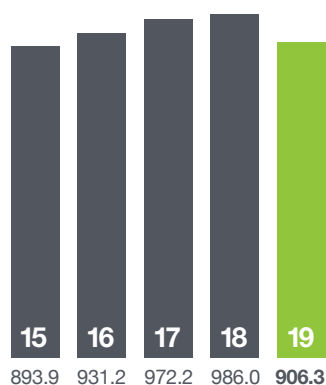


Net Revenue

906.3

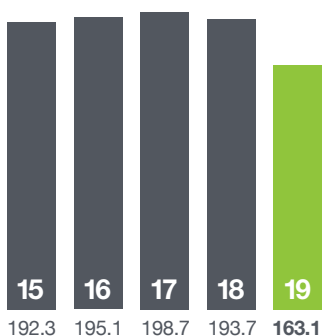
in million USD



Adjusted EBITDA

163.1

in million USD



Performance Review Americas

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

Expanding Innovative Platforms and Long-Term Partnerships

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

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

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

Navigating a Complex Regulatory Process

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

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

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

Net Revenue Decline Leads to Profitability Dip

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

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



New Product Fuels Demand for Grid Edge Intelligence

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

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

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

Demand in Japan and Brazil Will Increase

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

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

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

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

Prasanna Venkatesan
Executive Vice-President, Americas

Leading

advanced metering partner for utilities in the Americas



65+ million

connected intelligent devices



processing >10%

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



14 operation

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



24+ million

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



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

Prasanna Venkatesan
Executive Vice-President, Americas



Hawaiian Electric Company (HECO)

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

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

Benefits for Utility and Consumers

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



Support for Local Schools

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

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