Lectra

Press Release
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First Quarter 2013: Net Income and Free Cash Flow Strongly Positive, Balance Sheet Particularly Solid

- Revenues: €48.3 million (+2%)(*)
- Income from operations before non-recurring items: €3.1 million (stable)(*)
- Net income: €12.2 million
- Free cash flow: €13.2 million
- Net cash: €27.6 million

(*) *like-for-like*

In millions of euros	January 1 - March 31	
	2013	2012
Revenues	48.3	47.8
Change like-for-like (%) (1)	*+2%*	
Income from operations before non-recurring items (2)	3.1	3.3
Change like-for-like (%) (1)	*-2%*	
Operating margin before non-recurring items (in % of revenues)	6.4%	7.0%
Income from operations	14.2	3.3
Net income	12.2	2.4
Free cash flow	13.2	5.2
Shareholders' equity (3)	77.5	65.0
Net cash (3)	27.6	14.2

(1) *Like-for-like: 2013 figures restated at 2012 exchange rates*
(2) *In 2013, before a non-recurring item of €11.1 million*
(3) *At March 31, 2013, and December 31, 2012*

Paris, April 29, 2013. Today, Lectra's Board of Directors, chaired by André Harari, reviewed the unaudited consolidated financial statements for the first quarter of 2013.

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

Orders for New Software Licenses and CAD/CAM Equipment Weaker than Expected, amid Persistently Sluggish Business Conditions

In its February 12, 2013, financial report, the company indicated that economic conditions looked set to remain as weak in 2013 as in 2012, and that the year seemed likely to be both difficult and unpredictable. The reality of the first quarter has confirmed this analysis.

Orders for new software licenses and CAD/CAM equipment amounted to €16.2 million, down €2.6 million (–14%) compared with Q1 2012.

Revenues up Slightly thanks to Recurring Revenues Growth, Illustrating the Strength of the Company's Business Model

Revenues (€48.3 million) were up 2% relative to Q1 2012, and 1% at actual exchange rates. Revenues from new systems sales (€19.5 million) were down €0.9 million (–4%). This decrease is mainly the result of the weak order backlog for new systems at January 1, 2013, and weak sales activity in the first quarter. Recurring revenues (€28.8 million), on the other hand, rose €2.1 million

(+8%), resulting from the combination of a 5% increase in revenues from recurring contracts and a 12% increase in revenues from spare parts and consumables.

Income from operations before non-recurring items amounted to €3.1 million. It remained stable like-for-like (€3.3 million) compared with Q1 2012.

End of Litigation against Induyco: Payment of €11.1 million Received

Lectra received on March 7, 2013, payment of the outstanding €11.1 million which was due by Induyco further to the decision rendered on January 28, 2013, by the Madrid Court of Appeal *(see March 7, 2013, press release)*.

The €11.1 million received results in a non-recurring income of the same amount recorded in the Q1 2013 consolidated financial statements and a net income of €10 million, after a net tax charge of €1.1 million, with no cash disbursement.

Net Income and Free Cash Flow Strongly Positive

Given the non-recurring item of €11.1 million, income from operations was €14.2 million and the operating margin before non-recurring items was 6.4%, down 0.3 percentage points like-for-like.

Net income was €12.2 million. Net income before non-recurring items amounted to €2.2 million (–€0.2 million at actual exchange rates compared with Q1 2012).

Free cash flow amounted to €13.2 million. Free cash flow before non-recurring items amounted to €2.1 million (€5.2 million in Q1 2012).

Balance Sheet Particularly Solid

Cash and cash equivalents at March 31, 2013, totaled €28.5 million and financial borrowings were down to €1 million corresponding to public, interest-free advances intended to help finance research and development programs.

As a result, the net cash position was positive at €27.6 million (€14.2 million at December 31, 2012) and consolidated shareholders' equity amounted to €77.5 million (€65 million at December 31, 2012).

Progress in the Company's Transformation Plan

At the end of 2011, despite the prevailing economic conditions, the company decided to accelerate its transformation over the period to 2015, giving precedence to its long-term strategy rather than to short-term profitability.

This three-point plan comprises: a major recruitment plan devoted to strengthening sales and marketing teams, which will grow from 220 people at the end of 2011 to 330, and from 16% to 22% of the total workforce (with a doubling of the number of sales people); the addition of 40 engineers to the R&D teams in Bordeaux-Cestas (France) bringing the total number to 260; and accelerated investment in marketing.

These investments for the future are fully expensed, while their benefits will only be felt progressively.

Payment of Dividend

Subject to approval by the Ordinary Shareholders' Meeting of April 30, the dividend of €0.22 per share in respect of fiscal 2012 will be made payable on May 10, 2013.

Business Trends and Outlook

The company has developed at length, in its financial report of February 12, 2013, and its 2012 Annual Report, its business trends and outlook.

It highlighted that, in the most cautious scenario, with customer purchasing decisions remaining on hold and the transformation plan producing only part of the expected gains, the company expected total revenues of approximately €203 million (+6% vs. 2012) for the fiscal year 2013, income from operations before non-recurring items of around €15 million (–10%), reducing the operating margin before non-recurring items to approximately 7.5%, and net income of around €10 million (–25% at actual exchange rates).

The company also emphasized that its goal was to exceed these figures. For every extra €1 million in revenues from new systems sales, income from operations would increase by approximately €0.45 million.

The first quarter results are in line with this scenario, which remains relevant.

The company entered 2013 with very solid operating fundamentals and a balance sheet that was further strengthened in the first quarter, with the receipt of the balance due from the litigation against Induyco and the repayment of its financial debt.

Bolstered by its performance since 2010, the strength of its business model and the relevance of its new strategic roadmap, the company is confident in its growth prospects for the medium term and in reaching the goals it has set itself for 2015.

Q2 and H1 2013 earnings will be published on July 25, 2013.

The Management Discussion and Analysis of Financial Condition and Results of Operations and the financial statements for Q1 2013, as well as the 2012 Annual Report, are available on lectra.com.

With 1,350 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 (apparel, accessories, and footwear), 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 C).

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