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First Quarter 2005: Net Income Close to Break Even
Despite Weakened Revenues Resulting from the Abolition of Textile Quotas

(in millions of euros)	January 1 - March 31		
	2005	2004	
		actual	pro forma[1]
Revenues	47,1	42,0	54,5
Change (actual)	*+12%*		
Change (like-for-like) [2]	*-12%*		
Income from operations	(0,9)	(0,2)	(0,6)
Net income	(0,5)	(0,3)	(0,4)
Free cash flow	0,8	3,0	
Stockholders' equity at March 31, 2005 and December 31, 2004	87,7	86,4	
Net cash at March 31, 2005 and December 31, 2004	14,0	19,4	

[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 and pro forma 2004 figures

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

Sales of New Systems Especially Hard-Hit by the Abolition of Textile Quotas as of January 1, 2005

In its press release of February 10 on the financial results of 2004, the company indicated that the abolition of textile quotas by the WTO as of January 1, 2005 created a climate of indecision and hesitancy both in countries where prime contractors are based as well as in the subcontracting countries, further compounding the uncertainties surrounding sales activities in the first months of the year. Pending a clearer vision of the real initial impact of the ending of quotas, technology investment was at risk of remaining far below customers’ equipment needs.

The actual outcome has, unfortunately, proven worse than any of the experts expected. Initial figures regarding trends in Chinese exports have triggered a shock wave, no less, due to the spectacular scale of their growth recorded. This new situation threatens to disrupt the market in its entirety, amplifying concerns and paralyzing investment decisions as companies seek their bearings and ponder the best course to follow.

At the same time, internal reorganization measures taken by Lectra and redeployment of its teams, notably in the United State and Europe, in order to match the radical changes taking place in its markets and drive forward its growth strategy, have continued to create a drag on business activity.

In these conditions, orders for software licenses and equipment decreased by 30% (–€11.7 million) like-for-like.

Growth in orders for new systems from China (up 55% like-for-like), and from Japan (up 64%). Asia-Pacific accounted for 36% of orders, compared with 19% in Q1 2004. All the other regions, with a handful of exceptions, were down (Europe accounted for 40% of orders, versus 52% in Q1 2004).

Growth in Recurring Contracts Outpaces Forecasts

Revenues from software evolution contracts and recurring services contracts showed an excellent rise (+12%, +€1.6 million); this reflects both the results of proactive measures taken in prior years and the ramp-up of sales of service contracts to former Investronica customers. Overall, recurring revenues—which also include sales of spare parts and consumables—grew by 7% to €23.6 million.

Key Operating Ratios Improved Overall

The further slide in the dollar was down almost 5% relative to Q1 2004, further sharpened competitive pressures. The company improved its margins overall. The drive to optimize these overheads is continuing in 2005.

Weak revenues from new systems (€23.3 million, down 26%) resulted in a loss of €0.9 million on operations. Thanks to the overall improvement in key operating ratios, the loss on operations was unchanged relative to Q1 2004. The operating margin, at –2%, was also unchanged.

The company generated €0.8 million in free cash flow, exceeding net income by €1.3 million.

The group's balance sheet remains extremely strong. Net cash, after taking into account the total payment for the three acquisitions, totals €14 million (€19.4 million at December 31, 2004).

Closing of the acquisition of Humantec

The signature of the definitive agreements, the closing and payment in full of the consideration due on the acquisition of Humantec—based in Germany and specialized in leather cutting systems for the automotive and furniture & furnishings markets—were completed on March 24, 2005. The process of merging the companies' teams and product catalogues began at the beginning of the year and will be completed in the second quarter.

FY 2004 Dividend

Subject to Stockholders' approval at the meeting on April 29, 2005, the dividend of €0.13 per share in respect of 2004 will be made payable on May 10, 2005.

Short Term Visibility Remains Poor

In the short term, the market turmoil following the abolition of textile quotas could prove longer-lasting and have a more pronounced impact than the experts expected. Visibility regarding future activity therefore remains very poor.

The main uncertainty for the company concerns the date and scale of the resumption of technology spending by its customers, their investment decisions being on hold for the time being. These investments are nonetheless indispensable to succeed in today's fundamentally different conditions. The situation for new systems orders in April shows no change from the first quarter of 2005.

These particular circumstances call for great caution regarding quantified assumptions for 2005. The company sees no reason at this juncture to either confirm or revise the revenues and earnings ranges communicated at the beginning of the year. These will be adjusted, if necessary, in light of changes in the environment, at the time of publication of the Q2 financial results.

The Management Discussion and Analysis of Financial Condition and Results of Operations for Q1 2005, and financial statements for the period are available at **www.lectra.com**. The Annual Shareholders' Meeting will take place in Paris on April 29, 2005. Q2 2005 results will be published on July 28 after the close of the Euronext.