

PRESS RELEASE
(ISIN FR 0000066607)

LACROIX Group
2015-2016 Results
(Released 19/12/16 after trading hours)

The Supervisory Board of LACROIX SA met on December 15th, 2016, and reviewed the corporate and consolidated financial statements of Fiscal Year ending September 30th, 2016.

2016 OVERVIEW:

Year 2016 registered a significant increase in business with a similar Profit from Operating Activities. By contrast, the Net Income sharply declined due to impairment losses. This specific situation had been announced as part of the required and necessary transformation. As a reminder, this transformation is based on a clearer corporate mission, on streamlined operations and on internal and external investments in our future growth drivers.

Vincent BEDOUIN, Chairman of the Board, said: *« Refocusing our operations as technology equipment provider perfectly matches the digital transformation under way in our markets. Our complementary business areas enable us to become an innovative player at the heart of the changes taking place in Smart Industry, Smart Environment and Smart Cities. The LACROIX Group enters Industry 4.0 and definitely stands as a breakthrough technology equipment provider. »*

Beyond the ongoing transformation of the Group which weighs on the short-term results, Vincent BEDOUIN is committed: *« Based on a financially strong structure and a medium-to-long-term vision around which we join forces, the LACROIX Group is stepping up its transformation towards a positioning very well received by our customers. This will result in 2017 by new products and strategic partnerships.*

We are confident in the future and in our ability to open up to new spaces and markets.».

In Millions Euros	30.09.2016	30.09.2015	Change 2015/2016
Revenue	428.4	395.1	+ 8.4 %
Profit from Operating Activities	8.1	8.2	- 1.8 %
Operating Profit	(6.5)	4.5	- 245 %
Net Income (Group share)	(8.8)	1.0	- 980 %
Net Income (Group share) before Goodwill impairment	0.7	1.0	- 31.7%
Net debts / Equity (gearing)	0.40	0.33	

Auditing procedures on consolidated accounts have been carried out. The certification report will be issued after reviewing the management report and after releasing the annual financial statements.



DIVIDEND PROPOSAL:

In this context of investment and refocusing on the future-oriented markets, the 2015/2016 results before goodwill impairment, are similar to the previous year and remain consistent for a transition year. The same dividend as the previous year will be proposed at the next General Meeting, i.e. €0.40 per share.

PROSPECTS FOR 2017:

The Group's prospects are better oriented in terms of result after two years' transition dedicated to strengthening the Group in its promising business areas in France and abroad. The trend reversal at LACROIX City will take time, though.

Year 2017 should therefore be the start of a recovery in the profitability level, in line with our Ambition 2020.

APPENDIX

2016 HIGHLIGHTS PER BUSINESS:

- **LACROIX Electronics:** sustained growth by +12.1 % albeit at a slower pace, as forecasted. Going back progressively to our standard operational performance level allows to deliver better profit from operating activities (+85%). This result is still strongly affected by the difficulties in Germany and in the R&D centers, which have not improved their results yet.
- **LACROIX Sofrel:** business grew by +4.9%, driven by exports (+6.7%) and domestic operations in the Water market (+5.2%). This growth enables to limit the weakening result (-2.4%) due to investments in human resources and R&D in 2016.
- **LACROIX City:** a significant decline in revenue (-9.6%) on the historical core business due to the structural contraction of central government grants to local governments, and to the dizorganization entailed by the closure of agencies. A PFOA largely affected by the decline in business and temporary extra-costs generated by dizorganization. OP is affected by the cost of the plan and by goodwill impairment.
In addition, acquisitions provide a positive contribution to the result and the positioning as technology equipment provider serving smart roads is even stronger with the acquisition of Neavia.

Contact: Nicolas BEDOUIN – Tel: +33 (0)2 40 92 58 56 – info@lacroix.fr

2016 results and Ambition 2020 to be presented next January 13th.

Next press release: 13/02/2017 after trading hours.

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www.lacroix-group.com