

First Nine Months 2016: Strong Growth in Revenues and Earnings

- Revenues: €190.7 million (+10%)*
- Income from operations: €26.6 million (+19%)*
- Net income: €18.7 million (+17%)
- Free cash flow: €16.2 million
- Net cash: €67.3 million

*like-for-like

In millions of euros	July 1 – September 30		January 1 – September 30	
	2016	2015	2016	2015
Revenues	64.4	59.3	190.7	175.7
<i>Change like-for-like (%)⁽¹⁾</i>	+9%		+10%	
Income from operations	11.2	9.8	26.6	23.0
<i>Change like-for-like (%)⁽¹⁾</i>	+12%		+19%	
Operating margin (in % of revenues)	17.4%	16.5%	13.9%	13.1%
Net income	8.1	7.0	18.7	16.0
<i>Change at actual exchange rates (%)</i>	+16%		+17%	
Free cash flow	9.1	10.8	16.2	14.8
Shareholders' equity ⁽²⁾			123.0	113.0
Net cash ⁽²⁾			67.3	59.3

(1) Like-for-like: 2016 figures restated at 2015 exchange rates

(2) At September 30, 2016 and December 31, 2015

Paris, October 27, 2016. Today, Lectra's Board of Directors, chaired by André Harari, reviewed the unaudited consolidated financial statements for the third quarter and first nine months of 2016.

Comparisons between 2016 and 2015 are based on 2015 exchange rates ("like-for-like") unless stated otherwise.

Third Quarter 2016

Following a 20% increase in the first half of the year, compared to the same period in 2015, orders for new systems (€23.7 million) are up 3% compared with Q3 2015.

Revenues (€64.4 million) increased by 9% compared with Q3 2015, both like-for-like and at actual exchange rates: revenues from new systems sales increased by 12% and recurring revenues by 6%.

Income from operations amounted to €11.2 million, up 12% (+14% at actual exchange rates). The operating margin was 17.4%, increasing by 0.5 percentage points (+0.9 percentage points at actual exchange rates). It should be noted that income from operations is boosted in Q3 of each year by the natural drop in overhead costs over the summer vacation months.

Net income amounted to €8.1 million, up €1.1 million (+16%) at actual exchange rates.

Free cash flow (€9.1 million) included the receipt of the balance of €5.1 million of the 2012 French research tax credit.

First Nine Months 2016

Strong Increase in Orders for New Systems

Orders for new systems (€80.4 million) increased by 15% relative to first nine months of 2015: +8% for orders for new software licenses, +21% for CAD/CAM equipment and –2% for training and consulting.

Geographically, the situation is highly contrasted: orders in Asia-Pacific increased by 55% and by 10% in Europe. They decreased by 17% in the Americas. In the first nine months of 2015, orders in the Americas had increased by 16%, while those in Asia-Pacific had fallen by 21%. In the rest of the world they increased by 2% in the first nine months of 2016.

Orders in the fashion and apparel market were up 1% and up 47% in the automotive market. They decreased by 5% in the furniture market. In the other industries, they increased by 15%.

Revenues and Income from Operations in Line with the Company Roadmap

Revenues (€190.7 million) were up 10% (+9% at actual exchange rates). Revenues from new systems sales (€82.6 million) increased by 13% and recurring revenues (€108.2 million) by 7%.

Income from operations (€26.6 million) increased by 19% (+16% at actual exchange rates) and the operating margin (13.9%) up 1.1 percentage points (+0.8 percentage points at actual exchange rates).

This performance is in line with the September 30 target figures corresponding to the expectations of revenues and income from operations for 2016 announced on July 28, 2016.

Net income amounted to €18.7 million, up €2.8 million (+17%) at actual exchange rates, and free cash flow €16.2 million, up €1.4 million.

A Zero-Debt Company, a Very Strong Balance Sheet

At September 30, 2016, consolidated shareholders' equity amounted to €123 million, after payment of the dividend of €9.3 million (€0.30 per share) declared in respect of FY 2015.

Cash and cash equivalents and net cash position totaled €67.3 million.

2016 Outlook

The company entered 2016 with even more solid operating fundamentals than in 2015 and an even stronger balance sheet.

The company reported on its business trends and outlook in its February 11, 2016 financial report and in its annual report, to which readers are invited to refer, emphasizing that 2016 looked unpredictable once again. It stated that persistent macroeconomic, geopolitical and monetary uncertainties were liable to continue to weigh heavily on companies' investment decisions.

The company then stated that its objectives for FY 2016 were to achieve a growth in revenues of 6% to 12% and a growth in income from operations of 8% to 25%, like-for-like.

With June 30 results in line with its roadmap, the company decided to step up its R&D plan with effect from July 1, 2016; as a result of this decision fixed overhead costs (after deduction of the research tax credit) were expected to rise by around €1.1 million in the second half of 2016.



Consequently, and taking into account the company's first-half financial results and business activity, Lectra stated on July 28 that henceforward it expected revenue growth of between 8% and 11% for FY 2016 and 9% to 19% growth in income from operations, like-for-like.

Financial results for Q3 and for the first nine months of the year are in line with these expectations.

The company will unveil its new roadmap for 2017-2019, upon publication of its fourth-quarter and full-year 2016 results, on February 9, 2017.

Q4 and FY 2016 earnings will be published on February 9, 2017.

The Management Discussion and Analysis of Financial Condition and Results of Operations and the financial statements for the third quarter and the first nine months of 2016 are available on lectra.com.

With 1,500 employees worldwide, Lectra is the world leader in software, CAD/CAM equipment and associated services specifically designed for industries using fabrics, leather, technical textiles and composite materials. Lectra serves major world markets: fashion and apparel, automotive (car seats and interiors, airbags), and furniture, as well as a broad array of other industries (aeronautics, marine, wind power, etc.).

Lectra (code ISIN FR0000065484) is listed on Euronext (compartment B).

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