

LISI REPORTS ANOTHER YEAR OF EARNINGS GROWTH IN 2015

- Revenue up 11.6 % at €1.46 billion
 - Full-year consolidation of Manoir Aerospace: + €88m
 - Strong impact of currency fluctuations: + €42m
 - Organic growth: +1.6%, with market share gains from new products across all divisions
- EBIT margin in line with the strategic objective of 10.0%; EBIT operating profit up 11.3%
- Financial strength maintained:
 - Free Cash Flow* remains positive (€39.6m) after record capital expenditure (€111m)
 - Net debt reduced by - €24.6m, with net debt to EBITDA ratio below 1
- Dividend: €0.39 per share
- Solid prospects

February 17, 2016 – LISI's Board of Directors met under the chairmanship of Mr. Gilles Kohler and reviewed the final audited financial statements for the financial year ended December 31, 2015. They will be submitted for approval to the General Meeting on April 27, 2016.

<i>12 months ending December 31,</i>		<i>2015</i>	<i>2014</i>	<i>Changes</i>
Key elements of the income statement				
Revenue	€m	1,458.1	1,306.5	+ 11.6 %
Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA)	€m	204.1	193.2	+ 5.6 %
EBITDA margin	%	14.0	14.8	- 0.8 pt
Earnings Before Interest & Tax (EBIT)	€m	146.5	131.7	+ 11.3 %
EBIT margin	%	10.0	10.1	- 0.1 pt
Earnings attributable to equity holders of the company	€m	81.8	81.4	+ 0.5 %
Net earnings per share	€	1.55	1.55	-
Key elements of the cash flow statements				
Operating cash flow	€m	154.2	140.8	+ €13.4m
Net capital expenditure	€m	- 111.5	- 90.6	+ €20.9m
Free Cash Flow*	€m	39.6	45.6	- €6.0m
Key elements of the financial structure				
Net debt	€m	156.6	181.2	- €24.6m
Ratio of net debt to equity		19.7 %	25.6 %	-5.9 pts

* Free Cash Flow: operating cash flow minus net industrial capital expenditure and changes in working capital requirements

Revenue at €1,458m (up 11.6%), including organic growth of 1.6%

At €1,458.1m, consolidated net sales for fiscal 2015, up 11.6%, reflect the following positive elements:

- The contribution of Manoir Aerospace, consolidated since June 5, 2014, amounted to €88m or 6.0% of consolidated revenues and 9.5% of LISI AEROSPACE's revenue. The division now accounts for 64% of Group sales.
- The decline of the euro against most currencies, primarily the dollar, generated an impact of €42m.
- All activities recorded market share gains from new products.

On a constant exchange rate and scope basis, the - 0.9% variation in revenues in H2 compared to 2014 marks a sharp recovery in the last quarter: +1.2% on a high comparison basis (+8.6% in Q4 2014), after a third quarter that was particularly impacted by the deceleration of the automotive industry in China.

Organic growth continues to be positive across all divisions.

€m	LISI Consolidated	of which LISI AEROSPACE	of which LISI AUTOMOTIVE	of which LISI MEDICAL
Q1	381.6	240.4	122.8	18.6
Q2	374.2	236.9	118.3	19.2
Q3	339.3	216.5	104.7	18.3
Q4	363.0	235.7	108.8	18.6
2015	1458.1	929.6	454.6	74.8

The fourth quarter was quite dynamic in all three divisions, with an overall increase of +3.6%, of which +2.4% due to currency effects.

LISI AEROSPACE stood out in the Fasteners segment thanks to the implementation of new contracts and sustained activity levels in the United States. The Structural Components segment expects production output to increase in the near future for products that are still in engineering stage.

The LISI AUTOMOTIVE division confirmed its recovery after the adjustment of the Chinese market that mainly affected the third quarter. A +1.4% rise in sales was particularly noticeable in the clipped solutions segment.

LISI MEDICAL is reaching a plateau after a high-growth start of the year.

At 10.0%, EBIT margin margin is in line with the strategic objective

2015 is the fifth consecutive year of growth for all the management indicators in absolute terms.

At over €200m, EBITDA, up +5.6%, represented 14.0% of sales. Operating profit (EBIT) rose by €15m (+11.3%) to €146.5m. It is interesting to note that despite the lower number of working days between the second half of 2014 and the same period in 2015 on a constant scope basis, the operating margin increased from 8.8% to 9.7%. Over the full year, it amounted to 10.0% of sales, virtually unchanged compared to 2014 despite the unfavorable effect of Manoir Aerospace.

Such resilience reflects the improved operational quality across all Group activities. It is therefore legitimate to consider this level of 10.0% to be close to the standard set by the Group, given its business mix. The contribution from productivity gains resulting from the LEAP program (LISI Excellence Achievement Program), and the effects of the ambitious capital expenditure plan, were instrumental in this performance.

While the Aerospace Division remains the largest contributor to EBIT (€124.3m), the Automotive Division saw its profitability improve very clearly (at +€18.0m), particularly towards the end of the year. The contribution of the Medical Division is also improving (at +€4.1m).

Loan-related interest expenses were limited to €5.0m (€4.7m in 2014). The Group's exposure to currencies other than the euro and, in particular, the US dollar, is rising sharply, which required the establishment of hedging instruments for most part of the coming four years. The impact of these instruments resulted in an expense of €6.5m in 2015 (compared to a profit of €3.2m in 2014).

Non-operating costs related to the closure of the old City of Industry plant (USA) and the Villefranche-de-Rouergue plant, weighed on the non-operating result for €5.8m.

The tax expense, calculated on the basis of the corporation tax as a percentage of the net income before taxes, reflects an effective average rate of tax of 34.3%, slightly up compared with 2014 (34.4 %).

At €81.8m, net income is equivalent to that of 2014 (€81.4m).

Based upon the results, the Group will seek the Shareholders' General Meeting's approval to set the dividend at €0.9 per share for the 2015 financial year.

Financial structure remains robust after two years of significant capital expenditure programs

Proper control of inventory levels and lower customer payment delays have helped reduce the consolidated working capital from 90 days in 2014 to 76 days at the end of 2015 (these figures take into account the consolidation of the Manoir Aerospace Group).

In line with previous years, LISI has maintained a steady pace of capital expenditure that reached a historical high of €111.5m. In 2015, these programs were mainly devoted to production equipment and the launch of several new plants (City of Industry - United States, Dorval - Canada). With €154.2m of cash flow, the Group was able to easily cope with these expenses, while still generating a positive cash surplus from operations (Free Cash Flow) of €39.6m.

Net debt decreased by almost €25m to €156.6m as at December 31, 2015, or 19.7% of equity (25.6% in 2014). LISI's financial structure enabled the Group to fund the acquisition of the Manoir Aerospace Group in June 2014 and its ambitious investment plan of over €200m in the last two years, while maintaining robust ratios.

The return on capital employed (before taxes) amounted to 15.9% at year end, to be compared with 16.6% as at December 31, 2014. The capital employed increased in value by €1,039m (compared with €996m in 2014).

LISI AEROSPACE

- Stable volumes, before the sharp rise of new programs expected in 2017
- Revenue supported by the very positive contribution from the US dollar strength against the euro (+€38.1m)
- Free Cash Flow* very positive, despite record level of capital expenditure (+€69m). Fasteners business extremely satisfactory
- Creation of LISI AEROSPACE Additive Manufacturing, 60% owned by LISI AEROSPACE and 40% owned by POLY-SHAPE, dedicated to the design and production of mechanical parts through 3D printing

	2015	2014	Change
			<i>2%</i>
Revenue (in €m)	929.6	788.1	<i>At constant scope and exchange rates</i>
EBIT margin	13.4 %	14.5%	- 1.1 pts
Operating cash flow surplus "Free Cash Flow*" (€m)	41.7	43.9	- €2.2m
<i>As a % of revenue</i>	<i>4.5 %</i>	<i>5.6 %</i>	- 1.1 pts

LISI AUTOMOTIVE

- Gains in market share in a fairly dynamic environment
- Initial results of the vast industrial reorganization plan launched in 2012 (application hardware, security components, clips)
- Strong rebound of Free Cash Flow* (+€9.6m) due to the significant improvement in working capital requirements

	2015	2014	Change
Revenue (in €m)	454.6	448.3	<i>+ 0.6 %</i>
			<i>At constant scope and exchange rates</i>
EBIT margin	4.0 %	3.0 %	<i>+ 1.0 pt</i>
Operating cash flow surplus "Free Cash Flow*" (€m)	- €3.1m	- 12.7	+ €9.6m
<i>As a % of revenue</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>

* Free Cash Flow: net operating cash flow minus net capital expenditure and changes in working capital requirements

LISI MEDICAL

- Market rather buyoant
- Further improvement in operating margin
- Return to positive Free Cash Flow*, despite capital expenditure remaining significant

	2015	2014	Change
Revenue (in €m)	74.8	71.1	+ 3.2 % <i>At constant scope and exchange rates</i>
EBIT margin	5.5 %	4.9 %	+ 0.6 pt
<i>Free Cash Flow*</i> " (€m)	1.7	- 1.0	+ €2.7m
<i>As a % of revenue</i>	<i>2.3 %</i>	<i>n.a.</i>	<i>n.a.</i>

OUTLOOK

LISI is positioned in growing markets. The Aerospace Division should only start benefitting from higher production output from the end of 2016. In this perspective, it continues to modernize its means of production and to industrialize new products. It also invests in long-term projects such as the development of the "Optibind®" automated assembly system, the implementation of a "robot" project. Another area of focus is the creation of LISI AEROSPACE Additive Manufacturing with POLY SHAPE, the European leader in additive manufacturing with which the Group signed on 17 December 2015, an agreement to create a joint company, namely LISI AEROSPACE Additive Manufacturing. 60% owned by LISI AEROSPACE and 40% owned by POLY-SHAPE, the new organization aims to provide aviation customers with a product offering that incorporates additive technologies in the design and production of machine parts using 3D printing.

All these initiatives aim to position LISI AEROSPACE in the long term as the development partner of all major global aerospace programs.

The automotive markets look well oriented, at least for the first part of the year in Europe and the United States. This upward trend, reinforced by the steady increase in volumes of new automotive products, is expected to benefit LISI AUTOMOTIVE. Logistics which improved towards the end of 2015, allow for a smooth operational start into 2016, devoid of major difficulties. The goal remains to continue the progress achieved over the last three years and to improve the operating profitability in a sustainable manner.

LISI MEDICAL should also follow a similar path and leverage on its consolidated fundamentals.

At the same time, the more demanding customers and the large number of new projects under development or industrialization make it even more necessary to implement major cross-functional projects such as LEAP (LISI Excellence Achievement Program), EHSE (HSE Excellence) and COS (Controlling Operating System).

Thus, by alternating organic growth and targeted acquisitions, the economic model of the LISI Group, whose markets are all growing, should enable it to continue generating a double-digit operating margin and to maintain positive Free Cash Flow*.

* Free Cash Flow: net operating cash flow minus net capital expenditure and changes in working capital requirements

NEW ORGANIZATION OF LISI's BOARD

At that meeting, the Board confirmed the decision taken in its meeting of October 21, 2015 to separate the functions of Chairman and Chief Executive Officer. Mr Gilles KOHLER was confirmed in his role as Chairman of the Board and Mr Emmanuel VIELLARD was appointed as CEO and Mr Jean-Philippe KOHLER as Executive Vice-President. These appointments were made with effect from March 1, 2016.

Furthermore, Mrs Lise NOBRE is named Vice-Chairman of the Board of Directors.

Contact

Emmanuel Viellard

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

E-mail: emmanuel.viellard@lisi-group.com

Website: www.lisi-group.com

The next announcements will be released after close of trading on Paris Euronext

Q1 2016 financial information: April 28, 2016

Shareholders' General Meeting: April 27, 2016

H1 2016 results: July 28, 2016

Q3 2016 financial information: October 26, 2016

The LISI share is listed on Euronext Paris compartment A and belongs to the indices CAC® AERO & DEF., CAC® All Shares, CAC® – All Tradable, CAC® Industrials, CAC® Mid & Small, et CAC® Small, 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



LISI Group consolidated income statement

<i>(in €'000)</i>	<i>Notes</i>	<i>31/12/2015</i>	<i>12/31/2014 restated *</i>
Pre-tax sales		1 458 052	1 306 530
Changes in stock, finished products and production in progress		20 405	1 682
Total production		1 478 457	1 308 213
Other revenues (a)		13 083	17 440
Total operating revenues		1 491 540	1 325 653
Consumed goods		(398 213)	(344 613)
Other purchases and external expenses		(308 415)	(265 077)
Value added		784 912	715 963
Taxes and duties (b)		(11 590)	(9 357)
Personnel expenses (including temporary employees) (c)		(569 236)	(513 273)
EBITDA		204 086	193 333
Depreciation		(73 787)	(64 630)
Net provisions		16 194	3 097
EBIT		146 493	131 800
Non-recurring operating expenses		(11 148)	(10 852)
Non-recurring operating revenues		5 308	8 058
Operating profit		140 652	129 005
Financing expenses and revenue on cash		(6 163)	(6 410)
<i>Revenue on cash</i>		983	807
<i>Financing expenses</i>		(7 146)	(7 217)
Other interest revenue and expenses		(9 819)	1 563
<i>Other financial items</i>		35 466	28 285
<i>Other interest expenses</i>		(45 285)	(26 722)
Taxes (of which CVAE (Tax on Companies' Added Value)) (b)		(42 741)	(42 631)
Share of net income of companies accounted for by the equity method		(71)	31
Profit (loss) for the period		81 859	81 557
attributable as company shareholders' equity		81 764	81 464
Interest not granting control over the company		95	93
Earnings per share (in €)		1,55	1,55
Diluted earnings per share (in €)		1,55	1,55

a/ In order to provide readers of the financial statements with better information that is in accordance with international standards, in the 2015 financial statements the Company has continued classifying revenues related to CIR (Research Tax Credit) as "Other Revenues".

LISI Group consolidated balance sheet

ASSETS

<i>(in €'000)</i>	<i>Notes</i>	<i>31/12/2015</i>	<i>12/31/2014 restated *</i>
LONG-TERM ASSETS			
Goodwill		260 334	256 511
Other intangible assets		14 923	16 349
Tangible assets		481 354	431 847
Long-term financial assets		10 585	9 357
Deferred tax assets		19 838	22 288
Other long-term assets		924	976
Total long-term assets		787 958	737 330
SHORT-TERM ASSETS			
Inventories		336 127	316 989
Taxes – Claim on the state		23 819	5 744
Trade and other receivables		215 291	216 107
Cash and cash equivalents		125 812	110 818
Total short-term assets		701 050	649 657
TOTAL ASSETS		1 489 008	1 386 987

TOTAL EQUITY AND LIABILITIES

<i>(in €'000)</i>	<i>Notes</i>	<i>31/12/2015</i>	<i>12/31/2014 restated *</i>
SHAREHOLDERS' EQUITY			
Share capital		21 610	21 610
Additional paid-in capital		72 584	72 584
Treasury shares		(14 740)	(15 042)
Consolidated reserves		603 092	543 542
Conversion reserves		30 598	11 248
Other income and expenses recorded directly as shareholders' equity		(2 653)	(6 505)
Profit (loss) for the period		81 764	81 464
Total shareholders' equity - Group's share		792 256	708 902
Minority interests		1 189	1 117
Total shareholders' equity		793 446	710 023
LONG-TERM LIABILITIES			
Long-term provisions		73 274	83 474
Long-term borrowings		230 145	245 690
Other long-term liabilities		12 591	9 071
Deferred tax liabilities		31 527	21 584
Total long-term liabilities		347 537	359 819
SHORT-TERM LIABILITIES			
Short-term provisions		15 350	22 907
Short-term borrowings*		52 285	46 363
Trade and other accounts payable		278 181	242 312
Taxes due		2 211	5 566
Total short-term liabilities		348 026	317 147
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1 489 008	1 386 987

* of which banking facilities

9 243

10 066

LISI Group consolidated cash flow table

<i>(in €'000)</i>	31/12/2015	12/31/2014 <i>restated *</i>
<u>Operating activities</u>		
Net earnings	81 859	81 557
Elim. of the income of companies accounted for by the equity method	71	-31
Elimination of net expenses not affecting cash flows:		
- Depreciation and non-recurrent financial provisions	71 284	66 886
- Changes in deferred taxes	10 554	(274)
- Income on disposals, provisions for liabilities and others	(7 140)	(4 490)
Gross cash flow margin	156 628	143 648
Net changes in provisions provided by or used for current operations	(2 476)	(2 757)
Operating cash flow	154 153	140 891
Income tax expense (revenue)	32 187	42 905
Elimination of net borrowing costs	5 133	4 837
Effect of changes in inventory on cash	(18 066)	(8 557)
Effect of changes in accounts receivable and accounts payable	36 455	(4 427)
Net cash provided by or used for operations before tax	209 861	175 649
Taxes paid	(53 641)	(34 577)
Cash provided by or used for operations (A)	156 220	141 072
<u>Investment activities</u>		
Acquisition of consolidated companies	(47)	(127 735)
Cash acquired		8 841
Acquisition of tangible and intangible fixed assets	(112 803)	(92 548)
Acquisition of financial assets		
Change in granted loans and advances	227	(215)
Investment subsidies received		
Dividends received		
Total cash used for investment activities	(112 623)	(211 657)
Divested cash		
Disposal of consolidated companies		
Disposal of tangible and intangible fixed assets	1 341	1 923
Disposal of financial assets		
Total cash from disposals	1 341	1 923
Cash provided by or used for investment activities (B)	(111 281)	(209 733)
<u>Financing activities</u>		
Capital increase		1 838
Net disposal (acquisition) of treasury shares		
Dividends paid to shareholders of the Group	(19 467)	(17 820)
Dividends paid to minority interests of consolidated companies		
Total cash from equity operations	(19 467)	(15 982)
Issue of long-term loans	9 166	155 307
Issue of short-term loans	40 926	467
Repayment of long-term loans	(5 301)	(22 903)
Repayment of short-term loans	(54 354)	(33 105)
Net interest expense paid	(5 134)	(4 837)
Total cash from operations on loans and other financial liabilities	(14 698)	94 928
Cash provided by or used for financing activities (C)	(34 164)	78 947
Effect of change in foreign exchange rates (D)	4 741	5 597
Effect of adjustments in treasury shares (D) *	302	(908)
Changes in net cash (A+B+C+D)	15 818	14 975
Cash at January 1st (E)	100 751	85 776
Cash at year end (A+B+C+D+E)	116 569	100 751
Cash and cash equivalents	125 812	110 818
Short-term banking facilities	(9 243)	(10 066)
Closing cash position	116 569	100 751

Change in LISI Group consolidated shareholders' equity

<i>(in €'000)</i>	Share capital	Capital-linked premiums	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
Published shareholders' equity at January 1, 2014	21 573	70 803	(14 135)	487 458	(12 078)	(3 084)	74 639	625 179	1 253	626 434
Restatements *				951			59	1 010		1 010
Restated shareholders' equity at January 1, 2014	21 573	70 803	(14 135)	488 409	(12 078)	(3 084)	74 698	626 186	1 253	627 439
Profit (loss) for the period N (a)							81 464	81 464	94	81 558
Translation differential (b)					23 326			23 326	14	23 340
Payments in shares (c)						784		784		784
Capital increase	37	1 781						1 818	0	1 818
Restatements of treasury shares (d)			(907)					-907		(907)
Restatements as per IAS19 (g)						(5 186)		-5 186		(5 186)
Appropriation of N-1 earnings				74 698			(74 698)	0		0
Change in scope				(988)				-988	(243)	(1 231)
Dividends distributed				(17 820)				-17 820		(17 820)
Restatements of financial instruments (f)						981		981		981
Various (e)				(757)				-757		(757)
Restated shareholders' equity at December 31, 2014 *	21 610	72 584	(15 042)	543 542	11 248	(6 505)	81 464	708 901	1 118	710 019
including total revenues and expenses posted for the period (a) + (b) + (c) + (d) + (e) + (f)					23 326	(3 421)	81 464	101 369	108	101 477
<i>(in €'000)</i>	Share capital	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
Restated shareholders' equity at January 1, 2015 *	21 610	72 584	(15 042)	543 542	11 248	(6 505)	81 464	708 901	1 118	710 019
Profit (loss) for the period N (a)							81 764	81 764	95	81 859
Translation differential (b)					19 350			19 350	1	19 351
Payments in shares (c)						1 886		1 886		1 886
Restatements of treasury shares (d)			302			100		402		402
Restatements as per IAS19 (g)						4 074		4 074		4 074
Appropriation of N-1 earnings				81 464			(81 464)	0		0
Change in scope								0	0	0
Dividends distributed				(19 467)				(19 467)	0	(19 467)
Restatements of financial instruments (f)						(2 207)		(2 207)	(25)	(2 232)
Various (e)				(2 447)				(2 447)		(2 447)
Shareholders' equity at December 31, 2015	21 610	72 584	(14 740)	603 092	30 598	(2 653)	81 764	792 256	1 189	793 446
including total revenues and expenses posted for the period (a) + (b) + (c) + (d) + (e) + (f) + (g)					19 350	3 852	81 764	104 966	96	105 062