Half Year FY 2022 Earnings Presentation

October 27th, 2022

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Forward-looking Information

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This presentation may contain information regarding (a) preliminary, unaudited numbers that may be subject to change and (b) 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 28 to 30 of the Landis+Gyr Half Year Report 2022 on the website at www.landisgyr.com/investors/results-center.

Business Performance – H1 FY 2022

Order intake
USD 773.2m
Book-to-bill 1.06

Order backlog
USD 3'480m
+7.5% YoY

Net revenue
USD 728.7m
+10.3% YoY in cc

Adjusted EBITDA
USD 48.7m
(31.2)% YoY

Adj EBITDA margin
6.7%
(340)bps

Free Cash Flow (excl. M&A)
USD (38.9)m

EPS (diluted)
USD 6.57
443%

Net debt
USD 79.3m

- Sustained solid order intake in all three regions leading to record high order backlog
- Net revenue growth despite supply chain constraints and FX headwinds
- Adjusted EBITDA and margin fall as a result of supply chain costs as guided
- Significant temporary inventory build-up results in negative free cash flow (excl. M&A) for H1
- Net income of USD 186.5 million boosted by gain from divestment of minority stake in Intellihub
- Strong balance sheet position with low net debt / trailing 12 months adjusted EBITDA ratio of 0.63x
- Strategic transformation and integration progress of acquisitions on track

Solid results despite significant headwinds with improvements expected in H2 FY22

Decarbonizing the Grid

Signed up to SBTi in 2022

Joined in November 2019

Since 2020, top 5% of Sustainable Companies

ESG corporate rating "C" (top 30%) since 2018

AA-rated since 2018 (top 11% in peer universe)

Company grade of "B+" since 2022

In 2022, ESG Risk Rating of 10.7 (Low Risk)

Recognized as one of 300 European Climate Leaders by FT-Statista

Committed to the Science Based Target Initiative

Ambition to new carbon emission reduction targets in line with the Paris Agreements 1.5°C trajectory

Carbon neutral by 2030*

9 million tons CO_2

Direct CO_2 emissions avoided through installed Smart Metering base in FY 2021

* for Scope 1 & 2

Strategic Transformation

Landis+Gyr

SMART METERING

GRID EDGE INTELLIGENCE

SMART INFRASTRUCTURE

Smart Water

vodafone

Google Cloud

true

Smart Gas

Rhebo

allego

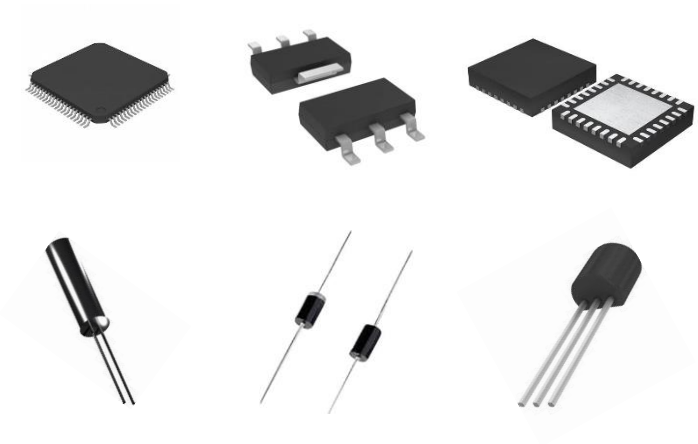
LUNA

Telia

ETREL

Transforming the business for longer-term growth while providing attractive returns to shareholders

Supply Chain Impact H1 FY 2022



- USD ~80 million topline deferred due to supply chain constraints with no order cancellations
- EBITDA results include USD ~29 million additional supply chain cost
- Expect easing of situation H2 FY22 onwards
- Types of components impacted include
  - MCUs and PICs
  - Memories
  - Transistors
  - Capacitors
  - Resistors
  - Inductors
  - Lithium

Easing of supply chain impact expected to start in H2 FY22

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Americas | Key Developments in H1 FY 2022

- **Backlog of ~USD 2.6 billion remains strong** by securing purchase orders and contracts including APS (500K meter extension), United Illuminating, Peoples Gas, and Public Power opportunities like Tri-County, Meriwether Lewis Electric Co-op during H1 FY22
- **Sustained and diverse growth in Software and Services** with wins related to residential load management, meter data management, services
- **Established markets (US, Canada) have ~70% of 1st wave smart meters installed, expected to grow to 90% by 2027**; technology refresh cycle has begun and gaining momentum
- **Higher computing power, intelligence at the edge** for localized decision making is becoming more critical **as the penetration of Distributed Energy Resources increase**
- **Inflation Reduction Act, CHIPS Act, Infrastructure Investment & Jobs Act** allocate funding for renewable energy tax credits, EV rebates, resiliency & smart grid R&D, and energy efficiency programs
- **First Revelo sensors deployed and billed successfully at National Grid** leveraging a Wi-SUN network with L+G's MDMS processing reads
- **Large AMI rollouts namely PSE&G NJ, LG&E, AES Ohio** kicked off in H1
- In Japan, **strong revenue growth due to Command Center refresh scope delivered** to support TEPCO's installed base of 28.4 million meters
- **Major wins in South America** as economic indicators move favorably with **Equatorial, ENEL, and EDP for Cabinet meters + ENEL, and Iberdrola for C&I meters**
- Continued technological advancements with release of **Magno for South America, Wi-SUN FAN 1.1 interoperable solution with Cisco, Revelo Residential meter** combined with the later release of a C&I version, the development of **G480 NB-IOT ultrasonic gas metering,** and the **edge intelligence ecosystem**


Revelo™


G480 Smart Gas


Head-end systems


Meter data management


Magno Cabinet Meter

Record backlog of ~USD 2.6 billion and a positive trajectory of business, pipeline in all markets

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EMEA | Key Developments in H1 FY 2022

- **In the UK, 4m+ per annum** deployments forecasted for **‘23 to ’25** due to SMETS2 program delay and program expected to continue past ‘25 with replacement of the original SMETS1 units
- **Swiss metering rollout** in full swing with 80% to be deployed by ’27, driving high order intake for smart meters and continued public tender activity ‘21-’22 resulting in >250k metering points awarded
- In **France,** additional awards (LTE modem, PME_PMI extension, Ruby) strengthen partnership and long-term development with Enedis
- **Significant awards** confirmed leadership in ICG segment at all top **CZ**, **HR** and **KV** DSOs
- In **Belgium**, first major milestones of **Fluvius project** successfully completed on time and major priority for 2023-2027 business initiatives and results
- In **Nordics**, first results at KV group and PSET show positive trends and market leadership in the new FI rollouts
- **E.ON Gridstream HES successfully delivered** and in operation, over 400k E360 IoT meters installed into E.ON estate to date and all major project milestones now completed
- Strong focus on high growth opportunities and traction in **new EV charging infrastructure and flexibility management**, including UK and Switzerland, providing over proportional growth
- Technology advances with **E360 IoT** grid edge meter optimized version, **E660 next generation** industrial grid edge meter with headroom for future applications, Data Hub Connector cloud-native application, **GridFlex Control SaaS** Demand Side Management solution, T550 Heat and Cold meter NB-IoT with battery, Water portfolio development on track for launch in FY23

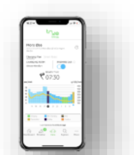
E360™

E660™

DataHub connector

GridFlex Control

INCH Home



True Energy app

Well positioned to capture significant growth and market share in H2 and for the 2023-2027 period

APAC | Key Developments in H1 FY 2022

- Our backlog of USD **173 million** continues to grow due to strong order intake in Hong Kong, Australia, New Zealand and Southeast Asia
- In **Australia**, we have commenced the initial deployment of our next generation of smart meters, **E360** with LTE communications and **SaaS offering** to Yurika, an Energy Queensland subsidiary
- AEMC (Australian Energy Market Commission) **Power of Choice** is under review, with the view **to increase smart meters deployment** to better provide customer benefits
- As part of Landis+Gyr's global investment in Smart infrastructure, **Australia and New Zealand** continue to pioneer **smart water solutions**, helping utilities to **detect customer-side and network leaks** and **reducing non-revenue water losses**
- In **New Zealand**, first wave of **digital transformation** underway in partnership with Watercare, the country's largest utility, to embark on their **smart water meter rollout**
- In **SEA**, **AMI growth** is expected due to the transition from non-AMI with **pilots and deployments** taking place in Indonesia, Thailand, Malaysia and Philippines
- In **Hong Kong**, HK Electric **extended their 4th year AMI deployment contract** with Landis+Gyr to supply additional smart meters and network communications
- **China and Australia**, achieved a **strong first half** result


Head-end systems


E360™


W350

Well positioned to capture positive outlook with strong underlying growth in Australia, New Zealand and Hong Kong

Consolidated Results – H1 FY 2022

USD in millions (except per share amounts)	H1 2022	H1 2021	Change
Order intake	**773.2**	**1'786.9**	**(56.7)%**
Change in constant currency			(55.1)%
Committed backlog	3'479.7	3'235.6	7.5%
Net revenue to external customers	**728.7**	**700.9**	**4.0%**
Change in constant currency			10.3%
Adjusted Gross Profit	226.9	243.3	(6.7)%
Adjusted Gross Profit %	31.1%	34.7%	(358) bps
Adjusted Operating Expenses	(178.2)	(172.6)	3.2%
Adjusted EBITDA	**48.7**	**70.8**	**(31.2)%**
Adjusted EBITDA %	6.7%	10.1%	(340) bps
Operating Income	10.5	46.3	(77.3)%
Net Income attributable to L+G Group AG shareholders	**186.5**	**35.0**	**432.9%**
Earnings per share - diluted (in USD)	6.57	1.21	443.0%
Cash provided by (used in) operating activities	(82.9)	50.4	n/a
Free Cash Flow (excluding M&A)	**(38.9)**	**41.6**	n/a
Net Debt	79.3	79.3	n/a

- Record backlog supported by all regions
- Strong revenue growth led by Americas and APAC partially offset by EMEA due to component constraints
- Adjusted EBITDA declined due adverse supply chain cost and ramp-up investment supporting future deployments
- Free Cash Flow was adversely impacted by temporary inventory build-up
- USD ~235m Intellihub disposition proceeds received; USD -53 million taxes paid

Solid financial performance given adverse supply chain environment

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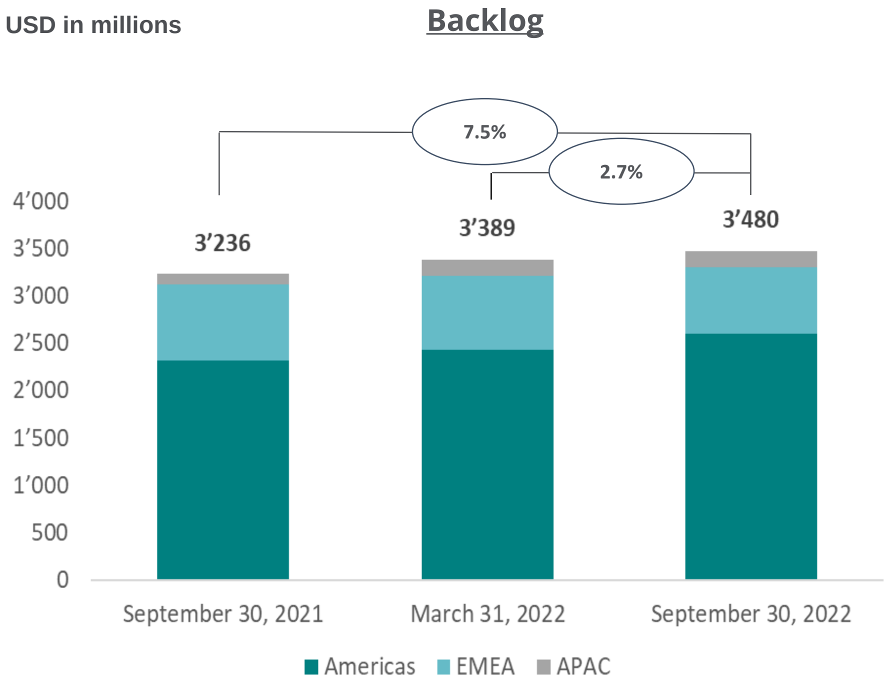
Backlog Evolution – H1 FY 2022



- New record backlog of USD 3.5 billion achieved with growth in all regions in constant currency
- Book-to-Bill ratio of 1.06 with contributions from all regions
- Backlog conversion supporting continued growth in H2 2022 and 2023+

Securing future growth with record backlog

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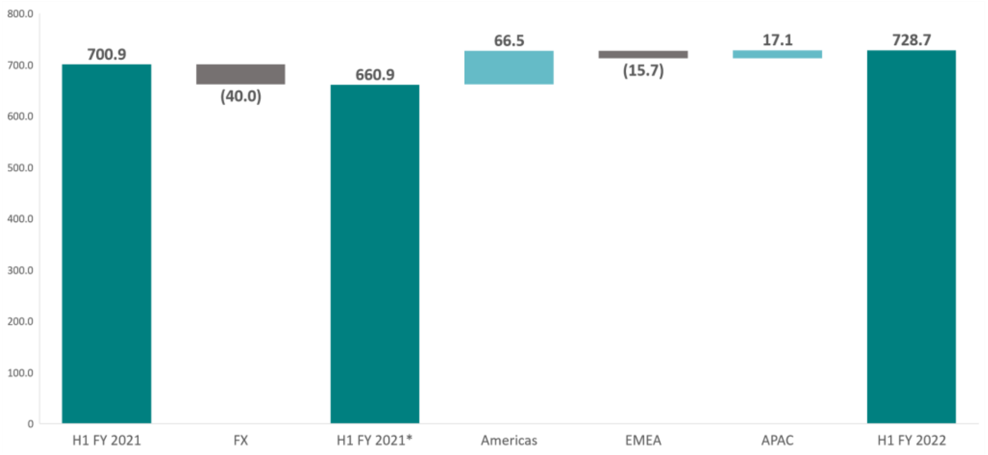
Net Revenue YoY Bridge – H1 FY 2022

USD in millions



Americas

- Strong performance across all 3 clusters: North America, Japan and Brazil

EMEA

- Decline YoY driven by UK and France due to component availability; acquisitions contributed USD 23m incrementally

APAC

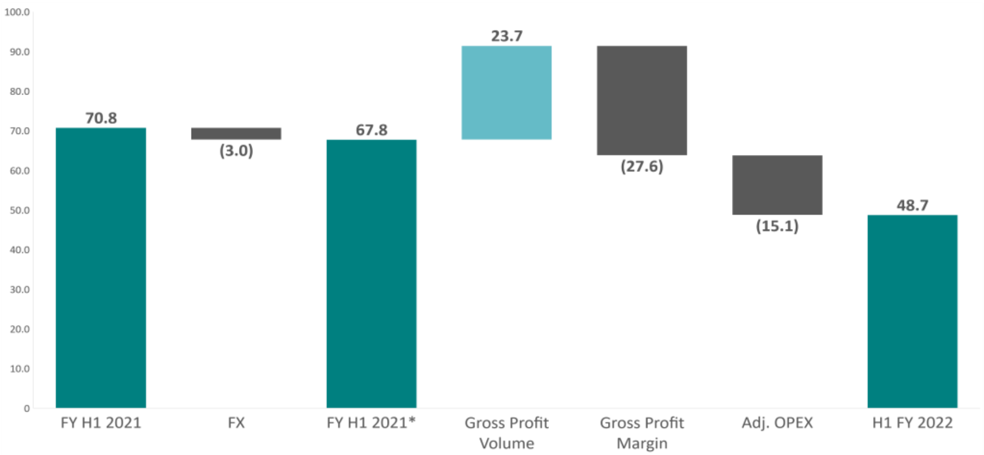
- Growth driven by Australia and New Zealand

Strong revenue growth of 10.3% YoY* led by Americas and APAC

* In constant currency

Adjusted EBITDA YoY Bridge – H1 FY 2022

USD in millions



- Adjusted Gross Profit Volume increase due to operating leverage driven by growth in Americas and APAC
- Adjusted Gross Profit Margin decrease primarily due to adverse supply chain cost
- Adjusted Operating Expenses increase due to ramp-up cost to support backlog execution in Americas, acquisitions in EMEA and continued investments in strategic initiatives

Operating leverage offset by SCM cost and ramp-up support for current and future deliveries

* In constant currency

Adjustments to EBITDA – H1 FY 2022

USD in millions	H1 2022	H1 2021	Change
Reported EBITDA	**51.0**	**86.2**	**(40.8)%**
Adjustments	(2.3)	(15.5)	(85.2)%
Restructuring Charges	6.5	0.2	n/a
Warranty normalization adjustments	(2.5)	(7.2)	(65.3)%
Timing Differences on FX Derivatives	(6.3)	(8.5)	(25.9)%
Adjusted EBITDA	**48.7**	**70.8**	**(31.2)%**
Adjusted EBITDA %	6.7%	10.1%	(340) bps

- Restructuring Charges: USD 6.5m primarily related to the discontinuation of manufacturing activities in India
- Warranty normalization adjustments of USD (2.5) 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 (6.3) million relate to mark to market differences on hedges, primarily GBP-USD currency

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Cash Flow – H1 FY 2022

USD in millions	H1 2022	H1 2021	Change
Reported EBITDA	**51.0**	**86.2**	**(40.8)%**
Change in Operating Working Capital	(44.5)	8.7	n/a
Capital expenditures	(8.9)	(8.9)	-
Restructuring charges add back	6.5	0.2	n/a
Restructuring cash effective	(2.3)	(3.6)	(36.1)%
Other assets and liabilities	(25.1)	(27.2)	(7.7)%
Net interest payments	(2.2)	(1.3)	69.2%
Income tax payments ex M&A	(13.5)	(12.5)	8.0%
Free Cash Flow ex M&A	**(38.9)**	**41.6**	**n/a**
Divestment (Acquisitions)	234.8	(41.4)	n/a
Income tax payments related to M&A	(52.8)	-	n/a
Free Cash Flow	**143.1**	**0.2**	**n/a**

- Cash Flow generation adversely impacted by
  - lower EBITDA generation
  - USD ~76 million build-up of inventory due to shortage of critical components
- USD ~182 million M&A proceeds related to Intellihub divestment (USD +235 million) net of taxes (USD -53 million)

Inventory build-up impacts H1 Cash Flow generation

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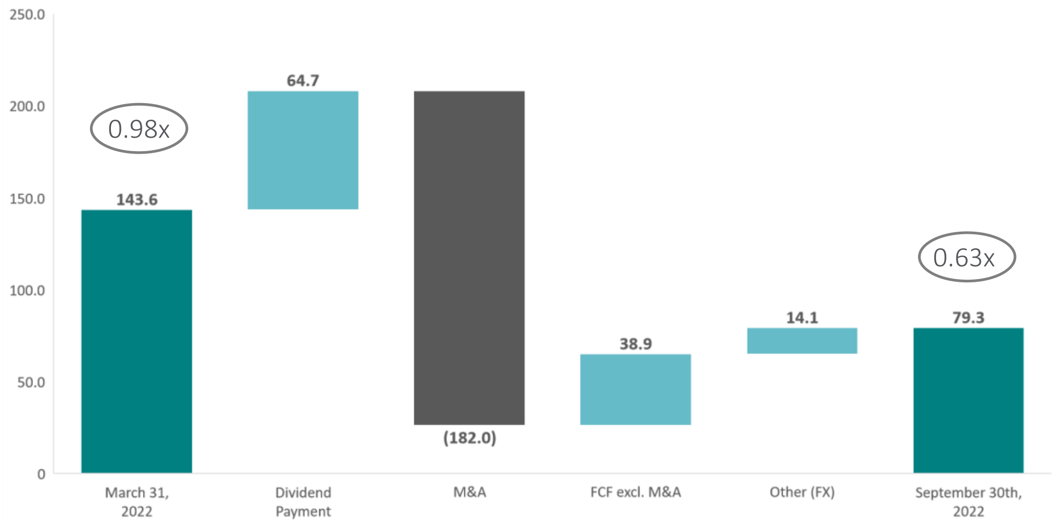
Net Debt – H1 FY 2022

USD in millions



- Continued Balance Sheet strength
- ~0.63x leverage ratio with net debt position of USD ~79.3 million and USD ~82.3 million Cash at hand
- Significant investment capacity remaining with available undrawn facilities of USD ~395 million

Net debt / trailing twelve months Adjusted EBITDA

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Americas Segment – H1 FY 2022

USD in millions	H1 2022	H1 2021	Change
Order intake	409.3	1'214.8	(66.3)%
Committed Backlog	2'604.2	2'320.8	12.2%
Change in constant currency			11.6%
Net revenue to external customers	**391.7**	**325.4**	**20.4%**
Change in constant currency			20.4%
Adjusted Gross Profit	**139.9**	**131.9**	**6.1%**
Adjusted Gross Profit %	35.7%	40.5%	(480) bps
Adjusted Operating Expenses	(78.7)	(68.2)	15.4%
Adjusted EBITDA before Group Charges	61.3	63.7	(3.8)%
Group Charges	(13.5)	(13.5)	-
Adjusted EBITDA	**47.7**	**50.2**	**(5.0)%**
Adjusted EBITDA %	12.2%	15.4%	(320) bps

- 1.04x book-to-bill; prior year order intake was driven by major wins in North America
- Backlog execution in North America, Japan and Brazil contributing to strong 20.4% revenue growth
- Adjusted EBITDA margin declines due elevated supply chain cost, ramp-up investments and strategic initiatives partially offset by higher operating leverage

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EMEA Segment – H1 FY 2022

USD in millions	H1 2022	H1 2021	Change
Order intake	264.4	486.0	(45.6)%
Committed Backlog	702.1	803.9	(12.7)%
Change in constant currency			3.5%
Net revenue to external customers	**248.0**	**300.1**	**(17.4)%**
Change in constant currency			(6.0)%
Adjusted Gross Profit	**65.4**	**95.3**	**(31.4)%**
Adjusted Gross Profit %	26.4%	31.8%	(540) bps
Adjusted Operating Expenses	(65.8)	(71.2)	(7.6)%
Adjusted EBITDA before Group Charges	(0.3)	24.1	n/a
Group Charges	(9.0)	(11.0)	(18.2)%
Adjusted EBITDA	**(9.4)**	**13.1**	n/a
Adjusted EBITDA %	(3.8)%	4.4%	n/a

- 1.07x book-to-bill; major wins in the UK
- Volume declines due to component shortages impacting deliveries in the UK and France; acquisitions contributed USD 23m incrementally
- Adjusted EBITDA impacted by lower operating leverage, significantly higher supply chain cost, acquisitions and investment in strategic transformation

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APAC Segment – H1 FY 2022

USD in millions	H1 2022	H1 2021	Change
Order intake	99.5	86.1	15.6%
Committed Backlog	173.3	110.8	56.4%
Change in constant currency			68.1%
Net revenue to external customers	**89.0**	**75.4**	**18.0%**
Change in constant currency			23.8%
Adjusted Gross Profit	**23.3**	**20.3**	**14.8%**
Adjusted Gross Profit %	26.2%	26.9%	(70) bps
Adjusted Operating Expenses	(13.2)	(14.2)	(7.0)%
Adjusted EBITDA before Group Charges	10.2	6.1	67.2%
Group Charges	(3.4)	(2.8)	21.4%
Adjusted EBITDA	**6.8**	**3.3**	**106.1%**
Adjusted EBITDA %	7.6%	4.4%	320 bps

- Strong order intake resulting in 1.12x book-to-bill and significant backlog growth
- Revenue growth on back of strong Australia and New Zealand
- Adjusted EBITDA expanded due to operating leverage partially offset by elevated supply chain cost

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Guidance FY 2022 confirmed

Net Revenues (Relative to FY 2021)	~6% to 10% net revenue growth, including FY 2021 acquisitions
Transformation	Additional expenses of ca. 2% of net revenues as in FY 2021 supporting strategic transformation
Adjusted EBITDA	Adjusted EBITDA margin between 5% and 8% of net revenues
Free Cash Flow (excl. M&A)	Free Cash Flow (excl. M&A) expected between ~USD 30m and USD 60m
Dividend	Progressive dividend policy

Strong focus on delivering FY 2022 guidance in volatile environment

questions
& answers

Key Messages

- Recession-resilient, due to continuation of rollouts and expected cost relaxation during economic downturn
- Increased need for more intelligent power grids to drive energy efficiency and ensure critical infrastructure stability, further amplified by energy crisis, which positions Landis+Gyr in the sweet spot of the energy transition
- While H1 FY 2022 was impacted by ongoing supply chain challenges, improvements expected H2 FY2022 onwards
- Cash impacted by temporarily higher inventory due to part shortages and to ensure speedy ramp up in H2
- Conversion of record backlog proceeding according to deployment schedules, ramping up in FY 2023
- Transformation and integration progress of acquisitions on track
- EV Infrastructure technology poised to enter new markets and grow overproportionally
- Expanding sustainable impact with solutions to decarbonize the grid
- FY 2022 guidance confirmed, with the assumption of a more normalized supply chain

Landis+Gyr positioned in the sweet spot of the current energy transition and resilient during recession

Contacts & Dates

Important Dates

Capital Markets Day 2023:
January 31st, 2023

Release of FY 2022 Results:
May 2nd, 2023

Publication of Annual Report 2022 and Invitation to AGM 2023:
May 26th, 2023

Annual General Meeting 2023:
June 22nd, 2023

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together