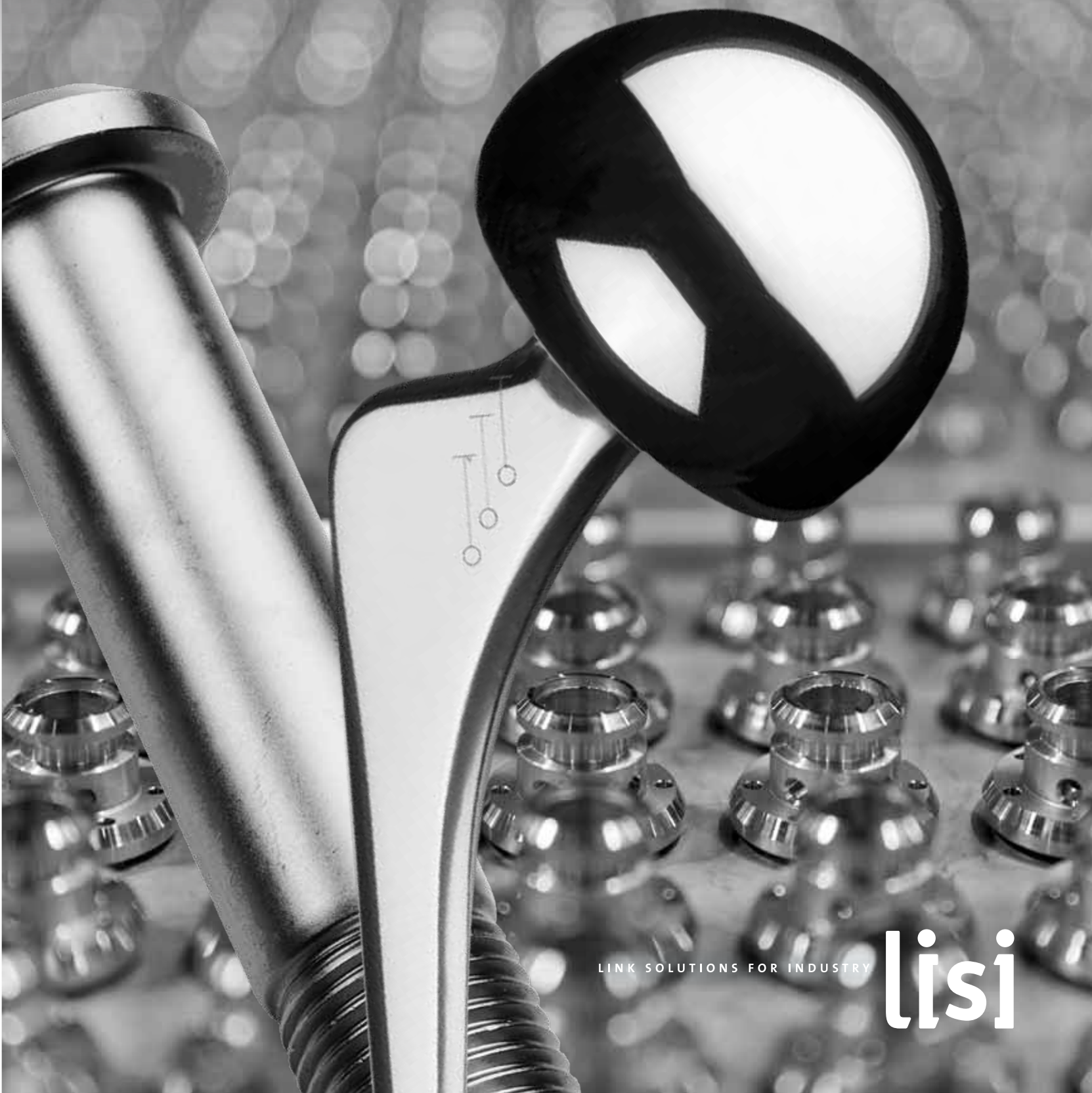


LISI

Annual report

2013



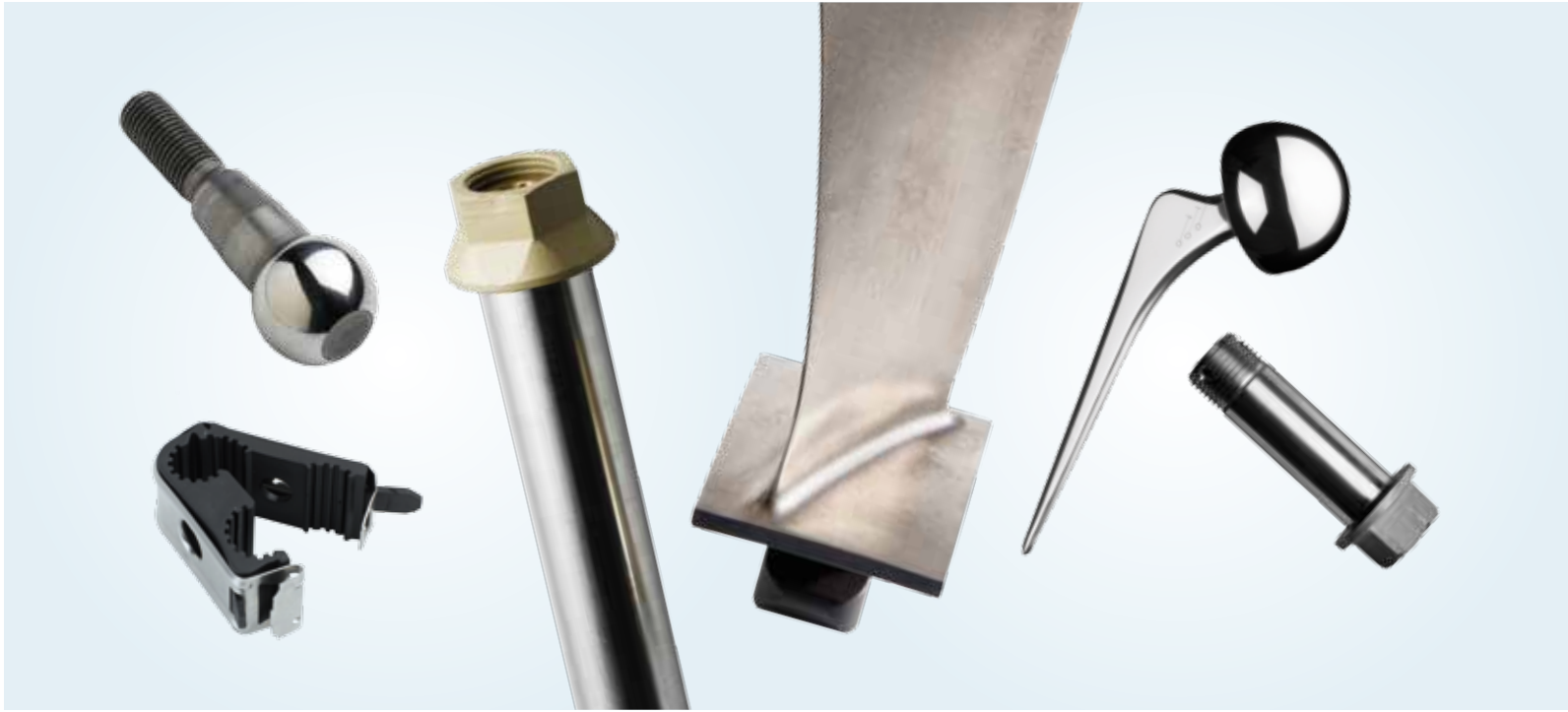
LINK SOLUTIONS FOR INDUSTRY

lisi

SUMMARY

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A LEADING GROUP

focused on the design and
manufacture of assembly
solutions

€1,149 Bn
OF REVENUES IN 2013

58%

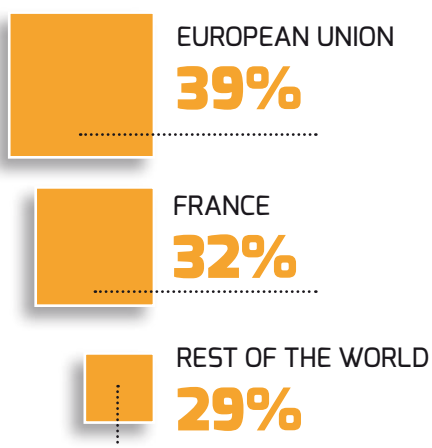
OF THE SALES REVENUE GENERATED BY LISI AEROSPACE

50

CLIENTS ACCOUNT FOR 80 OF THE SALES REVENUE

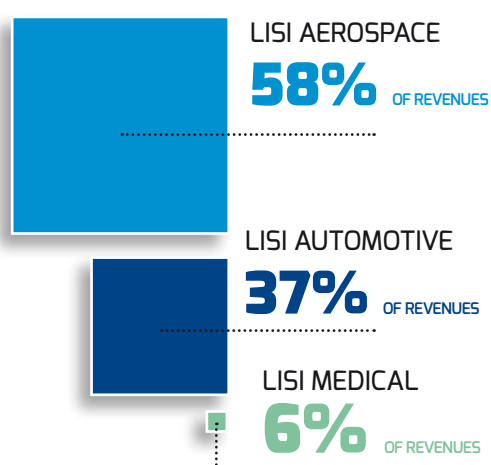
The LISI Group, one of the world leaders, is focused on the design of assembly solutions, on the manufacture of these specific solutions thanks to a high-performance plant and to the delivery of logistics resources adapted to the requirements of its major customers.

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



STRONG INTERNATIONAL PRESENCE

The Group supports its customers in all major global regions.



3 MARKETS

The predominance of aerospace activities in the past 3 years is a result of the strong growth of the sector and of the broadening of the product range in 2011.

MAINTAINING **GROWTH**

Gilles KOHLER

Chairman and Chief Executive Officer of LISI

Emmanuel VIELLARD

Deputy Chief Executive Officer of LISI



2013 performance: Results of post-2009 crisis efforts

The final effects of the 2009 crisis and its impact on LISI's results were largely overcome in 2013, and the Group's three divisions all returned to growth in the second half of the period, something which had not been seen for two years.

- On the aviation side, record new orders and deliveries of 100-seater-plus commercial aircraft for Airbus and Boeing allowed LISI AEROSPACE, like the major players in this sector, to outperform in terms of sales as well as profitability. As a result, our aviation division greatly improved on its previous performances, strengthening its place as the main contributor to the group, with a turnover of 664 million € and an operating profit of 118 million €, an increase of almost 30% on 2012 figures.
- In the automotive sector, the major development of 2013 was the growth of vehicle sales in Europe, which was much more positive during the second half of the year. Buoyed by this favourable trend, LISI AUTOMOTIVE posted stable revenue at constant scope of 422 million €, and increased its operating profit by a factor of five, to 11 million € due to restructuring measures undertaken over the course of the past two years.

- In the orthopaedics world, the first signs of an economic downturn were seen over the course of the year 2013, and were shown in LISI MEDICAL's results, which remained static with a turnover of 64 million € and an operating margin of 4%. Its order books, however, have grown significantly by comparison with the start of 2013.

Record consolidated results

Profits returned by each of the divisions has enabled the Group to return to the results achieved at the height of the 2005-2008 economic cycle, as summarised by the following list of consolidated figures:

- The Group turnover reached 1.15 billion €, an increase of +6.3% on 2012 ;
- Operating profits reached 129 million €, equivalent to a margin of 11.2% ;
- ROCE (return on capital employed) exceeded the target of 19% ;
- Free Cash Flow generated amounted to 28 million € after record investment of 88 million € ;
- Financial debt decreased by 2 points and amounted to 11% of equity.

These results lead us to propose a dividend of 1.70 per share at the next General Shareholders Meeting, an increase of +21% from one year to the next.

We should like to congratulate and warmly thank all teams in the Group for meeting these performance commitments which we set ourselves a year ago.

2014: a year of consolidation

The development of the Airbus A350, always ahead of schedule, which boosted sales of the “Aerospace Fasteners” business, reached its conclusion during 2013. The “Structural components” business (e.g. Creuzet group), however, really took off in 2014. These opposing factors, the outcome of which is hard to predict, added to which are the positive effects of a market still energised by the growth of Boeing’s two major programmes, must strengthen sales growth for LISI AEROSPACE, albeit at a slower pace than that of the previous three years.

By contrast, the two other divisions of the group, sustained by their respective markets during the period of downturn, are expected to maintain growth, building on the results of the last half of 2013.

Finally, and within the same scope of operations, for 2014, the group expects to conduct an exercise in consolidating its sales and profitability. The realisation of the acquisition of Manoir Aerospace – less than three years after that of the Creuzet group, would significantly strengthen the position of LISI AEROSPACE in the Structural components arena – bringing significant growth for the next two years.

2014 will also be a year to reinforce the cross-cutting HSE* and LEAP** projects. These projects, developed across all our divisions and coordinated by the Group directorate, form the backbone of our technical, industrial and managerial performance as the guarantee of our future economic and financial results. For this reason we have afforded them particular importance in this Annual Report.

It is, therefore, with confidence that we plan to continue the profitable and sustainable growth of our group, with the aim of providing maximum possible satisfaction to our shareholders, to our customers and to our employees.

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

** LEAP: LISI Excellence Achievement Program, programs aimed at improving our performance in all areas of the business of the company.

“Once again in 2013,
**LISI Group has demonstrated
its capacity for change.**

It kept moving, and
can now look to the future.”





François-Xavier DU CLEZIOU

Emmanuel NEILDEZ

Jean-Louis COLDERS

Christian DARVILLE

Jean-François MICHELETTI



Yves DREYER

Gilles KOHLER

Emmanuel VIELLARD

Jean-Philippe KOHLER



Laurent SANCHEZ

Marc STEUER

François LIOTARD

Patrick WEISSE

Olivier LE BARS

EXECUTIVE COMMITTEE

LISI

Gilles KOHLER

Chairman and Chief Executive Officer of LISI
Chairman of LISI AUTOMOTIVE

Jean-Philippe KOHLER

Vice-President in charge of LISI internal
auditing and of the HR coordination

Emmanuel VIELLARD

Deputy Chief Executive Officer of LISI
Chairman of LISI AEROSPACE
Chairman of LISI MEDICAL

Yves DREYER

Industrial and Purchasing Manager of LISI

LISI AEROSPACE

Jean-Louis COLDERS

Chief Executive Officer of LISI AEROSPACE

Jean-François MICHELETTI

Chief Financial Officer of LISI AEROSPACE

Christian DARVILLE

Chief Executive Officer -
US Operations Fasteners of LISI AEROSPACE

Emmanuel NEILDEZ

Chief Operating Officer -
Fasteners of LISI AEROSPACE

François-Xavier DU CLEUZIOU

Chief Operating Officer -
Customers of LISI AEROSPACE

LISI AUTOMOTIVE

François LIOTARD

Chief Executive Officer of LISI AUTOMOTIVE

Marc STEUER

Chief Executive Officer, Business Group
Threaded Fasteners of LISI AUTOMOTIVE

Laurent SANCHEZ

Chief Executive Officer, Business Group
Clipped Solutions of LISI AUTOMOTIVE

Patrick WEISSE

Vice-President Finance and Administration
of LISI AUTOMOTIVE

LISI MEDICAL

Olivier LE BARS

Chief Executive Officer of LISI MEDICAL

BOARD OF DIRECTORS

Gilles KOHLER

Chairman

Emmanuel VIELLARD

Deputy Chairman

Eric ANDRE

Director

Pascal LEBARD

Director

Lise NOBRE

Director

Patrick DAHER

Director

Christian PEUGEOT

Director

Jean-Philippe KOHLER

Permanent Representative
of CID to the LISI Board of Directors
Director

Thierry PEUGEOT

Permanent Representative
of CID to the LISI Board of Directors
Director

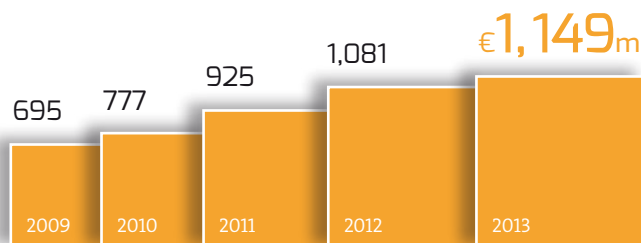
Cyrille VIELLARD

Permanent Representative
of VMC to the LISI Board of Directors
Director

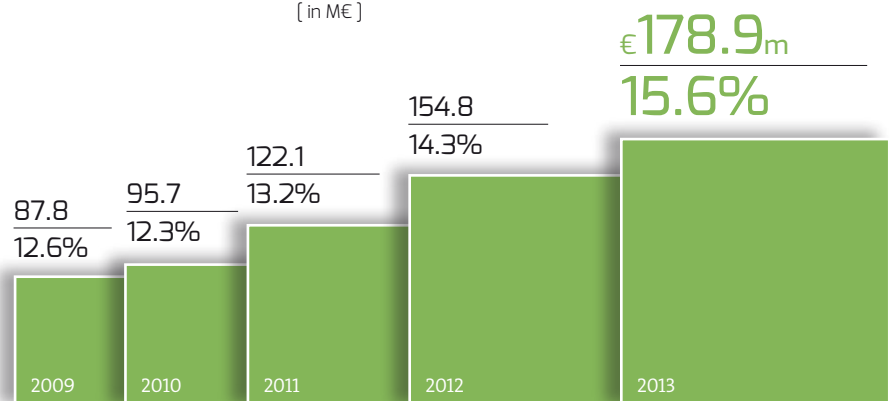
PERFORMANCE INDICATORS

€87,7m
INDUSTRIAL INVESTMENT
of which €34,4m
FOR NEW PRODUCTS OR SPECIAL PROJECTS

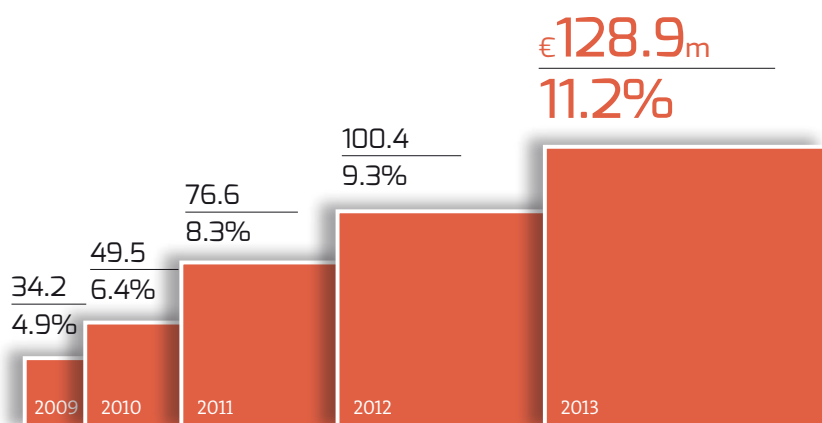
Once again this year, the LISI Group improves its performance and profitability. In a bullish environment (consolidated turnover +6.3%), the group consolidates all its performance indicators and meets its targets. Its financial structure continues to strengthen after unprecedented investment.



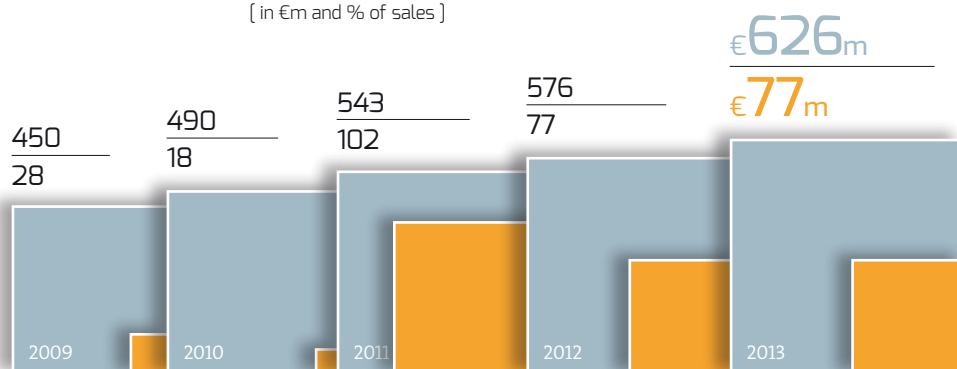
CONSOLIDATED SALES
[in M€]



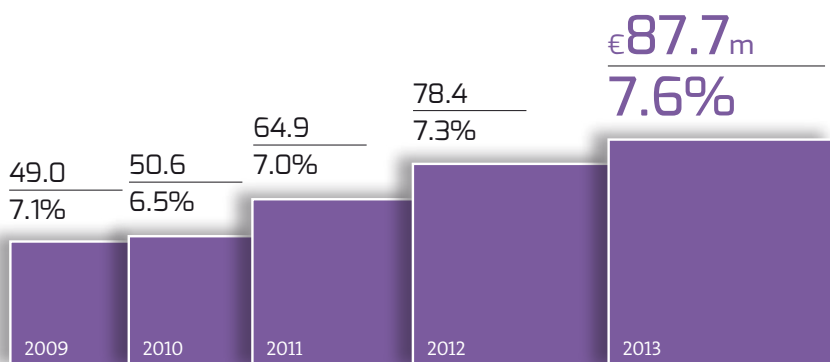
EBITDA
[in €m and % of sales]



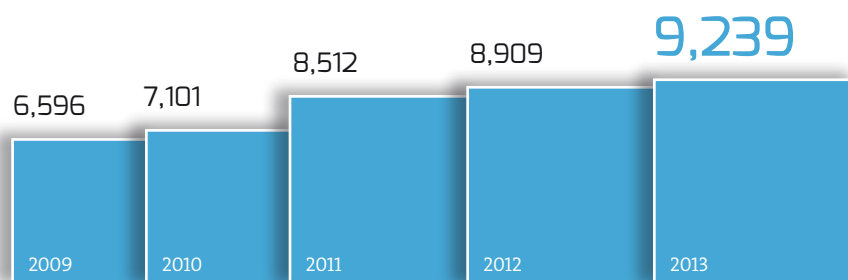
EBIT
[in €m and % of sales]



EQUITY CAPITAL AND NET FINANCIAL DEBT
[in €m] ■ NET FINANCIAL DEBT ■ EQUITY CAPITAL



NET CAPITAL EXPENDITURE
[in €m and % of sales]



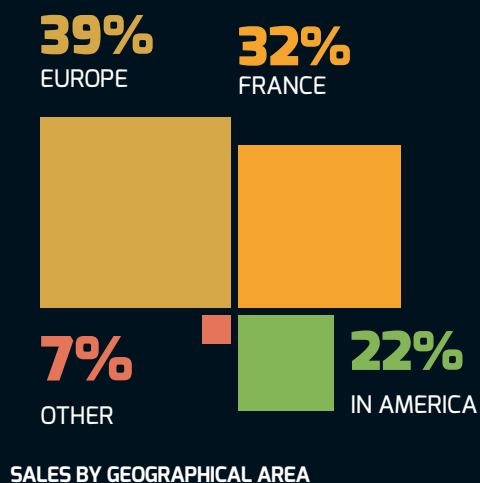
WORKFORCE REGISTERED

A GROUP IN MOTION

IN 12 COUNTRIES ON 4 CONTINENTS

In 2013, the LISI Group continued its international development supporting its major clients in areas of growth markets.

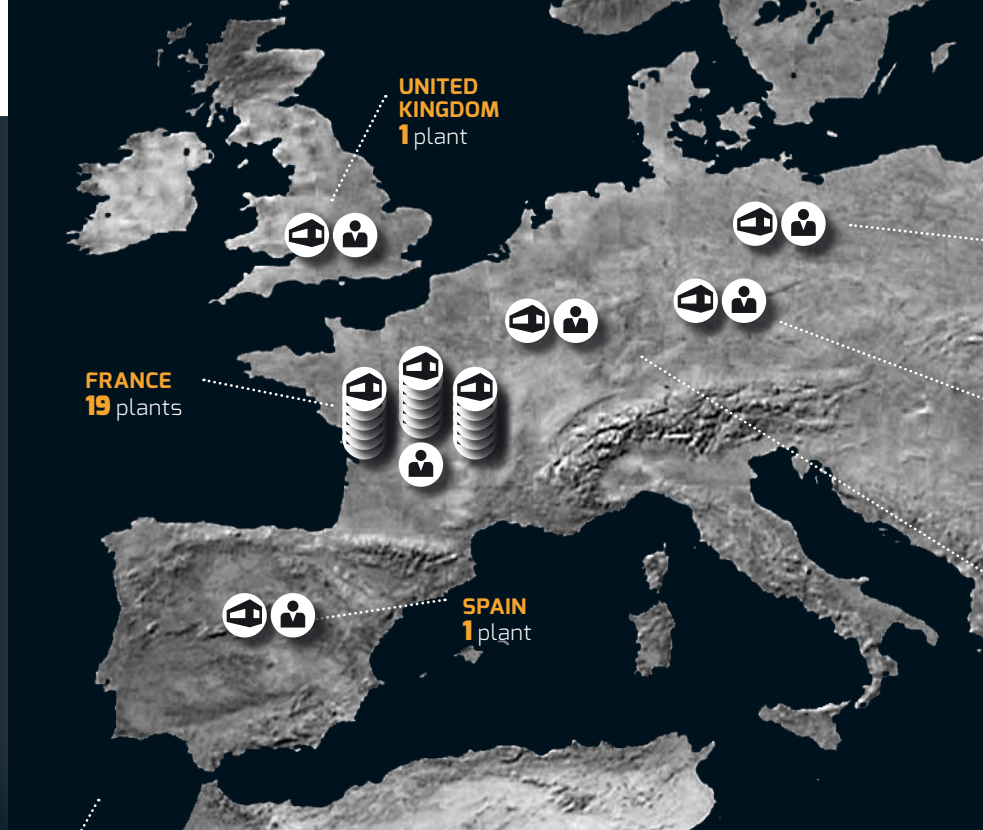
France, where the Group has its roots, represents one third of its turnover.



Production

Sales representation

EUROPE
28
PLANTS



ASIA
4
PLANTS



AFRICA
2
PLANTS

A SPECIALIZATION OF THE SITES BY BUSINESS GROUP



LISI AEROSPACE CANADA (Dorval) **AEROSPACE FASTENERS BG**

The Dorval site, which started up in 2005, is the production centre of LISI AEROSPACE Fasteners, for critical parts for the North American market.

Focused on large diameter parts and nickel alloy, the annual growth of the site has exceeded 35% on average since 2010.

This growth is continuing in 2014 thanks to production implementation of large diameter titanium fasteners for the American market and the increased pace of new programs.

The site is present among all American customers and European engine manufacturers and distinguishes itself through its technical expertise and processes.

SURFACE: 12,000 square metres

HEAD COUNT: 240



LISI MEDICAL **ORTHOPAEDICS** (Hérrouville)

LISI MEDICAL Orthopaedics has unique industrial know-how and expertise in the area of orthopaedic implants. The factory is internationally renowned for its production of hip prostheses.

LISI MEDICAL Orthopaedics plant is one of the most modern and best equipped in Europe, in the medical sector:

- Entirely robotic precision forging, machining and polishing lines.
- Clean rooms for marking, packaging and cleaning operations.
- Constant investment in latest generation machining centers.
- All recognized certifications available. LISI MEDICAL Orthopaedics is certified ISO 9001, ISO 13485, ISO 14001 and OHSAS 18001.
- Full traceability of the production, from raw materials to finished products.

Thanks to its extensive experience in the medical industry, LISI MEDICAL Orthopaedics offers complete industrial manufacturing services, from engineering to packaging and to supply management.

SURFACE: 10,000 square metres

EFFECTIF: 300



LISI AUTOMOTIVE KNIPPING ESPAÑA (Fuenlabrada) **THREADED FASTENERS BG**

LISI AUTOMOTIVE Knipping España site in Fuenlabrada specializes in the manufacture of hardware for equipment inside and outside the vehicle.

With 33 presses, 30 rolling machines, 4 heat treatment lines and 1 surface treatment line, as well as a fully automated shipment process, the LISI AUTOMOTIVE site in Fuenlabrada produces more than 850 million parts per year.

Thanks to a control of processes and highly qualified personnel in our professions, the LISI AUTOMOTIVE site in Fuenlabrada has real know-how and is renowned among its customers. Customers who are primarily world-famous automotive suppliers and manufacturers, such as, for example, VW, BMW, PSA, RENAULT, Facil, Faurecia, Anixter, Autoliv, etc.

SURFACE: 25,021 square metres

HEAD COUNT: 170



LISI AUTOMOTIVE KKP GmbH (Mellrichstadt) **CLIPPED SOLUTIONS BG**

The LISI AUTOMOTIVE KKP GmbH site designs and manufactures fasteners and clips for the automotive sector as well as for industry.

Thanks to the perfect mastery of the plastic injection process and its 70 presses and its 70 automatic assembly machines, each year the German plant makes 1.2 billion parts for manufacturers and OEMs.

In 2013, the Mellrichstadt plant won the prize of "Best Professional Supplier 2013" in the category "Components and Design".

SURFACE: 11,100 square metres

HEAD COUNT: 258



LISI AUTOMOTIVE SHANGHAI **MECHANICAL SAFETY COMPONENTS BG**

Established in China since April 2008, LISI AUTOMOTIVE Shanghai specializes in the Threaded Fasteners and Mechanical Safety Components; this plant produces mechanical components such as parking brakes, seat axes, torsion bars or even brake fitting screws.

Mechanical Safety Components now being the core business of the company, the Chinese team has developed its industrial and technical skills to be able to meet the stringent requirements of this sector and this is thanks to the support of the European teams.

The production equipment is currently composed of 10 cold forming machines, 4 milling machines, 1 grinder, 6 laminators, 12 threading machines and a heat treatment chain.

SURFACE: 7,300 square metres

HEAD COUNT: 94



LISI AEROSPACE CREUZET (Carpète) **STRUCTURAL COMPONENTS BG**

The Carpète site (locality of Marmande) is the second constituent establishment of Creuzet Aéronautique; It focuses on forming and hard metal machining activities of our Structural Components Division with the production of exceptional and very technical parts for new aircraft and motor programs as well as for helicopters:

- leading edges for GE and LEAP engines,
- structural parts in titanium for programs A350 and B787,
- leading edges and rotor head of helicopter blades.

The main jobs are hot forming, machining on 5-axes centre, surface treatment and fitting.

Process and manufacturing ranges are exclusive and trademarked.

This site is expanding to support the increased rate of new programs.

SURFACE: 12,000 square metres

HEAD COUNT: 153



LISI MEDICAL **FASTENERS** (Neyron)

Founded in 1956, the LISI MEDICAL Fasteners factory offers a wide range of industrial capabilities, with a noted specialization for the manufacture of instruments and maxillofacial, dental, traumatological, orthopedic and spinal implants as well as for extremities. LISI MEDICAL Fasteners offer global solutions to the international actors of the biomedical industry: personalized production plans, engineering, HDA expertise, etc.

LISI MEDICAL Fasteners has unique capabilities designed to meet the demands of the medical industry: laminar flow ISO 5 Clean-room ISO 7 and ISO 8.

The LISI MEDICAL Fasteners plant meets the highest international quality standards and offers the medical industry 100% reliable production processes:

- Manufacturing files are archived for 30 years.
- The Fasteners' plants are certified ISO 9001, ISO 13485, ISO 14001 and OHSAS 18001.

SURFACE: 4,250 square metres

HEAD COUNT: 130

OF HUMAN ADVENTURE



2013

2007

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

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

Creation of the LISI MEDICAL subdivision, following the acquisition of:

- HUGUENY (Lyon), specializing in spinal implants;
- JEROPA (Escondido-USA), specializing in dental implants.
- SEIGNOL and INTERMED Application (Neyron – France) and LIXUS (Tangiers – Morocco), specializing in subcontracting of dental and orthopedic implants.

2008

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

2009

On April 1, 2009, the Group sold KNIPPING subsidiary SDU, which specialized in distributing technical products to mines and industry in Germany and Poland.

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.
- The acquisition of the Creuzet group, consolidated as at July 1, 2011.

2012

On May 29th, LISI AUTOMOTIVE sold 100% of its holdings in its subsidiary KNIPPING UMFORMTECHNIK GmbH to Gris Invest SAS for an amount of €2.8 million. Merger of Indraero Morocco and Creuzet Morocco.

The LISI Group secured funding of \$75 million through a private placement in the United States and a loan of €30 million from the EIB to strengthen its long-term resources.

The investment plan represented a record amount of €87.7 million over the period.



TOWARDS OPERATING **EXCELLENCE**

LEAP, the “LISI Excellence Achievement Program”, was initiated in 2011 and launched in 2013. It seeks to encourage operating excellence in all areas and in all the Company’s various businesses and departments. Applied progressively across the teams of all the LISI Group locations, the strategic program will let LISI remain agile, maintain and reinforce its competitiveness vis-a-vis its competitors, and better serve its customers around the world.



A major strategic initiative for the Group



The LEAP program is intended to facilitate each of the Group's units to overtake the performance levels of LISI's competitors worldwide. It will provide a long-term assurance of standardization of productivity programs and risk prevention through the deployment of operating processes and measurement tools that are used by all.

31

FACTORIES INVOLVED
IN THE PROCESS

4 180

PEOPLE
ALREADY TRAINED IN LEAP METHODS
46% OF THE HEAD COUNT

“Using shared bases, to develop independent organizational methods at all operating levels at each of our sites.”



3 QUESTIONS TO YVES DREYER

INDUSTRIAL & PURCHASING DIRECTOR FOR THE LISI GROUP

What is the specification of the LEAP program?

_ LISI Group management has decided to implement a performance management system that is shared by all our factories. It firstly involves the development of gateways between each of our sites, in order to share and improve best practice in each of our divisions. Most of the systems implemented as part of the LEAP program come from leading management methods for industrial performance. We use them by adjusting them to each of our businesses and by involving all our staff.

What are the key benefits?

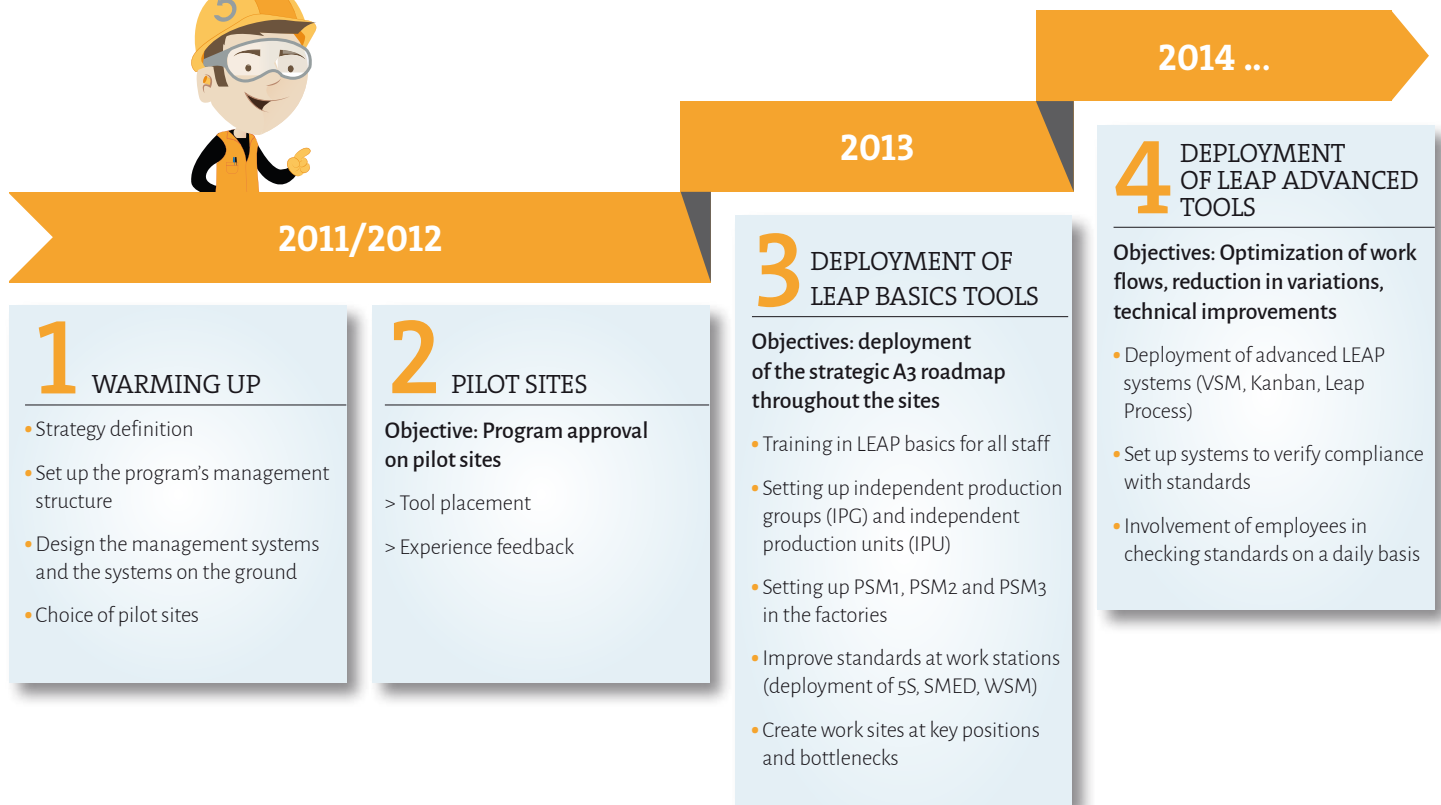
_ This strategic program is designed to encourage the emergence of independent, responsible organizations at every level of the Company, from

the operative up to the divisional manager. These shared methods should speed up progress and facilitate daily management. They should also contribute to the optimization of the attitudes of each of our employees, with people remaining central to the system for making standards more reliable. By training our own teams, we are creating the conditions for success and this way ensure that the initiative has long-lasting effects.

What means have been implemented?

_ Internally a multi-disciplinary team across the divisions has been given the job of designing the standards. We are also supported by a team of outside experts who help us design and deploy a program that has been suited to our needs, is innovative and efficient.

The stages of sustainable growth



The tools of the program

A3

STRATEGY

A3 Factory Strategy
 Organization in:
IPU (Independent production unit)
IPG (Independent production group)



MANAGEMENT

Ensure problems are handled fast at the right level
PSM 1 at IPG level
PSM 2 at IPU level
PSM 3 at site level



THE TOOLS TO DRIVE PROGRESS

BASICS

5S: instill precision and work in the best conditions
SMED: optimizer production line change times and work in small batches
WSM: improve adoption and implementation of standards at the workstation



ADVANCED

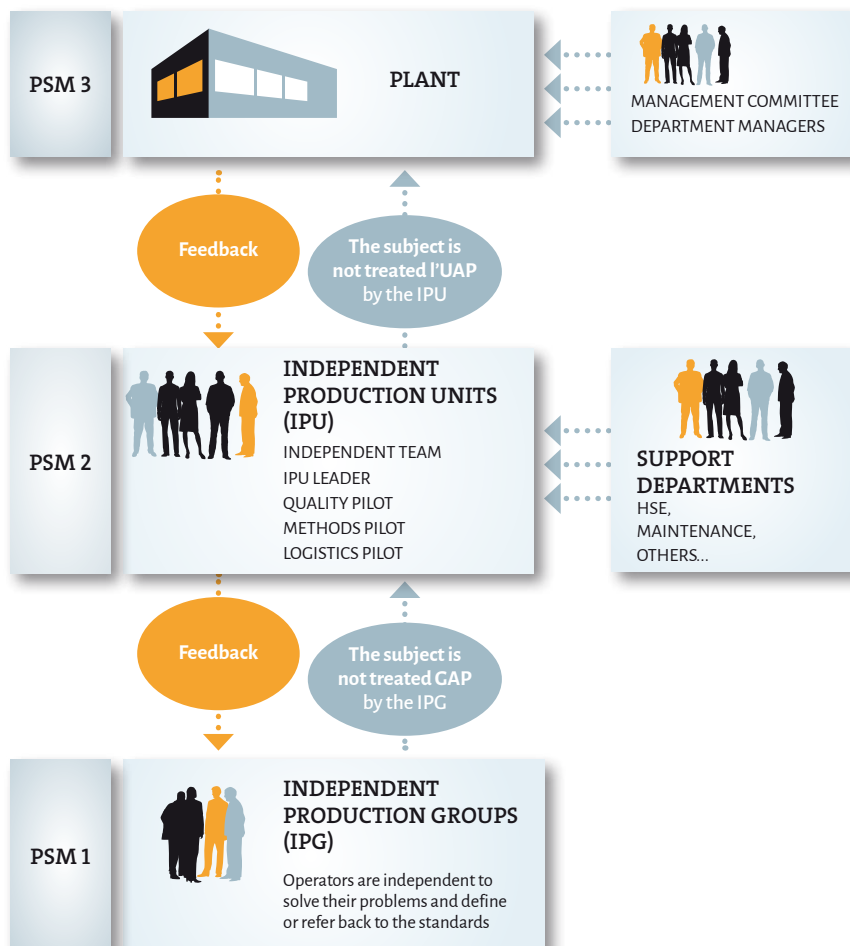
VSM: analyze and optimize operating work flows and the exchange of data
KANBAN: reduce inventories, polish up production flows (demand pull system)
TPM: improve machine yields by involving everybody
LEAP Process: make the organizations agile
SIXσ Projects: reduce variations in the processes

Operating excellence

a corporate culture



All performance management tools developed as part of the LEAP program ought to make the production teams independent and involve skills on the ground to solve everyday problems, as well as to develop a culture and production methods that take into account people and the environment.



PSM

to make decisions faster

The PSM management and improvement system (Problem Solving Management) considerably speeds up solving problems encountered on a daily basis at the level of the factories, the independent production units (IPU) and the independent production groups (IPG). These problems arise on the ground and apply to hygiene, safety, quality, logistics and production. This system also facilitates solving problems using departments across the board.

Daily meetings

PSM is a system that helps decision taking and facilitates resolving sometimes recurrent problems quickly and with long-term effect. PSM is a dialogue system and involves daily meetings at the level of the operators themselves (PSM1), in the independent production units (PSM2) and at the factory level (PSM3).

There problems encountered daily are handles, solutions found and results obtained. There targets are also set and all decisions taken are reviewed.

A source of savings for the Group

The first results of the LEAP strategy deployed operatively in 2013 can already be seen. Setting up PSM (Problem Solving Management) has facilitated a reduction of at least 60% of recurrences on the factory floor, involving a very real improvement in service levels.

First results at all levels

The deployment of SMED (Single Minute Exchange of Die) work areas, a method for optimizing the time needed to change a production run or tools, and 5S, which increases precision in working, has facilitated a reduction in HSE risks by optimizing ergonomics and getting rid of obstacles in traffic flows. Times for change of a production run have been reduced by 50%, as has the consumption of tools, involving a saving of 1 million euros in investments.

Added value for m2 increased more than 25%. Workshops involved in optimizing work flows have been able to improve lead times and reduce work in progress.

+25%

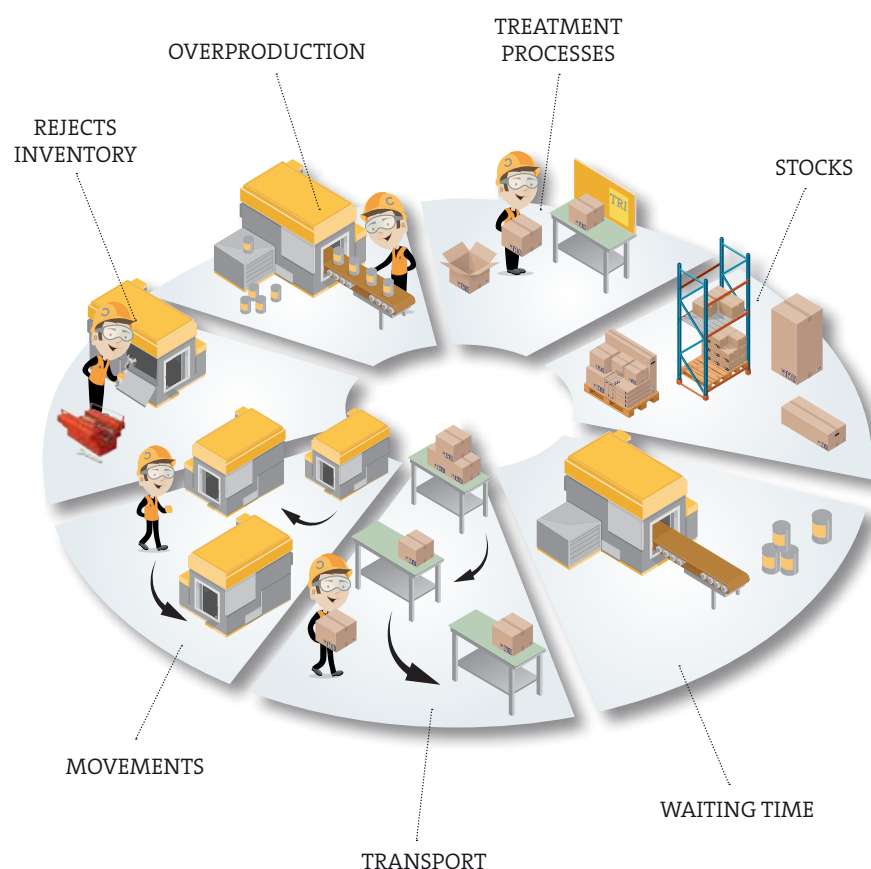
INCREASE IN ADDED VALUE
PER SQUARE METER

€1m

OF SAVINGS
IN INVESTMENTS

200

IMPROVEMENT PROJECTS
COMPLETED IN 2013



Gemba Walk to avoid waste

GembaWalk is an essential tool of Lean Management, and lets operators better understand their work, step back to assess what they have to do, identify the risks and highlight possible sources of waste. This optimization method through observation, for which training was provided during the LEAP Basics stage, allows each employee to take a different look at his or her daily work.

Improving working conditions

The GembaWalks, which have been prepared during preparation of the working areas, help the fight against waste and increased safety for operators. It is one of the central features of LEAP in order to work under the best possible working conditions while not harming the environment.

This approach makes our activities more ordered, more reliable and more competitive.



INNO- VATION

THE DRIVER OF **GROWTH**

Traditionally, innovation is part of the LISI Group culture. An essential growth lever, it allows the company to continuously adapt its offer to meet market needs, to explore new territories, new materials and to optimize its manufacturing processes to offer its customers constant control of their assembly costs.





INNOVATE AND OPTIMIZE FOR BETTER PRODUCTION

An innovative company LSI continuously develops new products. The Group mobilizes all its know-how in each of its three business lines to meet the challenges posed by its customers. Technological challenges, to meet the requirements for lightening and saving, but also organizational challenges during phases of industrialization.

While sharing a common culture, each of the LSI trades follows specific innovation requirements. All this research and development effort has necessitated an overall investment of 18.9 million euros for the group in 2013 or 1.7% of the turnover. Shared between the development of new products, technological adaptation, optimization of costs or even the deployment of new manufacturing processes, this innovation effort has helped each of the Group Divisions to respond to the challenges they constantly face and to adapt their offer to market trends.

LSI AEROSPACE associated with major aeronautical programs

For many years associated with the major programs launched by aircraft manufacturers and engine manufacturers for the development of new generation aircraft (Boeing 787, Airbus A350, Leap engine), in 2013 LSI AEROSPACE teams focused on the industrialization phases of these programs. These successive stages focus on reliability of assembly lines, regard for the rise in production rate and the reduction of production costs. They require a strong capacity for innovation both in terms of products and services as well as internal organization.

27 patents
FILED IN 2013 FOR LISI
€18.9m
ENGAGED IN R&D EFFORTS IN 2013

LISI AUTOMOTIVE focuses on co-development

LISI AUTOMOTIVE research efforts focus mainly on preparation and forward planning of co-development programs engaged with key clients. In this spirit, the Division teams focus their work on seeking solutions in terms of materials and development of heat treatments plus high performance and innovative surfaces. The other aspect of research covers manufacturing product/process optimization, in order to achieve the economic goals set by the Group's customers.

New technologies for LISI MEDICAL knowledge

In 2013, LISI MEDICAL developed its technological know-how around new machining by grinding procedures which can improve the cutting edge of some surgical tools and refine the accuracy of some prostheses.

Finally, all Divisions of the Group were involved in the search for new environmental responses related to the removal of chemical substances decided in the context of the new European regulation REACH.

LISI AEROSPACE LEADING EDGES ON ENGINES OF THE FUTURE



The use of composite materials for fan blades of new-generation reactors requires perfecting reinforcements for the leading edges. These blades must indeed be dressed with a titanium cap to withstand impacts caused by birds, ice blocks or other objects. LISI AEROSPACE Creuzet positioned themselves at an early stage on development, then the manufacture of leading edges of this type, originally intended for various versions of the GE90. This development has led the company to conceive and then develop the disruptive technologies to form this technical element of which the section and form are scalable on the entire length of the part.

GENX AND LEAP ENGINE, TWO MAJOR PROGRAMS FOR LISI AEROSPACE

The partnership with GE is pursued today on the GENx engine - 1 B equipping Boeing 787 and then on the GENx - 2B engine equipping Boeing 747-8 consolidating our position as experts on this type of part.

Developed by CFM International (1), the new Leap engine is also equipped with these composite turbofan blades. This turbofan engine was retained by 3 aircraft manufacturers to equip their future medium haul aircraft: the Leap 1 designed for the Airbus A320 NEO; the 1B Leap for the Boeing 737 MAX; Leap 1C for the Chinese COMAC C919 aircraft. LISI AEROSPACE Creuzet was selected by SNECMA to develop these titanium leading edges for the engines and to ensure industrialization between now and 2016.

(1) CFM International is a joint venture 50-50 between SNECMA (SAFRAN) and GE.



ACCOMPANYING THE INDUSTRIALIZATION PHASES

Whether it is fixing systems or structural components, passing from research phases to development phases, and then to industrialization phases, requires fast adaptation capacities to meet the priorities of a rapidly evolving environment. Even so, the prospective research efforts require a constant effort in the long term, in order to validate disruptive technologies that will embark in a few years on new programs. LISI AEROSPACE therefore participated in major collaborative projects united by the Council for Civil Aeronautics Research (CORAC) around the vehicles of the future.

This double requirement, which applies both to the medium and long term, has guided the research efforts of LISI AEROSPACE in 2013. Developments remained focused on three major orientations:

EN 9100 certification of fastening procedures

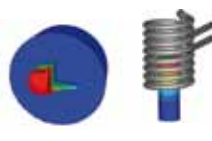
Organizational adaptation remained focused on the deployment of the TPD (Develop Products and Technologies) process in the field of fasteners. Objective 2013 was materialized by the EN9100 certification for this activity. Several initiatives are also underway to experiment with new project management tools and part of the strategic tools of the LEAP program (LISI Excellence Achievement Program), such as the 'A3', whose deployment is expected in 2014 (see page 16).



1. fasteners for assemblies subjected to lightning



2. technologies for motorized assemblies



3. numerical simulation of manufacturing processes

FASTENERS

A shorter thread to reduce the mass and the installation time

In heavily loaded metallic or hybrid junction zone boxes, fasteners mounted in interference are needed to ensure the structural maintenance of assembly in fatigue. PULL-IN™ and PULL-STEM™ systems of LISI AEROSPACE for several years have been the reference for this type of application. Constraints in terms of ergonomics, installation time and respect for the environment have forced the Division to develop both the range of fasteners and tools associated with this system, to remain leaders on this product line.

NEW GENERATION PULL - IN™ AND PULL - STEM™

In 2013, new bindings High Interference PULL - IN™ have been designed with a shorter thread to reduce the mass and the installation time. The PULL - STEM™ range has been extended with ball-joint heads to facilitate assemblies on a slope. New tools and more ergonomic hydraulic groups have also been developed. They helped to convince new customers, like the Brazilian EMBRAER for its military transport KC390, the Chinese COMAC on the C919 aircraft, or even the American rocket SPACE X constructor in the spatial field.



**BALL-JOINT HEADS
TO FACILITATE THE
ASSEMBLIES ON SLOPES**



60h

THIS INNOVATION MAKES IT
POSSIBLE TO SAVE 60 HOURS
**ON THE ASSEMBLY
OF AN AIRCRAFT**

FASTENERS

LIGHTER AND FASTER-TO-USE FASTENERS

Assembly of systems in appliances (electrical cables, fluid pipes, interior trim, etc.) is a particularly important challenge for manufacturers. This type of connection is often realized by means of hexagon standard screw heads, on which are added the washers in order to reduce contact pressure. On a long-haul A350 type 50,000 screws and washers necessary for assembling represent a mass of nearly 200 kilos. On the Assembly lines, the washer that must be pre-assembled on the screw by the operator, regularly drops. It therefore imposes additional recovery operations of lost parts in the structure of the plane. Working from the functional need expressed by aircraft manufacturers, LISI AEROSPACE has designed an optimized screw that incorporates a "captive" flat washer. This innovation allows our customers a 60% mass gain compared to conventional steel screws and a saving of more than 60 hours on the assembly of an aircraft.

STRUCTURAL COMPONENTS

A ONE-PIECE LIP of 2 meters in diameter for the A320neo

Since the mid-2000s, LISI AEROSPACE Creuzet developed and perfected a specific technology forming the engine air inlet lips. The first productions of this type were conducted for Airbus, within the framework of the A340 program. LISI AEROSPACE Creuzet then positioned itself as a major supplier on the A380 program. The solution of these parts in light alloy, represents a global alternative to the classical techniques of stamping or flow-turning (irreversible deformation of metals). The process used enables to obtain, by forming, a line close to the final geometric characteristics. Deployed on several validation programs conducted with clients of LISI AEROSPACE Creuzet, the repetitiveness of the process could be demonstrated both on the geometric and metallurgic level.

A MAJOR TECHNOLOGICAL CHALLENGE

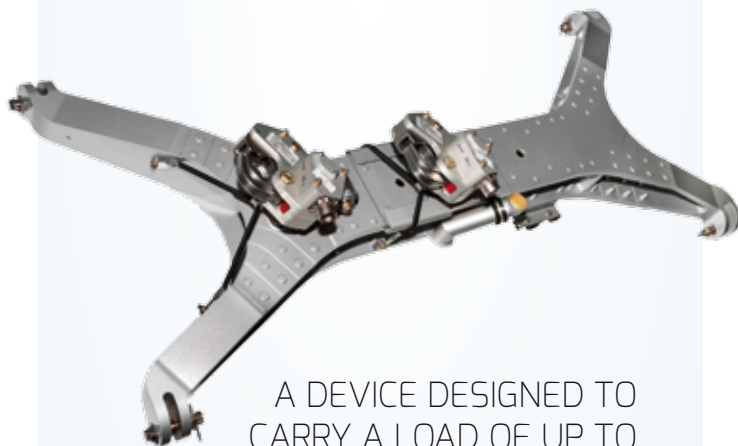
At the end of the year 2012, LISI AEROSPACE Creuzet has signed a new contract with AIRBUS for the delivery of air inlet lips for the future A320 NEO. Whereas the part designed for A340 and A380 consisted of several sectors, this new lip, with a diameter close to 2 meters, is a mono-bloc. These constraints have been a major technological challenge in terms of production. The first four sets could be delivered in 2013. Team efforts now focus on the industrialization of the process, in order to meet the requirements of speed, cost and quality of this program.



STRUCTURAL COMPONENTS

Helicopters: a Fail Safe beam for load carriage

Within the framework of its helicopter equipment production activity, the Indraero Siren site, has developed and certified to the European authorities a new piece of equipment allowing the carriage of external loads for the BELL429 helicopter. This "FailSafe" certified equipment is designed to withstand loads (human and non-human) which can reach 600 kilos. This system has been qualified to meet regulatory requirements (structural and environmental) such as in the case of ultimate loading, fatigue, holding the lightning tests or susceptibility to electromagnetic fields. The Swiss Air Zairmatt will be the first operator to take advantage of this equipment which it will use for its activities of air transport of equipment, rescue and transportation of injured persons.



A DEVICE DESIGNED TO
CARRY A LOAD OF UP TO
600 kg



MEETING THE MAJOR CHALLENGES OF THE AUTOMOTIVE INDUSTRY

Research projects open up to manufacturers the windows on the world. They give them the opportunity to strengthen their technological, scientific and regulatory monitoring.

This is the reason why LISI AUTOMOTIVE chose to achieve most of its projects with diverse partners: clients, suppliers, university laboratories or major engineering schools (*grandes écoles*) and finally private laboratories with which the Group cooperates in several aspects.

Lightening vehicles and optimizing assembly

These areas of research respond to medium term issues of the automotive industry. The first relates to lightening vehicles, in order to meet environmental and economic markets of today and tomorrow. The second concerns research for performance development, in order to reduce marketing deadlines and allow LISI AUTOMOTIVE customers to contain their assembly costs. The third aims at industrial performance towards operational excellence. The fourth and last issue, compliance with environmental rules, should finally enable to limit the impact of the Group's activities.

Materials: optimize existing solutions

The use of very high resistance steel, light alloys or composites is the most innovative track to solve the challenges of lightening next generation vehicles. However, these answers should not overshadow the efforts to optimize existing solutions. These can be implemented at the product design stage, thanks to a better understanding of the performance of materials and by using numerical simulation. Material and coating characterization tests (steel, plastics) are performed continuously in different environmental conditions. Databases that result from these trials are essential. They allow safe use of materials and as close as possible to their limits.

FURTHER INCREASING KNOWLEDGE
OF THE PERFORMANCE OF MATERIALS



REDUCING OUR ENVIRONMENTAL IMPACT

A new coating to replace zinc-nickel

Environmental constraints often form real opportunities for innovation. However, adapting and thinking differently, require a strong capacity for forward thinking and a lot of perseverance, because research is often a long-term activity. Launched in 2006 at the initiative of LISI AUTOMOTIVE, IZAC research program is part of these in-depth efforts. Intended to identify alternatives to the use of substances found in the zinc-nickel coatings used on some screws and prohibited under regulation Reach, IZAC enabled the emergence of an innovative solution. A new patented coating came out of the Group's laboratories in 2013. It will take another five years to industrialize its production and obtain a qualification by the automobile constructors associated with the project from the outset.

PRODUCING MORE EFFECTIVELY

Improving operational efficiency

Improving processes and production methods is the subject of actions agreed with the operational teams. Research effort focuses mainly on removing or optimizing certain low value-added operations, as, for example, the removal of heat treatment after forging certain groups of nuts. Another study helped to develop a better understanding within the Division of the relationship between the development of steels by steel manufacturers and their performance during cold heading and machining operations.

DEVELOPING FASTER

NUMERICAL SIMULATION at the service of innovation

LISI AUTOMOTIVE continued developing its expertise in numerical simulation. Calculation of products and modeling of processes enables acceleration in the phases of development and optimization from conception to the production of finished products. These methods significantly reduce the response times of the Division to the demands of its customers. After studies in 2012 and 2013, the nonlinear calculation of clipped fasteners and screw connections, for example, is now carried out on NX-NASTRAN. Structure calculations, modeling of steel deformation and plastic injection operations are now simulated by computer.



A study on modeling of accidental unscrewing of assembling is being finalized. It is carried out in partnership with an automobile manufacturer and a university research center and must allow improvement of calculation methods and propose effective solutions to prevent spontaneous unscrewing.

MODELING THE ACCIDENTAL UNSCREWING OF ASSEMBLIES



OPENING NEW MARKETS

The research and development work undertaken in the LISI MEDICAL Division focuses mainly on the implementation of technologies and manufacturing processes to provide new types of products to the Division's customers. It is indeed these customers who undertake the design of implants they commercialize on their markets.

New machining processes

In 2013, LISI MEDICAL has developed new methods of machining by grinding, which allowed it to acquire new knowledge on new types of implants, such as knee prostheses.

The technology used on the Caen site offers a level of finesse of polish far superior to conventional machining techniques by milling. This method also allows to significantly improve the leading edge of some tools recently developed by LISI MEDICAL, such as surgical rasps.

LISI MEDICAL teams have also worked on the acquisition of new know-how induced by the takeover of SJ industry, specialized in machining of plastic materials like PEEK (polyetheretherketone). This material, often used in the aerospace industry, offers a very good resistance to wear and tear. It is used in the medical industry to manufacture cervical cages, or even screws and plates for the spine.

CORPORATE ***RESPONSIBILITY***

The human, social and environmental responsibility is not only an essential, but also a structuring element of the company. LSI affords these indicators, which guide its steps towards a common goal, the same value as the economic and financial dashboards that set its course.

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HUMAN RESOURCES

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HEALTH & SAFETY

P43

ENVIRONMENT





TRAINING AND SUPPORT **FOR THE FUTURE**

Most eminent professions rely on sharp knowledge, of which mastering expertise requires time. In order to consolidate these skills, but also to anticipate the transmission of knowledge and attract young talent, LISI invests in the implementation of ambitious training programs.

9,239

EMPLOYEES IN THE GROUP,
I.E., AN INCREASE OF 3.7% IN ONE YEAR

€4.6m

DEVOTED TO THE TRAINING PROGRAM IN 2013,
OR 1.6% OF THE GROUP'S PAYROLL

6,500

EMPLOYEES ATTENDED TRAINING IN 2013,
I.E., 70% OF THE GROUP'S EMPLOYEES

More than 260,000 hours

OF TRAINING PROVIDED,
I.E., 1.7% OF THE HOURS WORKED IN 2013

Training of employees is a major strategic lever for LISI. Reinforcing internal skills and setting up transmission of skills support tools helps not only to prepare the future, but also consolidates the present by improving its competitiveness through increased levels of quality and efficiency.

Offering consistent career training

LISI ensures that each employee, regardless of his/her age or position, has access throughout his/her career to the training courses necessary for the construction of his/her career path and his/her adaptation to changes in the businesses. In addition, special attention is paid to the implementation of training needs identified in individual and professional interviews, and more particularly to senior employees who may encounter difficulties in their job or in their work environment.

70% of the Group employees trained in 2013

In 2013, the budget for internal and external training for all the LISI Group amounted to €4.6m, or 1.6% of the Group's total payroll. This budget enabled provision of more than 260,000 hours of training to employees of the company on all sites, representing 1.7% of the total hours worked over the year. In total, more than 6,500 employees could benefit from a training of at least seven hours (or 70% of the Group's employees), which represents an increase of nearly 20% from 2012.

Integrating young people and attracting talent

The LISI Group 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 2013, LISI welcomed 661 interns, 174 apprentices and 82 work experience contracts across all its divisions. Professionalization and apprenticeship contracts are formulas that allow strengthening the adequacy between the training content and the company needs.



LEAP at the core of training programs

The operational launch of the LEAP strategic program (read pages 16 to 21) was one of the highlights of the year 2013. Intended to contribute to a profitable and sustainable growth, LISI Excellence Achievement Program plan is a comprehensive continuous approach for improvement of human, managerial and industrial practices in the Group.

4,180 staff trained

In 2013, 31 factories were directly committed to the implementation of this program. In total, 4,180 employees have been trained in these methods aimed at reducing waste, as well as for all non-added value activities, by analyzing and optimizing the flow.

Implemented by Group experts in industrial performance, LEAP training supports the increase in skills by using each of the tools integrated in the LEAP (5s, SMED, PSM, VSM, WSM, etc.) approach.



DEVELOPING *CAREER PATHS*

The LISI Group attaches particular importance to the development of its employees' professional qualifications by developing suitable courses focused on the most valuable expertise for the group.

For several years already, LISI has developed career specific courses, focused on trades considered to be the most strategic for each of its divisions. These professional courses enable employees to obtain a Joint Certificate of Qualification in Metallurgy (CQPM, recognized by the industry), or in some cases an Inter-industries Professional Certificate of Qualification, recognized at national level. Developed to correspond closely to trade evolution, these qualifications are updated regularly with professionals from companies to respond in real time to technological developments.



6,000 hours dedicated to the career paths for LISI AUTOMOTIVE

In 2013, nearly 6,000 hours have been provided for within the LISI AUTOMOTIVE Division in the context of these career paths (7 specialties concerned) and 62 CQPM and CQPI have been obtained since 2010. This initiative is also active on the other divisions of the Group and including the LISI AEROSPACE sites of Argenton sur Creuse (CQPM Welders and Boilermakers) and LISI AEROSPACE Creuzet (CQPM machining). Based in Caen, the LISI MEDICAL Orthopaedics site has also set up a school of polishing in collaboration with the local Union of Industries and Metal Trades (UIMM), Pôle Emploi, the AFPI and the Town Hall of Hérouville-Saint-Clair (14) to recruit and train polishers as part of an operational preparation for employment scheme.

Staffing increased by 3.7% in 2013

At December 31, 2013, the LISI Group employed 9,239 employees in 11 countries, reflecting a net increase in staff of 330 people (+3.7% compared with 2012). This increase is due on the one hand, to a strong increase in the workforce of LISI AEROSPACE (399 more employees than in 2012) and on the other hand, to an adjustment of the head count within LISI AUTOMOTIVE (2.2%). LISI MEDICAL staff employment remains stable. LISI employment is mainly located in France (54% of the Group's workforce).

Jobs that are becoming feminized

The distribution of staff shows consistency for each of the age brackets between 25 and 55 years. As for 2012, the average age of employees is between 41 and 45 years. The breakdown by sex shows a slight feminization of employment in the Group. The proportion of women in office has indeed increased from 21.75% in 2012 to 22.15% to end 2013. LISI today counts 2,046 employed women (+6% in one year).



61%
LISI AEROSPACE



34%
LISI AUTOMOTIVE



5%
LISI MEDICAL

NUMBER OF EMPLOYEES ON THE RISE

	2013	2012	Difference	as a %
LISI AEROSPACE	5,205	5,604	+399	+7.6%
LISI AUTOMOTIVE	3,213	3,143	-70	-2.2%
LISI MEDICAL	475	474	-1	-
LISI SA	16	18	+2	+12.5%
GROUP	8,909	9,239	+330	+3.7%

22%
OF LISI EMPLOYEES
ARE WOMEN





Two new programs for LISI AEROSPACE Knowledge Institute

Corporate University LISI AEROSPACE Knowledge Institute (LKI) is a key element for the development of Management skills in the division. It is also a tool that enables attracting and training candidates with strong potential for the Group.

300 participants each year

Created in 2011, LKI offers 18 skills development programs focused on the strategic axes of LISI AEROSPACE (Technical, Personal Development and Management). One-week integration courses are also organized for new Executives (discovery of the division, immersion in the factory, etc.).

Increasing knowledge about managerial practices

Two new programs were added to the curriculum in 2013. The Boost course, to develop Operational Managers' managerial practices. The second program, Altitude, was developed in partnership with HEC Montréal. It offers Executives the opportunity to consolidate their international approach to management. It takes place over 13 days conducted in four modules focused on four separate strategic countries for the Group.

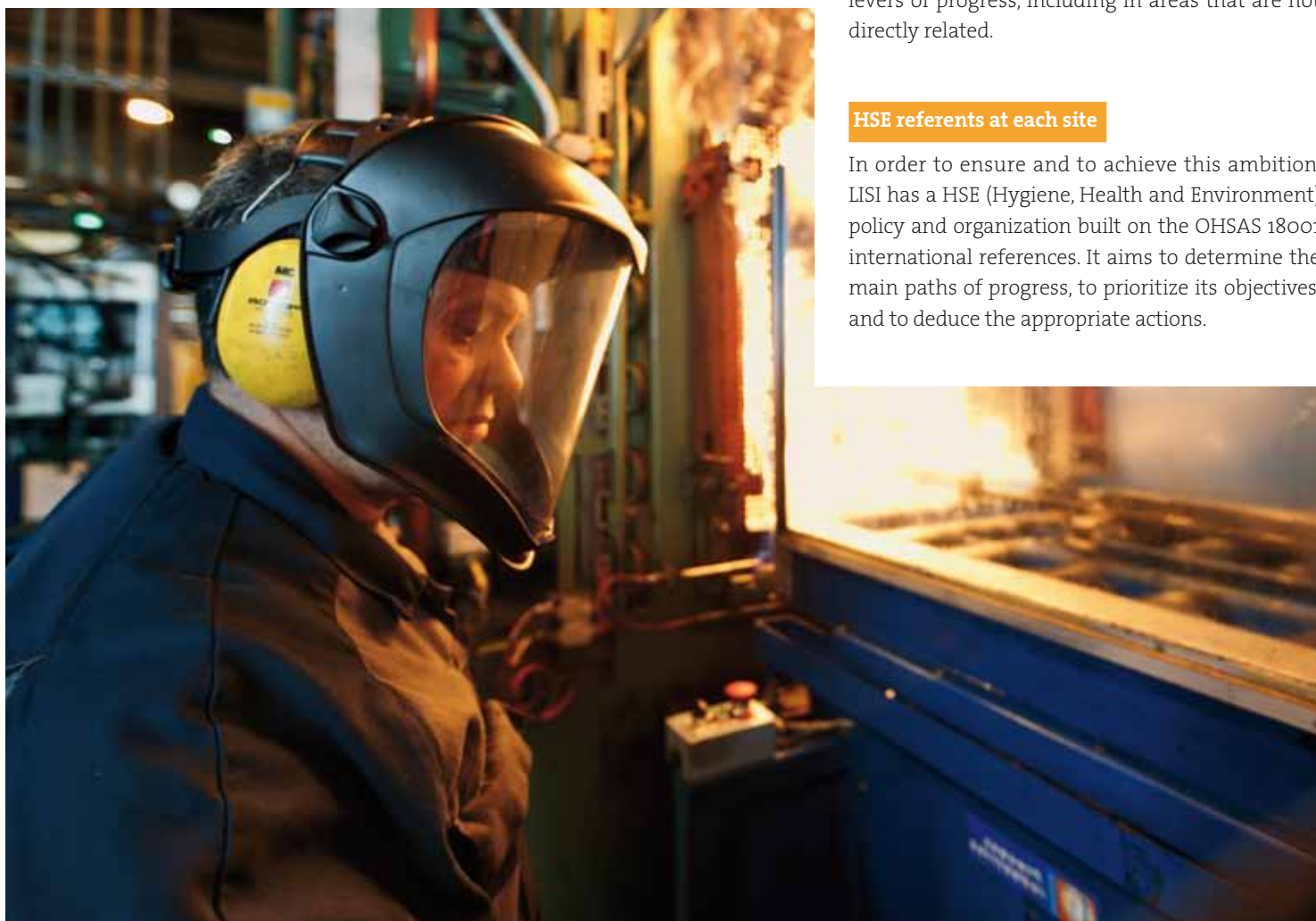
IMPROVING SAFETY, **A SHARED AMBITION**

The protection of employees, preventive action on health at work, as well as the care given to preserving the environment are performance measurement elements considered on the same level as economic and financial indicators. The LISI Group has placed these social issues at the heart of its corporate culture.

The Group's General Management is always mobilized at its highest level on all topics related to health and safety. LISI trades are not without risk. It is therefore crucial to control, to prevent and do everything possible to ensure that the best behavioral and prudential working practices are accepted by all and disseminated as widely as possible. At all levels, the desire to achieve excellence in these areas is exercised relentlessly. The goal is to make these transverse themes vectors of continuous improvement and levers of progress, including in areas that are not directly related.

HSE referents at each site

In order to ensure and to achieve this ambition, LISI has a HSE (Hygiene, Health and Environment) policy and organization built on the OHSAS 18001 international references. It aims to determine the main paths of progress, to prioritize its objectives, and to deduce the appropriate actions.



Each production site has at least one HSE facilitator who is guarantor of the implementation of the Group policy on these issues. The Group also has a Risk Committee to analyze accidents and major incidents and to establish remediation strategies to reduce professional, environmental and loss of property risk.

Safety and ergonomics

The means implemented to achieve the objectives set by the Group are considerable. In 2013, LSI has invested €5.3 million in the field of safety and the environment, including safety of machinery, the ergonomic layout of workstations - a major

issue - or in support tools for handling. From an organizational point of view, 29 sites have so far implemented an OHSAS 18001 type safety and health management system. Furthermore, 0.23% of hours worked were devoted to HSE training. The deployment of the LEAP continuous improvement program also supports the effort, namely in modifying so-called at-risk behavior (75% of accidents at work with ruling have an unconscious or conscious behavioral component). Security today is the first of the topics discussed at daily meetings of PSM (Problem Solving Management), setting up the LEAP program at each level of management sites, units or autonomous production groups.

Safety is discussed daily on each Group site

€5.3m

INVESTED IN THE HSE STRATEGY IN 2013

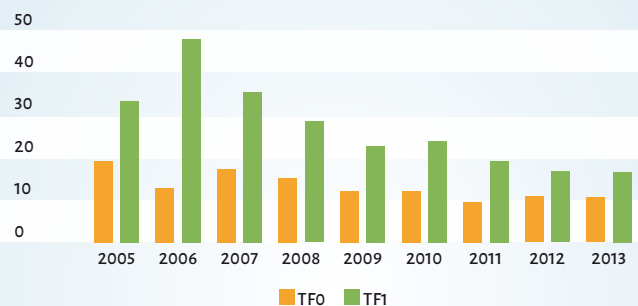
29

OHSAS 18001 CERTIFIED SITES

+ 45%

IMPROVEMENT IN THE FREQUENCY OF ACCIDENTS WITH WORK STOPPAGE

Results measured in the long term



The establishment of a prudential culture shared by all is developed over the long term. At the end of 2013, the frequency rate of work accidents with work stoppage involving a LSI employee or a temporary employee (TFO) was lowered to 10.4 per million hours worked. The accident frequency rate, with and without work stoppage (TF1), is at 16.3, an improvement of 45% compared to 2005. The severity rate (TGO), which measures the number of days lost due to an accident at work per thousand hours worked, remains at a low level (0.28), even if this level has deteriorated compared with last year, this rate has decreased by 71% since 2005.

IMPROVING PRODUCTION, **A CONSTANT REQUIREMENT**

The environmental requirement now applies to each and everyone. It is the responsibility of the company to manage its resources and to optimize all of its production methods in order to reduce its environmental footprint and to ensure sustainable growth.



Just as on the themes of health and safety at work, the General Management is mobilized to its highest level on all subjects that relate directly or indirectly to the environmental impact of the Group. The policy and organization put in place are based on the international standard ISO 14001 governing the management system of environmental risk. To date, all the Group's sites are certified, with the exception of Casablanca (Morocco) and Sędziszów (Poland), recently acquired, and whose certification is scheduled for 2014.

Control over water and energy

Even if it hardly intervenes in the manufacturing processes being implemented (it is necessary for washing of parts and surface treatment), each of the LISI sites recycle all processed water. Added to the many, local and supported initiatives, the Group has managed this year to decrease its relative consumption in terms of production by 8.7%. This drop attains 21% for LISI AEROSPACE.

Energy, mainly used for production, is the focus of specific attention. The streamlining of the process has resulted in lowering the Group's consumption by 9%, to 0.273 MWh per K€ product, despite the increase in production of LISI AEROSPACE.

Waste management

The LISI Group very closely monitors the direct environmental impact of its production sites, and in particular the management of waste. In 2013, the group generated 25.5 kg of residue for €1000 parts produced, or 12.8% less than in 2012. The share of sorted waste (95.6%), equivalent to last year, remains very high. It is basically recyclable metal residue (55% of the total quantity of waste produced). Sorted hazardous waste (32% of waste from the Group), are treated or disposed of through authorized and regulated channels.

The remaining quantities concern garbage produced by production-related activities (sanitary facilities, canteens, etc.).

 **0.52 m³**
WATER PER
K€ PRODUCED

 **9%**
ENERGY SAVINGS
IN 2013

 **230 g**
HAZARDOUS
PRODUCTS
CONSUMPTION /
K€ PRODUCED

 **25.8 kg**
WASTE
PRODUCTION /
K€ PRODUCED

ACTIVITIES & MARKETS **2013**

P46

LISI AEROSPACE

P54

LISI AUTOMOTIVE

58% OF LISI'S
SALES REVENUE



37% OF LISI'S
SALES REVENUE



6% OF LISI'S
SALES REVENUE



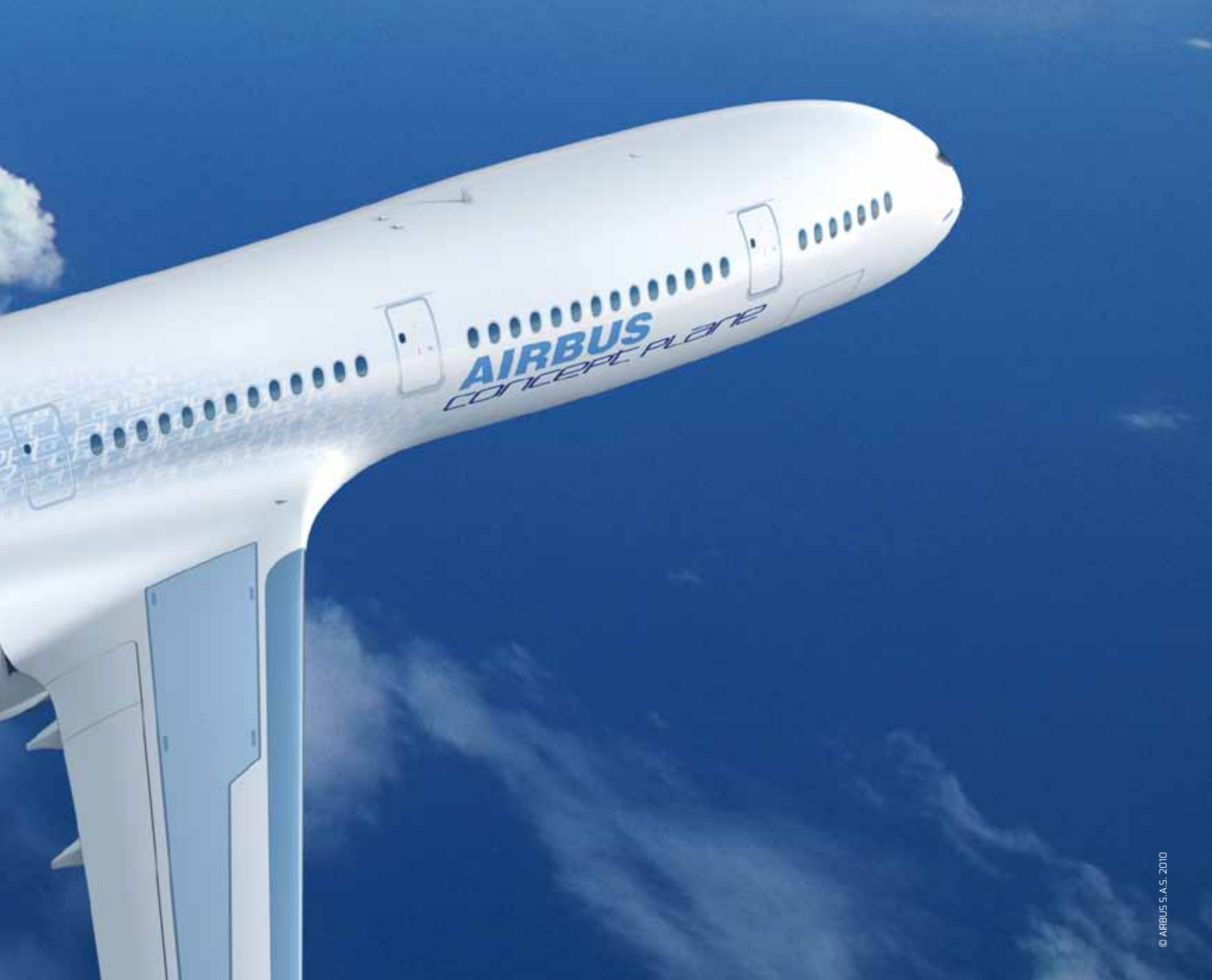
LISI MEDICAL

P62



LISI AEROSPACE

In a market that has remained buoyant, motored by commercial aircraft and supported by the large-scale programs launched by the aircraft and engine manufacturers, LISI AEROSPACE has posted sales revenues up 12.2%. Very involved in the development of the aircraft of the future, the two divisions, Fasteners and Structural Components both have a very solid outlook.



© AIRBUS S.A.S. 2010

58%
OF LISI'S SALES
REVENUE

€663,9m
SALES REVENUE

+ 12,2%
GROWTH

€52,3m
INVESTMENTS

5,604
STAFF



THREADED
FASTENERS



NON-THREADED
FASTENERS



STRUCTURAL
COMPONENTS



A MARKET DRIVEN

by commercial aircraft



The world aerospace sector remained strong in 2013. Continuation of the major programs launched by the engine and aircraft manufacturers to improve energy performance of the aircraft has been one of the factors in sustained growth.

The international aerospace market has this year been very buoyant. Passenger air traffic, led by strong demand in Asia and the Middle East, increased 4.5% in 2013, representing an average growth rate of 5.4% since 2013 (source: IATA). The entire sector has benefitted from dynamism of commercial aircraft, whose order levels have been extraordinary.

Solid order books

The development of high performance aircraft, made necessary by double pressure, both economic and environmental, has allowed Airbus and Boeing to build up solid order books. About 10,600 planes are potentially deliverable over the coming 8 years. The first series of successful flights by the two world leaders with the A350-800 and the B787-9, as well as Bombardier with its C Series, are very encouraging signs for the future. There is also the arrival of new Russian and Chinese players, who are already positioning themselves as leading future operators in the western markets.

+4.5%

THE GROWTH IN PASSENGER
AIR TRAFFIC MEASURED IN 2013
SUPPORTS THE TREND
THAT STARTED IN 2010.

10,600 AIRCRAFT

THE AIRBUS AND BOEING
ORDER BOOKS FOR
THE NEXT 8 YEARS.

Ambitious programs among engine manufacturers

The speeding up of programs for the improvement of the engines of tomorrow has also boosted activity. In the race for energy performance the engine manufacturers have significantly increased their visibility, such as CFM with the new Leap engine, and Pratt & Whitney with the PW11000, which will equip the A320neo (New Engine Option) and the B737MAX. The same goes for the GEnx turbojet engine from General Electric and the TRENT 1000 of Rolls Royce, that are to be installed on the B787 Dreamliner and the future B787-8.

Slight recovery for regional aircraft

If the military pace is slowing down, regional aircraft and business planes have seen a slight recovery, boosted by the arrival of more modern aircraft (such as the Embraer E2, the ERJ with a different engine), and by the dynamism of the top of the range business aviation market. This is a segment that should receive support from the upcoming opening of Chinese skies to this type of plane. The helicopter market remains difficult. Stronger competition, a softening of civilian demand and a reduction in military activity have forced the manufacturers to review their strategies. Production rates are still high, especially to service the quasi-public markets.

“ LISI AEROSPACE
is directly involved in
the **major global programs**
that are shaping
the sector. ”

QUESTIONS TO Jean-Louis Colders

CEO of LISI AEROSPACE



How does LISI AEROSPACE derive a profit from the sector's dynamism?

— The Group's ambitious innovation policy and the high level of investments in production capacity and technology are allowing LISI AEROSPACE to grow faster than the market. Providing new technical solutions, the closeness of our manufacturing plants to those of our customers, especially in emerging nations, lets us take an active part in the major programs that are shaping the sector. We are very involved in the A350, and the A320neo. The Leap engine, installed on the A320neo and Boeing 737MAX, includes many parts developed and produced by LISI AEROSPACE. We are solidly positioned on the GEnx, GE9X engines, and the PW1100 of Pratt & Whitney.

How do you support your customers around the world?

— The international location of our factories lets us be very active outside of Europe. We are directly involved in all the Boeing programs, such as the B787, which is growing strongly, at Embraer in Brazil and Bombardier in Canada. In China LISI AEROSPACE is a major partner of COMAC to develop the C919, a major program for the entire Asia region. And lastly, together with our customers, LISI AEROSPACE is taking part actively in improving the overall efficiency of aircraft, such as the future Falcon 5X business jet or the new-generation X4 helicopter.

18 PLANTS 8 in France



FLAGSHIP PRODUCTS

Airframe

Structural fasteners, principally in titanium; Hi-Lite™, Hi-Lok™, Hi-Tigue™ screws and nuts; Pull-In™, Pul-Stem™, Taper-Hi-Lite™, STL™ fasteners; Starlite™ nuts; crimped fasteners; Lockbolts.

Engine

Engine fasteners (high-temperature steels, cobalt or nickel based alloys, high strength superalloys), inserts and studs; shaft nuts.

Special parts

Specialty, non-structural fasteners (clip nuts, quarter turns, spacers, etc.; bolts, assembly equipment.

Racing

Fasteners and components for motor sports. Other high quality automotive fasteners.

Structural components

Sheet metal or formed parts and composite structural parts, complex assembled subsets, integrated into the cell or the aircraft engine: blades, leading edges, beams, ferrules, inlet lips, helicopter floor, APU exhaust, etc.

PLANTS	MAIN CUSTOMERS	MAIN COMPETITORS
France Argenton-sur-Creuse Carpète Colomiers Marmande (Beyssac) Saint-Brieuc Saint-Ouen-l'Aumône Vignoux-sur-Barangeon Villefranche-de-Rouergue	Airbus Boeing Bombardier Dassault CFAN EADS Embraer Eurocopter Finmeccanica GEAE Pratt & Whitney Rolls Royce Safran Spirit Formula 1 and Nascar for Racing	ACB Alcoa Fastening Systems Alu Menzinken Breeze Eastern Dembiermont Doncaster Figeac Aero Firth Rixson Forge Ital Karlton-PCC Lauak Macstarlite Manoir Aerospace Mettis MIFA On Board PFW Potez Precision Castpart Corp TECT
Out of France Bangalore (India) Casablanca (Morocco) City of Industry (US) Dorval (Canada) Izmir (Turkey) Paramount (US) Rugby (United Kingdom) Sedziszow (Poland) Tanger (Morocco) Torrance (US)		

THREADED FASTENERS



1
PULL-IN™
FASTENERS



2
STL™
FASTENERS



3
SHAFT NUTS



4
HI-LITE™ FASTENERS,
LOCKBOLT



5
CLEATS



6
LEADING EDGES



7
ANTI-CRASH STRUCTURE



8
ENGINES BLADES



9
AIR IN TAKE LIPS



10
TEE CHORDS

NON-THREADED FASTENERS



11
PRESSURE LATCHES



12
STAND-OFF
FASTENERS

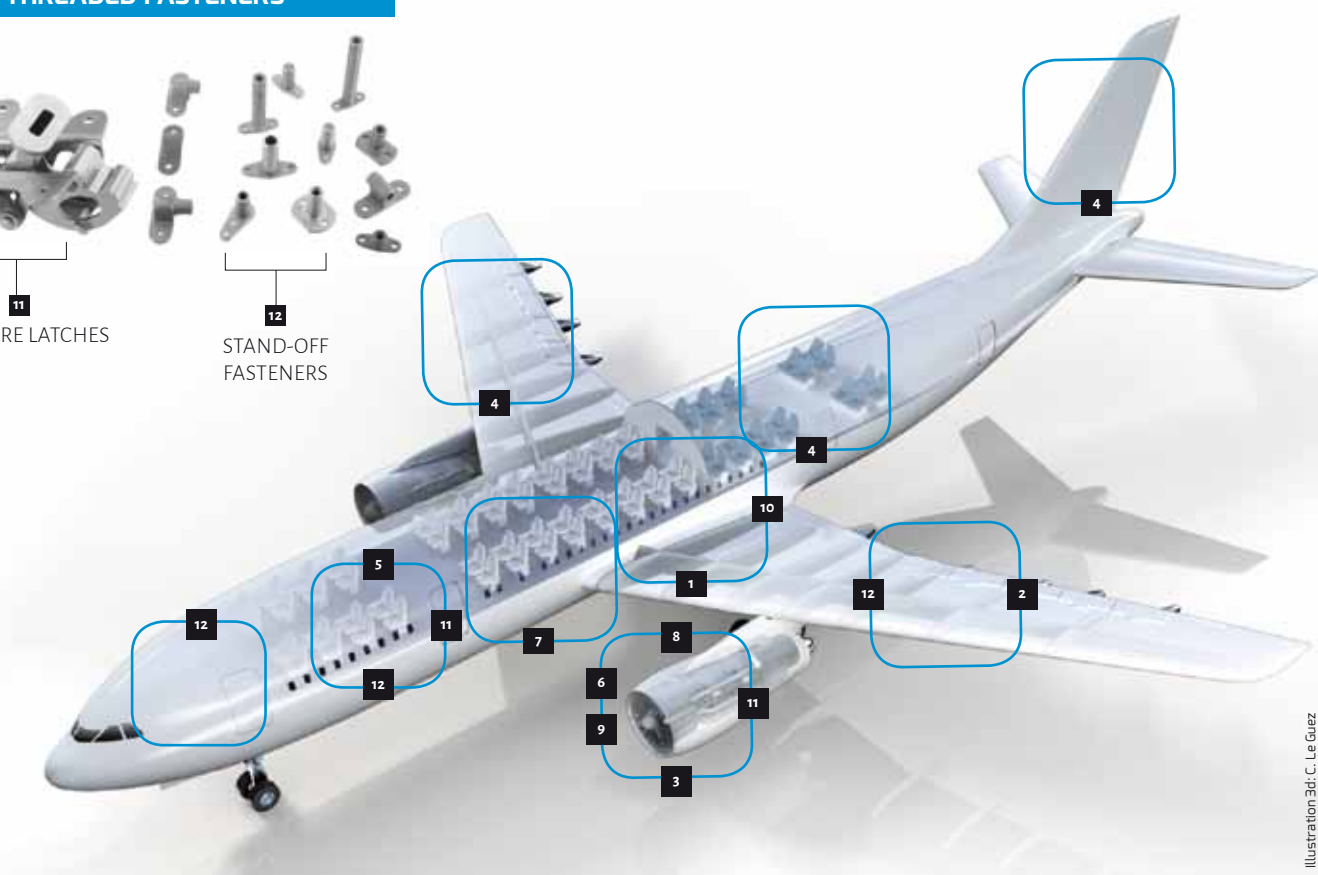


Illustration 3d: C. Le Guez

LISI AEROSPACE INVOLVED IN THE LEAP ENGINE PROGRAM

The Structural Components division is a major player in the Leap (Leading Edge Aviation Propulsion) program, led by engine manufacture CFM, and has successfully industrialized various key elements for the performance of the next generation engine. Our teams have designed and produced the leading edge blades for the fan of the turbojet, the Aft Core Cowl, air intakes and distributors, the compressor blades, the air intake lips, and groups of basic parts and of the structure. The LISI AEROSPACE effort is concentrated on strengthening the industrial infrastructure and managing technical developments.





Focus on operational improvement

The operational implementation of the LEAP (LISI Excellence Achievement Program) Program speeded up in 2013. The road map established in the strategic plan (cf. p. 20) could be applied in every LISI AEROSPACE factory. The strengthening of the first Independent Production Units (IPU) and Independent Production Groups (IPG) and the deployment of monitoring methods for production and problem solving (Problem Solving Management) have greatly contributed to the improvement of performance in safety, quality and optimization of service rates with customers.

“ Series change timeframes reduced by 30%. ”

Rationalization and optimization of processes

The general application of Lean Manufacturing methods, for optimizing production flows with Value Stream Mapping (VSM), lay out of work stations (5S) and changes to production runs (SMED) have facilitated the rationalization of the use of space, of the means of production, and reducing Lead Times. In Argenton sur Creuse, for example, work in progress could be reduced from one month to 5 days after adopting the 5S and VSM methods. At Saint-Ouen-l'Aumône the change time for production runs went down by at least 30% with the installation of SMED work places.

IN BRIEF

Multi-site certification to EN 9100

The Fasteners section of LISI AEROSPACE has been certified to EN 9100 as a multi-site organization. This certification, additional to that of the sites themselves, makes governance of the area more efficient and encourages synergies. It ensures our customers a standard level of quality in every region of the world.

Route 95 program completed

Completed in 2013, the Route 95 program (transformation of the Fasteners supply chain) a noticeable improvement in service levels. Between 2010 and 2013 delivery delays have been divided by 5, down to several days, while business has grown 50%.

STRENGTHENING OF OPERATIONS IN EMERGING NATIONS

2013 was marked by several events for LISI AEROSPACE in emerging countries: the Izmir site in Turkey is now the 3rd largest site of the fasteners division in terms of workforce. Its level of operating excellence was rewarded with a Snecma Award in December 2013.

Ankit Fasteners (Bangalore), a leader in the Indian market, has consolidated its positions with western customers and expanded its product range.

Tanger in Morocco, which has built up its technical and industrial facilities has posted growth of over 50%.

Casablanca (200 staff) has become a key element in the Structural Components division, and an integral part of the local supply chain. These developments strengthen our positions and contribute to the balance of our industrial organization over the medium term.

RF8 at the Angers Air Museum

Owned by LISI AEROSPACE, the sole example of the metal two-seater Fournier RF-8, assembled at the Argenton-sur-Creuse site in the 1970s was donated to the Angers-Marcé regional Air Museum, which will restore it and add it to the register of historic monuments. The ceremony took place in the presence of René Fournier, the plane's designer, and of the factory staff.





LISI AUTOMOTIVE

In 2013 LISI AUTOMOTIVE had increased growth on the international market, especially in Asia. Its position as leader in the mechanical safety components market and its growth in China for clipped solutions has compensated for the drop in the threaded fasteners market in Europe.



© Communication PEUGEOT

37%
OF LSI'S SALES
REVENUE

€422.2m
SALES REVENUE

- 1%
VERSUS 2012

€32.1m
INVESTMENTS

3.143
STAFF



THREADED
FASTENERS



CLIP
SOLUTIONS



MECHANICAL
SAFETY
COMPONENTS



A NEW HISTORIC RECORD FOR GLOBAL CAR SALES



Motored by the USA and China, the global car market continues to grow structurally but still remains very slow in Europe despite encouraging signs of a recovery in the second half.

The world market for private vehicles and vans achieved another historic high in 2013 with over 84 million vehicles sold around the world, which was a growth of 3.9% in sales as compared with 2012. The North American market (up 7.6%) and the Chinese market (up 14.2%) were the two main engines of this growth, while the European market remains in poor shape with a new drop of 1.8% in sales. Only the British market, up 10.8%, showed real strength. However, some encouraging signs appeared during the second half of the year in continental Europe, with a particular rebound in sales posted in the Spanish, French and German markets.

29 million vehicles for 3 manufacturers

Among the world's major players, three manufacturers exceeded the 9 million vehicles produced per year mark. With 9.8 million vehicles Toyota is scratching the symbolic 10 million mark and has retaken its place as leader from General Motors (9.7 million vehicles) and Volkswagen (9.5 million). The Renault-Nissan partnership, which this year has benefitted from growth at Nissan and new models at Dacia, has fourth place with almost 8.3 million vehicles assembled. The French PSA group, which has just signed a strategic alliance with Dongfeng of China, has again seen a drop in its production to 2.8 million assembled vehicles.

84 MILLION

VEHICLES SOLD WORLDWIDE

+ 14,2%

GROWTH OF THE CHINESE
MARKET IN 2013



Volume strategies to absorb costs

This race for volumes is crucial for the general-purpose manufacturers. It helps finance new developments that involve the new environmental regulations while helping set up factories in emerging markets (Asia, South America etc). The core of this strategy are modular platforms for cost optimization, which spread the development costs over a large number of models, whose structures and assembly lines share a common architecture.

“ Mechanical components remain a main **source of growth** for the LISI AUTOMOTIVE division. ”

QUESTIONS TO **François LIOTARD**

CEO of LISI AUTOMOTIVE



What is the breakdown of LISI AUTOMOTIVE sales?

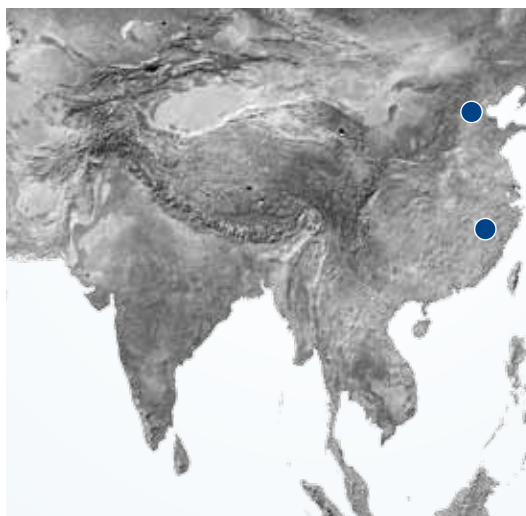
Our three product lines fared differently in 2013. Sales of mechanical components were especially strong, and increased 6.3%. They were motored both by growth in the world market and by the increase in the amount of safety equipment in vehicles, such as airbags, electric brakes, ABS and safety belt pretensioners. Sales of clipped fasteners grew 3%, especially due to our strong growth in China (up 18%). However, sales of threaded fasteners dropped 4%. This last product line is closely tied to the performance of the two French manufacturers. Lastly, we have totally pulled out of the electric screws market (industrial), which had become too competitive.

Where are the growth opportunities?

Mechanical components will remain a strong source of growth for the LISI AUTOMOTIVE division, especially with the development of new generations of seat mechanisms that require new components. We have by the way posted an important first order from a Chinese parts manufacturer for braking components that will be produced at our Shanghai site. And still with mechanical components, very advanced contracts with Korean parts manufacturers represent very interesting opportunities.

The clipped fasteners business also ought to remain focused with both parts and vehicle manufacturers. The development of an innovative product line for holding wiring will be a major growth area in the second half of 2014. Our main strategy for threaded fasteners is to acquire market share among the German car manufacturers.

18 PLANTS 9 in France



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.

Clipped 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;
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.

PLANTS	MAIN CUSTOMERS		MAIN COMPETITORS
France Delle Dasle Grandvillars La Ferté-Fresnel / Dreux Lure Melisey Puisseux Saint-Florent-sur-Cher Thiant	Carmakers: BMW Daimler FAW Ford Opel PSA Renault-Nissan SAIC VW-Audi	Industry: AGCO Alstom Blanco Bombardier BSH Claass Electrolux Evobus Franke Miele Iris bus Iveco Schneider.	ABC Agrati A. Raymond Brugola FinnvedenBulten Fontana ITW Kamax Nedschroef RUJA SFS Stanley Fastening TRW Fasteners.
Out of France Cejc (Czech Republic) Fuenlabrada (Spain) Gummersbach (Germany) Heidelberg (Germany) Kierspe (Germany) Mellrichstadt (Germany) Beijing (China) Shanghai (China) Vöhrenbach (Germany)	Tierone: Autoliv Bosch CBI Delphi Faurecia Jtekt JCI Magna Plastic Omnium TI automotive TRW Visteon ZF		

THREADED FASTENERS



1

WHEEL
BOLT



2

STRUCTURE
NUT



3

STEERING
COLUMN
SCREW



11

TORSION BAR
FOR SEAT BELT



12

SAFETY MECHANICAL
COMPONENT FOR
BRAKE SYSTEM



13

BALL JOINT
PIVOTS



4

CYLINDER
HEAD BOLT



5

EXENTRIC BOLT
FOR FRONT AXLE
ADJUSTMENT



6

HOT FORGING
GEARBOX SHAFT
NUT



14

SEAT MECHANICAL
COMPONENT



15

BRAKE FITTINGS

CLIPPED SOLUTIONS



7

NUTS TO BE CLIPPED
FOR SELF-TAPPING
SCREWS



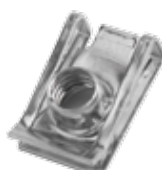
8

CLIP FOR AIRBAG
REMAINING
SYSTEM



9

TWO MATERIALS
FASTENER FOR TUBES



10

METAL THREADED
CHIMNEY NUTS,
TO SNAP ON

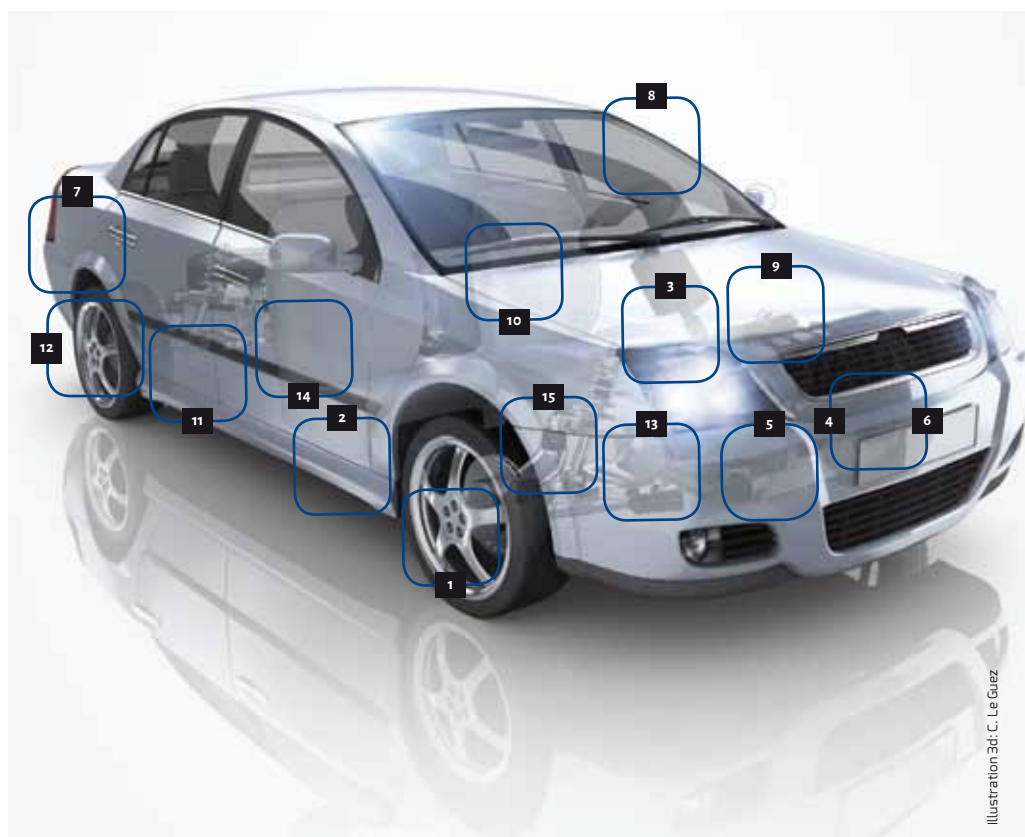


Illustration 3d: C. Le Guez

SALES UP WITH STRATEGIC CUSTOMERS

Started in 2010, the rebalancing of sales among our major customers is today bearing fruit. Supported by aggressive sales positions, sales started with the major parts manufacturers have increased in all product lines, especially in mechanical safety components. Sales to strategic customers such as Autoliv, Anixter, CBI, TI and TRW, the division's first Tier 1 customer, have posted growth of between 15% and 30%.

IN BRIEF

Two sites for mechanical safety components

The specialization plan for mechanical safety components sites has been successfully completed. Melisey (Haute-Saône) and Cejc (Czech Republic) are now the two key sites worldwide for each of the product lines in question.

Clipped Solutions: consolidation of Puiseux

The consolidation of French production of clipped fasteners at the Puiseux (Val-d'Oise) site was carried out in 27 weeks. This transfer will facilitate remaining focused on the development of new products for the automotive markets and industry.

New programs with Germany

Orders obtained in 2011 and 2012 from German car manufacturers were industrialized and production started during the middle of last year. The full effect of these new programs will be seen in 2014. Sales to the French car manufacturers have remained under pressure (down 1.5%), reflecting the continuing decline in their production in Europe. The development of new Dacia models has however facilitated posting good progress at Renault.



leap

The Mellrichstadt (Germany) and Cejc (Czech Republic) factories have successfully deployed the LEAP program systems and have already posted a net improvement in their operating performance.



Production consolidation of the nuts business

The consolidation and specialization plan for the threaded fasteners business, which is vital for the French units of this Business Group, has been continued in 2012. The first transfers of the screws plan have been carried out between the Delle and Saint-Florent sites, and there has been an announcement of the closure of the Thiant (Nord) factory. Consolidation of the nuts business in France has been scheduled for the second half of 2014. It involves the transfer of the Thiant production to the La Ferté-Fresnel (Orne) and Dasle (Doubs) sites. Staff optimization has remained a priority throughout the year, in a context in which the market has remained highly volatile in Europe.



LISI MEDICAL

Despite pressure on prices, the orthopedic implants market continues to grow in volumes, on account of inventory reductions by customers. In this context LISI MEDICAL has chosen to expand its customer base, by offering medical devices suited to each of them.



6%
OF LISI'S SALES
REVENUE

€64.1m
SALES REVENUE

- 1.1%
VERSUS 2012

€3.1m
INVESTMENTS

474
STAFF



FASTENERS



ORTHOPAEDICS



A YEAR THAT WAS A TURNING POINT FOR MEDICAL DEVICES



The tightening of regulations had a strong impact on the market in 2013. Business was focused on subcontractors whose scale and technological capabilities merited investments and adaptation: a favorable context for LISI MEDICAL.

In a market that was recovering slightly, 2013 opened a new cycle for the orthopedic world, and more generally for the world of medical devices. Two reasons explain this structural change. The regulatory steps taken following serious health issues (PIP, all-metal prostheses etc.), firstly, considerably tightened the technical requirements and the verification levels applied to products and companies in the sector. These new technological barriers benefited medium-size subcontractors and integrators such as LISI MEDICAL.

Stiffer pressure on prices

More stringent global health policies have toughened price pressure in the medical devices market. Most of the players, including LISI MEDICAL, have opted to refocus their strategy and concentrate their product line on proven, mature and low-price product families (suited to emerging markets), involving an across the board reduction in prices in all segments. In 2013 these two items led to major concentration, with a sharp increase in mergers and acquisitions, especially among subassembly manufacturers (OEM) and subcontractors.

+3%

GROWTH
OF THE WORLD
ORTHOPEDIC MARKET

+6%

GROWTH OF THE
TRAUMATOLOGY SEGMENT

+8%

GROWTH OF THE
"EXTREMITIES" SEGMENT

QUESTIONS TO Olivier Le Bars

CEO of LISI MEDICAL



What has been the impact of these changes on the market?

_ With pricing constraints, customers in the sector have been optimizing their network of subcontractors, reorganizing their supply chain and drastically reducing inventories. For their part, the subcontractors have adjusted to regulatory pressure by tightening up checks on their entire manufacturing processes.

What are LISI MEDICAL's advantages in this new environment?

_ The reduction in internal resources of the OEMs has led customers to select subcontractors who can offer a comprehensive service, and whose regulatory and documentary controls are sufficiently robust to ensure compliance with the requirements of the international bodies. The profile of LISI MEDICAL, which has strong investment capabilities, is completed suited to this situation. The acquisition of SJ Industries, which specializes in the spinal column, demonstrates that we are currently a player in the concentration process.

“ The LISI MEDICAL profile has been **optimized to adjust** to the competitive markets of global orthopedics. ”

NEW SKILLS WITH SJ INDUSTRIES

The integration of Lyon company SJ Industries, which took place in April 2013, has facilitated filling out the Group's "plastics" cell and to expand its skills in machining polyester elastomer (PEEK), especially in the spinal column prostheses and implants segments (screws, plates, housings etc.).

Growth of the "plastic" cell

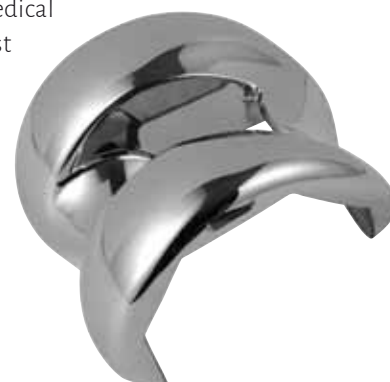
The "plastic" cell's long-term objective is to cover all the market segments requiring the use of polymer implants (traumatology and reconstruction). Production will be divided between the Lyon LISI MEDICAL Fasteners and Caen LISI MEDICAL Orthopedics sites.

A NEW MACHINING PROCESS BY ADJUSTMENT

The development in 2013 of a new rapid prototyping cell at the LISI MEDICAL Orthopedics site at Caen has supported the development of a new 5-shaft machining process by adjustment.

Knees and medical scrapers

This technology, which facilitates an extraordinary level of precision in machining and polish of parts as compared with classic milling, has allowed LISI MEDICAL this year to access the knee prostheses and medical scrapers segments. First customers should receive deliveries during the first quarter of 2014.



3 PLANTS 2 in France

IN BRIEF

Deployment of first generic ranges

The LISI MEDICAL Orthopaedics in Caen (14) site in 2013 developed a new “generic” range of non-stuck hips. First customers received deliveries in 2014. At this time the Caen facility produces 19% of the hips sold around the world.

A 5-year contract with Stryker

The LISI MEDICAL Orthopaedics in Caen has increased its visibility with the renewal until 2019 of the contract with Stryker, LISI MEDICAL's leading customer. Project resources have been committed to it, as well as specific investments for the specialized machining lines and the robotic polishing lines.

Slowdown in investments in dental

Product repositioning has speeded up at all the division's sites with a slowdown in investments in the dental sector, whose prices and volumes have fallen considerably, in favor of the Reconstruction, Traumatology, Extremities and Spinal Column segments.



PLANTS	MAIN CUSTOMERS	MAIN COMPETITORS
France Caen Neyron	Ace Surgical Alphatec Spine Biomet 3i Biosense Webster LDR Medical Medacta Medicrea Newdeal Integra Serf Dedienne Smith & Nephew Spineway Stryker Tornier Zimmer	Accellent Greatbatch IMDS / C5 Marle Norwood Orchid / Sandvik Paragon Symmetry Teleflex / Tecomet
Out of France Escondido (US)		

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.

LISI MEDICAL Fasteners



1

DENTAL IMPLANTS



2

MAXILLOFACIAL
IMPLANTS



3

TRAUMATOLOGY
IMPLANTS



4

CERVICAL FUSION
AND NON FUSION



5

LUMBAR FUSION
AND NON FUSION



6

ELBOW AND
SHOULDER
PROSTHESIS



7

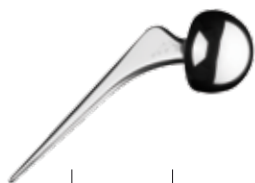
PLATES
AND SCREWS



8

SNAP OFF SCREWS

LISI MEDICAL Orthopaedics



9

TOTAL HIP PROSTHESIS



10

TOTAL KNEE
PROSTHESIS



11

INSTRUMENTS

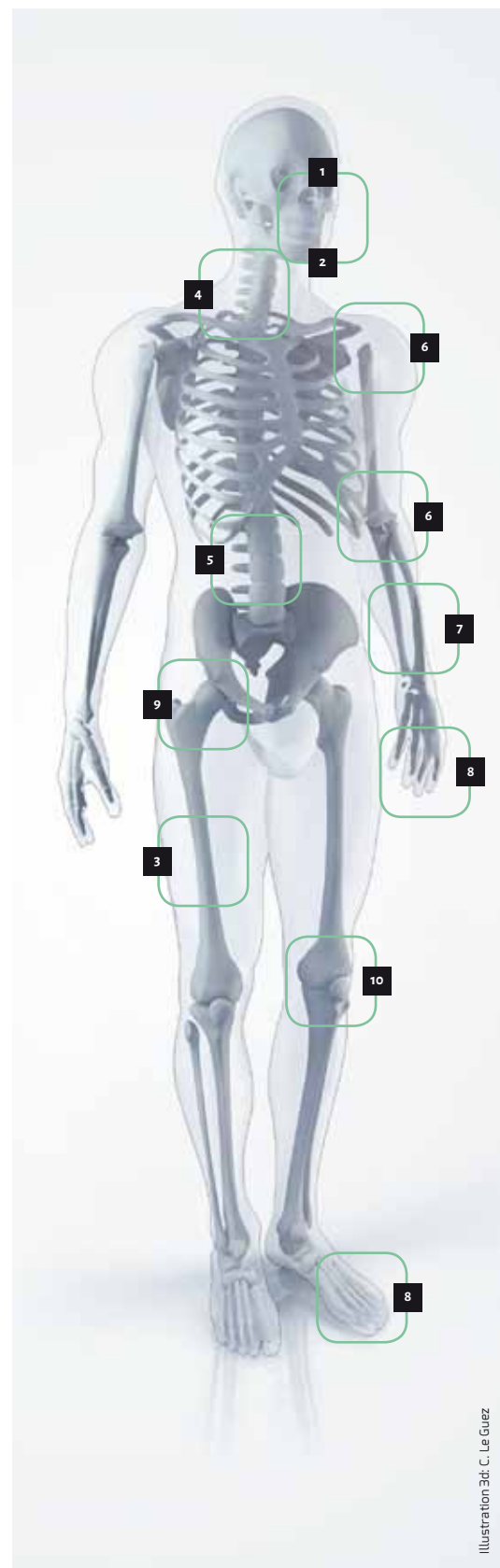
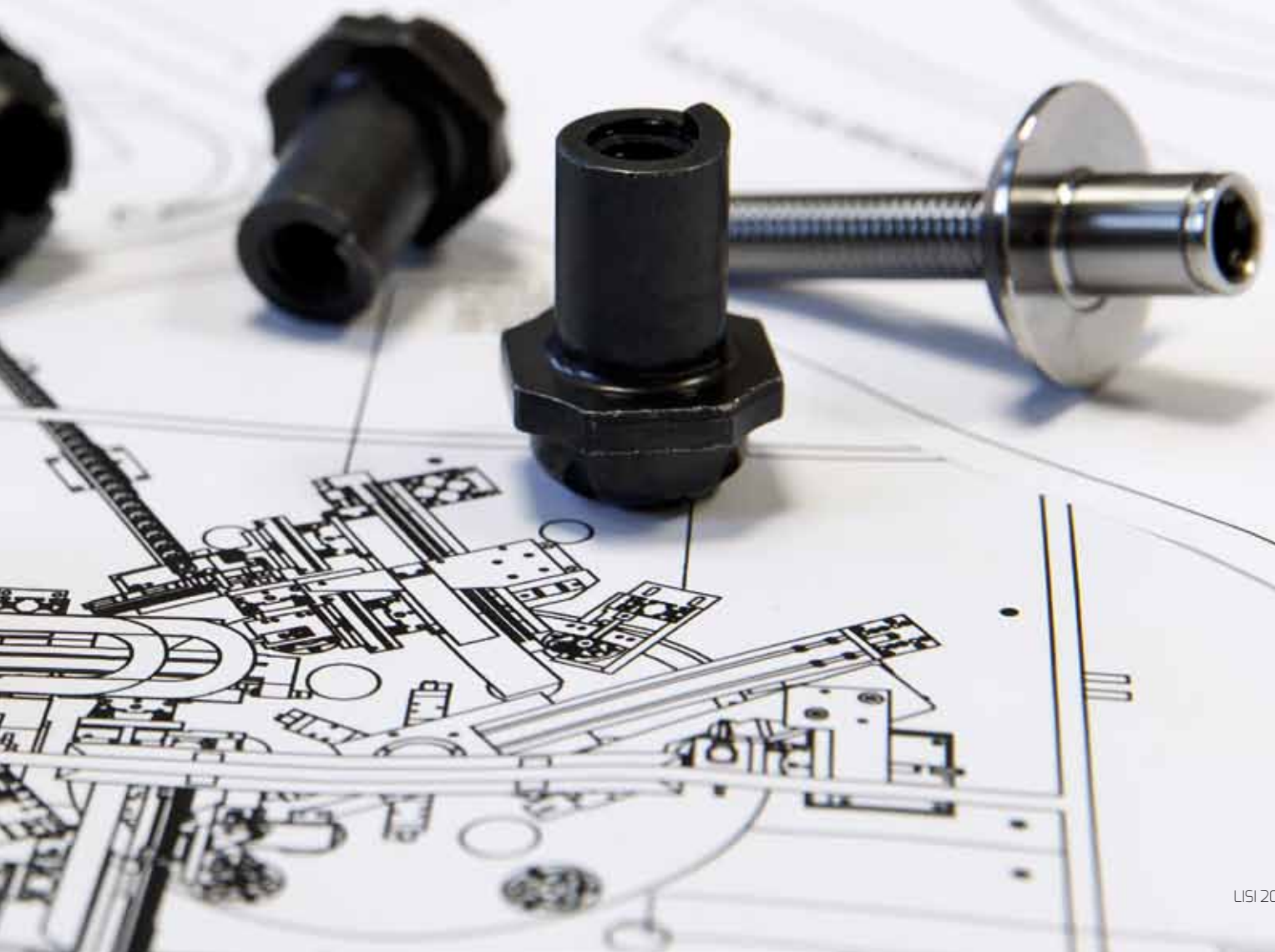


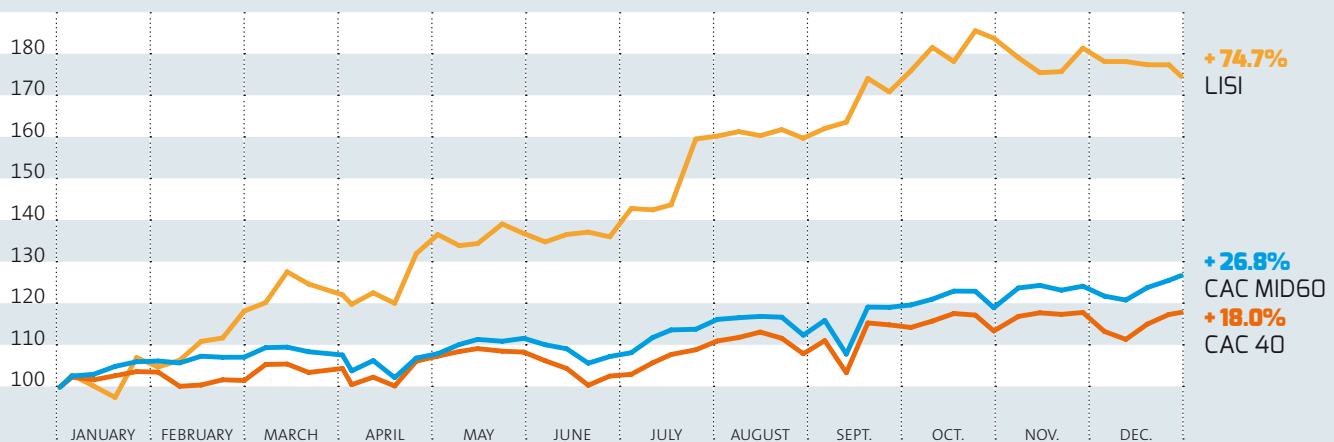
Illustration 3d: C. Le Guez



STOCK MARKET & FINANCIAL **DATA**



4th CONSECUTIVE PERIOD OF STRONG GROWTH FOR LISI STOCK



+74,7%

INCREASE OF
LISI STOCK

For the 4th consecutive financial year, the stock price did very well in 2013 with an uninterrupted rise during the period to reach €107.80 at December 31, 2013. The highest price was reached on October 25, 2013 of €117,48. Throughout the period the stock outperformed all the reference indices. Since January 2010, the stock price has risen by 114.4%, and by 112.4% since 112. Over the same period, the CACMid 60 index grew by 22.3% over three years and by -56% over two years, the Euronext 100 index by +16.1% and by +37.7%, respectively.

In terms of volumes, 47% of the float will have been traded during the period, as compared with 39% in 2012, representing a daily average in 2013 of 6,170 stocks as against 6,728 in 2012. Based both on the development of the stock price and the increase in volumes, the LISI stock was admitted to the "SRD Continu" category on December 24, 2013.

The float represents 3,362,070 shares, or 31% of the total shares; treasury stocks represent 304,314 shares, or 2.8% of the total.

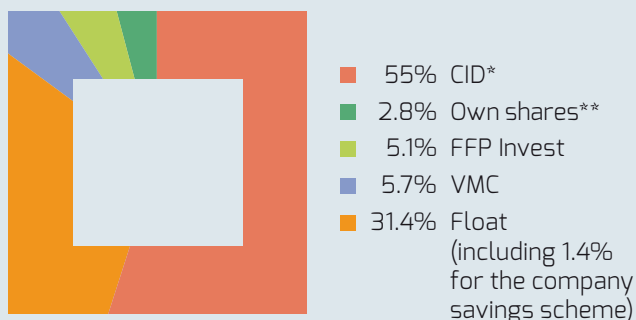
Coverage of the stock

The stock is followed by 9 stockbrokers who regularly issue research notes accompanied by opinions and objectives corresponding to the assessment by the analyst responsible. This 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 Boston, Frankfurt, Geneva, London, Lyon, New York and Paris. In total, the management of LISI met with more than 200 investors during the 2013 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.

Stock Identification Sheet

ISIN Code: FR 0000050353

Reuters code: GFII.PA

Bloomberg code: FII.FP

Compartment: B Eurolist

Stock marketplace: Euronext Paris

Number of shares: 10,786,494

Market capitalization as at December 31, 2013: €1,207m

Indices:

CAC® AERO&DEF,
CAC® All Shares,
CAC® – All Tradable,
CAC® Industrials,
CAC® Mid & Small,
CAC® Small

List of brokers

CMCIC:

Agnès BLAZY

EXANE - BNP PARIBAS:

Laurent GELEBART

HSBC:

Christophe QUARANTE

KEPLER CHEUVREUX:

Christophe MENARD

ID MIDCAPS:

Denis SCHERRER

ODDO:

Jean-François GRANJON

MAINFIRST:

Carole ROZEN

NATIXIS:

Sarah ENSELLEM

SOCIÉTÉ GÉNÉRALE:

Jean-Baptiste ROUSSILLE

2014 events

April 23

The AGM will be held on April 23, 2014 on company premises at: Immeuble Central Seine –46– 50 Quai de la Rapée 75012 PARIS.

May 7

Dividend payments will be made on May 7, 2014.

July 24

Sales revenue for the second quarter of 2014, as well as half-yearly accounts will be available on line via the company website (www.lisi-group.com), on July 24, 2014.

October 23

Financial information for the third quarter of 2014 will be available on line via the Group website on October 23, 2014 after close of market.

Contacts

For any information or documentation

LISI S.A Financial Department

Tel: +33 (0)3 84 57 00 77

Fax: +33 (0)3 84 57 02 00

emmanuel.viellard@lisi-group.com

Shareholders, investors, financial analysts and financial and economic press please contact:

Mr. Emmanuel Viellard
Deputy Chairman

INCOME STATEMENTS

(in €'000)	12/31/13	12/31/12
Pre-tax sales	1,148,971	1,081,341
Changes in stock, finished products and production in progress	12,474	9,105
Total production	1,161,445	1,090,446
Other revenues *	14,016	16,925
Total operating revenues	1,175,461	1,107,371
Consumed goods	(310,892)	(301,821)
Other purchases and external charges	(219,416)	(204,490)
Value added	645,154	601,060
Taxes and duties **	(8,614)	(8,674)
Personnel expenses (including temporary employees) ***	(457,657)	(437,578)
EBITDA	178,883	154,808
Depreciation	(57,450)	(55,560)
Net provisions	7,456	1,170
EBIT	128,889	100,418
Non-recurring operating expenses	(16,393)	(9,267)
Non-recurring operating revenues	2,639	47
Operating profit	115,134	91,199
Financing expenses and revenue on cash	(1,310)	(3,664)
Revenue on cash	1,948	1,006
Financing expenses	(3,258)	(4,672)
Other interest revenue and expenses	(2,504)	1,295
Other financial items	12,676	15,413
Other interest expenses	(15,180)	(14,119)
Taxes (of which CVAE (Tax on Companies' Added Value) **)	(36,779)	(31,715)
Profit (loss) for the period	74,540	57,115
attributable as company shareholders' equity	74,639	57,287
Interest not granting control over the company	(99)	(172)
Earnings per share (in €):	7,12	5,47
Diluted earnings per share (in €):	7,12	5,47

* In order to provide readers of the financial statements with better information that is in accordance with international standards, in the 2013 financial statements the Company has continued classifying revenues related to CIR (Research Tax Credit) as "Other Revenues".

** As at December 31, 2013, 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 -€6.0m.

*** The "CICE" (Tax credit for competitiveness and employment) has been presented in application of the IFRS standards as a deduction from the employment-related expenses for an amount of €4.7 million.

STATEMENT OF OVERALL EARNINGS

(en milliers d'euros)	12/31/13	12/31/12
Profit (loss) for the period	74,540	57,115
Other items of overall income applied to shareholders equity		
Actuarial gains and losses out of employee benefits (gross element)	2,718	(5,587)
Actuarial gains and losses out of employee benefits (tax impact)	(609)	935
Other items of overall income that will cause a reclassification of income	388	48
Exchange rate spreads resulting from foreign business	(140)	
Hedging instruments (gross element)	2,248	1,473
Hedging instruments (tax impact)	(812)	
Restatements of treasury shares (gross element)		
Restatements of treasury shares (tax impact)	(9,702)	(3,907)
Payment in shares (gross element)	(2,974)	389
Payment in shares (tax impact)	253	(442)
Impact of a correction in deferred taxation for previous periods in share based payments and restatement of treasury stock	(558)	
Other portions of global earnings, after taxes	(9,187)	(7,092)
Total overall income for the period	65,353	50,024

STATEMENT OF FINANCIAL SITUATION

ASSETS

(in €'000)	12/31/13	12/31/12
LONG-TERM ASSETS		
Goodwill	174,768	178,612
Other intangible assets	13,675	14,052
Tangible assets	371,208	343,896
Long-term financial assets	6,385	5,977
Deferred tax assets	11,066	14,289
Other long-term financial assets		937
Other long-term assets	936	
Total long-term assets	578,038	557,763
SHORT-TERM ASSETS		
Inventories	258,178	246,711
Taxes – Claim on the state	11,680	49
Trade and other receivables	169,479	153,133
Cash and cash equivalents*	94,000	102,160
Total short-term assets	533,337	502,053
TOTAL ASSETS	1,111,375	1,059,816

* The item "Cash and cash equivalents" includes items that until December 31, 2012 were classified in the item "Other current (short-term) financial assets", made up of securities similar to cash equivalents.

TOTAL EQUITY AND LIABILITIES

(in €'000)	12/31/13	12/31/12
SHAREHOLDERS' EQUITY		
Capital stock	21,573	21,573
Additional paid-in capital	70,803	70,803
Treasury shares	(14,135)	(14,616)
Consolidated reserves	487,458	445,588
Conversion reserves	(12,078)	(2,383)
Other income and expenses recorded directly as shareholders' equity	(3,084)	(3,598)
Profit (loss) for the period	74,639	57,287
Total shareholders' equity - Group's share	625,179	574,657
Minority interests	1,253	1,360
Total shareholders' equity	626,434	576,017
LONG-TERM LIABILITIES		
Long-term provisions	60,680	64,054
Long-term borrowings	118,640	111,004
Other long-term liabilities	7,726	7,608
Deferred tax liabilities	22,763	23,511
Total long-term liabilities	209,809	206,178
SHORT-TERM LIABILITIES		
Short-term provisions	21,060	16,483
Short-term borrowings**	43,178	67,851
Trade and other accounts payable	207,267	188,093
Taxes due	3,626	5,194
Total short-term liabilities	275,131	277,621
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,111,375	1,059,816

* of which banking facilities.

8,224

10,892

CASH FLOW MOVEMENT TABLE

(in €'000)	12/31/13	12/31/12
Operating activities		
Net earnings	74,540	57,115
Elimination of net charges not affecting cash flows:		
- Depreciation and non-recurrent financial provisions	60,695	59,444
- Changes in deferred taxes	793	(1,966)
- Income on disposals, provisions for liabilities and others	8,405	8,326
Gross cash flow margin	144,433	122,919
Net changes in provisions provided by or used for current operations	(2,099)	(3,241)
Operating cash flow	142,333	119,678
Income tax expense (revenue)	35,987	33,681
Elimination of net borrowing costs	2,824	3,390
Effect of changes in inventory on cash	(12,640)	(6,030)
Effect of changes in accounts receivable and accounts payable	(4,278)	4,055
TOTAL EQUITY AND LIABILITIES	164,227	154,774
Taxes paid	(45,206)	(34,442)
Cash provided by or used for operations (A)	119,019	120,332
Investment activities		
Acquisition of consolidated companies		(10)
Cash acquired		
Acquisition of tangible and intangible fixed assets	(88,980)	(79,268)
Acquisition of financial assets		
Change in granted loans and advances	(457)	(438)
Investment subsidies received		
Dividends received		
Total cash used for investment activities	(89,437)	(79,716)
Divested cash		744
Disposal of consolidated companies		2,805
Disposal of tangible and intangible fixed assets	1,319	857
Disposal of financial assets		1
Total cash from disposals	1,319	4,407
Cash provided by or used for investment activities (B)	(88,118)	(75,309)
Financing activities		
Capital increase		(16)
Net disposal (acquisition) of treasury shares		
Dividends paid to shareholders of the Group	(14,674)	(13,531)
Dividends paid to minority interests of consolidated companies		
Total cash from equity operations	(14,674)	(13,547)
Issue of long-term loans	5,137	37,665
Issue of short-term loans	72,269	704
Repayment of long-term loans	(4,663)	(4,041)
Repayment of short-term loans	(87,170)	(37,079)
Net interest expense paid	(2,826)	(3,510)
Total cash from operations on loans and other financial liabilities	(17,253)	(6,261)
Cash provided by or used for financing activities (C)	(31,926)	(19,808)
Effect of change in foreign exchange rates (D)	226	(2,435)
Effect of adjustments in treasury shares (D) *	(4,691)	496
Changes in net cash (A+B+C+D)	(5,489)	23,276
Cash at January 1st (E)	91,269	67,993
Cash at year end (A+B+C+D+E)	85,776	91,269
Cash and cash equivalents	94,000	102,160
Short-term banking facilities	(8,224)	(10,892)
Closing cash position	85,776	91,269

* The - €4.7 million includes a reclassification into the opening cash balance of items not meeting the criteria for allocation to cash equivalents.

STATEMENT OF SHAREHOLDERS' EQUITY

(in €'000)	Capital stock	Capital-linked premiums (Note 7.3)	Treasury shares	Consolidated reserves	Conversion reserves	Other income and expenses recorded directly as shareholders' equity	Profit for the period, group share	Group's share of shareholders' equity	Minority interests	Total shareholders' equity
Shareholders' equity at January 1, 2012	21,573	70,803	(15,461)	399,954	1,599	(415)	59,177	537,232	1,458	538,690
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	574,656	1,360	576,017
including total revenues and expenses posted for the period (a) + (b) + (c) + (d) + (e) + (f)					(3,982)	(3,183)	57,287	50,122	75	
Shareholders' equity at January 1, 2013	21,573	70,803	(14,616)	445,588	(2,383)	(3,598)	57,287	574,657	1,360	576,017
Profit (loss) for the period N (a)							74,639	74,639	(99)	74,540
Translation differential (b)					(9,695)			(9,695)	(7)	(9,702)
Payments in shares (c)						1,148		1,148		1,148
Restatements of treasury shares (d)			481			(22)		459		459
Restatements as per IAS19 (g)						2,109		2,109		2,109
Appropriation of N-1 earnings				57,287			(57,287)			
Dividends distributed				(14,674)				(14,674)		(14,674)
Reclassification										
Restatements of financial instruments (f)						(2,721)		(2,721)		(2,721)
Various (e)				(743)				(743)		(743)
Shareholders' equity at December 31, 2013	21,573	70,803	(14,135)	487,458	(12,078)	(3,084)	74,639	625,179	1,253	626,434
including total revenues and ex- penses posted for the period (a) + (b) + (c) + (d) + (e) + (f) + (g)					(9,695)	514	74,639	65,458	(7)	

FUNCTIONAL ORGANIZATION CHART



* Merger in progress at Torrance in 2014.



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