Press Release

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2014: Increase in Revenues, Income From Operations and Free Cash Flow – Continuation of Investments for the Future

- Revenues: €211.3 million (+5%)*
- Income from operations before non-recurring items: €19.8 million (+14%)*
- Net income: €14.4 million
- Free cash flow: €19 million
- Net cash: €43.1 million
- Dividend**: €0.25 per share

** Like-for-like*
*** Proposed to the Annual Shareholders' Meeting on April 30, 2015*

in millions of euros	October 1 – December 31		January 1 – December 31	
	2014	2013	2014	2013
Revenues	57.4	53.0	211.3	203.0
Change like-for-like (%)[(1)]	*+5%*		*+5%*	
Income from operations before non-recurring items	6.4	4.2	19.8	17.5
Change like-for-like (%)[(1)]	*+26%*		*+14%*	
Operating margin before non-recurring items (in % of revenues)	11.1%	8.0%	9.4%	8.6%
Income from operations[(2)]	6.4	3.5	19.8	27.9
Net income[(2)]	4.7	2.9	14.4	21.8
Free cash flow[(2)]	9.7	1.6	19.0	17.6
Shareholders' equity[(3)]			94.1	83.8
Net cash[(3)]			43.1	28.6

(1) Like-for-like: 2014 figures restated at 2013 exchange rates
(2) In 2013, these figures included a net non-recurring income of €10.4 million in income from operations, of €9.3 million in net income, and of €11.1 million in free cash-flow
(3) At December 31

Paris, February 11, 2015. Today, Lectra's Board of Directors, chaired by André Harari, reviewed the consolidated financial statements for the fiscal year, after review by the Statutory Auditors.

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

Q4 2014: Sharp Rise in Orders for New Systems

Orders for new systems (€26.8 million) were up €5.3 million compared with Q4 2013, a 26% increase like-for-like and 31% at actual exchange rates. They were €19 million, €24.8 million and €23.7 million respectively in Q1, Q2 and Q3 2014.

Sharp Rise in Income from Operations and Operating Margin before Non-Recurring Items – Record Free Cash Flow

Revenues (€57.4 million) were up 5% (+8% at actual exchange rates). Revenues from new systems sales (€24.6 million) increased by 3%, recurring revenues (€32.9 million) by 7%.

Income from operations before non-recurring items (€6.4 million) increased by €1.1 million (+26%) like-for-like and €2.2 million (+51%) at actual exchange rates.

The operating margin (11.1%) increased by 1.6 percentage points like-for-like and by 3.1 percentage points at actual exchange rates.

Net income (€4.7 million) was up €1 million (+29%) at actual exchange rates compared to Q4 2013 net income before non-recurring items.

Free cash flow (€9.7 million) benefited from the receipt in October of €5.7 million in respect of the French research tax credit for 2010.

2014: Income from Operations and Net Income Above the Company's Minimum Objective

The company's objective communicated in its financial report on February 11, 2014 was to generate minimum revenues of approximately €214 million, income from operations of around €18 million, an operating margin of 8.3%, and net income of around €12.5 million.

While, at actual exchange rates, revenues for 2014 are 1% lower than this objective, income from operations is €1.8 million ahead and operating margin is 1.1 percentage points higher. Net income exceeds the objective by €1.9 million.

Growth in Orders for New Systems – Improved Product Mix

Overall, orders for new systems (€94.3 million) increased by 13% relative to 2013: +16% for new software licenses, +7% for CAD/CAM equipment and +39% for training and consulting.

Geographically, the situation is highly contrasted. Orders in Europe increased by 39% and those in Asia-Pacific by 25%, with 45% growth in China, but they dropped by 21% in the Americas.

Orders were up in all market sectors: +12% in the fashion and apparel market; +9% in the automotive market, +3% in furniture.

Growth in Revenues – Sharp Increase in the Order Backlog

2014 total revenues (€211.3 million) were up by 5% (+4% at actual exchange rates) relative to 2013. Revenues increased 10% in Europe and 8% in Asia-Pacific, but decreased 6% in the Americas.

Revenues from new systems sales (€88.6 million) rose by 5%.

Recurring revenues (€122.8 million) increased by €5.3 million (+5%).

At December 31, 2014, the order backlog for new systems (€19.6 million) was up €6.4 million relative to January 1.

Growth in Income from Operations and in the Operating Margin before Non-Recurring Items

Gross profit amounted to €155.7 million. Its €10 million increase relative to 2013 is €0.8 million higher than the growth in revenues.

Income from operations before non-recurring items (€19.8 million) was up €2.4 million (+14%) and the operating margin before non-recurring items (9.4%) up 0.7 percentage points.

At actual exchange rates, income from operations before non-recurring items rose €2.3 million (+13%) and net income (€14.4 million) up €1.9 million (+15%) compared with net income before non-recurring items in 2013.

Strong Rise in Free Cash Flow before Non-Recurring Items

Free cash flow amounted to €19 million (€6.5 million in 2013 before non-recurring items).

Lectra

A Zero-Debt Company, Shareholders' Equity and Net Cash Position Further Strengthened

Consolidated shareholders' equity amounted to €94.1 million (+12%) and net cash position was positive at €43.1 million (+50%). Financial borrowings have been reduced to €0.4 million.

Dividend Raised to €0.25 per Share

The Board of Directors will propose to the annual Ordinary Shareholders' Meeting of April 30, 2015 to increase the dividend to €0.25 per share in respect of fiscal 2014. This dividend would represent a payout ratio of 53% of 2014 net income and a yield of 2.7% based on the December 31, 2014 closing share price.

Subject to approval by the shareholders, the dividend will be made payable on May 7, 2015.

Strategic Roadmap for 2013-2016: second progress report

While orders and revenues from new systems again fell behind the roadmap for the year in 2014, recurring revenues, on the other hand, have grown faster than expected. Profitability ratios (especially the overall gross profit margin and operating margin) were better than expected.

The company continued its transformation plan and its investments for the future representing €50 million over the period 2012-2015, which includes in particular a strengthening of consulting, sales, marketing and software R&D teams.

2015 Outlook

As for the past two years, 2015 looks unpredictable. Persistent macroeconomic, geopolitical and monetary uncertainty is liable to delay the revival of confidence and will continue to weigh heavily on companies' investment decisions.

Furthermore, Lectra sales teams in place should progressively gain momentum.

The company has based its 2015 scenarios on exchange rates at December 15, 2014, notably $1.25/€1. The effect of converting 2014 results to the chosen 2015 exchange rates is to increase revenues and income from operations before non-recurring items by €4.5 million and €2.6 million, respectively, to €215.8 million and €22.4 million.

A 5-cent fall in the euro against the U.S. dollar (at an exchange rate of $1.20/€1) would mechanically increase 2015 revenues by approximately €3.6 million and income from operations by €2 million. Conversely, a 5-cent appreciation of the euro against the dollar would mechanically reduce revenues and income from operations by the same amounts.

At the date of this report, the company has not hedged its currency exposure for 2015.

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

The company's objective is to reach total revenues of approximately €240 million (+14% relative to 2014; +11% like-for-like) for the fiscal year, income from operations before non-recurring items of around €29 million (+47%; +30% like-for-like), an operating margin before non-recurring items of 12% (a 1.6 percentage points increase like-for-like), and net income of around €20 million (+39%).

For every €1 million increment (or decline) in revenues from new systems sales, income from operations should increase (or decrease) by approximately €0.45 million.

Company Confident in its Medium-Term Growth Prospects

The transformation plan is scheduled for completion at the end of 2015, with a strengthened headcount and resources reallocated to the most strategically important activities and to those geographical sectors and market sectors offering the greatest growth potential.

Bolstered by the strength of its business model and the relevance of its strategic roadmap, the company maintains the financial goals it has set for 2016 unchanged and remains confident in its growth prospects for the medium term.

First quarter earnings for 2015 will be published on April 29, 2015. 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 2014 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 March 3, 2015.

With nearly 1,500 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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