8)	4.0	1.3	0.7	0.7	–	0.1	0.1
Timing difference on FX derivatives	9.7	(8.6)	–	–	9.7	(8.6)	–	–	–	–
Adjusted EBITDA	**50.1**	**124.9**	**40.7**	**92.1**	**(4.3)**	**23.4**	**5.7**	**4.9**	**8.0**	**4.5**
Adjusted EBITDA margin (%)	8.0%	14.5%	12.2%	19.3%	(2.0%)	7.6%	7.4%	6.1%		

Adjusted Gross Profit

The reconciliation of Gross Profit to Adjusted Gross Profit is as follows for the six months period ended September 30, 2020 and 2019:

	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
USD in millions, unless otherwise indicated	**H1 20**	H1 19	**H1 20**	H1 19	**H1 20**	H1 19	**H1 20**	H1 19	**H1 20**	H1 19
Gross Profit	**164.1**	**282.8**	**109.8**	**170.7**	**37.1**	**96.5**	**17.0**	**17.3**	**0.2**	**(1.7)**
Amortization of intangible assets	6.6	6.2	2.7	2.5	3.2	3.0	0.7	0.7	–	–
Depreciation	14.3	16.4	7.8	9.4	5.8	6.4	0.6	0.7	0.1	(0.1)
Restructuring charges	6.6	–	2.7	–	3.8	–	0.1	–	–	–
Exceptional warranty related expenses	–	(0.1)	–	–	–	–	–	–	–	(0.1)
Warranty normalization adjustments	(6.7)	4.8	(8.8)	4.0	1.3	0.7	0.7	–	0.1	0.1
Timing difference on FX derivatives	9.7	(8.6)	–	–	9.7	(8.6)	–	–	–	–
Adjusted Gross Profit	**194.5**	**301.5**	**114.2**	**186.6**	**60.9**	**98.0**	**19.1**	**18.7**	**0.3**	**(1.8)**
Adjusted Gross Profit margin (%)	31.2%	34.9%	34.3%	39.2%	28.5%	32.0%	24.8%	23.2%		

Adjusted Operating Expenses

The reconciliation of Operating Expenses to Adjusted Operating Expenses is as follows for the six months period ended September 30, 2020 and 2019:

USD in millions, unless otherwise indicated	H1 2020	H1 2019
Research and development	**74.9**	**76.8**
Depreciation	(1.7)	(1.8)
Restructuring charges	(4.1)	–
Adjusted Research and Development	**69.1**	**75.0**
Sales and Marketing	33.4	42.1
General and administrative	48.5	61.8
Depreciation	(1.9)	(1.7)
Restructuring charges	(4.7)	(0.6)
Adjusted Sales, General and Administrative	**75.3**	**101.6**
Adjusted Operating Expenses	**144.4**	**176.6**