Landis+Gyr

Landis+Gyr Announces First Half FY 2024 Financial Results and Provides Strategic Update

Cham, Switzerland – October 30, 2024 – Landis+Gyr Group AG (SIX: LAND), a leading global provider of integrated energy management solutions, today announced unaudited financial results for the first half of the financial year 2024 (April 1–September 30, 2024) and provided a strategic update.

H1 FY 2024 Financial Results

- **Order intake of USD 812.1 million corresponding to a book-to-bill ratio of 0.9 and resulting in a high committed backlog of USD 3,645.1 million**
- **Net revenue in H1 FY 2024 declined by 4.3% year-over-year (YoY) in constant currency to USD 925.6 million, mainly driven by project timing in the EMEA region**
- **Adjusted EBITDA* of USD 108.2 million, equivalent to a margin of 11.7% (up 60 basis points) – driven by performance in Americas and Asia Pacific, gain on sale of real estate in India and partially offset by lower operating leverage**
- **Net income of USD 48.2 million or USD 1.67 per share (diluted) – a 16.8% increase versus previous year's period**
- **Free Cash Flow (excl. M&A) of USD (13.5) million, driven by higher operating working capital**
- **Reconfirming guidance for back end loaded FY 2024 with low single-digit revenue growth and Adjusted EBITDA margin in the range between 11% to 13%**

Strategic Update

- **Focusing increasingly on highly attractive Americas business**
- **Launching a strategic review for the best value creation from the EMEA business**
- **Evaluating a potential listing in the US**

"After a year of extraordinary growth in FY 2023, we are pleased with the results, especially in our Americas region, which continues to deliver a strong performance. During the first half of the financial year 2024, we were able to demonstrate a solid order intake, resulting in a continued high backlog, speaking to our leading technology to enable customers to drive energy efficiency and grid resilience. We expect a stronger second half of the year due to the timing of large contract deliveries and confirm our guidance for the full year. Consistently expanding our offering in grid edge intelligence, particularly in DERMS, we are proud to continue to partner with customers around the world to decarbonize the grid and empower end consumers to manage energy better through smart, flexible, and integrated edge-to-enterprise solutions," said Werner Lieberherr, Chief Executive Officer of Landis+Gyr.

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

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"With today's announcement about the decision to sharpen our strategic focus to drive sustainable value creation, we will increase our focus on the highly attractive Americas business and launch a strategic review for the best value creation from the EMEA business. Consequently, we will also review the merits of a potential US listing over the medium-term. Throughout this process, we remain laser-focused on our customers' success and will ensure business continuity across all levels of the organization," Lieberherr concluded.

Order Intake and Committed Backlog
Group order intake for the first half of FY 2024 was USD 812.1 million, a decrease of 15.2% in constant currency, when compared to the same period in FY 2023, and corresponding to a book-to-bill ratio of 0.9. The solid order intake was driven by major contract wins in the Americas region. Committed backlog was 2.3% lower YoY, reaching a high level of USD 3,645.1 million.

The Americas region recorded an order intake of USD 565.5 million (book-to-bill of 1.0), driven by wins in North America and the committed backlog rose by 1.8% to USD 2,968.2 million. In the EMEA region, supported by contract wins in Switzerland and Germany but also impacted by the timing of large tenders, orders of USD 175.6 million (book-to-bill of 0.6) were booked, resulting in a 18.1% lower committed backlog of USD 595.3 million. In Asia Pacific, order intake increased by 19.0% to USD 71.0 million (book-to-bill of 0.9), driven by wins in Hong Kong and with the Esyasoft joint venture, for which Landis+Gyr provides software solutions for the Indian market after ceasing manufacturing activities in the country, leading to a 7.9% lower committed backlog of USD 81.6 million.

Net Revenue
In the first half of FY 2024, net revenue declined by 4.3% in constant currency to USD 925.6 million from USD 970.5 million in the same period in FY 2023. While in H1 FY 2023 net revenue benefited from improved component availability and a catch-up on pent-up demand of approximately USD 60 million, there was no such effect in H1 of FY 2024. Net revenue from software and services was approximately 24% of total net revenue.

Net revenue per segment was as follows (in USD million, except where indicated):

Segment	H1 FY 2024 Net revenue	H1 FY 2023 Net revenue	Percentage change	Percentage change in constant currencies
Americas	558.7	564.8	(1.1%)	(0.2%)
EMEA	286.1	321.6	(11.0%)	(11.4%)
Asia Pacific	80.7	84.1	(4.0%)	(4.2%)
Group	**925.6**	**970.5**	**(4.6%)**	**(4.3%)**

The Americas region maintained the high net revenue level of the previous two semesters with net revenue of USD 558.7 million in H1 FY 2024, 0.2% lower in constant currency year-over-year. Net revenue was supported by the strong focus on backlog execution, particularly in North America including Japan.

Due to project timing and softening in the UK and Türkiye as well as a dampened demand for electric vehicles (EV), net revenue in the EMEA region decreased by 11.4% in constant currency to USD 286.1 million. The decline was partially offset by a solid performance in Belgium and Germany (Thermal solutions).

Net revenue in the Asia Pacific region declined by 4.1% in constant currency to USD 80.7 million, driven by the timing of projects in Australia and SEA.

Adjusted Gross Profit, Adjusted and Reported EBITDA*

Adjusted gross profit decreased by 2.2% to USD 298.0 million on the lower revenue level but the corresponding margin improved by 80 basis points to 32.2%. The drivers for the margin improvement were operational efficiencies, the continued recovery of supply chain costs and the gain from a real estate transaction in India.

Adjusted operating expenses in H1 FY 2024 decreased by USD 7.0 million or 3.6% year-over-year to USD 189.8 million. While Landis+Gyr continued to invest in its strategic initiatives, adjusted R&D expenses decreased slightly to USD 87.2 million and correspond to 9.4% of net revenue in the first six months of FY 2024. Adjusted Sales, General and Administrative (SG&A) expenses declined 4.4% to USD 102.6 million, driven by operational cost-out initiatives, particularly in the Americas and EMEA regions, and were equivalent to 11.1% of net revenue.

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

Segment	H1 FY 2024 Adjusted EBITDA	H1 FY 2024 Percentage of net revenue	H1 FY 2023 Adjusted EBITDA	H1 FY 2023 Percentage of net revenue
Americas	96.3	17.2%	89.9	15.9%
EMEA	(5.6)	(1.9%)	6.7	2.1%
Asia Pacific	20.3	25.2%	8.6	10.3%
Corporate unallocated	(2.8)	N/A	2.9	N/A
Group	**108.2**	**11.7%**	**108.1**	**11.1%**

Overall, the Adjusted EBITDA in H1 FY 2024 was USD 108.2 million, an increase of USD 0.1 million when compared to the same period in FY 2023. Adjusted EBITDA included a gain from the sale of real estate related to the discontinuation of manufacturing activities in India in the amount of USD 8.8 million. The Adjusted EBITDA margin increased by 60 basis points from 11.1% in H1 FY 2023 to 11.7% in H1 FY 2024. Positive effects from operational efficiencies and the continued recovery of supply chain costs were offset by lower operational leverage in EMEA.

In H1 FY 2024, operating income was USD 71.6 million, compared to USD 64.2 million in H1 FY 2023. Reported EBITDA in the period under review was USD 108.5 million versus USD 99.8 million in the same period in FY 2023, an increase of 8.7%.

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

	H1 FY 2024	H1 FY 2023
Reported EBITDA	**108.5**	**99.8**
Adjustments		
Restructuring charges	2.1	15.1
Warranty normalization adjustments	(2.7)	(4.8)
Timing difference on FX derivatives	0.4	(1.9)
Adjusted EBITDA	**108.2**	**108.1**

In H1 FY 2024, consistent with the prior periods, Adjusted EBITDA excluded three distinct expense categories. By excluding these expenses, the Company believes that it is easier for management and investors to compare the financial results over multiple periods and analyze trends in the Company's operations. Firstly, restructuring charges of USD 2.1 million were predominantly related to the completion of the global restructuring program "Project Horizon". Secondly, the warranty normalization adjustments of USD (2.7) million represent the difference between the warranty provision made in the period and the average actual warranty utilization for the last three years. Warranty provisions in both H1 FY 2024 and H1 FY 2023 were below historical levels. Thirdly, the timing difference on FX derivatives adjustment was USD 0.4 million in H1 FY 2024, which relates to mark to market differences on hedges.

Net Income and Earnings per Share (EPS)
Net income attributable to Landis+Gyr Group shareholders for H1 FY 2024 was USD 48.2 million or USD 1.67 per share (diluted EPS). This represents an increase of 16.8% compared to the prior year period with a net income of USD 41.2 million or USD 1.43 per share. The increased tax rate was driven by improved profitability in higher tax jurisdictions.

Cash Flow and Net Debt
Free Cash Flow (excl. M&A) in H1 FY 2024 was USD (13.5) million, driven by higher operating working capital. H1 FY 2023 Free Cash Flow was USD 5.1 million. Cash provided by operating activities was USD (5.5) million in H1 FY 2024 compared to USD 24.0 million in the previous year. In the period under review, capital expenditure (PP&E) was USD 11.7 million, equivalent to 1.3% of net revenue, and consistent with the Company's asset-light business model.

As of September 30, 2024, the ratio of net debt to trailing twelve months Adjusted EBITDA was 1.01 times, with net debt of USD 226.3 million after the dividend payment in July 2024.

Outlook for FY 2024
Landis+Gyr reconfirms its guidance for FY 2024, and expects a back end-loaded financial year with low single-digit net revenue growth for FY 2024. With a continued recovery of supply chain costs and the operational efficiency measures taken, the Adjusted EBITDA margin is expected to be between 11% and 13% of net revenue. Landis+Gyr will continue to actively manage operating working capital with a strong focus on cash conversion.

Landis+Gyr

Launching a Strategic Review of EMEA and Evaluating the Potential Merits of a US Listing
As announced this morning in a separate release, the Board of Directors of Landis+Gyr has decided to review actions to drive value creation for all stakeholders. By focusing Landis+Gyr on the highly attractive Americas region, the Company intends to pool its resources and increase its focus on the market which is most aligned with Landis+Gyr's strategy of providing integrated edge-to-enterprise energy management solutions. In parallel, Landis+Gyr will launch a strategic review of the EMEA business to position the region for long-term success and create value for its customers, employees, and Landis+Gyr shareholders. Consequently, the Board of Directors will evaluate the merits of a potential US potential listing over the medium-term as well.

Landis+Gyr intends to announce the outcome of the strategic review for best value creation from the strategic review of the EMEA business in due course. The Company has engaged advisors to support the review of a potential listing in the US and intends to hold a Capital Markets Day next year to provide a holistic update.

Changes to Executive Management Positions
Elodie Carr-Cingari, Group CFO since November 2020, has decided to pursue a new professional opportunity outside of Landis+Gyr. The search for her successor as Group CFO is underway.

In addition, Rob Evans has been appointed as Head of EMEA, effective immediately, to succeed Bodo Zeug, who had headed the EMEA region since September 2021, and has decided to continue his professional path outside of Landis+Gyr. For more than seven years, Rob Evans has successfully shaped the Company in various leadership roles, which positions him well to lead EMEA and play an integral part in the announced strategic review for the best value creation from the EMEA business.

"On behalf of all of us at Landis+Gyr, I would like to thank both Elodie and Bodo for their valuable contributions and we wish them every success in their new endeavors", said Werner Lieberherr.

Documents
The H1 FY 2024 earnings presentation which forms part of this ad hoc announcement, as well as the Half Year Report 2024, are available on the Company's website at www.landisgyr.com/investors/results-center/.

Investor Webcast and Telephone Conference
The management of Landis+Gyr will host an investor/analyst call and webcast to discuss the Company's results and the strategic update.

Date and time:	October 30, 2024 at 14:00 CET
Speakers:	Werner Lieberherr (Chief Executive Officer)
	Theresa Andorfer (Head of Group FP&A)
Audio webcast:	www.landisgyr.com/investors/results-center/
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AD HOC ANNOUNCEMENT
pursuant to Art. 53 LR

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Key Dates

Release of Results for Financial Year 2024	May 8, 2025
Publication of Annual Report 2024 and Invitation to AGM 2025	May 28, 2025
Annual General Meeting 2025	June 25, 2025
Release of Half-Year Results 2025	October 28, 2025

About Landis+Gyr
Landis+Gyr is a leading global provider of integrated energy management solutions. We measure and analyze energy utilization to generate empowering analytics for smart grid and infrastructure management, enabling utilities and consumers to reduce energy consumption. Our innovative and proven portfolio of software, services and intelligent sensor technology is a key driver to decarbonize the grid. Having avoided around 9 million tons of CO_2 in FY 2023, Landis+Gyr manages energy better – since 1896. With sales of USD 2.0 billion in FY 2023, Landis+Gyr employs around 6,700 talented people across five continents. For more information, please visit our website www.landisgyr.com.

Disclaimer
This ad hoc announcement and information referred to herein contains (a) preliminary, unaudited numbers that may be subject to change and (b) 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 announcement may be found on pages 28 to 30 of the Landis+Gyr Half Year Financial Report Fiscal Year 2024 on our website at www.landisgyr.com/investor

Forward-looking Information
This ad hoc announcement 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 announcement and which could affect the Company's ability to achieve its stated targets. The important factors that could cause such differences include, among others: possible effects of pandemics, global shortage of energy or supplied components as well as increased freight rates, business risks associated with the volatile global economic environment and political conditions, including wars or military actions; 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 2024

Interim Consolidated Statements of Operations (unaudited)

USD in thousands, except per share data	SIX MONTHS ENDED SEPTEMBER 30, 2024	2023
Net revenue	**925,561**	**970,466**
Cost of revenue	642,083	676,617
Gross profit	**283,478**	**293,849**
Operating expenses		
Research and development	88,574	94,758
Sales and marketing	36,457	38,985
General and administrative	68,760	78,062
Amortization of intangible assets	18,080	17,866
Operating income	**71,607**	**64,178**
Other income (expense), net	(5,803)	(12,487)
Income before income tax expense	**65,804**	**51,691**
Income tax expense	(17,368)	(11,171)
Net income before noncontrolling interests	**48,436**	**40,520**
Net income (loss) attributable to noncontrolling interests	262	(718)
Net income attributable to Landis+Gyr Group AG Shareholders	**48,174**	**41,238**
Earnings per share:		
Basic	1.67	1.43
Diluted	1.67	1.43
Weighted average number of shares used in computing earnings per share:		
Basic	28,869,423	28,868,796
Diluted	28,908,889	28,936,263

Interim Consolidated Balance Sheets (unaudited)

USD in thousands, except share data	September 30, 2024	March 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	111,528	127,837
Accounts receivable, net of allowance for doubtful accounts of USD 5.3 million and USD 6.1 million	418,731	337,578
Inventories, net	248,340	237,525
Prepaid expenses and other current assets	108,366	108,641
Total current assets	**886,965**	**811,581**
Property, plant and equipment, net	118,915	121,550
Intangible assets, net	158,545	178,307
Goodwill	1,053,135	1,051,670
Deferred tax assets	71,131	64,888
Other long-term assets	215,305	216,396
TOTAL ASSETS	**2,503,996**	**2,444,392**
LIABILITIES AND EQUITY		
Current liabilities		
Trade accounts payable	180,843	155,171
Accrued liabilities	42,681	41,605
Warranty provision – current	27,500	30,206
Payroll and benefits payable	52,663	81,770
Short-term debt	81,386	4,404
Operating lease liabilities – current	14,524	14,794
Other current liabilities	99,022	96,354
Total current liabilities	**498,619**	**424,304**
Long-term debt	249,142	248,151
Warranty provision – noncurrent	15,608	12,964
Pension and other employee liabilities	28,807	26,751
Deferred tax liabilities	32,645	33,562
Tax provision	21,636	20,128
Operating lease liabilities – noncurrent	65,936	68,049
Other long-term liabilities	67,278	58,967
Total liabilities	**979,671**	**892,876**
Redeemable noncontrolling interests	**–**	**5,035**
Shareholders' equity		
Landis+Gyr Group AG shareholders' equity Registered ordinary shares (28,908,944 and 28,908,944 issued shares at September 30, 2024, and March 31, 2024, respectively)	302,756	302,756
Additional paid-in capital	953,662	1,029,603
Retained earnings	334,032	285,858
Accumulated other comprehensive loss	(67,164)	(69,518)
Treasury shares, at cost (16,324 and 54,456 shares at September 30, 2024, and March 31, 2024, respectively)	(1,209)	(4,014)
Total Landis+Gyr Group AG shareholders' equity	**1,522,077**	**1,544,685**
Noncontrolling interests	2,248	1,796
Total shareholders' equity	**1,524,325**	**1,546,481**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,503,996**	**2,444,392**

Interim Consolidated Statements of Cash Flows (unaudited)

USD in thousands	SIX MONTHS ENDED SEPTEMBER 30, 2024	2023
Cash flow from operating activities		
Net income before noncontrolling interests	48,436	40,520
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	36,864	35,580
Share-based compensation	1,858	2,498
Gain on disposal of property, plant and equipment	(8,982)	(63)
Loss (income) on foreign exchange, net	(1,388)	5,917
Change in allowance for doubtful accounts	(795)	(3,463)
Deferred income tax	(5,406)	(2,297)
Change in operating assets and liabilities, net of effect of businesses acquired and effect of changes in exchange rates:		
Accounts receivable	(71,863)	37,043
Inventories, including advance payments	(9,668)	(63,291)
Trade accounts payable	17,305	(5,825)
Other assets and liabilities	(11,824)	(22,613)
Net cash provided by (used in) operating activities	**(5,463)**	**24,006**
Cash flow from investing activities		
Payments for property, plant and equipment	(11,688)	(18,696)
Payments for intangible assets	(51)	(829)
Proceeds from the sale of property, plant and equipment	3,728	659
Net cash used in investing activities	**(8,011)**	**(18,866)**
Cash flow from financing activities		
Proceeds from third party facility	283,219	165,218
Repayment of borrowings to third party facility	(208,764)	(109,105)
Purchase of treasury shares	(2,521)	–
Purchase of redeemable noncontrolling interests	(5,063)	–
Dividends paid	(72,473)	(70,780)
Net cash used in financing activities	**(5,602)**	**(14,667)**
Net decrease in cash and cash equivalents	**(19,076)**	**(9,527)**
Cash and cash equivalents at beginning of period, including restricted cash	127,837	117,986
Effects of foreign exchange rate changes on cash and cash equivalents	2,767	(1,623)
Cash and cash equivalents at end of period, including restricted cash	**111,528**	**106,836**

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, 2024 and 2023:

	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
USD in millions, unless otherwise indicated	**H1 24***	H1 23	**H1 24**	H1 23	**H1 24**	H1 23	**H1 24***	H1 23	**H1 24**	H1 23
Operating income (loss)	**71.6**	**64.2**	**77.1**	**68.7**	**(17.4)**	**(7.3)**	**18.9**	**6.5**	**(7.0)**	**(3.7)**
Amortization of intangible assets	21.1	20.8	12.9	12.9	4.5	4.5	0.3	–	3.4	3.4
Depreciation	15.8	14.7	8.5	8.0	5.5	5.1	1.0	1.0	0.8	0.6
EBITDA	**108.5**	**99.8**	**98.5**	**89.6**	**(7.3)**	**2.2**	**20.2**	**7.6**	**(2.9)**	**0.3**
Restructuring charges	2.1	15.1	–	4.7	2.0	7.1	–	0.7	0.1	2.6
Warranty normalization adjustments	(2.7)	(4.8)	(2.2)	(4.4)	(0.6)	(1.0)	0.1	0.6	–	–
Timing difference on FX derivatives	0.4	(1.9)	–	–	0.4	(1.7)	–	(0.2)	–	–
Adjusted EBITDA	**108.2**	**108.1**	**96.3**	**89.9**	**(5.6)**	**6.7**	**20.3**	**8.6**	**(2.8)**	**2.9**
Adjusted EBITDA margin (%)	11.7%	11.1%	17.2%	15.9%	(1.9%)	2.1%	25.2%	10.3%		

* Including USD 8.8 million one-off gain on sale of real estate in India.

Due to rounding, numbers presented may not add to the totals provided.

Adjusted Gross Profit

The reconciliation of Gross Profit to Adjusted Gross Profit is as follows for the six months period ended September 30, 2024 and 2023:

	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
USD in millions, unless otherwise indicated	**H1 24***	H1 23	**H1 24**	H1 23	**H1 24**	H1 23	**H1 24***	H1 23	**H1 24**	H1 23
Gross Profit	**283.5**	**293.8**	**189.9**	**191.4**	**64.0**	**85.7**	**34.0**	**21.7**	**(4.4)**	**(5.0)**
Amortization of intangible assets	3.0	3.0	0.5	0.6	2.4	2.4	0.1	–	–	–
Depreciation	12.3	11.6	7.7	7.2	4.3	4.0	0.3	0.4	–	–
Restructuring charges	1.6	3.2	–	2.3	1.5	0.8	–	0.1	0.1	–
Warranty normalization adjustments	(2.7)	(4.8)	(2.2)	(4.4)	(0.6)	(1.0)	0.1	0.6	–	–
Timing difference on FX derivatives	0.4	(1.9)	–	–	0.4	(1.7)	–	(0.2)	–	–
Adjusted Gross Profit	**298.0**	**304.9**	**195.9**	**197.1**	**71.9**	**90.2**	**34.5**	**22.6**	**(4.3)**	**(5.0)**
Adjusted Gross Profit margin (%)	32.2%	31.4%	35.1%	34.9%	25.1%	28.1%	42.7%	26.9%		

* Including USD 8.8 million one-off gain on sale of real estate in India.

Due to rounding, numbers presented may not add to the totals provided.

Adjusted Operating Expenses

The reconciliation of Operating Expenses to Adjusted Operating Expenses is as follows for the six months period ended September 30, 2024 and 2023:

USD in millions, unless otherwise indicated	H1 2024	H1 2023
Research and development	**88.6**	**94.8**
Depreciation	(1.4)	(1.3)
Restructuring charges	–	(4.0)
Adjusted Research and Development	**87.2**	**89.5**
Sales and marketing	36.5	39.0
General and administrative	68.8	78.1
Depreciation	(2.1)	(2.0)
Restructuring charges	(0.6)	(7.8)
Adjusted Sales, General and Administrative	**102.6**	**107.3**
Adjusted Operating Expenses	**189.8**	**196.8**

Due to rounding, numbers presented may not add to the totals provided.