

## Half-Year results Financial year 2017/2018 Profit from Operating Activities up 28.8%

**For the first half of Financial Year 2017/2018, the LACROIX Group posts a revenue up +7.8% and a profitability from operating activities up +28.8 %.**

The Operating Profit is down -13% at €4.5M following a provision for the judicial award to pay €2.55M for a long-running dispute (more than 10 years) and for which the company has appealed to the French "Conseil d'Etat".

Apart from this non-recurring item, the first half-year confirms the recovery of profitability well under way in the previous year.

This half-year also confirms the implementation of the key areas of transformation for the group:

Innovation, with an increase of the resources allocated to marketing and R&D, and through the experiments carried out in the field of Smart Cities and Smart Environment, as well as the progressive deployment of Smart Industry.

International development, with an increased stake in Firstronic (EMS company with facilities in the USA and Mexico), the opening of a branch in Morocco and the ongoing creation of a sales office in Singapore and a purchasing office in China.

In a context of revenue growth, maybe slower than initially forecast, the second half-year will enable to reach the target PFOA of €14.5M announced last January.

### Half-Year results <sup>(1)</sup> – Financial year 2017/2018 :

In Million Euros	31.03.2018	31.03.2017	Variation	30.09.2017
Revenue	237.8	220.6	+7.8 %	441.4
<b>Profit from Operating Activities (PFOA)</b>	<b>6.9</b>	<b>5.4</b>	<b>+28.8 %</b>	<b>12.4</b>
Operating profit	4.5	5.1	-13.0%	11.8
Net income (Group share)	2.6	3.0	-11.7%	8.0
Net debts / Equity (gearing)	0.35	0.31		0.32

<sup>(1)</sup> The company's auditors performed a limited review of the accounts

The highlights of the period are as follows:

- 1) LACROIX Group: increased resources to support the future development of activities and impact of the LACROIX Lab. The contribution to the group's results is -€1.2M over the period, while providing a valuable asset for the future. An increasingly cross-functional approach is applied by pooling resources to serve all business areas in the best possible manner.
- 2) LACROIX Electronics: return to a dynamic growth driven by all industrial sites, and continued increase of the PFOA to €4.5M. This positive growth is powered by France, Tunisia and Germany while Poland maintains a good performance level despite disruptions related to components supply.  
In a context of ongoing dynamic growth, the second half-year will confirm an increase of PFOA for this business area.
- 3) LACROIX Sofrel: returns to growth (+7.4%), driven by the performance of its foreign subsidiaries and a good performance of the water market in France. The PFOA shows a significant increase (+€0.7M) driven by volumes and increased by non-linear R&D expenses in the first half year.  
In a context of slower growth, the second half will confirm the good performance of the first half year.
- 4) LACROIX City: confirms the return to revenue growth (+7.4% vs N-1) driven by its Traffic business unit over the period. The PFOA is slightly up (+ €0.3M), but remains unprofitable at -€1.5M.  
The second half will confirm the dynamic revenue observed during the first half year and will enable to accelerate an improvement in profitability. As previously announced, the PFOA will however remain unprofitable over the year.

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Upcoming press release: Q3 activity report on 26/07/2018 after trading hours