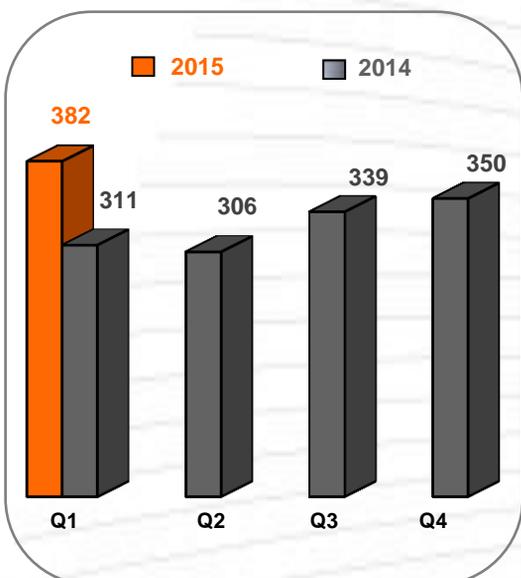


# FINANCIAL INFORMATION

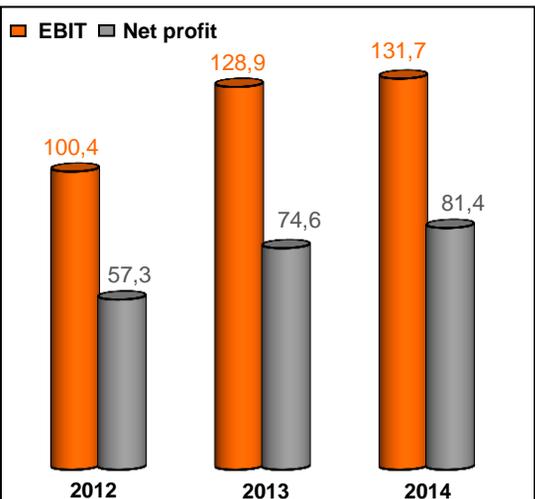


## Quarterly Consolidated sales

In million euros



## EBIT\* & Net Profit in €M



\* After participation and profit-sharing expenses

In €M	Change			
	2015	2014	2015/2014	2015 / 2014 on a like for like basis
Cumulative, as of March 31	381,6	311,3	+ 22,6 %	+ 4,7 %

The strong growth in sales of the LISI Group in the first quarter of 2015 (+22.6%) reflects the contribution of Manoir Aerospace for € 44 million and a positive dollar effect (conversion) of € 12 million. The Group's organic growth came out at +4.7%.

Sales outside France represented 63% of consolidated revenue, the same percentage as in the recent history of the Group.

These good consolidated figures are the result of the positive performance of the Group's 3 divisions: the Aerospace division benefits from the favorable factors of the period and displays a growth rate of +37.3% and +6.2% at constant scope and exchange rates. This growth is based primarily on the health of the commercial aircraft market and on the manufacturers' rising production output. In the Automotive industry, as in the European markets, the growth rate is sustained at +4.2% (+3.4% on a comparable basis). The Medical business was stable over the quarter at € 18.6 million (+0.2%), again in a favorable market environment.

### COMMENTS BY LINE OF BUSINESS

#### LISI AEROSPACE (63 % of total consolidated revenue)

- Markets remain strong
- Good performance of the Fasteners business
- Many technical and operational challenges at the Structural Components business

In €M	Change			
	2015	2014	2015/2014	2015 / 2014 on a like for like basis
Cumulative, as of March 31	240,4	175,1	+ 37,3 %	+ 6,2 %

Two significant factors contributed to the increase in sales by more than 37% of LISI AEROSPACE in the first quarter:

- the consolidation of Manoir Aerospace for € 44.1 million
- the rise of the US dollar, the British pound and the Canadian dollar, which improves euro-denominated sales by € 12.6 million.

Up +6.2%, organic growth was in line with commercial aircraft production output. The good performance of the Europe Fasteners segment (+6.3%) continues to be driven by Airbus. In the US, the Fasteners segment benefits from the dynamism of Boeing and has increased by +3.2%, despite the decline in retail. The Structural Components segment is becoming a growth driver (+8.9% excluding Manoir Aerospace) thanks to the increased contribution of new products.



## Market

Beyond the recent good news concerning the sales of Rafale fighter jets abroad, which provides good long-term visibility, what currently matters is the robustness of commercial aircraft manufacturers. Thus, passenger traffic has clearly been accelerating (+6.2% in February 2015, compared to +2.9% at end February 2014), while freight records a remarkable increase (+11.7%<sup>1</sup> in February 2015). In terms of order intake, Airbus and Boeing are slowing down their delivery rates, which remain nevertheless very strong. Requests from these two major customers are indicating an increased demand for single-aisle aircraft, to reach a pace of 50 units per month, or even more.

During the quarter, the development of new products, especially those related to engines, reached a very critical pressure level, especially regarding products for the Leap jet engine in its 3 versions. The ramp-up of the B787 and A350 also generates significant activity in the short term that explains the good performance of sales in the Europe Fasteners segment and of the activity dedicated to Boeing and its subcontractors. However, signs of recovery in wholesale channels in the United States have not yet materialized.

## Operations

The division's financial performance benefits from the segment's overall good health. New orders are encouraging which should ensure good activity throughout the year 2015, although a slight decline in the second quarter cannot be ruled out.

As in the second half of 2014 and taking into consideration the consolidation of Manoir Aerospace, whose profitability was significantly below the average of the Aerospace division, sales growth did not reflect the growth in profitability; while the latter remains high in the Fasteners segment, however, the improvement of operations in the Structural Components business is hampered by continuing technical difficulties that affect the profitability of the division in 2015, namely:

- industrialization of engine products
- high failure rates in Bologna (Haute-Marne) on critical forging gear that hinders the improvement of efficiency
- complexity of the recovery in Morocco.

Beyond the deployment of the LISI Excellence Achievement Program (LEAP), development projects are progressing according to plan, namely:

- the relocation of the Monadnock plant (United States), scheduled to take place in April
- the works at Villefranche-de-Rouergue (Aveyron) and Parthenay (Deux-Sèvres), which have commenced
- the extension of the site of Saint-Ouen l'Aumône (Val d'Oise) which is also under review.

## Outlook for the Aerospace Division

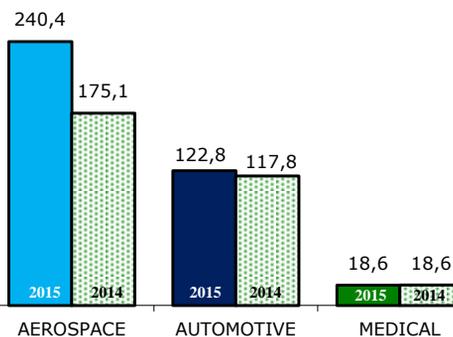
The level of order intake remains satisfactory: the coming quarters should come to a halt (slowdown for the A330 ceo pending the neo, fewer business days in May, weak retail environment in the United States, moves under way). Beyond that, the outlook remains favorable, thanks to the visibility offered by the new products being industrialized. The operational profitability of the division is still suffering from the industrialization costs incurred by the Structural Components segment, while the Fasteners business remains strong.

<sup>1</sup> Source IATA



Sales in million euros

End of March

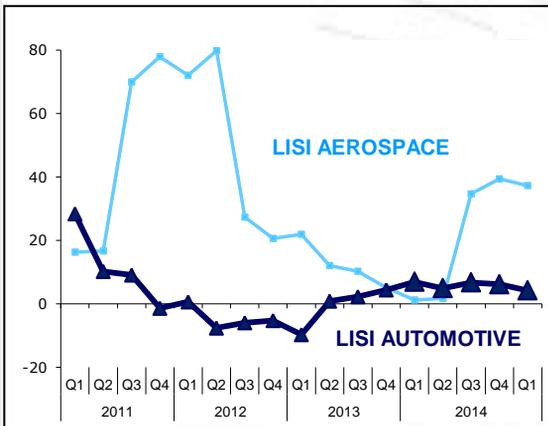




## LISI AUTOMOTIVE (32 % of total consolidated revenue)

- Strong order intake in growing markets
- Increased activity, dampened by the emergence of bottlenecks in high-demand products
- Encouraging prospects

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



In €M	Change			
	2015	2014	2015/2014	2015 / 2014 on a like for like basis
Cumulative, as of March 31	122,8	117,8	+ 4,2 %	+ 3,4 %

The +4.2% increase in LISI AUTOMOTIVE's turnover reflects the dynamism of the market early this year, particularly in the Safety Mechanical Components (+15%).

### Market

Over the quarter, the global automotive market has been growing by +1.5%<sup>2</sup>, driven by the United States (+5.7%) and by Europe (excluding Russia) at +8.5%<sup>2</sup>, while China continues to slow down. Sales of vehicles by LISI AUTOMOTIVE customers are therefore up +9 to +10% with, however, significant destocking given that production is rather stable (+2.9% estimated<sup>3</sup>). LISI AUTOMOTIVE is increasing its penetration only with all of its major strategic German and French car manufacturer customers but also, importantly, with global OEMs such as TRW, TI Automotive, CBI, and Autoliv.

### Operations

In terms of operations, one must point out the very good results of Safety Mechanical Components that takes full advantage of the volume effect. Clipped Solutions also benefits from the positive market trend and of the encouraging recovery of the Puisieux (Val d'Oise) plant. Conversely, the situation in the production of Screwed Fasteners at the French sites in particular remains tense. Indeed, the end of the restructuring plan has created a difficult logistic situation at some sites and the high level of activity has resulted in bottlenecks at the end of the production lines (heat treatment). Most of the programs underway are focused on solving these bottlenecks in order to rapidly reduce tensions in this area. The additional costs resulting from this situation should not prevent LISI AUTOMOTIVE from improving its profitability in 2015, although at a lower level than expected.

The major works in progress at the Dasle (Doubs) plant are nearing completion, and the growth plan at Melisey (Haute-Saône) is well under way. The initiatives of the LEAP program (LISI Excellence Achievement Program) are progressing consistently across all sites.

### Outlook for the Automotive Division

French and German car manufacturer customers are increasing their production capacity for the second quarter, notably with extended opening times and an increase in the number of working days in the summer. Regarding global OEMs, driven by the industry's healthy momentum, the activity benefits from the development of new products and the gain of market shares. There is currently no sign of a reversal of these favorable trends.

LISI AUTOMOTIVE will therefore endeavor to make the most of the good activity level of and solve the current difficulties at its production facilities.



<sup>2</sup> Source JD Power

<sup>3</sup> Source Carmakers



## LISI MEDICAL (5 % of total consolidated revenue)

- Stable activity with a very high comparison base
- Good visibility over the second quarter

In €M	Change			
	2015	2014	2015/2014	2015 / 2014 on a like for like basis
Cumulative, as of March 31	18,6	18,6	+ 0,2 %	- 1,9 %

While the order intake in the quarter was higher than sales (book-to-bill of 1.05), the relative stability of LISI MEDICAL's sales revenue can be primarily attributed to delays in production resulting from the commissioning of new heavy equipment (new press of 1,500 tons, new sandblasting line, ...), which weighed on activity. Furthermore, it should be recalled that the first quarter of 2014 had recorded growth of +17.1% at constant exchange rates.

While strong in volume terms, demand remains concentrated on mature, economical products. Quality concerns hinder the development of new products and the marketing of generics. Following the commercial launch of a cementless hip stem, the next step is the launch of a cemented hip stem and a standard cup.

In the coming months, the division will give priority to the standardization of its production environment and recruitment of skilled staff. Sales volumes will be contingent upon actual time-to-market of projects and the increase in production of new products. The division enjoys satisfactory visibility in the second quarter with a significant order book to be delivered.

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

The dynamics of all the markets in which LISI operates and the development of new products are expected to continue into the next quarter. In addition, the Group will no longer benefit from the effect of the consolidation of Manoir Aerospace, as the company was integrated on June 5, 2014.

No signs of a downturn are visible in the short term in any of the LISI Group's 3 markets. Thus, the Group believes that the good level of organic growth of the past several consecutive quarters should be maintained in the near term. In order to eventually restore its operating margin, the Group will focus its efforts on the Structural Components segment at LISI AEROSPACE, as well as on the bottlenecks identified in the Screwed Fasteners segment in France at LISI AUTOMOTIVE in the coming months.

In this context, the Group maintains its objectives expressed upon the release of its 2014 results, namely an increase in absolute terms of its performance indicators and a positive Free Cash Flow in line with its investment plan.

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<sup>4</sup> Free Cash Flow: operating cash flow minus net industrial capital expenditure and changes in working capital requirements