

Press Release

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First Half 2018: Strong growth in income from operations, on a like-for-like basis

- Revenues: €140.2 million (+6%)*
- Income from operations: €17 million (+13%)*
- Net income: €12.3 million (-4%)
- Free cash flow: €7.5 million
- Net cash: €87 million
- 2018 growth objective for income from operations confirmed

* Like-for-like

In millions of euros	April 1 – June 30		January 1 – June 30	
	2018	2017	2018	2017
Revenues	73.0	69.0	140.2	138.5
<i>Change like-for-like (%)⁽¹⁾</i>	+9%		+6%	
Income from operations	9.8	9.1	17.0	18.5
<i>Change like-for-like (%)⁽¹⁾</i>	+21%		+13%	
Operating margin (in % of revenues)	13.5%	13.2%	12.1%	13.3%
Net income	6.9	6.2	12.3	12.7
<i>Change at actual exchange rates (%)</i>	+10%		-4%	
Free cash flow	5.0	2.4	7.5	16.3
Shareholders' equity ⁽²⁾			152.5	151.2
Net cash ⁽²⁾			87.0	98.1

(1) Like-for-like: 2018 figures restated at 2017 exchange rates

(2) At June 30, 2018 and December 31, 2017

Paris, July 25, 2018. Today, Lectra's Board of Directors, chaired by Daniel Harari, reviewed the consolidated financial statements for the first half of 2018, after a limited review by the Statutory Auditors.

(Comparisons between 2018 and 2017 are like-for-like, unless stated otherwise).

Q2 2018: Strong rebound in orders for new systems

Orders for new systems (€33.4 million) increased by 8% compared to Q2 2017.

Revenues (€73 million) were up 9% (+6% at actual exchange rates).

Income from operations amounted to €9.8 million, up 21% (+8% at actual exchange rates) and the operating margin (13.5%) increased by 1.4 percentage points (+0.3 percentage points at actual exchange rates).

Net income amounted to €6.9 million, up €0.6 million (+10%) at actual exchange rates.

First Half 2018

The first half was marked by a 'wait-and-see' approach by companies across all of Lectra's market sectors, particularly in automotive, following the protectionist measures announced first by the United States, and subsequently by China and Europe.

Negative impact of euro appreciation

With an average parity of \$1.21/€1 for H1, the euro strengthened by 12% against the US dollar and by 4% against the yuan compared to H1 2017. The strong appreciation of the euro against most currencies had a major negative mechanical impact on the H1 results. It reduced revenues by €7 million (-5%) and income from operations by €3.9 million (-18%) at actual exchange rates, compared to like-for-like figures.

Strong growth in income from operations, on a like-for-like basis

Orders for new systems (€61.6 million) were stable compared to H1 2017: new CAD/CAM and PLM software licenses decreased by 1%, CAD/CAM equipment and accompanying software were stable and training and consulting increased by 7%.

Revenues totaled €140.2 million, up 6% (+1% at actual exchange rates).

Revenues from new systems sales (€62.1 million) increased by 7%, and recurring revenues (€78.1 million) by 6%.

Income from operations (€17 million) was up 13%, down 8% at actual exchange rates.

The operating margin (12.1%) increased by 0.9 percentage points (down 1.2 percentage points at actual exchange rates).

Net income (€12.3 million) decreased by €0.5 million (-4%) at actual exchange rates.

Free cash flow amounted to €7.5 million (€16.3 million in H1 2017).

A zero-debt Company, a particularly robust balance sheet

Consolidated shareholders' equity amounted to €152.5 million, after payment of the dividend of €12 million declared in respect of FY 2017.

Cash and cash equivalents, as well as net cash position, totaled €87 million, after the disbursement of €7.1 million for the acquisition of Kubix Lab and the dividend payment of €12 million.

2018 outlook: confirmation of growth objective for income from operations

In its February 12, 2018 Financial report and its 2017 Annual Report, to which readers are invited to refer, the Company reported its long term vision and its 2018 business trends and outlook.

Lectra entered 2018 with stronger than ever operating fundamentals and an even stronger balance sheet.

The Company set, for 2018, objectives of 6% to 10% revenue growth, like-for-like, and 7% to 15% growth in income from operations before non-recurring items, like-for-like. While the growth in revenues could be slightly lower, the growth in income from operations is confirmed by the first half results.

The main uncertainty concerns the level of orders for new systems and corresponding revenues, in light of persistent uncertainty in the macroeconomic, geopolitical and monetary environment that could continue to affect business investment decisions, especially in the automotive sector.

If exchange rates were to remain at roughly the same level as on June 30, 2018, particularly the euro/dollar rate of \$1.17/€1, currency variations would have a negligible impact on revenues and on income from operations in H2.

Bolstered by the strength of its business model and a new roadmap fully geared to the demands of Industry 4.0, the Company remains confident in its growth prospects for the medium term.

Q3 and first nine months 2018 earnings will be published on October 30, 2018.

The Management Discussion and Analysis of Financial Conditions and Results of Operations and the financial statements for H1 2018 are available on lectra.com

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. Founded in 1973, today Lectra has 32 subsidiaries across the globe, serving customers in over 100 countries. With almost 1,700 employees, Lectra reported revenues of \$313 million in 2017. Lectra is listed on Euronext (LSS).

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