

ANNUAL REPORT
2017



LINK SOLUTIONS FOR INDUSTRY

lisi

HISTORY

1777

CREATION

Frédéric JAPY sets up a watch movement factory in Beaucourt, near Montbéliard (East of France).

1796

FOUNDING OF THE COMPANY

Some years later MIGEON & DOMINE is founded in Morvillars in the Belfort region, later to become VIELLARD MIGEON et Compagnie (VMC). Initially a specialist in the manufacture of wires, the company rapidly integrates processing activities.

1977

GFD BECAME GFI

GFD acquires BLANC AERO, which specializes in aerospace parts and in packaging components for the Perfumery sector. This new group is named GFI.

The transaction is made possible thanks to the entry of the PEUGEOT family into the capital of CID (*Compagnie Industrielle de Delle*), the controlling shareholder of LISI. More than 40 years later, these 3 families, KOHLER, PEUGEOT and VIELLARD remain the Group's key shareholders.

1989

STOCK EXCHANGE INTRODUCTION

GFI is floated on the Paris Stock Exchange's *Second Marché* and becomes GFI Industries.

1990 / 2000

ACQUISITIONS

During the 90's, GFI Industries strengthens in its different sectors through the acquisition of more than fifteen companies in Europe and the United States, while the group withdraws from GFD (standard).

2007

CREATION OF LISI MEDICAL

Sale of European distribution firm EUROFAST to ANIXTER France (LISI AEROSPACE).

LISI AUTOMOTIVE sells its Monistrol plant in the Haute-Loire to the PRECITURN group.

Creation of the LISI MEDICAL subdivision, following acquisition of:

- HUGUENY (Lyon), specializing in spinal implants;
- JEROPA (Escondido-USA), specializing in dental and spinal implants;
- SEIGNOL and INTERMED Application (Neyron - France), specializing in contact manufacturing of dental and orthopedic implants.

2008

PRESENCE IN CHINA

LISI AUTOMOTIVE increases its presence in China and India with the creation of a second manufacturing plant in Shanghai dedicated to making threaded fasteners for the automotive industry.

2009

DISPOSAL OF SDU

On April 1, 2009, the Group sells KNIPPING's subsidiary SDU, which specialize in distributing technical products to mines and industry in Germany and Poland.

2014

ACQUISITION OF MANOIR AEROSPACE

Mainly specializing in the forging of metal parts for aerospace applications, the Manoïr Aerospace group has been consolidated since June 5, 2014 into LISI AEROSPACE with the aim of strengthening the Structural Components arm with the integration of complementary technologies.

To a lesser extent, one should note in June 2014, the acquisition of 100% of the control of LISI AUTOMOTIVE Shanghai, of which a Chinese partner previously held 25%.

2015

CREATION OF LAAM

The LISI Group signs an agreement with POLY-SHAPE to create a joint subsidiary, LISI AEROSPACE ADDITIVE MANUFACTURING, 60% owned by LISI AEROSPACE and 40% by POLY-SHAPE. This company combines the exclusive know-how of both partners to establish a leader in the design and 3D-printing production of mechanical parts for the aeronautical and space industries.

1806

1ST FORGED WOOD SCREWS

JAPY Frères and VIELLARD & MIGEON decide to join forces to launch the industrial manufacture of forged wood screws in France.

1897-99

CREATION OF SID

The Boulonnerie at Champagny (Haute-Saône) is set up by the BOHLY family; the *Société Industrielle de Delle* is founded by the DUBAIL-KOHLER family in the town of Delle, Belfort. The company quickly begins to specialize in the manufacture of machine-turned screws.

1968

CREATION OF GFD

These family-run businesses (BOHLY, DUBAIL-KOHLER and VIELLARD) merge to form a company called GFD, thus becoming France's foremost manufacturer of standard and automotive nuts and bolts.

2002

GFI BECAME LISI

To better delineate its specialist areas, GFI Industries becomes LISI, (LInk Solutions for Industry; its three divisions each take on this name and add their main business line: LISI AEROSPACE, LISI AUTOMOTIVE and LISI COSMETICS.

The strategy of focusing on Core Business continues:

- Sale of non-strategic business lines (GFD, Ars Industries and the production unit at Aillevilliers);
- Acquisition of California's MONADNOCK (LISI AEROSPACE).

2004

ACQUISITION OF FORM A.S

Acquisition of FORM a.s in the Czech Republic (LISI AUTOMOTIVE).

2005

ACQUISITION OF KNIPPING

Acquisition of KNIPPING in Germany (LISI AUTOMOTIVE). Opening of a new factory in Canada (LISI AEROSPACE)

Sale of Gradel (LISI AUTOMOTIVE).

2010

EXTERNAL GROWTH

The Group returns to external growth with two major acquisitions:

- Acquisition by LISI AUTOMOTIVE of two French sites from the American Group, Acument Global Technologies, specializing in the manufacture of fasteners for the automotive industry;
- Purchase by LISI MEDICAL of a site producing joints replacements from the American Group, Stryker Corporation, a leading global provider of medical technologies.

2011

ACQUISITION OF CREUZET

The Group continues the movement to strengthen and build its position in strategic markets started in 2010.

The year 2011 is marked by the following transactions:

- LISI COSMETICS is deconsolidated as at January 1, 2011 following the sale completed on April 6, 2011;
- The Creuzet Group is purchased and consolidated as of July 1, 2011.

2012

DISPOSAL OF KUT

On May 29, LISI AUTOMOTIVE sells its subsidiary KNIPPING UMFORMTECHNIK GmbH (KUT) to Gris Invest SAS.

2016

ACQUISITION OF REMMELE

The LISI Group acquires 100% of the shares of Remmele Medical Operations. The company is acquired through Hi Shear Corporation, a wholly-owned subsidiary of LISI AEROSPACE.

During the 2016 financial year, the Group increases its stake in its subsidiary Ankit Fasteners Pvt Ltd, which enables it to hold 51% of the capital.

2017

ACQUISITION OF TERMAX

On October 31, 2017, the LISI Group buys 51% of the shares of TERMAX (Automobile USA) and undertakes to buy back the 49% of the remaining shares by March 31, 2021.

SUMMARY

01	STRONG MINDSETS
03	THE LISI GROUP
05	INNOVATION Taking the lead
07	INTERNATIONAL A global profile
09	PERFORMANCE Meet the markets' requirement
11	THE COMMITMENT Overcoming the challenges together
13	LETTER FROM THE MANAGEMENT
16	EXECUTIVE COMMITTEE
18	LISI AROUND THE WORLD
21	INNOVATION
22	LISA, an innovation accelerator
24	Process Innovation
28	Innovation > products
33	CAPEX FOR THE FUTURE
33	Supporting the Group's growth
37	MARKETS & PRODUCTS
38	LISI AEROSPACE
39	A year of growth
46	LISI AUTOMOTIVE
47	Dynamic markets
52	LISI MEDICAL
53	A world player
57	CORPORATE AND ENVIRONMENTAL RESPONSIBILITY
58	HUMAN RESOURCES Creating value, a team work
60	LEAP Operational excellence, the ramp-up
62	E-HSE Risk control, a permanent challenge
64	HEALTH & SAFETY Protection at work aiming high
66	ENVIRONMENT Sustainable growth, a common culture
69	SHAREHOLDER GUIDE
70	Governance
71	Key figures
74	Stock market data
76	Financial data
80	Functional organization chart



LISI GROUP

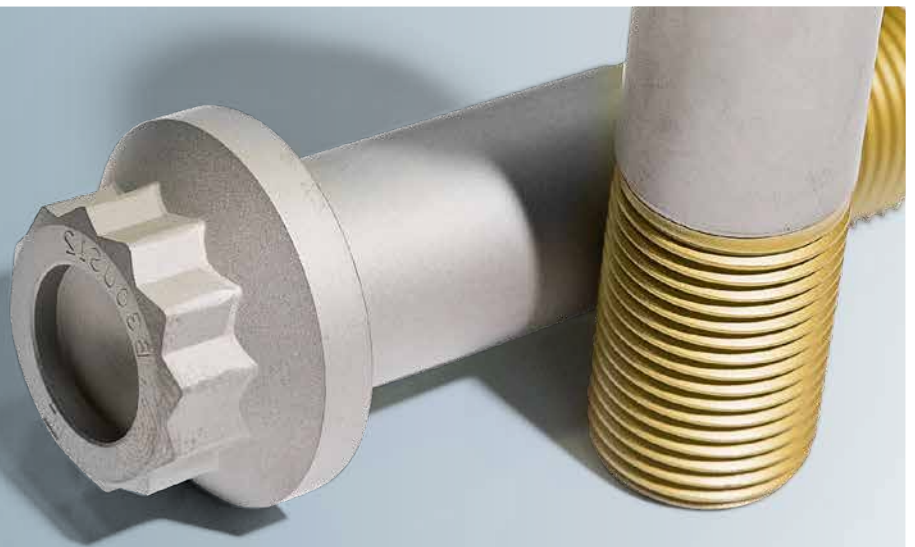


STRONG MINDSETS

LISI AEROSPACE

manufactures fasteners, assembly and structural components for the world largest players in the Aerospace sector.

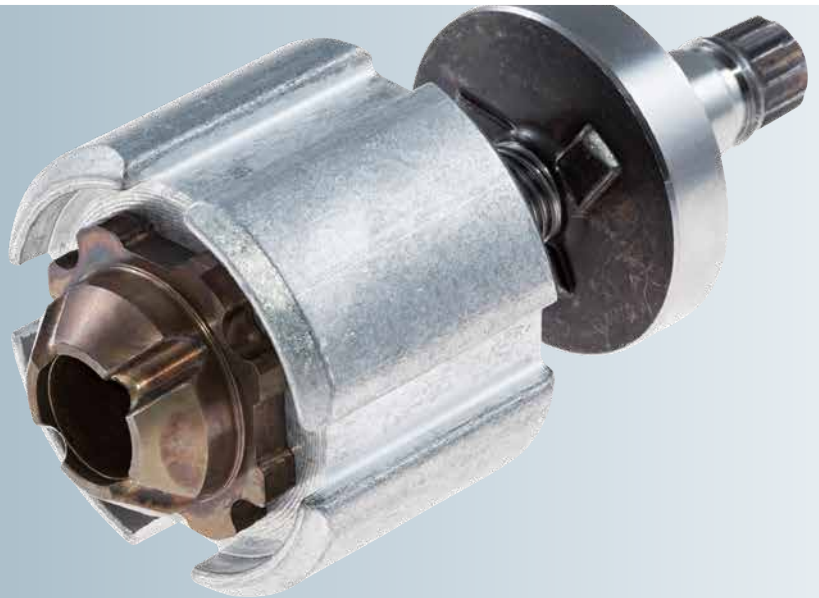
61% OF GROUP SALES



LISI AUTOMOTIVE

provides metallic and plastic assembly solutions and safety mechanical components for worldwide automotive manufacturers and suppliers.

31% OF GROUP SALES



LISI MEDICAL

manufactures medical implants, ancillary implants and value added instruments.

8% OF GROUP SALES



THE LISI GROUP



LISI is a global industrial group specializing in the manufacture of high value-added assembly and component solutions for the aerospace, automotive and medical industries.

A partner of the world's leading players and wrought by its long-term family values, LISI has been innovating and investing for over two centuries in its products and its industrial tool to meet the current and future needs of its customers, especially in terms of quality, safety and performance.

Thanks to the commitment of its 12,500 employees in 13 countries on 4 continents, LISI generated sales of EUR 1.6 billion in 2017.



INNOVATION



TAKING THE LEAD

The LISI Group operates in markets where technology is a major competitive issue. The size to which the Group has grown and the expertise it has acquired in each of its businesses enable it to play an active role in the most innovative global programs, both in aeronautics and the automotive industry, and in the medical sector. To maintain this R&D culture, as well as to produce more efficiently, LISI invests relentlessly. Its teams must meet in the best conditions the challenges imposed by the markets of tomorrow.



INTERNATIONAL



A GLOBAL PROFILE

The international dimension acquired by the LISI Group enables it to assist all of its large customers wherever markets demand it. To accompany the ramp-up of new aerospace programs; to anticipate the demand of growing markets and steer the offer towards more selective segments in the automotive sector, or to be a major global player in the medical sector... These issues constitute motivating challenges for the Group. Its history, its expertise and its size allow it today to respond to these in a sustainable manner.



PERFORMANCE



MEET THE MARKETS' REQUIREMENT

Throughout its activities and in each of the areas in which it operates, the LISI Group strives for operational excellence. The level of performance of its tool and its production methods, the rigorous procedures of its organizational and management functions constitute today a major competitive edge. The ongoing investment policy in the Group's industrial capacities, which is key to maintaining the performance quality at high levels, is one of the main drivers of LISI's strategy. All these factors contribute to its development, consolidate its growth and cement its leadership position.



THE COMMITMENT



OVERCOMING THE CHALLENGES TOGETHER

In perpetual motion, the markets in which LISI operates require constant anticipation and adaptation. This necessary adaptation presupposes the dedication of the men and women who work in the Group. To achieve that, LISI strives to encourage its employees to share the same culture and the same expertise, to serve all its customers with the same level of quality all over the world. This ambition of a common culture, which makes us want to take up challenges together, is the heart of the LISI Group's approach to all its employees.

LISI IN 2017



€1.64 billion
OF SALES

11,958
EMPLOYEES

47
INDUSTRIAL SITES
IN 13 COUNTRIES



Emmanuel VIELLARD
Chief Executive Officer of LISI

Gilles KOHLER
Chairman of LISI

A MODEL OF SUSTAINABLE GROWTH

Another year of increased earnings

Driven by sustained economic conditions in its main markets, the LISI Group's sales in 2017 amounted to EUR 1.64 billion, up 4.6% over the previous year, including 3.6% organic growth, which remains the main vector of the Group's development.

“Once again this year, LISI confirms the strategic relevance of its model articulated around its 3 business lines. The EUR 2 billion sales target is now in sight.”



In terms of sales revenue, two symbolic thresholds were crossed by our divisions for the first time in their history in 2017: the EUR 1 billion threshold, which was reached by the Aerospace Division, and the EUR 500 million threshold, which was hit by the Automotive Division.

This increase in activity allows the Group's **Current Operating Income (EBIT)** to increase to a record level of EUR 171 million - an increase of EUR 14 million over 2016 - corresponding to an Operating Margin (MOP) of 10.4%, up 40 basis points from one year to the next.

Another reason for satisfaction in the construction of this result: our three divisions have each contributed to its improvement, in particular our Automotive Division, which is seeing its performance increase in gross value as well as in relative value for the 5th consecutive year.

On the other hand, the Group's **consolidated net income**, penalized by unfavorable exchange rate fluctuations (unlike in 2016), remained stable at EUR 108 million.

Despite CAPEX that rose sharply to EUR 140 million, or 8.5% of sales, and thanks in particular to excellent mastery of inventories, consolidated **Free Cash Flow** reached EUR 46 million.

Finally, the Group's **net financial debt**, which includes the 100% acquisition cost of TERMAX acquired in November 2017, remains limited to 33% of shareholders' equity.

All these figures show that in 2017, the LISI Group continued to create value that it intends to share with its shareholders by submitting to their approval a **dividend of EUR 0.48 per share**.

CONSOLIDATING ORGANIC GROWTH

Numerous strategic events marked this 2017 financial year particularly in terms of scope, with firstly the sale at the beginning of the financial year of the aeronautical foundry activity PRECIMETAL acquired as part of the acquisition of MANOIR Industrie in 2014, which did not fall under the Group's strategic orientations; and especially with the acquisition of the U.S. Automotive Fasteners company TERMAX.

Thus, following the takeover in 2016 of the medical company REMMELE based in Minneapolis, the acquisition of TERMAX meets the objective that the Group had set itself to have each of its divisions present in all its major world markets. With close to 400 employees in the United States, TERMAX makes this country the LISI Group's second "employment territory" after France with 16% of its workforce and 7 production sites.

At the same time and in order to consolidate their organic growth, all our divisions continued their efforts to modernize their industrial facilities, as shown by the record level of CAPEX in 2017; but they have also accelerated the integration of automation and robotics - the number of robots implanted in the Group will have almost doubled between 2016 and 2017 - and significantly increased their means and their actions in R&D, as evidenced by the 44 patents registered by the Group in 2017.

Outlook and challenges for 2018

Although the Group's three main markets remain well oriented in the medium term, activity in the Aerospace Fasteners segment - a major contributor to the Group's performance - should however be slowed down at least in the first half of 2018, following the destocking measures of our assembly products taken by several key customers in the sector. On the other hand, the full-year integration of TERMAX and the development of new products across all of the Group's divisions will constitute significant growth drivers.

In this context of contrasting perspectives, LISI is relying more than ever on its internal transversal programs, namely the LISI Excellence Achievement Program (LEAP), the E-HSE (Excellence HSE), and the COS (Controlling Operating System) to reinforce the organic development strategy relayed by the continuation of targeted acquisitions offering high value-added products.

This two-driver strategy is based entirely on the motivation and skills of all Group employees and on the trust of our customers, whom we all wish to thank sincerely and warmly on this occasion.

EXECUTIVE COMMITTEE



↑
François-Xavier DU CLEUZIOU
 Senior Vice President - Customers of LISI AEROSPACE

↑
Cédric DEJEAN
 Senior Vice President General Manager BG Fasteners Europe of LISI AEROSPACE

↑
Emmanuel NEILDEZ
 Chief Operating Officer

↑
Jean-Louis COLDERS
 Chief Executive Officer of LISI AEROSPACE

↑
Christophe LESNIAK
 Senior Vice President Industrial and Purchasing Manager of LISI

↑
Jean-François MICHELETTI
 Senior Vice President - Finance of LISI AEROSPACE

↑
Alain-Jory BARTHE
 Senior Vice President General Manager BG Forging of LISI AEROSPACE

↑
Jean-Philippe KOHLER
 Deputy CEO in charge of internal audit and HR coordination

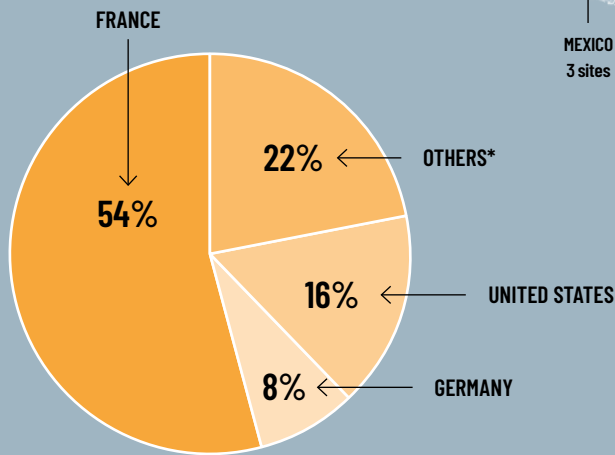
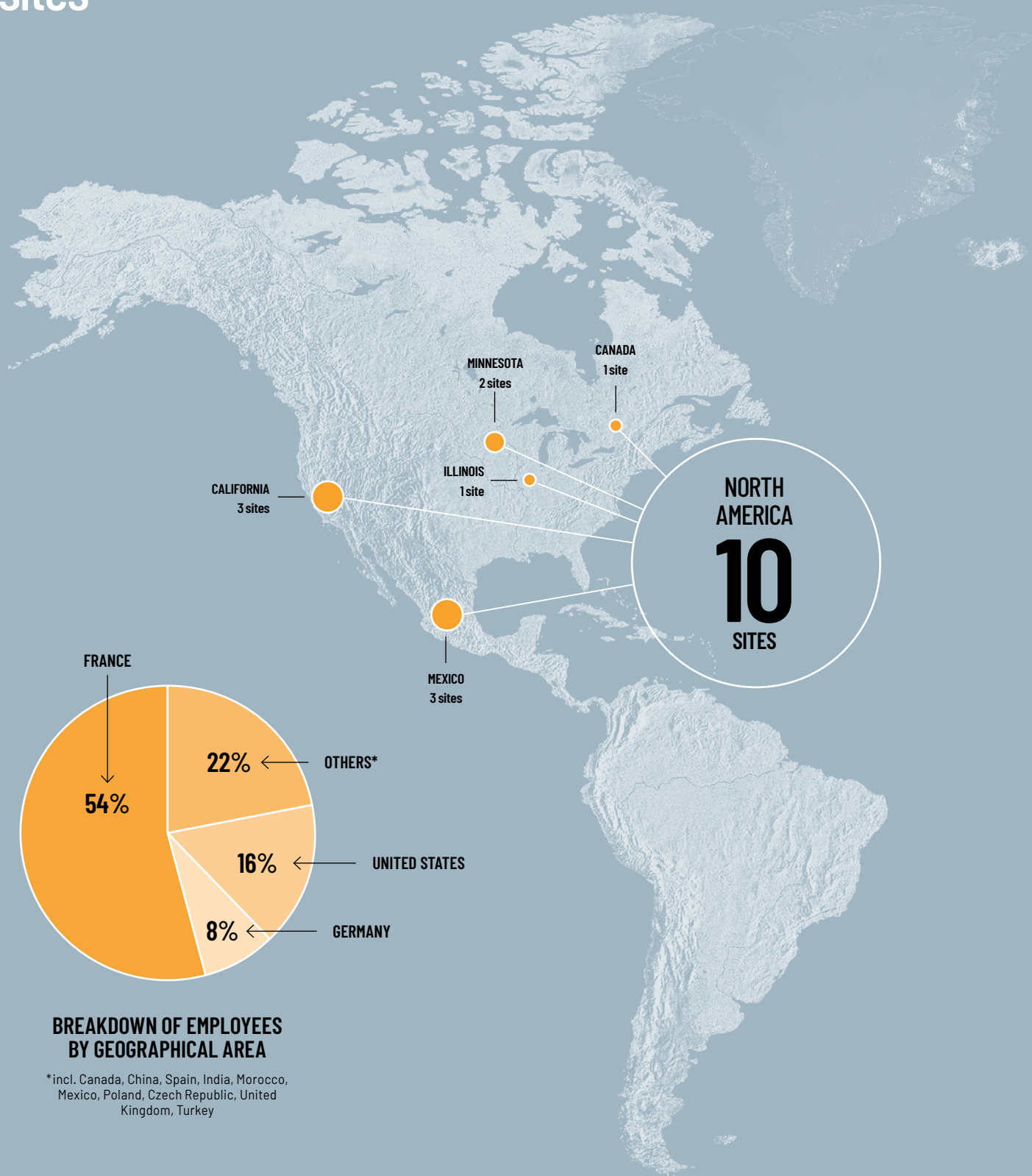
↑
Olivier LE BARS
 Chief Executive Officer of LISI MEDICAL



<p>↑</p> <p>Marc STEUER Senior Vice President General Manager BG Extrusion Forming & Sheet Metal of LISI AEROSPACE</p>	<p>↑</p> <p>Laurent SANCHEZ Senior Vice President General Manager BG Clipped Solutions of LISI AUTOMOTIVE</p>	<p>↑</p> <p>Christophe MARTIN Senior Vice President General Manager BG Threaded Fasteners France of LISI AUTOMOTIVE</p>	<p>↑</p> <p>François LIOTARD Chief Executive Officer</p>	<p>↑</p> <p>Martin BELEY Senior Vice President General Manager BG Safety Mechanical Components of LISI AUTOMOTIVE</p>
<p>↑</p> <p>Cécile LE CORRE Chief Legal Officer</p>	<p>↑</p> <p>Emmanuel VIELLARD Chief Executive Officer Chairman of LISI AEROSPACE Chairman of LISI AUTOMOTIVE Chairman of LISI MEDICAL</p>	<p>↑</p> <p>Ingo GREUEL Senior Vice President General Manager BG Threaded Fasteners Germany / Spain of LISI AUTOMOTIVE</p>	<p>↑</p> <p>Patrick WEISSE Senior Vice President Finance and Administration of LISI AUTOMOTIVE</p>	<p>↑</p> <p>Christian DARVILLE Senior Vice President Administration & Strategic Development North America</p>

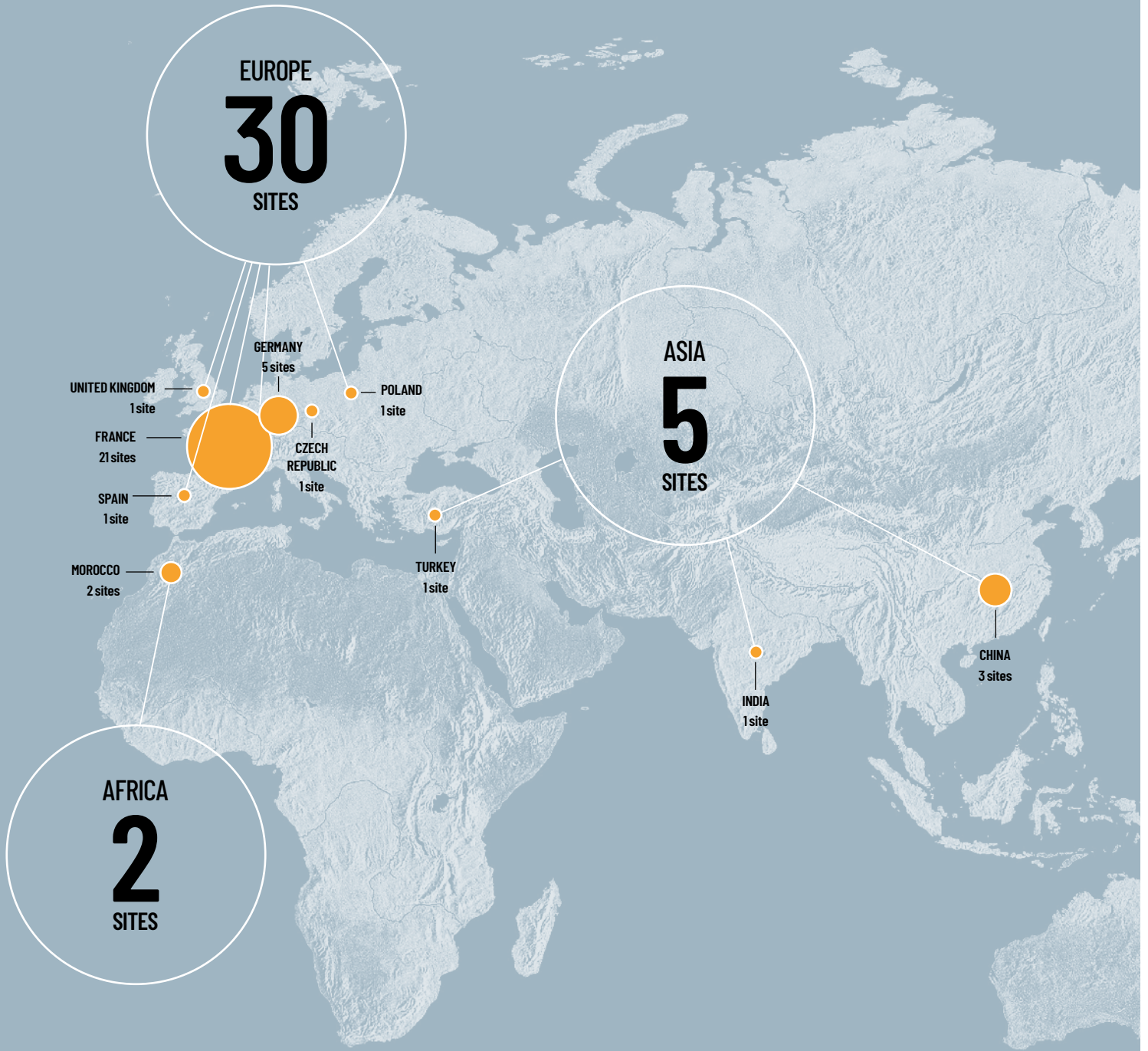
LISI AROUND THE WORLD

47 sites

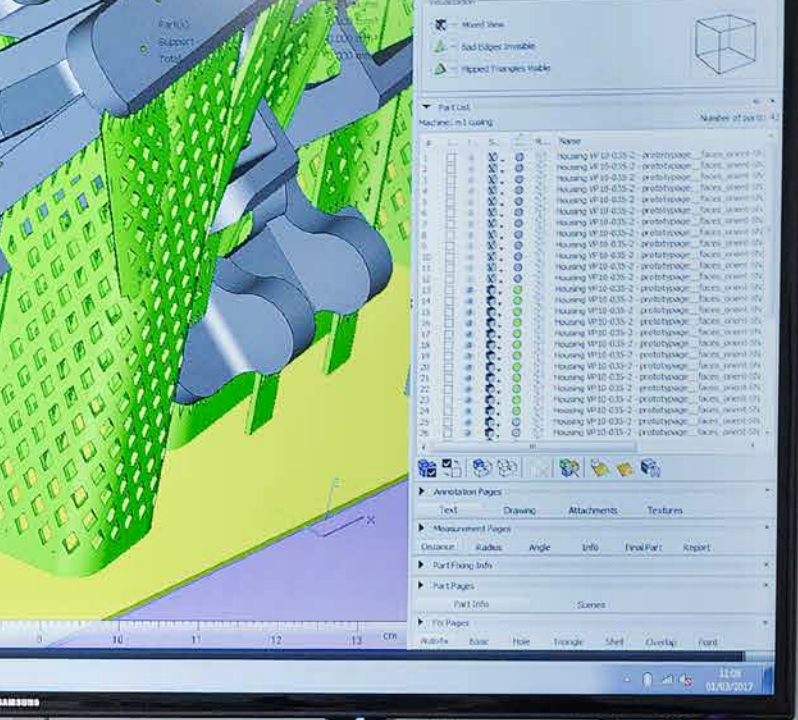


BREAKDOWN OF EMPLOYEES BY GEOGRAPHICAL AREA

*incl. Canada, China, Spain, India, Morocco, Mexico, Poland, Czech Republic, United Kingdom, Turkey







INNOVATION

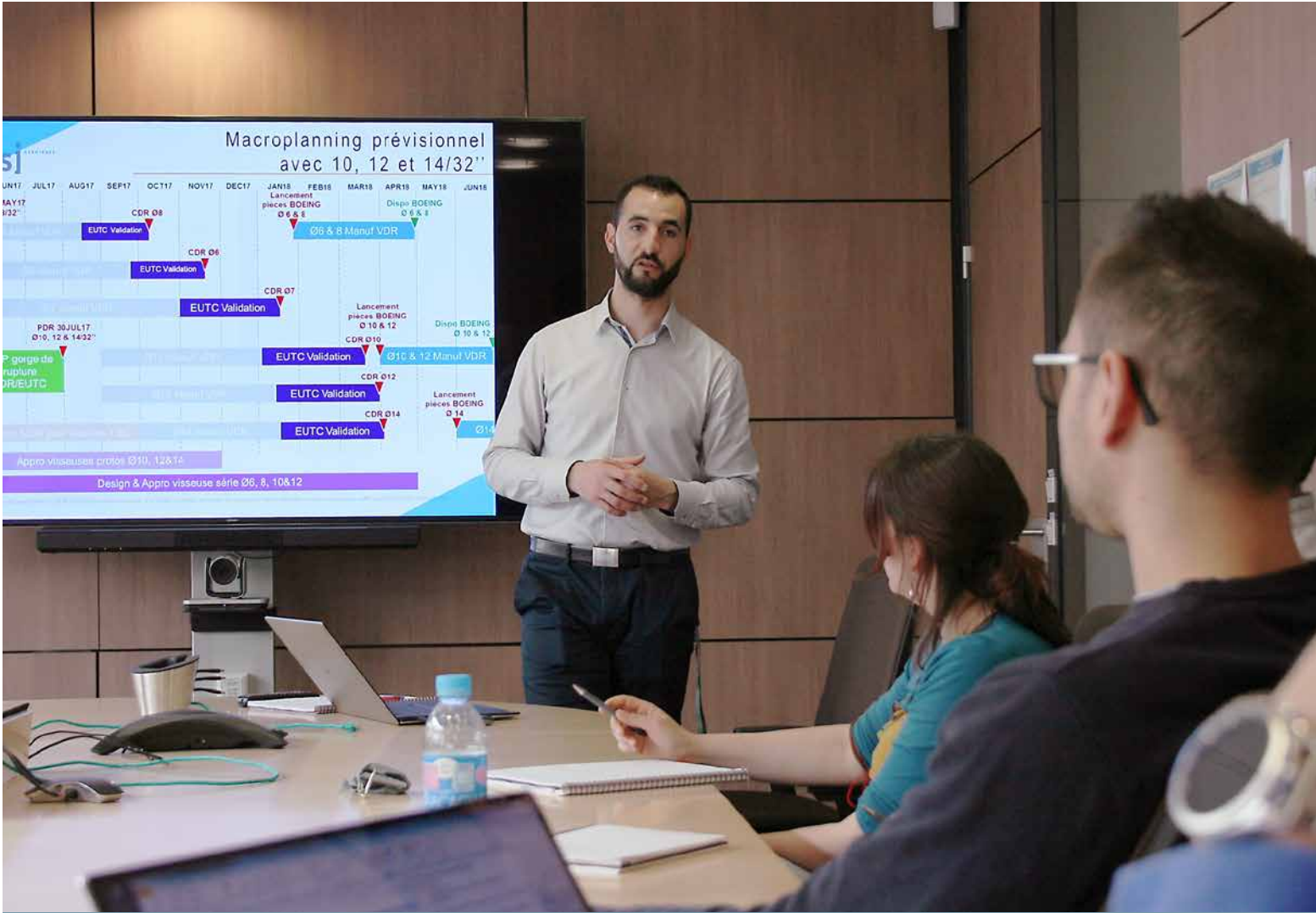
22 LISA, AN INNOVATION ACCELERATOR

24 PROCESS INNOVATION

24 Closed door machining

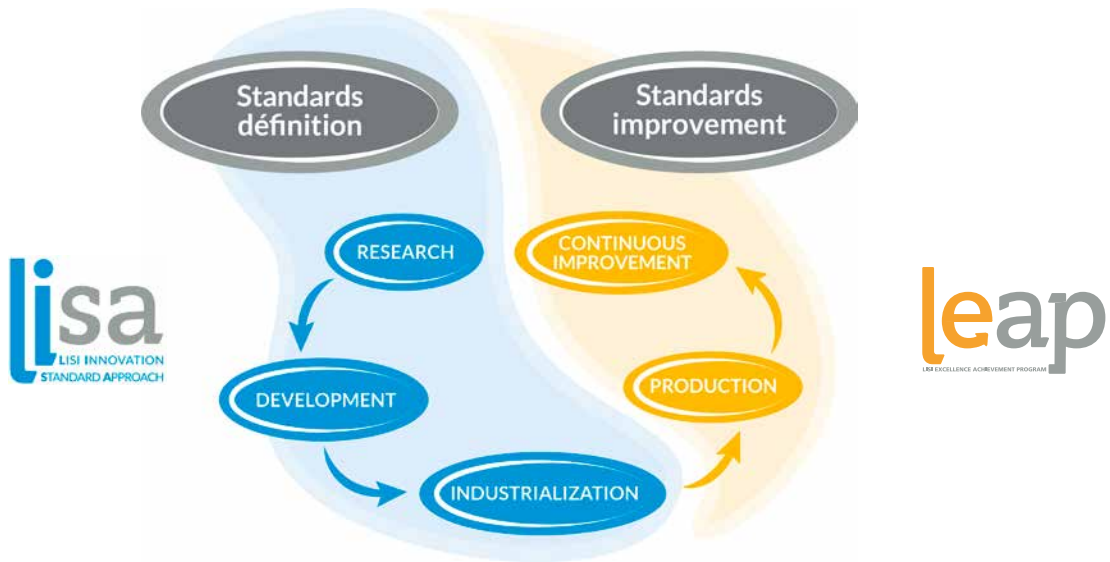
27 Additive manufacturing

28 INNOVATION > PRODUCTS



LISA

AN INNOVATION ACCELERATOR



The LISI Innovation Standard Approach (LISA) initiative developed by LISI AEROSPACE teams is the result of several years of benchmark and in house experimentation focused on technical project management. This methodological approach, which organizes a structured and iterative innovation process - from the idea to the handover to production - also includes a project governance system. At each step of a new technology development (Research, Development, Industrialization, Expertise), the LISA system allows a technical, industrial and business maturity assessment using a standard deliverable check list in order to guide the choices and focus human and financial resources on criteria in line with market expectations. These successive gate validations, which involve multi-functional teams cover the entire development process, reducing overall time and cost for new product introduction and also significantly increasing operational efficiency at the time of production launch.



Machining line of the outlet guide vanes that operate 24x7 at Parthenay.

CLOSED DOOR MACHINING

The *closed door machining* approach allows optimal use of the industrial facilities. Made possible by the digital revolution and the connectivity of machines and things, this concept makes machines autonomous, capable of linking continuous production phases without human intervention. By adding monitoring and automated dimensional control functions to machines that have automatic loading of parts and tools, this approach now makes it possible to run production lines 24 hours a day, 7 days a week. The operators' job then amounts to anticipating and preparing the work of the machines in masked time. These new production lines implemented in Parthenay foreshadow the *Factory of the Future*.



OF SMART MACHINES

AT THE HEART OF OUR BUSINESS

The new Parthenay plant building in the Deux-Sèvres is home to the production of the outlet guide vanes of LEAP engines developed by Safran Aircraft Engines and General Electric. It is here, on this 4,500 sq.m. plant, that LISI AEROSPACE has installed its first machining lines for closed door machining. Automatically supplied with parts and tools by a robotic arm, these highly sophisticated pieces of equipment can run around the clock, limiting night staffing and weekend work. These rates, which are necessary to support the ramp-up of these new product lines, have made it possible to quickly reach the expected level of profitability.

EUR **20** million
were invested in Parthenay's closed door machining production lines to ramp-up the LEAP engine parts.



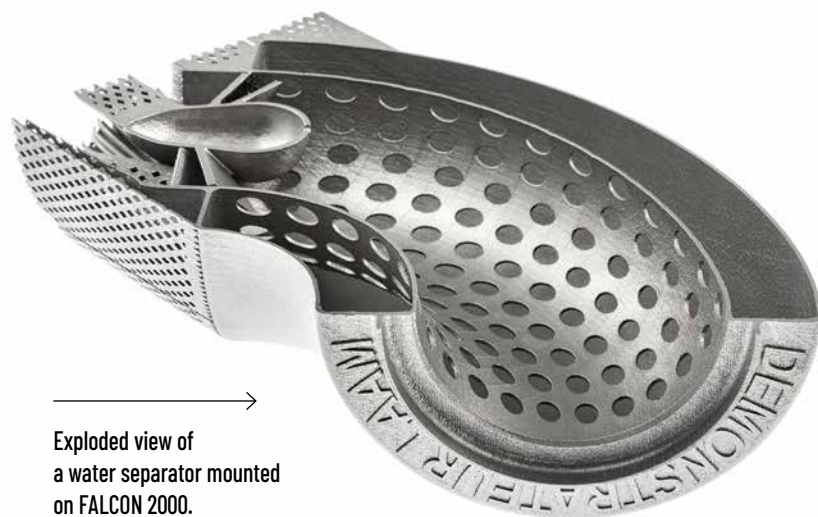


Integrated measurement and dynamic adjustment of tool correctors.

CONTACTLESS MEASUREMENTS

At the LISI AEROSPACE site in Saint-Ouen-l'Aumône, closed door machining applications take another form. Here, some titanium fastener profile machining machines are directly connected to contactless measuring instruments. In combination with the Statistical Process Control (SPC) monitoring programs, these devices are able to transmit the corrective values to the related tool correctors, directly from the control station at the operator's decision. This control system makes it possible to correct the machine as soon as the measurements are taken, before the end of the cycle of the next part. It also ensures the level of capability of the processes implemented to meet the quality requirements of our customers.

Relying on LISI AEROSPACE Additive Manufacturing's (LAAM) know-how, the LISI Group is strengthening its expertise in 3D Metal printing technologies. During the year 2017 LISI AEROSPACE Additive Manufacturing structured its teams and strengthened its working methods so as to apply the requirements of industrial processes to 3D printing. The goal: to achieve the required levels of requirements in the aeronautical markets in technical and economic terms. The efforts put forth made it possible to market the first series of products and parts qualified for aeronautics, in use on several aircrafts.



Exploded view of a water separator mounted on FALCON 2000.

ADDITIVE MANUFACTURING LISI LEADER OF 3D METAL PRINTING



Antenna hub in use on the KOREASAT-7 satellite.



First parts in flight!

The close collaboration between LISI AEROSPACE's customers' research departments and LISI AEROSPACE Additive Manufacturing's engineers has already made it possible to manufacture products suitable for additive manufacturing, such as the water separator in use on Falcon 2000, or the antenna support in use on the KOREASAT-7 satellite launched from the Kourou launch pad on May 5, 2017.

Positioned from the outset to meet the expectations of the aeronautics, defense and space industries, LAAM is able to help design products made in 3D (shape modification, topological optimization, re-design, etc.), to produce complex additive manufacturing processes while mastering all post-processing aspects (finish and checks).

LISI AEROSPACE

Positive locking solutions for critical junctions

Critical junctions defined as potentially impacting aircraft safety if they fail - such as helicopter rotor fasteners, wheel and brake or engine pylons assemblies require a "positive" locking system. That system, installed on the bolt and the nut, comes in addition to the conventional locking systems and prevents loosening, even in case of strong vibrations.

The two new positive locking solutions offered by LISI AEROSPACE are optimized to meet various levels of requirements in terms of mechanical resistance. Their simple and robust design makes them easier and quicker to install than today's castellated nuts with safety wires. They allow to mechanically secure the nut onto the bolt while maintaining a high level of performance of the assemblies.

GAINS / BENEFITS

Compact and ergonomic
Quick installation (factor 5)
Reusable, no tools needed



Modular wire management system

There are more and more electrical systems in the latest generation of aircraft, covering flight controls systems, actuators and also cabin entertainment equipment. Integration of these systems bring with them miles of wires to be routed and attached to the structure using countless fastening points. The MONADPOST™ Modular Assembly Solution developed by LISI AEROSPACE self-aligns with the wire harness and allows for a quick and easy installation. The same stackable multi-level part can be used in all wiring configurations, reducing component inventory. That modular solution, compatible with standard wire supports, can be used as a replacement for existing cable tie systems.

GAINS / BENEFITS

Reduced wire installation time
Pre-assembly possible on benchtop, off the aircraft
Inventory reduction (modularity)



A new generation of shaft nuts

LISI AEROSPACE developed this year an innovative system for shaft nut locking. Named EVERLOK™, it allows to the removal of the splines cut on the power transmission shafts or the aircraft moving structures articulations (wing slats and flaps, etc.), on which these specialty nuts are used. The most critical applications have so far combined a special, large nut (up to 250 mm in diameter) with a complex system of splines on the shaft and a locking washer to secure the assembly. The EVERLOK™ solution, which greatly facilitates the installation of the device, has successfully passed the most demanding vibration tests and even exceeded the locking performance of current solutions.

GAINS / BENEFITS

Weight saving
Reduced complexity of transmission shafts (removal of splines)
Simple and fast installation / visual lock indicator
Reusable (no component to replace)
Lower overall cost

LISI AUTOMOTIVE

A snap screw

To meet the challenges of lightening and optimization that the market demands, LISI AUTOMOTIVE innovates with the "Vis-Clip" (Snap Screw), a unique combination of its know-how in screws and clipped fasteners. Defined as a true unidentified fastening object, the "Vis-Clip" was designed to replace the screws for fastening thermal protection shields. Snapped upon assembly and unscrewable upon disassembly, it allows for easy and ultrafast assembly. This patented solution, already marketed by several major car makers, has new versions under development.

GAINS / BENEFITS

Assembly time reduced by 20 seconds per vehicle.
100g decrease in the fastener's weight (factor - 5)



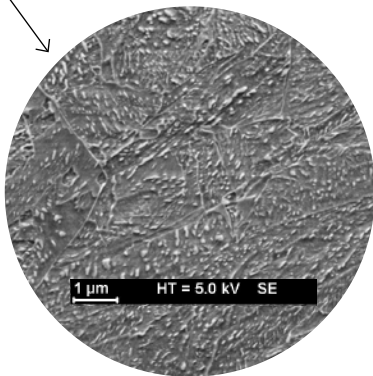
LISI AUTOMOTIVE

Weight reduction: push the limit of materials

The optimization of materials and assemblies to contribute to the lightening of vehicles is a central research topic for LISI AUTOMOTIVE. The reduction of the dimensions of the steel screwed fasteners to limit their weight and their wheelbases must be compensated by the reinforcement of their mechanical properties. Reconciling mechanical strengths (from 1,500 to 1,700 MPa) and plastic deformation ability (ductility), while limiting the fragility of steel with hydrogen is a strong challenge. The development of threaded steel or bainite fasteners has made it possible to circumvent this last obstacle for resistance levels higher than 1,500 MPa. For equivalent mechanical strength, the resistance to hydrogen embrittlement of a bainite fastener is up to two times greater than that of a traditional hardened steel fastener.

GAINS / BENEFITS

Weight gain
Improvement of mechanical properties
Reduction of the risk of hydrogen embrittlement



3D scanning to optimize development

3D scanning (for parts, manufacturing steps, tooling, etc.) is a competitive edge for optimizing the development of new products, contributing to expertise, or retro-designing existing products. In 2017, LISI AUTOMOTIVE's research department invested in a high-definition 3D laser scanner to supplement its internal support capabilities. The portable device, combined with an articulated 2.5m arm able to get its bearings on its own, can be used to generate 3D numerical models of existing parts. The data can then be retrieved by CAD software to create digital mockups, geometrically compare models, or manage 3D printing.

GAINS / BENEFITS

Optimization of cold stamping manufacturing processes
Conformity verification
Development



Alternatives to metal fasteners

The search for lighter vehicles relies on structures and assemblies of various materials (steel, aluminum, composites, etc.) whose physical, chemical and mechanical properties differ. To last, resist relaxation (loss of tension in the assembly over time) or corrosion, these complex combinations require optimized fastening and assembly processes. The overmoulding of metal fasteners (using a polymer loaded with glass fibers or carbon to increase the mechanical strength) makes it possible to obtain complex assemblies capable of replacing metal fasteners in a vehicle, with a weight saving about 50%. These research areas, which are priorities for the LISI AUTOMOTIVE central laboratory, focus more specifically on the optimization of polymer / metal adhesion; the problems of corrosion of metal fasteners for assembling composites / carbon fibers; the stress behavior of steel and polymer assemblies loaded with glass and carbon fibers.

GAINS / BENEFITS

Weight gain

Maintenance or improvement of mechanical properties

LISI MEDICAL

PECM approval for minimally invasive surgery instruments

The series tests conducted in 2017 on Precision Electrochemical Machining (PECM) techniques have made it possible to standardize the method within the division. A machine, acquired on the LISI MEDICAL Remmele site of Big Lake (Minnesota, U.S.), is in the industrialization process for the manufacture of instruments for minimally invasive surgery. This process allows producing parts with complex geometries ensuring very precise dimensions and polished mirror-like surface conditions.

GAINS / BENEFITS

Precise, quick machining

Surfacing quality

Costs





↑ Automatic feeding of the Machining Centers at Parthenay.

CAPEX FOR THE FUTURE

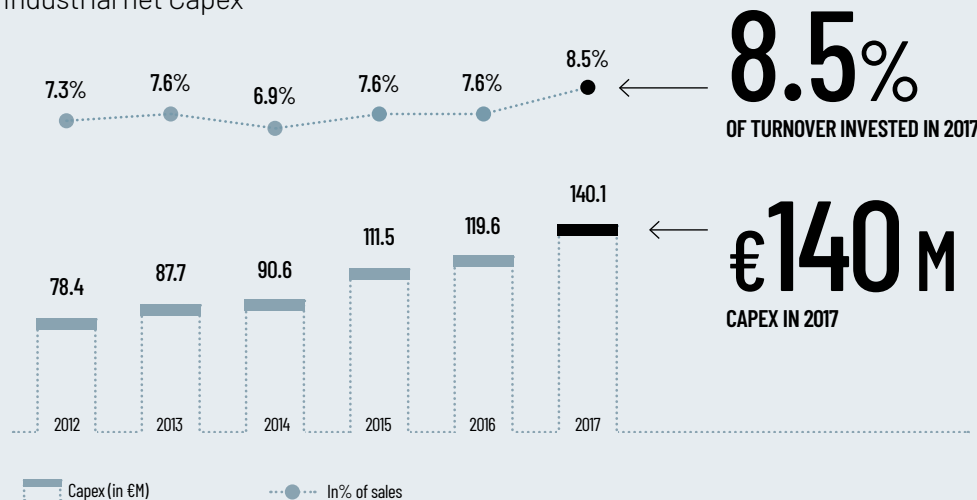


SUPPORTING THE GROUP'S GROWTH

LIS's capital expenditures in 2017 - up sharply to EUR 140 million - have helped support the Group's development plan and industrial competitiveness. Half of these expenses relate to capacity increase programs to fund the construction of new buildings, the creation of new production facilities or the launch of new products. The improvement in productivity also concentrates 20% of the year's capital expenditures. This has made it possible to develop more effective tools and resources, as well as the automation and robotization of certain production processes: the number of robots almost doubled in 2017. The 170 units currently operating in the Group's factories represent a ratio of 137 robots per 10,000 employees. This robotization improves working conditions, reduces variability and improves productivity. It should continue over the coming years, as well as the automation of production lines.

CAPACITY AND PRODUCTIVITY

Industrial net Capex



LISI AUTOMOTIVE

MELISEY CONTINUES ITS DEVELOPMENT

The Melisey site continues to expand in the production of mechanical safety components with the introduction this year of Tornos digitally controlled multispindle lathes. These devices are intended for the machining of pinions and drive shafts used in the mechanisms for adjusting the electrical lifting of vehicle seats for one of the site's clients. The start of the series took place in the second half of 2017. The production costs of such components already exceed EUR 1.2 million. The doubling of volumes to be produced in 2019 will require an additional investment of EUR 1 million in 2018.

CAPEX
€1.2M
 +1€M SCHEDULED FOR 2018



KEY DATA	
GOAL	Capacity & Productivity
FUNCTION	Machining of parts for seat lifting mechanisms
COST	EUR 1.2 million (EUR 1 scheduled for 2018)



CAPEX
€7M

LISI AUTOMOTIVE

NEW HEAT TREATMENT FURNACE AT DELLE

From this year on, the Delle site will be enjoying a new martensitic treatment furnace with a capacity of 1 ton/hour. The piece of equipment, installed in a new 2,000 sq.m. building, has increased the processing capacity of the plant from 290 to 430 tons per week. In total, more than 200 different part references from the Delle, Dasle, Melisey, Saint-Florent and Vöhrenbach sites in Germany are processed in this furnace. Qualified in December 2017, it reached its peak in March 2018.

The facility benefits from several strong points: first of all, its energy efficiency, which allows a saving of about EUR 100k/year through the recovery of fatal heat. Secondly, process innovations improve the quality of the produced parts and reduce production costs significantly. Finally, its 4.0 monitoring system (continuous quality control, automatic blocking of non-compliant parts, control and mastery of consumables, production and process parameters monitoring, paper-free, etc.), places the Delle site on the path to the *Factory of the Future*. Besides, the furnace was designed to be loaded and unloaded automatically, eventually by AGVs (Automatic Guided Vehicles).



KEY DATA

GOAL	Capacity & Productivity
PERFORMANCE (KPI)	1 ton/hour, energy efficiency, control
COST	EUR 7 million

LISI AEROSPACE

CLOSED DOOR MACHINING AT PARTHENAY

The two autonomous production lines, capable of managing all closed door machining operations, are now operational in Parthenay (see also page 24). These two Fastems lines, which each supply 6 OKK machining centers automatically, constitute a flexible cell dedicated to the production of OGVs and arms for Leap 1A-1B-1C engines. Driven by a Supply Chain-defined Digital Production Master Plan (PMP), this ultramodern cell manages alone the 8 machining operations required for the 11 parts references produced there. It selects independently one of the 120 tools in stock to position it in the machining centers, each one equipped with 240 cutting tools.

CAPEX
€10M



48 hours' autonomy

That system, which required an investment of more than EUR 10 million, is able to produce 24 hours a day, 7 days a week. The operating sequences, which can be 36 or, in some cases, 48 without any human intervention, can produce autonomously at night or during the day. In order to obtain total flexibility, the unit has been designed to produce in one piece flows, changing references for each part! From 2019 on, 24 machining centers and 5 lines will be needed to cover the overall contractual requirements for that product range.



KEY DATA

GOAL	Capacity & Productivity
FUNCTION	Automatic and autonomous machining (closed door machining)
COST	EUR 10 million



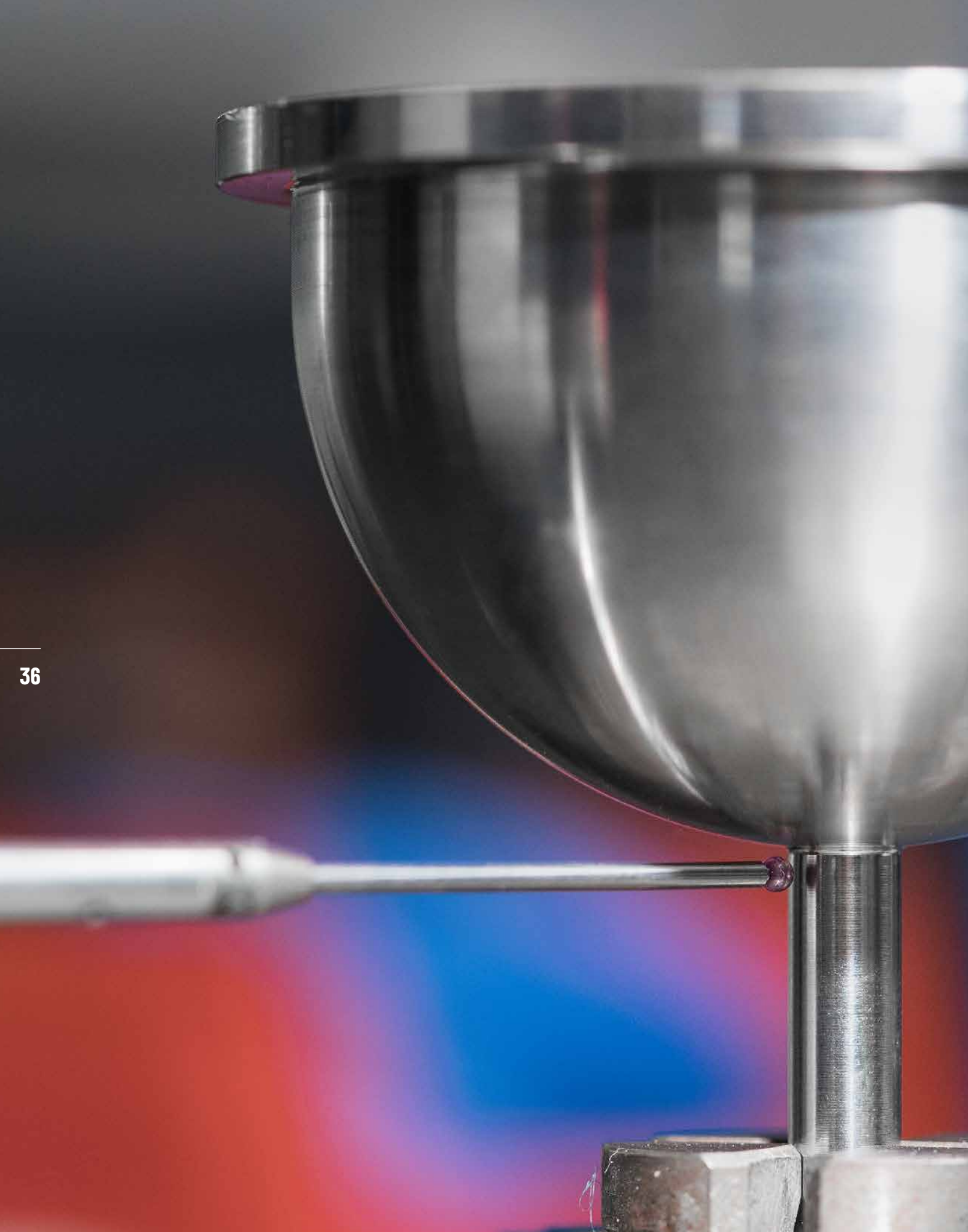
LISI MEDICAL

EXTENSION OF LISI MEDICAL Orthopaedics

The plant at Hérouville-Saint-Clair (Calvados) had to build two extensions to cope with the ramp-up of the site's flagship references - the Accolade II and Exeter hip implants - as well as the arrival of new products. The first extension, with a surface area of 1,100 m² on 2 levels, will be used to implement production lines of new products, storage space and a shipping area. The second, with 1,500 m², will enable the establishment of the raw materials store, robotic polishing units with closed-loop control for the Accolade II and the future penetrant testing process line (see also page 54).

KEY DATA

GOAL	Extension
FUNCTION	Production, storage and shipping





MARKETS & PRODUCTS

- 38 LISI AEROSPACE**
- 39 A YEAR OF GROWTH**
- 40 *Robotization of the Pilon 24*
- 41 *A new unit for compressor blades*
- 41 *Forge 2020 is up and running*
- 46 LISI AUTOMOTIVE**
- 47 DYNAMIC MARKETS**
- 48 *With TERMAX, LISI AUTOMOTIVE strengthens its global position*
- 49 *New factory in China*
- 52 LISI MEDICAL**
- 53 A WORLD PLAYER**
- 54 *LISI MEDICAL Remmele is growing*

“This year, the division crosses the symbolic threshold of EUR 1 billion in sales and its operating margin is progressing.”



3 QUESTIONS TO JEAN-LOUIS COLDERS

CEO, LISI AEROSPACE

How did the division behave in 2017?

A turning point, particularly important for the teams, was reached this year since we have crossed the EUR 1 billion threshold. This confirms the robustness of the organizations and systems we have deployed to support our development strategy. The market remained well oriented and air traffic, up 7.7%, still offers good overall prospects (*see opposite*).

Within the division, the year was subdivided in two stages. The first half, which is very active both for fasteners and structural components, was driven by the ramp-up of new programs. The end of the year, on the other hand, was impacted by adjustments in the Airbus Supply Chain for the Europe Fasteners business. In this context, the division managed to increase its operating margin using three levers: first, by activating part of the flexibility reserve we have available for the Europe Fasteners operations; secondly, by lowering the current operating expenses involved by the ramp-up; and finally by maintaining our productivity efforts, particularly on robotics and digital.

What exactly is your vision of digitalization?

The Internet of Things (IOT), its associated data platforms and smart mass processing, today make it possible to acquire and exploit masses of data at a reasonable cost. We will first strive to optimize the products, their production process, before we focus on collaborative work. Our vision of the *Factory of the Future* is a factory that operates 24 hours a day with a 1-day human presence only. The production processes are self-regulating, measured and corrected in real time, and they make it possible to produce 100% compliant parts because these are tested continuously. The entire process on a paper-free basis, without human manipulation, in direct connection with customers and suppliers so as to share information related to products and flows. The first bricks of this industrial organization are being experimented within the division and the results are very encouraging.

What dynamic do you anticipate for 2018?

We do not expect any fundamental changes, other than a gradual recovery of the Helicopter segment. The roadmap will not be very different from that of 2017. We will maintain our operational performance at the highest level and maintain our productivity efforts around robotization and digitization. The quality of execution, the security of our operations and the level of service offered to our customers remain our main objectives.

A YEAR OF GROWTH



© Airbus

2017 saw aggressive ramp-up phases on some programs and downward adjustments on others. In this contrasting environment, LISI AEROSPACE confirmed its ability to adapt by displaying positive organic growth (3.3%) and improving its operational performance, particularly in terms of quality and timeframes.

A320neo: successful acceleration

LISI AEROSPACE's key customers remained engaged on their respective development programs. At Airbus, the A320neo has handled its acceleration successfully, despite the difficulties faced by Pratt & Whitney's GTF engines. The increase in production rates resulted in the delivery of 700 aircrafts in 2017. The A350 maintains its growth and gains a new model, the A350-1000. Conversely, the production of the A380 is slowed down, waiting for recovery in its market, which is slow in coming. Airbus's entry into the CSeries program, developed by Canada's Bombardier, should also revive this aircraft, an alternative to small Boeing aircraft.

The B777X programmed for 2021

The U.S. aircraft manufacturer experienced strong acceleration on the 737 MAX, powered by the LEAP engine. The scheduled decrease of the B777 rates announces the arrival of its replacement, the B777X, expected for 2021, and whose first prototypes are being assembled.

Driven by the opening of the Chinese sky and the winning of military contracts, the helicopter market is returning to growth.

The Rafale also benefits from export contracts won by Dassault Aviation, while the F35 confirms its penetration into the U.S. and Europe.

Market share up for the LEAP engine

The LEAP engine, which equips the 737 MAX and the A320neo, has an impressive track record.

CFM International's new bestseller, which is slated to replace the CFM56, has garnered 2,870 civilian and military orders in 2017, bringing the order book to a record level of 14,270. The LISI AEROSPACE division, which has demonstrated its ability to support this growth, has been entrusted with volumes and a sufficient horizon to strengthen its industrial facilities, particularly by expanding the sites of Parthenay (France) and Chihuahua (Mexico).

EUR 1,000.9 million

2017 sales revenue

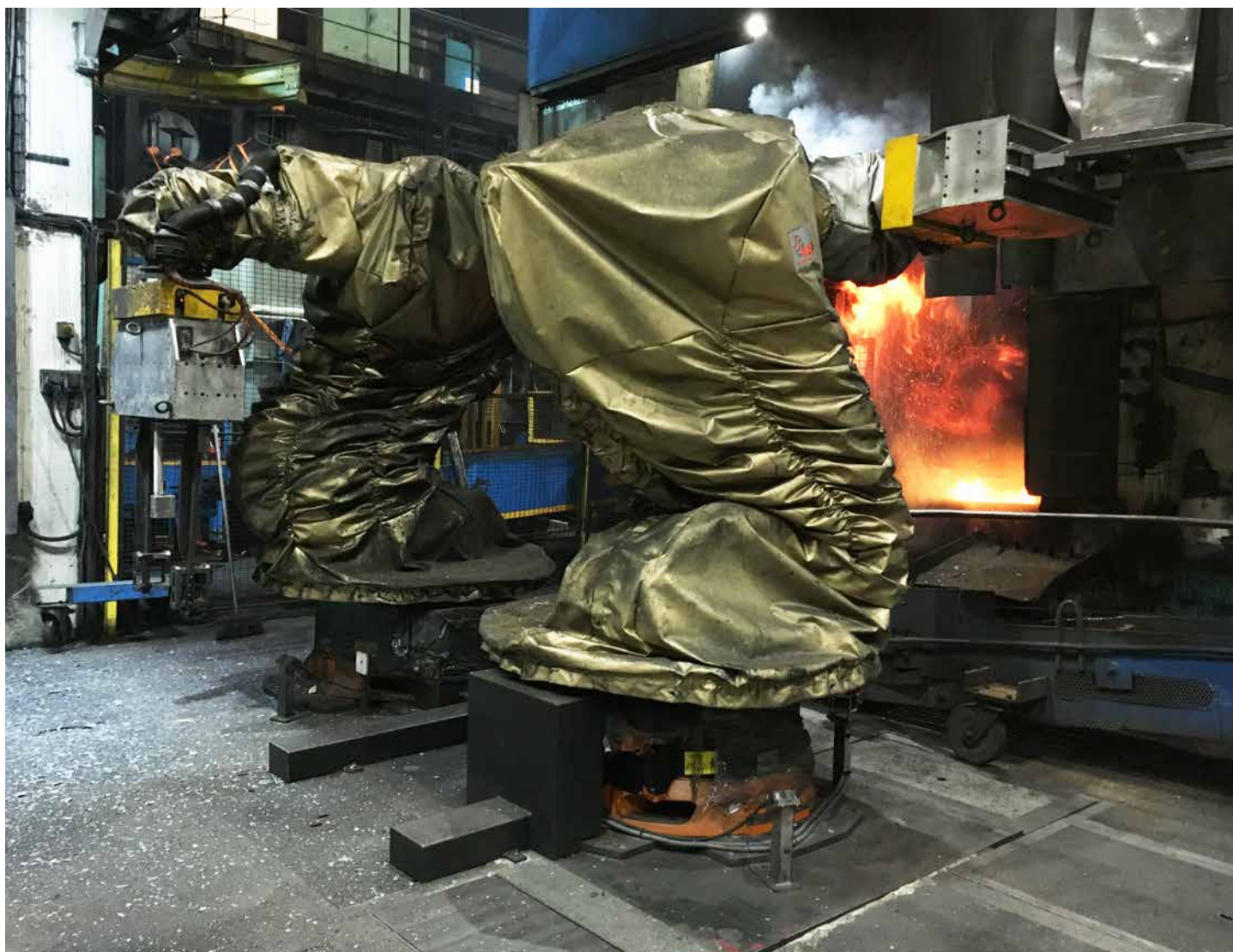
+3.3%

Organic growth
(constant scope and exchange rates)

BAR-SUR-AUBE

ROBOTIZATION OF THE PILON 24

This year, the Bar-sur-Aube marked a turning point with the modernization and the robotization of the 16,000 Kgm forge cell. This pilot project, the last phase of which is due to be completed in September 2018, aims to improve working conditions throughout the unit. It integrates a system of aspiration and filtration of smokes, the numerical control of the pieces of equipment, automated lubrication and finally the robotization of the handling of the parts between each operation, from the furnaces of heating to the deburring. A real technological challenge, this last system relies on four robots with a carrying capacity of 500 kg. These developments, which have led to the design of the pilot demonstrator of the solutions implemented in the future Forge 2020 plant (see *opposite*), support the development strategy of the site, in particular on the engine components.





BOLOGNE (HAUTE-MARNE)

FORGE 2020 IS UP AND RUNNING



The relocation plan for the Bologne Forge has accelerated in 2017 and marked two major steps. The definition of the program and the conduct of the public call for tenders with the SEM have led to FAYAT being retained. Second key milestone: Safran and Airbus have approved the quality assurance and transfer plans. Detailed project planning is underway. Work must begin in the third quarter of 2018. The first transfers are scheduled for mid-2019.

RZESZÓW (POLAND)

A NEW UNIT FOR COMPRESSOR BLADES

LISI AEROSPACE's Polish historical site, embedded in the SAFRAN industrial complex and involved in the post-forging finishing of compressor blades, was no longer able to support the growth of this activity. It will be transferred to a new modern 5,500 sq.m. unit in the Rzeszów Free Zone. Designed according to the quality standards of the Group, built in less than a year, it will welcome around 300 people. The industrial transfer, which will be completed in the summer of 2018, is accompanied by a reflection on flows and a robotization plan. This is intended to eventually remove painful tasks and must guarantee the very high finishing requirements desired by the division's customers.

AWARDS
EXCELLENCE
REWARDED



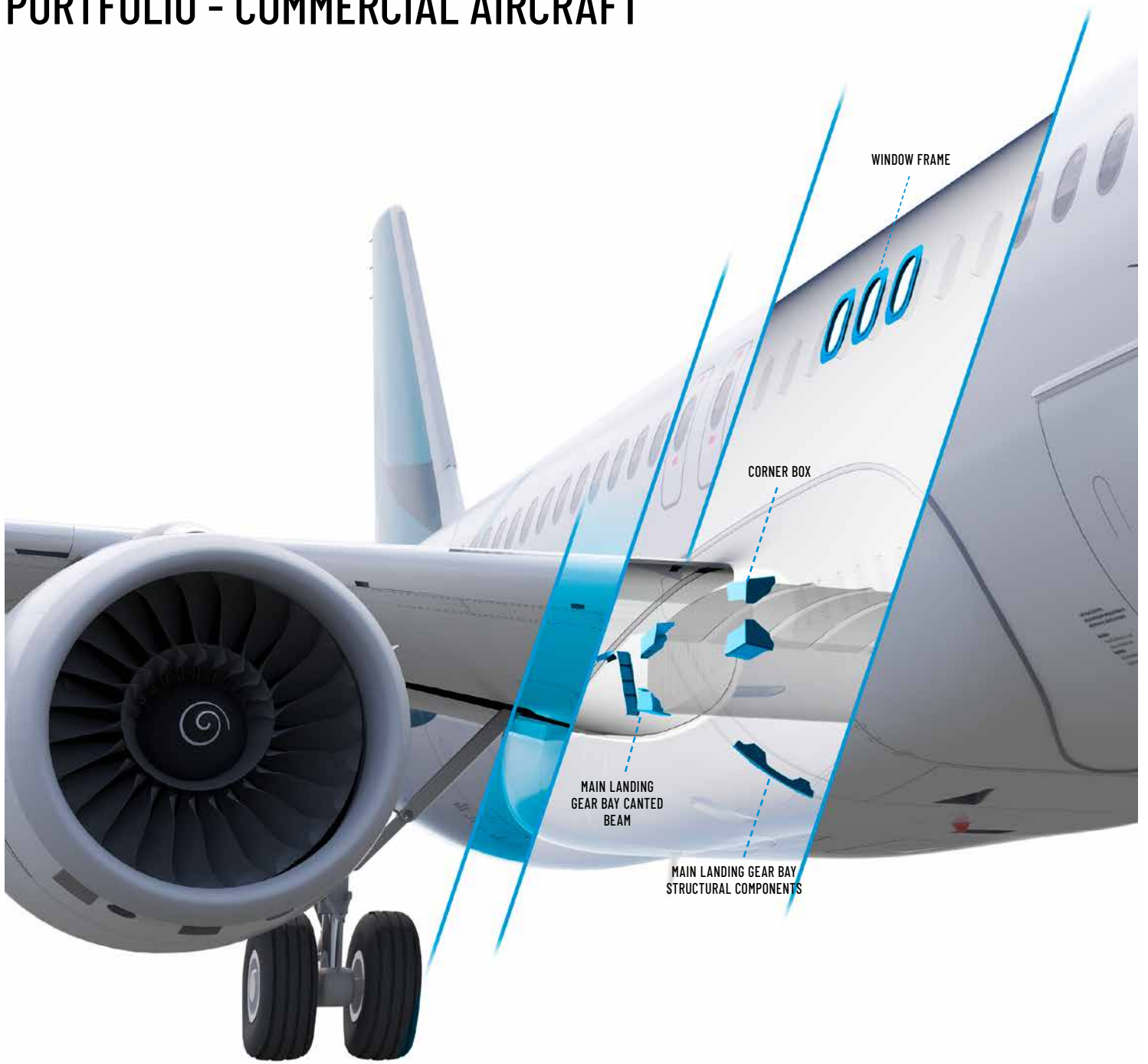
Once again this year, the LISI AEROSPACE division received numerous awards from Safran AE, Wesco, Airbus, Spirit, Pattonair and Comac. They illustrate the soundness and acceleration of the policy developed by the Group to serve its major customers in terms of industrial excellence and innovation, and encourage collaborative work.



PORTFOLIO - COMMERCIAL AIRCRAFT

MARKETS & PRODUCTS

42



OTHER MAIN PRODUCTS



STAND-OFF FASTENERS



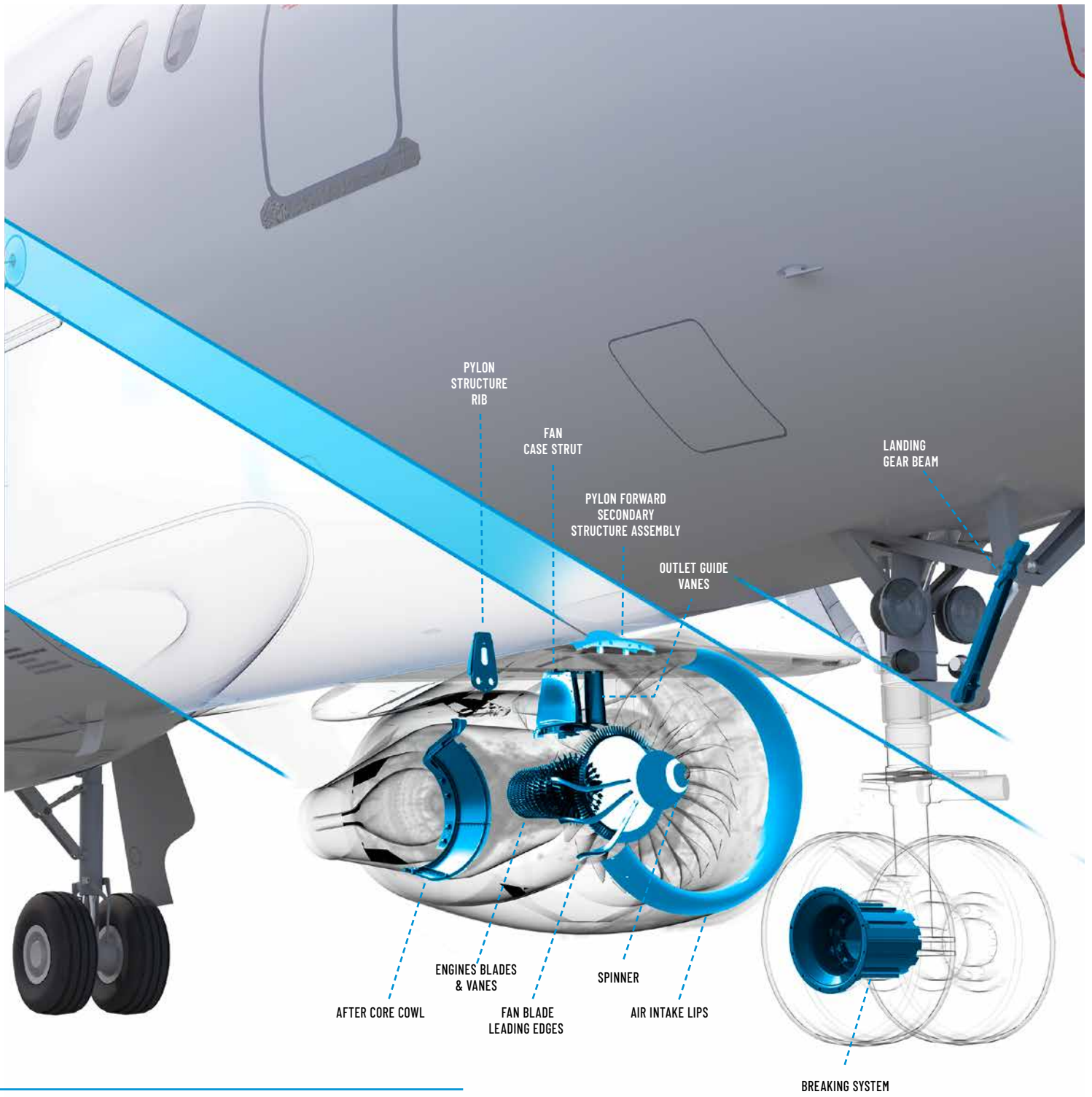
HI-LITE™ FASTENERS, LOCKBOLT



FASTENERS PULL-IN™ / PULL-STEM™



FASTENERS STL™



PRESSURE LATCHES



ENGINE GEARBOX SPROCKET

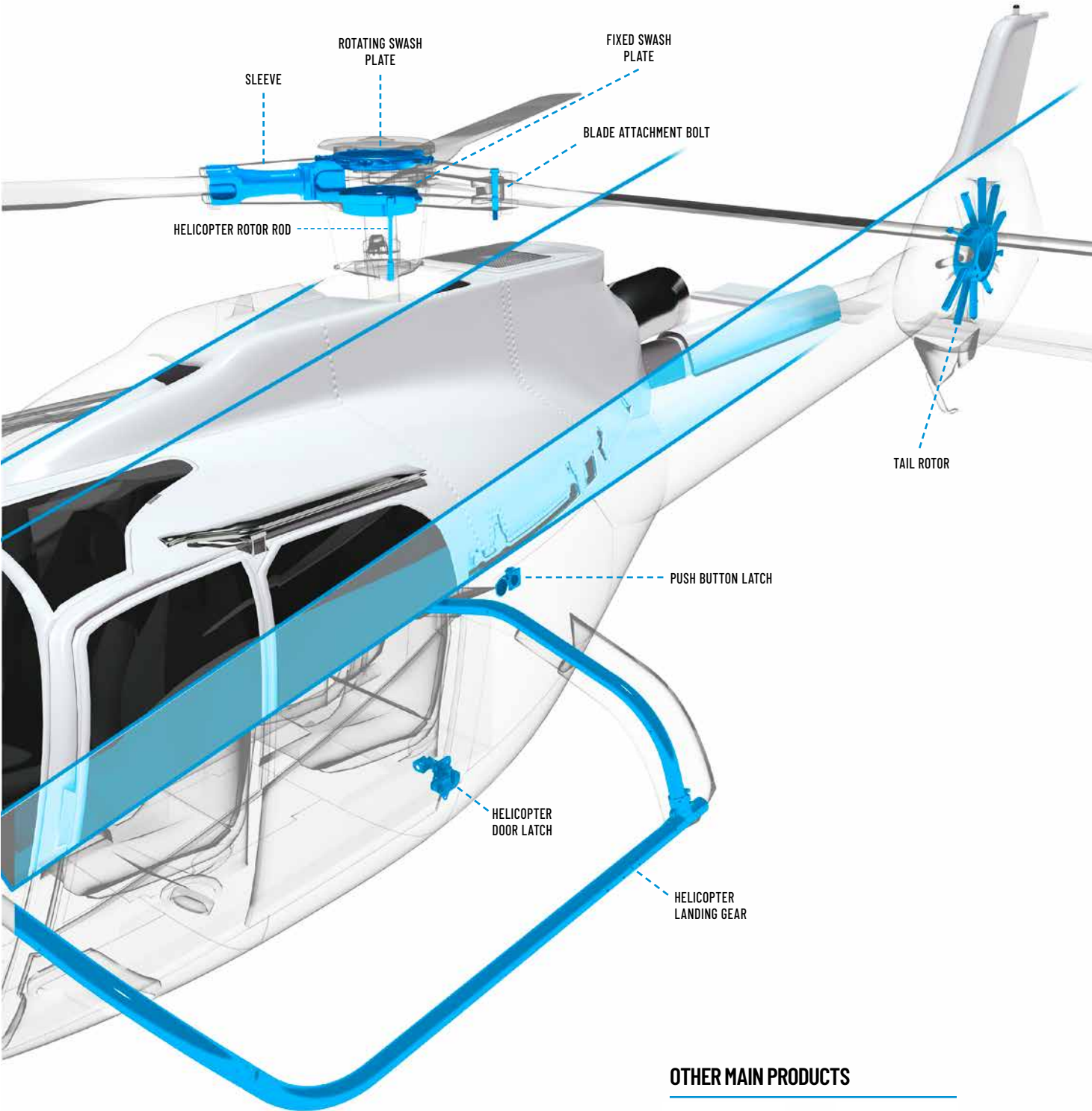


DOOR STOPS

PORTFOLIO - HELICOPTERS

MARKETS & PRODUCTS

44



OTHER MAIN PRODUCTS

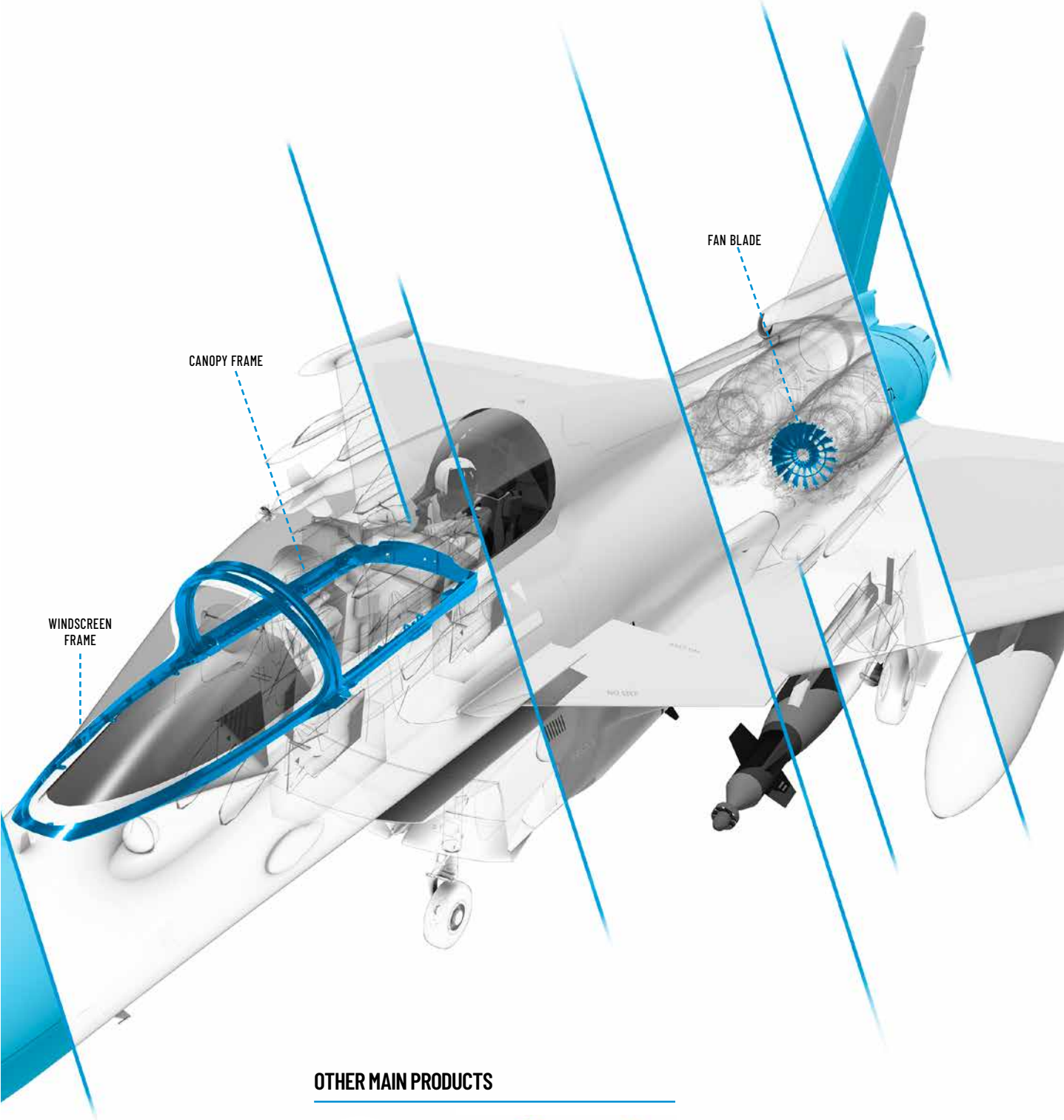


CARGO HOOK



SHAFT NUTS

PORTFOLIO - FIGHTERS



OTHER MAIN PRODUCTS



OIL TANK



THREADED FASTENERS

LISI AUTOMOTIVE

“The division has gained market share and reached the EUR 500 million sales revenue threshold this year.”



**QUESTIONS TO
FRANÇOIS LIOTARD**
CHIEF EXECUTIVE OFFICER, LISI AUTOMOTIVE

How did the division behave in 2017?

This year, sales hit a historical level of EUR 506 million, up 8.8% compared to 2016. The division also experienced a sharp acceleration in sales between the first (3.6%) and the second (14.4%) half, and recorded its fourth consecutive year of growth. All business groups posted improved performance, which allowed the division to display an operating margin in progress for the 5th consecutive year.

What was your strategy?

The refocussing of the offer towards higher value-added products, initiated several years ago, is now bearing its first significant fruits. Just as the efforts undertaken to restore some French sites of the Threaded Fasteners business group, especially that of Saint-Florent-sur-Cher. Most of the operational indicators are also progressing, in particular the ones concerning logistics and quality, as well as those resulting from the deployment of the LISI Excellence Achievement Program (LEAP).

What were your key highlights?

First, the many awards we received from our customers. At a time when the automotive industry is undergoing unprecedented change, they demonstrate the relevance of our efforts in partnership, development and collaborative innovation. Also, we accelerated our international expansion with encouraging developments. In China, first of all, with the transformation of Shanghai (Safety Mechanical Components) and the creation of the Clipped Solutions site in Zhuozhou, Hebei Province; also in Mexico, but especially in North America with the acquisition of the U.S. company TERMAX (see page 48). From now on, employees based outside France represent 54% of the division's workforce.

What is your vision for 2018?

We will continue the progress achieved over the past five years, continuing to improve our operating profitability, thanks in particular to contributions from the LISI Excellence Achievement Program (LEAP) and productivity investments. The acquisition of TERMAX will also have its full effects. From the beginning of the year on, we will focus our attention on compliance with delivery schedules, even as demand is rising sharply, as well as on the ramping up of new products. The impact of rising raw material costs on sales prices will also be monitored.

DYNAMIC MARKETS

+2.4%

Growth in global auto sales

10.6%

Share of new products
in sales revenue

+13.5%

Increase in LISI AUTOMOTIVE sales
to global parts manufacturers

LISI AUTOMOTIVE has benefited from the dynamism of major international markets to gain market share on its flagship products (clipped solutions and safety mechanical components). Global car markets posted sales growth of +2.4%. Only the European market did better (3.3%); China experienced more moderate growth (2.0%) while the U.S. market, which remains at a historically high level, fell by 1.9%.

LISI AUTOMOTIVE's leading market, Europe benefited from the dynamism of the continent's major countries, with the exception of Great Britain, which suffered the adverse effects of Brexit (-5.7%). Among LISI AUTOMOTIVE's European customers, Renault-Dacia (6.6%), Daimler (4.8%) and PSA (4.8% excluding OPEL) were the most dynamic. Only Volkswagen (2.3%) and BMW (0.9%) do worse than the market.

Dynamic parts manufacturers

In accordance with the business development plan implemented by the division, sales to major global parts manufacturers increased significantly (+13.5%). Especially at ZF, Faurecia, Magna, and Adient. Strongly involved in the development of solutions for future autonomous, electric and carbon-free vehicles, these parts manufacturers have significant growth potential. On the manufacturers' side, VW, Daimler and Chinese SAIC are the ones with which LISI AUTOMOTIVE's progress has been the strongest. The division's new products have been well received, with new orders now accounting for 10.6% of sales, up from 10.2% in 2016. Particularly noteworthy for Safety Mechanical Components and Clipped Solutions, this growth reflects the strategy of market share gains in these areas.



WITH TERMAX, LISI AUTOMOTIVE STRENGTHENS ITS GLOBAL POSITION



In September 2017, the LISI AUTOMOTIVE division announced the acquisition of 51% of the capital of TERMAX LLC, a leading company for the design and manufacture of metal and plastic clipped fasteners for automotive upholstery. The transaction, which plans repurchasing the remaining 49% of the capital by 2021, strengthens LISI AUTOMOTIVE's position, particularly in clipped fasteners, and offers strong industrial and commercial synergies worldwide. The two companies are indeed perfectly complementary both in terms of technology, and in terms of distribution of their activity among major manufacturers.

COMPLEMENTARY POSITIONS

TERMAX is indeed a manufacturer of metal or plastic clipped fasteners, which enjoys very strong specialization on vehicle interiors. Solidly established at Ford, Chrysler and General Motors, it has strong positions in the U.S. automotive ecosystem. Conversely, LISI AUTOMOTIVE is a recognized player for exterior fastener solutions (door reinforcements, sills, etc.), which is very well established with European players, all over the world. Established in 1971, TERMAX employs 480 people and has a large production (metal stamping and plastic injection) and development site in Lake Zurich, near Chicago, Illinois, a 3,600 sq.m. plant in Suzhou, China, near Shanghai, as well as a distribution center in Queretaro, Mexico. The first commercial synergies will come into effect in 2018.

TERMAX KEY FIGURES

USD 80 million

2017 sales revenue

480

employees worldwide

51%

Share of TERMAX
capital acquired by
LISI AUTOMOTIVE





AWARDS REWARDED PERFORMANCE



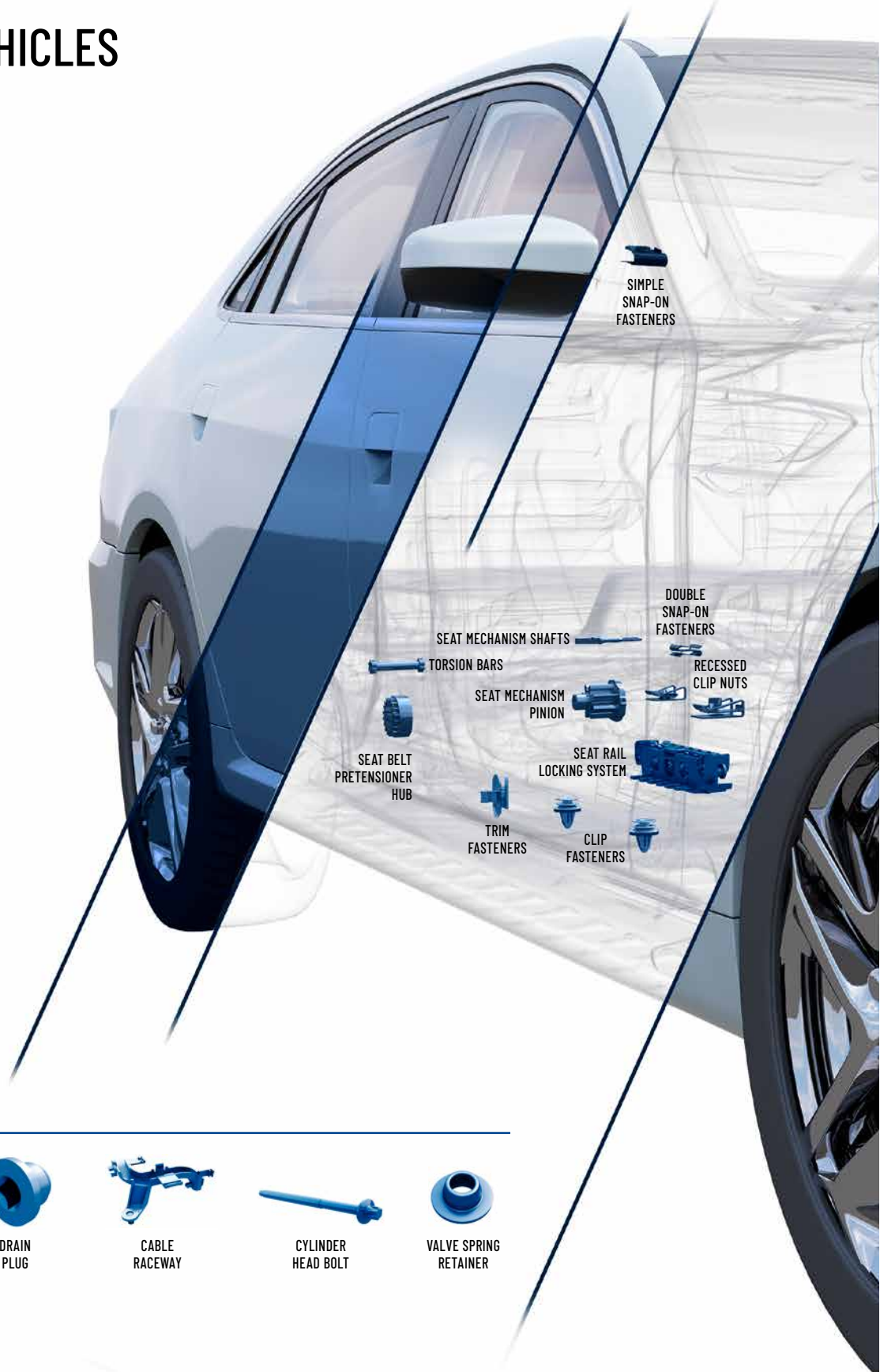
Customer satisfaction has reached an unprecedented level. This resulted in many awards given in 2017 to the division's teams: *Best Performance (ZF); Best Customer Approach (MANDO); Best Innovation Approach (FSP FACIL), Performance Bronze (ADIEN).*

INTERNATIONALIZATION NEW FACTORY IN CHINA

As part of its internationalization, LISI AUTOMOTIVE has completed its installation in its new plant at Zhuozhou, near Beijing, which replaces the LISI AUTOMOTIVE historical site located near the airport. This new capacity unit (plastic parts and metal staples) completes the Shanghai plant, whose production has been refocused towards mechanical components with high added value.



PORTFOLIO - VEHICLES



OTHER MAIN PRODUCTS



TWOLOK®
NUTS



CONROD
SCREW



DRAIN
PLUG



CABLE
RACEWAY



CYLINDER
HEAD BOLT



VALVE SPRING
RETAINER



ELECTRIC
PARKING BRAKE
SCREW AND
NUT SYSTEM



STEERING LONG
BALL JOINT



BRAKE TUBE
FITTING

LISI MEDICAL

“We meet the expectations of major customers who are looking for subcontractors capable of offering an overall, global solution.”



3 QUESTIONS TO
OLIVIER LE BARS
CHIEF EXECUTIVE OFFICER, LISI MEDICAL

What are the positions of LISI MEDICAL today?

In 2017, our division enjoyed a year of full swing activity integrating the two sites of the U.S. company LISI MEDICAL Remmele acquired the previous year. In addition to the strong growth in sales revenue that it brought about compared to 2016, this change in scope now positions the division as one of the major players in the markets for bone surgery and minimally invasive surgery. This strategic acquisition also allowed us to divide and balance our industrial resources between two continents, while taking advantage of the technological specificities of each site. The sites in our former scope (Caen, Lyon, San Diego) have experienced sustained activity and organic growth in line with the progress of the market.

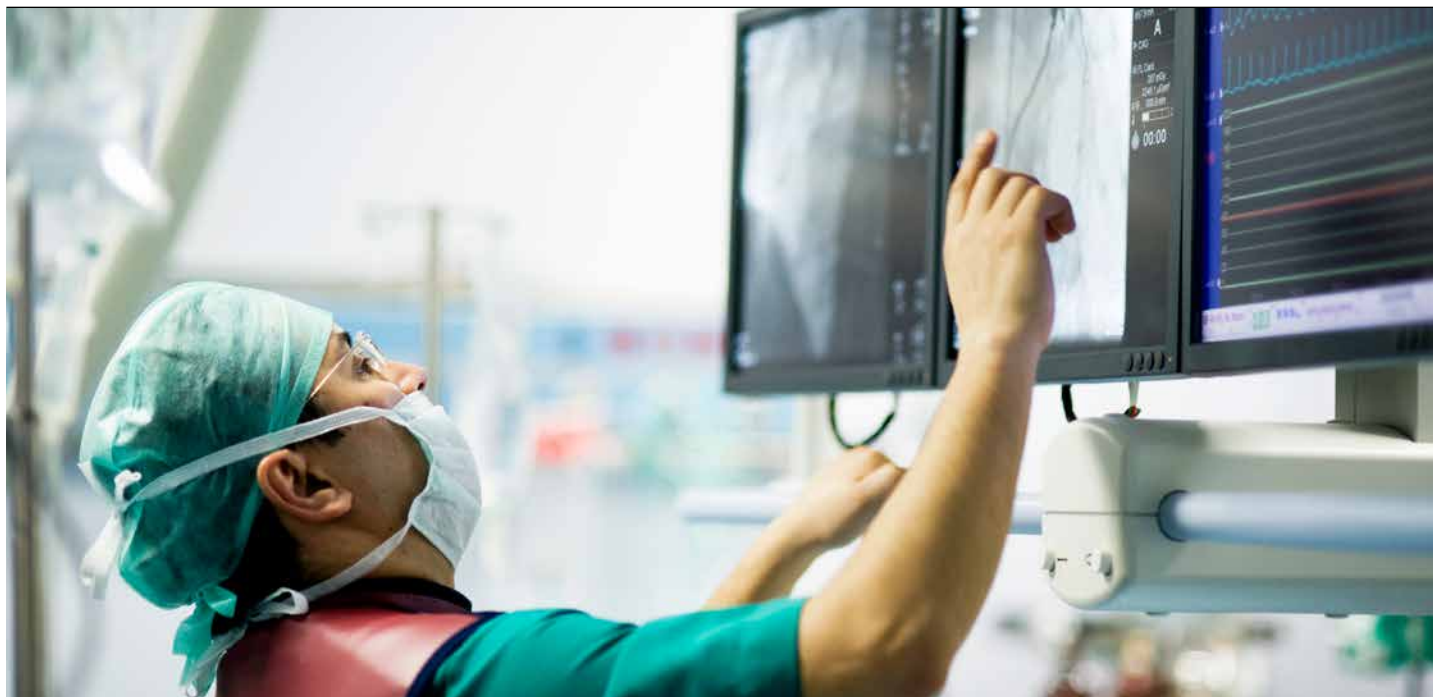
How do the synergies work?

As planned, LISI MEDICAL Remmele has completed its integration plan with the deployment of the LISI System's three structuring programs, i.e. the LISI Excellence Achievement Program (LEAP), E-HSE, and COS (Controlling Operating System). This experience revealed the desire to create synergies between the different entities, both at the operational and commercial levels. The industrial support and

purchasing functions, created in 2016, were able to deploy a common vision and address projects that have generated, and will still generate, gains for the LISI MEDICAL division. The sales organization has focused on allowing large customers to have a more all-encompassing vision of the portfolio of products and solutions offered by the division through its various entities. With this in mind, central business functions for the Americas and Europe have been created to meet the overall demands expressed by global customers.

What are the next steps?

The major customers in the field of the medical device are looking for subcontractors capable of assisting them in their growth, while mastering the quality and cost of the products. It is therefore essential to promote the general image of LISI MEDICAL in order to capture the major projects from our customers, but also to increase our capacities to meet these needs. In 2017, we completed the 5,000 sq.m. and 3,700 sq.m. extensions of industrial premises at our plants in Minneapolis (Big Lake) and Caen (Hérouville Saint-Clair) respectively, while reorganizing the production flows in accordance with LISI's LEAP method to achieve further efficiency gains.



A WORLD PLAYER

EUR **137** million
2017 sales revenue

EUR **9.8** million
EBIT (+ 5.7%)

+4%
Growth of the orthopedic market

Advances in medicine and sociodemographic developments (aging, obesity, development of emerging countries), open up new fields of application for LISI MEDICAL products. Minimally invasive surgery instruments, which bring about a number of innovations, are indeed increasingly used in general, visceral, neurological and urological surgery, and also more recently in orthopedics, a segment where LISI MEDICAL is historically positioned.

Surgical Robots and 3D Printing

The emergence of surgical robots, a new development factor in minimally invasive surgery, is revolutionizing sectors that have so far been relatively weak. All the major players in orthopedics are now equipped. The orthopedics market has seen its growth (+4%) partly driven by the increasing adoption of robots in the treatment of diseases of the hip, knee and spine, and by the development of minimally invasive instrumentation for spine or trauma surgery. These positive developments are complemented by the development of

additive manufacturing techniques (3D printing), which transforms the traditional industrial approach, particularly in the dental, maxillofacial and, more recently, orthopedic sectors.

Concentration and race for innovation

The movement towards concentration that has prevailed for several years in the medical device sector continued in 2017. Tariff pressures exerted on the industry to accompany the general reduction of health expenditures indeed encourage industry players to seek the critical size, to intensify their innovation efforts in order to value and/or differentiate their offer. This movement is still under way and is reflected in outsourcing. In order to reduce their costs, the main customers have today a tendency to reduce the number of their subcontractors, to keep only those whose industrial capacity is significant, international and sustainable. The consolidation of LISI MEDICAL Remmele, acquired in 2016, now enables the division to offer this profile to its customers.

EXTENSION

STREAMLINING OF THE ASSEMBLY LINES AT CAEN

Faced with the growing demand for joint replacement prostheses (hip, knee), an extension of the same order of magnitude as that carried out in Minneapolis (5,000 sq.m.) was carried out on the LISI MEDICAL Orthopaedics site in Caen. Product assembly lines for major customers have been streamlined as part of the deployment of the LEAP enhancement initiative. The site now has a greater production capacity.

REGULATIONS

A NEW EUROPEAN FRAMEWORK

The regulatory framework for the medical device sector has entered a transition phase with the new European regulation, published in May 2017 and applicable in 2022. In order to better support its customers during this period, LISI MEDICAL has chosen to make the transition from its Green Quality Management System to the most recent version of ISO 13485. This certification specifies the requirements of quality management systems (QMS) for the medical device industry.

SALES

OFFERING A GLOBAL RESPONSE

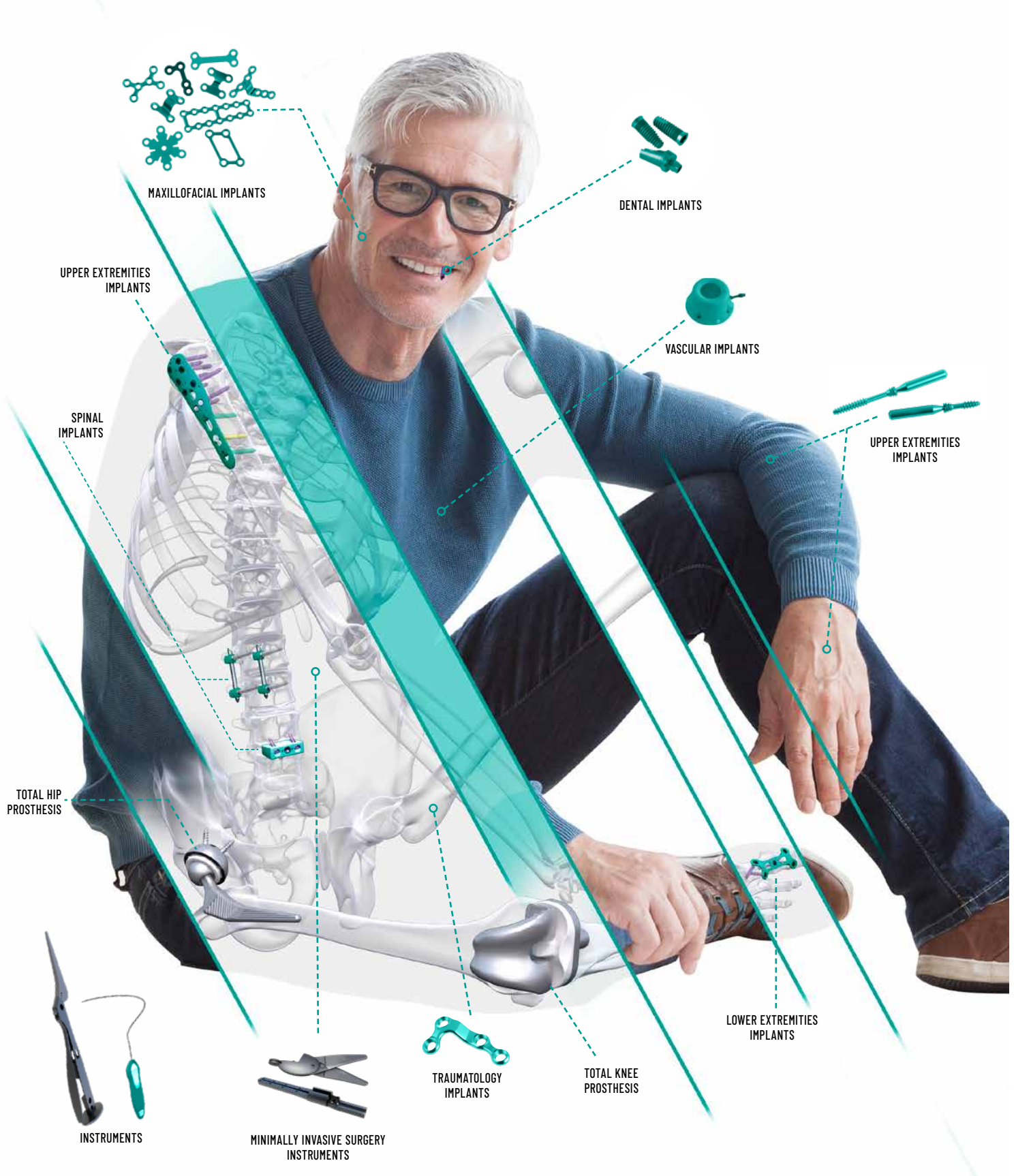
A commercial reorganization was initiated in 2017 around 2 United States and Europe areas. It offers our customers two common platforms to work in these two major markets. This organization must also improve exchanges and initiate synergies between the different sites of the division.

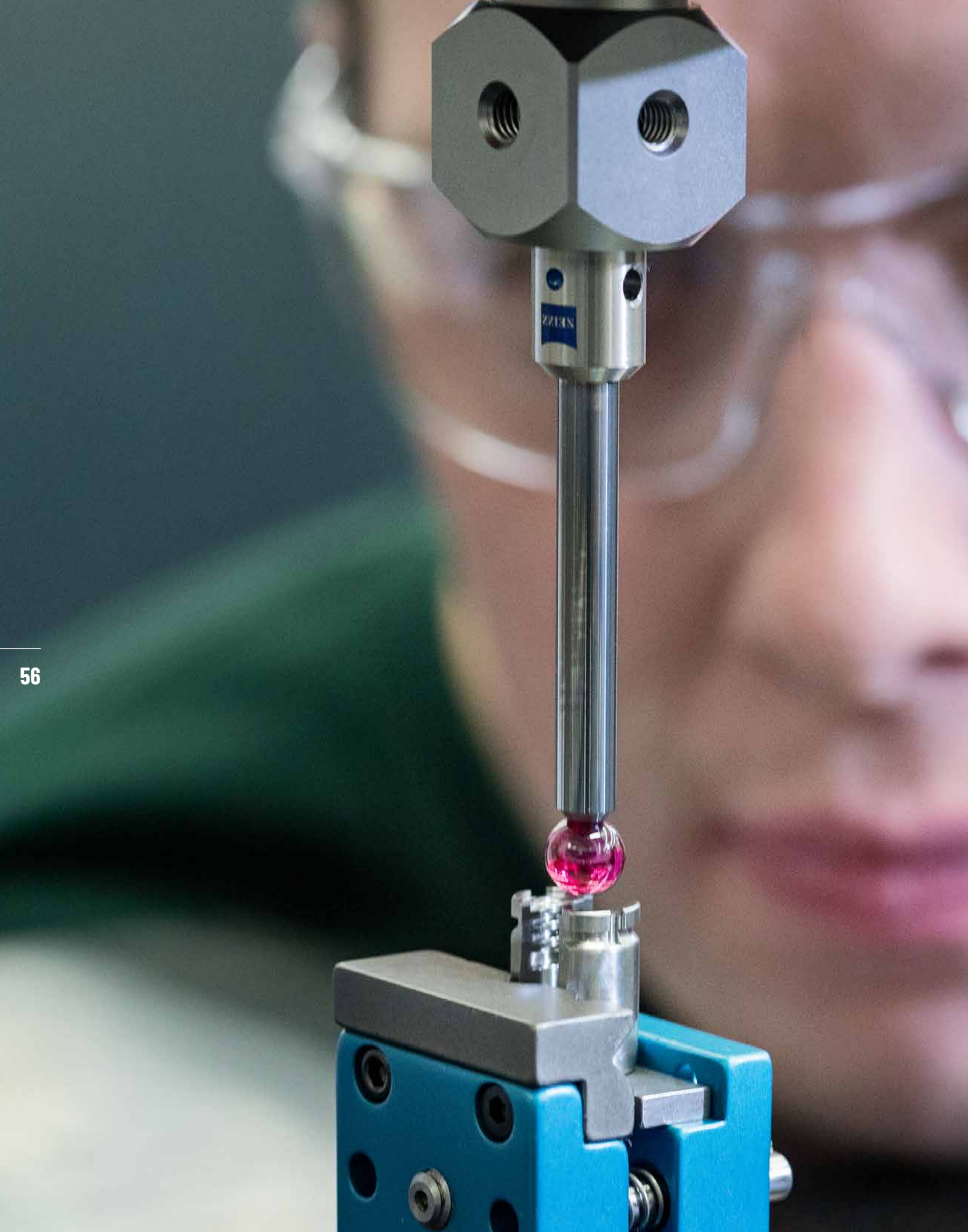
CONSOLIDATION

LISI MEDICAL Remmele is growing

The year 2017 was marked by the successful consolidation of LISI MEDICAL Remmele. Headquartered in Minneapolis, Minnesota, the company acquired in 2016 has given LISI MEDICAL a truly global dimension with the major players in the medical device market. With its two sites - the first one specializes in bone surgery, the second in MIS (Minimally Invasive Surgery) instrumentation - this new entity has opened up new business opportunities. Its customers are interested in the capabilities and manufacturing processes of the division's historical entities. A 5,000 sq.m. extension is also underway at the MIS instrument plant to meet these demands, but also to make the industrial organization of the site compliant with LISI's LISI Achievement Program (LEAP) method. The extension was completed in December 2017. The transfers are underway for a final redeployment in the spring of 2018.







CORPORATE AND ENVIRONMENTAL RESPONSIBILITY

- 58 **HUMAN RESOURCES**
Creating value, a team work
- 60 **LEAP**
Operational excellence,
the ramp-up
- 62 **E-HSE**
Risk control,
a permanent challenge
- 64 **HEALTH & SAFETY**
Protection at work aiming high
- 66 **ENVIRONMENT**
Sustainable growth,
a common culture

HUMAN RESOURCES



CREATING VALUE, A TEAM WORK

“LISI is committed to ensuring that every employee has access to the training actions necessary to build their career path.”

Spread out in 13 countries around the world, LISI Group employees deliver far more than just the products or tasks for which they are responsible. Whatever their duties, they contribute individually to the efforts of a team whose goal is to achieve industrial excellence. This is the reason why LISI attaches particular importance to the integration and training of all its employees, in order to enable everyone to express the best of themselves in this team.

This priority has remained central. In 2017, 1,675 men and women joined the group to support its development and contribute to its Growth. The acquisition of 51% of the U.S. company TERMAX, designer and manufacturer of clipped fastener solutions for automotive interior trims (see page 48), further strengthens the Group’s anchorage on the other side of the Atlantic: 19.1% of LISI employees are now based in the United States, Canada and Mexico, compared to 16.8% in 2016.

Attracting and co-opting talents

Identifying talent and attracting tomorrow’s employees is a crucial competitive issue for all industrial companies. It is a key factor in LISI Group’s dynamism in the medium and long term. This is the reason why LISI AEROSPACE deployed its co-optation program in 2017, which allows employees to recommend someone from their network for an open position. This mechanism, which contributes to the recruitment of talents and promotes cohesion, provides a reward paid in the form of bonus if the recruitment is a success. The Group has also developed an original compensation system, which values the company’s performance as well as collective and individual achievements.

Internal mobility, whether geographical or functional, is also a structuring axis of its human resources policy. The “Job Interchange”, accessible on the Group’s Intranet, enables all LISI employees to become actors in their own development, for example, by guiding their career path to international trade or to another profession.

Training and developing skills

Training is the other pillar of the HR management within the company. In 2017, Group companies worldwide invested EUR 8.7 million in training. By offering each employee the opportunity to develop their skills, this effort benefits the Group’s sustainable growth. Lastly, it makes it possible to address new developments in the businesses and technologies required for its activities.



2017 KEY FIGURES

PRESENT IN 13 COUNTRIES AND 4 CONTINENTS, LISI SAW THE NUMBER OF ITS EMPLOYEES GROW BY

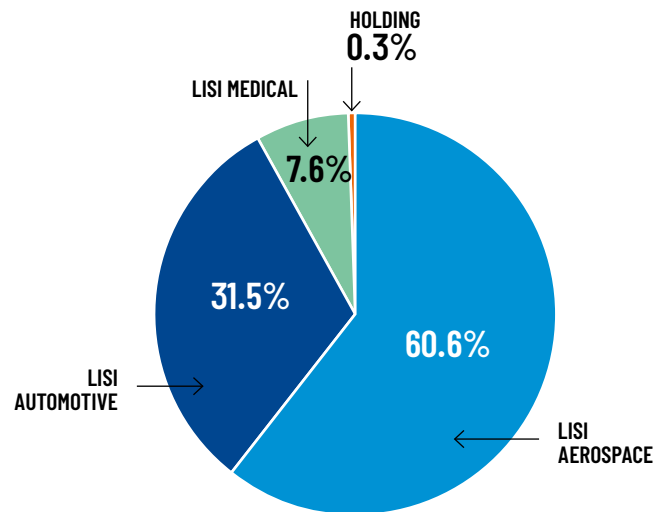
3.2%
IN 2017 (FIGURES AT 12/31/17).

11,958
EMPLOYEES IN THE GROUP

244,419
HOURS OF TRAINING PROVIDED

The actions carried out by LISI also concern the continuous improvement programs of the LEAP System (LISI Excellence Achievement Program), which now cover all the functions of the company. Lastly, they are reflected in the training offer made available by the LISI Knowledge Institute (LKI), which is a central component of the Group's international skills development strategy. In 2017, LKI University organized 112 training sessions in various fields (technical & business, personal development, management & leadership), in order to develop employees' skills or offer support for change.

A new training program was launched in 2017, namely "Management for Supervisors". Connected to the LEAP culture, this program aims to make learners aware of their supervisory role, to adopt a managerial posture, to improve the delegation of responsibility at the operational level and to acquire appropriate practices. This program is intended to be offered internationally. In 2017, some plants in Morocco and France deployed it.



BREAKDOWN OF STAFF PER DIVISION

LEAP



OPERATIONAL EXCELLENCE, THE RAMP-UP



LEAP MANAGER, THE MASTERY OF EXCELLENCE

The LEAP Manager training course, created in 2017, is aimed at site managers with a specific focus towards the heads of autonomous production units (UAP), in charge of groups of 60 to 200 employees. It teaches them how to use the Leap management tools (A3, PSM, WSM, etc.). Five sessions were held this year (including one in the USA), after which 22 managers were certified.

“Performance and adaptive capacity are key competitive advantages. The LEAP program directs everyone’s actions in this direction.”

Initiated in 2011, the LISI Group’s performance improvement plan continues to grow. The LEAP* program, which supports it, guides everyone’s actions in order to increase performance in the Group’s factories. It integrates into the LISI SYSTEM, the overall improvement plan that affects all the company’s functions (production, risk management, organization and management, etc.).

The deployment of LEAP methods has accelerated in the plants of each division: 20 maturity awards were issued at the 2017 LEAP Forum. This new harvest brings to 35 the total number of awards given since the launch of this plan (3 gold, 12 silver and 20 bronze awards). These results were made possible thanks to the involvement of the network of facilitators responsible for implementing all the methods for improving the program, but also thanks to the constant support of the management teams.

* LISI Excellence Achievement Program

HR Convergence and Supply Chain

The year 2017 was also marked by the convergence of the LEAP program with the organization of human resources. This combination made it possible to involve all employees and to clearly define the production organization rules, from the autonomous production groups to the management teams.

The supply chain has also joined the standards of the program: the Supply Chain Management (SCM) diagnosis, based on a repository of the Automotive sector and applicable to the 3 divisions, was validated using a format identical to the LEAP evaluations. The LEAP program has finally made it possible this year to provide the maintenance teams with a new evaluation and diagnostic tool within the framework of LISI Productive Maintenance (LPM). Appreciated internally as soon as it was commissioned, this tool has already generated numerous exchanges between maintenance managers, in France and abroad.



LEAP Forum Rewards.
20 LEAP awards were presented to the plants at the 2017 LEAP Forum: 2 gold, 8 silver, and 10 bronze awards.

E-HSE



RISK CONTROL, A PERMANENT CHALLENGE

Developed within the overall framework of the LISI SYSTEM, like the LISI Excellence Achievement Program (LEAP), the LISI Excellence HSE program (LISI E-HSE) focuses more specifically on all issues related to health, safety and the environment. Based on the best methods of ongoing improvement and the best operational tools of the Group, it allows to initiate a common culture in terms of risk management and to define rules of caution and prevention understood and applied by all, in all the countries where the LISI Group operates.

The scope of the LISI E-HSE program covers all the key aspects of HSE initiatives: meeting the expectations of all Group stakeholders; meeting regulatory requirements; lowering the costs associated with the risks posed by the Group's activities, both human and environmental, and ensuring a safe working environment in order to preserve the health of all.

Tools for each site

Central to this strategy, the LISI E-HSE program provides a comprehensive set of tools and methods for each site to achieve HSE excellence, and to measure progress towards that goal. In total, LISI E-HSE has 24 tools for animation, operational support and management to drive the entire process. Launched in 2016 with the completion of an operational inventory of on-site evaluations, the roll-out of the program continued in 2017. Targets have been set according to the maturity levels of each of them: *Standard* for the requirements of ISO 14001 and OHSAS 18001, *Bronze*, *Silver*, and *Gold*, each corresponding to ever higher expectations. All sites will have to reach the *Bronze* level by the end of 2020.



“The LISI E-HSE program offers a complete set of concrete tools to enable each site to achieve excellence in risk management.”



E-HSE CERTIFICATION FOR THE GROUP

LISI has taken another step towards HSE Excellence. The entire Group has been certified ISO 14001 (Environment) and OHSAS 18001 (Health and Safety at Work). Until now, these certifications were initiated site by site.

OHSAS 18001
BUREAU VERITAS
Certification



ISO 14001
BUREAU VERITAS
Certification



HEALTH & SAFETY



PROTECTION AT WORK AIMING HIGH

“Health and safety issues are one of the keys to improving the Group’s performance results.”

The health and protection of employees, as well as the promotion of quality of life at work, have always been a priority for the LISI Group. The implementation of continuous improvement programs on these topics, with specific objectives, is the keystone of LISI management’s action plan to improve accident prevention across the Group’s divisions. The target set for 2020 to lower the accident rate below the threshold of 8 per million hours worked for each site in the Group is on track.

Accidents in sharp decline

The implementation of the SCP program (*Safety Culture Program*) has enabled the Group to achieve the best results ever recorded in its history in terms of safety. Measured on December 31, 2017, the frequency rate of accidents with or without a work stoppage involving a LISI employee or a temporary worker (TF1) reached 11.61, down 27% in 5 years (-64% over 10 years). The lost time accident rate (TF0) fell by 19% over 5 years. In total, 55% of LISI sites show improved results compared to the previous year; 57% of them have a TF1

of less than 10, this threshold being the intermediate target set by LISI management for 2017. The historic sites, owned by the Group for more than 10 years, show even greater progress.

A common prudential approach

Developed in the framework of LISI E-HSE (see also page 62), the deployment of the SCP program has made it possible to accelerate the sharing of effective precautionary behaviors and the adoption of a common risk prevention culture. These indispensable steps form the basis of this progress initiative.

-19%

DECLINE IN TFO ACCIDENTS
(WITH STOPPAGE) SINCE 2012
(EMPLOYEES + TEMPS)

-27%

DECLINE IN TF1 ACCIDENTS
(WITH AND WITHOUT STOPPAGE)
SINCE 2012 (TEMPORARY EMPLOYEES)



LESS THAN 8 ACCIDENTS PER MILLION HOURS WORKED (M / H)

This is the direction that the management of the LSI Group has set for 2020 for its employees and temporary workers: a frequency rate of accidents with or without stoppage (TF1) of less than 8 on each site of each *Business Group*, across all divisions.



ENVIRONMENT



SUSTAINABLE GROWTH, A COMMON CULTURE

“Raise awareness and promote the development of a common culture around environmental issues.”

As defined in the LISI E-HSE program, the principles applied by the LISI Group in terms of environmental management, resource preservation and pollution prevention constitute the basis of its commitment to sustainable growth. The internal programs that structure this approach and set its objectives - particularly for energy management and the reduction of environmental impacts - have been devised to encourage the emergence of a common culture around these issues.

2017 targets achieved

The securing of ISO 14001 certification by the LISI Group, regarding respect and protection of the environment, has made it possible to structure the procedures and accelerate the entire process for the Group's operations and business professions. The intermediate objectives set for 2017 - implementation of a plan to reduce energy consumption at the sites; Identification of the most significant environmental impacts - have been achieved and now make it possible to intensify the effort.

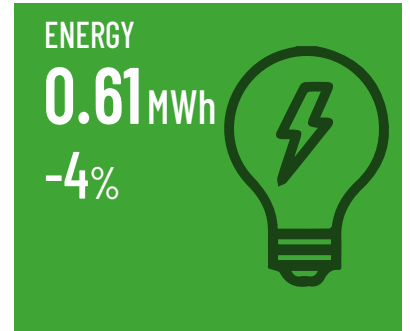
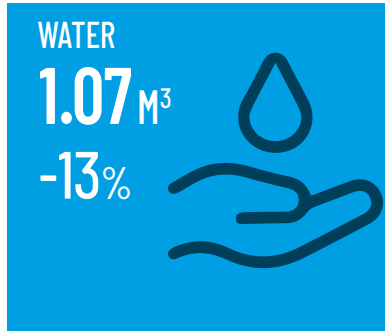
Forge 2020 Project

Ambitious targets for energy management have also been set for 2020. The *Forge 2020* Project perfectly integrates these requirements. Indeed, the Bologne site in Haute-Marne, which alone accounts for 13% of the Group's energy expenditure, will benefit from improvements under the *Forge 2020* Project. Among other things, it provides for the reinforcement of the building's insulation and the installation of a cogeneration system in order to lower the energy bill. The first results are expected for 2021.



CARBON FOOTPRINT

QUANTITIES CONSUMED FOR EUR 1,000 OF VALUE ADDED / YEAR-ON-YEAR CHANGE





SHAREHOLDER GUIDE

70	GOVERNANCE
71	KEY FIGURES
74	STOCK MARKET DATA
76	FINANCIAL DATA
80	FUNCTIONAL ORGANIZATION CHART

GOVERNANCE

The LISI Group is organized in such a way as to create favorable conditions for its development in compliance with the rules of good governance. It is articulated around two complementary decision-making bodies. The Board of Directors, composed of 14 members, including 3 independent directors, brings together leading managerial, industrial and financial skills. It deliberates on all matters relating to the smooth running of the company. The Executive Committee, composed of 18 members representing each of the Group's divisions, defines and implements the Group's operational strategy.

Board of Directors

Gilles KOHLER
Chairman

Emmanuel VIELLARD
Director

Éric ANDRÉ
Director

Isabelle CARRÈRE
Director

Patrick DAHER
Independent Director

Emmanuelle GAUTIER
Independent Director

Capucine KOHLER
Director

Jean-Philippe KOHLER
Permanent Representative
of CIKO to the LISI Board of Directors
Director

Pascal LEBARD
Director

Lise NOBRE
Vice-Chairwoman
Independent Director

Christian PEUGEOT
Director

Thierry PEUGEOT
Permanent Representative
of CID to the LISI Board of Directors
Director

Marie-Hélène RONCORONI
Director

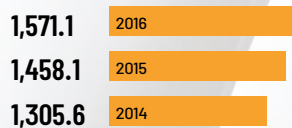
Cyrille VIELLARD
Permanent Representative
of VMC to the LISI Board of Directors
Director

KEY FIGURES

LISI GROUP

CONSOLIDATED SALES

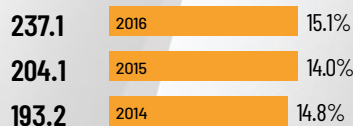
€1.64 B



EBITDA

€256.2 M

15.6% of sales



EBIT

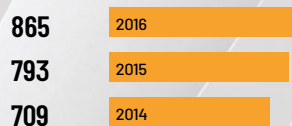
€171.4 M

10.4% of sales



EQUITY CAPITAL

€898 M



CAPITAL EXPENDITURES

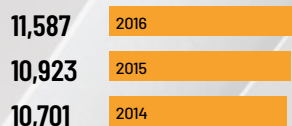
€140 M

8.5% of sales



WORKFORCE REGISTERED
STAFF

11,958



KEY FIGURES

LISI AEROSPACE



SALES REVENUE 2017
€1,000.9 M

20 SITES AROUND
THE WORLD

ORGANIC GROWTH
+3.3%

10 SITES IN FRANCE

Argenton-sur-Creuse
Bar-sur-Aube
Bologne
Colomiers
Marmande
Parthenay
Saint-Brieuc
Saint-Ouen-l'Aumône
Vignoux-sur-Barangeon
Villefranche-de-Rouergue

OF GROUP SALES
61%

CURRENT OPERATING INCOME
€128.1 M

10 SITES OUT OF FRANCE

Bangalore (India)*
Casablanca (Morocco)
Chihuahua (Mexico)*
City of Industry (United States)
Dorval (Canada)
Izmir (Turkey)
Rugby (England)
Sedziszow (Poland)
Tanger (Morocco)
Torrance (United States)

EMPLOYEES
7,251

* Secondary sites.

LISI AUTOMOTIVE



SALES REVENUE 2017

€506 M

22 SITES AROUND
THE WORLD

ORGANIC GROWTH

+6.5%

9 SITES IN FRANCE

Dasle
Delle
Dreux
La Ferté-Fresnel
Mélisey
Puisseux
Saint-Florent-sur-Cher

OF GROUP SALES

31%

CURRENT OPERATING INCOME

€33.3 M

Support activities:
Grandvillars
Lure

EMPLOYEES

3,773

12 SITES OUT OF FRANCE

Cjec (Czech Republic)
Fuenlabrada (Spain)
Gummersbach (Germany)
Heidelberg (Germany)
Kierspe (Germany)
Mellrichstadt (Germany)
Monterrey (Mexico)
Pékin (China)
Queretaro (Mexico)
Shanghai (China)
Suzhou (China)
Vöhrenbach (Germany)

LISI MEDICAL



SALES REVENUE 2017

€137 M

5 SITES AROUND
THE WORLD

ORGANIC GROWTH

-2.3%

2 SITES IN FRANCE

Caen
Neyron

OF GROUP SALES

8%

3 SITES OUT OF FRANCE

Big Lake (United States)
Coon Rapids (United States)
Escondido (United States)

CURRENT OPERATING INCOME

€9.8 M

EMPLOYEES

985

STOCK MARKET DATA

LISI'S PROGRESS OVER 2017:

+30.8%
ANOTHER YEAR
OF STRONG GROWTH

EUR 40.10
PER SHARE

SHAREHOLDER GUIDE

74



The LISI share continues its history of growth with a further increase of more than 30% in one year. This good performance reflects good earnings in line with expectations. This growth compares favorably with major indices such as CAC SMALL (+21.1%) and ESTX InduGd&Ser (+16.4%).

The end-of-year price (EUR 40.10) is close to the price range for the year between the highest at EUR 47.60 on October 4th and the lowest at EUR 30.70 on January 2nd.

In terms of volume, 7,418,339 shares were traded, a sharp increase compared to 2016 and 2015, and an improvement in capital exchanged (+234%) due to share price developments. In total over the year, 43% of the float was traded.

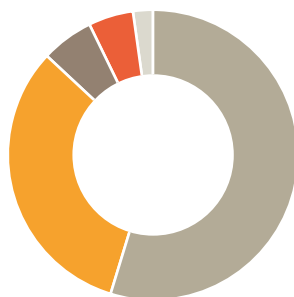
Coverage of the stock






The stock is followed by 9 stockbrokers who regularly issue research notes accompanied by opinions and objectives corresponding to the assessment by the analyst responsible. This cover makes it possible to obtain full and diverse information for professional or private investors.

The LISI Group takes part in a large number of conferences, roadshows and investor meetings for the cities of Geneva, London, Lyon, New York, Paris, and Zurich. In total, the management of LISI met with more than 250 investors during the 2017 financial year.

The communication policy is based on complete and transparent communication, a presentation of the results along with the semi-annual and annual publications and on the assessment of the forecasts by the panel of analysts based on their macro-economic assumptions.

CAPITAL BREAKDOWN



	54.9% CID*
	2.1% Treasury shares**
	5.1% FFP Invest
	5.7% VMC
	32.2% Free float (including employee savings plans for 1.3%)

* Including direct and indirect holdings:
VMC: 20.94%, FFP Invest: 18.94%, CIKO: 16.64%

** Reserved for performance share plans

STOCK IDENTIFICATION SHEET

ISIN Code: FR 0000050353

Reuters code: GFII.PA

Bloomberg code: FII.FP

Compartment: A Eurolist

Stock marketplace: Euronext Paris

Number of shares: 54,023,875

Market capitalization as at December 31, 2017: EUR 2,166 million

Indices : CAC[®] AERO&DEF., CAC[®]-All Shares, CAC[®] Industrials.

2018 EVENTS

The AGM will be held on April 24, 2018 on company premises: Immeuble Central Seine - 46 - 50 Quai de la Rapée 75012 PARIS.

Dividend payments will be made on May 4, 2018.

Sales revenue for the second quarter of 2018, as well as half-yearly accounts will be available on line *via* the company website (www.lisi-group.com), on July 25, 2018.

Financial information for the third quarter of 2018 will be available on line *via* the Group website on October 24, 2018 after close of market.

SECURITIES ACCESSIBLE TO INDIVIDUAL SHAREHOLDERS

In 2017, the Group continued to develop communication with individual shareholders, including the organization of shareholder meetings in Lyon and Strasbourg in partnership with F2IC and CLIFF, as well as the company's participation in the Actionaria tradeshow in Paris.

The aim of the Group for 2018 is to continue to develop communication with individual shareholders in a similar way.

It should be noted that this policy addressed to individual shareholders, which also includes specific quarterly letters, an "Invest in LISI" document and an animated film, increased their number to more than 3,600 during the last TPI analysis carried out for the first time for the company in May 2017.

LIST OF BROKERS

	Agnès BLAZY
	Laurent GELEBART
	Geoffroy PERREIRA
ID MIDCAPS	Denis SCHERRER
	Christophe MENARD
	Antoine BOIVIN-CHAMPEAUX
	Jean-François GRANJON
	Christophe QUARANTE
	Jérémy SALLEE

CONTACTS

For information or documentation

LISI S.A. Financial Department

• Tel: +33 (0)3 84 57 00 77

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• E-mail: emmanuel.viellard@lisi-group.com

Relations with shareholders, investors, financial analysts and the financial and economic press:

• Mr. Emmanuel Viellard - CEO

FINANCIAL DATA

INCOME STATEMENT

(in €'000)	12/31/2017	12/31/2016
SALES REVENUE	1,643,356	1,571,104
Changes in stock, finished products and production in progress	(884)	(1,519)
Total production	1,642,472	1,569,585
Other revenues	26,661	23,777
TOTAL OPERATING REVENUES	1,669,133	1,593,362
Consumed goods	(443,119)	(414,436)
Other purchases and external expenses	(338,332)	(325,957)
Taxes and duties	(12,171)	(11,353)
Personnel expenses (including temporary workers)	(619,333)	(604,484)
EBITDA	256,178	237,132
Depreciation	(90,132)	(80,872)
Net provisions	5,352	1,200
EBIT	171,398	157,460
Non-recurring operating expenses	(7,329)	(12,950)
Non-recurring operating revenues	3,649	2,974
OPERATING PROFIT	167,718	147,483
Financing expenses and revenue on cash	(2,421)	(4,420)
Revenue on cash	3,445	1,146
Financing expenses	(5,866)	(5,566)
Other interest revenue and expenses	(19,166)	17,770
Other financial items	60,852	55,409
Other interest expenses	(80,018)	(37,639)
Taxes (including CVAE (Tax on Companies' Added Value))	(39,182)	(54,443)
Share of net income of companies accounted for by the equity method	0	0
PROFIT (LOSS) FOR THE PERIOD	106,951	106,390
Attributable as company shareholders' equity	107,965	107,008
Interest not granting control over the company	(1,014)	(619)
EARNINGS PER SHARE (IN €)	2.04	2.02
DILUTED EARNINGS PER SHARE (IN €)	2.02	2.00

STATEMENT OF OVERALL EARNINGS

(in €'000)	12/31/2017	12/31/2016
PROFIT (LOSS) FOR THE PERIOD	106,951	106,390
Other items of overall income applied to shareholders' equity		
Actuarial gains and losses out of employee benefits (gross element)	671	(4,359)
Actuarial gains and losses out of employee benefits (tax impact)	(302)	840
Restatements of treasury shares (gross element)	220	145
Restatements of treasury shares (tax impact)	(64)	(50)
Other items of overall income that will cause a reclassification of income		
Exchange rate differences resulting from foreign business	(19,251)	(2,874)
Hedging instruments (gross element)	25,361	(12,615)
Hedging instruments (tax impact)	(7,085)	3,587
OTHER PORTIONS OF GLOBAL EARNINGS, AFTER TAXES	(451)	(15,326)
TOTAL OVERALL INCOME FOR THE PERIOD	106,500	91,064

Hedging instruments consist mainly of foreign exchange hedging instruments and, to a lesser extent, raw material hedging instruments. The positive amount of €25.4 million is due mainly to the decline in the USD, which resulted in a symmetrical increase in the fair value of the hedging instruments put in place to protect against the decline in the USD.

STATEMENT OF FINANCIAL POSITION

Asset

(in €'000)	12/31/2017	12/31/2016
NON-CURRENT ASSETS		
Goodwill	321,377	300,426
Other intangible assets	30,177	23,822
Tangible assets	619,593	570,877
Non-current financial assets	9,982	9,481
Deferred tax assets	8,568	19,075
Other Non-current assets	429	950
TOTAL NON-CURRENT ASSETS	990,126	924,631
CURRENT ASSETS		
Inventories	337,099	338,986
Taxes - Claim on the state	41,269	6,772
Trade and other receivables	261,249	260,416
Cash and cash equivalents	197,576	141,719
TOTAL SHORT-TERM ASSETS	837,193	747,894
TOTAL ASSETS	1,827,319	1,672,525

Equity and Liabilities

(in €'000)	12/31/2017	12/31/2016
SHAREHOLDERS' EQUITY		
Share capital	21,610	21,610
Additional paid-in capital	72,584	72,584
Treasury shares	(14,720)	(14,610)
Consolidated reserves	688,882	659,375
Conversion reserves	8,419	27,742
Other income and expenses recorded directly as shareholders' equity	5,261	(13,452)
Profit (loss) for the period	107,965	107,008
TOTAL SHAREHOLDERS' EQUITY - GROUP'S SHARE	890,001	860,258
Minority interests	7,664	4,964
TOTAL SHAREHOLDERS' EQUITY	897,665	865,222
NON-CURRENT LIABILITIES		
Non-current provisions	64,995	70,474
Non-current borrowings	317,757	253,856
Other non-current liabilities	11,605	12,392
Deferred tax liabilities	40,747	33,376
TOTAL NON-CURRENT LIABILITIES	435,104	370,098
SHORT-TERM LIABILITIES		
Short-term provisions	15,156	23,174
Current borrowings ⁽¹⁾	179,973	106,037
Trade and other accounts payable	297,109	304,492
Taxes due	2,312	3,503
TOTAL SHORT-TERM LIABILITIES	494,550	437,206
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,827,319	1,672,525
⁽¹⁾ Of which current bank facilities	16,441	15,984

FINANCIAL DATA

LISI GROUP CONSOLIDATED CASH FLOW TABLE

(in €'000)	12/31/2017	12/31/2016
OPERATING ACTIVITIES		
NET EARNINGS	106,951	106,390
ELIMINATION OF THE INCOME OF COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD		
Elimination of net expenses not affecting cash flows:		
- Depreciation and non-recurrent financial provisions	89,819	81,232
- Changes in deferred taxes	10,335	6,059
- Income on disposals, provisions for liabilities and others	(1,932)	911
GROSS CASH FLOW MARGIN	205,173	194,592
Net changes in provisions provided by or used for current operations	(1,335)	1,213
OPERATING CASH FLOW	203,838	195,805
Income tax expense (revenue)	28,847	48,385
Elimination of net borrowing costs	5,686	5,782
Effect of changes in inventory on cash	67	2,504
Effect of changes in accounts receivable and accounts payable	17,973	(23,729)
NET CASH PROVIDED BY OR USED FOR OPERATIONS BEFORE TAX	256,411	228,747
Tax paid	(64,298)	(29,807)
CASH PROVIDED BY OR USED FOR OPERATIONS (A)	192,113	198,938
INVESTMENT ACTIVITIES		
Acquisition of consolidated companies	(51,014)	(92,136)
Cash acquired	2,409	(1,973)
Acquisition of tangible and intangible fixed assets	(141,694)	(132,609)
Acquisition of financial assets		
Change in granted loans and advances	(722)	(746)
Investment subsidies received		
Dividends received		
TOTAL CASH USED FOR INVESTMENT ACTIVITIES	(191,021)	(227,463)
Divested cash	(5,701)	36
Disposal of consolidated companies	13,060	
Disposal of tangible and intangible fixed assets	1,548	12,995
Disposal of financial assets		
TOTAL CASH FROM DISPOSALS	8,907	13,031
CASH PROVIDED BY OR USED FOR INVESTMENT ACTIVITIES (B)	(182,114)	(214,434)
FINANCING ACTIVITIES		
Capital increase	1,920	32
Net disposal (acquisition) of treasury shares		
Dividends paid to shareholders of the Group	(23,873)	(20,629)
Dividends paid to minority interests of consolidated companies		
TOTAL CASH FROM EQUITY OPERATIONS	(21,954)	(20,598)
Issue of long-term loans	50,913	88,376
Issue of short-term loans	126,640	52,028
Repayment of long-term loans	1,372	(35,309)
Repayment of short-term loans	(102,807)	(45,143)
Net interest expense paid	(5,680)	(5,782)
TOTAL CASH FROM OPERATIONS ON LOANS AND OTHER FINANCIAL LIABILITIES	70,439	54,171
CASH PROVIDED BY OR USED FOR FINANCING ACTIVITIES (C)	48,485	33,573
Effect of change in foreign exchange rates (D)	(2,976)	(8,149)
Effect of adjustments in treasury shares (D)	(110)	(762)
CHANGES IN NET CASH (A+B+C+D)	55,398	9,166
Cash at January 1 (E)	125,736	116,569
Cash at year-end (A+B+C+D+E)	181,134	125,735
Cash and cash equivalents	197,575	141,719
Short-term banking facilities	(16,440)	(15,984)
CLOSING CASH POSITION	181,135	125,735

STATEMENT OF SHAREHOLDERS' EQUITY

(in €'000)	Share capital	Capital-linked premiums	Treasury shares	Consolidated reserves	Conversion reserves	Other income and expenses recorded directly as shareholders' equity	Profit for the period, Group share	Group's share of shareholders' equity	Minority interests	Total shareholders' equity	
SHAREHOLDERS' EQUITY AT JANUARY 1, 2016 RESTATED	21,610	72,584	(14,740)	603,092	30,598	(2,652)	81,764	792,257	1,189	793,445	
Profit (loss) for the period N (A)							107,008	107,008	(619)	106,389	
Translation differences (B)					(2,856)			(2,856)	(18)	(2,874)	
Payments in shares (C)				1,604				1,604		1,604	
Capital increase	0	0						0	3,947	3,947	
Restatement of treasury shares (D)			130			95		225		225	
Restatement as per IAS19 (G)						(3,519)		(3,519)		(3,519)	
Appropriation of N-1 earnings				81,764			(81,764)	0		0	
Change in scope								0	512	513	
Dividends distributed				(20,629)				(20,629)	0	(20,629)	
Reclassifications								0		0	
Fair value of hedging instruments (F)						(8,980)		(8,980)	(48)	(9,028)	
Various (E)				(4,852)				(4,852)		(4,852)	
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2016	21,610	72,584	(14,610)	660,979	27,742	(15,056)	107,008	860,258	4,964	865,222	
<i>including total revenues and expenses posted for the period (A) + (B) + (C) + (D) + (E) + (F) + (G)</i>						(2,856)	(12,405)	107,008	91,747	(685)	91,063
SHAREHOLDERS' EQUITY AT JANUARY 1, 2017	21,610	72,584	(14,610)	659,375	27,742	(13,452)	107,008	860,258	4,964	865,222	
Profit (loss) for the period N (A)							107,965	107,965	(1,014)	106,951	
Translation differences (B)					(19,324)			(19,324)	73	(19,251)	
Payments in shares (C)				2,075				2,075		2,075	
Capital increase	0	0						0	2,000	2,000	
Restatement of treasury shares (D)			(110)			156		46		46	
Restatement as per IAS19 (G)						369		369		369	
Appropriation of N-1 earnings				107,008			(107,008)	0		0	
Change in scope				(57,244)				(57,244)	0	(57,244)	
Dividends distributed				(23,872)				(23,872)	0	(23,872)	
Reclassifications								0		0	
Fair value of hedging instruments (F)						18,188		18,188	86	18,274	
Various (E)				1,540				1,540	1,556	3,096	
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2017	21,610	72,584	(14,720)	688,882	8,419	5,261	107,965	890,001	7,664	897,665	
<i>including total revenues and expenses posted for the period (A) + (B) + (C) + (D) + (E) + (F) + (G)</i>						(19,324)	18,713	107,965	107,355	(855)	106,500

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* Secondary sites.

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