LACROIX

PRESS RELEASE

30/09/2024

First-half 2024:
€350.3m revenue, down 4.9% on a like-for-like basis
Increase in current operating profitability, excl. North America
Net income strongly impacted by non-recurring items

Annual targets:
Revenue around €640m on the new scope of consolidation
2024 EBITDA margin between 4.0 and 4.5% adversely impacted by North America, where recovery is the main priority

New roadmap 2025-2027 to be unveiled in spring 2025.

In million euros	**H1 2024**	H1 2023	**Change**
Revenue	**350.3**	376.6	**-7.0%**
Current EBITDA	**18.3**	23.6	**-22.4%**
As % of revenue	**5.2%**	6.3%	**-104 pb**
Current operating income	**8.2**	12.2	**-33.4%**
As % of revenue	**2.3%**	3.2%	**-92 pb**
Operating income	**4.5**	11.5	**-61.4%**
Financial results	**(5.5)**	(3.6)	
Income taxes	**(1.8)**	0.2	
Continuing operations net income	**(2.9)**	8.1	
Discontinued operations net income *	(14.0)	(3.6)	
Consolidated net income	**(16.9)**	4.6	
Net income, Group share	**(13.3)**	5.6	

*The City - Mobility segment is treated as a discontinued operation in accordance with IFRS 5[1].

In the first six months of the year, LACROIX generated a revenue of €350.3 million, compared with €376.6 million in the first half of 2023. As a reminder, over these two reference periods, consolidated revenue does not include the City - Mobility segment (comprising the Traffic and V2X business units), which is now treated

[1]Standard relating to non-current assets held for sale and discontinued operations. This treatment in the income statement is also applied to the cash flow statement and balance sheet, where the assets and liabilities concerned are reclassified under specific headings.

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as a “Discontinued operation”. This accounting treatment follows the planned divestiture of the City - Mobility segment, as part of the reorganization announced last spring (press release of May 22, 2024).

LACROIX's half-year consolidated revenue is down 7.0% compared with the first half of 2023. This decline is reduced to 4.9% on a like-for-like basis, i.e. excluding the Road sign segment, which was deconsolidated on April 30, 2024, after the divestiture was completed (press release of May 2, 2024).

These changes in scope are part of the Group's voluntary strategy to build a new organization focused on value-creating activities.

Increase in current EBITDA margin, excluding Electronics North America

Over the period, LACROIX's current[2] EBITDA came to €18.3 million, compared with €23.6 million previously. The Road Sign segment contributed €0.3m and €0.4m respectively in the first half of 2024 (over 4 months) and the first half of 2023 (over 6 months).

The Group's current EBITDA margin stood at 5.2% at mid-year, compared with 6.3% a year earlier. This decline is entirely due to LACROIX Electronics North America. Excluding the US subsidiary, LACROIX would have posted a current EBITDA margin of 7.9% of sales, up 105 basis points on its H1 2023 level (6.9%).

Electronics activity

At mid-year, the Electronics activity recorded a revenue of €268.1 million. This was down 9.1% on the first half of 2023, which represented a very high basis for comparison, due to the strong catch-up that accompanied the normalization of electronic component supplies. Compared with the first half of 2022, Electronics sales were up 8.2% in the first half of 2024.

In EMEA, sales trends were mixed, with growth in the Industrial and Avionics sectors and a decline in the Automotive and HBAS (Home & Building Automation Systems) segments. Across the Atlantic, revenue declined in the first half of 2024, penalized by sluggish demand and disruptions linked to the ongoing restructuring of the business.

Over the period, the current EBITDA for the Electronics activity came to €5.8 million, representing a margin of 2.2%, compared with 4.6% a year earlier.
The stable profitability rate for the EMEA region reflects excellent operational control of both personnel and procurement costs. This satisfactory profitability trend also reflects the solid performance of the Beaupréau site in France and the Willich site in Germany, as well as the pursuit of a demanding pricing policy across the entire customer portfolio.
As regards Electronics North America, the return to operational control has not had any visible impact on profitability in the first half of 2024 yet.

Environment activity

As a reminder, this activity now includes the Street Lighting segment (previously part of the City activity), with retroactive effect to January 1, 2024 and restated accordingly for fiscal 2023.

[2] Current EBITDA is an alternative performance indicator, defined as operating income before non-recurring items plus depreciation and amortization on property, plant and equipment, intangible assets and rights of use, plus compensation costs linked to shares (IFRS 2) and/or to the achievement of post-integration targets for newly-acquired entities.

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For the first half of 2024, Environment revenue came to €64.4 million, up 17.9%, thanks to very positive trends across all four segments: Water, Heating Networks, Smart Grids and Street Lighting. Leveraging from structurally buoyant trends, the Environment activity benefited in particular from major international projects over the period.

Profitability also improved from a high base: Environment's current EBITDA was €12.6 million at mid-year, up 28.6%. Current EBITDA margin thus reached 19.6% (vs. 18.0% a year earlier).

All in all, excluding the consequences of the persistently difficult situation in North America, the Group's operating profitability trajectory remains in line with the objectives set out in the Leadership 2025 plan. Against this overall backdrop, LACROIX's priority over the coming months will logically be to get its US subsidiary back on track.

Results including significant non-recurring expenses, with no cash impact

After taking into account depreciation and amortization for an almost stable amount (+2.3% to €11.5 million), the Group's current operating income for the first half of 2024 came to €8.2 million, representing a margin of 2.3%. Operating income, on the other hand, fell by 61.5% over the period, to €4.5 million. This was largely due to the recognition of a non-recurring charge (capital loss) of €3.0 million on the final divestiture of the Road Sign segment.

Net income from continuing activities came to € -2.9 million, after accounting for financial expenses (€ 5.5 million) and taxes (€ 1.8 million). Net income from discontinued activities (-€14.0M) includes a non-cash write-down of €10.0M for provisions for risks and impairment of non-current assets in the City - Mobility segment.

Overall, LACROIX posted a net loss of €13.3 million for the first half of 2024, compared with a profit of €5.6 million previously.

A sound financial structure

After allocation of this net loss, shareholders' equity stood at €171 million as of June 30, 2024, compared with €190 million at the end of 2023. Changes in net debt, partly reflecting unfavorable seasonal trends in the first half of the year, remained contained: net debt rose over six months from €112.9 million to €124.8 million. This represents a gearing ratio of 73%, well below the 80% ceiling set for 2025.

In terms of cash flow, LACROIX continues to post a positive Free Cash Flow (FCF) of €0.9M. This level is the result of good control of Working Capital Requirement (WCR) and a controlled level of net investment (Capex), at €5.6M.

New annual targets incorporating the situation at Electronics North America and changes in the scope of consolidation

For the second half of the current financial year, LACROIX anticipates the continuation of contrasting trends.

The Environment activity should continue to enjoy positive momentum, driven by the water and smart grids markets, despite a slight slowdown in growth after the excellent performance of the 1st half of 2024.

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The Electronics activity, which will benefit from a more favorable base effect in the second half, continues to face limited visibility in the Automotive and HBAS markets in EMEA, while across the Atlantic, the restructuring underway will produce positive effects only from 2025 onwards.

Electronics North America's recovery remains hampered by persistent industrial inefficiencies. Faced with this situation, the action plan launched in 2023 is continuing: the full integration of the entity into Electronics EMEA is now complete, with the arrival of a new General Manager at the end of August; the ramp-up of the new Juarez site is underway.

In this context, and in view of the recent and forthcoming changes in scope, the Group is clarifying its targets for the current year, as announced at the time of publication of its half-year sales figures. LACROIX now anticipates a revenue of around €640 million on the new scope (4 months of the Road Sign segment and excluding City - Mobility). As a reminder, the previous forecast included City - Mobility (revenue > €710 million).
In terms of profitability, the Group has revised its current EBITDA margin forecast to between 4.0% and 4.5% (previous range: between 5.5% and 6.5% in 2024).

Roadmap for 2025-2027 to be announced with the release of the next annual results

After this transitional 2024 financial year, marked by the restructuring of North American operations and major changes in scope, LACROIX remains fundamentally confident in its ability to return to a solid growth dynamic in sales and results. This momentum will be fuelled by the ongoing refocusing on the most profitable activities, targeting markets with strong potential for growth, synergies and development with a positive environmental impact. At the same time, the Group's transatlantic positioning, whose strategic relevance remains undeniable despite current operational difficulties, will enable it to address new strategic targets and strengthen its market share.

LACROIX thus remains serene in the medium term, and is preparing a roadmap for 2025-2027, based on the continued deployment of the strategic pillars of the Leadership 2025 plan. This three-year roadmap will be unveiled when the annual results are published on March 31, 2025.

Upcoming events

Q3 2024 revenue: November 7, 2024 after the market closes

Find more financial information in the Investor's Zone

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

About LACROIX

Convinced that technology must contribute to simple, sustainable, and safer environments, LACROIX supports its customers in developing more sustainable living ecosystems, thanks to useful, robust, and secure electronic equipment and connected technologies.
As a listed, family-owned midcap with a €761 million euros revenue in 2023, LACROIX combines agile innovation, industrialization capacity, cutting-edge technological know-how and a long-term vision to meet environmental and societal challenges through its activities: Electronics and Environment.

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Through its Electronics business, LACROIX designs and manufactures industrial IoT solutions (hardware, software, and cloud) and electronic equipment for the automotive, industrial, connected homes and buildings (HBAS), avionics and defense, and healthcare sectors. As the Group's industrial backbone, the Electronics activity of LACROIX, is ranked among the TOP 50 worldwide and TOP 10 European EMS,

Through its Environment activity, LACROIX also supplies secure and connected electronic equipment and IoT solutions to optimize the management of water networks, heating, ventilation, and air conditioning installations, as well as smart grids and street lighting networks.

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