

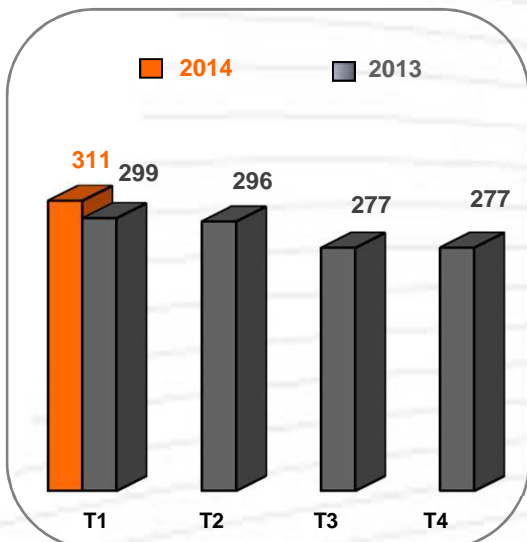
The LISI Group reports organic growth of 5.2% in the first quarter of 2014

# FINANCIAL INFORMATION

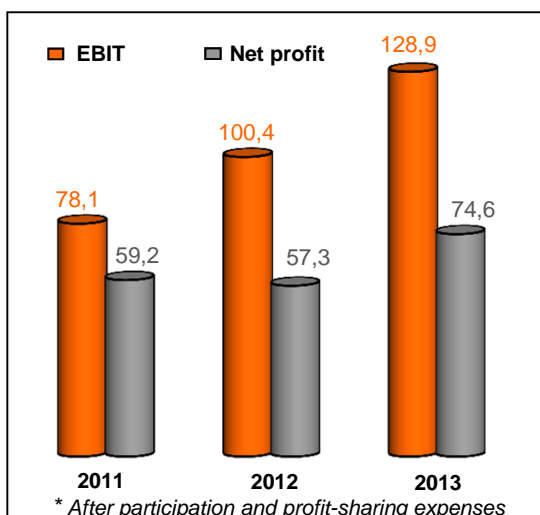


## Quarterly Consolidated sales

In million euros



## EBIT\* & Net Profit in €M



- Sales up 4.3% to €311.3 million
- Confirmation of the trends indicated at the end of last year:
  - ✓ More moderate growth at LISI AEROSPACE, particularly as a result of exchange rate fluctuations
  - ✓ Turnaround at LISI AUTOMOTIVE
  - ✓ Recovery at LISI MEDICAL

In €M	Change			
	2014	2013	2014/2013	2014 / 2013 on a like for like basis
Cumulative, as of March 31	311,3	298,6	+ 4,3 %	+ 5,2 %

- The impact of the depreciation of numerous currencies vis-a-vis the euro represents -1% of revenues. It is essentially attributable to the fall in the US dollar, which mainly impacted the aerospace division for - 1.8%, or €3.1 million.
- The proportion of sales achieved outside France represents 66.3% of the total, or €206.5 million, up by 2.3% compared with 2013.
- Changes in the perimeter were limited during the first half year:
  - ✓ gradual shutdown of the Paramount plant (United States) specializing in car racing (€1.4 million of sales in Q1 2013)
  - ✓ closure of the small electrical screw fastener business in Delle (France), which had sales of €0.9 million in Q1 2013.

## COMMENTS BY LINE OF BUSINESS

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

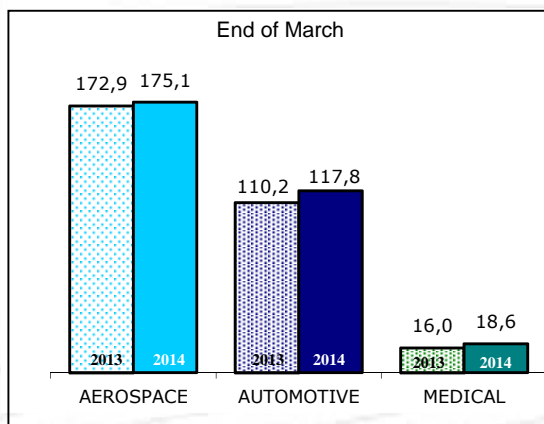
- The "European Fasteners" division maintained at a high level (+ 0.7%)
- The "US Fasteners" division catching up in dollar terms (+ 9.2%), but only + 2.9% in euros
- The "Structural Components" division up by + 2.6%

In €M	Change			
	2014	2013	2014/2013	2014 / 2013 on a like for like basis
Cumulative, as of March 31	175,1	172,9	+ 1,3 %	+ 2,6 %

Lower currencies, particularly where the US and Canadian dollars are concerned and with the exception of the Pound Sterling, weighed significantly during this quarter.



**Sales in million euros**



**The aerospace market**

At the end of February, worldwide airline traffic was still growing, with an increase of + 2.9% in comparison with December 2013 (IATA figures), but was slowing down in comparison with the previous three financial years, which had posted growth above 5%. Freight and premium travel (business and first class) also recorded positive results.

Since the start of the year, both orders and deliveries are continuing to boost the order books of the two major aircraft manufacturers:

	Orders	Deliveries
Boeing	235	161
Airbus	<u>103</u>	<u>141</u>
<b>Total</b>	<b>338</b>	<b>302</b>

It should be noted that the final assembly of the A320Neo began in Toulouse during this quarter. Concerning the other business segments, and in line with the previously-announced trends, the helicopter and defense businesses are slowing down.

The "European Fasteners" division remained at a good level (+ 0.7%); the good performance of the "Engine and Special Parts" business, particularly at the Villefranche-de-Rouergue (+ 8%) and Saint-Brieuc (+12.6%) plants, partly offset the impact of the completion of the installation of the A350 assembly-line.

In the United States, the Torrance unit continued to benefit from demand from Boeing and reported double-digit growth, whilst the Monardnock plant suffered a temporary slowdown. At the Dorval (Canada) plant, production ramp-up continued for special parts for engine applications and critical airframe structure parts.

The 2.6% increase in the "Structural Components" division was slowed by certain bottlenecks, following strong growth over the last three consecutive fiscal years; a support plan has been deployed accordingly. The Marmande plant nevertheless reported a significant increase in its deliveries (+ 6.5%). The plan for the development of new products, in which the division is fully engaged, is in an acceleration phase, particularly on the A350 and LEAP programs.

**LISI AUTOMOTIVE (37% of total consolidated revenue)**

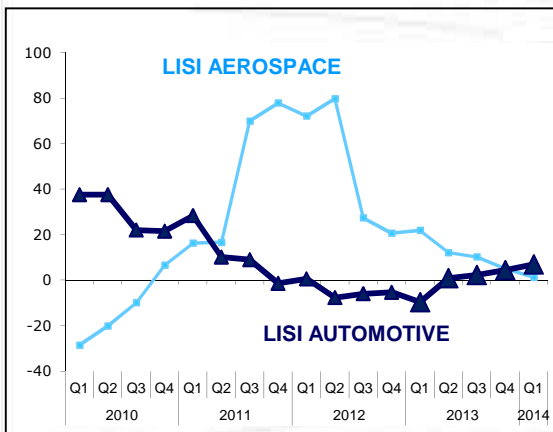
- All business segments reported solid increases in sales
- The division benefited from the recovery of the automotive market in Europe

In €M	Change			
	2014	2013	2014/2013	2014 / 2013 on a like for like basis
<b>Cumulative, as of March 31</b>	<b>117,8</b>	<b>110,2</b>	<b>+ 6,9 %</b>	<b>+ 7,4 %</b>

Currency movements have hardly affected this division at all, since most of its sales are generated in euros.



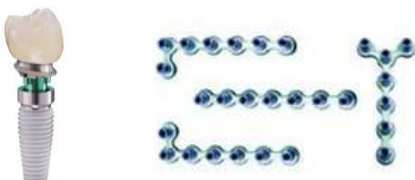
### % Sales Variation per division / N-1



### Spine



### Dental & CMF



Although the market clearly recovered over the period, particularly in Europe (+ 5.2% in Q1 2014) in a constantly-growing worldwide market (+ 4.7%\*), volumes in Europe were still 20% below their level of 2007. The estimated production of LISI AUTOMOTIVE's customers in Europe is in line with these trends (+ 5%), with a significant dynamic at VW as well as at the automotive component manufacturing customers.

All businesses benefited from these trends, mainly the "Clipped Solutions" and "Mechanical Safety Components" segments (respectively + 9% and + 12% in local currency). The largest segment, specializing in threaded fasteners, enjoyed similar growth rates in Germany as well as in France. The production reorganization program continues in accordance with the plan and includes:

- ✓ the extension of the plant in Dasle
- ✓ the installation of new equipment
- ✓ the industrial development of the transferred parts
- ✓ the delivery of initial samples with a view to qualification by the customers

LEAP ("LISI Excellence Achievement Program") has now been deployed across all plants and is already delivering significant progress in terms of productivity, quality and safety. Entire division it is performing much better, and this despite the disruption caused by the closure and gradual transfer of production from the Thiant plant (tooling, equipment, production costs), which should be completed during the third quarter of 2014.

The booking of orders for new products is at a good level, namely with the automotive equipment manufacturers such as TRW and Faurecia.

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

- The two "Fasteners" plants are benefiting from fuller order books
- Numerous developments and projects in progress

In €M	Change			
	2014	2013	2014/2013	2014 / 2013 on a like for like basis
Cumulative, as of March 31	18,6	16,0	+ 16,6 %	+ 17,1 %

The first quarter confirmed the sharp recovery in the division's business, in comparison with Q4 2013:

- "Reconstruction" segment: good activity levels with the main customer, Stryker. The LISI MEDICAL Orthopedics plant is gradually rebuilding its stocks of high-volume products. The development of generic products is starting to bear fruit, with two new projects in development. Orders for ancillary products (files) and plastic inserts are also growing.
- "Fasteners" segment: thanks to the improvement and consolidation of all the operating criteria in 2013, strategic positions were won on the spinal column, trauma treatment and extremity markets.

In the United States, the gap is closing, thus enabling high volumes to be consolidated in the strategic segments mentioned above.

## Knee



## Hip



## Trauma



## Extremities



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

The solidity of its financial structure enables the LISI Group to consider external growth operations whilst continuing an ambitious policy of capital expenditure. In this context, the Group announced, on April 2, 2014, that it had begun exclusive negotiations with the 100%-shareholder of the Manoir Aerospace group. With €163 million of sales in 2013 and 1,100 employees, the Manoir Aerospace group is a major player in forged parts for engine applications, airframe structures and helicopters. This acquisition would significantly reinforce the "Structural Components" division of LISI AEROSPACE. This transaction, which is currently in the process of consultation with the employee representative bodies of the companies concerned and with the competition authority in France, could be completed during the second half of the year.

The business prospects for the LISI Group in the coming months should be in line with the trends observed until now. In the aerospace sector, the slowdown in Europe is being confirmed for the "Fasteners" business, whilst the US market is having a positive impact on the business, despite the fall in the US dollar. The "Structural Components" division must continue its efforts to meet the strong demand and to improve its performance over time.

In the automotive sector, the prospects are fairly solid in Europe which, combined with new projects for the "Safety Components" business, should produce a slightly improved performance in the second half of the year.

The medical division is consolidating its order book further activity levels are therefore expected to remain unchanged from Q1 2014.

As a consequence, the increased business levels in all the divisions should provide for better coverage of the fixed costs. In absolute terms, key performance indicators are continuing to improve. This validates the Group's objective of maintaining profitability at the same level as last year, as announced in February.

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

- ↓ H1/2014 : 24 July, 2014
- ↓ Q3/2014 : 23 October, 2014

