



For Immediate Release

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FY 2006:

- **Revenues: €216.1 million (+3%)⁽¹⁾**
- **Income from operations⁽²⁾: €14.1 million (90%)⁽¹⁾**
- **Free cash flow⁽²⁾: €15.4 million (+86%)**

⁽¹⁾ like-for-like – ⁽²⁾ before non-recurring items

| (in millions of euros) | October 1 - December 31 | | January 1 - December 31 | |
|--|-------------------------|--------|-------------------------|--------|
| | 2006 | 2005 | 2006 | 2005 |
| Revenues | 57.8 | 57.3 | 216.1 | 211.2 |
| Change (like-for-like) ⁽¹⁾ | +5% | | +3% | |
| Income from operations before non-recurring items ⁽²⁾ | 4.3 | 4.3 | 14.3 | 8.1 |
| Change (like-for-like) ⁽¹⁾ | +25% | | +90% | |
| Income from operations | 4.3 | (15.0) | 14.1 | (11.1) |
| Net income | 3.7 | (15.1) | 12.1 | (12.3) |
| Free cash flow before non-recurring items ⁽³⁾ | 1.6 | 5.6 | 15.4 | 8.3 |
| Stockholders' equity at December 31, 2006 | | | 72.2 | 67.0 |
| Net cash at December 31, 2006 | | | 8.7 | 10.2 |

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

⁽²⁾ Non-recurring items: net charge of €0.2 million in Q3 2006; net charge of €19.2 million in Q4 2005

⁽³⁾ Non-recurring items: net payments of €1.2 million for Q4 2006 and €9.7 million for FY 2006; net payments of €0.7 million for FY 2005

Paris, February 9, 2007. The Board of Directors of Lectra, chaired by André Harari, today reviewed the audited consolidated financial statements for 2006.

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

Q4 2006: Growth in Revenues and Earnings

Business activity for Q4 2006 reflected a slight fall-off in total orders for new software licenses and CAD/CAM equipment, down 2% relative to Q4 2005.

Total revenues amounted to €57.8 million, up 5%.

Income from operations amounted to €4.3 million, unchanged at actual exchange rates. This represents a rise of €1 million (+25%) like-for-like, compared to Q4 2005 income from operations before non-recurring items. The operating margin increased by 1.4 percentage points to 7.4%.

FY 2006: Robust Growth in Earnings and Free Cash Flow

Revenues for full-year 2006 totaled €216.1 million, up €6.5 million (+3%) relative to 2005.

Trends were mixed in Lectra's main geographic markets. In Europe, orders for new software licenses and CAD/CAM equipment fell by 9%; Italy alone recording outstanding growth of 20%. Orders increased slightly in North America (+1%). There was sustained growth in the Asia-Pacific region, with a rise of 14%. Especially noteworthy was the 46% jump in orders in China relative to 2005, when business was severely affected by the abolition of textile quotas.

The expected rebound in sales of new systems did not materialize in 2006. New software license revenues (€33.7 million) increased by 9% overall compared to 2005. CAD/CAM equipment revenues were unchanged at €71.8 million.

Revenues from new systems sales in the fashion market declined by 4% overall; automotive, aeronautical and marine market revenues rose by 15%; and furniture market revenues fell by 14%. These markets represented 58%, 34% and 8% of total revenues, respectively.

Overall, revenues from new systems sales (€116.2 million) increased by 1% relative to 2005. Recurring revenues (€99.9 million) increased by €5.4 million overall (+6%), and accounted for 46% of total revenues.

Income from operations before non-recurring items amounted to €14.3 million, up €7.3 million (+90%). In reported figures the increase was €1.3 million greater than the growth (€4.9 million) in revenue. The operating margin (6.6%) increased by 3.3 percentage points. This performance confirms the improvement in Lectra's key operating ratios.

Net income was €12.1 million.

The company generated €15.4 million in free cash flow before non-recurring items—nearly twice the figure for 2005 (€8.3 million). This resulted from €24.9 million in net cash provided by operating activities, and €9.5 million in capital expenditure.

Dividend Increased by 15%

Confirming its confidence in the future, and in light of earnings growth for the past year, the Board of Directors has decided to propose the distribution of a dividend of €0.15 per share in respect of 2006 at the forthcoming Shareholders' Meeting on April 30, 2007. Subject to Shareholders' approval, the dividend will be made payable on May 10, 2007.

Lectra World 2007 – Lectra Unveiled its Latest Technologies

To unveil its technological innovations to the world, Lectra organized a series of events on the occasion of Lectra World 2007. Lectra World 2007 began by gathering together more than 1,000 Lectra employees from all over the world in Bordeaux, from January 31 through February 2, 2007.

On February 5 and 6, 400 customers, prominent figures from the fashion universe, institutions, and journalists from the world over attended a congress in Bordeaux dedicated to the fashion industry. Lectra unveiled its latest technological innovations (*see press releases of January 18, 26 and 29, and February 2, 2007*). In particular it presented its new generation of *Vector* cutting systems—representing an R&D outlay of more than €12 million and mobilizing more than 80 engineers over 3 years. Lectra also presented its new service contracts based notably on the capability of the new *Vector* to perform auto-diagnostics and to automatically communicate with Lectra's Call Centers. Finally, numerous new software applications were unveiled, especially in 3D virtual prototyping, automated grading of patterns, collaborative design, and PLM.

Lectra confirms its mid-term financial goals

Last year, the company stated that, based on prospects at the time, it expected to achieve by 2008—or 2009 at the latest—revenues of €300 million, with a 15% operating margin, and continue to generate free cash flow in excess of net income. These targets assumed an average parity of \$1.25 / €1 over the period.

While the expected rebound in sales of new systems did not materialize in 2006, making it unlikely that Lectra will achieve its targets in 2008, the company remains confident of achieving them in 2009, assuming the same euro-dollar parity.

The company continued to invest in essential areas in 2006 in order to achieve its growth potential in the context of the new challenges it faces. Lectra has accelerated its transformation through numerous recruitments and training programs; sustained its intensive R&D drive (nearly €80 million over the past five years) and IT systems overhaul; and reinforced its customer-dedicated infrastructures.

The company therefore now expects its five key growth drivers to start delivering their benefits in full, namely: PLM for the fashion industry; major automotive customers; the United States and China; and, finally, the evolution, renewal and development of Lectra's installed base of 17,000 customers, and the extension of related services.

Lectra enters 2007 in a position of strength

Lectra enters 2007 in a position of strength. It has bolstered its teams significantly; they are motivated and ready for action. It has an entirely new, highly competitive product offering. Its financial fundamentals have improved in recent years and these are now extremely robust. Finally, it continues to step up its investment in R&D, with an ambitious plan, guaranteeing its technological leadership.

Assumptions for 2007 are based on a parity of \$1.33/€1, which will negatively impact revenues (by approx. 2%) and earnings (by approx. €2.7 million) by comparison with the average parity for 2006 (\$1.26/€1). At the date of publication, the company has not hedged its net dollar exposure for 2007.

First-half sales activity, however, is likely to suffer from the product launches, which could temporarily depress orders, revenues, earnings and free cash flow—particularly in the first quarter.

In light of the positive impacts these launches are expected to produce in the full-year, revenues are expected to come to between €220 and €235 million (respectively +4% and +11% relative to 2006, like-for-like).

Due to the combination of improved operating ratios and a rise of approx. 10% in fixed costs relative to 2006, income from operations excluding non-recurring items is expected to come to between €11.5 and €16.5 million, a growth of between 0 and 43%, like-for-like, relative to 2006.

The Management Discussion and Analysis of Financial Condition and Results of Operations for the fourth quarter and full-year 2006 are available at www.lectra.com. Q1 2007 results will be published on April 27, 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.

www.lectra.com