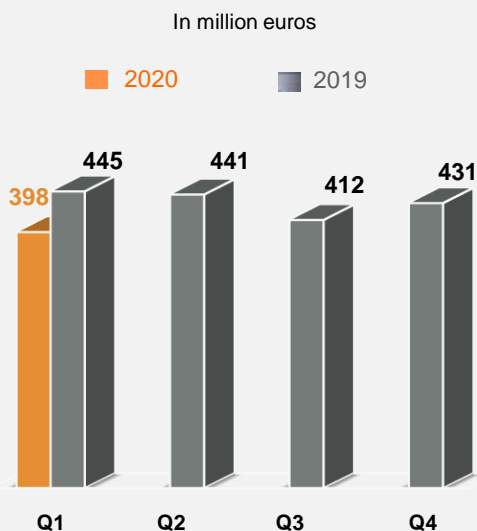


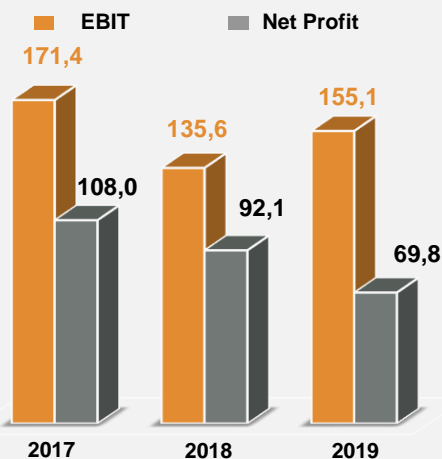
The LISI Group generated sales of €397.9 million in the first quarter of 2020, down 10.6% compared with 2019



## Quarterly Consolidated Sales



## EBIT\* & Net Profit in €M



\* After participation and profit-sharing expenses

The COVID-19 global pandemic significantly weighed on the Group's activity in the second half of March, resulting in a fall in Q1 sales, with contrasting impacts on the divisions:

- LISI AEROSPACE: Sales down 10.3%. The Structural Components activity was the most affected.
- LISI AUTOMOTIVE: Sales down 12.6%, with nearly three quarters of the decrease attributable to Threaded Fasteners, partially offset by the sound performance of Safety Mechanical Components.
- LISI MEDICAL: Sales down 4.2%. Notable growth at LISI MEDICAL Remmele (United States) helped mitigate the impact of lower activity levels in other sites.

In €m	Changes			
	2020	2019	2020 / 2019	2020 / 2019 on a like-for-like basis <sup>1</sup>
1st Quarter ended March 31,	397.9	445.0	- 10.6 %	- 7.9 %

At €397.9 million, consolidated sales for the first quarter of 2020 fell by 10.6%, down 27.4% for March alone. It can be explained by the following factors:

- A favorable foreign exchange effect of +€4.7 million (1.2% of sales ) linked to the strengthening of the US dollar against the euro,
- A scope effect of -€17.9 million, reflecting the deconsolidation of Indraero Siren and LISI AEROSPACE Creuzet Maroc which came into effect on June 30, 2019, and the disposal of the screw, chassis stud and ball joint activity by LISI AUTOMOTIVE Former in Saint-Florent-sur-Cher on November 29, 2019,
- A strong COVID-19 impact, which was particularly dramatic in March, with a low point in the final week of March.

At constant scope and exchange rates, the consolidated sales was down 7.9% in the first quarter of the year (23.4% fall in March).

<sup>1</sup> The change at constant scope and exchange rates is calculated:

- by converting the sales of the companies whose financial statements are denominated in foreign currencies at the average rate of the year N-1 or the month M-1;
- by converting the sales involved in currencies other than the local currency at the average rate of the previous year or previous month M-1;
- by restating the entries into or exits from the scope to ensure comparability of data.

## COMMENTS BY BUSINESS LINE

### LISI AEROSPACE (57% of the consolidated total)

In €m	Changes			
	2020	2019	2020 / 2019	2020 / 2019 on a like-for-like basis <sup>1</sup>
<b>1<sup>st</sup> Quarter ended March 31,</b>	<b>226.7</b>	<b>252.6</b>	<b>- 10.3 %</b>	<b>- 6.8 %</b>

As a consequence of the collapse in global air traffic, the major customers of the LISI AEROSPACE Division have decided to either suspend or considerably reduce the production of commercial aircraft.

At €226.7 million, the division's sales were down 10.3%, including a perimeter effect of -5.1%, compared to the same period of the previous year, with the fall reaching 31.4% in March.

The Structural Components activity posted the biggest drop, due to the combined effect of the slowdown in LEAP-1B engine production for the Boeing B737 MAX over several quarters, and reduced demand caused by the COVID-19 crisis. This phenomenon has been amplified by supply chain adjustments made by LISI's main engine manufacturing customer. The Fasteners activity benefited from a very short-term lag effect, and therefore recorded a more moderate decrease in March.

### LISI AUTOMOTIVE (34% of the consolidated total)

In €m	Changes			
	2020	2019	2020 / 2019	2020 / 2019 on a like-for-like basis <sup>1</sup>
<b>1<sup>st</sup> Quarter ended March 31,</b>	<b>136.3</b>	<b>156.0</b>	<b>- 12.6 %</b>	<b>- 10.2 %</b>

Global car sales were down 23.9% in the first quarter, and 37.9% in March alone. The European market suffered the biggest collapse in March, down 51.8% (down 26.3% year-on-year), followed by China with a 45.6% decline (44.2% decline year-on-year) and the NAFTA region with a drop of 38.5% (down 13.4% year-on-year).

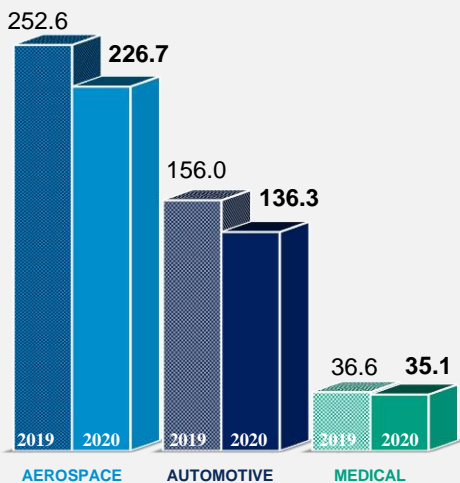
In Europe, Italy (down 85.4%), Spain (down 69.3%) and France (down 72.2%) were hit hardest in March. It should be noted that the effects of the crisis were felt later in the Canada/United States/Mexico (NAFTA) region than in Asia and Europe.

Car manufacturers were the divisions's most severely affected customers and the first to drastically reduce production volumes.



### Sales in million euros

End of March



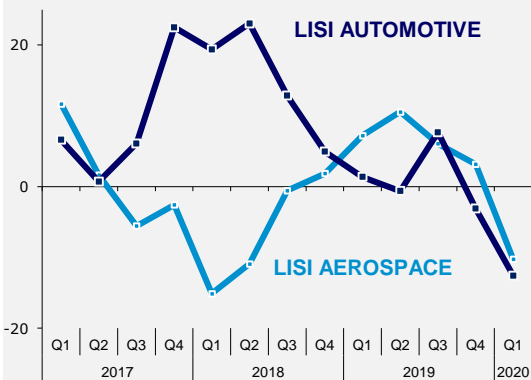


At €136.3 million, the LISI AUTOMOTIVE Division's sales were down 12.6% compared to the same period a year ago. Sales for March fell by 26.2%. The Clipped Solutions and Safety Mechanical Components activities proved to be the most robust.

These sectors benefited from the fact that, unlike car manufacturers, automotive equipment manufacturers were able to delay production stoppages, from the growth in new product sales as well as from a gradual resumption of activity on the Chinese market. However, the Threaded Fasteners activity posted the biggest fall, given that its main customers among car manufacturers slowed down their production at a very early stage, before the first lockdown measures came into effect.

#### LISI MEDICAL ( 9% of the consolidated total)

#### % Sales Variation per division / N-1



In €m	Changes			
	2020	2019	2020 / 2019	2020 / 2019 on a like-for-like basis <sup>1</sup>
<b>1<sup>st</sup> Quarter ended March 31,</b>	<b>35,1</b>	<b>36,6</b>	<b>- 4,2 %</b>	<b>- 5,9 %</b>

At €35.1 million, sales for the quarter were down 4.2% compared to the same period a year ago. It was primarily supported by the ramping up of new products in the minimally invasive surgery sector (LISI MEDICAL Remmele in the United States), and, in March, by the delayed impact of COVID-19 in the United States compared to Europe.

#### CRISIS ADAPTATION MEASURES

In the second half of March, the LISI Group implemented a global crisis adaptation plan to protect the health of its employees and preserve its cash flow.

Following a temporary period of partial or total closure, the Group has implemented strict health and safety guidelines to enable the Group's employees to continue working. These include separating staff into teams, adapting workstations to facilitate social distancing, cleaning and disinfection, and wearing of masks from April onwards as well as the implementation of teleworking where possible.

Under these circumstances, the Group has prioritized the protection of cash flow. The Group has therefore implemented stringent management processes which include adapting production resources to customer orders, stricter monitoring of working capital requirements (particularly inventories and customer credit) and, drastic cost adaptation measures (deferral or cancellation of non-strategic expenditure and non-priority investment projects, furloughing, exceptional schemes to reduce operations and contract of temporary workers).

Most of the Group's production sites around the world are currently operating with reduced workforce.



## OUTLOOK AND COMMENTS ON THE FINANCIAL IMPACT OF BUSINESS

The COVID-19 crisis is a major event that will impact the Group's entire operations for months to come, and will require significant cash outflows. The LISI Group can count on confirmed available bank facilities to strengthen its financial position, which has improved over the first quarter. Indeed, as of March 31, 2020, net debt had dropped considerably as a result of a very sustained generation of Free Cash Flow<sup>1</sup>. For the record, at end-December 2019, the Group had access to €435 million in financing, of which €237 million in available cash, and posted a gearing ratio of 32.5%. On this basis, and assuming current market conditions, all the tests conducted by the Group point to strong business continuity for future quarters.

The decline in activity noted in the first quarter of 2020 should not be used as a baseline on which to extrapolate future declines, and particularly that of the second quarter, which is likely to be far greater. The Group is not currently in a position to make projections about its various markets that would allow it to provide a more accurate outlook for the whole of the current financial year.

The Group is currently focusing its efforts on cash management, adapting its cost structure, rolling out new products and ensuring long-term market share gains.



# lisi



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<sup>1</sup> Free Cash Flow : capacité d'autofinancement diminuée des investissements industriels nets et des variations des BFR