

H1 2014: Increase in Revenues and in Income from Operations*

- Revenues: €100.2 million (+4%)**
- Income from operations*: €6.1 million (+3%)**
- Net income: €4.6 million
- Free cash flow: €6.6 million
- Net cash: €28.9 million

* Before 2013 non-recurring items

** Like-for-like

in millions of euros	April 1 – June 30		January 1 – June 30	
	2014	2013	2014	2013
Revenues	52.5	50.9	100.2	99.2
Change like-for-like (%) ⁽¹⁾	+6%		+4%	
Income from operations before non-recurring items	3.8	4.1	6.1	7.2
Change like-for-like (%) ⁽¹⁾	+10%		+3%	
Operating margin before non-recurring items (in % of revenues)	7.3%	8.0%	6.1%	7.2%
Income from operations ⁽²⁾	3.8	4.1	6.1	18.3
Net income ⁽²⁾	2.8	2.4	4.6	14.6
Free cash flow ⁽²⁾	3.8	0.9	6.6	14.2
Shareholders' equity ⁽³⁾			83.4	83.8
Net cash ⁽³⁾			28.9	28.6

(1) Like-for-like: 2014 figures restated at 2013 exchange rates

(2) In 2013, the €11.1 million received from the litigation against Induyco resulted in a non-recurring income of the same amount, a net income of €10 million and an increase of €11.1 million in free cash-flow and cash position

(3) At June 30, 2014 and December 31, 2013

Paris, July 30, 2014. Today, Lectra's Board of Directors, chaired by André Harari, reviewed the consolidated financial statements for the first half of 2014, after a limited review by the Statutory Auditors.

(Unless stated otherwise, comparisons between 2014 and 2013 are like-for-like).

Q2 2014: Sharp Rise in Orders for New Systems

Orders for new systems (€24.8 million) were up €3.8 million (+18%) compared with Q2 2013. New software licenses (€5.8 million) increased by 13% and CAD/CAM equipment (€15 million) by 12%. Training and consulting (€3.5 million) rose by €1.3 million (+58%), confirming customers' interest in Lectra's new strategy which puts consulting at the heart of its value proposition.

Orders for new systems for the second quarter rose significantly relative to Q1 orders (€19 million).

Increase in Revenues, Operating Margin and Net Income

Revenues (€52.5 million) were up 6% (+3% at actual exchange rates). Revenues from new systems sales (€22.3 million) increased by €1.8 million (+9%), recurring revenues (€30.2 million) by €1.2 million (+4%).

Income from operations amounted to €3.8 million, up €0.4 million (+10%) like-for-like. The operating margin (7.3%) increased by 0.3 percentage points.



At actual exchange rates, income from operations decreased by €0.3 million (–6%).

Net income (€2.8 million) was up €0.4 million (+16%) at actual exchange rates.

Free cash flow (€3.8 million) increased by €2.9 million.

Opening of a South Korean Subsidiary

South Korea is, after China, one of the spearheads of Lectra's Asian expansion, particularly in automotive, fashion and apparel markets where South Korean companies are set to become major global players.

Lectra has been present in the country for more than 25 years, through its exclusive agent Impa Systems, which entire staff has joined this new subsidiary, established at the end of April and based in Seoul.

Implementing the Company's Transformation Plan

In its February 11, 2014 report, the company restated in full its strategic roadmap for 2013-2016, as well as its transformation plan and investments for the future, launched at the end of 2011, representing €50 million and presented its first progress report. A second progress report will be presented on February 11, 2015.

These investments are fully expensed, although their benefits will be felt progressively.

First Half 2014: Financial Results Overall in Line with the Company's Minimum Objective for FY2014

The roadmap corresponding to the company's minimum objective communicated on February 11, 2014 anticipated revenues of €103 million and income from operations of €6 million for H1 2014.

While revenues at actual exchange rates (€100.2 million) lag the roadmap slightly—owing to weak Q1 orders for new systems and less favorable exchange rates over the half-year—income from operations (€6.1 million) for the first half is in line with the roadmap thanks to a more favorable sales mix, improved margins and lower-than-expected overhead costs.

Orders, Revenues and Order Backlog Up

Orders for new systems (€43.9 million) were up €4.6 million (+11%) relative to H1 2013.

Revenues (€100.2 million) were up 4% like-for-like (+1% at actual exchange rates).

Revenues from new systems sales (€40.7 million) increased by 3%, recurring revenues (€59.4 million) by 4%.

At June 30, 2014, the order backlog of new systems (€16.3 million) was up €3.1 million relative to December 31, 2013, at actual exchange rates.

Income from Operations Rises despite Increasing Investments for the Future

The gross profit margin amounted to €73.4 million. Its increase of €4.5 million relative to H1 2013 is €0.8 million higher than that of revenues.

Income from operations before non-recurring items (€6.1 million) increased by 3% and the operating margin before non-recurring items (6.1%) remained stable.

At actual exchange rates, investments for the future related to the company's transformation plan, which are fully expensed, accounted for 2.5 percentage points in the reduction of the operating margin before non-recurring items relative to H1 2013, and for 6.2 percentage points relative to H1 2011, before the plan's inception.

Net income reached €4.6 million (€4.6 million in H1 2013 excluding non-recurring items).

Free cash flow amounted to €6.6 million (€3 million in H1 2013 before non-recurring items of €11.1 million).



A Zero-Debt Company, a Very Strong Balance Sheet

At June 30, 2014, consolidated shareholders' equity reached to €83.4 million, and cash and cash equivalents €29.3 million after payment of the €6.6 million dividend declared in respect of fiscal 2013. Financial borrowings have been reduced to €0.4 million.

Notice of Extraordinary Shareholders' Meeting

At its meeting on July 30, 2014, the Board of Directors decided to invite shareholders to attend an Extraordinary Shareholders' Meeting on September 26, 2014 in order to approve certain modifications and simplifications to the company's articles of incorporation. In particular, the Board of Directors is proposing to modify the age limit for Directors and for the Chairman of the Board of Directors, and to maintain the principle of one share equals one vote, derogating from the French March 29, 2014 Act ("Loi Florange").

2014 Outlook

The company entered 2014 with even more solid operating fundamentals than in 2013 and an even stronger balance sheet. In its February 11, 2014 report and its 2013 annual report, to which readers are invited to refer, the company discussed business trends and its outlook at length.

It indicated that the company's objective is to reach, for fiscal year 2014, at the minimum, total revenues of approximately €214 million (+7% relative to 2013), income from operations before non-recurring items of around €18 million (+10%), an operating margin before non-recurring items of 8.3% (increasing slightly), and net income of around €12.5 million (stable at actual exchange rates, excluding 2013 non-recurring items). These figures were based on exchange rates at February 1, 2014, notably \$1.35/€1.

In light of the first-half results, this objective remains relevant.

Positive results from the recent recruitment drive should start to be felt from the second half onward as recent recruits reach their full potential.

Q3 earnings will be published on October 29, 2014.

The Management Discussion and Analysis of Financial Condition and Results of Operations and the financial statements for the first half of 2014 are available on lectra.com.

With more than 1,400 employees worldwide, Lectra is the world leader in software, CAD/CAM equipment and associated services specifically designed for industries using fabrics, leather, technical textiles and composite materials to manufacture their products. Lectra serves major world markets: fashion and apparel, automotive (car seats and interiors, airbags), and furniture, as well as a broad array of other industries (aeronautics, marine, wind power, etc.).

Lectra (code ISIN FR0000065484) is listed on Euronext (compartment B).

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