

Q1 2018: Revenues and income from operations lower than Company expectations

- Revenues: €67.2 million (+3%)*
- Income from operations: €7.2 million (+5%)*
- Net income: €5.4 million (-17%)
- Free cash flow: €2.5 million
- Yearly objectives unchanged

* Like-for-like

in millions of euros	January 1 – March 31	
	2018	2017
Revenues	67.2	69.5
<i>Change like-for-like (%)⁽¹⁾</i>	+3%	
Income from operations	7.2	9.4
<i>Change like-for-like (%)⁽¹⁾</i>	+5%	
Operating margin (in % of revenues)	10.7%	13.5%
Net income	5.4	6.5
<i>Change at actual exchange rates (%)</i>	-17%	
Free cash flow	2.5	13.9
Shareholders' equity ⁽²⁾	156.7	151.2
Net cash ⁽²⁾	93.6	98.1

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

(2) At March 31, 2018 and December 31, 2017

Paris, April 26, 2018. Today, Lectra's Board of Directors, chaired by Daniel Harari, reviewed the unaudited consolidated financial statements for the first quarter of 2018.

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

Negative impact of euro appreciation

The strong appreciation of the euro against most currencies had a major negative mechanical impact on the first-quarter results.

The exchange-rate impact was all the more pronounced as in Q1 2017 the euro reached its lowest level against the US dollar (\$1.04/€1) since 2003, as well as against many other currencies. The euro then began to gradually appreciate in Q2 2017.

Thus, if the average currency rates in Q1 2018 were to remain in effect through to the end of the year, the impact of the euro appreciation in comparison with the corresponding prior-year figures would diminish each quarter.

Lower than expected orders for new systems

The macroeconomic environment suddenly worsened in Q1 against the backdrop of tensions between the United States and its trading partners including Europe, China, Mexico and Russia. These tensions have raised concern among many companies, particularly in the automotive industry, prompting them to delay their investment decisions.

In these circumstances, orders for new systems (€28.2 million) were 7% lower than in Q1 2017. This decline is entirely due to the automotive market (-54%), as customers postponed many orders expected in Q1. Fashion orders were up 31%, and furniture orders rose by 61%.

Growth in revenues and income from operations, on a like-for-like basis

Revenues (€67.2 million) increased by 3%; they decreased by 3% at actual exchange rates.

Revenues from new systems sales (€28.9 million) were stable. Recurring revenues (€38.3 million) increased by 6%: +7% for recurring contracts and +4% for consumables and parts.

Income from operations (€7.2 million) was up by 5%, down 23% at actual exchange rates. The operating margin (10.7%) increased by 0.2 percentage points (down by 2.8 percentage points at actual exchange rates).

Net income (€5.4 million) decreased by €1.1 million (-17%) at actual exchange rates.

Free cash flow amounted to €2.5 million (€13.9 million in Q1 2017).

The slowdown in orders thus resulted in revenues, free cash flow, and financial results lower than the Company had expected.

Acquisition of the company Kubix Lab

On January 25, 2018, Lectra announced the acquisition of the Italian company Kubix Lab.

Founded at the end of 2015, Kubix Lab has developed a cutting-edge technological offer called Link. This offer enables fashion brands to manage, from end to end, all product information deriving notably from multiple IT systems (ERP, PDM, PLM...), within a single application.

The acquisition will have no significant impact on Lectra's 2018 financial results.

A zero-debt Company, a particularly robust balance sheet

Consolidated shareholders' equity amounted to €156.7 million.

Cash and cash equivalents, as well as net cash position, totaled €93.6 million, after the disbursement of €7.1 million for the acquisition of Kubix Lab.

Dividend

Subject to approval by the Shareholders' Meeting of April 27, 2018, the dividend of €0.38 per share in respect of fiscal 2017 will be paid on May 4, 2018.

2018 outlook

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.

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

The Company is targeting, for 2018, 6% to 10% revenue growth, like-for-like, and 7% to 15% growth in income from operations before non-recurring items, like-for-like.

At this point in time, these objectives need not be revised. However, 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 in the automotive sector.

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.

The 2017 Annual report is available on lectra.com

The annual Shareholders' Meeting will be held on April 27, 2018.

Q2 and H1 2018 earnings will be published on July 25, 2018.

The Management discussion and analysis of financial conditions and results of operations and the financial statements for Q1 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 31 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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