

## First Nine Months of 2018: growth in revenues and income from operations

- Revenues: €207.6 million (+4%)\*
- Income from operations: €28.3 million (+11%)\*
- Net income: €20.1 million (stable)
- Free cash flow: €8.8 million
- Net cash: €89.1 million

\* Like-for-like

In millions of euros	July 1 – September 30		January 1 – September 30	
	2018	2017	2018	2017
Revenues	67.4	67.2	207.6	205.7
<i>Change like-for-like (%)<sup>(1)</sup></i>	+1%		+4%	
Income from operations	11.3	10.6	28.3	29.1
<i>Change like-for-like (%)<sup>(1)</sup></i>	+7%		+11%	
Operating margin (in % of revenues)	16.7%	15.8%	13.6%	14.1%
Net income	7.8	7.3	20.1	20.1
<i>Change at actual exchange rates (%)</i>	+7%		0%	
Free cash flow	1.3	2.9	8.8	19.2
Shareholders' equity <sup>(2)</sup>			161.4	151.2
Net cash <sup>(2)</sup>			89.1	98.1

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

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

**Paris, October 30, 2018.** Today, Lectra's Board of Directors, chaired by Daniel Harari, reviewed the consolidated financial statements for the third quarter and first nine months of 2018. The financial statements have not been reviewed by the Statutory Auditors.

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

### Q3 2018: slight growth in orders for new systems

Orders for new systems (€27.6 million) increased by 4% compared to Q3 2017.

Revenues (€67.4 million) were up 1%.

Income from operations amounted to €11.3 million, up 7% (+6% at actual exchange rates) and the operating margin (16.7%) increased by 0.9 percentage points.

Net income amounted to €7.8 million, up €0.5 million (+7%) at actual exchange rates.

## First Nine Months of 2018

The first nine months of the year were marked by a 'wait-and-see' attitude 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. In addition, the economy of those emerging countries whose currency had experienced a sharp decline was affected, leading some customers to put their investment decisions on hold.

### Negative impact of euro appreciation

The appreciation of the euro against most currencies had a major negative mechanical impact on the first nine months results. It reduced revenues by €7.3 million (-3%) and income from operations by €3.9 million (-12%) 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 (€89.2 million) were up 1% compared to the first nine months of 2017: new CAD/CAM and PLM software licenses decreased by 5%, CAD/CAM equipment and accompanying software increased by 3% and training and consulting decreased by 2%.

Revenues totaled €207.6 million, up 4% (+1% at actual exchange rates).

Revenues from new systems sales (€89.7 million) increased by 2%, and recurring revenues (€117.9 million) by 6%.

Income from operations (€28.3 million) was up 11%, down 3% at actual exchange rates.

The operating margin (13.6%) increased by 0.9 percentage points (down 0.5 percentage points at actual exchange rates).

Net income (€20.1 million) was stable at actual exchange rates.

Free cash flow amounted to €8.8 million (€19.2 million for the first nine months of 2017).

### A zero-debt Company, a particularly robust balance sheet

Consolidated shareholders' equity amounted to €161.4 million.

Cash and cash equivalents, as well as net cash position, totaled €89.1 million, after the disbursement of €7.1 million for the acquisition of the company Kubix Lab and the dividend payment of €12 million declared in respect of fiscal year 2017.

## 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. The Company then indicated on July 25 that while revenue growth could be slightly lower, the growth in income from operations was confirmed by the first half results.

The results of the first nine months of the fiscal year were in line with these expectations.

The main uncertainty remains the level of orders for new systems and corresponding revenues, in light of persistent instability in the macroeconomic, geopolitical and monetary environment that continues to affect business investment decisions.

If exchange rates were to remain at roughly the same level as on September 30, 2018, they would have a negligible impact on the comparisons between the results for 2018 and 2017 in Q4.

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.

*Q4 and FY 2018 earnings will be published on February 12, 2019.*

*The management discussion and analysis of financial conditions and results of operations and the financial statements for the first nine months of 2018 are available on [lectra.com](http://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 more than 1,700 employees, Lectra reported revenues of \$313 million in 2017. Lectra is listed on Euronext (LSS).*

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