



For Immediate Release

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

Q2 2007 Better Than Expected:

- **A Successful Launch for the New Technology Offering**
- **Orders for New Systems: +15%**
- **Revenues: €54.6 million (-1%)⁽¹⁾**
- **Income from operations: €3.5 million (-25%)⁽¹⁾**

(1) like-for-like

(in millions of euros)	April 1 - June 30 ⁽⁴⁾		January 1 - June 30	
	2007	2006	2007	2006
Revenues	54.6	56.3	104.2	107.2
Change (like-for-like) ⁽¹⁾	-1%		0%	
Income from operations	3.5	5.4	3.4	7.6
Change (like-for-like) ⁽¹⁾	-25%		-38%	
Net income	2.3	4.1	2.3	5.8
Free cash flow before non-recurring items ⁽²⁾	(2.7)	5.8	(2.5)	11.8
Equity ⁽³⁾			21.8	72.2
Net cash ⁽³⁾			(49.6)	8.7

⁽¹⁾ Like-for-like: 2007 figures restated at 2006 exchange rates (which are not indicated in this table)

⁽²⁾ Non-recurring components of free cash flow: net disbursements of €1.9 million in Q2 and €3.2 million in first-half 2007 (€0.6 and €8.2 million in Q2 and first-half 2006)

⁽³⁾ At June 30, 2007 (after completion of the Public Stock Buyback Tender Offer and its financing via a medium-term loan) and at December 31, 2006

⁽⁴⁾ Data for Q2 2007 and Q2 2006 have not been reviewed by Statutory Auditors

Paris, July 27, 2007. The Board of Directors of Lectra, chaired by André Harari, today reviewed the consolidated financial statements for the first half of 2007, after a limited review by the Statutory Auditors.

(Detailed comparisons between 2007 and 2006 are like-for-like)

A Successful Launch for the New Technology Offering at the Beginning of the Year, Thanks to a €50 million R&D Outlay

With a total of 200 cutting systems ordered in the first half of 2007 (of which 165 new generation Vector systems launched in early February), the company registered an increase of 33% relative to first-half 2006, demonstrating the success of this new generation across all market segments and geographies. The major manufacturing regions of the world—such as China, the Indian subcontinent, Eastern Europe and South America—have unanimously highly praised these cutting solutions specialized in large production runs. The major contracting countries—such as the United States, Italy and Japan—meanwhile, have favored Lectra's fast, flexible cutting systems dedicated to small production runs.

Encouraging Growth in Orders for New Systems

In its February 9, 2007 press release, the company stated that first-half 2007 sales activity was likely to suffer from the product launches, which could temporarily depress orders, revenues, earnings and free cash flow.

Like the first quarter, the second quarter proved better than expected overall. Orders for new software licenses and CAD/CAM equipment were up 15% (+€4.1 million) relative to Q2 2006. They included the signature, at the end of June, of an exceptional €4.2 million contract for the period 2007-2010.

Overall, orders for the first six months of the year were up 13% (+16% for new software licenses, and +12% for CAD/CAM equipment).

Revenues Lag Due to the Progressive Ramping Up of Production of the New Generation of Cutting Solutions

The progressive ramping up of manufacturing facilities for the new generation of cutting systems continued in the second quarter, although not sufficiently to absorb the accumulated backlog. This accounts for the temporary lengthening of lead times between booking of an order for CAM equipment and billing since the beginning of the year.

As a result of these lead times, Q2 revenues for new systems (€28.5 million) were down 7% relative to Q2 2006. Recurring revenues (€26.1 million) were up 8%. Aggregate revenues (€54.6 million) were slightly down (-1%). Income from operations (€3.5 million) improved sharply relative to the Q1 2007 loss on operations of -€0.1 million, but was down €1.3 million (-25%) relative to Q2 2006.

First-half Performance Better than Expected Overall

First-half revenues (€104.2 million) were unchanged relative to first-half 2006, with revenues from new systems down 6% at €52.6 million, and recurring revenues rising 7% to €51.6 million.

Income from operations (€3.4 million) was down €2.9 million, like-for-like. The main reason for this decline stemmed from the lead times between orders for new systems booked in the semester and billings, and from the aggregate cost of Lectra World 2007 (€1.6 million) which was fully expensed in the period.

The deepest impact of these disturbances was felt in free cash flow before non-recurring items. Exceptionally, this was a negative €2.5 million, mainly due to a temporary increase in inventories, whereas the company's business model is geared to generating free cash flow exceeding net income.

Order Backlog Rises Sharply

The order backlog for new software licenses and CAD/CAM equipment at June 30, 2007 (€21.5 million, including €17.1 million deliverable in second-half 2007) was up €9.0 million relative to December 31, 2006, at actual exchange rates.

Post- Public Stock Buyback Tender Offer Balance Sheet Structure

The public stock buyback tender offer, from May 3 through 22, 2007, concerning 20% of the capital stock at a price of €6.75 per share, ex-2006 dividend, was completed successfully. The transaction was financed by a €48 million medium-term bank loan provided by the company's two long-term banks, Société Générale and Natixis, enabling Lectra to introduce a degree of financial leverage into the structure of its balance sheet.

Consequently, stockholders' equity at June 30, 2007 amounted to €21.8 million, versus €72.2 million at December 31, 2006, and net financial borrowings amounted to €49.6 million, versus a net cash of €8.7 million at December 31, 2006.

Business Trends and Outlook

The level of orders received in the first half of 2007 confirm the company's sales growth assumptions for new systems sales for the second half and subsequent years.

The progressive ramping up of production of the new generation cutting systems should nevertheless continue to have negative impacts on billings of new CAD/CAM equipment beyond June 30, 2007, and to drag down free cash flow until the end of the year.

At the same time, the dollar's recent weakening has led the company to assume a new parity of \$1.38/€1 for the second half of the year, which would mechanically reduce forecast revenues by around €3.5 million and income from operations by €1.2 million.

In these conditions, the company expects second-half 2007 revenues of between €63 and €71 million, a rise of between 11% and 24%, like-for-like, relative to second-half 2006. Growth in recurring revenues in second-half 2007 is expected to be identical to the figure for the first half, resulting in aggregate revenues of between €115 and €123 million. Income from operations excluding non-recurring items, if any, are expected to come to between €11 and €15 million, an increase of between 25 and 63% like-for-like.

In light of first-half results, these new assumptions are expected to yield FY 2007 revenues of between €220 and €228 million and income from operations excluding non-recurring items, if any, of between €14.5 and €18 million.

The Management Discussion and Analysis of Financial Condition and Results of Operations for First-Half 2007 are available at www.lectra.com. Q3 2007 results will be published on October 30, 2007, after the close of Euronext Paris.

With more than 1,500 employees worldwide, 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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