

## Landis+Gyr Capital Markets Day 2019

Zug – January 29, 2019 – Landis+Gyr (LAND.SW) today holds its first Capital Markets Day in Zurich with Executive Management providing an update on the industry, strategy, operations and financial targets. Highlights include Landis+Gyr’s:

- **Position as the global leader in the growing smart metering industry**
- **Ability to capitalize on the growing role of grid edge intelligence as a result of the trends of decarbonization, decentralization and digitalization in the utility industry**
- **Growth strategy based on smart metering, grid edge intelligence, and smart infrastructure**
- **Two major contracts signed in the U.S. since the beginning of the calendar year**
- **Confirmation of FY 2018 guidance**
- **Introduction of new mid-term financial guidance (i.e. for FY 2021)**
- **Announcement of CHF 100 million Share Buyback Program intended to increase returns to shareholders**

Richard Mora, CEO, said: “We believe that smart metering plays a fundamental and essential role at the heart of the evolving grid, and that our market leadership and proven track-record put us in pole position to deliver on our three growth platforms: smart metering, grid edge intelligence, and smart infrastructure.”

### Leader in a growing industry

Landis+Gyr is the leading smart metering solutions provider worldwide, serving over 3’500 utilities and energy retailers globally. Over the next decade many more utilities will deploy smart metering infrastructure, and Landis+Gyr intends to maintain its leadership during this growth phase. The smart metering market in 2017 (ex-China) was USD \$5.6 billion with 7% growth forecast through 2021 (source: IHS-Markit).

### Industry dynamics

The energy industry is undergoing significant disruption from the “3D” drivers of Decarbonization of the generation mix, the widespread adoption of Decentralized and intermittent renewable energy resources and the continued push to Digitalize grid operations. These translate into very specific utility challenges, in the management of grid resilience, grid flexibility and grid security. Additionally, consumer engagement is becoming more important as energy “prosumers” both produce and consume energy, deploying their own power from distributed energy resources. This is most often accomplished through rooftop solar panels and electric vehicles. Gone are the days when electricity consumption was a one-way street. This ongoing disruption to the electric grid is blurring the lines between power generation and consumption.

### Evolving role of the meter

In response, utilities are recognizing the importance of the smart meter and the role it plays at the grid edge, as they address these “3D” drivers. Specifically, there is a growing need for intelligence, control, and flexibility in the distribution grid. This need is magnified at the grid edge, where many new disruptive resources and their associated load dynamics are located. Utilities are expecting to deliver a diverse array of new use-cases with next-generation smart meters. This “second wave” is already happening, and is driving the need for enhanced system functionality, more intelligence in the grid, flexible communications networks, and a broader suite of value-add software applications and services. Next generation metering, with

enhanced edge intelligence plays a central role enabling customized functionality at a local level.

### **Strategy focused on three growth platforms**

Landis+Gyr's will capitalize on these industry dynamics, building on three growth platforms: Smart metering, Grid edge intelligence and Smart infrastructure.

1. **Smart metering:** Landis+Gyr continuously invests in targeted enhancements to its core metering offerings in electricity, gas and heat – in terms of both functionality and cost-competitiveness. The company aims at capturing a significant share of new roll-outs, expanding the penetration of smart metering across geographies globally, with an enhanced portfolio of AMI products, solutions and services.
2. **Grid edge intelligence:** while utilities and retailers continue to require aggregated decision making at the head end of their systems – in the cloud or on premise – emerging “second-wave” use-cases require this to be augmented with distributed decision-making and automation capabilities located at the grid edge. Landis+Gyr enables this transition with its Gridstream Connect platform for Utility IoT. The platform encompasses a next generation metering platform, edge intelligence cards, next-generation network equipment, network and device management software, as well as an app store and software development kit, allowing support for 3rd party applications.
3. **Smart infrastructure:** Landis+Gyr will leverage its Gridstream Connect platform to add further smart infrastructure devices, sensors, applications and services such as smart street lighting, EV charging, smart water metering and other infrastructure opportunities to provide continued top-line growth. Already today, the company has proof-points in Smart Infrastructure verticals, built on in-house know-how, partnerships, and previous acquisitions. Landis+Gyr will continue to evaluate buy versus make opportunities to support its growth in Smart-Infrastructure markets.

### **Two major contracts signed in the U.S.**

Since the beginning of this calendar year Landis+Gyr has two major wins in the U.S. market. One win in the Northeast totals approximately 1 million smart meters with grid edge intelligence applications. The second major win involves approximately 500 thousand new smart meters and a long-term managed services extension covering an additional 2.5 million meters. In both cases Landis+Gyr technological leadership and customer focus were noted by the customers as key drivers in their competitive selection processes.

### **FY 2018 guidance confirmed**

Landis+Gyr confirms the FY 2018 guidance issued at the time of H1 FY 2018 results. Landis+Gyr expects FY 2018 net revenue growth of approximately 1-3% year over year. Adjusted EBITDA is expected to be between USD 217 million and USD 237 million. Free Cash Flow (excluding M&A) is expected to be between USD 90 million and USD 110 million. The FY 2018 dividend is expected to be at least 75% of Free Cash Flow (excluding M&A) but not less than the FY 2017 dividend of CHF 2.30 per share.

### **Introducing new mid-term financial guidance**

Landis+Gyr introduces mid-term financial guidance (i.e. for FY 2021) of:

- Mid-single digit annual net revenue growth relative to the USD 1.7 billion achieved in FY 2017
- Expansion of Adjusted EBITDA margin to between 13.5% and 14.5% of net revenues
- Annual Free Cash Flow (excluding M&A) of above USD 150 million
- Net debt expected to remain below 1.5x Adjusted EBITDA
- Dividend payout of at least 75% of Free Cash Flow (excluding M&A)

**Share buyback program**

Landis+Gyr's Board of Directors has approved a share buyback program of up to CHF 100 million or a maximum of 8% of shares outstanding. The program is expected to begin on January 30, 2019 and run up to 36 months.

In the last four fiscal years Landis+Gyr has generated on average annual Free Cash Flow (excluding M&A) of over USD 80 million and expects continuing strong cash flow from future earnings. Maintaining its conservative financial policy, Landis+Gyr expects to have sufficient funds to further invest in both R&D and capital expenditure, as well as to expand, as appropriate, the Group's technology, market reach and to undertake bolt-on acquisitions, in addition to this share buyback program. The program can be suspended at any time, for example, in the case of an attractive acquisition opportunity.

Landis+Gyr expects to maintain its dividend pay-out ratio of at least 75% of Free Cash Flow (excluding M&A). Additionally, the Board of Directors has now decided to further increase the cash distribution to shareholders and hereby announces this share buyback program funded by Free Cash Flow and additional debt, and consistent with mid-term leverage guidance that the ratio of Net debt/ Adjusted EBITDA will remain below 1.5x.

The shares will be bought out of capital reserves via the first line on the SIX Swiss Exchange. The shares will be repurchased for the purposes of cancellation, subject to approval by future Annual General Shareholders' Meetings.

The total shareholder return strategy, consisting of the high dividend payout ratio and this buyback program, is based on confidence in the future cash generating capacity of Landis+Gyr.

For further details of the share buyback program and regular updates related thereto please visit: [www.landisgyr.com/investors/share-buyback](http://www.landisgyr.com/investors/share-buyback).

**Documents**

The slides of the Capital Markets Day presentations are available from 07:00 am CET on January 29, 2019 on the Landis+Gyr investor website. A live audio webcast of the event will be available from 09:30am on January 29, 2019. To access the presentation and audio webcast, please visit: [www.landisgyr.com/investors/cmd/](http://www.landisgyr.com/investors/cmd/)

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**About Landis+Gyr**

*Landis+Gyr is the leading global provider of integrated energy management solutions for the utility sector. Offering one of the broadest portfolios of products and services to address complex industry challenges, the company delivers comprehensive solutions for the foundation of a smarter grid, including smart metering, distribution network sensing and automation tools,*

*load control, analytics and energy storage. Landis+Gyr operates in over 30 countries across five continents. With sales of approximately USD 1.7 billion, the company employs c. 6,000 people with the sole mission of helping the world manage energy better. More information is available at [www.landisgyr.com](http://www.landisgyr.com)*

**Important notice about forward-looking information**

This release contains specific forward-looking statements that include terms like “believe”, “assume”, “expect”, “guidance”, “target” or similar expressions. Such forward-looking statements represent Landis+Gyr's judgments and expectations and are subject to known and unknown risks, uncertainties and other factors that may result in a substantial divergence between the actual results, the financial situation, and/or the development or performance of the company and those explicitly or implicitly presumed in these statements. Against the background of these uncertainties, readers should not rely on forward-looking statements. Landis+Gyr Group is not under any obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law or regulation.

**Alternative performance measures.**

This release contains information regarding alternative performance measures. Definitions of these measures and reconciliations between such measures and their US GAAP counterparts may be found on pages 38 to 44 of the Landis+Gyr Half Year Report 2018 on our website at [www.landisgyr.com/investors](http://www.landisgyr.com/investors).