





Net income ( ) was

relating to the balance of the 2013 French research tax credit (in 2016, the balance of the 2012 French research tax credit was received in Q3).

**2017: Earnings in objectives**

million,

up 10%.

These results fall within the range of the objectives for revenues and income from operations communicated on February 9, 2017. They are a new historic record.

**Strong growth in orders for CAD/CAM equipment and software**

Orders for new systems ( ) were up 8% relative to 2016. Orders for new CAD/CAM and PLM software licenses increased by 14%, orders for CAD/CAM equipment and accompanying software by 9%, and orders for training and consulting decreased by 2%. Excluding *FocusQuantum*, orders for new systems increased by 15%.

At the same time, in 2017 the Company proceeded with its first sales of software with a Software-as-a-Service (SaaS) model, to a deliberately limited number of customers, in selected test countries. These sales y had been made in the form of perpetual on in orders for CAD/CAM and PLM software

licenses.



## 2017-2019 strategic roadmap: first progress report

The successful completion of the previous two roadmaps (2010-2012 and 2013-2016), combined with the 2014-2015 period, have enabled the Company to build its new strategic roadmap for 2017-2019 on particularly robust foundations. The strategic roadmap first published in the Financial Report dated February 9, 2017 constitutes the initial stage in the evolution of Lectra over the next ten years. Its objectives are to reinforce Lectra's global leadership and ensure sustainable growth, while preserving its short-term profitability.

The first year of the roadmap was successfully executed on the whole. Initial progress reports for the main sections of the roadmap are summarized below.

These four main trends (Millennials, digitalization of business, emergence of Industry 4.0 and evolving economy) and their impact were confirmed in 2017.

### Lectra, an indispensable player in Industry 4.0

The large number of reports from experts published in recent months confirm that Industry 4.0 has transformed how all companies operate and create value. The Company has everything needed to achieve its ambition to be an indispensable player in Industry 4.0.

In 2017 Lectra continued to develop its new cloud-based services and to carry out pilot tests with customers. These services will be included in the new software offers progressively commercialized in 2018; they will be compatible with all cutting machines sold since 2007, and with the latest releases of nearly all software.

### Developing the business model for profitable, long-term growth

The Company has decided to sell its future software offers exclusively with the SaaS model, while existing software will be sold using both the current approach (perpetual licenses with evolution contracts and online services) and in SaaS mode. Accordingly, the Company anticipates that most sales of its existing software over the next two years will be in the form of perpetual licenses.

The transformation of new software license sales into recurring subscriptions by deployment of the SaaS model will accordingly be a very gradual process: SaaS sales in total revenues will depend essentially on ramping-up new software offers.

Finally, the growth accelerators (China, leather, airbags, personalization of consumer products and digitalization of the fashion and apparel industry) that contributed to should continue to sustain revenue growth in 2018.

### Financial objectives

The Company had set the following financial targets for 2017-2019 (based on like-for-like comparisons assumption of a \$1.10/ exchange rate):

6% to 12% annual organic revenue growth;

15% annual operating margin before non-recurring items.

In 2017, on a like-for-roadmap.

However, in light of the appreciation of the euro in 2017 against most currencies particularly the dollar and the yuan and continuing exchange rate volatility, the Company has decided to replace its second financial objective is again on a like-for-like basis.



increased by 18% and came to 9.6% of revenues. Employees dedicated to R&D and innovation increased by 62 people in 2017.

#### Use of available cash

Thanks to the strength of its business model, the Company had a higher than expected positive net available cash of 17 million euros.

The Company will declare a dividend in respect of FY 2017 higher than the dividend in respect of FY 2016 and has sufficient cash to finance future targeted acquisitions.

#### Dividend of 0.08 per share

The Board of Directors will propose to the shareholders an annual dividend of 0.08 per share, 2018 to 2019, representing a payout ratio of 41% of 2017 consolidated net income and a yield of 1.5% based on the December 31, 2017 closing share price. Subject to approval by the shareholders, the dividend will be made payable on May 4, 2018.

#### Acquisition of the Italian company Kubix Lab

On January 25, 2018, Lectra announced the acquisition of the Italian company Kubix Lab (see press release of that day) and confirmed its intentions to make one or several targeted additional acquisitions in 2018 or 2019.

#### 2018 outlook

The Company entered 2018 with stronger than ever operating fundamentals and an even stronger balance sheet.

The main uncertainty concerns the level of orders for new systems and corresponding revenues, in light of persistent uncertainty in the macroeconomic, geopolitical, political and monetary environment that could affect business investment decisions.

#### High sensitivity to exchange rates

The Company has based its 2018 scenarios on the exchange rates in effect at year-end 2017, notably

When converting 2017 results using the exchange rates retained for 2018, revenues and income from operations before non-



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