LECTRA

Press Release
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First half 2022: very strong growth in revenues and earnings

- Revenues: 250.8 million euros (+71%)
- EBITDA before non-recurring items: 45.2 million euros (+95%)
- Net income: 20.2 million euros (multiplied by 2.3)
- Free cash flow before non-recurring items: 14.7 million euros

In millions of euros	April 1 – June 30		January 1 – June 30	
	2022	2021	2022	2021
Revenues	128.9	80.0	250.8	146.7
Change (%)	*+61%*		*+71%*	
EBITDA before non-recurring items[(1)]	23.7	11.9	45.2	23.2
Change (%)	*+100%*		*+95%*	
EBITDA margin before non-recurring items (in % of revenues)	18.4%	14.8%	18.0%	15.8%
Net income	10.9	2.9	20.2	8.9
Change (%)	*+274%*		*+127%*	
Free cash flow before non-recurring items[(1)]	7.7	4.5	14.7	14.3
Shareholders' equity[(2)]			437.1	400.8
Net cash (+) / Net financial debt (-)[(1) (2)]			(13.3)	(8.8)

(1) The definition of the key performance indicators is shown in the June 30, 2022 Financial Report
(2) At June 30, 2022 and December 31, 2021

Paris, July 28, 2022. Today, Lectra's Board of Directors, chaired by Daniel Harari, reviewed the consolidated financial statements for the first half of 2022, which have been subject to a limited review by the Statutory Auditors.

To facilitate analysis of the Group's results, the financial statements are compared to those published in 2021 and to the 2021 pro forma financial statement ("2021 Pro forma"), prepared by integrating the three acquisitions made in 2021 – Gerber Technology ("Gerber"), Neteven, and Gemini CAD Systems ("Gemini") – as if they had been consolidated from January 1, 2021, whereas they have been consolidated since June 1, July 28 and September 27, 2021 respectively.

1. GREAT RESILIENCY IN A DEGRADED ENVIRONMENT

The first semester was significantly marked by the war in Ukraine and its consequences. As soon as the conflict began, the Company decided to cease its operations in Russia, by suspending the activity of its subsidiary Lectra Russia and stopping all deliveries of products or services. The Group's direct exposure to Ukraine and Russia is low; the contribution of these two countries in 2021 accounted for less than 1 percent of revenues.

This war has accelerated price increases, energy shortfalls and shortages in some raw materials. However, their impact on the Group's financial statements was limited due to its low exposure to energy costs and a limited dependency on those raw materials affected the most. The Group also adjusted sale prices to compensate for the increase in its production costs, first in January and then in July.

In addition, the lockdown periods had a negative impact on the amount of orders in China. They also caused delays in the delivery of CAD/CAM equipment, including a portion of that equipment manufactured in China, estimated at 2.4 million euros, which had not been recovered at the end of June; the shortfall is expected to be rectified by the end of September. Moreover, persistent problems in maritime shipping have caused shipping delays that adversely affected revenues.

Finally, since the beginning of 2022, the dollar has significantly strengthened against the euro. With an average exchange rate of $1.09/€1 in H1, it was up 10% compared to H1 2021. This change and other currency changes mechanically increased revenues by roughly 6%. The difference between the observed exchange rates and the dollar/euro rate used to define the 2022 objectives ($1.13/€1) had only a +2% impact on revenues.

In this environment, the Group has once again demonstrated its resiliency, with strong earnings growth.

2. Q2 2022

Q2 2022 revenues (128.9 million euros) increased by 61%. EBITDA before non-recurring items (23.7 million euros) doubled compared to Q2 2021 and the EBITDA margin before non-recurring items was 18.4%.

Income from operations before non-recurring items (16.2 million euros) was multiplied by 2.1 and net income (10.9 million euros) by 3.7, compared to 2021, which included a non-recurring charge of 3.8 million euros in respect of the acquisition of Gerber.

Free cash flow before non-recurring items came to 7.7 million euros (4.5 million euros in Q2 2021).

Comparison to the 2021 Pro forma

In the climate of uncertainty and slowing economic growth affecting many countries, some of the Group's customers have decided to postpone their investment decisions. Furthermore, the strict lockdown measures implemented by the Chinese government, which became even stricter in late March and were only gradually lifted from the beginning of June, had a very negative impact on orders in China.

Despite this context, orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (55.3 million euros) increased by 4% compared to Q2 2021. The annual value of new software subscription orders amounted to 1.9 million euros, down 14%.

Revenues increased by 12% compared to the 2021 Pro forma.

EBITDA before non-recurring items increased by 51% and the EBITDA margin before non-recurring items by 4.8 percentage points.

Partnership between Lectra Turkey and Glengo Teknoloji

On April 25, 2021, the Company announced that Lectra Turkey had joined forces with Glengo Teknoloji (see press release issued on that date).

3. FIRST HALF 2022

H1 2022 revenues (250.8 million euros) increased by 71%. EBITDA before non-recurring items (45.2 million euros) was up 95% and the EBITDA margin before non-recurring items was 18.0%.

Consolidated income from operations before non-recurring items amounted to 30.7 million euros (16.2 million euros in H1 2021), up 90%. This includes a 5.6-million-euro charge for amortization of intangible assets arising from the acquisitions of Gerber, Neteven and Gemini, and of the activity of Glengo Teknoloji.

Net income (20.2 million euros) was multiplied by 2.3.

Free cash flow before non-recurring items came to 14.7 million euros (14.3 million euros in H1 2021).

Comparison to the 2021 Pro forma

H1 orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (107.1 million euros) were up 8% compared to the 2021 Pro forma. The annual value of new software subscription orders (4.2 million euros) increased by 33%.

Despite the negative impact of the war in Ukraine and the lockdown measures in China, H1 2022 revenues increased by 11%. Revenues from perpetual software licenses, equipment and accompanying software, and non-recurring services (100.5 million euros) were up 10%, those from recurring contracts (80.2 million euros) by 11% and those from consumables and parts (70.1 million euros) by 12%.

EBITDA before non-recurring items increased by 44% and the EBITDA margin before non-recurring items by 4.1 percentage points.

Balance sheet at June 30, 2022

At June 30, 2022, the Group had a particularly robust balance sheet, with a consolidated shareholders' equity of 437.1 million euros (400.8 million euros at December 31, 2021) and a net financial debt of 13.3 million euros, consisting in financial debt of 118.5 million euros and available cash of 105.2 million euros.

The working capital requirement at June 30, 2022 was a negative 16.5 million euros.

4. BUSINESS TRENDS IN 2022

In its 2021 Financial Report, published February 9, 2022, the Group indicated that the acquisitions made in 2021, and particularly the acquisition of Gerber, give the Group a new dimension and open new perspectives.

It further explained that uncertainties persist regarding the evolution of the pandemic and its impacts on the macroeconomic environment and could continue to weigh on investment decisions by the Group's customers. To those uncertainties have been added the consequences of the war in Ukraine and of the strict lockdown measures implemented in China.

At the beginning of 2022, the Group set itself objectives of achieving, in the current fiscal year, revenues in the range of 508 to 556 million euros (+31% to +43%) and EBITDA before non-recurring items in the range of 92 to 104 million euros (+41% to +60%). These objectives were prepared on the basis of the closing exchange rates on December 31, 2021, and particularly $1.13 to the euro.

While the deterioration of the macroeconomic environment renders the level of order intake in the second half of the year uncertain, the order backlog at June 30 remains high and provides Lectra with good visibility regarding revenues in the coming months. Furthermore, the Group stands to benefit from the strength of the dollar against the euro, were the dollar to remain strong.

In light of the above, the Group now anticipates achieving full-year 2022 revenues in the range of 514 to 534 million euros (+33% to +38%) and EBITDA before non-recurring items in the range of 95 to 102 million euros (+46% to +57%). These new scenarios were established on the basis of the actual exchange rates in H1, and the rates on June 30, 2022, particularly $1.04/€1, for the second half of 2022.

The 2021 Annual Financial Report, as well as the Management Discussion and Analysis of Financial Conditions and Results of Operations and the financial statements for H1 2022 are available on lectra.com. Q3 and the first nine months of 2022 earnings will be published on October 25, 2022.

As a major player in the fashion, automotive and furniture markets, Lectra contributes to the Industry 4.0 revolution with boldness and passion by providing best-in-class technologies.
The Group offers industrial intelligence solutions - software, equipment, data and services - that facilitate the digital transformation of the companies it serves. In doing so, Lectra helps its customers push boundaries and unlock their potential. The Group is proud to state that its 2,500 employees are driven by three core values: being open-minded thinkers, trusted partners and passionate innovators.
Founded in 1973, Lectra reported revenues of 388 million euros in 2021 and is listed on Euronext Paris (LSS).

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