



## For Immediate Release

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### Full-Year 2007:

- **Orders for new software licenses and equipment: +11%<sup>(\*)</sup>**
- **Revenues: €216.6 million (+3%)<sup>(\*)</sup>**
- **Income from operations before non-recurring items: €11.2 million (-20%)<sup>(\*)</sup>**

**(\*) like-for-like**

(in millions of euros)	October 1 - December 31		January 1 - December 31	
	2007	2006	2007	2006
Revenues	60.1	57.8	216.6	216.1
<i>Change like-for-like<sup>(1)</sup></i>	+7%		+3%	
Income from operations before non-recurring items <sup>(2)</sup>	3.6	5.2	11.2	17.5
<i>Change like-for-like<sup>(1)</sup></i>	-13%		-20%	
Income from operations <sup>(2)</sup>	2.6	5.2	10.2	17.3
Net income	1.0	3.7	5.8	12.1
Free cash flow before non-recurring items <sup>(3)</sup>	6.0	1.5	(1.9)	15.4
Stockholders' equity <sup>(4)</sup>			26.3	72.2
Net cash <sup>(4)</sup>			(50.8)	8.7

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

<sup>(2)</sup> Starting on January 1, 2007, the (French) tax credit for research is deducted from R&D expenses, whereas previously it was deducted from the income tax charge. This change has also been restated in the 2006 financial statements

<sup>(3)</sup> Non-recurring components of free cash flow: net disbursements of €1.2 million in Q4 2007 and €6.4 million in FY 2007 (€1.2 and €9.7 million in Q4 2006 and FY 2006)

<sup>(4)</sup> At December 31

**Paris, February 11, 2008.** The Board of Directors of Lectra, chaired by André Harari, today reviewed the audited consolidated financial statements for the full-year 2007.

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

### Fourth Quarter 2007

Business activity in Q4 2007 saw a weakening of the positive trend seen since the start of the year. After solid growth of 14% in the first nine months of the year, compared to the same period in 2006, orders for new software licenses and CAD/CAM equipment were only 3% up overall (€0.7 million) compared with Q4 2006.

Revenues and income from operations before non-recurring items are in line with the company's expectations, published on October 30.

Free cash flow returned strongly to positive figures in Q4. After registering a negative free cash flow of €7.9 million during the first nine months, the company generated €6.0 million in free cash flow before non-recurring charges in Q4 2007, an increase of €4.5 million relative to Q4 2006.

### Full Year 2007

With solid growth of 11% (+ €10.6 million) business activity in 2007 showed new momentum. Orders for new software licenses increased by 20%, and those for CAD/CAM equipment by 6%.

With orders for 442 *Vector* cutting systems (+43%) booked in the course of 2007, compared to 309 in

2006, the commercial success of the new generation, launched at the beginning of the year, was stronger and faster than expected.

The gradual build-up of numbers of *Vector* cutting systems manufactured continued, reducing delivery times to 4–6 weeks at the end of December. The objective is to return to delivery in 3 weeks, the company's standard, by the end of Q1 2008.

At €216.6 million, revenues were up by €6.9 million (+ 3%) like-for-like. Revenues from new systems sales were stable whereas recurring revenues showed sustained growth of 7%.

Income from operations before non-recurring items amounted to €11.2 million, down 20% on a like-for-like basis. This decline was primarily due to longer lead times between the booking of orders for new systems during the period and billings.

The mechanical impact of currency fluctuations (in particular the dollar's weakening) alone reduced revenues by €6.5 million (–3%) and income from operations before non-recurring items by €2.7 million (–20%).

Net income amounted to €5.8 million at December 31, 2007 (€12.1 million in 2006), giving net earnings per share on basic and diluted capital of €0.19 and €0.18, respectively, compared with €0.34 and €0.34 in 2006.

The company registered, exceptionally, a negative free cash flow before non-recurring items of €1.9 million owing to the temporary €9.2 million increase in working capital requirement following the launching of the new generation of automated cutting systems.

As the volume of orders for *Vector* cutting systems was greater than the manufacturing capacity, and as a result of the signature of two multi-year contracts for a total amount of €8 million signed with a French group that is a world leader in its field, the order backlog for new software licenses and CAD/CAM equipment at December 31 (€19.8 million) increased by €7.3 million relative to January 1st 2007, on an actual basis.

#### New Post-Stock Buyback Tender Offer Balance Sheet Structure

As a consequence of the public stock buyback tender offer for 20% of the capital stock in May, consolidated stockholders' equity amounted to €26.3 million at December 31, 2007.

Cash and cash equivalents totaled €10.9 million. Financial borrowings totaled €61.7 million, of which €48 million corresponds to the medium-term bank loan put in place to finance the public stock buyback tender offer, and €12.6 million to the temporary use of cash credit facilities.

In 2008, the company will have to suspend its policy of paying dividends to its shareholders, as the accounting treatment of the public stock buyback tender offer mechanically reduced retained earnings to a negative amount at December 31, 2007. Confirming its confidence in the future, the Board of Directors intends pursuing the dividend distribution policy, as soon as the reserves have been reconstituted.

#### Business Trends and Outlook

At the time of writing, macro-economic conditions are particularly uncertain. Formulating a view of the outlook for 2008 as well as for the mid-term is therefore a difficult exercise.

At the beginning of 2007, the company stated that its prospects should enable it to achieve revenues of €300 million in 2009, with a 15% operating margin (assuming an average parity of \$1.25/€1). Unless there is a particularly strong acceleration in the pace of business activity, these objectives will not be met.

The company remains confident, however, in its medium-term growth outlook. The three major objectives in its strategic plan are to accelerate the pace of organic growth, to increase profitability by regularly increasing the operating margin, and to generate free cash flow greater than net income.

In this context, the company's expectations for the year 2008 are as follows (changes are like-for-like compared with the 2007 results translated at the exchange rates used for the 2008 scenarios, in particular a parity of \$1.50/€1):

- revenues of between €220 million and €230 million, up by 5–10%,
- income from operations before potential non-recurring items of between €11.5 million and €14.5 million, up 33–67%.

These scenarios would lead to net earnings per share of between €0.22 and €0.29, up 18–55% compared to €0.19 in 2007.

Free cash flow before non-recurring items should return to normal and exceed net income in 2008.

The Management Discussion and Analysis of Financial Condition and Results of Operations for the fourth quarter and full-year 2007 are available at [www.lectra.com](http://www.lectra.com). First quarter 2008 financial results will be published on April 29, 2008, after the close of Euronext Paris. The Annual Shareholders' meeting will take place on April 30, 2008.

*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 Euronext Paris (compartment B).*

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