

LECTRA®

Empowering customers through
industrial intelligence

2017 Annual Report

For companies that breathe life into our wardrobes, car interiors, furniture and more, **Lectra** is crafting the premium technologies that facilitate **the digital transformation** of their industry.

Lectra’s offer empowers brands and manufacturers **from design to production**, providing them with the market respect and peace of mind they deserve.

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Advanced technologies used by prestigious customers in over 100 countries

ABERCROMBIE
& FITCH
ADIENT
AIRBUS GROUP
AMC TÊXTEL LTDA
ARMANI
ARMOR LUX
ASHLEY FURNITURE
ATL
AUTOLIV
B&B ITALIA
BADER
BELL HELICOPTER
BRANDIX LANKA
BRIONI
BRUNELLO CUCINELLI
BRUNSWICK
BUGATTI
BURBERRY
CALVIN KLEIN
CALZEDONIA
CHANTELLE
COINDU
COMPAGNIE
MAURICIENNE
DE TEXTILE
DANI S.P.A
DASSAULT FALCON JET

DE RUCCI
DECATHLON
DEVANLAY-LACOSTE
DFM
DIESEL
DIM BRANDED APPAREL
DIOR
DOLCE & GABBANA
DRÄXLMAIER
DUAL
DUVIVIER
ECA
EKORNES
ERMENEGILDO ZEGNA
FAST RETAILING
FAURECIA
FRUIT OF THE LOOM
GALERIES LAFAYETTE
GKN AEROSPACE
GLOBAL SAFETY
TEXTILES
GODFREY SYRETT
GRUPO KALTEX
GRUPPO MASTROTTO
GUCCI
H&M
HANSAE
HANSOLL TEXTILE

HERMÈS
HI-TECH APPAREL
HMT (XIAMEN) NEW
TECHNICAL MATERIALS
IAC
IMPERIAL
ISI AUTOMOTIVE
JACK VICTOR
JC PENNEY
JUDGER
KANKO GAKUSEIFUKU
KATZKIN
KEY SAFETY SYSTEMS
KEYA COSMETICS
KINNARPS
KOLON
KOOKAI
KUANGDA
KUKA
LA MODA
LA PERLA
LAFUMA
LEAR
LES ENPHANTS
LISE CHARMEL
LORO PIANA
LOUIS VUITTON
LUNENDER

MAGNA
MANIFORM
MARIO LEVI
MARKS & SPENCER
MAS HOLDINGS
MILLET MOUNTAIN
GROUP
MIROGLIO
MOLTENI
MONCLER
MOROSO
MULBERRY
NALI
O.V.S.
PACIFIC JEANS
PARKLAND
PEACEBIRD
PETIT BATEAU
POLIFORM
POLIPOL
POLTRONA FRAU
PRADA
RED COLLAR
RUYI
SAE-A TRADING
SHAHI EXPORT
SHENZHEN EEKA
FASHION

SMITH BROTHERS OF
BERNE
ST JOHN
STARR AIRCRAFT
SUMISHO AIRBAG
SYSTEMS
SUNGJOO D&D
TACHI-S
TATA ADVANCED
MATERIALS
TESCO
THE DELTA QUALITY
FASHIONS
THE THAI SILK COMPANY
TOYOTA BOSHOKU
TRAYTON
TS TECH
UNDER ARMOUR
VAN DE VELDE
VERSACE
WACOAL
WILLIAMSON-DICKIE
MFG. CO.
YANFENG
YVES SAINT LAURENT
ZAMASPORT
ZF TRW

Always close to our customers

Lectra's international network enables the Group to deliver its value proposition across the world, adapting it to each regional context. By leveraging local teams of consultants and experts and real-time interventions from the Group's five call centers, Lectra supports customers, wherever they are in the world, helping them to meet their challenges today, and tomorrow.

€277 million
2017 revenues



42%
Europe



26%
Asia-Pacific



25%
Americas



7%
Other countries

1,650
employees
50
nationalities

32
sales and service
subsidiaries

92%
of revenues
generated directly

5
international
call centers

Fashion

107 billion

Number of garments sold in 2017

\$1,344 billion

Global fashion garment sales in 2017

+17%

Expected growth in global garment sales from 2017 to 2021, to reach \$1,575 billion



The global fashion market continues to find an equilibrium between Western countries (+0.6% growth in 2017) and Asia-Pacific countries (+4.9%). Consumer satisfaction, particularly from millennials, is at the heart of issues facing fashion players – brands, distributors and manufacturers – with or without their own brands. Confronted by high expectations for personalization, quality and respect for the environment, brands are sharpening their processes and differentiating themselves by personalizing their products thanks to technology and data analysis. Influenced by ultra-fast fashion and e-commerce, delivery times to market are the number one concern for the

fashion industry. This industry is digitalizing – little by little – in order to optimize every stage of product lifecycles. The factory is playing a central role: smart and connected, it is becoming more agile in order to manage in parallel several production models, from mass production to made-to-measure. The majority of clothing and footwear production is in China, which is modernizing its factories and investing heavily to open new industrial sites in South-East Asia. Countries such as Bangladesh and Vietnam continue to win market share and expand their role in the value chain.

Automotive

95 million

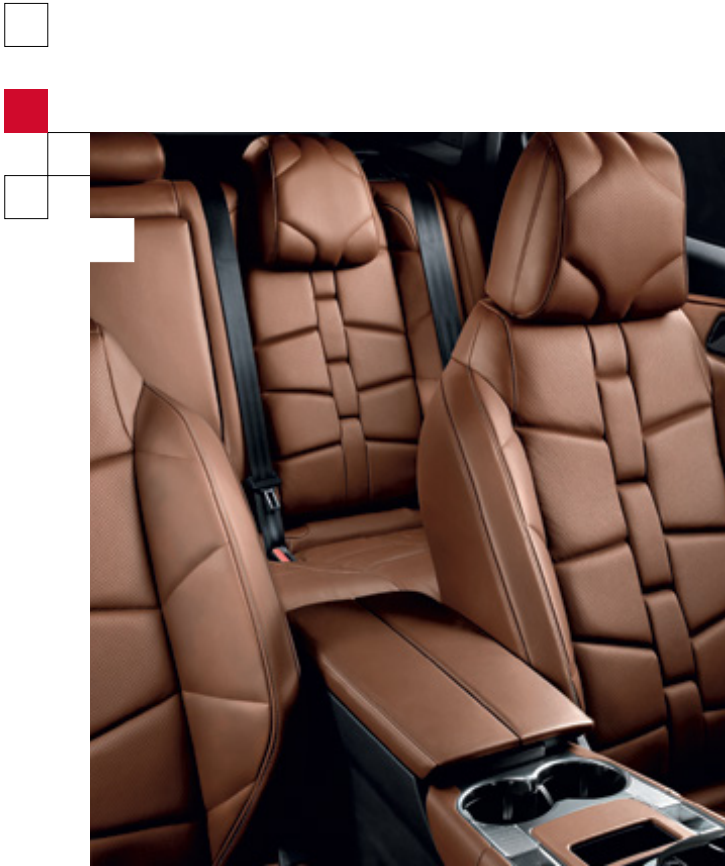
Number of light vehicles produced in 2017

+9%

Predicted growth for the production of light vehicles between 2017 and 2021

+12 million

Number of additional airbags manufactured in 2017 compared to 2016



The global market for automotive seat covers reached \$12 billion in 2016, of which \$4 billion represents the growing leather segment. Cars are upgrading – premium models and sport utility vehicles (SUVs) have the wind in their sails – and are transforming. New types of mobility and uses are appearing, giving interiors an increasingly important position. Furthermore, consumer expectations and legislation in emerging countries explain the increasing number of airbags in cars, and their growing sophistication. For an automotive industry long receptive to Industry 4.0 principles, the digitalization of the supply chain continues: it is now extending to automotive

suppliers, and soon the tanners. Digitalization is the best way for industrialists to confront constant pressure on costs and delivery times. In addition, there is the challenge of personalization, which is not only multiplying the number of variants but also increasing industrial complexity for automotive suppliers. Now involved at earlier stages in product development and production cycles, automotive suppliers are increasingly a driving force in innovation.

Furniture

46%

Share of global upholstered furniture manufactured in China in 2017

\$69 billion

Global upholstered furniture production in 2017

+4%

Expected growth for upholstered furniture consumption in 2018



Highly sensitive to the economic climate, today the furniture market is bouncing back: demand is growing, and so are consumer expectations. In quantity, the number of seats produced globally grew by 27% between 2010 and 2016, to reach nearly 229 million units. In value, fabric represents 49% of sales and leather 33%. Nearly a third of upholstered furniture is produced by 200 manufacturers, of which 35% also have their own brands and distribution network. The furniture industry is geographically disparate, particularly in terms of productivity.

Factories in the United States, which have been automated for a long time, know how to produce with fewer operators but must modernize to stay competitive. In China, production sites, which are sometimes vast, are rapidly becoming automated. Across the world, manufacturers are facing challenges of cost, labor availability and tighter delivery times to market. Due to the influence of millennials, there are further challenges: demand for personalization and competition from new players in e-commerce.

Other industries



Many other industrial sectors use flexible materials. Each material has specific challenges. Leather is one of the most difficult to manipulate. Technical textiles (for example PVC, insulating foam, coated fabric) require special treatment adapted to their thickness, weight and composition. Composite materials (for example fiberglass, carbon fiber) prohibit any defects. They have many applications, from plane and boat seats and interiors, helicopter and wind turbine blades, to parachutes, sports' equipment and the covers of mobile telephones.

Four major trends

offer unparalleled opportunities for companies who know how to seize them.

Millennials

Two billion people born between 1980 and 2000 are shaping the world of work and consumption patterns: digital, speed, quality, personalization and respect for the environment are now primordial.

China

A two-pronged evolution. With a market increasingly driven by consumption, and an industrial panorama targeting productivity and added value, China's growth model has global repercussions.

The digitalization

of processes and objects is molding economic models thanks to data analysis and data exploitation.

Industry 4.0

brings about the interaction between people, objects and production lines in real time. Factories - smart and connected to their ecosystems - play a central role in value chains.

Record results reinforce new strategy

Daniel Harari
Chairman and Chief Executive Officer



Daniel Harari — **The year 2017 marked a major milestone in Lectra’s history, in our history.**

First of all, we launched the new Lectra 4.0 strategy to become an indispensable player in Industry 4.0. Requiring the integration of smart solutions and services plus the deployment of connected production tools, Industry 4.0 is an unprecedented opportunity for us. In light of this, in 2017 we started to implement our 2017-2019 roadmap. This is the first step in Lectra’s evolution over the coming decade; it will ultimately enable us to significantly increase the value of our offer in order to reinforce our premium positioning and stay ahead of our competitors.

The Lectra 4.0 strategy has received a very positive welcome from customers and is already bearing fruit. Each day confirms the relevance of the four mega-trends that underpin our strategy – new expectations from millennials, the transformation of China’s market, the digitalization of companies, the emergence of Industry 4.0 – and the magnitude of their impact across our customers’ different sectors of activity.

Thanks to major advances, 2017 also lived up to our ambitions.

We firmly maintained our focus, with a remarkable performance across all our Group activities; we enhanced our leadership and presence in all regions of the world; and we increased substantially our investments in research and innovation. In parallel, we continued to develop and test our new offers for Industry 4.0: initial feedback from customers is very encouraging.

With robust growth in revenues and income, Lectra’s performance was fully aligned with our stated objectives, and established new records – despite geopolitical, macroeconomic, fiscal and monetary uncertainties that continue to weigh on our customers’ investment decisions. This success is due notably to the exceptional sales dynamic for Vector, our flagship product, with 468 units sold; strong growth in our activity in China, as well as in PLM; and a landmark year for Versalis – its adoption by a growing number of automotive sub-contractors heralds a significant increase in sales in years to come.

The sharp rise in our share price clearly reflects these successes, demonstrating our shareholders’ confidence in our strategy – which is founded on innovation, value creation and customer experience – and its unparalleled execution.

2017 was the year André Harari decided to retire, after committing over forty years to Lectra.

After taking a stake in the company in 1976, André did a tremendous job in shaping our Group’s development. Most significantly, he supported Lectra when it went public in 1987, and took over the company’s management with me in 1991 to turn the Group around and then transform it into a global leader. Throughout all those years, André ensured Lectra had a vision and a clear strategy, solid financial fundamentals, great resilience and a strong company culture, ensuring best practice for corporate governance and financial transparency.

“In 2017, we achieved all our objectives.”

Due to the foundations we laid in 2017, 2018 is set to be another highly fruitful year for Lectra.

Thanks to our virtuous economic model and our particularly solid financial structure, we are confident in our ability to carry out a new year of growth and to improve our operational performance.

After a great start with the acquisition of Kubix Lab, 2018 will see the launch of our first Industry 4.0 offers for the cutting room and our first cloud-based applications. The culmination of nearly three years of design, investment and tests, today these offers are now fully developed and supported by hundreds of employees.

At Lectra, we are all working together to ensure these innovative offers are successful.

Four values embody our corporate culture, and constitute our strength.

Caring – Loyal and close to customers, we personalize our approach so that each customer feels supported in the decisions they make.

Committed – With a zero-fault objective, our teams are committed to doing all they can to ensure our customers optimize the use of our solutions.

Insightful – With a deep knowledge of our customers’ markets and professions, we pour our entire expertise into the Group’s solutions and services.

Visionary – Passionate about innovation, our teams anticipate how technological evolutions will shape our customers’ economic models.

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Becoming an indispensable player in Industry 4.0

Why is Industry 4.0 an opportunity for Lectra?

Jérôme Viala A new industrial era is opening up before us, and Lectra aims to be an indispensable player within it. We see that more and more of our customers are integrating Industry 4.0 principles into their strategic discussions and development plans. This is why our Lectra 4.0 strategy received excellent feedback from them. We created our value proposition for our customers; today, we are refining and enriching it to meet their current needs and to anticipate the transformation of their businesses.

Daniel Harari Industry 4.0 is anchored in the digitalization of processes, from design to production. The interconnection in real time between players, objects, production lines and services is now essential to effectively compete. Fashion, automotive and furniture businesses must reinvent their operating models by integrating modular solutions, and smart, connected services, while at the same time working in ecosystems. Our expertise and experience in these areas are already strong, placing us in an unrivalled position to benefit from this transformation.

What is the impact of Industry 4.0 on Lectra’s economic model?

Véronique Zoccoletto Our strategy is founded on a new way to sell – SaaS – which means “selling software as a service”. The new applications, developed in the cloud, will be offered only in SaaS mode, while our existing software will be sold both through perpetual licenses and in SaaS mode. By offering our customers a high degree of flexibility to access our software, cloud technology means customers can increase the digitalization of their tasks and favor collaboration to optimize their organization and performance.

“Cloud capabilities will multiply possibilities for our customers to optimize their performance.”

What are Lectra’s strategic objectives?

Jérôme Viala We have five objectives for our 2017-2019 strategic roadmap: to accelerate revenue growth; to accentuate Lectra’s technological leadership and leverage new technologies to further enhance the value of our offer; to strengthen Lectra’s competitive position and long-term relationships with customers; to progressively launch new software offers in SaaS mode; to maintain the Group’s profitability and generate a significant amount of free cash flow in order to self-finance internal and external development.

Can Lectra leverage growth accelerators?

Édouard Macquin The accelerators we defined in 2017 are more pertinent than ever. In addition to Industry 4.0 and SaaS offers, China, leather, airbags, the personalization of consumer products and the digitalization of fashion businesses will underpin our growth. In China, the home market continues to upscale and production tools are modernizing, due in particular to the government’s ‘Made in China 2025’ initiative. Leather is increasingly used in automotive and furniture, with the growing automation of cutting processes. Airbag suppliers are equipping their factories with the latest generation of automatic cutters to meet growing demand. Lastly, fashion businesses are adopting increasingly collaborative technologies to facilitate the management of collections and products.



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Chief Transformation Officer	21

How are operating models evolving in Lectra's markets?

Édouard Macquin — The fashion industry has started its digital revolution. This is visible through the use of collaborative solutions and the implementation of flexible ways for design, product development and production, adapted to reduced orders, and made to measure. The automotive market is also in full transformation: consumers are asking for more sophisticated interiors, and manufacturers are repositioning themselves in the value chain. For the furniture industry, manufacturers, faced with fierce competition, are more than ever paying attention to their customers' expectations. At the same time, in order to improve quality and productivity, manufacturers have no choice but to modernize their processes through digitalization and to integrate them into their production's ecosystem.

How will Lectra's offer evolve in 2018?

Céline Choussy Bedouet — The importance that Lectra has always placed on innovation and research has significantly contributed to its success, growth and leadership. In line with this dynamic, since 2015 we have actively prepared tomorrow's offer. We have thus developed new cloud applications for Industry 4.0 to accompany our customers as they undergo their transformation. In 2017, we executed tests: a pilot project was carried out with a major furniture manufacturer on the cutting room 4.0; others, in collaboration with several fashion brands, were related to product development services stored and operated in the cloud. Our cloud applications are due to be progressively launched in 2018. They are compatible with all our cutting machines commercialized since 2007, and almost all our software.

“In our three markets, the personalization of products requires automation and interconnection across every link in the value chain by investing in new technologies.”

What position does customer experience have at Lectra?

Daniel Harari — We have always been very attentive to customer experience. It is a pillar of our strategy, and at the heart of our daily actions. In order to go further still, we have put together a dedicated team who are optimizing the customer journey.

Céline Choussy Bedouet — Customer experience is based essentially on the company's teams. They are all highly aware of customer experience in order to ensure the Lectra customer journey is a positive, efficient and memorable experience. Whatever the context, in particular during exchanges and knowledge-sharing with our customers, notably during international events, Lectra's welcome is always much appreciated, and we continue to record growing numbers of attendance at our international events.

“Innovative and inspiring, our new branding combines a tagline with strong messages, a visual identity and a logo coherent with our premium and digital positioning.”



Lectra has totally rethought its branding. What is the aim?

Daniel Harari — Since its beginning in 1973, Lectra's brand has known a rich history, and the company has never stopped evolving. 2017 marked a new turning point: our roadmap laid out a clear vision for the coming years, with a strategy adapted to our changing markets and our ambitious objectives. After announcing our roadmap, we wanted a brand identity which would reflect all this and which would highlight our DNA and our values.

Does the new strategy involve changes to the organization?

Véronique Zoccoletto — Since 2017 we have deployed an ambitious transformation program to advance the major axes of our 4.0 strategy in the quickest and most effective way, in particular by evolving our software offer towards a services offer, creating new business services around data analysis, and developing a new customer experience. We have put new teams in place for innovation and data exploitation, and we have reinforced our R&D teams, with new profiles arriving, experts notably in cloud technologies. In total, we recruited sixty people in France in 2017 within our transformation program.

Are you confident about Lectra's financial objectives for 2018?

Jérôme Viala — The company is targeting 6% to 10% revenue growth, like for like, and 7% to 15% growth in income from operations before non-recurring items, like for like. Our progress in China and the immediate commercial success of our recently opened subsidiaries (South Korea in 2014, Vietnam in 2016) are having a positive impact on our results. More broadly, we are confident in Lectra's ability to reach its objectives, and our growth accelerators should, as in 2017, support the development of our activity.

“We are very proud of our R&D teams who have, with talent, put in place new development methods.”

Strategic roadmap 2017-2019

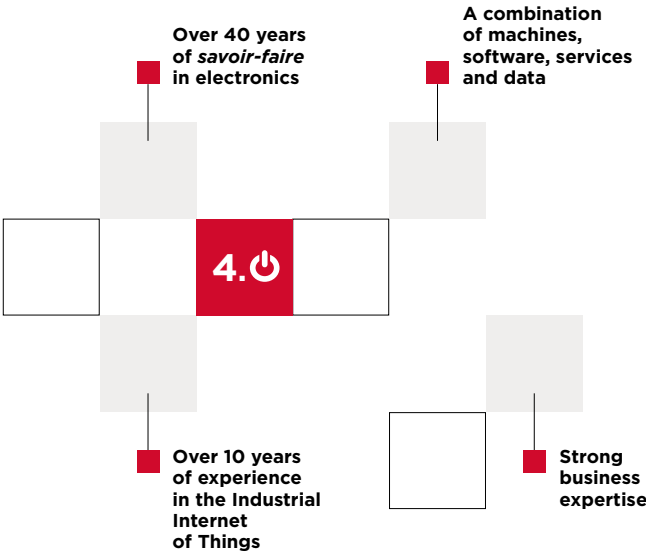
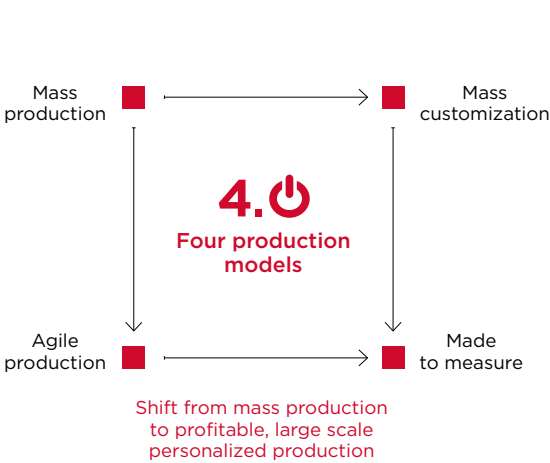
A long-term vision: Lectra’s objective is to become an indispensable player in Industry 4.0. Its 2017-2019 roadmap is the first stage of the company’s evolution over the next ten years.

Industry 4.0: an unprecedented opportunity

Industry 4.0 is transforming how all companies operate and create value. Industry 4.0 requires the integration of smart, connected solutions and services, and the replacement of production tools incompatible with connected factory concepts. Benefitting consumers, concepts for a connected factory are propelling a new digitalized lifecycle for products. Agile and multi-purpose, connected factories enable companies to benefit simultaneously from several production models. Such factories are capable of agile production, for example to deploy not only a made-to-measure offer, but also small series. Due to this industrial revolution, more and more companies will create entirely digitalized value chains for their products.

Lectra, a unique *savoir-faire*

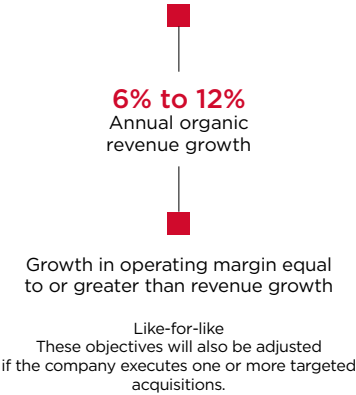
Since 2007 when the company started out in the industrial Internet of Things, Lectra has managed real-time monitoring, thanks to hundreds of sensors embedded in cutting-room solutions for which Lectra designed and developed the electronics. Today, over 3,400 Industry 4.0-compatible Lectra machines are operational across 2,100 product sites in the world. Lectra is the only company in its market with a full offer that combines machines, software, services and data, essential to deploy Industry 4.0. This is a major asset to offer our customers, and is reinforced by Lectra’s 500 business consultants with their profound knowledge of businesses, and the company’s solutions’ experts across the entire value chain.



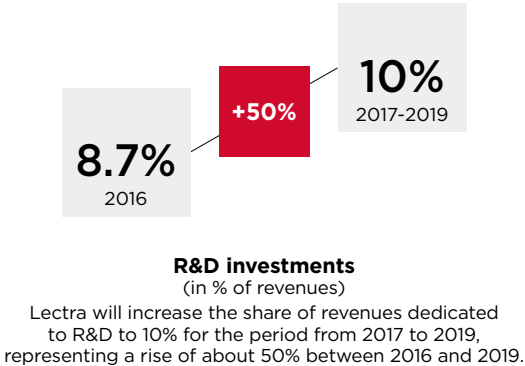
Strategic objectives



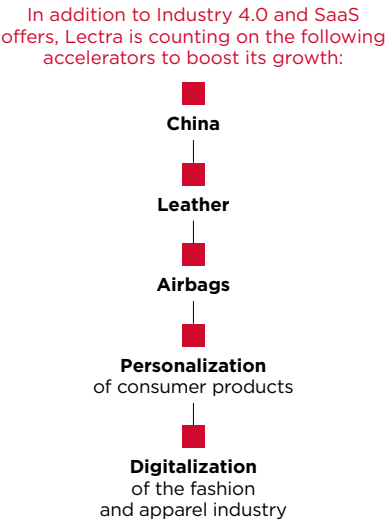
Financial objectives



Reinforcing investments dedicated to the design and development of offers



Growth accelerators



For over forty years, Lectra has been a privileged partner creating value for customers. Lectra supports customers on their journey to operational excellence, and guides them on their path to Industry 4.0. Set within a rapidly changing environment, the will to forge a technological offer, and services of tomorrow, ensures Lectra is the engine behind our customers' digital transformation.

At the heart of our customers' concerns

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Cutting rooms for manufacturers

Thanks to Lectra's evolving and disruptive innovations, the company's cutting rooms for fabrics, leather and airbags have reached new standards of performance, with optimized material consumption, quality control and continued improvements in processes. Today Lectra is reinforcing its premium positioning and is a pioneer, accelerating the integration of newly available technologies, and adapting its equipment to best practices for Industry 4.0.



Fabric cutting room

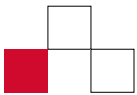
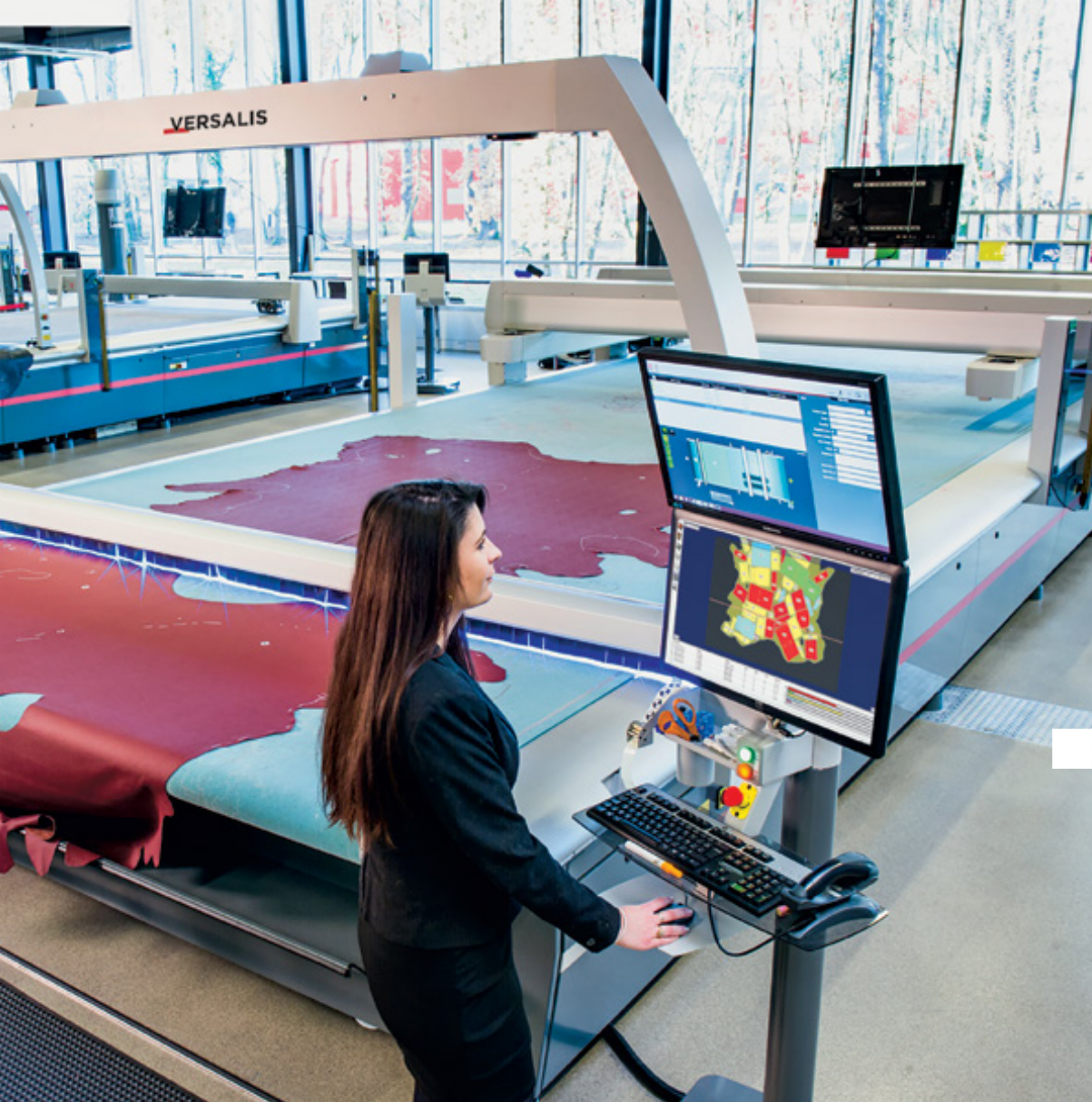
Leader in the automatic cutting of textiles with an unparalleled technological performance, Lectra meets the rigorous demands for diverse manufacturing models, from mass production to small series.

Diamino, Lectra's marker-making solution, accelerates the product development stage, reduces costs by optimizing fabric use, and allows for better quality products.



Compatible with Industry 4.0 principles since 2007, the **Vector** range contributes to the operational excellence of Lectra's customers. The enthusiasm of industrialists for this bestseller continues relentlessly: in 2017, Lectra crossed a threshold by selling its 3,000th Vector in ten years.

Launched at the end of 2016 with specific versions for fashion and apparel, automotive, and furniture industries and technical textiles, **Vector iQ** witnessed immense success in 2017. Thanks to this unique uninterrupted automated cutting device, manufacturers can increase productivity by 10%.



Leather cutting room

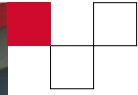
Lectra has revolutionized the leather cutting room. Manufacturers, OEMs and tanners can deploy a lean strategy, increase profitability and maintain their competitiveness due to the scope of Lectra's solutions. A performance recognized by Frost & Sullivan who awarded **Versalis** with the Product Leadership prize.

The power of nesting algorithms and the cutting precision of **Versalis** maximize material gains, which can equal hundreds of thousands of euros per machine, per year.

Airbag cutting room

With the new airbag cutting room, automotive safety device manufacturers are benefitting from a solution that enables them to achieve new standards for cutting airbags, whatever the type of model.

One **FocusQuantum** can cut up to eight million airbags a year. The integrated software suite allows companies to estimate the material use and cutting time, for a quicker and more precise response to tenders, while respecting rigorous quality requirements.



VectorFootwear

In 2017, Lectra enriched the **Vector** range with a new line for sports footwear brands and manufacturers to provide greater agility and shorter production times.

FocusQuantum OPW 3K

Lectra's new cutting line for airbags accelerates production to enable manufacturers of one-piece-woven (OPW) airbags to lower the cost of cutting per bag even further. With a potential 20% gain in productivity, their profitability improves.

Versalis LeatherSuite V6

Integrating the latest version of **Versalis'** software suite, furniture manufacturers can increase productivity by 6% and automotive equipment suppliers from 8% to 15%.

COINDU

(PORTUGAL)

Leading Portuguese automotive equipment manufacturer Coindu has chosen Lectra to digitalize the leather cutting room. Coindu's eight **Versalis** have empowered the workforce, helping the company to achieve its yield and throughput objectives within one year.

"Our decision to entirely digitalize our leather cutting processes has brought a broad range of benefits: our cutting room is more flexible and less dependent on manpower; we save more raw material thanks to effective nesting; and quality has improved." – Coindu

With about 6,400 employees across five sites in Portugal, Romania and Mexico, Coindu is a supplier for automotive manufacturers including Audi, BMW, Porsche, Volkswagen and Volvo.



HI-TECH APPAREL

(THAILAND)

Seventeen **VectorFashion** cutters and Lectra's associated expert services help Thai sportswear manufacturer Hi-Tech Apparel to secure cutting quality, control fabric consumption and manage production growth to meet rising customer expectations.

"Lectra's consulting approach, which highlights bottlenecks and accelerating points in order to optimize how we use our automatic cutting solutions, is key to making our productivity faster." – Prasit Witanakorn, Director, Hi-Tech Apparel.

With 8,000 employees in nine plants across Thailand, Cambodia and Vietnam, Hi-Tech Apparel is a major manufacturing partner of Nike and Target.

HMT

(CHINA)

By implementing **FocusQuantum**, HMT has consolidated its number one position in the flourishing Chinese airbag market by significantly increasing its production capacity.

"We needed a technology partner with the industry leadership to support us in the long term as we expand our operations. With FocusQuantum, Lectra is revolutionizing the way OPW airbags are produced. They are the only company with the technology, global experts and local support in China to help us ensure quality as we increase production. They also provide the airbag cutting expertise to support our growth strategy."

– Charles Zhang, General Manager, HMT.

HMT New Technical Materials, which employs 1,300 people in China, is active in the research and development, manufacture and distribution of automotive airbag fabric and products.





Software leveraging digitalization for fashion & apparel players

Lectra's software offer for fashion & apparel players is preparing companies for the challenges of the fourth industrial revolution. Lectra's offer opens up new horizons for design, product development and industrialization: tasks are automated; collaboration between teams is reinforced; and the industrial integration with sub-contractors is more dependable.

In a digital world, the value chain must operate from end to end with reliable processes and data. This is a prerequisite to respond to consumer demand for personalization.





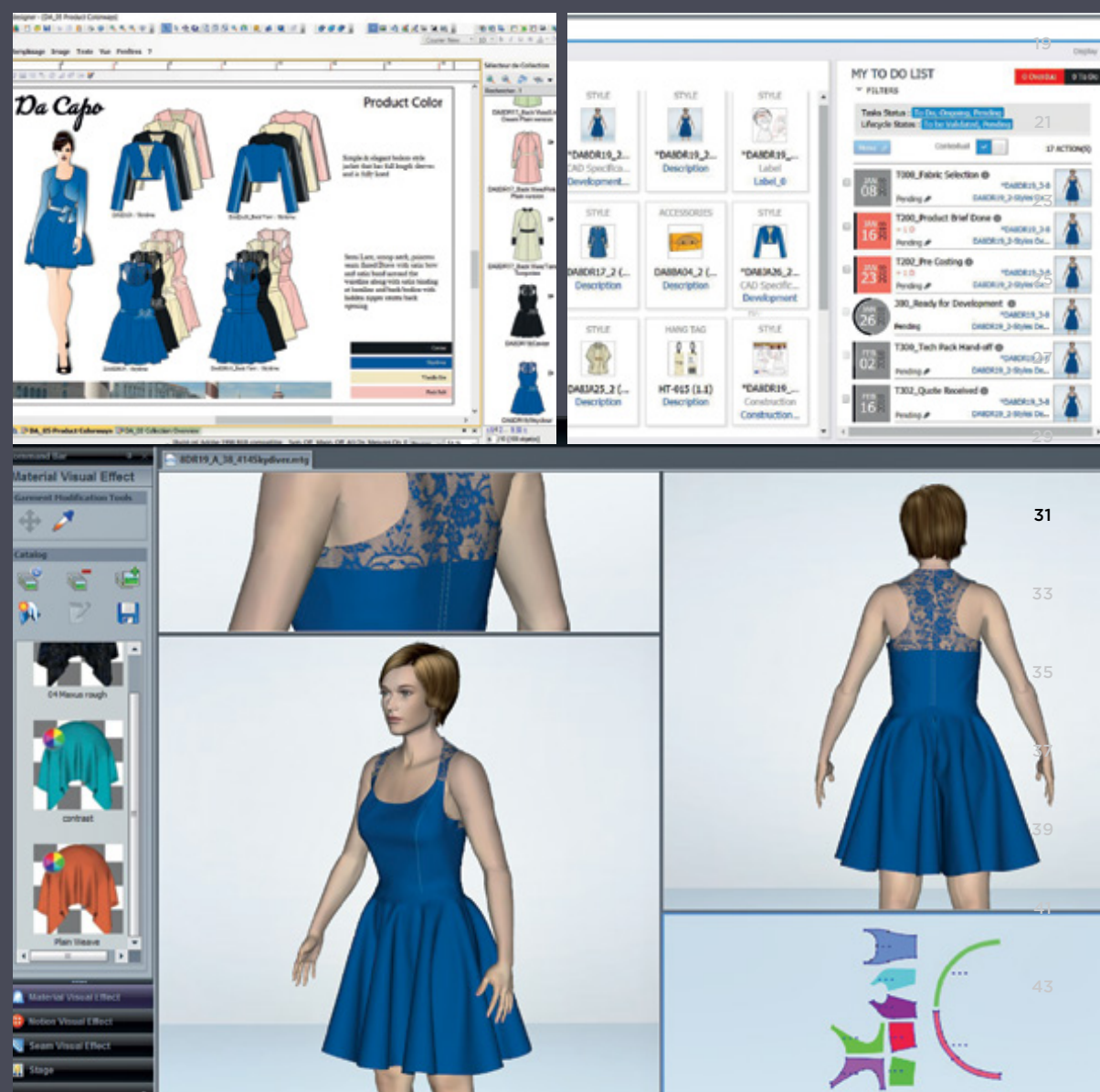
Design and collection management, product development

Lectra's software offer extends from design and product development to industrialization and lifecycle management for products and collections. The offer integrates expertise and best practices accrued by the company over the last forty years.

Kaledo enables designers to create fabrics and clothing collections virtually.

Lectra Fashion PLM 4.0 increases the efficiency of processes for brands, retailers and manufacturers at every step in the development of a collection, from planning and design to pre-production.

Modaris, Lectra's flagship software for fashion and apparel, guarantees fit for clothing, and facilitates collaboration between design and product development teams.



Lectra launches
Lectra Fashion PLM 4.0

Conceived for Industry 4.0, Lectra’s lifecycle management solution for smart, connected and ergonomic products is the nerve center of a digital supply chain, from planning and design, to production. **Lectra Fashion PLM 4.0** integrates computer aided design (CAD) solutions and enables connections to the information systems of its customers and their sub-contractors, to ensure all players along the supply chain can work with common processes, and guarantees the storage and sharing of all data.

Lectra rolls out
connected offers

Lectra’s connected offers respond to the fashion industry’s need to have rapid and high-performance collaborative tools for the specific stages of a product’s lifecycle. While **Lectra Connected Design** is aimed at design teams, **Lectra Connected Development** is for the product development teams.

AMC TÊXTIL
(BRAZIL)

AMC Têxtil, which owns many brands in Brazil, was looking to optimize its design and product development process. In the first instance, the company reduced its stock of costly materials by improving the purchasing process, thanks to proof of concept delivered by Lectra through **Optiplan** and **Diamino**.

“The first months have already presented savings. This was an important milestone in our new development strategy, which involves a major technological update.”
– Alexandre Menegotti, CEO, AMC Têxtil.

The Group then sought to reduce the time to market with **Modaris**.

AMC Têxtil and its 2,600 employees produce 6 million garments per year across four industrial parks, where they manage more than 10,000 tons of fabric.



BUGATTI
(GERMANY)

Leading European menswear and womenswear brand, bugatti leverages **Lectra Fashion PLM** to catalyze its ambitious growth strategy.

“With the aim to boost revenue growth by 2025, bugatti has developed an approach based on three pillars: to penetrate new geographical markets, to digitalize the supply chain and to integrate it vertically. Lectra Fashion PLM provides the necessary technological framework.”
– Julius Brinkmann, Member of the Executive Board, bugatti.

Perfectly integrated into bugatti’s IT system, Lectra’s PLM solution helps the company to digitalize and vertically integrate its supply chain. Thanks to a 360-degree view of the entire process, from design to production, through planning and industrialization, bugatti can respond more rapidly to market trends and consumer demand, effectively managing the many product lines for its different brands.

bugatti is an international lifestyle brand of the bugatti Holding Brinkmann group, whose 2017 turnover rose to €226 million. Inspired by Europe, bugatti employs more than 1,000 people. The brand is distributed in 25 shops and in more than 60 countries globally.

OVS
(ITALY)

Major Italian fashion retailer OVS rejuvenates IT systems with **Lectra Fashion PLM**. By integrating data from every stage in the product lifecycle, Lectra’s platform enables OVS to restructure its entire design, product development, purchasing and collection management process.

“Lectra Fashion PLM simultaneously connects teams from across different sites so they can communicate, share and modify – in real time – the same version for each project. Thanks to a more efficient collaboration, there are fewer errors and duplicates, and time-to-market is shorter.”
– Antonio Margotti, COO, OVS.

Distributed in over 1,000 shops in Italy and abroad, OVS is the biggest Italian clothing brand for women, men and children. In addition to an e-commerce site, OVS shops welcome over 150 million customers each year.



A showcase for Lectra’s *savoir-faire*, the Bordeaux-Cestas campus is home to: the International Advanced Technology & Conference Center; Lectra’s main call center; product marketing; R&D; the manufacturing unit; the global logistics platform and Lectra Academy, the company’s internal training center.

A privileged place for international gatherings, the campus hosts more and more events with increasing levels of attendance. Throughout the year, companies visit to explore Lectra’s value proposition, to share with our teams and our industry experts, to compare their experiences and to test solutions dedicated to their businesses.

Technology campus

Sharing our expertise



Education

Our initiatives for future generations

Lectra grants fashion schools and universities cutting-edge software and trains their academic staff. The company shares expertise and knowledge of industry best practice with future talent. Generations of students gain a competitive advantage on the job market thanks to their command of these technologies.

A strong commitment to education

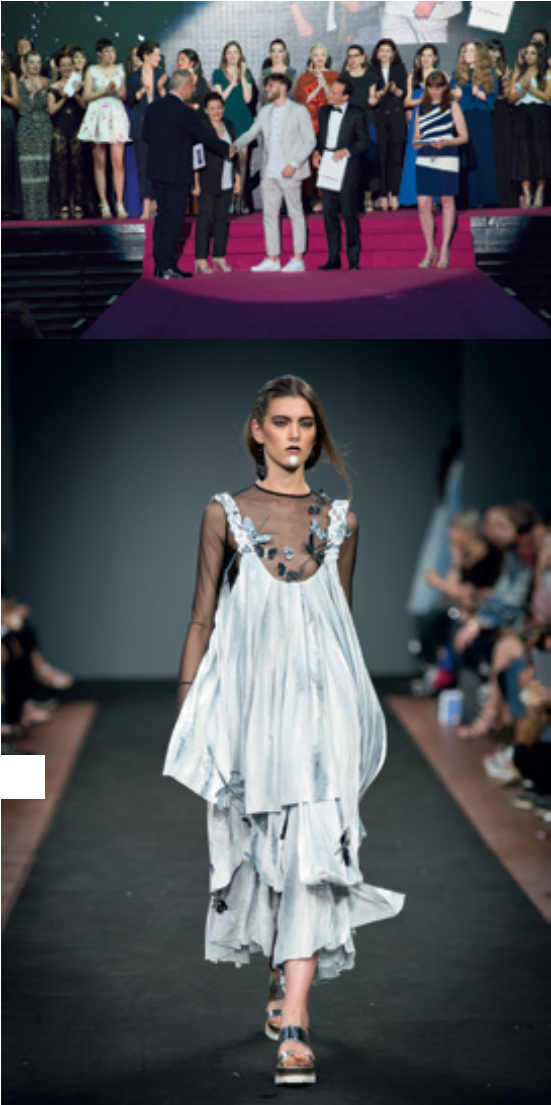
- 900 partner schools and universities across the world.
- 80,000 Lectra licenses granted.

Student competitions in collaboration with prestigious brands

Lectra continues to organize regular student competitions with customers and partner schools. In 2017, Lectra held a competition in China with Peacebird, and in Italy with Armani, Missoni and Balenciaga.

Giorgio Ferremi, industrial director G.A. Operations, Armani, presents the prize to Gianmarco Cipolloni, the winner of the competition organized for students at the Istituto Secoli (Italy).

Design by Vanessa Lattanzi, student at the Accademia Koefia (Italy), and winner of the competition organized by Balenciaga.



Our events



Eighth education congress

Lectra gathered together key global education partners and fashion experts to reflect on the impact of transformations in their industry and on changes in their profession to training programs.

“Lectra fashion schools meet OTB”

The OTB group (Diesel, Maison Margiela, Marni, Viktor&Rolf...) hosted Lectra’s Italian education seminar with the objective to discover new synergies between the world of education and business. OTB teams underlined the need to innovate; the quest for inspiration; and the contribution future talent can make to the design process.

Teaching and research chairs

The Lectra-ESCP Europe Fashion & Technology Chair continues to be active. With Industry 4.0 and data analysis playing a central position, in 2017 the Chair devoted two round tables to these subjects.

Lectra is also a co-founder of the Biarritz Active Lifestyle Integral (BALI) Chair at the Institute of Advanced Industrial Technologies (ESTIA). Dedicated to innovative and sustainable materials, the Chair will help fashion players to generate future disruptions.





Lectra’s commitments

Uncompromising ethics

Ethics are at the heart of all Lectra’s activities. The company’s code of conduct, which concerns everyone in the company, articulates the highest standards of integrity and transparency. It requires the vigilance and the responsibility of every single person.

Respecting differences

Respecting the individual is integral to Lectra’s identity. Since its creation, diversity is one of Lectra’s primary characteristics. The company rejects all discrimination between people, whatever their gender, age, religion, handicap, nationality or ethnic and social origin. With equivalent compensation for men and women, workplace gender equality and equal pay are a reality for Lectra.

Training and integration

Recruiting diverse profiles and nurturing skills is a priority. Created in 2005, Lectra Academy is the company’s global center for internal training. Its top priorities are to nurture talent, to adapt professional skills to Industry 4.0, and to reinforce the business *savoir-faire* of each collaborator. In parallel, Lectra Academy fosters networking and helps to spread the company culture across all Lectra entities.

Quality of life at work

Concerned about the well-being of its collaborators, Lectra is committed to improving the quality of life at work, which it measures through internal surveys. The company is investing, in particular, in the quality of workspaces, co-designing them with the teams involved.

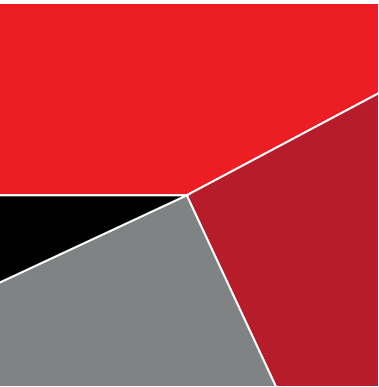
Environment

The eco-design policy for Lectra’s machines aims to reduce their environmental footprint. The company is decreasing the amount of raw materials required to manufacture its machines, and also their weight, size, and energy consumption. In addition, Lectra aspires to increase its share of recyclable products used in the manufacturing – and running – of the company’s machines. Furthermore, Lectra is limiting the use of polluting or dangerous products to a strict minimum, and respecting in advance many standards that are yet to come into effect.

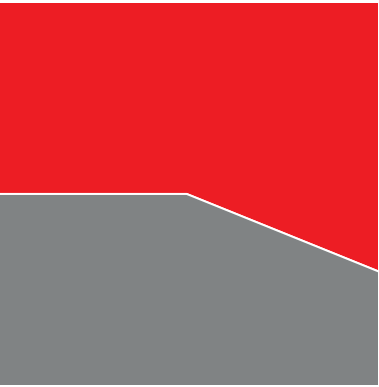
Key figures

Sharp increase in revenues and earnings

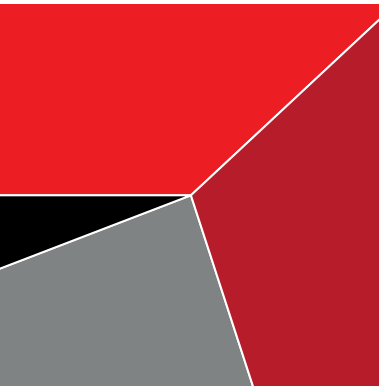
2017 Breakdown of revenues



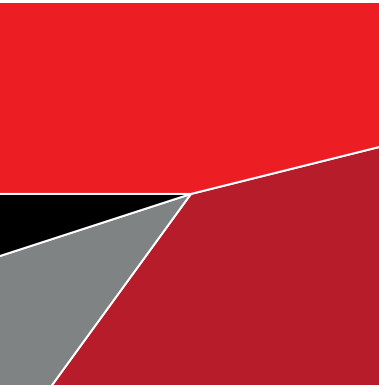
By region
42% Europe
26% Asia-Pacific
25% Americas
7% Other countries



By nature
56% Recurring
44% New systems

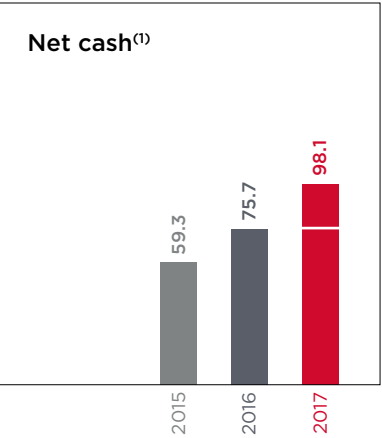
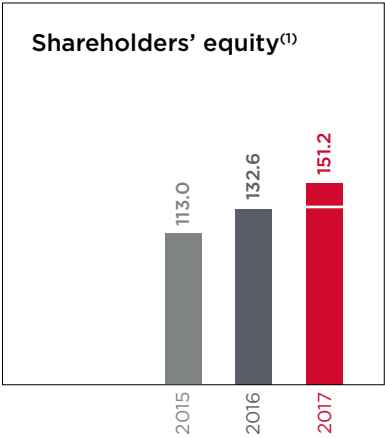
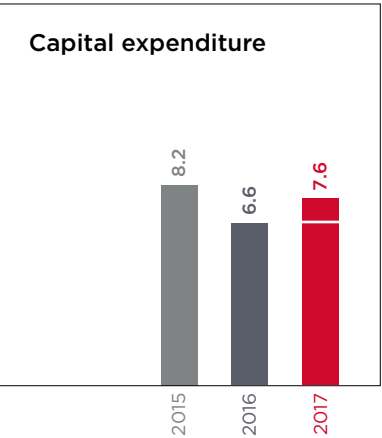
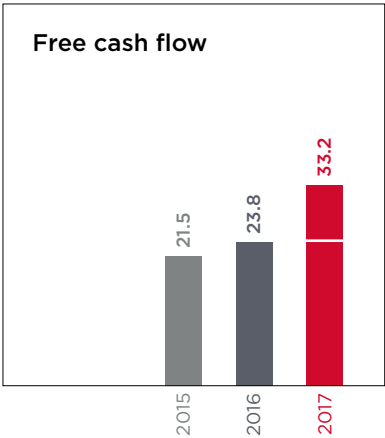
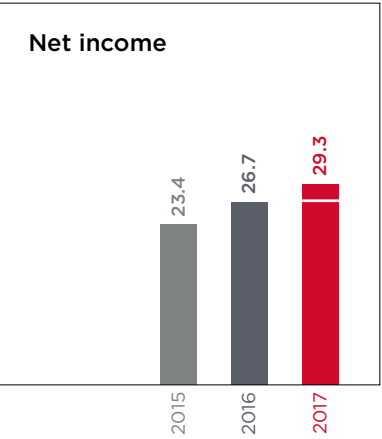
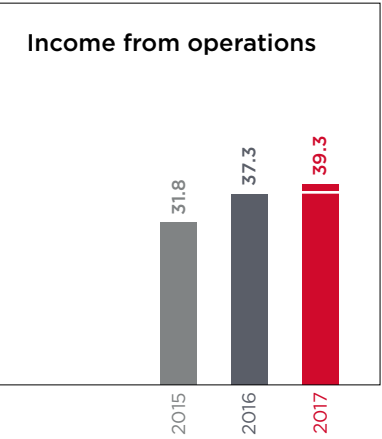
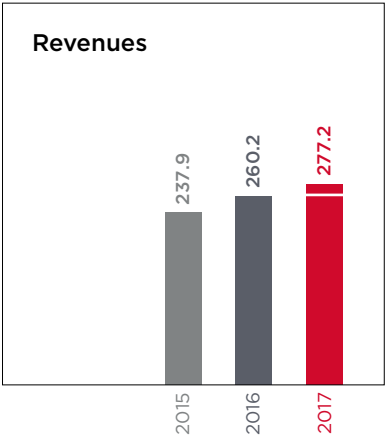


By type of business
38% Services (training, consulting, hardware maintenance, online services)
32% CAD/CAM equipment and accompanying software
24% Consumables and parts
6% New CAD/CAM and PLM software licenses



By market sector⁽¹⁾
46% Fashion and Apparel
39% Automotive
10% Furniture
5% Other industries
⁽¹⁾ Revenues from new systems sales.

In millions of euros



The company has been debt-free as of March, 2015.

⁽¹⁾ At December 31.

Lectra's teams

Made up of over 50 nationalities, Lectra's teams are spread across the world. The R&D team represented 20% of employees in 2017, compared to 17% in 2016. The 311 people who joined Lectra in 2017 have rejuvenated the workforce; and 42% of the new employees in 2017 were women.

Breakdown of workforce

1,657 employees on 31 December 2017



By job function

31% Services
20% Sales, marketing
20% R&D
19% Administration
10% Sales, production, logistics



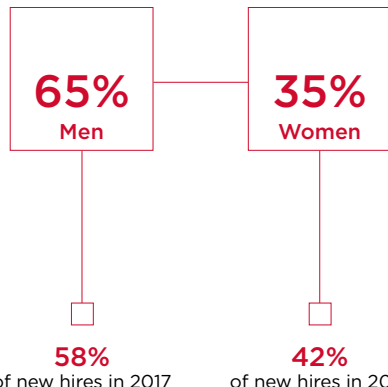
By region

51% France
19% Europe (excluding France)
16% Asia-Pacific
11% Americas
3% Other countries



By age range

30% 30-39 years old
30% 40-49 years old
27% 50-59 years old
10% 20-29 years old
3% > 59 years old



58% of new hires in 2017
42% of new hires in 2017

311 employees
joined Lectra in 2017

Shareholder information

At December 31, 2017

Capital

31,571,096 shares



81.2% Institutional investors and general public
17.4% Daniel Harari
1.4% Management and other employees

The free float is over 80%. Most is held by institutional investors. Kabouter Management LLC (United States), acting on behalf of investment funds that it manages, holds more than 10% (but less than 15%) of the capital and the voting rights. Allianz SE (Germany), through French companies it controls, and Kempen Oranje Participaties (The Netherlands), each hold more than 5% (but less than 10%) of the capital and the voting rights. No other shareholder holds more than 5% of the capital or the voting rights.

Fully diluted capital⁽¹⁾

33,264,092 shares

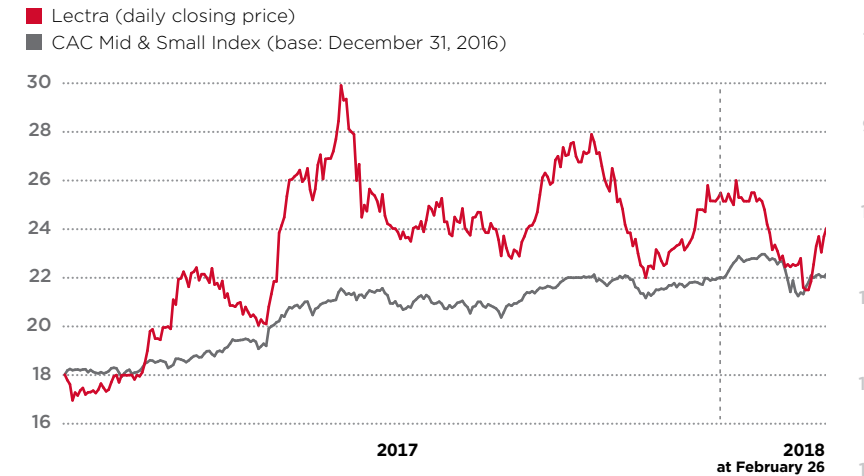


77.1% Institutional investors and general public
16.6% Daniel Harari
6.3% Management and other employees

Thanks to a motivating stock option program, the Group's key employees (295 in total) hold 6.3% of the diluted capital (with fully-vested stock options totaling 3.1% of the base capital). Daniel Harari holds no stock options. The Group intends to pursue this selective policy of promoting employee share-ownership.

Share price evolution

(in euros)



Lectra's share price rose by 40% in 2017, from €18.02 on December 31, 2016 to €25.15 on December 31, 2017, and market capitalization increased from €563 million to €794 million.

Dividend

The Board of Directors proposed to the Annual Shareholders' Meeting of April 27, 2018 to increase the dividend by 8.6%, to €0.38 per share, in respect of fiscal year 2017. This dividend represents a payout ratio of 41% of 2017 consolidated net income and a yield of 1.5% based on the December 31, 2017 closing share price. The company is determined to pursue its dividend-payment policy, with an expected payout ratio over the 2017-2019 roadmap period of around 40% of net income, the remaining 60% being used to fund Lectra's growth internally.

(in euros)	2017	2016	2015	2014	2013
Share price - high	30.00	18.32	14.65	9.45	8.59
Share price - low	16.89	10.76	8.98	7.01	4.59
Closing share price ⁽¹⁾	25.15	18.02	12.10	9.14	8.29
Shareholders' equity per share ⁽¹⁾	4.79	4.24	3.67	3.10	2.83
Net cash per share ⁽¹⁾	3.11	2.42	1.93	1.42	0.97
Earnings per share ⁽²⁾					
• Basic	0.93	0.86	0.76	0.48	0.75
• Diluted	0.90	0.84	0.74	0.47	0.73
Number of shares ⁽¹⁾⁽³⁾	31.6	31.2	30.8	30.3	29.7
Market capitalization ⁽¹⁾⁽⁴⁾	794.0	563.1	372.5	277.2	245.9
Annual volume traded ⁽⁴⁾⁽⁵⁾	216.7	69.1	101.9	54.9	47.6
Annual volume traded ⁽³⁾⁽⁵⁾	9.2	4.8	8.7	6.8	8.1

(1) At December 31.

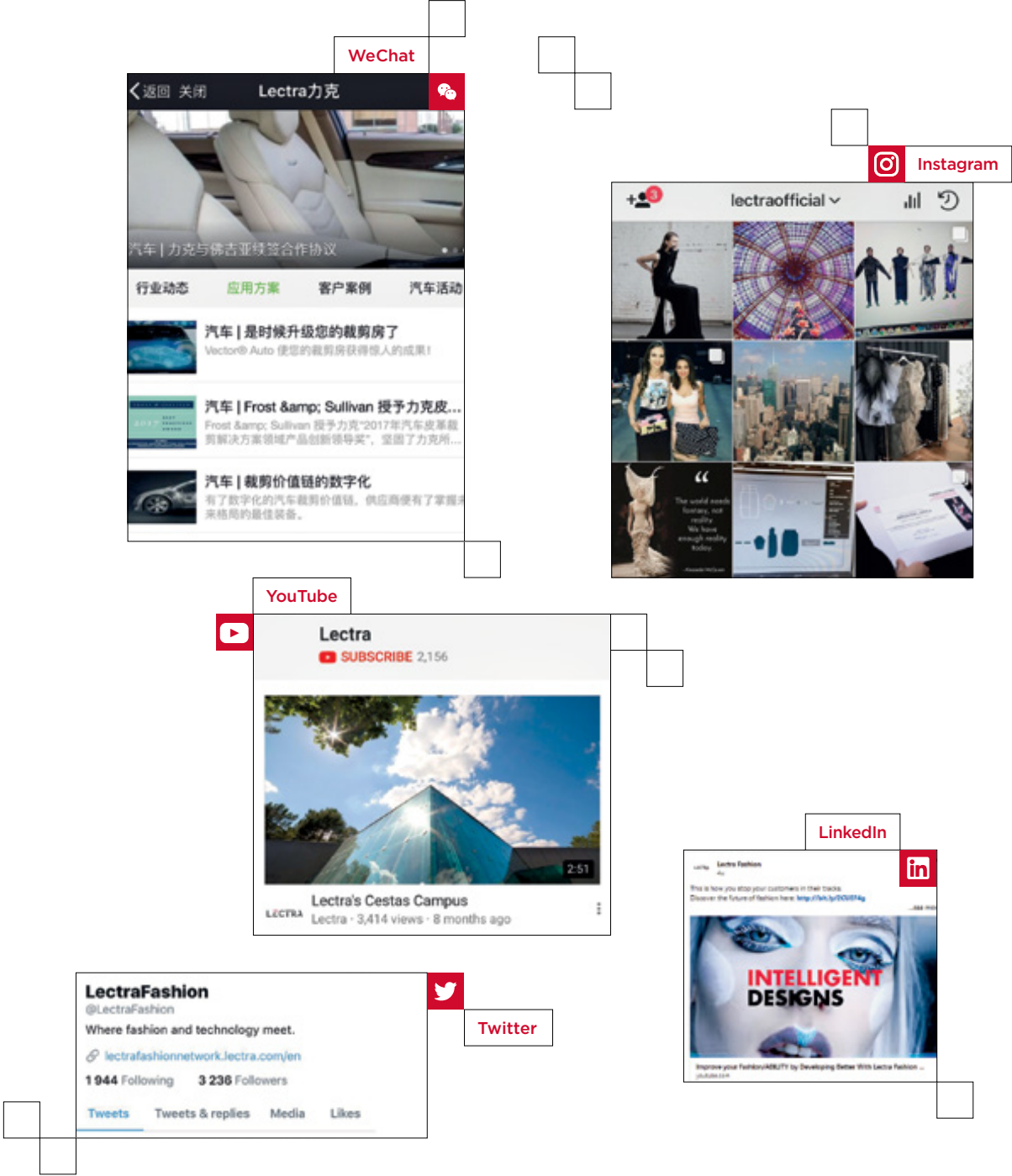
(2) Earnings per share on basic capital are calculated using the weighted average number of shares.

Earnings per diluted share are calculated according to the corresponding IAS rule.

(3) In millions of shares.

(4) In millions of euros.

(5) Source Euronext. Figures exclude trades on other trading platforms and do not include the disposal by André Harari of his entire stake in Lectra (5.6 million shares) in June 2017.



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Lectra would like to thank the following companies and institutions for their assistance in the preparation of this report: AMC T  til, bugatti, Coindu, Hi-Tech Apparel, HMT, OVS.

Portraits: Herv   Lefebvre – Machine visuals: Laurence Godart.

Other visuals: William Crozes; Matteo Volta, Pietro Piacenti;

Getty Images: Vasilina Popova, Ardaayderman, Yongyuan Dai, Funstock, runstudio, Stockcolors, Hero Images, Echo, PhotoAlto/Milena Boniek, Westend61, Ray Kachatorian, Bonetta, CoffeeAndMilk, Lambada, Adobe stock, DR.

Design and production:  **Printing:** Relais Graphique.



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