Half-year H1 2017 Earnings presentation

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Chief Executive Officer

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Important notices

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” or similar expressions.

There are numerous risks and uncertainties, 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 any or all of 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
- such other 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.

This presentation contains non-GAAP measures of performance. Definitions of these measures and reconciliations between these measures and their US GAAP counterparts can be found in the ‘Supplemental reconciliations and definitions’ section in our Half Year Report 2017 on our website at www.landisgyr.ch/investor.

Landis+Gyr – a global leader…

Global leader in Smart Metering and Smart Grid solutions

Over **60 million** smart grid connected intelligent devices deployed

120 Years of service to **customers** as a trusted partner to utilities

A management team with over **15 years median tenure** at Landis+Gyr

c.USD 880 million of self-funded R&D investment since 2011

Headquartered in **Switzerland** with offices in 30+ countries worldwide

The global #1 provider of smart metering solutions to utilities

The largest installed base with **300+ million** devices globally

Serving **3,500+** utilities worldwide

More than **15 million** meter points under managed services

More than **20 million** meter reads delivered every day under cloud services

Stable recurring revenue from managed services and meter replacement

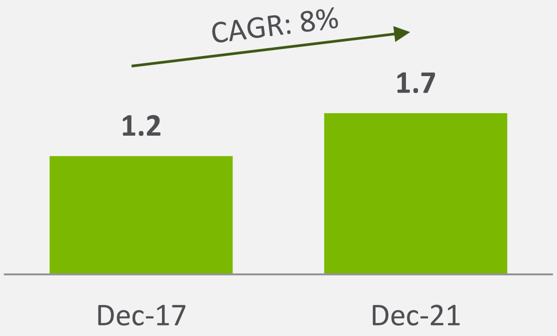
Strong cash flow generation

…in a growing market

Forecasted growth rates

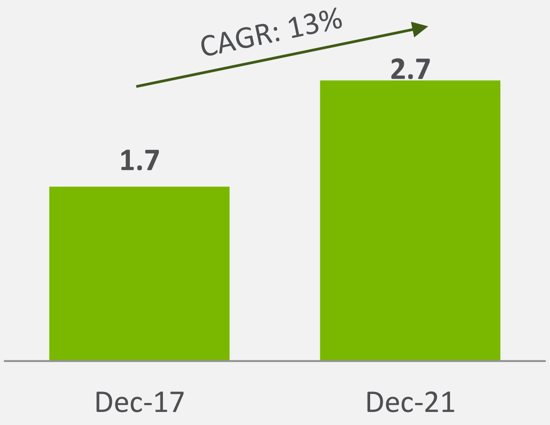
Americas[1]

Electricity comm. Meters (USD bn)



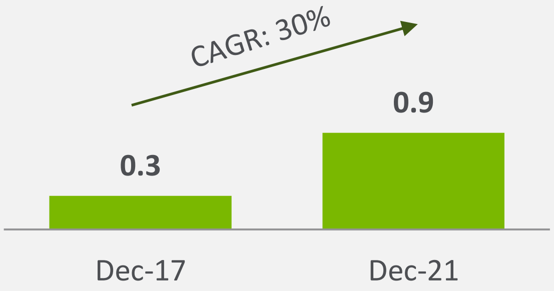
EMEA[1]

Electricity & gas comm. Meters (USD bn)



Asia Pacific[2]

Electricity & gas comm. Meters (USD bn)



Sources:

1. *IHS Markit 2017*
2. *Frost & Sullivan 2017, Excl. China and Japan*

Recent corporate developments

TATA POWER

On September 4, Landis+Gyr announced that Tata Power Delhi Distribution Ltd selected 200,000 single phase and three phase smart meters from the Group for the first tranche of their project, following up on the contract for India's first Advanced Metering Infrastructure (AMI) with Radio Frequency (RF) Canopy.

TEPCO

On September 7, Landis+Gyr announced the signing of an agreement with TEPCO to explore future projects utilizing the Internet of Things (IoT) capabilities of Landis+Gyr's intelligent grid network.

BRITISH GAS

On October 20, Landis+Gyr announced the deployment of the U.K.'s first SMETS2 meter ('Smart Metering Equipment Technical Specifications 2'), the first of a new standard in smart technology.

Business highlights – H1 September 2017

Group:

- Solid sales growth of 9.6% and order intake growth of 27.6% year over year in constant currency.
- Adjusted EBITDA increased USD 12.5 million, or 13.0% to USD 108.8 million.
- Reported net income improved from a loss of USD 13.0 million to a profit of USD 5.1 million.
- Free cash flow reached USD 20.6 million, up USD 42.0 million compared to the prior year period.
- FY 2017 adjusted EBITDA guidance confirmed, whereas net revenue and free cashflow are expected to be slightly higher than guided during the IPO.

Business highlights – H1 September 2017

Americas

- Good order intake and overall excellent financial performance driven by US AMI business.
- Important agreement signed with TEPCO in Japan to leverage the world's largest utility IoT deployment.

EMEA

- Good order intake and solid backlog leads to strong revenue growth in core AMI markets.
- Gross profit pressure continues with further work to be done to ensure sustainable margins.
- Good first results from restructuring program (Project Phoenix) and improved Adjusted EBITDA.

Asia Pacific

- An important win in Tata Power, India.
- Some recovery in revenue leads to improved Adjusted EBITDA.

Consolidated results – H1 September 2017

in USD millions (except per share amounts)	H1-Sep 17	H1-Sep 16	Change
Order Intake	821.4	637.1	28.9%
Change in constant currency			27.6%
Committed backlog	2'478.8	2'699.0	(8.2%)
Net revenue	865.6	787.5	9.9%
Change in constant currency			9.6%
Gross profit (before depreciation and amortization)	269.7	294.9	(8.6%)
Adjusted gross profit	304.4	297.4	2.4%
EBITDA	43.1	67.1	(35.8%)
Adjusted EBITDA	108.8	96.3	13.0%
Net income attributable to Landis+Gyr Group AG	5.1	(13.0)	n/a
Earnings per share - basic and diluted (in USD)	0.17	(0.44)	n/a
Cash provided by operations	39.1	(2.4)	n/a
Free cash flow	20.6	(21.4)	n/a
Net debt	107.3	229.1	(53.2%)

Solid order intake, revenue, adjusted EBITDA and cash flow performance

Adjustments to EBITDA – H1 September 2017

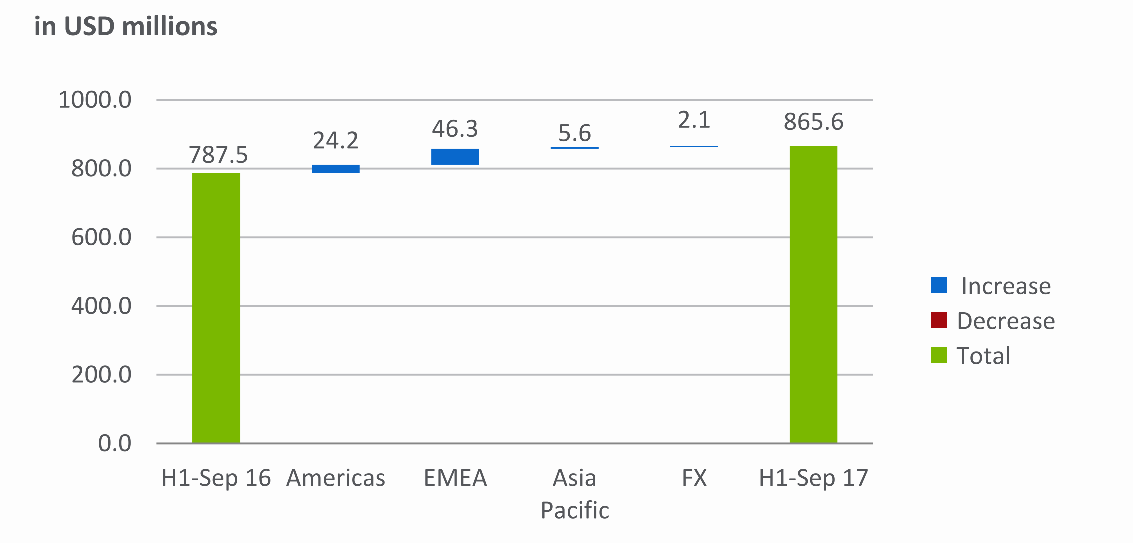
in USD millions	H1-Sep 17	H1-Sep 16	Change
EBITDA	**43.1**	**67.1**	**(35.8%)**
Adjustments			
Restructuring charges	8.1	1.2	580.1%
Exceptional warranty expenses	2.4	1.4	73.9%
Normalized warranty expenses	30.3	4.3	611.7%
Special items	24.8	22.3	11.1%
Adjusted EBITDA	**108.8**	**96.3**	**13.0%**

Adjustments H1-Sept 2017

- Restructuring – Costs associated with the implementation of Project Phoenix & Project Lightfoot restructuring programs in EMEA.
- Exceptional Warranty Expenses – All attributed to FX impacts on previously recognized liabilities in respect of the X2 capacitor warranty case.
- Normalized Warranty Expenses – The difference between the rolling 3 year average of actual warranty costs incurred and the net P+L warranty expense. In the Americas, we booked a provision of USD 40.9 million in connection with legacy component issues.
- Special Items – Primarily IPO related expenses of USD 24.2 million. Of this amount, USD 9.8 million was fully funded by the selling shareholders.
- In H1-Sep 16 Special Items mainly related to patent litigation and costs associated with a planned acquisition that did not proceed.

Net revenue year-over-year bridge – H1 September 2017

Net revenue year-over-year bridge:



Americas

+USD 24.2M driven by strong US AMI sales offsetting an expected decline in Japan revenues.

EMEA

+USD 46.3M as major AMI projects in key European markets gather pace.

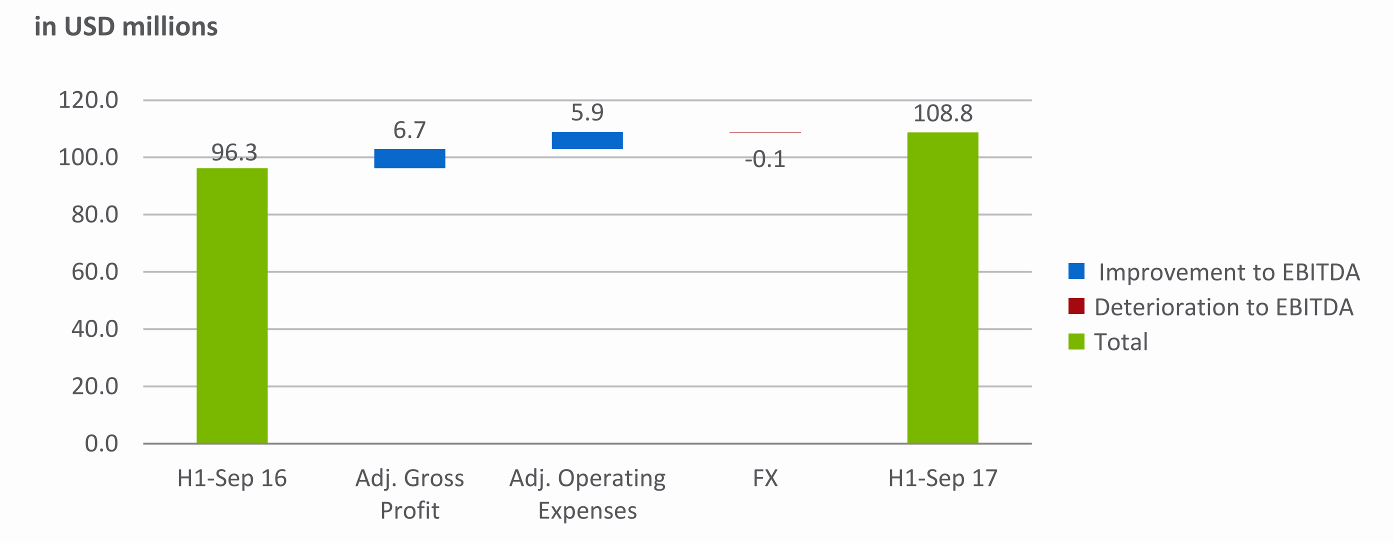
Asia Pacific

+USD 5.6M driven by higher sales in South East Asia and India.

Solid revenue performance in all regions

Adjusted EBITDA year-over-year bridge – H1 September 2017

Adjusted EBITDA y-o-y bridge:



Adjusted Gross Profit increase driven by a strong performance in the Americas segment.

Adjusted Operating Expenses decrease mainly results from the cost reduction programs in EMEA (Project Phoenix).

Adjusted gross profit increases and adjusted operating expenses fall leading to improved adjusted EBITDA

Cash flow – H1 September 2017

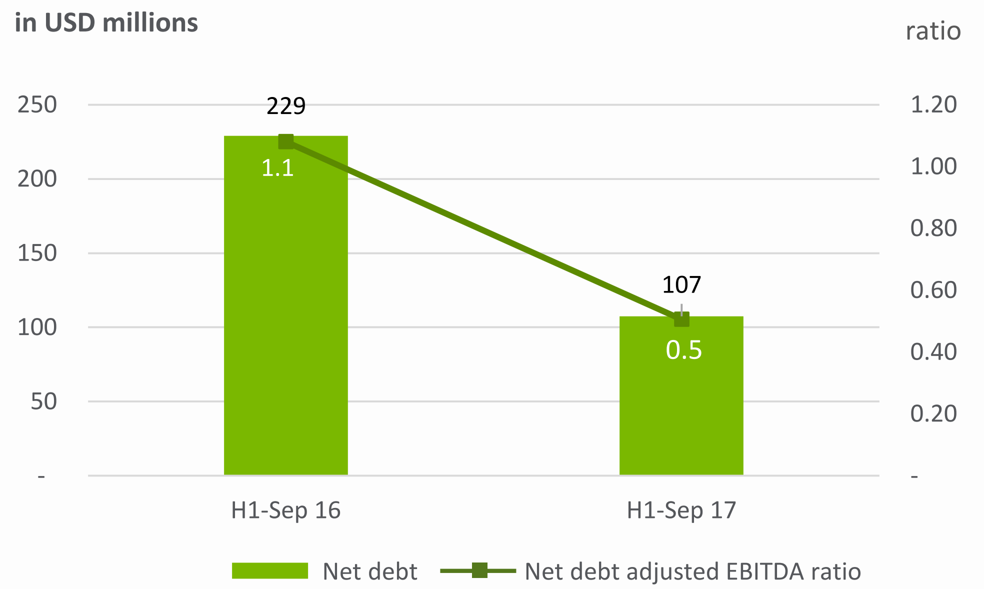
in USD millions	H1-Sep 17	H1-Sep 16	Change
Net income (loss)	5.3	(13.0)	18.3
Depreciation and amortization	48.6	47.8	0.8
Change in OWC, net	9.6	(17.7)	27.3
Other	(24.4)	(19.5)	(4.9)
Net cash provided by operating activities	39.1	(2.4)	41.5
Net cash used in investing activities	(18.5)	(19.0)	0.5
(incl. Capex of)	*(19.1)*	*(19.2)*	*0.1*
Free Cash Flow	**20.6**	**(21.4)**	**42.0**

Operating Working Capital generation improves by USD 27 million despite higher sales.

Capex remains flat at USD 19 million, consistent with our asset light approach.

Improved profitability and balance sheet control lead to excellent cash generation

Net debt & refinancing



- Solid cash generation leads in 12 months to USD 122 million reduction in net debt to USD 107 million, 0.5x annualized adjusted EBITDA.
- Bridge loan taken out during the IPO remains at USD 215 million.
- Refinancing process under way with view to achieving a flexible multi-currency multi-year financing package.
- FX hedging facilities being re-established after the Toshiba separation: FX hedging will resume in H2-Sep 17.

Solid cash generation reduces net debt – refinancing under way

Americas segment – H1 September 2017

in USD millions	H1-Sep 17	H1-Sep 16	Change
Net revenue to external customers	475.2	449.5	5.7%
Change in constant currency			5.4%
Adjusted Gross Profit	208.5	201.0	3.7%
Adjusted Gross Profit %	43.9%	44.7%	
Adjusted operating expenses	(102.6)	(102.5)	(0.1%)
Adjusted EBITDA	105.9	98.4	7.7%
Adjusted EBITDA %	22.3%	21.9%	

- Continued strong revenue in core US AMI market offsets some expected declines in Japan.
- Adjusted GP increases as a result of higher US sales.
- Improving Adjusted EBITDA margin performance driven by exceptional revenue performance.

Americas performance driven by crucial US AMI market

EMEA segment – H1 September 2017

in USD millions	H1-Sep 17	H1-Sep 16	Change
Net revenue to external customers	320.7	274.8	16.7%
Change in constant currency			16.9%
Adjusted Gross Profit	79.8	83.0	(3.9%)
Adjusted Gross Profit %	24.9%	30.2%	
Adjusted operating expenses	(81.4)	(87.3)	6.8%
Adjusted EBITDA	(1.6)	(4.3)	62.8%
Adjusted EBITDA %	(0.5%)	(1.6%)	

- Strong revenue growth coming from AMI projects in UK, France and Spain.
- Challenges on gross profit line as full GBP FX Brexit impact hits in H1 FY2017 (-1.5% impact to Adjusted Gross Profit %) and price reductions to customers run ahead of product cost optimizations.
- H2 expected to see the first results of product cost reductions protecting gross profit margins.
- Good first results from Project Phoenix supports reduction in operating expenses of USD 5.9 million.

Excellent revenue growth and first results from Project Phoenix offset continued gross profit pressure

Asia Pacific segment – H1 September 2017

in USD millions	H1-Sep 17	H1-Sep 16	Change
Net revenue to external customers	69.7	63.1	10.5%
Change in constant currency			8.6%
Adjusted Gross Profit	15.0	13.6	10.3%
Adjusted Gross Profit %	21.5%	21.6%	
Adjusted operating expenses	(20.5)	(20.1)	(2.0%)
Adjusted EBITDA	(5.5)	(6.5)	15.4%
Adjusted EBITDA %	(7.9%)	(10.3%)	

- Net revenue increases by 8.6% in constant currency as revenue grows in India and SE Asia.
- Gross margins and operating expenses remain consistent with prior periods leading to improvement to Adjusted EBITDA.

Some recovery in AP revenue flows through to higher Adjusted EBITDA

H1 September 2017–outlook

FY 2017 Full Year Outlook:

- FY 2017 Adjusted EBITDA guidance confirmed, whereas net revenue and free cash flow are expected to be slightly higher than during the IPO.

FY 2017 IPO Guidance Included:

- Net Revenues to grow 3% compared to FY 2016.
- Adjusted EBITDA flat in USD terms at USD 212 million.
- Free cash flow between USD 60-70 million.
- Dividend of at least the Swiss Franc equivalent of USD 70 million, paid out of reserves.

Through FY 2020 (Compared to FY 2016):

- Net Revenue expected to grow by high single digit percentage.
- Adjusted EBITDA margin to expand by 100 – 150 basis points.
- Free cash flow well above USD 100 million.
- Dividend at least 75% of free cash flow.

Dates and contacts

Important Dates

Announcement of Year End Results:
June 5, 2018

Annual General Assembly:
June 28, 2018,
Lorzensaal, Cham, Switzerland

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