EMEA

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EMEA | Leading supplier with strong local presence

Regional footprint

- Dedicated sales offices in 18 countries across the Region
- Landis+Gyr technology utilized by 1300+ utilities
- 150 end-to-end smart metering solutions in the field

Regional highlights

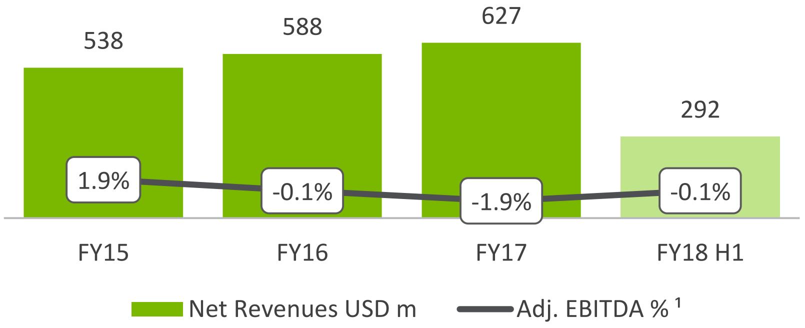
- **Positioned for growth with space to expand**
- **Landis+Gyr installed base: over 25m connected intelligent devices**
  - **#2 supplier of smart electric meters**
  - **#1 supplier of smart gas meters**
  - **Leading supplier of end-to-end smart metering solutions** in EMEA
- A leader in **metering as a service (MaaS)**
- **Cost reduction and restructuring programs** delivering margin expansion (Projects Lightfoot and Phoenix)

Cost reduction and restructuring programs drive margin recovery Material improvement in committed backlog

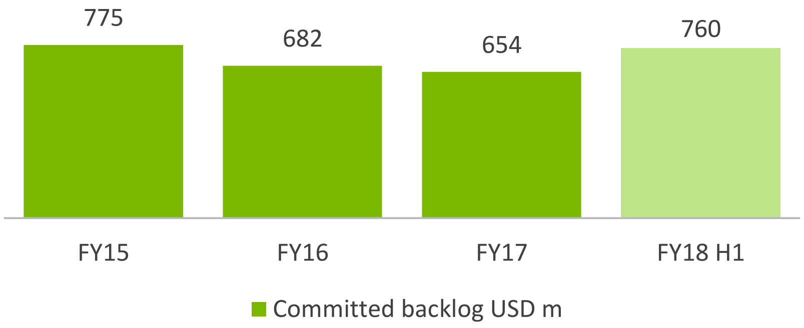
Performance

- Break-even reached as margin expansion materializes driven by operational improvements
- Orders in UK and France increase committed backlog, reaching USD 760m at the end of FY18 H1
- However, market delays to overall UK rollout and supply chain constraints impacted revenue
- Impacted volume deferred from FY18 H1 but not lost

Revenues and profitability



Committed backlog



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1. Following the adoption by the Company of ASU 2017-07 relating to defined benefit pension scheme costs, Adj. EBITDA has been revised down by USD 0.2m, USD 1.5m, and by USD 3.1m in FY15, FY16 and FY17 respectively as all pension income and expenses other than service costs are now reported under “Other income (expense)”

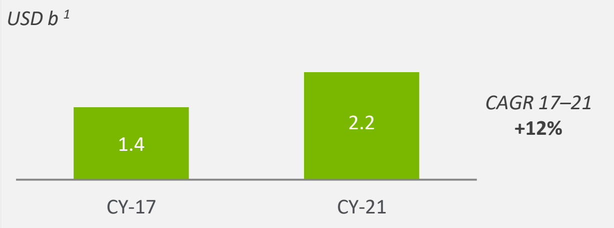
Well positioned in growing meter market driven by mandated rollouts. Increasing importance of services

- **Smart electric meters:** growth driven by large rollouts in several EU markets
- **Smart gas meters:** Growth through large rollouts in multiple markets (UK, France, Italy, Netherlands)
- Widespread smart meter deployments and growing volume of smart meter data drives strong growth of the **services & metering software** market

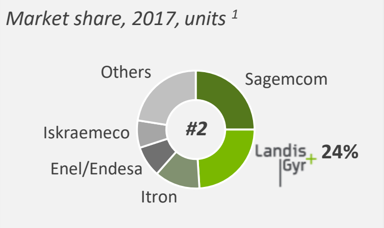
Market evolution

Market position

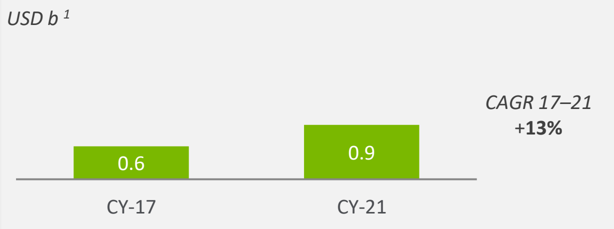
EMEA smart electric meters



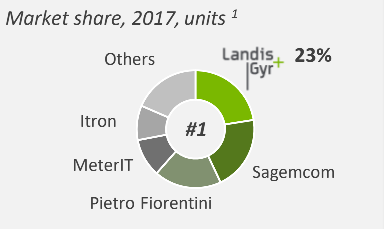
CAGR 17–21
+12%



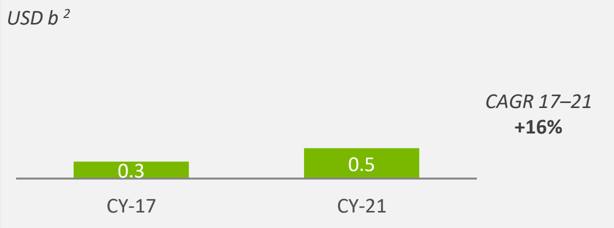
EMEA smart gas meters



CAGR 17–21
+13%



EMEA services & metering software



CAGR 17–21
+16%

Managed services vendor landscape[3]

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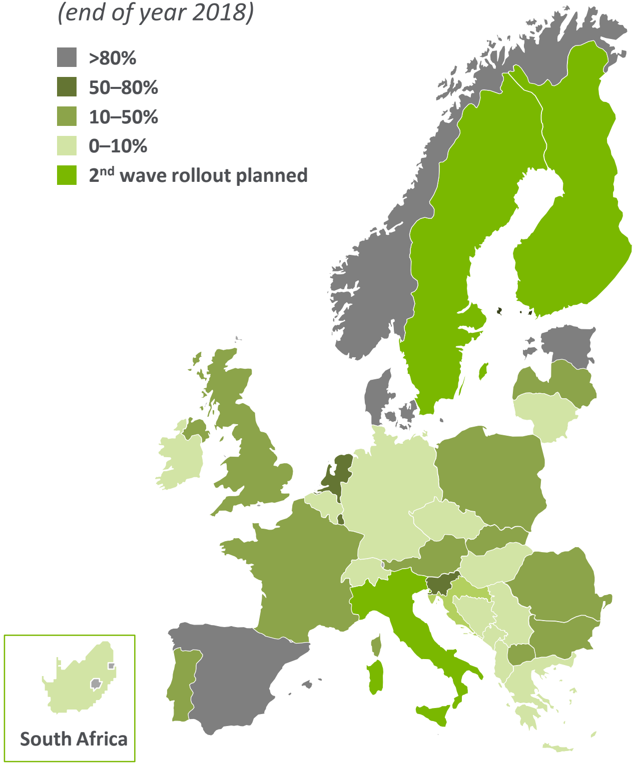
1. IHS Markit (2018)
2. Northeast Group (2018)
3. Northeast Group, Managed Services: Smart Metering-as-a-Service (2018 – 2027), Landis+Gyr internal company estimates (2018)

Growth driven by continuing smart meter penetration
Upcoming 2nd wave rollouts create next phase of opportunity

Electricity smart meter penetration

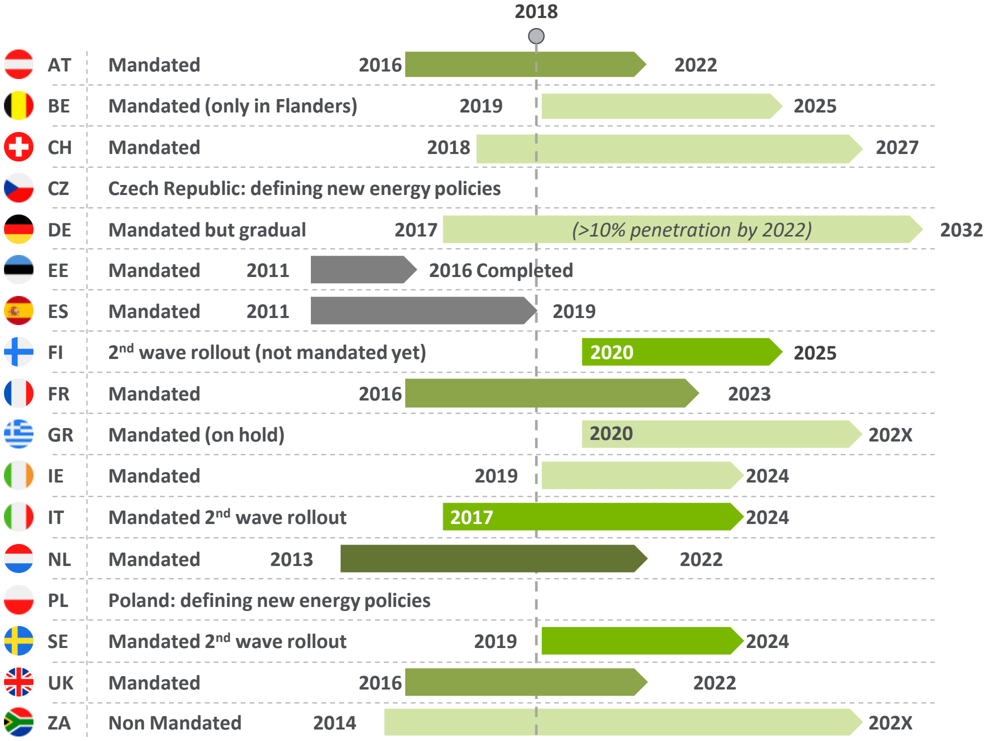
(end of year 2018)



2018
Installed base: 125m
Penetration: 42%

86m meters to be installed →
11% CAGR

2023
Installed base: 211m
Penetration: 69%



AT	Mandated	2016		2022
BE	Mandated (only in Flanders)	2019		2025
CH	Mandated	2018		2027
CZ	Czech Republic: defining new energy policies			
DE	Mandated but gradual	2017	*(>10% penetration by 2022)*	2032
EE	Mandated	2011		2016 Completed
ES	Mandated	2011		2019
FI	2nd wave rollout (not mandated yet)	2020		2025
FR	Mandated	2016		2023
GR	Mandated (on hold)	2020		202X
IE	Mandated	2019		2024
IT	Mandated 2nd wave rollout	2017		2024
NL	Mandated	2013		2022
PL	Poland: defining new energy policies			
SE	Mandated 2nd wave rollout	2019		2024
UK	Mandated	2016		2022
ZA	Non Mandated	2014		202X

Sources: Berg Insight (2018), Northeast (2018), Landis+Gyr internal company estimates (2018)

Selected high priority markets and our key success factors

France
- Up to 35m endpoints
- Execute the Enedis contract: deploy the base
- Leverage services enabled by smart meter base

The Netherlands
- Dual fuel: gas and electricity, 7m and 8m endpoints respectively
- Execute rollout, expand to smart and consumer domains
- DSO's preparing for next generation meter architecture

The United Kingdom
- Dual fuel: gas and electricity, 53m endpoints
- Design and develop suite of rich consumer use cases
- Build beyond meter consumer/customer apps on installed base

Ongoing rollouts: **Best-in-class execution**

2nd wave rollouts: **Solution leadership and managed services**

Consumer focused rollouts: **Driving grid edge intelligence**

New rollouts: **Create device foundation, drive software and managed services**

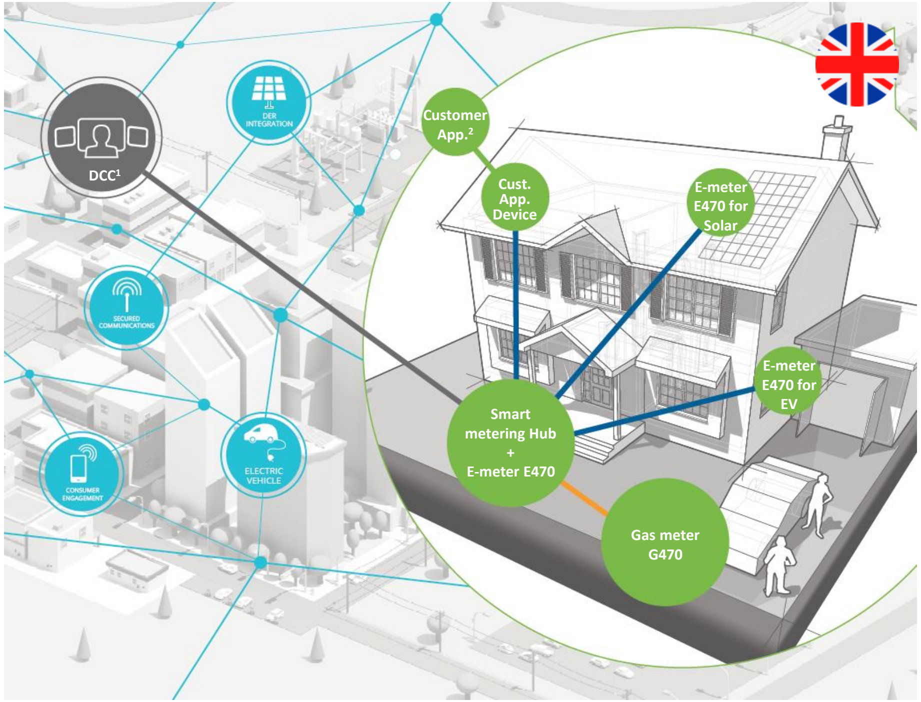
Finland & Sweden
- 9m endpoints
- Push for e2e solution offering: meters, rollout, integration, managed services
- Build on market leadership for managed services

Switzerland
- 5m endpoints, fragmented market
- Push for e2e solution offering: meters, rollout, integration, managed services
- Offer new value adding consumer use cases

Germany
- 45m electric endpoints
- Smart meter gateway important driver of the market
- Grow smart metering business and deploy managed services for small utilities and municipalities

Sources: Berg Insight (2018), Landis+Gyr internal company estimates (2018)

UK Vision: establishing the base for a consumer energy application-driven future



Configuration example

1. DCC: Data Communications Company
2. For example: phone, smart home pad, etc.

Market development and customer needs

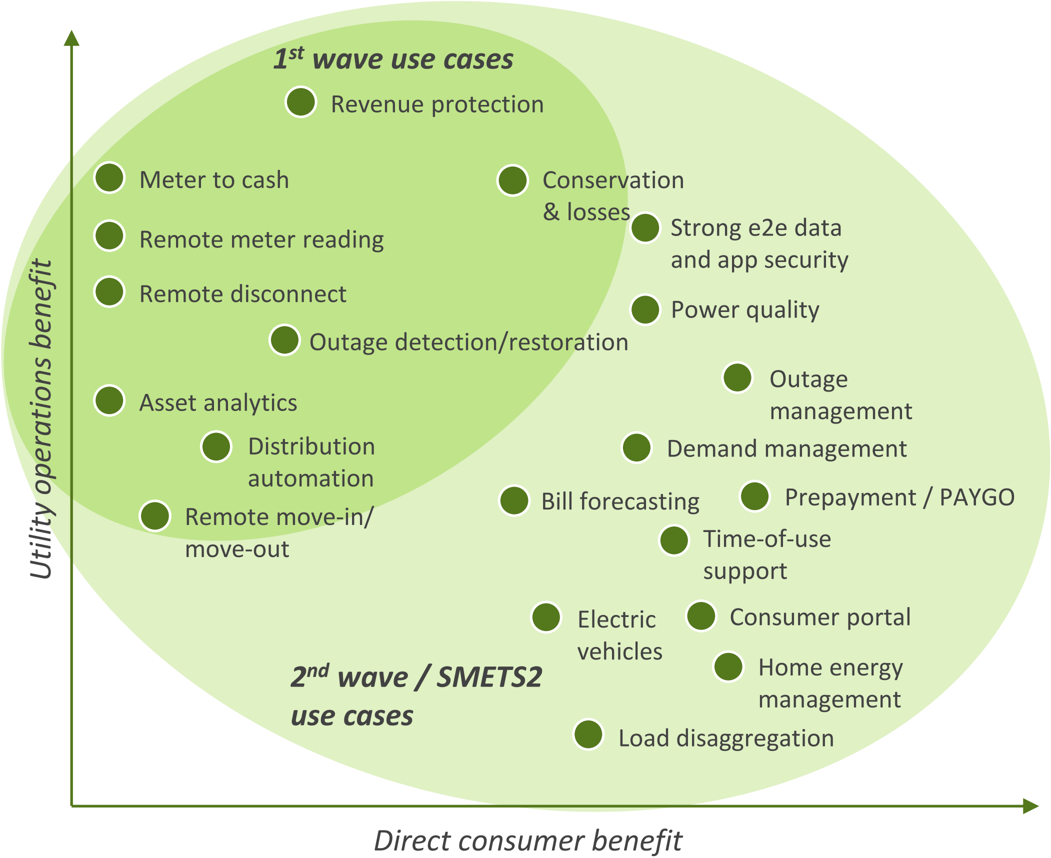
- SMETS geared towards consumer use cases
  - High demand for grid edge intelligence
- Market development delays now overcome
  - Backbone (DCC[1]) operational
- Integration of 11 million 1st Generation (SMETS1) devices underway
- Key functionality demands:
  - Consumer differentiation
  - Distributed energy
  - Cyber security

How do we win

- Investing beyond the meter
- Leading partnerships outside utility space
  - Batteries, automotive, appliances
- Continue intelligent edge development program to develop value added applications

Grid edge use cases driven by retail market innovation

- Increasing focus on grid edge intelligence for 2nd wave use cases:
  - Hyper-critical focus on leading E2E solution data security – particularly for consumer data
  - Increasing value of prepayment / Pay-As-You-Go solution for consumer engagement / household budgeting
  - Common approach to single management solution for home-plus-EV metering and management
- This strong position and experience allows us to further develop applications for use across EMEA



Moving forward: growth coupled with execution

Drive long-term growth

- Capture **large share of the upcoming smart meter deployments**
- Address small and medium DSO with our **end to end solutions** based on our software and applications leveraging a partner ecosystem
- Focus on selling services around the meter **and leverage our installed base** of 25 million connected intelligent devices
- **Develop 'beyond the specification'** capabilities in our next generation devices and solutions offerings

Return to profitability

Product cost down

- Product cost down programs for high volume AMI products
- Ongoing value based engineering projects

Lightfoot

- Manufacturing footprint optimization by transferring / outsourcing production of selected manufacturing facilities

Phoenix

- Overhead cost reduction program fully completed

Operational excellence

- Ongoing optimization of sales, project execution and shared service center established in Prague

EMEA's growth is based on our unique position to offer end-to-end solutions, customer proximity and technology leadership