

LACROIX unveils LEADERSHIP 2025, its new strategic plan

**Strong ambitions:
Becoming an international market leader in industrial IoT solutions and
electronic equipments for critical applications**

**Accelerating and moving up to a new dimension by 2025
€800m revenue and EBITDA margin¹ of approximately 9%**

“Since 2016, our Group has embarked on an in-depth transformation that has strengthened its technological expertise and achieved solid revenue and earnings growth. Thanks to these foundations, we have been able to demonstrate our resilience in the face of the unprecedented crisis that marked 2020. We are once again ready to look ahead to the future, driven by strong ambitions that will drive our development for the next five years. This is what the Leadership 2025 plan is all about. It will enable us to build an international market leader in industrial IoT solutions and electronic equipment for critical applications. The mobilisation of our employees and the support of all stakeholders will be key to the success of this new venture.”, declared Vincent Bedouin, CEO of LACROIX.

A transformation already met with success, a solid foundation for new ambitions

With its first strategic plan, *Ambition 2020*, launched in 2016, LACROIX embarked on a process of in-depth transformation with the ambition of establishing itself as one of the leading players in connected technologies and the ‘Smart World’. This plan was also guided by the will to strengthen the Group’s growth dynamic and its financial performance.

As such, while 2020 should be excluded from the analysis due to its exceptional nature, this first five-year plan has been an overall success, allowing us to build solid foundations for future development.

The creation and strengthening of a unified Research & Development position was pivotal to the development of the Group’s technological expertise. This decision has further reinforced the rapid development of high added value equipment ranges designed by in-house teams.

These ranges have thus contributed over €150 million to revenue in 2019, i.e. nearly a third of total activity compared with less than a quarter in 2016. Over the period 2016-2019, these ranges posted annual growth of around 9% per year compared with an increase of around 1% for other activities.

Over the past five years, LACROIX has also demonstrated a successful track record in completing and integrating acquisitions with seven successful operations, which have also strengthened the Group’s technological expertise and geographic reach.

The transformation was also evident in terms of human capital, with the development of significant employee shareholding, with over one third of employees holding shares, and more than 40% of new talents who have joined the management teams since 2016.

¹ EBITDA: Current operating profit, with amortisation and share-based payments added

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Finally, our global footprint has expanded, with over 60% of revenue generated internationally and with teams already established across 10 countries.

All these advances represent solid foundations upon which the Group can now set new ambitions, which are deeply embedded in the new Leadership 2025 strategic plan.

Leadership 2025: 5 pillars to meet the new technological challenges of the “Smart World”

Guided by our conviction that technology must contribute to creating simple, sustainable and safer environments, LACROIX has taken on a new purpose with the Leadership 2025 plan: to enable its customers to build and manage smarter life ecosystems through useful, robust and secure connected technologies.

As a result, technology is at the heart of the new plan. Indeed, with the rapid spread of the IoT and the number of connected systems expected to reach nearly 31 billion worldwide by 2025², the Group intends to accelerate its ramp-up with regard to added value connected technological solutions.

To succeed, LACROIX is ideally positioned in target markets faced with major societal, environmental and regulatory challenges such as new mobility, the Smart Grid and more generally, the Smart City. All these fast-growing markets are already benefiting greatly from the massive roll-out of connected technologies.

Against this background, the new plan is based on 5 key pillars:

1. **Strengthening of the Group's technological leadership** with the development of technological platforms based on cutting-edge expertise in fields such as cybersecurity or edge computing. With this in mind, we have set an objective to double R&D expenditure to over 5% of total revenue within five years. This increase in resources devoted to innovation should make it possible for new LACROIX-designed equipments to account for 50% of LACROIX-designed revenue by 2025.
2. **Development of our leadership in term of industrial efficiency**, based in particular on the opportunities offered by “Industry 4.0” with an increased role in artificial intelligence and robotised automation, the digitisation of flows, and the application of lean production methods. Following the example of “Symbiose”, the new French electronics factory of the future, which will be completed at the end of 2021, these principles will apply to 100% of the Group's industrial sites by 2025.
3. **Expansion of international reach**, with the aim of carrying out more than 70% of our total activity outside France within 5 years. With this in mind, LACROIX intends to focus on strengthening its position in Germany and the United States in particular.
4. **Targeted acquisitions**, aimed in particular at strengthening existing international activities, setting up a position in complementary market segments, or expanding the ‘smart’ range by integrating new high added value technological building blocks.
5. Finally, **the initiation of a transition from an equipment manufacturer role to that of a provider of high added value end-to-end solutions for the “Smart World”**, with the roll-out of new services that will over time generate recurring revenue and increase margins.

² IoT Analytics Q4 2020

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A value-creating plan for growth and profitability

The implementation of the roadmap established as part of the plan must thus enable the Group to establish itself as one of the global market leaders in industrial IoT solutions and electronic equipment for critical applications.

Achieving this ambition will go along with a boost to our financial performance. By 2025, LACROIX is aiming for revenue of €800 million compared with €441 million in 2020 (proforma 12 months). This realistic ambition includes the acquisitions that could be made over the period.

In terms of profitability, the aim is to achieve an EBITDA margin of around 9%. As a reminder, it stood at 5.9% in 2020.

For 2021, while the Group has already embarked on a path toward the return to growth, LACROIX is confident in its ability to achieve revenue of more than €500 million combined with an EBITDA margin of over 6.5%.

Upcoming dates

Revenue for the 1st quarter of 2021: 10 May 2021 after the Stock Exchange

Consult our financial data in our Investors' Zone

<https://www.lacroix-group.com/investors/>

ABOUT LACROIX

Convinced that technology should contribute to simple, sustainable and safer environments, LACROIX enable its customers to build and manage smarter life ecosystems, thanks to useful equipment and technologies.

As a publicly-listed family-owned SME, LACROIX combines the essential agility required to innovate in an ever-changing technological sector with the ability to industrialise robust and secure equipment, cutting-edge know-how in industrial IoT solutions and electronic equipment for critical applications and the long-term vision to invest and build for the future.

LACROIX designs and manufactures its customers' electronic equipment, in particular in the automotive, home automation, aeronautical, industrial and health sectors. LACROIX also provides safe, connected equipment for the management of critical infrastructures such as smart roads (street lighting, traffic signs, traffic management, V2X) and the management and operation of water and energy systems.

Drawing on its extensive experience and expertise, the Group works with its customers and partners to build the connection between the world of today and the world of tomorrow. It helps them to create the industry of the future and to make the most of the opportunities for innovation that surround them, supplying them with the equipment for a smarter world.

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