

2013: Increase in Revenues and Income – Continuation of Investments for the Future

- Revenues: €203 million (+5%)^(*)
- Income from operations before non-recurring items: €17.5 million (+4%)^(*)
- Net income: €21.8 million
- Free cash flow: €17.6 million
- Net cash: €28.6 million
- Dividend^(**): €0.22 per share
- Share price: +75%

^(*) like-for-like

^(**) proposed to the Annual Shareholders' Meeting on April 30, 2014

| In millions of euros | October 1 - December 31 | | January 1 - December 31 | |
|--|-------------------------|-------|-------------------------|-------|
| | 2013 | 2012 | 2013 | 2012 |
| Revenues | 53.0 | 51.1 | 203.0 | 198.4 |
| Change like-for-like (%) ⁽¹⁾ | +8% | | +5% | |
| Income from operations before non-recurring items | 4.2 | 5.1 | 17.5 | 19.3 |
| Change like-for-like (%) ⁽¹⁾ | +0% | | +4% | |
| Operating margin before non-recurring items (in % of revenues) | 8.0% | 10.0% | 8.6% | 9.7% |
| Income from operations ⁽²⁾ | 3.5 | 5.1 | 27.9 | 19.3 |
| Net income ⁽²⁾ | 2.9 | 3.6 | 21.8 | 13.3 |
| Free cash flow ⁽²⁾ | 1.6 | 5.8 | 17.6 | 11.5 |
| Shareholders' equity ⁽³⁾ | | | 83.8 | 65.0 |
| Net cash ⁽³⁾ | | | 28.6 | 14.2 |

⁽¹⁾ Like-for-like: 2013 figures restated at 2012 exchange rates

⁽²⁾ In 2013, the outstanding €11.1 million received in 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 December 31

Paris, February 11, 2014. Today, Lectra's Board of Directors, chaired by André Harari, reviewed the consolidated financial statements for the fiscal year 2013.

(Unless stated otherwise, comparisons between 2013 and 2012 are like-for-like.).

Q4 2013

As a result of persistently sluggish business conditions, orders for new software licenses and CAD/CAM equipment (€17.1 million) were down €2.3 million (-12%) compared with Q4 2012. These orders amounted to €16.2 million in Q1, €18.7 million in Q2, and €19.4 million in Q3 2013 and remained stable in the first nine months.

Income from Operations Remained Stable

Revenues (€53 million) were up 8% (+4% at actual exchange rates). Revenues from new systems sales (€23.1 million) increased by 11% and recurring revenues (€30 million) by 6%.

Income from operations before non-recurring items (€4.2 million) remained stable like-for-like. The operating margin before non-recurring items was 8%, down 0.7 percentage point, due to the rise in fixed overhead costs resulting primarily from the transformation plan.

Net income (€2.9 million) was down by €0.7 million at actual exchange rates.

2013

The most cautious scenario, stated by the company on February 12, 2013, expected total revenues of approximately €203 million for the fiscal year and income from operations before non-recurring items of around €15 million.

At actual exchange rates, revenues are in line with this scenario. Income from operations before non-recurring items, meanwhile, exceeded expectations by €2.5 million.

Orders for New Software Licenses and CAD/CAM Equipment Hurt by the Weak Economic Situation in Europe

Global growth was weaker than expected in 2013, and the hoped-for revival of confidence failed to materialize. Orders for new software licenses and CAD/CAM equipment (€71.4 million) were down 3% relative to 2012.

Geographically, the situation remained uneven. While orders in Asia-Pacific and in the Americas increased by 4% and 2% respectively, those in Europe dropped by 20%. Orders in the rest of the world increased by 33%. Orders in emerging countries (57% of total orders) increased by 2%, while those in developed countries (43% of total orders) decreased by 9%. The share of emerging countries continued to increase (54% in 2012 and 41% in 2007, the last pre-crisis year).

Orders in the automotive market increased by 5%, going from 37% to 40% of total orders. Orders also rose in the furniture sector (+4%). By contrast, orders in the fashion and apparel sector were down 6%, their share decreasing slightly to 47% of total orders, and down 37% in other industries.

Rise in Revenues

Revenues (€203 million) were up by 5% (+2% at actual exchange rates) relative to 2012. Revenues increased by 14% in the Americas and by 12% in Asia-Pacific, but decreased by 5% in Europe (–13% in France).

Revenues from new systems sales (€84.9 million), which are heavily dependent on the state of the economy, increased by 3% and represented 42% of total revenues. Recurring revenues (€118.1 million) increased by €8.5 million (+7%), resulting from a 5% rise in revenues from recurring contracts and 11% rise in revenues from spare parts and consumables. Recurring revenues accounted for 58% of total revenues.

This confirmation of the acceleration in the growth of recurring revenues is a remarkable performance. The increase in the gross margin on recurring revenues alone covered the entire rise in fixed overhead costs in 2013.

At December 31, 2013, the order backlog of new software licenses and CAD/CAM equipment (€9.6 million) was down €2.5 million relative to December 31, 2012.

Income from operations before non-recurring items (€17.5 million) was up 4% relative to 2012.

An Operating Margin of 8.6% before Non-Recurring Items, Despite Lower-Than-Expected Growth and the Impact of Investments for the Future

The operating margin before non-recurring items (8.6%) was unchanged like-for-like. At actual exchange rates, it was down 1.1 percentage points. Expenditures corresponding to investments for the future in connection with the transformation plan (€5.9 million) accounted for practically the entire increase in fixed overhead costs. They accounted for 2.7 percentage points of the reduction of the operating margin relative to 2012, and for 4.8 percentage points relative to 2011, before the plan's inception.

Income from operations amounted to €27.9 million, notably after inclusion of the €11.1 million non-recurring income reflecting receipt of the outstanding amount in the litigation against Induyco.

Strong Net Income and Free Cash Flow

Net income reached €21.8 million (€12.5 million excluding non-recurring items) and free cash flow €17.6 million (€6.5 million excluding non-recurring items).

A Zero-Debt Company, Shareholders' Equity and Net Cash Position Bolstered Once More

Consolidated shareholders' equity amounted to €83.8 million (+29%). Cash and cash equivalents totaled €29.5 million (+41%) and the net cash position was positive at €28.6 million (+100%).

Dividend Maintained at €0.22 per Share

The Board of Directors will propose to the annual Shareholders' Meeting to maintain a dividend of €0.22 per share in respect of fiscal 2013. The total dividend represents a payout ratio of 52% of 2013 net income excluding non-recurring items (30% of net income) and a yield of 2.7% based on the December 31, 2013 closing share price. Subject to approval by the shareholders, the dividend will be made payable on May 7, 2014.

Sharp Increase of Share Price

The company's share price at December 31, 2013, was €8.29, up 75% on the year, a level not seen in nearly ten years. Trading volumes increased sharply, with the number of shares traded rising by 92% and trading volumes up 141%.

Lectra's shares were transferred from Compartment C to Compartment B of NYSE Euronext on January 29, 2014.

Strategic Roadmap for 2013-2015: Progress Report

2013 was the second year of implementation of the transformation plan and investments for the future representing €50 million, and the first year of the new strategic roadmap 2013-2015 presented on February 12, 2013.

While orders and revenues from new systems have fallen behind relative to the action plan, recurring revenues have grown on the other hand faster than expected. Fixed overhead costs were lower than planned, thanks to a tight grip on expenditures other than investments for the future and due to certain delays in implementation of the transformation plan. All other metrics are in line or better than expected.

The transformation plan has resulted in extensive renewal of Lectra's sales and marketing teams— primarily in Corporate functions, North America, China, and Germany/Eastern Europe—, and a strengthening of software R&D teams.

As of 31 December, 2013, the sales and marketing teams totaled 277 (+63 since end 2011), a third of which joined the Group in 2013 and 50% since the launch of the plan. R&D teams came to 250 (+32 since end 2011).

Due to the above elements and to the economic environment, it would be prudent to consider that the company will only reach in 2016 the financial objectives it had set for 2015.

2014 Outlook

The year 2014 looks both difficult and unpredictable like 2013. The latest growth forecasts for 2014 and 2015 confirm signs of a partial upturn in certain developed countries, particularly the United States and Japan, while Europe continues to accumulate structural difficulties and could face a deflation. At the same time, growth in certain emerging countries has been revised downward. Finally, there has been an increase in certain currency risks, e.g. tapering in the US and the fall in emerging markets' currencies.

Given that the order backlog at January 1 and given the weak sales activity in January, Q1 2014 revenues are expected to be stable and income from operations down relative to Q1 2013, at around €48 million and €1.5 million, respectively.

However, there are now more customer projects in negotiation than at the beginning of 2013. Positive results should start to be felt from the second half onward, as recent recruits reach their full potential.

The company has based its 2014 scenarios on exchange rates of February 1, 2014, notably \$1.35/€1 (variations are like-for-like). The conversion of 2013 results to 2014 rates on which the 2014 scenarios are based have the effect of reducing revenues and income from operations before non-recurring items by €2.6 million and €1.3 million, respectively, to €200.4 million and €16.2 million. The operating margin before non-recurring items decreases by 0.5 percentage point to 8.1%.

At the date of this press release, the company has not hedged its currency exposure for 2014.

As in previous years, the main uncertainty concerns revenues from new systems sales. Visibility remains limited, calling for continuing caution.

The company's objective is to reach, at the minimum, total revenues of approximately €214 million (+7% relative to 2013) for the fiscal year, 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 (unchanged at actual exchange rates, before 2013 non-recurring items).

Nevertheless, the company hopes to exceed these figures and partly make good the shortfall relative to its initial plan. For every extra €1 million in revenues from new systems sales, income from operations would increase by approximately €0.45 million.

Free cash flow should continue to exceed net income less the net amount of the French research tax credit and competitiveness and employment tax credit recognized or reimbursed in 2014.

The Company is Confident in its Medium-Term Growth Prospects

The company entered 2014 with even more solid operating fundamentals than in 2013 and an even stronger balance sheet.

Bolstered by the strength of its business model and the relevance of its strategic roadmap, the company is confident in its growth prospects for the medium term.



First quarter earnings for 2014 will be published on April 29, 2014. The Annual Shareholders' Meeting will take place on April 30.

The Management Discussion and Analysis of Financial Conditions and Results of Operations and the financial statements for Q4 and the fiscal year 2013 are available at www.lectra.com. Audit procedures have been applied to the consolidated financial statements. The statutory auditors' certification report will be issued after the Board of Directors meeting on February 25, 2014.

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 NYSE Euronext (compartment B).

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