

Q1 2009:

- Revenues: €37.6 million (-30%)*
- Loss from operations: €3.2 million
- Net loss: €3.2 million
- Free cash flow: +€11.6 million

* like-for-like

(in millions of euros)	January 1 - March 31	
	2009	2008
Revenues	37.6	52.0
<i>Change like-for-like⁽¹⁾</i>	<i>-30%</i>	
Income (loss) from operations	(3.2)	1.6
<i>Change like-for-like⁽¹⁾</i>	<i>(5.1)</i>	
Net income (loss)	(3.2)	0.6
Free cash flow	11.6	(1.1)
Shareholders' equity ⁽²⁾	24.8	28.1
Net financial borrowing ⁽²⁾	45.1	56.4

⁽¹⁾ Like-for-like: 2009 figures restated at 2008 exchange rates

⁽²⁾ At March 31, 2009 and December 31, 2008

Paris, April 29, 2009. Today, Lectra's Board of Directors, chaired by André Harari, reviewed the unaudited consolidated financial statements for the first quarter of 2009.

(Detailed comparisons between 2009 and 2008 are like-for-like.)

Orders Remain Weak

Business conditions were particularly weak in the first quarter, with many customers reporting a further severe deterioration in their situation, and visibility remaining very limited.

Given these conditions, the company experienced another decline in business activity, as customers continued to cut their costs and to freeze or postpone investment decisions. All market sectors and geographic markets have been affected.

As a result, Q1 orders for new software licenses and CAD/CAM equipment (€10.4 million) were down 50% overall compared to Q1 2008. This fall off in orders gathered pace in 2008 with each succeeding quarter, culminating in a fall of 48% in Q4 2008.

At the same time, orders for spare parts and consumables, which traditionally hold up well, have fallen sharply, something which happened for the first time in Q4 2008, due to significantly lower production levels and plant closures.

Revenues and Earnings Fall Sharply

Q1 2009 revenues (€37.6 million overall) were down 30% relative to Q1 2008. Revenues from new systems sales (€13.9 million) were down 50%. Recurring revenues (€23.7 million) decreased by 9%, the result of a slight increase (1%) in revenues from subscription contracts—a nonetheless satisfactory result, given the current economic conditions—and a 25% decrease in revenues from spare parts and consumables.

As the company had anticipated on February 12, 2009, income from operations was negative at –€3.2 million. While the loss on operations was a direct result of the combined impact of significantly lower sales of new systems and of spare parts and consumables, it was partly limited by the impact of measures implemented in 2008 to cut fixed overhead expenses.

The company registered a net loss of €3.2 million.

Free Cash Flow Highly Positive

Free cash flow (+€11.6 million) benefited from the advance repayment in Q1 2009 of €14.1 million corresponding to the (French) research tax credits for the years 2005 through 2008, which were recognized in the balance sheet at December 31, 2008. These advance repayments were a result of measures announced by the French government on December 4, 2008, under its economic stimulus plan.

Business Trends and Outlook

The financial report of February 12, 2009 on the Q4 and full-year 2008 financial statements discussed this matter in detail, as did the Annual Report for 2008. The company explained that 2009 will be a difficult year for Lectra as for all companies worldwide, and has opted not to formulate any estimates regarding its outlook for 2009, given the total lack of visibility.

Macroeconomic conditions remain unchanged and therefore call for extreme vigilance. These deteriorated conditions are expected to persist over the coming quarters, and orders for new software licenses and CAD/CAM equipment remain weak, although it is impossible to estimate the extent of this weakness.

First-quarter results are consistent with the key objectives set out in the 2009 action plan, made necessary by the unprecedented scale of the global economic crisis. This plan, which has been in force since January 1, 2009, allowed for fixed overhead costs to be adjusted so as to reach the company's breakeven point (i.e., to keep net income positive) if orders for new software licenses and CAD/CAM equipment booked in 2009 are 15% less than in 2008 (representing a decline of 42% relative to 2007) and if recurring revenues remain stable. On that basis, corresponding revenues would amount to €178 million and income from operations €1.7 million.

If orders for new systems in the next quarters remain at the same level as in the first quarter, adjusted solely for the effects of seasonal variations in Lectra's activity, orders for the full year could record a fall by around 30% relative to 2008 (representing a decline of 52% relative to 2007). Furthermore, if the sharp downturn in sales of spare parts and consumables continues over the coming quarters, this could undermine the aforementioned breakeven scenario, with recurring revenues for the period falling by approximately 6–8%. Meanwhile, the cost-cutting measures implemented in 2008 are expected to reveal their full impact from the second quarter onward.

The company will very probably register a further loss on operations in the second quarter of 2009. However, even in these circumstances, income from operations should return to breakeven or be slightly positive in the second half.



As stated on February 12, the company will be obliged to take additional cost-cutting measures in order to lower its fixed overhead costs even further if the impact of the crisis deepens.

At the same time, free cash flow before non-recurring items should be positive in all financial scenarios.

The Annual Shareholders' Meeting will take place on April 30, 2009. First half earnings for 2009 will be published on July 30, 2009.

The Management Discussion and Analysis of Financial Condition and Results of Operations for Q1 2009 are available on **lectra.com**.

With nearly 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, and footwear), automotive (car seats and interiors, airbags), and furniture, as well as a wide variety of other industries, such as the aeronautical and marine industries, wind power, etc.

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

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