Press Release

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First Nine Months 2011:

Sharp Increase in Orders and Earnings - 2011 Outlook Confirmed

- Revenues: €153.3 million (+12%)(*)
- Income from operations: €21.7 million (+44%)(*)(**)
- Net income: €14.6 million (+54%)(**)
- Free cash flow: €12.8 million
- Net cash: €7.3 million

(*) like-for-like
(**) variation compared to income before non-recurring items in 2010

In millions of euros	July 1 - September 30 [4]		January 1 - September 30 [4]	
	2011	2010	2011	2010
Revenues	51.2	48.2	153.3	140.0
Change like-for-like (%) [1]	*+9%*		*+12%*	
Income from operations before non recurring items	8.8	8.3	21.7	16.6
Change like-for-like (%) [1]	*+16%*		*+44%*	
Operating margin before non recurring items (in % of revenues)	*17.2%*	*17.1%*	*14.1%*	*11.9%*
Income from operations [2]	8.8	11.5	21.7	19.9
Net income	5.8	7.7	14.6	12.0
Free cash flow	4.5	3.4	12.8	22.2
Shareholders' equity [3]			53.9	42.0
Net cash [3]			7.3	(2.4)

(1) Like-for-like: 2011 figures restated at 2010 exchange rates

(2) Including a non-recurring profit of €3.3 million in Q3 2010, resulting from the receipt of €15.1 million in the arbitration against Induyco; no non-recurring items in Q3 2011

(3) At September 30, 2011 and December 31, 2010

(4) Data for Q3 and the first nine months have not been reviewed by the Statutory Auditors

Paris, October 27, 2011. Today, Lectra's Board of Directors, chaired by André Harari, reviewed the unaudited consolidated financial statements for the third quarter and first nine months of 2011.

(Unless stated otherwise, detailed comparisons between 2011 and 2010 are like-for-like.)

Q3 2011

Order Level in Line with the Company's Expectations

With a total of €20.6 million, a level essentially equal to that of the first and second quarters (respectively €21.9 million and €21.2 million) of 2011, orders for new software licenses and CAD/CAM equipment booked in Q3 confirm the momentum registered since the beginning of the year.

Orders were up 4% compared to Q3 2010, which had been especially high due to the fact that several exceptionally large orders were registered.

Meanwhile, revenues from spare parts and consumables (€10.6 million) continued to grow at a fast pace, increasing by 12%, principally reflecting the increase in the installed base and customers' production volumes.

Strong Operating Profitability

At €51.2 million, revenues were up 9% relative to Q3 2010 (+6% at actual exchange rates). Revenues from new systems sales (€24.5 million) were up 15%, recurring revenues (€26.7 million) 4%.

Income from operations (€8.8 million) increased €1.3 million (+16%) relative to income from operations before non-recurring items for Q3 2010 (+€0.5 million and +7% at actual exchange rates).

The operating margin was 17.2%, an increase of 1.1 percentage points relative to the operating margin before non-recurring items for Q3 2010.

Net income (€5.8 million) decreased €1.8 million at actual exchange rates compared to Q3 2010, which had benefited from a non-recurring gain of €3.3 million resulting from the receipt of €15.1 million from the Induyco litigation (no non-recurring items in Q3 2011). Excluding non-recurring items, net income rose by €0.5 million.

Free cash flow amounted to €4.5 million.

First Nine Months of 2011

Orders and earnings for the first nine months of 2011 confirm the continuing return to dynamic sales activity and the strengthening of Lectra's operating ratios and balance sheet, already significantly reinforced in 2010.

Strong Increase in Orders

Orders for new software licenses and CAD/CAM equipment (€63.7 million) were up 17% relative to the first nine months of 2010. Orders in the first nine months of 2010 had already significantly increased (+69%) compared to the first nine months of 2009, which had been severely affected by the financial crisis.

While the automotive sector recorded a very strong increase (+89%), after a rise of 220% in the same period in 2010 relative to 2009, the fashion sector was down 11%. The fashion and the automotive markets respectively represented 44% and 43% of total orders. Furniture was up 4%, and the other industries were down 18%

Orders rose 43% in the Americas, 30% in the Asia-Pacific region, and 4% in Europe; they dropped 39% overall in the rest of the world (Northern Africa, South Africa, Turkey, the Middle East, etc.). Orders in emerging countries (55% of total orders) increased 24%, and in developed countries (45% of total orders) 8%.

Revenues (€153.3 million) were up 12% (+9% at actual exchange rates). Revenues from new systems sales (€73.5 million) increased 22% and represented 48% of total revenues (44% in 2010). This 4-percentage point increase confirms the continuing return to dynamic sales activity, begun in 2010. Recurring revenues (€79.8 million) increased €2.8 million (+4%).

The order backlog for new software licenses and CAD/CAM equipment (€17 million) is down slightly (–€1.5 million) relative to December 31, 2010.

New Improvement in the Group's Operating Ratios and Balance Sheet

Like-for-like, gross profit margins for each product line have increased, again demonstrating their strength in the face of heavy pressure from competitors. The overall gross profit margin (70.0%) has nonetheless dropped 1.5 percentage points relative to the first nine months of 2010, as a result of changes in the product mix.

Income from operations (€21.7 million) was up €7.2 million (+44%) relative to income from operations before non-recurring items for the first nine months of 2010 (+€5.1 million and +31% at actual exchange rates).

The operating margin (14.1%) increased by 3.3 percentage points compared to the operating margin before non-recurring items of the first nine months of 2010 (+2.2 percentage points at actual exchange rates).

Net income (€14.6 million) was up €2.6 million at actual exchange rates relative to net income for the first nine months of 2010, which had benefited from a recorded non-recurring gain of €3.3 million already mentioned. There were no non-recurring items in 2011.

Excluding non-recurring items of 2010, net income was up €4.9 million (+50%) compared to the first nine months of 2010 and already exceeds that of the entire fiscal year 2010.

Net earnings per share on basic capital (€0.51) increased by 19% and on diluted capital (€0.50) by 16% at actual exchange rates.

Return to a Positive Net Cash

Free cash flow amounted to €13.8 million before non-recurring items.

The net cash position is positive at €7.3 million, whereas the company had a net financial debt of €2.4 million at December 31, 2010, and of €25.4 million at September 30, 2010. The improvement therefore represents €9.7 million for the first nine months and €32.7 million for the last twelve-month period, after payment of the total dividend of €5.2 million in May 2011.

Confirmation of the Company's Central Scenario for 2011

Since the beginning of the year, the macroeconomic environment has still not reverted to pre-crisis levels. It was marked by the consequences of the tragic disasters in Japan and geopolitical crises in certain North African and Middle Eastern countries, as well as by rising concern over sovereign debt in the United States and certain European countries, and by renewed turmoil in the financial markets since July.

Growth forecasts for 2011 and 2012 for most countries have been revised downward recently, sharply in some cases, a rapid turnaround in the economy being unlikely.

The recovery therefore remains fragile; risks and uncertainties have increased, and a further deterioration in the economic and monetary situation remains possible, demanding continuing caution and vigilance.

Sales activity and earnings for the first nine months of 2011 are generally in line with company expectations, confirming the strengthening of Lectra's operating ratios and balance sheet. The order backlog on September 30 remains solid.

These elements reinforce the Company's central scenario for fiscal year 2011, announced on February 10, as updated only by the impact of exchange rate fluctuations, once on July 28 and again today.

Given the actual exchange parities registered in the first nine months and the current assumptions for Q4 (i.e. $1.40/€1), the translation effect alone would mechanically increase revenues, income from operations, and operating margin to €205 million, €27.5 million, and 13.4%, respectively, relative to the figures communicated on July 28. Like-for-like increases relative to 2010, +10%, +30%, and +2 percentage points respectively, remain unchanged.

Net income would be superior to the estimates of February 10 and July 28 and would be close to €18.5 million (+30% at actual exchange rates, relative to the 2010 figure restated for non-recurring items), as well as free cash flow which would come to around €16.5 million.

On October 5, 2011, the company has hedged its exposure to the U.S. dollar for the fourth quarter of 2011 by means of forward sales at a parity of $1.33/€1. As a result, a rise in the euro pushing the parity above this threshold would have only a limited impact on net income, reduced income from operations being offset by an equivalent.

In this updated hypothesis, revenues would still lag behind the 2007 figure by €12 million (–6%), but income from operations, on the other hand, would be multiplied by 2.7, testifying to the improvement in the company's key operating ratios during the crisis.

2011 will also be the year in which net cash becomes positive again, with a figure of approximately €12 million at year-end. This compares with peak net financial borrowings of €56.4 million at the end of 2008.

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

Q4 and FY 2011 earnings will be published on February 9, 2012.

The Management Discussion and Analysis of Financial Condition and Results of Operations and the financial statements for the first nine months of 2011 are available on **lectra.com**.

With 1,350 employees worldwide, Lectra is the world leader in software, CAD/CAM equipment and related services specially created for large-scale users of textiles, leathers, and industrial fabrics. Lectra serves a broad array of major global markets including the fashion (apparel, accessories, and footwear), automotive (car seats and interiors, airbags), and furniture industries, as well as a wide variety of other sectors, such as the aeronautical and marine industries, wind energy, etc.

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

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