

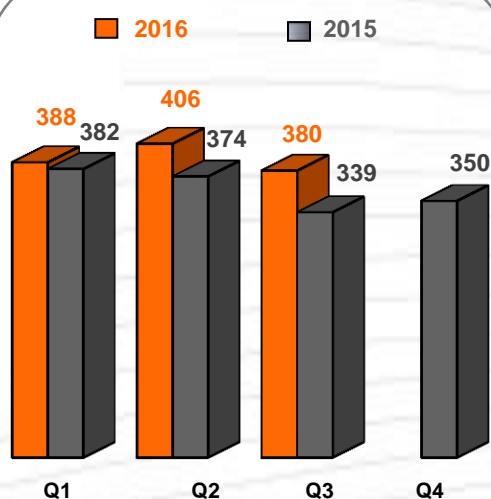
# FINANCIAL INFORMATION

- The Group benefited from the consolidation of LISI MEDICAL Remmele (USA) acquired in May and to a lesser extent from the majority stake in Ankit Fasteners (India)
- On a constant perimeter and currency ("like-for-like"), Q3 saw an acceleration of growth to +6.9%, confirming the strong momentum recorded in Q2 (+5.4%) after a lackluster start of the year (+1.8% in Q1)
- LISI confirms its value progression target for its 2016 earnings

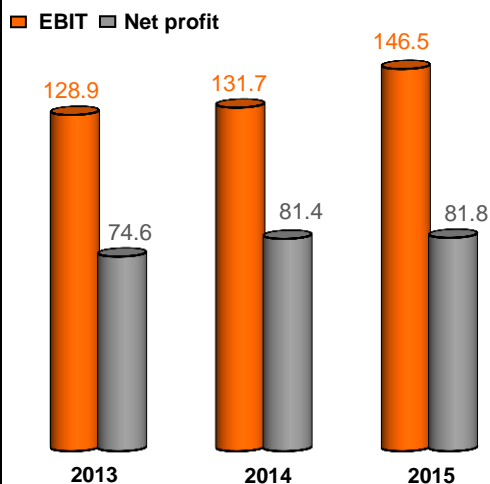


## Quarterly Consolidated sales

In million euros



## EBIT\* & Net Profit in €M



\* After participation and profit-sharing expenses

Revenue in €m	Changes			
	2016	2015	2016/2015	2016 / 2015 on a like for like basis
Q1	388.0	381.6	+ 1.7 %	+ 1.8 %
Q2	406.2	374.2	+ 8.6 %	+ 5.4 %
Q3	379.9	339.2	+ 12.0 %	+ 6.9 %
<b>Cumulative. as of September 30</b>	<b>1 174.0</b>	<b>1 095.1</b>	<b>+ 7.2 %</b>	<b>+ 4.6 %</b>

The difference in progression between reported revenue and the sales revenue on a like-for-like basis can be attributed to:

### In Q3:

- ✓ The positive impact of the consolidation of the acquisitions:
  - LISI MEDICAL Remmele (USA) was consolidated as of May 1st, contributing, as expected, € 16.8 million or 4.4% of consolidated revenue,
  - Ankit Fasteners (India), whose retroactive consolidation as at January 1, 2016 following the purchase of a majority stake by the LISI Group, contributed € 1.3 million, or 0.3% of consolidated revenue.
- ✓ The currency impact is almost neutral at € 0.3 million, representing only 0.1% of sales.

### On a cumulative basis:

- ✓ Positive impact related to the consolidation of:
  - LISI MEDICAL Remmele (USA) which contributed € 27.5 million or 2.3% of consolidated revenue,
  - Ankit Fasteners (India), which contributed € 4.1 million or 0.4% of consolidated revenue.
- ✓ The currency impact was negative for - € 2.5 million, or 0.2% of Group sales.

At 64% of the consolidated total, or € 746.8 million, the proportion of sales generated outside France remained stable.

## REVIEW BY DIVISION

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

- Continued strong organic growth supported by a dynamic European market and a strong ramp-up of new programs
- Slight pick-up in Boeing's orders in August and September
- Market outlook remains robust



Revenue in €m	Changes			
	2016	2015	2016/2015	2016 / 2015 on a like for like basis
Q1	248.5	240.4	+ 3.4 %	+ 3.5 %
Q2	254.1	236.9	+ 7.3 %	+ 6.7 %
Q3	235.7	216.5	+ 8.9 %	+ 8.5 %
<b>Cumulative. as of September 30</b>	<b>738.4</b>	<b>693.8</b>	<b>+ 6.4 %</b>	<b>+ 6.2 %</b>



At € 235.7 million, sales in Q3 2016 rose by +8.9% compared with the same period of the previous year. The division benefited from the ramp-up of new programs in the European market. The "Fasteners" business thus increased by +9.1%. The "Fasteners" North America business recorded an increase of deliveries to Boeing in August and September, the first upturn after several months of disruption caused by the reorganization of the manufacturer's logistics (- 23% on a cumulative basis since the beginning of the year). The "Structural Components" business, whose products are mainly sold in the European market, is also experiencing satisfactory growth at +8.9%.

At +6.4% over the first nine months of the year, revenue of LISI AEROSPACE have increased continuously since the beginning of the year. On a like-for-like basis sales rose by + 6.2%.

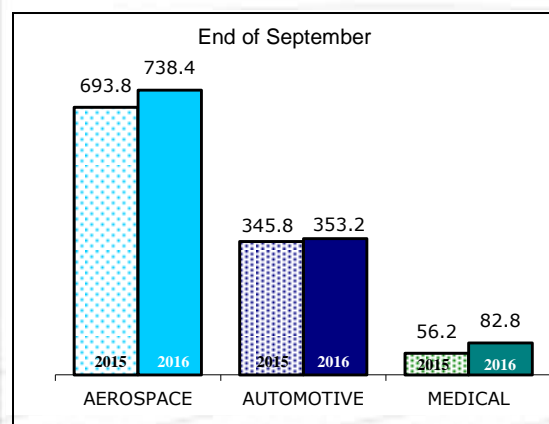
At the production sites for the "Fasteners" segment operations benefited from a favorable currency impact, as well as from productivity gains achieved through the implementation of the LEAP Plan (LISI Excellence Achievement Program). However the operational improvement of the "Structural Components" business was penalized by technical difficulties in a phase of strong ramp-up of new programs.

Transformational projects launched by the Division are on track with the roadmap with, in particular:

- commissioning of plants at Villefranche-de-Rouergue (first phase of the relocation occurred during the summer) and Saint-Ouen-l'Aumône (start of a new production workshop),
- deployment on all sites of the LEAP continuous improvement approach.

The sale of the "Floor covering - Interior improvement" activity (2015 revenue of € 8 million) to the DAHER Group became effective on August 1st and the disposal of Précimétal Fonderie de Précision is expected to be finalized in Q4.

**Sales in million euros**



### **Comments on performance and outlook**

Visibility on the commercial aircraft segment remains high especially for single-aisle and new programs (A350, B787, etc.). Other market segments served by LISI AEROSPACE were more mixed, including helicopters, certain segments such as the US military or the business aircraft segment.

In the short term, the brutal acceleration in LEAP engine production and the concomitant decline of some programs will continue to weigh on the "Structural Components" business. The confirmation of Boeing's business resumption in the United States for the "Fasteners" segment will remain an area of focus over the coming months.

Given the forecasts to date, the activity expected in the fourth quarter should be more intense than last year.

Regarding results, the ambitious industrialization programs that will drive growth in revenues in the coming years remains to be achieved, even if ramp-up has already been anticipated. Costs incurred by poor quality and industrialization of technically complex parts dedicated to new programs (Airbus and Safran) at various sites, remain significant and will continue in the same proportions as in the 1st half of 2016.

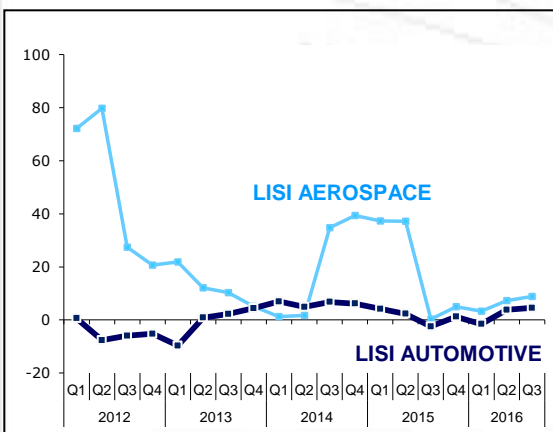




## LISI AUTOMOTIVE (30% of total consolidated revenue)

- Organic growth in a still very dynamic European market
- Continued product portfolio rationalization (application screws)
- Good momentum in the Safety Components business

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



Revenue in €m	Change			
	2016	2015	2016/2015	2016 / 2015 on a like for like basis
Q1	120.9	122.8	- 1.5 %	- 1.5 %
Q2	122.8	118.3	+ 3.8 %	+ 4.0 %
Q3	109.5	104.7	+ 4.6 %	+ 4.8 %
<b>Cumulative. as of September 30</b>	<b>353.2</b>	<b>345.8</b>	<b>+ 2.1 %</b>	<b>+ 2.3 %</b>

The global automotive market is growing for the third consecutive quarter (+6.3%).

The European market experienced strong growth in September (+7.3%), confirming the good performance of August (+9.5%) after a disappointing month of July. The quarter ended up +4.7% (+7.7% in the first 9 months of 2016). Southern Europe recorded the largest increase (+11.9% in Italy and +9.7% in Spain).

After three months of growth exceeding 20% the Chinese market, boosted by government incentives to purchase new vehicles, ended the quarter at +22.8%. The Russian market remained depressed and further declined in the quarter (- 15.1%).

Among car manufacturers, Renault (+13.9% in the quarter), GM Opel (+13.2%) and Daimler (+12.4%) were the most dynamic. Volkswagen (+0.4%) and PSA (- 6.5%) were significantly behind the market.

On a like-for-like basis, LISI AUTOMOTIVE sales were up 2.3% in the first nine months, a pattern similar to that of the production of European manufacturers (+2.7%). In the 3rd quarter, the +4.8% increase was mainly driven by the "Security Mechanical Components" and "Clipped Solutions", in line with the strategic objectives of the division.

### Comments on performance and outlook

In terms of operations, all "Business Groups" improved their performance compared with last year. The French sites of the "Screwed Fasteners Business Group", particularly the site at St-Florent-sur-Cher, have improved considerably without however reaching yet the levels targeted by the Group. Improvement actions will continue to be implemented

Furthermore, the careful management of the summer shutdown period allowed for a resumption of activity without extra costs or delays in September. Logistics are well under control. Teams can now focus on the rationalization of the way the production portfolio is organized ("Screwed Fasteners") and on the implementation of the LEAP plan.

The level of new business order intake remains very steady across "Business Groups" and accounts for more than 10% of the division's consolidated revenue.

The market outlook remains robust, and Q4 should show a further increase over the previous year. However, the Chinese market is expected to experience a slowdown at year-end with the end of government incentives in December.

The good level of order intake at the Monterrey site (Mexico) confirms the interest of LISI AUTOMITIVE customers for its location in this geographical area. The same goes for projects launched in China (Shanghai plant).



## LISI MEDICAL (7% of total consolidated revenue)

- Dynamic market and many developments underway
- Activity level up in Q3
- Smooth integration of LISI MEDICAL Remmele

Revenue in €m	Change			
	2016	2015	2016/2015	2016 / 2015 on a like for like basis
Q1	18.7	18.6	+ 0.2 %	+ 0.1 %
Q2	29.4	19.2	+ 52.8 %	- 2.3 %
Q3	34.8	18.3	+ 90.1 %	+ 0.9 %
<b>Cumulative. as of September 30</b>	<b>82.8</b>	<b>56.2</b>	<b>+ 47.5 %</b>	<b>- 0.5 %</b>

The global orthopedic market has remained buoyant for several years with growth in line with the long-term trend (+4% to +5% per year). LISI MEDICAL estimates that the segment of contract manufacturing, where it operates from its four production sites, is growing faster than the retail market, enabling the consolidation of inventories and orders in the pipeline. The segment of minimally invasive surgery, LISI MEDICAL Remmele's area of expertise, displays even more attractive dynamics.

However, prices of implants remain a concern for end users with a continuous strengthening of quality requirements.

Q3 like-for-like revenues are improving compared to previous quarters (+ 0.9%), confirming the development of existing products and the rise of new customer programs. Cumulative growth in sales remained slightly lower compared to 2015 at - 0.5%.

On reported basis and in line with expectations, the division benefited from the consolidation of LISI MEDICAL Remmele, which contributed €16.8 million to revenue for the quarter (€ 27.5 million since consolidation in May).

The division's French sites confirmed the operational improvements achieved over several months. The US sites of LISI MEDICAL Remmele reached consistent performance levels. The Jeropa (USA) site however experienced some disruptions related to changes in its product portfolio that were recently initiated.

### Comments on performance and outlook

After a rather slow start to the year, the division continues to build on its fundamentals and on its positioning as key supplier for its customers. The consolidation of LISI MEDICAL Remmele also provided higher visibility on the market and opened up new prospects for organic growth. Continuous improvement action plans, further investments in different technologies and the industrialization of new products, are all expected to consolidate this positive trend.

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

All the divisions of the LISI Group operate in buoyant markets with prospects for strong development.

In terms of operations and profitability, the "Screwed Fasteners" business of the LISI AUTOMOTIVE division in France shows tangible signs of improved performance. For LISI AEROSPACE, the main point of focus for the coming months will remain the control over industrialization costs of the "Structural Components" segment in the phase of rapid acceleration of new programs.

The Group confirms its objectives of revenue growth and increase in current operating profit in absolute terms and in Free Cash flow<sup>1</sup> for 2016, with a more balanced contribution from all divisions.

<sup>1</sup> Free Cash Flow: net operating cash flow minus net CAPEX and changes in working capital requirements

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