

Half-Year results Financial Year 2018/2019

Profit from Operating Activities up 16.9% Twofold increase in the net income

For the first half of Financial Year 2018/2019, the LACROIX Group posts a stable revenue (+0.5%) and a profitability from operating activities up +16.9% (+6.6% on a constant business perimeter and accounting presentation basis).

The PFOA increase of +€0.5M on a comparable basis is enhanced by the integration of SAE IT-systems (+€0.1M) and by a change in accounting presentation (+€0.6M PFOA, shifted to taxes) with the aim to achieve a better comparability of accounts vs other listed companies.

Moreover, this increase of PFOA is driven by a favorable base effect of non-current expenses and by exchange gains in the first half of the year (+€0.5M) which improve this performance and enable to increase the net income twofold compared to the previous financial year.

In addition to these figures, the highlights of the first half are as follows:

Very dynamic sales of infrastructure management equipment (11.7% organic growth in the Smart Environment segment and +1.4% in the Smart City segment) and strengthening of the Smart Grids offering with the acquisition of SAE IT-systems GmbH (contribution of +€2.4M over 2 months). This favorable trend enables to post a +€0.6M cumulative increase of the PFOA in these two activities.

A further improvement in the operational performance of the Tier-2 equipment supplier activity with a market context less favorable than in 2018 (-2.6%), allowing to stabilize the PFOA.

The further transformation of the Group and the preparation of tomorrow's growth with the increase of Marketing and R&D expenses and the support of a consulting firm to reinforce the process around product and technological roadmaps.

A temporary increase of the debt ratio (net debt to equity ratio) up to 0.53, as a consequence of a high investment policy carried out in the first half (internally and acquisition) and an increase in the working capital requirement. A positive trend is expected in the second half of the year.

In a context of revenue growth over the second half-year, lower than initially forecasted and impacted by the temporary production stoppage resulting from a fire which partially damaged the Tunisian site in early May, the second half year will enable to reach the PFOA target announced last January.

Taking into account the modifications in the accounts presentation and the integration of SAE IT-systems, the announced target of €17.0M is adjusted to €19.0M.

Half-Year results ⁽¹⁾ – Financial year 2018/2019:

In Million Euros	31.03.2019	31.03.2018	Variation	30.09.2018
Revenue	239.0	237.8	0.5%	468.3
EBITDA	12.1	10.8	11.8%	22.9
Profit from Operating Activities (PFOA)	8.1	6.9	16.9%	15.0
Operating Profit	7.3	4.5	63.0%	12.0
Net income (Group share)	5.2	2.6	96.2%	8.2
Net debts / Equity (Gearing)	0.53	0.35		0.34

(1) The company's auditors have performed a limited review of the accounts.

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