Half Year FY 2020 Earnings Presentation

October 12th, 2020

Werner Lieberherr | Chief Executive Officer

Jonathan Elmer | Chief Financial Officer

Disclaimer

Forward-Looking Information

This presentation 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.

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This presentation may contain information regarding alternative performance 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 the presentation may be found in the 'Supplemental reconciliations and definitions' section on pages 21 to 27 of the Landis+Gyr Financial Report 2019 on the website at www.landisgyr.com/investors.

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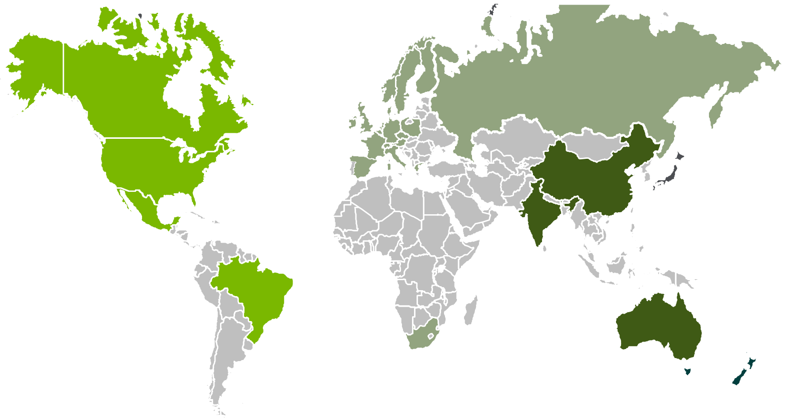
Business Performance – H1 FY 2020



Business Performance in H1 FY 2020

- Order Intake **USD 456.9 million** decreased from USD 818.9 million Year-over-Year (YoY); book-to-bill ratio of 0.73 (H1 FY 2019: 0.95) primarily due to regulatory project approval delays and COVID-19 impact
- Committed Backlog of **USD 2,080.7 million** compared to USD 2,514.1 million in H1 FY 2019 (down 17.2%)
- Net Revenue reached **USD 623.5 million** vs. USD 862.8 million YoY, down 27.1% in constant currency, impacted by COVID-19 related installation suspensions and slowdowns
- Adjusted EBITDA of **USD 50.1 million** resulting in a **margin of 8.0%** declined from USD 124.9 million or 14.5% YoY
- Free Cash Flow (excl. M&A) of **USD 45.3 million** vs. USD 33.1 million in H1 FY2019
- Net cash of **USD 12.1 million** vs. net debt of USD 99.4 million in H1 FY 2019
- Distribution from capital reserves of **CHF 2.00** per share for FY 2019 will be proposed at Extraordinary General Meeting on November 24th, 2020

Solid balance sheet & improved cash generation despite challenging business environment

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Delivering on Commitments

1. *Prudently manage for cash during COVID-19 crisis; however R&D investments remain unchanged*
   - Delivered Free Cash Flow excluding M&A of USD 45.3 million, while maintaining sizeable R&D investments
2. *Convert opportunities pipeline into topline growth*
   - Won customer projects; however delays in the US due to regulatory project approvals continue, accentuated by COVID-19
3. *Foster redesigned global R&D setup within the organization to increase "customer intimacy" and "speed to market"*
   - Completed transfer of portfolio development responsibilities into regions
   - Established Global Technology Office to ensure global consistency and economies of scale
   - Enhancing technology roadmaps with emphasis on digital transformation
4. *Drive efficiencies to optimize product cost and organizational structure*
   - Established renewed leadership team
   - Implemented global restructuring & streamlining initiative with 12% headcount reduction
   - Kicked off initiatives to sustainably reduce product costs for competitive positioning
5. *Ensure continued customer satisfaction and readiness for the build up after the crisis*
   - Elevated customer experience through strategic partnerships such as Vodafone

Strategic priorities will be presented at the CMD on January 27th, 2021

Global Leadership Team

Werner Lieberherr*
Chief Executive Officer

Transition

Susanne Seitz*
EMEA

Jeff Seabloom
Technology

Jonathan Elmer*
Chief Financial Officer

Elodie Cingari
Incoming CFO

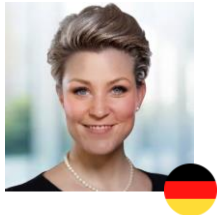
Prasanna Venkatesan*
Americas

Sean Cromie
SCM & Operations

Howard Gibson
HR
ad interim

Hans Sonder
Information Technology

Steve Jeston
Asia Pacific



Eva Borowski
IR & Corporate Communications

Bodo Zeug
Strategy

Holger Klafs**
General Counsel

* Group Executive Management

** Starting November 1^{st}, 2020. M. Mauerhofer in charge until October 31^{st}, 2020

Global leadership team highly committed to deliver strategic & operational results

Global Restructuring & Streamlining Initiative

- Project Hermes - global initiative to rightsize the organization & streamline processes to be completed by end of FY 2020
- Targeting a reduction of approximately 12% or ~700 employees across all levels of the organization, expected to result in annual run-rate savings of approximately USD 30 million from FY 2021 onwards
- Lower revenues require a reduction in Cost of Goods Sold to partially mitigate reduced operational leverage
- Total restructuring charges of USD 19 million expected to be fully cashed out by end of FY 2020

USD in millions	H1 FY 2020	H2 FY 2020	FY 2021 (annual run-rate savings)
Cost of Goods Sold savings	-	~ 5	~ 14
Operating Expenses savings	-	~ 5	~ 16
Total		**~ 10**	**~ 30**
Restructuring charges (P&L)	14.0	~ 5	-
Cash out	0.7	~ 18	-

Rightsizing positions Landis+Gyr for the current economic & competitive environment

Americas – Key Developments in H1 FY 2020

North America

- Active sales pipeline with notable wins such as Indianapolis Power & Light (an AES company), Sacramento Municipal Utility District (SMUD) and Piedmont EMC
- Revenue challenges resulting from:
  - Slow down of various project installations due to COVID-19
  - Regulatory project approval processes further delayed due to COVID-19
  - Recent project roll-offs not replaced by new business as well as slower tendering activities
- R&D investments remain a high priority, focusing on Revelo™ grid edge intelligence sensors and expansion of the Gridstream® Connect IoT platform

South America / LATAM

- Continued leadership as top AMI multi-purpose platform and services provider
- Pressures from intense competition and uncertainty related to funding, policy and economic stability
- Establishment of sustained cost saving initiatives

Japan / TEPCO

- Deployed ~26 million out of 29 million grid sensors toward the completion of the largest utility IoT platform in the world
- Global IoT leadership proven through unrivaled scalability as demonstrated by exceeding stringent service level agreement (SLA) requirements
- Next generation refresh planned for 2024

Technology leadership positions the Americas for recovery

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EMEA – Key Developments in H1 FY 2020

UK

- Largest market impacted by COVID-19
- Roll-outs were temporarily suspended country wide
- UK roll-out completion rate of 40% with ~30 million more meters to deploy; roll-out prolonged to 2025
- L+G ~23 million smart meters under contract of which ~12 million have been delivered
- An additional ~15 million meters remain to be awarded
- Brexit impact remains uncertain, contingency plans remain in place

Portfolio Launches

- E360 LTE next generation residential meter
- T450 next generation heat meter launch

France

- >27 million meters already installed, with L+G being one of three remaining suppliers
- L+G awarded additional Linky volumes for both residential and also commercial / industrial meters

Nordics

- >1 million meters contracted in Sweden and Denmark; won N1 and Vores Elnet in Denmark and C4 in Sweden
- Strengthening leading position in Managed Services by extending several customer contracts in Finland
- E360 becoming the most popular next generation energy meter, backed up with our NB-IoT communication solution
- 2nd wave rollout expected to provide additional opportunities of ~10 million meters

Installations in the UK back to ~60% of pre-COVID-19 levels & France back to ~100%

Asia Pacific – Key Developments in H1 FY 2020

Australia & New Zealand (ANZ)

- Regulatory environment continued to drive uptake of smart meters for new and replacement meters
- Continued growth in rooftop solar also stimulated demand for smart metering
- Established terms with Intellihub for introduction of next generation smart meter to ANZ market with current supply agreement extended to July 2026
- Won first small but strategically important order for smart water meters in Australia

Hong Kong

- Continued to execute on smart metering projects with over 320k meters delivered in the first half
- Established Hong Kong Electric on-premise smart metering platform deployment

India & Bangladesh

- India - Significant business impact due to COVID-19, however multiple smart meter opportunities emerging under strong central government support
- Bangladesh - Won smart pre-pay metering contract using same technology deployed at Tata Power in New Delhi
- Launched next generation Radio Frequency (RF) module utilizing multi-chip technology

Maintained market position & operational performance despite challenging environment

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Consolidated Results – H1 FY 2020

USD in millions (except per share amounts)	H1 FY 2020	H1 FY 2019	Change
Order intake	456.9	818.9	(44.2%)
Change in constant currency			(43.7%)
Committed backlog	2,080.7	2,514.1	(17.2%)
Net revenue	623.5	862.8	(27.7%)
Change in constant currency			(27.1%)
Reported EBITDA	31.8	128.2	(75.2%)
Adjusted EBITDA	50.1	124.9	(59.9%)
Adjusted EBITDA %	*8.0%*	*14.5%*	*(650bps)*
Operating income / (loss)	(9.9)	84.9	n/a
Net income / (loss) attributable to shareholders	(2.0)	71.8	n/a
Earnings / (loss) per share – diluted (in USD)	(0.07)	2.45	n/a
Free Cash Flow (excl. M&A)	45.3	33.1	36.9%
Cash provided by operating activities	56.6	45.7	23.9%
Net cash / (debt)	12.1	(99.4)	n/a

Improved cash generation & solid balance sheet, despite lower trading results mainly due to COVID-19

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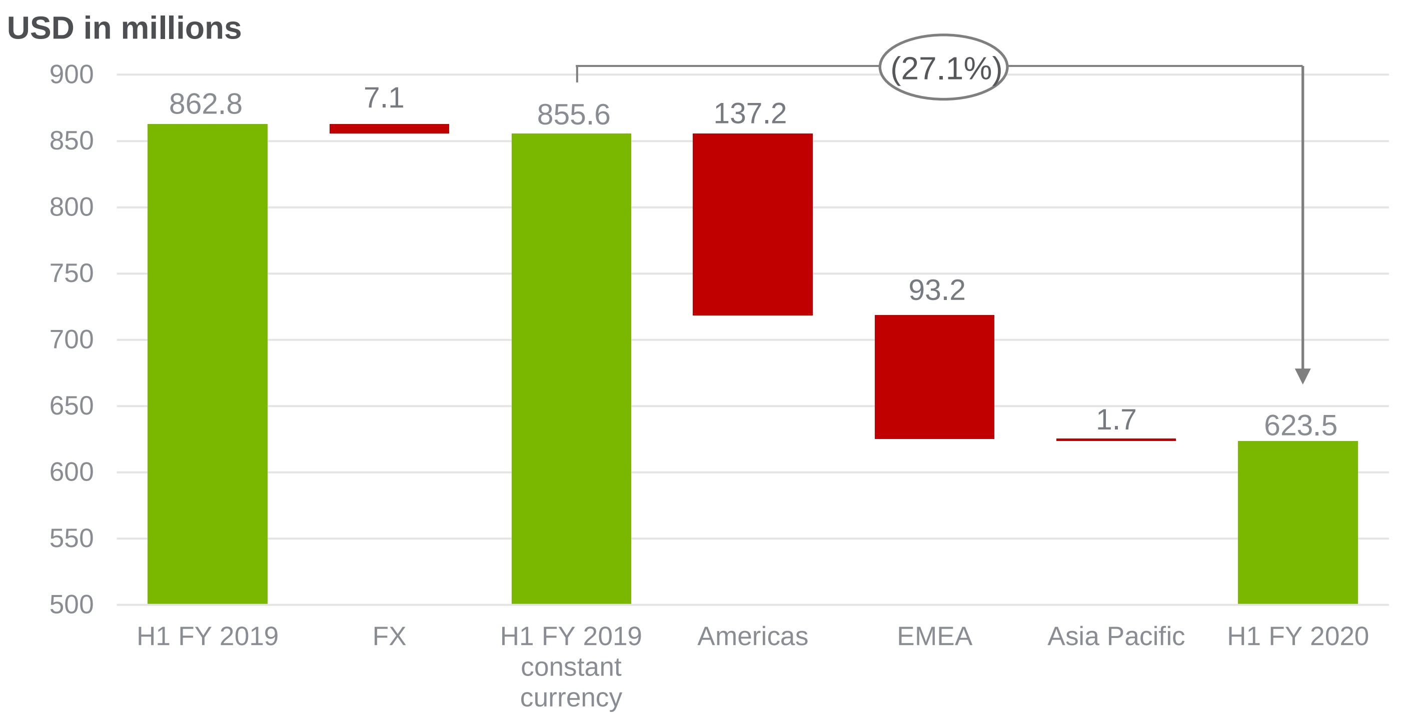
Net Revenue YoY Bridge – H1 FY 2020

Net Revenue YoY Bridge



Americas

- COVID-19 effects and weak order intake lead to revenue decline in North America

EMEA

- COVID-19 effects lead to lower revenues, particularly in the UK

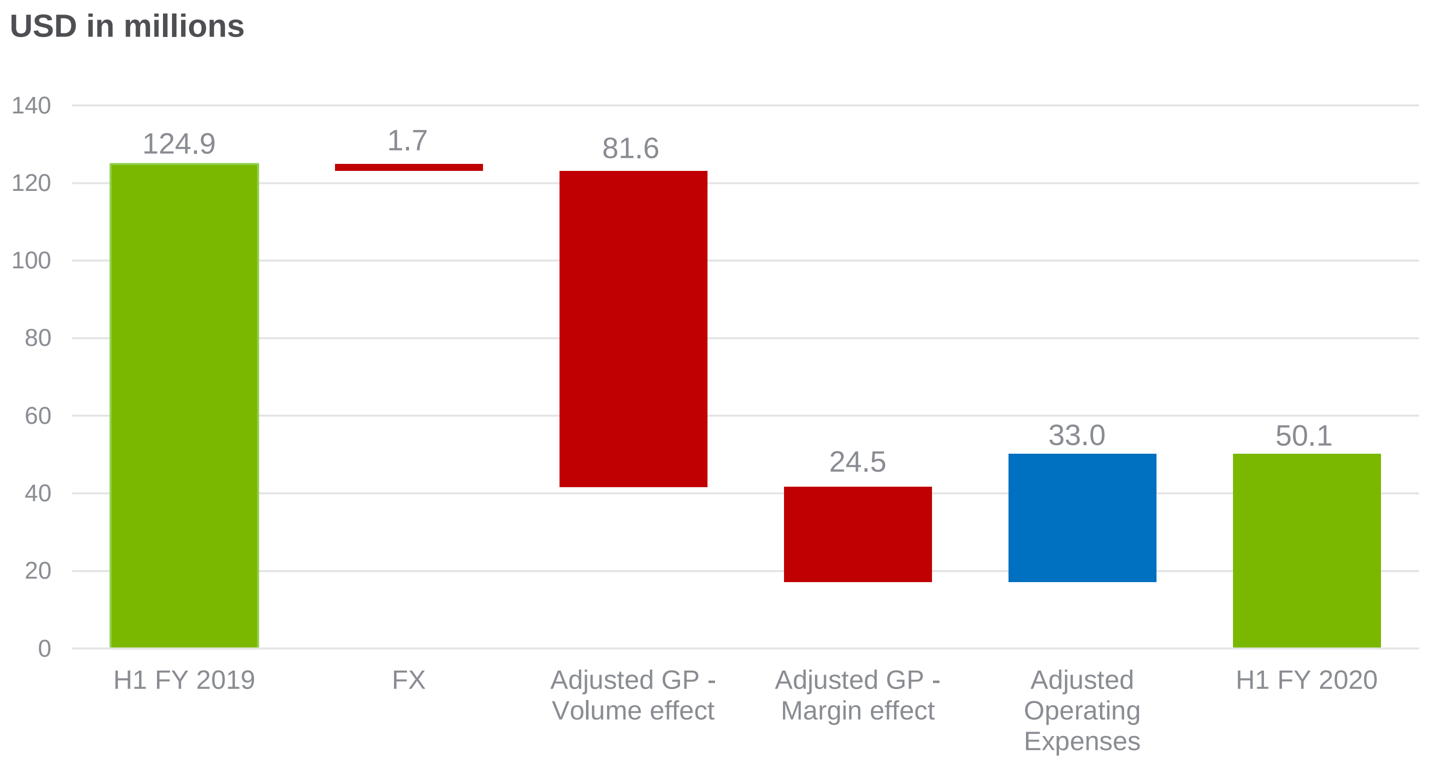
Asia Pacific

- Roll-outs in Hong Kong sustain revenue & partially offset COVID-19 effects

Global COVID-19 effects & weak order intake in North America lead to 27.1% revenue decline

Adjusted EBITDA YoY Bridge – H1 FY 2020

Adjusted EBITDA YoY Bridge



Comment

- Adjusted Gross Profit declines mainly due to lower volumes in Americas & EMEA
- Adjusted Gross Profit margins decline on reduced operational leverage & other effects
- Adjusted Operating Expenses decline by USD 33 million (in constant currency) due to cost reduction measures, lower variable compensation & benefit of COVID-19 measures

Adjusted EBITDA declines due to lower gross profit, partially offset by lower operating expenses

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Adjustments to EBITDA – H1 FY 2020

	H1 FY 2020	H1 FY 2019	Change
Reported EBITDA	**31.8**	**128.2**	**(75.2%)**
Adjustments			
Restructuring Charges	15.4	0.6	n/a
Exceptional Warranty Expenses	-	(0.1)	n/a
Warranty Normalization Adjustments	(6.7)	4.8	n/a
Timing Differences on FX Derivatives	9.7	(8.6)	n/a
Adjusted EBITDA	**50.1**	**124.9**	**(59.9%)**

Adjustments H1 FY 2020

- Restructuring Charges: of the total, USD 14.0 million relate to Project Hermes, announced in August 2020
- Warranty Normalization Adjustments of USD (6.7) million represent the amount of provisions made relative to the average actual warranty utilization for the last three years
- Timing Differences on FX Derivatives: USD 9.7 million relate to mark to market differences on hedges

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Cash Flow – H1 FY 2020

USD in millions	H1 FY 2020	H1 FY 2019	Change
Net Income / (loss)	(2.3)	71.8	n/a
Depreciation and amortization	41.7	43.3	(3.7%)
Net loss from Equity Investments	3.3	3.1	6.5%
Change in OWC, net	32.1	(25.5)	n/a
Warranty and warranty settlement cash outs	(7.2)	(23.4)	(69.2%)
Other	(11.0)	(23.6)	(53.2%)
Net cash provided by operating activities	**56.6**	**45.7**	**23.9%**
(incl. Tax payment of)	*(8.9)*	*(16.7)*	*(46.7%)*
Net cash used in investing activities	(10.6)	(12.6)	(15.9%)
(incl. Capex of)	*(11.3)*	*(12.7)*	*(11.0%)*
Free Cash Flow	**45.9**	**33.1**	**(38.7%)**
Free Cash Flow (excluding M&A)	**45.3**	**33.1**	**(36.9%)**

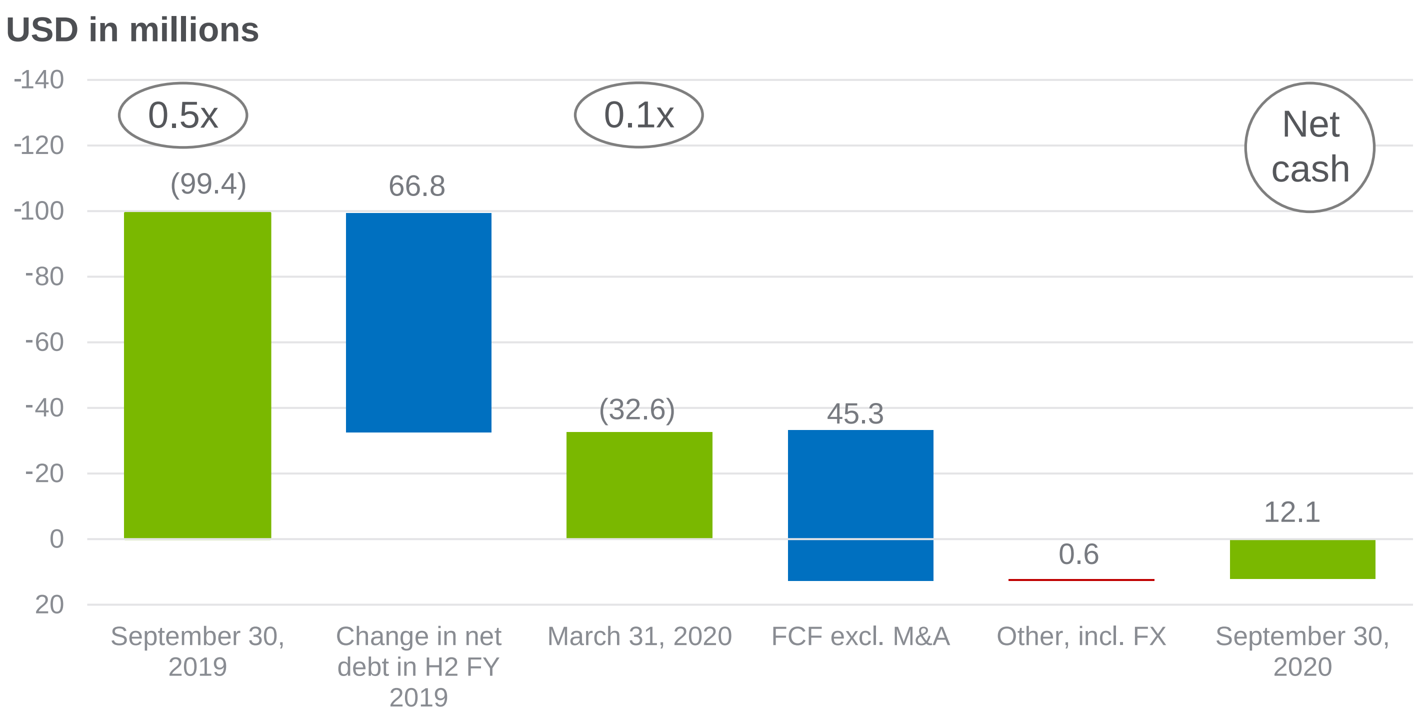
Comments

- OWC decreases on lower volumes
- Warranty and warranty settlement cash outs of USD 7.2 million with lower payments related to legacy component issues
- Capex remains low at USD 11.3 million due to asset light business model
- Tax payments are lower due to reduced profitability and COVID-19 tax payment deferral schemes

Improved Free Cash Flow generation despite weaker trading

Net Cash / (Debt) – H1 FY 2020

Net Cash / (Debt) Bridge



Comments

- Cash on hand at September 30th, 2020 was USD 369 million
- Additional revolving credit facilities of CHF 200 million established during H1 FY 2020; these facilities are undrawn
- Net cash of USD 12.1 million
- No FY 2019 dividend payment made in H1 FY 2020
- Share buyback program remains suspended

Net debt / trailing twelve month Adjusted EBITDA

Net cash of USD 12.1 million with USD 369 million cash on hand & CHF 200 million in undrawn facilities

Americas Segment – H1 FY 2020

USD in millions	H1 FY 2020	H1 FY 2019	Change
Order intake	197.1	363.5	(45.8%)
Committed backlog	1,333.1	1,634.8	(18.5%)
Net revenue to external customers	332.6	476.0	(30.1%)
Change in constant currency			(29.2%)
Adjusted Gross Profit	114.2	186.6	(38.8%)
Adjusted Gross Profit %	*34.3%*	*39.2%*	*(490bps)*
Adjusted Operating Expenses	(59.1)	(76.4)	(22.6%)
Adjusted EBITDA before Group Charges	**55.1**	**110.2**	**(50.0%)**
Group Charges	(14.4)	(18.1)	(20.4%)
Adjusted EBITDA	**40.7**	**92.1**	**(55.8%)**
Adjusted EBITDA %	*12.2%*	*19.3%*	*(710bps)*

Comments

- North America: order intake, backlog and net revenue headwinds due to COVID-19 effects and regulatory delays
- Japan: net revenue declines as TEPCO project nears completion
- Adjusted Gross Profit margin weakness due to reduced operational leverage on lower revenues & other effects
- Adjusted Operating Expenses down by USD 17.3 million due to restructuring and other cost control measures

Impact of lower revenue only partially mitigated by reduced operating expenses

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EMEA Segment – H1 FY 2020

USD in millions	H1 FY 2020	H1 FY 2019	Change
Order intake	195.8	378.2	(48.2%)
Committed backlog	663.2	790.2	(16.1%)
Net revenue to external customers	213.9	306.3	(30.2%)
Change in constant currency			(30.4%)
Adjusted Gross Profit	61.0	98.0	(37.8%)
Adjusted Gross Profit %	*28.5%*	*32.0%*	*(350bps)*
Adjusted Operating Expenses	(56.7)	(65.9)	(14.0%)
Adjusted EBITDA before Group Charges	**4.3**	**32.1**	**(86.6%)**
Group Charges	(8.6)	(8.7)	(1.1%)
Adjusted EBITDA	**(4.3)**	**23.4**	**n/a**
Adjusted EBITDA %	*(2.0%)*	*7.6%*	*(960bps)*

Comments

- Continued execution of backlog in the UK, France and Netherlands. New bookings mainly in Nordics, however several project awards delayed due to COVID-19
- Revenue declines mainly due to COVID-19 related delays to roll-outs in the UK
- Adjusted Gross Profit margin weakness due to reduced operational leverage on lower revenues & other effects
- Adjusted Operating Expenses down by USD 9.2 million

COVID-19 impacts, primarily in the UK, lead to Adjusted EBITDA loss despite lower operating expenses

Asia Pacific Segment – H1 FY 2020

USD in millions	H1 FY 2020	H1 FY 2019	Change
Order intake	64.0	77.2	(17.1%)
Committed backlog	84.3	89.0	(5.3%)
Net revenue to external customers	77.0	80.5	(4.3%)
Change in constant currency			(2.2%)
Adjusted Gross Profit	19.1	18.7	2.1%
Adjusted Gross Profit %	*24.8%*	*23.2%*	*160bps*
Adjusted Operating Expenses	(11.0)	(11.5)	(4.3%)
Adjusted EBITDA before Group Charges	**8.1**	**7.2**	**12.5%**
Group Charges	(2.4)	(2.3)	4.3%
Adjusted EBITDA	**5.7**	**4.9**	**16.3%**
Adjusted EBITDA %	*7.4%*	*6.1%*	*130bps*

Comments

- Revenue down 2.2% (in constant currency) as growth in Hong Kong partially offsets COVID-19 related declines in Australia and India
- Adjusted Gross Profit margin improvement of 160bps driven by cost reductions
- Adjusted EBITDA % increases on improved Adjusted Gross Profit margin

Solid performance mainly driven by roll-outs in Hong Kong

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Dividend FY 2019 / Update FY 2020

Dividend for FY 2019

- Board of Directors will propose a distribution from capital reserves of CHF 2.00 per share, exempt from Swiss withholding tax, for FY 2019 to be paid at the end of November 2020, subject to EGM approval on November 24th, 2020
- Equivalent to ~50% payout of FY 2019 Free Cash Flow (excl. M&A), reflecting a prudent approach

Update for FY 2020

COVID-19 and the general business environment in all key markets for Landis+Gyr make any outlook highly uncertain. Subject to that uncertainty:

- FY 2020 revenue is expected to be in the range of USD 1.3 billion - USD 1.4 billion
- Margins are expected to be higher in H2 than H1 FY 2020 given improved operational leverage

Expected upward revenue trend in H2 FY 2020, but COVID-19 continues to cause many uncertainties

Q&A

Key Messages

- Positive cash generation in harsh COVID-19 environment
- Strong balance sheet with USD 369 million cash on hand and CHF 200 million in undrawn credit facilities
- Renewed global leadership team highly committed to deliver strategic & operational results
- Redesigned technology function & continued investments in R&D drive speed to market & customer intimacy
- Implementation of restructuring & streamlining initiative progressing according to plan
- Actively pursuing environmental and social activities for strong sustainability impact
- For FY 2019, a distribution from capital reserves of CHF 2.00 per share, exempt from Swiss withholding tax, will be proposed at the Extraordinary General Meeting on November 24th, 2020
- Capital Markets Day on January 27th, 2021, will provide additional information about strategic direction, including journey into grid edge intelligence and digitalization, as well as a possible update on mid-term guidance and dividend policy

Landis+Gyr provides critical infrastructure, empowering utilities & consumers to manage energy better

Dates & Contacts

Important Dates

Publication of Half Year Report 2020 and Sustainability Report 2019/20:
October 28th, 2020

Extraordinary General Meeting:
November 24th, 2020

Capital Markets Day:
January 27th, 2021

Release of FY 2020 Results:
May 5th, 2021

Publication of Annual Report 2020 and Invitation to AGM 2021:
May 28th, 2021

Annual General Meeting 2021:
June 24th, 2021

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