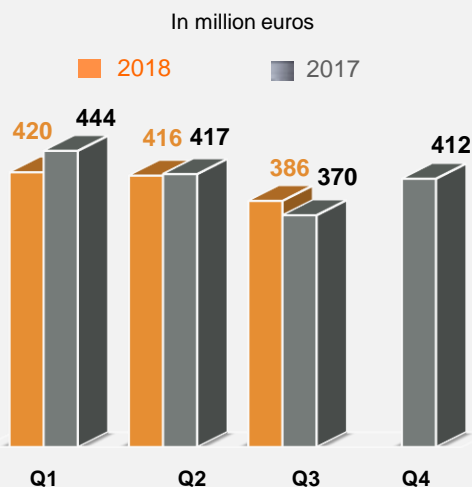
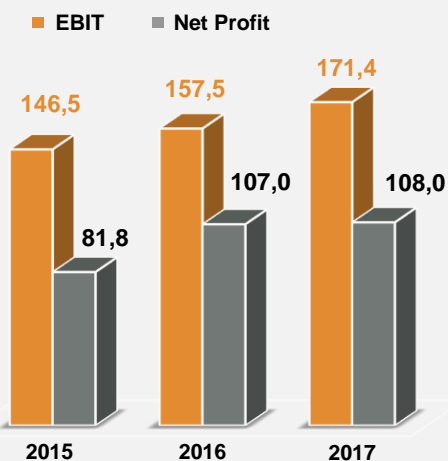




Quarterly Consolidated Sales



EBIT* & Net Profit in €M



* After participation and profit-sharing expenses

The LISI Group posted sales of more than € 1.2 billion in the first nine months of 2018, stable compared to the previous year (-0.8%) in a complex economic environment

- **LISI AEROSPACE:** - 9.4% in the first nine months and - 0.6% in Q3

Confirmation that the economic environment remains difficult:

- Slowdown in the "Europe Fasteners" segment
- Very sustained ramp-up of new programs in the "Structural Components" segment
- Encouraging signs of recovery in the business jets and helicopter segments

- **LISI AUTOMOTIVE:** + 18.5% in the first nine months and + 12.8% in Q3

- Organic growth down - 2.8% in Q3, a collateral consequence of the new anti-pollution standards and of the Worldwide Harmonized Light Vehicle Test Procedure (WLTP) for automotive manufacturer customers, effective from September 1, 2018, and of the US/China trade war
- Strong contribution from Termax, the US company acquired in October 2017

- **LISI MEDICAL:** - 6.5% in the first nine months and + 9.3% in Q3

- Rebound driven by ramp up of new products in the "Minimally Invasive Surgery" segment and good performance of the "hips" segment

in €M	Changes			
	2018	2017	2018/2017	2018 / 2017 on a like-for-like basis ¹
Q1	419.5	444.3	- 5.6 %	- 4.4 %
Q2	415.6	417.4	- 0.4 %	- 2.6 %
Q3	386.3	369.7	+ 4.5 %	- 1.0 %
3rd quarter ended September 30,	1 221.4	1 231.4	- 0.8 %	- 2.8 %

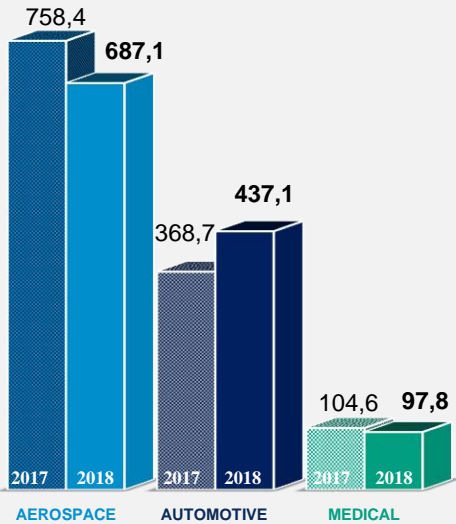
¹ The change on a like-for-like basis is calculated by:

- Converting the sales revenues of companies whose accounts are denominated in foreign currencies to the average rate of year N-1 or month M-1
- Converting sales revenue invoiced in currencies other than the local currency to the average rate of year N-1 or month M-1
- Restoring the consolidations and deconsolidations in order to find a comparable base.

On a like-for-like basis, the sales decline was contained to - 2.8% in the first nine months. It benefited in the third quarter from a less adverse comparison base effect and marks a new quarter of sequential improvement in 2018 (Q1: - 4.4%; Q2: - 2.6%; Q3: - 1.0%).



Sales in million euros
End of September



The difference between reported and like-for-like sales is explained by:

- The unfavorable impact of currencies (- € 26.8 million or - 2.2%) with a less adverse effect in the third quarter due in particular to the rise of the US dollar against the euro,
- The disposal of Précimétal Fonderie de Précision (Belgium) on February 2, 2017 (- € 1.5 million),
- The positive impact (+€ 54.2 million) of the consolidation within LISI AUTOMOTIVE of U.S. company TERMAX since November 1, 2017.

COMMENTS BY DIVISION

LISI AEROSPACE (56% of consolidated sales)

in €M	Changes			
	2018	2017	2018/2017	2018 / 2017 on a like-for-like basis ¹
Q1	235.6	277.5	- 15.1 %	- 8.1 %
Q2	230.1	258.3	- 10.9 %	- 7.7 %
Q3	221.4	222.6	- 0.6 %	- 1.4 %
3rd quarter ended September 30,	687.1	758.4	- 9.4 %	- 6.0 %

After two quarters of sharp decline, sales for the third quarter of 2018 were down - 0.6% compared with the same period last year.

The decline in the "Europe Fasteners" segment slowed down in the quarter, which may suggest that a low point had been reached.

The "North American Fasteners" segment is gradually benefiting from the acceleration of sales linked to the development of new products achieved in recent years by its main American client. At the same time, the business jets and helicopter segments are showing tangible signs of recovery, which will have to be confirmed in the coming months.

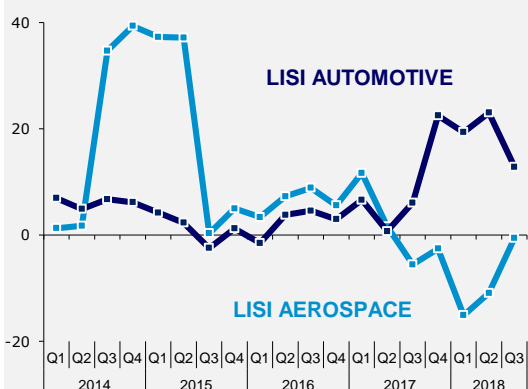
The "Structural Components" segment recorded significant progress in the third quarter with sales up 8.0% against the comparable period in the prior year, as supply needs for the LEAP engine, where production ramp up continues at a fast pace, more than compensated for lower orders in the "Aerostructure" segment.

Thus, the decline in sales on a like-for-like basis was -1.4% in the third quarter, compared to -7.9% for the first half of 2018.

Cost reduction measures initiated in the second half of 2017 in order to mitigate the consequences of the activity slowdown, continue to be deployed.



% Sales Variation per division / N-1



LISI AUTOMOTIVE (36 % of consolidated sales)

in €M	Changes			
	2018	2017	2018/2017	2018 / 2017 on a like-for-like basis ¹
Q1	153.9	128.9	+ 19.4 %	+ 5.6%
Q2	152.1	123.7	+ 23.0 %	+ 8.2 %
Q3	131.1	116.2	+ 12.8 %	- 2.8 %
3rd quarter ended September 30,	437.1	368.7	+ 18.5 %	+ 3.8 %

At the end of the period under review, the Automotive division was affected by the initial consequences of the new anti-pollution standards and the Worldwide Harmonized Light Vehicle Test Procedure (WLTP) that became effective on September 1, 2018. As a consequence, the division's main manufacturer customers have had to implement changes to the engines that equip their vehicles, which resulted in a sharp contraction of their sales. The introduction of anti-dumping taxes by the United States has also had negative impact on the global automotive markets and more particularly in China.

Growth in reported sales thus slowed down to + 12.8% in the quarter (+ 21.2% in the first half).

On a like-for-like basis, third quarter sales were down - 2.8% (+ 6.8% in the first half)

With respect to operations, the division will have to adjust its cost structure downward due to the sudden deterioration in market conditions in the third quarter.

LISI MEDICAL (8% of consolidated sales)

in €M	Changes			
	2018	2017	2018/2017	2018 / 2017 on a like-for-like basis ¹
Q1	30.2	37.9	- 20.3 %	- 14.9 %
Q2	33.6	35.6	- 5.5 %	- 2.8 %
Q3	34.0	31.1	+ 9.3 %	+ 9.0 %
3rd quarter ended September 30,	97.8	104.6	- 6.5 %	- 3.7 %

At € 34.0 million, revenue for the quarter increased by + 9.3% compared with the same period last year. As expected, the division is therefore gradually benefiting from the ramp-up of new products in the area of minimally invasive surgery and from the satisfactory performance of the "hip" segment.

The Medical division has returned to positive territory with organic growth of + 9.0% for the third quarter.





OUTLOOK AND COMMENTS ON THE FINANCIAL IMPACT OF BUSINESS

For LISI AEROSPACE, while the economic environment could well remain under pressure in the medium term, it may however have bottomed out in the third quarter. "Europe Fasteners" plants will therefore remain focused on adjusting their production levels and costs as orders decline and until normal operating conditions prevail again.

The increase in orders from Boeing in North America, the encouraging signs of recovery in the other market segments served by LISI AEROSPACE, including helicopters and business jets, have yet to be confirmed in the months to come.

However, a number of new products are being developed in both Europe and the United States. The "Structural Components" segment will continue to expand in order to continue to support the ever-increasing pace of new programs.



In the LISI AUTOMOTIVE division, order intake for new products in the "Clip Fasteners" and "Safety Mechanical Components" segments remains dynamic and accounts for over 10% of the sales generated since the beginning of the year. This fundamental trend, combined with the intensification of commercial synergies with Termax and Hi-Vol, the American specialist in safety components consolidated since September 21, 2018, are major opportunities supporting the international expansion of the division.

However, in 2018, this progress will not offset the impact of the sharp and sudden deterioration in market conditions caused by the new WLTP-Euro 6 standards in Europe and the decline in demand in China after several years of sustained growth, all of which are affecting the entire automotive industry supply chain. In this context, which currently offers little visibility, it is imperative that LISI AUTOMOTIVE adjusts its cost base.

After a period of market share gains and new product developments, all LISI MEDICAL division sites must now focus their efforts on meeting production ramp-up requirements as industrial production begins for the new products developed in recent years.

While in the medium-to-long term, the growth prospects of all the divisions of the LISI Group remain robust, the third quarter of 2018 confirms the complexity of the challenges in the short term. Adjustment measures will be maintained in the two largest divisions and will continue to weigh on profitability in the coming months.

The Group thus maintains the targets announced with the half-year results: the operating margin is expected to show a marked decline compared to 2017, while Free Cash Flow⁽¹⁾ should be once again largely positive.

(1) Free Cash Flow: cash flow from operations minus net capital expenditures and changes in working capital requirements



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