



## For Immediate Release

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### First nine months of 2006:

- **Revenues: €158.3 million (+3%)**
- **Income from operations\*: €10 million (+€6.2 million)**
- **Net income: €8.4 million (+€5.7 million)**
- **Free cash flow\*: €13.8 million (+€11.5 million)**

\*before non-recurring items

(in millions of euros)	July 1 - September 30		January 1 - September 30	
	2006	2005	2006	2005
Revenues	51.1	52.0	158.3	153.9
Change (like-for-like) <sup>(1)</sup>	0%		+3%	
Income from operations before non-recurring items <sup>(2)</sup>	4.1	2.8	10.0	3.8
Change (like-for-like) <sup>(1)</sup>	+60%		+163%	
Income from operations	3.8	2.8	9.8	3.8
Net income	2.7	2.0	8.4	2.7
Free cash flow before non-recurring items <sup>(3)</sup>	2.0	0.8	13.8	2.3
Stockholders' equity <sup>(4)</sup>			69.5	67.0
Net cash <sup>(4)</sup>			8.9	10.2

<sup>(1)</sup> Like-for-like: 2006 figures restated at 2005 exchange rates (which are not indicated in this table)

<sup>(2)</sup> Non-recurring items: net charge of €0.2 million in Q3 2006

<sup>(3)</sup> Non-recurring items: net payments of €0.2 million for Q3 2006 and €8.5 million for the first nine months of 2006 (for which €8.1 million of allowances were booked in 2005)

<sup>(4)</sup> At September 30, 2006 and December 31, 2005

Paris, October 30, 2006. 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 2006.

(Detailed comparisons between 2006 and 2005 are like-for-like)

### Q3 2006: Revenues Stable – New Growth in Income from Operations and Net Income

Third-quarter orders for new software licenses increased by 3%, and those for CAD/CAM equipment by 2%, relative to Q3 2005. Overall, orders increased by 2% (+€0.5 million).

Revenues for Q3 2006 totaled €51.1 million, unchanged compared to Q3 2005.

Income from operations before non-recurring items amounted to €4.1 million, up €1.2 million (+43%) at actual exchange rates and €1.7 million (+60%) like-for-like.

The company generated €2 million in free cash flow before non-recurring items; this represents an increase of €1.2 million.

## First Nine Months of 2006: Strong Increase in Income from Operations Confirms the Improvement in Key Operating Ratios

Relative to the first nine months of 2005, orders for new software licenses increased by 6%, and those for CAD/CAM equipment decreased by 5%. Overall, orders were down 1% (–€1 million).

Trends were mixed in Lectra's main geographic markets. Orders in Europe fell by 9%, while they rose 2% in North America and 15% in Asia-Pacific. It should be emphasized that orders jumped 65% in China. Confirming the company's view, the Sino-European agreement of June 2005 and the Sino-American agreement of November 2005 opened up new prospects for Chinese firms until 2007-2008, encouraging them to resume their investments in technology.

Revenues (€158.3 million) increased by 3%. Revenues from new systems sales (€84.5 million) remained stable compared to 2005. Recurring revenues (€73.7 million) increased by €3.8 million overall (+5%).

Despite the weakness of the dollar and strong competitive pressures, the company continued to improve its margins while at the same time maintaining firm control over expenses. Income from operations before non-recurring items was €10 million. The €6.2 million increase (+163%) was €2.3 million greater than the increase in revenues (€3.9 million). The operating margin (6.3%) increased by 3.9 percentage points.

The company generated €13.8 million in free cash flow before non-recurring items—six times the figure for the first nine months of 2005 (€2.3 million).

### Business trends and outlook

In Lectra's 2005 annual report, the Board of Directors discussed the company's foreseeable business trends and future prospects, together with its strategy and medium-term financial objectives. The Board stated that after a disappointing 2005, new systems sales were expected to rebound in 2006, though the timing and scale of that rebound remained uncertain as companies could continue to hesitate.

The expected rebound has thus far not materialized. Visibility regarding revenues from new systems sales in the fourth quarter of 2006 remains poor. While conditions continue to demand caution, the company's current assumption is that Q4 revenues from new systems sales will remain roughly the same as in 2005 and that, as a consequence, full-year 2006 revenues are likely to be close to €216 million.

With this level of revenues, income from operations before non-recurring items should come to around €14 million. On this assumption, income from operations would increase by approximately 75% compared to 2005, while revenues would increase by only 2%. Income from operations would be 40% higher than the figure forecasted at the beginning of the year, for the same level of revenues. At the same time, the free cash flow already generated gives grounds to expect another excellent performance this year, exceeding the company's objectives.

The Management Discussion and Analysis of Financial Condition and Results of Operations for the third quarter and first nine months of 2006 are available at [www.lectra.com](http://www.lectra.com). Full-year 2006 results will be published on February 9, 2007, after the close of Euronext Paris.

*With 1,500 worldwide employees, 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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