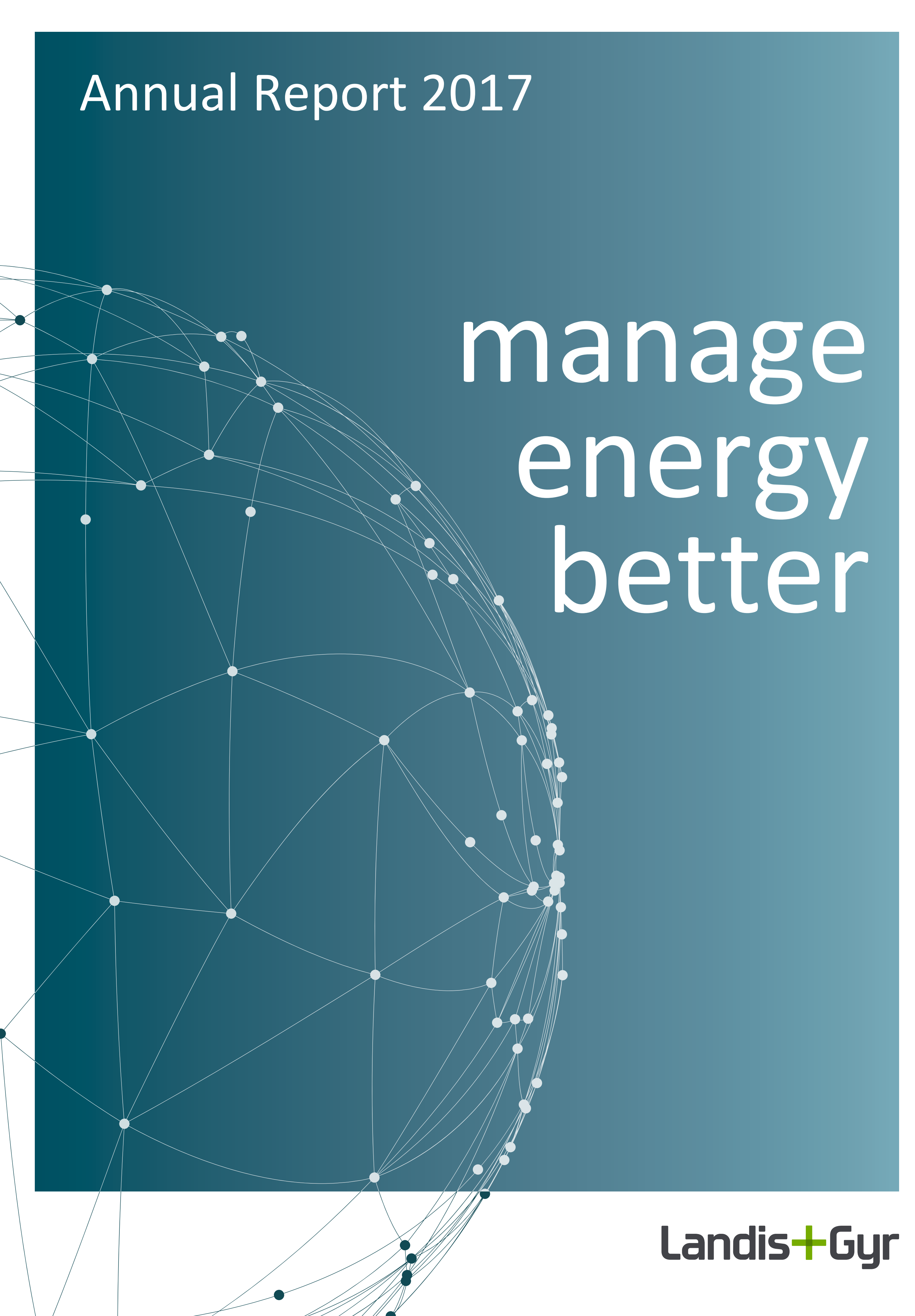

Annual Report 2017
manage
energy
better
Landis+Gyr

At a Glance

DEVICES INSTALLED GLOBALLY

300+
MILLION

DAILY METER READ TRANSFERS

1+
BILLION

Landis+Gyr is the leading global provider of integrated energy management solutions for the utility sector. Offering one of the broadest portfolios of products and services to address complex industry challenges, the Company delivers comprehensive solutions for the foundation of a smarter grid, including smart metering, distribution network sensing and automation tools, grid management, load control and analytics. Landis+Gyr operates in over 30 countries across five continents. With sales of over USD 1.7 billion, the Company employs approximately 6'000 people with the sole mission of helping the world manage energy better.
More information is available at www.landisgyr.com

R&D IN % OF SALES

9.4%

SITES IN 30 + COUNTRIES

72

Landis+Gyr

The Landis+Gyr Group Annual Report 2017 refers to the period of Financial Year 2017 (referred to as either FY 2017 or FY 17 throughout this annual report), from April 1, 2017 to March 31, 2018.

Table of Contents

Key Figures	4
Company Milestones	6
Highlights 2017	8
Letter to Shareholders	10
Business Model	16
Strategy	18
Performance Review	20
Performance Review Americas	24
Performance Review EMEA	26
Performance Review Asia Pacific	28
Innovation & Quality	30
Portrait	32
A Team of Experts	52
Portfolio	56
Extended Executive Management	64
Board of Directors	66
Share Information	68
Global Contacts	70

Key Figures

(in million USD, unless otherwise indicated)	Fiscal Year ended March 31, 2018	2017	CHANGE USD	Constant Currency
Order Intake	1’574.4	1’325.5	18.8%	16.0%
Committed Backlog	2’389.0	2’491.4	(4.1%)	(7.1%)
Net revenue	1’737.8	1’659.2	4.7%	2.6%
Adjusted Gross Profit	597.3	620.2	(3.6%)	(5.0%)
Adjusted EBITDA	212.0	212.0	0.0%	(0.6%)
As % of net revenue	12.2%	12.8%	–	–
Net income (loss) attributable to Landis+Gyr Group AG Shareholders	46.4	(62.6)	–	–
Basic and diluted earnings per share (USD)	1.57	(2.12)	–	–
Net cash provided by (used in) operating activities	124.7	95.1	31.1%	31.1%
Free Cash Flow[1]	87.5	53.1	64.7%	67.2%
Net Debt	40.5	126.8	(68.1%)	(68.9%)

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

BACKLOG	2018	2017	USD	Constant Currency
Americas	1’679.0	1’768.9	(5.1%)	(4.5%)
EMEA	654.1	681.8	(4.1%)	(15.3%)
Asia Pacific	55.9	40.7	37.3%	36.3%
Total	**2’389.0**	**2’491.4**	**(4.1%)**	**(7.1%)**

In addition to the committed backlog shown above, contingent backlog represents an amount of USD 395 million as of March 31, 2018, versus an amount of USD 530 million as of March 31, 2017.

NET REVENUE TO EXTERNAL CUSTOMERS	2018	2017	USD	Constant Currency
Americas	972.2	931.2	4.4%	4.1%
EMEA	627.2	587.8	6.7%	1.7%
Asia Pacific	138.4	140.2	(1.3%)	(3.4%)
Total	**1’737.8**	**1’659.2**	**4.7%**	**2.6%**

ADJUSTED GROSS PROFIT	2018	2017	USD	Constant Currency
Americas	409.2	414.0	(1.2%)	(1.2%)
EMEA	155.9	174.0	(10.4%)	(14.1%)
Asia Pacific	28.3	31.9	(11.3%)	(13.2%)
Inter-segment eliminations	3.9	0.3	–	–
Total	**597.3**	**620.2**	**(3.7%)**	**(5.0%)**

ADJUSTED EBITDA	2018	2017	USD	Constant Currency
Americas	199.4	195.0	2.3%	2.3%
EMEA	(8.8)	1.0	–	–
Asia Pacific	(9.6)	(2.6)	(269.2%)	(231.0%)
Corporate unallocated	31.0	18.6	–	–
Total	**212.0**	**212.0**	**0.0%**	**(0.6%)**

ADJUSTED EBITDA % OF NET REVENUE TO EXTERNAL CUSTOMERS	2018	2017
Americas	20.5%	20.9%
EMEA	(1.4%)	0.2%
Asia Pacific	(6.9%)	(1.9%)
Group	**12.2%**	**12.8%**

Comprehensive financial information can be found in the Financial Report 2017.

ADJUSTED EBITDA IN MILLION USD

2017

212

2016

212

FREE CASH FLOW IN MILLION USD

2017

87.5

2016

53.1

EPS IN USD

2017

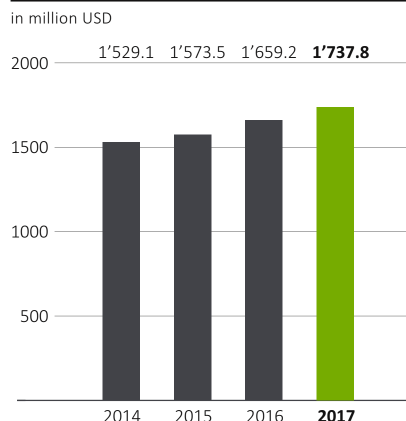
1.57

2016

(2.12)

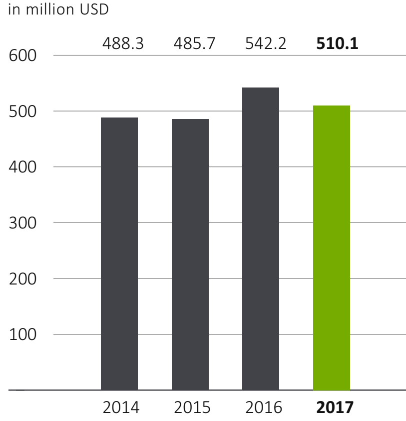
NET REVENUE

in million USD



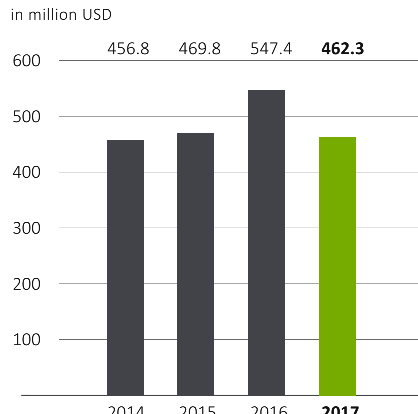
GROSS PROFIT

in million USD



OPERATING EXPENSES

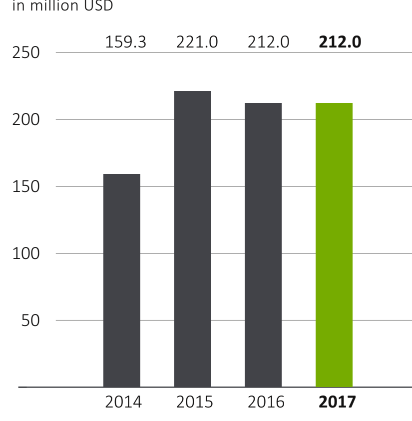
in million USD



Operating expenses includes goodwill impairments of USD 34 million in FY 2015 and USD 60 million in FY 2016.

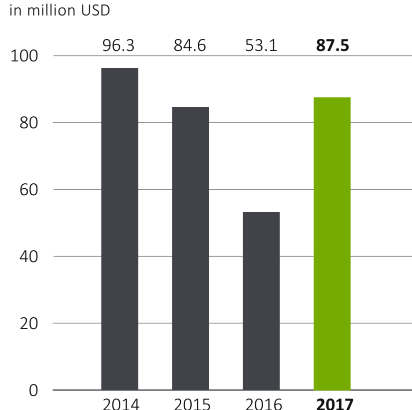
ADJUSTED EBITDA

in million USD



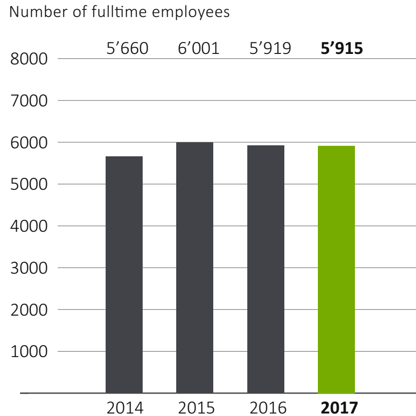
FREE CASH FLOW

in million USD



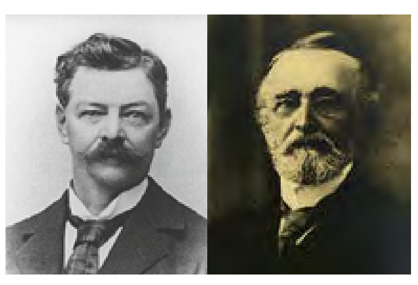
EMPLOYEES

Number of fulltime employees



Company Milestones

1896



LANDIS & GYR IS FOUNDED

In 1896, Richard Theiler and Adelrich Gyr founded the “Electrotechnisches Institut Theiler & Co.” in Zug to produce electricity meters, telephone inductors and phonographs. In 1904, Karl Heinrich Gyr becomes a partner in the Company, which changes name into “Landis & Gyr” in 1905.

1956

LANDIS & GYR

LANDIS & GYR GOES PUBLIC

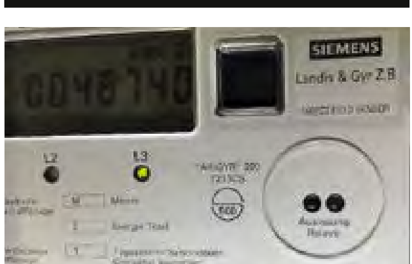
In 1956 the Company reorganizes its financing and lists on the Zurich Stock Exchange.

1987/95

CHANGE OF OWNERSHIP

In 1987, the heirs of Karl Heinrich Gyr sell their shares to Swiss industrialist Stephan Schmidheiny, who sells his majority interest in Landis & Gyr in 1995 to Electrowatt AG.

1998



SIEMENS TAKES OVER LANDIS & GYR

In 1998, Siemens AG acquires the industrial activities of Electrowatt AG, which includes the metering business grouped under the name Landis & Gyr Utilities. The new owner merges its metering operations with Landis & Gyr’s and calls the new entity “Siemens Metering AG”.

2002

REBIRTH OF LANDIS+GYR

In 2002 Siemens AG decides to divest its electricity metering business, which operates again under the name Landis+Gyr. The buyer is US private equity company Kohlberg Kravis Roberts & Co (KKR).

2004

BECOMING THE GLOBAL LEADER IN SMART METERING

In 2004, the Australian investment firm Bayard Capital purchases Landis+Gyr to build the global leader in Smart Metering. In the period to 2011, Bayard invests USD 1.2 billon in a series of acquisitions to grow the Landis+Gyr portfolio, especially in the network communications space.

2011

AN INDEPEN-DENT GROWTH PLATFORM

Toshiba Corporation (60%) and Innovation Network Corporation of Japan (INCJ, 40%) acquire Landis+Gyr for USD 2.3 billion to run the business as an independent growth platform.

JULY 21, 2017

LISTING ON THE SIX SWISS EXCHANGE

On July 21, 2017, Landis+Gyr was welcomed back to the Swiss public markets after a 20-year hiatus, thus adding an important, new chapter to Landis+Gyr's rich 122-year history. The listing further enhances the positioning of Landis+Gyr as the global leader in transforming how energy is managed and delivered.

Landis+Gyr Group AG is again a listed company after the initial public offering (IPO) and listing on the SIX Swiss Stock Exchange. The offering consisted of 29.4 million existing shares of Landis+Gyr, representing 100% of the combined holdings of the selling shareholders Toshiba Corporation (owning 60% of Landis+Gyr's share capital) and INCJ (owning the remaining 40%).

Longstanding Tradition as Listed Company

Landis+Gyr has a long history in which the Company has shown its ability to adapt to new market trends and realities. It is great to open this new chapter of Landis+Gyr as a public company – once again, after a long absence from the stock market. The Board of Directors and the Management sincerely thank the new shareholders for the trust they put in Landis+Gyr and look forward to continuing the Group's success story with a broad shareholder base supporting the Company.

Key Data of the IPO Transactions

Listing
SIX Swiss Exchange
(International Reporting Standard)

Ticker symbol
LAND

Swiss security number
37115349

ISIN
CH0371153492

Offer price
CHF 78

First trading day
July 21, 2017

Offer size
29'428'055 million registered shares with a nominal value of CHF 10.00 offered by the selling shareholders: Toshiba Corporation (owning 60% of Landis+Gyr's share capital) and INCJ (owning the remaining 40%)

Highlights 2017

APRIL

NEXT GENERATION PREPAY SOLUTION

The new edge intelligence solution enables consumers to manage energy usage and account balances with real-time information. Clients can quickly react to energy costs and pay on their own terms.

CONTRACT WITH SEATTLE CITY LIGHT

The US public power electric utility selects Landis+Gyr's Advanced Grid Analytics (AGA) suite for its grid modernization program to be completed by the summer 2018. The operational efficiencies, reliability improvement and improved capacity planning offered by the AGA platform were key for the selection.

JUNE

COMPLETION OF 10 MW ENERGY STORAGE PROJECT

The Iron Horse Energy Storage & Solar Project supports Tucson Electric Power in its goal of reliably integrating additional renewable energy onto its electric distribution system.

CLP'S AMI PLATFORM IN HONG KONG GOES LIVE

The advanced metering infrastructure (AMI) platform enables timely access to electricity consumption information via smart meters and over time will provide key enabling technologies for the development of Hong Kong as a smart city.

SIGNING OF MAJOR AMI SERVICE CONTRACT WITH CARUNA OY

Starting in Autumn 2018, Landis+Gyr will operate 650'000 smart metering points for Caruna Oy, Finland's largest DSO. The contract underpins Landis+Gyr's strategy to expand its presence in managed services further.

2017 GRID EDGE AWARD WINNER FOR DEMAND MANAGER PROJECT

Landis+Gyr's business for the Americas is selected as a winner for an innovative project to better control energy usage based on both the needs of home owners and the local electricity grid.

JULY

LANDIS+GYR LISTS ITS SHARES ON THE SIX SWISS EXCHANGE

As of July 21, 2017 Landis+Gyr is a listed company (ticker symbol: LAND). The IPO, with a market capitalization of CHF 2.3 billion, was marked by a strong demand from both Swiss and international investors.

PARTNERSHIP WITH MUELLER SYSTEMS TO DEVELOP WATER AMI MODULE

The aim is to integrate Landis+Gyr's latest RF Mesh IP communications technology in Mueller Systems advanced water AMI module. As a result, utilities using Landis+Gyr's Gridstream® AMI solution will be provided with a new choice for advanced water metering.

AUGUST

JOINT PROGRAM WITH TRUST-POWER TO DEPLOY AMI IN NEW ZEALAND

intelliHUB, Landis+Gyr's fully operational and independent subsidiary offering metering services in Australia & New Zealand, will conduct a pilot

enabling Trustpower to integrate, over time, multiple technology solutions by leveraging a shared communications and data management platform.

SEPTEMBER

LANDIS+GYR & TATA POWER-DDL PARTNER TO DEPLOY SMART METERING INFRASTRUCTURE IN DELHI

Encompassing 200'000 single phase and three phase smart meters, the project is a follow up to the contract for India's first AMI with radio frequency canopy. The deployment will be an important foundation for building a truly smart grid in India's capital city.

AGREEMENT WITH TOKYO ELECTRIC POWER COMPANY TO LEVERAGE IOT NETWORK

Landis+Gyr and TEPCO will jointly explore the full IoT potential to develop other ways to monetize technology investments and open new revenue streams.

LANDIS+GYR PART OF THE CONSORTIUM WINNING WIENER NETZE'S SMART METERING ROLLOUT

The contract for the modernization of the Vienna electricity grid started in August 2017 and will be completed by 2020. Landis+Gyr will provide about one third of the 1.2 million measuring points.

OCTOBER

NEW MANAGED SERVICES OFFERING FOR EUROPEAN CUSTOMERS

During the European Utility Week in Amsterdam, Landis+Gyr showcases its new Managed Services. The offering is a response to the expectation that utilities will increase their smart grid investments in services and software applications in the coming years.

FIRST 'NEXT GENERATION' UK SMART METER INSTALLATION

Landis+Gyr and British Gas launch the first of a new standard in smart technology that complies with SMETS2. The national roll-out of the meters started in 2018 and will enable seamless switching between suppliers.

NOVEMBER

FROST & SULLIVAN'S COMPANY OF THE YEAR 2017 AWARD

For the fourth time, Landis+Gyr is awarded the prize for its groundbreaking technologies that bring distributed intelligence and connectivity to all points on the distribution grid.

JANUARY

RELEASE OF COMMAND CENTER 7.2

The latest version of the operating platform supporting Landis+Gyr's AMI offerings lays the groundwork for the next generation of IoT connectivity on the grid and also enables enhanced integration with other utility software products.

LAUNCH OF GRIDSTREAM® CONNECT DURING DISTRIBUTECH 2018

The next-generation IoT platform supports the growing connectivity needs of utilities and smart cities. A diverse sensor ecosystem, flexible communication options and an application community lay the foundation for changing utility distribution strategies and growth.

Letter to Shareholders

Dear Shareholders,

Landis+Gyr's mission to manage energy better is underlined by our core values of customer focus, trusted partner, innovative spirit and committed to quality. To achieve our mission, driving growth and strengthening market leadership are essential. These traits are accomplished through relentless execution, pioneering technologies and the introduction of new products, all of which bring shareholder value.

Successful Initial Public Offering

The highlight of the year was the initial public offering (IPO), which took place in July 2017 on the SIX Swiss Exchange. The Company was welcomed back to the Swiss public markets after a 20-year absence, thus adding an important, new chapter to Landis+Gyr's rich 122-year history. The 100% share sales by Toshiba (former 60% owner) and INCJ (Innovation Network Corporation of Japan, former 40% owner) created tremendous interest in Switzerland and internationally, and the IPO was oversubscribed multiple times.

Since the Spring of 2017, the management team has been led by Richard Mora, who has spent 18 years at Landis+Gyr and previously held management positions at Siemens and GE Capital. The Board of Directors is chaired by Andreas Umbach, who has been with the Company for 18 years and was Richard Mora's predecessor as CEO. Landis+Gyr has assembled a Board consisting of five independent Board members with the requisite sector, financial and board experience. The Board of Directors strives to further enhance its industry and market insights for the Americas market and will therefore propose an enlargement to the Annual General Meeting of June 28, 2018, under the agenda item elections.

IPO Guidance Met or Exceeded

In the fiscal year 2017 (FY 2017; April 1, 2017 to March 31, 2018), Landis+Gyr made significant progress on many fronts and strengthened its market leadership.

FY 2017 net revenues grew 4.7% (2.6% in constant currency), meeting guidance provided at the time of the IPO, to reach USD 1’737.8 million, despite facing some supply chain challenges towards the end of the year. Adjusted EBITDA remained flat with the previous year level at USD 212.0 million, as guided, with the Company experiencing some margin compression despite a reduction in Adjusted Operating Expenses of USD 22.9 million. Free cash flow grew strongly to USD 87.5 million, above guidance, as a result of tight balance sheet control. The Board of Directors proposes for FY 2017 to distribute a dividend, to be paid out of capital reserves, of CHF 2.30 per share which equates to approximately USD 71 million, at the year-end exchange rate. For more discussion of the Company’s financial performance in FY 2017 see the Group's Financial Report.

These results demonstrate Landis+Gyr’s ability to deliver top line growth and solid cash flow. Nevertheless our sales were impacted by supply chain limitations which dampened second half results. Adjusted EBITDA performance for FY 2017 was driven by strong execution in the Americas region, offsetting below target performance in the other two regions. More work is required in 2018 to improve performance in both EMEA and AP.

Technology and Innovation

To secure growth and innovation in the years to come, investments into Research and Development (R&D) remain a key focus. In FY 2017, spending reached USD 163.8 million, equivalent to 9.4% of the Company’s annual sales. While essentially flat in absolute dollars spent year over year, Landis+Gyr’s ability to improve productivity means that the Company will continue to further strengthen our state-of-the-art offering aimed at supplying customers with game-winning solutions for today’s and future business challenges. The current focus is on identifying and developing solutions aimed at increasing Internet of Things (IoT) enablement and leveraging the use of big data and advanced data analytics to improve forecasting, network modelling, resource management strategies and system reliability. Consequently, almost 75% of our R&D investments are software related and reflect the strategic importance of software and firmware in our offering.

Thanks to our strong R&D capabilities, we have introduced new products and technologies in our key markets. As an example: in October, we announced the introduction of the next generation of smart meters for electricity and gas in the UK. Building on our longstanding presence in the UK metering market, Landis+Gyr has worked with British Gas to launch the first of a new standard in smart metering technology.

We employ more than 1’400 software and hardware engineers and research professionals located in four major global development centers, coupled with an additional 18 local engineering sites dedicated to regional customizations and assisting our customers with whom we have

long-standing, trusted local relationships. We believe this represents not only one of the industry's largest research and development teams, but also an operational structure uniquely tailored for success in our diverse multinational markets.

Performance and Relentless Execution

Cost reductions and constantly driving productivity are pillars of our strategy, and we currently have two major cost reduction programs underway in EMEA. In Project Phoenix, we are reducing our cost base by unifying various back office functions and improving productivity in all functions. We expect to realize savings of approximately USD 20.0 million per annum from Project Phoenix, with full savings expected to be achieved by March 31, 2019. Overall, Project Phoenix delivered savings in FY 2017 of USD 15.8 million, at constant currency ahead of the targeted amount of USD 13.0 million. Project Lightfoot – another strategic initiative – is aimed at bundling manufacturing activities to enhance production efficiencies, lower supply chain costs, and further reduce capital intensity. We expect to realize savings of approximately USD 25 million per annum from Project Lightfoot, with full savings expected to be achieved by March 31, 2021.

Solving Complex Utility Needs around the Globe

To help utilities, consumers and society manage energy better we must continuously innovate as well as drive and apply technologies that solve complex utility problems around the globe. This requires a breadth of offering, from the most advanced open standards based, multi-technology network solution in the industry – being deployed in the TEPCO project in Japan today – to leading hardware, services and software capabilities, that allow Landis+Gyr to execute its proven strategy. This capability and flexibility in providing critical ecosystem ingredients, from IoT networks to connected intelligent devices and related managed services, is part of what makes Landis+Gyr unique, and we think best positioned to capture the coming growth in utility infrastructure upgrade programs.

The markets Landis+Gyr participates in developed positively in FY 2017. Driven by continued deployment of Smart Grid projects internationally, with associated increases in Smart Metering content, the Company continued to experience growth. This trend towards increased utility infrastructure spending was global in nature and reflects the importance of Landis+Gyr's products, solutions and services to utilities.

Here are a few examples from FY 2017 as evidence for Landis+Gyr's strong positioning across the globe:

- In April 2017, Seattle City Light (USA) expanded its relationship with Landis+Gyr by deploying our Advanced Grid Analytics (AGA) platform in support of their grid modernization program.
- In July 2017 Landis+Gyr signed a contract to provide Metering as a Service to Caruna Oy, Finland's largest distribution system operator (DSO), under which the Company will be responsible for operating 650'000 smart metering points starting in Autumn 2018.
- In September 2017, Tata Power Delhi Distribution Ltd (Tata Power-DDL) selected Landis+Gyr to supply 200'000 Smart Meters for the first tranche of their project, following earlier selection of Landis+Gyr's Radio Frequency (RF) network for 500'000 endpoints.
- Early 2018, Landis+Gyr signed an agreement with Wisconsin Public Service Company (USA) to provide a multi-purpose AMI network platform for smart metering and grid modernization.
- In May 2018, Landis+Gyr and Pacific Equity Partners (PEP) announced an agreement to form a joint venture in Australia for the acquisition of Acumen from Origin Energy Limited.

Looking through the activity that has surrounded Landis+Gyr for the year, we are certain that we have the right strategy, technology, products, and people to continue to be the global leader in this exciting industry. Very few firms retain leadership when industries transition from the analog to the digital world, but Landis+Gyr has done just that, and now offers our customers the most advanced networking and IoT solutions in the industry. Proving that Landis+Gyr has been structured not just to weather global and industrial cycles, but to help drive them.

2018 Outlook

For FY 2018, we expect Landis+Gyr's sales growth to be approximately 3% – 6%, Group Adjusted EBITDA to be between USD 222 million and USD 232 million and free cash flow[1] between USD 95 million and USD 105 million. Given some of the supply chain challenges currently being experienced in the industry and the timing of product cost reductions in EMEA, Landis+Gyr expects the first half of FY 2018 to be weaker than the second half.

Well Positioned

Keeping pace with an evolving industry is key to innovation, identifying new revenue streams, and providing exceptional customer service. Working each day to fulfil this promise, and deliver value for our shareholders, are 6'000 dedicated employees as well as key business partners, and we thank both groups for their hard work and contributions. We seek to be active and engaged corporate citizens in the communities in which we operate. We

1 Excluding merger and acquisiton activities

promote a long-term vision and contribute constructively through the products and services we provide. The changes in our industry over the last few years have reminded all of us at Landis+Gyr that we must be agile and able to adjust our focus when needed. That flexibility, while also staying anchored to our core principles, is critical to our success.

We distinguish ourselves across the energy management value chain, assisting utilities in tackling the various and complex challenges they face, from billing and revenue assurance to distributed energy resource management and demand response.

We thank you, our shareholders, for the support and ownership of Landis+Gyr.

Yours sincerely,

Andreas Umbach
Chairman

Richard Mora
CEO

Business Model

Landis+Gyr's primary customers are energy utilities, as they require products and services to manage revenue assurance, improve reliability and efficiency of their networks, as well as to contribute to a sustainable use of resources.

The global utility industry is currently going through a transformation process driven by three main market trends. Digitalization, decentralization and decarbonization are disrupting the traditional utility business model, requiring distribution system operators to find new ways to deliver energy efficiently, reliably and securely and to improve consumer interaction and management processes. These trends are driving the next step in the evolution from Smart Grid to an entire ecosystem of connected intelligent devices, encompassing technology which can deliver a full suite of sophisticated utility Internet of Things (IoT) networks and business processes for energy flexibility, distribution automation and consumer engagement.

Ongoing Transition to Advanced Metering Infrastructure

Over the last ten years, many utilities have transitioned from standalone meters to intelligent devices with two-way communications technologies for near real-time measurement, management and control of energy distribution and consumption. Smart Metering technology serves, in turn, as a building block in the development of the Smart Grid and Smart Communities where utilities are able to measure and control production, transmission and distribution of energy resources more efficiently through the use of state-of-the-art Information Communication Technology (ICT).

Once mandated by the regulator or driven by business case returns, utilities invest in AMI replacing stand-alone metering. Such AMI roll-outs often require more than a year of preparation and validation by the customers and are implemented over 3 to 5 years, compared to a more standard 5% replacement rate for their installed base of stand-alone devices. Since solution specifications vary from country to country, and can include utility specific requirements, Landis+Gyr manages R&D in a decentralized manner: 4 global R&D centers in the Americas, EMEA and Asia Pacific regions focus on platforms and new technologies, while a network of 20 localized, dedicated engineering centers secure timely adaptation and customization of the solutions to local needs and regulatory requirements.

Analytics and Software Offer New Added Value

While this transition to Smart Metering and Smart Grid has in large part been driven by national policies and regulatory mandates, there is an increasing impetus among Landis+Gyr's utility customers to accelerate these deployments. Grid efficiency benefits derived from connectivity, control and analytics become more evident, supporting a variety of business cases, built on millions of data sets, which deliver valuable

information about infrastructure bottlenecks and consumption patterns. These data allow for capturing added value by implementing advanced data analytics and other software applications for forecasting, demand response, renewable integration and management of storage capacity to name a few.

Portfolio of End-to-End Solutions

Today, Landis+Gyr is a leading global provider of smart metering solutions for electricity, heat/cold and gas. The current portfolio of end-to-end integrated AMI solutions includes connected intelligent devices, multi-protocol communications networks, data collection and management systems, analytics, and other software applications. The tailored suite of offerings facilitates multiple deployment options that are both cost effective and scalable — not only addressing the utility customers' service levels today, but also maintaining the flexibility for future functionalities to meet new end-customer needs.

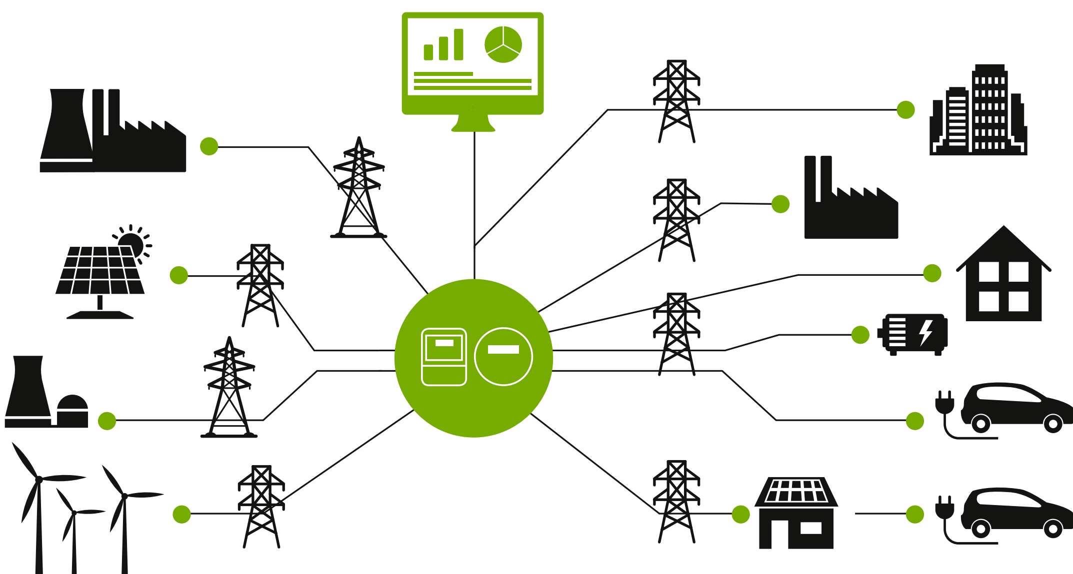
Landis+Gyr's solutions can operate from the grid-edge back to the utility, as well as behind the meter into the home, providing near real-time, unprecedented access to energy usage data and enable utilities and energy retailers to measure, monitor, control and optimize their business processes and asset management as well as create greater engagement of end-customers.

Data Validation and Analysis
Meter data build the basis for billing purposes. They also allow for various simulations and forecasting.

Monitoring and Control
Near real-time information allow for monitoring and control of the distribution network and assets.

Planning and Supervision
Stable and secure energy supply calls for infrastructure supervision and timely planning to avoid bottlenecks

Automation and Operation
Smart grid and IoT combines demand and supply, generation and consumption to manage energy better at lower cost.



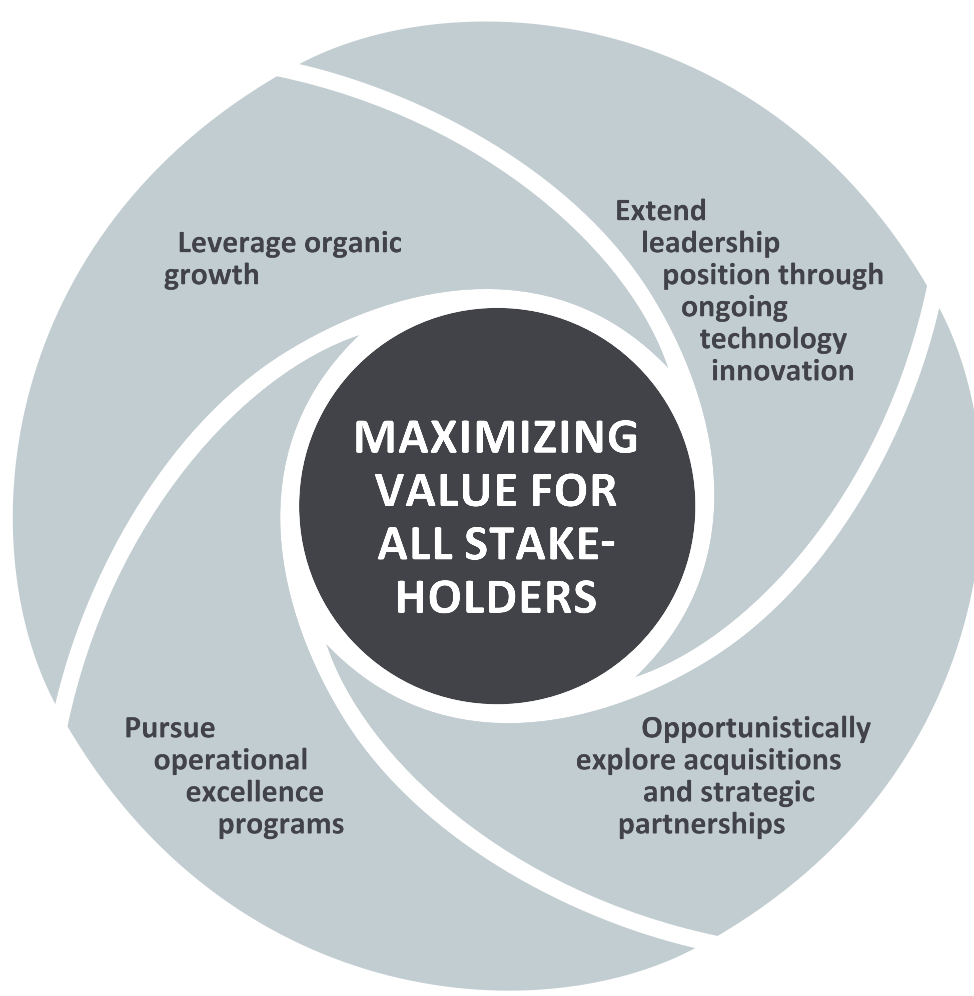
Standalone Devices
We sell some of our devices as standalone products without integrated communication capabilities:
- Non-AMI electricity meters
- Heat/cold meters
- Stand-alone gas meters

Connected Intelligent Devices
These devices form the basis of AMI networks, providing utilities with near real-time access to information from the grid-edge:
- Residential AMI meters
- Industrial, commercial & grid metering
- Smart gas metering
- Advanced load management
- Other devices

Software & Services
An industry-leading suite of Smart Metering and Smart Grid enterprise IT-grade software and analytics and a spectrum of Managed Services solutions:
- Services
- Head-End-Systems and Network Management Solution
- Meter Data Management software
- Advanced Grid Analytics tools

Strategy

Landis+Gyr seeks to constantly improve the technological capabilities of the product offering enabling utilities to adjust their business models and processes towards Smart Metering and Smart Grid.



Landis+Gyr's global leadership position in Smart Metering has been underpinned by a dedication to applied technology for the utility and energy retail customers.

The Company's strategic intent is framed by:

- Strengthening the core business in Smart Metering and Smart Grid solutions
- Creating an ecosystem of connected intelligent devices in the context of utility IoT
- Maximizing the value of this connected space for the utility and energy retail customers.

In particular, for IoT as it applies to utilities, Landis+Gyr continues to support open standards so that third-party devices and software can integrate with this ecosystem, deployed as part of the utility's essential infrastructure.

Landis+Gyr is currently undertaking the following activities in pursuit of these objectives:

Leverage Organic Growth

The plan is to leverage the industry leading positions in AMI and Smart Grid solutions in global key markets, those with attractive regulatory frameworks, sophisticated technological requirements and large sales potential, across the Americas, EMEA and Asia Pacific. Landis+Gyr will continue to cultivate close customer relationships through regional and local presence, to benefit from opportunities that develop as markets transition to Smart Grid and onto the next generation of Smart Meters, advanced analytics solutions and other Smart Grid applications. Landis+Gyr will also continue to explore the potential of complementary product adjacencies for electricity, heat and gas and along the energy management solutions value chain, such as sub-metering, energy storage systems and other solutions in energy flexibility for the integration and management of renewables.

Extend Leadership Position through ongoing Technology Innovation

The Company will maintain its significant investment in R&D to reinforce its leading technology position through enhancements to existing, as well as the introduction of new products and solutions that provide energy utilities and retailers with compelling functionality, flexibility and value. Focus is on the connectivity, communication and security of the products and solutions with concentrated research and development of software, embedded software and hardware.

Pursue Operational Excellence Programs

Landis+Gyr will continue to drive cost optimization and other operational excellence initiatives. Specifically, in connection with Project Phoenix in EMEA, the plan includes unifying back office functions across smaller markets, while maintaining a focus on key growth markets. To optimize R&D expenses the Company will continue to invest in platforms for devices, applications and networks. Using the benefit of scale, the Group procurement and supply chain organization works to benefit the operations globally and to ensure sourcing of the most competitively-priced components, sub-assemblies and materials. Finally, the operational excellence initiative, Project Lightfoot, aimed at optimizing the global manufacturing footprint, will continue to be implemented. Landis+Gyr has adopted an "asset light" manufacturing model, whereby the share of purchased manufactured components and sub-assemblies are being increased and the manufacturing footprint is being reduced, thus further strengthening the Company's cost position.

Opportunistically Explore Acquisitions and Strategic Partnerships

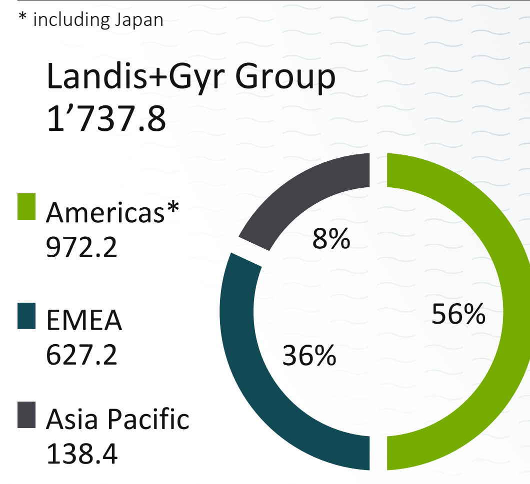
Landis+Gyr has a solid track record of identifying, acquiring and integrating companies. Such opportunities may include naturally adjacent segments as well as complementary technologies and skills along the energy management value chain, such as grid management, consumer analytics, utility software, systems integration and services related to meter parks. The Company is exploring potential acquisitions, strategic partnerships and joint ventures on an ongoing basis, particularly in geographic markets where capturing of new opportunities requires complementary skills and further resources.

Performance Review

As the market leader in the Smart Metering space, Landis+Gyr is well positioned to benefit from the ongoing deployment of advanced technologies and solutions across the world as Smart Grids and Smart Communities take form.

Sales in million USD

* including Japan



Another successful year in top-line growth and strong cash flow generation for Landis+Gyr! In the fiscal year 2017 (FY 2017; April 1, 2017 to March 31, 2018), Landis+Gyr benefited from energy infrastructure deployments and new contract wins mainly in the US and in Europe as well as from the advancements in the Group’s operational set-up world-wide.

Top Line Growth

Based on continued demand for Smart Metering products and solutions, net revenues for Landis+Gyr Group reached USD 1’738 million in FY 2017, up 4.7% compared to the FY 2016, or 2.6% on a constant currency basis. While the Americas and EMEA regions contributed to higher sales – Americas with 4.4% or 4.1% in constant

currencies, EMEA with 6.7% or 1.7% in constant currencies – sales in Asia Pacific declined by 1.3% or 3.4% in constant currencies, as utilities in Australia and New Zealand delayed smart meter purchases due to impending regulatory change. The Company did experience some significant industry wide supply chain constraints for certain electronic component availability towards the end of the fiscal year, which impacted shipments and will carry over into FY 2018. Order intake reached USD 1'574 million in FY 2017, an increase of 18.8% or 16.0% on a constant currency basis compared to last year, reflecting the trust which customers continue to place in the technological excellence of the Group's market leading portfolio. Committed backlog was USD 2'389 million at the end of FY 2017.

Solid Adjusted EBITDA

Adjusted gross profit for the reporting period was USD 597.3 million, a USD 22.9 million decrease from the USD 620.2 million delivered in FY 2016 as the Company experienced margin compression in some key markets due to product mix and delays in approvals for cost optimized products. Offsetting this performance, Adjusted Operating Expenses were reduced by USD 22.9 million, mainly as a result of the measures implemented as part of Project Phoenix in EMEA which realized savings of USD 15.8 million. FY 2017 Adjusted EBITDA reached USD 212.0 million, as guided at the time of the IPO, being equal to the previous year's level.

Reduction to Adjustments in H2

Management made a number of adjustments to EBITDA in FY 2017 totalling USD 66.9 million; these mainly related to IPO expenses of USD 24.2 million, restructuring charges of USD 14.7 million, mainly in EMEA, as well as warranty adjustments of USD 24.2 million, the latter primarily reflecting a significant increase in warranty adjustments in the Americas due to a legacy component issue. In the second half of FY 2017, the total of adjustments made to EBITDA was USD 1.3 million compared to USD 65.7 million in the first half of FY 2017, reflecting management's commitment to reduce the number and value of adjustments.

Overall, the Adjusted EBITDA margin slightly decreased to 12.2% from 12.8% in the previous year.

Strong Increase to Net Income and Favourable Tax Benefits

Net income for FY 2017 was USD 46.4 million, or USD 1.57 per share and compares to a net loss of USD 62.6 million, or a loss of USD 2.12 per share, for FY 2016. Net income benefited from a release of deferred tax liabilities of USD 17.3 million following changes to corporate tax laws in the US (USD 22.0 million arising from the revaluation of deferred tax balances as at March 31, 2017 less USD 4.7 million impact from the revaluation of deferred tax balances arising during FY 2017). At the end of 2017 the US government signed into law the Tax Cuts and Jobs Act. Pursuant to this law, Landis+Gyr Group has revalued its existing US deferred tax asset and liability balances for FY 2017 to reflect the decrease in the US federal corporate income tax rate from 35 percent to 21 percent beginning January 1, 2018. In addition, and more importantly, from January 1, 2018, onwards Landis+Gyr will incur lower US cash taxes.

Strong Cash Flow Further Reducing Net Debt

Free cash flow, defined as cash flow provided by operating activities (including changes in net working capital) minus cash flow used by investing activities (capital expenditures and intangible assets), excluding merger and acquisiton activities, reached USD 87.5 million in FY 2017, an increase of USD 34.4 million from FY 2016. Net debt fell by USD 86.3 million compared to March 31, 2017 and Landis+Gyr ended the period with net debt of USD 40.5 million, a ratio of net debt to FY 2017 Adjusted EBITDA of 0.2. The Company expects to maintain the net debt to Adjusted EBITDA ratio below 1.5x.

Continued Strength in the Americas Market

Sales in the Americas and EMEA regions continued to grow despite the challenging business environment and the disruptive forces that are transforming energy markets. In the Americas region, sales grew by 4.4% (4.1% in constant currency), thanks to accelerated deployments and driven by new business opportunities in connection with digital technologies and the need for North American utilities of all sizes to increase the share of renewable energy sources in their energy mix. Sales in the EMEA region increased by 6.7% (1.7% in constant currency). Even though the EU reaffirmed in 2016 its stated goal of

replacing at least 80% of installed electricity meters with Smart Meters by 2020, the implementation of some large-scale Smart Meter rollouts in the region were delayed. In the Asia Pacific region, sales declined by 1.3% (3.4% in constant currency) compared to the previous year due to pending regulatory change in key markets such as Australia. In a challenging environment Landis+Gyr strengthened its strong partnerships with clients and further developed intelliHUB, the business unit offering comprehensive services solutions to energy retail customers in Australia.

Guided and supported by Landis+Gyr's North American technology teams the Tokyo Electric Power Company (TEPCO) landmark project reached a new milestone as deployment of the Gridstream® solution on the utility's Internet of Things (IoT) network surpassed 16 million installed endpoints by the end of the fiscal year. When the project is completed in three years' time, it will include more than 27 million meters and millions of other devices transmitting 1.3 billion interval data packets daily that will all be processed by Landis+Gyr's head-end system and meter data management solution. Based on this project being currently ahead of schedule and the existing excellent collaboration, TEPCO and Landis+Gyr signed an agreement in September 2017 to jointly explore the full IoT potential of Landis+Gyr's state-of-the-art Advanced Metering Infrastructure (AMI) technology.

Further major new contract wins for Smart Grid technology and services include 46 public power utilities in the US, including Seattle City Light. Key milestones in Europe, where utilities are modernizing their infrastructure to meet regulatory requirements, included a major milestone with British Gas in the UK for the deployment of advanced Smart Meters and new contracts with Caruna (Finland), Wiener Netze (Austria), Liechtensteinische Kraftwerke and Syd Energi Net (Denmark). Other project highlights in the Asia Pacific region included new deals signed with Tata Power-DDL in India, operational completion of China Light & Power AMI platform in Hong Kong as well as the pilot of a joint program with Trustpower to deploy AMI in New Zealand.

Outlook: Favorable Regulatory Environment to Sustain Growth

As a global company with the world's largest installed base in electricity metering and Advanced Metering Infrastructure, Landis+Gyr is well positioned to capture new opportunities driven by decentralized energy management and generation, digitalization and new trends such as enhanced consumer engagement. A favorable regulatory environment is expected to pave the way for accelerated AMI roll-outs, especially across North America and Europe and 'Power Of Choice' going into effect in Australia, underpinning Landis+Gyr's future top-line growth and setting the stage for further value-creating opportunities beyond smart metering. While continuing to serve the needs of utilities, management has identified further potential in the expansion of software & services activities and is continuously evaluating strategic acquisitions that would allow the Group to enter adjacent product categories or new geographic markets.

In North America, Landis+Gyr is well positioned to maintain industry leadership and to capture growth in Latin America. In the EMEA region, major AMI roll-outs in France, the UK, the Netherlands and elsewhere signal favorable growth prospects. In Asia Pacific, the Group expects the Australian market to be a key driver of growth and it aims to strengthen its leadership position in the higher value-added electricity segment across the region by introducing the Company's AMI offering to Asia's emerging markets.

CSR Creates Value

In FY 2017 Landis+Gyr launched a revised Corporate Social Responsibility (CSR) initiative to meet the needs of today's communities without compromising those of future generations.

Landis+Gyr commits with its mission to help customers, consumers and society to 'Manage energy better'. However, also as an organization, Landis+Gyr has a major interest in the sustainable development of the Group and its activities. This allows the Company to create value by managing corporate reputation, mitigating operational risks related to climate change, and by responding to regulatory constraints or opportunities. Correspondingly, Landis+Gyr long ago established processes that reduce emissions and waste streams for making and delivering its products and services. This latest effort looks to build on the Company's past successes.

Landis+Gyr's carbon footprint and environmental profile prove the Group's significant achievements over the last 10 years. As an example, Landis+Gyr has lowered its CO_2 emissions on a per-turnover basis by 46% from 2.8 to 1.5 kg per USD 100 since the Company began measuring its carbon footprint in 2007. Beyond these efforts, Landis+Gyr also looks at the broader ecosystem including its suppliers and their practices to manage and mitigate risks as well as to meet growing customer interest and demand.

The Journey Goes On

It is important to continue all CSR activities and initiatives currently in place to attract new customers and investors that are conscious about the environmental, social and governance impact of the organizations they are doing business with or are invested in. In the past, Landis+Gyr was part of Toshiba Corporation, fully consolidated in their figures, but also in their Environmental and CSR initiatives, programs and reports. Today, as an independent public company, the Landis+Gyr Executive Management Team has decided to define its own environmental and CSR strategy reshaping the Group's sustainability vision and roadmap. As first steps the following tasks will be completed by the end of FY 2018:

- Constitution of an ad-hoc cross-functional and cross-regional Sustainability Committee;
- Identification and prioritization of key sustainability topics from an internal and external point of view
- Setting ambitions for all relevant topics or action areas including current and future actions, deliverables, KPIs, budgets and responsibilities.

The current Landis+Gyr CSR achievements and initiatives are presented and summarized in the Group's Sustainability Report 2016/17 available on the corporate website. The publication of an update is planned together with the release of the half-year results 2018 on October 26, 2018.

Performance Review Americas

The Americas region had another successful year. Second wave Smart Meter rollouts and new opportunities in grid and IoT connectivity fostered demand for Landis+Gyr's state-of-the art AMI technology in the US and in Canada. Latin America announced new contract wins.

In FY 2017, the transformation of the American energy sector continued, driven by new business opportunities, the adoption of digital technologies and the growth of generation from renewable energy sources. In this dynamic market, Landis+Gyr North America signed a number of new contracts for Smart Grid solutions and services with existing and new customers, across investor-owned, as well as municipal and cooperative utilities known together as public power. Growth in North America stands in contrast with tough sales development in the South American markets. However, wins such as the first AMI projects in COPEL (Brazil) and Landis+Gyr's successfully conclusion of the systems acceptance tests for Light (Brazil) encourage business prospects in the region. In Japan, the world's largest AMI project at TEPCO continues to be deployed faster than planned - and with exceptional technical performance; this achievement underpins the agreement signed with TEPCO to exploit the IoT capabilities of the network.

New Record Sales and Profitability

Sales to external customers in the Americas region rose to a new record high of USD 972.2 million in FY 2017, up 4.4% from FY 2016, notwithstanding some impact in H2 from supply chain constraints. FY 2017 Adjusted EBITDA amounted to USD 199.4 million compared to USD 195.0 million in the prior year, an increase of 2.3%. Adjusted EBITDA margin was 20.5% compared to 20.9% in the prior year.

In FY 2017, Landis+Gyr North America again won important customer contracts in addition to managing ongoing projects. More than 46 municipal and cooperative utilities, covering over

350’000 endpoints, selected Landis+Gyr for projects that included AMI, load management, distribution automation, smart city and services, among them Nebraska Public Power District, Tallahatchie Valley, Lawrenceburg Utility in Tennessee, Conway Corp in Arkansas, and Wild Rice Electric Co-op in Minnesota to name a few. Landis+Gyr also signed extensions with our current trusted partners Jacksonville Electric Authority, Colorado Springs Utilities and Arizona Public Services demonstrating that activity in the North Americas utility sector is strong.

In addition to expanding its client portfolio, the Americas team continued to support the largest AMI deployment worldwide at TEPCO (Japan). With 16 million endpoints installed and an average of 500’000 new devices added each month, TEPCO’s AMI roll-out of 27 million meters and devices is the world’s largest project of this kind. Based on the high satisfaction with over 600 million daily reads, TEPCO and Landis+Gyr signed an agreement in September 2017 to jointly explore the full IoT potential of Landis+Gyr’s state-of-the-art AMI technology.

As part of the North American business development efforts, the Group expanded its footprint in the Managed Services and water business which offers the Company new growth opportunities. Landis+Gyr signed a managed services agreement with Wisconsin Public Service Company (WPS) to provide a multi-purpose AMI network platform for advanced metering and grid modernization as well as signing managed service contract extensions with Kansas City Power and Light and Colorado Springs Utility. In July 2017, Landis+Gyr entered into an agreement with Mueller Systems to integrate Landis+Gyr’s latest RF Mesh IP communications technology in Mueller Systems advanced water AMI module.

New Life in Latin America
Despite the slowdown of proposals from CFE in Mexico, Landis+Gyr won its fair share of AMI projects and successfully deployed them to expand our footprint in the country. The Company also strengthened its product portfolio enabling Landis+Gyr to pursue emerging opportunities in the Latin America third party energy sales market.

South American countries are in earlier stages of AMI adoption, with national rollout programs of first generation Smart Metering infrastructure still to be implemented. Sales to external customers in South America for the reporting period increased 8.2% (5.6% in constant currency) compared to the previous year, as Brazilian utilities began increasing investment in their infrastructure. Among the latest encouraging prospects are Inmetro’s certification of Landis+Gyr’s intelligent, multiple-tariff residential meters and new automated data management and measurements contracts with State Electricity Distribution Company in Brazil. In Central America Landis+Gyr won three contracts to supply residential and commercial meters from Electrica de Guatemala S.A. in Guatemala, DELSUR in El Salvador and Elektra Noreste S.A. in Panama.

Contributing to the advancement of the electrical power distribution sector in South America, in August 2017 Landis+Gyr held the second Biennial South America meeting in Sao Paulo. The conference brought together executives from energy distribution companies and industry experts in the areas of regulation, innovation and technology to exchange experiences and discuss trends in this market.

Committed backlog in the Americas region was USD 1.68 billion as of March 31, 2018 compared to USD 1.77 billion in the prior year.

Segment Performance Americas

in million USD	**2017**	2016	2015	2014
Net revenue to external customers	972.2	931.2	893.9	829.9
Adjusted Gross Profit	409.2	414.0	391.0	336.5
Adjusted EBITDA	199.4	195.0	192.3	146.9

Performance Review Europe, Middle East and Africa

New project wins across the region and important service contracts confirmed Landis+Gyr's position as the partner of choice for energy retailers and distribution system operators, as they modernize infrastructure and transform their business models.

In FY 2017, the favorable regulatory framework fostered business prospects in the EMEA region. Positive advances in AMI deployments were observed in the UK, France and the Netherlands. This, combined with nationwide rollouts in several smaller countries, led to significant Smart Meter shipments in the reporting period. However, several smart meter rollouts in some countries were delayed, especially in Sweden and Germany. Market reports see further significant growth of the shipments in the upcoming years and predict a Smart Meter penetration rate of 58% in Europe by the end of 2020 (vs. 39% at the end of 2017).

Sales to external customers in the EMEA region rose to USD 627.2 million in FY 2017, up 6.7% compared to the FY 2016, or 1.7% on a constant currency basis with the sales development in the second half somewhat dampened by industry wide supply chain limitations. FY 2017 Adjusted EBITDA amounted to USD (8.8) million compared to USD 1.0 million in the prior year; the largest single contributor driving this reduction was the lack of benefit from product cost reduction programs on the next generation meters being shipped to customers in the UK, France and the Netherlands; these delays impacted gross profit by ca 3.6% relative to the Company's expectation for FY 2017. These will be realized in FY 2018, principally in the second half. Project Phoenix benefits were above the USD 13 million plan for FY 2017 at USD 15.8 million on a currency adjusted basis with the balance of the USD 20 million run rate savings materializing in FY 2018. Furthermore, Project Lightfoot targets benefits from supply chain and manufacturing rationalization in

the EMEA region. Landis+Gyr expect to realize savings of approximately USD 25 million per annum, with full savings expected to be achieved by March 31, 2021.

Strong Utility Partnerships Across EMEA

In the UK, the partnership with British Gas achieved a major milestone in leading the smart revolution with the deployment of the next generation Smart Meters allowing seamless switching between energy suppliers. The cooperation and partnership with the remaining key energy retailers were expanded with Landis+Gyr being a partner for further smart meter roll-outs. In other European countries Landis+Gyr won new contracts, among them a Gridstream® AMI solution for Syd Energi Net in Denmark, a pilot project on Advanced Grid Analytics with Liechtensteinische Kraftwerke and a Smart Metering rollout for Wiener Netze in Austria.

As part of the transformation of the solutions business, Landis+Gyr's strategy is to expand the Managed Services in EMEA, responding to the growing needs of utilities in this area. Depending on a utility's preferences, the service scope ranges from support for daily operations to a fully managed IoT operating service. In the reporting period, the EMEA Landis+Gyr organization secured an important Managed Service contract from Caruna Oy, Finland's largest distribution system operator (DSO), putting Landis+Gyr in charge of operating 650'000 Smart Metering points starting in autumn 2018. Furthermore, Managed Services was the main showcase at the most important trade fair in the region, the European Utility Week in Amsterdam in October 2017.

Attractive Growth Perspectives

EMEA, the largest and fastest growing region in the smart electricity metering sector, offers attractive growth prospects with deployment plans in France, the UK, the Netherlands, Sweden and elsewhere which are either underway or are shortly expected to see increasing AMI penetration rates. EMEA's smart gas metering sector is also forecasted to deliver growth in the medium term. Landis+Gyr's highest priority is on rebuilding profitability through the execution of high-volume large AMI projects in key markets and to capture a significant share of national smart meter rollouts in high potential markets while maintaining a sustainable business with standardized products elsewhere.

In EMEA, as of March 31, 2018 committed backlog amounted to USD 654 million compared to USD 682 million in the prior year. In addition, in EMEA, Landis+Gyr had contingent backlog, representing the portion of an awarded firm volume contract that relies on meeting performance criteria in order to trigger the customer order, in an amount of USD 395 million as of March 31, 2018 compared to USD 530 million in the prior year. The decrease of USD 134.8 million is primarily attributable to the transfer into committed backlog of amounts previously included within contingent backlog, in respect of which the Company has met the performance criteria.

Segment Performance EMEA

in million USD	**2017**	2016	2015	2014
Net revenue to external customers	627.2	587.8	537.9	524.7
Adjusted Gross Profit	155.9	174.0	176.3	179.3
Adjusted EBITDA	(8.8)	1.0	10.3	5.4

Performance Review Asia Pacific

In an ongoing challenging environment, the Landis+Gyr Asia Pacific teams made headway on several fronts, winning new contracts and preparing the ground for future growth by adapting their organization to the changing landscape in several key markets.

In FY 2017, Landis+Gyr Asia Pacific achieved major accomplishments in key markets and laid the groundwork for future growth. The teams built strong partnerships with their customer base supporting them in their transition to the smart management of their assets. intelliHUB, the services subsidiary serving energy retail customers in Australia and New Zealand, gained traction. Thanks to its market presence in India and China and other Southeast Asian markets as well as its high-quality solutions offering, Landis+Gyr is well prepared to tap into growth pockets of this dynamic region despite tough competition from local and international players.

Sales to external customers in the Asia Pacific region reached USD 138.4 million in FY 2017, down 1.3% compared to the FY 2016, or down 3.4% on a constant currency basis. FY 2017 Adjusted EBITDA was USD (9.6) million compared to USD (2.6) million in the prior year. Our projects in Hong Kong and the Indian federal government's rural electrification efforts partly offset near term weakness in Australia, which experienced a market slowdown due to the impending Power of Choice program.

Among the major contract wins in the period was the award of 100% of the meter volume in stage 1 of the AMI rollout for China Light & Power (CLP). Landis+Gyr supported CLP in delivering its Smart City vision for Hong Kong. In India, Landis+Gyr partnered with Tata Power-DDL to deploy Smart Metering infrastructure in Delhi. The project includes the design, supply, installation, testing, commissioning and maintenance of a single RF Mesh Gridstream® network platform that will support the utility with distribution

automation, automated demand response, management of distributed energy resources and street lighting. In New Zealand, Landis+Gyr, through its intelliHUB business platform, took the first steps in a joint pilot program with Trustpower to transition the multi-utility's nationwide electricity customer base to AMI solutions.

intelliHUB

Landis+Gyr's Australia team strengthened their local presence, adapting the organization to the market's emerging needs. Many customers are interested in metering as a service, as opposed to the large-scale purchase of a technology suite in a constantly evolving market environment. Over the past years, the team has worked hard to build its intelliHUB business, which provides an end-to-end Smart Energy infrastructure service tailored to the individual needs of retail customers, as well as the safe and reliable installation and maintenance of metering assets. By addressing new and emerging opportunities such as consumer and grid analytics, smart load control, prepay and smart cities, and offering it as a service to utilities via intelliHUB, Landis+Gyr ensures its customers that they have access to the latest technology. Local management expects business to pick up, in response to national electricity regulations requiring all new or replaced meters for residential customers to be smart, as of December 1, 2017, the so-called Power of Choice program.

In May 2018, Landis+Gyr and Pacific Equity Partners announced an agreement to form a joint venture in Australia for the acquisition of Acumen from Origin Energy, Australia's largest energy retailer. Today, Acumen has already deployed 170'000 meters and, under the ownership of the joint venture, expects to undertake major roll outs of smart meters for multiple utility customers across Australia and New Zealand. As part of the agreement, Landis+Gyr will contribute its intelliHUB business to the joint venture.

Tailwinds Expected also in Various Asian markets

Based on the proven benefits of modernized energy grids equipped with Smart Meters, China intends to install 380 million Smart Meters by 2020, and the Indian government, in conjunction with India's Smart Grid Task Force, is aiming to have 130 million Smart Meters installed by 2021, and Landis+Gyr has developed the business model to appropriately participate in the regional growth. Additionally, countries in the region are looking to develop Smart City models as they upgrade their infrastructure and leverage technology.

Committed backlog in Asia Pacific was USD 55.9 million as of March 31, 2018 compared to USD 40.7 million in the prior year.

Segment Performance APAC

in million USD	**2017**	2016	2015	2014
Net revenue to external customers	138.4	140.2	141.7	174.5
Adjusted Gross Profit	28.3	31.9	34.5	47.5
Adjusted EBITDA	(9.6)	(2.6)	0.9	11.2

Innovation & Quality

Landis+Gyr invests substantially into R&D to strengthen its state-of-the-art offering. Core elements are software, metering and communication technologies that promote connectivity and interoperability and ensure data security.

In the fiscal year 2017 (FY 2017; April 1, 2017 to March 31, 2018) Research and Development (R&D) spending summed up to USD 163.8 million, equivalent to 9.4% of the Company's annual sales (FY 2016: USD 162.8; 9.8%). 74% of the research and development expenditures were dedicated to the development of embedded- or application-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.

One of the Industry's most Competitive R&D Teams

Landis+Gyr's global R&D organization focuses on four major global development centers and an additional 18 local engineering sites. These are dedicated to regional customizations and assisting local customers.

In FY 2017, management continued the Company's global R&D realignment initiative. Key measures include progressively moving head-count to lower cost countries, increasing productivity through improvements in processes and tools (mainly through simplification and further automation) and the development of product platforms for devices, applications and networks.

Growing Importance of Connectivity

Landis+Gyr's current R&D strategy acknowledges the growing importance of connectivity among intelligent devices. As such, the organization is focused on the connectivity, communications technology and security of its products and solutions, with concentrated research and development of software, embedded software and hardware.

For the year ended March 31, 2018, Landis+Gyr committed USD 118.6 million for the development of new product introductions, re-

flecting 71% of total R&D investment, with the remaining USD 48.0 million or 29% focusing on refreshing existing core offerings. Breaking down total R&D expenses by product category, USD 42.6 million or 26% was dedicated to hardware products, USD 76.8 million or 46% was dedicated to software products and USD 47.2 million or 28% was dedicated to embedded software. The R&D investment towards platforms comprised 14%, with product development and customizations comprising 68% and 18%, respectively.

In the year under review, major launches included Gridstream® Connect and Command Center 7.2, both in January 2018. The Gridstream® Connect platform is an IoT enabler for utilities, that is built to seamlessly and securely integrate devices from a diverse set of vendors, using a variety of communication protocols and enables an application community that facilitate growth. It allows utilities distribute intelligence to the grid edge for smart community and smart home applications, while preparing for changing distribution strategies that must support decision making at the local, community and system level. Command Center 7.2, the operating software of Landis+Gyr's AMI networks, lays the groundwork for the next Gridstream® Connect, building in support for new devices and management of peer-to-peer communications on the network. It also manages connectivity and control of electric, water and gas AMI networks.

Dedicated Multi-Disciplinary Teams

The Landis+Gyr Devices R&D team is developing communications, device architecture and platforms and mechanical design.

Alongside the global R&D organization the Information Security specialists develop secure software and hardware solutions for the entire product portfolio. Examples are utilizing industry leading encryption and advanced security methodologies, SDLC development practices and leading-edge technologies. Landis+Gyr has a dedicated team in place responsible for all certifications, compliance and regulations requirements.

Over time, Landis+Gyr has assembled a strong portfolio of patents and other intellectual property rights; this is vital as part of our continuous commitment to innovation and technology leadership. The Company currently owns 696 patents and has 502 patent applications pending throughout the world (FY 2016: 873, 484 respectively), comprising in excess of 280 different issued or pending patent families.

Committed to the Highest Quality

One focus of Landis+Gyr's quality improvement initiatives is on promoting the Company's Zero Defects Initiative. Zero Defects describes Landis+Gyr's ambition to meet the commitments it makes and consists of an overall process approach aimed at achieving quality leadership in markets worldwide.

In line with the commitment to quality, the Group Procurement team secures high availability of key components by strengthening the partnership with key suppliers. Regular audits keep quality levels high. Furthermore, close cooperation with strategic partners allows us to secure favorable conditions, essential to sustain the competitiveness of Landis+Gyr's material costs.

Coveted Awards

Based on the Group's outstanding achievements in promoting innovation and quality, in November 2017 Landis+Gyr received the 2017 Frost & Sullivan Global Company of the Year Award for the fourth time. And in June 2017, Landis+Gyr was named a 2017 Grid Edge Award winner by Greentech Media for its distributed intelligence application that increases energy efficiency, supports renewables integration and empowers consumer to manage energy better.

Portrait – Smart Partner of Utilities

Smart Partner of Utilities

The growing population and pressure on urban areas create a significant challenge in how to build and operate cities and improve the quality of life for billions of people worldwide. Smart City planners are currently rapidly exploring the technological options available. These include data analytics and IoT, to meet the new requirements in this fast-changing and dynamic environment. Technology is being viewed as an enabler to improve city transport links, energy usage, waste and water management and a range of other services that are integrated with urban living.

The changing utility landscape offers utilities a historic opportunity to revolutionize their business models, as innovative technologies enable the integration of new capabilities and multi-energy resources into the grid. The Internet of Things (IoT) has already begun to establish an automated network of intelligent and interconnected devices that exchange, process and generate data, offering new opportunities for operational enhancements and service offerings. The proliferation of devices and the data they provide enable a more efficient and sustainable utilization of grid assets and provide the foundation for a more reliable energy system. While intelligence derived from massively growing data enlightens utilities and helps streamline processes, upgrading grid infrastructure to make the best use of the information is still needed. These improvements will enable utilities to offer intelligent services, dynamically balance energy demand and supply, and create solutions tailored to the specific needs of their customers. This capability allows for increasing customer engagement, satisfaction, and loyalty.

New Consumer Needs Disrupting the Energy Sector

There is an increasingly complex framework of intersecting regulatory, business and consumer demands in the market, including the growth of distribution system operators and more competitive markets. Energy consumers of tomorrow will expect new services that go beyond the traditional supply of kilowatts. Utilities will need access to the latest communication technologies and consumption information. Big data allows providers to create new offerings, providing consumers with enhanced solutions that help control and optimize their energy consumption and costs. To meet these changing requirements, utilities need an innovative and trusted partner who speaks their language; a partner who can help them develop new capabilities and allows them to meet the rapidly changing requirements of their markets.

Gridstream®, Landis+Gyr's comprehensive energy management solution, provides flexible ingredients that can be tailored to meet the unique needs of utilities. The platform grows and adapts with their business model, helping deliver a more connected and sustainable future by empowering people around the world to embrace secure and reliable energy. Landis+Gyr's ambition is to be the partner of choice for utilities, providing the technology that enables them to manage energy better and paves the way for the smart energy revolution. As a leading provider of intelligent networks and distribution solutions, Landis+Gyr offers unparalleled expertise and experience, including measurement and communication technology, Big Data analysis, resource management as well as customized solutions and services.

AMI Technology

Meters & Sensors
Precise and reliable measurement as the basis for intelligent applications
Landis+Gyr
Communication Technology & Networks
Securing a bi-directional data flow between connected intelligent devices, energy providers and consumers
Software
Powerful master station software capable to handle billions of data sets

AMI Technology

Today's energy infrastructure must operate within a dynamic and fast-changing environment. The growth of distributed energy resources and the emergence of new consumer behavioral patterns have contributed to a shift from one-directional grid infrastructure to bi-directional flows combining multi energy and commodity sources as well as new consumer preferences.

Improving utility operations and service starts with the digital sensing and two-way communications provided by Landis+Gyr's Smart Metering technology. By delivering near real-time data and advanced metrics, Smart Meters provide crucial insights that enable utilities to transform customer service, lower operating costs, and make more informed asset investment decisions. By combining information, communication and metering technology, Smart Grids offer the flexibility to manage a fast changing universe, while ensuring data privacy and security.

Proven Partner of Choice

With more than 25 years of experience in advanced metering infrastructure, Landis+Gyr is the partner of choice for utilities, providing the technology and expertise to enable them to manage energy better. Balancing increasing demand for service quality, control, and sustainability and faced with numerous differences between existing and new network architecture, an evolving mix of power sources, and varied consumer preferences, utilities continue to look for the appropriate solution at every voltage level.

Modernizing the Grid to a Multi-Network System

For example, when laying the foundations for developing a smart city, interconnectivity between electricity, water, and gas is key. Landis+Gyr's advanced metering infrastructure allows for Smart Water Metering, Gas Metering, and Electric Metering, all to be managed efficiently. Landis+Gyr's latest Gridstream® technology offers utilities more flexibility and control than ever before. With applications for data collection, load management, home area networking, outage management, and more, this wireless, peer-to-peer network consolidates a variety of tasks into one reliable system. Landis+Gyr's proven, state-of-the-art, comprehensive AMI, distribution and customer Intelligence solution, is designed to modernize the entire grid infrastructure. The Gridstream® suite ensures reliable energy management and full interoperability among multi-network systems, meters, and communication technologies.

Advanced Analytics

Big Data Management

Validating and processing billions of data sets and converting them into added value

Visibility

Translating data into relevant business information

Decision Making Support

Relevant information and near real-time visibility for smart business decisions

Advanced Analytics

The number of Smart Meters and sensors deployed and the data they collect continues to grow worldwide. Ever more, utilities become data centric companies. Data can be collected, analyzed and used to improve grid stability, manage assets and plan investments more sustainably, engage with consumers, improve reliability and security, and create new services and offerings.

Big Data, the IoT and efficient analytic tools have become an integral element of utility business models. Using data from the AMI and sensors spread over the distribution network provides utilities unprecedented planning capabilities and accurate real-time optimization insights. Data-analytic solutions provide a unique insight by supporting more efficient processes, improve infrastructure management and planning, and result in a more reliable power supply.

Building the Grid of the Future

Landis+Gyr's advanced technologies identify current issues, predict future problems, and provide proactive strategies for improving the grid. Landis+Gyr's analytics solution enables utilities to leverage existing Smart Grid investments and more efficiently plan and operate the grid. Employing a customized technology platform, Landis+Gyr's comprehensive Advanced Grid Analytics applications harness the power of data to effectively respond to and meet the demands of a fast-evolving grid. Visualization and insights to help integrate and manage a growing fleet of distributed energy resources are a key benefit to the market. Landis+Gyr's utility analytics software offers a large number of applications, including a voltage visualization system, revenue protection functionality and a reliability planner, among others.

Converting Data into Actionable Insight

Employing physics-based algorithms, the analytics platform identifies and helps resolve potential system bottlenecks and applies scenario analyses to perform forward-looking planning studies. As a result, Landis+Gyr's offers a toolbox to convert collected grid data into actionable insights, in turn helping utilities to optimize operations, extend the life of their assets, and plan for new investments addressing upcoming consumer needs.

Utility IoT

Flexible Communications
Backbone for efficient infrastructure monitoring, control and demand response management.
Distributed Resource Management
Insight and control to balance energy and capacity for maximum reliability and efficiency.
New Applications
Developing innovative solutions based on existing IoT infrastructure to meet new customer needs

Utility IoT

The IoT unlocks huge potential in the way consumers employ technology and data, connecting Smart Cities, buildings and devices while open markets and new power sources will stimulate demand for resiliency and more tailored services.

To meet the unique needs of its customers, Landis+Gyr has developed a suite of technologies and solutions that enable utilities to embrace the wide-ranging opportunities that will come with data analysis and communication technology, including automatized systems that create a variety of new technical and commercial strategies for distribution system operators.

Modernizing the Grid for the Digital World

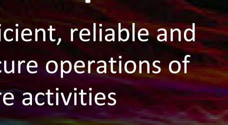
Innovations in digital technology have helped connect the world. More than ever, making smart investments in future-proof solutions that can easily adapt to the ever-changing environment is imperative for keeping critical infrastructure reliable, efficient and secure. Landis+Gyr offers a flexible network solution for uniting communications across all network devices and every point of the grid. The platform extends the value of a utility's assets, creates room for growth, and is fully scalable to accommodate future changes in technology.

Highly Flexible IoT Platform

Landis+Gyr's Gridstream® Connect platform integrates new communications technologies as needed – which means utilities achieve connectivity to every mile of their network. The system offers a comprehensive and accurate view of the energy network featuring real-time data. It provides utilities greater options to deploy layered intelligence with connected computing power at the grid edge, at the community level and across the distribution system. Networked meters, sensors and devices can run applications and interface autonomously with third-party devices and software platforms to control streetlights, EV charging stations, solar invertors and environmental sensors, along with an array of distribution assets. This enables utilities to push sensor technology to the grid edge for Smart Community and Smart Home applications, while preparing for changing distribution strategies.

Customized Services

Meter Park Management and Field Operations



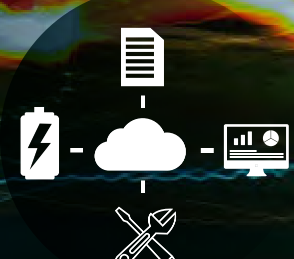
Efficient, reliable and secure operations of core activities

AMI Operations

Allowing customers to optimize their core processes and focusing on new end-user needs

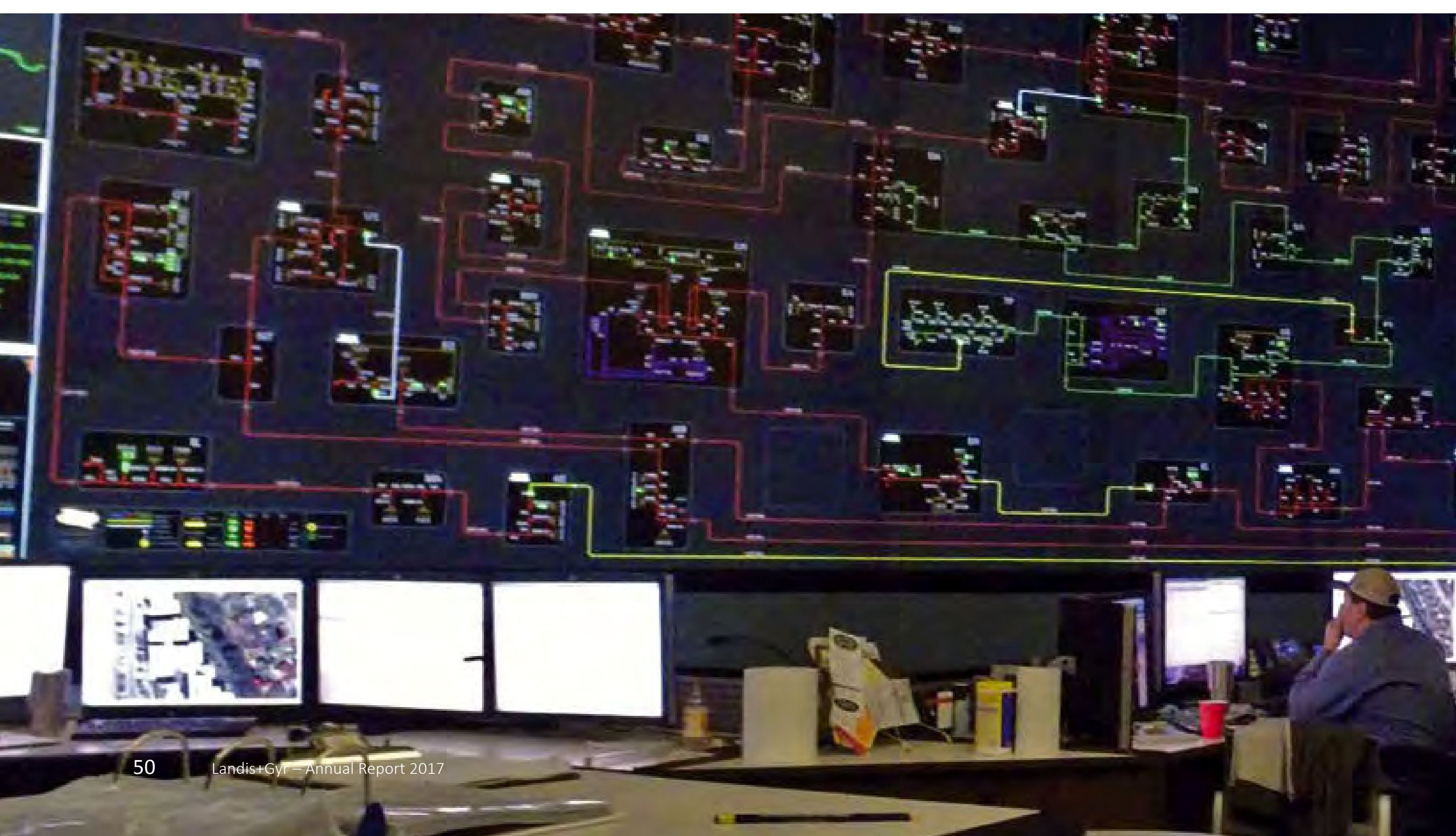
Software as a Service

Software packages, SaaS and cloud solutions – all tailored to specific customer needs



Customized Services

As AMI becomes an integrated part of utility operations, the volume of data is exploding, offering new opportunities for customized and complementary services to a utility. To help its customers keep their focus, Landis+Gyr has enlarged its services offerings, allowing a high level of customization tailored to utilities specific needs.



Landis+Gyr offers utilities a broad range of customized services including Managed Services contracts to completely outsource the AMI operations beside comprehensive training, installation and software design support. The offering is complemented by post customer services primarily related to software licenses, cloud services and Software as a Service (SaaS).

For many distribution system operators, it is not economically reasonable to invest into capabilities and resources to plan, install and operate in-house AMI and Smart Grid solutions. Utilities want to take advantage of actionable, high-quality data and be fully confident in the efficiency and security of their operational models. Also, predictability of costs and minimizing risks related to AMI and Smart Grid technology, integration and deployment play an important role in their decision making.

Expanding Managed Services Offering

Depending on a utility's preferences, Landis+Gyr's service offering varies from fully hosted services to hybrid ownership models tailored to each operator's individual business needs and regulatory requirements. These mandates can range from support for daily operations to a fully managed operating service on the basis of long-term agreements or in connection with specific projects. These capabilities can include connected intelligent device supply, AMI solution planning and network design, project deployment management, and installation, operation and maintenance of the hosted software and field installed equipment.

Currently, Landis+Gyr offers its outsourced managed services predominantly in North America and is capturing opportunities in EMEA with first project wins in Finland and Asia Pacific via the newly established service platform intelliHub. Landis+Gyr's network operations centers in the US monitor more than 15 million meter points and are in secure environments with 24-hour monitoring and controlled access, as well as cooling and fire suppression systems to support consistent operations. In compliance with industry best-practices, there are data protection, back-up and disaster recovery measures and policies in place.

A Team of Experts

Landis+Gyr shares its expertise and knowledge on technology advances, market trends and insight as well as own research results on a regular basis with interested parties. Landis+Gyr contributes to the current transformation process of the energy industry by actively participate at conferences and publishing topical White Papers and opinion pieces.

T.J. LaPorte

Senior Product Manager, Gridstream® Security

Smart Grid Security: Preparing for the Standards-Based Future Without Neglecting the Needs of Today

Are you prepared for future data and infrastructure security challenges?

Michael Demeter

(CISSP, CSSLP), Security Architect

Stephen Chasko

(CISSP), Solutions Director, Security

Stopping the Next Breach: Non-Proprietary, Standards-Based solutions

Learn more about how a suite of sophisticated solutions helps utilities to manage energy better.

Laurie Dally

Product Manager Network Communications

Evaluating the Communications Component of Your Smart Grid Solution

What communications technologies are in your utility's five-year plan?

Jarno Suomela

Head of SW & Devices Platform Portfolio

Foundation for the next generation Energy IoT – power of platforms based for ecosystem

Maximizing the power of platform based for ecosystem.

Tim Weidenbach

VP Product Management

Ensuring AMI Scalability: 5 Dos and Don'ts

Is your utility ready for tomorrow's advanced smart grid applications?

Barbara Jeol-Pieters

Portfolio Manager

Complex challenges require not complex, but suitable solutions

Understanding a problem is the first step to resolve it.

Joe Andrews

Senior Product Manager

Sustainable product design – much more than the cultivation of one's image

Smart Meter design allows for increased sustainability and economic benefits.

Soorya Kuloor

Practice Director Advanced Data Analytics

Data is good, but only as relevant business information it becomes valuable

How to efficiently operate the networks, improve reliability and recognize new end-customer needs?

Igor Dremelj

Vice President Strategic Solution Sales

Every problem is individual

Intelligent answers and solutions architecture solve a problem by offering new opportunities.

Larry Dickerman

Senior Director, Public Policy

Natural Disasters and Improving Community Resiliency: Proactive Energy Approaches

How can utilities proactively improve resiliency before disaster strikes?

Jamal Cheema

General Manager South East Asia

Solution design starts with listening to customers and understanding their challenges

How tailor-made solution designs best anticipate the customers' needs in light of utility industry dynamics, including regulation and market changes, environmental awareness and technological progress?

Andrew Marshall

Ph.D., Practice Director, Distributed Energy Resource Management

Energy Storage: A Delicious, Non-Decadent Tool

How energy storage solutions enhance the flexibility in energy management and integration of renewables.

Mikko Niemi

Solutions Director

Advanced Load Management: Challenges and Solutions

How does a multi-purpose network compare to load management alternatives?

Annina Blaas

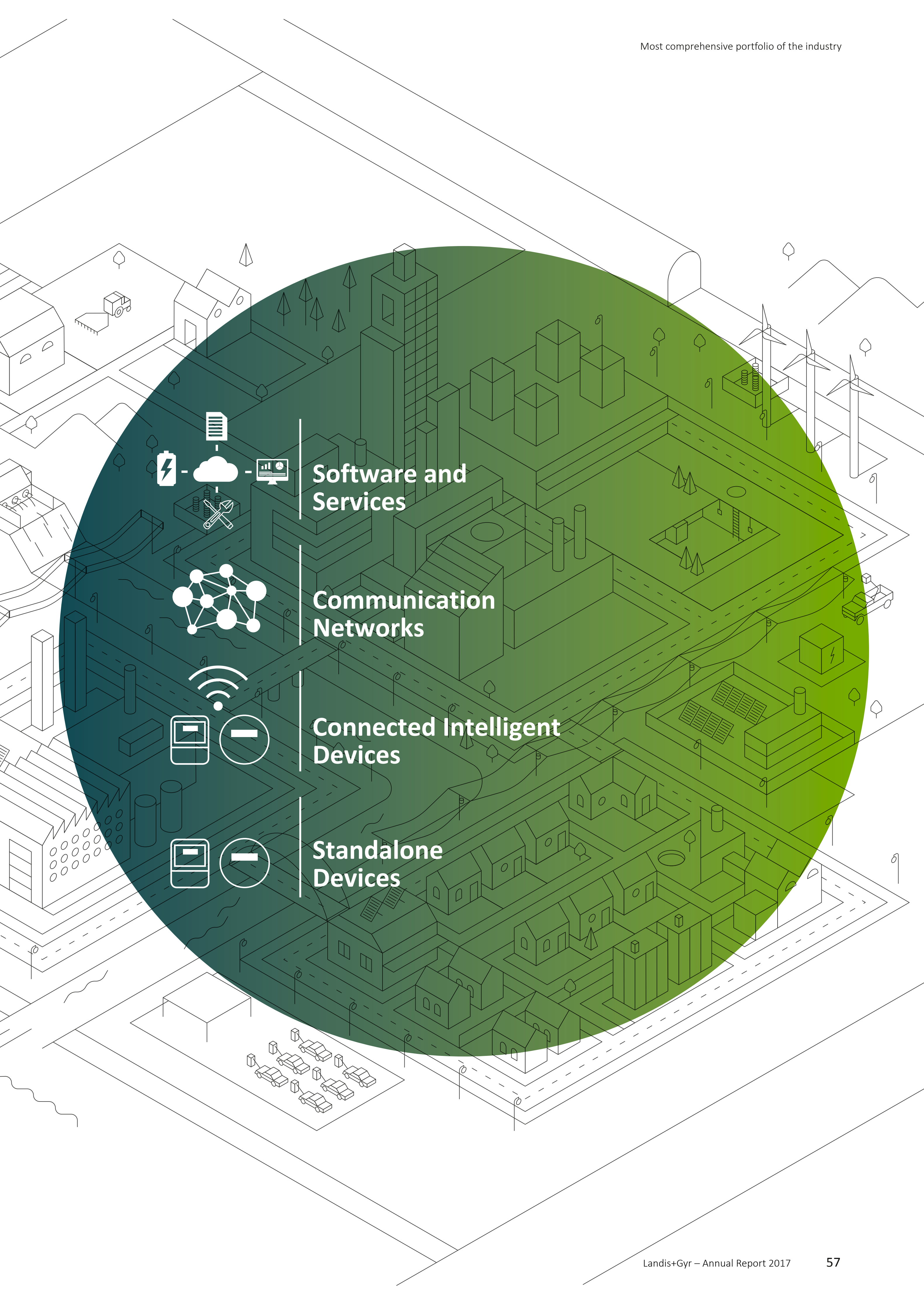
R&D Team Lead

Our R&D combines outstanding knowledge with latest trends.

Today's meters' accuracy and devices' security rely on well-engineered interaction between hardware and software. Our R&D teams are prepared to and keen on tackling the challenges in device development.

Portfolio –
The most comprehensive range of the industry

Landis+Gyr is the leading global provider of Smart Metering solutions helping 3’500 utilities and energy retailers around the globe to manage their billing for revenue assurance, improve the efficiency of their networks, upgrade energy delivery infrastructures, reduce energy costs and contribute to a sustainable use of resources.


Software and Services
Communication Networks
Connected Intelligent Devices
Standalone Devices

Landis+Gyr's offering, the most comprehensive portfolio in the industry, includes:

Standalone Devices

Landis+Gyr sells some of its meters as standalone devices.

- Non-AMI Electricity Meters: Landis+Gyr has many decades of experience designing and producing standalone electricity meters.
- Standalone Gas Meters: Landis+Gyr designs and produces gas meters that are available for residential and prepayment applications.
- Heat/Cold Meters and Other Solutions: Landis+Gyr designs and produces heat/cold meters used for heat-allocation or district-heat applications mainly in Europe and China.

Connected Intelligent Devices

Connected Intelligent Devices form the basis of AMI networks, providing utilities with comprehensive, near real-time access to information from the grid-edge. Landis+Gyr's range of intelligent products enables utilities to build modular communication platforms to create an ecosystem of connected intelligent devices on their distribution grids.

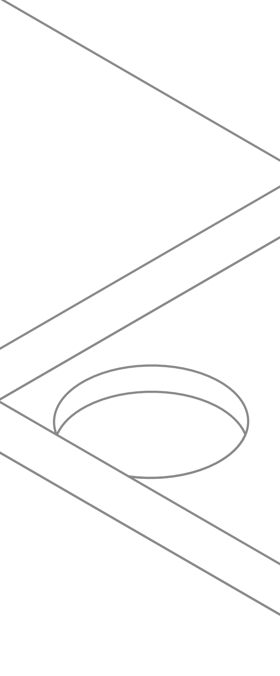
Smart Electricity Meters
Landis+Gyr offers the industry-leading set of Smart Meters for the residential, industrial, commercial and grid segments.

- Landis+Gyr has built its residential Smart Meters to enable sophisticated functions beyond consumption information including remote service connect/disconnect, robust data storage, increased usage resolution, innovative pricing schedules, and anti-theft and anti-fraud features including remote firmware upgrades
- Landis+Gyr's series of electric prepayment meters offer the benefit of an electronic meter with a variety of sophisticated payment and control options
- Landis+Gyr's accompanying software application is scalable with open interfaces
- Industrial, commercial and grid electricity meters measure and monitor electricity usage and power quality for higher voltage applications, conventional and non-conventional voltage transformers and current transformers for transmission and generation.

Smart Gas Meters
Landis+Gyr designs and produces the industry's leading ultrasonic smart gas meters for the residential segment. The smart gas meters are based on ultrasonic measurement technology to ensure accuracy, durability and precision over the meter's life span and offer a digital alternative to mechanical gas meters.

Advanced Load Management
Managing load capacity effectively requires harnessing the full potential of the grid. Landis+Gyr's innovative toolset can help utilities save money by reducing the amount of energy needed to meet demand and preventing renewables and aging or stressed assets from overloading the system.

Distribution Automation
Landis+Gyr's distribution infrastructure solutions



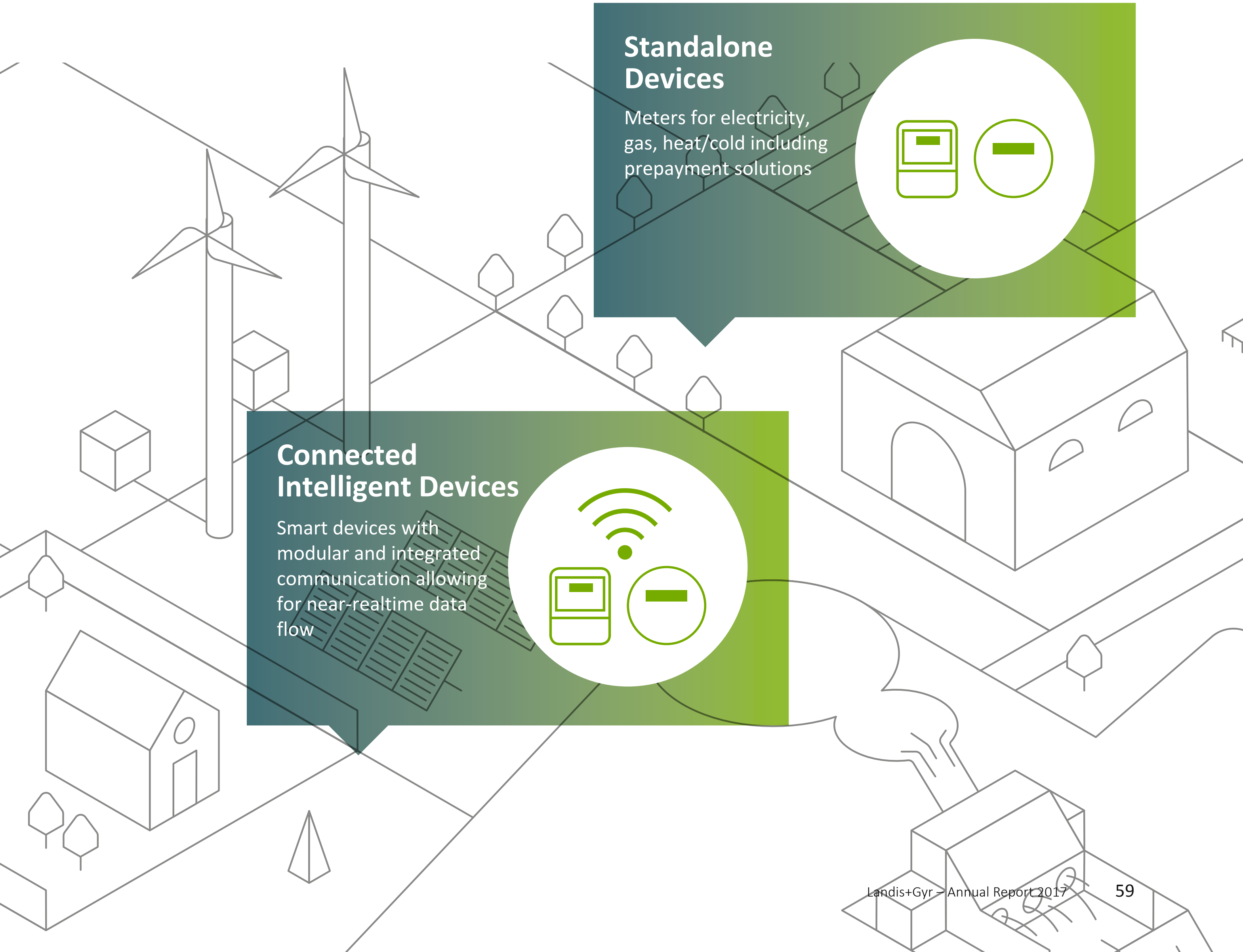
reach from the host application to the end device, with a resilient communication network in between. Designed for seamless integration into an existing network, the distribution automation system and sensors send information to a central control station and remotely respond to changes in demand.

DER Management
Utilities around the globe must address a growing pool of Distributed Energy Resources (DER). Whether customer, community or utility owned assets, there is a need for utilities to have visibility and control of supply and demand to minimize risk and maximize opportunity of DER across the entire distribution system. Landis+Gyr offers solutions that enable grid stabilization elements to facilitate, among other things, voltage variation compensation and reactive power management.

Software and Services

Landis+Gyr offers an industry-leading suite of Smart Metering and Smart Grid enterprise software and analytics and a spectrum of Managed Services solutions.

Head-end Systems and Network Management
A head-end systems (HES) receives the stream of Smart Metering and Smart Grid data brought back to the service provider through the AMI net-



work. Landis+Gyr's software manages the AMI communications networks and the network device remotely. The HES can aggregate data from multiple communication technologies, as well as multi-utility metering in electricity, gas and water. Furthermore, it can be fully integrated with our Meter Data Management System (MDMS) to manage Distribution Automation. Open architecture enables seamless operation with other systems including billing, customer service, engineering analysis, outage management, demand response, load management and field service applications.

Meter Data Management
Landis+Gyr's Meter Data Management System is an interconnected enterprise IT solution that stores and validates data, automates business processes and uses analytics to apply logic to large volumes of data received from intelligent devices on the grid.

Advanced Grid Analytics
Landis+Gyr's Advanced Grid Analytics (AGA) solution is a software application that enables the utility's network operations, planning, asset management and customer service organizations to efficiently and safely manage its distribution grid. The Group's full suite of applications will seamlessly integrate into an existing system to generate an extremely accurate model of the distribution network and deliver unprecedented planning capabilities and real-time optimization.

Services
Landis+Gyr offers a comprehensive portfolio of services to help energy utilities reduce operating costs, deliver faster and more effective results for end customers and streamline operations. Landis+Gyr's service offerings are tailored to individual customer needs and include cloud hosting, disaster recovery, smart grid maintenance, technical support, system integration, employee training and more tailored to each utility's individual business needs and regulatory requirements.

- Metering as a Service (MaaS): Providing Managed Services and meter park operations for utilities
- Software as a Service (SaaS): Landis+Gyr further leverages its utility experience by also offering its customers subscription-based outsourcing for Smart Metering and Smart-Grid software and grid management applications.
- System deployment and integration services: Landis+Gyr offers full deployment, installation and integration services for all our products and solutions.

Communications Networks and Security

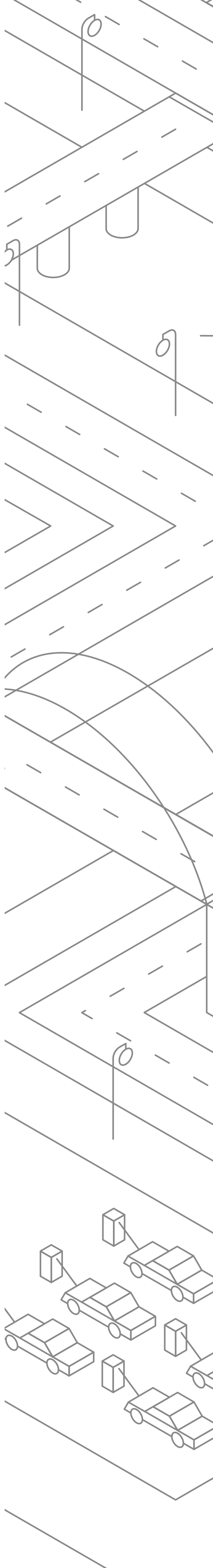
Communications Networks
Communications networks are one of the most essential components in building a Smart Grid and creating an ecosystem of connected intelligent devices. Landis+Gyr's communications technologies can be deployed across

- Field Area Networks (FAN) for utility field operations (e.g. for smart metering)
- Wide Area Networks (WAN) for communications from the grid-edge to the utility or for remote / isolated metering points
- Home Area Networks (HAN) for in-home devices that form part of the utility network.

All communications technologies can be integrated into Landis+Gyr's head-end systems, for secure near real-time communication with and remote management of all connected intelligent devices. The offering includes

- network management systems (optimized for data transport, traffic reliability and security)
- remote device management systems (to ensure the right levels of application specific control and management for endpoints)
- applications (tied to business processes, such as consumer services, analytics, grid management, aggregation and demand response).

End-to-End Security
Landis+Gyr meets industry standard network security requirements and offer network solutions which deliver comprehensive end-to-end security through encryption and authentication of data transported over the network, supported by advanced software and hardware security solutions.

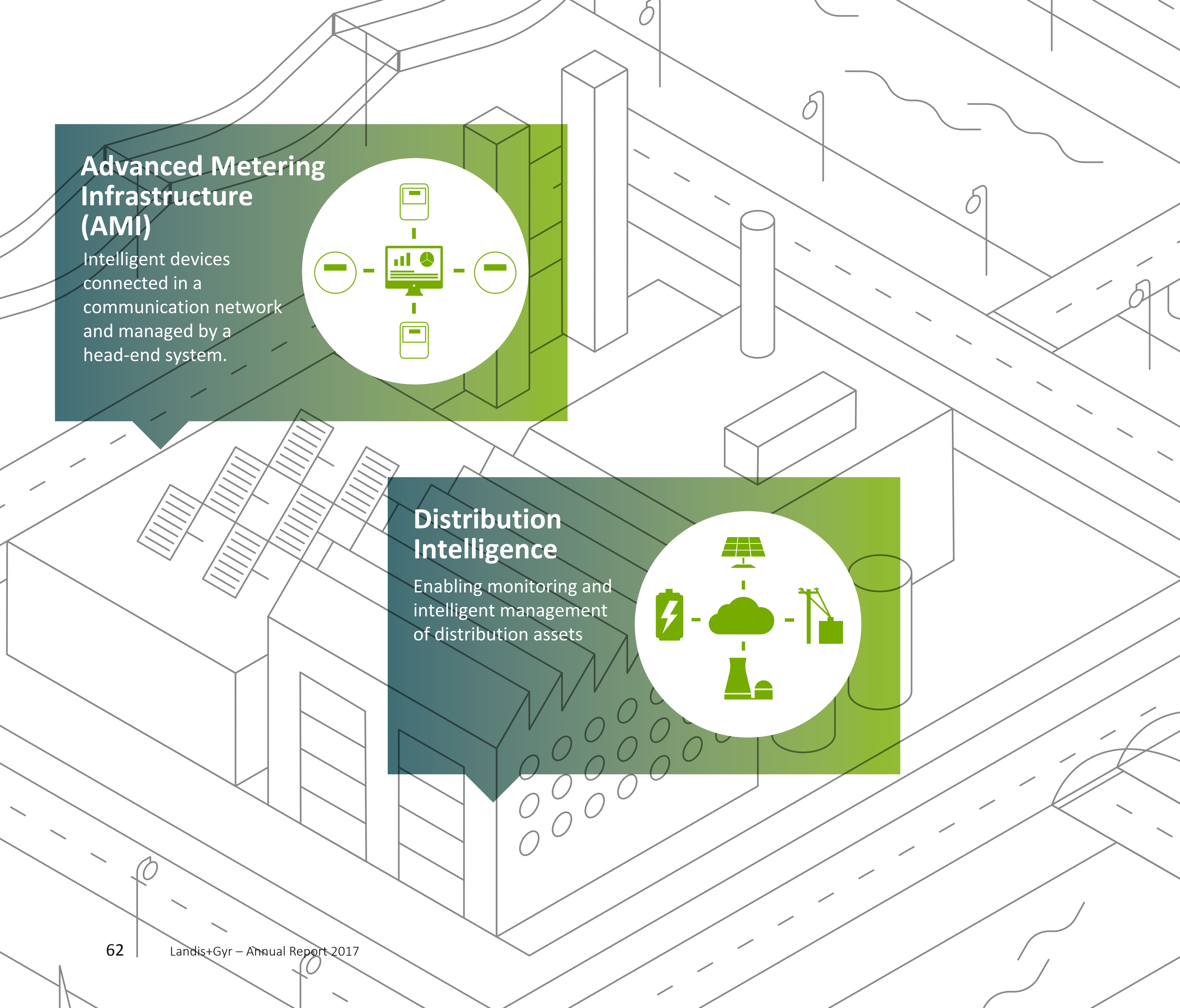


Software and Services
Software solutions and tailormade service options meeting different needs
Communication networks
Blending different communication technologies to provide flexibility and performance

Gridstream®

Gridstream® is Landis+Gyr's branded solution for the Group's integrated, standards-based Smart Metering and Smart Grid portfolio of products, solutions and services. Currently, over 70 million connected intelligent devices are deployed or under contract. Gridstream® is customizable, interoperable and builds the backbone for utility's Internet of Things (IoT):

- Advanced Metering Infrastructure (AMI): Gridstream® AMI focuses on bringing together appropriate smart devices, communications networks and head-end systems, enabling utilities to manage their metering data and billing more efficiently and, thus, providing revenue assurance.
- Distribution Intelligence (DI): Gridstream® DI provides comprehensive near real-time access to information from the edge of the distribution network, empowering utilities with the data they need to make fast decisions and take actions.



- Customer Intelligence (CI): Consumers want freedom and flexibility, and utilities strive for a better long-term relationship with their customers. Landis+Gyr's consumer engagement products accomplish both. Through Gridstream® CI, utilities can further increase consumer engagement through online portals where consumers can access information about their consumption, get online payment and budgeting options and therewith more freedom to manage their energy consumption in a more sustainable way.
- Gridstream® Connect is the only utility IoT networking solution designed to work with today's communications technologies and those of the future. Gridstream® Connect is a secure, scalable, and flexible single platform to enable utility IoT operations even in an ever-changing environment. This communications platform sets a perfect foundation for utilities' IoT.

Extended Executive Management

Prasanna Venkatesan,
Executive Vice President
Americas

Oliver Iltisberger,
Executive Vice President
EMEA

Jonathan Elmer,
Executive Vice President
and Chief Financial Officer

Adriana Paun,
Senior Vice President
Global HR

Ellie Doyle,
Executive Vice President
Asia Pacific

Bodo Zeug,
Executive Vice President
Supply Chain and Operations

Richard Mora,
Chief Executive Officer

Roger Amhof,
Executive Vice President and Chief Strategy Officer

Charlie Pelissier,
Group General Counsel

Jyoti Mahurka Thombre,
Executive Vice President & Chief Technology Officer

Hans Sonder,
Senior Vice President Business Transformation

Board of Directors

1 Pierre Alain Graf,
Independent Member

2 Christina Stercken,
Independent Member

3 Andreas Umbach,
Chairman

4 Dave Geary,
Independent Member

5 Eric Elzvik,
Lead Independent Director

6 Andreas Spreiter,
Independent Member

Share Information

CAPITAL STRUCTURE

	31.03.2018	31.03.2017
Par value per share (CHF)	10.00	10.00
Total registered shares	29’510’000	29’510’000
Number of dividend-bearing shares	29’510’000	29’510’000
Registered capital (CHF)	295’100’000	295’100’000
Conditional capital (CHF)	4’500’000	–
Number of registered shareholders	11'925	2

The par value, the total registered shares, and the number dividend-bearing shares at March 31, 2017 were restated in connection with the reverse stock split related to the IPO. For further information refer to the notes in the consolidated financial statements in the Financial Report FY 2017.

KEY STOCK EXCHANGE FIGURES

	21.07.2017 – 31.03.2018
Share price high (CHF)	80.90
Share price low (CHF)	67.10
Closing share price (31.03.2018, CHF)	73.95
Average volume per trading day (number of shares)[1]	151’761
Market capitalization in CHF billion (31.03.2018)	2.182

1 Excluding day of IPO.

KEY FIGURES PER SHARE

	31.03.2018	31.03.2017
Earnings per share – basic and diluted (USD)	1.57	(2.12)
Free cash flow[1] per share (USD)	2.96	1.80
Dividend per share (CHF)	2.30[2]	n/a
Equity per share (USD)	61.15	58.63

1 Calculated as net cash provided by operating activities, minus net cash used in investing activities, excluding merger and acquisiton activities. For more information refer to the Financial Report 2017.
2 Proposed to the Annual General Meeting on June 28, 2018.

SHARE PRICE PERFORMANCE LANDIS+GYR

Listing	SIX Swiss Exchange (International Reporting Standard)
Ticker symbol	LAND
Swiss Security Number	37115349
ISIN	CH37115349
Nominal value	CHF 10.00
Issued shares	29’510’000
Placement price	CHF 78.00
1st trading day	July 21, 2017
Indices	SPI, SPI Extra, SPI ex SLI, Swiss All Share Index, UBS 100 Index, Ethos Swiss Governance Index
Accounting standard	US GAAP

SHAREHOLDERS STRUCTURE[1]

As of March 31, 2018, there were 11’925 shareholders entered in the share register. The following shareholders held 3% or more of the outstanding share capital of Landis+Gyr Group AG:

Holder	Filing Date	Percentage
Rudolf Maag, Binningen BL, Switzerland	July 24, 2017	10.17
Franklin Resources, Inc., United States	February 5, 2018	6.18
Kristiansen Group, Denmark	February 6, 2018	5.13

1 For more details see Corporate Governance Report 2017, chapter 1.2 Significant Shareholders.

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.

Contact Investor Relations

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Email: share.register@computershare.ch

CORPORATE CALENDAR

Ordinary General Meeting 2018	June 28, 2018
Release of Half-year Results 2018	October 26, 2018
Release Sustainability Report	October 26, 2018
Release of Results for Financial Year 2018	May 29, 2019
Ordinary General Meeting 2019	June 25, 2019

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This Annual Report contains certain forward-looking statements, which can be identified by terms like “believe”, “assume”, “expect” or similar expressions, or implied discussions regarding potential new projects or potential future revenues, or discussions of strategy, plans or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. 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.

Landis+Gyr

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Corporate Governance Report 2017

Table of Contents

Purpose of this Report	4
Group Structure and Shareholders	4
Capital Structure	6
Board of Directors	7
Group Executive Management	14
Compensation, Shareholdings and Loans	17
Shareholders' Participant Rights	17
Change of Control and Defence Measures	19
Auditors	19
Information Policy	20

Corporate Governance Report

Purpose of this Report

Landis+Gyr considers good corporate governance as an essential element of our corporate vision and values. We are committed to building trust with our customers and other stakeholders. For example, in the interest of checks and balances, our Board of Directors contains no members of current management and includes a Lead Independent Director. Further, the Chairman does not serve on any Board committee. These practices contribute to the Board's independence and enhance the Board's ability to supervise Group Executive Management, including on matters of strategy, risk, compensation and compliance. We also follow the best practice of having a distinct compliance function in addition to an independent internal audit function.

We shape our corporate governance efforts by reference to leading international standards. In addition, we follow the recommendations of the Swiss Code of Best Practice for Corporate Governance[1] and comply with applicable requirements of the SIX Swiss Exchange Directive on Information relating to Corporate Governance (DCG). This report follows generally the structure recommended by the DCG.

Group Structure and Shareholders

1.1 Group Structure[2]

1.1.1 Our Group's operational structure

To be close to our markets and efficiently provide our products, services and solutions in more than 70 countries around the world, the Landis+Gyr Group is organized in three regional reportable segments: the Americas, EMEA, and Asia Pacific. The Executive Vice-President heading each region is a member of the Group Executive Management.

Americas

Our operations in the Americas are headquartered in Alpharetta, Georgia, USA and serve customers in North America, South America, Japan and certain other countries which have adopted the United States' ANSI metering standard. Our Americas segment predominantly focuses on smart metering communications networks and solutions, connected intelligent devices, software and services.

EMEA

Headquartered in Zug, Switzerland, the EMEA segment comprises our operations in Europe, the Middle East and Africa. In this region, the product offerings predominantly focus on connected intelligent as well as standalone metering devices, software and services.

Asia Pacific

Our operations in the Asia Pacific region are headquartered in Sydney, Australia and serve customers in Australia, New Zealand, China, India, Southeast Asia and elsewhere in Asia (but excluding Japan and certain other counties which have adopted the United States' ANSI metering standard). This segment predominantly focuses on connected intelligent as well as standalone metering devices, software and services.

1.1.2 Listing and Capitalization

The Landis+Gyr Group AG[3] shares are listed on SIX Swiss Exchange (ISIN: CH0371153492, ticker symbol: LAND, valor number: 37'115'349). On March 31, 2018, the market capitalization was CHF 2'182'264'500. There are no other listed companies belonging to the Group.

1.1.3 Non-listed companies belonging to Landis+Gyr Group AG

Landis+Gyr Group AG is the ultimate parent company of the Group. Its sole shareholding is in Landis+Gyr AG, which directly or indirectly owns the other companies in the Group. The table below sets forth, as of March 31, 2018, the name, place of incorporation, ownership interest and share capital of the significant direct and indirect subsidiaries of Landis+Gyr Group AG.

1 As in force on March 31, 2018.
2 As used in this report references to the "Company" or to "L+G" are to Landis+Gyr Group AG c/o Landis+Gyr AG, Theilerstrasse 1, 6302 Zug, Switzerland and references to "we", "us", "our" or the "Group" are to Landis+Gyr Group AG, c/o Landis+Gyr AG, Theilerstrasse 1, 6302 Zug, Switzerland, and its consolidated subsidiaries, unless context requires otherwise.
3 Its registered offices are at c/o Landis+Gyr AG, Theilerstrasse 1, CH-6302 Zug, Switzerland.

NON-LISTED SIGNIFICANT DIRECT AND INDIRECT SUBSIDIARIES OF LANDIS+GYR GROUP AG

Company name / location	Registered office	Country	Interest %	Share capital in thousands	Currency
Landis+Gyr Pty Ltd.	Mascot, NSW	Australia	100.00	5’000	AUD
Landis+Gyr E.d.M. Ltd.	Curitiba	Brazil	99.99	31’543	BRL
Landis+Gyr Meters & Syst. (Zhuhai) Co Ltd.	Zhuhai	China	100.00	65’000	HKD
Landis+Gyr OY	Jyskä	Finland	100.00	16’818	EUR
Landis+Gyr SAS	Montluçon	France	100.00	2’460	EUR
Landis+Gyr Ltd.	Peterborough	Great Britain	100.00	2’800	GBP
Landis+Gyr GmbH	Nuremberg	Germany	100.00	1’023	EUR
Landis+Gyr A.E	Corinth	Greece	100.00	7’950	EUR
Landis+Gyr Ltd.	Kolkata	India	100.00	457’400	INR
Landis+Gyr S.A. de C.V.	Reynosa	Mexico	99.99	10	MXN
Landis+Gyr BV	Gouda	Netherlands	100.00	90	EUR
Landis+Gyr (Pty) Ltd.	Kosmosdal	South Africa	69.09	2’000	ZAR
Landis+Gyr AG	Zug	Switzerland	100.00	29’700	CHF
Landis+Gyr LLC	Lafayette, IN	USA	100.00	0.0020	USD
Landis+Gyr Technology Inc.	Alpharetta, GA	USA	99.99	10’001	USD

1.2 Significant Shareholders

To the best of Landis+Gyr’s knowledge, the following shareholders had holdings of 3% or more of the voting rights of the Company as of March 31, 2018.[4]

Credit Suisse Funds AG, Zurich, Switzerland, reported that as of May 7, 2018 it holds 891’991 registered shares corresponding to 3.02% of the voting rights.

The number of registered shareholders as of March 31, 2018 was 11’925 who held 19.1 million shares, approx. 65% of the total shares. Unregistered shares (in disposition) including nominees amounted to 10.4 million or approximately 35% of the total shares. As of March 31, 2018 the Company held no treasury shares.

Shareholder	Number of shares	% of voting rights
Rudolf Maag, Binningen BL, Switzerland	3’000’000	10.17%
Kristiansen Group[5], Denmark	1’513’717	5.13%
Franklin Resources, Inc.[6], United States	1’825’813	6.19%

1.3 Cross-Shareholdings

The Company is not aware of any cross-shareholding exceeding 5% of the capital or voting rights with any other company.

4 The number of shares shown here as well as the holding percentages are based on the last disclosure of shareholding communicated by the shareholder to the Company and the Disclosure Office of SIX Swiss Exchange. The number of shares held by the relevant shareholder may have changed since the date of such shareholder’s notification. Any reportable changes since the date hereof can also be found on the website of the Disclosure Office of the SIX Swiss Exchange, which also includes the individual reports of the significant shareholders. See: https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

5 Kjeld Kirk Kristiansen, DK-7190 Billund, Denmark, Thomas Kirk Kristiansen, DKI-5300 Kerteminde, Denmark, Sofie Kirk Kristiansen, DK-6670 Holsted, Denmark, Agnete Kirk Kristiansen, DK-8752 Oestbirk, Denmark, ("Kristiansen Group") holding directly or indirectly through KIRKBI AG, 6341 Baar, Switzerland, 1’513’717 registered shares corresponding to 5.13% of voting rights.

6 Franklin Resources Inc., One Franklin Parkway, San Mateo, CA 94403, United States, holds directly or indirectly a total of 6.19% of voting rights, of which 1’147'437 registered shares corresponding to 3.89% of voting rights as beneficial owner and 678’376 registered shares corresponding to 2.30% of voting rights as person who can exercise the voting rights at its own discretion, pursuant to Art. 120 para. 3 of the Swiss Financial Market Infrastructure Act (FMIA) (report made on a consolidated basis). For the specific details please refer to the report of Franklin Resources Inc. on the website of the Disclosure Office of SIX Swiss Exchange: https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

Capital Structure

2.1 Capital

On March 31, 2018, the Company's ordinary share capital as registered with the Commercial Register of the Canton of Zug amounted to CHF 295'100'000, divided into 29'510'000 fully paid registered shares with a par value of CHF 10.00 per share. The shares are non-assessable.

The Company's Articles of Association do not provide for any authorized capital.

2.2 Conditional capital

The share capital may be increased by up to CHF 4'500'000 by issuing up to 450'000 fully paid in registered shares with a nominal value of CHF 10.00 each, upon the exercise of option rights or in connection with similar rights regarding shares (including PSUs or performance stock units and/or RSUs, restricted stock units) granted to officers and employees at all levels of the Company. Pre-emptive rights and the advance subscription rights of shareholders do not apply, and the shares may be issued at a price below the market price. The maximum amount of conditional capital (CHF 4'500'000), if fully utilized, would equate to approx. 1.5% of the existing share capital.[7]

2.3 Changes in capital

From 2012 through the date of the initial public offering the Company had a nominal share capital of CHF 295'100'000, divided into 295'100'000 fully paid-in registered shares with a nominal value of CHF 1.00 each. In connection with the initial public offering of the Company, the shareholders' meeting held on July 11, 2017 resolved to change the number and nominal value of shares such that since the date of the initial public offering on July 21, 2017 the nominal issued share capital of the Company is CHF 295'100'000, divided into 29'510'000 fully paid-in registered ordinary shares with a nominal value of CHF 10.00 each. No further changes in capital have taken place.

2.4 Shares and participation certificates

The 29'510'000 shares are registered shares with a nominal value of CHF 10.00 each and are fully paid-in. Each share carries one vote at a shareholders' meeting. The shares rank pari passu in all respects with each other, including, in respect of entitlements to dividends, to a share in the liquidation proceeds in the case of a liquidation of the Company and to pre-emptive rights.

The Company issues its shares as uncertificated securities (*Wertrechte*), within the meaning of Art. 973c CO, and enters them into the main register of SIS and, consequently, constitutes them as book-entry securities (*Bucheffekten*) within the meaning of the Federal Act on Intermediated Securities (FISA). In accordance with Art. 973c CO, the Company maintains a register of uncertificated securities (*Wertrechtebuch*).

2.5 Dividend-right certificate

There are no dividend-right certificates (*Genussscheine*).

2.6 Limitations on transferability and nominee registrations

The Articles of Association of Landis+Gyr contain no limitations on transferability. Every person recorded in the share register is regarded as a shareholder vis-à-vis the Company.

In order to be entered into the share register, persons not expressly declaring to be holding the shares for their own account (Nominees[8]) are entered in the share register with voting rights without further inquiry up to a maximum of 3% of the share capital. Above this limit, shares held by Nominees are entered in the share register with voting rights only upon the Nominee disclosing the names, addresses and shareholdings of the persons for whose account the Nominee is holding 0.5% or more of the share capital and provided that the disclosure requirements stipulated by the FMIA are complied with. The same restrictions also apply to the subscription for or acquisition of shares by exercising pre-emptive, option or convertible rights arising from shares.

7 For a more comprehensive description of the terms and conditions of the issuance of the conditional capital, refer to Art. 3a of the Articles of Association.

8 Legal entities or partnerships or other associations which are linked through capital ownership or voting rights, through common management or in a similar manner, as well as individuals, legal entities or partnerships which act in concert with the intent to circumvent the entry restriction, are considered as 1 shareholder or Nominee.

The Company may in special cases approve exceptions to the above restrictions. The decision to grant exceptions is made at the discretion of the Board.

As of March 31, 2018 no exemptions under Art. 5 of the Articles of Association had been granted.[9]

2.7 Convertible bonds and options

The Company has no bonds or options regarding its shares outstanding as of March 31, 2018.

Board of Directors

3.1 Members of the Board of Directors

3.1.1 Overview

The Board of Directors of Landis+Gyr takes seriously its ultimate responsibility for the direction of the Company. This starts with a careful process for selecting Board candidates to ensure qualified, committed members who will devote the effort and time necessary to effectively carry out their governance responsibilities, including as regards oversight of management.

In selecting members, the Board looks for diversity of backgrounds (current members represent five different nationalities and diverse ages) as well as experience and expertise relevant for the specific role they will play on the Board, including on one or both of its two specialized committees, Audit & Finance and Remuneration.

In furtherance of checks-and-balances, the Board consists entirely of non-executive members and follows the good governance practice of having, in addition to the Chairman, a Lead Independent Director. The role of the Lead Independent Director is described in Section 3.4.2 below. As of March 31, 2018, the Board members were:

Name/Role	First Election	Expires[a)]	Committees
Andreas Umbach, Chairman	2017	AGM 2018	None
Eric Elzvik, Lead Independent Director	2017	AGM 2018	Remuneration (Chair), Audit and Finance
Dave Geary, Independent Member	2017	AGM 2018	Remuneration
Pierre-Alain Graf, Independent Member	2017	AGM 2018	Remuneration
Andreas Spreiter, Independent Member	2017	AGM 2018	Audit and Finance (Chair)
Christina Stercken, Independent Member	2017	AGM 2018	Audit and Finance

a) All Board members are elected annually in accordance with Swiss Corporate law and Landis+Gyr Group AG's Articles of Association.

3.1.2 Professional background and other activities and functions of Board Members

We aim to have a well-balanced board with individuals who bring a variety of perspectives, backgrounds, and skills and who apply them to permit the Board to offer informed stewardship.

3.1.3 Previous service as executives and other relationships

The Chairman served as CEO of the Group until March 31, 2017 and was thereafter elected as executive Chairman of Landis+Gyr AG and served in that role until the IPO.[10]

None of the Board members or companies or organizations they represent have important business connections with Landis+Gyr, except as follows: From April 1, 2017 to the EGM on July 19, 2017 the Board of Directors comprised employees of the two pre-IPO shareholders of Landis+Gyr, Toshiba Corporation and Innovation Network Corporation of Japan. The current six non-executive members of the Board of Directors were elected on July 19, 2017 in connection with the IPO.

9 For a comprehensive description on the limitations to transferability and nominee registration refer to Art. 5 of the Articles of Association.
10 Landis+Gyr AG is the senior operating subsidiary of Landis+Gyr Group AG.

Board of Directors

Andreas Umbach

Chairman
Since July 19, 2017
Born: 1963

Nationality: Swiss/German

Prior Positions at Landis+Gyr:
2002 – 2017 CEO/COO, Landis+Gyr Group; April 1, 2017 – July 19, 2017 Executive Chairman of the Board of Directors of Landis+Gyr AG[11].

Current Positions at Profit-Oriented Companies other than Landis+Gyr:
Ascom Holding AG (Chairman) and WWZ AG (Board member).

Prior Other Positions:
President of the Siemens Metering Division within the Power Transmission and Distribution Group and other positions within Siemens, including Commercial Manager of an industrial sensor business in the Automation and Drives Group and consultant at the Corporate Management Audit.

Education:
MBA, University of Texas at Austin, USA; Diplom-Ingenieur in Mechanical Engineering, Technical University of Berlin, Germany.

Eric Elzvik

Lead Independent Director
Since July 19, 2017
Born: 1960

Nationality: Swiss/Swedish

Prior Positions at Landis+Gyr:
None

Current Positions at Profit-Oriented Companies other than Landis+Gyr:
AB Volvo (Board Member), LM Ericsson Telephone Company (Board Member and Chairman of audit committee) and Global Gateway South (Board member).

Prior Other Positions:
Chief Financial Officer and Group Executive Committee Member, ABB Ltd and other positions at ABB including Division CFO ABB Discrete Automation & Motion, division CFO Automation Products Division, various senior positions within finance, mergers & acquisitions and new ventures; Board member of the Swiss Swedish Chamber of Commerce.

Education:
Master of Business Administration (Civilekonom), Stockholm School of Economics, Sweden.

Dave Geary

Independent Member
Since July 19, 2017
Born: 1955

Nationality: USA

Prior Positions at Landis+Gyr:
None

Current Positions at Profit-Oriented Companies other than Landis+Gyr:
DJGeary Consulting, LLC (founder).

Prior Other Positions:
Executive Vice President Business Integration at Nokia Networks, President of the Wireless Networks business, Alcatel-Lucent; President of Wireline Networks; other senior positions within Lucent Technologies and AT&T Network Systems.

Education:
Bachelor of Science in Electrical Engineering, Bradley University, USA; MBA in Finance, Kellogg School of Management, Northwestern University, USA.

11 The senior operating subsidiary of Landis+Gyr Group AG.

Pierre-Alain Graf

Independent Member
Since July 19, 2017
Born: 1962

Nationality: Swiss

Prior Positions at Landis+Gyr:
None

Current Positions at Profit-Oriented Companies other than Landis+Gyr:
Leclanché SA (Board member), Broadband Networks AG (Board member), and ABB Ltd. (Senior Vice President).

Prior Other Positions:
CEO, Swissgrid; Chairman of the TSC – TSO Security Cooperation; General Manager, Cisco Systems Switzerland.

Education:
Master's in Law, University of Basel; MBA, University of St. Gallen, Switzerland.

Andreas Spreiter

Independent Member
Since July 19, 2017
Born: 1968

Nationality: Swiss/British

Prior Positions at Landis+Gyr:
Group CFO (until 2012); Other positions included: Business Unit Controller/Head of Finance & Controlling, Landis+Gyr (Europe) AG and Siemens Metering AG; Business Unit Head Digital Meters/Head of Center of Competence Electronic Meters at Siemens Metering AG.

Current Positions at Profit-Oriented Companies other than Landis+Gyr:
Reichle & De-Massari Holding AG (Board member and Chairman of audit committee).

Prior Other Positions: Group CFO of Forbo International AG.

Education:
Master's in Industrial Engineering, Swiss Federal Institute of Technology (ETH), Switzerland.

Christina Stercken

Independent Member
Since July 19, 2017
Born: 1958

Nationality: German

Prior Positions at Landis+Gyr:
None

Current Positions at Profit-Oriented Companies other than Landis+Gyr:
Ascom Holding AG (Board member) and Ansell Ltd. (Board member).

Prior Other Positions:
Partner at EAC – Euro Asia Consulting PartG (EAC). Various positions at Siemens AG, including Managing Director Corporate Finance M&A, Lead of the Siemens Task Force China and Head of Public Sector Business Unit, Siemens Business Services. Earlier positions with BMW Pvt. Ltd., South Africa.

Education:
Diploma, Economics and Business Administration, University of Bonn and Technical University of Berlin, Germany; Executive MBA, Duke University, N.C., USA.

3.1.4 Cross-shareholdings and other business connections

The Group has not entered into cross-shareholdings with other companies in terms of capital or voting rights and no member of the Board serves on the board or executive management of any company having a material commercial relationship with Landis+Gyr. Two members serve on the same board (Ascom AG) as further shown in the table under 3.2 below.

3.2 Permitted mandates outside Landis+Gyr

In the interest of good governance, the Company's Articles of Association limit the number of outside mandates by the members of our Board as follows:

a) no more than four mandates as a member of the board of directors or of the senior management or administrative body of any publicly traded company, other than the Chairman for whom a limit of three applies;
b) no more than 10 mandates as member of the board of directors or of the senior management or administrative body of non-publicly-traded, for-profit legal entities;
c) no more than 10 mandates in associations or in charity or employee assistance foundations.

The members of the Board of Directors currently have on average only one outside mandate at public companies, one outside mandate at non-public companies and one outside mandate at non-profit-oriented companies. To ensure compliance, the Board has a process for review of current and new mandates.

Name	Outside mandates at public profit-oriented companies	Outside mandates at non-public profit-oriented companies	Outside mandates at non-profit-oriented companies
Andreas Umbach (Chairman)	Ascom Holding AG (Chairman)	WWZ AG (Board member)	President, Zug Chamber of Commerce
Eric Elzvik	AB Volvo (Board Member), LMEricsson Telephone Company (Board Member and Chairman of audit committee)	Global Gateway South (Board member)	CFO Circle Switzerland (Board member)
Dave Geary	None	DJGeary Consulting, LLC (founder)	None
Pierre-Alain Graf	Leclanché SA (Board member)	Broadband Networks AG (Board member)	None
Andreas Spreiter	None	Reichle & De-Massari Holding AG (Board member and Chairman of audit committee)	None
Christina Stercken	Ascom Holding AG (Board member) Ansell Ltd. (Board member)	None	Myanmar Foundation (Vice Chairman)

3.3 Elections and terms of office

As prescribed by Swiss law, members of the Board of Directors, including the Chairman, are elected individually by the shareholders at the ordinary General Meeting for a one-year term. Re-election is possible as long as at the time of election or re-election the relevant member has not completed the age of 70.[12]

3.4 Internal organisational structure

3.4.1 Allocation of tasks within the Board of Directors

To operate effectively and allow in-depth focus in specific areas, the Board of Directors has an Audit and Finance Committee and a Remuneration Committee. To avoid undue accumulation of powers, the Chairman does not serve on any of these committees and no board member is chair of more than one committee. The members of each committee are shown in the table under Section 3.1.1 above.

12 For more information on the terms of office of Board members, see the Organizational Regulations, Article 4.

3.4.2 Tasks and area of responsibility of the Lead Independent Director

Appointed by the Board of Directors, the role of the Lead Independent Director (LID) is to provide leadership to the independent directors. Besides creating a governance means to address any potential issue where the Chairman – due to his previous role as CEO of the Group – may be conflicted, the LID function enhances the opportunity for each Board member's point of view to be heard. Further, if the Chairman is indisposed or conflicted, the Lead Independent Director chairs the Board meetings. This includes any deliberations or decision-taking involving the assessment of the Chairman's work. The LID also takes the chair during the vote for the Chairman's reelection at the annual shareholders' meeting.

3.4.3 Tasks and responsibilities of the Audit and Finance Committee

In addition to assisting the Board to provide oversight of financial reporting, the Audit and Finance Committee (AFC)[13] focuses on assessing the adequacy of the Group's systems, policies, and controls regarding financial and non-financial risks. This includes compliance with legal and regulatory obligations, insurance and related matters.

The Committee also evaluates the work of the internal control functions (e.g. Audit and Compliance) and of the external auditors, making proposals to the Board on the choice of the external auditors and, upon request of the CFO, approving the budget for auditing and other fees from the external auditors.[14] The Committee also assesses the yearly business expenses of the members of Group Executive Management.

Comprising independent Board members, the AFC regularly reports to the Board of Directors on its findings and recommendations. The overall responsibility, including for approving recommendations, remains with the Board of Directors. The Head of Internal Audit reports to the Audit and Finance Committee. The Chief Compliance Officer provides regular, independent reports to the CEO and to the AFC and ad hoc reports whenever requested by the AFC. The reports cover the compliance program and compliance issues. In addition, both the Chief Compliance Officer and the Group General Counsel may, together or separately, report to the Board with respect to any significant compliance or material Group risk issue.[15]

3.4.4 Tasks and responsibilities of the Remuneration Committee

The Remuneration Committee (RemCo) supports the Board of Directors in ensuring executives and employees are paid in a way that rewards performance, innovation, and good conduct, while helping the Company attract and retain the talent it needs to achieve its business goals.

Comprising three independent Board members,[16] the RemCo establishes and reviews the compensation strategy and prepares proposals to the shareholders' meeting regarding the compensation of the Board of Directors and the Group Executive Management. This includes, among other things, the compensation system, compensation targets for the Group Executive Management and other members of senior management, and maximum individual aggregate compensation of the CEO, as well as the individual compensation of other members of the Group Executive Management. It also includes the individual compensation of the Chairman of the Board and other members of the Board.

The RemCo typically meets once every three months and regularly reports to the Board of Directors on its findings and recommendations. The overall responsibility, including for approving recommendations, remains with the Board of Directors.[17]

3.4.5 Board Meetings and Attendance

The Board of Directors meets as often as needed to fulfil its duties and responsibilities, usually monthly in person or via conference call.[18]

13 The 3 members of the AFC are appointed by the Board of Directors based on relevant qualifications and experience. They serve for one year and may be re-elected for further terms.
14 The external auditors are PWC (auditors of Landis+Gyr Group AG and of the Consolidated Financial Statements of the Landis+Gyr Group). They conduct their audit in compliance with Swiss law and in accordance with Swiss Auditing Standards and accounting principles generally accepted in the United States of America (US GAAS)
15 The organization, detailed responsibilities and reporting duties of the AFC are stipulated in its Charter and in the Company's Articles of Association.
16 In accordance with Swiss law, these members are elected each year by the shareholders' meeting. They serve for one year and may be re-elected for further terms.
17 The organization, detailed responsibilities and reporting duties of the RemCo are stipulated in its Charter and in the Company's Articles of Association.
18 This pursuant to the Company's Organizational Regulations which foresees that meetings take place at the request of the Chairman or Lead Independent Director, or of any other member if done in writing and justifying the reason for such request.

Since the extraordinary General Meeting (EGM) on July 19, 2017[19] the Board held twelve meetings (including both in-person meetings and conference calls). The in-person meetings were for a full day and the calls had an average duration of approximately three hours. The overall attendance was 98% and is further detailed in the table below. In addition to the meetings, two full-day onboarding sessions were attended by all Directors in the two months after the IPO.

BOARD ATTENDANCE FROM JULY 19, 2017 THROUGH MARCH 31, 2018

	19.7	26.7	16-17.8	20.9	25.10	17.11	7.12	14.12	18.1	20-21.2	2.3	18.3
Andreas Umbach	√	√	√	√	√	√	√	√	√	√	√	√
Eric Elzvik	√	√	√	√	√	√	√	√	√	√	√	√
Dave Geary	√	√	√	√	√	√	√	o	√	√	√	√
Pierre-Alain Graf	√	√	√	√	√	√	√	√	√	√	√	√
Andreas Spreiter	√	√	√	√	√	√	√	√	√	√	√	√
Christina Stercken	√	√	√	√	√	√	√	√	√	√	√	√

Between the EGM on July 19, 2017 and March 31, 2018 the Audit and Finance Committee held five meetings with 100% attendance. These meetings lasted approximately half a day. The Remuneration Committee held four meetings with 92% attendance. These meetings lasted approximately three hours.

The Board meetings were, with the exception of certain Directors only sessions, attended by the CEO and members of the GEM and other representatives of senior management. Meetings of the Audit and Finance Committee were all attended by the Chairman, CFO and CEO and were usually attended by the Head of Internal Audit. Meetings of the Remuneration Committee were all attended by an external advisor to the Remuneration Committee and the Head of Human Resources; the CEO and CFO attended portions of meetings of the Remuneration Committee when they were presenting.

3.5 Responsibilities between the Board of Directors and Executive Management

Landis+Gyr's two main governing bodies allocate their tasks and responsibilities as follows:

3.5.1 Board of Directors

The Board of Directors is entrusted with the ultimate direction of the Company as well as with the oversight of management. This includes determining the strategy of the Group upon recommendation of the CEO and appointing the CEO and the other members of the Group Executive Management, as well as the head of internal audit.

Although pursuant to the Articles of Association and the Organization Regulations, the Board may, to the fullest extent permitted by law, delegate various responsibilities to the CEO, it retains in line with Articles 16 and 17 of the Articles of Association and the provisions of the Organization Regulations, certain duties, including in respect of determining the risk profile of the Group, monitoring risks, and ensuring fundamental policies and controls are in place such as with regard to compliance with applicable law and regulations.[20]

Resolutions of the Board of Directors require the affirmative simple majority of the votes cast. Circular resolutions require the majority of the members of the Board. In case of a tie on any issue, the Chairman has the casting vote.

19 From April 1, 2017 to the EGM on July 19, 2017 the Board of Directors comprised employees of the two pre-IPO shareholders of Landis+Gyr, Toshiba Corporation and Innovation Network Corporation of Japan. This pre-IPO Board of Directors typically met monthly for approximately two hours.
20 The detailed description of these responsibilities and duties are stipulated in Articles 16 and 17 of the Articles of Association and the Organization Regulations. See also the Appendix hereto.

3.5.2 Group Executive Management (Konzernleitung)

The CEO[21] leads and is assisted by the Group Executive Management and the Extended Executive Management. The Group Executive Management comprises the CEO, CFO, CSO and the Regional EVPs. The CEO is appointed and removed by the Board of Directors. The other Group Executive Management members are appointed and removed by the Board of Directors upon recommendation of the CEO. The Extended Executive Management is a larger group comprising key functional leaders and direct reports to the CEO.

The Extended Executive Management meets on a monthly basis.

3.6 Information and control instruments vis-à-vis the Group Executive Management

At the invitation of the Board of the Directors, members of Group Executive Management and Extended Executive Management may attend Board meetings and report on significant projects and events. However, the Board may limit their participation to relevant meetings or parts of meetings. In addition, the Board may meet in private session, i.e. without management presence.

To ensure the Board of Directors receive timely information on material matters involving the Group's business, the members of the Group Executive Management and Extended Executive Management report to the Board and its committees prior to or at every meeting, including regarding strategic, financial, risk, and compliance matters. Internal audit and compliance also make quarterly reports to the Board and its committees.

The reports to the Board include information about the balance sheet, the income and cash flow statements, and key figures for the company and its segments. They incorporate comments on the respective business results and a forecast of the key figures. The CEO and CFO report at every Board meeting on business developments and all matters relevant to the company including competitor activities and emerging opportunities and threats. On a regular basis, the Board or the AFC is updated with regards to major risks facing the Group, such as quality issues, the progress of major customer projects, the progress of R+D projects and other risk areas as they are identified. Furthermore, the Board reviews and approves major customer contracts which exceed a certain value or have particular risk characteristics. During the Board Meetings, the Chairmen of the Audit and Finance Committee and the Remuneration Committee also report on all matters discussed by their committees and on the key findings and assessments, and they submit proposals accordingly. Each year, the Board of Directors discusses and approves the budget for the following year, and the five-year midterm plan.

The Board's responsibility includes designing, implementing and maintaining an internal control system (ICS) relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The ICS ensures the implementation of appropriate procedures and measures to identify and monitor the main financial risks to which the Company is exposed. In particular, the aim of the ICS is to ensure the integrity and completeness of accounting, to provide timely and reliable financial reporting, and to prevent, minimize and identify errors and irregularities in the financial statements.

In order to achieve these objectives, Group companies in scope for external and internal audit are determined annually. Hence, it is ensured that at least 80% of the revenue and of total assets of the Group are covered. The external audit confirms the existence of the ICS in connection with the year-end audit. Additionally, the external auditors submit improvement suggestions on a yearly basis, which are implemented in the following year.

The internal audits are conducted by the internal audit function in accordance with an annual plan approved by the AFC. A distinction is made between ordinary and special engagement audits. The latter consist of limited reviews, follow-up reviews, compliance audits, and other special engagements. The audits focus on the larger entities and higher risk areas. Detailed reports of identified deficiencies are prepared (with deficiencies classified as either high, medium or low risk) and remedial action plans are agreed with management. The risks and deficiencies identified in these audits are minimized or eliminated by measures adopted by management and are regularly monitored. In 2017, seven internal audits were conducted. The internal audits were

21 The CEO exercises those duties which the Board of Directors has delegated to management in accordance with the Company's Organizational Regulations and Swiss law.

restricted to selected business processes. In its review of audited Group companies, internal audit included any issues that had been defined in the framework of the internal control system (ICS). Internal audits also involved various compliance reviews related to these processes. Lastly, additional risks and controls in connection with the above-mentioned business processes were analysed in the audit. Internal audit reports are submitted to the AFC and reviewed by the AFC with the head of internal audit, at least three times per year. The implementation and reliability of the controls introduced with the ICS were examined by the Group and regional management to ensure that deviations were identified and that appropriate corrective measures were implemented.

Group Executive Management

4.1 Members of the Group Executive Management

As of March 31, 2018 the members of the Group Executive Management were:

NAME	POSITION	YEAR OF APPOINTMENT
Richard Mora	Chief Executive Officer ("CEO")	2017
Jonathan Elmer	Chief Financial Officer ("CFO")	2012
Roger Amhof	Chief Strategy Officer ("CSO")	2014
Prasanna Venkatesan	Head of Americas	2013
Oliver Iltisberger[22]	Head of EMEA	2014
Ellie Doyle	Head of Asia Pacific	2014

22 Oliver Iltisberger resigned from the Company on March 6, 2018 to pursue an outside career opportunity. He ceased his active role on June 1, 2018 and his termination date is expected to be June 30, 2018.

Group Executive Management

4.2 Professional background and other activities and functions

Richard Mora

CEO
Since April 2017
COO 2013 – 2017

Nationality: USA

Prior Positions at Landis+Gyr:
COO; EVP and Head of Americas

Current Positions Outside of Landis+Gyr:
Enphase Energy, Inc. (Board Member).

Prior Other Positions:
Various management positions within the Siemens Group, including CEO of Siemens Metering, Inc.; Director of Quality for Siemens Power Transmission & Distribution; positions at GE Capital, including as a Merger & Acquisitions Manager.

Education:
Bachelor of Arts degree in Economics, Stanford University, USA.

Jonathan Elmer

EVP and CFO
Since August 2012

Nationality: British

Prior Positions at Landis+Gyr:
CFO, EMEA; EVP and CEO, UK/Prepayment region; Finance Manager and then CEO, Ampy Metering Ltd. (a company acquired by Bayard Capital in 2003 which then became part of the Group upon Bayard Capital's acquisition of Landis+Gyr in 2004).

Current Positions Outside of Landis+Gyr:
None

Prior Other Positions:
None

Education:
Degree in Economics and Politics, University of Exeter, UK; member of the Institute of Chartered Accountants, England and Wales, UK.

Roger Amhof

EVP and Chief Strategy Officer
Since 2014

Nationality: Swiss

Prior Positions at Landis+Gyr:
None

Current Positions Outside of Landis+Gyr:
None

Prior Other Positions:
Manager in Risk Advisory Practice, Arthur Andersen; Various at Ernst & Young, including as Senior Manager, Head Enterprise Risk Management Services, Senior Partner, Head Risk Advisory, and Global Client Service Partner; Economic Advisory Board of the Innovation Park Zurich, Switzerland.

Education:
MBA, University of Fribourg, Switzerland; International Directors Programme, INSEAD; author of various specialist articles and co-author of book on financial analysis techniques.

Prasanna Venkatesan

EVP and Head of Americas
Since November 2013

Nationality: USA

Prior Positions at Landis+Gyr:
SVP & General Manager Systems & Services, L+G North America; VP R&D, L+G; Various positions at Cellnet Technology, Inc. (acquired by Landis+Gyr in 2007), including VP of R&D leading the integration process of Cellnet into L+G.

Current Positions Outside of Landis+Gyr:
Advanced Energy Economy (Board member of not for profit organisation).

Prior Other Positions:
Several senior level engineering and operations management positions (including as Technology Center Manager), Schlumberger.

Education:
Master of Science degree in Industrial Engineering, University of Oklahoma, USA.

Oliver Iltisberger

EVP and Head of EMEA
Since August 2014

Nationality: German

Prior Positions at Landis+Gyr:
EVP and Head of Asia Pacific; SVP & COO EMEA; VP & Head of Energy Measurement Products EMEA; Head of Global Portfolio Management; VP Product Management and Marketing EMEA.

Current Positions Outside of Landis+Gyr:
None

Prior Other Positions:
Various management positions within Siemens Automation & Drives in Germany and Singapore, including Head Product Management & Marketing Power Distribution Solutions; Co-founder and president Interoperable Device Interface Specifications (IDIS) Industry Association.

Education:
Joint Master's degree in Mechanical Engineering and Business Administration, Technical University of Darmstadt, Germany.

Ellie A. Doyle

EVP and Head of Asia Pacific
Since July 2014

Nationality: USA

Prior Positions at Landis+Gyr:
SVP Strategy and Growth, Americas; SVP and General Counsel North America; Several positions within Siemens Corporation, Atlanta (Landis+Gyr's former owner), including as in-house counsel.

Current Positions Outside of Landis+Gyr:
None

Prior Other Positions:
Litigation Counsel, Lord, Bissell & Brook, Atlanta.

Education:
Bachelor of Arts in Political Science, Emory University, USA; JD, University of Virginia – School of Law, USA.

4.3 Mandates permitted outside Landis+Gyr

In the interest of good governance and to ensure our executives focus on the business of the Company, our Company's Articles of Association limit the number of outside mandates by members of the Group Executive Management as follows:

a) no more than one mandate as member of the board of directors or of any other superior management or administrative body of any publicly traded company[23]
b) no more than five mandates as member of the board of directors or of any other superior management or administrative body of legal entities not meeting the above-mentioned criteria.

All of the members of the Group Executive Management combined currently have only one outside mandate at public companies and one outside mandate at other companies. To ensure compliance, the Group Executive Management must secure approval from the Board of Directors before accepting any new mandate.

4.4 Management contracts

There are no management contracts with third parties at Landis+Gyr.

Compensation, Shareholdings and Loans

All details of compensation, shareholdings and loans are listed in the Remuneration Report 2017.

Shareholders' Participant Rights

6.1 Voting rights restrictions and representations

6.1.1 Voting rights restrictions and rules on granting exceptions

Voting rights are as set forth in the Articles of Association.[24] They may be exercised only after a shareholder has been registered in the Company's share register as a shareholder with voting rights up to a specific qualifying day (Record Date) which is designated by the Board of Directors. On application, persons acquiring shares are entered in the share register as shareholders with voting rights without limitations, provided they expressly declare having acquired the shares in their own name and for their own account and that they comply with the disclosure requirement stipulated by the Federal Act on Financial Market Infrastructure (FMIA). Entry in the share register of registered shares with voting rights is subject to the approval of the Company.

The entry may be refused based on the grounds set forth in article 5, para. 3, para. 4 and para. 5 of the Articles of Association. The respective rules, including the group clause, the rules on granting exceptions, as well as exceptions actually granted during the period under review have been described in Section 2.6 "Limitations on transferability and nominee registrations" on page 6 of this Corporate Governance Report.

If the Company does not refuse to register the acquirer as a shareholder with voting rights within 20 calendar days upon receipt of the application, the acquirer is deemed to be a shareholder with voting rights. Non-recognized acquirers are entered in the share register as shareholders without voting rights. The corresponding shares are considered as not represented in the General Meeting of Shareholders.

The Company may in special cases approve exceptions to the above restrictions. After due consultation with the persons concerned, the Company may delete entries in the share register of a shareholder with voting rights with retroactive effect if these were effected on the basis of false information or if the respective person does not provide the information pursuant to Article 5 para. 3 of the Articles of Association. The concerned person is immediately informed of the deletion.

6.1.2 Procedure and conditions for abolishing voting rights restrictions

Procedure and conditions for abolishing voting rights restrictions in the Articles of Association require resolution of the General Meeting passed by at least 2/3 of the represented share votes. An absolute majority of the par value of repre-

23 Pursuant to Article 727 para. 1 number 1 of the Swiss Code of Obligations.
24 The Articles of Association set forth all relevant conditions, including as to when the entry may be refused based on the grounds set forth in Article 5, para. 3, para. 4 and para. 5 of the Articles of Association. See also Section 2.6 above "Limitations on transferability and nominee registrations" of this report.

sented shares is required for the easing or abolition of the restrictions of the transferability of registered shares (see Article 13 of the Articles of Association).

6.2 Rules on participation in the General Meeting of shareholders

At shareholders' meetings, shareholders may be represented by an independent proxy or any other person who need not be a shareholder. The Board of Directors determines the requirements regarding proxies and voting instructions.

6.3 Rules on instructions to the independent proxy and on the electronic participation in the General Meeting of shareholders

As the Articles of Association do not contain requirements on the subject, instructions in written or electronic form to an independent proxy for participation in the General Meeting of shareholders are governed by Swiss law.

6.4 Quorums required by the Article of Association

The Company's Articles of Association do not stipulate any resolutions of the shareholders' meeting that can be passed only by a majority greater than that required by the statutory legal provisions.

6.5 Convocation of the General Meeting of shareholders

The Company's Articles of Association do not differ from applicable Swiss statutory provisions under Swiss law, other than that the Board of Directors is required to convene an extraordinary shareholders' meeting within two months if requested by one or more shareholder(s) representing in aggregate at least 5% of the Company's nominal share capital registered in the commercial register. Shareholders' meetings may also be convened by the Board of Directors or, if necessary, by a Company's statutory auditors or liquidators under Swiss law. The Board of Directors is further required to convene an extraordinary shareholders' meeting if resolved at a shareholders' meeting.

A shareholders' meeting is convened by publishing a notice of such meeting in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*) at least 20 days before the date of the meeting. To the extent the post or e-mail addresses of the shareholders are known, a notice is sent simultaneously by mail or e-mail. The notice states the day, time and place of the meeting, the agenda, the proposals of the Board of Directors and the proposals of the shareholders who have requested the shareholders' meeting or that an item be included on the agenda.

6.6 Inclusion of items on the agenda

Registered shareholders with voting rights individually or jointly representing at least CHF 1 million of the nominal share capital of the Company may demand that items be put on the agenda. Such demands have to be submitted to the Chairman of the Board of Directors at least 45 days before the date of the shareholders' meeting and shall be in writing specifying the items and the proposals.

6.7 Entries in the share register

The relevant date to determine the shareholders' right to participate in the AGM on the basis of the registrations appearing in the share register is set by the Board of Directors and included in the invitation to the AGM.

Change of Control and Defence Measures

7.1 Duty to make an offer
The Company does not have a provision on opting out or opting up in the Articles of Association.

7.2 Clauses on change of control
There are no such agreements.

Auditors

8.1 Duration of the mandate and term of office of the lead auditor
The independent statutory auditors of the Company are PricewaterhouseCoopers AG (PWC), Grafenauweg 8, 6302 Zug, Switzerland, who have been the auditors of the Company since the financial year ended March 31, 2017. The auditor in charge is Rolf Johner who has been carrying out this function since PWC became the Company's statutory auditors. The lead auditor is rotated every seven years in accordance with Swiss law.

For the years ended March 31, 2015 and 2016, Ernst & Young AG served as the auditor of the Company. Our audit engagement with Ernst & Young AG ended following the global change in auditors of one of our former shareholders, Toshiba Corporation, who ended its global audit engagement of Ernst & Young.

8.2 Auditing fees
PWC was paid compensation of CHF 1.6 million for services in connection with auditing the annual financial statements of the Company as well as the consolidated statements of the Group for the financial year ended March 31, 2018.

8.3 Additional Fees
PWC charged CHF 0.9 million for non-audit services performed during the year-ended March 31, 2018. The majority of the fees for non-audit services resulted from services in connection with the comfort letter and prospectus during the IPO. The remaining non-audit services included income tax and indirect tax compliance services and tax advisory services, and accounting consultations for a new pronouncement.

8.4 Information instruments pertaining to the external audit
PWC presents to the Audit and Finance Committee, on an annual basis, a detailed report on the results of the audit of the consolidated financial statements, the findings on significant accounting and reporting matters, and findings on the internal control system. The results and findings of this report are discussed in detail with the CFO.

The AFC reviews annually the appropriateness of retaining PWC as the auditor of the Landis+Gyr Group AG and its subsidiaries, prior to proposing to the Board and to the Annual General Meeting of Landis+Gyr Group AG the election of PWC as auditors. The AFC assesses the effectiveness of the work of the auditors in accordance with Swiss law, based on their understanding of the Group's business, control, accounting and reporting issues, together with the way in which matters significant at Group level or in the statutory accounts are identified and resolved. It also makes a recommendation to the Board of Directors concerning the choice of the external auditor.

The Audit and Finance Committee is also informed on the work of PWC through briefings from its Chairman who is in turn briefed as required by PWC. Audit fees are ultimately approved by the AFC.

In the period under review, PWC attended one meeting of the Audit and Finance Committee at which PWC presented their report on the audit of the Group's accounts for the financial year ended March 31, 2017 and their proposal for the audit of the Group's accounts for the financial year ended March 31, 2018.

The Group and PWC have agreed on clear guidelines and firewalls as to non-audit services which it is appropriate for PWC to provide. These services include due diligence on mergers, acquisitions and disposals and certain tax and business risk assurance and IS/IT advisory support. These guidelines are aimed at ensuring PWC's independence in their capacity as auditors to the Group. PWC monitors its independence throughout the year and confirms its independence to the AFC annually.[25]

25 For more information on the AFC in respect of the external auditor, see Section 3.4.3 above.

Information Policy

9.1 Investor Relations – guiding principles
Landis+Gyr is committed to communicating in a timely and transparent way to shareholders, potential investors, financial analysts, and customers. Toward this end, the Board of Directors takes an active interest in fostering good relations and engagement with shareholders and other stakeholders. In addition, the Company complies with the requirements of SIX Swiss Exchange on the dissemination of material and price-sensitive information.

9.2 Methodology
The Company releases its financial results in an annual report which is published within 4 months of the 31 March balance sheet date. In addition, the Company releases results for the first half of each fiscal year within three months of the September 30 balance sheet date. The Company's annual report and half year results are announced via press releases and media and investor conferences in person and via telephone. The Company also publishes press releases at the time of any potentially price-sensitive event.

Notices to shareholders are made by publication in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt). The Board of Directors may designate further means for official publications.The following web-links provide further information:

The Company's website:
www.landisgyr.com

Ad-hoc messages (pull system):
www.landisgyr.com/investors

Subscription for ad hoc messages (push system):
www.landisgyr.com/investors/
subscription-company-news/

Financial reports:
www.landisgyr.com/investors/
financial-information

Corporate calendar:
www.landisgyr.com/investors/
financial-calendar

The Landis+Gyr Group Investor Relations Department can be contacted, either through the website, or by telephone, e-mail or letter.

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The Board of Directors thanks the Company's shareholders, customers, and other stakeholders for their interest in and support of the Company.

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This report is published in English and German. In the event of inconsistencies between the English or German version of this report, the original English version prevails.

Landis+Gyr

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Remuneration Report 2017

Table of Contents

Letter from the Chairman of the Remuneration Committee **4**

Remuneration Report 2017 **5**

Remuneration governance and principles 5

Remuneration system 8

Remuneration awarded to members of governing bodies 12

Remuneration awarded to the Board for FY 2017 (Audited) 12

Remuneration awarded to the GEM for FY 2017 (Audited) 13

Holding of shares by members of the Board and the GEM (Audited) 14

Shareholding guidelines for the GEM members 14

Loans granted to members of the Board or the GEM 14

Related-party transactions 14

Reconciliation of AGM remuneration resolutions 14

Report of the statutory auditor **16**

Letter from the Chairman of the Remuneration Committee

Dear Shareholders,
On behalf of the Board of Directors and the Remuneration Committee, I am pleased to introduce Landis+Gyr's Remuneration Report for the financial year ended March 31, 2018, which has been prepared for the first time since the Company went public in July 2017.

The Remuneration Report explains our remuneration system and how the performance results impacted the variable incentive payments to the Group Executive Management in their remuneration plans.

A key focus of the Remuneration Committee during this first year has been to review and refine the short-term and long-term incentive plans to ensure they link performance to pay, in line with the principles communicated at the IPO in July 2017.

To further align shareholders' and the Group Executive Management's interests, the Remuneration Committee has introduced shareholding guidelines for the Group Executive Management, under which they are encouraged to hold a certain percentage of their annual base salary in Landis+Gyr shares.

We continue to proactively assess and review our remuneration programs to ensure that they are fulfilling their purpose and responding to the evolving business environment and furthermore are aligned with the interests of our shareholders.

At the Annual General Meeting in June 2018, you will have the opportunity to express your opinion on our remuneration principles and systems through a consultative vote on the remuneration report. We will also ask you for your approval of the aggregate remuneration amount to be awarded to the Board of Directors for the period to the next AGM in 2019 and to the Group Executive Management for the financial year ending March 31, 2020.

We encourage and pursue open and regular dialogue with our shareholders and their representatives as we continue to evolve our remuneration system.

On behalf of the Board of Directors and the Remuneration Committee, I would like to thank you for your ongoing support.

Eric Elzvik
Chairman of the Remuneration Committee
Lead Independent Director
Zug, June 2018

Remuneration Report 2017

The Remuneration Report provides a comprehensive overview of Landis+Gyr's (Landis+Gyr Group AG, "Landis+Gyr" and its subsidiaries, together the "Company") remuneration governance principles, structure and elements. The Remuneration Report also includes information on the remuneration awarded to members of the Board of Directors (Board) and Group Executive Management (GEM) for the financial year ended March 31, 2018 (FY 2017).

The Remuneration Report is written in accordance with the Ordinance Against Excessive Compensation in Listed Companies (Ordinance), the standard relating to information on Corporate Governance of the SIX Swiss Exchange, and the principles of the Swiss Code of Best Practice for Corporate Governance of economiesuisse.

Remuneration governance and principles

Shareholders' engagement

Landis+Gyr's Articles of Association outline the rules and principles relating to the remuneration of the members of the Board and GEM as well as the additional remuneration amount for newly appointed or promoted GEM members after the Annual General Meeting (AGM) has approved the aggregate maximum amount of remuneration. Details of these provisions are available on Landis+Gyr's website: www.landisgyr.com/about/executive-management-and-board/→ Corporate Governance Documents → Articles of Association

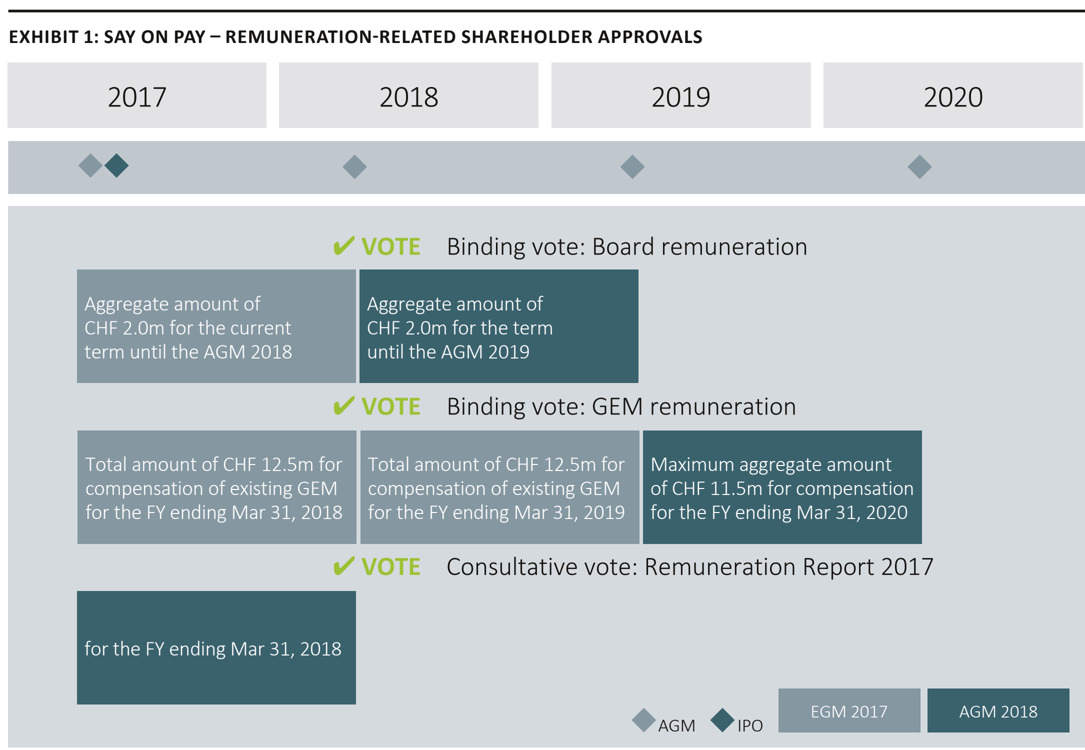
In line with Landis+Gyr's Articles of Association, at the 2018 AGM, the Board of Directors will submit three separate remuneration-related resolutions for shareholder approval:

- This Remuneration Report (consultative vote).
- The aggregate remuneration amount for the Board of Directors for the period from the date of the 2018 AGM until the next AGM in 2019 (binding vote).
- The aggregate maximum remuneration amount for the GEM for the next financial year starting April 1, 2019 and ending March 31, 2020 (binding vote).

At the 2017 Extraordinary General Meeting held on July 19, 2017 (EGM), shareholders approved an aggregate remuneration amount for the Board of Directors for the period until the 2018 AGM as well as the maximum total amount of fixed and variable remuneration for members of the GEM for FY 2017 and FY 2018 respectively.

See Exhibit 1 for an overview of shareholders' approvals of remuneration-related matters.

EXHIBIT 1: SAY ON PAY – REMUNERATION-RELATED SHAREHOLDER APPROVALS



For a reconciliation of approved versus awarded amounts please refer to page 15.

Governance on remuneration matters

As outlined in Exhibit 2, the Remuneration Committee acts in an advisory capacity while the Board retains the decision-authority on remuneration matters relating to the Board and GEM, except for the remuneration-related shareholder approvals for the Board and GEM.

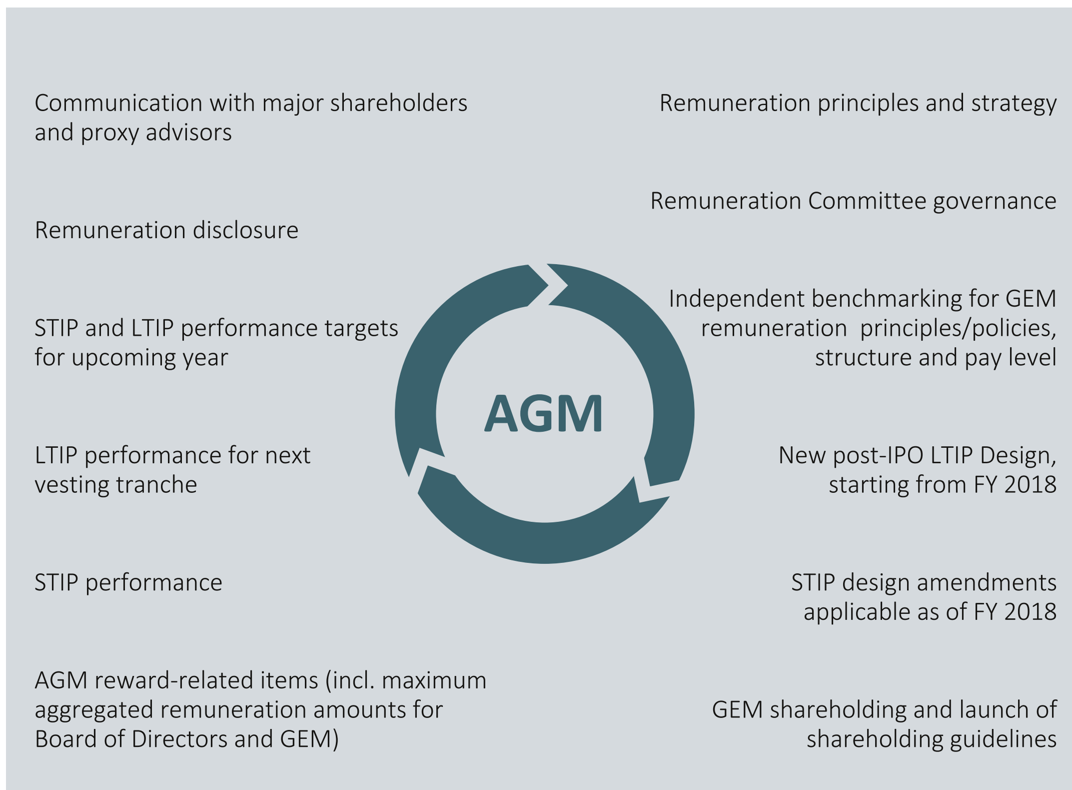
Activities of the Remuneration Committee during FY 2017

The Remuneration Committee meets as often as business requires but at least four times a year. In FY 2017, the Remuneration Committee held four meetings following the IPO and covered the topics described in Exhibit 3. Details on Remuneration Committee members and their meeting attendance are provided in the Corporate Governance Report on page 12.

EXHIBIT 2: GOVERNANCE ON REMUNERATION MATTERS

	CEO	RemCo	Board	AGM
Remuneration principles (Articles of Association)		Proposes	Reviews	Approves (binding vote)
Remuneration principles and system for the Board and GEM		Proposes	Approves	
Remuneration report		Proposes	Reviews	Consultative vote
Aggregate amount of remuneration for the Board		Proposes	Reviews	Approves (binding vote)
Individual remuneration of Board members		Proposes	Approves	
Maximum aggregate amount of remuneration for GEM		Proposes	Reviews	Approves (binding vote)
Remuneration of the CEO		Proposes	Approves	
Individual remuneration of other GEM members	Proposes	Reviews	Approves	

EXHIBIT 3: OVERVIEW OF THE MAIN TOPICS DISCUSSED BY THE REMUNERATION COMMITTEE DURING FY 2017



The Chairman of the Remuneration Committee reports to the full Board after each meeting. The minutes of the meetings are made available to the members of the Board. The CEO and the Head of HR may attend the Remuneration Committee meetings in an advisory function but are excluded from certain discussions. The Chairman of the Remuneration Committee may decide to invite other executives to attend the meetings as appropriate. No member of management attends the meetings or the part of the meetings in which their own performance or remuneration is discussed.

The Remuneration Committee may decide to consult an external advisor on specific remuneration matters. In FY 2017, HCM International AG (HCM) was appointed as an independent advisor on Board and GEM remuneration matters.

Remuneration principles

All remuneration programs are designed along the following principles:

- Performance: to anchor Landis+Gyr's business strategy, to drive results and sharpen the focus on long-term performance and to incentivize and reward performance in a sustainable manner
- Shareholder value: to be aligned with shareholders' interest, driving creation of shareholder value, as well as to foster entrepreneurial thinking
- Talent Management: to attract, motivate and retain talented employees who can drive world class performance, as well as to incentivize a high level of performance
- Market orientation: to ensure a best practice remuneration system with competitive levels and structures reflecting a sustainable balance between short-term and long-term performance focus

Determination of remuneration

The Remuneration Committee and the Board periodically benchmark remuneration of the members of the Board and GEM against remuneration paid by comparable companies. For these purposes, they regard the Swiss listed industrial companies as the most relevant reference market for remuneration comparison for members of the Board and GEM. However, in particular for the GEM, a closer look at industry-related international comparators is also considered in the assessment of remuneration practices, structure and pay level. The composition of the respective comparison group is reviewed annually[1].

Remuneration system

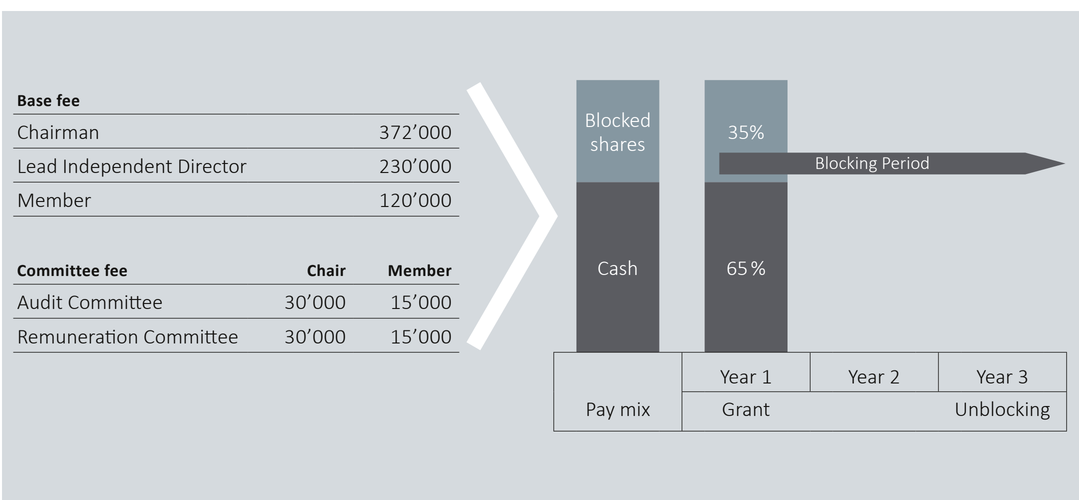
Remuneration system of the Board

The remuneration of the Board is fixed and does not contain any variable component.

The Chairman of the Board is entitled to a fixed annual base fee and lump sum remuneration for expenses, as well as pension fund contributions. Other members of the Board are entitled to a fixed annual base fee and fixed fees for membership in Board committees, as well as a lump sum remuneration for expenses. The amounts of the base fee and committee membership fees, as illustrated in Exhibit 4, reflect the responsibility and time requirement inherent to the function.

Starting from the 2018 AGM, the base fee and committee membership fee will be paid 65% in cash and 35% in Landis+Gyr's shares, which will be blocked for sale for a period of three years. The remuneration for the current term is paid fully in cash.

EXHIBIT 4: REMUNERATION SYSTEM OF THE BOARD, IN CHF



Base fee		
Chairman		372'000
Lead Independent Director		230'000
Member		120'000
Committee fee	**Chair**	**Member**
Audit Committee	30'000	15'000
Remuneration Committee	30'000	15'000

1 The comparison group used for the remuneration benchmarking analysis conducted in FY 2017 consisted of the following Swiss listed industrial companies: ABB, ADECCO, ARBONIA, BELIMO, BOBST GRP, BUCHER, BURCKHARDT, BURKHALTER, COMET, CONZZETA, DAETWYLER, DKSH, DORMAKABA, FLUGHAFEN ZUERICH, FORBO, GEORG FISCHER, IMPLENIA, INFICON, INTERROLL, KARDEX, KOMAX, KUEHNE+NAGEL, LAFARGEHOLCIM, OC OERLIKON, RIETER, SCHINDLER, SCHWEITER, SFS GROUP, SGS, SIKA, SULZER, VAT GROUP. This comparison group was used for benchmarking purposes for the remuneration of the Board as well as a primary source for benchmarking the remuneration of GEM members. For the GEM, further international comparisons were taken into account following a structural approach to further reflect industry-specific remuneration particularities.

Remuneration system of the Group Executive Management

The remuneration elements of the GEM are summarized in Exhibit 5.

EXHIBIT 5: REMUNERATION SYSTEM OF THE GEM

	Fixed Remuneration		Short-term Incentive Plan (STIP)		Long-term Incentive Plan (LTIP)	
	Base salary	**Pension and Other Benefits**	**FY 2017**	**FY 2018**	**Grant for FY 2017**	**Grant for FY 2018**
Purpose	Attract and retain	Risk protection, market competitiveness	Focus on one-year operational and financial performance of the Company		Attract, retain, and align with shareholders' interests	Participate in the long-term success of the Company and align with shareholders' interests
Performance period	–	–	1 year		3 years	
Key drivers	Role, experience and individual performance	Market practice, legal requirements	Corporate and (if relevant) regional performance		Corporate long-term performance	Corporate long-term performance
Instrument/ settlement	Cash	Pension plan, insurance plans, fringe benefits	Cash		Cash	Performance Share Units (PSUs) Settled in shares
Performance KPIs	Individual goal achievement and Company values	–	Net Sales, normalized EBITA[1], normalized operating Cash Flow	Net Sales, adjusted EBITDA[2], operating Cash Flow less tax paid	Performance-based component: Equally weighted Net Sales and normalized EBITA	Equally weighted relative Total Shareholder Return (TSR) and Earnings Per Share (EPS)
Target amount	–	–	Up to 80% of base salary		Individually defined LTIP amounts based on multiple factors including e.g. role, overall performance levels, future Company strategy, and market benchmarks	Individually defined LTIP amounts based on multiple factors including e.g. role, overall performance levels, future Company strategy, and market benchmarks, however, maximum grant value is 80% of base salary, converted into PSUs at grant
Payout range	–	–	0% to 200% of target amount	0% to 200% of target amount; in addition, every single KPI is capped at 200%	Time-based component: 0% or 100% of granted amount Performance-based component: 0% to 200% of granted amount	0% to 200% of number of granted PSUs
Impact of share-price on payout	–	–	NO		NO	YES
Forfeiture	–	–	YES		YES	

1 Consolidated global L+G Group Earnings Before Interest, Tax and Amortization derived from the US GAAP financial statements but normalized to exclude items such as restructuring, special items, X2 case and litigation impacts

2 Consolidated global L+G Group EBITDA derived from US GAAP financial statements as adjusted for restructuring, the X2 case and special items, all as shown in our H1 and full year financial reporting as Adjusted EBITDA with the exception of the warranty normalization items.

Fixed remuneration

Base Salary

Base salary is the fixed compensation paid to employees for carrying out their role and reflects the following factors:

- scope and responsibilities of the role, as well as qualifications required to perform the role,
- market value of the role in the location in which the Company competes for talent,
- skills and expertise of the individual in the role, and
- individual performance and Company values.

The base salary is paid out in twelve equal monthly cash installments.

Pension benefits

The purpose of pension benefits is to provide security for employees and their dependents in the event of retirement, sickness, inability to work and death. The GEM members participate in the social insurance and pension plans in the countries where their employment contracts were entered into. The plans vary according to local competition and legal conditions; they at least meet the legal requirements of the countries concerned.

Other benefits

In addition, the Company aims to provide a competitive package of employee benefits. Benefits are considered from a global perspective, appropriately reflecting differing local employment market conditions.

For the GEM members, benefits include local market benefits such as car leasing, and where relevant international benefits such as executive benefits allowance, tax advisory, etc. The monetary value of these remuneration elements is evaluated at fair value and is disclosed in the remuneration table.

Short-term Incentive Plan (STIP)

Current STIP (until FY 2017)

The purpose of the STIP is to motivate eligible participants to deliver effective performance and increased contribution to the Company's success through financially incentivized target-orientated activities aligned to business priorities.

Plan participants at Group and regional level are incentivized based on the achievement of financial performance targets which are determined by the Board at the beginning of each financial year and correlate with the long-term strategy which aims to achieve sustainable profitability and growth.

The amount of the STIP is determined by multiplying the individual on-target incentive by the target achievement which ranges from 0% to 200%.

The STIP payout is also subject to forfeiture rules in case of termination of employment before the end of the plan cycle.

For FY 2017 and FY 2018, the STIP scorecard comprised Sales, Profit and Cash Flow, see Exhibit 6.

EXHIBIT 6: STIP PERFORMANCE SCORECARD FOR THE GEM MEMBERS FOR FY 2017 AND FY 2018

Topic	KPI	Weight FY 2017	Weight FY 2018
Sales	Net Sales	20%	30%
Profit	Normalized EBITA[1]	40%	
	Adjusted EBITDA[2]		40%
Cash Flow	Normalized operating Cash Flow	40%	
	Operating Cash Flow less tax paid		30%

1 Consolidated global L+G Group Earnings Before Interest, Tax and Amortization derived from the US GAAP financial statements but normalized to exclude items such as restructuring, special items, X2 case and litigation impacts

2 Consolidated global L+G Group EBITDA derived from US GAAP financial statements as adjusted for restructuring, the X2 case and special items, all as shown in our H1 and full year financial reporting as Adjusted EBITDA with the exception of the warranty normalization items

For the CEO, CSO and CFO, 100% Group results are considered when determining the level of performance on these KPIs. For GEM members with regional responsibility, 30% Group results and 70% regional results of the respective region are evaluated.

New STIP

During the course of FY 2017, the Remuneration Committee reviewed the STIP and in particular revised the KPIs and adjusted their weights for FY 2018 to place more emphasis on profitable growth and to be more aligned with the interests of shareholders. In addition, the achievement factor of each KPI will be individually capped at 200% of respective target.

Long-term Incentive Plan (LTIP)

Current LTIP (until FY 2017)

The LTIP was originally introduced as a retention instrument, which also strengthened the link be-

tween individual remuneration and the Company long-term performance. The FY 2017 LTIP for the Group CEO and CFO was tied to the achieved Revenue and EBITA over a three-year performance period. For other members of the GEM, the LTIP was split into two equally weighted components: a time-based component and a performance-based component. Both components vest at the end of the three-year vesting period depending on satisfaction of time and performance (equally weighted Net Sales and normalized EBITA) criteria. The payout of the performance-based portion occurs based on reaching performance thresholds and is capped at 200% of the granted amount. The outstanding grants vest through the year 2020.

New LTIP

A new share-based LTIP was developed and approved by the Board during FY 2017. This new LTIP will be introduced in FY 2018 with the purpose of fostering long-term value creation for the Company by providing the members of the GEM and other eligible key managers with a possibility

– to become shareholders or to increase their shareholding in the Company,
– to participate in the future long-term success of Landis+Gyr, and
– to further align the long-term interests of the plan participants with those of the shareholders.

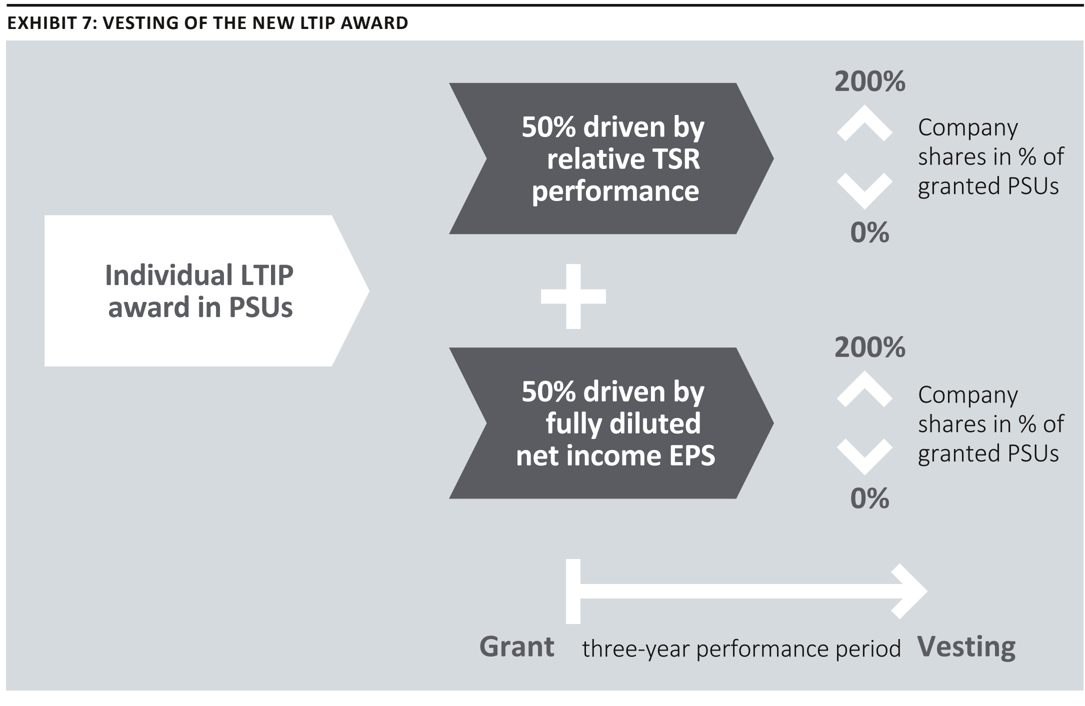
The individual grant levels under the new LTIP are determined based on multiple factors which include, amongst others, the role being performed, overall performance levels, quality of realized performance, future Company strategy, as well as market benchmarks, and cannot exceed at grant the maximum of 80% of base salary for any member of the GEM.

In principle, each new award under the LTIP is a contingent entitlement (Performance Share Unit or PSU) to receive Landis+Gyr shares provided certain performance targets are achieved during the three-year performance period (see Exhibit 7 below). In case the performance does not reach certain pre-determined thresholds after three years, no shares of Landis+Gyr will vest under the new LTIP.

For the purposes of the new LTIP, the measure of Landis+Gyr's long-term performance comprises two equally weighted metrics:

– 50% of the award is linked to the TSR measured over three years relative to the Swiss Performance Index (SPI), and
– 50% of the award is linked to the achievement of the fully diluted, all-in EPS objective set by the Board at the beginning of each three-year LTIP award cycle.

EXHIBIT 7: VESTING OF THE NEW LTIP AWARD



The relative TSR objective is calculated considering not only the variations of the closing price over the three-year performance period but also the dividends distributed in the same period, assuming that those dividends are reinvested at the time of the distribution in the shares of Landis+Gyr.

The EPS objective is set based on an outside-in view, taking into account growth expectations, risk profile, investment levels and profitability levels. This outside-in approach to setting EPS objectives for the LTIP is provided by external advisors and assumes that investors expect a risk-adjusted return on their investment, which is based on market value (and not book value) and translates such expected returns over a three-year period into EPS targets.

The weighted cumulative EPS result is calculated as the addition of the reported net income fully diluted EPS attributable to shareholders. In order to give more weight to the EPS achieved in the later years of the vesting period, the EPS of each year is weighted as follows: The first financial year is weighted at 1/6, in the second financial year at 2/6 and in the third financial year at 3/6.

Both KPIs have a vesting range of 0% to 200% each of which transmits into an overall leverage of between 0% and 200% of the number of PSUs at grant. Additionally, if Landis+Gyr's absolute TSR attributable to the relevant three-year performance period is negative, the relative TSR vesting multiple will be set at zero regardless of Landis+Gyr's performance relative to the SPI.

At the end of the three-year vesting period, PSUs will be settled in ordinary shares of Landis+Gyr, however, subject to forfeiture rules in case of termination of employment before the end of the plan cycle.

Employment conditions
The members of the GEM are employed under employment contracts of unlimited duration with a notice period up to a maximum of twelve months. GEM members are not contractually entitled to termination payments or any change of control provisions.

Remuneration awarded to members of governing bodies

The section below is in line with Swiss law and specifically with Arts. 14 to 16 of the Ordinance which requires disclosure of compensation granted to members of the Board and GEM. Compensation to members of the Board and the highest paid member of the GEM is shown separately.

Remuneration awarded to the Board for FY 2017 (Audited)

From April 1, 2017 to the EGM on July 19, 2017 the Board comprised employees of the two pre-IPO shareholders of Landis+Gyr, Toshiba Corporation and Innovation Network Corporation of Japan.

Exhibit 8 summarizes remuneration paid for FY 2017 to the six non-executive Board members that were elected in connection with the IPO at the 2017 EGM.

Mr. Umbach's employment contract and any related agreements with Landis+Gyr AG and any other Group entity were terminated upon his election as Chairman (July 19, 2017) and replaced

EXHIBIT 8: REMUNERATION OF MEMBERS OF THE BOARD FOR FY 2017[1] (AUDITED), IN CHF

Non-executive Board members	Role in the Board	Base fees	Committee fees	Expenses	Pension fund contribution[2]	Employer Social Security Contributions	Total remuneration
Andreas Umbach	Chairman	261'000		14'032	22'084	20'666	317'782
Eric Elzvik	Lead independent director	161'371	31'573	7'016		14'393	214'353
David Geary	Independent Member	84'194	10'524	7'016			101'734
Pierre-Alain Graf	Independent Member	84'194	10'524	7'016		7'328	109'062
Andreas Spreiter	Independent Member	84'194	21'048	7'016		8'134	120'392
Christina Stercken	Independent Member	84'194	10'524	7'016			101'734
Total Board of Directors		**759'147**	**84'193**	**49'112**	**22'084**	**50'521**	**965'057**

1 Represents gross amounts, prior to deductions for social security, withholding tax, etc. for services rendered from July 19, 2017 until March 31, 2018.
2 Employer pension contribution.

with a new chairman agreement. For services rendered as executive Chairman of Landis+Gyr AG from April 1, 2017 until the election as Chairman, Mr. Umbach was paid a base salary of CHF 258’523 (incl. employer social security and pension costs). As disclosed at the IPO, any unpaid remuneration and other claims from previous and now replaced agreements, including long-term incentives and related awards, were forfeited against net payment of CHF 2.6 million (i.e. CHF 2.96 million incl. social security contribution) by Landis+Gyr AG in full discharge of such liabilities. Under the agreement, Mr. Umbach used this amount to buy Landis+Gyr shares at the IPO price of CHF 78, which, together with the shares he received under the IPO recognition bonus funded by selling shareholders, are subject to a staggered lock-up period of two years.

In conjunction with the IPO recognition bonus (granted and funded by the selling shareholders), Mr. Umbach received 17’143 shares valued at a grant date fair value of CHF 1.34 million based on the IPO listing price of CHF 78 and CHF 668’571 in cash. Social security of CHF 137’449 was paid by the employer in conjunction with the recognition bonus.

Remuneration awarded to the GEM for FY 2017 (Audited)

For FY 2017, the members of the GEM received base salary, performance-based remuneration and pension and other benefits, in line with the remuneration policy, as detailed in Exhibit 5.

For the Group as a whole, FY 2017 results have been broadly in line with expectations but with significant variations between the regions; while the Americas significantly out-performed, we experienced some weakness in both EMEA and AP. This resulted in an overall target attainment factor of 98.6% for the CEO and 33.2% – 145.4% for other members of the GEM.

In addition, as disclosed at the IPO, the selling shareholders (Toshiba Corporation and Innovation Network Corporation of Japan) had decided to grant and fund an additional bonus in connection with the IPO to selected members of senior management in recognition of their efforts and to provide them with an equity stake in the Company to support its long-term performance. This selling shareholder-funded recognition bonus was conditional upon the completion of the offering and the acceptance of the lock-up undertaking. It comprised a share portion (approx. 2/3, subject to a staggered lock-up period of up to two years) and a cash portion (approx. 1/3). In total the recognition bonus granted to the members of the GEM consisted of 50’775 shares (thereof 16’000 shares for the CEO) valued at a grant date fair value of CHF 3.96 million (thereof CHF 1.248 million for the CEO) based on the IPO listing price of CHF 78 CHF and CHF 2.0 million in cash (thereof CHF 624’000 for the CEO). Social security (and for international employees’ tax equalization) of CHF 545’474 were paid by the employer in conjunction with the recognition bonus (thereof CHF 331’600 for the CEO).

EXHIBIT 9: REMUNERATION OF GROUP EXECUTIVE MANAGEMENT MEMBERS FOR FY 2017[1] (AUDITED), IN CHF

Compensation elements	Members of the GEM[2]	Highest remuneration Richard Mora, CEO
Base salary	3’105’343	800’000[6]
Short-term incentive in cash[3]	1’833’017	579’756
Fair value at grant under the LTIP[4]	1’351’609	391’992
Other benefits[5]	831’425	321’669
Pension costs	231’330	11’960
Employer Social Security Contributions	291’902	42’946
Total compensation	**7’644’626**	**2’148’323**

1 Represents gross amounts paid, prior to deductions for social security, withholding tax, etc. for services rendered from April 1, 2017 until March 31, 2018.
2 Six members of the GEM for FY 2017.
3 Payable in FY 2018 for FY 2017.
4 Disclosure reflects awards for a reporting year, that is, grant value for FY 2017. The LTIP value at vesting may vary based on performance outcomes. Resulting employer social security contributions (and tax equalization for expatriates) will be reflected at the time of settlement of the LTIP.
5 Includes car leasing, allowances, tax advisory, tax equalization for expatriates, employer contribution to 409a, etc.
6 Paid in USD.

Holding of shares by members of the Board and the GEM (Audited)

The members of the Board and GEM (including related parties) hold a total participation of 0.57% of the outstanding registered shares as of March 31, 2018. This participation includes registered shares purchased as well as fully vested shares allocated in connection with the remuneration schemes. However, unexercised options or unvested performance shares do not count.

EXHIBIT 10: SHARES HELD BY MEMBERS OF THE BOARD (AUDITED)

	Role	Shares held
Andreas Umbach	Chairman	66'501
Eric Elzvik	Lead Independent Director	2'564
David Geary	Independent Member	0
Pierre-Alain Graf	Independent Member	385
Andreas Spreiter	Independent Member	6'410
Christina Stercken	Independent Member	650

EXHIBIT 11: SHARES HELD BY MEMBERS OF THE GEM (AUDITED)

	Role	Shares held
Richard Mora	Chief Executive Officer ("CEO")	41'641
Jonathan Elmer	Chief Financial Officer ("CFO")	9'030
Roger Amhof	Chief Strategy Officer ("CSO")	6'425
Ellie Doyle	Head of Asia Pacific	3'774
Oliver Iltisberger	Head of EMEA	9'143
Prasanna Venkatesan	Head of Americas	21'372

Shareholding guidelines for the GEM members

Starting from FY 2018 shareholding guidelines will be introduced for GEM members. The guidelines are designed to increase the alignment of the interests of GEM members and shareholders. The target ownership levels are defined based on the role and correspond to:
- 300% of base salary for the position of CEO
- 200% of base salary for other GEM members

GEM members are expected to build up their shareholding to the targeted ownership levels within five years, from the introduction of the guidelines or appointment to the GEM respectively.

Loans granted to members of the Board or the GEM

In accordance with Article 28 of the Articles of Association, Landis+Gyr Group AG may not grant loans to members of the Board or the GEM.

Related-party transactions

Disclosure on remuneration for the FY 2017 covers members of the Board and the GEM as indicated, and for both includes related parties to the extent applicable. Such related parties cover spouses, partners, children and other dependents or closely linked persons. In FY 2017 no remuneration was paid to any related party.

Reconciliation of AGM remuneration resolutions

For the term to the 2018 AGM, the 2017 EGM has approved an aggregate remuneration amount for the Board of CHF 2.0 million (including social security costs, etc.).

The total amount of fixed and variable remuneration of the existing members of the GEM for the financial years ending March 31, 2018 and

March 31, 2019, respectively, approved by the 2017 EGM, is CHF 12.5 million per year (including social security costs, etc., but excluding deferred compensation and performance-related compensation from previous years; amounts are subject to adjustments for currency fluctuations in respect of individuals paid in foreign currencies).

For the reconciliation of the aggregate amount approved at the 2017 EGM meeting for the Board and the GEM to what was awarded during FY 2017 please refer to Exhibits 12 and 13 below. Please note that the amounts shown do not reflect the IPO recognition bonus (granted and funded by the selling shareholders) and other payments made to Andreas Umbach prior to the IPO as described on pages 12 and 13 of this report.

Prior to the IPO offering, the members of the GEM were allocated long-term performance-related remuneration elements, which vest through to the year 2020. In accordance with Article 33 of the Articles of Association, these remuneration elements will not be voted upon as decided and implemented prior to the IPO.

EXHIBIT 12: REMUNERATION APPROVED AND GRANTED FOR THE MEMBERS OF THE BOARD

	Total remuneration granted for the period from the EGM 2017 to March 31, 2018	Aggregate amount approved by shareholders at the EGM	Amount requested for shareholders' approval at the respective AGM
EGM 2017 to AGM 2018	CHF 965 thousand (8.5 months)	CHF 2.0 million	–
AGM 2018 to AGM 2019	–	–	CHF 2.0 million

EXHIBIT 13: REMUNERATION APPROVED AND GRANTED FOR THE MEMBERS OF THE GEM

	Total remuneration granted for the respective FY	Aggregate amount approved by shareholders at the EGM	Amount requested for shareholders' approval at the respective AGM
FY 2017	CHF 7.6 million	CHF 12.5 million	–
FY 2018	–	CHF 12.5 million	–
FY 2019	–	–	CHF 11.5 million

Report of the statutory auditor

to the General Meeting of Landis+Gyr Group AG

Zug

We have audited the remuneration report of Landis+Gyr Group AG for the year ended 31 March 2018. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the sections marked with the label 'audited' on pages 12 to 14 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Landis+Gyr Group AG for the year ended 31 March 2018 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Rolf Johner	Claudia Muhlinghaus
Audit expert Auditor in charge	Audit expert

Zug, 4 June 2018

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Landis+Gyr

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Financial Report 2017

Landis+Gyr

manage energy better

Table of Contents

Financial Review	5
Consolidated Financial Statements of Landis+Gyr Group	28
Statutory Financial Statements of Landis+Gyr Group AG	78

Financial Review of Landis+Gyr Group

Table of Contents

Overview	6
Summary of Financial Information	7
Segment Information	13
Restructuring and Other Saving Initiatives	16
Liquidity and Capital Resources	17
Critical Accounting Policies and Estimates	20
Supplemental Reconciliations and Definitions	21
Main Exchange Rates applied	26

Overview

The following discussion of the financial condition and results of the operations of Landis+Gyr Group AG (“Landis+Gyr”) and its subsidiaries (together, the “Company”) should be read in conjunction with the Consolidated Financial Statements, which have been prepared in accordance with US GAAP, and the related notes thereto included in this Financial Report.

This discussion contains forward-looking statements which are based on assumptions about the Company’s future business that involve risks and uncertainties. The Company’s actual results may differ materially from those anticipated in these forward-looking statements.

This Financial Report contains non-GAAP measures of performance. Definitions of these measures and reconciliations between these measures and their US GAAP counterparts can be found in the “Supplemental Reconciliations and Definitions” section of this Financial Report.

The Company is the leading global provider of smart metering solutions helping utilities, energy retailers and energy consumers manage energy better. Building on over 120 years of industry experience, we enable our customers to manage their billing for revenue assurance, improve the efficiency of their networks, upgrade energy delivery infrastructures, reduce energy costs and contribute to a sustainable use of resources.

Traditional standalone metering products represent the historical core of the Company’s offerings. However, over the last 10 years, many utilities have transitioned from using standalone, or non-smart, meters, which require on-site or one-way reading to report energy consumption, to modernized networks that deploy intelligent devices and two-way communications technologies for near real-time measurement, management and control of energy distribution and consumption, i.e., “smart metering”. Smart metering technology serves, in turn, as an essential building block in the development of the Smart-Grid and smart communities where utilities are able to measure and control production, transmission and distribution of energy resources more efficiently through the use of communications technology.

We provide our products, services and solutions in more than 70 countries around the world.

To best serve our customers, we have organized our business into three regional reportable segments: the Americas, EMEA and Asia Pacific.

- Americas comprises the United States, Canada, Central America, South America, Japan and certain other markets which adopt US standards. This segment reported 55.9% of our total revenue for the year ended March 31, 2018. We are a leading supplier of Advanced Metering Infrastructure (“AMI”) communications networks and the leading supplier of smart electricity meters in North America. In addition, we are one of the leading suppliers of modern standalone and smart electric meters in South America.
- EMEA, which comprises Europe, the Middle East, South Africa and certain other markets adopting European standards, reported 36.1% of our total revenue for the year ended March 31, 2018. In EMEA, we are one of the leading providers of smart electricity meters and we are the leading supplier of smart ultrasonic gas meters.
- Asia Pacific comprises Australia, China, Hong Kong and India, while the balance is generated in Singapore and other markets in Asia. It reported 8.0% of our total revenue for the year ended March 31, 2018. In Asia Pacific (excluding China), we are one of the leading smart electricity meter providers.

Summary of Financial Information

RESULTS OF OPERATIONS

	FISCAL YEAR ENDED MARCH 31,			
USD in million, except per share data	**2018**	2017	2016	2015
Order Intake	$ 1’574.4	$ 1’325.5	$ 1’998.7	$ 1’309.0
Committed Backlog as of March 31,	2’389.0	2’491.4	2’887.9	2’482.0
Net revenue	**1’737.8**	**1’659.2**	**1’573.5**	**1’529.1**
Cost of revenue	1’227.7	1’117.0	1’087.7	1’040.8
Gross profit	**510.1**	**542.2**	**485.7**	**488.3**
Operating expenses				
Research and development	163.8	162.8	148.3	151.6
Sales and marketing	104.9	104.7	99.7	100.0
General and administrative	157.8	184.8	145.3	163.3
Amortization of intangible assets	35.7	35.1	42.4	41.9
Impairment of intangible assets	–	60.0	34.1	–
Operating income (loss)	**47.8**	**(5.3)**	**15.9**	**31.5**
Net interest and other finance expense	1.2	(25.0)	(16.9)	(21.6)
Income (loss) before income tax expense	**49.0**	**(30.3)**	**(1.0)**	**9.8**
Income tax benefit (expense)	(2.2)	(31.8)	(12.5)	0.5
Net income (loss) before noncontrolling interests	**46.8**	**(62.1)**	**(13.5)**	**10.3**
Net income attributable to noncontrolling interests, net of tax	0.4	0.5	0.2	–
Net income (loss) attributable to Landis+Gyr Group AG Shareholders	**$ 46.4**	**$ (62.6)**	**$ (13.7)**	**$ 10.3**
Net income (loss) per share (basic and diluted)	$ 1.57	$ (2.12)	$ (0.46)	$ 0.35
Adjusted Gross Profit	$ 597.3	$ 620.2	$ 601.9	$ 562.3
Adjusted Operating Expenses	385.3	408.2	380.9	403.0
Adjusted EBITDA	**$ 212.0**	**$ 212.0**	**$ 221.0**	**$ 159.3**
Free Cash Flow	**$ 87.5**	**$ 53.1**	**$ 84.6**	**$ 96.3**

SUMMARY CONSOLIDATED BALANCE SHEETS

USD in million (*)	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
ASSETS				
Current assets				
Cash and cash equivalents	$ 101.8	$ 101.0	$ 22.1	$ 18.5
Accounts receivable, net	315.8	301.4	302.4	279.8
Inventories, net	121.4	115.7	117.0	121.5
Prepaid expenses and other current assets	50.4	44.4	136.7	125.6
Total current assets	**589.3**	**562.5**	**578.1**	**545.4**
Property, plant and equipment, net	164.4	188.8	199.8	220.6
Goodwill and other Intangible assets, net	1’743.3	1’786.6	1’895.6	1’981.2
Deferred tax assets	16.0	12.9	28.1	17.6
Other long-term assets	37.7	34.2	35.1	36.3
TOTAL ASSETS	**$ 2’550.7**	**$ 2’585.1**	**$ 2’736.7**	**$ 2’801.1**
LIABILITIES AND EQUITY				
Current liabilities				
Trade accounts payable	$ 153.8	$ 144.2	$ 153.6	$ 180.0
Accrued liabilities	40.0	37.0	45.2	50.2
Warranty provision	47.9	43.8	32.9	22.0
Payroll and benefits payable	65.2	76.6	73.9	66.4
Debt and current portion of shareholder loans	142.3	227.9	113.8	107.4
Tax payable	5.2	16.2	4.7	6.0
Other current liabilities	60.9	66.5	62.3	66.7
Total current liabilities	**515.2**	**612.2**	**486.4**	**498.7**
Shareholder loans	–	–	215.0	285.0
Warranty provision- non current	25.6	8.0	58.8	26.6
Pension and other employee liabilities	55.7	65.2	101.1	90.0
Deferred tax liabilities	32.5	55.0	95.1	99.1
Tax provision	25.5	28.7	21.1	15.5
Other long-term liabilities	88.1	83.5	29.4	31.0
Total liabilities	**742.7**	**852.5**	**1’006.8**	**1’045.9**
Shareholders' equity				
Total Landis+Gyr Group AG shareholders' equity	**1’804.6**	**1’730.1**	**1’728.0**	**1’753.2**
Noncontrolling interests	3.4	2.6	1.8	2.0
Total shareholders’ equity	**1’808.0**	**1’732.6**	**1’729.9**	**1’755.2**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 2’550.7**	**$ 2’585.1**	**$ 2’736.7**	**$ 2’801.1**

* Effective April 1, 2017, the Company adopted ASU 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes, which requires deferred tax assets and liabilities to be classified as noncurrent in the Consolidated Balance Sheets. For comparison purposes, we applied the new standard retrospectively in the Consolidated Balance Sheets as of March 31, 2017, 2016 and 2015 presented above.

Order Intake

Order intake increased by USD 248.9 million, or 18.8%, from USD 1’325.5 million in the year ended March 31, 2017 (FY 2016) to USD 1’574.4 million in the year ended March 31, 2018 (FY 2017), on a reported currency basis (16.0% on a constant currency basis). The increase in order intake was predominately driven by the Americas with large AMI projects wins in the United States.

Committed Backlog

We define our committed backlog as the sum of our awarded contracts with firm volume and price commitments.

Our products and solutions committed backlog represents the aggregate amount of individual contract orders we have for specified products, services or solution sales that have a specified value and delivery schedule. As of March 31, 2018, in the Americas, committed backlog related to products, services and solutions was USD 1’679.0 million compared to USD 1’768.9 million as of March 31, 2017. In EMEA, as of March 31, 2018, committed backlog was USD 654.1 million compared to USD 681.8 million as of March 31, 2017. In addition, in EMEA, we had “Contingent Backlog” (representing the portion of an awarded firm volume contract that relies on meeting performance criteria in order to trigger the customer order) in an amount of USD 395.2 million and USD 530.0 million for the years ended March 31, 2018 and 2017, respectively. The decrease of USD 134.8 million is primarily attributable to the transfer into committed backlog of amounts previously included within contingent backlog, in respect of which the Company has met the performance criteria. More than half of the committed and contingent backlog in EMEA relates to contracts in the U.K. In Asia Pacific, as of March 31, 2018, committed backlog was USD 55.9 million compared to USD 40.7 million as of March 31, 2017.

Net Revenue

Net revenue increased by USD 78.6 million, or 4.7%, from USD 1’659.2 million in the year ended March 31, 2017 to USD 1’737.8 million in the year ended March 31, 2018, on a reported currency basis (2.6% on a constant currency basis). The increase in net revenue was predominantly driven by stronger sales in the EMEA and Americas segments which grew by USD 39.4 million and USD 41.0 million, respectively, as compared to the previous period. The EMEA segment experienced a slowed sales growth as major planned AMI rollouts commenced but was impacted by certain industry-wide supply chain delays in the second half of the fiscal year ended March 31, 2018. In the Americas segment, the increase in net revenue was driven by strong revenue growth in AMI key markets in the United States, offsetting the slowdown in Japan because of the expected reduction in revenue from TEPCO’s AMI project. Americas’ revenue too was somewhat dampened by industry-wide supply chain constraints. Meanwhile, the Asia Pacific segment net revenue slightly declined following delays in sales in key markets, such as Australia.

Cost of Revenue and Gross Profit

Cost of revenue increased by USD 110.7 million, or 9.9%, from USD 1’117.0 million in the year ended March 31, 2017 to USD 1’227.7 million in the year ended March 31, 2018. This increase reflects in part higher warranty changes for the year ended March 31, 2018 with a large accrual recorded in the Americas segment for USD 40.9 million related to legacy component issues as compared to USD 23.3 million in the previous period. In addition, the increase was further driven by delays in approvals for cost optimized products in EMEA. As a result, gross profit decreased by USD 32.1 million, or (5.9)%, from USD 542.2 million (or 32.7% in percentage of revenue) in the year ended March 31, 2017 to USD 510.1 million (or 29.4% as a percentage of revenue) in the year ended March 31, 2018.

OPERATING EXPENSES

USD in million	FISCAL YEAR ENDED MARCH 31, 2018	2017
Research and development	$ 163.8	$ 162.8
Sales and marketing	104.9	104.7
General and administrative	157.8	184.8
Amortization of intangible assets	35.7	35.1
Impairment of intangible assets	–	60.0
Total operating expenses	**$ 462.3**	**$ 547.4**

Research and Development

Research and development expenses increased by USD 1.0 million, or 0.6%, from USD 162.8 million in the year ended March 31, 2017 to USD 163.8 million in the year ended March 31, 2018. Research and development expenses remain fairly in line with the previous year, being the result of a continuous effort in connection with the development of platforms for devices, applications and networks on a global level. Simultaneously customization requirements are high, especially in association with the deployment of AMI projects, due to the particularities of each market and bespoke utility requirements.

Sales and Marketing

Sales and marketing expenses were flat with a slight increase of USD 0.2 million, or 0.2%, from USD 104.7 million in the year ended March 31, 2017 to USD 104.9 million in the year ended March 31, 2018. This stability in sales and marketing expenses results from control on non-personnel expenses largely related to travel expenses, consulting expenses and advertising and promotional expenses.

General and Administrative

General and administrative expenses decreased by USD 27.0 million, or (14.6)%, from USD 184.8 million in the year ended March 31, 2017 to USD 157.8 million in the year ended March 31, 2018. The decrease in general and administrative expenses was driven, in part, by the cost reduction program in EMEA (Project Phoenix) as well as the non-recurring IT costs incurred in previous year for SAP harmonization in EMEA and in Asia Pacific. While the corporate function recorded expenses for the IPO of USD 24.2 million in the year ended March 31, 2018, these costs offset a similar level of non-recurring costs recorded in the previous fiscal year in connection with a settlement amount (including legal costs) for a patent case of USD 15.6 million in the United States and professional service fees of USD 6.0 million in relation to due diligence for a potential acquisition of an external company.

Amortization of Intangible Assets

Certain amortization charges were included in cost of revenue in the amount of USD 14.1 million for both the years ended March 31, 2018 and 2017; amortization of intangible assets included under operating expenses increased by USD 0.6 million, or 1.6%, from USD 35.1 million in the year ended March 31, 2017 to USD 35.7 million in the year ended March 31, 2018. The increase in amortization of intangible assets was driven in part by amortization of software.

Impairment of Intangible Assets

We did not recognize any impairment of intangible assets in the year ended March 31, 2018 compared to USD 60.0 million in the year ended March 31, 2017. In the year ended March 31, 2017, we impaired part of our goodwill as a result of the organizational shift to three regional operating segments and reporting units (an amount of USD 30.0 million was impaired both in the EMEA segment and in the Asia Pacific segment).

Operating Income

Operating income increased by USD 53.0 million to USD 47.8 million for the year ended March 31, 2018 from USD (5.3) million for the year ended March 31, 2017 largely as a result of lower overhead expenses and the non-recurrence of the FY 2016 goodwill impairment of USD 60.0 million, partly offset by a lower gross margin on sales. Operating income included depreciation and amortization of USD 97.3 million for the year ended March 31, 2018 and USD 96.2 million for the year ended March 31, 2017, which are included in various line items in the Consolidated Statement of Operations.

Operating income before depreciation and amortization, and impairment, which corresponds to EBITDA, decreased by USD 5.7 million, or 3.8%, to USD 145.1 million for the year ended March 31, 2018 from USD 150.8 million for the year ended March 31, 2017. EBITDA included non-recurring and other items in the fiscal year ended March 31, 2018, which amounted to USD 66.9 million. These non-recurring and other items included (i) exceptional warranty related expenses of USD 2.4 million in respect of the X2 matter (refer to section Warranty Provision below), (ii) warranty normalization adjustments of USD 24.2 million, included to adjust warranty expenses to the three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims, (iii) restructuring expenses in the amount of USD 14.7 million relating to costs associated with restructuring programs in EMEA and in Americas and (iv) certain other non-recurring items amounting to USD 25.6 million, including USD 24.2 million costs incurred in preparation of the Initial Public Offering of the Company's stock. In the fiscal year ended March 31, 2017, adjustments for these items amounted to (i) USD 6.4 million, (ii) USD 25.2 million, (iii) USD 3.8 million, (iv) USD 25.8 million (including USD 15.6 million related to an intellectual property infringement case in the United States and USD 6.0 million costs associated with a contemplated acquisition), respectively, while total non-recurring and other items amounted to USD 61.2 million.

In the year ended March 31, 2018, Adjusted EBITDA, which corresponds to EBITDA adjusted for certain non-recurring or other items that Management believes are not indicative of operational performance (as outlined above), was USD 212.0 million, in line with the year ended March 31, 2017. The flat Adjusted EBITDA was driven by stronger performance in the Americas, offset by the EMEA and the Asia Pacific segments. For further details, refer to the next chapter Segment Information.

OTHER INCOME (EXPENSE) AND INCOME TAXES

	FISCAL YEAR ENDED MARCH 31,	
USD in million	**2018**	2017
Other income (expense)		
Interest income	$ 0.9	$ 0.5
Interest expense	(7.0)	(11.2)
Income (loss) on foreign exchange, net	7.3	(14.3)
Income (loss) before income tax expense	**$ 49.0**	**$ (30.3)**
Income tax benefit (expense)	(2.2)	(31.8)

Interest Income

Interest income increased by USD 0.4 million, or 71.3%, from USD 0.5 million in the year ended March 31, 2017 to USD 0.9 million in the year ended March 31, 2018.

Interest Expense

Interest expense decreased by USD 4.2 million, or 37.7%, from USD 11.2 million in the year ended March 31, 2017 to USD 7.0 million in the year ended March 31, 2018. The decrease in interest expense was driven by the repayment of the Shareholder Loan granted by one of the previous shareholders of Landis+Gyr Group AG, Toshiba Corporation, with the proceeds from a bank facility at a lower interest rate.

Income (Loss) on Foreign Exchange, Net
Income on foreign exchange, net increased by USD 21.6 million, from a loss of USD 14.3 million in the year ended March 31, 2017 to an income of USD 7.3 million in the year ended March 31, 2018. The income in FY 2017 was primarily attributable to the weaker USD against the EUR and CHF as well as the recovery of the GBP against other currencies. The loss in FY 2016 was driven primarily by the weaker GBP against the EUR and the USD following the "Brexit" vote in June 2016, as well as the stronger USD against the EUR and CHF.

Provision for Taxes
Income tax expense decreased by USD 29.6 million, from USD 31.8 million in the year ended March 31, 2017 to USD 2.2 million in the year ended March 31, 2018. The variance in total income tax expense was mainly driven by the U.S. tax reform. The enactment of U.S. tax reform resulted in a provisional benefit of USD 22 million from the re-measurement of deferred tax balances as of March 31, 2017 to the new U.S. Federal tax rate. Including the impact from the re-measurement of the deferred tax balances arising from the current activity of USD 4.7 million, the provisional net benefit amounts to USD 17.3 million.

Segment Information

The following tables set forth net revenues and Adjusted EBITDA for our segments: Americas, EMEA and Asia Pacific for the years ended March 31, 2018 and 2017.

	FISCAL YEAR ENDED MARCH 31,		CHANGE	
U.S. Dollars in millions, unless otherwise indicated	**2018**	2017	**USD**	**Constant Currency**
Committed Backlog				
Americas	$ 1'679.0	$ 1'768.9	(5.1%)	(4.5%)
EMEA	654.1	681.8	(4.1%)	(15.3%)
Asia Pacific	55.9	40.7	37.3%	36.3%
Total	**$ 2'389.0**	**$ 2'491.4**	**(4.1%)**	**(7.1%)**

In addition to the committed backlog shown above, contingent backlog represents an amount of USD 395 million as of March 31, 2018 versus an amount of USD 530 million as of March 31, 2017.

	2018	2017	USD	Constant Currency
Net revenue to external customers				
Americas	$ 972.2	$ 931.2	4.4%	4.1%
EMEA	627.2	587.8	6.7%	1.7%
Asia Pacific	138.4	140.2	(1.3%)	(3.4%)
Total	**$ 1'737.8**	**$ 1'659.2**	**4.7%**	**2.6%**
Adjusted Gross Profit				
Americas	$ 409.2	$ 414.0	(1.2%)	(1.2%)
EMEA	155.9	174.0	(10.4%)	(14.1%)
Asia Pacific	28.3	31.9	(11.3%)	(13.2%)
Inter-segment eliminations	3.9	0.3		
Total	**$ 597.3**	**$ 620.2**	**(3.7%)**	**(5.0%)**
Adjusted EBITDA				
Americas	$ 199.4	$ 195.0	2.3%	2.3%
EMEA	(8.8)	1.0	–	–
Asia Pacific	(9.6)	(2.6)	(269.2%)	(231.0%)
Corporate unallocated	31.0	18.6		
Total	**$ 212.0**	**$ 212.0**	**0.0%**	**(0.6%)**
Adjusted EBITDA % of net revenue to external customers				
Americas	20.5%	20.9%		
EMEA	(1.4%)	0.2%		
Asia Pacific	(6.9%)	(1.9%)		
Group	**12.2%**	**12.8%**		

AMERICAS

Segment Revenue

Net revenue to external customers in the Americas segment rose to a new record high of USD 972.2 million in FY 2017 an increase of USD 41.0 million, or 4.4%, from USD 931.2 million in the year ended March 31, 2017 to USD 972.2 million in the year ended March 31, 2018, on a reported currency basis (4.1% on a constant currency basis), notwithstanding some impact in the second half of the year from industry-wide supply chain constraints. The increase in revenue in the Americas segment was primarily driven by an increase in sales to investor owned utilities ("IOU") and public power utilities

(“PP”) in North America as well as increased sales in South America as a result of larger AMI and Industrial, Commercial & Grid (“ICG”) sales. The increase in revenue was offset by an expected decline in revenues from TEPCO’s AMI project and the downtrend in non-AMI products in South America.

Segment Adjusted EBITDA
Adjusted EBITDA in the Americas segment increased by USD 4.4 million, or 2.3%, from USD 195.0 million in the year ended March 31, 2017 to USD 199.4 million in the year ended March 31, 2018. The increase in Adjusted EBITDA is largely the result of increased revenue combined with a lower level of Adjusted Operating Expenses, notwithstanding higher cost allocations from Corporate of USD 2.6 million. Adjustments to EBITDA for the periods under review relate predominantly to warranty normalization adjustments; the adjustment amount booked in the year ended March 31, 2018 partly offset the warranty amount of USD 40.9 million in connection with legacy component issues booked in North America. Additionally, for the year ended March 31, 2017, we also made an adjustment to EBITDA in the Americas segment for a patent litigation settlement. For a reconciliation of Adjusted EBITDA on a segment basis to Adjusted EBITDA on a Group basis, see the section Supplemental Reconciliations and Definitions.

EMEA

Segment Revenue
Net revenue to external customers in the EMEA segment rose to USD 627.2 million in FY 2017, an increase of USD 39.4 million, or 6.7%, from USD 587.8 million in the year ended March 31, 2017, on a reported currency basis (1.7% on a constant currency basis), with our sales development in the second half somewhat dampened by industry-wide supply chain limitations. The increase in revenue to external customers in the EMEA segment was mainly driven by AMI deployments in France, the Iberian Peninsula and in the U.K. and was also impacted by foreign currency translation differences against the USD.

Segment Adjusted EBITDA
Adjusted EBITDA in the EMEA segment decreased by USD 9.8 million, from USD 1.0 million in the year ended March 31, 2017 to USD (8.8) million in the year ended March 31, 2018. The largest single contributor driving this reduction was the lack of benefit from product cost reduction programs that still need to match committed price reductions on the next generation meters being shipped to customers in the UK, France and the Netherlands. These will be realized in FY 2018. The lower Adjusted Gross Profit was partially mitigated by lower adjusted operating expenses mainly as a result of the impact of a restructuring plan (Project Phoenix). The result was also impacted by higher cost allocations from Corporate of USD 4.1 million. Adjustments to EBITDA for the periods under review relate predominantly to restructuring charges, warranty normalization adjustments and exceptional warranty related expenses. For a reconciliation of Adjusted EBITDA on a segment basis to Adjusted EBITDA on a Group basis, see the section Supplemental Reconciliations and Definitions.

ASIA PACIFIC

Segment Revenue
Net revenue to external customers in the Asia Pacific segment decreased by USD 1.8 million, or (1.3)%, from USD 140.2 million in the year ended March 31, 2017 to USD 138.4 million in the year ended March 31, 2018, on a reported currency basis ((3.4)% on a constant currency basis). The projects in Hong Kong and the Indian federal government’s rural electrification efforts partly offset near term weakness in Australia, which experienced a market slowdown due to the impending Power of Choice program.

Segment Adjusted EBITDA

Adjusted EBITDA in the Asia Pacific segment decreased by USD 7.0 million, from USD (2.6) million in the year ended March 31, 2017 to USD (9.6) million in the year ended March 31, 2018. The decrease in profitability in the Asia Pacific segment was driven by the lower sales described above. For the year ended March 31, 2017, adjustments to EBITDA in the Asia Pacific segment largely related to the start-up costs for our business subsidiary intelliHUB (USD 3.7 million) while for the year ended March 31, 2018, adjustments relate to other non-recurring costs (USD 0.9 million). For a reconciliation of Adjusted EBITDA on a segment basis to Adjusted EBITDA on a Group basis, see the section Supplemental Reconciliations and Definitions.

Restructuring and other Saving Initiatives

The Company continually reviews its business, manages costs and aligns resources with market demand. As a result, the Company has taken several actions to reduce fixed costs, eliminate redundancies, strengthen operational focus and better position itself to respond to market pressures or unfavourable economic conditions.

The following table outlines the cumulative and current costs incurred to date under the program per operating segment:

USD in million	Cumulative Costs incurred up to March 31, 2018	Total Costs incurred in the Fiscal Year ended March 31, 2018
Americas	$ 6.6	$ 0.6
EMEA	28.1	13.6
Asia Pacific	9.7	(0.0)
Corporate	1.8	0.5
Restructuring Charges	**$ 46.2**	**$ 14.7**

We currently have two major operational excellence initiatives underway. The first initiative ("Project Lightfoot") focuses on maximizing the efficiency of our manufacturing footprint through capacity and utilization improvements. Currently, Project Lightfoot concentrates on our operations in EMEA where we are continuing to improve our production and assembly processes, consolidate our manufacturing capacities in a reduced number of designated facilities, transfer selected manufacturing activities to lower cost countries in order to gain cost efficiencies and reduce our depth of manufacturing through outsourcing.

Meanwhile, the second major initiative was launched in the second half of 2016 ("Project Phoenix") and aims to optimize our cost base in EMEA, mainly through reductions in our fixed cost set-up around the region.

In conjunction with the two above mentioned restructuring initiatives, we have incurred one-time costs of USD 5.7 million and USD 13.6 million for the years ended March 31, 2017 and March 31, 2018, respectively, predominantly relating to severance and redundancy costs. In the mid-term, we expect to realize savings of approximately USD 25 million per annum from Project Lightfoot with full savings expected to be achieved by the year ended March 31, 2021, and approximately USD 20 million per annum from Project Phoenix with full savings expected to be achieved by the year ended March 31, 2019. In the year ended March 31, 2018, we realized cost savings from project Phoenix of USD 15.8 million on a currency adjusted basis.

Liquidity and Capital Resources

The Company funds its operations and growth with cash flow from operations and borrowings. Cash flows may fluctuate and are sensitive to many factors including changes in working capital, the timing and magnitude of capital expenditures and repayment of debt.

We believe that cash flow from operating activities as well as the borrowing capacity under our Credit Facility Agreement will be sufficient to fund currently anticipated working capital, planned capital spending, debt service requirements and dividend payments to shareholders for at least the next twelve months. Over the longer term, we believe that our cash flows from operating activities and available cash and cash equivalents and access to borrowing facilities, will be sufficient to fund our capital expenditures and debt service requirements. We also regularly review acquisition and other strategic opportunities, which may require additional debt or equity financing.

CASH FLOWS

	FISCAL YEAR ENDED MARCH 31,	
USD in million	**2018**	2017
Cash flows provided by (used in) operating activities	$ 124.7	$ 95.1
Cash flows provided by (used in) investing activities	(37.3)	(46.9)
Reconciliation item 1 (a)	–	0.2
Reconciliation item 2 (b)	–	4.7
Free Cash Flow	**$ 87.5**	**$ 53.1**
Cash flows provided by (used in) financing activities	(83.2)	31.5

a) Represents foreign exchange items on intercompany loans that are included under net cash provided by operating activities in the Consolidated Statement of Cash Flows, but classified as financing activities in the Group's Free Cash Flow.
b) Represents the cash paid for the acquisition of Consert's net assets described under Note 8 of the Consolidated Financial Statements for the year ended March 31, 2017.

Operating Activities

Cash flow provided by operating activities increased by USD 29.6 million, or 31.1%, from USD 95.1 million in the year ended March 31, 2017 to USD 124.7 million in the year ended March 31, 2018, owing to improvements in net working capital.

Investing Activities

Cash flow used in investing activities decreased by USD 9.6 million, or 20.6%, from USD (46.9) million in the year ended March 31, 2017 to USD (37.3) million in the year ended March 31, 2018. The decrease in cash flow used in investing activities was driven by a decrease in capital expenditure of USD 4.8 million reflecting our asset light approach and USD 4.7 million paid in connection with a business acquisition in the fiscal year 2016.

Financing Activities

Cash flow from financing activities decreased by USD 114.7 million, changing from a net inflow of USD 31.5 million in the year ended March 31, 2017 to a net outflow of USD 83.2 million in the year ended March 31, 2018. In the year ended March 31, 2018, the net outflow of USD 83.2 million was primarily attributable to the repayment of the pre-existing shareholder loan of USD 215 million; this was partly offset by the proceeds from the borrowings of USD 130 million under the Credit Facility Agreement which we entered into in March 2018. In the year ended March 31, 2017, the inflow from financing activities was driven mainly by capital contributions received from Toshiba, the former shareholder.

Net Operating Working Capital

A key factor affecting cash flow from operating activities is, amongst others, changes in working capital. Operating working capital ("OWC") reflects trade account receivables from third and related parties (net of allowance for doubtful accounts) including notes receivables and accrued income from customers, plus inventories less trade accounts payable from third and related parties including prepayments. The table below outlines our operating working capital for the Group and each of our segments as of March 31, 2018 and 2017.

NET OPERATING WORKING CAPITAL

	FISCAL YEAR ENDED MARCH 31,	
USD in million, except percentages	**2018**	2017
Accounts receivable, net	$ 315.8	$ 301.4
Inventories, net	121.4	115.7
Trade accounts payable	(153.8)	(144.2)
Operating Working Capital	**$ 283.4**	**$ 272.9**
Operating Working Capital as a percentage of Revenue	16.3%	16.4%

During the periods under review, the main changes to the Group's OWC arose from tight inventory control and currency translation adjustments to the OWC held by reporting units whose functional currency is not the US Dollar, reflecting the deterioration in the USD exchange rate against the other main currencies.

Capital Expenditures

A key component of cash flow used in investing activities is capital expenditures (“Capex”). We calculate Capex as the amounts invested in property, plant and equipment and intangibles assets. Our Capex is composed of three elements: (i) Replacement Capex; (ii) Expansion Capex (i.e. directly linked to expected volume growth); and (iii) Service Contract Capex (i.e. for our Managed Services business unit in the Americas to fund on-balance sheet metering devices). Capex slightly decreased relative to sales and in absolute terms during the periods under review and amounted to 2.2%, and 2.6% of revenue for the years ended March 31, 2018, and 2017, respectively. Capex has been fully funded by cash flow from operating activities.

CAPITAL EXPENDITURES

	FISCAL YEAR ENDED MARCH 31,	
USD in million, except percentages	**2018**	2017
Service contracts	$ 2.9	$ 4.5
Expansion	18.7	17.6
Replacement	16.4	20.7
CapEx	**$ 38.0**	**$ 42.8**
CapEx as a percentage of Revenue	2.2%	2.6%

Capital expenditures decreased by USD 4.8 million, or 11.2%, from USD 42.8 million in the year ended March 31, 2017 to USD 38.0 million in the year ended March 31, 2018. A significant portion of Capex is driven by the large number of product variants, which we are required to have to support different customer and market requirements, especially in connection with the deployment of AMI projects.

Net Debt

The table below presents the components of net debt as of March 31, 2018 and 2017.

	MARCH 31,	
USD in million	**2018**	2017
Cash and cash equivalents	$ (101.8)	$ (101.0)
Credit facility	130.0	–
Other borrowings from banks	12.3	12.9
Current portion of shareholder loans	–	215.0
Other financial liabilities (assets), net	(0.1)	(0.1)
Net Debt	**$ 40.5**	**$ 126.8**

The Company policy is to ensure the Group will have adequate financial flexibility at all times without incurring unnecessary cost. Financial flexibility can be either provided through direct access to debt capital markets (private placement markets), through direct access to money markets (commercial paper) or through the establishment of bank facilities, either on a bilateral basis or on a syndicated basis.

Indebtedness

Total outstanding debt was as follows:

	MARCH 31,	
USD in million	**2018**	2017
Credit Facility	$ 130.0	–
Other borrowings from banks	12.3	12.9
Current portion of shareholder loans	–	215.0

For the description of the Company’s indebtedness, refer to the Notes 13, Loans payable and 14, Shareholder Loans to our Consolidated Financial Statements.

Critical Accounting Policies and Estimates

The Consolidated Financial Statements of the Company have been prepared in accordance with US GAAP. The preparation of the financial statements requires management to make estimates and assumptions, which have an effect on the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and on the reported amounts of revenues and expenses during the reporting period.

Management evaluates the estimates on an ongoing basis, including, but not limited to, those related to costs of product guarantees and warranties, provisions for bad debts, recoverability of inventories, fixed assets, goodwill and other intangible assets, income tax expenses and provisions related to uncertain tax positions, pensions and other postretirement benefit assumptions and legal and other contingencies.

Where appropriate, the estimates are based on historical experience and on various other assumptions that Management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from our estimates and assumptions.

The Company deems an accounting policy to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made and if different estimates that reasonably could have been used, or if changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the Company's Consolidated Financial Statements.

Management also deems an accounting policy to be critical when the application of such policy is essential to the Company's ongoing operations. Management believes the following critical accounting policies require to make difficult and subjective judgments, often as a result of the need to make estimates regarding matters that are inherently uncertain.

The following policies should be considered when reading the Consolidated Financial Statements:
- Revenue Recognition
- Contingencies
- Pension and Other Post-retirement Benefits
- Income Taxes
- Goodwill and Other Intangible Assets

For a summary of the Company's accounting policies and a description of accounting changes and recent accounting pronouncements, including the expected dates of adoption and estimated effects, if any, on our Consolidated Financial Statements, see "Note 2 Summary of Significant Accounting Principles" to our Consolidated Financial Statements.

Supplemental Reconciliations and Definitions

Adjusted EBITDA

The reconciliation of EBITDA to Adjusted EBITDA is as follows for the fiscal years ended March 31, 2018 and 2017:

	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
	FISCAL YEAR ENDED MARCH 31,		FISCAL YEAR ENDED MARCH 31,		FISCAL YEAR ENDED MARCH 31,		FISCAL YEAR ENDED MARCH 31,		FISCAL YEAR ENDED MARCH 31,	
USD in millions, unless otherwise indicated	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Operating income	**$ 47.8**	**$ (5.4)**	**$ 103.5**	**$ 100.9**	**$ (38.7)**	**$ (38.6)**	**$ (15.7)**	**$ (12.1)**	**$ (1.3)**	**$ (55.6)**
Amortization of intangible assets	49.8	49.3	33.5	33.4	7.4	7.1	2.1	1.9	6.8	6.9
Depreciation	47.5	46.9	29.0	30.4	14.6	12.9	3.7	3.4	0.2	0.2
Impairment of intangible assets		60.0		–		–		–	–	60.0
EBITDA	**145.1**	**150.8**	**166.0**	**164.7**	**(16.7)**	**(18.6)**	**(9.9)**	**(6.8)**	**5.7**	**11.5**
Restructuring charges	14.7	3.8	0.6	1.6	13.6	1.2	–	1.0	0.5	–
Exceptional warranty related expenses (a)	2.4	6.4	–	–	2.2	6.4	–	–	0.2	–
Normalized warranty related expenses (b)	24.2	25.2	32.8	13.1	(7.9)	12.7	(0.6)	(0.6)	(0.1)	(0.0)
Special items	25.6	25.8	–	15.6	–	(0.7)	0.9	3.8	24.7	7.1
Adjusted EBITDA	**$ 212.0**	**$ 212.0**	**$ 199.4**	**$ 195.0**	**$ (8.8)**	**$ 1.0**	**$ (9.6)**	**$ (2.6)**	**$ 31.0**	**$ 18.6**
Adjusted EBITDA margin (%)	12.2%	12.8%	20.5%	20.9%	(1.4%)	0.2%	(6.9%)	(1.9%)		

a) Exceptional warranty related expenses related to the X2 matter. See section “Warranty Provisions”
b) Warranty normalization adjustments represent warranty that diverge from a three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims. For the calculation of the average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty-like claims for the periods under review and going forward, see section “Warranty Provisions”.

Adjusted Gross Profit

The reconciliation of Gross Profit to Adjusted Gross Profit is as follows for the fiscal years ended March 31, 2018 and 2017:

	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
	FISCAL YEAR ENDED MARCH 31,		FISCAL YEAR ENDED MARCH 31,		FISCAL YEAR ENDED MARCH 31,		FISCAL YEAR ENDED MARCH 31,		FISCAL YEAR ENDED MARCH 31,	
USD in millions, unless otherwise indicated	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Gross Profit	**$ 510.1**	**$ 542.2**	**$ 345.8**	**$ 368.0**	**$ 135.0**	**$ 145.5**	**$ 25.6**	**$ 28.4**	**$ 3.7**	**$ 0.3**
Amortization of intangible assets	14.1	14.1	5.6	5.8	7.0	6.9	1.5	1.5	–	(0.1)
Depreciation	39.5	39.2	25.1	26.7	12.6	10.7	1.8	1.7	–	0.1
Restructuring charges	7.0	1.8	–	0.4	7.0	0.5	–	0.9	–	–
Exceptional warranty related expenses	2.4	(1.3)	–	–	2.2	(1.3)	–	–	0.2	–
Normalized warranty related expenses	24.2	25.2	32.7	13.1	(7.9)	12.7	(0.6)	(0.6)	0.0	(0.0)
Special items	–	(1.0)	–	–	–	(1.0)	–	–	–	0.0
Adjusted Gross Profit	**$ 597.3**	**$ 620.2**	**$ 409.2**	**$ 414.0**	**$ 155.9**	**$ 174.0**	**$ 28.3**	**$ 31.9**	**$ 3.9**	**$ 0.3**
Adjusted Gross Profit margin (%)	34.4%	37.4%	42.1%	44.5%	24.9%	29.6%	20.4%	22.8%		

Adjusted Operating Expense

The reconciliation of Operating Expense to Adjusted Operating Expenses is as follows for the fiscal years ended March 31, 2018 and 2017:

	FISCAL YEAR ENDED MARCH 31,	
USD in millions, unless otherwise indicated	**2018**	2017
Research and development	**$ 163.8**	**$ 162.8**
Depreciation	(4.4)	(3.9)
Restructuring charges	(1.4)	(0.3)
Adjusted Research and Development	**158.0**	**158.6**
Sales and Marketing	104.9	104.7
General and administrative	157.8	184.9
Depreciation	(3.6)	(3.8)
Restructuring charges	(6.2)	(1.7)
Exceptional warranty related legal expenses	–	(7.7)
Special items	(25.6)	(26.8)
Adjusted Sales, General and Administrative	**227.3**	**249.6**
Adjusted Operating Expenses	**$ 385.3**	**$ 408.2**

Warranty Provisions

We offer standard warranties on our metering products and our solutions for periods ranging from one to five years. In some instances, warranty periods can be further extended based on customer specific negotiations.
Under limited circumstances, we may also settle certain quality-related issues experienced by our customers even if not strictly required to do so by the terms of a warranty (referred to as "warranty-like" items). Warranty accruals represent our estimate of the cost of projected warranty and warranty-like claims and are based on historical and projected warranty trends, specific quality issues identified (if any), supplier information and other business and economic projections as well as other commercial considerations. Our results in any given period are affected by additions to as well as by releases of, or other adjustments to, these accruals.

For the years ended March 31, 2018 and 2017, our Consolidated Statements of Operations include net changes to the warranty and warranty-like accruals, which we record in cost of goods sold, of USD 40.7 million and USD (7.2) million, respectively, comprising additions to and releases of, or other adjustments to, accruals in respect of such claims. Our results were historically significantly impacted by warranty claims relating to the X2 capacitors (the "X2 matter"), which resulted in net changes to the accruals for warranty and warranty-like claims of USD 1.4 million, and USD (1.3) million, respectively, for the years ended March 31, 2018 and 2017. In addition, we incurred legal expenses related to the X2 matter in the amount of USD nil and USD 7.7 million in the years ended March 31, 2018 and 2017, respectively.

Management considers the X2 matter to be an exceptional warranty case because of the uniqueness of the matter and because it was part of an industry-wide component failure that impacted not only our products, but also those of our competitors and the electronics industry generally. Excluding X2-related accruals, our net changes to accruals for warranty and warranty-like claims for the years ended March 31, 2018 and 2017 would have been USD 39.3 million and USD 35.7 million, respectively. In the fiscal year 2017, net changes to warranty accruals were impacted by additional accruals of USD 40.9 million related to legacy component issues in the Americas.

In assessing the underlying operational performance of the business over time, Management believes that it is useful to consider average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims as an alternative to warranty accruals, which are estimates and subject to change and significant period-to-period volatility. For the years ended March 31, 2018, 2017 and 2016, the outflow (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims (excluding X2) amounted to USD 20.5 million, USD 15.7 million and USD 9.0 million, respectively, resulting in three-year average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of such claims of USD 15.0 million. For the year ended March 31, 2017, the three-year average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) amounted to USD 10.6 million (as fully disclosed in the offering memorandum prepared for the IPO). The increase of the three-year average actual warranty costs from USD 10.6 million in the year ended March 31, 2017 to USD 15.0 million in the year ended March 31, 2018 resulted from the inclusion in the average calculation of costs incurred of USD 20.5 million in the year ended March 31, 2018 and the falling out of the average calculation of costs incurred of USD 7.0 million in the year ended March 31, 2015. The main part of the outflow (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims (excluding X2) in the year ended March 31, 2018 was related to the legacy component issues in the Americas.

Management presents Adjusted EBITDA in this Financial Report 2017 as an alternative performance measure (both at the Group and at the segment level). With regards to warranty and warranty-like claims, Adjusted EBITDA excludes the accruals associated with the X2 claim (as well as the associated

legal expenses) and, with respect to other warranty and warranty-like claims, includes only the average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of such claims, which amounted to USD 15.0 million and USD 10.6 million for the years ended March 31, 2018 and 2017. For the years ended March 31, 2018 and 2017, the warranty normalization adjustments made in calculating Adjusted EBITDA amounted to USD 24.2 million and USD 25.2 million, respectively.

The following table provides information on our accruals in respect of warranty and warranty-like claims as well as the associated outflow (in cash and cash equivalents) for the periods under review.

	FISCAL YEAR ENDED MARCH 31,			
USD in millions, unless otherwise indicated	**2018**	2017	2016	**Average**
Beginning of the year				
Warranty accrual	$ 51.7	$ 91.6	$ 48.5	
Other warranty-like accrued liabilities[1]	–	6.5	2.3	
Total	**51.7**	**98.2**	**50.8**	
Additions[2]	48.0	46.6	64.6	
Other changes/adjustments to warranties[3]	(7.3)	(53.8)	(7.9)	
Outflow in respect of X2 matter	(1.0)	(18.9)	(1.2)	
Outflow in respect of other warranty and warranty-like claims	(20.5)	(15.7)	(9.0)	(15.0)
Total outflow in respect of X2 matter and other warranty and warranty-like claims	(21.5)	(34.6)	(10.1)	
Effect of changes in exchange rates	2.6	(4.7)	0.7	
Ending balance				
Warranty accrual	73.4	51.7	91.6	
Other warranty-like accrued liabilities[1]	–	–	6.5	
Total	**$ 73.4**	**$ 51.7**	**$ 98.2**	

1 Other warranty-like accrued liabilities, which are reflected in other current liabilities in the consolidated balance sheets.
2 "Additions" reflects new product warranty amounts included in warranty provisions (USD 48.0 million, USD 48.7 million and USD 54.7 million for the years ended March 31, 2018, 2017 and 2016, respectively, due to legacy component issues in Americas and EMEA) and other warranty-like accrued liabilities (USD nil, USD (2.1) million and USD 9.9 million for the years ended March 31, 2018, 2017 and 2016, respectively).
3 Other changes/adjustments to warranties reflects amounts included in warranty provisions and other warranty-like accrued liabilities as a result of releases or other adjustments resulting from settlement of claims for which accruals had previously been recorded. In particular, the figure for the year ended March 31, 2017 reflects the reclassification of accruals for the X2 matter from warranty accruals to liabilities following a settlement in connection with the X2 matter.

The following table provides further information on our warranty and warranty-like claims, including the impact of the X2 matter on our accruals and the derivation of the warranty normalization adjustments used in calculated Adjusted EBITDA.

	FISCAL YEAR ENDED MARCH 31,	
USD in millions, unless otherwise indicated	**2018**	2017
Additions		
Additions (including X2)[1]	$48.0	$46.6
X2 Additions	(1.4)	(2.6)
Additions (excluding X2)	**46.6**	**44.0**
Other changes/adjustments to warranties		
Releases (including X2)	(7.3)	(53.8)
X2 Reclassification	–	41.6
X2 Releases	–	3.9
Releases (excluding X2)	**(7.3)**	**(8.3)**
Net changes to warranty and warranty-like accruals (including X2)	40.7	(7.2)
Net changes to warranty and warranty-like accruals relating to X2	(1.4)	42.9
Net changes to warranty and warranty-like accruals (excluding X2)	**39.3**	**35.7**
Three year average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty claims (excluding X2)	(15.0)	(10.6)
Warranty normalization adjustments	**$24.2**	**$25.2**

1 “Additions (including X2)” reflects new product warranty amounts included in warranty provisions (USD 48.0 million and USD 48.7 million for the years ended March 31, 2018 and 2017, respectively) and other warranty-like accrued liabilities (USD nil and USD (2.1) million for the years ended March 31, 2018 and 2017, respectively).

Main Exchange Rates applied

The following exchange rates against the USD have been applied for the most important currencies concerned:

	INCOME STATEMENT AVERAGE EXCHANGE RATE, 12 MONTHS		EXCHANGE RATE ON BALANCE-SHEET DATE	
Exchange rates	**2018**	2017	**31.03.2018**	31.03.2017
Euro countries- EUR	1.1707	1.0973	1.2327	1.0652
United Kingdom- GBP	1.3269	1.3041	1.4037	1.2554
Switzerland- CHF	1.0307	1.0127	1.0492	0.9965
Brazil- BRL	0.3107	0.3032	0.3031	0.3202
Australia- AUD	0.7739	0.7526	0.7686	0.7628

Glossary

The following table provides definitions for key terms and abbreviations used within this annual report.

Term	Definition
Adjusted EBITDA	Net income (loss) excluding interest income and expense, net, gain (loss) on foreign exchange related to intercompany loans, net, depreciation and amortization, impairment of intangible and long-lived assets, restructuring charges, exceptional warranty related expenses, warranty normalization adjustments, special items, and income tax expense
Adjusted Gross Profit	Total revenue minus the cost of revenue, adjusted for depreciation, amortization and certain non-recurring or other items that Management believes are not indicative of operational performance
Adjusted Operating Expense	Research and development expense (net of research and development related income), plus sales and marketing expense, plus general and administrative expense, adjusted for depreciation and non-recurring or other items that Management believes are not indicative of operational performance
Cost of Revenue	Cost of manufacturing and delivering the products or services sold during the period
EPS	Earnings Per Share (the Company's total earnings divided by the current number of shares outstanding)
EBITDA	Earnings before Interest, Taxes, Depreciation & Amortization and Impairment of intangible assets
Free Cash Flow	Cash flow from operating activities (including changes in net operating working capital) minus cash flow from investing activities (capital expenditures in fixed and intangible assets) excluding mergers and acquisition activities
Net Debt	Current and non-current loans and borrowings less cash and cash equivalents
Net Revenue	Income realized from executing and fulfilling customer orders, before any costs or expenses are deducted

Consolidated Financial Statements of Landis+Gyr Group

Table of Contents

Report of the statutory auditor	29
Consolidated Statements of Operations	32
Consolidated Statements of Comprehensive Income	33
Consolidated Balance Sheets	34
Consolidated Statements of Changes in Shareholders' Equity	35
Consolidated Statements of Cash Flows	36
Notes to the Consolidated Financial Statements	37

Report of the statutory auditor

to the General Meeting of Landis+Gyr Group AG

Zug

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Landis+Gyr Group AG and its subsidiaries (the “Company”), which comprise the consolidated statement of operations, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and notes (pages 32 to 77), for the year ended 31 March 2018.

Board of Directors’ responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the Company’s preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 March 2018 present fairly, in all material respects, the financial position, the results of operations and the cash flows in accordance with accounting principles generally accepted in the United States of America (US GAAP) and comply with Swiss law.

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Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of goodwill

Key audit matter	*How our audit addressed the key audit matter*
As of 31 March 2018, the Company's carrying value of goodwill was USD 1.4 billion, which represents approximately 53% of Company's total assets. Goodwill is allocated to three reporting units. The Company tests goodwill for impairment annually, or more frequently if events or changes in circumstances indicate a potential impairment. The impairment test involves comparing the fair value of each reporting unit to its carrying value. If the carrying value exceeds its fair value, goodwill is considered impaired. The determination of the fair value of each reporting unit involves significant estimation and judgment, including determining key assumptions used in estimating the future cash flows to support the fair value of each reporting unit, such as the projections of future business performance and profitability, terminal growth rates and discount rates. Refer to Note 2.14 *Goodwill* and Note 10 *Goodwill* of the consolidated financial statements.	• We assessed management's allocation of goodwill to the reporting units, considering the consistency with management reporting and how the business is managed within and across geographies. • We obtained management's fair value calculation for each reporting unit and assessed the consistency of the methodology applied with prior years. • We tested the mathematical accuracy of each model and agreed inputs to supporting documentation. • We agreed the FY 2018-FY 2022 projections to the Board of Directors approved mid-term plan and discussed with management the key drivers, as well as the intentions and the actions planned to achieve expected results. We also compared the current year actual results with prior year projections to assess any inaccuracies or bias in assumptions. • We assessed the terminal growth rate assumptions used by comparing them to relevant industry and economic forecasts, and utilized PwC internal valuation specialists to assess the appropriateness of management's value in use models and the reasonableness of management's discount rates. • We obtained the Company's sensitivity analysis around key assumptions to ascertain the effect of changes to those assumptions on the fair value estimates and recalculated these sensitivities. In addition, we performed our own independent sensitivity analysis by changing various key assumptions to reasonable changes of assumptions to assess whether these would result in an impairment. • We considered the reasonableness of the sum of the fair value estimates in relation to the overall market capitalization of the company. On the basis of procedures performed, we determined that the conclusions reached by management with regards to the recoverability of goodwill were reasonable and supportable.

Warranty provision–legacy component issue (North America)

Key audit matter	*How our audit addressed the key audit matter*
In the year ended 31 March 2018, the Company recorded a charge to earnings of USD 40.9 million related to a legacy component issue pertaining to a defective electronic component. The warranty provision is an estimate that involves management's judgement on key assumptions, namely failure rates, costs incurred to repair or replace each unit, and affected units in service. Due to the inherent uncertainty, size and judgement pertaining to the estimate, we view the matter as a key audit matter. Refer to Note 20 *Commitments and Contingencies* of the consolidated financial statements.	• We obtained an understanding of management's estimate and methodology in determining the warranty provision. • We assessed the historical failure rates for major customers to ensure the estimated future failure rates were reasonable. • We tested the cost incurred to repair or replace each unit used in the provision calculation and agreed them to supporting documentation. • We recalculated a sample of units in service by agreeing them to original purchase orders and proofs of delivery. Based on the procedures performed, we found the judgments made by management in relation to the warranty provision pertaining to the legacy component issue (North America) to be reasonable.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Rolf Johner	Claudia Muhlinghaus
Audit expert Auditor in charge	Audit expert

Zug, 4 June 2018

Consolidated Statements of Operations

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands, except per share data	**2018**	2017
Net revenue	**$1’737’814**	**$1’659’235**
Cost of revenue	1’227’743	1’117’046
Gross profit	**510’071**	**542’189**
Operating expenses		
Research and development	163’833	162’784
Sales and marketing	104’946	104’698
General and administrative	157’822	184’829
Amortization of intangible assets	35’702	35’131
Impairment of intangible assets	–	60’000
Operating income (loss)	**47’768**	**(5’253)**
Other income (expense)		
Interest income	877	512
Interest expense	(6’966)	(11’185)
Income (loss) on foreign exchange, net	7’290	(14’333)
Income (loss) before income tax expense	**48’969**	**(30’259)**
Income tax expense	(2’175)	(31’800)
Net income (loss) before noncontrolling interests	**46’794**	**(62’059)**
Net income attributable to noncontrolling interests, net of tax	423	511
Net income (loss) attributable to Landis+Gyr Group AG Shareholders	**$46’371**	**$ (62’570)**
Net income (loss) per share:		
Basic and diluted	$ 1.57	$ (2.12)
Weighted average shares used in computing income (loss) per share:		
Basic and diluted	29’510’000	29’510’000

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

USD in thousands	FISCAL YEAR ENDED MARCH 31, 2018	2017
Net income (loss) before noncontrolling interests	**$ 46'794**	**$ (62'059)**
Other comprehensive (loss) income:		
Foreign currency translation adjustments, net of income tax expense	6'127	8'095
Pension plan benefits liability adjustments, net of income tax expense	12'635	28'229
Comprehensive income (loss)	**65'556**	**(25'735)**
Net income attributable to noncontrolling interests, net of tax	(423)	(511)
Foreign currency translation adjustments attributable to the noncontrolling interests	(386)	(197)
Comprehensive income (loss) attributable to Landis+Gyr Group AG Shareholders	**$ 64'747**	**$ (26'443)**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets

USD in thousands, except share data	March 31, 2018	March 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 101’763	$ 101’033
Restricted cash	5’000	–
Accounts receivable, net of allowance for doubtful accounts of $6.2 million and $4.7 million	315’788	301’400
Inventories, net	121’398	115’682
Prepaid expenses and other current assets	45’363	44’432
Total current assets	**589’312**	**562’547**
Property, plant and equipment, net	164’400	188’832
Intangible assets, net	381’674	425’453
Goodwill	1’361’591	1’361’167
Deferred tax assets	16’021	12’920
Other long-term assets	37’683	34’190
TOTAL ASSETS	**$ 2’550’681**	**$ 2’585’109**
LIABILITIES AND EQUITY		
Current liabilities		
Trade accounts payable	$ 153’780	$ 144’199
Accrued liabilities	40’015	37’000
Warranty provision	47’870	43’780
Payroll and benefits payable	65’210	76’637
Loans payable	142’327	12’890
Current portion of shareholder loans	–	215’000
Tax payable	5’191	16’171
Other current liabilities	60’852	66’542
Total current liabilities	**515’245**	**612’219**
Warranty provision- non current	25’557	7’954
Pension and other employee liabilities	55’743	65’161
Deferred tax liabilities	32’520	54’976
Tax provision	25’492	28’703
Other long-term liabilities	88’103	83’457
Total liabilities	**742’660**	**852’470**
Commitments and contingent liabilities – Note 20		
Shareholders’ equity		
Landis+Gyr Group AG shareholders’ equity Registered ordinary shares (29’510’000 and 29’510’000 issued and outstanding shares at March 31, 2018 and 2017, respectively)	309’050	309’050
Additional paid-in capital	1’475’421	1’465’595
Retained earnings	55’721	9’350
Accumulated other comprehensive loss	(35’554)	(53’930)
Total Landis+Gyr Group AG shareholders’ equity	**1’804’638**	**1’730’065**
Noncontrolling interests	3’383	2’574
Total shareholders’ equity	**1’808’021**	**1’732’639**
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY	**$ 2’550’681**	**$ 2’585’109**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

USD in thousands except for shares	Registered ordinary shares[1]		Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total Landis+Gyr Group AG equity	Noncontrolling interests	Total shareholders' equity
Balance at March 31, 2016	**29'510'000**	**$ 309'050**	**$ 1'437'078**	**$ 71'920**	**$ (90'057)**	**$ 1'727'991**	**$ 1'848**	**$ 1'729'839**
Net income (loss)	–	–	–	(62'570)	–	(62'570)	511	(62'059)
Foreign currency translation adjustments, net of income tax expense	–	–	–	–	7'898	7'898	197	8'095
Pension plan benefits liability adjustment, net of income tax expense	–	–	–	–	28'229	28'229	–	28'229
Capital contribution			34'900	–	–	34'900	–	34'900
Business combination with entity under common control	–	–	(6'383)	–	–	(6'383)	18	(6'365)
Balance at March 31, 2017	**29'510'000**	**$ 309'050**	**$ 1'465'595**	**$ 9'350**	**$ (53'930)**	**$ 1'730'065**	**$ 2'574**	**$ 1'732'639**
Net income	–	–	–	46'371	–	46'371	423	46'794
Foreign currency translation adjustments, net of income tax expense	–	–	–	–	5'741	5'741	386	6'127
Pension plan benefits liability adjustment, net of income tax expense	–	–	–	–	12'635	12'635	–	12'635
IPO recognition bonus	–	–	9'826	–	–	9'826	–	9'826
Balance at March 31, 2018	**29'510'000**	**$ 309'050**	**$ 1'475'421**	**$ 55'721**	**$ (35'554)**	**$ 1'804'638**	**$ 3'383**	**$ 1'808'021**

1 The number of shares for all periods has been restated in connection with the Reverse Stock Split. Refer to Note 3 "Shareholder's equity" for further details.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

USD in thousands	FISCAL YEAR ENDED MARCH 31, 2018	2017
Cash flow from operating activities		
Net income (loss)	$ 46’794	$ (62’059)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	97’346	96’174
Impairment of intangible assets	–	60’000
IPO recognition bonus- equity component	6’551	–
Accumulated interest on shareholder loans	1’636	9’419
Gain on disposal of property, plant and equipment	688	518
Effect of foreign currencies translation on non-operating items, net	6’112	7’349
Change in allowance for doubtful accounts	1’496	736
Deferred income tax	(24’858)	(26’899)
Change in operating assets and liabilities, net of effect of businesses acquired and effect of changes in exchange rates:		
Accounts receivable	6’633	(16’083)
Inventories	16’276	(2’679)
Trade accounts payable	(8’772)	8’742
Interest payment on shareholder loans	(2’950)	(9’481)
Other assets and liabilities	(22’246)	29’352
Net cash provided by operating activities	**124’706**	**95’089**
Cash flow from investing activities		
Payments for property, plant and equipment	(37’870)	(42’276)
Payments for intangible assets	(107)	(549)
Proceeds from the sale of property, plant and equipment	725	614
Business acquisitions	–	(4’700)
Net cash used in investing activities	**(37’252)**	**(46’911)**
Cash flow from financing activities		
Capital contribution related to IPO recognition bonus- cash component	3’275	–
Proceeds from capital contribution	–	34’900
Debt issuance cost	(1’270)	–
Proceeds from third party facility	130’000	–
Repayment of borrowings to third party facility	(216)	(5’594)
Proceeds from shareholders and related party facility	–	177’074
Repayment of borrowings to shareholders and related party facility	(215’000)	(174’920)
Net cash provided by (used in) financing activities	**(83’211)**	**31’460**
Net increase (decrease) in cash and cash equivalents	**4’243**	**79’638**
Cash and cash equivalents at beginning of period, including restricted cash	101’033	22’092
Effects of foreign exchange rate changes on cash and cash equivalents	1’487	(697)
Cash and cash equivalents at end of period, including restricted cash	**$ 106’763**	**$ 101’033**
Supplemental cash flow information		
Cash paid for income tax	$ 45’419	$ 41’849
Cash paid for interest	$ 6’925	$ 10’984

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

NOTE 1: DESCRIPTION OF BUSINESS AND ORGANIZATION

Description of Business
Landis+Gyr Group AG ("Landis+Gyr"), formerly known as Landis+Gyr Holding AG, and subsidiaries (together, the "Company") form a leading global provider of energy metering products and solutions to utilities. The Company is organized in a geographical structure, which corresponds to the regional segments of the Americas, EMEA, and Asia Pacific. Landis+Gyr offers a comprehensive portfolio of products, solutions and services, including meters, related devices, communications technologies and software applications that are essential to the measurement and management of energy distribution and consumption.

Initial Public Offering
On July 12, 2017, the Company's listing application (Securities number: 37115349; ISIN: CH.037'115'349'2; Ticker symbol: LAND) relating to an initial public offering ("IPO") of its common stock was declared effective by the SIX Swiss Exchange. On July 21, 2017, the Company completed the IPO at a price to the public of CHF 78 per share. In connection with the IPO, the Company's stock-holders sold an aggregate of 29'510'000 shares of common stock, thereof 81'945 shares were set aside to grant and fund the IPO recognition bonus (See Note 3: Shareholders' equity). The selling stockholders received all of the net proceeds and bore all commissions and discounts from the sale of the Company's common stock. The Company did not receive any proceeds from the IPO.

In conjunction with the IPO, the Company incurred $24.2 million of costs for professional services and an IPO recognition bonus. The IPO recognition bonus amounted to $9.8 million, was fully funded by the selling shareholders, and consisted of shares and cash. The Company has expensed the IPO related professional fees as incurred. The IPO recognition bonus was expensed pursuant to the stock compensation guidance and recognized as increase in additional paid-in capital (See Note 3: Shareholders' equity).

Prior to the IPO, the Company was owned by Toshiba Corporation (60%) and Innovation Network Corporation of Japan (40%).

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

2.1 Basis of Presentation
The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the Unites States of America ("US GAAP"). All amounts are presented in United States dollars ("$" or "USD"), unless otherwise stated.

2.2 Principles of Consolidation
The consolidated financial statements include the accounts of Landis+Gyr Group AG and its wholly-owned and majority owned subsidiaries. The Company consolidates companies in which it owns or controls more than fifty percent of the voting shares or has the ability to execute direct or indirect control.

The Company presents noncontrolling interests in less-than-wholly-owned subsidiaries within the equity section of its consolidated financial statements. At March 31, 2018, and at March 31, 2017, the Company had one less-than-wholly-owned subsidiary in South Africa with an ownership interest of 76.7% in both periods.

All intercompany balances and transactions have been eliminated.

2.3 Use of Estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant items subject to such estimates include warranty provisions, allowances for doubtful accounts, valuation allowances for deferred tax assets, valuation of goodwill, valuation of defined benefit pension obligations, income tax uncertainties and other contingencies and items recorded at fair value including, assets and liabilities obtained in a business combination. Actual results could differ materially from these estimates.

2.4 Revenue Recognition

General

Revenues consist primarily of hardware sales, automated meter reading services ("AMR"), advanced meter infrastructure services, software license fees, and to a lesser extent, fees associated with training, installation, software design services, and post-contract customer support services related to software licenses offered to the Company's customers. Additionally, the Company has limited arrangements in which it purchases metering devices from vendors to be used in its packaged solutions sold to end customers. Such devices are sometimes sold at cost with no related margin. In these instances, the Company reports revenue on a gross basis principally because it is the primary obligor to the end customers.

The Company recognizes revenue when (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the fee is fixed or determinable; and (4) collectibility is reasonably assured. The Company records deferred revenue when it receives consideration from a customer before achieving certain criteria that must be met for revenue to be recognized in conformity with US GAAP.

Revenues are reported net of customer rebates, volume discounts and similar incentives. Taxes assessed by a governmental authority that are directly imposed on revenue-producing transactions between us and our customers, such as sales, use, value-added and some excise taxes, are excluded from revenues.

The Company's products and services are sold through either stand-alone product or service arrangements or through multiple element arrangements. The accounting policy for such arrangements is discussed below:

Stand-alone sales

The majority of the Company's revenues are derived from stand-alone sales of products or services. In a stand-alone product sale, the Company sells meters to a customer without any other deliverables. In a stand-alone service sale, the Company provides installation or other services to a customer without any further deliverables.

Revenue from product sales, when sold on a stand-alone basis, is generally recognized at the time of the shipment, receipt by the customer, or, if applicable, upon completion of customer acceptance provisions depending on the transfer of title as stipulated in the contract.

Revenues earned from meter reading services are generally based on the number of meters read on a monthly basis, multiplied by a contract-specific read fee.

Revenue from service transactions, when sold on a stand-alone basis, is recognized as the services are performed, or ratably over the term of the support period.

Multiple element arrangements
In addition to stand-alone product or service sales, the Company enters into multiple element arrangements, which are commonly a part of an advanced metering solution. Typically, such arrangement would incorporate a mixture of the following deliverables:
- software license fees;
- software design services;
- post-contract customer support services;
- meters;
- concentrators;
- AMR services; and,
- installation of meters and concentrators.

The accounting for the Company's multiple element arrangements varies depending on whether the arrangements incorporate a software element, which is further described below:

Multiple element arrangements excluding a software element
For multiple element arrangements excluding a software element, the elements are divided into separate units of accounting if the delivered item(s) (1) have value to the customer on a stand-alone basis, and (2) if the customer has a general right of return relative to the delivered item, the delivery/performance of the undelivered item(s) is probable and substantially in the control of the Company. The total arrangement consideration is allocated among the separate units of accounting using vendor-specific objective evidence of the selling price, if it exists; otherwise, third-party evidence of the selling price. If neither vendor-specific objective evidence nor third-party evidence of the selling price exists for a deliverable, the Company uses its best estimate of the selling price for that deliverable. Revenues for each deliverable are then recognized based on the type of deliverable, such as 1) when the products are shipped, 2) when the services are delivered, 3) percentage-of-completion when implementation services are essential to other deliverables in the arrangement, 4) upon receipt of customer acceptance, or 5) upon transfer of title and risk of loss.

If implementation services are essential to the functionality of the software, software and implementation revenues are recognized using the percentage-of-completion methodology of contract accounting when project costs can be reliably estimated. In the unusual instances when we are unable to reliably estimate the cost to complete a contract at its inception, we use the completed contract method of contract accounting. Revenues and costs are recognized upon substantial completion when remaining costs are insignificant and potential risks are minimal.

Under contract accounting, if we estimate that the completion of a contract component (unit of accounting) will result in a loss, the loss is recognized in the period in which it is estimated. We re-evaluate the estimated loss through the completion of the contract component and adjust the estimated loss for changes in facts and circumstances.

Multiple element arrangements including a software element
The Company enters into some arrangements that consist of hardware with software elements. In such arrangements, the Company has determined that the software and the non-software components function together to deliver the essential functionality of the hardware elements.

As the Company has historically negotiated the delivery of these arrangements as a packaged solution, the Company does not have vendor-specific objective evidence for any element in these contracts, with the exception of post-contract customer support services based on stated renewal rates. Additionally, the Company does not have third-party evidence of the selling prices as the Company's packaged solutions are unique and tailored to the customer's specifications. Therefore, consistent with the guidance in Accounting Standards Updates ("ASU", or "Update") No. 2009-13, the Company

uses an estimated selling price to allocate the consideration in the arrangement to each deliverable. Post-contract customer support services revenues are recognized ratably over the associated service period.

Shipping and handling costs are recorded as cost of revenue and amounts billed to customers for shipping and handling costs are recorded in revenue in the Consolidated Statements of Operations.

2.5 Accounting for Business and Assets Acquisitions
The Company evaluates each transaction in order to determine if the assets acquired constitute a business. The evaluation consists of consideration of the inputs, processes, and outputs acquired. For assets acquired in transactions that do not meet the definition of a business, the full fair value of the consideration given is allocated to the assets acquired based on their relative fair values, and no goodwill is recognized.

The Company uses the acquisition method of accounting to account for business combinations. The Company allocates the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition, including intangible assets that can be identified. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Goodwill represents the excess of the aggregate purchase price over the fair value of the net assets acquired. Among other sources of relevant information, the Company uses independent appraisals and actuarial or other valuations to assist in determining the estimated fair values of the assets and liabilities acquired.

2.6 Cash and Cash Equivalents
The Company considers all highly liquid investments purchased with an original maturity or remaining maturity at the date of purchase of three months or less to be cash equivalents.

2.7 Restricted Cash
We are required to maintain cash balances that are restricted in order to secure certain bank guarantees.

Restricted cash is generally deposited in bank accounts earning market rates; therefore, the carrying value approximates fair value. Such cash is excluded from cash and cash equivalents in the Consolidated Balance Sheets.

2.8 Derivative Instruments
The Company’s activities expose it primarily to the financial risks of changes in foreign exchange rates. The Company uses derivative financial instruments, primarily foreign currency forward contracts, to economically hedge specific substantial foreign currency payments and receipts. Derivatives are not used for trading or speculative purposes.

The Company enters into foreign exchange derivative contracts to economically hedge the risks associated with foreign currency transactions and minimize the impact of changes in foreign currency exchange rates on earnings. Derivative instruments that the Company uses to economically hedge these foreign denominated contracts include foreign exchange forward contracts. Revaluation gains and losses on these foreign currency derivative contracts are recorded within cost of revenue in the Consolidated Statements of Operations.

All derivative instruments are recorded on the Consolidated Balance Sheet at fair value on the date the derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The Company does not apply hedge accounting and, therefore, changes in the fair

value of all derivatives are recognized in cost of revenue during the period. The fair value of derivative instruments is presented on a gross basis, even when the derivative instruments are subject to master netting arrangements. Cash collateral payables and receivables associated with derivative instruments are not added to or netted against the fair value amounts. The Company classifies cash flows from its derivative programs as cash flows from operating activities in the Consolidated Statement of Cash Flows.

The fair values of the Company's derivative instruments are determined using the fair value measurements of significant other observable inputs, as defined by ASC 820, "Fair Value Measurements and Disclosures". The Company uses observable market inputs based on the type of derivative and the nature of the underlying instrument. When appropriate, the Company adjusts the fair values of derivative instruments for credit risk, which is a risk of loss due to the failure by either the Company or counterparty to meet its contractual obligations, considering the credit risk of all parties, as well as any collateral pledged.

2.9 Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, are primarily accounts receivable, cash and cash equivalents and derivative instruments.

The Company performs ongoing credit evaluations of its customers and, in general, does not require collateral from its customers.

The Company maintains cash and cash equivalents with various financial institutions that management believes to be of high credit quality. These financial institutions are located in many different locations throughout the world. The Company's cash equivalents are primarily comprised of cash deposited in checking and money market accounts. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions with reputable credit and therefore bear minimal credit risk.

The amount subject to credit risk related to derivative instruments is generally limited to the amount, if any, by which a counterparty's obligations exceed the obligations of the Company with that counterparty.

2.10 Fair Value Measurement

The Company accounts for certain assets and liabilities at fair value. Fair value is defined as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, emphasizing that fair value is a market-based measurement and not an entity-specific measurement. These valuation techniques include the market approach, income approach and cost approach. The income approach involves converting future cash flows to a single present amount. The measurement is valued based on current market expectations about those future amounts. The market approach uses observable market data for identical or similar assets and liabilities while the cost approach would value the cost that a market participant would incur to develop a comparable asset.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement. The three levels within the fair value hierarchy are described as follows:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or

liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
– Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The fair value measurement involves various valuation techniques and models, which involve inputs that are observable, when available, and include derivative financial instruments and long-term debt.

2.11 Accounts Receivable and Allowance for Doubtful Accounts
Trade accounts receivable are initially recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for probable losses inherent in its trade accounts receivable portfolio at the balance sheet date. The allowance is maintained at a level which the Company considers to be adequate and is based on ongoing assessments and evaluations of the collectibility and historical loss experience of accounts receivable. The allowance is established through the provision for doubtful accounts, which is charged to income. Credit losses are charged and recoveries are credited to the allowance. Account balances are written-off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

The allowance is based on the Company’s review of the historical credit loss experience and such factors that, in management’s judgment, deserve consideration under existing economic conditions in estimating probable credit losses. Management considers, among other factors, historical losses, current receivables aging, periodic credit evaluation of its customers’ financial condition, and existing industry and national economic data.

From time to time, the Company may sell certain accounts receivable to third party financial institutions under the factoring arrangements with these financial institutions.

Under the terms of these agreements, the Company transfers the receivables in an outright sale, with no recourse, and no continued involvement with the assets transferred. The Company records such transfers as sales of accounts receivable when it is considered to have surrendered control of such receivables.

2.12 Inventories
Inventories are stated at the lower of cost (which approximates cost determined on a weighted average basis) or net realizable value. The costs include direct materials, labor, and an appropriate portion of fixed and variable overhead expenses, and are assigned to inventories using the weighted average method. The Company writes down the value of inventories for estimated excess and obsolete inventories based upon historical trends, technological obsolescence, assumptions about future demand and market conditions.

2.13 Property, Plant & Equipment
Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are recognized on a straight-line basis over the estimated useful life of the related asset, with the exception of leasehold improvements which are amortized over the shorter of the asset’s useful life or the term of the lease, and network equipment which is

depreciated over the shorter of the useful life of the asset or the life of the customer contract under which the equipment is deployed. The estimated useful lives are as follows:

Item	Years
Land	no depreciation
Buildings	20–40
Network equipment	5–10
Machinery and equipment	5–10
Vehicles and other equipment	3–10
Construction in progress	no depreciation

Repairs and maintenance are expensed as incurred, while major renovations and improvements are capitalized as property, plant and equipment and depreciated over their estimated useful lives. Gains or losses on disposals are included in the Consolidated Statements of Operations at amounts equal to the difference between the net book value of the disposed assets and the proceeds received upon disposal.

2.14 Goodwill

Goodwill is tested for impairment annually in the fourth quarter of each fiscal year or more often if an event or circumstance indicates that an impairment may have occurred.

When evaluating goodwill for impairment, the Company uses either a qualitative or quantitative assessment method for each reporting unit. The qualitative assessment involves determining, based on an evaluation of qualitative factors, if it is more likely than not that the fair value of a reporting unit is less than its carrying value. If, based on this qualitative assessment, it is determined to be more likely than not that the reporting unit's fair value is less than its carrying value or the Company elects not to perform the qualitative assessment for a reporting unit, the Company proceeds to perform a quantitative impairment assessment.

Since the fiscal year ended March 31, 2017, the Company early adopted the simplified quantitative impairment test, prescribed by ASU 2017-14. The simplified quantitative impairment test compares the fair value of a reporting unit (based on the income approach whereby the fair value is calculated based on the present value of future cash flows) with its carrying value. If the carrying value of the reporting unit exceeds its fair value, the Company records an impairment charge equal to the difference.

2.15 Intangible Assets with Finite Lives

Intangible assets with finite lives, principally customer contracts and relationships, are amortized on a straight-line basis over their estimated useful lives, ranging from three to twenty years, which management has determined is the methodology best reflective of the expected benefits arising from the intangibles. The Company believes that the straight-line method is appropriate as these relationships are generally distributed over a long period of time and historical experience from each acquired entity has indicated a consistent experience with each customer.

Intangible assets with finite lives and property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Where such indicators exist, the Company first compares the undiscounted cash flows expected to be generated by the asset (or asset group) to the carrying value of the asset (or asset group). If the carrying value of the long-lived asset exceeds the future undiscounted cash flows to be generated by the asset (or asset group), an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques

including discounted cash flow models, quoted market values and assistance by third-party independent appraisals, as considered necessary.

2.16 Warranty
The Company offers standard warranties on its metering products and its solution products for periods ranging from one to five years. In some instances, warranty periods can be further extended based on customer specific negotiations. Standard warranty provision represents the Company's estimate of the cost of projected warranty claims and are based on historical and projected warranty trends, specific quality issues identified (if any), supplier information and other business and economic projections. If the Company's quality control processes fail to detect a fault in a product, the Company could experience an increase in warranty claims.

The Company tracks warranty claims to identify potential product specific design or quality issues. If an unusual trend is noted, an additional warranty provision may be recorded when a product failure is probable and the cost can be reasonably estimated. Management continually evaluates the sufficiency of the warranty provisions and makes adjustments when necessary. The calculation of the warranty provision requires management to make estimates with respect to projected failure rates, as well as material, labor and other cost to be incurred in order to satisfy the Company's warranty commitments. As a result, actual warranty costs incurred in the future could differ significantly from the accrual. The long-term warranty balance includes estimated warranty claims beyond one year. Warranty expense is included within cost of revenues in the Consolidated Statements of Operations.

2.17 Commitments and Contingencies
Liabilities for loss contingencies, including environmental remediation costs arising from claims, assessments, litigation, fines, penalties and other sources, are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Any such provision is generally recognized on an undiscounted basis using the Company's best estimate of the amount of loss incurred or at the lower end of an estimated range when a single best estimate is not determinable. Changes in these factors and related estimates could materially affect the Company's financial position, results of operations, and cash flows.

The Company has asset retirement obligations ("ARO") arising from contractual requirements to remove certain leasehold improvements at the time that the Company vacates leased property. The liability is initially measured on the date of executing the lease agreement at fair value, and subsequently is adjusted for accretion expense and changes in the amount or timing of the estimated cash flows. In determining the fair value of the ARO, the Company has considered, among other factors, the estimated cost to remove the assets based on consultations with, and written estimates from, third party contractors, the expected settlement dates, ranging from fiscal year ending March 31, 2019 to 2026, and an effective interest rate, which for the Company is driven based on the credit-adjusted risk-free rate. The corresponding AROs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the shorter of the asset's remaining useful life or the lease term. The Company classifies such liabilities in other long-term liabilities on the Consolidated Balance Sheets.

Legal costs incurred in connection with loss contingencies are expensed as incurred.

Accruals for estimated losses from environmental remediation obligations, excluding AROs, generally are recognized no later than completion of the remediation feasibility study. Such accruals are adjusted as further information develops or circumstances change. Recoveries of environmental remediation costs from third parties, which are probable of realization, are separately recorded as assets, and are not offset against the related environmental liability.

2.18 Employee Benefit Plans

The Company accounts for employee and retirement benefits in accordance with ASC 715, "Compensation – Retirement Benefits".

Employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and the liability can be estimated reliably. Liabilities recognized in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognized in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

Retirement benefits

The Company contributes, in accordance with legal and statutory requirements, to various statutory defined benefit and defined contribution pension plans. In addition, the Company sponsors various post-retirement benefit plans that provide medical benefits to retired participants.

The Company records annual amounts relating to its defined benefit plans and postretirement plans based on calculations that incorporate various actuarial and other assumptions including discount rates, mortality table assumptions, assumed rates of return, compensation increases, turnover rates and healthcare cost trend rates. The Company reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to those assumptions is recorded in other comprehensive income/(loss). The unrecognized amounts recorded in accumulated other comprehensive income are subsequently recognized as expense on a straight-line basis only to the extent that they exceed 10% of the higher of the market-related value or the projected benefit obligation, over the average remaining service period of active participants.

In addition to the defined benefit pension plans and post-retirement benefits plans, the Company also sponsors various employee retirement savings plans in which employees of certain subsidiaries are eligible to participate. Each plan provides for employee contributions as well as matching contributions by the Company. The Company recognizes an expense for matching contributions to defined contribution plans as they are incurred.

2.19 Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, deferred income taxes are recorded for temporary differences between the financial reporting basis and tax basis of assets and liabilities in each of the taxing jurisdictions in which the Company operates. These deferred taxes are measured using the tax rates expected to be in effect when the temporary differences reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Deferred tax assets are evaluated each period to determine whether or not it is more likely than not that they will be realized. In making such determination, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. Valuation allowances are established where it is considered more likely than not that the Company will not realize the benefit of such assets.

Valuation allowances are reviewed each period on a tax jurisdiction by tax jurisdiction basis to analyze whether there is sufficient positive or negative evidence to support a change in judgment about the realizability of the related deferred tax assets.

The Company accounts for uncertain tax positions in accordance with ASC 740, "Income Taxes", which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities based solely on the technical merits of the position.

The Company recognizes interest expense and penalties accrued related to unrecognized tax benefits in the provision for income taxes. Accrued interest and penalties are included within the related tax liability caption in the consolidated balance sheets.

2.20 Foreign Currencies
The reporting currency of Landis+Gyr is the U.S. dollar. The functional currency of most of the Company's subsidiaries is the applicable local currency. The translation from the applicable functional currencies into the Company's reporting currency is performed for Balance Sheet accounts using exchange rates in effect at the balance sheet date, and for Statement of Operations and Statement of Cash Flows using average exchange rates prevailing during the year. The resulting translation adjustments are excluded from earnings and are recognized in accumulated other comprehensive income/(loss) until the entity is sold, substantially liquidated or evaluated for impairment in anticipation of disposal.

Foreign currency exchange gains and losses, such as those resulting from foreign currency denominated receivables or payables, are included in the determination of earnings with the exception of intercompany loans that are long-term investment in nature with no reasonable expectation of repayment, which are recognized in other comprehensive income.

2.21 Leases
The Company leases primarily real estate and office equipment. Rental expense for operating leases is recorded on a straight-line basis over the life of the lease term. Lease transactions where substantially all risks and rewards incident to ownership are transferred from the lessor to the lessee are accounted for as capital leases. All other leases are accounted for as operating leases. Amounts due under capital leases are recorded as a liability. The interest in assets acquired under capital leases is recorded as property, plant and equipment. Depreciation and amortization of assets recorded under capital leases is included as depreciation and amortization expense.

2.22 Research and Development Costs
Research and development costs primarily consists of salaries and payroll taxes, third party contracting fees, depreciation and amortization of assets used in R&D activities, and other overhead infrastructure costs. Research and development activities primarily consist of the development and design of new meters, network equipment and related software and are expensed as incurred.

2.23 Advertising
Advertising costs are expensed as incurred. Advertising expenses included in selling and marketing expenses were USD 5.5 million and USD 6.5 million, respectively, for the fiscal years ended March 31, 2018 and March 31, 2017.

2.24 Earnings per Share
ASC 260, "Earnings per Share", requires entities to present both basic and diluted earnings per share. Basic earnings per share is calculated by dividing net income by the weighted-average number of common shares outstanding during the year.

Diluted earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the year plus all dilutive potential common shares outstanding.

Potentially dilutive shares that are anti-dilutive are excluded from the diluted earnings per share calculation.

As of March 31, 2018 and 2017, the Company had no dilutive shares outstanding.

2.25 Recent Accounting Pronouncements
Applicable for future periods
In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), to clarify the principles for recognizing revenues from contracts with customers. The update, which supersedes substantially all existing revenue recognition guidance, provides a single comprehensive model for recognizing revenues on the transfer of promised goods or services to customers in an amount that reflects the consideration that is expected to be received for those goods or services. Under the standard, it is possible that more judgments and estimates would be required than under existing standards, including identifying the separate performance obligations in a contract, estimating any variable consideration elements, and allocating the transaction price to each separate performance obligation. The update also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Further updates were issued in 2016 to clarify the guidance on identifying performance obligations, licensing and contract costs, to enhance the implementation guidance on principal versus agent considerations and to add other practical expedients.

In August 2015, the effective date for the update was deferred and the update is now effective for the Company for annual and interim periods beginning January 1, 2018, and is to be applied either (i) retrospectively to each prior reporting period presented, with the option to elect certain defined practical expedients, or (ii) retrospectively with the cumulative effect of initially applying the update recognized at the date of adoption in retained earnings (with additional disclosure as to the impact on individual financial statement lines affected).

The Company will adopt these updates as of April 1, 2018, pursuant to the aforementioned adoption method (ii), applying them to contacts that are not completed contracts at that date, and will elect the practical expedient for contract modifications.

The Company’s analysis of contracts resulted in only insignificant differences arising from sales commissions paid in connection with partially, or fully, undelivered contracts. According to legacy guidance, the Company expensed such cost as incurred whereas they would qualify for capitalization as an incremental cost to obtain a contract under the new standard.

Furthermore, the Company identified insignificant differences in some multiple deliverables arrangements where the variable consideration is currently allocated to one or more but not to all deliverables, whereas, according to the new guidance, it should be allocated to all performance obligations.

The Company does not expect to record a significant cumulative adjustment to retained earnings as of April 1, 2018.

In March 2017, the FASB issued ASU 2017-07 – Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which changes how employers that sponsor defined benefit pension plans and other postretirement plans present the net periodic benefit cost in the income statement. Under this update, the Company will be required to report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. Other components of net benefit will be required to be presented in the income statement separately from the service cost component and outside the subtotal of income from operations. Under the amendment only the current service cost

component is allowed to be capitalized. This update is effective for the Company for annual and interim periods beginning on or after January 1, 2018, on a retrospective basis for the presentation requirements and on a prospective basis for the capitalization of the current service cost component requirements. The Company will adopt this update as of April 1, 2018, and expects to reclassify income of USD 3.8 million to be presented outside of income from operations for the fiscal year ended March 31, 2018.

In February 2016, the FASB issued ASU 2016-02, Leases that require lessees to recognize lease assets and corresponding lease liabilities on the balance sheet for all leases with terms of more than 12 months. The update, which supersedes existing lease guidance, will continue to classify leases as either finance or operating, with the classification determining the pattern of expense recognition in the income statement. Further updates were issued in 2018 to provide practical expedients for transition. This update is effective for the Company for annual and interim periods beginning April 1, 2019 and is applicable on a modified retrospective basis with various optional practical expedients. The Company is currently evaluating the impact of this update on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The standard clarifies how certain cash receipts and cash payments, including debt prepayment or extinguishment costs, the settlement of zero coupon debt instruments, contingent consideration paid after a business combination, proceeds from insurance settlements, distributions from certain equity method investees and beneficial interests obtained in a financial asset securitization, should be presented and classified in the statement of cash flows. This update is effective for the Company for annual and interim periods beginning April 1, 2018, on a retrospective basis. The impact from this standard will depend on transactions which are in scope under the new guidance.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, amending the accounting for the impairment of financial instruments, including trade receivables. The new guidance requires the use of a “current expected credit loss” model for most financial assets. Under the new model, an entity recognizes as an allowance its estimate of expected credit losses, rather than the current methodology requiring delay of recognition of credit losses until it is probable a loss has been incurred. The ASU is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. The requirements of the amended guidance should be applied using a modified retrospective approach except for debt securities, which require a prospective transition approach. The Company currently intends to adopt the new standard as of April 1, 2021 and is currently in the process of evaluating the effect that the amendments will have on its consolidated financial statements and related disclosures.

In October 2016, the FASB issued ASU 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory, which requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The amended guidance eliminates the prohibition of recognizing the current and deferred income tax consequences for intra-entity asset transfers other than inventory until the asset has been sold to a third party. This ASU is effective for annual periods beginning after December 15, 2017, with early adoption permitted. The requirements of the amended guidance should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company will adopt the new standard as of April 1, 2018 and it does not expect to record a significant cumulative adjustment to retained earnings as of April 1, 2018.

In February 2018, the FASB issued ASU 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, permits a company to reclassify the disproportionate income tax

effects of the 2017 Act on items within accumulated other comprehensive income (AOCI) to retained earnings. The FASB refers to these amounts as “stranded tax effects.” The ASU also requires certain new disclosures, some of which are applicable for all companies. This ASU is effective for annual periods beginning after December 15, 2018, with early adoption permitted. The requirements of the amended guidance should be applied on a retrospective basis to each period (or periods) in which the income tax effects of the 2017 Act related to items remaining in AOCI are recognized, or at the beginning of the period of adoption. The Company currently intends to adopt the new standard as of April 1, 2019 and is currently in the process of evaluating the effect that the amendments will have on its consolidated financial statements and related disclosures.

Recently Adopted Accounting Pronouncements

In September 2015, the FASB issued ASU 2015-16 Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments, which eliminates the requirement that an acquirer in a business combination accounts for measurement-period adjustments retrospectively. Instead, an acquirer will recognize a measurement-period adjustment during the period in which it determines the amount of the adjustment. The Company has adopted this guidance as of April 1, 2017. There were no transactions within the scope of the new guidance in the fiscal year ended March 31, 2018.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes, which requires deferred tax liabilities and assets to be classified as noncurrent in the Consolidated Balance Sheets. The Company has adopted this guidance as of April 1, 2017 on a retrospective basis. This resulted in a decrease of USD 43.9 million of current deferred tax assets and a decrease of less than USD 0.1 million of current deferred tax liabilities, offset by an increase in the non-current deferred tax assets of USD 3.5 million and a decrease in the non-current deferred tax liabilities of USD 40.3 million due to additional netting impacts.

On November 17, 2016, the FASB issued ASU 2016-18 Statement of Cash Flows (Topic 230): Restricted Cash, which requires that the Statement of Cash Flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The Company has early adopted this guidance as of April 1, 2017 on a retrospective basis. As result of the adoption, the Company is now presenting the restricted cash combined with unrestricted cash and cash equivalents when reconciling the beginning and end of period balances of the Consolidated Statement of Cash Flows.

NOTE 3: SHAREHOLDER’S EQUITY

Reverse Stock Split

On July 11, 2017, in connection with the mentioned Initial Public Offering, the Company’s Shareholders approved an amendment to the Company’s Certificate of Incorporation to effect a 1-for-10 reverse stock split of the Company’s shares of common stock effective on July 12, 2017 (the “Reverse Stock Split”).

As result of the Reverse Stock Split, every 10 shares of the Company’s then outstanding common stock was combined and automatically converted into one share of the Company’s common stock, par value CHF 10 per share. Proportionate voting rights and other rights of common stockholders were not affected by the Reverse Stock Split, other than as a result of the rounding of fractional shares, as no fractional shares were issued in connection with the Reverse Stock Split. All share, per share and capital stock amounts for all periods presented have been restated to give effect to the Reverse Stock Split.

At March 31, 2018 and 2017, the capital structure reflected 29’510’000 authorized, issued, and outstanding registered ordinary shares with restricted transferability. The restricted transferability is related to the fact that the board of directors can reject a shareholder not disclosing the beneficial owner.

The share capital of the Company may be increased by up to CHF 4’500’000 by issuing up to 450’000 fully paid up registered shares with a nominal value of CHF 10 each, upon the exercise of option rights or in connection with similar rights regarding shares granted to officers and employees at all levels of the Company and its group companies according to respective regulations and resolutions of the Board of Directors. This conditional share capital has been approved and it is available for use. As of March 31, 2018 and 2017 no shares were issued from this conditional share capital.

Registered ordinary shares carry one vote per share, as well as the right to dividends. No dividends have been declared in the current period.

IPO recognition bonus

In relation to the mentioned IPO, the Chairman and some members of senior management were granted a bonus, in recognition of their efforts and to provide them with an equity stake in the Company to support its long-term performance (the “Recognition Bonus”). The Recognition Bonus comprised a share and a cash portion, both funded by the former Shareholders. The share portion consisted of 81’945 fully vested shares of common stock which were set aside prior to the IPO. Because the award is fully vested and includes no future service requirements, the Company recognized a stock based compensation charge of USD 6.6 million and USD 3.3 million personnel expense for fiscal year ended March 31, 2018. Both amounts are included within general and administrative expenses in the Consolidated Statements of Operations and recognized as an increase in additional paid-in capital in the Consolidated Statements of Changes in Shareholders’ Equity, because the award was funded by the former Shareholders.

Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive loss (AOCL) of Landis+Gyr Group AG consist of:

	MARCH 31,	
USD in thousands	**2018**	2017
Foreign currency translation adjustments, net of tax	$ (21’244)	$ (26’985)
Pension plan benefits liability adjustments, net of taxes of $1’931 and $2’300 as of March 31, 2018 and March 31, 2017, respectively	(14’310)	(26’945)
Accumulated other comprehensive income (loss)	**$ (35’554)**	**$ (53’930)**

The following tables present the reclassification adjustments in accumulated other comprehensive income by component:

USD in thousands	**Defined benefit pension items**	**Foreign currency items**	**Total**
Beginning balance, April 1, 2017	**$ (26’945)**	**$ (26’985)**	**$ (53’930)**
Other comprehensive income (loss) before reclassifications	13’279	5’741	19’020
Amounts reclassified from accumulated other comprehensive income	(644)	–	(644)
Net current-period other comprehensive income (loss)	12’635	5’741	18’376
Ending balance, March 31, 2018	**$ (14’310)**	**$ (21’244)**	**$ (35’554)**

USD in thousands	Defined benefit pension items	Foreign currency items	Total
Beginning balance, April 1, 2016	**$ (55’174)**	**$ (34’883)**	**$ (90’057)**
Other comprehensive income (loss) before reclassifications	25’939	7’898	33’837
Amounts reclassified from accumulated other comprehensive income	2’290	-	2’290
Net current-period other comprehensive income (loss)	28’229	7’898	36’127
Ending balance, March 31, 2017	**$ (26’945)**	**$ (26’985)**	**$ (53’930)**

The pension plan benefits liability adjustment, net of taxes, in the AOCL changed by USD 12.6 million and USD 28.2 million in the fiscal years ended March 31, 2018 and March 31, 2017, respectively. These changes represent the movement of the current year activity including the reclassified amounts from accumulated other comprehensive income to net income:

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands)	2018	2017
Amortization of actuarial loss /(gain)	$ 383	$ 2’529
Amortization of prior service cost	(1’027)	(239)
Amounts reclassified from other comprehensive income to net income (a)	(644)	2’290
Net actuarial (loss)/gain	13’649	17’550
Prior service cost	–	10’202
Total before tax	**$ 13’005**	**$ 30’042**
Tax (expense) or benefit	(370)	(1’813)
Total other comprehensive income (loss) from defined benefit pension plans (net of tax) for the fiscal year ended March 31,	**$ 12’635**	**$ 28’229**

a) These accumulated other comprehensive income components are included in the computation of net periodic pension costs (see Note 18: Pension and Post-retirement benefit plans for additional details).

NOTE 4: ACCOUNTS RECEIVABLE, NET

A summary of accounts receivable, net is as follows:

	MARCH 31,	
USD in thousands	2018	2017
Trade accounts receivable	$ 283’692	$ 281’245
Unbilled revenue	40’772	27’776
Allowance for doubtful accounts	(6’221)	(4’725)
Total trade accounts receivable, net	**318’243**	**304’296**
Less: current portion of accounts receivable, net	315’788	301’400
Long-term accounts receivable, net	**$ 2’455**	**$ 2’896**

The long-term portion of accounts receivable, net, is included in other long-term assets in the Consolidated Balance Sheets.

A summary of the provision for doubtful accounts activity is as follows:

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands	**2018**	2017
Beginning balance	$ (4’725)	$ (3’989)
Provisions for doubtful accounts	(1’602)	(1’842)
Deductions, net of recoveries	106	1’106
Balance at March 31,	**$ (6’221)**	**$ (4’725)**

The carrying amount of accounts receivable approximates their fair value. Normal credit terms are 30 to 90 days, averaging slightly more than 60 days.

Unbilled revenue is recorded when revenues are recognized upon product shipment/installation or service delivery and invoicing occurs at a later date. Generally, unbilled revenue is invoiced within one week after month-end.

NOTE 5: INVENTORIES, NET

Inventories, net consist of the following:

	MARCH 31,	
USD in thousands	**2018**	2017
Raw material and supplies	$ 90’496	$ 89’581
Work in progress	6’874	4’870
Finished goods	36’298	38’242
Total inventories gross	**133’668**	**132’693**
Inventory reserve	(12’270)	(17’011)
Total inventories, net	**$ 121’398**	**$ 115’682**

NOTE 6: PREPAID EXPENSES AND OTHER CURRENT ASSETS

A summary of the prepaid expenses and other current assets balance is as follows:

	MARCH 31,	
USD in thousands	**2018**	2017
Prepaid expenses	$ 9’594	$ 9’810
Other tax receivables	7’190	9’808
Income tax receivables/advances	10’935	7’397
Others	17’644	17’417
Total prepaid expenses and other current assets	**$ 45’363**	**$ 44’432**

NOTE 7: PROPERTY, PLANT & EQUIPMENT

A summary of the property, plant & equipment balance is as follows:

	MARCH 31,	
USD in thousands	2018	2017
Land	$ 3’819	$ 3’520
Buildings	17’852	16’682
Network equipment (a)	189’627	248’537
Machinery and equipment	110’923	80’959
Vehicles and other equipment	97’184	88’425
Construction in progress	14’327	12’627
Total cost	**$ 433’732**	**$ 450’750**
Less accumulated depreciation	(269’332)	(261’918)
Property, plant and equipment, net	**$ 164’400**	**$ 188’832**

a) Network equipment is comprised of meters, and meter reading equipment that is deployed under various customer contracts of Landis+Gyr Technology Inc., a US based subsidiary of Landis+Gyr Group AG.

Total depreciation expense for the fiscal years ended March 31, 2018 and March 31, 2017 was USD 47.5 million and USD 46.9 million, respectively. The difference between the total change in accumulated depreciation and the depreciation expense of property, plant & equipment represents the effect from the disposal of assets and the change in exchange rates.

NOTE 8: BUSINESS COMBINATIONS

On February 6, 2013, Toshiba Corporation, the former Shareholder, acquired a 100% equity interest in Consert Inc. (“Consert”), incorporated in the USA. Consert converts electric consumption in homes and small businesses into cost-effective, clean sources of capacity and energy reserves for utilities. The Consert load management solution is based on real-time, wireless technology that allows participants to conserve energy using a web-based, home area network. Consert utilizes wireless networks to provide real-time communication to the Consert data center. These highly secure networks deliver fast data speeds and increased efficiencies for utilities.

Toshiba Corporation sold certain assets and liabilities of Consert to the Company on November 1, 2016 for cash consideration of USD 4.7 million. Since both the Company and Consert were under common control of Toshiba, on the date of the transfer, the Company recognized the acquired assets and liabilities at their historical carrying amounts in Toshiba Corporation’s consolidated financial statements. No new goodwill was recognized.

The Company’s and Consert’s results of operations have been combined in the fiscal year ended March 31, 2017 as though the combination had occurred as of the beginning of the fiscal year. Intercompany balances and transactions have been eliminated. Since the transaction met the definition of a business combination, the Company’s comparative consolidated financial statements have been retrospectively adjusted to include the net assets received and related operations for all periods during which the entities were under common control. The assets and liabilities of Consert which were not purchased by the Company amounted to USD 5.9 million in cash and USD 0.5 million in prepaid assets and have been included in the retrospectively adjusted financial statements for the periods prior to the transaction. Upon the transaction, such non-acquired assets and liabilities have been removed from the financial statements with an offsetting entry to Additional paid-in capital.

The effect of the transfer on the Company’s EPS for the fiscal year ended March 31, 2017 was USD (0.02) per share.

The impact of retrospectively adjusting the Company's comparative consolidated financial statements for the fiscal year ended March 31, 2017 is as follows:

USD in thousands	Fiscal year ended March 31, 2017
Net revenue	$ 2'794
Cost of revenue	3'822
Operating loss	(4'884)
Net loss attributable to Landis+Gyr Group AG Shareholders	**$ (5'160)**

In the period ending March 31, 2018, the operations have been integrated into the Company's operations.

NOTE 9: INTANGIBLE ASSETS, NET

The gross carrying amount, accumulated amortization, and impairments of the Company's intangible assets, other than goodwill, are as follows:

March 31, 2018 (USD in thousands)	Gross asset	Accumulated amortization	Accumulated impairment	Carrying amount	Weighted average useful life (in years)
Finite Lived Intangibles:					
Trade name and trademarks	$ 113'960	$ (45'800)	$ –	$ 68'160	11
Order backlog	40'902	(40'902)	–	–	–
Customer contracts & relationships	422'688	(181'929)	–	240'759	12
Developed technologies	187'336	(103'415)	(11'166)	72'755	6
Total finite lived intangibles	**$ 764'886**	**$ (372'046)**	**$ (11'166)**	**$ 381'674**	

March 31, 2017 (USD in thousands)	Gross asset	Accumulated amortization	Accumulated impairment	Carrying amount	Weighted average useful life (in years)
Finite Lived Intangibles:					
Trade name and trademarks	$ 113'960	$ (38'984)	$ –	$ 74'976	12
Order backlog	40'637	(40'637)	–	–	–
Customer contracts & relationships	422'923	(157'060)	–	265'863	13
Developed technologies	179'444	(83'664)	(11'166)	84'614	7
Total finite lived intangibles	**$ 756'964**	**$ (320'345)**	**$ (11'166)**	**$ 425'453**	

The following table presents the line items within the Statement of Operations that include amortization of intangible assets:

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands	2018	2017
Cost of revenue	$ 14'116	$ 14'144
Operating expense	35'702	35'131
Total	**$ 49'818**	**$ 49'275**

Estimated future annual amortization expense related to identified intangible assets for each of the five years, to March 31, 2023 and thereafter is as follows:

Fiscal year ending March 31, (USD in thousands)	Estimated annual amortization
2019	$ 48’741
2020	46’981
2021	45’928
2022	44’692
2023	44’429
Thereafter	150’903
Total identifiable intangibles, net	**$ 381’674**

NOTE 10: GOODWILL

Landis+Gyr has three reporting units with goodwill. In the fourth quarter of the fiscal year 2016, there was an organizational shift in the business and the Company realigned its continuing operations into the following segments: Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific, which are also our reportable segments and reporting units. Prior to the realignment, the Company operated and managed its business as one consolidated operating segment.

Upon segment realignment in the fourth quarter of the fiscal year 2016, goodwill was allocated to the new segments based upon their relative fair value. The newly identified reporting units were tested for impairment in the fourth quarter of the fiscal years 2016 and 2017, after the completion of the annual forecasting process.

The changes in the carrying amount of goodwill for the year ended March 31, 2018 and 2017, are as follows:

USD in thousands	Americas	EMEA	Asia Pacific	Consolidated	Total
Balance as of March 31, 2016	**$ –**	**$ –**	**$ –**	**$ 1’421’350**	**$ 1’421’350**
Allocation in the fourth quarter of FY 2016	1’133’350	227’000	61’000	(1’421’350)	–
Impairment charges	–	(30’000)	(30’000)	–	(60’000)
Currency translation adjustment	–	(183)	–	–	(183)
Balance as of March 31, 2017	**$ 1’133’350**	**$ 196’817**	**$ 31’000**	**$ –**	**$ 1’361’167**
Currency translation adjustment	–	424	–	–	424
Balance as of March 31, 2018	**$ 1’133’350**	**$ 197’241**	**$ 31’000**	**$ –**	**$ 1’361’591**

NOTE 11: IMPAIRMENT OF INTANGIBLE ASSETS

At March 31, 2018 and 2017, the Company performed a quantitative goodwill impairment analysis that included an assessment of certain qualitative factors, the overall financial performance, macro-economic and industry conditions, as well as determining the fair value of the reporting units and comparing that fair value to the carrying values.

As a result of the assessment performed, no impairment charges were recorded in the fiscal year ended March 31, 2018. However, for the Asia Pacific reporting unit, we noted a weakening of the financial performance as the segment experienced weak trading conditions in certain key markets. The Company’s assessment that no impairment of the Asia Pacific reporting unit’s goodwill is required assumes that trading conditions improve markedly in these key markets during the Company’s planning period. The assumptions around market recovery represents the Company’s best estimate but the goodwill impairment analysis is sensitive to this assumption.

For the fiscal year ended March 31, 2017, the Company recognized a USD 30 million impairment of goodwill in both the Asia Pacific and EMEA reporting units due to a weaker macroeconomic outlook of the specific markets in the respective regions. The impairment charges are classified in the Impairment of intangible assets line item in the Consolidated Statement of Operations.

NOTE 12: OTHER CURRENT LIABILITIES

The components of other current liabilities are as follows:

	MARCH 31,	
USD in thousands	**2018**	2017
Warranty settlement liability	$ 14'389	$ 6'687
Deferred income	24'159	36'073
Others	22'304	23'782
Total other current liabilities	**$ 60'852**	**$ 66'542**

NOTE 13: LOANS PAYABLE

The components of the loans payable are as follows:

USD in thousands	**March 31, 2018**		March 31, 2017	
	Balance	**Weighted average interest rate**	Balance	Weighted average interest rate
Credit facility	$ 130'000	2.6%	$ –	na
Other borrowings from banks	12'327	7.9%	12'890	9.3%
Loans payable	**$ 142'327**		**$ 12'890**	

Credit Facility

On March 1, 2018, Landis+Gyr AG entered into an agreement (the "Credit Facility Agreement") for a USD 240 million revolving credit facility, provided by a bank syndicate led by UBS Switzerland AG. The purpose of the loan is to replace the former UBS Credit Facility (See the next paragraph) and to fund the Company's working capital requirements.

The agreement has a maturity of five years and it provides that the Company, any time between 120 and 60 calendar days before the first and second anniversary of the commencement of the loan, may request two extensions of the facility, for an additional period of one year each.

Under the facility, the Company may borrow loans in U.S. Dollar, Euro, Swiss Franc, British Pound, with consecutive interest periods of one, three, six, twelve months, or other interest periods and currencies subject to the receipt of required approvals.

There may be a maximum of ten simultaneously outstanding loans with a minimum amount of USD 10 million each, or its approximate equivalent in other currencies. As of March 31, 2018, the Company has drawn one loan for a total amount of USD 130 million.

As of March 31, 2018, the credit facility's unused portion was USD 110 million.

In general, borrowings under the revolving credit facility bear interest at a rate based on the London Interbank Offered Rate (LIBOR) in the case of borrowings in Swiss Franc, U.S. Dollar or British Pound, or on the Euro Interbank Offered Rate (EURIBOR) in case of borrowings in Euro, plus a margin ranging from 0.6% to 1.30% depending on the Net Senior Debt/EBITDA ratio calculated every half-year at March 31 and September 30.

The Company incurs a quarterly commitment fee equal to 35% of the applicable margin of the unused portion of the revolving credit facility, as well as an annual agency fee in the amount of USD 40 thousand. In addition, the Company paid USD 840 thousand as an arrangement fee which was capitalized and recognized within Other long-term assets in the Company's Consolidated Balance Sheet. The Company is amortizing the arrangement fee over the facility's term.

The Credit Facility Agreement contains affirmative and negative covenants customarily found in loan agreements for similar transactions, subject to certain agreed exceptions, for the borrower and the Group, including with respect to, among other actions, maintaining the Group's business operations and assets, carrying out transactions with third parties at market conditions, ranking all obligations at least pari passu with present or future payment obligations, complying with laws and reporting obligations, and preparation of financial statements in accordance with US GAAP. The Credit Facility Agreement restricts, among other actions, the following, subject to certain exceptions: entering into certain acquisitions, mergers and joint ventures, carrying out material changes to the Group's activities or structure, changing its accounting standards, incurring further indebtedness, granting security for indebtedness, granting credit to third parties, and carrying out certain disposals of assets. The Credit Facility Agreement also contains a financial covenant requiring that the Group's Net Senior Debt (as defined therein) divided by EBITDA be less than 2.50x and its EBITDA be greater than zero, on a semi-annual rolling basis in respect of the most recent two semesters of the Group.

The Credit Facility Agreement contains events of default, which include, among others, payment defaults, breach of other obligations under the Agreement, cross-default, insolvency, material adverse change, or a material reservation of the auditors. Indebtedness under the Credit Facility Loan may be voluntarily prepaid in whole or in part, subject to notice, minimum amounts and break costs.

UBS Credit Facility

On June 1, 2017, Landis+Gyr AG entered into an agreement (the "UBS Credit Facility Agreement") for a USD 215.0 million unsecured term loan provided by UBS Switzerland AG (the "UBS Credit Facility") for the repayment of the then existing Shareholder Loan from Toshiba Corporation (See below Note 14 Shareholder Loans).

The UBS Credit Facility was subject to interest payments based on the LIBOR for USD in addition to an interest margin of 0.80%. Interest was payable at the end of each interest period.

During the fiscal year ended March 31, 2018, the Company had drawn only one term loan (the "UBS Term Loan") under the UBS Credit Facility for the full amount of USD 215.0 million which was repaid on March 1, 2018 using cash and the proceeds from the Credit Facility Agreement.

NOTE 14: SHAREHOLDER LOANS

Upon the acquisition by Toshiba Corporation in 2011, the Company received a loan from Toshiba Corporation in the amount of USD 600.1 million. The loan had a stated interest rate equal to the 6-month LIBOR rate plus a margin of 2.5% per annum. Interest was payable on a semi-annual basis on January 31 and July 31. The principle was payable on a semi-annual basis on July 31 and January 31, starting on July 31, 2012.

On June 8, 2017, the Company repaid the shareholder loan without any pre-payment penalties.

NOTE 15: OTHER LONG-TERM LIABILITIES

The components of other long-term liabilities are as follows:

	MARCH 31,	
USD in thousands	**2018**	2017
Warranty settlement liability	$ 23'142	$ 34'885
Deferred income	36'358	25'021
Others	28'603	23'551
Total other long-term liabilities	**$ 88'103**	**$ 83'457**

NOTE 16: DERIVATIVE FINANCIAL INSTRUMENTS

The Company is exposed to certain currency risks arising from its global operating, financing and investing activities. The Company uses derivative instruments to reduce and manage the economic impact of these exposures. Forward foreign exchange contracts are the main instrument used to protect the Company against the volatility of future cash flows (caused by changes in exchange rates) arising from transactions denominated in foreign currencies.

The gross notional amounts of outstanding foreign exchange contracts as of March 31, 2018 and 2017 are USD 38.4 million and nil, respectively.

For the fiscal year ended March 31, 2018 and 2017, the Company recognized losses from changes in the fair value of forward foreign exchange contracts of USD 0.2 million and nil, respectively.
These amounts are included within cost of revenue in the Consolidated Statements of Operations.

The fair values of the outstanding derivatives, included in the Consolidated Balance Sheet as of March 31, 2018, were USD 80 thousand, recorded within other current liabilities, and USD 83 thousand, recorded within other non-current liabilities.

There were no outstanding derivative financial instruments included in the Consolidated Balance Sheet as of March 31, 2017.

NOTE 17: FAIR VALUE

The Company measures financial assets and liabilities at fair value. Foreign currency exchange contracts are measured at fair value on a recurring basis by means of various valuation techniques and models and the inputs used are classified based on the hierarchy outlined within the Company's significant accounting policies.

In addition, certain assets are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

The valuation techniques and models utilized for measuring financial assets and liabilities are reviewed and validated at least annually.

Recurring Fair Value Measurements

At March 31, 2018, for each of the fair value hierarchy levels, the following assets and liabilities were measured at fair value on a recurring basis:

FAIR VALUE MEASUREMENTS March 31, 2018 (USD in thousands)	Total	Level 1	Level 2	Level 3
Liabilities				
Foreign currency forward contracts	$163	–	$163	–
Total	**$ 163**	**–**	**$ 163**	**–**

There were no assets and liabilities that were measured at fair value on a recurring basis at March 31, 2017.

The fair value of the foreign currency forward exchange contracts has been determined by assuming that the unit of account is an individual derivative transaction and that derivative could be sold or transferred on a stand-alone basis. The foreign currency forward exchange contracts are classified as Level 2. The key inputs used in valuing derivatives include foreign exchange spot and forward rates, all of which are available in an observable market. The fair value does not reflect subsequent changes in the economy, interest and tax rates and other variables that may affect the determination of fair value.

As of March 31, 2018 and 2017, the Company had no asset or liability measured at fair value on a recurring basis using significant unobservable inputs (Level 3).

Fair Value of Financial Instruments

The fair value of the Company's financial instruments approximate carrying value due to their short maturities.

NOTE 18: PENSION AND POST RETIREMENT BENEFIT PLANS

A large portion of the Company's employees are covered by defined benefit plans which are funded by the Company, the employees, and in certain countries, by state authorities. The Company has pension plans in various countries with the majority of the Company's pension liabilities deriving from Germany, the US and Switzerland. Such plans can be set up as state or company controlled institutions, as contracts with private insurance companies, as independent trusts or pension funds. The benefits provided by such entities vary by country based on the legal and economic environment and primarily are based on employees' years of service and average compensation, covering the risks of old age, death and disability in accordance with legal requirements and the pension legislation in the respective countries.

Net periodic pension cost and the pension obligation of the Company's defined benefit plans are calculated based on actuarial valuations. Such valuations consider, inter alia, the years of service rendered by employees and assumptions about future salary increases. The latest actuarial valuations were performed for the defined benefit plans as of March 31, 2018, and using that as the measurement date.

The underlying actuarial assumptions are based on the actual local economic circumstances of the countries where the defined benefit plans are situated. The Company contributes to the employee benefit plans in accordance with applicable laws and requirements and the pension plan assets are invested in accordance with applicable regulations.

The following tables summarize the movement of the benefit obligation, plan assets, funded status and amounts recognized in the Consolidated Balance Sheets for the defined benefit pension plans for the periods indicated in the tables below:

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands	**2018**	2017
Change in benefit obligation:		
Benefit obligation at April 1,	$ 288’485	$ 311’876
Service cost	7’052	7’272
Interest cost	3’237	2’968
Employee contributions	3’580	3’076
Benefits paid	(1’347)	(513)
Assets distributed on settlements	(17’130)	(10’227)
Actuarial (gains)/losses	(8’312)	(13’369)
Curtailments	(34)	(7)
Termination benefits (a)	1’189	57
Liabilities extinguished on settlements	(169)	(35)
Plan amendments	–	(10’202)
Others	–	10’060
Effect of changes in exchange rates	15’378	(12’471)
Benefit obligation at March 31,	**$ 291’929**	**$ 288’485**

a) Termination benefits include costs in connection with the restructuring initiatives in Switzerland and Greece.

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands	**2018**	2017
Change in plan assets:		
Fair value of plan assets at April 1,	$ 234’286	$ 221’804
Actual return on plan assets	12’647	10’823
Employer contributions	6’104	7’570
Employee contributions	3’580	3’076
Benefits paid	(17’130)	(10’227)
Others	–	10’060
Effect of changes in exchange rates	10’859	(8’820)
Fair value of plan assets at March 31,	**$ 250’346**	**$ 234’286**
Funded status at March 31,	**$ (41’583)**	**$ (54’199)**
Accumulated benefit obligation	**$ 287’164**	**$ 283’032**

The financial statements for the fiscal year ended March 31, 2017 included an offsetting movement in the defined benefit obligation and fair value of plan assets of USD 10.1 million relating to out-of-period adjustments of a pension plan that was not captured in prior years. This adjustment is reflected in the “Others” caption in the change in benefit obligation and plan assets in the tables above. Management has evaluated the USD 0.5 million Consolidated Statements of Operations impact of these out-of-period adjustments to the financial statements ended March 31, 2017 and concluded they were not material to the previously reported annual financial statements.

As of March 31, 2018, the net benefit obligation for the Company´s underfunded plans is equal to USD 44.4 million. The net plan assets for the overfunded plans for the same period is equal to USD 2.8 million. As of March 31, 2017, the net benefit obligation for the Company´s underfunded plans was equal to USD 54.6 million. The net plan assets for the overfunded plans for the same period was equal to USD 1 million.

Net periodic pension benefit costs for the Company's defined benefit plans include the following components:

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands	**2018**	2017
Service cost	$ 7'052	$ 7'272
Interest cost	3'237	2'968
Termination benefits	1'189	57
Expected return on plan assets	(7'407)	(6'653)
Amortization of prior service costs	(1'027)	(239)
Amortization of actuarial loss (gain)	383	2'529
Settlements and curtailments	(176)	(31)
Net periodic benefit cost	**$ 3'251**	**$ 5'903**

Changes in plan assets and benefit obligations recognized in other comprehensive loss (pre-tax) are as follows:

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands	**2018**	2017
Net actuarial loss (gain)	$ (13'649)	$ (17'550)
Amortization of actuarial (loss) gain	(383)	(2'529)
Prior service cost	–	(10'202)
Amortization of prior service cost	1'027	239
Total change recognized in OCI	**$ (13'005)**	**$ (30'042)**

The following represents the amounts included in accumulated other comprehensive loss related to the Company's defined benefit pension plans:

	MARCH 31,	
USD in thousands	**2018**	2017
Actuarial loss	$ 24'642	$ 38'674
Prior service cost	(8'631)	(9'658)
Deferred tax liability (assets)	(1'931)	(2'300)
Effect of changes in exchange rates	230	229
Total	**$ 14'310**	**$ 26'945**

The actuarial loss and the prior service cost expected to be recognized as components of the net periodic benefit cost over the fiscal year ending March 31, 2019 are USD 0.2 million cost and USD 1.0 million benefit, respectively. The Company expects to make contributions of USD 5.6 million to the defined benefit pension plans during the fiscal year ending March 31, 2019.

The weighted average assumptions used in accounting for the defined benefit pension plans are as follows:

	March 31, 2018	March 31, 2017
Weighted average assumptions to determine benefit obligations:		
Discount rate (a)	1.18%	1.12%
Expected rate of increase in future compensation (b)	1.18%	1.16%
Expected rate of increase in future pension benefits (c)	0.11%	0.09%
Weighted average assumptions to determine benefit obligations:		
Discount rate (a)	1.12%	0.97%
Expected long-term rate of return on plan assets (d)	3.11%	3.04%

a) The Company determined a discount rate for each individual defined benefit pension plan based on high quality corporate bonds with currency and duration matching the associated liabilities. Where there is no deep market for such bonds, government bonds with an appropriate spread are used.
b) The Company determined the expected rate of increase in future compensation levels based on expectation of expected inflation rates and merit-based increases.
c) The Company determined the expected rate of increase in future pension benefits based on expected inflation in the plans' national markets, if such increase is included in the plan benefits.
d) The expected rate of return on plan assets was determined on the basis of the weighted average expected return on plan assets. The Company's assessment of the expected returns is based on historical return trends for equities, real estate and other assets and analysts' predictions of the market for debt instruments. The assets do not include any financial instruments issued by the Company.

Holding all other assumptions constant, a 0.5-percentage point decrease in the discount rate would have increased the projected benefit obligation ("PBO") related to our defined benefit pension plans by USD 21.1 million while a 0.5-percentage point increase in the discount rate would have decreased the PBO related to our defined benefit pension plans by USD 18.7 million.

Holding all other assumptions constant, a decrease or increase of 0.5 percentage points in the discount rate would have decreased the interest cost in 2017 by USD 1.3 million or increased the interest cost by USD 1.1 million respectively.

The actual asset allocation for the defined benefit pension plan assets is as follows:

	March 31, 2018	March 31, 2017
Equity Instruments	24%	34%
Debt Instruments	43%	40%
Property	16%	16%
Other	17%	10%

The Company's pension plan assets for each individual plan are invested in accordance with statutory regulations, pension plan rules and decisions of the pension fund trustees. The Company's actual invested positions in various securities change over time based on short and longer-term investment opportunities. Strategic pension plan asset allocations are determined by the objective to achieve an investment return, which together with the contributions paid, is sufficient to maintain reasonable control over the various funding risks of the plans. Based upon current market and economic environments, the actual asset allocation may periodically be permitted to deviate from policy targets. The plan's assets are divided according to asset class. The fiscal year ending March 31, 2019 targeted allocations are equities (29 percent), debt securities (46 percent), real estate (18 percent) and others (7 percent).

Annual benefit payments, including amounts to be paid from the Company's assets for unfunded plans, and reflecting expected future service, as appropriate, are expected to be as follows:

Fiscal Year ending March 31, (USD in thousands)	
2019	$14'624
2020	14'453
2021	14'776
2022	14'105
2023	14'096
2024-2029	81'558

The following tables present, for each of the fair-value hierarchy levels, the Company's defined benefit pension plan assets that are measured at fair value on a recurring basis as at March 31, 2018 and at March 31, 2017:

Fair Value Measurements March 31, 2018 (USD in thousands)	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	–	–	–	–
Equity instruments	59'374	48'778	10'596	–
Debt instruments	107'647	83'211	24'436	–
Real estate	40'143		647	39'496
Other	43'182	3'154	40'028	–
Total	**$ 250'346**	**$ 135'143**	**$ 75'707**	**$ 39'496**

Fair Value Measurements March 31, 2017 (USD in thousands)	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	–	–	–	–
Equity instruments	80'195	61'627	18'568	–
Debt instruments	93'738	79'022	14'716	–
Real estate	37'177	–	560	36'617
Other	23'176	13'376	9'800	–
Total	**$ 234'286**	**$ 154'025**	**$ 43'644**	**$ 36'617**

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

Debt and equity instruments

Debt and equity instruments classified as Level 1 are valued at the closing price reported on the active market where the individual securities are traded. Equity instruments classified as Level 2 consist of investments in traded institutional funds, which are not actively traded, valued at the repurchase price as calculated by the fund manager on a daily basis and alternative investments valued at their net asset value which is based on the fair value of the underlying assets that are traded in active markets and have quoted market prices.

Real estate
Real estate investments classified as Level 2 are valued at the repurchase price as calculated by the fund manager on a daily basis. Real estate investments classified as Level 3 are valued using a discounted cash-flow approach, the discount rates are based on the age of the real estate and stand at 4.5%.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth a summary of changes in the fair value of the Level 3 assets:

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands	**2018**	2017
Balance at April 1,	$ 36’617	$ 37’905
Actual return on plan assets	923	404
Effect of changes in exchange rates	1’956	(1’692)
Balance at March 31,	**$ 39’496**	**$ 36’617**

In addition to its defined benefit plans, the Company also provides post-retirement health care benefit plans to certain of its employees. As of March 31, 2018 and March 31, 2017, the post retirement benefit plans had an obligation of USD0.4 million and USD0.5 million, respectively.

For the post retirement plan, the expected premium for fiscal year ending March 31, 2019 is assumed to be USD3’355 for retired employees (USD3’811 for spouse). The medical trend rate is assumed to increase to 5.3% for the fiscal year ending March 31, 2019 and gradually decrease to 4.3% thereafter.

As an indicator of sensitivity, increasing the assumed health care cost trend rate by 1% would have increased the accumulated postretirement benefit obligation by USD8 thousand at March 31, 2018, and the aggregate of the service and interest cost components of net postretirement benefit expense by USD0 thousand for the year ended March 31, 2018. Decreasing the assumed health care cost trend rate by 1% would have decreased the accumulated postretirement benefit obligation at March 31, 2018 by $7 thousand and the aggregate of the service and interest cost components of net post-retirement benefit expense by less than USD1 thousand for the year ended March 31, 2018.

Furthermore, the Company sponsors various defined contribution plans in which employees of certain subsidiaries are eligible to participate. Total expenses related to such plans for the fiscal years ended March 31, 2018 and March 31, 2017 were USD8.2 million and USD10.0 million, respectively.

NOTE 19: INCOME TAXES

The components of profit (loss) before income tax expense, net of tax, are as follows:

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands	**2018**	2017
Domestic (a)	$ 32'941	$ (16'094)
Foreign	16'028	(14'165)
L+G Group	**$ 48'969**	**$ (30'259)**

a) Domestic jurisdiction represents Switzerland, the country where the Company is incorporated.

Income tax benefit (expense) by location of the taxing jurisdiction consisted of the following:

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands	**2018**	2017
Current income taxes:		
Domestic (a)	$ (739)	(591)
Foreign	(26'294)	(58'108)
Total current taxes	$ (27'033)	(58'699)
Deferred taxes:		
Domestic (a)	$ (134)	(742)
Foreign	24'992	27'641
Total deferred taxes	24'858	26'899
Total income taxes	**$ (2'175)**	**$ (31'800)**

a) Domestic jurisdiction represents Switzerland, the country where the Company is incorporated.

The reconciliation of tax benefit (expenses) at the statutory tax rate of 7.83% to the provision for income taxes is shown in the table below:

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands	**2018**	2017
Regular statutory rate benefit (expense)	$ (3'834)	$ 2'369
Items taxed at rates other than the Company's statutory rate	(12'055)	(18'625)
Non-deductible goodwill impairment	–	(4'698)
Other permanent adjustments	2'208	6'127
Provision for uncertain tax positions	3'194	(7'888)
Tax credits	1'516	3'081
Withholding taxes	(767)	(618)
Change in valuation allowance	(11'774)	(9'951)
Adjustments to prior year	1'986	241
Effects of changes in tax rate, net	17'375	(370)
Other, net	(24)	(1'468)
Tax benefit (expense)	**$ (2'175)**	**$ (31'800)**

Deferred Taxes

The significant components of the deferred tax assets and liabilities are as follows:

	MARCH 31,	
USD in thousands	**2018**	2017
Deferred tax assets:		
Net operating loss carryforwards	$ 95’233	$ 117’655
Inventories	2’618	4’240
Prepaid expenses and other	167	33
Accrued liabilities	16’921	12’998
Related party interest	–	1’817
Intangible assets	9’821	9’133
Pension and other employee related liabilities	22’959	35’219
Other	21’871	25’981
Total gross deferred tax assets	**169’590**	**207’076**
Deferred tax liabilities:		
Accrued liabilities	(42)	(324)
Property, plant, and equipment	(9’762)	(27’701)
Intangible assets	(71’591)	(113’659)
Other	(12’667)	(15’478)
Total gross deferred tax liabilities	**(94’062)**	**(157’162)**
Net deferred tax assets before valuation allowance	75’528	49’914
Valuation allowance	(92’027)	(91’970)
Net deferred tax liabilities	**$ (16’499)**	**$ (42’056)**
Included in:		
Deferred tax assets- non-current	16’021	12’920
Deferred tax liabilities- non-current	(32’520)	(54’976)
Net deferred tax liabilities	**$ (16’499)**	**$ (42’056)**

As of March 31, 2018 and March 31, 2017, the Company had total tax losses carried forward in the amount of USD 303.0 million and USD 447.3 million, respectively.
The expiration of the tax losses carried forward as of March 31, 2018 is as follows:

Fiscal year ending March 31, (USD in thousands)	
2019	$ –
2020	13’031
2021	1’468
2022	689
2023	17’965
Thereafter	66’092
Never expire	203’796
Total	**$ 303’041**

Due to “change in ownership” provisions in certain jurisdictions, the use of a portion of our tax losses may be limited in future periods.

The Company believes that it is more likely than not that the benefit from certain net operating loss carryforwards and other deferred tax assets will not be realized due to insufficient profit projections. The Company considered all available evidence, both positive and negative, including historical levels

of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for a valuation allowance.

The valuation allowances are mainly provided against net deferred tax assets in Australia, Brazil, Denmark, France, India, Switzerland, United States and United Kingdom. In the event that all of the deferred tax assets become realizable, the reversal of the valuation allowance would result in a reduction in income tax expense.

Deferred taxes on undistributed earnings of foreign subsidiaries as of March 31, 2018 and March 31, 2017 are USD 0.5 million and USD 0.6 million, respectively.

The Company does not provide deferred taxes on temporary differences related to its foreign subsidiaries that are considered permanent in duration. Determination of the amount of deferred taxes on these temporary differences is not practical.

On December 22, 2017, the U.S. Tax Cuts and Jobs Act was enacted. The U.S. tax reform introduced many changes, including lowering the U.S. corporate tax rate to 21 percent, changes in incentives, provisions to prevent U.S. base erosion and significant changes in the taxation of international income, including provisions which allow for the repatriation of foreign earnings without being subject to U.S. tax. The enactment of U.S. tax reform resulted in a provisional benefit of USD 22 million from the re-measurement of deferred tax balances as of March 31, 2017 to the new U.S. Federal tax rate. Including the impact from the re-measurement of the deferred tax balances arising from the current activity of USD 4.7 million, the provisional net benefit amounts to USD 17.3 million.

All components of the provisional benefit are based on the Company's estimates as of March 31, 2018 and have been calculated based on existing tax law and the best information available as of the date of estimate. The final impact of U.S. tax reform may differ due to factors such as changes in interpretations and assumptions that the company has made in its assessment, further refinement of the company's calculations, additional guidance that may be issued by the U.S. government, among other items. As these various factors are finalized, any change will be recorded as an adjustment to the provision for, or benefit from, income taxes in the period when the amounts are determined, not to exceed the measurement period.

Provisions for Uncertain Tax Positions

ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows:

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands	**2018**	2017
Balance as of April 1,	$ 27'520	$ 23'725
Gross increases to positions in prior years	4'640	983
Gross increases to current period tax positions	6'443	7'231
Audit settlements	(2'874)	(133)
Expiry of statute of limitations	(1'787)	(3'388)
Gross decreases to prior year positions	(10'162)	(504)
Effect on change in exchange rates	598	(394)
Balance as of March 31,	**$ 24'378**	**$ 27'520**

As of March 31, 2018 and March 31, 2017, accrued interest and penalties were USD 6.5 million and USD 6.1 million, respectively.

The Company does not expect any material changes in unrecognized tax benefits within the next 12 months.

The Company is subject to taxation in various states and foreign jurisdictions. As of March 31, 2018, the Company could be subject to income tax examination by the tax authorities in the following major tax jurisdictions:

Tax Jurisdiction	Open tax years
Australia	April 1, 2012–March 31, 2018
Switzerland	April 1, 2017–March 31, 2018
U.S. Federal	January 1, 2008–December 31, 2009 January 1, 2012–March 31, 2012 April 1, 2014–March 31, 2018
Germany	January 1, 2010 –March 31, 2018
Greece	April 1, 2012 –March 31, 2018
United Kingdom	April 1, 2016 –March 31, 2018
Brazil	January 1, 2013–March 31, 2018

NOTE 20: COMMITMENTS & CONTINGENCIES

Commitments

The Company is obligated under capital leases covering certain machinery and equipment that will expire at various dates during the next three years. The gross amount of property, plant and equipment and related accumulated amortization recorded under capital leases were as follows:

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands	2018	2017
Machinery and equipment	$ 5’277	$ 4’812
Less: accumulated amortization	(4’335)	(3’930)
Carrying amount	**$ 942**	**$ 882**

Amortization of assets held under capital leases is included within depreciation expenses.

The Company is also party to several noncancelable operating leases, primarily for office space and company vehicles, that expire over the next five years. These leases generally contain renewal options for periods ranging from one to five years.

Minimum rent payments under operating leases are recognized on a straight-line basis over the term of the lease including any periods of free rent. Rental expense for operating leases for the fiscal years ended March 31, 2018 and March 31, 2017 was USD 24.5 million and USD 23.3 million, respectively.

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments as of March 31, 2018 are:

Fiscal year ending March 31, (USD in thousands)	Capital Leases	Operating Leases
2019	$ 476	$ 15’942
2020	391	15’718
2021	187	13’984
2022	76	9’749
2023	–	2’777
Thereafter	–	5’887
Total minimum lease payments	**$ 1’130**	**$ 64’057**
Less estimated executory costs	(96)	
Net minimum lease payments	1’034	
Less amount representing interest	(108)	
Present value of net minimum capital lease payments	926	
Less current installments of obligation under capital leases	(370)	
Obligations under capital leases, excluding current installments	**$ 556**	

Current and non-current portion of capital lease obligations are included as a component of other current liabilities and other non-current liabilities, respectively.

Guarantees

The following table provides quantitative data regarding the Company’s third-party guarantees. The maximum potential payments represent a “worst-case scenario”, and do not reflect management’s expected outcomes.

Maximum potential payments (USD in million)	March 31, 2018
Performance guarantees obtained from third parties	$ 62.1
Financial guarantees issued in connection with financing activities	350.7
Financial guarantees issued in connection with lease agreements	1.3
Total	**$ 414.1**

The Company is often required to obtain bank guarantees, bid bonds, or performance bonds in support of its obligations for customer tenders and contracts. These guarantees or bonds typically provide a guarantee to the customer for future performance, which usually covers the delivery phase of a contract and may, on occasion, cover the warranty phase. As of March 31, 2018, the Company had total outstanding performance bonds and bank guarantees of USD 62.1 million. In the event any such bank guarantee or performance bond is called, the Company would be obligated to reimburse the issuer of the guarantee or bond; however, the Company has no reason to expect that any outstanding guarantee or bond will be called.

In addition, the Company has entered into guarantees that provide financial assurances to certain third parties related to the outstanding lines of credit or to leasing arrangements, predominantly for office leases. The total amount was USD 352.0 million as of March 31, 2018.

Furthermore, the Company is party to various guarantees whereby the Company has assured the performance of its wholly owned subsidiaries’ products or services according to the terms of specific contracts. Such guarantees may include guarantees that a project will be completed within a specified time. If the subsidiary were to fail to fulfil its obligations under the contract, then the Company

could be held responsible for the other party's damages resulting from such failure. Because the Company's liability under the guarantees typically matches the subsidiaries' liability under the primary contracts, such guarantees generally do not limit the guarantor's total potential liability where the liability results, for example, from personal injury or death or from intellectual property infringement. Therefore, it is not possible to specify the maximum potential amount of future payments that could be made under these or similar agreements. However, the Company has no reason to believe that any of the outstanding parent guarantees will ever be exercised, and the Company has not had to make payments against any such parent guarantees in the past.

Legal proceedings

We are subject to various legal proceedings and claims of which the outcomes are subject to significant uncertainty. Our policy is to assess the likelihood of any adverse judgments or outcomes related to legal matters, as well as ranges of probable losses. A determination of the amount of the liability required, if any, for these contingencies is made after an analysis of each known issue. A liability is recognized and charged to operating expense when we determine that a loss is probable and the amount can be reasonably estimated.

In August 2015, Energisa SA and a number of related plaintiffs filed two related lawsuits in Brazil, alleging that our electric meters were excessively vulnerable to fraud. The initial petitions requested Landis+Gyr to provide new firmware to the plaintiffs and to reimburse their cost of installation in meters supplied with this firmware. A technical expert report has been completed and the cases have been consolidated. The case is in the pre-trial stage.

On October 5, 2015, the Romanian Competition Council ("RCC") launched an ex officio investigation against Landis+Gyr together with several of its competitors on the alleged infringement of certain provisions of Romanian competition law in connection with auctions on the market of electricity meters and connected equipment. In response we immediately engaged external experts to conduct an extensive internal forensic investigation that did not reveal any violation of competition law. Additionally, Landis+Gyr provided the Council evidence demonstrating that it had not engaged in any of the alleged anti-competitive conduct. Landis+Gyr is not materially active in the Romanian metering market nor was it materially active during the period under investigation. On January 4, 2018, the Plenum of the Competition Council issued its preliminary decision against Landis+Gyr and five other companies and imposed a fine of RON 27.4 million (or USD 7.1 million, converted at the exchange rate as of March 31, 2018). The full written decision was received on April 30, 2018. As a result, Landis+Gyr now intends to vigorously defend itself and intends to use all avenues of appeal available.

On July 14, 2016, we entered into a confidential settlement agreement with Transdata Incorporated (Transdata) under which Transdata agreed to dismiss with prejudice all pending litigation in various Capital Operating United States District Courts against us and certain of our customers. As a part of the settlement, we received a patent license from Transdata for the use of the patents in future meter production and sales.

In October 2016, Landis+Gyr Inc. (formerly known as Landis+Gyr Metering Inc.), a Company's subsidiary incorporated in the United States of America, filed a lawsuit against Zurich American Insurance Company (f/k/a Zurich Insurance), in the U.S. District Court, Northern District of Indiana. We believe that Zurich acted in bad faith and wrongfully denied coverage of a long-standing environmental liability claim for an Indiana facility. We are seeking to recover costs incurred for investigation and remediation. The lead primary liability insurer claims it has no record of this claim even though the Company believes it was notified many years ago and coverage was wrongfully denied. The case is in the pre-trial stage.

On January 16, 2017, we entered into a confidential settlement with an European utility under which the utility agreed to dismiss all claims it had asserted under a confidential arbitration proceeding.

The arbitration related to product warranty claims arising in connection with an industry-wide component issue, which affected products purchased by an European utility between 2007 and 2010.

On July 24, 2017, we entered into a confidential settlement agreement with Atlas IP, Inc. (Atlas) under which Atlas agreed to dismiss with prejudice all pending litigation against any of our customers. As a part of the settlement, we received a patent license from Atlas for the use of all Atlas patents for Landis+Gyr products and services, covering Landis+Gyr and all of our customers.

In addition to the cases listed above, Landis+Gyr and its subsidiaries are parties to various employment-related and administrative proceedings in jurisdictions where we do business. None of the proceedings are individually material to Landis+Gyr, and we believe that we have made adequate provision such that the ultimate disposition of the proceedings will not materially affect our business or financial condition.

In the normal course of business, the Company and its subsidiaries are parties to various legal claims, actions, and complaints. It is not possible to predict with certainty whether or not the Company and its subsidiaries will ultimately be successful in any of these legal matters, or if not, what the impact might be. However, the Company's management does not expect that the results of any of these legal proceedings will have a material adverse effect on the Company's results of operations, financial position or cash flows.

Indemnification

We generally provide an indemnification related to the infringement of any patent, copyright, trademark, or other intellectual property right on software or equipment within our customer contracts. This indemnification typically covers damages and related costs, including attorney's fees with respect to an indemnified claim, provided that (a) the customer promptly notifies us in writing of the claim and (b) we control the defense and all related settlement negotiations. We may also provide an indemnification to our customers for third party claims resulting from damages caused by the negligence or wilful misconduct of our employees/agents under certain contracts. These indemnification obligations typically do not have liability caps. It is not possible to predict the maximum potential amount of future payments under these or similar agreements.

Warranty

A summary of the warranty accrual account activity is as follows:

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands	**2018**	**2017**
Beginning balance, April 1	$ 51'734	$ 91'643
New product warranties	48'034	48'661
Other changes/adjustments to warranties	(8'856)	(53'767)
Claims activity	(21'516)	(30'099)
Effect of changes in exchange rates	4'031	(4'704)
Ending balance, March 31,	**73'427**	**51'734**
Less: current portion of warranty	(47'870)	(43'780)
Long-term warranty	$ 25'557	$ 7'954

New product warranties for the fiscal year ended March 31, 2018 primarily consist of an increase in the provision related to a legacy component issue in the Americas segment. For the fiscal year ended March 31, 2017, new product warranties primarily consist of an increase in the provision related to a legacy component issue in the Americas segment and warranty related cases in the EMEA segment. Other changes/adjustments to warranties reflects amounts included in warranty provision and other warranty-like accrued liabilities as a result of releases or other adjustments resulting from settlement

of claims for which accruals had previously been recorded. In particular, the figure for the year ended March 31, 2017 reflects the reclassification of accruals for the X2 matter from warranty provision to other current liabilities and other long-term liabilities following a settlement in connection with the X2 matter.

NOTE 21: RESTRUCTURING CHARGES

The Company continually reviews its business, manages costs and aligns resources with market demand. As a result, the Company has taken several actions to reduce fixed costs, eliminate redundancies, strengthen operational focus, and better position itself to respond to market pressures or unfavourable economic conditions.

During the fiscal year ended March 31, 2018, the Company continued its restructuring effort, aimed at reducing costs and improving operating performance. In connection with these restructuring plans, the Company recognized costs related to termination benefits for employee positions that were eliminated. The total fiscal year ended March 31, 2018 initiatives represent approximately USD 14.7 million in severance related costs. Some of the severance payments were completed during the fiscal year ended March 31, 2018 and the remaining payments are expected to be completed during the fiscal year ending March 31, 2019.

A summary of the Company's restructuring activity, including costs incurred during the fiscal years ended March 31, 2018 and March 31, 2017 is as follows:

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands	**2018**	2017
Beginning balance, April 1,	$ 2'460	$ 2'478
Restructuring charges	14'662	3'795
Adjustments	129	–
Cash payments	(9'275)	(3'692)
Effect of changes in exchanges rates	484	(121)
Balance as of March 31,	**$ 8'460**	**$ 2'460**

The outstanding balance at March 31, 2018 and at March 31, 2017, respectively, is included under accrued liabilities in the Consolidated Balance Sheets.

A summary of the Consolidated Statement of Operations line items where restructuring activity charges have been recognized is as follows:

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands	**2018**	2017
Cost of revenue	$ 7'029	$ 1'821
Research and development	1'438	308
Sales and marketing	1'143	454
General and administrative	5'052	1'212
Total	**$ 14'662**	**$ 3'795**

The following table outlines the cumulative and current costs incurred to date per operating segment:

USD in thousands	Cumulative Costs incurred up to March 31, 2018	Total Costs incurred in the Fiscal Year ended March 31, 2018
Americas	$ 6’598	$ 565
EMEA	28’077	13’632
Asia Pacific	9’727	(48)
Corporate	1’772	513
Restructuring Charges	**$ 46’174**	**$ 14’662**

The cumulative costs incurred up to March 31, 2018 represent the Companies ongoing restructuring efforts under various programs from FY 2011 to FY 2017. The expected future costs for the restructuring programs are USD 7.7 million spread over the next four years and are limited to EMEA.

NOTE 22: ASSET RETIREMENT OBLIGATIONS

AROs exist in Germany, Switzerland, the UK, Australia and the USA. The following table presents the activity for the AROs, excluding environmental remediation liabilities:

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands	2018	2017
Beginning balance, April 1	2’499	2’643
Additional obligations incurred	17	14
Obligations Settled in current period	–	(142)
Changes in estimates, including timing	–	(11)
Accretion expense	139	126
Effect of changes in exchange rates	147	(131)
Obligation balances, March 31,	**$ 2’802**	**$ 2’499**

NOTE 23: RELATED PARTY TRANSACTIONS

Transactions with the former Shareholders

In the fiscal year ended March 31, 2018, Landis+Gyr and Toshiba were related parties until the mentioned IPO became effective. During the period between April 1, 2017 through July 21, 2017 sales to and purchases from Toshiba affiliated entities were USD 35.6 million and USD 0.3 million, respectively. In the fiscal year ended March 31, 2017 sales to and purchases from Toshiba affiliated entities were USD 116.8 million and USD 1.8 million, respectively.

As of March 31, 2017 receivables due from and payables due to Toshiba affiliated entities were USD 5.6 million and USD 0.7 million, respectively.

Sales of goods to related parties were made at the Company’s usual list prices. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

As noted in Note 14: Shareholder Loans, on June 8, 2017, the Company repaid the shareholder loan which was received from Toshiba upon the acquisition in 2011.

Transactions with other related parties

The Company conducts business with certain companies where members of the Company's Board of Directors or Executive Committee act, or in recent years have acted, as directors or senior executives. The Company's Board of Directors has determined that the Company's business relationships with those companies do not constitute material business relationships.

NOTE 24: CONCENTRATIONS

The Company generates a majority of its revenue in the United States and Europe, with the balance in Asia Pacific, Middle East, Africa, South America, and Canada. None of the Company's customers exceeded ten percent of the consolidated revenue for the fiscal years ended March 31, 2018 and 2017. The majority of the revenue is derived from the sale of energy meters.

Approximately 46% of the Company's workforce is subject to collective bargaining agreements expiring between 2018 and 2028. Approximately 18% of the Company's workforce is subject to collective bargaining agreements expiring within one year.

NOTE 25: SEGMENT INFORMATION

As noted in Note 10: Goodwill, in the fourth quarter of the year ending March 31, 2017, there was an organization shift that resulted in the retrospective realignment from one segment into the following operating segments:

Americas

The Americas generates a majority of its revenue in the United States, with the balance produced in Canada, Central America, South America, Japan and certain other markets which adopt US standards. The Americas reportable segment designs, manufactures, markets, and sells the Company's Gridstream and advanced meter solutions, digital electricity meters, commercial/industrial and grid meters, system deployment services, managed network services, and other advanced metering infrastructure offerings including software, installation, implementation, consulting, maintenance support, and related services.

EMEA

The EMEA segment produces the majority of its revenue in Europe with the balance generated in the Middle East, South Africa and certain other markets which adopt European standards. The EMEA reportable segment designs, manufactures, markets, and sells the Company's Gridstream and advanced meter solutions, digital electricity meters, prepayment electricity meters, commercial / industrial and grid meters, gas meters and prepayment solutions, heat and water meters and solutions, load control devices, system deployment services, and advanced metering infrastructure offerings including software, installation, implementation, consulting, maintenance support, and related services.

Asia Pacific

The Asia Pacific segment generates the majority of its revenue in Australia, China, Hong Kong and India, while the balance is generated in Singapore and other markets in Asia. The Asia Pacific reportable segment designs, manufactures, markets, and sells the Company's Gridstream and advanced meter solutions, digital electricity meters, prepayment electricity meters, commercial / industrial and grid meters, gas meters and prepayment solutions, heat and water meters and solutions, load control devices, system deployment services, and advanced metering infrastructure offerings including software, installation, implementation, consulting, maintenance support, and related services.

The Chief Operating Decision Maker (CODM) is the Company's Chief Executive Officer. The CODM allocates resources to and assesses the performance of each operating segment using the information outlined in the table below. Each operating segment offers products for different applications and markets and provides separate financial information that is evaluated regularly by the CODM. Decisions by the CODM on how to allocate resources and assess performance are based on a reported measure of segment profitability.

Effective April 1, 2017, the Company changed one of the primary measures of segment performance from Gross Profit to Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) to align with the above noted organizational shift. We define Adjusted EBITDA as operating income (loss) excluding depreciation and amortization, impairment of intangible assets, restructuring charges, exceptional warranty related expenses, warranty normalization adjustments and special items. As result of this change, the Company has two primary measures for evaluating segment performance: revenue to third parties (excluding any inter-company sales) and the mentioned adjusted EBITDA.

	FISCAL YEAR ENDED MARCH 31,	
USD in thousands	**2018**	2017
Net revenues		
Americas	$ 975’031	$ 934’404
thereof to external customers	972’198	931’190
thereof to other segments	2’833	3’214
EMEA	694’662	645’879
thereof to external customers	627’177	587’836
thereof to other segments	67’486	58’043
Asia Pacific	143’047	144’474
thereof to external customers	138’439	140’209
thereof to other segments	4’608	4’266
Elimination	(74’927)	(65’523)
Total Company	**$ 1’737’814**	**$ 1’659’235**
Adjusted EBITDA		
Americas	$ 199’429	$ 195’035
EMEA	(8’834)	932
Asia Pacific	(9’610)	(2’662)
Corporate unallocated	31’045	18’794
Total Company	**212’030**	**212’099**
Restructuring charges[1]	(14’662)	(3’795)
Exceptional warranty related expenses[2]	(2’360)	(6’378)
Warranty normalization adjustments[3]	(24’250)	(25’172)
Special items[4]	(25’644)	(25’833)
Depreciation	(47’528)	(46’899)
Amortization of intangible assets	(49’818)	(49’275)
Impairment of intangible assets	–	(60’000)
Interest income	877	512
Interest expense	(6’966)	(11’185)
Income (loss) on foreign exchange, net	7’290	(14’333)
Income (loss) before income tax expense	**$ 48’969**	**$ (30’259)**

1 Restructuring charges are summarized in note 21 including the line items in the Consolidated Statements of Operations that include the restructuring charges.
2 Exceptional warranty related expense related to a legacy component issue in the EMEA segment.
3 Warranty normalization adjustments represents warranty expense that diverge from three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims.
4 Special items represent costs incurred, or income earned, related to non-recurring events, certain settlements of litigation and other miscellaneous items. Special items for the fiscal year ended March 31, 2018 included, among others, USD 24.2 million costs incurred in connection with the IPO and USD 1.5 million other miscellaneous items. Special items for the fiscal year ended March 31, 2017 included, among others, the settlement amount (including legal costs) for a patent case of USD 15.6 million, costs incurred for strategic activities that did not materialize of USD 6.0 million and expenses for an accreditation in Asia Pacific for a new business venture of USD 3.7 million.

The following table presents segment depreciation and amortization and capital expenditures for the fiscal years ended March 31, 2018 and 2017:

	DEPRECIATION AND AMORTIZATION		CAPITAL EXPENDITURE	
	FISCAL YEAR ENDED MARCH 31,		FISCAL YEAR ENDED MARCH 31,	
USD in thousands	**2018**	2017	**2018**	2017
Americas	$ 62’491	$ 63’796	$ 16’408	$ 18’966
EMEA	21’999	19’914	18’593	19’710
Asia Pacific	5’854	5’328	2’162	3’674
Corporate	7’002	7’136	814	475
Total	**$ 97’346**	**$ 96’174**	**$ 37’977**	**$ 42’825**

The Company does not monitor total assets by operating segment and such information is not reviewed by the CODM.

The following tables represent the continuing operations’ revenue for the fiscal years ended March 31, 2018 and 2017:

Fiscal Year ended March 31, 2018 (USD in thousands)	**Total**	**Americas**	**EMEA**	**Asia Pacific**
Total revenue	**$ 1’737’814**	**$ 972’198**	**$ 627’177**	**$ 138’439**
thereof United States	883’535	883’535	–	–
thereof United Kingdom	192’636	–	192’636	–
thereof Switzerland	56’170	–	56’170	–
thereof Australia	56’063	–	–	56’063

Fiscal Year ended March 31, 2017 (USD in thousands)	**Total**	**Americas**	**EMEA**	**Asia Pacific**
Total revenue	**$ 1’659’235**	**$ 931’190**	**$ 587’836**	**$ –**
thereof United States	809’160	809’160	–	–
thereof United Kingdom	179’516	–	179’516	–
thereof Switzerland	63’471	–	63’471	–
thereof Australia	73’640	–	–	73’640

The following tables represent the property, plant and equipment as of March 31, 2018 and 2017:

March 31, 2018 (USD in thousands)	Total	Americas	EMEA	Asia Pacific
Property, plant and equipment	**$ 164’400**	**$ 92’892**	**$ 60’798**	**$ 10’710**
thereof United States	85’736	85’736	–	–
thereof United Kingdom	28’872	–	28’872	–
thereof Switzerland	2’088	–	2’088	–
thereof Australia	3’819	–	–	3’819

March 31, 2017 (USD in thousands)	Total	Americas	EMEA	Asia Pacific
Property, plant and equipment	**$ 188’832**	**$ 126’608**	**$ 49’995**	**$ 12’229**
thereof United States	117’942	117’942	–	–
thereof United Kingdom	23’385	–	23’385	–
thereof Switzerland	1’900	–	1’900	–
thereof Australia	4’267	–	–	4’267

Sales to external customers are based on the location of the customer (destination). Disclosure of long-lived assets is based on the location of the asset.

NOTE 26: SUBSEQUENT EVENTS

The Company evaluated subsequent events and transactions that occurred after the balance sheet date through June 4, 2018, which is the date that the consolidated financial statements were available to be issued.

On May 24, 2018, the Company entered into an agreement with Pacific Equity Partners (PEP) to form a joint venture, which will undertake the acquisition of Acumen Metering Pty Ltd from Origin Energy Holdings Pty Limited (OEH) and Origin Energy Retail Limited (OERL), Australia (Origin). Landis+Gyr will own approximately 20% of the joint venture. The joint venture will be known as intelliHUB Holdings Pty Ltd. The joint venture has entered into a merger agreement with Origin to acquire 100% of the Acumen business. The Company will be contributing both cash and its intelliHUB business with a combined equity value of up to AUD 75 million (USD 57.6 million at exchanges rates prevailing at year-end) into the joint venture. The acquisition is scheduled to close in the coming few months.

Statutory Financial Statements of Landis+Gyr Group AG

Table of Contents

Report of the statutory auditor	79
Balance Sheet	81
Income Statement	82
Notes to the Statutory Financial Statements	83
Proposed Appropriation of the Accumulated Deficit and Statutory Capital Reserves	87

Report of the statutory auditor

to the General Meeting of Landis+Gyr Group AG

Zug

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Landis+Gyr Group AG, which comprise the balance sheet, income statement and notes (pages 81 to 87), for the year ended 31 March 2018.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 March 2018 comply with Swiss law and the company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Valuation of investment in and long-term loan receivable from subsidiary

Key audit matter	*How our audit addressed the key audit matter*
At 31 March 2018, the carrying value of the Company's investment in and long-term loan receivable from subsidiary amounts to CHF 1.1 billion and CHF 0.3 billion, respectively. We consider the valuation of investment in and the long-term loan receivable from subsidiary a significant area due to the size of the carrying value (100% of total assets) and judgement involved in determining the enterprise value used to support the recoverability of these assets. Refer to Note 3.2 *Investments* and Note 3.3 *Long-term Loans Receivable* of the financial statements.	We assessed whether the combined carrying value of the investment in and loan receivable from subsidiary is recoverable as of 31 March 2018 by performing the following procedures: • We compared the market capitalization of the Company at 31 March 2018 to the combined carrying value of the investment in and long-term loan receivable from subsidiary. • We assessed the reasonableness of the enterprise value of the Company by evaluating the key assumptions used by management in estimating the future cash flows of its reporting units, including projections of future business performance and profitability, terminal growth rates and discount rates, and by assessing the appropriateness of the model used. • We compared the enterprise value of the Company to the combined carrying value of the investment in and long-term loan receivable from subsidiary company. On the basis of work performed, we determined the principles used by management to support the carrying value of the investments in and long-term loan receivable to be reasonable.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of statutory capital reserves complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Rolf Johner
Audit expert
Auditor in charge

Claudia Muhlinghaus
Audit expert

Zug, 4 June 2018

Balance Sheet

CHF	Notes	March 31, 2018	March 31, 2017
ASSETS			
Current assets			
Short-term loans receivable from subsidiary companies		–	215’763’250
Accrued interest income from subsidiary companies		–	3’808’624
Total current assets		**–**	**219’571’874**
NON-CURRENT ASSETS			
Long-term loans receivable from subsidiary companies		352’821’956	369’677’350
Investments	5	1’067’205’088	1’067’205’088
Total non-current assets		**1’420’027’044**	**1’436’882’438**
TOTAL ASSETS		**1’420’027’044**	**1’656’454’312**
LIABILITIES AND SHAREHOLDERS’ EQUITY			
Current liabilities			
Trade creditors subsidiary companies		12’495’328	7’136’630
Current interest bearing liabilities to shareholders		–	217’081’506
Current interest bearing liabilities to subsidiary companies		–	7’726’062
Accrued liabilities		33’806	39’063
Total current liabilities		**12’529’134**	**231’983’261**
Non-current liabilities			
Provision for unrealized FX gain		54’459’980	72’886’057
Total non current liabilities		**54’459’980**	**72’886’057**
Total liabilities		**66’989’114**	**304’869’318**
SHAREHOLDERS’ EQUITY			
Share capital		295’100’000	295’100’000
Statutory capital reserves	6	1’064’500’869	1’064’500’869
Statutory retained earnings		2’952’483	2’952’483
Accumulated deficit		(9’515’422)	(10’968’358)
Accumulated deficit brought forward		(10’968’358)	(18’130’483)
Profit for the year		1’452’936	7’162’125
Total shareholders’ equity		**1’353’037’930**	**1’351’584’994**
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		**1’420’027’044**	**1’656’454’312**

See notes to the statutory financial statements.

Income Statement

CHF	FISCAL YEAR ENDED MARCH 31, 2018	2017
Operating expenses	(12’503’421)	(7’045’963)
OPERATING LOSS	**(12’503’421)**	**(7’045’963)**
Financial income	16’084’940	23’893’348
Financial expense	(2’088’542)	(9’650’428)
PROFIT BEFORE TAXES	**1’492’977**	**7’196’957**
Direct taxes	(40’041)	(34’832)
PROFIT FOR THE YEAR	**1’452’936**	**7’162’125**

See notes to the statutory financial statements.

Notes to the Statutory Financial Statements

NOTE 1: GENERAL
Landis+Gyr Group AG, Zug Switzerland (the Company) is the parent company of the Landis+Gyr Group.

On July 21, 2017 the Company completed an Initial Public Offering ("IPO") whereby its shares began trading on the SIX Swiss Exchange. In connection with the IPO, the Company's former shareholders sold an aggregate of 29'510'000 shares of common stock.

NOTE 2: APPLICABLE ACCOUNTING LAW
These unconsolidated financial statements have been prepared in accordance with the provisions on commercial accounting laid down in articles 957-963b of the Swiss Code of Obligations (CO).

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

3.1 Conversion of foreign currencies
The functional currency is the US Dollar, translated into Swiss Francs for statutory financial reporting purposes. Transactions during the year denominated in foreign currencies are translated and recorded in US Dollars at actual exchange rates prevailing at the dates of the transactions. Profits and losses on exchange are recognized in the income statement, with the exception of unrealized gains, which are deferred until they are realized.

With the exception of investments and equity which are translated at historical rates, all other assets and liabilities are translated into Swiss Francs using the year-end closing rate, whereas income and expenses are translated using the average exchange rate. Foreign currency exchange losses arising from translation are shown as currency translation differences under financial expense. Foreign currency exchange gains arising from translation are deferred on the balance sheet. A foreign exchange translation gain of CHF 54.5 million (prior year: CHF 72.9 million) has been deferred on the balance sheet.

3.2 Investments
The investments in subsidiaries are carried at no higher than cost less adjustments for impairment, if any. The investments are reviewed annually for impairment and adjusted to their recoverable amount in instances where the carrying value is determined to be in excess of fair value.

3.3 Long-term loans receivable
Financial assets are valued at acquisition cost less adjustments for foreign currency losses and any other impairment of value.

NOTE 4: NUMBER OF EMPLOYEES

The company does not have any employees in the years ended March 31, 2018 and 2017.

NOTE 5: INVESTMENTS

As at the balance sheet date, the company holds the following direct investment:

COMPANY	NOMINAL CAPITAL	OWNERSHIP & VOTING RIGHTS MARCH 31,	
		2018	2017
Landis+Gyr AG, Theilerstrasse 1, Zug	CHF 29'700'000	100%	100%

As at the balance sheet date, the company holds the following substantial indirect investments:

COMPANY	NOMINAL CAPITAL	OWNERSHIP & VOTING RIGHTS MARCH 31,	
		2018	2017
Landis+Gyr Investments LLC, Lafayette USA	USD 20	100%	100%
Bayard Metering (UK) Unlimited, Peterborough, United Kingdom	GBP 6'986'360	100%	100%

NOTE 6: STATUTORY CAPITAL RESERVES

The statutory capital reserves from additional paid-in capital are shown as a separate item in the balance sheet. They resulted from a contribution in kind of shares in Landis+Gyr AG, Zug and a loan from Landis+Gyr AG, Zug. The amount has been approved by the tax authorities.

NOTE 7: CONTINGENT LIABILITIES

Landis+Gyr Group AG forms part of the Swiss VAT group of Landis+Gyr and is therefore a liable party for any tax liabilities. The VAT group consists of:

– Landis+Gyr AG and Landis+Gyr Group AG

NOTE 8: SHARE CAPITAL

On July 11, 2017, in connection with the mentioned IPO, the Company's Shareholders approved an amendment to the Company's Certificate of Incorporation to effect a 1-for-10 reverse stock split of the Company's shares of common stock effective on July 12, 2017 (the "Reverse Stock Split").

As a result of the Reverse Stock Split, every 10 shares of the Company's then outstanding common stock was combined and automatically converted into one share of the Company's common stock, par value CHF 10 per share. Proportionate voting rights and other rights of common stockholders were not affected by the Reverse Stock Split, other than as a result of the rounding of fractional shares, as no fractional shares were issued in connection with the Reverse Stock Split.

Registered ordinary shares carry one vote per share, as well as the right to dividends. No dividends have been declared in the current period. There are 29'510'000 (PY: 295'100'000) registered shares outstanding with a nominal value of CHF 10 (prior year: CHF 1) each.

The share capital of the Company may be increased by up to CHF 4'500'000 by issuing up to 450'000 fully paid up registered shares with a nominal value of CHF 10 each, upon the exercise of option rights or in connection with similar rights regarding shares granted to officers and employees at all levels of the Company and its group companies according to respective regulations and resolutions of the Board of Directors.

NOTE 9: THIRD PARTY GUARANTEES

The Company has entered into guarantees that provide financial assurances to certain third parties related to the outstanding lines of credit. The total amount was CHF 333 million and nil as of March 31, 2018 and 2017, respectively.

The exchange rate used to convert the maximum liability amounts into CHF is USD 0.95 (prior year: 1.00).

The Company is party to various guarantees whereby the Company has assured the performance of its wholly owned subsidiaries' products or services according to the terms of specific contracts. Such guarantees may include guarantees that a project will be completed within a specified time. If the subsidiary were to fail to fulfil its obligations under the contract, then the Company could be held responsible for the other party's damages resulting from such failure. Because the Company's liability under the guarantees typically matches the subsidiaries' liability under the primary contracts, such guarantees generally do not limit the guarantor's total potential liability where the liability results, for example, from personal injury or death or from intellectual property infringement. Therefore, it is not possible to specify the maximum potential amount of future payments that could be made under these or similar agreements. However, the Company has no reason to believe that any of the outstanding parent guarantees will ever be exercised, and the Company has not had to make payments against any such parent guarantees in the past.

NOTE 10: SHAREHOLDINGS OF BOARD AND EXECUTIVE MANAGEMENT

At March 31, 2018 and 2017, the members of the Board and the Executive Management held the following number of shares:

NAME	FUNCTION	NUMBER OF SHARES HELD AT MARCH 31,	
		2018	2017
Executive Management			
Richard Mora	Chief Executive Officer	41’641	–
Jonathan Elmer	Chief Financial Officer	9’030	–
Roger Amhof	Chief Strategy Officer	6’425	–
Ellie Doyle	Head of Asia Pacific	3’774	–
Oliver Iltisberger	Head of EMEA	9’143	–
Prasanna Venkatesan	Head of Americas	21’372	–
Board of Directors			
Andreas Umbach	Chairman of the Board	66’501	–
Eric Elzvik	Lead Independent Director	2’564	–
Dave Geary	Independent Member	–	–
Pierre-Alain Graf	Independent Member	385	–
Andreas Spreiter	Independent Member	6’410	–
Christina Stercken	Independent Member	650	–

NOTE 11: SIGNIFICANT SHAREHOLDERS

At March 31, 2018, the significant shareholders in the Company, holding more than 3% of the total shares, were:

Name	Number of Shares	Holding %
Rudolf Maag	3'000'000	10.17%
Franklin Resources Inc	1'852'813	6.19%
KIRKBI AG	1'513'717	5.13%

To the best of the Company's knowledge no other shareholders hold 3% or more of Landis+Gyr Group AG's total share capital and voting rights on March 31, 2018.

Proposed Appropriation of the Accumulated Deficit and Statutory Capital Reserves

PROPOSED APPROPRIATION OF THE ACCUMULATED DEFICIT		
	FISCAL YEAR ENDED MARCH 31,	
CHF	**2018**	2017
Balance carried forward from previous year	(10’968’358)	(18’130’483)
Profit for the year	1’452’936	7’162’125
Accumulated deficit	**(9’515’422)**	**(10’968’358)**

The Board of Directors proposes to the Annual General Meeting to carry forward accumulated losses of CHF (9.5) million.

PROPOSED APPROPRIATION OF STATUTORY CAPITAL RESERVES		
	FISCAL YEAR ENDED MARCH 31,	
CHF	**2018**	2017
Statutory capital reserves as at March 31	1’064’500’869	1’064’500’869
Proposed dividend payment of CHF 2.30 per share on 29'510'000 shares out of statutory capital reserves	(67’873’000)	–
Statutory capital reserves carried forward	**996’627’869**	**1’064’500’869**

Provided that the proposal of the Board of Directors is approved by the Annual General Meeting, the dividend will amount to CHF 2.30 per share. There is no withholding tax required to be paid. The last trading day with entitlement to receive the dividend is June 29, 2018. The shares will be traded ex-dividend as of July 2, 2018. The dividend will be payable as from July 4, 2018.

Notes

Landis+Gyr

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