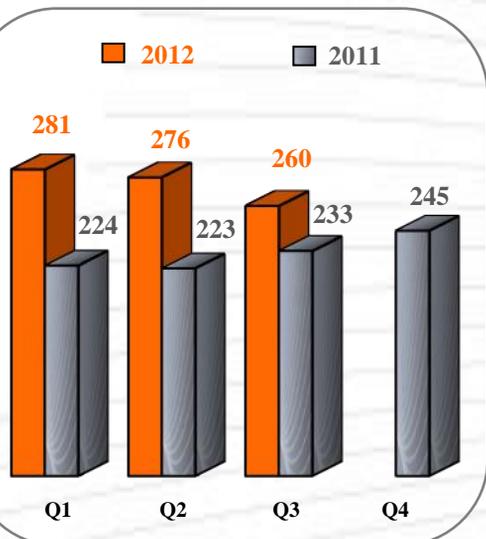


# FINANCIAL INFORMATION

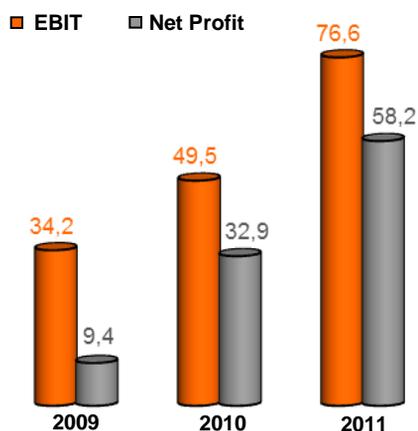


## Quarterly Consolidated sales

In million euros



## EBIT\* & Net Profit in €M



\* After participation and profit-sharing expenses

in millions of euros	Change			
	2012	2011	2012/2011	2012/2011 on a like for like basis
1 <sup>st</sup> quarter	281,2	224,4	+ 25,3 %	+ 9,5 %
2 <sup>nd</sup> quarter	276,5	222,7	+ 24,2 %	+ 7,3 %
3 <sup>rd</sup> quarter	260,1	233,0	+ 11,6 %	+ 10,4 %
<b>Cumulative, as of September 30</b>	<b>817,9</b>	<b>680,1</b>	<b>+ 20,3 %</b>	<b>+ 9,1 %</b>

## LISI AEROSPACE

- All business activities within the division now help to bolster growth
- Actions continue to boost productivity, invest in itself, and increase its workforce
- The short-term outlook remains encouraging

## LISI AUTOMOTIVE

- The division's clients made major adjustments to their production levels in September
- The division outperformed the market over the quarter and for the year-to-date
- Orders to be fulfilled will drop at the end of the year

## LISI MEDICAL

- A favorable basis for comparison allowed the division to resume growth

**2012-2013 objectives are maintained:** revenue of over one billion euros, increased current operating income, and positive free cash flow

On a like-for-like basis, the LISI Group maintained an organic growth rate of 10.4% during the third quarter, for a rate of 9.1% over the first nine months of the year. This growth is driven, primarily, by the aerospace division and, to a lesser extent, by the medical division. The decline in the automotive division (-6.4% over the quarter, for a total drop of -4.6% over the year-to-date) reflects the weakness of the European auto market.

The aerospace division now represents 54% of the Group's total sales, versus 41% in 2011. Revenue outside France (+21.1%) outpaced the Group's average growth rate and now represents two-thirds of the Group's consolidated revenue.

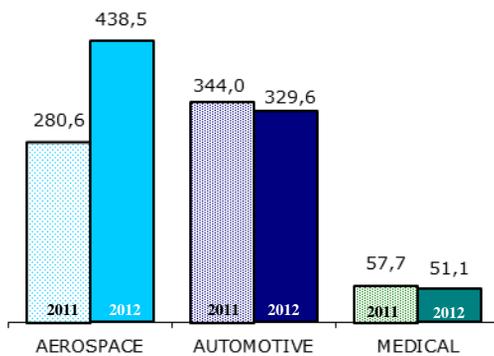
**LISI AEROSPACE (54% of total consolidated revenue)**

- All business activities within the division now help to bolster growth
- Actions continue to boost productivity, invest in itself, and increase its workforce
- The short-term outlook remains encouraging



**Sales in million euros**

End of September



in millions of euros	Change			
	2012	2011	2012/2011	2012/2011 on a like for like basis
1 <sup>st</sup> quarter	141,8	82,4	+ 72,1 %	+ 29,2 %
2 <sup>nd</sup> quarter	151,4	84,2	+ 79,8 %	+ 34,9 %
3 <sup>rd</sup> quarter	145,3	114,0	+ 27,2 %	+ 23,4 %
<b>Cumulative, as of September 30</b>	<b>438,5</b>	<b>280,6</b>	<b>+ 56,1 %</b>	<b>+ 28,5 %</b>

**Market data**

Fundamentals of the aircraft market, such as passenger traffic (+5.1% in August and +5.8% for the year-to-date ) continue to bode well, while freight holds steady (-0.8% in August and -2.1% for the year-to-date). The production rates of the two major aircraft manufacturers increased as the companies had announced (Boeing: 436 aircraft manufactured and 880 ordered – Airbus: 405 aircraft manufactured and 382 ordered).

This trend should continue, considering the confidence shown by industry players. For instance, Boeing will soon be boosting its production rate to 42 B737 per month, and it plans to increase its short-term delivery target for B787s to 10 per month.

The other market segments that concern LISI AEROSPACE do not warrant any particular comments with regard to the trends mentioned above.

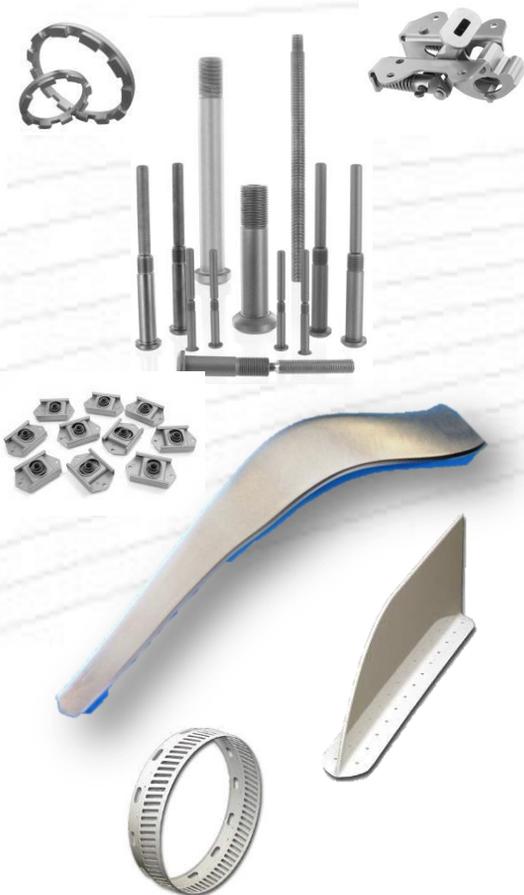
<sup>1</sup> Source: the International Air Transport Association (IATA)

**Comments on the division**

The division posted €145.3 million in revenue for the third quarter and €438.5 million for the year-to-date. Its growth rate over the year-to-date thus stands at +56% on a reported basis and at +28% on a like-for-like basis. Growth during the third quarter alone remained high at +24% on a like-for-like basis, considering the basis for comparison (+34.1% during the third quarter of 2011).

All business activities within the division now help to bolster growth, especially activities in the U.S., where growth has risen sharply (+38% in dollars). The "Structural Components" unit was up 18% compared to the third quarter of 2011, which was the first quarter that this unit was consolidated. The "Europe Fasteners" unit remained solid, though, at +26% on a comparable basis for the quarter.

The quarter thus confirms the regular increases in the contract with BCA (Boeing Commercial Aircraft) and, to a lesser extent, the resumption in distribution orders in the U.S., which benefit the plants in Torrance, Montreal, and City of Industry. In Europe, for the "Structural Components" unit, steady business with engine builders will pick up the slack with the stabilization of billing for the A350. It is important to note that the third quarter of 2011 already included the first significant deliveries in this program.



## Operational data

The pace of business activities in the aerospace division confirms the strength of the backlog of orders to be fulfilled across all plants. As a result, the aggressive investment and hiring program continues. Total employees within the "Fasteners" unit now stands at 3,900 FTEs<sup>2</sup>, while the "Structural Components" unit employs 1,658 people. The hiring campaign involves all sites, including Torrance (960 FTEs - total workforce at the end of September), Montreal (194 FTEs), Izmir (465 FTEs), and Casablanca (207 FTEs).

Notable investments include a new 6,000 sq m plant in the town of Marmande currently being set up and new equipment for the Group's European facilities. Investments made totaled €27.3 million as of the end of September, and €31.7 million has been allocated.

Therefore, according to plans, the strengthening of the division is being carried out within the current "industrial footprint," which makes it possible to take full advantage of the volume effect on profit margins. Thanks to the deployment of the "Leap" lean manufacturing plan, new, promising areas for progress have been identified. For the "Structural Components" business unit, the structuring plan is currently being deployed, along with the strengthening of the managerial teams.

Commercial trends have been mainly positive, thereby affirming the importance of synergies between the units. This is the case, particularly, for the "Structural Components" unit, where major commitments for the B787, A350, and A320 Neo have been secured.

<sup>2</sup> Full-time equivalent employees

### LISI AUTOMOTIVE (40% of total consolidated revenue)

- The division's clients made major adjustments to their production levels in September
- The division outperformed the market for the quarter and over the year-to-date
- Orders to be fulfilled will drop at the end of the year

in millions of euros	Change			
	2012	2011	2012/2011	2012/2011 on a like for like basis
1 <sup>st</sup> quarter	122,0	121,2	+ 0,6 %	+ 0,4 %
2 <sup>nd</sup> quarter	109,3	118,3	- 7,6 %	- 8,1 %
3 <sup>rd</sup> quarter	98,3	104,5	- 5,9 %	- 6,4 %
<b>Cumulative, as of September 30</b>	<b>329,6</b>	<b>344,0</b>	<b>- 4,2 %</b>	<b>- 4,6 %</b>

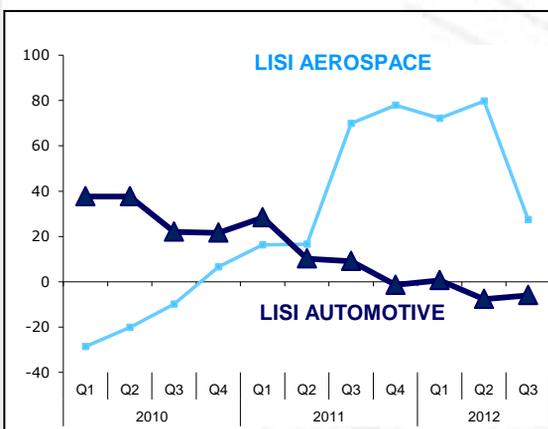
### Market data

European markets remain bleak, with nine straight months of decline plus the recent downturn in the German market. For the first time, the Chinese market also showed signs of slowing down in September (-1%); however projections for the year remain positive (+5%).

LISI AUTOMOTIVE's clients, like all automakers, adjusted their production rates to market conditions in September (-15.3%). In September, even German buyers had to ratchet down their production, e.g., VW at -16.4%. At the end of the year, companies are expected to significantly expand the measures taken to adapt to the market.

The business development activities of the division led to promising contact with Nissan Europe, preliminary negotiations with VW, and an increase in new parts with Daimler. Conversely, there has been a net downturn with PSA, Ford, GM, and Bosch-CBI.

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





## Comments on the division

Over the first nine months of the year, LISI AUTOMOTIVE's revenue fell only 4% to €344 million, thus outperforming the market, which fell by 7.2%. The division benefited from increases from VW, BMW, and Daimler, while there was an increasingly stark downward trend among French clients. As regards equipment manufacturers, business levels were more or less strong thanks to the global positioning of these clients.

The threaded fasteners unit was particularly affected this quarter, although it demonstrated decent performance during the first half of the year. As an example, it fell around 17% in September. The performance by the clipped fasteners unit was more encouraging thanks to this unit's greater exposure to German and Chinese clients. However, business with equipment manufacturers remains positive for the year-to-date after a stable third quarter.

<sup>3</sup> EU27 + EFTA, source: European Automobile Manufacturers Association

## Operational data

Financial performance was greatly affected by the drop in demand. This decline hit certain sites with significant exposure to French automaker clients - such as Saint-Florent-sur-Cher and Puiseux - especially hard. This disappointing performance obscures improvement in security and quality indicator, while actions to improve productivity have suffered as a result of the drop in volumes.

In general, the automotive division must adapt to a long-term drop in European volumes and strengthen its position with respect to clients focusing on the export market.

In keeping with its strategy, which seeks to decrease inventory and maintain cash flow under these circumstances, it is important to note that the production of LISI AUTOMOTIVE has fallen more than its revenue (-8%).

This drop is obviously greater in the French plants (-11%). This imbalance, detrimental to certain French sites, creates significant slowdowns affecting the plants in the towns of Puiseux, Thiant, and Saint-Florent-sur-Cher, which are now forced to make structural changes for the long term.

The better circumstances surrounding the "Components" unit suggest improved performance and promise over the coming months.

## **LISI MEDICAL (6% of total consolidated revenue)**

- A favorable basis for comparison allowed the division to resume growth

in millions of euros	Change			
	2012	2011	2012/2011	2012/ 2011 on a like for like basis
1 <sup>st</sup> quarter	17,9	21,4	- 16,4 %	- 16,2 %
2 <sup>nd</sup> quarter	16,2	21,0	- 22,7 %	- 24,1 %
3 <sup>rd</sup> quarter	17,0	15,3	+ 11,7 %	+ 10,7 %
<b>Cumulative, as of September 30</b>	<b>51,1</b>	<b>57,7</b>	<b>- 11,3 %</b>	<b>- 12,0 %</b>

The 2011 basis for comparison covers the end of the inventory of parts produced under the contract with the Stryker Group, which results in positive figures for 2012, as Q3 revenue in 2011 had fallen almost 17% on a like-for-like basis. This resumption in growth is explained by new products developed for Stryker, a large demand for cemented hip prostheses, and the acquisition of new clients.



The situation is bright for LISI MEDICAL Orthopaedics (Caen), which has seen its relations strengthen with its main client, Stryker Orthopaedics, and which brought in a six-employee team in September dedicated exclusively to the development of new products. However, the LISI MEDICAL Fasteners site in Neyron, France is currently being equipped for new projects and clients, while the business development situation in the U.S. continues to be uncertain.

## PROSPECTS AND COMMENTS ON THE FINANCIAL IMPACT OF THE BUSINESS

### LISI AEROSPACE



As anticipated and announced, the European aerostructures unit remains strong but has leveled off to a certain extent, while orders from engine builders continue to flourish. In the United States, the Boeing contract continues to drive growth, while distributors remain fairly cautious. The key to ending the year on a high note lies in the Torrance plant's ability to quickly ramp up.

### LISI AUTOMOTIVE



Almost all sites are scheduled to be shut down throughout the last week of October. This measure, which applies only to French plants, is necessary in order to adapt to the very low number of orders during the latter part of the year. However, the 2011 basis for comparison for the last quarter will help to limit the contraction seen over the year 2012 to a figure close to that at the end of September.

### LISI MEDICAL



The division is expected to be negatively impacted at the end of the year by inventory reduction measures among its leading clients. The weak economic conditions and the implementation of the excise tax in the United States will lead to a net decrease in orders during the last quarter.

Looking beyond the end of this difficult year, projects already identified in the "Orthopaedics" segment are generating early investments at the LISI MEDICAL Orthopaedics site in Caen. The two other sites will continue to implement programs to take significant actions over the medium term in order to develop new products and serve new types of clients. The division continues to implement its industrial and commercial repositioning plan launched at the beginning of the year.

### THE GROUP, AS A WHOLE

The third quarter of the year 2012 is perfectly in line with the Group's business objectives, which aim to exceed one billion euros in revenue and to improve the Group's financial performance.

2012 should be a very strong year for the Group thanks to the robust aerospace market.

At this point, the LISI Group does not see any signs of a downturn in the aerospace sector, and it will take all necessary steps to adapt to the drop in demand and to the lack of visibility in the automotive industry.

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**The next announcements will appear after close of trading on Paris Euronext**

↓ Annual results 2012: February 19<sup>th</sup>, 2013

↓ Q1 2012: April 25<sup>th</sup>, 2013