ANNUAL REPORT

LINK SOLUTIONS FOR INDUSTRY

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A LEADER GROUP FOCUSED ON THE DESIGN AND MANUFACTURE OF ASSEMBLY SOLUTIONS

€1.08 BILLION

SALES REVENUES 2012

55% OF SALES REVENUE GENERATED BY LISI AEROSPACE

70 CUSTOMERS

The LISI Group is focused on the design of solutions to complex assembly problems, on the manufacture of these specific solutions thanks to a high-performance plant and to the delivery of logistics resources adapted to the requirements of its major customers.

The Group develops its solutions everywhere where the problems are complex and bring added value and innovation. Hence over the years, LISI has one leadership positions in its three areas of activity: aerospace, automotive and medical.

CHALLENGES FOR 2013

\rightarrow ADAPTATION \rightarrow EXCELLENCE \rightarrow INNOVATION

 \rightarrow COHESION

How to evolve from a regional family owned industrial company into a high-technology group which is a world leader in its sector?

This can be answered in four words, four divisions following a relevant strategy and taking concrete actions. It is true that, despite a changing economic, technical and legislative context, the LISI Group is continuing to pursue consistent actions around the above priorities...



D uring its first decade, LISI demonstrated the relevance of its strategy in response to the requirements of its markets. From 2002, the Group, refocused on its historic business, made various divestitures of non-strategic businesses, such as Ars Industries which specializes in rail industry fasteners or that of its LISI COSMETICS division in 2011. This refocusing also generated the creation of a new division, LISI MEDICAL, bringing technological solutions to the surgical world.

More recently, the LISI Group also responded to the dynamism of certain markets by increasing in its industrial capacities in Canada, Turkey and Morocco.

Emerging environmental requirements and the pressure on costs have also led it to design new products based on composite materials in particular, demonstrating by numerous examples ...

THE GROUP'S QUALITIES IN TERMS OF... $\rightarrow ADAPTATION$



n addition to its technological expertise, the Group has an organization which optimizes its performance and its quality of services. Centers of excellence, units of reasonable size which are themselves organized into production lines... Unite their efforts to develop complete mastery of know-how. The operational excellence of the Group is based on a model of integrating design, production and logistics. The LISI Group is therefore able to make progress on essential indicators such as the reduction of development cycle time, zero-defects quality and a service rate of 100% whilst maintaining the best cost levels.

A policy of energy investment also plays a great role ...

IN THIS MAJOR REQUIREMENT WHICH IS... \rightarrow EXCELLENCE



A ssembly is the most costly part of the construction of an aircraft or a car. It is also a major element in the design of a satisfactory prosthesis. In this area, the LISI Group is specifically consulted for its technological innovations. Making things more economical, lighter, more reliable and also more ecological are the day-to-day activities of the Group. Hence, LISI AEROSPACE has developed the use of digital tools which allow it to design and validate high-performance products within reasonable deadlines and budgets. LISI AUTOMOTIVE has shown itself to be innovative in the search for new protective coatings to overcome the restrictions on the use of chemical products and LISI MEDICAL has worked on improving methods and controls for polishing techniques.

TECHNICALITY, ECONOMY AND ENVIRONMENT ARE SOURCES OF... $\rightarrow NNOVATION$



The rapid change in technologies, the internationalization of its activities and the acquisition of companies which are complementary to the group's business are all events which require integration actions at the group level. As such, the design and implementation of innovative training programs such as LEAP* and the generalization of a proven program such as LKI**, contribute to building the

$\stackrel{\text{STRIKING FORCE}}{\overset{\text{REPRESENTED BY...}}{\overset{}{\overset{}}}$

^{*} LEAP: LISI Excellence Achievement Program, programs aimed at achieving industrial excellence in all areas of the business.

^{**} LKI: LISI Knowledge Institute, the business University which attaches importance to defining a foundation of fundamentals and progressive-level modules based around three objectives (management, personal development, techniques and tools).

A YEAR OF CONSOLIDATION

In 2012, our Group consolidated its positions and its performances. Our efforts were mainly aimed at assisting our customers and providing responses to the requirements of their respective markets. OO

LETTER FROM THE MANAGEMENT

CONSOLIDATED RESULTS WHICH ARE CONTINUING TO GROW

hanks to the excellent state of the Aeronautical market the full year consolidation of the Creuzet Aéronautique - Indraero Siren Group, 2012 saw both the activity and profitability of the LISI Group grow significantly:

- Hence the sales revenues of the group exceeded for the first time the symbolic billion euro barrier at €1.08 bn;
- The EBIT exceeded €100m and the operating margin in the second half of 2012 reached 10%;
- The Free Cash Flow amounted to €39m after a record level of capital investments of €78m, or 7.3% of sales;
- Financial debt fell by almost 6 points to 13% of shareholders' equity.

MARKETS WITH PARTICULARLY CONTRASTING PERFORMANCES IN 2012

However, the 2012 financial year saw considerable accentuation of the contrasts which appeared at the end of 2011 in the trends in the group's end markets; but also the performances of the three divisions operating on these markets diverged considerably.

 Hence, driven by the remarkable growth at its aircraft manufacturer customers Airbus and Boeing which beat a new record in 2012 for delivery of aircraft with more than 100 seats, with 1,189 aircraft, but also boosted by the full year consolidation of the Creuzet Aéronautique - Indraero Siren group acquired in mid-2011, the LISI AEROSPACE division exceeded its objectives with sales of €592m, up by 26% on a like-for-like basis, leading to an operating margin of more than 15%.

With this performance, this business represented 55% of the consolidated sales of the Group in 2012, more than 90% of its EBIT and the entirety of its Free Cash Flow.

- On the downside, the LISI AUTOMOTIVE division fell back due to the combined effects of the fall in the market and in production in Europe to which it is principally related and the first internal restructuring measures which were taken. Its sales of €427m fell by more than 4% over the year, its production fell by €32m to use up the stocks created in 2011 and its fixed costs, of which the payroll expense and the depreciation charge account for two thirds, remained stable. Finally, the EBIT remained fairly positive at 0.5% over the financial year and the Free Cash Flow became negative at €4m.
- The LISI MEDICAL division, badly hit during the first half of the 2012 financial year by specific unfavorable effects, saw its performance recover in the second part of the year: Sales amounted to €65m, the EBIT exceeded 4% of sales and the Free Cash Flow was sharply positive before the property transaction for the purchase of the plant and land in Lyons.



Gilles KOHLER Chairman and Chief Executive Officer of LISI

Emmanuel VIELLARD Deputy Chief Executive Officer of LISI

AND STRUCTURAL PROJECTS IN 2013

Despite the numerous uncertainties which are growing and by which no business sector can remain unaffected, the LISI Group intends to maintain and even reinforce the structural projects in the strategic plan.

Hence, in 2013 LISI AEROSPACE is aiming for further growth in its sales, driven by the sales from the Boeing contract in the US Fastener plants, by the build-up of new parts at Marmande and at Argenton-sur-Creuse, the two main plants of the Structural Components division, but also by the benefit of the market share won from the German manufacturers and at the "Tier One" suppliers in the LISI AUTOMOTIVE division and lastly thanks to the promising diversifications in Trauma and Spinal treatments for LISI MEDICAL. In order to respond to the specific challenges of each division – following up on the sharply increased demands from the aircraft manufacturers whilst maintaining optimum levels of quality, compliance with deadlines and reduction of stocks for LISI AEROSPACE; implementation of production optimization programs for LISI AUTOMOTIVE and development of new markets for LISI MEDICAL aimed at improving their respective profitability levels – and better coordination of all the production progress plans of the Group, LISI will reinforce the transversal HSE*, LEAP**, Productivity and Quality projects in all the entities of the Group.

It is therefore with confidence that we are planning on continuing the profitable and durable growth of our Group, with the aim of providing maximum possible satisfaction to our shareholders, our customers and to our employees.

^{*} HSE: Health, Safety and Environment, programs aimed at improvements in Safety and in the environmental footprint of our activities.

^{**} LEAP: LISI Excellence Achievement Program, programs aimed at achieving industrial excellence in all the areas of the business.

GOVERNANCE EXECUTIVE COMMITTEE



[1] Jean-Philippe KOHLER ÷

[2]

Gilles

KOHLER

[3] Yves DREYER [5] Olivier LE BARS : [6] Jean-François MICHELETTI

[7] E Jean-Louis ^I COLDERS

: [8] Emmanuel [9] NEILDEZ François-Xavier DU CLEUZIOU : [10] Christian DARVILLE

LISI AEROSPACE

Jean-Louis COLDERS [7] Chief Executive Officer of LISI AEROSPACE

Emmanuel NEILDEZ [8] Vice-President – European Operations of LISI AEROSPACE

Jean-François MICHELETTI [6] Vice-President Finance and Administration of LISI AEROSPACE

Christian DARVILLE [10] Vice-President US Operations of LISI AEROSPACE

François-Xavier DU CLEUZIOU [9] Vice-President of Sales and Marketing of LISI AEROSPACE

LISI

:

[4]

Emmanuel

VIELLARD

Gilles KOHLER [2] Chairman and Chief Executive Officer of LISI Chairman of LISI AUTOMOTIVE

Emmanuel VIELLARD [4] Deputy Chief Executive Officer of LISI Chairman of LISI AEROSPACE Chairman of LISI MEDICAL

Jean-Philippe KOHLER [1] Vice-President in charge of LISI internal auditing and of the HR coordination

Yves DREYER [3] Industrial and Purchasing Manager of LISI





÷ [11] Patrick WEISSE

STEUER

[12]

Marc

÷

[13]

François

LIOTARD

Laurent SANCHEZ

LISI AUTOMOTIVE

François LIOTARD [13] Chief Executive Officer of LISI AUTOMOTIVE

Marc STEUER [12] Chief Executive Officer, Business Group Threaded Fasteners of LISI AUTOMOTIVE

Laurent SANCHEZ [14] Chief Executive Officer, Business Group Clipped Solutions of LISI AUTOMOTIVE

Patrick WEISSE [11] Vice-President Finance and Administration of LISI AUTOMOTIVE

Gilles KOHLER Chairman

Emmanuel VIELLARD Deputy Chairman

Éric ANDRÉ Director

Pascal LEBARD Director

Lise NOBRE Director

Patrick DAHER Director

Christian PEUGEOT Director

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

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

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

LISI MEDICAL

Olivier LE BARS [5] Chief Executive Officer of LISI MEDICAL

[14]

REV FIGURES PERFORMANCE INDICATORS









EBITDA [IN €M AND % OF SALES]



EBIT [IN €M AND % OF SALES]



EQUITY CAPITAL AND NET FINANCIAL DEBT [IN €M] NET FINANCIAL DEBT ■ EQUITY CAPITAL



[REGISTERED]



78.4



WORLDWIDE LOCATIONS

LISI IS PRESENT IN A DOZEN COUNTRIES ON 4 CONTINENTS WITH 38 PRODUCTION PLANTS

LISI AEROSPACE

17 PLANTS 7 IN FRANCE

FRANCE

- ▲ Saint-Ouen-l'Aumône
- ▲ Saint-Brieuc
- ▲ Villefranche-de-Rouergue
- Vignoux-sur-Barangeon
- 🔺 Marmande
- Argenton-sur-Creuse
- Colomiers

OUT OF FRANCE

- ▲ Dorval (Canada)
- 🔺 Rugby (UK)
- ▲ Izmir (Turkey)
- A Paramount (USA)
- ▲ Torrance (USA)
- ▲ City of Industry (USA)
- A Bangalore (India)
- A Casablanca (Morocco)
- ▲ Tanger (Morocco)
- Sedziszow (Poland)
- Hambourg (Germany)

SUPPORTS ACTIVITIES SALES REPRESENTATION

PRODUCTION

- Blagnac
- Shanghai (China)

LISI AUTOMOTIVE

18 PLANTS 9 IN FRANCE

- FRANCE
- ▲ Delle
- ▲ Dasle
- ▲ La Ferté-Fresnel
- Melisey
- A Puiseux
- ▲ Saint-Florent-sur-Cher
- 🔺 Thiant
- Grandvillars
- Lure

OUT OF FRANCE

- ▲ Cejc (Czech Republic)
- ▲ Fuenlabrada (Spain)
- ▲ Gummersbach (Germany)
- Heidelberg (Germany)
- 🔺 Kierspe (Germany)
- Mellrichstadt (Germany)
- 🔺 Beijing (China)
- 🔺 Shanghai (China)
- 🔺 Vöhrenbach (Germany)
- Solihull (UK)

LISI MEDICAL

3 PLANTS 2 IN FRANCE

FRANCE Neyron Caen

OUT OF FRANCE Escondido (USA)

SALES REPRESENTATION

EUROPE

- Germany
- UK
- Spain
- France
- Czech Republic
- Poland
- AFRICA
- Morocco

NORTH AMERICA

- CanadaUSA
- ASIA
- China
- India
- Turkey

PRODUCTION

EUROPE

- Germany
- UK
- Spain
- France
- Czech Republic
- Poland

AFRICA

Morocco

NORTH AMERICA

Canada

USA

ASIA

- China
- India
- Turkey

NORTH AMERICA

5 PLANTS

- 4 in California
- 1 in Canada

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STRATEGY

BUILDUP OF THE AEROSPACE SECTOR



The year 2012 was marked with extremely favorable economic conditions specifically linked to increasing demand for aircraft with more than 100 seats. For this reason, Airbus and Boeing recorded significant orders of their new A380 and B787 programs while simultaneously making significant commitments to the development of the A350, the A320 Neo and the B737 Max. The two emblematic programs of the decade, the A380 and the B787, suffered setbacks due to the fine-tuning of the product design and production processes, further emphasizing the inherent difficulties and demands tied to innovation.



FOR AIRBUS, A YEAR OF RECORDS

In 2012, Airbus increased its production for the 11th consecutive year; however, record figures were booked for both production and orders: 588 aircraft (10% increase) delivered to 89 customers; and, gross orders of 914 aircraft which greatly exceed their 650 order objective. The order book at Airbus recorded a new record of 4,682 aircraft with a value exceeding \$638 billion.

The success of the Airbus aircraft families was apparent. The A330 was confirmed with 9.5 aircraft deliveries per month in 2012 and a planned increase to 10 per month beginning in spring of 2013. Production of the A380 established a new record with 30 aircraft produced in 2012. The development and entry into production of the A350 XWB continues with an inaugural flight planned for the first half of 2013. The A320 Neo is on track with a majority of the supplier statement of work packages allocated during 2012. The development of the A400M is coming to an end with the first aircraft delivery planned for the second quarter of 2013.

FOR BOEING, THE LARGEST NUMBER OF ORDERS BOOKED IN THEIR HISTORY

Boeing ended 2012 with numerous records: 1,203 net orders for commercial aircraft, or their second best year ever; 601 aircraft delivered, representing their best year since 1999; the B737 program beat its own record for orders, deliveries and backlog with 4,373 aircrafts on the books which is the largest number in the history of Boeing. The B737 family reached record numbers with 1,124 net orders, including 914 orders for the 737 Max. There were 46 deliveries of the B787 and 83 deliveries of the B777 in 2012. Additionally, there were 31 deliveries of the Intercontinental and Cargo versions of the new B747-8 in 2012.



A STANDARD YEAR FOR THE OTHER MARKETS

The helicopter market held up well in 2012, both on civil and military programs, due to growth in demand for legacy programs aligned to an increase of new programs. The business and regional jet market remained flat over the entire year.

The aerospace engine market was reorganized and experienced increased competition between the various players: Pratt & Whitney with their NGPF Pure Power engine vs. the GE-SNECMA Alliance with their LEAP engine.

The market for engines intended for short-haul aircraft (A320 Neo, B737 Max) increased dramatically due to the significant order volumes of their respective customers, Airbus and Boeing.

Finally, the Rolls-Royce group withdrew from its alliance with Pratt & Whitney on engines intended for shorthaul aircraft in order to concentrate on the Trent engines intended for long-haul aircraft (B747, B787, A350, A330). Production rates for the Trent engines remained stable in 2012; but, should grow in 2013 due to an increase in demand for long-haul aircraft in 2013.

STRATEGY

A STRONGER INDUSTRIAL TOOL



Historically, LISI has invested an average of about 7% of its sales, which is well in excess of the average in the industrial world. This was again the case in 2012, with a record level of capital investments amounting to €78.4m, or 7.3% of sales.

In order to remain competitive in a difficult competitive v capital investments are a key requirement. Those made t year of perfectly consistent with the medium-term grow strategies of the three divisions of the group

24 LISI 2012

FOUR MAJOR CATEGORIES OF CAPITAL INVESTMENTS

The capital investments initiated or finalized in 2012 can be generally classified in four categories.

The first are the structural investments aimed at the optimization and rationalization of the industrial plant, the industrial "footprint".

The purpose of the second, the innovative investments, is the launch of new products which will ensure growth in the future.

Next are the capacity investments which are programmed in order to deal with the growth of our current and new markets.

The last part the indispensable and recurrent capital investments. They are for the renovation of infrastructures, the upgrading of our means of production and improvements in working conditions in the area of health, safety and environment.

IN EACH DIVISION, AN OPTIMIZATION OF THE PRODUCTION CAPACITIES

LISI AEROSPACE

The growth of the business has necessitated an increase in the production capacities, with the extension of the industrial buildings at power plants in Izmir in Turkey, at Villefranche-de-Rouergue and Marmande in France and at Dorval in Canada.

In order to cope with the increasing market at Boeing, machining and grinding centers have been put in place at Dorval and at Torrance in the United States.

At Villefranche de Rouergue, the "Nuts" plan was developed with the acquisition of a Sacma machine adapted for hot forging and a Hydromat lathe.

Lastly at Marmande, a complete workshop of 6,000 m^2 as being open to deal with the new programs in the process of development.

In parallel, many production machines, new furnaces and new measuring equipment have been acquired for all the plants in the aeronautical division.

LISI AUTOMOTIVE

The "Threaded Fasteners" project was pursued with the rationalization of equipment and production between the plants at Delle and at Saint-Florent, both located in France. A Sacma cold forging machine was acquired for the plant at Delle and a second surface treatment line for the plant at Saint-Florent.

Other equipment acquisitions were made: a lathe and feed robots for the manufacture of linkages at the Saint-Florent plant and a Sacma cold forging machine for the plant at Dasle (France) intended for the manufacture of nuts for the PSA platform.

At Kierspe, in Germany, the surface treatment line was modified as part of the continuing project for deployment of the MOVEX ERP. This project which was first implemented in the French plants will be followed by a deployment in all the German plants.

In all the division's plants, many production machines, new furnaces and new measuring equipment have been added to the existing plant.

LISI MEDICAL

In 2012, the division acquired its industrial building, which was previously leased, at our plant located near Lyons. It was also equipped with a machining center and a plastics unit intended for the manufacture of parts in PEEK or polyethylene.

For a new generation of hip implants, an automated forging unit for the sockets, an automated grinding unit and a knee joint and prototyping unit were installed.

STRATEGY

A HISTORICAL SENSE OF ADAPTATION

or more than two centuries, the LISI Group has showed itself to be very adaptable in meeting the challenges of sustainability and controlled and profitable development. Initially a specialist in the manufacture of wire based on the fairly poor ore from the Vosges, over time the Group followed changes

in value added and very quickly organized its activities on the basis of customer requirements. In the 1900s, the activities were already focused on specific requirements (building, carpentry, etc.) then the emergence of the automotive industry in the 1960s changed the structure. Thanks to the modern vision of the directors at the time, the Alliance of the complimentary family businesses of the KOHLER, VIELLARD and JAPY families enabled the creation of a leader.

Subsequently, the positioning in the aeronautical industry at a time when the industry was getting organized allowed for the conquering of indispensable worldwide positions in this sector. It was the same spirit which led the Group to build up a significant business in this area.



1777

Frédéric JAPY sets up a watch movement factory in Beaucourt, near Montbéliard.

1796

Some years later MIGEON & DOMINE is founded in Morvillars in the Belfort region, later to become VIELLARD MIGEON et Compagnie (VMC).

1806

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

1899

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

These three family-run businesses (KOHLER, JAPY and VIELLARD) merge to form a company called GFD, thus becoming France's foremost manufacturer of standard and automotive nuts and bolts. The three founding families are today part of CID (*Compagnie Industrielle de Delle*), owning a controlling stake in the LISI Group.

1977

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

1989

GFI is floated on the Paris Stock Exchange's over-the-counter market and becomes GFI Industries.

1990 / 2000

Throughout the 1990s, GFI Industries continues to strengthen its positions in its three sectors by acquiring over 15 companies throughout Europe and the US.

2002

To better delineate its specialist areas, GFI Industries became LISI, (LInk Solutions for Industry; its three divisions used that name, adding their core business suffix: LISI AEROSPACE, LISI AUTOMOTIVE and LISI COSMETICS. The strategy of focusing on Core

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).

2005 Acquisition of KNIPPING in Germany (LISI AUTOMOTIVE). Opening of a factory in Canada (LISI AEROSPACE) Sale of Gradel (LISI AUTOMOTIVE).

2007

Medical venture kicked off with the successive purchase of three companies in France and the US.

2010

The Group returned 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 hip replacements from the American Group, Stryker Corporation, a leading global provider of medical technologies. The agreement is accompanied by a five-year supply contract.

2011

The Group continued the movement to strengthen and build its position in strategic markets started in 2010. The year 2011 was marked by the following transactions:

- LISI COSMETICS was deconsolidated on January 1, 2011 following the sale completed as at April 6, 2011. For the record, the division generated a turnover of €52.8m in 2010.
- The purchase of the Creuzet Group, consolidated as of July 1, 2011, which represents more than €100m on an annual basis.



2012

The LISI Group recorded new growth in its performance in terms of sales revenues, to exceed €1 billion for the first time and of net income for the 2012 financial year, thanks to the very significant growth at the aeronautical division (55% of sales revenues) and this despite the difficulties of the automotive division (39% of sales revenues).

UPDATE ON



Innovation plays a fundamental role in the adaptation of a business to its markets. This conviction was confirmed in 2012, as it was throughout the history of the LISI Group. In order to accompany the dynamism of the markets, particularly in the aerospace market, LISI reinforced its "striking force", R&D. In the LISI AEROSPACE division alone, 25 apartments were filed during the financial year.



INNOVATION, A CULTURE, A LEVER FOR ADAPTATION



On constantly changing markets, each business has met its specific challenges while sharing a common culture with the whole group, both in terms of materials, surface treatments and technical processes and on approaches which favor proximity, service and assistance.

In 2012, the aeronautical division saw numerous "technological breakthroughs" in terms of materials, critical strength and environment. In the automotive business one of the principal challenges remained the control of assembly costs, the largest budget item in the production of a vehicle. As for the medical business, the strengthening of the teams and of partnerships was continued with a view to increased specialization and security.

In 2012, the work by its teams enabled LISI AEROSPACE to file 25 patents, completing a portfolio of almost 230 patents 신신

WELL-IDENTIFIED STRATEGIES FOR EACH BUSINESS

In 2012, LISI AEROSPACE confronted new challenges in a context of great dynamism and changes in requirements. The manufacturers, whether aircraft or engine builders, are searching for solutions to numerous problems. Amongst these, we have a wide use of composites in order to reduce the mass of structures or engines, the use of titanium, which is compatible with composites and allows for the carrying of high loads at junctions, the reduction of costs by the integration of functions and the automation of assembly, and the opening up to new technologies to reduce the environmental footprint.

LISI AUTOMOTIVE's research has, for its part remained focused on two main areas: materials and their treatments as well as digital simulation, which requires improvements in methods of calculation and especially the constitution of reliable databases with rules about the behavior of materials and surfaces.

Where the LISI MEDICAL division is concerned, the key event remained the integration of a part of the R&D team from Stryker Benoist Girard representing six people at the plant in Caen, in September 2012. All the test resources were also taken over, allowing LISI MEDICAL to offer its customers services in terms of co-development and associated mechanical tests, going as far as the preparation of technical and regulatory files for customers which require them. €22.7 INVESTED IN R&D +20.1% VERSUS 2011



LISI AEROSPACE

DEDICATED ORGANIZATION

LISI AEROSPACE Research, Development and Technology organization is built around our group common expertise in materials, manufacturing processes, surface treatments and development tools such as digital simulation, testing competencies and project management methodologies. The LISI AEROSPACE technical community shares these fundamentals in order to operationally manage Research or Development projects in each of its "Fasteners" or "Structural Components" businesses units.

- The "Structural Components" business unit includes teams of experts in the development and industrialization of manufacturing processes located within all the sites of the division: metallurgy, process control, mechanical design, special machines. Thirty engineers and technicians are at the service of customers and work in a network to ensure both: implementation of the best practices and development of innovative manufacturing processes for tomorrow.
- The "Fasteners" business unit includes centralized teams structured around two research centers (Europe and the United States) and local teams located in each of our plants. Recent integration of the "manufacturing technologies" competency with the "product design" structure has enhanced our capacities for innovation. A network of hundred engineers and technicians work together on identifying new technologies as well as developments and industrialization of finished products.

A FEW EMBLEMATIC EXAMPLES

Digital simulation

The use of digital tools in design is essential for definition and validation of high-performance products within reasonable deadline/cost constraints. This is also a key competency in industrialization for the evaluation of manufacturing sequences prior to moving on to costly and risky trials. In this area, LISI AEROSPACE reached a new milestone in 2012 with the implementation of tools, methodologies and databases at the level of the production plants teams. This methodology gives us advantage in competitiveness and in robustness in the manufacturing processes. Villefranche-de-Rouergue plant is the first to invest in this approach; the implementation at other sites will be carried out gradually over the coming years.

An extended and optimized range of the STL[®] system

Designed for the assembly of composite structures subject to lightning strikes, the STL® fastener (also called Sleeve TAPER HI-LITE® fastener) is the ideal fastener for the most critical applications requiring high mechanical strength and a reliable and ergonomic installation. Already delivered in production for the assembly of the Airbus A350, the STL® fasteners continues to mobilize our efforts. New intermediate head styles have been developed to reduce the weight, as well as a new material version of "Doubleannealed" titanium suitable for specific zones on the wing where structure deformations under load are significant. On the assembly side, an innovative nut version, incorporating a protective washer and the required sealant allows for significant reductions in assembly time.







A more secure access door latch

Several access doors are used during the preparation of an aircraft for operations such as levels verification and tanks filling with jet fuel, oil or water necessary for the flight. Airbus asked us to redesign a water access door latch for the A330 capable of being actuated more than 25,000 times, providing for secure locking during the flight and simple and reliable operation on the ground, even in the most extreme climatic conditions. Appropriate technical solutions and a campaign of detailed validation against the functional requirements allowed for the development of a new secure latch with performances parameters superior to the ones of the currently used mechanisms. The decision taken by our customer to retrofit this new latch in place of the current solution has proven the benefits provided by our product.

The coatings HI-KOTE[®] 1 NC and HI-KOTE[®] 4 NC on the market

Formulated by LISI AEROSPACE to meet the technical requirements of threaded fasteners and the most recent environmental constraints, these coatings are now qualified and used by the majority of our customers. The coatings comply with various qualifications requirements such as the EN4473 standard recognized by European customers, the BMS10-085 standard for Boeing and the US standard NAS4006 which is in the process of being revised to cover these new coatings. This new coating technology delivers a significant advantage for the design of high-performance fasteners, whilst ensuring the functions of anticorrosion protection for the structure, lubrication for the threads, conductivity and paint adherence, in full compliance with the environmental latest regulations.

Integration of complex structural parts thanks to CREUZET technologies

Forming technologies of aluminum or titanium structural parts developed by LISI AEROSPACE CREUZET allows for

engineering conventional multiple part assemblies into a single part of complex forms fulfilling multiple functions. This method makes it possible for our customers to use simpler designs with significant savings in weight and assembly costs. This approach was for example proposed for the structural beams design of A350 main landing gear bay. The use of LISI AEROSAPCE CREUZET forming technology for this major structural part, which is several meters long, allowed for the simplification of landing gear bay structure leading to a significant weight and cost reduction on this aircraft.

Development of titanium profile extrusion

Extruding and forming profiles for aeronautics structures is a well known and very competitive technology in comparison to conventional manufacturing processes. It enables, almost without any material loss, to get closer to the final geometry of the part and to optimize its grain flow and mechanical strength. Although it is widely use for aluminum, the implementation of this technology for titanium alloys was considered a challenge for many years. LISI's Group's experience in the field of materials and development of special manufacturing processes allowed to overcome the difficulties related to the forming of titanium, thus opening up new prospects for designing and producing complex parts in titanium based on extrusion/ forming technology.

Optimized metallic leading edges for composite fan blades

LISI AEROSPACE CREUZET is the industry leader for metallic leading edge technology, supplying these parts for years on various legacy engines such as GE90. Design and manufacturing of this part which ensures composite fan blades protection against erosion, birds or hail ingestion is a real technical challenge. It is the subject to an extremely complex technical specifications for new-generation engines such as the LEAP intended to equip the Airbus A320 Neo, Boeing 373 Max and COMAC C919. On this type of part, LISI AEROSPACE innovated at the level of the manufacturing processes, reinforcing the competitiveness and technological advancement of the group.



LISI AUTOMOTIVE

DYNAMISM APPLIED TO MATERIALS AND PRODUCTS

Characterization of the ordinary grades of steel

The optimization of the normal nuances of cold forging with a view to innovative heat treatments is continuing. For products which are hot-forged, the research is dealing with the grades of steel which allow to obtain the final characteristics directly in the heat of the forge, with no subsequent heat treatments. The use of steels with very high mechanical strength is still restricted by the risk of hydrogen fragilization (FPH). It is however essential for the downsizing of engines and weight reduction in the chassis.

Conscious of these challenges, LISI AUTOMOTIVE has for several years taken the initiative of starting private or collaborative projects on FPH. The most recent study, organized by the CETIM, resulted in an innovative method which enables, for the first time, the determination with precision of the fragility threshold of a steel. On this basis, a vast program for the characterization of the ordinary nuances of steels will be launched in 2013. It brings together French and Canadian researchers as well as manufacturers.

Research into new anticorrosion coatings:

This research is driven by the restrictions on the use of chemical products, resulting in particular from the REACH regulations. The ultimate purpose of the IZAC project for example is to substitute a "clean" electrolytic coating for zinc-nickel. The work is being carried out in particular at the UTINAM Institute (University of Franche-Comté) and should be completed in 2013. These hitherto unseen solutions may thus enter into the industrial development and qualification phase.

Dealing with random loosening of fasteners

Although the majority of screwed assembly work is carried out properly, one still sees cases of random loosening. LISI AUTOMOTIVE is a partner on a thesis launched in 2012 on the subject, which associates a rigorous experimental program and the digital modeling of the phenomena observed. The expected results are an improvement in methods of calculation and the proposal of efficient solutions to avoid random loosening of screwed assemblies.

Long-fiber thermoplastic composite materials

Their use is increasingly envisaged in the automotive industry. Since the materials and the assembly configurations are completely different from those in the aeronautical industry, the transfer of experience is limited. To ensure its technological monitoring in this area and to seize market opportunities, LISI AUTOMOTIVE is collaborating on several projects initiated by its customers, with industrial objectives.

Characterization of short-fiber plastic materials and composites

A vast program of development is in progress. In 2012, efforts were concentrated on the development of a test protocol reduced to the minimum, but which provided complete information of the materials in all configurations of temperature, hygrometry and stresses encountered in vehicles.
AND TO ASSISTANCE WITH PRODUCT DEVELOPMENTS AND INDUSTRIAL PROJECTS

A series of industrial applications for previous R&D work began in 2012: very high-strength steel for engine bolts, high-strength security bolts (class 12.9) for the chassis, new types of steel for cemented parts applied to valve cut-outs.

In the area of surface treatments, new solutions were proposed to reduce the environmental impact of our processes via, in particular, the elimination of CMR composites and solvents, and lines with zero liquid wastage.

The calculation team provides support for all projects involving digital simulation: calculation of structures, modeling of deformation operations on steel and plastic injection.

An audit of all the laboratories and the certified heat treatment lines of LISI AUTOMOTIVE was carried out jointly with the Quality Department. The objective was to ensure that, throughout the world, critical installations benefit from the same level of organization and technical skills. For this purpose, all the plants must be able to meet, in an irreproachable way, the requirements of the international referentials for heat treatments: CQI9, VDA, RQP1. They will be supported by the multidisciplinary team of the "Year of heat treatment" project, which will share its experience.



LISI MEDICAL

PROJECTS CONTRIBUTED BY PARTNERSHIPS

In parallel with the integration of a part of the development and R&D team of Stryker Benoist Girard, LISI MEDICAL also integrated itself into the working group on traceability by RFID, where the instrumentation used for bone marrow surgery is concerned. This group, comprised of subcontractors, manufacturers and hospitals, was born from a requirement by the end user to have a simple and efficient tracking for instruments.

In addition, LISI MEDICAL is part of a working group on polishing methods and checking of polished products, with a partner specializing in this area, and under the aegis of the Ministry for Production Recovery. The ambition of this group is to improve the very widespread polishing techniques in the area of articulation (cemented hip joints, double action sockets), but also to define the criteria for assessing the quality of the polishing obtained.

Where manufacturing processes are concerned, LISI MEDICAL has developed, within the unit at Caen, an automated process for the hot lamination of components prior to hot forging, allowing it to make this shaping process more reproducible. The system will be deployed on other lamination processes in 2013. On the site in Lyon, the implementation of a control-environment unit, dedicated entirely to the machining of plastic materials (polyethylene and PEEK), allows for access to very widely used products in the area of spinal surgery.

OUR ORPORATE RESPONSIBILITY

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HUMAN RESOURCES

The technology and the rapid change on the markets on which the Group operates involves constant anticipation and reactivity in the adaptation of the human resources in order to be able to meet the requirements of our customers. The quality of the recruitment, the efficiency of the training, the award of salaries and the maintenance of constructive social dialogue are priority subjects for the Group.



DYNAMISM IN RECRUITMENT

The recruitment strategy of the Group is based on anticipation of requirements and the identification of the key competencies for each of the businesses.

Throughout 2012, the growth of the Group was supported by almost 1,300 recruitments, of which 3/4 work in the LISI AEROSPACE division.

In addition, LISI encourages local partnerships and exchanges, particularly the development of close relationships with schools, universities and the top colleges (Engineering, Management, etc.) In order to anticipate, for each division, the future requirements in terms of employment and skills.

5,462 EMPLOYEES BENEFITED FROM TRAINING COURSES DURING 2012 OR 61% OF THE EMPLOYEES OF THE GROUP.

+ 274,000 HOURS OF TRAINING A growth rate of 36% in comparison with 2011.

8,909 Employees



TRAINING

The Group attaches particular importance to the training of its employees and considers that the enforcement of employees' skills is a major factor for the improvement of quality, efficiency and competitiveness.

LISI ensures that each employee, regardless of his/her age or position, has access throughout his career to the training courses necessary for the construction of his career path and his adaptation to changes in the businesses.

LISI actively pursues its contribution to the integration of young people into the labor market by allowing large numbers of students to come and discover the business and its activities, whether through the completion of internships or periods of apprenticeship.

During 2012, LISI welcomed 408 interns, 216 apprentices and 63 work experience contracts across all its divisions.



REMUNERATION

In France, the annual negotiations on salaries resulted in the award to employees of an average rate of 2.4%, granted in the form of a general increase on the one hand and 0.8% of the total payroll cost reserved for individual increases.

In addition to the increase in the basic salary, the negotiations also allowed for the implementation, in line with the specificities of each of the plants, measures concerning minimum salaries, the value of the seniority bonus and even on the number of days granted for the most longstanding employees. These changes should be compared with an inflation rate of 1.3% on a sliding annual basis over 2012.

In line with previous years, the Group remains attached to the idea of fair salaries based on employees contributions and the results obtained. Hence, a significant proportion of salaries is linked to performance and distributed in particularly via incentive bonuses, participation in the results and profit-sharing bonuses.

AWARDED TO THE EMPLOYEES IN RESPECT OF INCENTIVE BONUSES, PARTICIPATION AND PROFIT-SHARING FOR 2012

OR ALMOST 4% OF THE TOTAL PAYROLL COSTS OF THE GROUP.

LABOR RELATIONS

In addition to strict compliance with the legislation, the Group pays attention to full social dialogue with the employees' representatives, both during meetings of the works committee (or the single employees' delegation) on each of the sites which has such a body, Work Councils (Blanc Aero Industries and Former), the LISI Group Committee and the European Committee.

Training actions are also implemented for the local management in order to make them aware of the importance of maintaining good quality social dialogue.

Innovation, specific committees meet regularly to discuss and make progress on the various issues for which they were formed. This is the case in particular for the complementary health insurance committee, the male/female equality committee the future employment and skills management committee and the training committee.







BREAKDOWN OF STAFF BY CATEGORY



BREAKDOWN OF STAFF BY AGE BRACKET

WOMEN MEN



SAFETY



TWO OBJECTIVES AND INTERNATIONAL REFERENTIALS

In terms of HSE, the LISI Group is mobilized around two major objectives. The first is to achieve excellence in the areas of Health, Safety and Environment, whilst controlling environmental impacts and the work related risks generated by its activities. The second is aimed at making Safety and the Environment vectors for continuous improvement and progress in all facets of the activity of the business. In order to construct its policy and approach, the LISI Group uses the international ISO 14001 reference systems (international standard relating to the environmental management system) and the OHSAS 18001 (international standard relating to the system for management of health and safety at work).

ENCOURAGING THE INVOLVEMENT OF ALL ...

In order to achieve its objectives for the improvement of safety at work and a reduction of the environmental impact of the plants, the LISI Group seeks to involve all its employees. In June 2011, an HSE Forum brought together the Managements of each division, all the Plan Directors and the HSE Managers. These managers set themselves ambitious but realistic objectives. Each production plant must obtain certification for its workplace health and safety management system in accordance with the international referential OHSAS 18001 by an independent certification body. The rate of frequency of workplace accidents with and without time off work (TF1) for all the sites must fall below 10, and this, by including temporary workers working on behalf of the business.

ON THE GROUND

In 2012, LISI invested €5.6 million in the reduction of the environmental impact, the safety of machines, ergonomic improvements and materials handling aids. For example, the Delle II plant made modifications to the sorting tables with the aid of the operators. Several plants, such as Kierspe in Germany or Saint-Ouen-l'Aumône, had invested

REDUCTION IN WORKPLACE ACCIDENTS IN COMPARISON WITH 2011

in material handling equipment. All the plants are putting in place a health and safety management system in accordance with the international OHSAS 18001 standard. At the end of 2012, seven plants out of 35 were already OHSAS 18001 certified.

CONCERNING THE BEHAVIORAL ASPECTS

73% of workplace accidents involving time off have a behavioral component, whether conscious or unconscious. The actions undertaken to encourage awareness and individual prevention are of two types.

"Safety Meetings" reinforce the dialogue between management and operators. They involve all the managers. The selected approach is to observe a workshop operator, to identify his good practices as well as any dangerous situations. Subsequently, the manager engages in dialogue with the operator in order to find the best protection against the observed risk.

A program of safety culture change has been put in place, in collaboration with a consultant. Initiated at the end of 2011 on four pilot sites, this program really took off in 2012. After an evaluation of the safety culture by means of a questionnaire completed anonymously by



each employee, followed by an analysis of the results, the employees get together in dialogue workshops with the objective of reporting on good practices and the areas for improvement. Each person then works on eliminating the unsafe behaviors at two levels.

- Eradicating the conscious unsafe behaviors by accompanying the local managers in their dialogue with their colleagues during experience-sharing sessions on the values of safety at work.
- Reducing the unconscious unsafe behaviors by means of sessions bringing together a consultant and the employees. The awareness-raising of the risks and dangers is followed by training aimed at changing behaviors and the approach to safety in the workshops.

TF1 = 13.7

TF1 is the number of accidents with and without lost time per million hours worked.

TFO = 8.0

TFO is the number of accidents with lost time per million hours worked.

TGO = 0.23

TGO is the number of days lost per thousand hours worked.



ENVIRONMENT



A SHARED CULTURE OF CONTINUOUS IMPROVEMENTS OF PROCESSES

The reduction of the environmental footprint is now part of the business culture of the LISI Group. Currently all the Group's sites are certified ISO 14001 – apart from Casablanca and Szediszow, which was recently acquired from the Creuzet Aéronautique group and for which the certification application is in progress. The sites have great autonomy in the pursuit of their continuous improvement programs. However, the LISI Group monitors their work and records their good practices.

CONTROL OF CONSUMPTION

Water is not much used in LISI's manufacturing processes, apart from the washing of parts and for surface treatments. Nevertheless, the production plants recycle the process water to the maximum extent and local initiatives are numerous. At Cejc, in the Czech Republic, LISI AUTOMOTIVE has reduced the plants consumption by 16% by improving the monitoring of the baths on the phosphate in line and changing the showers in the restrooms.

Energy consumption is also down. Better control of consumption and awareness-raising amongst the production teams have played an important role in this reduction. For example, the LISI AEROSPACE plant at Saint-Ouen-l'Aumône implemented a campaign of detection of compressed air leaks by ultrasound, with the assis-

-5% IN ENERGY SAVINGS

- 8% IN WATER CONSUMPTION SAVINGS 95.4% of sorted waste



tance of a specialist company. 44 leaks were identified and eliminated, generating a saving of 63,636 kWh/year (or 0.8% of annual consumption). This same site reduced its consumption of gas by 204,930 kWh/year, thanks to installation of the pipes in the heating plant.

Electrical energy is most frequently used for supplying the production machines. It represents 62% of the Group's consumption. For its part, natural gas represents 37% of the primary consumption of the Group and is used principally for the heating of buildings and for heat treatment operations. The LISI AUTOMOTIVE division alone absorbs 72% of the energy required for the operation of the Group's plants, compared with 25% for LISI AEROSPACE and 3% for LISI MEDICAL. This variance is explained by the size of the machines and the number of parts manufactured.

THE MANAGEMENT OF WASTE

The best technologies are sought in order to reduce the environmental footprint and to anticipate any future regulations. In particular, they are applied on the surface treatment lines because their atmospheric and water waste output can have consequences on the surrounding environment if they are not controlled. In this way, the LISI AUTOMOTIVE plant at Kierspe (Germany) as a bio-filter for treating atmospheric waste from the surface treatment line. The plant at Villefranche-de-Rouergue has also invested in the efficiency of its waste water treatment station.

The LISI AUTOMOTIVE division is the largest producer of waste, as a result of the large quantities of materials used and produced, but this division is also the one which best sorts its waste -97% of the waste is sorted.

The LISI AEROSPACE division is not far behind, because, in one year, the proportion of waste sorted has increased from 83% to 90%. The production plants principally generate metallic waste (65% of the total quantity of waste produced). These are the subject of material recycling. The LISI MEDICAL division accounts for 1.4% of the waste produced.



MARKETS OF THE FUTURE, ADAPTATION STRATEGIES PRODUCT LINES

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LISI AEROSPACE

With sales now exceeding €500 million, LISI AEROSPACE has gained access to a true worldwide dimension. At the source of this change is the recent offering of structural components, a historic collaboration with AIRBUS, market share gains in North America, particularly at BOEING, a new positioning in the engine world, as well as the agility and ability of our teams to innovate and respond to the exceptional increase in demand that took place in 2012. **Jean-Louis COLDERS** CEO, LISI AEROSPACE

€592M SALES REVENUE +45% GROWTH COMPARED TO 2011 55% of lisi's sales revenue 5,205 Employees €38.5M CAPEX



EXPERT'S VIEW

QUESTIONS ASKED TO ERIC CHADEYRAS ANALYST AT NATIXIS

- What are the main characteristics of the global aerospace industry?

■ The high degree of technology and uncompromising quality are constant in aircraft programs with the ever growing lifespan (up to more than 50 years). Shorter lead time for design and increasing production rates are also the main characteristics of the global aerospace industry nowadays. In 2013, 1,200 aircrafts with more than 100 seats will be built using sophisticated production means. These aircrafts will fly reliably for the next 25 years of their life. Finally, strong and persistent economic and environmental imperatives are driving developments that lead to increased fuel efficiencies in aircraft. The new generation of single-aisle aircrafts, for example, is expected to provide a 15% reduction in fuel consumption.

- Do you observe any change in the size, offering and performance of the principal aeronautical equipment manufacturers? What is the position of LISI AEROSPACE?

• Changes in size, offering and performance of the principal aerospace equipment manufacturer started several years ago and are continuing. These changes are driven by the need for improved business efficiencies in an environment where products are growing in complexity and where R&D expenses require extensive resources. These changes are also driven by the large clients who wish to do business with a reduced

number of suppliers / partners which can comply with their financial and production readiness risk assessment.

LISI AEROSPACE has in that regards be a trend maker extending its size and offering by recently getting into the structural component business. LISI AEROSPACE is again confirming its intent to position itself amongst the leading equipment manufacturers to service the global aerospace industry.

- Where do you see the aerospace industry in the next 4 - 5 years?

• The demand for new aircraft remains at a high level because of the development of air transport in Asia, Latin America and the Middle East. Also, the price of oil which remains very high is forcing airline companies to replace their older aircrafts with modern planes which offer better fuel efficiencies.

The growth of the market is likely to stabilize at an annual average rate of 4% to 5% over the few coming years. It should be noted that the cyclical nature of the market, very strong in the past, has been largely diminished for two main reasons. One reason is that the aircraft manufacturers have been managing their production rates to attenuate the disruptive peaks and lows. The second reason is that the market has become truly worldwide with the increase of airline fleets in the emerging economies.

LISI AEROSPACE

TWO DIVISIONS FOR INCREASED PERFORMANCE AND COMPETITIVENESS



A significant event at LISI AEROSPACE was its reorganization into two divisions, fasteners and structural, to allow for greater agility and performance in its respective markets.

In the Fasteners division, the demand was very sustained despite the weaknesses of the business and regional aircraft market. LISI AEROSPACE capitalized on the increasing production rate at Airbus, the delivery of parts linked to the assembly of the first A350s, the fasteners requirements to perform modifications on existing programs like sharklets on the A320 and wings retrofit for the A380. In North America, the business firmed up in the second half of the year as a result of increased production rates at Boeing compounded by the large statement of work that LISI AEROSPACE was awarded in 2012 with the US aircraft manufacturer.

For the Structural Components, the activity was more centered on aero-structures and engines with as main customers AIRBUS, SAFRAN and GE. There was a significant level of activity around the launch into production of new products and sustained efforts to position the company on tomorrow's aircraft and engine programs. Major contracts were signed to supply products for the A350, the A320 Neo, the LEAP engine and GE engines in general.

FASTENERS DIVISION

For the second year in a row the division's efforts have been focused on securing the significant growth while maintaining an irreproachable quality, very good delivery performance and competiveness. The major events are the following:

- Extension of the Vignoux-sur-Barangeon (France) and Dorval (Canada) manufacturing sites;
- The plant situated in Rugby, England adopting a shift pattern allowing for the production to run 24/7;
- The European sites delivered their first parts to Boeing;
- Exceptional support to the A350 program for all the new products: Titanium Nuts, STL, BE-code, HPL, pinning staples, assembly tooling.

STRUCTURAL COMPONENTS DIVISION

2012 was the first full year for CREUZET under The LISI AEROSPACE governance. The focus of the Structural Components Division was in three areas:

- Reorganization and full integration of the plant of Argenton-sur-Creuse, and continuation of the convergence plan for operations and management methods at Marmande.
- Growth and customer service performance in line with the expectations of the market: extension of the hard metal plant in Carpète, doubling of the production of compressor blades and leading edges, mass production of numerous new parts, and finally specific support to the A320 Sharklets project.
- Intense innovation and commercial activities centered on the A320 Neo, LEAP, A350 programs and the range of GE engines.

A STRONGER



EXTENSIONS BOOST CAPACITY AND PRODUCTIVITY

Equipped with tremendous industrial resources, the site of Carpète, in the South-West of France, possesses a technical know-how which will be utilized appropriately for the development and competitiveness of the Structural Components division. The plant in Carpète doubled its foot print in 2012 to reach 12,000 m². Specialized in the shaping and machining of hard metals (titanium and inconel), this production unit has three sub divisions each specialized in a single activity: an engine leading edge division supporting the production of GE and LEAP engines, a helicopter leading edge division, and a titanium structural parts division that will follow the growth of the A350 and B787 programs. Major investments have been made in order to support all the above mentioned. Finally, it has to be noted that the plant in Carpète is also a pioneer in the deployment of LEAP (LISI Excellence Program) activities in 2013 for the LISI AEROSPACE division.

The plant of Izmir, Turkey, initiated its fourth foot print extension project since 2001, to support the continual growth of the fasteners division. Also, the production means have been reorganized into autonomous production units for better efficiencies. Initiated in





2012, this extension project will be completed during the summer of 2013 and will place the Izmir site into the fourth position in terms of size within the fasteners division. The forecasted production increase is 25%.

At Dorval, LISI AEROSPACE Canada increased the dedicated manufacturing area of its plant by 30% and reorganized all the production resources. The plant now has a new forge and a unit specialized in the treatment of super-alloys, with the capability to manufacture a very wide range of diameters and, especially, the very large diameter.

NEW PROJECTS RELATED TO TECHNOLOGICAL DEVELOPMENT

Route 95, a project initiated two years ago in the fasteners division is being finalized. Route 95 goal is to enable LISI AEROSPACE to maintain a very high level of customer service despite challenging customer's demands. What are the benefits of Route 95? It structures and improves the process of managing the customer demand using scheduling best practices, standardizes the procurement methods with our key suppliers and optimizes the operations of our logistics platforms.

On the R&D side, the technology demonstrator project called **NextGed** "passenger door for the aircraft of the future" has entered the detail design phase. The first prototypes and solution should be available for test and evaluation starting 2013.

* LEAP: LISI Excellence Achievement Program, programs aimed at achieving industrial excellence in all areas of the business.

LISI AEROSPACE

A"LABORATORY"

\rightarrow

EMBLEMATIC INITIATIVES

The global LISI AEROSPACE LISIXSIGMA program developed in 2012 in Saint-Ouen-l'Aumône, is now in the process of being deployed throughout the group. This program aims at generalizing a culture of continuous progress based on the Lean and Six Sigma tools. This program is used to structure the plants into autonomous production units which allow for problem resolutions where, when and by who they occur. This program also targets the implementation of standard tools: 5S, SMED, VSM, etc. as well as the definition and application of standards at the workstation.

The Enterprise University *LISI Knowledge Institute (LKI)* welcomed several dozen of participants in 2012. The university's role is to define a set of cornerstones, or fundamentals (products, processes, markets, customers, quality, finance, etc.). The training is organized in modules of progressive levels based on three orientations: management, personal development, techniques and tools. Developed with the Human Resources team of the division and its experts, the ESCP and HEC Montréal, LKI offers to LISI's management a set of quality and multilingual courses. Courses for Top management are in English.

SAFETY

In the area of safety, two divisions produced similar results. The Fasteners division continued to improve its ratios while the Structural Components division initiated a process of improvement. The safety objective of a TF1 of less than 10, calculated for the entire population (temporary staff included), was achieved thanks to the excellent performance in the United States and a recovery at the French plants.

FLAGSHIP PRODUCTS

Cellule

Structural fasteners, principally in titanium

- HI-LITE®
- HI-LOK®
- PULL-IN™
- PULL-STEM™

Engine

- Engine fasteners

 high temperature
- steels • cobalt- or nickel-
- based alloysvery high resistance super alloys
- inserts and studs

Special parts

Specialty, nonstructural fasteners

- clip nuts
- quarter turns
- spacers, etc.
 locks
- installation tooling

MAIN CUSTOMERS

- Airbus
- Boeing
- Bombardier
- CFAN
- Dassault
- EADS
- Embraer
- EurocopterFinmeccanica
- FINITIECCATICA
- GEAE
- Pratt & Whitney
- Rolls Royce Safran
- Spirit
- Formula 1 and Nascar teams for the Racing division

the cell or the aircraft engine: blades, leading

structural parts.

Racing

fasteners.

Structural components

Fasteners and

components for motor

Sheet metal or formed

parts and composite

complex assembled

subsets, integrated into

sports. Other high

quality automotive

edges, beams, ferrules, inlet lips, helicopter floor, APU exhaust, etc. Indoor equipment for aircraft and helicopter unloaders.

MAIN COMPETITORS

- Alcoa Fastening Systems
- Precision Castpart Corp.
- McKechnie
- ACB
- Figeac Aero
- Potez
- Lauak
- Slicom
- PFW
- On Board
- Breeze Eastern
- Manoir Aerospace
- Macsterlite
- Klune
- Mettis
- TECT
- DoncasterAlu Menzinken
- MIFA
- Forge Ital
- Dembiermont
- Karlton-PCC
- First Rikson





LISI AUTOMOTIVE



Worldwide production began to grow again, driven by the markets in the emerging countries, particularly China and India, but also that of the United States confirmed its remarkable vigor. Only European production fell sharply in 2012, with respectively -6.2% for production and -7.8% for the market, hitting all the European countries apart from Great Britain. These contrasting changes weighed heavily on the activity of LISI AUTOMOTIVE, for which the French manufacturers remain the leading customers.

_ François Liotard CEO of LISI AUTOMOTIVE

€427M SALES REVENUE

-4% GROWTH COMPARED TO 2011 39% OF LISI'S SALES REVENUE

3,213 Employees €28M CAPEX



QUESTIONS ASKED TO JEAN-FRANÇOIS GRANJON ANALYST AT ODDO

- How do you see the positioning of an equipment manufacturer like LISI AUTOMOTIVE on the automotive MARKET?

■ The market for the equipment manufacturers remains extremely wide because it calls on numerous competencies. Furthermore, it covers entities of very differing sizes. On the market segment in which LISI AUTOMOTIVE is involved, namely threaded fasteners, clipped solutions and mechanical safety components, the group, ranked 6th worldwide, undeniably constitutes one of the principal players. Furthermore, the group has been able to forge a sizeable place with the principal European manufacturers, including the main German OEMs and premium OEMs (including BMW, Daimler, and AUDI, etc.). These developments have been made through internal developments, but also on the basis of acquisition opportunities such as the acquisition of Knipping (2005), accelerating the presence of LISI AUTOMOTIVE with the German OEMs.

- What are the key success factors of LISI AUTOMOTIVE for achieving its strategic objectives?

■ Adaptation and flexibility are probably the source of the success of the group in a competitive environment, with customers who maintain heavy pressure on prices amongst other things. The route to salvation is the achievement of productivity gains at the price of an industrial organization which is

constantly changing. Organization of the group into Business Units, implementation of adaptation (closure and transfers of plants, etc.), and optimization plans (screw fastener plan, etc.) and constantly seeking opportunities, LISI AUTOMOTIVE manages to impose itself and to resist in a downward cycle period.

- How do you see the automotive market for the next 4 to 5 years?

Difficult to be an oracle, especially on a market which can turn rapidly and which is furthermore characterized by contrasting changes in different geographical zones. The profession is an agreement in expecting weak growth worldwide in automobile production in 2013 of approximately + 1%, with Europe remaining the poor relation with a new fall of -4%/-5% expected. In the medium term, worldwide growth should return but with a significant downward reduction of objectives in comparison with previous estimates. Hence, the current estimates of automotive production in Europe are approximately 12% below the previous projections, with a market which, between now and 2016, is likely to remain at a volume below the previous high point achieved in 2007. In this context, LISI AUTOMOTIVE is likely to again demonstrate its capacity for adaptation and flexibility to produce new productivity gains.

LISI AUTOMOTIVE

A COMPLEX SITUATION



A GROWING WORLDWIDE MARKET BUT A EUROPE WHICH IS "IN THE RED"

Since the crisis of 2009, worldwide production has started to grow again, driven by the markets in the emerging countries and their principal locomotives, China and India. For its part, the United States market also recorded a rise of almost 14%, which confirmed in 2012 the remarkable figure which it had rediscovered the previous year. Only European production fell sharply with, respectively, -6.2% for production and -7.8% for the market.

THE FALL IN THE EUROPEAN MARKETS





A PLAYER WHICH IS VERY TIED TO ITS DOMESTIC MARKET

The main customers of LISI AUTOMOTIVE remain for the majority present on their national markets and in 2012 had mixed fortunes on the European chessboard:

- Falls in sales and production, often in double digits, for the generalist manufacturers;
- Badly impacted performances for the French manufacturers, more dependent on the countries of the South, with a reduction in production in Europe for Renault-Dacia of 13% and for Peugeot-Citroën of 22% as a result of the specific impact of the halt in its exports to Iran;
- More satisfactory production performances for the "Premium" groups, BMW whose European activity grew by 3.5% in comparison with 2011, Daimler-Mercedes which remained stable from one year to the next and VW which succeeded in limiting its fall to 3% thanks to its AUDI brand.



FOR LISI AUTOMOTIVE, CONTRASTING PERFORMANCES

On the positive side, LISI AUTOMOTIVE recorded a buildup of the German OEMs, and strong growth in sales in China where the Beijing and Shanghai units exceeded 180 million RMB of sales in 2012, or an increase of more than 60% since 2009.

On the negative side, the contrasting changes on the markets weighed heavily on the business.

Production in the automotive division fell by €33 million,

or -7.1%, following the measures taken to use up the stocks accumulated in the previous year. At the end of 2012, a fall of four days of sales revenues was recorded, in comparison with 2011. This allowed the company to limit the loss of free cash flow to \notin 4 million, or less than 1% of the division's sales.



SOME REMARKABLE PRODUCT DEVELOPMENTS

The industrial and commercial actions undertaken in 2010 enables LISI AUTOMOTIVE to materialize numerous new orders in 2012. These orders contributed to balancing out the slowdown in the market and the sales of older products. Some quite remarkable developments were achieved in the various structures of the group.

At Saint-Florent, the forged mechanical steering components (in particular with the equipment manufacturers TRW and JTEKT), opened up some bright prospects of growth on this product line. The screw fasteners for structures and vehicle chassis is (particularly with the manufacturers VW and RSA), grow in volume for the fourth consecutive year. The screwed brake fluid linkages (in particular with the equipment manufacturers TI, Sanoh and Cooper) recorded growth of 70% over four years.

At Melisey, crossbars and technical hollow bodies (in particular with TRW and GESTAMP) have enable the company to regain its place on the niche market for very technical net-shape forged products.

At Dasle, the development of roof bar clips on the German market, as well as on the Chinese market, will allow the effects of the fall in production at the French manufacturers to be limited.

At Mellrichstadt, LISI AUTOMOTIVE demonstrated once again its capacity to seize opportunities in its three business areas which are threaded fasteners, clipped solutions and forged mechanical safety components.

The orders obtained helps LISI AUTOMOTIVE to remain a major player with the large European manufacturers in threaded fasteners and clipped solutions. The division confirmed its leadership position in forged mechanical safety components, particularly by reinforcing its position in screw connectors and steering components. On the other hand, the low order intake in bolts required an adjustment in our industrial plant.

LISI AUTOMOTIVE

A SIGNIFICANT

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PURSUIT OF ACTION PLANS ...

Following on from 2011, the teams at LISI AUTOMOTIVE concentrated on the major action plans in the strategic plan.

In the commercial area, operations were initiated in three main directions:

- The optimization of the demands for productivity via the price/volume balance. These customer demands were offset in the majority by the reduction in losses on the most loss-making products.
- The pursuit of the actions undertaken with German customers in the area of marketing, particularly the participation by LISI AUTOMOTIVE in the trade shows in Stuttgart and the IZB in Wolfsburg and the organization of numerous "Techdays".

In the technical area, for sites were qualified by Formel Q audits by the Volkswagen Group. The ramp up of new products in the "Tier One" Business Group (BG) enabled it to be the sole Business Group in the automotive division to see its sales improve in 2012.

In the industrial area, the major projects of 2011 continued at the same rhythm. Amongst these, we can cite the specialization of the plants at Delle and at Saint-Florent, integrated into the "Screw Fastener" plan, the transfer of parts from the plant at Kierspe (Germany) to Fuenlabrada (Spain) to provide a better balance to the production at each site, the continuation of the transfer of the production of guide bars from our plant at Melisey in France to Cejc in the Czech republic and even the transformations of the wire drawing unit at Grandvillars, which will allow for the reintegration of an additional 20,000 tons of wire in the next three years.

The entirety of the industrial operations of LISI AUTOMOTIVE resulted in total capital investments for the financial year of ≤ 28 million, representing 6.6% of the sales revenues.

... AND NEW PROJECTS

A new management team was put in place. For the recovery plan for LISI AUTOMOTIVE, it refocuses its action on the very operational projects from the last two years. Amongst the projects included in the trajectory of the previous actions...

- The recovery of the sites in difficulty, particularly that at Puiseux in the clip fastener business, at the source of the majority of the negative performance in 2012. The new competitiveness plan concerning the drastic reduction of expenses will be closely followed throughout the coming months.
- The optimization of the industrial equipment of the division which is essentially based on the achievement of the specialization plans cited previously, as well as on the restructuring of the bolt manufacturing plants which are almost entirely at the service of the French manufacturers.

The structural difficulties of these latter make it impossible to maintain the three LISI AUTOMOTIVE plants dedicated to this family of products. Hence, a plan to combine the "bolt" activities on the two sites at Dasle and at La Ferté Fresnel, involving the closure over time of the plant at Thiant (107 employees concerned), as well as measures relating to the Employment Preservation Plan were presented to the Central Works Committee of LISI AUTOMOTIVE Former during an information and consultation meeting which was held on February 13, 2013.

REINFORCEMENT OF RESOURCES IN CHINA

In 2013, LISI AUTOMOTIVE put in place a "China Department" bringing together the interests of the various Business Groups. The installation of the first machining and rectification operations at Shanghai, together with the first commercial successes recorded in 2012 in Beijing, in particular with DPCA, support the ramp up of the division in China, a country which has become the durable worldwide leader for sales and for the production of automobiles.



FLAGSHIP PRODUCTS

Threaded fasteners

- fasteners for powertrain
- wheel screws and nuts
- fasteners for indoor and outdoor equipment
- structural screws and nuts
- screws for sheet metal
- self-tapping screws
- screws for soft materials
- nuts, spacers and hollow bodies, PRESSFIX® screws and force-fitting nuts and assembly equipment.

Clip solutions

- Snap-on nuts with tapped drums
- clip assembly systems for tubes, cables, and beams; rivets and pins
- axis fasteners
- blanking plugs and cable grommets, fasteners for panels
- snap-on nuts with tapped drums, multifunctional metalloplastic subsets.

Mechanical safety components

torsion bars

- guide rods
- brake hoses
- parking brake system
- seat mechanism pinions and linkage
- engine and gear shift components, direction components
- airbag system components.

MAIN CUSTOMERS

- BMW
- Daimler
- FAW
- Ford TI automotive • TRW

• JCI

• Magna

Visteon

• ZF

• BSH

• Franke

Schneider

Plastic Omnium

- Opel
- PSA
- Renault-
- Nissan • VW
- Autoliv • Bosch
- CBI
- Delphi
- Faurecia
- Jtekt

MAIN COMPETITORS

- ABC
- Agrati
- AGT
- Bulten
- Emhart
- Fontana
- ITW
- Kamax
- Nedschroef
- Piolax
- A. Raymond • RUIA
- SFS
- TRW Fasteners
- llustration 3d : C. Le Guez



LISI MEDICAL



LISI MEDICAL manufactures implants for the reconstruction of hip, knee and shoulder joints. In 2012, LISI MEDICAL accelerated its projects for improvement and operational reorganization in order to better respond to the expectations of customers in the bone surgery sector. Numerous new customers have initiated partnerships with the plants of LISI MEDICAL. Like the other players in subcontracting, the division had however to confront a certain volatility in the market.

_ Olivier LE BARS CEO, LISI MEDICAL

€65M SALES REVENUE 6% OF LISI'S SALES REVENUE

475 Employees €11.6M Capex



INTERVIEW WITH PROFESSOR

EXPERT'S VIEW

MOUSSA HAMMADOUCHE HEAD OF THE ORTHOPAEDICS DEPARTMENT AT THE HÔPITAL COCHIN

- On what criteria do you choose implants?

■ With some rare exceptions, we only fit proven products which have been the subject of published clinical evaluations, implants with the "Gold Standard" label.

In your opinion, what are the risks inherent in the implant itself?
Working with "Gold Standard" implants limits the risk related to the implant to the maximum. However, risks may occur during the evaluation of innovations. Any modification of an implant may affect its results. The idea is to follow very strict protocols, since the majority of modifications are for cosmetic or marketing purposes.

- What are the principal reasons which are responsible for errors in the selection of implants for surgery?

■ The first is the lack of pre-operative programming or training and/or information available to the surgeon. Poor labeling, deficient laser engraving on the ancillary or a test implant which does not correspond to the definitive implant, can also be sources of risk. The manufacturer must be able to guarantee that the implants are compliant in all respects with the design of the original evaluation.

- What you expect from your supplier of implants?

■ It must be able to guarantee irreproachable traceability of the implants. In the event of a product recall, we must be able to quickly inform the patients and to evaluate the associated clinical risks. The same is also true for instruments. Many surgical centers tend to centralize their sterilization activities, hence multiplying the risk of mixing instruments or of incomplete ancillary boxes, which the surgeon discovers during the operation.

key highlights 2012

■ Thorough reorganization of the plant at CAEN, which specializes in joint reconstruction (hip, knee and shoulder). The plant has been split into two units in order to better meet the needs of customers: The Forged Products UAP and the Finished Products UAP (packaged and sterilized). The removal of the finished product logistics center allowed for the freeing up of 1,000 m² of workshop space to receive new manufacturing equipment, as well as a prototyping unit for the manufacture of new products within tight deadlines.

Integration of the R&D team from Stryker Benoist Girard into the teams of LISI MEDICAL Orthopaedics. This allows it to offer customers a complete service from support with the development of medical equipment up to the sterile packaged product.

Finalization of the industrial organization of the plant at LYON, specializing in implants for the spinal column and for traumatology (autonomous manufacturing units). A dedicated unit for plastic implants has been created. The Engineering team was reinforced in order to optimize the production of new products.

Diversification of the customer portfolio at the plant in Escondido (United States) on the spinal and traumatology segments. Historically, this plant was dedicated to the dental implant sector.

LISI MEDICAL

A YEAR OF TRANSFORMATION ON THE THREE SITES



2012 was confirmed as a year of transformation in terms of organization and strategic orientation, the objective being to widen the customer base for all the sites, by reorienting Caen towards new products on the reconstruction market and the other two sites to the markets for spinal implants and traumatology.

The plant at Caen, sustained by the flow of contracts with Stryker, recorded good performances in operational terms, despite the forecast standardization of volumes.

The plants at Lyon and that San-Diego for their part continued their switch to the areas of high value-added implants, while seeking to widen their customer base. Hence, new accounts profoundly transformed the customer portfolio.

In operational terms, the configuration of the plant at Caen changed notably, in order to guarantee better service to customers. The plant accelerated its automation projects in order to improve its performances in productivity and delivery times, and invested massively in new equipment in order to increase its production capacity and to access new markets, particularly knee joints. The creation of a unit dedicated to knee joints was initiated in order to cover the range of joint implants in the reconstruction area.

The plant at Lyon also equipped itself with production equipment allowing it to be competitive within the framework of its strategy for penetration of new markets for spinal implants and traumatology, essentially latestgeneration machining equipment to manufacture implants in metal or in plastic.

The plant at San-Diego improved its capacities in terms of skimming and reaming for spinal segment implants in order to capture large customers in this area and to be less dependent on a dental segment which is very sensitive to fluctuations in the economy.



FLAGSHIP PRODUCTS

■ The Exeter® hip prosthesis is one of the most widely-fitted hip implants in the world. Exclusively manufactured by LISI MEDICAL, it is offered in packaged and sterile form. All the items constituting the total prosthesis, manufactured and proposed in this form, allow for the offering of the complete reconstruction solution (socket, polyethylene insert, head and femoral stem).

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The associated instruments for the fitting of implants are also manufactured by LISI MEDICAL which thus offers a complete solution to customers: impacters, files, socket holders, stem holders, cutting guides for the knee.

Polyaxis screws for the spine, intersomatic and corporectomy cages are amongst the most widespread manufactured products of LISI MEDICAL, together with the associated instruments: stem holders, curettes, drill bits, scrapers (bone preparation).

■ In traumatology, numerous plates intended for loan consolidation are produced, as well as the associated fasteners. In this area, numerous instruments are offered, from a simple screwdriver to a complex system for the fitting of the implant.

Dental implants, pivot axes and healing screws, as well as the various associated fitting instruments, offer a complete solution to customers who are leaders in this area of implant surgery.

FLAGSHIP PRODUCTS

Joint reconstruction Orthopaedic reconstruction implants

and instruments (hip, shoulder, knee).

Spine, trauma and dental

Orthopaedic, trauma, spinal, maxillofacial and dental implants and instruments.

MAIN **CUSTOMERS**

- Stryker
- Zimmer
- Smith & Nephew Tornier
 LDR Medical
- Newdeal Integra
 Biomet
- Medacta
- Ace SurgicalBiosense Webster

MAIN COMPETITORS

- Symmetry
 Orchid / Sandvick
 Greatbatch

- Paragon
 Accelent
 Teleflex / Tecomet
- Marle
- Norwood
- IMDS



MARKET DATA & FINANCIAL SUMMARY

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FUNCTIONNAL ORGANIZATION CHART



STOCK MARKET DATA

THE GROUP IS PURSUING ITS GROWTH STORY



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Since January 1, 2012, the LISI stock price grew by 21.6%, a quite remarkable performance in comparison with the indices, all the more so since, over that time, the stock outperformed all the indices. Since January 2009, the stock price has risen by 80%, and by 22.7% since January 2011. Over the same period, the CACMid 60 index grew by 14.4% over three years and by -3.5% over two years, the Euronext 100 index respectively by -0.4% and by -2.4%.

Where volumes are concerned, the average intraday volume over one year fell to 1.3%, compared with 2.5% in 2011 and which compares to the Euronext 100 index

which fell by 1.3% in 2012. The rotation of the float fell slightly to 39.4% in 2012, compared with 48% in 2011, or an average daily exchange of 6,728 shares. The LISI stock thereby displayed regained liquidity, allowing for adequate fluidity to attract major international institutional investors. The float represents 3,303,948 shares, or 30.6% of the total shares. The stock self-held by LISI amounted to 314,980 shares, or 2.9% of the total. These shares are intended to be allocated to share award programs, based on conditions of performance, in favor of the senior managers of the group.

COVERAGE OF THE STOCK

The stock is followed by 10 stockbrokers to regularly issue research notes accompanied by opinions and objectives corresponding to the assessment by the analyst responsible. This coverage provides complete and diversified information for professional and private investors.

The LISI Group participates in numerous conferences, road-shows and investor meetings in the cities of Paris, Lyons, Geneva, London and New York. In total, the management of LISI met with almost 150 investors during the 2012 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, without the LISI being bound by numerical commitments (guidance).

BREAKDOWN OF CAPITAL



Including direct and indirect holdings:
VMC: 21.27%
FFP Invest: 18.97%
CIKO: 16.76%

** Reserved for the performance shares and stock option programs.

ANALYSTS

BNP PARIBAS, CM CIC, EXANE, HSBC, ID MIDCAPS, KEPLER Equities, NATIXIS, ODDO, OFG, SOCIÉTÉ GÉNÉRALE

STOCK IDENTIFICATION SHEET

- ISIN Code: FR 0000050353
- Reuters: GFII.PA
- Bloomberg: FII.FP
- Compartment: B Eurolist
- Stock marketplace: Euronext Paris
- Number of shares: 10,786,494
- Market capitalization at December 31, 2012: €666 million
- Indices: CAC[®] Small, CAC[®] Mid & Small, CAC[®]-All tradable and CAC[®]-All Shares

2013 EVENTS

- The AGM will be held on April 25, 2013 on company premises: Immeuble Central Seine – 46 – 50 Quai de la Rapée 75012 PARIS.
- Dividend payments will be made on May 7th, 2013.
- Sales revenue for the second quarter of 2013, as well as half-yearly accounts will be available on line via the company website (www.lisi-group. com), on July 24, 2013.
- Financial information for the third quarter of 2013 will be available on line via the Group website on October 24, 2013 after close of market.

CONTACTS

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Shareholders, investors, financial analysts and financial and economic press please contact: **Emmanuel Viellard** Deputy CEO

INCOME STATEMENTS

STATEMENT OF OVERALL EARNINGS

(in €'000)	12/31/2012	12/31/2011 ³
Pre-tax sales	1,081,341	925,095
Changes in stock, finished products and production in progress	9,105	25,668
Total production	1,090,446	950,763
Other revenues ¹	16,925	14,457
Total operating revenues	1,107,371	965,221
Consumed goods	(301,821)	(275,698)
Other purchases and external charges	(204,490)	(187,797)
Value added	601,060	501,726
Taxes and duties ²	(8,674)	(7,687)
Personnel expenses (including temporary employees)	(437,578)	(371,952)
EBITDA	154,808	122,087
Depreciation	(55,560)	(47,718)
Net provisions	1,170	3,764
EBIT	100,418	78,133
Non-recurring operating expenses	(9,267)	(2,931)
Non-recurring operating revenues	47	10,645
Operating profit	91,199	85,847
Financing expenses and revenue on cash	(3,664)	(4,401)
Revenue on cash	1,006	658
Financing expenses	(4,672)	5,059
Other interest revenue and expenses	1,295	1,588
Other financial items	15,413	9,942
Other interest expenses	(14,119)	(8,354)
Taxes (of which CVAE Tax on Companies' Added Value) ²	(31,715)	(24,808)
Profit (loss) from assets held for sale		805
Profit (loss) for the period	57,115	59,030
attributable as company shareholders' equity	57,287	59,177
Interest not granting control over the company	(172)	(147)
Earnings per share (in €):	5.47	5.70
Diluted earnings per share (in €):	5.47	5.70

(in €'000)	12/31/2012	12/31/2011 ³
Profit (loss) for the period	57,115	59,030
Other elements of overall earnings		
Exchange rate spreads resulting from foreign business	(3,907)	3,949
Change in fair value of cash flow hedging instruments	(53)	1,277
Actuarial gains and losses out of employee benefits	(4,652)	(2,721)
Restatements of treasury shares	48	113
Payment in shares	1,473	979
Other portions of global earnings, after taxes	(7,091)	3,597
Total overall income for the period	50,024	62,627

¹ In order to provide readers of the financial statements with better information that is in accordance with international standards, in the 2012 financial statements the Company has continued classifying revenues related to CIR (Research Tax Credit) as "Other Revenues".

- ³ As at December 31, 2012, in accordance with the CNC (National Accounting Committee) notice of January 14, 2010, the amount of CVAE (Tax on Companies' Added Value) was classified as "Corporate Taxes" (on profits) in the sum of €-5.6m.
- ³ The Group has opted for early application as of January 1, 2012 of the revised IAS 19; therefore, the financial statements for fiscal 2011 have been restated in accordance with the new rules for comparison purposes.

ASSETS		
(in €'000)	12/31/2012	12/31/2011 ³
LONG-TERM ASSETS		
Goodwill	178,612	182,611
Other intangible assets	14,052	15,382
Tangible assets	343,896	326,872
Long-term financial assets	5,977	5,642
Deferred tax assets	14,289	24,685
Other long-term financial assets	937	24
Total long-term assets	557,763	555,216

SHORT-TERM ASSETS

TOTAL ASSETS	1,059,816	1,051,415
Total short-term assets	502,053	496,199
Cash and cash equivalents	30,625	45,675
Other short-term financial assets	71,535	51,883
Trade and other receivables	153,133	158,847
Taxes – Claim on the state	49	915
Inventories	246,711	238,879

TOTAL EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY			
Capital stock	21,573	21,573	
Additional paid-in capital	70,803	70,803	
Treasury shares	(14,616)	(15,461)	
Consolidated reserves	445,588	399,954	
Conversion reserves	(2,383)	1,599	
Other income and expenses recorded directly as shareholders' equity	(3,598)	(414)	
Profit (loss) for the period	57,287	59,177	
Total shareholders' equity – Group's share	574,657	537,232	
Minority interests	1,360	1,458	
Total shareholders' equity	576,017	538,690	

12/31/2012

12/31/20113

LONG-TERM LIABILITIES

(in €'000)

Total long-term liabilities	206,178	233,608
Deferred tax liabilities	23,511	37,625
Other long-term liabilities	7,608	5,725
Long-term borrowings	111,004	136,408
Long-term provisions	64,054	53,850

SHORT-TERM LIABILITIES

Short-term provisions	16,483	14,737
Short-term borrowings*	67,851	63,788
Trade and other accounts payable	188,093	194,711
Taxes due	5,194	5,882
Total short-term liabilities	277,621	279,117
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,059,816	1,051,415
* of which banking facilities	10,892	29,565

³ The Group has opted for early application as of January 1, 2012 of the revised IAS 19; therefore, the financial statements for fiscal 2011 have been restated in accordance with the new rules for comparison purposes.

CASH FLOW MOVEMENT TABLE

(in €'000)	12/31/2012	12/31/2011 ³
OPERATING ACTIVITIES		
Net earnings	57,115	59,030
Elimination of net charges not affecting cash flows :		
- Depreciation and non-recurrent financial provisions	59,444	47,665
- Changes in deferred taxes	(1,966)	297
 Income on disposals, provisions for liabilities and others 	8,326	(10,190)
Gross cash flow margin	122,919	96,801
Net changes in provisions provided by or used for current operations	(3,241)	(1,503)
Operating cash flow	119,678	95,299
Income tax expense (revenue)	33,681	24,511
Elimination of net borrowing costs	3,390	4,009
Effect of changes in inventory on cash	(6,030)	(33,562)
Effect of changes in accounts receivable and accounts payable	4,055	13,203
Net cash provided by or used for operations before tax	154,774	103,459
Taxes paid	(34,442)	(28,138)
Cash provided by or used for operations (A)	120,332	75,321
INVESTMENT ACTIVITIES		
Acquisition of consolidated companies	(10)	(100,000)
Cash acquired		5,569
Acquisition of tangible and intangible fixed assets	(79,268)	(65,182)
Acquisition of financial assets		
Change in granted loans and advances	(438)	(150)
Investment subsidies received		
Dividends received		
Total cash used for investment activities	(79,716)	(159,764)
Divested cash	744	(6,476)
Disposal of consolidated companies	2,805	31,920
Disposal of tangible and intangible fixed assets	857	277
Disposal of financial assets	1	22
Total cash from disposals	4,407	25,742
Cash provided by or used for investment activities (B)	(75,309)	(134,021)

(in €'000)	12/31/2012	12/31/2011 ³
FINANCING ACTIVITIES		
Capital increase	(16)	
Net disposal (acquisition) of treasury shares		
Dividends paid to shareholders of the Group	(13,531)	(10,913)
Dividends paid to minority interests of consolidated companies		
Total cash from equity operations	(13,547)	(10,913)
Issue of long-term loans	37,665	87,914
Issue of short-term loans	704	229
Repayment of long-term loans	(4,041)	(2,062)
Repayment of short-term loans	(37,079)	(18,520)
Net interest expense paid	(3,510)	(4,052)
Total cash from operations on loans and other financial liabilities	(6,261)	63,509
Cash provided by or used for financing activities (C)	(19,808)	52,596
Effect of change in foreign exchange rates (D)	(2,435)	122
Reclassification (D)	496	1,018
Changes in net cash (A+B+C+D)	23,276	(4,964)
Cash at January 1 st (E)	67,993	72,957
Cash at year end (A+B+C+D+E)	91,269	67,993
Other short-term financial assets	71,534	51,883
Cash and cash equivalents	30,624	45,675
Short-term banking facilities	(10,892)	(29,565)
Closing cash position	91,269	67,993

³ The Group has opted for early application as of January 1, 2012 of the revised IAS 19; therefore, the financial statements for fiscal 2011 have been restated in accordance with the new rules for comparison purposes.
STATEMENT OF SHAREHOLDERS' EQUITY

	Capital stock	Capital- linked premiums	Treasury shares	Consolidated reserves	Conversion reserves	Other income and expenses recorded directly as shareholders'	Profit for the period, Group share	Group's share of shareholders' equity	Minority interests	Total shareholders' equity
(in €'000)						equity				
Shareholders' equity at January 1, 2011 ³	21,573	70,803	(15,202)	379,825	(2,392)	(62)	32,924	487,468	858	488,325
Profit (loss) for the period N (a)							59,177	59,177	(147)	59,030
Translation differential (b)				••••••	3,991		••••••	3,991	(42)	3,949
Payments in shares (c)				••••••		979	••••••	979		979
Capital increase		•••••••••••••••••••••••••••••••••••••••		••••••			••••••	•••••••••••••••••••••••••••••••••••••••		•••••••
Restatements of treasury shares (d)			(259)	•		113	••••••	(146)		(146)
Restatements as per IAS19 (g)		•••••••••••••••••••••••••••••••••••••••		••••••		(2,721)	•••••••	(2,721)		(2,721)
Appropriation of N-1 earnings				32,924			(32,924)	•		
Change in methods				(1,428)			•	(1,428)		(1,428)
Change in scope				••••••			•	•••••••••••••••••••••••••••••••••••••••	789	789
Dividends distributed				(10,913)				(10,913)		(10,913)
Reclassification										
Restatements of financial instruments (f)						1,277		1,277		1,277
Various (e)				(454)				(454)		(454)
Shareholders' equity at December 31, 2011 ³	21,573	70,803	(15,461)	399,954	1,599	(414)	59,177	537,232	1,458	538,690
of which total revenues and expenses posted for the period (a) + (b) + (c) + (d) + (e) + (f) + (g)					3,991	(352)	59,177	62,816	(42)	
Profit (loss) for the period N (a)		•••••••••••••••••••••••••••••••••••••••		•			57,287	57,287	(172)	57,115
Translation differential (b)				•	(3,982)		•	(3,982)	75	(3,907)
Payments in shares (c)				•		1,473	•	1,473		1,473
Capital increase			(16)	•			•	(16)		(16)
Restatements of treasury shares (d)			861	•		48		909		909
Restatements as per IAS19 (g)						(4,652)		(4,652)		(4,652)
Appropriation of N-1 earnings				59,177			(59,177)			
Change in methods										
Change in scope				(12)				(12)		(12)
Dividends distributed				(13,531)				(13,531)		(13,531)
Reclassification										
Restatements of financial instruments (f)						(53)		(53)		(53)
Various (e)				.						
Shareholders' equity at December 31, 2012	21,573	70,803	(14,616)	445,588	(2,383)	(3,598)	57,287	574,657	1,360	576,017
of which total revenues and expenses posted for the period (a) + (b) + (c) + (d) + (e) + (f) + (g)					(3,982)	(3,184)	57,287	50,121	75	

³ The Group has opted for early application as of January 1, 2012 of the revised IAS 19; therefore, the financial statements for fiscal 2011 have been restated in accordance with the new rules for comparison purposes.





LINK SOLUTIONS FOR INDUSTRY

Design, creation and realization The Photo credit Peter Allan +33 (0)1 40 55 16 66

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