

PRESS RELEASE
LACROIX GROUP
 (ISIN FR 0000066607)

Half-Year results, change in Governance & external growth

HALF-YEAR RESULTS

In Million Euros	31.03.2015	31.03.2014	Variation	30.09.2014
Revenue	190,7	171,8	+ 11 %	355,9
Profit from Operating Activities	3,5	6,5	- 47 %	13,3
Operating profit	1,4	5,9	- 76 %	12,6
Net income Group share	0,2	4,3	NS	8,9
Net debts / Equity (Gearing)	0,24	0,21	NA	0,22

The highlights of the first Half-Year are as follows:

- 1) In the Electronics division, a sharp rise in revenue (+26%), evenly distributed among the business sectors and sites, with a slight downturn in Profit from Operating Activities, mainly due to persistent difficulties in R&D and to non-recurring expenses generated by the strong growth and the introduction of many new products in manufacturing. The second Half Year therefore shows a clearly better trend and should allow the division to show a significant increase in Profit from Operating Activities over the Fiscal Year.
- 2) In the Telemetry division, a slight increase in revenue. Profit remains highly satisfactory considering the increase in R&D expenses and the reinforcement of the teams in charge of accelerating the development of solutions for an optimal use of water and energy resources, and the development abroad. Operating items are expected to continue following the same logic in the second Half-Year.
- 3) In the Traffic Signs division, in a very difficult context, a sharp decline in business (-16,5%) related to the decrease in community budgets. The Profit from Operating Activities is impacted accordingly and will show a loss over the year. Actions implemented to restore profitability will produce its first effects over the next Fiscal Year.

In this mixed environment, the consolidated income, despite a significant improvement during the second Half-Year, will be lower compared to the previous Fiscal Year. However, the Group, thanks to its strong financial structure and expertise in its three business areas, intends to continue investment generating sustainable and efficient growth in future-oriented business areas.

CHANGE IN GOVERNANCE

In this context, the generational transition which started 10 years ago, will reach a new stage from October 1st 2015, as the Supervisory Board has decided to appoint Mr Vincent BEDOUIN as Chief Executive Officer.

Vincent, 40 years-old, an EM Lyon graduate, started his career in the Telecoms & Multimedia sector at Vivendi Universal Net as Product Manager then Key Account Manager. He joined the Group 12 years ago, and headed the Electronics division during 10 years. He increased its revenue from 80 to more than 250 million Euros today.

A member of the Executive Board since 2013 and the Managing Director responsible for leading the development of the three divisions, he will replace Yves KROTOFF, who will remain a member of the Executive Board as an advisor, with a focus on financial communication and relations with the Supervisory Board until December 2016.

Vincent will be supported by Nicolas BEDOUIN, 37 years-old, an EDHEC graduate, who has been a member of the Executive Board and Finance Director since 2010.

This appointment shows a new cycle in the evolution of the Group which intends to continue its development by opening up to new areas and markets.

EXTERNAL GROWTH

With this objective, it has just completed the two following transactions:

- 1) Takeover of the Spanish leader's business in dynamic signaling (variable message signs, traffic lights and information panels for public transport passengers): **DSTA**. This transaction enables the Group not only to enlarge its offering, but also to open up to new promising markets in emerging countries, particularly in South America. The business generated €8,2M revenue in 2013, 50% of which coming from exports, and the revenue target is between €12M and €15M within 3 years.
- 2) Acquisition of 100% shares of the company SOGEXI, one of the French leaders in public lighting. With its headquarters in Lyon, SOGEXI designs, manufactures and sells devices allowing junction and protection of light sources as well as remote management solutions for street lighting maintenance and energy savings. With 55 employees, it generated €11,7M revenue and €2,1M Profit from Operating Activities in 2014. The target is between €15M and €20M within 3 years.

Considering the dates when they have been completed, both acquisitions will have little impact on the revenue and results of the Financial Year.

The Group still has a high investment capacity which is expected to be strengthened in the future thanks to the great potential generated by these two transactions to create industrial, technology and sales synergies.

Both acquisitions show the Group's desire to accelerate its growth while capitalizing on its expertise and adding complementary activities which strengthen its position as a player on the market of smarter, free-flowing, more resource-efficient cities, in France and abroad.

Contact: Yves KROTOFF – Tel: +33 (0)2 40 92 32 00 – y.krotoff@lacroix.fr

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