

## Landis+Gyr Capital Markets Day 2021 and Acquisition of Rhebo

Cham, Switzerland – January 27<sup>th</sup>, 2021 – Landis+Gyr (LAND.SW) today holds its Capital Markets Day with Executive Management providing an update on the industry, strategy, operations and financial targets. Highlights include:

- **Mid-term FY 2023 financial targets are published; the dividend policy is revised**
- **FY 2020 guidance remains unchanged; a legacy goodwill impairment of approx. USD 400 million will be recognized in H2 FY 2020**
- **Recalibrated strategic direction, building on the existing strategic pillars of “smart metering”, “grid edge intelligence” and “smart infrastructure”**
- **Google partnership will drive innovation to accelerate digitalization and the transition to cloud-based services for Landis+Gyr’s portfolio and across the industry**
- **Acquisition of Rhebo, a leading technology provider of cybersecurity solutions to protect critical infrastructure, will strengthen Landis+Gyr’s position in this growing market**
- **Balance sheet strength enables continued investments in R&D and further acquisitions to transform the business and position it for longer-term growth**
- **Global megatrends of sustainability, digitalization and increasing energy demand reinforce the need for grid edge intelligence and smart infrastructure**
- **Several US utilities have obtained regulatory approval, confirming the recognized benefits of smart metering and grid edge intelligence technology**
- **Landis+Gyr has signed up to the UN Global Compact and is committed to contributing towards the UN Sustainable Development Goals**

Werner Lieberherr, Landis+Gyr’s Chief Executive Officer, said: “Our strategic vision is driven by the desire to provide unrivaled customer value as the leading partner for energy and resource management solutions with sustainability at the heart of everything we do.

Our strategy is designed to broaden our core offerings of *smart metering* and further expand our reach in *grid edge intelligence* and *smart infrastructure* with the intention to transform the business and to position Landis+Gyr for longer-term profitable growth. In the mid-term guidance period, we are recovering from COVID-19 effects, solidifying our position with a sharp focus on execution and a commitment to continue investing in R&D.

Especially in light of the challenges presented by COVID-19, our teams across the globe have demonstrated a level of resilience and dedication towards customers and each other that deserves recognition. If there is one concept that sums up our mindset, then I think it is ‘Fostering a Culture of Excellence’.

We are proud to join forces with Google Cloud to combine their leading capabilities in data analytics, artificial intelligence and machine learning with our leading expertise in *smart metering* and *grid edge intelligence*. This first-of-its-kind in the industry, multi-year strategic partnership will position us well to remain at the forefront of technological advances. By enabling utilities to manage grid operations with increased visibility while empowering consumers to utilize energy in a more informed and sustainable way, this partnership will advance our efforts in *smart infrastructure*, enabling smart cities

and doing so in a secure and reliable way. By partnering with Google Cloud, this groundbreaking endeavor will drive our mission forward to *manage energy better* - together.

Finally, we are excited to announce today the acquisition of Rhebo, a leading technology start-up offering cyber-security solutions for Operational Technology (OT) and IoT networks in industry and critical infrastructure, that enables anomaly and threat detection down to the grid edge. Rhebo is therefore a perfect fit for our cybersecurity strategy. We look forward to working with Rhebo's management team as well as to bringing the benefits of Rhebo's technology to our customer base."

### **Strategy**

There is an urgent need to decarbonize the energy network while meeting the demands of a growing population for more electricity, particularly as transport and heating move away from fossil fuels. Digitalization provides utilities with tools to meet the challenges of decarbonization in the grid. At the same time, it empowers consumers to manage their energy consumption better. *Smart metering* and *grid edge intelligence* manage the data which is an essential part of this energy revolution.

Landis+Gyr's strategy ensures that the business has the best technology to lead the industry towards this new landscape. The Company will solidify its technology leadership in a number of ways: through investments in R&D to expand the portfolio, through the partnership with industry leaders such as Google and Vodafone and through acquisitions, of which Rhebo is the first example. Landis+Gyr expects this transformation of its business to secure longer-term profitable growth.

Beyond the energy grid, there are opportunities to expand the business into areas such as smart water and *smart infrastructure*. In water, many of the challenges match Landis+Gyr's core expertise in collecting and analyzing data; a first step is the development of a smart water meter, which is already underway. In *smart infrastructure*, areas such as streetlight management and EV charging could also provide compelling opportunities for the Company.

A solid balance sheet and strong cashflow give Landis+Gyr the ability to invest in strategic growth areas. Combined with the passion of a renewed management team and a committed workforce, the business is well positioned to benefit from the global megatrends driving the industry.

### **Mid-term (FY 2023) financial targets & dividend policy**

Landis+Gyr's mid-term financial guidance for FY 2023 is as follows:

- Organic revenue growth of low single digit CAGR in line with core market growth (relative to FY 2019); inorganic revenues to come on top
- Adjusted EBITDA margin between 12.0% and 13.0% of net revenues
- Annual Free Cash Flow (excluding M&A) of around USD 120 million

The Company is today revising its dividend policy, which will be to pay a progressive dividend based on the FY 2019 amount of CHF 2.00 per share (excl. M&A).

The 2019-2022 share buyback program currently remains suspended.

### **FY 2020 guidance update**

Notwithstanding the increased uncertainty caused by COVID-19 and the corresponding risks to Landis+Gyr, FY 2020 guidance remains as set out in the Company's press release issued on October 12<sup>th</sup>, 2020 at the time of the publication of our results for H1 FY 2020: The Company expects that revenue will be between USD 1.3bn and USD 1.4bn for FY 2020 with somewhat higher margins in H2 compared to H1 FY 2020, given improved operational leverage.

Due to COVID-19 and the current market conditions, Landis+Gyr comprehensively reviewed the business prospects and outlook of all significant business units of the Company. Part of the review is

to test whether the carrying values of any of the assets of the Company are impaired. This impairment test is expected to result in a non-cash one-off impairment of legacy goodwill in the amount of approx. USD 400 million relating to the Americas business, to be recognized in the FY 2020 annual financial statement. This legacy goodwill arose from the acquisition of Landis+Gyr by Toshiba in 2011.

### Partnership with Google Cloud

On December 18<sup>th</sup>, 2020, Google Cloud and Landis+Gyr announced a groundbreaking multi-year strategic partnership. Under this partnership, the companies will jointly innovate the next generation of cloud-based energy management solutions. These solutions will use *smart metering* data and *grid edge intelligence* in combination with data analytics, artificial intelligence and machine learning in order to actively address the future of the energy industry. Benefits to customers will include enhanced real time availability of data, improved grid analytics and more predictable outcomes enabling better management of the grid and improved information for consumers. In combination with devices such as Landis+Gyr's Revelo<sup>®</sup> grid edge intelligence sensor, these cloud-based services will lead the transformation of the way in which data is used by utilities and consumers.

### Acquisition in cyber security

Landis+Gyr has executed an agreement to acquire 100% of the share capital of Rhebo GmbH for a low double-digit million USD purchase price. Based in Leipzig, Germany, Rhebo's innovative technology ensures real-time reporting of cybersecurity threats and other anomalies in network control systems, enabling utilities and other customers to react immediately to cyber threats. Utilities are becoming increasingly concerned to deploy OT cybersecurity protection across their distribution networks. Rhebo's sophisticated yet efficient technology is ideally positioned to address these needs.

Klaus Mochalski, co-founder and CEO of Rhebo said: "We are excited to become part of the Landis+Gyr family and as a management team we are looking forward to continuing the development of the Rhebo business. We see unique opportunities to combine Rhebo's innovative cybersecurity and anomaly detection solutions with Landis+Gyr's leading portfolio and access to critical infrastructure customers."

In the near-term, Rhebo is not expected to have a material impact on Landis+Gyr's financial results.

### US regulatory approvals

Several utilities in the US have received regulatory approval to proceed with *smart metering* and *grid edge intelligence* deployments across all or part of their service territories. Although there is inevitably a substantial delay between regulatory approval and deployment, these approvals confirm the recognized benefits of *smart metering* and *grid edge intelligence* technology.

### Sustainability

Sustainability is part of Landis+Gyr's DNA. As such, Landis+Gyr is proud to have signed up to the UN Global Compact and is committed to playing its part in the achievement of the UN Sustainable Development Goals (UN SDG). Landis+Gyr is developing a series of mid-term targets linked to the UN SDG which will enable the business to track its progress against these goals. This approach will build on existing ESG programs which already deliver substantial benefits as reported in the [Sustainability Report 2019/20](#).

### COVID-19 update

Landis+Gyr remains focused on meeting its customer requirements as well as ensuring the health and wellbeing of the Company's employees during these extraordinary times. Landis+Gyr has not experienced any major project cancellations and our software and service contracts continue unchanged. The Company is working closely with all customers and partners to ensure continued operational excellence; however, some customers suspended or slowed down meter installations due to temporary regional lockdowns and there have been some delays in contract awards and regulatory approvals. Of particular concern is the resurgence of COVID-19 cases in the UK, Landis+Gyr's second

largest market worldwide. There has been some slowdown in the rate of UK meter installations which may have an impact on the Company's revenues in the next few months.

Some of the Company's and its manufacturing partners' factories have been subject to short periods of lockdowns but all are currently operational. Social distancing and all necessary hygiene measures have been implemented in all facilities according to local regulations. Overall, there has not been a significant impact to the supply chain, however risks remain as the COVID-19 situation evolves.

### Documents

The slides of the Capital Markets Day presentations are available from 07:00 CET on January 27<sup>th</sup>, 2021 on the Landis+Gyr investor website. A live webcast will take place at 14:00 CET on January 27<sup>th</sup>, 2021. To access the presentation and webcast, please visit:

[www.landisgyr.com/investors/cmd/](http://www.landisgyr.com/investors/cmd/)

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### Key dates

Release of Results for Financial Year 2020

May 5<sup>th</sup>, 2021

Publication of Annual Report 2020 and Invitation to AGM 2021

May 28<sup>th</sup>, 2021

Annual General Meeting 2021

June 24<sup>th</sup>, 2021

### About Landis+Gyr

*Landis+Gyr is a leading global provider of integrated energy management solutions for the utility sector. Offering one of the broadest portfolios, Landis+Gyr delivers innovative and flexible solutions to help utilities solve their complex challenges in Smart Metering, Grid Edge Intelligence and Smart Infrastructure. With sales of USD 1.7 billion in FY 2019, Landis+Gyr employs approximately 5,500 people in over 30 countries across five continents, with the sole mission of helping the world manage energy better.*

### Disclaimer

This release and information referred to herein contains information regarding alternative performance measures or non USGAAP measures, such as Reported EBITDA, Adjusted EBITDA, Adjusted Gross Profit, Adjusted Research and Development, Adjusted Sales, General and Administrative, and Adjusted Operating Expenses. Definitions of these measures and reconciliations between such measures and their USGAAP counterparts if not defined in this release may be found on pages 34 to 37 of the Landis+Gyr Half Year Financial Report Fiscal Year 2020 on our website at [www.landisgyr.com/investors](http://www.landisgyr.com/investors).

**Forward-looking Information**

This press release includes forward-looking information and statements, including statements concerning the outlook for Landis+Gyr Group AG's businesses. These statements are based on current expectations, estimates and projections about the factors that may affect the Company's future performance, including global economic conditions, and the economic conditions of the regions and industries that are major markets for Landis+Gyr. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates", "targets", "plans", "outlook" "guidance" or similar expressions. There are numerous risks, uncertainties and other factors, many of which are beyond Landis+Gyr's control, that could cause the Company's actual results to differ materially from the forward-looking information and statements made in this presentation and which could affect the Company's ability to achieve its stated targets. The important factors that could cause such differences include, among others: the duration, severity and geographic spread of the COVID-19 pandemic, government actions to address or mitigate the impact of the COVID-19 pandemic, and the potential negative impacts of COVID-19 on the global economy, the Company's operations and those of its customers and suppliers; 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 other such 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 upon reasonable assumptions, it can give no assurance that those expectations will be achieved.