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FIRST-HALF EARNINGS MARKED BY THE STRENGTHENING OF CAPACITY

- EBITDA up 22% to €6.7m (+9.1% before IFRS 16)
- Operating income of €2.6m (-7%)
- Strong progress with profitability for the Medical Division
- Lidar Division's costs in advance to anticipate future growth
- 2021 targets confirmed and H2 2019 operating margin to be in line with expectations

The LUMIBIRD Group, the European leader for laser technologies, significantly strengthened its production capacity during the first half of 2019, particularly for the Lidar Division. Following a challenging year from an industrial perspective in 2018, Lumibird is putting itself in a position to accompany growth in its markets, whose potential is still intact. The temporary contraction in its first-half operating margin is linked to the increase in production resources for the Lidar business to plan ahead for future growth, as well as the negative seasonal impact on the margin for defense and research contracts. The Medical Division is reporting very robust progress, with its operating income boosted by sales growth for products with higher margins.

The Group's operating margin will be in line with expectations for the second half of 2019 and it is able to confirm its strategic targets for revenues of €150m (excluding external growth) and an EBITDA margin of over 20% for the full year in 2021.

Extract from the condensed half-year consolidated financial statements approved by the Board of Directors on September 25, 2019

At June 30 (€m)	H1 2019	H1 2018 restated ⁽¹⁾	Change	IFRS 16 impact
Revenues	51.7	42.3	+22%	
EBITDA	6.7	5.5	+22%	+0.8
Income from ordinary operations	2.6	2.8	-6.1%	-0.7
Pre-tax income	2.2	2.7	-19%	na
Net income	1.8	2.1	-14%	na

(1) H1 2018 reported financial data adjusted for the impact of the definitive allocation of the acquisition price for the Keopsys-Quantel business combination operation. The full-year earnings reported for 2018 already included these restatements.

First-half level of business effectively under control

With consolidated revenues of €51.7m, up 22%, the first half of 2019 was characterized by robust industrial and commercial trends, in line with expectations.

- The **Industrial and Scientific Division** (+5.6% to €13.3m of revenues) benefited from positive seasonality effects and the strengthening of the commercial organization;
- The **Lidar Sensors** segment achieved 61.9% revenue growth to €8.9m. In addition to seasonality, this level of business is linked to complex integration phases at client sites for some of the largest programs. Demand is still strong and Lumibird has continued to develop its manufacturing and testing capabilities, resulting in an advanced level of costs in the first half of the year;
- The **Defense / Space Division** (+37.5% to €11.8m of revenues) is continuing to grow, with sustained demand for the space activities, as well as new accounts and new contracts. The concentration of growth over the first quarter (+111.5%) is linked primarily to the percentage of completion method applied for recording the MegaJoule business, for which the bulk of purchases were made at the start of the year.
- The **Medical Division** (+12.9% to €17.7m of revenues), driven by the success of the new products, new certifications in China and Japan, and its geographical developments, recorded sustained growth over the half-year period.

Advanced costs in the first half of the year and negative seasonal impacts on margins

The Lidar Division's capacity investments are reflected in costs rising more quickly than revenues. In addition, the overall margin was negatively impacted during the first half of the year as a result of the accounting recognition method applied for the MegaJoule business and certain major development programs. These effects mask the very good performance by the Medical business and the rest of the Laser business.

Analysis of earnings for each division

€m	Laser	Medical	TOTAL
H1 2018 income from ordinary operations	2.6	0.2	2.8
<i>% of revenues</i>	8.2%	3.8%	6.7%
H1 2019 income from ordinary operations	1.6	1.0	2.6
<i>% of revenues</i>	3.5%	7.9%	5.1%
Change	-1.0	+0.8	-0.2

Operating income totaled €2.6m, compared with €2.8m for the first half of 2018 (-7%).

Pre-tax income represents €2.2m (-17%), after €0.3m of finance costs.

After factoring in €0.2m of corporate income tax, net income came to €1.8m, compared with €2.1m for the first half of 2018.

Healthy financial position

At June 30, shareholders' equity represents €117m, up €26.3m from December 31, with €25m linked to the capital increase carried out in May. Net cash is positive again, climbing to €7.2m. The first application of IFRS 16 is reflected in a €4.8m increase in financial debt. As a result of the level of inventory, particularly high at June 30 and intended to support the increase in capacity, working capital requirements are up €7.8m.

Outlook

The Group has further strengthened its sales teams in the US, China and Japan to deliver on its target growth. The finance division has also been strengthened. The Group's technological expertise for Lidars is developing, with the launch of operations for Lumibird Canada, a new subsidiary employing some of the industry's leading experts to develop a higher value-added Lidar offering, particularly in North America.

Despite the deterioration in the global economic environment, demand is still strong for the Group's three strategic segments, with outstanding prospects for development. Second-half growth is expected to be combined with an increase in the gross margin, due to the correction of seasonality effects observed this half-year period. From the second half of the year, Lumibird expects to return to an operating margin rate that is in line with the market's expectations for the full year.

In addition, Lumibird has started to deploy its external growth strategy, with the acquisition of Optotek (2018 revenues of €6.6m), a longstanding partner of Quantel Medical, in August. The Group is continuing to very actively explore opportunities for acquisitions in its three strategic segments.

Lumibird is able to confirm its strategic targets for 2021, with revenues of €150m (excluding external growth) and an EBITDA margin of over 20%.

Publication of the 2019 Half-Year Financial Report

The Lumibird Group's 2019 half-year financial report is filed on September 26 with the French financial markets authority (AMF) and is available on Lumibird's website.

Next date: Q3 2019 revenues on October 28, 2019 after close of trading

LUMIBIRD is one of the world's leading laser specialists. With 50 years of experience and expertise in solid state laser, laser diode and fiber laser technologies, the Group designs, manufactures and distributes high-performance lasers for scientific (laboratories and universities), industrial (manufacturing, defense / space, Lidar sensors) and medical (ophthalmology) markets.

Created through the combination of the Keopsys and Quantel Groups in October 2017, LUMIBIRD has more than 500 employees and over €100 million of revenues and is present in Europe, America and Asia.

LUMIBIRD shares are listed on Euronext Paris Compartment B. FR0000038242 – LBIRD

www.lumibird.com

Contacts

LUMIBIRD Group
Marc Le Flohic
Chairman and CEO
Tel. +33 (0)1 69 29 17 00
info@lumibird.com

Quantel Medical
Jean Marc Gendre
CEO
Tel. +33 (0)4 73 74 57 45
info@quantel-medical.fr

CALYPTUS
Mathieu Calleux
Investor Relations
Tel. +33 (0)1 53 65 37 91
lumibird@calyptus.net