

# Annual Report 2019



**Landis+Gyr**  
manage energy better

# At a Glance

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## Global leader

Global leader in Smart Metering and Smart Grid solutions serving 3,500+ utilities worldwide



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## Highly flexible business model

from product delivery to turn-key AMI solutions and Software-as-a-Service



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## 100 million +

Over 100 million Smart Grid connected intelligent devices deployed



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## 14 million

More than 14 million meter points under managed services

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## Three Platforms for Growth

Capitalizing on Industry Dynamics with Smart Metering, Grid Edge Intelligence and Smart Infrastructure as three Platforms for Growth

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## Reduce CO<sub>2</sub> emissions

Helping society to manage energy better and reduce their CO<sub>2</sub> emissions substantially:

Enabled 8 million tons of direct CO<sub>2</sub> emission reduction in FY 2019 through the installed Smart Meter base

Growing number of functions and use cases to help consumers reduce CO<sub>2</sub> emission

Comprehensive own CSR program in place



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## UN Global

We support UN Global Compact



Landis+Gyr combines know-how, clarity of vision and cutting-edge technology to help utilities capitalize on decentralization of generation, decarbonization of economies, digitalization of utility operations and better serve their customers. With sales of USD 1.7 billion, and 5,800 people in more than 30 countries across five continents, Landis+Gyr unleashes the true potential of change to transform the world of energy for the better.

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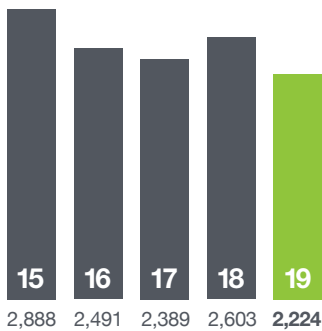


# Key Figures 2019

## Committed Backlog

in million USD

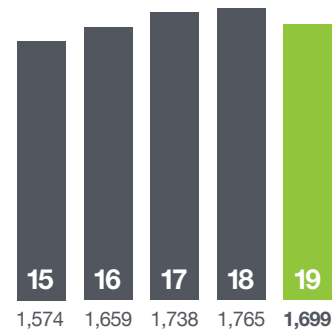
# 2,223.9



## Net Revenue

in million USD

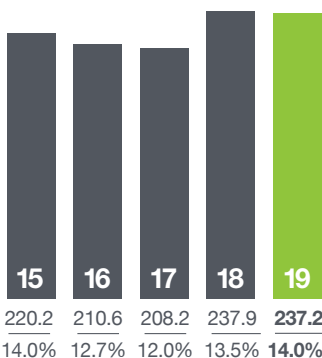
# 1,699.0



## Adjusted EBITDA

in million USD

# 237.2

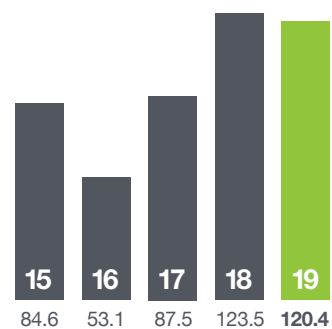


\*% of sales; FY 2019 figure includes a one-off gain of USD 5.6 million resulting from a Brazilian VAT court case; excluding this Adjusted EBITDA margin was 13.6%.

## Free Cashflow (excluding M&A)\*

in million USD

# 120.4

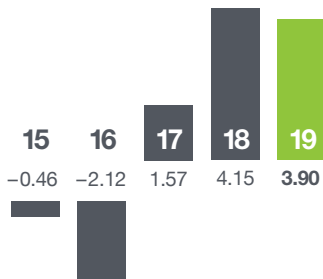


\*Net cash provided by operating activities minus net cash used in investing activities, excluding merger & acquisition activities.



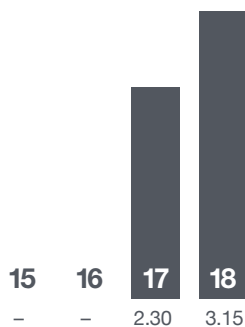
# Earnings per Share

in USD  
**3.90**



# Dividend per Share

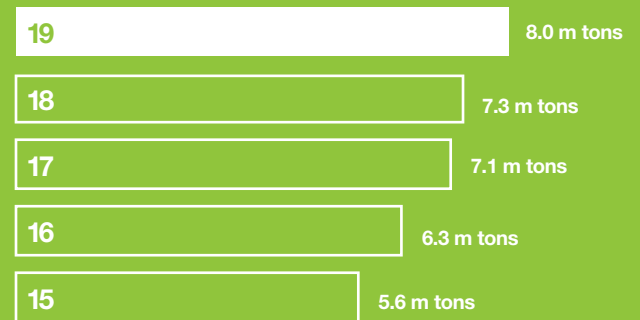
in CHF



– In May, as a precautionary measure due to COVID-19 driven uncertainty, the Board of Directors will defer the decision on the FY 2019 dividend and intends to revisit the topic in conjunction with the release of the results for the first half year ending September 2020.

# Direct CO<sub>2</sub> emissions reduced by 8 million tons in 2019

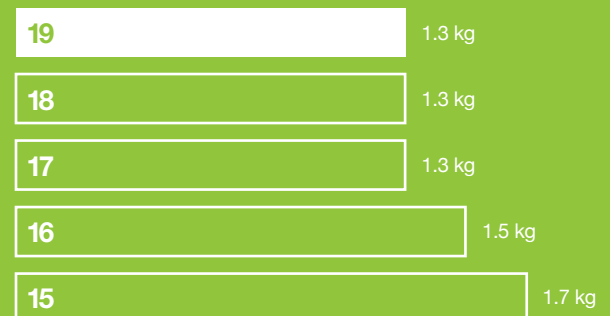
CO<sub>2</sub> emission reduction through Landis+Gyr's installed Smart Meter base



# CO<sub>2</sub> emissions from Landis+Gyr Operations

Kg CO<sub>2e</sub> per USD 100 turnover

**1.3 kg**  
in 2019



## Consolidated Statements of Operations

USD in thousands, except per share data	March 31, 2020	March 31, 2019	March 31, 2018
<b>Net revenue</b>	<b>1,698,999</b>	<b>1,765,159</b>	<b>1,737,814</b>
Cost of revenue	1,166,174	1,188,824	1,227,743
<b>Gross profit</b>	<b>532,825</b>	<b>576,335</b>	<b>510,071</b>
<b>Operating expenses</b>			
Research and development	157,705	156,847	163,833
Sales and marketing	88,158	95,407	104,946
General and administrative	113,468	130,892	161,623
Amortization of intangible assets	34,503	34,937	35,702
<b>Operating income</b>	<b>138,991</b>	<b>158,252</b>	<b>43,967</b>
<b>Other income (expense)</b>			
Interest income	5,217	479	877
Interest expense	(6,784)	(6,847)	(6,966)
Non-operational pension (cost) credit	3,624	4,078	3,801
Gain on divestments	-	14,563	-
Income (loss) on foreign exchange, net	(2,626)	(1,526)	7,290
<b>Income before income tax expense</b>	<b>138,422</b>	<b>168,999</b>	<b>48,969</b>
Income tax expense	(19,469)	(42,121)	(2,175)
<b>Net income before noncontrolling interests and equity method investments</b>	<b>118,953</b>	<b>126,878</b>	<b>46,794</b>
Net loss from equity investments	(5,788)	(4,250)	-
<b>Net income before noncontrolling interests</b>	<b>113,165</b>	<b>122,628</b>	<b>46,794</b>
Net income attributable to noncontrolling interests, net of tax	(583)	383	423
<b>Net income attributable to Landis+Gyr Group AG Shareholders</b>	<b>113,748</b>	<b>122,245</b>	<b>46,371</b>
<b>Earnings per share</b>			
Basic	3.90	4.15	1.57
Diluted	3.90	4.15	1.57
<b>Weighted-average number of shares used in computing earnings per share</b>			
Basic	29,169,434	29,489,321	29,510,000
Diluted	29,201,789	29,489,321	29,510,000

## Consolidated Balance Sheets

USD in thousands, except per share data	March 31, 2020	March 31, 2019	March 31, 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	319,379	73,381	101,763
Restricted cash			5,000
Accounts receivable, net of allowance for doubtful accounts of USD 9.7 million, USD 9.9 million and USD 6.2 million	335,761	367,943	315,788
Inventories, net	147,456	133,659	121,398
Prepaid expenses and other current assets	59,695	54,798	45,363
<b>Total current assets</b>	<b>862,291</b>	<b>629,781</b>	<b>589,312</b>
Property, plant and equipment, net	117,532	142,058	164,400
Intangible assets, net	288,279	332,030	381,674
Goodwill	1,354,094	1,354,094	1,361,591
Deferred tax assets	17,017	15,821	16,021
Other long-term assets	145,059	78,156	37,683
<b>TOTAL ASSETS</b>	<b>2,784,272</b>	<b>2,551,940</b>	<b>2,550,681</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade accounts payable	175,859	220,314	150,168
Accrued liabilities	28,357	31,232	40,015
Warranty provision – current	31,628	34,257	47,870
Payroll and benefits payable	55,542	66,842	65,210
Loans payable	352,171	90,661	142,327
Operating lease liabilities – current	13,212	-	-
Other current liabilities	84,569	81,438	69,655
<b>Total current liabilities</b>	<b>741,338</b>	<b>524,744</b>	<b>515,245</b>
Warranty provision – non current	0,352	10,920	25,557
Pension and other employee liabilities	46,054	48,382	55,743
Deferred tax liabilities	25,034	37,347	32,520
Tax provision	20,598	29,172	25,492
Operating lease liabilities – non current	59,482	-	-
Other long-term liabilities	63,769	68,000	88,103
<b>Total liabilities</b>	<b>986,627</b>	<b>718,565</b>	<b>742,660</b>
<b>Shareholders' equity Landis+Gyr Group AG</b>			
Registered ordinary shares (29,251,249 / 29,510,00 / 29,510,00 issued shares at March 31, 2020, March 31, 2019, and March 31, 2018, respectively)	306,341	309,050	309,050
Additional paid-in capital	1,303,799	1,408,122	1,475,421
Retained earnings	289,393	177,966	55,721
Accumulated other comprehensive loss	(68,925)	(52,145)	(35,554)
Treasury shares, at cost (431,205, 198,674 and nil shares at March 31, 2020, March 31, 2019, March 31, 2018 respectively)	(34,338)	(12,332)	-
<b>Total Landis+Gyr Group AG shareholders' equity</b>	<b>1,796,270</b>	<b>1,830,661</b>	<b>1,804,638</b>
Noncontrolling interests	1,375	2,714	3,383
<b>Total shareholders' equity</b>	<b>1,797,645</b>	<b>1,833,375</b>	<b>1,808,021</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,784,272</b>	<b>2,551,940</b>	<b>2,550,681</b>

# Highlights 2019

## April

### Selected by Ameren Missouri for Advanced Metering Solution

Landis+Gyr will support Ameren Missouri's Smart Meter Project through the deployment of 1.4 million advanced meters and a utility IoT network. Ameren Missouri will implement Landis+Gyr's Gridstream® Connect solution, including 1.27 million advanced electricity meters and 130,000 gas meters.



### Advanced Billing and Enhanced Gas Monitoring Features for MDMS

The Group announced the release of MDMS 4.1, the latest version of its meter data management system software that adds features for gas utilities and includes enhanced support for consumption interval billing and complex rebilling operations.

## May

### Grand Bahama Power Company Selects Landis+Gyr for Smart Grid Project

In the context of its grid modernization strategy, Grand Bahama Power Company will deploy Landis+Gyr's Gridstream® Connect solution to include advanced electricity meters, distribution automation devices and meter data management software.

### Recognized for Safety Record at Minnesota Facility

Landis+Gyr was recognized for excellence in operational safety at two of its North American facilities. The Group received the Meritorious Achievement Award from the Minnesota Safety Council, highlighting the health and safety record and related programs at the company's Roseville, MN facility.

## June

### Hong Kong AMI Contract Extension with CLP Power

The Group's work on CLP Power's Advanced Metering Infrastructure (AMI) platform in Hong Kong has been extended to support the full smart metering roll-out covering 2.6 million customers. The contract extension will see Landis+Gyr deploying additional smart meter endpoints, as well as the Gridstream® solution platform, to CLP Power's Hong Kong service territory over seven years.

### Partnership with Aqist to serve E.ON in the Czech Republic

Landis+Gyr secured a contract to partner with Slovakian IT solutions provider Aqist for the delivery of E.ON's smart metering solution in the Czech Republic. Landis+Gyr will provide more than 30,000 smart electricity meters, data concentrators and a head-end software system.

## July

### Major Contract with E.ON in Sweden

The Group will deliver its Gridstream® Connect solution for one million metering points to E.ON in Sweden. With the contract, E.ON will transition to second-generation smart metering

technology in order to improve customer service and grid efficiency.

### Colorado Springs Utilities Selects Landis+Gyr for Intelligent Grid

Colorado Springs Utilities will deploy the business's Gridstream® Connect platform connecting more than 590,000 electric, natural gas and water meters to an integrated network management and data acquisition system. The new contract also extends the existing managed service agreement.

## August

### The Group Joins Forces with Utilidata to Transform Grid Operations

Landis+Gyr is joining forces with Utilidata, the industry leader in energy optimization software from the substation to the grid edge, to provide groundbreaking grid management through the deployment of edge applications on Landis+Gyr advanced meters, planned initially for the North American market.

## September

### Partnership with GeoPal Solutions to Offer Utilities a Complete AMI Field Operations Management Solution

Landis+Gyr strengthened its offering for smart metering field operations support by combining its Advanced Metering Infrastructure (AMI) deployment and operations experience with an Android mobile application and digital platform hosted by GeoPal Solutions.



### Extensive Service Partnership in Liechtenstein

As part of a Software-as-a-Service contract, Landis+Gyr is taking over the data and software hosting for smart metering at Liechtensteinische Kraftwerke (LKW). As well as the backup and maintenance of the metering, order and billing data, the scope of services includes audits and the implementation of all relevant security and data protection measures.



### Advanced Interoperability with Network Bridge Certification to Wi-SUN FAN 1.0

The Group announced the certification of the Network Bridge, an intelligent routing and distribution automation device, as a border router under the Wi-SUN FAN 1.0 field area network certification program.

## October

### Release of Industry-first 320 Amp Meter with Integrated Remote Service Switch

Many consumer residences today have large electrical loads where typical 200 amp residential service is no longer adequate. Landis+Gyr released a first-of-its-kind advanced meter with an integrated remote service switch to safely manage 320 ampere residential applications.

### Applauded by Frost & Sullivan

Frost & Sullivan awarded Landis+Gyr the “Global AMI Company of the Year”

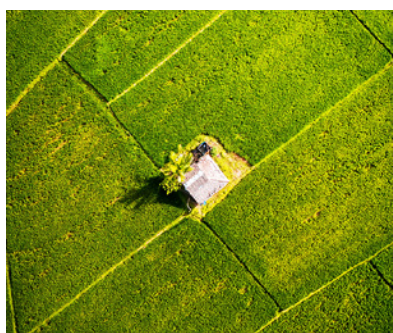
2019 Award for its innovative AMI solutions that meet current and future customer needs. According to Frost & Sullivan, Gridstream® Connect is capable of transforming utility operations.

### Completion of Advanced Metering Project in Rio Grande Do Sul

Landis+Gyr completed an advanced metering and smart grid project for CEEE, the largest electric distribution utility serving the state of Rio Grande do Sul in Brazil. The project includes both Gridstream® RF mesh and cellular deployment for nearly 12,000 commercial and industrial meters.

### Improved Integration and Increased Business Process Automation of MDMS

Landis+Gyr released MDMS 4.2. The new MDMS version improves integration with Landis+Gyr’s Command Center head-end software to increase the speed with which reads, intervals and events are processed, as well as providing improved integration of gas and water endpoints.



## November

### Landis+Gyr Introduces Internet of Things Platform in the EMEA Region

The Group announced the launch of its Gridstream® Connect solution for European energy companies. As an open, secure and scalable IoT

platform, Gridstream Connect combines smart sensors, communication technologies, software and applications.

## December

### New Line of Multi-Relay Load Control Switches

Landis+Gyr added four-relay and two-relay load control switches to its North American load management product portfolio. The new generation of switches allows the control of multiple appliances from a single installation, to support more effective utility demand response and variable rate programs.

## January

### WWZ Relies on Landis+Gyr for Smart Meter Roll-out

Landis+Gyr delivered the technology Swiss energy supplier WWZ AG’s first wave of smart meter rollouts. This includes modern meters, as well as the necessary communication technology and an as-a-service meter data processing system in cooperation with a third-party supplier.

## February

### Unveils the latest metering platform, Revelo

With the Revelo release, Landis+Gyr has changed the way utilities visualize the quality of power delivery at the edge of the grid, enabling them to manage energy more proactively. Combining edge computing, with Landis+Gyr’s proven grid metering technology for waveform data capture, Revelo enables utilities to develop real-time pattern recognition of energy delivery.

# Letter to Shareholders

Dear Landis+Gyr Shareholders,

In these unprecedented times, while the global economy is disturbed and most aspects of our lives are altered, we believe we are well equipped to manage through the current crisis. Our first priority remains the safety and wellbeing of our employees, partners and customers, promoting and enabling digital collaboration as well as well as social distancing.

Always, and especially now, we manage cost and liquidity carefully across the group to maintain our sound balance sheet with a substantial cash position. These attributes ensure that we can act from a position of strength as we go through the current crisis. Furthermore, Landis+Gyr, as an essential business, continues to support the world's utilities with mission critical infrastructure equipment and services. Although the current pandemic has caused some utilities to suspend installations, no major projects have been cancelled and Software and Services contracts remain on track. As a result, we firmly believe that the demand downturn in our markets is temporary in nature.

Additionally, we are proud to contribute actively to a sustainable environment and will continue to expand our role in this effort by maintaining the R&D investments at levels consistent with prior years.

## Financial year 2019 results

Landis+Gyr delivered mixed financial results for the 2019 financial year. Order intake for FY 2019 was USD 1,371.4 million, a book to bill ratio of 0.81. Committed backlog was down 14.6% year-over-year at USD 2,223.9 million. The Americas and EMEA reported decreases in committed backlog compared to the prior year, while Asia Pacific rose slightly. In FY 2019, net revenue fell 2.0% year-over-year in constant currency to USD 1,699.0 million with growth experienced in both EMEA and Asia Pacific regions that partially offset the decline in the Americas. This decline was due to delays in regulatory approvals in the US and the roll off of two large projects underway in the US in FY 2018. The COVID-19 crisis impact lowered net revenue by approximately 1% in FY 2019.

Adjusted EBITDA was USD 237.2 million, including a one-off gain of USD 5.6 million resulting from a Brazilian VAT court case; excluding this, Adjusted EBITDA margin was 13.6%. All regions were profitable. Finally, turning to

Free Cash Flow (excluding M&A activity), this was USD 120.4 million, a decrease of 2.5% year-over-year, reflecting solid cash generation driven by operating performance.

As a precautionary measure given the current COVID-19 driven global economic uncertainty, the Board of Directors has decided to postpone the decision on the proposed FY 2019 dividend for now, and intends to revisit the situation in conjunction with the release of the results of the first half year ending September 2020. Likewise, the share buyback program was suspended on March 27, 2020.

In that context, the Group Executive Management will take a 10% reduction in base salary for six months, and the members of the Board of Directors will likewise have their base and committee fees reduced by 10% for six months. In addition to the executive pay reduction, we have furloughed many of our staff and implemented short-time work for office functions in some locations. Currently, the future treatment of the short-term incentives for FY 2020 is also under review.

### **Leadership Change, Innovation and Operational Excellence**

On April 1, 2020, we appointed Werner Lieberherr as Landis+Gyr's new Chief Executive Officer. Werner's global leadership experience with publicly traded companies in both the energy sector as well as the aerospace industry demonstrates his ability to build market-leading positions of global technology companies. He has a proven track record of delivering profitable organic and inorganic growth, while leading successful transformational activities and driving innovation. Therefore, Landis+Gyr will benefit from his in-depth technological know-how and experience in continuing the strategic transformation of our portfolio and the expansion of our offering in integrated energy management solutions. To further expand our technology leading position, investments in R&D remain a key focus and we plan to continue our funding at around the same level as in previous years. During FY 2019 we spent USD 152.2 million in Adjusted R&D expenses, equivalent to 9.0% of the Company's annual sales and largely unchanged from the prior year. Our global force of 1,400 engineering professionals strives every day to provide leading-edge technologies, intelligent endpoints and flexible communications and applications to meet our markets' expectations and to maintain and expand our grid edge intelligence leadership. Software, both discrete and embedded, is an essential element in our offering and was the largest area of R&D spending for the year. To further improve our successful competitive positioning, we are dedicated to realizing continuous productivity and cost reduction gains. Our asset light business model leverages best practices in supply chain management, while Project Lightfoot, an EMEA focused effort and one of our most important programs in this regard, delivered USD 10 million in incremental savings in FY 2019 compared to FY 2018, leading to a total in excess of USD 20 million annual savings delivered since the program's inception. In the Americas, prior to the onset of the COVID-19 crisis, and in response to the top line pressure caused by regulatory delays, additional cost down actions delivered USD 19 million in annual run rate savings across the region. These benefits will start to materialize in the current year.

### **Solving Complex Challenges Utilities Face**

Relevant innovation is fundamental in helping utilities to manage energy better. We actively shape the requirements around communications protocols, grid edge intelligence technologies and the smart infrastructure model through our contributions to standardization bodies and expert forums. Specifically, in FY 2019 we introduced two major new products. First, our Gridstream® Connect solution for European utilities, which is an open, secure and scalable Internet of Things (IoT) platform designed to unlock added value and maximize efficiencies from advanced metering infrastructures (AMI) by bringing together intelligent endpoints, communications, software and applications. Secondly, in North America Landis+Gyr announced the next generation of electric meters with leading-edge grid sensing technology in January 2020. The Revelo® metering platform introduces high resolution data sampling, increased computing power and provides communications flexibility, all supported by an application ecosystem, enabling use case support ranging from consumer appliance-level energy usage details to grid level anomaly detection.

These new products deliver critical infrastructure to solve the complex challenges utilities face globally. Therefore, the continuing selection of Landis+Gyr's products, solutions and services worldwide speaks to our strong and advantageous value proposition.

- In North America, Colorado Springs Utilities will deploy the Gridstream® Connect platform connecting more than 590,000 electric, natural gas and water meters to an integrated network management and data acquisition system. The new contract provides for managed services by Landis+Gyr for a 20-year period, including deployment and post-deployment services.
- In Sweden, Landis+Gyr will deliver its Gridstream® Connect solution for 1 million metering points to E.ON Sweden. With the contract, E.ON transitions to second-generation Smart Metering technology for excellent customer service and grid efficiency.
- In the UK, the transition to the next-generation smart meters (SMETS2) is underway at scale with more than 11 million smart meters deployed. As the UK market leader, Landis+Gyr has approximately 21 million meters deployed or under contract.
- In April 2020, Landis+Gyr announced the award of an Advanced Metering Infrastructure (AMI) contract by The Hongkong Electric Co., Ltd. in support of Hong Kong's transformation into a smart city.
- Frost & Sullivan selected Landis+Gyr as their Global AMI Company of the Year for 2019. This is the fifth consecutive time the company has received the award.

### **FY 2020**

At this time we will not be providing guidance for the current financial year, as we are not able to estimate the FY 2020 net revenue impact from the COVID-19 crisis, which could have a material effect. The impacts vary widely, with most North American customers, though varied in pace, continuing to deploy meters, and several key customers in EMEA have currently suspended or delayed installations. Although there is currently no major impact to the supply chain, risks remain as the situation is evolving. The Group's

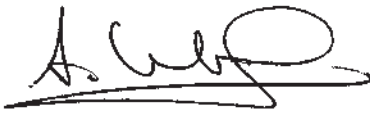
factories comply with relevant government policies and have been subject to lockdowns in some countries.

### **Delivering Critical Infrastructure and CO<sub>2</sub> reductions**

Each day all of our 5,768 Landis+Gyr employees, as well as key business partners, work passionately and with focus to deliver critical infrastructure to our customers and value to our shareholders. As a company we continuously seek to be active and engaged corporate citizens of the communities in which we operate. We promote a long-term vision and our comprehensive portfolio of products and services, contributes constructively to a reduced CO<sub>2</sub> footprint both internally as well as for society at large.

Landis+Gyr has a longstanding history of success and we will continue to focus on offering leading innovation to customers, expanding strong partnerships, driving profitable growth and, thus, contributing to sustainable global development. On behalf of all of us at Landis+Gyr, we thank you, our shareholders, for the support and ownership in Landis+Gyr, and that you have joined us in continuing to achieve our our mission.

Yours sincerely,



Andreas Umbach  
Chairman



Werner Lieberherr  
Chief Executive Officer



# Strategy & Business Model

Welcome to the new energy world! Through its Smart Metering, Grid Edge Intelligence and Smart Infrastructure solutions, Landis+Gyr is helping utilities respond to and capitalize on fast-changing industry dynamics and the ongoing digital revolution.

The transformation of the energy grid continues apace. Decarbonization and the shift to renewable energy resources, the resulting decentralization of energy resources, and the digitalization of grid operations – these three different but interconnected trends represent a fundamental change to how the energy industry and its partners operate.

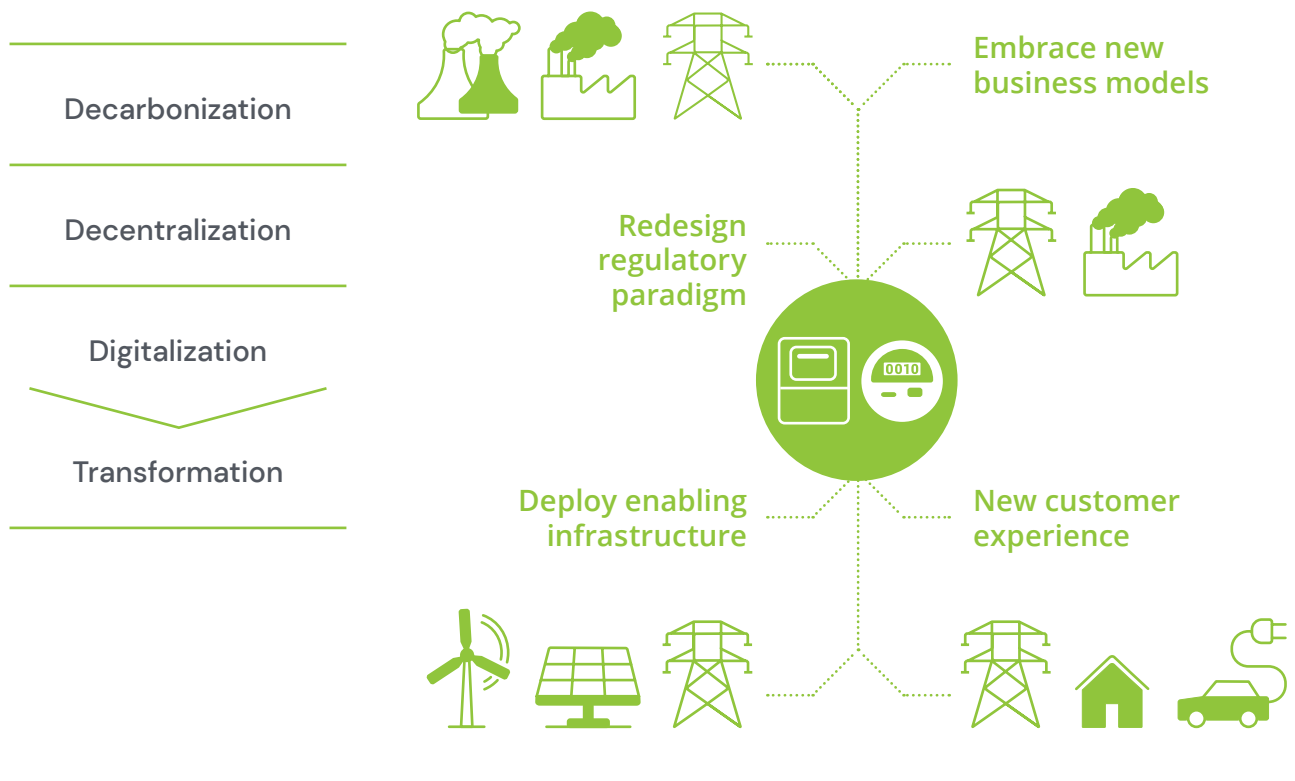
Utilities need to embrace new business models, adjust to a continually changing regulatory environment and respond to new demand patterns. These mega-trends are driven by the ongoing transformation of consumers to become more digitalized “prosumers”, who both produce and consume

energy. To be successful in this new reality, utilities need a partner who offers flexible, secure solutions with a high degree of automation.

As a market leader with a proven track-record, Landis+Gyr is in an excellent position to both respond to utilities’ evolving needs and to profit from the opportunities that emerge as a result. The business’ strategy remains unchanged; to capitalize on current industry dynamics and to gain further market share, the Group will continue to build on its three growth platforms: Smart Metering, Grid Edge Intelligence and Smart Infrastructure.

## 3D Factors Fueling Energy Grid Transformation

Smart meters, as grid edge sensors, are the foundation of enabling infrastructure for future energy distribution systems



### Continuous Improvement of Our Core Offering

Smart Metering or Advanced Metering Infrastructure is Landis+Gyr's core offering. Smart meters are the foundation of future energy distribution systems, playing a decisive role at the grid edge where many new disruptive resources and their associated load dynamics are located.

Advanced smart metering solutions offer new opportunities for analysis and connectivity, with faster response times for fault location and predictive measures for grid-hardening. Landis+Gyr is continuously strengthening its offering in the field of electricity, gas and heat metering to match the demands of the market.

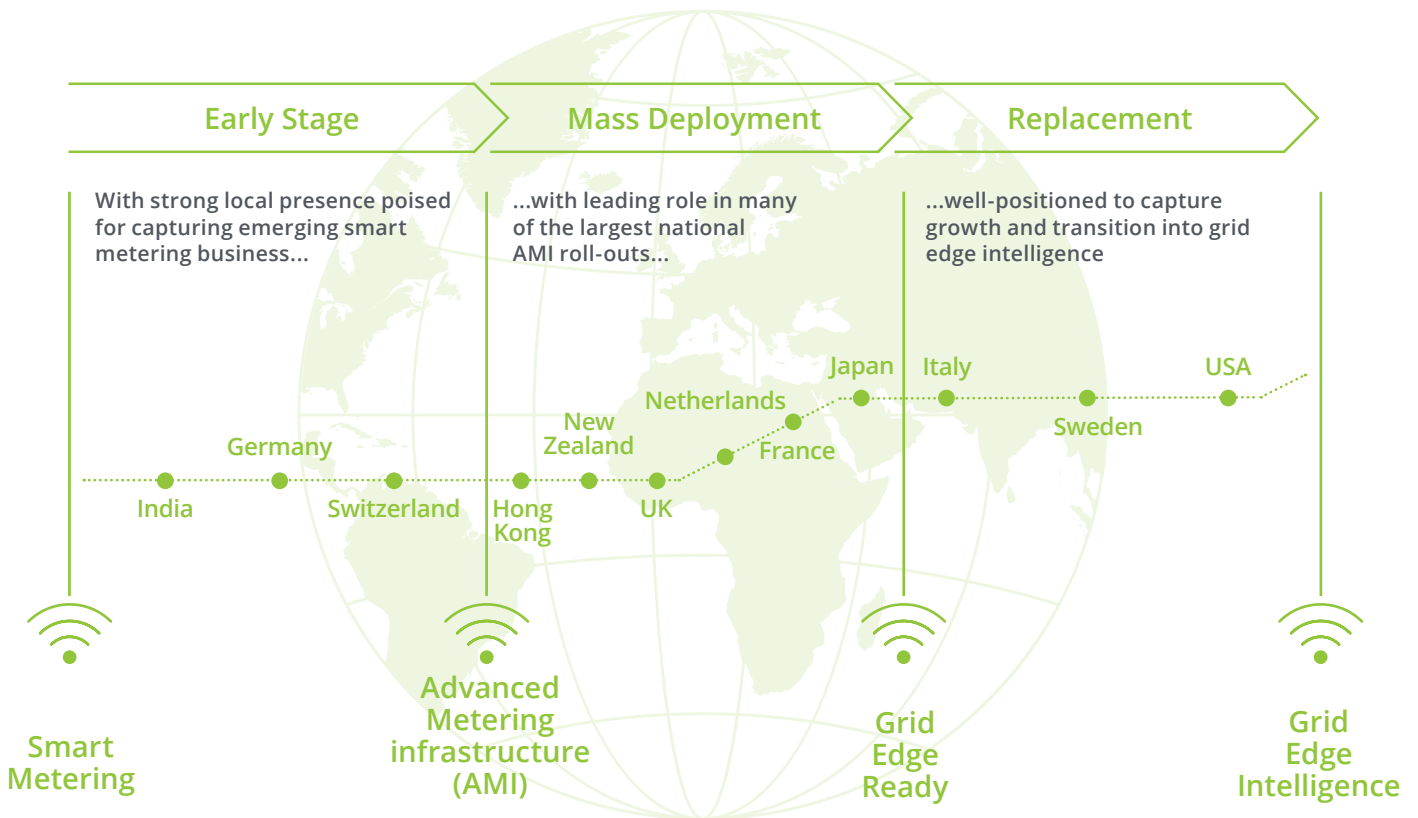
### Geographic Diversity Fuels Long-Term Growth

The Group benefits from the geographic diversity of its smart metering business. Landis+Gyr distinguishes multiple development phases: from an early stage in countries in which the first smart meter roll-outs take place, to more comprehensive mass roll-outs in other countries, to the replacement stage which will ultimately provide the foundation for greater grid-edge intelligence.

Utilities in countries with emerging smart metering businesses, such as India, Germany or Switzerland, turn to Landis+Gyr thanks to its strong presence across the globe and its credibility as a market leader. Landis+Gyr also plays a leading role in some of the most important national AMI roll-outs in second-stage

countries such as France, the United Kingdom and Japan. And the Group is ready to capture market share in countries in which next-generation meters are installed. New opportunities emerge as additional markets begin to undergo the technological advancement process.

## Geographic Diversity of Smart Metering Business Fueling Long-term Growth and Transitioning into Grid Edge Intelligence



### Grid Edge Intelligence Enables the Digital Energy Revolution

Enhanced technology capabilities have begun to drive more utility use-case requirements, while the ongoing digitalization of the energy grid, has seen “second-wave” use cases emerge. These require more computing power, distributed intelligence and flexible communications across the grid - the foundations of Landis+Gyr’s Grid Edge Intelligence offering.

The Company meets the needs of these “second-wave” use cases through its Gridstream® Connect solution. The utility-orientated Internet of Things platform encompasses Landis+Gyr’s next-generation metering, edge intelligence card, next-generation network equipment,

network and device management software, and an app store and software development kit, to support third-party applications.

The platform, announced during FY 2019 for the Americas market as Revelo, allows for real-time data collection and enhanced functionality and builds the basis for next generation communication technologies. Through Gridstream® Connect and Revelo, Landis+Gyr supports utilities in their transition towards a more digitalized energy supply and management system.

#### Smart Infrastructure: An Avenue for Expansion

Landis+Gyr’s smart infrastructure offering goes beyond smart metering and grid edge use cases. The Group leverages its Gridstream® Connect platform to add further devices, sensors, applications and services,




such as smart street lighting, EV charging, smart water metering and other infrastructure opportunities, in order to deliver continued top-line growth.

The Group already has experience in several smart infrastructure verticals, built on in-house know-how, partnerships and previous acquisitions. Landis+Gyr will continue to evaluate ‘buy-or-make’ opportunities, to maintain its growth trajectory in smart infrastructure markets.

#### Supporting Development towards a Smart Ecosystem

Landis+Gyr helps energy providers, consumers and society as a whole manage energy better, through its core values: trusted partnership,

### Grid Edge Intelligence Enabled Digital Energy Revolution

1st-Wave Model		Grid Edge Intelligence Model
<ul style="list-style-type: none"> <li><b>Talk</b></li> <li><b>Think</b></li> <li><b>Measure</b></li> </ul> <ul style="list-style-type: none"> <li>• 15 min interval data</li> <li>• Outage detection and restoration</li> <li>• Service connect switch</li> </ul>	<p><b>Grid Edge Sensors</b></p> 	<ul style="list-style-type: none"> <li>• Real-time data</li> <li>• Over-the-air upgrade</li> <li>• Enhanced functionality</li> </ul>
<ul style="list-style-type: none"> <li><b>Talk</b></li> <li><b>Think</b></li> <li><b>Measure</b></li> </ul> <ul style="list-style-type: none"> <li>• Demonstrated capabilities with early-stage apps (Demand Manager)</li> <li>• Revenue protection</li> </ul>	<p><b>Enhanced Intelligence</b></p> 	<ul style="list-style-type: none"> <li>• Real-time data enabled intelligence</li> <li>• Open development ecosystem</li> <li>• App environment and secure infrastructure</li> </ul>
<ul style="list-style-type: none"> <li><b>Talk</b></li> <li><b>Think</b></li> <li><b>Measure</b></li> </ul> <ul style="list-style-type: none"> <li>• Technology development from IPv4 to IPv6</li> <li>• Push for standardization and communications interoperability</li> </ul>	<p><b>Interoperability &amp; Interchangeability</b></p> 	<ul style="list-style-type: none"> <li>• Internet Protocol to the endpoint</li> <li>• Open standards based technology</li> <li>• Flexible architecture for next-generation communication technologies</li> </ul>



customer focus, an innovative spirit and commitment to quality. By providing transparent information on energy demand and use, the Company's products and services enable utilities and distribution system operators to meet the need for new, future-oriented solutions.

Landis+Gyr continues to leverage its position as an industry leader in AMI to create an ecosystem of Connected Intelligent Devices, as the IoT foundation for value-added process automation and business applications in Smart Grid, Smart Cities and beyond.

This strategy is underpinned by the Group's commitment to operational excellence and cost-competitiveness, driving business efficiency through an efficient supply and delivery chain, as well as platform-based modular

product development, which provides the Company with flexibility, by engaging best-in-class assembly partners for design, manufacturing and supply chain services.

### Serving a Broad Range of Customer Needs

Landis+Gyr's offering ranges from the sale of individual products or software applications, to complex full-service partnerships including technology and operational consulting, as well as the installation, operation and continuous optimization of metering, sensor and analysis infrastructure. The "product business" focuses on the delivery of metering devices to customers and the subsequent installation of the devices themselves. The "AMI Project business model" involves hardware, software and integration in the existing infrastructure. The Gridstream® suite ensures reliable energy management

and full interoperability among multi-network systems, meters, and communication technologies. Finally, the "services-based business model" includes delivery, deployment, integration and operation on behalf of the customer.

Furthermore, Landis+Gyr offers utilities a broad range of customized services. Through its Managed Services contracts, the business can completely outsource AMI operations, in tandem with comprehensive training, installation and software design support. The Group complements this offering with a suite of customer service solutions related to software licenses, cloud services and Software as a Service (SaaS).

## Smart Infrastructure Offers Additional Avenues for Expansion



Continue leveraging connectivity platforms to further integrate sensors and devices for use cases beyond smart metering and grid edge applications, building smart infrastructure ecosystem for sustainable energy future

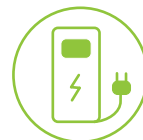
### Smart Street Lighting solutions



### Smart Water resource usage solutions



### EV Load Management and Charging Optimization solutions



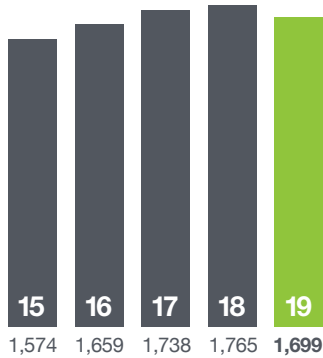
### Other IoT Application solutions & services



## Net Revenue

# 1,699.0

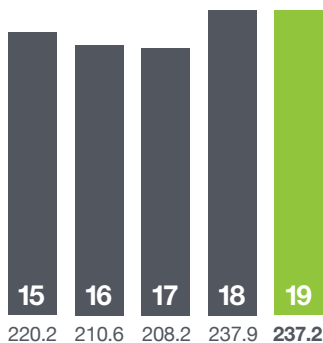
in million USD



## Adjusted EBITDA

# 237.2

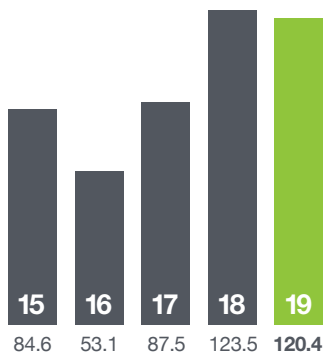
in million USD



## Free Cashflow (excluding M&A)\*

# 120.4

in million USD



\* Net cash provided by operating activities minus net cash used in investing activities, excluding merger & acquisition activities.

# Performance Review Group

In 2019 Landis+Gyr continued to make solid progress in growing sales and improving the profitability of the EMEA and APAC regions. This was offset by a sales and profitability decrease in the Americas.

In the financial year 2019 (FY 2019; April 1, 2019 to March 31, 2020), Landis+Gyr delivered mixed results. Overall net revenues were down 2.0% in constant currency to USD 1,699.0 million. Adjusted EBITDA for the full year was USD 237.2 million, resulting in an Adjusted EBITDA margin of 14.0%. This included the impact of a one-off gain of USD 5.6 million from a favorable ruling regarding a Brazilian VAT court case. Excluding this gain, the Adjusted EBITDA margin was 13.6%. This compares to FY 2018 results of USD 237.9 million, a margin of 13.5%. Free cash flow (excluding M&A) was USD 120.4 million, down slightly from the USD 123.5 million delivered in FY 2018.

The COVID-19 pandemic did impact Landis+Gyr during the final months of FY 2019. Net revenues were negatively impacted by the COVID-19 crisis, reducing sales by approximately 1% for the year.

Order intake for FY 2019 was USD 1,371.4 million, book-to-bill ratio of 0.81 and a decrease of 32.9% year-over-year in constant currency, reflecting a demanding year-over-year comparison due to strong FY 2018 performance (FY 2018 book-to-bill ratio of 1.18), the lumpy nature of contract awards and US regulatory delays. Committed backlog was down 14.6% year-over-year at USD 2,223.9 million. Americas and EMEA reported decreases in committed backlog compared to the prior year, while Asia Pacific rose slightly. The decline was driven by existing contract deployment cadence not being offset by large project contracts signed in the second half of FY 2019.

## Revenue Growth in EMEA and Asia Pacific

In the Americas region, sales fell 8.1%, or 7.7% in constant currency due to a demanding year-over-year comparison as well as regulatory delays caused by a complex submission process for Advanced Metering Infrastructure (AMI) projects. Net revenues in the EMEA region grew compared to the prior year by 0.2%, or 3.9% in constant currency as the UK roll-out gained further momentum. Asia Pacific also delivered higher sales year-over-year, up 8.5% or 12.7% in constant currency. For more information on regional performances, see pages 22 ff.

### Profitability dynamics

Adjusted Gross Profit for the reporting period was USD 584.3 million, a 4.1% decrease or USD 25.0 million, from the USD 609.3 million delivered in FY 2018 as net revenue declines in the Americas region drove lower margins. Adjusted Operating Expenses were reduced by USD 24.3 million year-over-year, aided in part by the USD 5.6 million Brazilian VAT court ruling. In FY 2019, Adjusted Research and Development (R&D) spending was USD 152.2 million or 9.0% of revenue, flat in USD compared to the prior year.

Project Lightfoot, aimed at bundling and partially outsourcing manufacturing activities to enhance production efficiencies, lower supply chain costs and further reduce capital intensity, was ahead of plan and delivered in excess of USD 20 million of annual savings.

As a result of continued cost control, Adjusted EBITDA grew strongly in EMEA and Asia Pacific and compensated for the decline in the Americas. Overall, FY 2019 Adjusted EBITDA was essentially flat year-over-year, reaching USD 237.2 million, including a one-off gain of USD 5.6 million resulting from a Brazilian VAT court case ruling. FY 2019 Adjusted EBITDA margin, net of the Brazilian VAT impact increased marginally to 13.6% from 13.5% in the prior year.

In FY 2019, Operating income was USD 139.0 million, a decline of 12.2% from the USD 158.3 million achieved in FY 2018. Reported EBITDA was USD 225.3 million versus USD 251.1 million in FY 2018. Overall, the FY 2019 EBITDA impact of the COVID-19 crisis on the Group was the consequent flow through of the approximately 1% net revenue reduction.

In FY 2019, adjustments to bridge from Reported EBITDA to Adjusted EBITDA were in three primary categories. Firstly, with respect to Restructuring Charges, the USD 6.7 million related to streamlining measures taken across the organization, with the largest piece coming from the Americas region as the Company worked to lower the Americas' cost base in light of the regulatory delays. Secondly, the Normalized Warranty Expenses adjustment of USD 13.1 million represents the amount of provisions made relative to the average annualized actual warranty utilization for the last three years. FY 2019 Reported

“Landis+Gyr has a longstanding history of success and we will continue to focus on offering leading innovation to customers, expanding strong partnerships, driving profitable growth and, thus, contributing to sustainable global development.”

**Werner Lieberherr**  
Chief Executive Officer



# Industry Dynamics

## 75 billion

By 2025, 75 billion IoT devices are expected to be connected and sharing data worldwide<sup>1</sup>



## >50%

of total electricity generation by 2040 coming from low-carbon sources<sup>2</sup>



## >250%

Increase in distributed solarPV capacity during the period 2019-24, reaching 530 GW by 2024<sup>3</sup>



EBITDA included an increase to the legacy component warranty provision in the Americas of USD 28.2 million, net of the related insurance proceeds. Thirdly, the Timing Difference on FX Derivatives adjustment was USD (7.9) million in FY 2019. FX hedges put in place generated unrealized gains on a mark-to-market basis, primarily as a result of GBP exchange rate movements. Finally, the adjustment category of Exceptional Warranty Expenses was nil for FY 2019. Net income for FY 2019 was USD 113.7 million, or USD 3.90 per share, and compares to USD 122.2 million, or USD 4.15 per share, for FY 2018, a decrease of 7.0% and 6.0% respectively, the one percentage point difference being attributable to the impact of the share Buyback program on EPS.

## Free Cash Flow and Net Debt

Free Cash Flow (excluding M&A) was USD 120.4 million in FY 2019, a decrease of USD 3.1 million compared to FY 2018.

In FY 2019, capital expenditure amounted to USD 28.6 million, 29.4% below the FY 2018 level of USD 40.5 million, consistent with the Company's asset-light business model. As of March 31, 2020, the ratio of net debt to Adjusted EBITDA was 0.1 times, with net debt of USD 32.6 million, after the payment of USD 94.0 million in FY 2018 dividends and USD 38.9 million for share repurchases, both inside and outside the share Buyback program, during FY 2019. The share Buyback program was approximately 43% complete when it was suspended on March 27, 2020.

## FY 2020

Landis+Gyr is unable to estimate the FY 2020 net revenue impact from the COVID-19 crisis, but it could have a material effect. Therefore, the Company will not be providing guidance for the financial year 2020 at this time. The impacts vary widely with most North American customers currently continuing to deploy meters, though the pace differs by utility. Several key customers in EMEA have currently suspended or delayed installations, notably in the UK, France and the Netherlands. No major project cancellations have occurred, and Software and Services contracts remain on track. Although there is currently no major impact to the supply chain, risks remain as this is an evolving position which changes day by day. The Group's factories comply with relevant government policies and are subject to lockdowns in some countries.

1. Source: Statista.

2. Source: IEA (World Energy Outlook 2019).

3. Source: IEA - Renewables 2019.

As a precautionary measure due to the uncertainties surrounding the COVID-19 pandemic and the current business environment, the Board of Directors will not propose a dividend to the June 2020 Annual General Meeting. Rather, the Board has decided to defer the decision on the FY 2019 dividend and intends to revisit the situation in conjunction with the release of the results of the first half year ending September 2020. By taking this measure, Landis+Gyr further strengthens an already robust level of liquidity, adding support to the company's overall financial position in view of the uncertainties stemming from the present crisis. A further announcement will be made at the time of the release of the Group's first half FY 2020 results on October 28, 2020. In that context, the Group Executive Management will take a 10% reduction in base salary for 6 months, and the members of the Board of Directors will likewise have their base and committee fees reduced by 10% for six months as well.

The share Buyback program remains suspended.

### Recent Corporate Developments

– At the last European Utility Week tradeshow, the Company introduced its Gridstream® Connect solution for European utilities. Gridstream Connect is an open, secure and scalable Internet of Things (IoT) platform designed to unlock added value and maximize efficiencies from advanced metering infrastructures (AMI) by bringing together intelligent endpoints, communications, software and applications.

– In North America, Landis+Gyr introduced the next generation of electric meters with leading-edge grid sensing technology in January 2020. The Revelo metering platform builds on Landis+Gyr's deep metering experience that spans residential, commercial and grid sensing, taking full advantage of the strength and success of these technologies.

– In January 2020, Landis+Gyr released an omni-carrier cellular meter and services solution to simplify installation and operation of cellular communications for utility IoT applications. A first of its kind for North America, Landis+Gyr's LTE-M cellular meter is omni-carrier capable, with a single meter model that is capable of supporting a variety of available cellular carriers and is fully integrated with RF mesh capability.

– On April 1, 2020 Werner Lieberherr became Landis+Gyr's Chief Executive Officer.



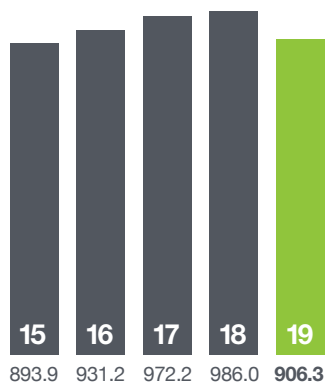
**“To maintain our strong balance sheet, we will continue to focus on cash generation and liquidity.”**

**Jonathan Elmer**  
Chief Financial Officer

## Net Revenue

# 906.3

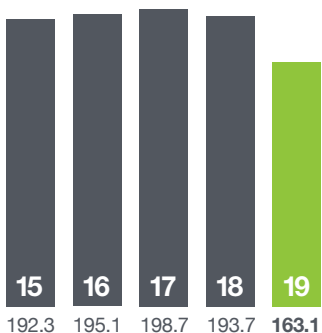
in million USD



## Adjusted EBITDA

# 163.1

in million USD



# Performance Review Americas

Landis+Gyr's deployments in the Americas continue despite some regulatory delays for new projects. The region introduced an exciting new IoT grid sensing meter, and has won a number of new customers.

### Expanding Innovative Platforms and Long-Term Partnerships

Landis+Gyr strengthened its position as a leading utility partner in the Americas. Building on strong deployments and new customer wins, Landis+Gyr also announced the development of a game-changing electric metering platform, Revelo™. This IoT sensor is foundational to unleashing grid edge intelligence applications that benefit consumers with knowledge, control, options, and help utilities better manage the distribution system.

Key customer deployments are making strides, notably a grid modernization project with Hawaiian Electric Company (HECO, see box). Also, long-term partner Ameren continues to progress its smart metering project in Missouri and has started to deploy Landis+Gyr's Gridstream® Connect solution, with smart electricity and gas meter installations. The agreement also includes Landis+Gyr's managed services until 2035.

Finally, a strong trend in the extension of long-term utility partnerships was demonstrated. Colorado Springs Utilities signed an agreement to replace the utility's end-of-life metering system. The partnership includes the deployment of Landis+Gyr's Gridstream Connect platform, connecting more than 590,000 electric, natural gas, and water meters, and a 20-year turn-key managed services agreement. Also leveraging the flexible IoT technology of Gridstream Connect, Indianapolis Power & Light extended its managed services contract, including 350,000 electric meters, network and data management software.

### Navigating a Complex Regulatory Process

In the US, every capital investment for which investor-owned utilities seek rate recovery is subject to an extensive regulatory approval process. In recent years, utilities have been scrutinized on consumer benefits as regulators seek to ensure investments deliver benefits across the entire customer base. These extended regulatory reviews, and some resubmission requirements have delayed several new AMI deployments. Additionally, the impact of the global pandemic has placed even more pressure on utility expenditures. Although temporary in nature, this has affected Landis+Gyr's results in 2019.

While strict cost management and a focus on operational excellence will be instrumental for Landis+Gyr in managing through these delays, the regulatory environment and pandemic also create new opportunities. Policymakers give special attention to solutions that enable consumers to be

engaged and take control of their energy costs, support the integration of renewables, and improve grid resiliency and reliability. Additionally, COVID-19 brings a heightened value to technologies that enable remote and automated management of the grid. In alignment with these priorities, the Landis+Gyr US business is sharply focused on highlighting these outcomes with customers and policymakers.

### Net Revenue Decline Leads to Profitability Dip

A challenging year-over-year comparison is due to a combination of strong FY 2018 performance, the lumpy nature of contract awards and regulatory delays in the US. As a result, net revenues decreased to USD 906.3 million compared to USD 986.0 million in FY 2018, a reduction of 8.1%, or 7.7% in constant currencies. The committed backlog was USD 1,480.3 million at the end of the financial year, down 15.6% compared to FY 2018.

The FY 2019 Adjusted EBITDA was affected by lower sales which had a commensurate impact on Adjusted Gross Profit. Despite cost control efforts Adjusted EBITDA was USD 163.1 million compared to USD 193.7 million in FY 2018, and the FY 2019 result includes a one-off gain of USD 5.6 million resulting from a Brazilian VAT court case ruling. The adjusted EBITDA margin was 18.0%, or 17.4% excluding the Brazilian VAT impact, compared to 19.6% in FY 2018.



### New Product Fuels Demand for Grid Edge Intelligence

Landis+Gyr anticipates accelerated growth in the Americas region in coming years. In the US, first-wave AMI technology roll-outs are reaching maturity, while the second wave is gaining traction. The remaining utilities that have yet to begin deployments along with second-wave utilities are requiring new use cases and a broader suite of benefits. With grid edge intelligence, expansion to IoT services and innovative next-generation energy sensors, Landis+Gyr expects to win a large share of the upcoming AMI contracts. A catalyst for this market opportunity is the Revelo™ IoT sensing platform. Revelo powers edge intelligence with best-in-class measurement capability and will provide Landis+Gyr with a real market differentiator.

Gridstream Connect also continues to be a strong offering, providing utilities with a foundational IoT platform. Designed to address the expanded use cases required by utilities and their customers for 'second-wave' AMI adoption, Gridstream Connect's flexible communications remain a key differentiator.

Additionally, Gridstream Connect continues to be an essential component of enabling the future of grid intelligence with its edge application platform.

### Demand in Japan and Brazil Will Increase

In Japan, Landis+Gyr is leveraging its long-standing relationship with TEPCO to capitalize on the next AMI wave, which will start in 2023. This next wave will present a key opportunity for Landis+Gyr to develop strong, direct relationships with Japanese meter companies.

In Latin America, while Brazil continues to be key, the overall market is expected to grow over the next three years. Landis+Gyr is well-positioned in Latin America to capitalize on this opportunity as it matures, with recent wins in the Bahamas, Guatemala and Panama.

Overall, growth in edge intelligence, data and complex devices will drive the demand for Landis+Gyr's expertise in utility-focused software and services. With Gridstream Connect, Landis+Gyr offers a flexible solution, scaling from small customers to large utilities like TEPCO.

“We delivered mixed financial results in FY 2019, however, we now strongly focus on a solid opportunity pipeline including our industry leading Revelo platform.”

**Prasanna Venkatesan**  
Executive Vice-President, Americas

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## Leading

advanced metering partner for utilities in the Americas



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## 65+ million

connected intelligent devices



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## processing >10%

Customer operations center processing >10% of the US meter population



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## 14 operation

centers, 2 manufacturing facilities and a regional HQ across the region



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## 24+ million

World's largest utility IoT network with 24+ million endpoints deployed



“Growth in grid edge intelligence, data and complex devices will drive the demand for Landis+Gyr's expertise.”

Prasanna Venkatesan  
Executive Vice-President, Americas





## Hawaiian Electric Company (HECO)

Landis+Gyr and Hawaiian Electric Company are partnering for the first phase of an advanced metering project built on Wi-SUN-certified network components, to support the utility's Grid Modernization Strategy. The pro-

ject will utilize Landis+Gyr's Gridstream® Connect solution, providing flexible communication options at both the field area network and device level.

### Benefits for Utility and Consumers

- Enabling operation of RF Mesh IP, Cellular, PLC and other communication options from a single network manager
- Provision of connectivity to participating customer accounts
- New grid and distributed energy resource management capabilities
- Support data validation



## Support for Local Schools

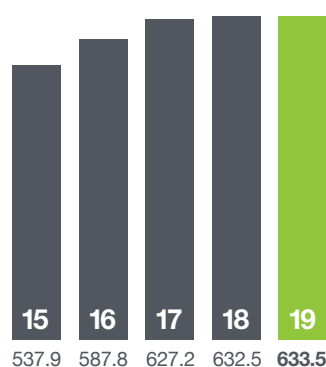
In the Americas region, Landis+Gyr invested both money and man-hours to support local schools in the reporting period. In Reynosa, Mexico, Landis+Gyr donated nine laptops to an Elementary School. This gave 150 students access to computers

who previously had no laptops in the classroom. In Alpharetta, USA, the System Deployment group's network design team had set the goal to participate in a community volunteer effort. They put their resolutions into practice and supported a new elementary school in the preparation for the first day of school. The five-member team unpacked and sorted educational reading materials and school supplies, categorized books and assembled gift bags for the 1<sup>st</sup> to 5<sup>th</sup> grade students.

## Net Revenue

# 633.5

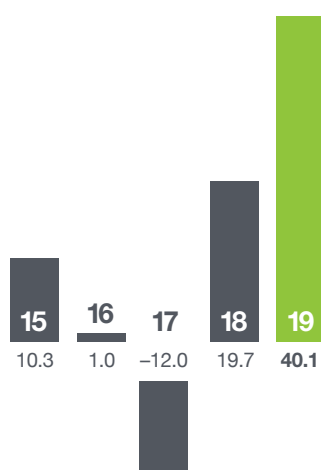
in million USD



## Adjusted EBITDA

# 40.1

in million USD



# Performance Review Europe, Middle East and Africa

The region recorded slight revenue growth while significantly improving performance and profitability in 2019.

### Upward Trend in Figures

Driven by the UK, sales in the EMEA region increased to USD 633.5 million, up 3.9% compared to FY 2018 on a constant currency basis. roll-out of Linky meters in France as well as the Netherlands' smart meter installation efforts continued. In 2019, the EMEA region reaped the rewards of the efficiency and performance programs initiated in preceding years. Thanks to the lower cost base, Adjusted EBITDA more than doubled to USD 40.1 million, with the Adjusted EBITDA margin increasing from 3.1% to 6.3%.

The region recorded an order intake of USD 556.1 million and the committed backlog was down to USD 649.4 million in 2019 from USD 754.6 million in FY 2018.

### New Contracts in 2019

Landis+Gyr won its first European customer for the new Utility IoT platform Gridstream® Connect, with E.ON in Sweden (see text on page 29). In addition, the business has concluded a Software as a Service (SaaS) contract with Liechtensteinische Kraftwerke (LKW) for its first Software as a Service (SaaS) contract outside the Nordics. The contract is an expansion of an existing partnership with LKW, which has been using Landis+Gyr's advanced metering infrastructure solution since 2011.

Landis+Gyr is also supplying the technology for the first wave of the smart meter roll-out of the Swiss energy supplier Wasserwerke Zug (WWZ). In addition to the cutting-edge meters, the contract includes communication technology and an as-a-service meter data processing system, which Landis+Gyr is implementing in cooperation with a third-party supplier.

### Solid Positioning in UK and France

In the UK and France, where large roll-out continue to take place, Landis+Gyr has further strengthened its position. In the UK, the most critical market in the region, a total of 53 million smart electricity and gas meters are to be deployed before 2024 as part of the country's plans to upgrade their energy infrastructure. 21 million of these meters have already been awarded to or delivered by Landis+Gyr. In 2019 Landis+Gyr signed further significant contracts and contract extensions with energy retailers, such as E.ON UK.

In France, Enedis' roll-out (with 35 million meters one of the largest projects worldwide) is in full swing with 30,000 Linky smart meters being installed per day in the country prior to the COVID-19 outbreak, a quarter of which are produced locally and supplied by Landis+Gyr.

## Improving operating performance

Following a strong top line and profitability improvements, EMEA has levers to further improve Adjusted EBITDA margin. Three levers will be utilized for the region's continued margin progression; First, improved margin quality based on product cost reductions. Landis+Gyr has already completed cost reductions on high-volume AMI products, which have led to savings in the region.

Second, the conclusion of Project Lightfoot rationalizing the business's manufacturing and supply chain setup resulted in USD 20 million savings in FY 2019 and is expected to deliver further savings in the future.

The third and biggest factor in the region's growth is the operating leverage, as higher net revenue volumes have led to economies of scale. Based on its existing market presence and client relationships, as well as targeted investments in solutions, software and managed services, Landis+Gyr expects further efficiency gains.

## Smart Market

Landis+Gyr is currently number two in the EMEA region for smart electricity meters, smart gas meters and heat meters and is confident it will be able to increase its footprint in the future.



The European market for smart metering is forecast to grow in the coming years mainly due to a European Union directive implemented in 2012, requiring each member state to fit 80% of households with smart meters.

In total, the installed smart meter base in EMEA amounted to 145 million at the end of 2019 and Landis+Gyr expects that number to reach 200 million in 2022, with 55 million new AMI and 14 million 2nd-wave meters to be installed. In 2019, Landis+Gyr contracted over 1 million 2nd-wave deployments in Sweden alone, and expects to capture a large share of the upcoming smart meter deployments across the wider EMEA region.

In Germany, a very large market with 45 million meters, the overall energy transition plan as well as the smart meter roll-out have been delayed. However, Landis+Gyr is well-positioned and continues to ship substantial amounts of meters into the market. With partners for financing and software, the company is additionally piloting a new end-to-end solution (so-called Infrastructure as a

Service (IaaS)) targeted at small and medium-size utilities. In Switzerland, where Landis+Gyr has been a leader for many years both with its residential and industrial / commercial / grid portfolio, the regulator expects to have 80% smart meter coverage by 2027. In this very fragmented market, 600 utilities follow their own, individual roll-out strategy and timeline. In 2019 Landis+Gyr was able to secure contracts with first movers (WWZ, Stadtwerk Winterthur).

A focus of Landis+Gyr's future will be on targeting small and medium Distribution Service Operators (DSOs) with the Group's end-to-end solutions. Landis+Gyr will leverage its installed base and existing customer relationships and grow services through geographic expansion and valued-added services. Moreover, the business is well-positioned to grow in the Software and Services space, which will gain significance as the need for data handling and processing increases.

“In EMEA, our teams have delivered visible results in terms of net revenue growth and bottom line improvement. Our recently launched Gridstream Connect solution will further enable our customers' to manage energy better in the future”

**Susanne Seitz**  
Executive Vice-President, EMEA

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## 18 countries

Sales offices in  
18 countries across  
the EMEA region




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## 1,300+ utilities

served as trusted  
partner




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## 35+ million

Installed base in Europe  
of 35+ million connected  
intelligent devices




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## 160

end-to-end smart  
metering solutions  
in the field




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## 1.6+ million

meter points under  
Managed Services



“We will leverage our installed base and expand our customer relationships to grow our services activities and offering.”

Susanne Seitz  
Executive Vice-President, EMEA



## Landis+Gyr Secures Major Contract with E.ON in Sweden

Landis+Gyr will deliver its Gridstream® Connect solution for one million metering points with NB-IoT/M1 communication technology and a Gridstream® Connect platform to E.ON

in Sweden. The contract will see E.ON transition to second-generation smart metering technology, delivering excellent customer service and grid efficiency.

### Benefits for Utility and Consumers

- Increased transparency and control in E.ON's distribution grid
- Enhanced customers' experience through reliable and precise data
- Enabling of the introduction of extended applications and further services in the next phase



## #EachforEqual and Cycling for a Good Cause

On International Women's Day on March 8, 2020, Landis+Gyr's UK sites celebrated #EachforEqual. The schedule of events included a roundtable with Executive Vice-President EMEA Susanne Seitz, who shared her experiences in business and discussed equality in the workplace and in society.

In Greece, Landis+Gyr sponsored a team of cyclists around one of the Group's employees. They pedaled 830 kilometers from Milan over the Alps to Munich as part of the European tour of the Global Biking Initiative (GBI). GBI is a global community which organizes cycling events to raise funds for charities in more than twenty countries. The team sponsored by Landis+Gyr donated to a SOS Children's Village based in Athens.

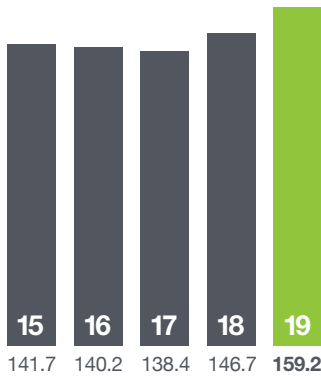
Landis+Gyr's employees in Zug, Switzerland, participated in the "Bike to Work" health initiative: Ten teams of four persons cycled a combined distance of 6490 kilometers in June 2019.



## Net Revenue

# 159.2

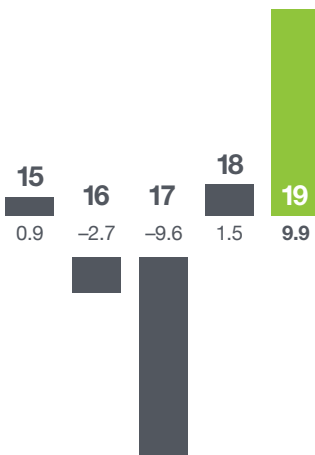
in million USD



## Adjusted EBITDA

# 9.9

in million USD



# Performance Review Asia Pacific

Landis+Gyr continues to expand its presence in the Asia Pacific region. Contracts in Australia and Hong Kong drove revenue growth, while next mover markets like Malaysia offer new opportunities.

### Major Contract Extension and New Wins

The shift to Smart Metering in the Asia Pacific region continued and led to a successful FY 2019 for Landis+Gyr. The business strengthened its market-leading position, recording major wins in Australia, India and Hong Kong.

In Hong Kong, Landis+Gyr was awarded a contract extension with China Light and Power to provide the utility its Gridstream IoT solution and will supply a portion of the 1 million smart meters to be installed over the next three years with a build out to more than 2.4 million meters by the end of the program. Hong Kong Electric will also deploy Landis+Gyr's Gridstream solution and a further 600,000 smart meters in the next five to six years, 120,000 of which will be provided by Landis+Gyr (see box).

In India, the Tata Power project, the biggest project of its kind in the country, is moving ahead, with 175,000 Landis+Gyr meters deployed by the end of FY 2019. With Tata as a reference, Landis+Gyr has won a second AMI project in India, representing another building block for the

Group's Indian business. In Australia, the Group continued to provide products and solutions to its partner intelliHUB.

### Improving performance

The success of the contract awards positively impacted order intake. In addition, the backlog reached 94.3 million, up 0.7% despite the increase in revenues.

Driven by Australia and Hong Kong, net revenues in the region increased to USD 159.2 million, or 12.7% in constant currency.

Landis+Gyr's repositioning of the intelliHUB assets and broader restructuring in the region in recent years is now paying dividends in the form of improved operating margins. These actions contributed to an adjusted EBITDA which increased by USD 8.4 million to USD 9.9 million in FY 2019. As a result, adjusted EBITDA margin rose by 470bps to 6.2%.

### Market-leading position

On the back of a number of contract wins, Landis+Gyr has expanded its market position in Asia Pacific and now has the second highest smart electricity market share in Australia and New Zealand, third highest in South-East Asia and is number four in India. With expected further market growth opportunities for smart meters, the region offers excellent opportunities for the business to continue expanding its footprint.

### Australia and New Zealand Main Drivers

Much of the growth potential is located in Australia and New Zealand. New national “Power of Choice” electricity metering reforms in Australia require all new and replacement electricity meters in the country to have smart capability. As a result, Landis+Gyr expects 500,000 new smart meters to be deployed in the Australian market annually for the foreseeable future.

In Australia, the deployment of renewable energy solutions continues to rise and as a result customers and consumers require more information to control the use of renewables and storage at the grid edge. Landis+Gyr is able to meet this need through its Gridstream® Connect platform, which enables monitoring and load control at the grid edge.

The situation in New Zealand is different, where the market is primarily driven by replacement cycles.

### Momentum in Hong Kong and India

Across the Asia Pacific Region, the transition to AMI is taking place at different paces. In South-East Asia, many utilities have only recently begun to develop the business cases to tackle the complex migration to AMI systems.

First movers like Singapore and Hong Kong began to transition to AMI a few years ago. Next in line are countries such as Malaysia – where Landis+Gyr expects to deliver the first smart meters in 2020 – Indonesia, Thailand and The Philippines.

Landis+Gyr is focused on selected countries in South East Asia that show concrete signs of support for AMI deployment.

In India, government support for the reform of the energy sector, will create more opportunities for AMI deployment. In 2019, the Ministry of Power announced its objective to deploy 240 million AMI meters by 2022.

### Positioning for Success

Landis+Gyr expects to continue to grow on the back of the emerging AMI roll-outs. Through close customer relationships and its strong partner network, the business will participate in the increasing opportunities across the region, as it expands its offering and demand for grid-edge applications grows. At the same time, Landis+Gyr has further opportunities to improve its margins through a combination of value-adding services and continued focus on the portfolio and cost-out programs.



“The shift to Smart Metering in the Asia Pacific region continued. Major wins in Australia and Hong Kong led to a successful FY 2019 for Landis+Gyr.”

**Steve Jeston**  
Executive Vice-President, Asia Pacific

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## Serving

major markets  
across the region




---

## Strong

customer relationships/  
service drives continued  
long-term success




---

## 4+ million

connected  
intelligent devices  
in the field




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## Leading Supplier

in smart metering<sup>1</sup>  
with deployments  
in Australia, Hong Kong  
and India



“Through close customer relationships and a strong partner network, we will solidify increasing opportunities across the Asia Pacific region.”

Steve Jeston  
Executive Vice-President, Asia Pacific

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<sup>1</sup> excluding China except Hong Kong.





## HK Electric Selects Landis+Gyr for AMI roll-out

Landis+Gyr supports Hong Kong's transformation into a smart city. The Group has been awarded an Advanced Metering Infrastructure (AMI) contract by The Hongkong Electric Co., Ltd. (HK Electric) comprising smart meters, communication infrastructure, a head-end system and

meter data management all combined in Landis+Gyr's Gridstream® solution platform.

### Benefits for Utility and Consumers

- Facilitated monitoring and control of the grid, getting closer to a smart grid
- Enabling better management of electricity consumption for customers
- Helping HK Electric to meet its future sustainable development goals



## Invincible Women and Bushfire Donations

In Australia, the bushfires marked the year-end 2019 and the start into 2020. Landis+Gyr's teams contributed to reducing the consequences of the fires: In Melbourne, they held a barbecue to raise donations to support those affected. In Sydney, Landis+Gyr employees

sold raffle tickets to collect donations for the Port Macquarie Koala Hospital, which cares for the koalas affected by the bushfires.

In India, a program to empower women was launched. Landis+Gyr created the Women Invincible Forum (WIN) to help women interact with each other more often and share their experiences. WIN promotes the personal and professional growth of women in technology and encourages leadership, mentorship and career development of women in the community.

# Our Innovation Focus

Innovation is the backbone of –any technology company, therefore, Landis+Gyr continues to build on its longstanding engineering mindset to develop leading-edge capabilities required to both innovate and shape the industry.

Landis+Gyr has developed a talented and committed team of technology experts, who provide future-proof products, solutions and services to serve as the foundation of the next-generation critical infrastructure ingredients for utilities around the world.

## Continuous Investment in Leading-Edge Technology

In the financial year 2019 Adjusted Research and Development (Adjusted R&D) spending was USD 152.2 million or 8.9% of the Company's annual sales (FY 2018: USD 151.9; 8.6%). 81% of the R&D expenditures were dedicated to the development of embedded or application specific software, reflecting Landis+Gyr's evolution from a pure hardware company to an integrated end-to-end utilities solutions business. Consequently, the share of R&D investments directed at software projects remained high.

For the year ended March 31, 2020, Landis+Gyr committed USD 115.7 million to the development of new product introductions, reflecting 76% of total R&D investment, with the

remaining USD 36.6 million or 24% focused on refreshing existing core offerings. Breaking down total R&D expenses by product category, USD 36.1 million or 24% was dedicated to hardware products, USD 61.2 million or 40% to software products and USD 55.0 million or 36% to embedded software.

The R&D investment comprised 14% of research & platform development, with product development and customizations representing 73% and 13%, respectively.

## Comprehensive and Globally Coordinated Innovation and Product Development

To improve the balance between global and regional responsibilities, Landis+Gyr's global Technology Office focuses on "technology strategies", "global platforms" and "processes and tools" while the regions focus on "customer intimacy" and "speed to market". The R&D strategy builds on:

### – Investment in Leading-Edge Innovation

Focusing on leading-edge technology evolution that enables new capabilities for customers. In parallel, the strategy enhances the Group's industry leading portfolio with relevant differentiation in features and optimized total cost of ownership for customers. Co-innovation also creates the opportunity for greater customer intimacy.

### – Comprehensive and Globally Coordinated Innovation and Product Development

Targeting commonality and reusable assets to achieve faster time to market allows greater R&D efficiency and improved quality. Modular platform architecture using best-in-class processes and

tools reduces time to market while enhancing the competitiveness of the portfolio. The key ingredients of Landis+Gyr's market-leading technology include:

#### – Intelligent endpoints

To meet the needs of a sophisticated grid, sensor networks require communications and computing power at the edge. Using layered intelligence allows utilities to optimize resources and maximize functionality.

#### – Flexible communications

Landis+Gyr's R&D efforts reflect the growing importance of connectivity among intelligent devices. As such, the organization is focused on the connectivity and security of its products and solutions.

#### – Applications enablement

Modern technology development means extending interactions with developers and related parties to enhance the functionality of the offering. Landis+Gyr is determined to enable applications that can improve customer outcomes.

#### – Driving standards

To the customer, delivering products and solutions that meet open standards drive efficiency. Internally, enhancing predictability through standardization of processes is critical and relies on more automation in testing. Greater predictability of schedules ensures higher customer satisfaction levels.

#### – Software is the bulk of what we do and who we are

Landis+Gyr spends over 80% of its R&D investments in software and embedded software. This makes software engineering a key part of the Group's fabric.

# Our Intellectual Property Rights

Landis+Gyr's most important intangible asset is its corporate brand. With a re-branding, the Group is aligning its market appearance to a refreshed positioning as utilities' partner on their transformational journey.

Landis+Gyr has changed significantly since being founded in 1896 and since the last rebrand in 2002. In order to adapt its brand to its current product offering, Landis+Gyr undertook a re-branding project in 2019, aiming to match corporate identity to the evolving needs of the markets and customers. In order to gain a better understanding of its present positioning, Landis+Gyr conducted an in-depth analysis of the Group's current market appearance. Interviews with selected customers helped align the brand with market expectations and clarify areas where Landis+Gyr can differentiate itself.

## Landis+Gyr as a Partner in the Transformation Process

As part of the exercise, Landis+Gyr also reconsidered its corporate narrative. Since its inception, the business has partnered with customers around the globe to navigate periods of change such as is taking place in the market today. The business's services and solutions enable utilities to realize greater value from their existing assets and future investments, no matter where they are in their transformation journey.

Through the expertise of its staff, strategic vision and cutting-edge technology, Landis+Gyr continues to help utilities respond to the disruption in the industry and to better serve their customers. The Group plans to further strengthen its positioning as a partner in this utility transformation. In short, Landis+Gyr's ambition is to help the world "manage energy better".

## A Refreshed Visual Identity

In the context of the rebranding process, Landis+Gyr has revised its visual appearance while remaining true to its roots. The plus in Landis+Gyr's logo is the heart of the Group's revised visual identity and its key colors remain green and gray in different variations, optically differentiating Landis+Gyr from its competitors. As the branding project is still underway, the roll-out will start in the next fiscal year.

## Capitalizing on an Iconic Brand

Landis+Gyr's brand protection and maintenance activities focus primarily on the company's iconic brand as its most valuable asset, representing quality and longevity since its first registration in 1904. It is registered and protected in all countries in which the Group maintains operations or where the company has relevant export business.

Since product brands are less important in a B-2-B business, the brand portfolio is deliberately limited. Among the protected product brands of the Group are Gridstream®, Focus® and the newly launched Revelo™.

Landis+Gyr's brands are protected by the Legal team, which takes rigorous action against infringements. By conducting comprehensive and careful assessment before registering a new trademark, the Group mitigates the risk of legal disputes.

## Increasing Number of Patents

Landis+Gyr's global patent portfolio reflects innovation in a broad array of energy management technologies. Of note, recent patent filings affirm the company's continued focus on advancing grid edge intelligence, along with new inventions supporting growth in solar and other distributed energy resources. Landis+Gyr continues its long tradition of protecting a pipeline of new ideas that will further strengthen its position as a global technology leader into the future.

## Patents

2019	2018
<b>Active</b> <b>803</b>	<b>708</b>
<b>Pending</b> <b>389</b>	<b>149</b>
<b>Grants</b> <b>114</b>	<b>59</b>

# Our Comprehensive Portfolio

Landis+Gyr's offering is designed to help utilities, energy retailers and energy consumers manage energy better. As smart metering and advanced metering infrastructure stand center stage within the smart grid, the business is enhancing the functionality of its products, solutions and services with edge intelligence, as the basis for smart infrastructure operations.

## Smart Metering Infrastructure

Smart meters provide the basis of AMI networks as they deliver real-time data and advanced metrics. Landis+Gyr's range of intelligent products enables utilities to build modular communication platforms to create an ecosystem of connected intelligent devices. Landis+Gyr offers communication technology, devices and networks, enabling secure and reliable data flow from the meter point to the head-end system and back. In addition, the offering includes software and analytics tools to transform data into the information required to effectively manage the distribution assets and improve customer service and operational efficiency.

## Grid Edge Intelligence

Landis+Gyr helps utilities build a more modern grid. Designed for seamless integration into existing networks. The business's solutions and applications leverage smart metering assets to address increasing grid edge complexity, building a modern, robust and reliable smart grid and utility's Internet of Things (IoT) as the open and interoperable backbone for smart infrastructure operations.

## Smart Infrastructure

Landis+Gyr's smart infrastructure solutions are designed to deliver benefits for energy companies from the proliferation of intelligence beyond simple energy, to also include other urban infrastructure segments, addressing emerging opportunities with new services offerings that maximize infrastructure performance. A unique suite of open, scalable and robust solutions built on a state-of-the-art utility IoT platform enables many related benefits. These include real-time data access and the integration of complementary services, such as street light management and others, which lay the foundation for smart infrastructure management.

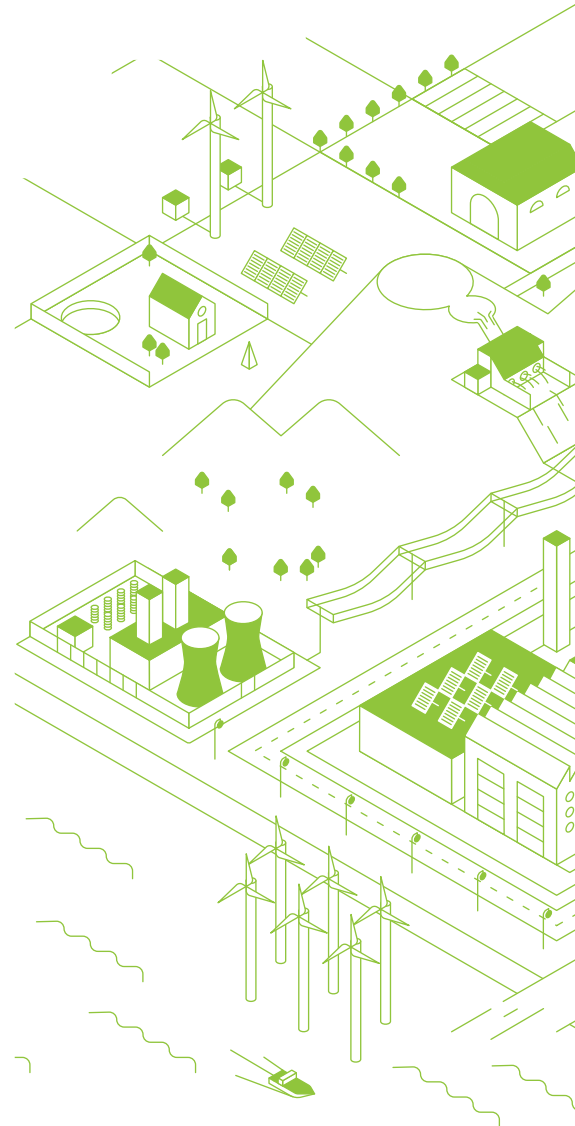
## Services Tailored to Utilities' Needs

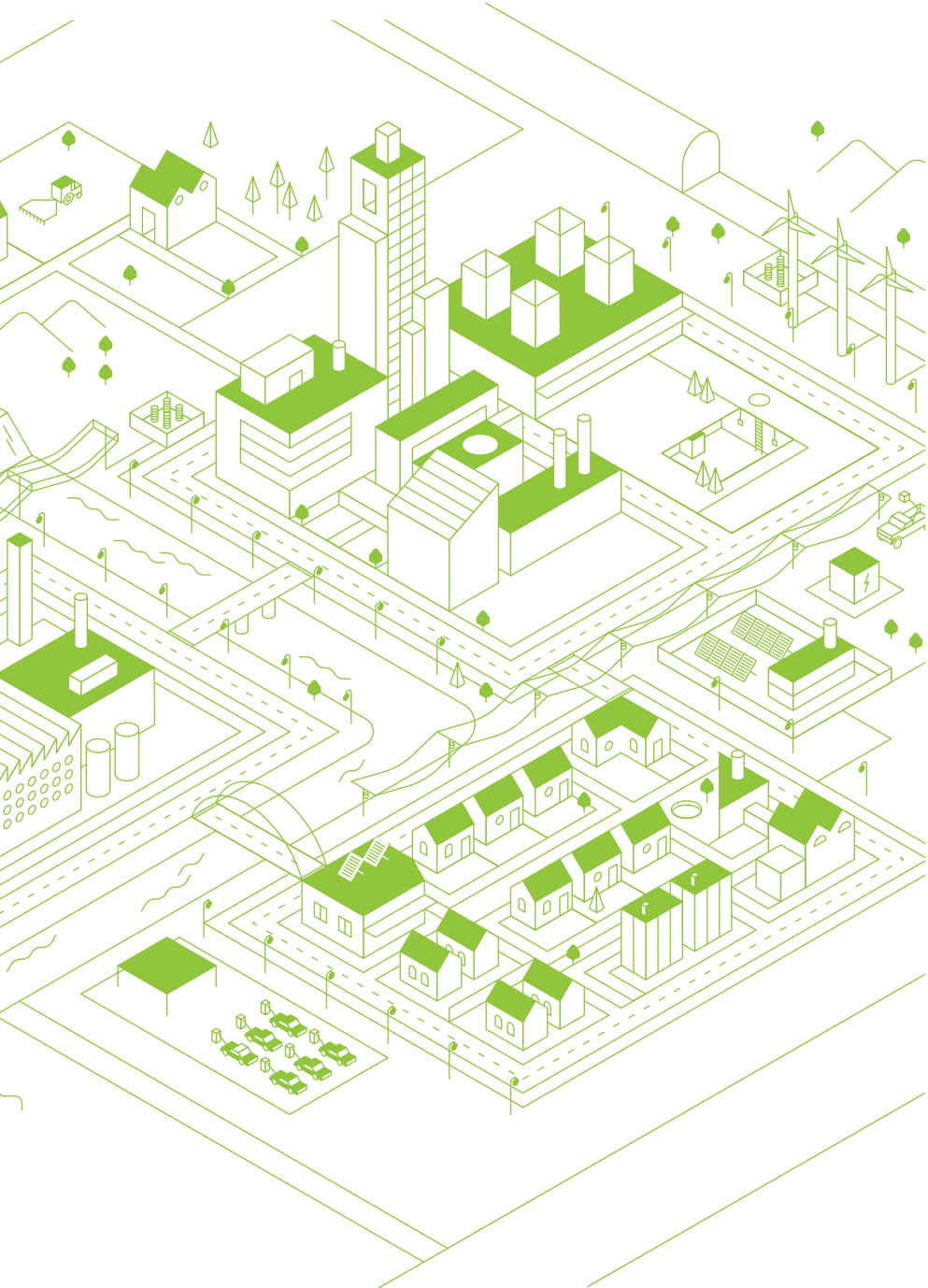
Landis+Gyr's service offering is one of the most comprehensive in the market, providing utilities with any preferred level of support along the asset ownership continuum. Services include management of metering assets but also SaaS and other innovative proposals that help utilities and their customers to manage energy better.

## Most Comprehensive Portfolio in the Industry

Landis+Gyr's offering is tailored to each utility's needs independent of the size or business model of its customers. The portfolio includes tradi-

tional products, complex solutions, innovative applications and comprehensive services. As a proven utility partner Landis+Gyr delivers, deploys, integrates and operates in line with specific customers' needs and requirements.





The offering includes:



**Stand-alone Meters**

Digital meters for electricity, heat/cold and gas



**Smart Meters**

Electricity, gas and heat/cold meters with two-way communication



**Advanced Load Management**

Managing load capacity effectively



**Street Light Management**

Remote monitoring and control of lighting



**Distribution Automation**

Monitoring and management of the distribution grid



**Distributed Energy Management**

Manage Distributed Energy Resources intelligently



**Head-End Systems**

Translate meter data into relevant business information



**Meter Data Management**

Process and prepare data for a variety of utility programs and operations



**Advanced Grid Analytics**

Gain transparency on grid traffic, loads and peaks



**Communication Devices and Networks**

Paving the way for the creation of utilities' Internet of Things



**Services and Training**

Tailor-made and flexible – proven by dozens of utility customers

More to be found at [www.landisgyr.com](http://www.landisgyr.com)

# Corporate Social Responsibility

Landis+Gyr supports both energy industry and consumers by providing solutions which allow for better planning and management of energy consumption, enabling positive environmental outcomes. In parallel, the Group is constantly working on reducing its own environmental footprint as well as the one of its products.

Climate change, technological innovations as well as demographic and social changes are challenging individuals but also the energy industry.

Landis+Gyr is determined to meet and manage these challenges as sustainably as possible and to fulfill its Corporate Social Responsibility (CSR) holistically and as a leader within the industry. In recent years, the Company has strengthened its group-wide sustainability management and introduced standards to ensure socially balanced, healthy and safe working conditions in all areas of its operations and supply chain. Landis+Gyr is committed to a safe working environment and an inclusive corporate culture that encourages employees to develop their unique skills (for more information on Landis+Gyr's approach to employees, see chapter "Our People" on pages 44 ff.). The Group and its employees engage in a wide range of activities to strengthen relationships with local communities, customers, business partners, employees and other important stakeholders.

Through a range of operational enhancements and training programs, Landis+Gyr works to reduce greenhouse gas emissions, waste and the consumption of water and hazardous chemical substances caused by its business activities. The Group is dedicated to improving employees' awareness of sustainability issues, encouraging them to actively participate and promoting improvement along the entire internal energy consumption value chain. In addition, the Group has set goals to reduce its CO<sub>2</sub> impact and works on designing a portfolio with a better environmental footprint.

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## Nine material topics from the ESG1 materiality analysis

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### Environmental

- Energy efficiency & climate protection
- Resource efficiency
- Strategic responsible sourcing

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### Social

- Employee motivation
- Occupational health and safety
- Fair labor practices
- Community engagement

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### Governance

- Data security and privacy
  - Business integrity
-

## Nine Priority Topics for Future Development

During FY 2019, Landis+Gyr expanded its CSR program efforts to further identify and enhance the scope and focus of its sustainability management processes. The program considers the ecological, social and governance related as well as economic impact of the Group's activities. It focuses on nine key topics which were identified as most relevant for Landis+Gyr in an in-depth materiality analysis.

For each work stream, objectives are defined for a three-year basis. Currently, Landis+Gyr is in the implementation phase of the first CSR cycle from 2019 to 2021. More than 70 unique tasks have been initiated to reach the objectives. The measures are determined and managed by nine work stream leaders all supported by the central CSR office. They coordinate the CSR actions for their respective material topic, track the progress and report quarterly to a newly established Sustainability Committee.

The Committee reviews the work streams, aligns the various activities and priorities and provides guidance and support where needed. It meets four times a year and reports to the Executive Management Team and the Board of Directors.

The objective of the CSR program is to formalize Landis+Gyr's ESG strategy and to both coordinate and advance its implementation across the Group. For example, a Research & Development working group is currently developing a Green Design Manual. It aims to consolidate Landis+Gyr's sustainable practices for its global hardware portfolio and considers aspects like the disassembly process or energy self-consumption of Landis+Gyr products. The CSR program also will mitigate operational risks and address new regulatory requirements and business opportunities. More details on the nine material topics and Landis+Gyr's goals for each of them can be found in the Group's Sustainability Report 2018/2019.

## Further Reduction of Ecological Footprint

Landis+Gyr's mission "Manage energy better" is a clear commitment to customers, consumers and the society. In the reporting period, Landis+Gyr successfully continued its efforts to further improve the Group's environmental profile including its carbon footprint.

As a result, the Group reduced its CO<sub>2</sub> emissions by another 9% to 24,889t in FY 2019. Minimized process emissions and less road travel were the main drivers of this reduction which was also impacted by the shutdown of several factories in March 2020 due to CCOVID-19 and the outsourcing of some product lines, primarily in the UK.



## Focus Areas of Environmental Program 2019–2021

### Carbon Footprint

Further improvement of the Company's Carbon Footprint

### Waste Management

Enhancement of Landis+Gyr's waste management and further reduction of landfill ratio

### Product Portfolio

Optimization and renewal of the portfolio of products with optimized environmental impact over the full product life cycle

Total waste volume went down by 16% to 3,641 t compared to 4,345 t in FY 2018. Overall water consumption decreased by 13% to 99,903 m<sup>3</sup> compared to 115,326m<sup>3</sup> in the previous year. Modernizing of in-house water supply at our sites in China and India made a positive contribution whereas increase of water consumption in Lafayette (US) and Reynosa (MEX) was driven by wetter conditions. The total decrease of chemical use by 13% to 9.3 t compared to 10.6 t in FY 2018 was seen throughout all regions. Changes of processing methods, improved awareness and training and the outsourcing of product lines drove the impact.

Since it began measuring its carbon footprint in 2007, Landis+Gyr has lowered its CO<sub>2</sub> emissions on a per-turnover basis from 2.8 to just below 1.3 kg per USD 100, a 42% decrease.

Landis+Gyr will publish a detailed update of the Group's CSR achievements and initiatives for its financial year 2019/20 with the release of the half-year results 2020 on October 28th, 2020.

### Contributing to the Sustainability of Utilities and End-Users

Besides Landis+Gyr's continuous efforts to reduce its own ecological footprint, the Group contributes to the decrease of CO<sub>2</sub> emissions of both utilities and end-users. With its intelligent products and solutions, Landis+Gyr provides valuable insights into energy consumption. By making the usage more visible, the Group helps to increase the awareness for the consumption and thus the attempts to reduce it. As an example, Landis+Gyr's products enable remote control and supply switch management, which contributes to the reduction of truck rolls needed for the maintenance of the products. The proactive alarming of faults and outages leads to a faster service restoration. This, again, results in better customer service and a impact on CO<sub>2</sub> emissions for the impacted utilities. Finally, the Smart Metering supported peak load shifting results in enhanced efficiency.

For the first time, Landis+Gyr has calculated the reduction in CO<sub>2</sub> emissions made possible by its installed smart metering products. Landis+Gyr's smart meter base enabled a direct CO<sub>2</sub> emission reduction of 8 million tons in 2019. This does not include all the operational benefits on the supply side. As a good corporate citizen and frontrunner of its industry, Landis+Gyr is committed to continue this journey and to help society manage energy better.

#### Key environmental data

	2019	2018	2017	2016	2015
Net revenue in USD million	1,699	1,765	1,738	1,659	1,574
Employees	5,768	5,611	5,915	5,919	6,001
m <sup>3</sup> water	99,903	115,326	104,962	116,520	116,340
t waste	3,641	4,345	4,083	3,874	3,949
t chemicals	9.3	10.6	11.9	12.2	13.6
t CO <sub>2e</sub>	24,889	27,334	28,088	31,594	32,296
Kg Co <sub>2e</sub> /USD 100 turnover	1.3	1.3	1.3	1.5	1.7
t Co <sub>2e</sub> per employee	3.7	4.0	3.8	4.2	4.3

Landis+Gyr Group's fiscal year runs from April 1 to March 31.





“As a forerunner in the area of Corporate Social Responsibility, we take our role as responsible corporate citizens seriously and Landis+Gyr is actively contributing to a more sustainable environment.”

Hans Sonder  
Senior Vice President Business Transformation



## Environmental Benefits of Smart Metering

### Insights

in energy consumption increase awareness and help reduce the consumption



### Remote

reads and supply switch management significantly reduce truck rolls



### Proactive

alarming of faults and outages leading to faster service restoration positively impacting CO<sub>2</sub> emissions



### Smart

Metering supported peak load shifting leading to enhanced efficiency



## Our People



**Christopher Hope**  
Systems and Process Manager EMEA, safeguards the sustainability of Landis+Gyr's sourcing.

**“With a study on environmental requirements in each region and measures like the Supplier Declaration of Conformity Certificate we ensure the Strategic Responsible Sourcing of Landis+Gyr.”**



**Doug Jeademann**  
Vice President Product Lines, is working on the reduction of non-compliant components.

**“We are tracking down all projects related to hazardous substances and work on the substitution of environmentally critical components and materials.”**



**Tara Murali**  
Product Manager, drives smarter and more sustainable functionality of the Gridstream® Connect solution.

**“Enabling our customers to manage energy better is and remains our key focus. Our solution offers utilities a leading-edge IoT platform which we are now rolling out globally.”**



**Lars Willer**  
Head of Information Security, drives Landis+Gyr towards high information security standards.

**“Securing all our and our customer’s information is key for being successful in the market. The whole InfoSec team loves to provide guidance – simply ask us!”**



**Dayanna Palacios Vivanco**  
Business Transformation Manager, is engaged in the revision of the Employee Onboarding Program.

**“Through our new Onboarding modules for all new hires, we will raise awareness of issues that are relevant for the Company, our industry and society.”**



**Hassan Ali**  
Senior Vice President Global Platforms, is contributing the efficiency of Landis+Gyr’s electricity meters.

**“We set self-consumption standards that are stricter than international policies. Thus, our customers can optimize their total cost of ownership with our products.”**

# Our People

**Landis+Gyr is keen to attract, develop and retain the brightest, most motivated and talented employees in our industry worldwide.**

Employee motivation is one of four strategic priorities set by Landis+Gyr's Executive Management Team, as part of the Social element within the broader ESG strategy and 2021 roadmap, described in further detail in the Company's 2018/2019 Sustainability Report (see the relevant chapter "Committed to Employees" on page 48-50.). Furthermore, proper business conduct and standards of behavior for all employees are clearly outlined in the Landis+Gyr Global Code of Conduct and Business Ethics. It includes, among other topics, the principle of equal employment opportunity and non-discrimination and forms the basis of requirements for new hires.

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## Learning Hours FY2019

Compulsory Learning Hours

**25,362**

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Development Learning Hours

**82,525**

(completed external courses + LiL videos)

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At the end of the last fiscal year, Landis+Gyr employed 5,768 people worldwide. Their combined knowledge establishes the foundation of Landis+Gyr's success. The Group is committed to increasing and preserving this know-how, which is why all employees are covered by a Global Learning & Development Policy that outlines access to learning and development support. A global learning management system is used to roll out any internal learning programs and mandatory training (e.g. Code of Conduct and Business Ethics, Information Security Training, etc.) as well as certain track completion based on position requirements. Furthermore, 3,500 employees at Landis+Gyr have access to LinkedIn Learning, which offers unlimited admission to more than 10,000 online courses. With an activation rate of 90%, the platform is widely used by Landis+Gyr's office employees. During a Global Learning Week in November, all sites offer special on- and offline activities for the employees. For non-office workers, face-to-face training is offered.

### Fostering Internal Talents

Based on the Global Performance Review Policy, Landis+Gyr strives that all employees make the most of their potential. Managers and employees have two formal opportunities to discuss business behavior and performance against goals each year. Regular, two-way feedback is actively encouraged. The global people platform myGPS (Success Factors) records individual development plans, learning history and goals. Landis+Gyr is also committed to promoting internal talent. In 2019, the Group launched a Business Transformation Manager program. This two-year program assigns high-potential members with Executive Leadership. They manage important projects independently with the goal

of taking a leading role after completing the program. In addition, Landis+Gyr continuously identifies potential successors for all key positions. It is the Group's ambition to help employees create and maintain their Individual Development Plan that sits within myGPS (Success Factors) and wherever possible to fill vacancies with internal talent.

### Regular Employee Engagement Survey

In September 2019, Landis+Gyr conducted a survey among all employees in order to evaluate their level of engagement and to identify room for improvement. With a response rate of 88%, participation was high. With a favorability score of 84%, the Landis+Gyr's Sustainable Engagement was rated at the top end by comparison to an external benchmark. The category reflects the levels of attachment toward the organization and the employees' willingness to give discretionary effort. Customer Focus was also highly rated, as was the Group's Culture of Collaboration and People Management. Landis+Gyr outperformed the Global High Technology norm in all of the mentioned categories.

Employees and Managers have collaborated on areas for improvement and over 400 action ideas have been formally registered with the goal being to enhance the level of employee engagement. An example of a survey action is the introduction of a global database (hosted in Success Factors) which will provide visibility to employees for all vacancies across the Group. Bringing improved visibility and transparency to employees on functional and locational career opportunities. Another example linked to action planning is the launch of a global sustainability competition where cross-functional and cross-locational teams will be invited to innovate new sustainability initiatives as an enhancement or complement to the existing initiatives. The Employee Engagement Survey will be conducted every two years.

### Speak-up Policy

In the event of non-compliance with the Code of Business Ethics and Conduct, Landis+Gyr's whistleblower policy builds on a 'speak-up' culture. Multiple channels are installed globally for reporting suspected or known violations of the Code: In addition to a 24-hour hotline, a case management system has been rolled out to record and monitor concerns reported throughout the organization. Regional Compliance Officers assist with overseeing compliance with corporate standards and control measures both internally and across the Company's entire supply chain.

### Global Intranet for Increased Exchange

Landis+Gyr launched a new, global intranet platform in 2019. It is a one-stop shop for all relevant information and offers the possibility to publish both regional and global news and success stories.

## Human Capital Data

Age Range (in years)	Asia Pacific	EMEA <sup>1</sup>	Americas	Group
Under 20	1	9	52	62
20–29	439	205	380	1,024
30–39	576	596	573	1,745
40–49	278	636	603	1,517
50–59	192	590	338	1,120
60–64	19	131	97	247
65+	5	11	37	53
	<b>1,510</b>	<b>2,178</b>	<b>2,080</b>	<b>5,768</b>

Gender Distribution	Asia Pacific	EMEA <sup>1</sup>	Americas	Group
Female	370	805	750	1,925
Male	1,140	1,373	1,330	3,843
	<b>1,510</b>	<b>2,178</b>	<b>2,080</b>	<b>5,768</b>

Length of service (in years)	Asia Pacific	EMEA <sup>1</sup>	Americas	Group
0–1	597	554	522	1,673
2–5	360	583	490	1,433
6–15	290	605	756	1,651
16–25	162	238	283	683
26+	101	198	29	328
	<b>1,510</b>	<b>2,178</b>	<b>2,080</b>	<b>5,768</b>

<sup>1</sup> including Headquarters.

Employees per Function	Total
Other	900
R&D	1,414
Sales & Customer Operations	1,150
SCM & Operations	2,304
	<b>5,768</b>

## Our People



**Shelley Moister**  
Senior Director Marketing, is promoting the sustainability of Smart Metering.

**“By harnessing the power of our next-generation products and solutions, utilities can stay ahead of emerging industry challenges and modernize the smart grid for the future.”**



**Thomas Beez**  
Vice President Quality, is committed to improving the energy efficiency at Landis+Gyr's sites.

**“We use specific energy audits to uncover the potential for optimizing the energy efficiency of our production sites and define the necessary measures for improvements.”**



**Carlo Diener**  
Group Project Manager, calculated the CO<sub>2</sub> impact of Landis+Gyr's products for the first time ever.

**“In 2019, Landis+Gyr helped save 8 million tons of CO<sub>2</sub>. This makes us proud and drives us to anchor sustainability more firmly in our corporate culture.”**



**Gerard Meichan**  
AP Head of Manufacturing Engineering & Quality, contributes to Landis+Gyr's Occupational Health & Safety.

**“The health and safety of our employees is of great importance to us. We are pleased that our efforts in this regard are regularly recognized with national awards.”**



**Claudia Corbin**  
Head of Human Resources, is working on a global recruitment module to improve the promotion of career development opportunities.

**“Our approach of sustainability emphasizes recruitment of best qualified candidates and generates engagement in our global workforce. We recognize and encourage the value of diversity in the workplace.”**



**Raimond Bauknecht**  
Head of Global Practice Team, is responsible for Resource Efficiency and Waste Reduction at Landis+Gyr.

**“Waste is a major environmental problem. Our strategies for using less material and improving disassembly of products reduce the waste that goes to landfill.”**

# Risk Management

## Landis+Gyr manages potential business risks with a structured process and dedicated management oversight.

Landis+Gyr, like all companies, is exposed to various risks which could potentially affect the Group's business. In order to mitigate these risks, the Group has developed a systematic risk management process. This process includes the identification, analysis and assessment of the various risks and the determination of appropriate risk control measurements. The net result is continuously ensuring compliance and improving corporate governance policies together with best practices as well as risk management laws and regulations.

At the moment, the Group faces significant new risks arising from the COVID-19 pandemic. These risks depend on the duration, severity and geographic spread of the COVID-19 pandemic, government actions to address or mitigate the impact of the pandemic, the potential negative impacts of COVID-19 on the global economy and how these factors might impact the Group's operations and those of our customers and suppliers. The Group's response to the COVID-19 pandemic is outlined on page 49.

### Clear Procedures and Responsibilities

Landis+Gyr tracks its risk exposure across the entire spectrum of 64 unique operational, strategic, financial and compliance categories. Other considerations include the potential impact of important business-related aspects such as sustainability, political, reputational and regulatory risks. Each of Landis+Gyr's regions

and functions annually conduct an individual assessment to identify potential risks, the likelihood of their occurrence and their potential impact on the Group. The findings are then consolidated at Group level and summarized in a Group Risk Report. Management is responsible for the implementation, tracking and reporting of risk mitigation measures. A risk owner at the senior management level is assigned to each material risk identified and is responsible for the implementation of appropriate measures.

### Oversight by the Board of Directors

Risks with a significant impact on the Group's business and financial position are regularly reviewed by the Board's Audit and Finance Committee. The committee also discusses with the CFO and the Group General Counsel any legal matters that could have a material impact on the Group, as well as any significant reports or inquiries from regulatory or governmental authorities. At least once a year, the Board of Directors is briefed by the Group Executive Management of any significant changes in risk management. In the 2019 financial year, the Group Risk Report approved by management was reviewed with the Board of Directors at the February board meeting.

Amongst the top 10 material risks for Landis+Gyr are:

#### – Supply Chain Management Risk

For certain components, sub-assemblies, commodities and materials, Landis+Gyr depends on a limited number of contract manufacturers and suppliers. Late delivery by these third parties could increase the Group's costs, reduce margins and delay shipments. In addition, price fluctuations could have a material adverse effect on

the Group's operating results and financial condition.

To reduce the impact of these potential risks, Landis+Gyr seeks to source certain components from dual suppliers. Also, the company maintains an inventory on important components. The Group identifies and qualifies alternative sources and technologies for critical components. To mitigate lead time for critical component suppliers, Landis+Gyr has developed an ongoing, intensive collaboration with contract manufacturers. The owner of the Supply Chain Management Risk is the Executive Vice President Operations & Supply Chain Management.

#### – Portfolio and Technology Risk

Landis+Gyr's industry is highly competitive and characterized by new and rapidly evolving technologies, standards, regulations and customer requirements. The Group has therefore to continually develop and introduce new products, product enhancements and/or solutions. In FY 2019, Landis+Gyr spent USD 152.3 million on (adjusted) Research & Development. For more information on R&D, see section "Innovation Strategy" on pages 16–19. There is, however, no guarantee that Landis+Gyr's investments in Research & Development will yield the desired results. In order to mitigate the portfolio and technology risk, Landis+Gyr makes significant investments in new products, with a strong focus on software products. In addition, the Group has invested in platforms that reuse technology, streamline development and manufacturing processes. Together, these attributes allow for a quick response to rapidly changing market needs. The Group may also be exposed to allegations of patent infringement



relating to communication or other technologies. Additionally, the Group purchases components or technology from vendors, which may incorporate technology belonging to third parties and, in these instances, Landis+Gyr relies on the contractual indemnification from such vendors against the infringement of such third party intellectual property rights. The Regional Heads are responsible for portfolio risk, while the Executive Vice President and Chief Technology Officer is responsible for technology risk.

#### – Foreign Exchange Risk

Due to the broad scope of Landis+Gyr's international operations, a portion of revenue and expenses are not fully matched operationally and/or are denominated in currencies other than the reporting currency USD. As a result, the Group's business is exposed to transactional and translational currency exchange risks caused by

fluctuations in exchange rates among those different currencies.

As a result, the Group maintains hedging contracts. Additionally, as a consequence of the BREXIT situation in EMEA, Landis+Gyr has mitigated its FX exposure by expanding the hedging program and putting hedges in place in respect of part of the exposure to the GBP.

#### – Quality Risk

Landis+Gyr closely cooperates with suppliers and contract manufacturers to meet the standards of product quality of both the Group and its utility customers, as well as to satisfy applicable regulatory requirements. Furthermore, Landis+Gyr is following state-of-the-art design rules and test specifications, which are enforced into the supply chain and closely monitored. The failure of Landis+Gyr's suppliers and contract manufacturers to meet these requirements may have

a material adverse effect on the Group's reputation and business.

To counter the quality risk, the Group follows focused quality programs to support all global operations with aligned engagement models. This starts with a global standardized supplier management process being in place and continuously improving procedures with learnings from field experience. Landis+Gyr has also adopted the quality management system standard from the automotive industry (VDA 6.3) to ensure best-in-class processes with the supply base. Moreover, Landis+Gyr has built a team of trained and certified Production Part Approval Process (PPAP) experts who manage suppliers at all levels. The Executive Vice President Operations & Supply Chain Management and the Executive Vice President and Chief Technology Officer are responsible for mitigating the quality risk.

## Protecting people, customers and the business

Landis+Gyr is committed to meeting customer requirements as well as ensuring the health and wellbeing of all employees during these rather extraordinary times created by the COVID-19 pandemic. This situation continues to be extremely fluid, with information changing hourly in different countries across the operations and sales footprint.

To this end, the Company has regional and local

task forces that meet weekly to determine and make necessary decisions as conditions warrant to ensure employees have the timely information on the latest precautionary measures, no matter where they are based, in accordance to local government and public health authorities rules. Likewise, well established Business Continuity Procedures are in place as part of ISO processes and these have been activated.

Landis+Gyr has taken a series of precautionary measures – which can vary based on country-specific practices – to ensure the safety and wellbeing of employees while continuing to serve customers. These include:

- A company-wide decision to promote working remotely to enforce social distancing, while providing business continuity for our customers for office-based staff. To that end, the Company has well-structured collaboration tools for employees to communicate with each other across the globe as well as with customers and partners. This ensures that no matter where employees are working, they are available as trusted partners.

- Comprehensive business continuity procedures are in place for all production sites that optimize safety, output and limit

potential impacts to operations. Essential support in meeting consumer demands through consistent delivery of products, solutions and software.

- Landis+Gyr remains in regular contact with all strategic suppliers globally to identify any potentially adverse effects from the COVID-19 virus impacts. If there is an impact on the supply chain, the Group will determine the most appropriate remediation approach and contact any relevant customers immediately.

# Share Information

## Key Stock Exchange Figures

	01.04.2019 – 31.03.2020	01.04.2018 – 31.03.2019*
Share price period end (CHF)	66.60	63.00
Share price high (CHF)	105.20	76.85
Share price low (CHF)	57.30	54.05
Market capitalization period end (excl. treasury shares; CHF million)	1,939	1,847
Average daily trading volume on SIX Swiss Exchange (number of shares) <sup>1</sup>	140,716	92,098
Number of issued shares	29,251,249	29,510,000
Number of treasury shares (period end)	431,205	198,674
Nominal value per share (CHF)	10.00	10.00

<sup>1</sup> Data source: SIX Swiss Exchange.

## Key Per Share Figures

	Financial year ended March 31, 2020	Financial year ended March 31, 2019
Earnings per share – basic and diluted (USD)	3.90	4.15
Dividend per share (CHF)	n/a <sup>1</sup>	3.15

<sup>1</sup> As precautionary measure due to COVID-19 driven uncertainty, the Board of Directors will defer the decision on the FY 2019 dividend and intends to revisit the situation in conjunction with the release of the results of the first half year ending September 2020.

## Shareholder Structure <sup>1</sup>

As of March 31, 2020, 11,099 shareholders were entered in the share register. The following shareholders held 3% or more of the outstanding share capital of Landis+Gyr Group AG.

Shareholder	Number of shares	% of share capital
KIRKBI Invest A/S, Denmark	4,445,265	15.20%
Rudolf Maag, Switzerland	3,000,000	10.26%

<sup>1</sup> For more details see Corporate Governance Report 2019, chapter 1.2 Significant Shareholders.

## Share Price Performance Landis+Gyr Group AG



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## Landis+Gyr Group AG Registered Shares

Listing	SIX Swiss Exchange (International Reporting Standard)
Bloomberg Symbol	LAND SW
Reuters Symbol	LANDI.S
ISIN	CH0371153492
Valor Number	37115349
Indices	SPI, SPI EXTRA, SPI ex SLI, Swiss All Share Index, UBS 100 Index, Ethos Governance Index
Accounting Standard	US GAAP

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## Corporate Calendar

Annual General Meeting 2020	June 30, 2020
Release of Half Year Results 2020	October 28, 2020
Release of Sustainability Report	October 28, 2020
Release of Results for Financial Year 2020	May 05, 2021
Release of FY 2020 audited financial statements	May 28, 2021

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## Information Policy

The Landis+Gyr Group maintains an open dialog with all internal and external stakeholders. Our information policy is based on consistent, effective, open, honest and timely communication. Matters affecting the share price are published immediately in accordance with the ad-hoc publicity rules of the SIX Swiss Exchange.

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This Annual Report contains information regarding alternative performance measures. Definitions of these measures and reconciliations between such measures and their USGAAP counterparts may be found in pages 21 to 25 of Volume 4 of this Annual Report.

This Annual Report 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”, “guidance” or similar expressions. All forward-looking statements are based only on data available to Landis+Gyr at the time of preparation of this Annual Report. Landis+Gyr does not undertake any obligation to update any forward-looking statements contained in this Annual Report as a result of new information, future events or otherwise.

There are numerous risks, uncertainties and other factors, 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 report and which could affect our ability to achieve 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 on reasonable assumptions, it can give no assurance that those expectations will be achieved.

**Imprint**

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IRF Reputation AG, Zurich

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hilda design matters, Zurich

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