



For Immediate Release

Contact: Angélique Cuihé
 e-mail: a.cuilhe@lectra.com
 Phone : +33 (0)1 53 64 42 95 - Fax : +33 (0)1 53 64 43 40

Q3 2005:

- Revenues: €52 million, down 2%
- Income from operations: €2.8 million, up 13%

(in millions of euros)	July 1 - September 30		January 1 - September 30	
	2005	2004 pro forma ⁽¹⁾	2005	2004 pro forma ⁽¹⁾
Revenues	52.0	53.1	153.9	166.9
<i>Change (like-for-like)⁽²⁾</i>	-2%		-7%	
Income from operations	2.8	2.4	3.8	5.9
<i>Change (like-for-like)⁽²⁾</i>	+13%		-26%	
Net income	2.0	1.7	2.7	4.1
Free cash flow	0.8	n/a	2.3	n/a
Stockholders' equity at September 30, 2005 and December 31, 2004			83.1	88.4
Net cash at September 30, 2005 and December 31, 2004			5.8	17.5

(1) pro forma 2004 figures correspond to 2004 figures restated on the basis of the 2005 scope of consolidation and of the impact of the new IFRS 2 (stock options) and IFRS 3 (goodwill) reporting standards

(2) "like-for-like" refers to 2005 figures restated at 2004 exchange rates (which are not reported in this condensed table) and pro forma 2004 figures

Paris, October 28, 2005. The Board of Directors of Lectra, chaired by André Harari, today reviewed the unaudited consolidated financial statements for the third quarter and first nine months of 2005.

Business activity continued to be affected by the impact of the abolition of textile quotas by the WTO as of January 1, 2005. The protective measures unilaterally decided by the United States and the compromise negotiated by the European Union with China led to a freeze on investment decisions by Chinese manufacturers.

Against this background, orders for new systems fell by approximately 14% relative to Q3 2004.

Aggregate revenues were again squeezed by weak sales of new systems, which fell by €3.1 million (-10%), while recurring revenues increased €1.7 million (+8%).

The company continued to improve its margins nevertheless, and also to keep overhead costs under control. As a consequence, the operating margin was 5.5%.

First nine-months of 2005: Income from Operations and Net Income Confirm the Improvement in Key Operating Ratios

Sales of New Systems Decline Sharply - Robust Growth in Recurring Contracts

Revenues from new systems sales (€80.1 million) decreased by 17% compared to the first nine months of 2004. Orders for new systems decreased by 19%. This decline was felt strongly in all our main markets.

At the same time, revenues from recurring contracts grew by a robust €4.3 million (+11%). This performance reflects the result of proactive measures taken in prior years. Overall, recurring revenues (€73.9 million)—which also include spare parts and consumables—grew by 8% and accounted for 48% of total revenues.

The dollar's average decline of 3% versus the euro compared to the first nine months of 2004 augmented competitive pressures. The company nevertheless improved its gross margin by 3 percentage points.

Income from operations was €3.8 million, down only €1.5 million relative to the first nine months of 2004 although revenues declined by €11.8 million.

Free cash flow (€2.3 million) was roughly equal to net income.

Lectra Maintains its Intensive Research & Development Effort

Research and development spending (€13 million) is fully expensed in the period and represents 8.4% of total revenues. With more than 220 engineers and technicians, Lectra confirms its priority focus on innovation in consolidating the company's technological leadership.

A key feature of the R&D plan is the development of Lectra's PLM (Product Lifecycle Management) offering for the fashion and apparel industry—a strategic challenge for the company, currently engaging the efforts of 100 employees. This new generation of software entitles customers to manage the entire lifecycle of their products and pilot collection development, notably by integrating PDM (Product Data Management), product design, and development software on a 100% Web-based platform.

Short Term Visibility Remains Poor

In the short term, the turbulence sparked by the abolition of textile quotas continues, and has already proved longer-lasting and more profound than experts predicted. At the same time, the situation in the automotive sector is highly contrasted: certain major U.S. and European manufacturers and equipment makers are struggling, while their Japanese rivals are thriving. This situation has led to even greater complexity and uncertainty. Short-term visibility regarding future activity therefore remains poor where sales of new systems are concerned—recurring revenues are to a large extent known in advance—and the utmost caution is still called for.

Concerning the medium term, the company's view remains unchanged. All companies can be expected to seek to adjust to the new economic conditions by acquiring the indispensable technology means to succeed in today's fundamentally altered conditions. The gradual lifting of economic and geopolitical uncertainty, in particular the ending of the current "wait-and-see" attitude, should trigger a rebound in technology investment, and generate new opportunities for Lectra.

The Management Discussion and Analysis of Financial Condition and Results of Operations for the third quarter and first nine months of 2005 are available at www.lectra.com. Full-year 2005 results will be published on February 9, 2006, after the close of Euronext Paris.

With a staff of 1,600, Lectra is number one worldwide in software and CAD/CAM equipment dedicated to industrial users of textiles, leather, and other soft materials. Lectra is present across a broad array of major markets, including fashion and apparel; luggage & leather goods; footwear; furniture & furnishings; and the automotive, aerospace, and marine industries.

Lectra (code ISIN FR0000065484) is listed on the Eurolist (compartment B) of Euronext Paris.

www.lectra.com