



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

First Half of 2006:

- **Revenues: €107.2 million (+5%)**
- **Income from operations: €6 million (+ €5 million)**
- **Free cash flow: €11.8 million before non-recurring items (+€10.3 million)**

(in millions of euros)	April 1 - June 30 ⁽³⁾		January 1 - June 30	
	2006	2005	2006	2005
Revenues	56.3	54.8	107.2	101.9
<i>Change (actual)</i>	+3%		+5%	
<i>Change (like-for-like)⁽¹⁾</i>	+3%		+4%	
Income from operations	4.5	1.9	6.0	1.0
Net income	4.1	1.3	5.8	0.8
Free cash flow before non-recurring items ⁽²⁾	5.8	0.7	11.8	1.5
Stockholders' equity at June 30, 2006 and December 31, 2005			67.9	67.0
Net cash at June 30, 2006 and December 31, 2005			8.4	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 payments of €0.6 million for Q2 2006 and €8.2 million for the first half of 2006 corresponding to non-recurring items for which allowances were booked in 2005

⁽³⁾ Data for Q2 2006 and Q2 2005 have not been reviewed by Statutory Auditors

Paris, July 27, 2006. The Board of Directors of Lectra, chaired by André Harari, today reviewed the consolidated financial statements for the first half of 2006, after a limited review by the Statutory Auditors.

Detailed comparisons between 2006 and 2005 are based on the 2005 exchange rates ("like-for-like")

Q2 2006: Strong Growth in Income and Free Cash Flow

Orders for new software licenses increased by 6%, and those for CAD/CAM equipment decreased by 12%. Overall, orders for new software licenses and CAD/CAM equipment were down 7% (–€2 million) relative to Q2 2005.

Revenues for Q2 2006 totaled €56.3 million, an increase of 3%.

Income from operations (€4.5 million) increased by €2.7 million (+140%).

The company generated €5.8 million in free cash flow before non-recurring items. This represents an increase of €5.1 million relative to Q2 2005, and exceeds net income by €1.7 million.

First Half of 2006: Clear Improvement in Key Operating Ratios

Orders for new software licenses increased by 7%, and those for CAD/CAM equipment decreased by 7%. Overall, orders for new software licenses and CAD/CAM equipment were down 3% (–€1.5 million)

relative to the first half of 2005. In general, the lead time for obtaining contract signatures remains long.

Lectra signed PLM projects with three new customers and the company is optimistic about the potential to conclude, in the second half of 2006, several projects which advanced well in the first half.

Revenues for the first half of 2006 (€107.2 million) increased by 4% compared to the first half of 2005. European revenues increased 7%, while North American revenues remained stable and Asia-Pacific revenues were down 1%.

Revenues from new systems sales (€57.9 million) increased by €1.5 million (+3%) compared to the first half of 2005. Recurring revenues (€49.3 million) grew by €2.4 million (+5%) overall.

The order backlog for new software licenses and CAD/CAM equipment at June 30, 2006 totaled €14.4 million, down €1.2 million from December 31, 2005, as orders registered in the first half fell slightly below revenues from new software licenses and CAD/CAM equipment.

Despite the weakness of the dollar and strong competitive pressures, the company improved its margins. At the same time, its continued to maintain tight control over expenses.

Income from operations was €6 million. The operating margin (5.6%) increased by 4.2 percentage points relative to the figure for the first half of 2005. At actual exchange rates, it increased by €5 million, while revenues increased by €5.3 million.

The company generated €11.8 million in free cash flow before non-recurring items, nearly eight times greater than in the first half of 2005 (€1.5 million).

Business Trends and Outlook

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

The company took the view that if the expected rebound in activity were to materialize only at the end of the year, with sales of new systems remaining at their 2005 level, revenues would be roughly €216 million (up 2% relative to 2005) and income from operations approximately €10 million (up 23% relative to 2005, excluding non-recurring items).

Business activity in the first half of 2006 demonstrated that the rebound expected by the company has yet to materialize.

The seesaw evolution of orders from one month to the next and from one sector or country to another means that visibility on revenues from new systems sales remains poor. On the other hand, recurring revenues for 2006 are, to a large extent, known in advance. While the company remains cautious for revenues for the second half of 2006, the confirmed improvement in operating ratios offers grounds for viewing trends in income from operations and free cash flow with equanimity.

The Management Discussion and Analysis of Financial Condition and Results of Operations for the first half of 2006 are available at www.lectra.com. Q3 2006 results will be published on July 30, 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.

www.lectra.com