

Q1 2019: Earnings lower than Company expectations - Yearly objectives unchanged

- Revenues: €67 million (-3%)*
- Income from operations: €7.9 million (-5%)*
- Net income: €5.7 million (+6%)
- Free cash flow: €9.8 million

* Like-for-like

in millions of euros	January 1 – March 31	
	2019	2018
Revenues	67	67.2
<i>Change like-for-like (%)⁽¹⁾</i>	-3%	
Income from operations	7.9	7.2
<i>Change like-for-like (%)⁽¹⁾</i>	-5%	
Operating margin (in % of revenues)	11.8%	10.7%
Net income	5.7	5.4
<i>Change at actual exchange rates (%)</i>	+6%	
Free cash flow	9.8	2.5
Shareholders' equity ⁽²⁾	177.6	170.4
Net cash ⁽²⁾	113.5	102.2

(1) Like-for-like: 2019 figures restated at 2018 exchange rates

(2) At March 31, 2019 and December 31, 2018

Paris, April 29, 2019. Today, Lectra's Board of Directors, chaired by Daniel Harari, reviewed the unaudited consolidated financial statements for the first quarter of 2019.

(Comparisons between 2019 and 2018 are like-for-like, unless stated otherwise).

Positive impact of currency changes

With an average exchange rate of \$1.14/€1 in Q1, the US dollar was up 8% compared to Q1 2018 (\$1.23/€1), while the yuan strengthened by 2% against the euro. Currency changes thus mechanically increased revenues by €1.7 million (+3%) and income from operations by €1.1 million (+16%) at actual exchange rates compared to like-for-like figures.

Lower than expected orders for new systems

Macroeconomic and geopolitical conditions remained challenging throughout the first quarter. In many countries, fears of slower growth added to persisting uncertainty surrounding Brexit, the trade war conducted by the United States, and particularly the outcome of trade negotiations with China. This situation has led many companies, in all Lectra market sectors, to exercise greater caution, prompting them to delay their investment decisions.

In these circumstances, Q1 orders for new systems (€27.4 million) were 5% lower than in Q1 2018. At actual exchange rates, they decreased by 3%.

Orders for CAD/CAM and PLM software (€4.5 million) and for training and consulting (€3.2 million) increased by 15% and 5%, respectively. Orders for subscriptions, in particular for new Software-as-a-Service (SaaS)

offers, accounted for 20% of the total amount of software orders in the quarter; their total annual value came to €0.4 million in Q1 (€0.1 million in Q1 2018).

The impact of customers' "wait-and-see" attitude was observed primarily in orders for equipment and accompanying software (€19.1 million), which were down 11% compared to Q1 2018.

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

Revenues (€67 million) decreased by 3%; they were stable at actual exchange rates.

Income from operations (€7.9 million) was down 5%, but up 10% at actual exchange rates. The operating margin (11.8%) decreased by 0.3 percentage points like-for-like (it increased by 1.1 percentage points at actual exchange rates).

Net income (€5.7 million) increased by €0.3 million (+6%) at actual exchange rates.

Strong growth in free cash flow – a particularly robust balance sheet

Free cash flow amounted to €9.8 million (€2.5 million in Q1 2018).

Consolidated shareholders' equity came to €177.6 million.

Cash and cash equivalents, as well as net cash position, totaled €113.5 million.

2019 outlook

In its February 12, 2019 Financial Report and its 2018 Annual Report, to which readers are invited to refer, the Company reported its long-term vision and its 2019 business trends and outlook.

The Company entered 2019 with a particularly robust balance sheet and operating fundamentals, a new organization of its subsidiaries, and a strengthened Executive Committee.

Lectra significantly enhanced its products and services offer in 2018, with new innovative solutions to empower its customers in implementing the principles of Industry 4.0, which will be progressively rolled out worldwide in 2019.

The Company has set the objective of achieving revenue growth of 3% to 7% in 2019, like-for-like. Growth in income from operations before non-recurring items would then be down 4% in the low assumption for revenue growth, flat in the median assumption, and up 4% in the high assumption.

At this point in time, these objectives need not be revised. The main uncertainty concerns the level of orders for new systems, which could continue to be affected negatively by an uncertain macroeconomic, geopolitical and monetary environment, and by a slowdown in global economic growth.

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

The 2018 Annual Financial Report and the 2018 Annual Report, as well as the Management Discussion and Analysis of Financial Conditions and Results of Operations and the financial statements for Q1 2019 are available on lectra.com

The annual Shareholders' Meeting will be held on April 30, 2019.

Q2 and H1 2019 earnings will be published on July 29, 2019.

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, manufacturers and retailers, 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 \$333 million in 2018. Lectra is listed on Euronext Paris (LSS).

lectra.com

Lectra – World Headquarters: 16–18, rue Chalgrin • 75016 Paris • France

Tel. +33 (0)1 53 64 42 00 – Fax +33 (0)1 53 64 43 00 – www.lectra.com

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