

LISI: target of an operating margin of over 10% achieved, increase of over 30% in net earnings in 2013

- Revenues: €1.15 billion, up 6.3%
- EBIT margin: 11.2%, up 1.9 point as compared with 2012
- Positive Free Cash Flow¹: €28.5M after €88M in net investments
- All the Group's divisions have contributed to the improved performance
 - LISI AEROSPACE has achieved new records
 - LISI AUTOMOTIVE has continued its recovery
 - LISI MEDICAL is in the turnaround phase
- Dividend: €1.70 per share
- Outlook: consolidation of operating and financial progress achieved in 2013 prior to a new growth cycle from 2015

February 20, 2014 – The Board of Directors of LISI has met today under the chairmanship of Mr. Gilles Kohler and reviewed the audited financial statements for the fiscal year ended December 31, 2013. They will be submitted for approval to the General Meeting on April 23, 2014.

<i>12 months ending December 31,</i>		<i>2013</i>	<i>2012</i>	<i>Changes</i>
Key elements of the income statement				
Revenues	€M	1,149.0	1,081.3	+ 6.3%
EBITDA	€M	178.9	154.8	+15.6%
EBITDA margin	%	15.6	14.3	+ 1.3 pts
EBIT	€M	128.9	100.4	+ 28.4%
Current operating margin	%	11.2	9.3	+ 1.9 pts
Earnings attributable to holders of company equity	€M	74.6	57.3	+ 30.3%
Net earnings per share	€	7.12	5.47	+ 30.2%
Key elements of the cash flow statements				
Operating cash flow	€M	142.3	119.7	+ 18.9 %
Capital expenditure, net	€M	-87.7	-78.4	+ 11.8%
Free Cash Flow ¹	€M	28.5	38.5	-26.0%
Key elements of the financial structure				
Net debt	€M	67.8	76.7	-11.2%
Net debt to equity ratio		10.8%	13.3%	-2.5 pts

¹ Free Cash Flow: operating cash flow minus net industrial CAPEX and changes in working capital requirements.

Revenues: €1.15 billion (up 6.3%), with organic growth at 7.3%

Consolidated Revenues of € 1,149M are up nominally 6.3% and up 7.3% at a constant consolidation scope and exchange rates. At current exchange rates, developments per division were as follows:

- Confirmed dynamism of the LISI AEROSPACE division (up 12.2%), which has achieved historically high levels both in fasteners and structural components. LISI AEROSPACE saw its growth rate slow down in the second half (up 10.2% in Q3, up 5.2% in Q4, against +16.9% in H1).
- Good resilience of the LISI AUTOMOTIVE division (-1.0%). After a difficult start to the year, LISI AUTOMOTIVE saw a gradual turnaround and ended the year up 4.4% in Q4.
- Gradual recovery of LISI MEDICAL (-1.1%, as compared with -12.1% in 2012), with a net improvement in Q4 (up 9.4%).

	LISI Consolidated	of which LISI AEROSPACE	of which LISI AUTOMOTIVE	of which LISI MEDICAL
Q1	298.6	172.9	110.2	16.0
Q2	296.2	169.8	110.2	16.6
Q3	277.0	160.1	100.6	16.5
Q4	277.2	161.1	101.3	15.1
2013	1,149.0	663.9	422.2	64.1

Organic growth was 7.3% on a high comparison basis with the previous financial year. It in fact reflects a change in the consolidation scope following the disposal of KUT in Germany in May 2012 and the adverse impact of currency fluctuations.

Today the Group generates over 58% of its revenues in the aerospace market, as against 55% in 2012. Automotives represents only 37%, as against 39% in 2012. LISI MEDICAL contributes about 6% to the consolidated revenues.

At 11.2%, the target of an operating profit margin above 10% has been achieved

All the performance indicators are up:

- Gross operating profit was up 15.6% to €178.9M, which is 15.6% of revenues. It includes income of € 4.6M under "Employment Competitiveness Tax Credit" (CICE).
- EBIT had a larger increase at € 128.9M (up 28.4%, as against € 100.4M in 2012). LISI AEROSPACE is the main contributor to the Group's profits continuing the trend of the previous financial year. The LISI AUTOMOTIVE division was up, driven by the reorganization measures taken in 2012. The LISI MEDICAL division, which in terms of scale is still marginal, posted almost stable results. Accordingly, the operating profit margin passed another milestone, up almost 2.0 points year to year. At 11.2% the LISI Group operating profit margin exceeded its "normative" target of 10%.

Non-recurring expenses were fairly high for the 2013 financial year and reflect the consequences of the difficult and possibly lasting situation in the European automobile market. At the same time, the Group has also accounted for a total of € 5.5M of provisions in the LISI Aerospace division, corresponding to the amortization of intangible assets and reorganization measures in the Racing sector in the USA.

Financial income is made up on the one hand of the cost of financing of -€3.3M, which remained stable by comparison to 2012, and on the other hand, of the effect of foreign exchange fluctuations, which generated a loss in this financial year of EUR 1.7M This figure includes the negative effect of foreign exchange hedging of € 0.4M.

The tax charge, calculated on the basis of corporate income tax applied to net pre-tax income, reflects an effective average tax rate of 33.2%, slightly down as compared with 2012 (35.7%).

At € 74.6M, net income was thus up 30.3% as compared with 2012.

Earnings per share were € 7.12 as against € 5.47 in 2012.

Taking these results into consideration, the Group will submit to shareholders' approval at the General Meeting a dividend of €1.70 per share for the 2013 financial year.

The financial structure has been strengthened after substantial investments

In 2013, LISI moved forward with its ambitious industrial investments program launched in 2010: € 87.7M (7.6% of revenues) were spent on capital expenditure, as against € 78.4M in 2012. They were primarily dedicated to the large number of new products development projects in the 3 divisions.

Consolidated working capital requirements remained virtually stable in absolute terms, and improved slightly in relative terms to less than 79 days. With cash flow at a good level at €142.3M, investments could be easily financed while maintaining a positive net Free Cash Flow of €28.5M, as compared with €38.5M in 2012.

As a consequence, the Group has been able to bring its debt further down: to € 67.8M (as against € 76.7M at the end of 2012), with the gearing ratio (net debt to shareholders' equity) being only 10.8%, as against 13.3% the previous year. Its financial structure is therefore particularly strong.

For 3 consecutive financial years, return on capital employed (ROCE¹), which was € 776M (as against € 738.3M in 2012) continued to rise, now reaching 19.1% (as against 15.5% in 2012).

LISI AEROSPACE

- Excellent performance in the aerospace market
- Similar contributions of the "Aerospace fasteners" and "Structural components" sectors
- further improvement in profitability, mainly driven by increased productivity
- Good Free Cash Flow after substantial investments (€ 52.3M)

	2013	2012	Change
Sales revenues (in €M)	663.9	591.7	+13.3%
			<i>At constant scope and exchange rates</i>
Current operating margin	17.8 %	15.4 %	+ 2.4 pts
Free cash flow (€M)	32.6	38.8	-€ 6.2M
<i>As a % of sales revenues</i>	<i>4.9 %</i>	<i>6.6 %</i>	<i>- 1.7 pt</i>

¹ ROCE: Return on Capital Employed is defined as EBIT as a proportion of the average capital employed.

LISI AUTOMOTIVE

- Diverging trends persisting in market conditions: world market improving, lower European production among the Group's customers
- Net recovery of EBIT (x 4.9), reflecting major productivity gains
- High levels of investments maintained, reflected in still negative Free Cash Flow

	2013	2012	Change
Sales revenues (in €M)	422.2	426.6	+ 0.1%
			<i>At constant scope and exchange rates</i>
Current operating margin	2.7 %	0.5 %	2.2 pts
Free cash flow (€M)	- 6.2	- 4.1	-€ 2.1M
<i>As a % of sales revenues</i>	<i>n.a.</i>	<i>n.a.</i>	

LISI MEDICAL

- Market still impacted by reduced reimbursements for health expenses and certification procedures becoming more stringent
- Stabilization of revenues after a drop of almost 12% in 2012 at constant consolidation scope and exchange rates
- Stability of operating profit margin, thanks to a good second half
- Free Cash Flow still slightly negative, but restructuring almost complete.

	2013	2012	Change
Sales revenues (in €M)	64.1	64.8	- 0.9%
			<i>At constant scope and exchange rates</i>
Current operating margin	4.0 %	4.3 %	- 0.3 pt
Free cash flow (€M)	-1.3	- 1.2	-€ 0.1M
<i>As a % of sales revenues</i>	<i>n.a.</i>	<i>n.a.</i>	

OUTLOOK:

The LISI Group's main target for 2014 is to compensate for a slowdown in growth in the LISI AEROSPACE division with a stronger contribution from the other divisions. In this respect, it is worth keeping in mind that the expected results of the costs savings initiatives launched in 2013 in the LISI AUTOMOTIVE division will only materialize from the end of the 2014 financial year. The LISI MEDICAL division is displaying a greater potential for improvement, though on a more modest scale when compared with the entire consolidated group. 2014 is therefore expected to be a year of consolidation of the progress made in 2013, in terms both of the level of activity and of profits.

The LEAP plan (*LISI Excellence Achievement Program*) will play its full role as group-wide tool for improving the entire Group's competitiveness, with the aim of achieving maturity for the systems deployed and a large proportion of the staff trained.

Capital expenditure will remain at the same level as in 2013, especially because of the major projects currently under way to meet the strong demand for new products in both the aerospace and automotive divisions.

To support this long-term growth strategy, the LISI Group can rely on a particularly solid financial structure that was further strengthened in 2013: the Group completed a US Private Placement (USPP) for \$75M and has obtained a € 30M loan from the European Investment Bank (EIB), intended to finance its Research & Development costs. This financial strength will allow the Group to seize growth opportunities that could arise.

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

Q1 2014 financial information: April 23, 2014
Shareholders' General Meeting: April 23, 2014
H1 2014 results: July 24, 2014
Q3 2014 financial Information: October 23, 2014

LISI shares are quoted on NYSE Euronext, section B and is part of the CAC®AERO& DEF., CAC® All Shares, CAC® – All Tradable, CAC® Industrials, CAC® Mid & Small, and CAC® Small indexes, under ISIN code FR 0000050353 .LISI is a worldwide leading manufacturer of fasteners and assembly components for the Aerospace, Automotive, and medical implants industries.

Reuters:GFII.PA
Bloomberg:FII FP

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LISI Group consolidated income statement

<i>(in €'000)</i>	<i>Notes</i>	<i>31/12/2013</i>	<i>31/12/2012</i>
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)
<i>Revenue on cash</i>		1 948	1 006
<i>Financing expenses</i>		(3 258)	(4 672)
Other interest revenue and expenses		(2 504)	1 295
<i>Other financial items</i>		12 676	15 413
<i>Other interest expenses</i>		(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

STATEMENT OF OVERALL EARNINGS

<i>(in €'000)</i>	<i>31/12/2013</i>	<i>31/12/2012</i>
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		
Exchange rate spreads resulting from foreign business	(9 702)	(3 907)
Hedging instruments (gross element)	(2 974)	389
Hedging instruments (tax impact)	253	(442)
Restatements of treasury shares (gross element)	388	48
Restatements of treasury shares (tax impact)	(140)	
Payment in shares (gross element)	2 248	1 473
Payment in shares (tax impact)	(812)	
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

<i>(in €'000)</i>	<i>Notes</i>	<i>31/12/2013</i>	<i>31/12/2012</i>
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		0	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

TOTAL EQUITY AND LIABILITIES

<i>(in €'000)</i>	<i>Notes</i>	<i>31/12/2013</i>	<i>31/12/2012</i>
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
<i>* of which banking facilities</i>		<i>8 224</i>	<i>10 892</i>

** 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.

LISI Group consolidated cash flow table

<i>(in €'000)</i>	31/12/2013	31/12/2012
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
Net cash provided by or used for operations before tax	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

Statement of shareholders' equity

<i>(in €'000)</i>	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)	0		0
Change in methods								0		0
Change in scope				(12)				(12)		(12)
Dividends distributed				(13 531)				(13 531)		(13 531)
Reclassification								0		0
Restatements of financial instruments (f)						(53)		(53)		(53)
Various (e)										
Shareholders' equity at December 31, 2012 including total revenues and expenses posted for the period (a) + (b) + (c) + (d) + (e) + (f)	21 573	70 803	(14 616)	445 588	(2 383)	(3 598)	57 287	574 656	1 360	576 017
							57 287	50 122	75	
<i>(in €'000)</i>	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, 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)	0		0
Dividends distributed				(14 674)				(14 674)	0	(14 674)
Reclassification								0		0
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 expenses posted for the period (a) + (b) + (c) + (d) + (e) + (g)							74 639	65 458	(7)	