

LISI ACHIEVED ONCE AGAIN EARNINGS GROWTH OBJECTIVES

- Earnings growth:
 - Revenue: €1.64 Bn, up €72 M (+4.6%)
 - LISI Aerospace has crossed the €1 Bn revenue mark and LISI Automotive that of €500 M;
 - Contribution of external growth transactions completed in the United States in 2016 (LISI MEDICAL Remmele) and 2017 (TERMAX) offset an unfavorable dollar effect;
 - Organic growth: +3.6%; strong in the first half (+6.1%), more limited in the second half of the year (+1.0%);
 - Operating income up by nearly €14 M (+8.9%)
 - Contribution up across all three divisions;
 - Operating margin improved by 0.4 point to 10.4%;
 - Net income stabilized at a high level (€108 M), despite a highly negative financial result (-€21.6 M) due to currency fluctuations
- Free Cash Flow highly positive despite an unfavorable currency impact (-€ 27.4 M) and a record level of capital expenditures;
- Net debt under control after the acquisition of TERMAX;
- Proposed dividend: € 0.48 per share;
- 2018 objectives: improvement in performance and strategic course maintained.

February 14, 2018 - The LISI Board of Directors met under the chairmanship of Mr. Gilles Kohler and reviewed the audited financial statements for the period ended December 31, 2017. They will be submitted for approval to the General Meeting on April 24, 2018.

<i>12 months ending December 31,</i>		<i>2017</i>	<i>2016</i>	<i>Changes</i>
Key elements of the income statement				
Revenue	€M	1,643.4	1,571.1	4.6%
EBITDA	€M	256.2	237.1	8.0%
EBITDA margin	%	15.6	15.1	0.5 pt
Operating result (EBIT)	€M	171.4	157.5	8.9%
Operating margin	%	10.4	10.0	0.4 pt
Earnings attributable to holders of company equity	€M	108.0	107.0	0.9%
Net earnings per share	€	2.04	2.02	1.0%
Key elements of the cash flow statements				
Operating cash flow	€M	203.8	195.8	+€8.0 M
Capital expenditure, net	€M	-140.1	-119.6	+€20.5 M
Free Cash Flow*	€M	46.3	73.5	-€27.2 M
Key elements of the financial structure				
Net debt	€M	300.2	218.2	+€82.0 M
Ratio of net debt to equity		33.4%	25.2%	+8.2 pts

* In this press release, Free Cash Flow refers to cash flow minus net industrial investments and changes in working capital requirements (WCR).

Revenue reached €1,643.4 M, an increase of €72.3 M (+4.6%), with organic growth of 3.6%.

At €1,643.4 M, consolidated revenue for fiscal 2017 were up +4.6% and reflect the following elements:

- a scope effect of €21.7 M corresponding to:
 - a negative impact of - €13.4 M or 0.8% of consolidated sales, reflecting the sale of Précimétal Fonderie de Précision (Belgium) on February 2, 2017;
 - the €22.8 M incremental contribution, i.e. 1.4% of consolidated sales, of LISI MEDICAL Remmele, which has been integrated since May 1, 2016;
 - €12.3 M, or 0.75% of consolidated sales, brought by the integration within LISI AUTOMOTIVE of the US company TERMAX, a leading designer and manufacturer of metal and plastic clipped fastening solutions for car bodies, effective since November 1, 2017;
- an adverse effect of - €10.2 M due to currency fluctuations;
- €60.8 M generated by organic growth.

€M	LISI Consolidated	of which LISI AEROSPACE	of which LISI AUTOMOTIVE	of which LISI MEDICAL
Q1	444.3	277.6	128.9	37.9
Q2	417.4	258.3	123.7	35.6
Organic growth H1 2017/H1 2016	+6.1%	+7.4%	+3.7%	+7.1%
Q3	369.7	222.6	116.2	31.1
Q4	412.0	242.4	137.3	32.5
Organic growth H2 2017/H2 2016	+1.0%	- 1.1%	+9.6%	-8.6%
2017	1,643.4	1,000.9	506.0	137.0

Expressed at a constant scope and exchange rates, revenue are up +3.6% (+4.6% in 2016).

Half-yearly analysis

Organic growth slowed down in the second half (+1.0%), particularly in the LISI AEROSPACE and LISI MEDICAL divisions after a sustained first half (+6.1%). The LISI AUTOMOTIVE division enjoyed good momentum.

Quarterly analysis

Compared with the same period last year, the fourth quarter posted overall organic growth of +2.8%, mainly driven by the "Structural Components" segment in the aerospace industry and the entire LISI AUTOMOTIVE division. Aerospace "Fasteners" and the Medical Division showed no sign of improvement over the fourth quarter of the previous year.

Divisional analysis

On a like-for-like basis and restated for the currency effect, LISI AEROSPACE's annual revenue growth stood at +3.3%. The decline of the division in the second half (-1.1%) compared to the first (+7.4%) is mainly attributable to the "Fasteners" activity in Europe: in fact, this has been negatively affected

not only by Airbus's destocking, but also by the acceleration of the dollar depreciation against the euro. In the United States, the "Fasteners" activity is picking up steam at Boeing, while the active repositioning of LISI AEROSPACE with the distribution sector is hampered by the low level of activity in business and regional aircraft. The "Structural Components" showed good momentum throughout the year, thanks in particular to the continued ramp-up of the new programs, including the LEAP engine.

Sales at the LISI AUTOMOTIVE division accelerated between the first and second half (+3.6% in H1, +14.4% in H2) in a European market that remained robust. The increase in revenue is particularly noticeable in the "Clipped Solutions" and "Safety Mechanical Components" segments; it reflects the gains in market share and the ramping up of new products. Revenue thus reached the historical level of €506.0 M, up +8.8% compared to 2016, with +6.5% organic growth supported by a strong order intake for new projects at more than 10% of sales.

The LISI MEDICAL division benefited from the full year effect of the integration of LISI MEDICAL Remmele (incremental sales revenue of €22.8 M over the period). At constant scope and exchange rates, sales decreased by -2.3% with a second half-year showing a net drop (-8.6%) compared with the first (+7.1%). LISI MEDICAL Remmele had to cope with a temporary shift in the ramping up of some of its products in the field of minimally invasive surgery and was also affected by the reassignment of two significant products to other production processes.

Operating income increased by €14 M, bringing the operating margin up to 10.4%, an improvement of 0.4 point.

At €256.2 M, EBITDA rose by +8.0% (+€19.1 M) and amounted to 15.6% of sales. The operating profit (EBIT) increased by €13.9 M (+8.9%) to €171.4 M, despite an unfavorable currency effect of -5.3 M. The operating margin reached 10.4%. Up 0.4 point from 2016, it is in line with the Group's objectives, given the evolution of its business mix.

This performance is attributable to an improvement in the operational quality across the all Group. The contribution from the productivity gains of the LEAP program (LISI Excellence Achievement Program), the gradual reorientation of the activities of the automotive division towards product ranges that yield higher margins, as well as the effects of the capital expenditure program, have been decisive. In addition, and in accordance with its commitments, the Group halved the additional costs generated in the phase of steep ramp-up of the new programs in the "Structural Components" segment. The positive productivity effects of robotics and the reduction in the cost of launching new products and should also be noted.

The year 2017 confirms the gradual rebalancing of the contribution of the three divisions. All saw their operating profit increase in value compared to the previous year. If the Aerospace Division remains the largest contributor to the consolidated operating income (75% of the Group; 78% in 2016), the Automotive Division improved its profitability to 6.6%. The Medical Division posted operating income up +€9.8 M, or 7.1% of sales.

The strongly negative impact of the financial result (- €21.6 M), compared to 2016 (+ €13.3 M), is explained by the following main factors:

- the financial expenses, corresponding to the cost of the long-term net debt, amounted to - €5.9 M (- €5.1 M in 2016), i.e. an average fixed rate of 2.01% (1.70 % in 2016). This rate increase is offset by gains generated on current cash investments (+€2.7 M vs. +€ 0.8 M in 2016);
- the revaluation of debts and receivables mainly denominated in dollars (- €32.4 M vs. +€17.5 M in 2016). Receivables and investments in foreign currencies were mechanically affected by the sharp drop of this currency against the euro;
- the positive impact of the valuation of currency hedging instruments (+€13.9 M vs. +€0.9 M in 2016).

Non-current costs weighed down the net result for - €3.7 M (- €10.0 M in 2016) and mainly relate to consulting fees related to the relocation of the Bologne site (Haute-Marne).

The tax expense, calculated on the basis of the corporation tax as a percentage of net income before taxes, reflects an effective average rate of 26.8%, down from 33.7% in 2016. Restated from one-off items (rate change in France and the United States, additional contribution and censorship of the 3% dividend contribution in France, transition tax in the United States). The effective tax rate would be 31.1%.

At €108.0 M, net income exceeds that of 2016 (€107.0 M).

Per share, it amounts to €2.04 (€2.02 in 2016).

Based upon these results, the Group will ask the Shareholders' General Meeting to approve setting the dividend at € 0.48 per share for the 2017 financial year.

The good level of profitability achieved in 2017 largely financed the record amount of capital expenditures while generating a highly positive Free Cash Flow.

Cash flow reached €203.8 M (+€8.0 M, 12.4% of consolidated sales, compared to €195.8 M in 2016). In a context of strong growth, the Group managed to reduce its inventory again: expressed in days of sales, it decreased by 7 days compared to the 2016 financial year, a gain of nearly two weeks in two years. Through strict management discipline, customer late payment rates have been reduced, lowering consolidated working capital requirements to 74 days in 2017 (76 days in 2016).

In line with previous years, LISI continued its capital expenditures in 2017 at sustained pace: up by more than €20 M, capital expenditures represent 8.5% of sales and were mainly devoted to:

- differentiating technical initiatives across the divisions (robotization);
- initiating the last phase of the Villefranche-de-Rouergue project;
- the operational start-up of the Forge 2020 project (Bologne site);
- increase in the capacity dedicated to the manufacturing of new products.

The Group was nonetheless able to finance the capital expenditure programs while generating positive Free Cash Flow of €46.3 M despite an unfavorable currency impact of - €27.4 M.

LISI enters 2018 with a healthy financial structure

In a 2017 fiscal year marked by an unprecedented amount of investment, LISI has maintained a sound financial structure. Thus, the return on capital employed (before tax) displays good resistance: it stood at 15.0% at the end of the year, compared with 15.5% as at December 31, 2016.

The increase in net financial debt, which includes 100% of the acquisition of TERMAX¹, was limited to €82.0 M and amounted to €300.2 M as at December 31, 2017. It represents 33.4% of shareholders' equity (25.2% in 2016 and 1.2 x EBITDA).

LISI AEROSPACE

- The billion euro revenue mark is crossed for the first time, with a strong disparity in organic growth between the first (+7.4%) and the second (-1.1%) half of the year;
- Improvement of all the management indicators versus the prior year, with a sharp contrast between the first and second half of the year, the latter being affected by the temporary adjustment of Airbus inventories and the adverse effect related to the decline of the dollar against the euro;
- Positive Free Cash Flow after a sharp increase in capital expenditures (+11.0%);
- Challenging start to 2018 in line with the second half of 2017.

¹ It should be recalled that the acquisition of TERMAX was structured in two stages: as a first step, the shareholders of TERMAX Corporation sold 51% of the capital to LISI AUTOMOTIVE for approximately €51 M. While the LISI Group is expected to acquire the balance of the capital by 2020, it has decided to recognize as of December 31, 2017 the entire corresponding debt, i.e. approximately €123 M.

	2017	2016	Change
			+3.3%
Revenue (in € M)	1,000.9	987.2	<i>On a constant scope and exchange rate basis</i>
Operating profit	128.1	122.9	+4.2%
<i>As a % of revenue</i>	<i>12.8%</i>	<i>12.4%</i>	+0.4 pt
Free Cash Flow (€ M)	61.6	32.3	+€29.3 M
<i>As a % of revenue</i>	<i>6.2%</i>	<i>3.3%</i>	+2.9 pts

LISI AUTOMOTIVE

- Revenue exceeded €500 M for the first time;
- New increase in order intake for new products and accelerated growth in international markets;
- 5th consecutive year of improvement in operating margin, reflecting the strategy of changing the product mix towards more value-added products;
- positive Free Cash Flow for the second year in a row, with significant improvement compared to 2016;
- Good visibility over fiscal year 2018, driven by new products and by the full-year benefits from TERMAX's contribution.

	2017	2016	Change
			+6.5%
Revenue (in € M)	506.0	465.3	<i>On a constant scope and exchange rate basis</i>
Operating profit	33.3	26.3	+26.6%
<i>As a % of revenue</i>	<i>6.6%</i>	<i>5.7%</i>	+0.9 pt
Free Cash Flow (€ M)	13.1	7.9	+€5.2 M
<i>As a % of revenue</i>	<i>2.6%</i>	<i>1.7%</i>	+0.9 pt

LISI MEDICAL

- The Division's performance is impaired by a very unfavorable volume effect in the second half at LISI MEDICAL Remmele as well as by an increase in medical care expenses;
- Increase in operating income in value;
- Further growth in Free Cash Flow with a doubling of investments compared to 2016;
- Continued drop in inventories reaching the historically low level of 61 days;
- Gradual ramp-up of new projects expected in 2018.

	2017	2016	Change
Revenue (in € M)	137.0	119.1	-2.3% <i>On a constant scope and exchange rate basis</i>
Operating profit	9.8	9.3	+5.7%
<i>As a % of revenue</i>	<i>7.1%</i>	<i>7.8%</i>	-0.7 pt
Free Cash Flow (€ M)	6.7	3.7	+€3.0 M
<i>As a % of revenue</i>	<i>4.9%</i>	<i>3.1%</i>	+1.8 pt

OUTLOOK

Challenges will abound in 2018:

- LISI AEROSPACE: the completion of numerous challenging projects, including the relocation of the Polish site dedicated to the finishing of blades, the further reduction in the additional costs of industrialization, compliance with the delivery programs in the "Structural Components" segment, the adaptation to a slower activity in "Fasteners" in Europe with a significant impact expected for the first part of the year;
- LISI AUTOMOTIVE: the industrial materialization of new orders, the extension of the Czech site specializing in the production of safety mechanical components, the "Delle of the Future" project, the effective ability to pass higher raw materials costs into selling prices;
- LISI MEDICAL: back to overall growth.

The Group is fully committed to achieving a double-digit current operating income, a positive Free Cash Flow and a growth in value of its operating indicators, in a context of currency volatility. The pursuit and deployment of many structuring industrial projects (robotization and productivity improvement, innovation), the launch of the first initiatives in the field of the digitization of production, all aim at providing technological lead to consolidate its [competitive] differentiation in a sustainable manner in well-oriented markets over time.

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

Shareholders' General Meeting: April 24, 2018

Q1 2018 financial information: April 25, 2018

H1 2018 results: July 25, 2018

Q3 2018 financial Information: October 24, 2018

The LISI share is listed on Euronext, compartment A and belongs to the CAC® AERO & DEF., CAC® All Shares, CAC® Industrials indices, under the 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 balance sheet

ASSETS

<i>(in €'000)</i>	31/12/2017	31/12/2016
LONG-TERM ASSETS		
Goodwill	321 377	300 426
Other intangible assets	30 177	23 822
Tangible assets	619 593	570 877
Long-term financial assets	9 982	9 481
Deferred tax assets	8 568	19 075
Other long-term assets	429	950
Total long-term assets	990 126	924 631
SHORT-TERM ASSETS		
Inventories	337 099	338 986
Taxes – Claim on the state	41 269	6 772
Trade and other receivables	261 249	260 416
Cash and cash equivalents	197 576	141 719
Total short-term assets	837 193	747 894
TOTAL ASSETS	1 827 319	1 672 525

TOTAL EQUITY AND LIABILITIES

<i>(in €'000)</i>	31/12/2017	31/12/2016
SHAREHOLDERS' EQUITY		
Share capital	21 610	21 610
Additional paid-in capital	72 584	72 584
Treasury shares	(14 720)	(14 610)
Consolidated reserves	688 882	659 375
Conversion reserves	8 419	27 742
Other income and expenses recorded directly as shareholders' equity	5 261	(13 452)
Profit (loss) for the period	107 965	107 008
Total shareholders' equity - Group's share	890 001	860 258
Minority interests	7 664	4 964
Total shareholders' equity	897 665	865 222
LONG-TERM LIABILITIES		
Long-term provisions	64 995	70 474
Non-current financial debts	317 757	253 856
Other long-term liabilities	11 605	12 392
Deferred tax liabilities	40 747	33 376
Total long-term liabilities	435 104	370 098
SHORT-TERM LIABILITIES		
Short-term provisions	15 156	23 174
Short-term borrowings ¹	179 973	106 037
Trade and other accounts payable	297 109	304 492
Taxes due	2 312	3 503
Total short-term liabilities	494 550	437 206
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1 827 319	1 672 525

¹ Of which banking facilities

16 441

15 984

LISI Group consolidated income

<i>(in €'000)</i>	31/12/2017	31/12/2016
Pre-tax sales	1 643 356	1 571 104
Changes in stock, finished products and production in progress	(884)	(1 519)
Total production	1 642 472	1 569 585
Other revenues (a)	26 661	23 777
Total operating revenues	1 669 133	1 593 362
Consumed goods	(443 119)	(414 436)
Other purchases and external expenses	(338 332)	(325 957)
Taxes and duties (b)	(12 171)	(11 353)
Personnel expenses (including temporary employees) (c)	(619 333)	(604 484)
EBITDA	256 178	237 132
Depreciation	(90 132)	(80 872)
Net provisions	5 352	1 200
EBIT	171 398	157 460
Non-recurring operating expenses	(7 329)	(12 950)
Non-recurring operating revenues	3 649	2 974
Operating profit	167 718	147 483
Financing expenses and revenue on cash	(2 421)	(4 420)
<i>Revenue from cash</i>	3 445	1 146
<i>Financing expenses</i>	(5 866)	(5 566)
Other interest revenue and expenses	(19 166)	17 770
<i>Other financial items</i>	60 852	55 409
<i>Other interest expenses</i>	(80 018)	(37 639)
Taxes (of which CVAE (Tax on Companies' Added Value)) (b)	(39 182)	(54 443)
Share of net income of companies accounted for by the equity method	0	0
Profit (loss) for the period	106 951	106 390
attributable as company shareholders' equity	107 965	107 008
Interest not granting control over the company	(1 014)	(619)
Earnings per share (in €)	2,02	2,00
Diluted earnings per share (in €)	2,02	2,00

LISI Group consolidated cash flow table

<i>(in €'000)</i>	31/12/2017	31/12/2016
Operating activities		
Net earnings	106 951	106 390
Elim. of the income of companies accounted for by the equity method		
Elimination of net expenses not affecting cash flows:		
- Depreciation and non-recurrent financial provisions	89 819	81 232
- Changes in deferred taxes	10 335	6 059
- Income on disposals, provisions for liabilities and others	(1 932)	911
Gross cash flow margin	205 173	194 592
Net changes in provisions provided by or used for current operations	(1 335)	1 213
Operating cash flow	203 838	195 805
Income tax expense (revenue)	28 847	48 385
Elimination of net borrowing costs	5 686	5 782
Effect of changes in inventory on cash	67	2 504
Effect of changes in accounts receivable and accounts payable	17 973	(23 729)
Net cash provided by or used for operations before tax	256 411	228 747
Taxes paid	(64 298)	(29 807)
Cash provided by or used for operations (A)	192 113	198 938
Investment activities		
Acquisition of consolidated companies	(51 014)	(92 136)
Cash acquired	2 409	(1 973)
Acquisition of tangible and intangible fixed assets	(141 694)	(132 609)
Acquisition of financial assets		
Change in granted loans and advances	(722)	(746)
Investment subsidies received		
Dividends received		
Total cash used for investment activities	(191 021)	(227 463)
Divested cash	(5 701)	36
Disposal of consolidated companies	13 060	
Disposal of tangible and intangible fixed assets	1 548	12 995
Disposal of financial assets		
Total cash from disposals	8 907	13 031
Cash provided by or used for investment activities (B)	(182 114)	(214 434)
Financing activities		
Capital increase	1 920	32
Net disposal (acquisition) of treasury shares		
Dividends paid to shareholders of the Group	(23 873)	(20 629)
Dividends paid to minority interests of consolidated companies		
Total cash from equity operations	(21 954)	(20 598)
Issue of long-term loans	50 913	88 376
Issue of short-term loans	126 640	52 028
Repayment of long-term loans	1 372	(35 309)
Repayment of short-term loans	(102 807)	(45 143)
Net interest expense paid	(5 680)	(5 782)
Total cash from operations on loans and other financial liabilities	70 439	54 171
Cash provided by or used for financing activities (C)	48 485	33 573
Effect of change in foreign exchange rates (D)	(2 976)	(8 149)
Effect of adjustments in treasury shares (D) *	(110)	(762)
Changes in net cash (A+B+C+D)	55 398	9 166
Cash at January 1st (E)	125 736	116 569
Cash at year end (A+B+C+D+E)	181 134	125 735
Cash and cash equivalents	197 575	141 719
Short-term banking facilities	(16 440)	(15 984)
Closing cash position	181 135	125 735

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
Shareholders' equity at January 1, 2016	21 610	72 584	(14 740)	603 092	30 598	(2 652)	81 764	792 257	1 189	793 445
Profit (loss) for the period N (a)							107 008	107 008	(619)	106 389
Translation differential (b)					(2 856)			(2 856)	(18)	(2 874)
Payments in shares (c)				1 604				1 604		1 604
Capital increase	0	0						0	3 947	3 947
Restatements of treasury shares (d)			130			95		225		225
Restatements as per IAS19 (g)				81 764		(3 519)	(81 764)	(3 519)		(3 519)
Appropriation of N-1 earnings								0		0
Change in scope								0	512	513
Dividends distributed				(20 629)				(20 629)	0	(20 629)
Reclassification						(8 980)		0	(48)	0
Restatements of financial instruments (f)				(4 852)				(4 852)		(4 852)
Various (e)										
Shareholders' equity at December 31, 2016	21 610	72 584	(14 610)	660 979	27 742	(15 056)	107 008	860 258	4 964	865 222
<i>including total revenues and expenses posted for the period (a) + (b) + (c) + (d) + (e) + (f)</i>					(2 856)	(12 405)	107 008	91 747	(685)	91 063
Shareholders' equity as at January 1, 2017	21 610	72 584	-14 610	659 375	27 742	-13 452	107 008	860 258	4 964	865 222
Profit (loss) for the period N (a)							107 965	107 965	(1 014)	106 951
Translation differential (b)					(19 324)			(19 324)	73	(19 251)
Payments in shares (c)				2 075				2 075		2 075
Capital increase	0	0				156		0	2 000	2 000
Restatements of treasury shares (d)			(110)			369		46		46
Restatements as per IAS19 (g)				107 008			(107 008)	369		369
Appropriation of N-1 earnings								0		0
Change in scope				(57 244)				(57 244)	0	(57 244)
Dividends distributed				(23 872)				(23 872)	0	(23 872)
Reclassification								0		0
Restatements of financial instruments (f)						18 188		18 188	86	18 274
Various (e)				1 540				1 540	1 556	3 096
Shareholders' equity at December 31, 2017	21 610	72 584	(14 720)	688 882	8 419	5 261	107 965	890 001	7 664	897 665
<i>including total revenues and expenses posted for the period (a) + (b) + (c) + (d) + (e) + (f) + (g)</i>					(19 324)	18 713	107 965	107 355	(855)	106 500