

AMERICAS



«It was another record year in which we experienced success thanks to our smart, market-leading solutions that empower utilities to obtain grid resiliency and operational efficiency improvements, support renewables integration, and engage consumers to manage energy better.»

Prasanna Venkatesan
Executive Vice President Americas

THE AMERICAS REGION EXPERIENCED ANOTHER EXTREMELY SUCCESSFUL YEAR. COMPARED TO THE PREVIOUS YEAR, SALES ROSE BY 4.2 % TO REACH A RECORD HIGH OF USD 931.2 MILLION. DEMAND FOR AMI IN THE US AND CANADA HAS REMAINED FIRM AND THERE ARE INITIAL SIGNS OF A RECOVERY IN SOUTH AMERICA, ESPECIALLY IN BRAZIL.

Growth Continues: Steady AMI Market Augmented by Smart Solutions

Prasanna Venkatesan, Executive Vice President Americas

In the financial year 2016/17, the transformation of the American energy sector continued, driven by new business opportunities, the adoption of digital technologies, and the increasing growth of 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, municipal and cooperative utilities. Landis+Gyr reported growth in new business and expanded sales volume in the Americas, despite soft demand in South America.

Utilities Seek Solutions for Managing Energy and Capacity

Landis+Gyr's expanded portfolio of innovative solutions for energy and capacity optimization was positively received by the market. At its annual customer conference held in Phoenix, Arizona, the Company unveiled, to over 650 attendees, new product and service offerings that intelligently bundle grid management technologies to address distribution challenges.

Most utilities across the state of Arizona have selected Landis+Gyr as their Smart Grid technology partner. In a groundbreaking project that demonstrates the integration of renewable-generating resources into the grid, Landis+Gyr was chosen to supply 10 MW of battery storage capacity for Tucson Electric Power, as it explores rapid response solutions for load balancing and frequency regulation.

Critical to supporting a resilient grid is the collection and use of data. Upgrades to Landis+Gyr's Advanced Grid Analytics offering help improve reliability, quality of service and safety, reduce outages and support planning initiatives. Industry-leading data conversions as PPL Electric and analytics programs at Center-Point Energy are just two of many opportunities that highlight these benefits.

50 Million Smart Meters Manufactured in North America

An important milestone was achieved at the North American manufacturing plant in Reynosa, Mexico, in July 2016, when the business completed production of the 50 millionth unit of its industry-leading electricity meter. With a portfolio of advanced, residential and commercial solid-state meters and higher-function grid meters for distribution management, Landis+Gyr can deliver a complete solution of sensing, data collection and analysis.

In 2016/17, Landis+Gyr North America again won important customer contracts in addition to managing ongoing projects. Sixty municipal and cooperative utilities selected Landis+Gyr for projects that included AMI, Load Management and Smart Grid services – Clay Electric Cooperative, Huntsville Utilities, Duck River EMC and Nebraska Public Power District to name a few. New contracts from Seattle City Light, We Energies and Entergy show that activity in the investor-owned utility sector is also strong.

Growth in services contacts exemplify the leading position Landis+Gyr maintains in the industry. Deploying, maintaining and managing systems that daily collect and process over 7.5 petabytes of data demonstrates the breadth of this offer. Over 500 people and a host of certified processes set Landis+Gyr apart as a trusted service partner to utilities throughout the region.

In addition to expanding its client portfolio, the team continues to support the largest AMI deployment worldwide at TEPCO. The innovative and proven mesh and IPv6 technology deployed in Japan are the basis for new technology sales around the world. Working in cooperation with Japanese colleagues, Landis+Gyr is ahead of schedule and has installed over 10 million end points on this IoT network to date.

Signs of Recovery in South America

In South America, sales for the reporting period amounted to USD 58.9 million, a decrease of 24 % compared to the previous year. However, evidence of renewed customer interest in AMI solutions have been observed. Expectations for growth in South America are positive, as utilities in this region seek to obtain the same operational and grid resiliency benefits realized by North American utilities that implemented Smart Grid technologies.

Landis+Gyr's commitment to innovation and quality was recognized when it was awarded the 2016 Global Frost & Sullivan Award for Technology Leadership, and the 2016 Global Company of the Year Award for its outstanding growth born of its visionary implementation of best practices in the Advanced Metering market. Gartner, Inc. also recognized Landis+Gyr as a leader for Meter Data Management products.

SALES IN MILLION USD 2016/17

931.2*

SALES IN MILLION USD 2015/16

893.9*

* including Japan

EMPLOYEES 2016/17

2,166

EMPLOYEES 2015/16

2,241

OPERATIONS

1,499

R&D

368

SG&A

299

EMEA



«We are proud to help utilities across the EMEA region comply with regulatory requirements by offering solutions to capture new business opportunities in the context of Big Data and the IoT.»

Oliver Ittisberger
Executive Vice President EMEA

IN 2016/17, SALES IN THE EMEA REGION INCREASED BY 9.3% TO USD 587.8 MILLION. IMPORTANT PROJECT WINS ACROSS THE REGION CONFIRM LANDIS+GYR'S POSITION AS THE PARTNER OF CHOICE FOR UTILITIES AND DISTRIBUTION SYSTEM OPERATORS, AS THEY MODERNIZE INFRASTRUCTURE AND TRANSFORM THEIR BUSINESS MODELS.

Growth Opportunities Ahead
Oliver Ittisberger, Executive Vice President EMEA

Landis+Gyr outperformed the general market and exceeded its own sales targets thanks to the successful execution of ongoing mandates. Securing new AMI contracts in important markets throughout the EMEA region (Europe, Middle East and Africa), the Company sustained its substantial order backlog. In Europe, the market gained some momentum in the financial year 2016/17, primarily as a result of EU energy legislation aimed at increasing AMI penetration in its member states. The EU reaffirmed its objective of replacing at least 80% of installed electricity meters with Smart Meters by 2020, focusing on energy efficiency, the integration of renewable energies and transparency. Almost 200 million electricity and 45 million gas Smart Meters will have to be rolled out to meet this goal. 16 of the 28 member states have planned large-scale rollouts to date.

Enabling Transformation Across EMEA

Landis+Gyr won a series of new mandates in European countries modernizing their infrastructure, in order to comply with regulatory requirements. In the UK, the business extended its position by signing a new contract to supply utility SSE with Smart Meters, increasing the number of installed meter points in the country to 17 million by completion.

As part of a project to renew all of its meter parks for small to mid-sized industrial and commercial customers across France, French national electricity distributor Enedis chose Landis+Gyr as its supplier of Smart Meters. The three-phase direct voltage end points are specifically designed to meet the utility's requirements and will be produced at Landis+Gyr's site in Montluçon, France.

In Austria, Landis+Gyr won a tender to supply a consortium of utility providers in Styria with 330,000 E450 G3-PLC Smart Meters. The business also successfully concluded a pilot project that included the deployment of 20,000 Smart Meters in Burgenland, which by 2019 will be expanded by an additional 180,000 devices certified by the IDIS Association and the G3 Alliance. Landis+Gyr was the first company in EMEA to receive G3 Alliance certification for its Smart Electricity Meters, which ensure interoperability through compliance with international open standards and allow utilities to make long-term investments with confidence.

In Spain, Landis+Gyr has signed a contract with market leader Iberdrola for the supply of more than 700,000 latest-generation Smart Meters, which employ the latest PLC OFDM-based PRIME solution and offer other critical functionalities such as cyber security. The business has already provided Iberdrola with a total of 1.5 million devices over the past six years.

Landis+Gyr achieved a breakthrough in Kuwait by securing the prestigious Avenue Mall refurbishment project, marking its market debut with cooling meters in the Gulf country. In South Africa, Johannesburg's electricity utility City Power awarded Landis+Gyr a mandate to replace electricity meters with new locally developed and manufactured prepayment meters.

Focus on Operational Excellence and Innovation

In the financial year 2016/17, Landis+Gyr continued the realignment of its regional organization structure in order to optimize its manufacturing strategy. The new customer segment-oriented structure enables the business to strengthen its customer and market focus and better meet the needs of the many utilities requesting value-added products, while maintaining its highest-quality standards and innovative spirit.

Showcasing innovation in electricity networks, Landis+Gyr participated in the 2016 InnoGrid2020+ conference in Brussels, Belgium. Members of the team presented data management and energy storage solutions that address the future network challenges that European transmission and distribution system operators must contend with as the IoT and grid digitalization continue to develop.

SALES IN MILLION USD 2016/17

587.8

SALES IN MILLION USD 2015/16

537.9

EMPLOYEES 2016/17

2,534

EMPLOYEES 2015/16

2,522

OPERATIONS

1,468

R&D*

454

SG&A**

612

* including Group R&D resources located in the region
** including Group Headquarters

ASIA PACIFIC



«We have built strong partnerships with our customer base that put the Company in a good position for future major deployments, supporting utilities in their transition to the smart management of their assets.»

Ellie Doyle
Executive Vice President Asia Pacific

IN A CHALLENGING ENVIRONMENT CHARACTERIZED BY STIFF COMPETITION, SALES IN ASIA PACIFIC SLIGHTLY DECREASED BY 1.1 % TO USD 140.2 MILLION. TEAMS MADE HEADWAY ON SEVERAL FRONTS, WINNING IMPORTANT NEW CONTRACTS AND PREPARING THE GROUND FOR FURTHER GROWTH.

Strengthening the Regional Position

Ellie Doyle, Executive Vice President Asia Pacific

In the financial year 2016/17, Landis+Gyr's Asia Pacific teams achieved major accomplishments in key markets and laid the groundwork for future growth. intelliHUB, the services subsidiary serving energy retail customers in Australia and New Zealand, gained traction. Thanks to its strong 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 participate in future growth of this dynamic region despite tough competition from local and international players.

Among the major contract wins in the period were an Energy Australia pilot project, financed by Calvin Capital, which provides nationwide funding support for large-scale metering programs, and large-scale AMI rollouts for China Light & Power (CLP), Hong Kong, as well as Tata Power, India.

CLP's selection of Landis+Gyr's communications and metering solutions underscores its strong commitment to realizing the Smart Cities vision for Hong Kong. The Datong deal, another contract won by Landis+Gyr, set a new record for Chinese heating bids in recent years, and combines experts from R&D, Solutions and IT into one project task force, underlining Landis+Gyr Asia Pacific's "one team" culture.

First Smart Grid Project in India

An important highlight was the contract signed with Indian utility Tata Power to launch a pioneering Smart Grid project in the megacity of 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. Furthermore, the solution will enable Tata Power to introduce new applications that will provide real-time data on energy consumption and network status to their customers. This will help the utility to better regulate demand during peak times and increase energy efficiency. End customers will benefit from lower bills as a result of lower consumption.

Regulatory Frameworks Supporting Smart Meter Rollout

Landis+Gyr's Australia teams 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 three 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. Local management expects another significant wave of business, in response to national electricity regulations requiring all new or replaced meters for residential customers to be smart, as of December 1, 2017.

Fresh tailwinds are also expected 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.

SALES IN MILLION USD 2016/17

140.2

SALES IN MILLION USD 2015/16

141.7

EMPLOYEES 2016/17

1,219

EMPLOYEES 2015/16

1,305

OPERATIONS

416

R&D

567

SG&A

236