PRESS RELEASE

Lannion, September 27, 2018 – 8:00am

STRONG FIRST-HALF EARNINGS GROWTH

- **Operating income up +37% (pro forma)**
- **First effects of the drive to improve margins and ensure effective control over fixed costs**
- **Full-year revenue target of €100m confirmed**

The LUMIBIRD Group, the European leader for laser technologies, is reporting strong earnings growth for the first half of 2018, despite a moderate level of business in relation to its full-year targets. Operating income is up 37% pro forma compared with the first half of 2017, reflecting the combined impact of efforts to improve the gross margin, the effective management of fixed costs and a temporary margin effect for major Defense contracts. Based on the level of business at end-September and the commercial progress made, the Group is able to confirm its full-year revenue target of €100m.

Extract from the condensed half-year consolidated financial statements approved by the Board of Directors on September 26, 2018

At June 30 (€m)	2018 consolidated	2017 consolidated	2017 pro forma(1)	Pro forma change
Revenues	42.3	7.7	40.5	+4.4%
Income from ordinary operations	3.5	1.2	2.5	+37%
Operating income	3.5	1.2	2.5	+37%
Pre-tax income	3.3	1.0	2.1	+57%
Net income	2.6	0.7	1.9	+39%

(1) *Pro forma information based on the assumption that the QUANTEL/KEOPSYS business combination took place on January 1, 2017. All the changes referred to in this document are pro forma.*

Significant seasonality for business

First-half revenues came to €42.3m, with moderate growth of 4.4%. Considering the full-year target of €100m, revenues show significant seasonality over the year, linked in particular to:

- Sourcing delays for the **Industrial and Scientific Division** (-3.9% to €14.6m), which were largely resolved during the second quarter;

- Continued revenue growth for the very robust **Lidar Sensors** segment (+42% to €6.0m), with an increase in production capacity in line with demand from clients;
- Completion and delivery schedules gradually ramping up over the year for the **Defense Division** (+11.1% to €6.0m) and signing of a new €20m order in June for the MegaJoule contract;
- Major product launches during the first half of the year for the **Medical Division** (+0.2% to €15.7m), which resulted in delivery delays, but will help accelerate business over the second part of the year.

Improved margins and effective management of fixed costs

First-half operating income climbed to €3.5m, compared with €2.5m pro forma for the first half of 2017, up 37%. This growth primarily reflects a very significant improvement in the gross margin, thanks to effectively targeted efforts concerning materials costs, manufacturing times and reducing excess production cost. The improvement in margins is also linked to a reduction in the level of materials consumed for Defense contracts following the completion of the first series of MegaJoule orders, for which purchases consumed were mainly incurred in previous years. The overall reduction in purchases consumed represents €1.9m, split between €0.7m for Defense contracts and €1.2m for improvements in procurement across all the Group's activities.

Alongside this, the management team has focused on maintaining effective control over fixed costs, in a year of continuous transformation marked in particular by a legal and organizational restructuring.

Pre-tax income is up 57% pro forma to €3.3m, after factoring in €0.4m of finance costs, partially offset by €0.2m of positive foreign exchange differences.

Following a corporate income tax expense of €0.7m, net income represents €2.6m, up 39% pro forma compared with the first half of 2017.

Healthy financial position

At June 30, shareholders' equity came to €78.7m, with €14.6m of net debt and €4.4m of cash.

Net debt thus increased by € 4.6 million over the first half of the year, which is mainly due to the acquisition of Quantel Medical's real estate assets in Clermont Ferrand and an increase in working capital requirements, mainly in terms of inventory, to prepare for growth over the second half of the year.

Outlook

The positive impact of the end of the first MegaJoule series on the gross margin will be limited to the first half of the year, and the second series, starting up during the second half of the year, will lead to an increase in materials consumption again for the Defense Division. However, the efforts made across all the Divisions concerning materials costs, manufacturing times and reducing production cost overruns will have a lasting impact over the coming half-year periods.

Thanks to the increase in production capacity and strong level of orders, particularly for the Lidar Sensors and Medical Divisions, the Group is able to confirm its full-year revenue target of €100m for 2018.

Publication of the 2018 Half-Year Financial Report

The Lumibird Group's 2018 half-year financial report is filed today with the French financial markets authority (AMF) and made available on Lumibird's website.

Next date: Q3 2018 revenues on October 25, 2018 after close of trading

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LUMIBIRD is one of the world's leading laser specialists. With 50 years of experience and expertise in solid state laser, laser diode and fiber laser technologies, the Group designs, manufactures and markets high-performance lasers for scientific (laboratories and universities), industrial (manufacturing, defense, Lidar sensors) and medical (ophthalmology) markets.

Created through the business combination between Keopsys Group and Quantel in October 2017, LUMIBIRD has more than 400 employees and over €85 million of revenues (2017 pro forma) and is present in Europe, America and Asia.

LUMIBIRD shares are listed on Euronext Paris Compartment C. FR0000038242 – LBIRD **www.lumibird.com**

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