



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

Q1 2006:

- **Revenues: €50.9 million (+8%)**
- **Income from operations: €1.4 million, up €2.4 million**
- **Free cash flow: €6 million before non-recurring items**

(in millions of euros)	January 1 - March 31	
	2006	2005
Revenues	50.9	47.1
<i>Change (actual)</i>	+8%	
<i>Change (like-for-like)⁽¹⁾</i>	+5%	
Income from operations	1.4	(0.9)
Net income	1.7	(0.5)
Free cash flow before non-recurring items ⁽²⁾	6.0	0.8
Stockholders' equity at March 31, 2006 and December 31, 2005	69.7	67.0
Net cash at March 31, 2006 and December 31, 2005	10.1	10.2

⁽¹⁾ "Like-for-like" refers to 2006 figures restated at 2005 exchange rates (which are not indicated in this table)

⁽²⁾ "Non-recurring items" include €7.6 million of payments corresponding to non-recurring items for which allowances were booked in 2005

Paris, April 27, 2006. The Board of Directors of Lectra, chaired by André Harari, today reviewed the unaudited consolidated financial statements for the first quarter of 2006.

Increase in Revenues

Orders for new software licenses and CAD/CAM equipment were up 6% overall (+€1.3 million) at actual exchange rates, and 2% (+€0.5 million) like-for-like, relative to Q1 2005.

Revenues totaled €50.9 million, an increase of €3.8 million (+ 8%) at actual exchange rates and €2.3 million (+ 5%) like-for-like relative to Q1 2005. European revenues were up 9%, North American revenues were up 8%; Asia-Pacific revenues were down 1%.

Revenues from new systems sales (€26.2 million) increased moderately (+3% like-for-like) compared to Q1 2005. Recurring revenues (€24.6 million) increased at a more robust pace (+7%).

The order book for new software licenses and CAD/CAM equipment at March 31, 2006 totaled €16 million, unchanged from December 31, 2005, as orders registered in the quarter were equivalent to revenues from new software licenses and CAD/CAM equipment.

Income from Operations Confirms the Improvement in Key Operating Ratios

Reflecting the gross margin's stability and the company's tight control over expenses—while increasing R&D spending by 7%, to €4.6 million—income from operations was €1.4 million, a rise of €2.4 million at actual exchange rates and €1.8 million like-for-like, compared with a loss of €0.9 million for Q1 2005.

The company generated €6 million in free cash flow before non-recurring items, an increase of €5.2 million relative to Q1 2005. Free cash flow exceeded net income by €4.3 million. This performance stems primarily from the action plan initiated by the company at the end of 2005 to cut inventories, and to boost down payments on orders and accelerate the collection of accounts receivable. After payment of non-recurring items of €7.6 million, for which allowances were booked in 2005, free cash flow was negative €1.6 million.

Dividend

Subject to approval at the Shareholders' Meeting of April 28, 2006, the dividend in respect of 2005 (€0.13 per share) will be made payable on May 10, 2006.

Business Trends and Outlook

In Lectra's 2005 annual report, the Board of Directors stated that, after the setbacks of 2005, new systems sales were expected to rebound in 2006. Nonetheless, the timing and scale of this rebound remain uncertain, as companies may continue to hesitate for several months to come.

This analysis remains unchanged due to the still-modest growth in orders for new software licenses and CAD/CAM equipment in Q1 2006 relative to Q1 2005 and the fact that they continue to lag sharply behind their 2004 level. A single quarter is too short a period on which to extrapolate geographic or market sector trends.

At this date, short-term visibility for revenues from new systems sales therefore remains poor, while recurring revenues for 2006 are, to a large extent, known.

In this uncertain context, the IMB trade show, held every three years in Cologne, Germany, will take place on May 10-13, 2006 and will provide an indication of market trends for the upcoming months.

The Management Discussion and Analysis of Financial Condition and Results of Operations for Q1 2006 are available at www.lectra.com. Q2 2006 results will be published on July 27, 2006, after the close of Euronext Paris.

With 1,500 worldwide employees and \$260 million in 2005 revenues, Lectra is the world leader in software, CAD/CAM equipment and related services dedicated to large-scale users of textiles, leather and industrial fabrics. Lectra addresses a broad array of major global markets, including fashion (apparel, accessories, footwear), automotive, aeronautical and furniture.

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

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